BILL ANALYSIS

Senate Research Center

S.B. 1
By: Ratliff
Education
7-19-95
Enrolled

BACKGROUND

Senate Bill 7, also known as the school finance bill, enacted several major education reforms when the 73rd Legislature passed it in May 1993. First, S.B. 7 created a comprehensive statewide system of accountability largely driven by student performance and outcome measures. Second, numerous provisions of the Texas Education Code were relaxed, combined, or eliminated in an effort to relieve school districts of state mandates, resulting in potential savings to school districts. Third, the Joint Select Committee to Review the Central Education Agency was created by S.B. 7 to focus attention on the delivery of education programs and services to students in the more than 6,000 campuses that make up the Texas public school system.

The legislation creating the committee identified eight specific charges for study and review, including the Central Education Agency's mission, organization, size and effectiveness; the proper role and function of the regional education service centers; and the adequacy and effectiveness of programs designed for special student populations, educators and site-based decision making committees.

PURPOSE

As enrolled, S.B. 1 provides for a substantive revision of Titles 1 and 2, Education Code, governing public education and includes conforming amendments, repeals, and penalties.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is granted in this bill to the:

State Board of Education under SECTION 1 (Sections 7.102(c); 7.107(b); 7.111(b); 11.352(c); 12.028(a); 13.009(b); 21.252(a); 28.002(b)-(d), (i), and (j); 28.025(a); 29.257(d), (f), (h), and (i); 30.003(d); 31.003; 31.201(b) and (c); 32.032(b); 33.081(a); 33.903(d); 38.003(c); 39.023(d); 39.032(e); 39.053(e); 39.074(c); 42.151(e) and (g); 43.005(b); 45.063; and 45.206(a); Education Code);

Commissioner of education under SECTION 1 (Sections 8.123(b), 21.255(a), 21.301(e), 21.405(c), 29.082(b), 39.052(c), 41.006(a), 42.006(c), 42.201(a), and 42.405(c) and (d), Education Code);

Board of trustees of an independent school district under SECTION 1 (Sections 11.151(c), 11.162(a), and 37.102(a), Education Code);

Texas Education Agency under SECTION 1 (Sections 19.008(b), 29.255(b), and 33.057, Education Code);

State Board of Educator Certification under SECTION 1 (Sections 21.041(a), 21.044, 21.045(a) and (c), 21.049, 21.050(b), 21.051, and 21.054(a), Education Code);

State Office of Administrative Hearings under SECTION 1 (Section 21.252(a), Education Code);

Commissioner of insurance under SECTION 1 (22.004(d), Education Code);

State auditor under SECTION 1 (Section 22.004(d), Education Code);

Texas Department of Commerce under SECTION 1 (Section 29.255(b), Education Code);

Texas Youth Commission under SECTION 1 (Section 30.103, Education Code);

Texas Employment Commission under SECTION 1 (Section 30.103, Education Code), SECTION 2 (Section 132.021(d), Education Code), and SECTION 3 (Section 133.007, Education Code);

Council on Workforce and Economic Competitiveness under SECTION 1 (Section 30.103, Education Code);

Texas Department of Health under SECTION 1 (Section 38.001(e), Education Code);

School district under SECTION 1 (Section 44.031(d), Education Code);

Texas Higher Education Coordinating Board under SECTION 19 (Section 56.209(a), Education Code);

Comptroller under SECTION 26 (Section 403.303(c) and (e), Government Code);

Texas State Board of Examiners of Psychologists under SECTION 51 (Section 26(a), Article 4512c, V.T.C.S.) and SECTION 52 (Section 13A(f), Article 4512j, V.T.C.S.);

SECTION BY SECTION ANALYSIS

SECTION 1. REENACTMENT AND REVISION OF TITLES 1 AND 2, EDUCATION CODE. Amends Titles 1 and 2, Education Code, as follows:

TITLE 1. GENERAL PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

Sec. 1.001. APPLICABILITY. (a) Provides that this code applies to all educational institutions supported by state tax funds unless specifically excluded by this code.

(b) Provides that except as provided by Chapters 19, 29A, and 30E, this code does not apply to students, facilities, or programs under the jurisdiction of the Texas Department of Mental Health and Mental Retardation, the Texas Youth Commission, the Texas Department of Human Services, the Texas Department of Criminal Justice, or any juvenile probation agency.

Sec. 1.002. EQUAL EDUCATIONAL SERVICES OR OPPORTUNITIES. (a) Provides that an educational institution undertaking to provide education, services, or activities to any individual within the jurisdiction or geographical boundaries of the educational institution shall provide equal opportunities to all individuals within its jurisdiction or geographical boundaries pursuant to this code.

(b) Provides that an educational institution may not deny services to any individual eligible to participate in a school district's special education program as provided by Section 29.003, but the educational institution shall provide individuals with disabilities special educational services as authorized by law or, where expressly authorized, assist in and contribute toward the provision of appropriate special educational services in cooperation with other education institutions and other appropriate agencies, institutions, or departments.

Sec. 1.003. THE FLYING OF THE UNITED STATES AND TEXAS FLAGS. Requires every school and other educational institution to which this code applies, on all regular school days, to fly the U.S. and Texas flags.

TITLE 2. PUBLIC EDUCATION

SUBTITLE A. GENERAL PROVISIONS

CHAPTER 4. PUBLIC EDUCATION MISSION, OBJECTIVES, AND GOALS

Sec. 4.001. PUBLIC EDUCATION MISSION AND OBJECTIVES. (a) Sets forth the mission of the public education system of this state.

(b) Sets forth the objectives of public education.

CHAPTER 5. DEFINITIONS

Sec. 5.001. DEFINITIONS. Defines "agency," "classroom teacher," "commissioner," "educationally disadvantaged," "educator," "open-enrollment charter school," and "regional education service centers."

SUBTITLE B. STATE AND REGIONAL ORGANIZATION AND GOVERNANCE

CHAPTER 7. STATE ORGANIZATION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7.001. DEFINITION. Defines "board."

Sec. 7.002. TEXAS EDUCATION AGENCY: COMPOSITION AND PURPOSE. (a) Provides that the commissioner of education and the agency staff comprise the Texas Education Agency (agency).

(b) Requires the agency to carry out the educational functions specifically delegated under Section 7.021, 7.055, or another provision of this code.

Sec. 7.003. LIMITATION ON AUTHORITY. Provides that an educational function not specifically delegated to the agency or the State Board of Education (board) is reserved to and shall be performed by school districts or open-enrollment charter schools.

Sec. 7.004. SUNSET PROVISION. Subjects the agency to Chapter 325, Government Code (Texas Sunset Act). Provides that unless continued in existence as provided by the chapter, the agency is abolished September 1, 2005.

Sec. 7.005. COOPERATION BETWEEN STATE AGENCIES OF EDUCATION. Requires the board and the Texas Higher Education Coordinating Board (coordinating board), in conjunction with other appropriate agencies, to ensure that long-range plans and educational programs established by each board provide a comprehensive education for the students of this state under the jurisdiction of that board, extending from early childhood education through postgraduate study. Requires the boards, in assuring that programs are coordinated, to use the joint advisory committee established under Section 61.077.

SUBCHAPTER B. TEXAS EDUCATION AGENCY

Sec. 7.021. TEXAS EDUCATION AGENCY POWERS AND DUTIES. (a) Sets forth educational functions the agency shall perform.

(b) Authorizes the agency to enter into an agreement with a federal agency concerning a project related to education, including the provision of school lunches and the construction of school buildings. Requires the agency, no later than 30 days before the agency enters into an agreement concerning a new project or reauthorizing a project, to provide written notice, including a description of the project, to the governor; the Legislative Budget Board (LBB); and the presiding officers of the standing committees

of the senate and of the house of representatives with primary jurisdiction over the agency.

Sec. 7.022. INTERNAL AUDIT. (a) Requires the auditor appointed by the commissioner under Section 7.055 to coordinate the agency's efforts to evaluate and improve its internal operations.

(b) Requires the state auditor to review the quality and effectiveness of the agency's process for auditing internal operations and to report the state auditor's findings to the commissioner and the board.

Sec. 7.023. AGENCY EMPLOYMENT POLICY. Requires a decision of the agency relating to employment to be made without regard to certain personal characteristics.

Sec. 7.024. INVESTMENT CAPITAL FUND. (a) Provides that the investment capital fund (fund) consists of money transferred to the fund as provided by Section 42.152(l). Requires the agency to administer the fund. Sets forth the purposes of the fund.

(b) Authorizes the commissioner to make grants from the fund to eligible schools.

(c) Sets forth provisions under which a school is eligible to apply for a grant.

(d) Provides that a grant from the fund shall be made directly to the school and may be used for the training and development of school staff, parents, and community leaders in order that they understand and implement the academic standards and practices necessary for high academic achievement, strategies to deregulate and restructure the school to improve student achievement, and strategies to organize parents and community leaders into a constituency that will hold the school and the school district accountable for achieving high academic standards. Prohibits more than 25 percent of the grant from being used to implement strategies developed by the partners that are designed to enrich or extend student learning experiences outside of the regular school day.

(e) Authorizes the commissioner to make a grant of up to $50,000 each academic year to an eligible school. Provides that campus administration personnel of a school that receives a grant under this section are accountable to the commissioner of education and must demonstrate certain characteristics.

SUBCHAPTER C. COMMISSIONER OF EDUCATION

Sec. 7.051. SELECTION OF THE COMMISSIONER. Requires the governor, with the advice and consent of the senate, to appoint the commissioner of education.

Sec. 7.052. TERM OF OFFICE. Provides that the commissioner serves a term of office of four years commensurate with the term of the governor.

Sec. 7.053. REMOVAL FROM OFFICE. Authorizes the governor, with the advice and consent of the senate, to remove the commissioner from the office as provided by Section 9, Article XV, Texas Constitution.

Sec. 7.054. QUALIFICATION. Requires the commissioner to be a U.S. citizen.

Sec. 7.055. COMMISSIONER OF EDUCATION POWERS AND DUTIES. (a) Sets forth the powers and duties of the commissioner.

(b) Requires the budget the commissioner adopts under Subsection (a) for operating the Foundation School Program to be in accordance with legislative appropriations and provide funds for the administration and operation of the agency and any other necessary expense. Requires the budget to designate any expense of operating the agency or operating a program for which the board has responsibility that is paid from

the Foundation School Program. Requires the budget to designate program expenses that may be paid out of the foundation school fund, other state funds, fees, federal funds, or funds earned under interagency contract. Requires the commissioner, before adopting the budget, to submit the budget to the board for review and, after receiving any comments of the board, present the operating budget to the governor and the LBB. Requires the commissioner to provide appropriate information on proposed budget expenditures to the comptroller to assure that all payments are paid from the appropriate funds in a timely and efficient manner.

Sec. 7.056. WAIVERS AND EXEMPTIONS. (a) Authorizes a school campus or district to apply to the commissioner for a waiver of a requirement, restriction, or prohibition imposed by this code or rule of the board or commissioner.

(b) Requires a school campus or district seeking a waiver to submit an application to the commissioner no later than the 31st day before the campus or district intends to take action requiring a waiver. Sets forth items the application must include.

(c) Requires the commissioner, if the commissioner objects to an application for a waiver, to notify the school campus or district in writing that the application is denied no later than 30 days after the application is received. Provides that if the commissioner does not notify the school campus or district of an objection within that time, the application is considered granted.

(d) Provides that a waiver granted under this section is effective for the period stated in the application, which may not exceed three years. Authorizes a school campus or district for which a requirement, restriction, or prohibition is waived under this section for a period of three years to receive an exemption from that requirement, restriction, or prohibition at the end of that period if the campus or district has fulfilled the achievement objectives stated in the application. Provides that the exemption remains in effect until the commissioner determines that achievement levels of the campus or district have declined.

(e) Sets forth conditions under which a school campus or district may not receive an exemption or waiver under this section.

(f) Authorizes a school district or campus that is required to develop and implement a student achievement improvement plan under Section 39.131 to receive an exemption or waiver under this section from any law or rule with certain exceptions.

(g) Authorizes the commissioner, in a manner consistent with waiver authority granted to the commission by the U.S. Department of Education, to grant a waiver of a state law or rule required by federal law, including Subchapter A, B, or C, Chapter 29. Requires the commissioner, before exercising any waiver authority under this subsection, to notify LBB and the office of budget and planning in the governor's office.

Sec. 7.057. APPEALS. (a) Authorizes a person to appeal in writing to the commissioner if the person is aggrieved by the school laws of this state; or actions or decisions of any school district board of trustees that violate the school laws of this state or 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.

(b) Requires the commissioner, after due notice to the parties interested, to hold a hearing and issue a decision without cost to the parties involved. Provides that in conducting a hearing under this subsection, the commissioner has the same authority relating to discovery and conduct of a hearing as an independent hearing examiner has under Chapter 21F. Provides that this section does not deprive any party of any legal remedy.

(c) Requires the commissioner, in an appeal against a school district, to issue a decision based on a review of the record developed at the district level under a substantial evidence standard of review.

(d) Authorizes a person aggrieved by an action of the agency or decision of the commissioner to appeal to a district court in Travis County. Requires an appeal to be made by serving the commissioner with citation issued and served in the manner provided by law for civil suits. Requires the petition to state the action or decision from which the appeal is taken. Requires the court, at trial, to determine all issues of law and fact, except as provided by Section 33.081(g).

(e) Sets forth provisions to which this section does not apply.

(f) Defines "record" and "school laws of this state."

SUBCHAPTER D. STATE BOARD OF EDUCATION

Sec. 7.101. COMPOSITION. Provides that the board is composed of 15 members elected from districts. Provides that each district from which a board member is elected is composed as provided by former Sections 11.2101(b)-(t), as enacted by Chapter 2, Acts of the 72nd Legislature, 2nd Called Session, 1991.

Sec. 7.102. STATE BOARD OF EDUCATION POWERS AND DUTIES. (a) Authorizes the board to perform only those duties relating to school districts or regional education service centers (service centers) assigned to the board by the constitution of this state or by this subchapter or another provision of this code.

(b) Sets forth the powers and duties of the board, which shall be carried out with the advice and assistance of the commissioner.

(c) Authorizes the board to adopt rules relating to school districts or service centers only as required to carry out the specific duties assigned to the board by the constitution or under Subsection (b).

(d) Provides that an action of the board to adopt a rule under this section is effective only if the board includes in the rule's preamble a statement of the specific authority under Subsection (b) to adopt the rule.

(e) Provides that a rule adopted by the board under this section does not take effect until the beginning of the school year that begins at least 90 days after the date on which the rule was adopted. Sets forth provisions under which the rule takes effect earlier.

(f) Provides that a rule adopted by the board before May 30, 1995, other than a rule under Subchapters B-D, 19 T.A.C. Chapter 75, expires September 1, 1996, unless readopted by the board after May 30, 1995. Provides that this subsection expires January 1, 1997.

Sec. 7.103. ELIGIBILITY FOR MEMBERSHIP. (a) Provides that a person is not eligible for election to or service on the board if the person holds an office with this state or any political subdivision of this state.

(b) Prohibits a person from being elected from or serving in a district who is not a bona fide resident of the district with one year's continuous residence before election. Provides that a person is not eligible for election to or service on the board unless the person is a qualified voter of the district in which the person resides and is at least 26 years of age.

(c) Prohibits a person who is required to register as a lobbyist under Chapter 305, Government Code, from serving as a member of the board or acting as the general counsel to the board.

Sec. 7.104. TERMS. (a) Requires, at each general election immediately following a decennial reapportionment of districts, one member to be elected to the board from each district. Provides that except as provided by Subsection (b), members of the board serve staggered terms of four years with the terms of eight members expiring on January 1 of one odd-numbered year and the terms of seven members expiring on January 1 of the next odd-numbered year.

(b) Requires seven members of the board elected at each general election following a decennial reapportionment of districts to serve two-year terms and eight members to serve four-year terms. Requires members to draw lots to determine who serves which terms.

(c) Requires the governor, if a position on the board becomes vacant, to fill the vacancy by appointing a qualified person from the affected district with the advice and consent of the senate.

(d) Provides that a vacancy that occurs at a time when it is impossible to place the name of a candidate for the unexpired term on the general election ballot is filled by appointment.

(e) Requires an appointment to a vacancy on the board to be made without regard to certain personal characteristics.

Sec. 7.105. COMPENSATION AND REIMBURSEMENT. (a) Provides that a member of the board is not entitled to receive compensation.

(b) Entitles a member of the board to reimbursement of the member's expenses as provided by law.

Sec. 7.106. MEETINGS. Provides that the board shall hold four meetings a year in Austin, Texas, on dates determined by the chair and may hold other meetings as may be called by the chair.

Sec. 7.107. OFFICERS. (a) Requires the governor, with the advice and consent of the senate, to appoint the chair from among the membership of the board. Provides that the chair serves a term of two years.

(b) Requires the board, at the board's first regular meeting after the election and qualification of new members, to organize, adopt rules of procedure, and elect by separate votes, a vice chair and a secretary.

(c) Provides that a person who serves two consecutive terms as chair is ineligible to again serve as chair until four years have elapsed since the expiration of the second term.

Sec. 7.108. PROHIBITION ON POLITICAL CONTRIBUTION OR ACTIVITY. (a) Provides that a person interested in selling bonds of any type or a person engaged in manufacturing, shipping, selling, or advertising textbooks or otherwise connected with the textbook business commits an offense if the person makes or authorizes a political contribution to or takes part in the campaign of any person seeking election to or serving on the board.

(b) Provides that an offense under Subsection (a) is a Class B misdemeanor.

(c) Defines "political contribution" and "textbook."

Sec. 7.109. DESIGNATION AS STATE BOARD FOR CAREER AND TECHNOLOGY EDUCATION. (a) Provides that the board is also the State Board for Career and Technology Education (SBCTE).

(b) Provides that the commissioner is the executive officer through whom the SBCTE shall carry out it policies and enforce its rules.

(c) Authorizes SBCTE to contract with the coordinating board or any other state agency to assume the leadership role and administrative responsibility of SBCTE for state level administration of technical-vocational education programs in public community colleges, public technical institutes, and other eligible public postsecondary institutions in this state.

(d) Authorizes SBCTE to allocate funds appropriated to the board by the legislature or federal funds received by the board under the Carl D. Perkins Vocational Education Act (20 U.S.C. Section 2301 et seq.) or other federal law to an institution or program approved by a state agency specified by law.

Sec. 7.110. PUBLIC TESTIMONY. Requires the board to develop and implement policies that provide the public with an opportunity to appear before the board and to speak on any issue under the jurisdiction of the board.

Sec. 7.111. HIGH SCHOOL EQUIVALENCY EXAMINATIONS. (a) Requires the board to provide for the administration of high school equivalency examinations. Sets forth provisions under which a person who does not have a high school diploma may take the examination in accordance with rules adopted by the board.

(b) Requires the board, by rule, to establish and require payment of a fee as a condition to the issuance of a high school equivalency certificate and a copy of the scores of the examinations. Requires the fee to be reasonable and designed to cover the administrative costs of issuing the certificate and a copy of the scores. Prohibits the board from requiring a waiting period between the date a person withdraws from school and the date the person takes the examination unless the period relates to the time between administrations of the examination.

Sec. 7.112. REPRESENTATION OF TEXTBOOK PUBLISHER BY FORMER MEMBER OF BOARD. (a) Sets forth prohibited actions for a former member of the board, before the second anniversary of the date on which the person last served as a member of the board, who is employed by or otherwise receives compensation from a textbook publisher.

(b) Provides that a person who violates Subsection (a) commits a Class A misdemeanor.

(c) Defines "compensation," "publisher," and "textbook."

CHAPTER 8. REGIONAL EDUCATION SERVICE CENTERS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8.001. ESTABLISHMENT. (a) Requires the agency to provide for the establishment and operation of not more than 20 service centers.

(b) Requires service centers to be located throughout the state so that each school district has the opportunity to be served by and to participate in an approved center on a voluntary basis.

Sec. 8.002. PURPOSE. (a) Requires service centers, at the direction of the commissioner, to provide services to assist school district in improving student performance and increasing the efficiency and effectiveness of school operations.

(b) Authorizes a school district, in addition to core services a service center is required to offer, to purchase any other available service from any center.

Sec. 8.003. GOVERNANCE. (a) Provides that each service center is governed by a board of directors composed of seven members.

(b) Requires the commissioner to recommend to the board for adoption uniform rules to provide for the local selection, appointment, and continuity of membership of service center boards of directors.

(c) Requires a vacancy on a service center board of directors to be filled by appointment by the remaining members of the board for the unexpired term.

(d) Provides that a member of the board is not entitled to compensation from the service center but is entitled to reimbursement with center funds for necessary expenses incurred in performing duties as a board member.

(e) Requires each service center board of directors to develop policies to ensure the sound management and operation of the center. Requires the board of directors to be directly involved in the planning and evaluation of programs and activities developed and offered to school districts and campuses under Section 8.051 or 8.052.

Sec. 8.004. EXECUTIVE DIRECTOR. Requires the service center board of directors to employ an executive director. Provides that the selection of the executive director is subject to the approval of the commissioner. Provides that the executive director is the chief executive officer of the service center and may employ personnel as necessary to carry out the functions of the center.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 8.051. CORE SERVICES. Requires each service center to use funds distributed to the center under Section 8.121 for developing and maintaining core services for purchase by school districts and campuses. Sets forth the core services.

Sec. 8.052. ADDITIONAL SERVICES. Authorizes a service center to offer any service requested and purchased by any school district or campus in the state.

Sec. 8.053. PLANNING AND REPORTING. Sets forth required actions for each service center.

Sec. 8.054. PROHIBITION ON REGULATORY FUNCTION. Prohibits a service center from performing a regulatory function regarding a school district. Provides that this section does not prohibit a service center from offering training or other assistance to a school district in complying with a state or federal law, rule, or regulation.

SUBCHAPTER C. EVALUATION AND ACCOUNTABILITY

Sec. 8.101. DATA REPORTING. Requires the commissioner to develop a uniform system for service centers to report audited financial and performance data.

Sec. 8.102. ANNUAL EVALUATION. Requires the commissioner to conduct an annual evaluation of each executive director and service center. Sets forth provisions each evaluation must include.

Sec. 8.103. SANCTIONS. Requires the commissioner to recommend to the board for approval a system of corrective actions to require of a service center that the commissioner determines to be deficient in an accountability measure under Section 8.102. Sets forth provisions the actions must include.

SUBCHAPTER D. FUNDING

Sec. 8.121. FUNDING FOR CORE SERVICES. (a) Provides that service centers receive state financial support from money appropriated to the Foundation School Program for that purpose. Requires the commissioner to distribute money to each service center for basic costs of providing core services according to an annual allotment set by the commissioner based on certain amounts.

(b) Requires each service center to use money distributed to it under this section for the provisions of core services required under Section 8.051 or for payment of necessary administrative and operational expenses of the center related to the provision of core services.

Sec. 8.122. PERFORMANCE CONTRACTS FOR ADDITIONAL SERVICES. (a) Authorizes the commissioner, after providing for the payment of basic costs of providing core services under Section 8.121, to distribute the remaining money appropriated to the Foundation School Program and money from other sources to service centers or school districts for the costs of providing additional services.

(b) Authorizes the commissioner to designate the amount of money available for distribution under Subsection (a) and the purpose for which the money may be used. Sets forth provisions the commissioner shall consider in determining the allocation of money distributed under Subsection (a).

(c) Requires the commissioner, after enactment of the General Appropriations Act each biennium, to notify each school district and service center of the amount of money available for distribution under this section and the purposes for which the money may be used.

(d) Authorizes the commissioner and district, if a school district requests direct distribution of money under this section to provide an additional service, to enter into a performance contract that specifies the purpose for which the money will be used and the expected results of the expenditure. Requires the commissioner, after entering into a performance contract with a school district, to distribute to the district 90 percent of the funds available for the service and distribute the remaining 10 percent to the service center for the region in which the district is located. Authorizes the school district to provide the service specified in the performance contract independently, in cooperation with one or more public or private entities, including a service center for a region other than the region in which the district is located.

(e) Requires the district, if a district elects to receive an additional service from the service center for the region in which the district is located, to execute a performance contract with the center, subject to approval by the commissioner, that specifies the purpose for which the money will be used and the expected results of the expenditure. Requires the commissioner to distribute the entire amount of money available for the service to the service center in accordance with the performance contract.

Sec. 8.123. FUNDING FOR STATE GRANTS. (a) Authorizes the legislature to appropriate money from the foundation school fund or other sources for grants to service centers. Requires money appropriated under this section to be distributed to service centers as competitive or emergency grants.

(b) Sets forth provisions for which the commissioner may adopt rules.

Sec. 8.124. CONTRACTS FOR GRANTS. Authorizes each service center board of directors, under rules adopted by the board, to enter into a contract for a grant from an organization and to spend grant funds in accordance with the terms of the contract.

SUBTITLE C. LOCAL ORGANIZATION AND GOVERNANCE

CHAPTER 11. SCHOOL DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11.001. ACCREDITATION. Requires each school district to be accredited by the agency as provided by Chapter 39D.

Sec. 11.002. RESPONSIBILITY OF SCHOOL DISTRICTS FOR PUBLIC EDUCATION. Provides that the school districts and charter schools created in accordance with the laws of this state have the primary responsibility for implementing the state's system of public education and ensuring student performance in accordance with this code.

SUBCHAPTER B. INDEPENDENT SCHOOL DISTRICTS

Sec. 11.011. ORGANIZATION. Requires the board of trustees of an independent school district, the superintendent of the district, the campus administrators, and the district- and campus-level committees established under Section 11.251 to contribute to the operation of the district in the manner provided by this code and by the board of trustees of the district in a manner not inconsistent with this code.

SUBCHAPTER C. BOARD OF TRUSTEES OF INDEPENDENT SCHOOL DISTRICT--GENERAL PROVISIONS

Sec. 11.051. GOVERNANCE OF INDEPENDENT SCHOOL DISTRICT; NUMBER OF TRUSTEES. (a) Provides that an independent school district is governed by a board of trustees who, as a body corporate, shall oversee the management of the district.

(b) Provides that the board consists of the number of members that the district had on September 1, 1995.

(c) Authorizes a board of trustees that has three or five members, by resolution, to increase the membership to seven. Requires a board of trustees that votes to increase its membership to consider whether the district would benefit from also adopting a single-member election system under Section 11.052. Provides that a resolution increasing the number of trustees takes effect with the second regular election of trustees that occurs after the adopting of the resolution. Requires the resolution to provide for a transition in the number of trustees so that when the transition is complete, trustees are elected as provided by Section 11.059.

Sec. 11.052. SINGLE-MEMBER TRUSTEE DISTRICTS. (a) Authorizes the board of trustees of an independent school district to order that trustees of the district are to be elected from single-member trustee districts or that not fewer than 70 percent of the members of the board of trustees are to be elected from single-member trustee districts with the remaining trustees to be elected from the district at large. Sets forth required actions for the board before adopting the order.

(b) Requires an order of the board adopted under Subsection (a) to be entered not later than 120 days before the date of the first election at which all or some of the trustees are elected from single-member trustee districts.

(c) Provides that if at least 15 percent or 15,000 of the registered voters of the school district, whichever is less, sign and present to the board of trustees a petition requesting submission to the voters of the proposition that trustees of the district be elected from single-member trustee districts or that not fewer than 70 percent of the members of the board of trustees be elected from single-member trustee districts with the remaining trustees to be elected from the district at large, the board shall order that the appropriate proposition be placed on the ballot at the first regular election of trustees held after 120 days after the date the petition is submitted to the board. Requires the proposition to specify the number of trustees to be elected from single-member districts. Requires the trustees of the district, beginning with the first regular election of trustees held after an election at which a majority of the registered voters

voting approve the proposition, to be elected in the manner prescribed by the approved proposition.

(d) Requires the board, if single-member trustee districts are adopted or approved as provided by this section, to divide the school district into the appropriate number of trustee districts, based on the number of members of the board that are to be elected from single-member trustee districts, and to number each trustee district. Requires the trustee district to be compact and contiguous and be of equal population. Prohibits the boundary of a trustee district, in a district with 150,000 or more students in average daily attendance, from crossing a county election precinct boundary except at a point at which the boundary of the school district crosses the county election precinct boundary. Requires trustee districts to be drawn not later than 90 days before the first election of trustees from single-member districts.

(e) Entitles residents of each trustee district to elect one trustee to the board. Requires a trustee elected to represent a trustee district at the first election of trustees to be a resident of the district the trustee represents no later than: (1) 90 days after the election returns are canvassed; or (2) 60 days after a final judgment in an election contest filed concerning that trustee district. Requires a candidate for trustee representing a single-member trustee district, after the first election of trustees from single-member trustee districts, to be a resident of the district the candidate seeks to represent. Requires a person appointed to fill a vacancy in a trustee district to be a resident of that trustee district. Provides that a trustee vacates the office if the trustee fails to move into the trustee district the trustee represents within the time provided by this subsection or ceases to reside in the district the trustee represents. Requires a candidate for trustee representing the district at large to be a resident of the district.

(f) Requires all positions on the board, at the first election at which some or all of the trustees are elected from trustee districts and after each redistricting, to be filled. Requires the trustees then elected to draw lots for staggered terms as provided by Section 11.059.

(g) Requires the board, not later than 90 days before the date of the first regular school board election at which trustees may officially recognize and act on the last preceding federal census, to redivide the district into the appropriate number of trustee districts if the census data indicates that the population of the most populous district exceeds the population of the least populous district by more than 10 percent. Requires redivision of the district to be in the manner provided for division of the district under Subsection (d).

Sec. 11.053. TRANSITION TO SINGLE-MEMBER DISTRICTS: OPTION TO CONTINUE IN OFFICE. (a) Provides that for an independent school district that adopts a redistricting plan under Section 11.052 providing for five members of the board to be elected from single-member trustee districts and two members to be elected at large, the board of trustees may provide in the plan for the trustees then in office to serve at large for the remainder of their terms in accordance with this section.

(b) Requires the trustee district and at-large positions provided by the district's plan to be filled as the staggered terms of incumbent trustees expire. Requires the board, not later than 90 days before the first election from trustee districts, to determine by lot the order in which the positions will be filled.

(c) Authorizes the trustees of a district to which this section applies to also provide for members serving at the time of a redistricting to serve for the remainder of their terms.

Sec. 11.054. ELECTING TRUSTEES BY CUMULATIVE VOTING. (a) Authorizes the board of trustees of an independent school district that elects its trustees at large or at large by position to order that elections for trustees be held using the cumulative voting procedures described by this section.

(b) Requires all of the positions that are to be filled at the election, at an election at which more than one trustee position is to be filled, to be voted on as one race by all the voters of the school district. Entitles each voter to cast a number of votes equal to the number of positions to be filled at the election.

(c) Authorizes a voter to cast one or more of the specified number of votes for any one or more candidates in any combination. Provides that only whole votes may be cast and counted.

(d) Provides that if a voter casts more than the number of votes to which the voter is entitled in the election, none of the voter's votes may be counted in that election. Provides that if a voter casts fewer votes than entitled, all of the voter's votes are counted in that election.

(e) Provides that the candidates who are elected are those, in the number to be elected, receiving the highest numbers of votes.

(f) Provides that if the board of trustees adopts an order requiring the use of cumulative voting, only the trustee positions that were scheduled to be elected at the election are filled through the use of cumulative voting.

(g) Prohibits an independent school district that adopts an order requiring the use of cumulative voting from electing its members by position as provided by Section 11.058.

Sec. 11.055. APPLICATION TO GET ON BALLOT. (a) Requires an application of a candidate for a place on the ballot to be filed not later than 5 p.m. of the 45th day before the date of the election. Prohibits an application from being filed earlier than 30 days before the date of the filing deadline.

(b) Provides that in a district in which the positions on the board of trustees are not authorized to be designed by number, an applicant is not required to state which other candidate, if any, the applicant is opposing.

Sec. 11.056. WRITE-IN VOTING. (a) Prohibits a write-in vote, in an election for trustees of an independent school district, from being counted for a person unless that person has filed a declaration of write-in candidacy with the secretary of the board of trustees in the manner provided for write-in candidates in the general election for state and county officers.

(b) Requires a declaration of write-in candidacy to be filed not later than 5 p.m. of the 30th day before the date of the election. Provides that if a candidate whose name is to appear on the ballot dies or is declared ineligible after the 33rd day before the date of the election, a declaration of write-in candidacy for the office sought by the deceased or ineligible candidate may be filed not later than 5 p.m. of the 27th day before the date of the election.

(c) Provides that Chapter 146B, Election Code, applies to write-in voting in an election for trustees of an independent school district.

(d) Requires the secretary of state to adopt the rules necessary to implement this section.

Sec. 11.057. DETERMINATION OF RESULTS. (a) Provides that in an independent school district in which the positions of trustees are designated by number as provided by Section 11.058, the candidate receiving the highest number of votes for each respective position voted on is entitled to serve as trustee.

(b) Requires the candidates receiving the highest number of votes, in a district in which the positions of trustees are not designated by number, to fill the positions the terms of which are normally expiring.

Sec. 11.058. ELECTION BY POSITION. (a) Provides that the designation of the positions of trustees by number is or may be required only as specified by this section.

(b) Requires the positions on the board of trustees to be designated by number in any independent school district in which the procedure of designating and electing the trustees by number has been authorized and instituted whether under general or special law and whether by resolution of the trustees or by operation of law.

(c) Requires the positions on the board of trustees to be designated by number in any independent school district in which the board of trustees by resolution orders that all candidates for trustee be voted on and elected separately for positions on the board of trustees and that all candidates be designated on the official ballot according to the number of the positions for which they seek election.

(d) Requires the resolution of the board of trustees to be made not later than 60 days before any trustee election for this section to apply.

(e) Requires the board, not later than 60 days before the election, to number the positions on the board in the order in which the terms of office of the trustees expire.

(f) Provides that once the board of trustees of an independent school district has ordered the election of trustees by numbered positions under this section, neither the board of trustees nor their successors may rescind the action.

(g) Requires ballots for an election to which this section applies to show the position for which each person is a candidate. Requires the board of trustees to arrange by lot the names of the candidates for each position.

Sec. 11.059. TERMS. (a) Provides that a trustee of an independent school district serves a term of three or four years.

(b) Requires elections for trustees with three-year terms to be held annually. Provides that the terms of one-third of the trustees, or as near to one-third as possible, expire each year.

(c) Requires elections for trustees with four-year terms to be held biennially. Provides that the terms of one-half of the trustees, or as near to one-half as possible, expire every two years.

(d) Requires a board policy to state the schedule on which specific terms expire.

(e) Provides that a district in which trustees serve three-year or four-year terms as of January 1, 1995, continues to elect trustees under that system. Requires the board of trustees of a district in which trustees are elected to two-year or six-year terms to adopt a resolution providing for three-year or four-year terms. Prohibits the board, after adoption of the resolution, from altering the length of the terms served by district trustees. Provides that the transition to three-year or four-year terms begins with the first regular election held after September 1, 1995. Requires trustees in office on September 1, 1995, to serve for the remainder of their terms. Require the resolution to specify the manner in which the transition to staggered three-year or four-year terms is made. Authorizes the resolution to provide for trustees elected during the transition to draw lots to determine which trustee serves for less than a full term or to specify which position in an election is for less than a full term. Provides that this subsection expires August 31, 2001.

Sec. 11.060. VACANCIES. (a) Provides that if a vacancy occurs on the board of trustees of an independent school district, the remaining trustees shall fill the vacancy by appointment until the next trustee election.

(b) Provides that if the board is appointed by the governing body of a municipality, a trustee appointed by the governing body to fill a vacancy shall serve for the unexpired term.

(c) Authorizes the board or municipal governing body, instead of filling a vacancy by appointment under Subsection (a) or (b), to order a special election to fill the vacancy. Provides that a special election is conducted in the same manner as the district's general election except as provided by the Election Code.

(d) Requires a vacancy, if more than one year remains in the term of the position vacated, to be filled under this section not later than 180 days after the date the vacancy occurs.

Sec. 11.061. QUALIFICATION AND ORGANIZATION OF TRUSTEES; COMPENSATION. (a) Requires the trustees first elected or appointed after the creation or incorporation of an independent school district to file their official oaths with the county judge of the county in which the district or major portion of the district is situated. Requires newly elected trustees, after all subsequent elections, to file their official oaths with the president of the board of trustees.

(b) Prohibits a person from being elected trustee of an independent school district unless the person is a qualified voter.

(c) Requires the members, at the first meeting after each election and qualification of trustees, to organize by selecting a president, secretary, and other necessary officers and committees.

(d) Provides that the trustees serve without compensation.

Sec. 11.062. ELECTION OF OFFICERS IN CERTAIN SCHOOL DISTRICTS. Requires an independent school district in which, before September 1, 1995, part of the trustees were elected from single-member trustee districts and one or more board officers were elected at large, to continue electing trustees and officers in that manner until a different method of selection is adopted by resolution of the board of trustees.

Sec. 11.063. ELIGIBILITY FOR EMPLOYMENT. Prohibits a trustee of an independent school district from accepting employment with that school district until the first anniversary of the date the trustee's membership on the board ends.

SUBCHAPTER D. POWERS AND DUTIES OF BOARD OF TRUSTEES OF INDEPENDENT SCHOOL DISTRICT

Sec. 11.151. IN GENERAL. (a) Provides that the trustees of an independent school district constitute a body corporate and in the name of the district may acquire and hold real and personal property, sue and be sued, and receive bequests and donations or other moneys or funds coming legally into their hands.

(b) Provides that the trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the district. Provides that all powers and duties not specifically delegated by statute to the agency or to the board are reserved for the trustees, and the agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees.

(c) Requires all rights and titles to the school property of the district, to be vested in the trustees and their successors in office. Authorizes the trustees to dispose of property that is no longer necessary for the operation of the school district.

(d) Authorizes the trustees to adopt rules and bylaws necessary to carry out the powers and duties provided by Subsection (b).

Sec. 11.152. TAXES; BONDS. Authorizes the trustees of an independent school district to levy and collect taxes and issue bonds in compliance with Chapter 45. Requires the trustees, if a specific rate of tax is not adopted at an election authorizing a tax, to determine the rate of tax to be levied within the limit voted and specified by law.

Sec. 11.153. SALE OF MINERALS. (a) Authorizes minerals in land belonging to an independent school district to be sold to any person under this section.

(b) Requires the sale to be authorized by a resolution adopted by majority vote of the board of trustees of the school district.

(c) Authorizes the president of the board of trustees, after adoption of a resolution under Subsection (b), to execute an oil or gas lease or sell, exchange, and convey the minerals. Requires the mineral deed or lease to recite the approval of the resolution of the board authorizing the sale.

Sec. 11.154. SALE OF PROPERTY OTHER THAN MINERALS. (a) Authorizes the board of trustees of an independent school district, by resolution, to authorize the sale of any property, other than minerals, held in trust for public school purposes.

(b) Requires the president of the board of trustees to execute a deed to the purchaser of the property reciting the resolution of the board of trustees authorizing the sale.

(c) Authorizes a school district to employ, retain, contract with, or compensate a licensed real estate broker or salesperson for assistance in the acquisition or sale of real property.

Sec. 11.155. EMINENT DOMAIN. (a) Authorizes an independent school district, by the exercise of the right of eminent domain, to acquire the fee simple title to real property for the purpose of securing sites on which to construct school buildings or for any other purposes necessary for the district.

(b) Requires the trial and all other proceedings in a condemnation by a school district, including the assessing of damages, to be in compliance with the statutes that apply to condemnation by a railroad.

(c) Requires the plaintiff, when a final judgment is issued in a condemnation, to be awarded the fee simple title to the property condemned.

(d) Authorizes a school district, if the school district desires to take possession of the property to be condemned pending suit, to do so at any time after the award of the commissioner and on certain conditions.

Sec. 11.156. DONATIONS TO THE PUBLIC SCHOOLS. (a) Provides that a conveyance, devise, or bequest of property for the benefit of the public schools made by anyone for any county, municipality, or district, if not otherwise directed by the donor, vests the property in the county school trustees, the board of trustees of the municipality or district, or their successors in office as trustees for those to be benefited by the donation.

(b) Sets forth purposes for which the funds or other property donated or the income from the property may be spent by the trustees.

Sec. 11.157. CONTRACTS FOR EDUCATIONAL SERVICES. Authorizes the board of trustees of an independent school district to contract with an entity for that entity to provide educational services for the district.

Sec. 11.158. AUTHORITY TO CHARGE FEES. (a) Sets forth provisions for which the board of trustees of an independent school district may require payment.

(b) Sets forth provisions for which the board may not charge.

(c) Provides that students may be required to furnish personal or consumable items, except that students who are educationally disadvantaged may be required to furnish school uniforms only as provided by Section 11.162.

(d) Prohibits the board from charging a fee under Subsection (a)(12) for a course to which Section 28.003 applies.

(e) Provides that this section does not prohibit the operation of a school store in which students may purchase school supplies and materials.

(f) Requires a school district to adopt reasonable procedures for waiving a deposit or fee if a student or the student's parent or guardian is unable to pay it. Requires this policy to be posted in a central location in each school facility, in the school policy manual, and in the student handbook.

(g) Provides that this section does not prohibit a board of trustees from charging fees for goods and services provided in connection with any postsecondary instructional program.

Sec. 11.159. MEMBER TRAINING AND ORIENTATION. (a) Requires the board to provide a training course for independent school district trustees to be offered by the service centers. Requires registration for a course to be open to any interested person and the state board may prescribe a registration fee designed to offset the costs of providing that course.

(b) Requires a trustee to complete any training required by the board.

Sec. 11.160. CHANGE OF SCHOOL DISTRICT NAME. (a) Authorizes the board of trustees of an independent school district, by resolution, to change the name of the school district.

(b) Requires the board to give notice of the change in name of the district by sending to the commissioner a copy of the resolution, attested by the president and secretary of the board. Provides that the district, under its changed name, is considered a continuation of the district, as formerly named, for all purposes.

Sec. 11.161. FRIVOLOUS SUIT. Sets forth provisions under which a court, in a civil suit brought under state law, against an independent school district or an officer of an independent school district acting under color of office, may award costs and reasonable attorney's fees.

Sec. 11.162. SCHOOL UNIFORMS. (a) Authorizes the board of trustees of an independent school district to adopt rules that require students at a school in the district to wear school uniforms if the board determines that the requirement would improve the learning environment at the school.

(b) Requires the rules the board of trustees adopts to designate a source of funding that shall be used in providing uniforms for students at the school who are educationally disadvantaged.

(c) Authorizes a parent or guardian of a student assigned to attend a school at which students are required to wear school uniforms to choose for the student to be exempted from the requirement or to transfer to a school at which students are not required to wear uniforms and at which space is available if the parent or guardian provides a

written statement that states a bona fide religious or philosophical objection to the requirement.

(d) Requires students at a school at which uniforms are required to wear the uniforms beginning on the 90th day after the board of trustees adopts the rules that require the uniforms.

Sec. 11.163. EMPLOYMENT POLICY. (a) Requires the board of trustees of each independent school district to adopt a policy providing for the employment and duties of district personnel. Sets forth provisions for which the employment policy must provide.

(b) Authorizes the board of trustees to accept or reject the superintendent's recommendation regarding the selection of district personnel. Requires the superintendent, if the board rejects the superintendent's recommendation, to make alternative recommendations until the board accepts a recommendation.

(c) Sets forth authorized provisions for the employment policy.

SUBCHAPTER E. SUPERINTENDENTS AND PRINCIPALS

Sec. 11.201. SUPERINTENDENTS. (a) Provides that the superintendent is the educational leader and the chief executive officer of the school district.

(b) Authorizes the board of trustees of an independent school district to employ by contract a superintendent for a term not to exceed five years.

(c) Requires a board of trustees of an independent school district that makes a severance payment to a superintendent to report the terms of the severance payment to the commissioner. Requires the commissioner to reduce the district's Foundation School Program funds for the school year following the school year in which the first payment is made by an amount equal to the severance payment made by the board of trustees to the superintendent.

(d) Sets forth the duties of the superintendent.

Sec. 11.202. PRINCIPALS. (a) Provides that the principal of a school is the instructional leader of the school and shall be provided with adequate training and personnel assistance to assume that role.

(b) Sets forth required actions for each principal.

(c) Requires the board of trustees of a school to adopt a policy for the selection of a campus principal that includes qualifications required for that position.

(d) Provides that the superintendent or the person designated by the superintendent has final placement authority for a teacher transferred because of enrollment shifts or program changes in the district.

SUBCHAPTER F. DISTRICT-LEVEL AND SITE-BASED DECISION-MAKING

Sec. 11.251. PLANNING AND DECISION-MAKING PROCESS. (a) Requires the board of trustees of each independent school district to ensure that a district improvement plan and improvement plans for each campus are developed, reviewed, and revised annually for the purpose of improving the performance of all students. Requires the board to annually approve district and campus performance objectives and to ensure that the district and campus plans meet certain conditions.

(b) Requires the board to adopt a policy to establish a district- and campus-level planning and decision-making process that will involve the professional staff of the district, parents and community members in establishing and reviewing the district's

and campuses' educational plans. Requires the board to establish a procedure under which meetings are held regularly by district- and campus-level planning and decision-making committees that include representative professional staff, parents of students enrolled in the district, and community members. Requires the committees to include business representatives, without regard to whether a business representative resides in the district or whether the business the person represents is located in the district. Requires the board or a designee to periodically meet with the district-level committee to review the district-level committee's deliberations.

(c) Sets forth provisions for purposes of establishing the composition of committees under this section.

(d) Requires the board to ensure that an administrative procedure is provided to clearly define the respective roles and responsibilities of the staff in the areas of planning, budgeting, curriculum, staffing patterns, staff patterns, staff development, and school organization. Requires the board to ensure that the district-level planning and decision-making committee will be actively involved in establishing the administrative procedure that defines the respective roles and responsibilities pertaining to planning and decision-making at the district and campus levels.

(e) Requires the board to adopt a procedure, consistent with Section 21.407(a), for the professional staff in the district to nominate and elect the professional staff representatives who shall meet with the board or the board designee as required under this section. Requires at least two-thirds of the elected professional staff to be classroom teachers. Requires the remaining staff representatives to include both campus- and district-level professional staff members. Sets forth procedures for which board policy must provide.

(f) Requires the district policy to provide that all pertinent federal planning requirements are addressed through the district- and campus-level planning process.

(g) Provides that this section does not:

(1) prohibit the board from conducting meetings with teachers other than the meetings described this section;

(2) prohibit the board from establishing policies providing avenues for input from others;

(3) limit or affect the power of the board to govern the public schools; or

(4) create a new cause of action or require collective bargaining.

Sec. 11.252. DISTRICT-LEVEL PLANNING AND DECISION-MAKING. (a) Requires each school district to have a district improvement plan that is developed, evaluated, and revised annually, in accordance with district policy, by the superintendent with the assistance of the district-level committee established under Section 11.251. Sets forth the purpose of the district improvement plan. Sets forth provisions the district improvement plan must include.

(b) Provides that a district's plan for the improvement of student performance is not filed with the agency, but the district must make the plan available to the agency on request.

(c) Authorizes the district- and campus-level committees, in a district that has only one campus, to be one committee and the district and campus plans may be one plan.

(d) Requires each district, at least every two years, to evaluate the effectiveness of the district's decision-making and planning policiès, procedures, and staff development

activities related to district- and campus-level decision-making and planning to ensure that they are effectively structured to positively impact student performance.

(d-1) Requires the first evaluation under Subsection (d) to be performed not later than September 30, 1995. Provides that this subsection expires January 1, 1996.

(e) Requires the district-level committee established under Section 11.251 to hold at least one public meeting per year. Requires the required meeting to be held after receipt of the annual district performance objectives. Requires district policy and procedures to be established to ensure that systematic communications measures are in place to periodically obtain broad-based community, parent, and staff input and to provide information to those persons regarding the recommendations of the district-level committee. Provides that this section does not create a new cause of action or require collective bargaining.

(f) Requires a superintendent to regularly consult the district-level committee in the planning, operation, supervision, and evaluation of the district educational program.

Sec. 11.253. CAMPUS PLANNING AND SITE-BASED DECISION-MAKING. (a) Requires each school district to maintain current policies and procedures to ensure that effective planning and site-based decision-making occur at each campus to direct and support the improvement of student performance for all students.

(b) Requires each district's policy and procedures to establish campus-level planning and decision-making committees as provided for through the procedures provided by Sections 11.251(b)-(e).

(c) Requires each school year, the principal of each school campus, with the assistance of the campus-level committee, to develop, review, and revise the campus improvement plan for the purpose of improving student performance for all student populations with respect to the academic excellence indicators adopted under Section 39.051 and any other appropriate performance measures for special needs populations.

(d) Sets forth required actions for each campus improvement plan.

(e) Requires the campus-level committee, in accordance with the administrative procedures established under Section 11.251(b), to be involved in decisions in the areas of planning, budgeting, curriculum, staffing patterns, staff development, and school organization. Requires the campus-level committee to approve the portions of the campus plan addressing campus staff development needs.

(f) Provides that this section does not create a new cause of action or require collective bargaining.

(g) Requires each campus-level committee to hold at least one public meeting per year. Requires the required meeting to be held after receipt of the annual campus rating from the agency to discuss the performance of the campus and the campus performance objectives. Requires district policy and campus procedures to be established to ensure that systematic communications measures are in place to periodically obtain broad-based community, parent, and staff input, and to provide information to those persons regarding the recommendations of the campus-level committees.

(h) Requires a principal to regularly consult the campus-level committee in the planning, operation, supervision, and evaluation of the campus educational program.

Sec. 11.254. STATE RESPONSIBILITIES FOR THE PLANNING AND DECISION-MAKING PROCESS. (a) Requires the commissioner to oversee the provision of training and technical support to all districts and campuses in respect to planning and site-based decision-making through one or more sources.

(b) Requires the agency to conduct an annual statewide survey of the types of district- and campus-level decision-making and planning structures that exist, the extent of involvement of various stakeholders in district- and campus-level planning and decision-making, and the perceptions of those persons of the quality and effectiveness of decisions related to their impact on student performance.

SUBCHAPTER G. LAW APPLICABLE TO CERTAIN SCHOOL DISTRICTS AND COUNTY SYSTEMS

Sec. 11.301. APPLICATION OF FORMER LAW. (a) Authorizes a school district or county system operating under former Chapter 17, 18, 22, 24, 25, 26, 27, or 28 on May 1, 1995, to continue to operate under the applicable chapter as that chapter existed on that date and under state law generally applicable to school districts that does not conflict with that chapter.

(b) Authorizes a school district operating under former Chapter 22 to incorporate and become an independent school district in the manner provided by former Chapter 19F, as it existed on May 1, 1995. Authorizes a school district operating under former Chapter 24 to be separated from municipal control and become an independent school district in the manner provided by former Chapter 19E, as it existed on May 1, 1995.

Sec. 11.302. PUBLIC INFORMATION. Requires the governing body of a school district or county system to which Section 11.301 applies to make available to the public for inspection and copying during regular operating hours a copy of the provisions under which the district or county system operates that are specific to that type of district or county system.

SUBCHAPTER H. SPECIAL-PURPOSE SCHOOL DISTRICTS

Sex. 11.351. AUTHORITY TO ESTABLISH SPECIAL-PURPOSE SCHOOL DISTRICT. (a) Authorizes the board, on the recommendation of the commissioner and after consulting with the school districts involved and obtaining the approval of a majority of those districts in each affected county in which a proposed school district is located, to establish a special-purpose school district for the education of students in special situations whose educational needs are not met by regular school districts. Authorizes the board to impose duties or limitations on the school district as necessary for the special purpose of the district. Requires the board to exercise the powers as provided by this section relating to the districts established under this section.

(b) Requires the board to grant to the district the right to share in the available school fund apportionment and other privileges as are granted to independent and common school districts.

Sec. 11.352. GOVERNANCE OF SPECIAL-PURPOSE DISTRICT. (a) Requires the board to appoint for each district established under Section 11.351 a board of three trustees, who are not required to be residents of the district.

(b) Authorizes the board, for each military reservation school district, to appoint a board of three or five trustees. Authorizes enlisted military personnel to be appointed to the school board. Provides that a majority of the trustees appointed for the district to be civilians and all may be civilians. Requires the trustees to be selected from a list of persons who are qualified to serve as members of a school district board of trustees under Section 11.061 and who live or are employed on the military reservation. Requires the list to be furnished to the board by the commanding officer of the military reservation. Provides that the trustees appointed serve terms of two years.

(c) Authorizes the board to adopt rules for the governance of a special-purpose district. Provides that in the absence of a rule adopted under this subsection, the laws applicable to independent school districts apply to a special-purpose district.

Sec. 11.353. ADMISSION AND ATTENDANCE. Sets forth provisions under which a child is eligible to attend school in a military reservation school district. Authorizes the board of trustees to transfer any child who cannot be provided for by the district of the child's residence to any school district maintaining adequate facilities and standards for elementary, junior, or senior high schools, as applicable.

Sec. 11.354. ABOLITION OF SPECIAL-PURPOSE DISTRICT. Authorizes the board, on the written request signed by a majority of the board of trustees of a military reservation school district, to abolish the district. Requires the board to give notice to the board of trustees requesting abolition. Requires the territory of the abolished district and property of the district to be disposed of as provided by Section 13.205.

Sec. 11.355. ANNEXATION OF ADDITIONAL TERRITORY BY CERTAIN SPECIAL-PURPOSE DISTRICTS. (a) Provides that any military reservation territory that is subject to the same post or base command as a military reservation used to house dependents of military and civilian personnel and that wholly contains an independent school district may be annexed to that reservation independent school district by the board on petition of that post or base commander.

(b) Provides that if a military reservation territory has been annexed to an independent school district of the same post or base command under Subsection (a), and the territory is no longer used to house dependents of military and civilian personnel, the board, on petition of the post or base command, or on petition of a majority of the trustees of the school district from which the territory was originally detached, may detach the territory from the military reservation constituting an independent school district and annex it to the school district from which it was originally detached.

Sec. 11.356. SUPPORT OF STUDENTS ENROLLED IN SPECIAL-PURPOSE SCHOOL DISTRICTS. Requires the independent or common school district that is responsible for providing education services to a student who is enrolled in a special-purpose school district to share the costs of the student's education in the manner provided under Section 30.003 for students enrolled in the Texas School for the Blind and Visually Impaired or the Texas School for the Deaf unless the board finds that the student's education in a particular special-purpose school or school district is not the responsibility of the independent or common school district.

CHAPTER 12. CHARTERS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 12.001. ALTERNATIVE METHOD OF OPERATION. Authorizes an independent school district, a school campus, or an educational program, as an alternative to operating in the manner generally provided by this title, to choose to operate under a charter in accordance with this chapter.

Sec. 12.002. CLASSES OF CHARTER. Sets forth the classes of charter under this chapter.

Sec. 12.003. AUTHORITY OF BOARD OF TRUSTEES TO GRANT OTHER CHARTERS. Provides that this chapter does not limit the authority of the board of trustees of a school district to grant a charter to a campus or program to operate in accordance with the other provisions of this title and rules adopted under those provisions.

SUBCHAPTER B. HOME-RULE SCHOOL DISTRICT CHARTER

Sec. 12.011. AUTHORIZATION AND STATUS. (a) Authorizes a school district to adopt a home-rule school district charter under which the district will operate.

(b) Provides that the adoption of a home-rule school district charter by a school district does not affect the district's boundaries; or taxes or bonds of the district authorized before the effective date of the charter.

Sec. 12.012. APPLICABILITY OF LAWS AND RULES TO HOME-RULE SCHOOL DISTRICT. (a) Provides that a home-rule school district is subject to federal and state laws and rules governing school districts, except that a home-rule school district is subject to certain rules and regulations.

(b) Requires an employee of a home-rule school district who qualifies for membership in the Teacher Retirement System of Texas to be covered under the system in the same manner and to the same extent as a qualified employee employed by an independent school district is covered.

(c) Provides that this section does not permit a home-rule school district to discriminate against a student who has been diagnosed as having a learning disability. Provides that discrimination prohibited by this subsection includes denial of placement in a gifted and talented program if the student would otherwise be qualified for the program but for the student's learning disability. Provides that this section does not permit a home-rule school district, based on certain personal and social characteristics, to place a student in a program other than the highest-level program necessary to ensure the student's success.

Sec. 12.013. APPLICABILITY OF TITLE. (a) Provides that a home-rule school district has the powers and entitlement granted to school districts and school district boards of trustees under this title.

(b) Sets forth provisions to which a home-rule school district is subject.

Sec. 12.014. APPOINTMENT OF CHARTER COMMISSION. Requires the board of trustees of a school district to appoint a charter commission to frame a home-rule school district charter if certain conditions exist.

Sec. 12.015. CHARTER COMMISSION. (a) Requires the board of trustees of the school district, not later than 30 days after the date of receipt of a petition or adoption of a resolution under Section 12.014, to appoint 15 residents of the district to serve on the commission to frame a charter for the district.

(b) Requires the membership of the charter commission to reflect the racial, ethnic, socioeconomic, and geographic diversity of the district. Requires a majority of the members appointed to the commission to be parents of school-age children attending public school. Requires at least 25 percent of the commission to be classroom teachers selected by the representatives of the professional staff pursuant to Section 11.251(e).

(c) Requires the charter commission to complete a proposed charter not later than the first anniversary of the date of its appointment. Provides that after that date, the commission expires and the appointment under Section 12.014 is void.

(d) Provides that a charter commission appointed under this section is considered a governmental body for purposes of Chapters 551 and 552, Government Code.

Sec. 12.016. CONTENT. Sets forth required actions for each home-rule school district charter.

Sec. 12.017. DETERMINATION OF COMPLIANCE WITH VOTING RIGHTS ACT. (a) Requires the charter commission to submit the proposed charter to the secretary of state. Requires the secretary of state to determine whether a proposed charter contains a change in the governance of the school district.

(b) Requires the secretary of state, if the secretary determines that a proposed charter contains a change in the governance of the school district, not later than the second working day after making the determination, to notify the board of trustees of the school district. Requires the board to submit the proposed change to the U.S. Department of Justice or the U.S. District Court for the District of Columbia for preclearance under the Voting Right Act (42 U.S.C. Section 1973c et seq.).

Sec. 12.018. LEGAL REVIEW. Requires the charter commission to submit the proposed charter to the commission. Requires the commissioner, not later than 30 days after the commission receives the proposed charter, to review the proposed charter to ensure that the proposed charter complies with any applicable laws and to recommend to the charter commission any modifications necessary. Provides that if the commissioner does not act within the prescribed time, the proposed charter is approved.

Sec. 12.019. CHARTER ELECTION. (a) Requires the board of trustees of the district, after approval of a home-rule school district charter under Section 12.018, to order an election on the proposed charter.

(b) Requires the proposed charter to be submitted to the voters of the district at an election to be held on the first uniform election date that occurs at least 45 days after the board of trustees orders the election.

(c) Requires at least three copies of the proposed charter to be available in the office of each school campus in the district and at the district's central administrative office between the date of the election order and election day. Requires notice of the election to include a statement of where and how copies may be obtained or viewed. Requires a summary of the content of the proposed charter to be attached to each copy. Requires the summary to also be made available to school district employees, parents, community members, and members of the media.

(d) Sets forth the language of the ballot.

Sec. 12.020. CHARTER AMENDMENT. (a) Authorizes the governing body of a home-rule school district on its own motion to submit a proposed charter amendment that complies with this subchapter to the commissioner for legal review.

(b) Requires the governing body to submit a proposed charter amendment that complies with this subchapter to the commissioner for legal review if a petition submitted to the governing body proposing the charter amendment is signed by at least five percent of the registered voters of the district.

(c) Requires the commissioner, not later than 30 days after the requirements for an election under Subsection (a) or (b) are satisfied, to review the proposed amendment to ensure that the proposed amendment complies with any applicable laws and to recommend any modifications necessary. Provides that if the commissioner does not act within the prescribed time, the proposed charter amendment is approved.

(d) Requires the governing body of the district, as soon as practicable after commissioner review under Subsection (c), to order an election on the proposed amendment.

(e) Requires an election under this section to be held on the first uniform election date that occurs at least 45 days after the date the election is ordered.

(f) Requires notice of the election to include a substantial copy of the proposed charter amendment.

(g) Prohibits a charter amendment from containing more than one subject.

(h) Requires the ballot to be prepared so that a voter may approve or disapprove any one or more charter amendments without having to approve or disapprove all of the charter amendments.

(i) Prohibits the governing body from ordering an election on a proposed charter amendment earlier than the first anniversary of the date of any previous election to amend the charter.

(j) Provides that Section 12.017 applies to a proposed charter amendment except that the governing body shall submit the proposed charter amendment to the secretary of state.

Sec. 12.021. ADOPTION OF CHARTER OR CHARTER AMENDMENT. (a) Provides that a proposed home-rule school district charter or a proposed charter amendment is adopted if approved by a majority of the qualified voters of the district voting at an election held for that purpose.

(b) Requires a charter or charter amendment to specify an effective date and takes effect according to its terms when the governing body of the school district enters an order declaring that the charter or charter amendment is adopted. Requires the governing body to enter an order not later than 10 days after the canvass of the election returns is completed.

(c) Requires the board of trustees or governing body, after a school district adopts a home-rule school district charter or charter amendment, to notify the commissioner of the outcome of the election.

Sec. 12.022. MINIMUM VOTER TURNOUT REQUIRED. (a) Provides that an election on the adoption of a proposed home-rule school district charter has no effect unless at least 25 percent of the registered voters of the district vote in the election in which the adoption of the charter is on the ballot.

(b) Provides that an election on the adoption of a proposed amendment to a home-rule school district charter has no effect unless at least 20 percent of the registered voters of the district vote in the election in which the adoption of the amendment is on the ballot.

(c) Requires the board of trustees, if the required number of voters prescribed by Subsection (a) or (b) do not vote in the election, to order an election on the issue to be held on the first uniform election date that occurs at least 45 days after the election is ordered; and on which one or more elections are to be held, the combination of which covers all of the territory of the school district.

(d) Authorizes the board of trustees, if the required number of voters prescribed by Subsection (a) or (b) do not vote at an election ordered as required by Subsection (c), to continue to order elections on the issue in accordance with Subsection (c) until the required minimum voter turnout is achieved.

Sec. 12.023. CERTIFICATION OF CHARTER OR CHARTER AMENDMENT. (a) Requires the president of the board of trustees, after a school district adopts a home-rule school district charter or charter amendment, to certify to the secretary of state a copy of the charter or amendment showing the approval by the voters of the district.

(b) Requires the secretary of state to file and record the certification in the secretary of state's office.

Sec. 12.024. EFFECT OF RECORDING CHARTER OR CHARTER AMENDMENT. Provides that a recorded charter or charter amendment is a public act. Requires the court to take judicial notice of a recorded charter or charter amendment and proof is not required of its provisions.

Sec. 12.025. GOVERNANCE. (a) Authorizes the home-rule school district to adopt and operate under any governing structure.

(b) Sets forth authorized actions for the district.

(c) Provides that the term of any officer of the district is determined under Section 11.059.

Sec. 12.026. CHANGE IN GOVERNING BODY. Provides that if the adoption, amendment, or revocation of a home-rule school district charter changes the structure of the governing body of the school district, the members of the governing body serving on the date the adoption, amendment, or revocation takes effect continue in office until their successors are chosen and have qualified for office.

Sec. 12.027. BASIS FOR PLACEMENT ON PROBATION OR REVOCATION OF CHARTER. (a) Authorizes the board to place on probation or revoke a home-rule school district charter of a school district if the board makes certain determinations.

(b) Requires the action the board takes under Subsection (a) to be based on the best interest of district students, the severity of the violation, and any previous violation the district has committed.

(c) Requires a district whose home-rule school district charter is revoked or rescinded under this subchapter to operate under the other provisions of Title 1 and this title that apply to school districts.

Sec. 12.028. PROCEDURE FOR PLACEMENT ON PROBATION OR REVOCATION. (a) Requires the board, by rule to adopt a procedure to be used for placing on probation or revoking a home-rule school district charter.

(b) Requires the procedure adopted under Subsection (a) to provide an opportunity for a hearing to the district and to parents of district students. Requires a hearing under this subsection to be held in the district.

Sec. 12.029. STATUS OF DISTRICT IN CASE OF ANNEXATION OR CONSOLIDATION. (a) Provides that if a school district is annexed to another district under Chapter 13, and only one of the districts has a home-rule school district status, the status, as a home-rule or other type of school district, of the receiving district is the status for both districts following annexation.

(b) Provides that if two or more school district having different status, one of which is home-rule school district status, consolidate into a single district, the petition under Section 13.003 initiating the consolidation must state the status for the consolidated district. Sets forth the language of the ballot.

Sec. 12.030. RESCISSION OF CHARTER. (a) Authorizes a home-rule school district charter to be rescinded as provided by this section.

(b) Sets forth provisions under which the governing body of the district shall order an election on the question of rescinding a home-rule school district charter.

(c) Requires the governing body, after receipt or adoption of a resolution under Subsection (b), to order an election.

(d) Requires the proposition to rescind the home-rule school district charter to be submitted to the voters of the district at an election to be held on the first uniform election date that occurs at least 45 days after the governing body orders the election.

(e) Sets forth the language of the ballot.

(f) Provides that a home-rule school district charter is rescinded if the rescission is approved by a majority of the qualified voters of the district voting at an election held for that purpose at which at least 25 percent of the registered voters of the district vote.

(g) Provides that the rescission takes effect on a date established by resolution of the governing body but not later than 90 days after the date of an election held under this section at which rescission of the charter is approved and at which the number of registered voters required under Subsection (f) vote. Requires the governing body, as soon as practicable, to notify the commissioner and the secretary of state of the results of the election and of the effective date of the rescission.

(h) Provides that the rescission of home-rule school district charter under this section does not affect the district's boundaries; or taxes or bonds of the district authorized before the effective date of the rescission.

SUBCHAPTER C. CAMPUS OR CAMPUS PROGRAM CHARTER

Sec. 12.051. DEFINITIONS. Defines "parent," "board," and "board of trustees."

Sec. 12.052. AUTHORIZATION. (a) Authorizes the board of trustees of a school district or the governing body of a home-rule school district to grant a charter to parents and teachers for a campus or a program on a campus if the board is presented with a petition signed by the parents of a majority of the students at that school campus; and a majority of the classroom teachers at that school campus.

(b) Provides that for the purposes of Subsection (a)(1), the signature of only one parent of a student is required.

(c) Prohibits the board of trustees from arbitrarily denying a charter under this section.

Sec. 12.053. COOPERATIVE CAMPUS CHARTER. (a) Authorizes the board of trustees to grant a charter to parents and teachers at two or more campuses in the district for a cooperative charter program if the board is presented with a petition signed by the parents of a majority of the students at each school campus; and a majority of the classroom teachers at each school campus.

(b) Provides that for purposes of Subsection (a)(1), the signature of only one parent is required.

Sec. 12.054. AUTHORITY UNDER CHARTER. Sets forth applicable provisions for a campus or program for which a charter is granted under this subchapter.

Sec. 12.055. APPLICABILITY OF LAWS AND RULES TO CAMPUS OR PROGRAM GRANTED CHARTER. Subjects a campus or program for which a charter is granted under this subchapter to federal and state laws and rules governing public school, only to the extent the applicability to a campus or program for which a charter is granted under this subchapter of a provision of this code or a rule adopted under this code is specifically provided.

Sec. 12.056. APPLICABILITY OF TITLE. (a) Provides that a campus or program for which a charter is granted under this subchapter has the powers granted to schools under this title.

(b) Sets forth provisions to which a campus or program for which a charter is granted under this subchapter is subject.

Sec. 12.057. STATUS. (a) Provides that a governing body of the campus or program provided for under the charter is considered a governmental body for purposes of Chapters 551 and 552, Government Code.

(b) Requires an employee of a campus or program granted a charter under this subchapter who qualifies for membership in the Teacher Retirement System of Texas to be covered under the system in the same manner and to the same extent as a qualified employee employed on a regularly operating campus or in a regularly operating program is covered.

(c) Provides that the campus or program is immune from liability to the same extent as a school district, and its employees and volunteers are immune from liability to the same extent as school district employees and volunteers.

Sec. 12.058. CONTENT. Sets forth required actions for each charter granted under this subchapter.

Sec. 12.059. FORM. Requires a charter to be in the form and substance of a written contract signed by the president of the board of trustees granting the charter and the chief operating officer of the campus or program for which the charter is granted.

Sec. 12.060. CHARTER GRANTED. Sets forth provisions each charter a board of trustees grants under this subchapter must meet.

Sec. 12.061. REVISION. Sets forth conditions under which a charter granted under this subchapter may be revised.

Sec. 12.062. BASIS FOR PLACEMENT ON PROBATION OR REVOCATION. (a) Authorizes a board of trustees to place on probation or revoke a charter it grants if the board makes certain determinations about the campus or program.

(b) Requires the action the board takes under Subsection (a) to be based on the best interest of campus or program students, the severity of the violation, and any previous violation the campus or program has committed.

Sec. 12.063. PROCEDURE FOR PLACEMENT ON PROBATION OR REVOCATION. (a) Requires each board of trustees that grants a charter under this subchapter to adopt a procedure to be used for placing on probation or revoking a charter it grants.

(b) Requires the procedure adopted under Subsection (a) to provide an opportunity for a hearing to the campus or program for which a charter is granted under this subchapter and to parents and guardians of students at the campus or in the program. Requires a hearing under this subsection to be held on the campus or on one of the campuses in the case of a cooperative charter program.

Sec. 12.064. ADMISSION. (a) Requires eligibility criteria for admission of students to the campus or program for which a charter is granted under this subchapter to give priority on the basis of geographic and residency considerations. Provides that after priority is given on those bases, secondary consideration may be given to a student's age, grade level, or academic credentials in general or in a specific area, as necessary for the type of program offered.

(b) Authorizes the campus or program to require an applicant to submit an application not later than a deadline the campus or program establishes.

SUBCHAPTER D. OPEN-ENROLLMENT CHARTER SCHOOL

Sec. 12.101. AUTHORIZATION. (a) Authorizes the board to grant a charter on the application of an eligible entity for an open-enrollment charter school to operate in a facility of a commercial or nonprofit entity or a school district, including a home-rule school district. Defines "eligible entity."

(b) Prohibits the board from granting a total of more than 20 charters for an open-enrollment charter school.

(c) Requires, if the facility to be used for an open-enrollment charter school is a school district facility, the school to be operated in the facility in accordance with the terms established by the board of trustees or other governing body of the district in an agreement governing the relationship between the school and the district.

(d) Prohibits an educator employed by a school district before the effective date of a charter for an open-enrollment charter school operated at a school district facility from being transferred to or employed by the open-enrollment charter school over the educator's objection.

Sec. 12.102. AUTHORITY UNDER CHARTER. Set forth provisions that apply to an open-enrollment charter school.

Sec. 12.103. APPLICABILITY OF LAWS AND RULES TO OPEN-ENROLLMENT CHARTER SCHOOL. Subjects an open-enrollment charter school to federal and state laws and rules governing public schools, except that an open-enrollment charter school is subject to this code and rules adopted under this code only to the extent the applicability to an open-enrollment charter school of a provision of this code or a rule adopted under this code is specifically provided.

Sec. 12.104. APPLICABILITY OF TITLE. (a) Provides that an open-enrollment charter school has the powers granted to schools under this title.

(b) Sets forth provisions to which an open-enrollment charter school is subject.

Sec. 12.105. STATUS. (a) Provides that an open-enrollment charter school is part of the public school system of this state.

(b) Provides that the governing body of the school is considered a governmental body for purposes of Chapters 551 and 552, Government Code.

(c) Provides that the school is immune from liability to the same extent as school district employees and volunteers.

(d) Requires an employee of an open-enrollment charter school who qualifies for membership in the Teacher Retirement System of Texas to be covered under the system to the same extent a qualified employee of a school district is covered. Provides that for each employee of the school covered under the system, the school is responsible for making contributions to the same extent it would be legally responsible if the employee were a school district employee.

Sec. 12.106. STATE FUNDING. (a) Entitles an open-enrollment charter school to the distribution from the available school fund for a student attending the open-enrollment charter school to which the district in which the student resides would be entitled.

(b) Entitles a student attending an open-enrollment charter school who is eligible under Section 42.003 to the benefits of the Foundation School Program under Chapter 42. Requires the commissioner to distribute from the foundation school fund to each school an amount equal to the cost of a Foundation School Program provided by the program for which the charter is granted as determined under Section 42.251, including the transportation allotment under Section 42.155, for the student that the district in which the student resides would be entitled to, less an amount equal to the sum of the school's tuition receipts under Section 12.107 plus the school's distribution from the available school fund.

Sec. 12.107. LOCAL FUNDING. (a) Entitles an open-enrollment charter school to receive tuition from the school district in which a student attending the school resides in an amount equal to the quotient of the tax revenue collected by the school district for maintenance and operations for the school year for which tuition is being paid divided by the sum of the number of students enrolled in the district as reported in the Public

Education Information Management System (PEIMS), including the number of students for whom the district is required to pay tuition.

(b) Requires the tuition to be paid under Subsection (a) by a school district with a wealth per student that exceeds the equalized wealth level under Chapter 41 to be based on the district's tax revenue after the district has acted to achieve the equalized wealth level under Chapter 41.

Sec. 12.108. TUITION RESTRICTED. Prohibits an open-enrollment charter school from charging tuition to an eligible student who applies under Section 12.117.

Sec. 12.109. TRANSPORTATION. Requires an open-enrollment charter school to provide transportation to each student attending the school to the same extent a school district is required by law to provide transportation to district students.

Sec. 12.110. APPLICATION. (a) Sets forth provisions the board shall adopt.

(b) Requires the application form to provide for including the information required under Section 12.111 to be contained in a charter.

(c) Authorizes the board, as part of the application procedure, to require a petition supporting a charter for a school signed by a specified number of parents or guardians of school-age children residing in the area in which a school is proposed or to hold a public hearing to determine parental support for the school.

(d) Authorizes the board to approve or deny an application based on criteria it adopts. Sets forth provisions the adopted criteria must include.

Sec. 12.111. CONTENT. Sets forth requirements for each charter granted under this subchapter.

Sec. 12.112. FORM. Requires a charter for an open-enrollment charter school to be in the form of a written contract signed by the chair of the board and the chief operating officer of the school.

Sec. 12.113. CHARTER GRANTED. Sets forth required actions for each charter the board grants for an open-enrollment charter school.

Sec. 12.114. REVISION. Authorizes a revision of a charter of an open-enrollment charter school to be made only with the approval of the board.

Sec. 12.115. BASIS FOR MODIFICATION, PLACEMENT ON PROBATION, REVOCATION, OR DENIAL OF RENEWAL. (a) Authorizes the board to modify, place on probation, revoke, or deny renewal of the charter of an open-enrollment charter school if the board makes certain determinations about the person operating the school.

(b) Requires the action the board takes under Subsection (a) to be based on the best interest of the school's students, the severity of the violation, and any previous violation the school has committed.

Sec. 12.116. PROCEDURE FOR MODIFICATION, PLACEMENT ON PROBATION, REVOCATION, OR DENIAL OF RENEWAL. (a) Requires the board to adopt a procedure to be used for modifying, placing on probation, revoking, or denying renewal of the charter of an open-enrollment charter school.

(b) Requires the procedure adopted under Subsection (a) to provide an opportunity for a hearing to the person operating the open-enrollment charter school and to parents and guardians of students in the school. Requires a hearing under this subsection to be held at the facility at which the program is operated.

Sec. 12.117. APPLICATION FOR ADMISSION. Authorizes the person operating an open-enrollment charter school to require an applicant for admission to the school to complete and submit an application not later than a reasonable deadline the school establishes.

Sec. 12.118. EVALUATION OF OPEN-ENROLLMENT CHARTER SCHOOLS. (a) Requires the board to designate an impartial organization with experience in evaluating school choice programs to conduct an annual evaluation of open-enrollment charter schools.

(b) Requires an evaluation under this section to include consideration of certain items before and after implementing the charter.

(c) Requires the evaluation of open-enrollment charter schools to also include an evaluation of costs incurred by open-enrollment charter schools and the effect of open-enrollment charter schools on school districts and persons involved in those districts.

CHAPTER 13. CREATION, CONSOLIDATION, AND ABOLITION OF A DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 13.001. DEFINITION. Defines "membership."

Sec. 13.002. PERMITTED FREQUENCY OF PROPOSED ACTIONS. (a) Provides that if, at an election on a proposition under this chapter, the majority of the votes are cast against the proposition, another election for the same purpose may not be held earlier than the corresponding uniform election date three years after the date of the first election. Provides that if a majority of the votes are cast in favor of the proposition, an election may not be held earlier than the corresponding uniform election date three years after the date of the first election.

(b) Provides that if, without an election, an action under this chapter occurs on the order or ordinance of an authority acting in response to a petition and the petitioners' request is rejected, that authority may not consider a subsequent petition on the same request earlier than three years after the request is rejected. Provides that if the request is granted and the order is issued or the ordinance is adopted, a petition to reverse the effects of the order or ordinance may not be considered by the authority earlier than three years after the date of issuance or adoption.

Sec. 13.003. PETITION AND ELECTION. (a) Provides that this section governs the validity of a petition submitted to request an election under this chapter; and the conduct of the resulting election.

(b) Sets forth required provisions for a valid petition.

(c) Requires the county judge, immediately following receipt of a valid petition, to order the election to be held on an authorized election date, as prescribed by Chapter 41, Election Code, occurring not later than 60 days after the date of receipt. Requires the election, if an authorized date within that period does not allow sufficient time to comply with other legal requirements or if there is no authorized date within that period, to be ordered for the next authorized date.

(d) Requires the election order to include the date of the election, the hours during which the polls will be open, the location of the polling places, and the proposition to be voted on.

(e) Requires the county judge, not earlier than 30 days or later than 10 days before the date of the election, to give notice of the election by having a copy of the election order published at least once in a newspaper published at least once each week in the appropriate school district. Requires, if such a newspaper is not published in the

district, notice to be published in at least one newspaper of general circulation in the county in which the district is located. Requires the county judge to give additional notice of the election by having a copy of the election order posted in a public place in each election precinct not later than 21 days before the date of the election.

(f) Requires the election precincts and polling places usually used in the elections of the appropriate school district to be used in an election held under this chapter, except that if another election is occurring on the same date for all or part of the same geographic area, precincts and polling places shall be selected to allow each voter to cast ballots at the same polling place for each of the elections. Requires the election to be conducted in accordance with the Election Code.

(g) Requires the expenses of the election to be paid by the appropriate school district or districts.

Sec. 13.004. ALLOCATION OF INDEBTEDNESS AND PERSONAL PROPERTY. (a) Requires the commissioners court, by order, if under this chapter a school district assumes a portion of the indebtedness of another district, to equitably allocate the indebtedness among the districts involved. Requires the commissioners court, if territory from one district is annexed to another or if a district is abolished, to equitably allocate among the receiving districts a portion of the personal property of the annexed district or all the personal property of an abolished district. Requires, if districts located in more than one county are involved, the commissioners court of each county in which an involved school district is located to agree on the allocation of indebtedness and personal property.

(b) Requires the commissioners court, in allocating the indebtedness and personal property, to consider the value of the properties involved and the taxable value of the districts involved.

(c) Provides that the order of the commissioners court is binding on the school districts and territory affected by the order.

(d) Provides that a school district required to assume the indebtedness of another district under this chapter is not required to conduct an election on assumption of the indebtedness. Authorizes the school district assuming the indebtedness, without an election, to levy and collect taxes necessary to pay principal and interest on the assumed debt so long as the debt is outstanding.

(e) Authorizes a school district, without an election, to issue refunding bonds for bonds of another district assumed under this chapter.

(f) Provides that if an entire district is annexed to or consolidated with another district, if a district is converted from a common to an independent school district, or if a school district is separated from a municipality, the governing board of the district as changed may, without an election, sell and deliver any unissued bonds voted in the district before the change and may levy and collect taxes in the district as changed for the payment of principal and interest on bonds.

Sec. 13.005. EFFECTIVE DATE OF TRANSFER. (a) Provides that the annexation of all or part of the territory of one district to another is effective on the first July 1 that is more than 30 days after the date of the order or ordinance accomplishing the annexation or of the declaration of the results of an election at which the transfer is approved.

(b) Sets forth actions that take place on the effective date of the transfer.

(c) Provides that if the annexation is appealed to the commissioner and is approved, the transfer is effective on a date set by the commissioner that is not earlier than 30 days after the date of the commissioner's decision in the appeal. Provides that if the decision of the commissioner is appealed to a district court in Travis County, the transfer, if approved, is effective on a date set by the court.

Sec. 13.006. TAXING AUTHORITY TRANSFER. (a) Authorizes a receiving district, if all or part of the territory of a school district is annexed to another district, to levy taxes at the rate established in accordance with law for the district as a whole and provides that it is not required to conduct an election for the purpose of taxing the territory received.

(b) Provides that conversion of a common school district or rural high school district to an independent school district or separation from municipal control does not affect the taxes levied for school purposes. Authorizes the new district to levy and collect taxes at the same rate at which the taxes were previously levied and provides that it is not required to conduct an election for that purpose.

Sec. 13.007. BOUNDARY CHANGES RESULTING IN APPRAISAL DISTRICT CHANGES. (a) Provides that this section applies if all or part of territory annexed to a school district is in an appraisal district in which the receiving district does not participate.

(b) Provides that if before the annexation the receiving district is located in two or more counties and has chosen to participate in a single appraisal district, the boundaries of that appraisal district extend to include the annexed territory. Authorizes the receiving district, for the tax year in which the annexation is effective, to impose taxes on the basis of certain valuations.

(c) Authorizes a receiving district, if before the annexation the receiving district is in a single county or participates in more than one appraisal district, to choose to participate in a single appraisal district in the manner prescribed by Section 6.02, Tax Code, for a newly created district. Requires the receiving district, for the tax year in which the annexation is effective, to impose taxes on the basis of the valuation arrived at by the appraisal district in which the territory is located before the annexation.

Sec. 13.008. DISTRICT TRUSTEE APPROVAL OF BOUNDARY CHANGES REQUIRED. Provides that any change in the boundaries of a school district is not effective unless approved by a majority of the board of trustees of the district if the board's approval is required under this chapter.

Sec. 13.009. APPEALS. (a) Authorizes a decision of a commissioner court under this chapter to be appealed for a de novo review.

(b) Provides that if this chapter requires the agreement of or action by two or more commissioners courts, and the commissioners courts fail to agree or take action within a time set by rule of the board, a person aggrieved by the failure may appeal to the commissioner for resolution of the issue.

Sec. 13.010. BOUNDARY DESCRIPTIONS AND MAPS TO BE FILED WITH AGENCY. (a) Sets forth provisions each school district shall file with the agency.

(b) Requires a school district to amend the information and maps on file under this section if the boundaries of the district change or if any other change makes the information on file incomplete or inaccurate.

(c) Requires the agency to make maps and information maintained under this section available to the legislature and legislative agencies without cost.

SUBCHAPTER B. DETACHMENT; ANNEXATION

Sec. 13.051. DETACHMENT AND ANNEXATION OF TERRITORY. (a) Authorizes territory to be detached from a school district and annexed to another school district that is contiguous to the detached territory. Requires a petition requesting the detachment and annexation to be presented to the board of trustees of the district from which the territory is to be detached and to the board of trustees of the district to which the territory is to be annexed. Requires each board of trustees to which a petition is required to be presented

to conduct a hearing and adopt a resolution as provided by this section for the annexation to be effective.

(b) Sets forth requirements for the petition requesting detachment and annexation.

(c) Sets forth provisions under which territory that does not have residents may be detached from a school district and annexed to another school district.

(d) Requires the proposed annexation to be approved by the board of trustees of each affected district.

(e) Provides that unless the petition is signed by a majority of the trustees of the district from which the territory is to be detached, territory that has residents may not be detached from a school district under this section if detachment would reduce that district's tax base by a ratio at least twice as large as the ratio by which it would reduce its membership. Provides that the first ratio is determined by dividing the assessed value of taxable property in the affected territory by the assessed value of all taxable property in the district, both figures according to the preceding year's tax rolls. Provides that the second ratio is determined by dividing the number of students residing in the affected territory by the number of students residing in the district as a whole, using membership on the last day of the preceding school year and the students' places of residence as of that date.

(f) Prohibits a school district from being reduced to an area of less than nine square miles.

(g) Requires each affected board of trustees, immediately following receipt of the petition as required by this section, to give notice of the contemplated change by publishing and posting a notice in the manner required for an election order under Section 13.003. Requires the notice to specify the place and date at which a hearing on the matter shall be held. Requires the districts, unless the districts hold a joint hearing, to hold hearings on separate dates. Entitles affected persons to an opportunity to be heard at each hearing.

(h) Requires each board of trustees, at the hearing, to consider the educational interests of the current students residing or future students expected to reside in the affected territory and in the affected districts and the social, economic, and educational effects of the proposed boundary change. Requires each board of trustees, after the conclusion of the hearing, to make findings as to the educational interests of the current students residing or future students expected to reside in the affected territory and in the affected districts and as to the social, economic, and educational effects of the proposed boundary change and shall, on the basis of those findings, adopt a resolution approving or disapproving the petition. Requires the findings and resolution to be recorded in the minutes of each affected board of trustees and to be reported to the commissioners court of the county to which the receiving district is assigned for administrative purposes by the agency and to the commissioners court of the county to which the district from which territory is to be detached is assigned for administrative purposes.

(i) Provides that the commissioners courts to whom the matter is required to be reported shall enter an order redefining the boundaries of the districts affected by the transfer. Provides that title to all real property of the district from which territory is detached within the territory annexed vests in the receiving district, and the receiving district assumes and is liable for any portion of the indebtedness of the district from which the territory is to be detached that is allocated to the receiving district under Section 13.004.

(j) Provides that if both boards of trustees of the affected districts disapprove the petition, the decisions may not be appealed. Provides that if the board of trustees of only one affected district disapproves the petition, an aggrieved party to the

proceedings in either district may appeal the board's decision to the commissioner under Section 7.057. Provides that an appeal under this subsection is de novo. Requires the commissioner, in deciding the appeal, to consider the educational interests of the students in the affected territory and the affected districts and the social, economic, and educational effects of the proposed boundary change.

(k) Requires any additional tax resulting from a change of use and the interest and penalty on the additional tax that is imposed for any year on land in the annexed territory to be paid to the school district that imposed the tax.

Sec. 13.052. DORMANT SCHOOL DISTRICTS. (a) Requires the commissioner, if the commissioner determines that a school district has failed to operate a school for a full school year, to report to each appropriate commissioners court that the district is dormant.

(b) Requires the commissioners court of a county to by order annex each dormant school district within the county with an adjoining district or districts. Provides that if the dormant district is a county-line district, the commissioners court of each county in which the district is located shall annex the territory of the dormant district that is within that county. Authorizes the commissioners court to annex territory to a school district only if the board of trustees of that district approves the annexation.

(c) Provides that the governing board of the district to which a dormant school district is annexed is the governing board for the new district.

(d) Requires the order of the commissioners court to define by legal boundary description the territory of the new district as enlarged and to be recorded in the minutes of the commissioners court.

(e) Provides that title to the real property of the dormant district vests in the district to which the property is annexed. Provides that each district to which territory is annexed assumes and is liable for any portion of the dormant district's indebtedness that is allocated to the receiving district under Section 13.004.

Sec. 13.053. TERRITORY NOT IN SCHOOL DISTRICT. (a) Requires all real property to be included within the limits of a school district. Requires the commissioners court, at any time it is determined that there is territory located in a county but not within the described limits of a school district, to annex the territory to one or more adjoining districts.

(b) Requires the annexation order to define by legal boundary description the territory of the new district and to be recorded in the minutes of the commissioners court.

Sec. 13.054. ACADEMICALLY UNACCEPTABLE SCHOOL DISTRICTS. (a) Authorizes the commissioner by order to annex to one or more adjoining districts a school district that has been rated as academically unacceptable for a period of two years.

(b) Provides that the governing board of a district to which territory of an academically unacceptable district is annexed is the governing board for the new district.

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

(d) Provides that title to the real property of the academically unacceptable district vests in the district to which the property is annexed. Provides that each district to which territory is annexed assumes and is liable for any portion of the academically unacceptable district's indebtedness that is allocated to the receiving district under Section 13.004.

(e) Requires the commissioner, before the commissioner orders an annexation under this section, to investigate the educational and financial impact of the annexation on

the receiving district. Authorizes the commissioner to order the annexation only if the commissioner finds that the annexation will not substantially impair the ability of the receiving district to educate the students located in the district before the annexation and to meet its financial obligations incurred before the annexation.

(f) Requires the commissioner, for five years beginning with the school year in which the annexation occurs, to annually adjust the local fund assignment of a district to which territory is annexed under this section by multiplying the enlarged district's local fund assignment computed under Section 42.252 by a fraction, the numerator of which is the number of students residing in the district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation.

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

SUBCHAPTER C. CREATION OF DISTRICT BY DETACHMENT

Sec. 13.101. CREATION OF DISTRICT BY DETACHING TERRITORY FROM EXISTING DISTRICT. (a) Authorizes a new school district to be created by detaching territory from an existing school district or existing contiguous school districts and establishing a new school district.

(b) Provides that a school district created under this subchapter has all the rights and privileges of other independent school districts.

Sec. 13.102. MINIMUM AREA AND ATTENDANCE REQUIREMENTS. Provides that a new district may not be created with an area of less than nine square miles or fewer than 8,000 students in average daily attendance, and a district may not be reduced to an area of less than nine square miles or fewer than 8,000 students in average daily attendance.

Sec. 13.103. INITIATION OF DETACHMENT. Provides that creation of a new district by detachment is initiated by resolution of the board of trustees of each district from which territory is to be detached or by a petition presented to the commissioners court. Sets forth required actions for a petition under this subchapter.

Sec. 13.104. ELECTION. (a) Requires the commissioners court, no later than 30 days after the date the commissioner court receives a petition under this subchapter, to hold a hearing on the validity of the petition. Requires each board of trustees, if the commissioners court determines the petition is valid, to order an election to be held on the same date in each district.

(b) Sets forth the language of the ballot. Requires the ballot description of the territory to be detached to be sufficient to give general notice of the territory affected.

(c) Provides that an election on the detachment of the territory and creation of a new district has no effect unless at least 25 percent of the registered voters of each district vote in the election in which the issue is on the ballot.

(d) Requires the boards of trustees to report the results of the election to the appropriate commissioners courts, which shall declare the results of the election. Sets forth conditions under which the new school district is created.

Sec. 13.105. CREATION OF DISTRICT. (a) Requires the commissioners court, if all the requirements of this subchapter are met, to enter an order creating the new school district. Requires the order, if the new district contains territory in two or more counties, to be concurred in by the commissioners court of each county concerned.

(b) Requires, at the time the order creating the district is made, the commissioners court of the county in which the largest portion of the district's territory is located to appoint a board of seven trustees for the new district to serve until the next regular election of trustees, when a board of trustees shall be elected in compliance with Chapter 11.

(c) Provides that title to school district real property in the territory detached vests in the new district. Provides the new district assumes and is liable for any portion of outstanding indebtedness of the district from which the territory was detached that is allocated to the new district under Section 13.004.

SUBCHAPTER D. CONSOLIDATION

Sec. 13.151. DISTRICTS THAT MAY CONSOLIDATE. (a) Authorizes two or more school districts to consolidate into a single school district.

(b) Authorizes the consolidated district to include area in more than one county.

Sec. 13.152. RESOLUTION OR PETITION. Provides that consolidation is initiated by a resolution adopted by the board of trustees of each district or a petition requesting an election on the question that is signed by the required number of registered voters of each of the districts proposed to be consolidated.

Sec. 13.153. ELECTION ORDER; NOTICE. (a) Requires each board of trustees to issue an order for an election to be held on the same day in each district included in the proposed consolidated district; and give notice of the election.

(b) Sets forth the language of the ballot.

Sec. 13.154. CANVASS; RESULT. (a) Requires each board of trustees to canvass the returns of the election in its districts and to publish the results separately for each district.

(b) Requires the board of trustees, if the votes cast in all districts show a majority in each district voting in favor of the consolidation, to declare the school districts consolidated.

Sec. 13.0155. STATUS; GOVERNANCE. (a) Provides that the consolidated district is an independent school district.

(b) Provides that the board of trustees of the school district having the greatest membership on the last day of the school year preceding the consolidation serves as the board of trustees of the consolidated district until the next regular election of trustees of the consolidated district, at which time the consolidated district shall elect a board of trustees.

(c) Provides that if the membership on the last day of the school year preceding the consolidation in the district with the largest membership is more than five times that of the other district or districts consolidating with it, the trustees of the district with the largest membership continue to serve for the terms for which they have been elected and only the vacancies, as they occur, are filled from the consolidated district.

(d) Provides that the powers, duties, and terms of office of the trustees are governed by Chapter 11.

Sec. 13.156. TITLE TO PROPERTY; ASSUMPTION OF DEBT. Provides that title to all property of the consolidating districts vests in the consolidated district, and the consolidated district assumes and is liable for the outstanding indebtedness of the consolidating districts.

Sec. 13.157. DISSOLUTION OF CONSOLIDATED SCHOOL DISTRICT. (a) Authorizes a consolidated school district to be dissolved by the same procedure provided for consolidation, except that it is not necessary to provide polling places in each of the former districts.

(b) Provides that if the district is dissolved, each of the former districts is restored as a separate district and classified as an independent school district.

(c) Provides that title to property of the consolidated district that is allocated to each of the restored districts under Section 13.004 vests in the restored districts, and each of the restored districts assumes and is liable for the indebtedness of the consolidated district as allocated under that section.

SUBCHAPTER E. ABOLITION OF INDEPENDENT SCHOOL DISTRICT

Sec. 13.201. ELIGIBILITY. Authorizes an independent school district to be abolished in the manner provided by this subchapter.

Sec. 13.202. PETITION. Provides that abolition of an independent school district is initiated by a petition requesting an election on the question. Requires the petition to be signed by a majority of the board of trustees of the district to be abolished and to be presented to the county judge of each county in which part of the independent school district is situated.

Sec. 13.203. ELECTION. (a) Requires each county judge receiving a valid petition to issue an order for an election to be held on the same day in each county; and give notice of the election.

(b) Sets forth language of the ballot.

Sec. 13.204. ORDER ABOLISHING DISTRICT. (a) Requires the commissioners court of each county to canvass the returns of the election in its county.

(b) Requires each commissioners court to declare the results if a majority of the total votes cast in the district favor abolishing the district. Provides that the abolition is effective only if all territory of the district is annexed to other contiguous districts.

Sec. 13.205. DISPOSITION OF TERRITORY; AFFAIRS OF ABOLISHED DISTRICT. (a) Provides that the property and affairs of the abolished district are governed by this section unless otherwise controlled by the manner in which the district was abolished.

(b) Requires each commissioners court to annex the territory of the abolished independent school district in its county to one or more contiguous districts in the county. Authorizes the commissioners court to annex territory to a school district only if the board of trustees of that district approves the annexation.

(c) Provides that title to the real property of the abolished district vests in the district to which the property is annexed.

(d) Provides that if at the time of its abolition the independent school district does not have outstanding indebtedness, all uncollected taxes on the property of the district for the years up to an including the last day of January of the year immediately following the year in which the independent school district is abolished shall be levied and collected, at the same rate and in the same manner as authorized for the independent

school district immediately before its abolition, by the school district to which the territory containing the property on which taxes are due is annexed.

(e) Provides that each school district to which territory from the abolished district is annexed assumes and is liable for the indebtedness of the abolished district that is allocated to the district under Section 13.004.

(f) Requires a creditor of an abolished independent school district to file the creditor's claim against the district with the commissioners court not later than 60 days after the effective date on which the independent school district is abolished and, if the claim is not allowed, the creditor may maintain suit against the abolished independent school district as such. Requires suit to be brought not later than the first anniversary of the date on which the claim is disallowed. Authorizes process in a suit, to be served on the county judge of each county in which the district was located. Requires the county commissioners court to defend any suit against an abolished independent school district but may settle the litigation as the commissioners court considers advisable. Provides that this section does not waive any defense available to the abolished district.

SUBCHAPTER F. OTHER BOUNDARY CHANGES

Sec. 13.231. MINOR BOUNDARY ADJUSTMENTS BY AGREEMENT. (a) Authorizes two contiguous school districts to adjust their common boundary by agreement if, at the time the agreement is executed, certain conditions apply.

(b) Defines "taxable value."

SUBCHAPTER G. INCENTIVE AID PAYMENTS

Sec. 13.281. INCENTIVE AID. (a) Authorizes a school district created after August 22, 1963, through consolidation to qualify for incentive aid payments from the state.

(b) Prohibits a school district from receiving incentive aid payments for a period of more than 10 years.

(c) Authorizes incentive aid payments to be made only on application to the agency and in compliance with this subchapter.

Sec. 13.282. AMOUNT; COMPUTATION. (a) Prohibits the amount of incentive aid payments from exceeding certain amounts.

(b) Prohibits the amount of the incentive aid payments, if the reorganized district is not eligible for an entitlement under Section 42.253, from exceeding the sum of the entitlements computed under Section 42.253 for which the districts included in the reorganized district were eligible in the school year when they were consolidated.

(c) Provides that if there is a series of consolidations at intervals in compliance with this chapter, the school district last organized is eligible to receive at due times the total sum of the series of incentive aid payments as computed separately at the time of each consolidation.

Sec. 13.283. PAYMENTS REDUCED. Requires the incentive aid payments to be reduced in direct proportion to any reduction in the average daily attendance as determined under Section 42.005 of the reorganized school district for the preceding year.

Sec. 13.284. CONDITIONS FOR PAYMENT. Sets forth required conditions for incentive aid payments.

Sec. 13.285. COST. Requires the cost of incentive aid payments authorized by this subchapter to be paid from the foundation school fund. Requires the costs to be

considered and included by the foundation school fund budget committee in estimating the funds needed for purposes of the Foundation School Program.

CHAPTER 19. SCHOOLS IN THE TEXAS DEPARTMENT OF CRIMINAL JUSTICE

Sec. 19.001. DEFINITIONS. Defines "board" and "department."

Sec. 19.002. ESTABLISHMENT. Requires the school district established by the Texas Board of Corrections in 1969 to be known as the Windham School District, an entity that is separate and distinct from the Texas Department of Criminal Justice. Authorizes the district to establish and operate schools at the various facilities of the Texas Department of Criminal Justice.

Sec. 19.003. GOALS OF THE DISTRICT. Sets forth the goals of the district in educating its students.

Sec. 19.004. GOVERNANCE, LIMITATION ON POWERS, DUTIES. (a) Requires the district to be governed as provided by this chapter and policies established by the board. Provides that a provision of this code applying to school districts does not apply to the district.

(b) Prohibits the district from imposing a tax.

(c) Sets forth required actions for the district.

Sec. 19.005. ELIGIBILITY FOR CERTAIN PROGRAMS AND SERVICES. (a) Provides that only a person confined or imprisoned in the department who is not a high school graduate is eligible for programs or services under this chapter paid for with money from the foundation school fund.

(b) Provides that eligibility under this chapter does not make a person eligible for a program or service under any other chapter.

Sec. 19.006. GRANTS AND FEDERAL FUNDS. (a) Authorizes the district to accept a grant from a public or private organization any to spend those funds to operate district programs and provide district services.

(b) Provides that the district may accept federal funds and shall use those funds in compliance with applicable federal law, regulations, and guidelines.

Sec. 19.007. COSTS TO BE BORNE BY STATE. (a) Requires the state to pay the cost of operating the district.

(b) Requires the costs for persons eligible under Section 19.005 to be paid from the foundation school fund. Requires those costs to be considered annually by the foundation school fund budget committee and included in estimating the funds needed for purposes of the Foundation School Program.

(c) Authorizes the district, in addition to money from the foundation school fund, to receive appropriated money from the department for education programs.

(d) Prohibits the operating costs of the district from being charged to another school district.

(e) Authorizes the district to participate in the textbook program under Chapter 31.

Sec. 19.008. ALLOCATION OF COSTS. (a) Requires the commissioner to allocate funds to the district from the foundation school fund based on an amount, established in the General Appropriations Act, for each contact hour between a teacher and a person eligible under Section 19.005, including associated administrative costs, for the best 180 of 210

school days in each year of the state fiscal biennium. Authorizes those funds to be spent only for district administrative costs related to education and for district educational programs and services and only with the approval of the board.

(b) Requires the agency, by rule, to establish a time and manner for the district to report and verify contact hours to the agency.

Sec. 19.009. DISTRICT EMPLOYEES. (a) Provides that district employees are not considered employees of the state except as provided in this section. Authorizes the board to establish personnel policies as necessary to ensure the effective and efficient operation of the district.

(b) Requires each employee of the district to serve 220 or 226 days each year, based on position, as determined by the board.

(c) Requires a district employee required under Chapter 21B to hold a certificate to be certified in accordance with that subchapter.

(d) Requires each employee to be paid according to a salary schedule approved by the board. Authorizes the schedule to allow for salary differentiation that provides for salaries at a Windham School District school site to be commensurate with educator salaries in school districts contiguous to that school site.

(e) Requires each employee of the district who qualifies for membership in the Teacher Retirement System of Texas to be covered under the system to the same extent a qualified employee of any other district is covered.

(f) Provides that the state minimum personal leave program under Section 22.003 applies to a district employee in the same manner as that program applies to an employee of any other school district.

(g) Provides that the employees of the district are eligible for workers' compensation benefits under Chapter 501, Labor Code, and for uniform group insurance benefits under Article 3.50-2, V.T.I.C. (Texas Employees Uniform Group Insurance Benefits Act).

Sec. 19.010. STRATEGIC PLAN AND ANNUAL REPORT. (a) Requires the district to propose, and the board to adopt with any modification the board finds necessary, strategic plan that includes certain provisions.

(b) Requires the district to prepare a report for each fiscal year documenting district activities under the strategic plan. Requires the district, no later than January 31 of each year, to file the report for the preceding fiscal year with the board, the governor, the lieutenant governor, the speaker of the house of representatives, and the agency.

Sec. 19.011. COORDINATION WITH OTHER STATE AGENCIES. (a) Provides that the district with the cooperation of the Health and Human Services Commission, the Council on Workforce and Economic Competitiveness, the Texas Department of Commerce, and the department shall provide persons confined or imprisoned in the department certain information.

(b) Authorizes the district to coordinate vocational education and job training programs with a local workforce development board authorized by the Council on Workforce and Economic Competitiveness.

SUBTITLE D. EDUCATORS AND SCHOOL DISTRICT EMPLOYEES AND VOLUNTEERS

CHAPTER 21. EDUCATORS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 21.001. DEFINITION. Defines "commissioner."

Sec. 21.002. TEACHER EMPLOYMENT CONTRACTS. (a) Requires a school district to employ each classroom teacher, principal, librarian, nurse, or counselor under a probationary, continuing, or term contract.

(b) Provides that a district is not required to employ a person other than an employee listed in Subsection (a) under a probationary, continuing, or term contract.

(c) Requires each board of trustees to establish a policy designating specific positions of employment, or categories of positions based on considerations such as length of service, to which continuing contracts or terms contracts apply.

Sec. 21.003. CERTIFICATION REQUIRED. (a) Prohibits a person from being 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.

(b) Prohibits a person from being employed by a school district in certain fields unless the person is licensed by the state agency that licenses that profession. Authorizes a person to perform specific services within those professions for a school district only if the person holds the appropriate credential from the appropriate state agency.

Sec. 21.004. TEACHER RECRUITMENT PROGRAM. (a) Requires the agency to develop and implement a program to identify talented students and recruit those students for entry into the teaching profession.

(b) Requires the recruitment program to include a technology program suitable for presentation on campuses at high schools and institutions of higher education in this state.

(c) Requires the coordinating board to cooperate with and assist the agency in the development and implementation of the recruitment program.

(d) Authorizes the commissioner to coordinate and administer a comprehensive program to identify the need for teachers in specific subject areas and geographic regions and to encourage members of underrepresented groups to enter the teaching profession. Requires the commissioner, in coordinating the program, to consider the efforts of existing programs for recruiting minorities into the teaching profession. Requires the commissioner to give priority to implementing this program from the agency's discretionary funds.

(e) Authorizes the commissioner to implement a plan to identify talented secondary school students and to attract them to the teaching profession. Requires the principal of each high school, in cooperation with the commissioner, to appoint a volunteer teacher as the teacher recruiting officer for the school to assist in providing information about the merits of the teaching profession and in identifying and encouraging talented students to become teachers. Authorizes the commissioner to sponsor a meeting in each service center region of the teacher recruiting officers from each high school in that area to provide the officers the opportunity to share information and materials about the teacher recruitment program.

(f) Requires the commissioner to encourage the business community to cooperate with local schools to develop recruiting programs designed to attract and retain capable teachers. Requires the commissioner to encourage the business community to provide summer employment opportunities for teachers.

(g) Requires the commissioner to 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.

(h) Authorizes funds received for the teacher recruitment program to be used only to implement the program.

SUBCHAPTER B. CERTIFICATION OF EDUCATORS

Sec. 21.031. PURPOSE. (a) Sets forth the purpose of the State Board for Educator Certification (SBEC).

(b) Requires SBEC, in proposing rules under this subchapter, to 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.

Sec. 21.032. DEFINITION. Defines "board."

Sec. 21.033. STATE BOARD FOR EDUCATOR CERTIFICATION. (a) Provides that SBEC is composed of 15 members. Requires the commissioner of education to appoint an employee of the agency to represent the commissioner as a nonvoting member. Requires the commissioner of higher education to appoint an employee of the coordinating board to represent the commissioner as a nonvoting member. Requires the governor to appoint a dean of college of education in this state as a nonvoting member. Sets forth provisions by which the remaining 12 members are appointed by the governor with the advice and consent of the senate.

(b) Requires appointments to SBEC to be made without regard to certain personal characteristics.

(c) Provides that a member of SBEC is immune from civil suit for any act performed in good faith in the execution of duties as a member.

Sec. 21.034. TERMS; VACANCY. (a) Provides that the members of SBEC appointed by the governor hold office for staggered terms of six years with the terms of one-third of the members expiring on February 1 of each odd-numbered year. Provides that a member appointed by the commissioner of education or the commissioner of higher education serves at the will of the appointing commissioner.

(b) Requires the governor, in the event of a vacancy during a term of a member appointed by the governor, to appoint a replacement who meets the qualifications of the vacated office to fill the unexpired portion of the term.

(c) Provides that a vacancy arises if a member appointed by the governor no longer qualifies for the office to which the member was appointed.

Sec. 21.035. APPLICATION OF SUNSET ACT. Subjects SBEC to Chapter 325, Government Code (Texas Sunset Act). Provides that unless continued in existence as provided by that chapter, SBEC is abolished and this subchapter expires September 1, 2003.

Sec. 21.036. OFFICERS. Requires SBEC to elect one of its citizen members to serve as presiding officer for a term of two years. Entitles the presiding officer to vote on all matters before SBEC. Authorizes SBEC to elect other officers from among its membership.

Sec. 21.037. COMPENSATION. Prohibits a member of SBEC from receive compensation for serving on SBEC. Entitles a member to reimbursement for actual and necessary

expenses incurred in performing functions as a member of SBEC, subject to any applicable limitation on reimbursement provided by the General Appropriations Act.

Sec. 21.038. MEETINGS. (a) Requires SBEC to meet at least once in each quarter of the calendar year.

(b) Authorizes SBEC to meet at other times at the call of the once in each quarter of the calendar year.

Sec. 21.039. EXECUTIVE DIRECTOR; PERSONNEL. Requires SBEC to employ an executive director. Sets forth required actions for the executive director.

Sec. 21.040. GENERAL POWERS AND DUTIES OF BOARD. Sets forth required actions of SBEC.

Sec. 21.041. RULES; FEES. (a) Authorizes SBEC to adopt rules as necessary for its own procedures.

(b) Sets forth rules SBEC shall propose.

(c) Requires SBEC to 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. 21.042. APPROVAL OF RULES. Requires SBEC to submit a written copy of each rule it proposes to adopt to the board for review. Authorizes the board to reject a proposed rule by a vote of at least two-thirds of the members of the board present and voting. Provides that if the board fails to reject a proposal before 90 days after it receives the proposal, the proposal takes effect as a rule of SBEC as provided by Chapter 2001, Government Code. Prohibits the board from modifying a rule proposed by SBEC.

Sec. 21.043. ACCESS TO PEIMS DATA. Requires the agency to provide SBEC to data obtained under PEIMS.

Sec. 21.044. EDUCATOR PREPARATION. Requires SBEC to propose rules establishing the training requirements a person must accomplish to obtain a certificate, enter an internship, or enter an induction-year program. Requires SBEC to specify the minimum academic qualifications required for a certificate.

Sec. 21.045. ACCOUNTABILITY SYSTEM FOR EDUCATOR PREPARATION PROGRAMS. (a) Requires SBEC to 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 certain results of the certification examinations prescribed under Section 21.048(a); and performance based on the appraisal system for beginning teachers adopted by SBEC.

(b) Requires each educator preparation program to submit data elements as required by SBEC for an annual performance report to ensure access and equity. Requires the annual report to contain the performance data from Subsection (a) and certain information, disaggregated by sex and ethnicity.

(c) Requires SBEC to propose rules establishing performance standards for the Accountability System for Educator Preparation for accrediting educator preparation programs. Requires performance standards to be based on Subsection (a). Requires SBEC to propose rules for the sanction of educator preparation programs and to annually review the accreditation status of each educator preparation program.

(d) Requires the executive director of SBEC to appoint an oversight team of educators to make recommendations and provide assistance to educator preparation programs that do not meet accreditation standards. Provides that if, after one year, an educator

preparation program has not fulfilled the recommendations of the oversight team, the executive director shall appoint a person to administer and manage the operations of the program. Requires SBEC, if the program does not improve after two years, to revoke the approval of the program to prepare educators for state certification.

(e) Requires an educator preparation program, not later than September 1, 1998, to meet the accreditation standards proposed by SBEC and adopted by the board. Provides that this subsection expires January 1, 1999.

Sec. 21.046. QUALIFICATIONS FOR CERTIFICATION AS SUPERINTENDENT OR PRINCIPAL. (a) Requires the qualifications for superintendent to permit a candidate for certification to substitute management training or experience for part of the educational experience.

(b) Requires the qualifications for certification as a principal to be sufficiently flexible so that an outstanding teacher may qualify by substituting approved experience and professional training for part of the educational requirements. Requires supervised and approved on-the-job experience in addition to required internship to be accepted in lieu of classroom hours. Sets forth provisions the qualifications must emphasize.

(c) Requires SBEC, because an effective principal is essential to school improvement, to ensure that each candidate for certification as a principal is of the highest caliber; and 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) Requires SBEC, in creating the qualifications for certification as a principal, to consider the knowledge, skills, and proficiencies for principals as developed by relevant national organizations and the board.

Sec. 21.047. CENTERS FOR PROFESSIONAL DEVELOPMENT OF TEACHERS. (a) Authorizes SBEC to 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. Authorizes an institution of higher education with a teacher education program to develop a center through a collaborative process involving public schools, regional education service centers, and other entities or businesses. Authorizes a center to contract with other entities to develop materials and provide training.

(b) Prohibits SBEC from administering 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) Provides that 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 SBEC determines, on the basis of appropriate field tests, that the examination complies with the standards specified in Subsection (b). Requires SBEC to issue a temporary exemption certificate to a person entitled to an exemption under this subsection.

(d) Defines "hearing impairment," "reliability," and "validity."

Sec. 21.049. ALTERNATIVE CERTIFICATION. Requires SBEC to propose rules providing for educator certification programs as an alternative to traditional educator preparation programs. Prohibits the rules from providing 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.

Sec. 21.050. ACADEMIC DEGREE REQUIRED FOR TEACHING CERTIFICATE; INTERNSHIP. (a) Requires a person who applies for a teaching certificate for which SBEC rules require a bachelor's degree to possess a bachelor's degree received with an academic major or interdisciplinary academic major, other than education, that is related to the curriculum.

(b) Prohibits SBEC from requiring more than 18 semester credit hours of education courses at the baccalaureate level for the granting of a teaching certificate. Requires SBEC to provide for a minimum number of semester credit hours of internship to be included in the hours needed for certification. Authorizes SBEC to propose rules requiring additional credit hours for certain fields of education.

Sec. 21.051. OPTIONS FOR FIELD EXPERIENCE AND INTERNSHIPS. Requires SBEC to propose rules providing flexible options for persons for any field experience or internship required for certification.

Sec. 21.052. CERTIFICATION OF EDUCATORS FROM OUTSIDE THE STATE. (a) Sets forth educators to whom SBEC may issue a certificate.

(b) Provides that a person is considered to hold a certificate or other credential if the credential is not valid solely because it has expired.

Sec. 21.053. PRESENTATION AND RECORDING OF CERTIFICATES. (a) Requires a person who desires to teach in a public school to present the person's certificate for filing with the employing district before the person's contract with the board of trustees of the district is binding.

(b) Prohibits an educator who does not hold a valid certificate from being paid for teaching or work done before the effective date of issuance of a valid certificate.

Sec. 21.054. CONTINUING EDUCATION. (a) Requires SBEC to propose rules establishing a process for identifying continuing education courses and programs that fulfill educators' continuing education requirements.

(b) Requires continuing education for principals to be based on an individual assessment of the knowledge, skills, and proficiencies necessary to perform successfully as a principal. Requires an individualized professional growth plan to be developed as a result of the assessment and to be used exclusively for professional growth purposes. Provides that the assessment results and the growth plan may only be released with the approval of the principal assessed. Requires each certified principal to participate in the assessment process and professional growth activities at least once every five years.

Sec. 21.055. SCHOOL DISTRICT TEACHING PERMIT. (a) Authorizes a school district to issue a school district teaching permit and employ as a teacher a person who does not hold a teaching certificate issued by SBEC.

(b) Requires a person, to be eligible for a school district teaching permit under this section, to hold a baccalaureate degree. Provides that this subsection does not apply to a person who will teach only career and technology education.

(c) Requires a school district, after employing a person under this section, to send to the commissioner a written statement identifying the person, the person's qualifications as a teacher, and the subject or class the person will teach. Authorizes the person to teach the subject or class pending action by the commissioner.

(d) Authorizes the commissioner, not later than 30 days after the commissioner receives the statement under Subsection (c), to inform the district that the commissioner finds the person is not qualified to teach. Prohibits the person from teaching if the commissioner finds the person is not qualified. Authorizes the district,

if the commissioner fails to act within the time prescribed by this subsection, to issue to the person a school district teaching permit and the person may teach the subject or class identified in the statement.

(e) Prohibits a person authorized to teach under this section from teaching in another school district unless that district complies with this section. Provides that a school district teaching permit remains valid unless the district issuing the permit revokes it for cause.

SUBCHAPTER C. PROBATIONARY CONTRACTS

Sec. 21.101. DEFINITION. Defines "teacher."

Sec. 21.102. PROBATIONARY CONTRACT. (a) Requires a person who is employed as a teacher by a school district for the first time, or who has not been employed by the district for two consecutive school years subsequent to August 28, 1967, to be employed under a probationary contract.

(b) Prohibits a probationary contract from being for a term exceeding one school year. Authorizes the probationary contract to be renewed for two additional one-year periods, for a maximum permissible probationary period may not exceed one year for a person who has been employed as a teacher in public education for at least five of the eight years preceding employment by the district.

(c) Prohibits an employment contract from extending the probationary contract period beyond the end of the third consecutive school year of the teacher's employment by the school district unless, during the third year of a teacher's probationary contract, the board of trustees determines that it is doubtful whether the teacher should be given a continuing contract or a term contract. Authorizes the district, if SBEC makes that determination, to make a probationary contract with the teacher for a term ending with the fourth consecutive school year of the teacher's employment with the district, at which time the district shall terminate the employment of the teacher; or employ the teacher under a continuing or term contract. Authorizes the district, if SBEC makes that determination, to make a probationary contract with the teacher for a term ending with the fourth consecutive school year of the teacher's employment with the district, at which time the district shall, terminate the employment of the teacher; or employ the teacher under a continuing or term contract.

Sec. 21.103. PROBATIONARY CONTRACT; TERMINATION. (a) Authorizes the board of trustees of a school district to terminate the employment of a teacher employed under a probationary contract at the end of the contract period if in the SBEC's judgment the best interests of the district will be served by terminating the employment. Requires the board of trustees to give notice of its intention to terminate the employment to the teacher not later than 45 days before the last day of instruction required under the contract. Provides that the decision of the board of trustees is final and may not be appealed.

(b) Requires SBEC, if the board of trustees fails to give the notice of its intention to terminate the teacher's employment within the time prescribed by Subsection (a), to employ the probationary teacher in the same capacity under a probationary contract for the following school year, if the teacher has been employed by the district under a probationary contract for less than three consecutive school years; or a continuing or term contract, according to district policy, if the teacher has been employed by the district under a probationary contract for three consecutive school years.

Sec. 21.104. DISCHARGE DURING YEAR ORE SUSPENSION WITHOUT PAY UNDER PROBATIONARY CONTRACT. (a) Authorizes a teacher employed under a probationary contract to be discharged at any time for good cause as determined by the board of trustees, good cause being the failure to meet the accepted standards of conduct for the profession as generally recognized and applied in similarly situated school districts in this state.

(b) Authorizes a school district, in lieu of discharge, to suspend a teacher without pay for good cause as specified by Subsection (a) for a period not to extend beyond the end of the current school year.

Sec. 21.105. RESIGNATIONS UNDER PROBATIONARY CONTRACT. (a) Authorizes a teacher employed under a probationary contract for the following school year may relinquish the position and leave the employment of the district at the end of a school year without penalty by filing with the board of trustees or its designee a written resignation not later than 45 days before the first day of instruction of the following school year. Provides that a written resignation mailed by prepaid certified or registered mail to the president of the board of trustees or a designee at the post office address of the district is considered filed at the time of mailing.

(b) Authorizes a teacher employed under a probationary contract to resign, with the consent of the board of trustees or a designee, at any other time.

(c) Authorizes SBEC, on written complaint by the employing district, to impose sanctions against a teacher employed under a probationary contract who resigns; fails to comply with Subsection (a) or (b); and fails to perform the contract.

Sec. 21.106. RETURN TO PROBATIONARY STATUS. (a) Authorizes the school district, with the written consent of the teacher, to return the teacher to probationary contract status in lieu of discharging a teacher employed under a continuing contract, terminating a teacher employed under a term contract, or not renewing a teacher's term contract.

(b) Authorizes a teacher to agree to be returned to probationary contact status only after receiving written notice of the proposed discharge, termination, or nonrenewal.

(c) Requires a teacher returned to probationary contract status to serve a new probationary contract period as provided by Section 21.102 as if the teacher were employed by the district for the first time.

SUBCHAPTER D. CONTINUING CONTRACTS

Sec. 21.151. DEFINITION. Defines "teacher."

Sec. 21.152. CONTINUING CONTRACT. Sets forth requirements for a continuing contract.

Sec. 21.153. CONVERSION OF PROBATIONARY CONTRACT TO CONTINUING CONTRACT. (a) Requires a school district that employs a teacher under a probationary contract for the third or, if permitted, fourth consecutive year of service and that elects to employ the teacher in future years under a continuing contract to notify the teacher in writing of the teacher's election to continuing contract status. Requires the teacher, not later than 30 days after the date of notification, to file with the superintendent of the school district notification of the teacher's acceptance of the continuing contract, beginning with the school year following the conclusion of the teacher's period of probationary contract employment.

(b) Provides that if the teacher fails to accept the contract within the period prescribed by Subsection (a), the teacher is considered to have refused to accept the contract.

Sec. 21.154. STATUS UNDER CONTINUING CONTRACT. Entitles each teacher employed under a continuing contract to continue in the teacher's position or a position with the school district for future school years without the necessity for annual nomination or reappointment until certain provisions apply.

Sec. 21.155. ADMINISTRATIVE PERSONNEL UNDER CONTINUING CONTRACT. Authorizes the district to grant to a person who has served as principal or in another

administrative position for which certification is required, at the completion of the person's service in that capacity, a continuing contract to serve as a teacher if the person qualifies for that position under criteria adopted by the board of trustees. Provides that the period of service in an administrative capacity is construed as contract service as a teacher within the meaning of this subchapter.

Sec. 21.156. DISCHARGE OR SUSPENSION WITHOUT PAY UNDER CONTINUING CONTRACT. (a) Authorizes a teacher employed under a continuing contract to be discharged at any time for good cause as determined by the board of trustees, good cause being the failure to meet the accepted standards of conduct for the profession in this state.

(b) Authorizes a school district, in lieu of discharge, to suspend a teacher without pay for good cause as specified by Subsection (a) for a period not to extend beyond the end of the current school year.

Sec. 21.157. NECESSARY REDUCTION OF PERSONNEL. Authorizes a teacher employed under a continuing contract to be released at the end of a school year and the teacher's employment with the school district terminated at that time because of a necessary reduction of personnel by the school district, with those reductions made in the reverse order of seniority in the specific teaching fields.

Sec. 21.158. NOTICE UNDER CONTINUING CONTRACT. (a) Requires the board of trustees, before a teacher employed under a continuing contract may be discharged, suspended without pay, or released because of necessary reduction of personnel, to notify the teacher in writing of the proposed action and the grounds for the action.

(b) Entitles a teacher who is discharged or suspended without pay for actions related to the inability or failure of the teacher to perform assigned duties to a copy of each evaluation report or any other written memorandum that concerns the fitness or conduct of the teacher, by requesting a copy of those documents.

Sec. 21.159. HEARING UNDER CONTINUING CONTRACT. (a) Requires a teacher, if the teacher desires to protest the proposed action under Section 21.156 or 21.157, to notify the board of trustees in writing not later than 10 days after the teacher receives the notice under Section 21.158.

(b) Entitles a teacher who notifies the board of trustees within the time prescribed by Subsection (a) to a hearing a provided by Subchapter F.

(c) Sets forth required actions for the board of trustees, if the teacher does not request a hearing within the time prescribed by Subsection (a).

Sec. 21.160. RESIGNATION UNDER CONTINUING CONTRACT. (a) Authorizes a teacher employed under a continuing contract to relinquish the position and leave the employment of the district at the end of a school year without penalty by filing with the board of trustees or its designee a written resignation not later than 45 days before the first day of instruction of the following school year. Provides that a written resignation mailed by prepaid certified or registered mail to the president of the board of trustees or a designee at the post office address of the district is considered filed at time of mailing.

(b) Authorizes a teacher employed under a continuing contract to resign, with the consent of the board of trustees or a designee, at any other time.

(c) Authorizes SBEC, on written complaint by the employing district, to 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 resigns; fails to comply with Subsection (a) or (b); and fails to perform the contract.

SUBCHAPTER E. TERM CONTRACTS

Sec. 21.201. DEFINITIONS. Defines "teacher," "school district," and "term contract."

Sec. 21.202. PROBATIONARY CONTRACT REQUIRED. Requires a teacher, before a teacher may be employed under a term contract, to be employed under a probationary contract for the period provided by Subchapter C.

Sec. 21.203. EMPLOYMENT POLICIES. Requires the employment policies adopted by a board of trustees to require a written evaluation of each teacher at annual or more frequent intervals. Requires the board of trustees to consider the most recent evaluations before making a decision not to renew a teacher's contract if the evaluations are relevant to the reason for the action of the board of trustees.

(b) Requires the employment policies to include reasons for not renewing a teacher's contract at the end of a school year.

Sec. 21.204. TERM CONTRACT. (a) Requires a term contract to be in writing and to include the terms of employment prescribed by this subchapter.

(b) Authorizes the board of trustees to include in the contract other provisions that are consistent with this subchapter.

(c) Subjects each contract under this subchapter to approval by the board of trustees.

(d) Requires the board of trustees to provide each teacher with a copy of the teacher's contract with the school district and a copy of employment policies.

(e) Provides that a teacher does not have a property interest in a contract beyond its term.

Sec. 21.205. TERM OF CONTRACT. (a) Provides that once a teacher has completed the probationary contract period, the term of a contract under this subchapter may not exceed five school years.

Sec. 21.206. NOTICE OF CONTRACT RENEWAL OR NONRENEWAL. (a) Requires the board of trustees, not later than 45 days before the last day of instruction in a school year, to notify in writing each teacher whose contract is about to expire whether the board of trustees proposes to renew or not renew the contract.

(b) Provides that the failure of the board of trustees to give the notice required by Subsection (a) within the time specified constitutes an election to employ the teacher in the same professional capacity for the following school year.

(c) Provides that this section does not apply to a term contract with a superintendent.

Sec. 21.207. HEARING UNDER TERM CONTRACT. (a) Requires a teacher, if the teacher desires a hearing after receiving notice of the proposed nonrenewal, to notify the board of trustees in writing not later than 15 days after the date the teacher receives the notice of the proposed action. Requires the board of trustees to provide for a hearing to be held not later than 15 days after receiving the request for a hearing unless the parties agree in writing to a different date. Requires the hearing to be closed unless the teacher requests an open hearing.

(b) Requires the hearing to be conducted in accordance with rules adopted by SBEC. Authorizes SBEC to use the process established under Subchapter F.

(c) Sets forth authorizes actions for a teacher at a hearing.

Sec. 21.208. DECISION OF BOARD. (a) Sets forth requirements for the board of trustees if the teacher does not request a hearing.

(b) Sets forth required actions for the board of trustees if the teacher requests a hearing.

Sec. 21.209. APPEAL. Authorizes a teacher who is aggrieved by a decision of a board of trustees on the nonrenewal of the teacher's term contract may appeal to the commissioner for a review of the decision of the board of trustees in accordance with the provisions of Subchapter G. Prohibits the commissioner from substituting the commissioner's judgment for that of the board of trustees unless the board's decision was arbitrary, capricious, unlawful, or not supported by substantial evidence.

Sec. 21.210. RESIGNATION UNDER TERM CONTRACT. (a) Authorizes a teacher employed under a term contract with a school district to relinquish the teaching position and leave the employment of the district at the end of a school year without penalty by filing a resignation with the board of trustees or a designee not later than 45 days before the first day of instruction of the following school year. Provides that a written resignation mailed by prepaid certified or registered mail to the president of the board of trustees or a designee at the post office address of the district is considered filed at the time of mailing.

(b) Authorizes a teacher employed under term contract to resign, with the consent of the board of trustees or a designee, at any other time.

(c) Authorizes SBEC, on written complaint by the employing district, to 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 resigns; fails to comply with Subsection (a) or (b); and fails to perform the contract.

Sec. 21.211. TERMINATION OR SUSPENSION. (a) Authorizes the board of trustees to terminate a term contract and discharge a teacher at any time for good cause as determined by the board of trustees; or a financial exigency that requires a reduction in personnel.

(b) Authorizes the board of trustees, for good cause, to suspend a teacher without pay for a period not to extend beyond the end of the school year pending discharge of the teacher; or in lieu of terminating the teacher.

(c) Entitles a teacher who is not discharged after being suspended without pay pending discharge to back pay for the period of suspension.

Sec. 21.212. APPLICABILITY OF SUBCHAPTER TO SUPERINTENDENTS. (a) Authorizes the board of trustees of a school district to choose to not renew the employment of a superintendent employed under a term contract, effective at the end of the contract period. Requires the board of trustees, if a majority determines that the term contract of the superintendent should be considered for nonrenewal, to give the superintendent notice, containing notice of the reason for the proposed nonrenewal, not later than 30 days before the last day of the contract term.

(b) Requires the board of trustees, if the board of trustees fails to give notice of the proposed nonrenewal within the time specified by Subsection (a), to employ the superintendent in the same professional capacity for the following school year.

(c) Sets forth required actions for the board of trustees, if the superintendent, not later than 15 days after receiving notice of the proposed action of the board of trustees, does not request a hearing with the board of trustees under Section 21.207.

(d) Requires the board of trustees to adopt policies that establish reasons for nonrenewal. Provides that this section does not prohibit a board of trustees from discharging a superintendent for good cause during the term of a contract.

(e) Authorizes a superintendent employed under a term contract to leave the employment of the district at the end of a school year without penalty by filing a resignation with the board of trustees. Requires the resignation to be addressed to the board of trustees and filed not later than 45 days before the first day of instruction of the following school year. Authorizes a superintendent to resign with the consent of the board of trustees, at any other time.

Sec. 21.213. NONAPPLICABILITY OF SUBCHAPTER. Provides that this subchapter does not apply to a teacher employed under a probationary contract in accordance with Subchapter C or a continuing contract in accordance with Subchapter D.

SUBCHAPTER F. HEARINGS BEFORE HEARING EXAMINERS

Sec. 21.251. APPLICABILITY. (a) Sets forth provisions under which this subchapter applies.

(b) Sets forth provisions under which this subchapter does not apply.

Sec. 21.252. CERTIFICATION OF HEARING EXAMINERS. (a) Requires SBEC, in consultation with the State Office of Administrative Hearings, by rule, to establish criteria for the certification of hearing examiners eligible to conduct hearings under this subchapter. Requires a hearing examiner certified under this subchapter to be licensed to practice law in this state.

(b) Requires the commissioner to certify hearing examiners according to the criteria established under Subsection (a). Prohibits a person certified as a hearing examiner or the law firm with which the person is associated from serving as an agent or representative of a school district; a teacher in any dispute with a school district; or an organization of school employees, school administrators, or school boards.

(c) Requires the commissioner to set hourly rates of compensation for a hearing examiner and to set a maximum amount of compensation a hearing examiner may receive for a hearing.

Sec. 21.253. REQUEST FOR HEARING. Requires a teacher to file a request for a hearing under this subchapter with the commissioner not later than 15 days after the teacher receives notice of the proposed action. Requires the teacher to provide the district with a copy of the request.

Sec. 21.254. ASSIGNMENT OF HEARING EXAMINER. (a) Requires the commissioner to maintain a list of the names of all persons who have been certified as hearing examiners. Requires the list to be initially prepared in a random order, and subsequent additions to the list shall be added chronologically.

(b) Requires the commissioner to assign the hearing examiner for a particular case by selecting the next person named on the list who resides within proximity to the district as determined by the commissioner. Prohibits the commissioner from changing the order of names once the order is established under this section, except that once each hearing examiner on the list has been assigned to a case, the names shall be randomly reordered.

(c) Requires the commissioner to assign a hearing examiner to a pending case not later than 10 business days after the commissioner receives the request for a hearing. Requires the commissioner, when a hearing examiner has been assigned to a case, to immediately notify the parties.

(d) Entitles either party to reject the assigned hearing examiner for cause. Requires a rejection to be in writing and filed with the commissioner not later than three days after the date of notification of the hearing examiner's assignment. Requires the commissioner, if the commissioner determines the party has good cause to reject the

hearing examiner, to assign another hearing examiner as provided by Subsection (b). Provides that if neither party makes a timely rejection, the assignment is final.

(e) Authorizes the parties, by agreement, after the teacher receives the notice of the proposed action, to select a person who is not certified to serve as a hearing examiner. Requires a person selected under this subsection to be licensed to practice law in this state. Requires the request, if the parties agree on a hearing examiner before the teacher files a request for hearing, to include the name of the hearing examiner selected. Requires the teacher, if the parties agree on a hearing examiner after the teacher files the request for hearing, to notify the commissioner of the name of the hearing examiner.

(f) Authorizes the teacher and the district, after the teacher receives the notice of the proposed action, to agree in writing that the decision of the hearing examiner will be final and nonappealable on all or some issues.

Sec. 21.255. HEARINGS BEFORE HEARING EXAMINER. (a) Sets forth authorized actions for the hearing examiner. Authorizes the hearing examiner to issue a subpoena for the attendance of the person who is not an employee of the district only if the party requesting the issuance of the subpoena show good cause for subpoena. Requires the hearing to be held within the geographical boundaries of the school district or at the service center that serves the district.

(b) Authorizes a hearing examiner to allow either party to take one or more depositions or to use other means of discovery before the hearing. Authorizes the hearing examiner, at the request of either party, to issue subpoenas for the attendance of witnesses and the production of documents at the deposition. Authorizes the hearing examiner to issue a subpoena for the deposition of any person who is not an employee of the district only if the party requesting the issuance of the subpoena shows good cause for the subpoena. Requires the deposition to be held within the geographical boundaries of the school district or at the service center that serves the district.

(c) Authorizes a procedure specified in this section to be changed or eliminated by written agreement of the teacher and the school district after the teacher receives the notice of the proposed action.

(d) Provides that if the hearing examiner is unable to continue presiding over a case at any time before issuing a recommendation or decision, the parties shall request the assignment of another hearing examiner under Section 21.254 who, after a review of the record, shall perform any remaining functions without the necessity of repeating any previous proceedings.

(e) Requires the school district to bear the cost of the services of the hearing examiner and certified shorthand reporter at the hearing and the production of any original hearing transcript. Requires each party to bear its respective costs, including the cost of discovery and any attorney's fees.

Sec. 21.256. CONDUCT OF HEARING. (a) Requires a hearing under this subchapter to be private unless the teacher requests that the hearing be public, except that a hearing examiner may close a hearing if necessary to maintain decorum.

(b) Provides that the hearing is not subject to Chapter 2001, Government Code.

(c) Sets forth rights a teacher has at a hearing.

(d) Provides that the Texas Rules of Civil Evidence apply at the hearing. Requires a certified shorthand reporter to record the hearing.

(e) Requires the hearing to be conducted in the same manner as a trial without a jury in a district court of this state. Requires the hearing examiner's findings of fact and conclusions of law to be presumed to be based only on admissible evidence.

(f) Sets forth authorized actions for a hearing examiner, in protecting the privacy of a witness who is a child.

(g) Provides that an evaluation or appraisal of the teacher is presumed to be admissible at the hearing.

(h) Provides that at the hearing, the school district has the burden of proof by a preponderance of the evidence.

Sec. 21.257. RECOMMENDATION OF HEARING EXAMINER. (a) Requires the hearing examiner, not later than 45 days after the commissioner receives a teacher's request for a hearing, to complete the hearing and make certain recommendations.

(b) Provides that the proposed relief under Subsection (a)(2) may include reinstatement, back pay, or employment benefits but may not include attorney's fees or other costs associated with the hearing or appeals from the hearing.

(c) Authorizes the parties to agree in writing to waive the right to a recommendation by the date prescribed by Subsection (a).

(d) Requires the hearing examiner to send a copy of the recommendation to each party, the president of the board of trustees, and the commissioner.

(e) Prohibits a hearing examiner who fails to timely issue a recommendation or decision from being assigned by the commissioner to conduct additional hearings for a period not to exceed one year.

Sec. 21.258. CONSIDERATION OF RECOMMENDATION BY BOARD OF TRUSTEES OR BOARD SUBCOMMITTEE. (a) Requires the board of trustees or a subcommittee designated by the board to consider the recommendation and record of the hearing examiner at the first meeting of the board of trustees for which notice can be posted in compliance with Chapter 551, Government Code, following the issuance of the recommendation. Requires the meeting to be held not later than 20 days after the date that the president of the board of trustees receives the hearing examiner's recommendation and the record of the hearing.

(b) Requires the board of trustees or a subcommittee to consider the hearing examiner's recommendation and to allow each party to present an oral argument to the board or subcommittee. Authorizes the board of trustees to limit the amount of time for oral argument. Requires the policy to provide equal time for each party.

(c) Authorizes the board of trustees or a subcommittee to obtain advice concerning legal matters from an attorney who has not been involved in the proceedings.

Sec. 21.259. DECISION OF BOARD OF TRUSTEES OR BOARD SUBCOMMITTEE. (a) Requires the board of trustees or a subcommittee, not later than 10 days after the meeting of the board of trustees, to announce a decision that includes findings of fact and conclusions of law; and may include a grant of relief.

(b) Authorizes the board of trustees or a subcommittee to adopt, reject, or change the hearing examiner's conclusions of law; or proposal for granting relief.

(c) Authorizes the board of trustees or a subcommittee to reject or change a finding of fact made by the hearing examiner only after reviewing the record of the proceedings before the hearing examiner and only if the finding of fact is not supported by substantial evidence.

(d) Requires the board of trustees or a subcommittee to state in writing the reason and legal basis for a change or rejection made under this section.

Sec. 21.260. RECORDING OF BOARD MEETING AND ANNOUNCEMENT. Requires a certified shorthand reporter to record the oral argument under Section 21.258 and the announcement of the decision under Section 21.259. Requires the school district to bear the cost of the services of the certified shorthand reporter.

SUBCHAPTER G. APPEALS TO COMMISSIONER OF EDUCATION

Sec. 21.301. APPEAL TO COMMISSIONER. (a) Provides that not later than 20 days after the board of trustees or a subcommittee announces its decision under Section 21.259 or the board of trustees advises the teacher of its decision to not renew the teacher's contract under Section 21.208, the teacher may appeal the decision by filing a petition for review with the commissioner.

(b) Requires the school district to file a response not later than 20 days after the petition for review is filed. Requires the record of the local hearing to be filed with the district's response or be filed alone within the period for a response if the district does not file a response.

(c) Requires the commissioner to review the record of the hearing before the hearing examiner and the oral argument before the board of trustees or a subcommittee. Provides that the commissioner shall consider the appeal solely on the basis of the local record and may not consider any additional evidence or issue. Authorizes the commissioner, on the motion of a party or on the commissioner's motion, to hear oral argument. Requires the commissioner to accept written argument.

(d) Provides that in conducting a hearing under this section, the commissioner has the same authority relating to discovery and conduct of a hearing as an independent hearing examiner has under Subchapter F.

(e) Authorizes the commissioner to adopt rules governing the conduct of an appeal to the commissioner. Provides that an appeal to the commissioner under this section is not subject to Chapter 2001, Government Code.

(f) Authorizes the commissioner to obtain advice concerning legal matters from the chief legal officer of the agency if the chief legal officer has not been involved in the proceedings.

Sec. 21.302. EVIDENTIARY HEARING BEFORE COMMISSIONER. (a) Authorizes the commissioner, if a party alleges that procedural irregularities that are not reflected in the local record occurred at the hearing before the hearing examiner, to hold a hearing for the presentation of evidence on that issue. Requires the party alleging that procedural irregularities occurred to identify the specific alleged defect and its claimed effect on the decision of the board of trustees. Authorizes the commissioner to make appropriate orders consistent with rules adopted by the commissioner. Provides that the commissioner's determination on any alleged procedural irregularities is final and may not be appealed.

(b) Requires a hearing under this section to be recorded by a certified shorthand reporter.

Sec. 21.303. DETERMINATION BY COMMISSIONER. (a) Prohibits the commissioner, if the board of trustees decided not to renew a teacher's term contract, from substituting the commissioner's judgment for that of the board of trustees unless the decision was arbitrary, capricious, or unlawful or is not supported by substantial evidence.

(b) Prohibits the commissioner, if the board of trustees terminated a teacher's probationary, continuing, or term contract during the contract term or suspended a

teacher without pay, from substituting the commissioner's judgment for that of the board of trustees unless certain provisions apply.

(c) Prohibits the commissioner from reversing a decision of a board of trustees based on a procedural irregularity or error by a hearing examiner, the board of trustees, or a subcommittee unless the commissioner determines that the irregularity or error was likely to have led to an erroneous decision.

Sec. 21.304. DECISION OF COMMISSIONER. (a) Requires the commissioner's decision to be in writing and to include findings of fact and conclusions of law. Authorizes the commissioner to adopt by reference and incorporate findings of fact or conclusions of law from the local record.

(b) Requires the commissioner to issue a decision not later than 30 days after the last day on which a response to the petition for review may be filed under Section 21.301(b). Provides that if the commissioner fails to issue a decisions within that time, the decision of the board of trustees is affirmed.

(c) Requires the commissioner to send a copy of the decision to each party or the party's representative by certified mail. Requires the commissioner to keep a record of the mailing. Provides that a party is presumed to be notified of the decision on the date the decision is received, as indicated by the certified mail return receipt.

(d) Requires the commissioner to maintain and index decisions of the commissioner issued under this section with the recommendations or decisions of the hearing examiner.

(e) Requires the commissioner, if the commissioner reverses the action of the board of trustees, to order the school district to reinstate the teacher and to pay the teacher any back pay and employment benefits from the time of discharge or suspension to reinstatement.

(f) Authorizes the school district, instead of reinstating a teacher under Subsection (e), to pay the teacher one year's salary to which the teacher would have been entitled from the date on which the teacher would have been reinstated.

Sec. 21.305. COSTS ON APPEAL TO COMMISSIONER. (a) Requires the school district, if a teacher appeals the decision of the board of trustees or a subcommittee, to bear the cost of preparing the original transcripts of the hearing before the hearing examiner; and the oral argument before the board of trustees or a subcommittee.

(b) Requires each party to bear the cost of any copy of the transcript requested by that party.

Sec. 21.306. EX PARTE COMMUNICATIONS PROHIBITED. Prohibits the commissioner and the staff of the agency from communicating with any party or any party's representative in connection with any issue of fact or law except on notice and opportunity for each party to participate.

Sec. 21.307. JUDICIAL APPEALS. (a) Authorizes either party to appeal the commissioner's decision to a district court in the county in which the district's central administrative offices are located; or if agreed by all parties, a district court in Travis County.

(b) Requires an appeal under this section to be perfected not later than 30 days after the date the party received notice of the commissioner's decision or the date on which the decision of the board of trustees was affirmed by operation of law if the commissioner failed to issue a decision within the required period. Provides that a motion for rehearing is not required for the party to appeal.

(c) Requires the commissioner and each party to the appeal to the commissioner to be made a party to an appeal under this section.

(d) Provides that the perfection of an appeal under this section does not affect the enforcement of the commissioner's decision.

(e) Requires the court, under the substantial evidence rule, to review the evidence on the evidentiary record made at the local level and any evidence taken by the commissioner but may not take additional evidence.

(f) Prohibits the court from reversing the decision of the commissioner unless the decision was not supported by substantial evidence or unless the commissioner's conclusions of law are erroneous.

(g) Prohibits the court from reversing a decision of the commissioner based on a procedural irregularity or error by a hearing examiner, a board of trustees, or the commissioner unless the court determines that the irregularity or error was likely to have led to an erroneous decision by the commissioner.

SUBCHAPTER H. APPRAISALS AND INCENTIVES

Sec. 21.351. RECOMMENDED APPRAISAL PROCESS AND PERFORMANCE CRITERIA. (a) Requires the commissioner to adopt a recommended appraisal process and criteria on which to appraise the performance of teachers. Requires the criteria to be based on observable, job-related behavior.

(b) Requires the commissioner to solicit and consider the advice of teachers in developing the recommended appraisal process and performance criteria.

(c) Requires an appraiser to be the teacher's supervisor or a person approved by the board of trustees. Prohibits an appraiser who is a classroom teacher from appraising the performance of another classroom teacher who teaches at the same school campus at which the appraiser teaches, unless it is impractical because of the number of campuses or unless the appraiser is the chair of a department of grade level whose job description includes classroom observation responsibilities.

(d) Requires appraisal for teachers, under the recommended appraisal process, to be detailed by category of professional skill and characteristic and to provide for separate ratings for each category. Requires the appraisal process to guarantee a conference between the teacher and the appraiser. Requires the conference to be diagnostic and prescriptive with regard to remediation needed in overall performance and by category.

Sec. 21.352. LOCAL ROLE. (a) Requires each school district to use certain appraisal processes and performance criteria in appraising teachers.

(b) Provides that the board of trustees may reject an appraisal process and performance criteria developed by the district- and campus-level committees but may not modify the process or criteria.

(c) Requires appraisal to be done at least once during each school year. Requires the district to maintain a copy of the evaluation of each teacher's performance in the teacher's personnel file. Entitles a teacher, after receiving a copy of the evaluation, to a second appraisal by a different appraiser or to submit a rebuttal to the evaluation to be attached to the evaluation in the teacher's personnel file. Authorizes the evaluation and any rebuttal to be given to another school district at which the teacher has applied for employment at the request of that district.

(d) Provides that a teacher may be given advance notice of the date or time of an appraisal, but advance notice is not required.

Sec. 21.353. APPRAISAL ON BASIS OF CLASSROOM TEACHING PERFORMANCE. Requires a teacher who directs extracurricular activities in addition to performing classroom teaching duties to be appraised only on the basis of classroom teaching performance and not on performance in connection with the extracurricular activities.

Sec. 21.354. APPRAISAL OF ADMINISTRATORS. (a) Requires the commissioner to adopt a recommended appraisal process and criteria on which to appraise the performance of various classifications of school administrators. Requires the criteria to be based on job-related performance.

(b) Authorizes the commissioner to solicit and consider the advice of teachers and administrators in developing the appraisal process and performance criteria.

(c) Requires each school district to appraise each administrator annually using certain appraisal processes and performance criteria.

(d) Prohibits funds of a school district from being used to pay an administrator who has not been appraised under this section in the preceding 15 months.

(e) Requires the appraisal of a principal to include consideration of the performance of the principal's campus on the indicators established under Section 39.051 and the campus's objectives established under Section 11.253, including performance gains of the campus and the maintenance of those gains.

Sec. 21.355. CONFIDENTIALITY. Provides that a document evaluating the performance of a teacher or administrator is confidential.

Sec. 21.356. EVALUATION OF SCHOOL COUNSELORS. Requires the commissioner to develop and periodically update a job description and an evaluation form for use by school districts in evaluating school counselors. Requires the commissioner to consult with state guidance counselor associations in the development and modification of the job description and the evaluation form

Sec. 21.357. PRINCIPAL PERFORMANCE INCENTIVES. (a) Requires the commissioner to design an objective system to evaluate principals that meets certain criteria.

(b) Requires the governor, with the advice of the commissioner and appropriate educator organizations, to appoint seven exemplary principals to advice the commissioner in developing the evaluation system required by Subsection (a). Provides that this subsection expires September 1, 1996.

(c) Authorizes the commissioner to award performance incentives to principals identified through the evaluation system as high-performing from funds appropriated for that purpose. Sets forth limits for a performance incentive.

SUBCHAPTER I. DUTIES AND BENEFITS

Sec. 21.401. MINIMUM SERVICE REQUIRED. (a) Requires a contract between a school district and an educator to be for a minimum of 10 months' service.

(a-1) Requires an educator employed under a 10-month contract, for the 1995-1996 school year, to provide a minimum of 183 days of service. Provides that this subsection expires September 1, 1997.

(a-2) Requires an educator employed under a 10-month contract to provide a minimum of 185 days of service. Provides that this subsection expires September 1, 1997.

(b) Sets forth the formula by which an educator employed under a 10-month contract must provide a minimum number of days of service is determined.

(b-1) Provides that Subsection (b) applies beginning with the 1997-1998 school year. Provides that this subsection expires January 1, 1998.

(c) Requires the result of the formula prescribed by Subsection (b) to be rounded to the nearest whole number.

(d) Authorizes the commissioner to reduce the number of days of service required by this section. Provides that a reduction by the commissioner does not reduce an educator's salary.

Sec. 21.4011. MINIMUM SALARY SCHEDULE FOR CLASSROOM TEACHERS AND FULL-TIME LIBRARIANS FOR 1995-1996 SCHOOL YEAR. (a) Provides that his section applies only to the 1995-1996 school year.

(b) Requires a school district to pay each classroom teacher or full-time librarian not less than the minimum monthly salary, based on the employee's level of experience. Sets forth the minimum salaries for each year of experience.

(c) Provides that placement of a classroom teacher or full-time librarian on the minimum salary schedule provided by this section is determined in accordance with Section 21.403.

(d) Entitles a teacher or librarian who received a career ladder supplement on August 31, 1993, to at least the same gross monthly salary the teacher or librarian received for the 1994-1995 school year as long as the teacher is employed by the same district.

(e) Describes "gross monthly salary."

(f) Provides that this section expires September 1, 1996.

Sec. 21.402. MINIMUM SALARY SCHEDULE FOR CLASSROOM TEACHERS AND FULL-TIME LIBRARIANS. (a) Requires a school district to pay each classroom teacher or full-time librarian not less than the minimum monthly salary, based on the employee's level of experience, determined by a certain formula.

(b) Requires the commissioner to determine the amount appropriated for purposes of Chapter 42 for the state fiscal year beginning September 1. Requires the commissioner to exclude from the determination certain amounts designated for use in connection with school facilities or for payment of principal and interest on bonds; and local funds received under Chapter 41D.

(c) Sets forth the salary factors per step.

(d) Provides that if the minimum monthly salary determined under Subsection (a) for a particular level of experience is less than the minimum monthly salary for that level of experience in the preceding year, the minimum monthly salary is the minimum monthly salary for the preceding year.

(e) Entitles a teacher or librarian who received a career ladder supplement on August 31, 1993, to at least the same gross monthly salary the teacher or librarian received for the 1994-1995 school year as long as the teacher or librarian is employed by the same district.

(f) Describes "gross monthly salary."

(g) Provides that this section applies beginning with the 1996-1997 school year. Provides that this subsection expires January 1, 1997.

Sec. 21.403. PLACEMENT ON MINIMUM SALARY SCHEDULE. (a) Requires a teacher or librarian to advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher or librarian until step 20 is reached.

(b) Entitles a certified career or technology education teacher, for each year of work experience required for certification, up to a maximum of two years, to salary step credit as if the work experience were teaching experience.

(c) Requires a district, in determining the placement of a teacher or librarian on the minimum salary schedule, to credit the person for each year of experience without regard to whether the years are consecutive.

(d) Sets forth provisions to which a teacher or librarian is entitled, as long as the teacher or librarian who received a career ladder supplement is employed by the same school district.

Sec. 21.404. PLANNING AND PREPARATION TIME. Entitles each classroom teacher to at least 450 minutes within each two-week period for instructional preparation. Prohibits a planning and preparation period under this section from being less than 45 minutes within the instructional day. Prohibits a classroom teacher, during a planning and preparation period, from being required to participate in any other activity.

Sec. 21.405. DUTY-FREE LUNCH. (a) Entitles each classroom teacher or full-time librarian to at least a 30-minute lunch period free from all duties and responsibilities connected with the instruction and supervision of students. Authorizes each school district to set flexible or rotating schedules for each classroom teacher or full-time librarian in the district for the implementation of the duty-free lunch period.

(b) Prohibits the implementation of this section from resulting in a lengthened school day.

(c) Authorizes a school district, if necessary because of a personnel shortage, extreme economic conditions, or an unavoidable or unforeseen circumstance, to require a classroom teacher or librarian entitled to a duty-free lunch to supervise students during lunch. Prohibits a classroom teacher or librarian from being required to supervise students under this subsection more than one day in any school week. Requires the commissioner, by rule, to prescribe guidelines for determining what constitutes a personnel shortage, extreme economic conditions, or an unavoidable or unforeseen circumstance for purposes of this subsection.

Sec. 21.406. DENIAL OF COMPENSATION BASED ON ABSENCE FOR RELIGIOUS OBSERVANCE PROHIBITED. Prohibits a school district from denying an educator a salary bonus or similar compensation given in whole or in part on the basis of educator attendance because of the educator's absence from school for observance of a holy day observed by a religion whose places of worship are exempt from property taxation under Section 11.20, Tax Code.

Sec. 21.407. REQUIRING OR COERCING TEACHER TO JOIN GROUPS, CLUBS, COMMITTEES, OR ORGANIZATIONS: POLITICAL AFFAIRS. (a) Prohibits a school district board of trustees or school district employee from requiring or coercing any teacher to join any group, club, committee, organization, or association.

(b) Prohibits a school district board of trustees or school district employee from coercing any teacher to refrain from participating in political affairs in the teacher's community, state, or nation.

Sec. 21.408. RIGHT TO JOIN OR NOT TO JOIN PROFESSIONAL ASSOCIATION. Provides that this chapter does not abridge the right of an educator to join any professional association or organization or refuse to join any professional association or organization.

Sec. 21.409. LEAVE OF ABSENCE FOR TEMPORARY DISABILITY. (a) Requires each full-time educator employed by a school district to be given a leave of absence for temporary disability at any time the educator's condition interferes with the performance of regular duties. Prohibits the contract or employment of the educator from being terminated by the school district while the educator is on a leave of absence for temporary disability. Describes "temporary disability."

(b) Requires a request for a leave of absence for temporary disability to be made to the superintendent of the school district. Requires the request to be accompanied by a physician's statement confirming inability to work and to state the date requested by the educator for the leave to begin and the probable date of return as certified by the physician.

(c) Authorizes the board of trustees of a school district to adopt a policy providing for placing an educator on leave of absence for temporary disability if, in the judgment and in consultation with a physician who has performed a thorough medical examination of the educator, the educator's condition interferes with the performance of regular duties. Requires a policy adopted under this subsection to reserve to the educator the right to present to the board of trustees testimony or other information relevant to the educator's fitness to continue the performance of regular duties.

(d) Requires the educator to notify the superintendent of the desire to return to active duty not later than 30 days before the expected date of return. Requires the notice to be accompanied by a physician's statement indicating the educator's physical fitness for the resumption of regular duties.

(e) Entitles an educator returning to active duty after a leave of absence for temporary disability to an assignment at the school where the educator formerly taught, subject to the availability of an appropriate teaching position. Requires an educator to be placed on active duty not later than the beginning of the next term.

(f) Requires the length of a leave of absence for temporary disability to be granted by the superintendent as required by the individual educator. Provides that the board of trustees of a school district may establish a maximum length for a leave of absence for temporary disability, but the maximum length may not be less than 180 days.

SUBCHAPTER J. STAFF DEVELOPMENT

Sec. 21.451. STAFF DEVELOPMENT REQUIREMENTS. (a) Requires the staff development provided by a school district to be conducted in accordance with minimum standards developed by the commissioner for program planning, preparation, and improvement. Sets forth provisions the staff development must or may include.

(b) Requires the staff development to be campus-based, related to achieving campus performance objectives established under Section 11.253, and developed and approved by the campus-level committee established under Section 11.251. Sets forth activities campus staff development may include. Authorizes the campus staff development activities to be conducted using certain methods that have the potential to improve student achievement.

(c) Authorizes a school district to use district-wide staff development developed and approved through the district-level decision process under Section 11.251.

Sec. 21.452. DEVELOPMENTAL LEAVES OF ABSENCE. (a) Authorizes the board of trustees of a school district to grant a developmental leave of absence for study, research, travel, or another suitable purpose to certain employees.

(b) Authorizes the board of trustees to grant a developmental leave of absence for one school year at one-half salary or for one-half of a school year at full salary paid to the

employee in the same manner, on the same schedule, and with the same deductions as if the employee were on full-time duty.

(c) Provides that an employee on developmental leave continues to be a member of the Teacher Retirement System of Texas and is entitled to participate in programs, hold memberships, and receive benefits afforded by employment in the school district.

CHAPTER 22. SCHOOL DISTRICT EMPLOYEES AND VOLUNTEERS

SUBCHAPTER A. RIGHTS, DUTIES, AND BENEFITS

Sec. 22.001. SALARY DEDUCTIONS FOR PROFESSIONAL DUES. (a) Entitles a school district employee to have an amount deducted from the employee's salary for membership fees or dues to a professional organization. Sets forth required actions for the employee.

(b) Requires the district to deduct the total amount of the fees or dues for a year in equal amounts per pay period for the number of periods specified by the employee. Requires deductions to be made until the employee requests in writing that the deductions be discontinued.

(c) Authorizes the school district to charge an administrative fee for making the deduction. Prohibits a fee imposed for making a salary deduction under this section from exceeding either the actual administrative cost of making the deduction or the lowest fee the district charges for similar salary deductions, whichever is less.

Sec. 22.002. ASSIGNMENT, TRANSFER, OR PLEDGE OF COMPENSATION. (a) Defines "school employee."

(b) Sets forth provisions under which any school employee's assignment, pledge, or transfer, as security for indebtedness, of any interest in or part of the employee's salary or wages then due or that may become due under an existing contract of employment is enforceable.

(c) Requires a school district to honor an assignment, pledge, or transfer fulfilling the conditions of Subsection (b) without incurring any liability to the school employee executing the assignment, pledge, or transfer. Provides that payment to any assignee, pledgor, or transferor in accordance with the terms of the instrument constitutes payment to or for the account of the assignor, pledgor, or transferor. Provides that an assignment, pledge, or transfer is enforceable only to the extent of salary due or that may become due during continuation of the assignor's employment as a school employee.

(d) Provides that venue for any suit against the employer of a school employee to enforce an assignment, pledge, or transfer of salary is in the county where the employing school is located.

Sec. 22.003. MINIMUM PERSONAL LEAVE PROGRAM. (a) Requires a state minimum personal leave program consisting of five days per year personal leave with no limit on accumulation and transferable among districts to be provided for school district employees. Authorizes school district to provide additional personnel leave beyond this minimum. Authorizes the board of trustees of a school district to adopt a policy governing an employee's use of personal leave granted under this subsection.

(b) Entitles an employee of a school district who is physically assaulted during the performance of the employee's regular duties to the number of days of leave necessary to recuperate from all physical injuries sustained as a result of the assault, in addition to all other days of leave provided by this section or by the school district. Provides that the school district, at the request of an employee, must assign an employee to assault leave and, on investigation of the claim, may change the assault leave status

and charge the leave against the employee's accrued personal leave or against an employee's pay if insufficient accrued personal leave is available. Prohibits days of leave taken under this subsection from being deducted from accrued personal leave. Prohibits the period provided by this subsection from extending more than two years beyond the date of the assault. Requires assault leave policy benefits due to an employee to be coordinated with temporary income benefits due from workers' compensation so that the employee's total compensation from temporary income benefits and assault leave policy benefits equals 100 percent of the employee's weekly rate of pay.

Sec. 22.004. GROUP HEALTH BENEFITS FOR SCHOOL EMPLOYEES. (a) Requires each district to make available to its employees group health coverage provided by a risk pool established by one or more school districts under Chapter 172, Local Government Code, or under a policy of insurance or group contract issued by an insurer, a company subject to Chapter 20, Insurance Code, or a health maintenance organization (HMO) under Chapter 20A, V.T.I.C. (Texas Health Maintenance Organization Act). Authorizes the cost of the coverage to be shared by the employees and the district. Requires each district to certify the district's compliance with this subsection to the executive director of the Teacher Retirement System of Texas in the manner required by the board of trustees of the Teacher Retirement System of Texas. Requires the certification to include a copy of the district's current contract for group health coverage.

(b) Prohibits a school district from contracting with an insurer, a company subject to Chapter 20, Insurance Code, or an HMO to issue a policy or contract under this section, or with any person to assist the school district in obtaining or managing the policy or contract (insurer) unless, before the contract is entered into the insurer provides the district with an audited financial statement showing the financial condition of the insurer.

(c) Requires an insurer to provide an annual audited financial statement to the school district showing the financial condition of the insurer.

(d) Requires an audited financial statement provided under this section to be made in accordance with rules adopted by the commissioner of insurance or state auditor.

Sec. 22.005. HEALTH CARE PLAN AND FUND. (a) Authorizes the board of trustees of a school district to establish a health care plan for employees of the district and dependents of employees.

(b) Requires the board of trustees, in implementing the health care plan, to establish a fund to pay, as authorized under the plan, all or part of the actual costs for certain health care measures incurred by employees of the district or any dependent whose participation in the program is being supported by deductions from the salary of an employee. Authorizes the fun to be used to pay the costs of administering the fund. Provides that the fund consists of money contributed by the school district and money deducted form salaries of employees for dependent or employee coverage. Prohibits money for the fund from being deducted from the salary of a school district employee unless the employee authorizes the deduction in writing. Requires the plan to attempt to protect the school district against unanticipated catastrophic individual loss, or unexpectedly large aggregate loss, by securing individual stop-loss coverage, or aggregate stop-loss coverage, or both, from a commercial insurer.

(c) Authorizes the board of trustees to amend or cancel the district's health care plan at a meeting. Provides that if the plan is canceled, any valid claim against the fund for payment of health care costs resulting from illness or injury occurring during the time the plan was in effect shall be paid out of the fund. Provides that if the fund is insufficient to pay the claim, the costs shall be paid out of other available school district funds.

SUBCHAPTER B. CIVIL IMMUNITY

Sec. 22.051. IMMUNITY FROM LIABILITY FOR PROFESSIONAL EMPLOYEES. (a) Provides that a professional employee of a school district is not personally liable for any act that is incident to or within the scope of the duties of the employee's position of employment and that involves the exercise of judgment or discretion on the part of the employee, except in circumstances in which a professional employee uses excessive force in the discipline of students or negligence resulting in bodily injury to students.

(b) Provides that this section does not apply to the operation, use, or maintenance of any motor vehicle.

(c) Defines "professional employee."

Sec. 22.052. ADMINISTRATION OF MEDICATION BY SCHOOL DISTRICT EMPLOYEES OR VOLUNTEER PROFESSIONALS; IMMUNITY FROM LIABILITY. (a) Sets forth provisions under which, on the adoption of policies concerning the administration of medication to students by school district employees, the school district, its board of trustees, and its employees are immune from civil liability from damages or injuries resulting from the administration of medication to a student.

(b) Authorizes the board of trustees to allow a licensed physician or registered nurse who provides volunteer services to the school district and for whom the district provides liability insurance to administer to a student nonprescription medication; or medication currently prescribed for the student by the student's personal physician.

(c) Provides that this section may not be construed as granting immunity from civil liability for injuries resulting from gross negligence.

Sec. 22.053. SCHOOL DISTRICT VOLUNTEERS. (a) Provides that a volunteer who is serving as a direct service volunteer of a school district is immune from civil liability to the same extent as a professional employee of a school district under Section 22.051.

(b) Defines "volunteer."

(c) Provides that this section does not limit the liability of a person for intentional misconduct or gross negligence.

Sec. 22.054. LIABILITY OF CERTAIN INSTITUTIONS OF HIGHER EDUCATION. (a) Provides that a private or independent institution of higher education is not liable for damages arising from an act or omission of a person associated with the institution, including an employee or student, arising in the course and scope of that person's activities as a volunteer in a primary or secondary school.

(b) Sets forth provisions under which a school district may agree to provide or pay for attorney services for the defense of a private or independent institution of higher education.

(c) Defines "private or independent institution of higher education" and "volunteer."

Sec. 22.055. FRIVOLOUS SUIT AGAINST EMPLOYEE. Authorizes a court to award costs and attorney's fees to a school district employee acting under color of employment to the same extent that a court may award costs and attorney's fees to a school district or school district officer under Section 11.161.

SUBCHAPTER C. CRIMINAL HISTORY RECORDS.

Sec. 22.081. DEFINITION. Defines "private school."

Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE BOARD FOR EDUCATOR CERTIFICATION. Requires SBEC to 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 Chapter 21B.

Sec. 22.083. ACCESS TO CRIMINAL HISTORY RECORDS BY LOCAL AND REGIONAL EDUCATION AUTHORITIES. (a) Authorizes a school district, open-enrollment charter school, private school, service center, or shared services arrangement (school) to obtain from any law enforcement or criminal justice agency all criminal history record information that relates to a person who the school intends to employ; or who has indicated, in writing, an intention to serve as a volunteer with the school

(b) Authorizes a school to obtain from any law enforcement or criminal justice agency all criminal history record information that relates to certain volunteers and employees.

(c) Requires the superintendent of a district or the director of a school to notify SBEC if the person has knowledge of information showing that an applicant for or holder of a certificate issued under Chapter 21B, has a reported criminal history.

Sec. 22.084. ACCESS TO CRIMINAL HISTORY RECORDS OF SCHOOL BUS DRIVERS. (a) Requires a school that contracts with a person for transportation services to obtain from any law enforcement or criminal justice agency all criminal history record information that relates to a person employed by the person as a bus driver; or a person the person intends to employ as a bus driver.

(b) Requires a person that contracts with a school to provide transportation services to submit to the school the name and other identification data required to obtain criminal history record information of each person described by Subsection (a). Provides that if the school obtains information that a person described by Subsection (a) has been convicted of a felony or a misdemeanor involving moral turpitude, the school shall inform the chief personnel officer of the person with whom the school has contracted, and the person may not employ that person to drive a bus on which students are transported without the permission of the board of trustees of the district or service center, the governing body of the open-enrollment charter school, or the chief executive officer of the private school or shared services arrangement.

Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES. Authorizes a school to discharge an employee if the 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 SBEC or the school. Provides that 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. Provides that SBEC and a school or an employee of SBEC or a school is not civilly or criminally liable for making a report required under this subchapter.

SUBCHAPTER Z. MISCELLANEOUS PROVISIONS

Sec. 22.901. UNLAWFUL INQUIRY INTO RELIGIOUS AFFILIATION. (a) Prohibits a person employed or maintained to obtain or aid in obtaining positions for public school employees from asking about the religion or religious affiliation of anyone applying for employment in the public schools of this state.

(b) Subjects a person who violates Subsection (a) to a civil penalty of not less than $100 nor more than $500. Authorizes the aggrieved applicant or the applicant's assignee to bring suit for imposition of the civil penalty in the county of plaintiff's or defendant's residence.

(c) Provides that a person who violates Subsection (a) commits a Class B misdemeanor.

SUBTITLE E. STUDENTS AND PARENTS

CHAPTER 25. ADMISSION, TRANSFER, AND ATTENDANCE
SUBCHAPTER A. ADMISSION AND ENROLLMENT

Sec. 25.001. ADMISSION. (a) Entitles a person who is at least five years of age and under 21 years of age on the first day of September of any school year to the benefits of the available school fund for that year. Entitles any other person enrolled in a prekindergarten class under Section 29.153 to the benefits of the available school fund.

(b) Sets forth provisions under which the board of trustees of a school district or its designee shall admit into the public schools of the district free of tuition a person who is over five and younger than 21 years of age on the first day of September of the school year in which admission is sought.

(c) Authorizes the board of trustees of a school district or a designee to require evidence that a person is eligible to attend the public schools of the district at the time the board considers an application for admission of the person. Requires the board of trustees to establish minimum proof of residency acceptable to the district. Authorizes the board of trustees to make inquiries to verify a person's eligibility for admission.

(d) Provides that for a person under the age of 18 years to establish a residence for the purpose of attending the public school separate and apart from the person's parent, guardian, or other person having lawful control of the person under a court order, it must be established that the person's presence in the school district is not for the primary purpose of participation in extracurricular activities. Provides that the board of trustees shall determine whether an applicant for admission is a resident of the school district for purposes of attending the public schools and may adopt guidelines for making a determination as necessary to protect the best interests of students. Sets forth provisions under which the board of trustees is not required to admit a person under this subsection.

(e) Authorizes a school district to request that the commissioner waive the requirement that the district admit a foreign exchange student who meets the conditions of Subsection (b)(5). Requires the commissioner to respond to a district's request not later than 60 days after the receipt of the request. Requires the commissioner to grant the request and issue a waiver effective for a period not to exceed three years if the commissioner makes certain determinations about the admission of a foreign exchange student.

(f) Requires a child placed in foster care by an agency of the state or by a political subdivision to be permitted to attend the public schools in the district in which the foster parents reside free of any charge to the foster parents or the agency. Prohibits a durational residence requirement from being used to prohibit that child from fully participating in any activity sponsored by the school district.

(g) Entitles a student enrolled in high school in grade 9, 10, 11, or 12 who is place in temporary foster care by the Texas Department of Human Services at a residence outside the attendance area for the school or outside the school district to complete high school at the school in which the student was enrolled at the time of placement without payment of tuition.

(h) Provides that a person who knowingly falsifies information on a form required for enrollment of a student in a school district is liable to the district if the student is not eligible for enrollment in the district but is enrolled on the basis of the false information. Provides that the person is liable for the period during which the ineligible student is enrolled, for the greater of the maximum tuition fee the district may charge; or the amount the district has budgeted for each student as maintenance and operating expenses.

(i) Authorizes a school district to include on an enrollment form notice of the penalties provided by Section 37.10, Penal Code, and of the liability provided by Subsection (h) for falsifying information on the form.

(j) Authorizes the board of trustees of a school district by policy to allow a person showing evidence of legal responsibility for a child other than an order of a court to substitute for a guardian or other person having lawful control of the child under an order of a court.

Sec. 25.002. REQUIREMENTS FOR ENROLLMENT. (a) Sets forth items the parent or other person with legal control of a child or the school district in which the child most recently attended school, not later than 30 days after a parent or other person enrolls the child in a public school, shall furnish to the school district.

(b) Requires the school district, if a child is enrolled under a name other than the child's name as it appears in the identifying document or records, to notify the missing children and missing persons information clearinghouse of the child's name as shown on the identifying document or records and the name under which the child is enrolled. Provides that the information in the notice is confidential and may be released only to a law enforcement agency.

(c) Requires the district, if the information required by Subsection (a) is not furnished to the district within the period provided by that subsection, to notify the police department of the municipality or sheriff's department of the county in which the district is located and request a determination of whether the child has been reported as missing.

(d) Requires the school district, when accepting a child for enrollment, to inform the parent or other person enrolling the child that presenting a false document or false records under this section is an offense and that enrollment of the child under false documents subjects the person to liability for tuition or costs.

(e) Provides that a person commits an offense if the person enrolls a child in a public school and fails to furnish an identifying document or record relating to the child on the request of a law enforcement agency conducting an investigation in response to a notification under Subsection (c). Provides that an offense under this subsection is a Class B misdemeanor.

(f) Requires a child to be enrolled by the child's parent or by the child's guardian or other person with legal control of the child under a court order. Requires the school district that receives the child's application for enrollment, if a person with legal authority to enroll the child in school cannot be identified and located, to notify the Department of Protective and Regulatory Services and to admit the child as provided by Section 25.001. Requires the district to direct any communication that is required with a parent to the Department of Protective and Regulatory Services unless that department specifies otherwise. Defines "child."

Sec. 25.003. TUITION FOR CERTAIN CHILDREN FROM OTHER STATES. (a) Prohibits a child who resides at a child-care institution and whose maintenance expenses are paid in whole or in part by another state from being admitted to a public school unless the child-care institution pays tuition for the child equal to the actual cost of educating a child enrolled in a similar educational program in the district.

(b) Requires a tuition charge under this section to be submitted to the commissioner for approval.

(c) Provides that the attendance of the child is not counted for purposes of allocating state funds to the district.

Sec. 25.004. TUITION FOR CERTAIN MILITARY DEPENDENTS. Authorizes a school district to charge tuition for the attendance of a student who is not domiciled in this state and resides in military housing that is exempt from taxation by the district. Prohibits the tuition rate from exceeding an amount equal to the district's average expenditure per student from local funds.

SUBCHAPTER B. ASSIGNMENTS AND TRANSFERS

Sec. 25.031. ASSIGNMENTS AND TRANSFERS IN DISCRETION OF GOVERNING BOARD. Authorizes the board of trustees of a school district or the board of county school trustees or a school employee designated by the board of trustees to assign and transfer any student from one school facility or classroom to another within its jurisdiction.

Sec. 25.032. BASIS FOR ASSIGNMENT OR TRANSFER. Provides that the board of trustees of a school district, the board of county school trustees, or the person acting for the board of trustees must make the decision concerning the assignment or transfer of a student on an individual basis and may not consider as a factor in its decision any matter relating to the national origin of the student or the student's ancestral language.

Sec. 25.033. ASSIGNMENT OR TRANSFER ON PETITION OF PARENT. Authorizes the parent or person standing in parental relation to any student to by petition in writing either request the assignment or transfer of the student to a designated school or to a school to be designated by the board of trustees; or file objections to the assignment of the student to the school to which the student has been assigned.

Sec. 25.034. HEARING; ACTION ON PETITION; APPEAL. (a) Sets forth required actions for the board of trustees of the school district or the board of county school trustees on receiving a petition under Section 25.033.

(b) Provides that if a hearing is requested, it shall be conducted by the board in compliance with this section.

(c) Authorizes the petitioner to present evidence relevant to the individual student.

(d) Authorizes the board of trustees to conduct investigations as to the objection or request, examine any student involved, and employ agents, for the purpose of examinations and investigations.

(e) Requires the board of trustees to grant the request made in the petition unless the board of trustees determines that there is a basis for denying the request. Provides that the decision of the board of trustees, either with or without hearing, is final unless the student, or the parent or guardian of the students as next friend, files exception to the decision of the board of trustees as constituting a denial of any right of the student guaranteed under the U.S. Constitution.

(f) Authorizes the board of trustees to reconsider its decision if an exception is filed under Subsection (e). Provides that if the board of trustees has not ruled on the exception before 16 days after the date of the filing, the exception is overruled. Authorizes an appeal of the decision of the board of trustees, if the exception is overruled, to be filed in the district court of the county in which the board of trustees is located. Sets forth requirements for the petition.

Sec. 25.035. TRANSFERS BETWEEN DISTRICTS OR COUNTIES. Authorizes the boards of trustees of two or more adjoining school districts or the boards of county school trustees of two or more adjoining counties, by agreement and in accordance with Sections 25.032-25.034, to arrange for the transfer and assignment of any student from the jurisdiction of one board of trustees to that of another. Requires the participating governing boards, in the case of the transfer and assignment of a student under this

section, to agree to the transfer of school funds or other payments proportionate to the transfer of attendance.

Sec. 25.036. TRANSFER OF STUDENT. (a) Authorizes any child, other than a high school graduate, who is younger than 21 years of age and eligible for enrollment on September 1 of any school year to transfer annually from the child's school district of residence to another district in this state if both the receiving district and the applicant parent or guardian or person having lawful control of the child jointly approve and agree in writing to the transfer.

(b) Requires a transfer agreement under this section to be filed and preserved as a receiving district record for audit purposes of the agency.

Sec. 25.037. TRANSFER OF STATE FUNDS. Provides that on the filing with the agency of notice of a child's transfer and certification by the agency of the transfer, the state available school fund apportionment transfers with the child. Provides that for purposes of computing state allotments to school districts under the Foundation School Program, the attendance of the child before the date of transfer is counted by the transfer sending district and the attendance of the child after the date of transfer is counted by the transfer receiving district.

Sec. 25.038. TUITION FEE FOR TRANSFER STUDENTS. Authorizes the receiving school district to charge a tuition fee to the extent that the district's actual expenditure per student in average daily attendance, as determined by its board of trustees, exceeds the sum the district benefits from state aid sources as provided by Section 25.037. Provides that unless a tuition fee is prescribed and set out in a transfer agreement before its execution by the parties, an increase in tuition charge may not be made for the year of that transfer that exceeds the tuition charge of the preceding school year.

Sec. 25.039. CONTRACTS AND TUITION FOR EDUCATION OUTSIDE DISTRICT. (a) Authorizes a school district that does not offer each grade level from kindergarten through grade 12 to provide by contract for students residing in the district who are at grade levels not offered by the district to be educated at those grade levels in one or more other districts. Requires the districts, in each contract, to agree to the transfer of school funds or other payments proportionate to the transfer of attendance.

(b) Requires the school district in which the students reside to pay tuition to any district with which it has a contract under this section for each of its students attending school in that district at a grade level for which the district has contracted. Authorizes the amount of the tuition paid to exceed the amount provided for by Section 25.038 if the board of trustees of the district in which the students reside finds the excess payment to be in the best interest of the district's educational program.

(c) Provides that a school district is not required to pay tuition to any district with which it has not contracted for the attendance by any of its students at a grade level for which it has contracted under this section with another district.

(d) Prohibits a contract under this section from being for a period exceeding five years.

Sec. 25.040. TRANSFER TO DISTRICT OF BORDERING STATE. Authorizes any child entitled to attend the public school of any school district situated on the boarder of Louisiana, Arkansas, Oklahoma, or New Mexico who finds it more convenient to attend the public school in a district of the contiguous state to have the apportionment of the state and county available school funds paid to the school district of the contiguous state and to have additional tuition paid by the district of the child's residence on terms agreed on by the trustees of the receiving district and the trustees of the residence district.

Sec. 25.041. TRANSFER OF CHILDREN OR WARDS OF EMPLOYEES OF STATE SCHOOLS. Entitles a school-age child or ward of an employee of a state school for the mentally retarded constituted as a school district who resides in the boundaries of the state

school property but who is not a student at the state school to attend school in a district adjacent to the state school free of any charge to the child's or ward's parent or guardian provided the parent or guardian is required by the superintendent of the state school to live on the grounds of the state school for the convenience of this state. Requires a tuition charge required by the admitting district to be paid by the district constituting the state school out of funds allotted to it by the agency.

Sec. 25.042. TRANSFER OF CHILDREN OF EMPLOYEES OF TEXAS YOUTH COMMISSION FACILITIES. Entitles a school-age child of an employee of a facility of the Texas Youth Commission (TYC) to attend school in a school district adjacent to the district in which the student resides free of any charge to the student's parents or guardian. Requires any tuition charge required by the admitting district to be paid by the district from which the student transfers out of any funds appropriated to the facility.

SUBCHAPTER C. OPERATION OF SCHOOLS AND SCHOOL ATTENDANCE

Sec. 25.081. OPERATION OF SCHOOLS. (a) Requires each school district, for each school year, to operate so that the district provides for at least 180 days of instruction for students.

(b) Authorizes the commissioner to approve the instruction of students for fewer than the number of days required under Subsection (a) if a certain calamity causes the closing of the schools.

Sec. 25.082. SCHOOL DAY. (a) Requires a school day to be at least seven hours each day, including intermissions and recesses.

(b) Authorizes a school district to provide for a period of silence at the beginning of the first class of each school day during which a student may reflect or meditate.

Sec. 25.083. SCHOOL DAY INTERRUPTIONS. Requires the board of trustees of each school district to adopt and strictly enforce a policy limiting interruptions of classes during the school day for nonacademic activities such as announcements other than emergency announcements to once during the school day.

Sec. 25.084. YEAR-ROUND SYSTEM. (a) Authorizes a school district to operate its schools year-round on either a single-track or a multitrack calendar. Sets forth provisions the district may modify if a school district adopts a year-round system.

(b) Provides that the operation of schools year-round by a district does not affect the amount of state funds to which the district is entitled under Chapter 42.

Sec. 25.085. COMPULSORY SCHOOL ATTENDANCE. (a) Requires a child who is required to attend school under this section to attend school each day for the entire period the program of instruction is provided.

(b) Requires a child who is at least six years of age, or who is younger than six years of age and has previously been enrolled in first grade, and who has not completed the academic year in which the child's 17th birthday occurred to attend school.

(c) Requires a child, on enrollment in prekindergarten or kindergarten, to attend school.

(d) Requires a student enrolled in a school district, unless specifically exempted by Section 25.086, to attend an extended-year program for which the student is eligible that is provided by the district for students identified as likely not to be promoted to the next grade level or tutorial classes required by the district under Section 29.084.

Sec. 25.086. EXEMPTIONS. (a) Sets forth provisions under which a child is exempt from the requirements of compulsory school attendance.

(b) Provides that this section does not relieve a school district in which a child eligible to participate in the district's special education program resides of its fiscal and administrative responsibilities under Chapter 29A, or of its responsibility to provide a free appropriate public education to a child with a disability.

Sec. 25.087. EXCUSED ABSENCES. (a) Authorizes a child required to attend school to be excused for temporary absence resulting from any cause acceptable to the teacher, principal, or superintendent of the school in which the child is enrolled.

(b) Requires a school district to excuse a student from attending school for the purpose of observing religious holy days, including traveling for that purpose, if before the absence the person having custody of the student submits a written request for the excused absence. Requires a school district to excuse a student for temporary absence resulting from health care professionals if that student commences classes or returns to school on the same day of the appointment. Provides that a student whose absence is excused under this subsection may not be penalized for that absence and shall be counted as if the student attended school for purposes of calculating the average daily attendance of students in the district. Requires a students whose absence is excused under this subsection to be allowed time to make up school work missed on those days. Requires the day of absence, if the student satisfactorily completes the school work, to be counted as a day of compulsory attendance.

Sec. 25.088. SCHOOL ATTENDANCE OFFICER. Authorizes the school attendance officer to be selected by the county school trustees of any county; or the board of trustees of any school district or the boards of trustees of two or more school districts jointly.

Sec. 25.089. COMPENSATION OF ATTENDANCE OFFICER; DUAL SERVICE. (a) Authorizes an attendance officer to be compensated from the funds of the county or the independent school district.

(b) Authorizes an attendance officer to be the probation officer or an officer of the juvenile court of the county.

Sec. 25.090. ATTENDANCE OFFICER NOT SELECTED. Requires the duties of attendance officer, in those counties and independent school districts where an attendance officer has not been selected, to be performed by the school superintendents and peace officers of the counties and districts. Prohibits additional compensation from being paid for the services.

Sec. 25.091. POWERS AND DUTIES OF ATTENDANCE OFFICER. (a) Sets forth the powers and duties of a school attendance officer.

(b) Prohibits a school attendance officer from entering a private residence without the permission of the owner or tenant except to serve lawful process on a person standing in parental relation to a child to whom the compulsory school attendance law applies.

(c) Prohibits a school attendance officer from forcibly taking corporal custody of any child anywhere without permission of the person standing in parental relation to the child except in obedience to a valid process issued by a court of competent jurisdiction.

Sec. 25.092. MINIMUM ATTENDANCE FOR CLASS CREDIT. (a) Prohibits a student from being given credit for a class unless the student is in attendance for at least 90 percent of the days the class is offered.

(b) Requires the board of trustees of each school district to appoint one or more attendance committees to hear petitions for class credit by students who are in attendance fewer than the number of days required under Subsection (a). Requires classroom teacher to comprise a majority of the membership of the committee. Authorizes a committee to give class credit to ta student because of extenuating

circumstances. Requires each board of trustees to establish guidelines to determine what constitutes extenuating circumstances and to adopt policies establishing alternative ways for students to make up work or regain credit lost because of absences. Prohibits a certified public school employee from being assigned additional instructional duties as a result of this section outside of the regular workday unless the employee is compensated for the duties at a reasonable rate of pay.

(c) Provides that a member of an attendance committee is not personally liable for any act or omission arising out of duties as a member of an attendance committee.

(d) Authorizes a student, if a student is denied credit for a class by an attendance committee, to appeal the decision to the board of trustees. Authorizes the decision of the board of trustees to be appealed by trial de novo to the district court of the county in which the school district's central administrative office is located.

(e) Provides that this section does not affect the provision of Section 25.087(b) regarding a student's excused absence from school to observe religious holy days.

Sec. 25.093. THWARTING COMPULSORY ATTENDANCE LAW. (a) Requires the school attendance officer, if any parent of a child required to attend school fails to require the child to attend school as required by law, to warn the parent in writing that attendance is immediately required.

(b) Provides that if, after a warning, the parent with criminal negligence fails to require the child to attend school as required by law and the child has unexcused voluntary absences for the amount of time specified under Section 51.03(b)(2), Family Code, the parent commits an offense.

(c) Requires the attendance officer to file a complaint against the parent in the county court, in the justice court of the parent's resident precinct, or in which the parent residers or in any municipality or justice of the peace precinct in which the school district is located. Requires the attendance officer to file a complaint under this section in the court to which the parent's child has been referred for engaging in conduct described in Section 51.03(b)(2), Family Code, if a referral has been made for the child. Requires the attendance officer, if a referral has not been made, to refer the child to the county juvenile probation department for action as engaging in conduct indicating a need for supervision under that section.

(d) Requires a court in which a complaint is filed under this section to give preference to a hearing on the complaint over other cases before the court.

(e) Provides that an offense under this section is a Class C misdemeanor. Provides that each day the child remains out of school after the warning has been given or the child has been ordered to attend school by the juvenile court may constitute a separate offense. Provides that two or more offenses under this section may be consolidated and prosecuted in a single action. Authorizes the court, if the court probates the sentence, to require the defendant to render personal services to a charitable or educational institution as a condition of probation.

(f) Sets forth provisions by which a fine collected under this section shall be deposited.

(g) Provides that at the trial of any person charged with violating this section, the attendance records of the child may be presented in court by any authorized employee of the school district.

(h) Authorizes the court in which a conviction for an offense under this section occurs to order the defendant to attend a class for parents of students with unexcused absences that provides instruction designed to assist those parents in identifying problems that contribute to the students' unexcused absences and in developing strategies for

resolving those problems if the school district in which the person resides offers such a class.

(i) Defines "parent."

Sec. 25.094. FAILURE TO ATTEND SCHOOL. (a) Sets forth provisions under which a child commits an offense.

(b) Authorizes an offense under this section to be prosecuted in the justice court for the precinct in which the child resides or in which the school is located.

(c) Authorizes the court, on a finding by the justice or municipal court that the child has committed an offense under Subsection (a), to enter an order that includes one or more of the requirements listed in Section 54.021(d), Family Code.

(d) Requires the court, if the justice or municipal court finds that a child has violated an order issued under Subsection (c), to transfer the complaint against the child, together with all pleadings and orders, to a juvenile court for the county in which the child resides. Requires the juvenile court to conduct an adjudication hearing as provided by Section 54.03, Family Code. Requires the adjudication hearing to be de novo.

(e) Authorizes a peace officer, pursuant to an order of the justice or municipal court, to take a child into custody if there are grounds to believe that the child has committed an offense under this section. Sets forth required actions for a peace officer taking a child into custody under this subsection.

(f) Provides that an offense under this section is a Class C misdemeanor.

(g) Authorizes a person convicted of not more than one violation under this section while a minor, on attaining the age of 18 years, to apply to the court in which the person was convicted to have the conviction expunged.

(h) Requires the application to contain the applicant's sworn statement that the person was not convicted of any violation of this section while a minor other than the one the person seeks to have expunged.

(i) Requires the court, if the court finds that the applicant was not convicted of any other violation of this section while the person was a minor, to order the conviction, together with all complaints, verdicts, sentences, and other documents relating to the offense, to be expunged from the applicant's record. Requires the applicant, after entry of the order, to be released from all disabilities resulting from the conviction, and the conviction may not be shown or made known for any purpose.

Sec. 25.095. WARNING NOTICE. (a) Requires a school district to notify a student's parent in writing if, in a six-month period, the student has been absent without an excuse five times for any part of the day. Requires the notice to state that if the student is absent without an excuse for 10 or more days or parts of days in a six-month period the student's parent and the student are subject to prosecution.

(b) Provides that notice is not required under this section if the student is a party to a juvenile court proceeding for conduct described by Section 51.03(b)(2), Family Code.

(c) Provides that the fact that a parent did not receive a notice under this section does not create a defense to prosecution under Section 25.093 or 25.094.

(d) Defines "parent."

Sec. 25.096. ADDITIONAL AUTHORIZATION TO ENFORCE COMPULSORY ATTENDANCE LAW. Authorizes the compulsory attendance provisions of this

subchapter, in addition to enforcement by a school attendance officer, to be enforced by any peace officer, as defined by Article 2.12, Code of Criminal Procedure.

SUBCHAPTER D. STUDENT/TEACHER RATIOS; CLASS SIZE

Sec. 25.111. STUDENT/TEACHER RATIOS. Requires each school district to employ a sufficient number of certified teachers to maintain an average ration of not less than one teacher for each 20 students in average daily attendance.

Sec. 25.112. CLASS SIZE. (a) Prohibits a school district from enrolling more than 22 students in a kindergarten, first, second, third, or fourth grade class. Sets forth time periods in which that limitation does not apply.

(b) Requires the district, not later than 30 days after the first day of the 12-week period for which a district whose average daily attendance is adjusted under Section 42.005(c) is claiming an exemption under Subsection (a), to notify the commissioner in writing that the district is claiming an exemption for the period stated in the notice.

(c) Requires a school district, in determining the number of students to enroll in any class, to consider the subject to be taught, the teaching methodology to be used, and any need for individual instruction.

(d) Authorizes the commissioner, on application of a school district, to except the district from the limit in Subsection (a) if the commissioner finds the limit works an undue hardship on the district. Provides that an exception expires at the end of the semester for which it is granted, and the commissioner may not grant an exception for more than one semester at a time.

SUBCHAPTER Z. MISCELLANEOUS PROVISIONS RELATING TO STUDENTS

Sec. 25.901. EXERCISE OF CONSTITUTIONAL RIGHT TO PRAY. Provides that a public school student has an absolute right to individually, voluntarily, and silently pray or meditate in school in a manner that does not disrupt the instructional or other activities of the school. Prohibits a person from requiring, encouraging, or coercing a student to engage in or refrain from such prayer or meditation during any school activity.

CHAPTER 26. PARENTAL RIGHTS AND RESPONSIBILITIES

Sec. 26.001. PURPOSE. (a) Provides that parents are partners with educators, administrators, and school district boards of trustees in their children's education. Requires parents to be encouraged to actively participate in creating and implementing educational programs for their children.

(b) Provides that the rights listed in this chapter are not exclusive. Provides that this chapter does not limit a parent's rights under other law.

(c) Prohibits a board of trustees, administrator, educator, or other person from limiting parental rights.

(d) Requires each board of trustees to provide for procedures to consider complaints that a parent's right has been denied.

(e) Requires each board of trustees to cooperate in the establishment of ongoing operations of at least one parent-teacher organization at each school in the district to promote parental involvement in school activities.

Sec. 26.002. DEFINITION. Defines "parent."

Sec. 26.003. RIGHTS CONCERNING ACADEMIC PROGRAMS. (a) Sets forth provisions to which a parent is entitled.

(b) Provides that the decision of the board of trustees concerning a request described by Subsection (a)(2) or (3) is final and may not be appealed.

Sec. 26.004. ACCESS TO STUDENT RECORDS. Entitles a parent to access to all written records of a school district concerning the parent's child.

Sec. 26.005. ACCESS TO STATE ASSESSMENTS. Entitles a parent to access to a copy of each state assessment instrument administered under Section 39.023(a) or (b) to the parent's child.

Sec. 26.006. ACCESS TO TEACHING MATERIALS. (a) Sets forth teaching materials to which a parent is entitled.

(b) Requires a school district to make teaching materials and tests readily available for review by parents. Authorizes the district to specify hours for review.

Sec. 26.007. ACCESS TO BOARD MEETINGS. (a) Entitles a parent to complete access to any meeting of the board of trustees of the school district, other than a closed meeting held in compliance with Chapter 551D and E, Government Code.

(b) Requires a board of trustees of a school district to hold each public meeting of the board of trustees within the boundaries of the district except as required by law or except to hold a joint meeting with another district. Requires all public meetings to comply with Chapter 551, Government Code.

Sec. 26.008. RIGHT TO FULL INFORMATION CONCERNING STUDENT. (a) Entitles a parent to full information regarding the school activities of a parent's child.

(b) Provides that an attempt by any school district employee to encourage or coerce a child to withhold information from the child's parent is grounds for discipline under Section 21.104, 21.156, or 21.211, as applicable.

Sec. 26.009. CONSENT REQUIRED FOR CERTAIN ACTIVITIES. (a) Requires an employee of school district to obtain the consent of a child's parent before the employee performs certain psychological examinations, tests, or treatment; or authorize the making of a videotape or audiotape of a child.

(b) Provides that an employee of a school district is not required to obtain the consent of a child's parent before the employee may make a videotape of a child or authorize the recording of a child's voice if the videotape or voice recording is to be used for certain specified purposes.

Sec. 26.010. EXEMPTION FROM INSTRUCTION. (a) Entitles a parent to remove the parent's child temporarily from a class or other school activity that conflicts with the parent's religious or moral beliefs if the parent presents or delivers to the teacher of the parent's child a statement authorizing the removal of the child from the class or other school activity. Provides that a parent is not entitle to remove the parent's child from a class or other school activity to avoid a test or to prevent the child from taking a subject for an entire semester.

(b) Provides that this section does not exempt a child from satisfying grade level or graduation requirements in a manner acceptable to the school district and the agency.

Sec. 26.011. COMPLAINTS. Requires the board of trustees of each school district to adopt a grievance procedure under which the board of trustees shall address each complaint that the board of trustees receives concerning violation of a right guaranteed by this chapter.

Sec. 26.012. FEE FOR COPIES. Authorizes the agency or a school district to charge a fee for copies of materials provided to a parent under this chapter.

SUBTITLE F. CURRICULUM, PROGRAMS, AND SERVICES

CHAPTER 28. COURSES OF STUDY; ADVANCEMENT

SUBCHAPTER A. ESSENTIAL KNOWLEDGE AND SKILLS; CURRICULUM

Sec. 28.001. PURPOSE. Sets forth the intent of the legislature in relation to essential knowledge and skills developed by the board.

Sec. 28.002. REQUIRED CURRICULUM. (a) Sets forth the required curriculum of each school district that offers kindergarten through grade 12.

(b) Requires the board, by rule, to designate subjects constituting a well-balanced curriculum to be offered by a school district that does not offer kindergarten through grade 12.

(c) Requires the board, by rule, with participation of the community, to identify the essential knowledge and skills of each subject of the foundation curriculum that all students should be able to demonstrate and that will be used in evaluating textbooks under Chapter 31 and addressed on the assessment instruments required under Chapter 39B. Requires the board, as a condition of accreditation, to required each district to provide instruction in the essential knowledge and skills at appropriate grade levels.

(d) Requires the board, by rule, after consulting with members of the community, to identify the essential knowledge and skills of each subject of the enrichment curriculum that all students should be able to demonstrate. Requires each district to use the essential knowledge and skills identified by the board as guidelines in providing instruction in the enrichment curriculum.

(e) Provides that American Sign Language (ASL) is a language for purposes of Subsection (a)(2)(A). Authorizes a public school to offer an elective course in the language.

(f) Authorizes a school district to offer courses for local credit in addition to those in the required curriculum. Requires the board to be flexible in approving a course for credit for high school graduation under this subsection.

(g) Authorizes a local instructional plan to draw on state curriculum frameworks and program standards as appropriate. Provides that each district is encouraged to exceed minimum requirements of law and board rule. Requires each district to ensure that all children in the district participate in a balanced curriculum designed to meet individual needs.

(h) Requires the board and each school district to foster the continuation of the tradition of teaching U.S. and Texas history and the free enterprise system in regular subject matter and in reading courses and in the adoption of textbooks. Sets forth a primary purpose of the public school curriculum.

(i) Requires the board to adopt rules for the implementation of this subchapter. Prohibits the board from adopting rules that designate the methodology used by a teacher or the time spent by a teacher or a student on a particular task or subject.

(j) Authorizes the board, by rule, to require laboratory instruction in secondary science courses and to require a specific amount or percentage of time in a secondary science course that must be laboratory instruction.

Sec. 28.003. EDUCATIONAL PROGRAM ACCESS. (a) Sets forth required actions for a school district, if the parents or guardians of at least 22 students at a school request a transfer for the same school year to another school in the district for the purpose of enrolling in an educational program offered at that school.

(b) Defines "educational program."

Sec. 28.004. HUMAN SEXUALITY INSTRUCTION. (a) Requires any course materials and instruction relating to human sexuality, sexually transmitted diseases, or human immunodeficiency virus or acquired immune deficiency syndrome to be selected by the board of trustees of a school district with the advice of the local health education advisory council (council) established under Subsection (e) and must contain certain provisions.

(b) Prohibits a school district from distributing condoms in connection with instruction relating to human sexuality.

(c) Authorizes a school district that provides human sexuality instruction to separate students according to sex for instructional purposes.

(d) Requires the board of trustees of a school district to determine the specific content of the district's instruction in human sexuality, in accordance with Subsections (a)-(c). Prohibits a change in health curriculum content or instruction from being made before considering the recommendations of the council.

(e) Requires a school district to establish a council to assist the district in ensuring that local community values and health issues are reflected in the district's human sexuality instruction.

(f) Sets forth the duties of the council.

(g) Sets forth required and optional members of the council.

(h) Requires a school district to notify a parent of each student enrolled in the district of the basic content of the district's human sexuality instruction; and the parent's right to remove the student from any part of the district's human sexuality instruction.

(i) Requires a school district to make all curriculum materials used in the district's human sexuality instruction available for public inspection.

Sec. 28.005. LANGUAGE OF INSTRUCTION. (a) Requires English to be the basic language of instruction in public schools.

(b) Provides that it is the policy of this state to ensure the mastery of English by all students, except that bilingual instruction may be offered or permitted in situations in which bilingual instruction is necessary to ensure students' proficiency in the English language and ability to achieve academic success.

SUBCHAPTER B. ADVANCEMENT, PLACEMENT, CREDIT, AND ACADEMIC ACHIEVEMENT RECORD

Sec. 28.021. STUDENT ADVANCEMENT. (a) Provides that a student may be promoted only on the basis of academic achievement or demonstrated proficiency of the subject matter of the course or grade level.

(b) Provides that in measuring the academic achievement or proficiency of a student who is dyslexic, the student's potential for achievement or proficiency in the area must be considered.

Sec. 28.022. NOTICE TO PARENT OF UNSATISFACTORY PERFORMANCE. (a) Requires the board of trustees of each school district to adopt a policy that provides for a conference between parents and teachers; and requires the district, at least once every 12 weeks, to give written notice to a parent of a student's performance in each class or subject.

(b) Requires the notice required under Subsection (a)(2) to provide for the signature of the student's parent; and be returned to the district.

(c) Sets forth students to whom a policy adopted under this section does not apply.

(d) Defines "parent."

Sec. 28.023. CREDIT BY EXAMINATION. (a) Requires a school district, using guidelines established by the board, to develop or select for board review examinations for acceleration for each primary school grade level and for credit for secondary school academic subjects. Requires the guidelines to provide for the examinations to comprehension of the information presented in the applicable grade level or subject. Requires the board to approve examinations that satisfy board guidelines.

(b) Requires a school district to give a student in a primary grade level credit for a grade level and advance the student one grade level on the basis of a board-approved examination for acceleration if certain provisions apply.

(c) Requires a school district to give a student in grade level six or above credit for a subject on the basis of a board-approved examination for credit in the subject if the student scores in the 90th percentile or above on the examination. Requires the district, if a student is given credit in a subject on the basis of an examination, to enter the examination score on the student's transcript.

(d) Requires each district to administer each examination not less than once a year, at times to be determined by the board.

Sec. 28.024. CREDIT FOR ENROLLMENT IN CERTAIN ACADEMIES. (a) Requires a school district to grant to a student credit toward the academic course requirements for high school graduation, up to a maximum of two years of credit, for courses the student completes at the Texas Academy of Leadership in the Humanities; or the Texas Academy of Mathematics and Science.

Sec. 28.025. HIGH SCHOOL DIPLOMA AND CERTIFICATE; ACADEMIC ACHIEVEMENT RECORD. (a) Requires the board, by rule, to determine curriculum requirements for the minimum, recommended, and advanced high school programs that are consistent with the required curriculum under Section 28.002. Sets forth provisions under which a student may graduate and receive a diploma.

(b) Authorizes a school district to issue a certificate of coursework completion to a student who completes the curriculum requirements identified by the board under Subsection (a) but who fails to perform satisfactorily on the assessment instruments specified by Subsection (a). Authorizes a school district to allow a student who receives a certificate to participate in a graduation ceremony with students receiving high school diplomas.

(c) Requires each school district to report the academic achievement record of students who have completed a minimum, recommended, or advanced high school program on transcript form adopted by the board. Requires the transcript forms adopted by the board to be designed to differentiate between each of the high school programs and identify whether a student received a diploma or a certificate of coursework completion.

(d) Requires the commissioner, not later than December 1, 1996, to develop and propose to the legislature alternative methods of assessment for students who have attempted and failed to complete the exit-level assessment instrument administered under Section 39.023(b). Provides that the goal of this requirement is to produce an alternative mechanism by which a student can demonstrate possession of the knowledge and skills evaluated by the exit-level assessment instrument administered

under Section 39.023(b) and gain a high school diploma. Provides that this subsection expires January 1, 1997.

SUBCHAPTER C. ADVANCED PLACEMENT INCENTIVES

Sec. 28.051. DEFINITIONS. Defines "board," "college advance placement course," "college advanced placement test," "college board," "international baccalaureate course," "international baccalaureate examination," and "program."

Sec. 28.052. PROGRAM; PURPOSE. (a) Sets forth the purpose of the Texas Advanced Placement Incentive Program.

(b) Provides that awards and subsidies granted under the program are for the public purpose of promoting an educated citizenry.

Sec. 28.053. TYPES OF AWARDS. (a) Sets forth awards a school participating in the program may be awarded.

(b) Sets forth awards a teacher participating in the program may be awarded.

(c) Requires a teacher, to be eligible for an award under Subsection (b), to teach a college advanced placement course or an international baccalaureate course.

(d) Provides that 50 dollars may be deposited in the teacher bonus pool for each student enrolled in the school that scores a three or better on a college advance placement test or four or better on an international baccalaureate examination.

(e) Authorizes a student receiving a score of three or better on a college advanced placement test or four or better on an international baccalaureate examination to receive reimbursement, not to exceed $65, for the testing fee. Requires the reimbursement to be reduced by the amount of any subsidy awarded by the college board or the International Baccalaureate Organization or under Section 28.054.

(f) Authorizes the commissioner to enter into agreements with the college board and the International Baccalaureate Organization to pay for all examinations taken by eligible public school students. Provides that an eligible student is one who takes a college advanced placement or international baccalaureate course at a public school or who is recommended by the student's principal or teacher to take the test.

(g) Requires the commissioner to analyze and adjust the sum of and the number of awards to ensure that the purpose of the program is realized.

Sec. 28.054. SUBSIDIES FOR COLLEGE ADVANCED PLACEMENT TEST OR INTERNATIONAL BACCALAUREATE EXAMINATION. (a) Entitles a student to a subsidy for a fee paid by the student to take a college advanced placement test or an international baccalaureate examination if the student demonstrates financial need. Requires the board to adopt guidelines for determining financial need consistent with the definition of financial need adopted by the college board or the International Baccalaureate Organization.

(b) Sets forth requirement for a student in order to obtain a subsidy under this section.

(c) Authorizes the agency, on approval of the board, to pay each eligible applicant an equal amount, not to exceed $25 for each applicant.

Sec. 28.055. USE OF SCHOOL AWARDS; APPLICATION. (a) Requires a school to give priority to academic enhancement purposes in using an award received under the program. Prohibits the award from being used for any purpose related to athletics.

(b) Requires a school, to obtain an award under the program, to submit top the board a written application in a form, manner, and time prescribed by the commissioner.

Sec. 28.056. APPLICATION FOR TEACHER AWARDS AND REIMBURSEMENTS. Requires a teacher, to obtain an award or reimbursement for training expenses under the program, to submit to the board a written application in a form, manner, and time prescribed by the commissioner.

Sec. 28.057. FUNDING. (a) Authorizes an award or subsidy granted under this subchapter to be funded by donations, grants or legislative appropriations. Authorizes the commissioner to solicit and receive grants and donations for making awards under this subchapter. Requires the agency to account for and distribute the donations, grants, or legislative appropriations.

(b) Requires the agency to apply to the program any available funds from its appropriations that may be used for purposes of the program.

(c) Provides that the grant of any award or subsidy under the program is subject to the availability of funds.

Sec. 28.058. CONFIDENTIALITY. Provides that all information regarding an individual student received by the commissioner under this subchapter from a school district or student is confidential under Chapter 552, Government Code.

CHAPTER 29. EDUCATIONAL PROGRAMS

SUBCHAPTER A. SPECIAL EDUCATION PROGRAM

Sec. 29.001. STATEWIDE PLAN. Requires the agency to develop, and modify as necessary, a statewide design, consistent with federal law, for the delivery of services to children with disabilities in this state that includes rules for the administration and funding of the special education program so that a free appropriate public education is available to all of those children between the ages of three and 21. Requires the statewide design to include the provision of services primarily through school districts and shared services arrangements, supplemented by service centers. Requires the agency to develop and implement a statewide plan with programmatic content that includes certain procedures.

Sec. 29.002. ELIGIBILITY CRITERIA. (a) Requires the agency to develop specific eligibility criteria based on the general classifications established by this section with reference to contemporary diagnostic or evaluative terminologies and techniques. Requires eligible students with disabilities to enjoy the right to a free appropriate public education. Requires instruction to be supplemented by the provision of related services when appropriate.

(b) Sets forth provisions under which a student is eligible to participate in a school district's special education program.

Sec. 29.004. COMPREHENSIVE ASSESSMENT. Requires a report of a comprehensive individual assessment of a student for purposes of special education services to be completed not later than 60 calendar days following the date on which the referral for assessment was initiated by school personnel, the student's parent or legal guardian, or another appropriate person. Requires the assessment to be conducted using procedures that are appropriate for the student's most proficient method of communication.

Sec. 29.005. INDIVIDUALIZED EDUCATION PROGRAM. (a) Requires a district, before a child is enrolled in a special education program of the school district, to establish a committee composed of the persons required under 20 U.S.C. Section 1401(20) to develop the child's individualized education program.

(b) Requires the committee to develop the individualized education program by agreement of the committee members, or if those persons cannot agree, by an alternate method provided by the agency. Prohibits majority vote from being used to determine the individualized education program.

(c) Requires the written statement of the program required under 20 U.S.C. Section 1401(20), if the individualized education program is not developed by agreement, to include the basis of the disagreement.

Sec. 29.006. CONTINUING ADVISORY COMMITTEE. Requires the governor to appoint a continuing advisory committee, composed of 17 members, under 20 U.S.C. Section 1413(a)(12). Provides that the appointments are not subject to confirmation by the senate. Provides that members of the committee are appointed for staggered terms of four years with the terms of eight or nine members expiring on February 1 of each odd-numbered year.

Sec. 29.007. SHARED SERVICES ARRANGEMENTS. Authorizes school districts to enter into a written contract to jointly operate their special education programs. Requires the contract to be approved by the commissioner. Authorizes funds to which the cooperating districts are entitled to be allocated to the districts jointly as shared services arrangement units or shared services arrangement funds in accordance with the shared services arrangement funds in accordance with the shared services arrangement districts' agreement.

Sec. 29.008. CONTRACTS FOR SERVICES; RESIDENTIAL PLACEMENT. (a) Authorizes a school district, shared services arrangement unit, or service center to contract with a facility, institution, or agency inside or outside of this state for the provision of services to students with disabilities. Requires each contract for residential placement to be approved by the commissioner. Authorizes the commissioner to approve a residential placement contract only after at least a programmatic evaluation of personnel qualifications, adequacy of physical plant and equipment, and curriculum content. Authorizes the commissioner to approve either the whole or a part of the facility or program.

(b) Authorizes costs of an approved contract for residential placement to be paid from a combination of federal, state, and local funds. Provides that the local share of the total contract cost for each student is that portion of the local tax effort that exceeds the district's local fund assignment under Section 42.252, divided by the average daily attendance in the district. Provides that if the contract involves a private facility, the state share of the total contract cost is that amount remaining after subtracting the local share. Provides that if the contract involves a public facility, the state share is that amount remaining after subtracting the local share from the portion of the contract that involves the costs of instructional and related services. Defines "local tax effort."

(c) Provides that when a student, including one for whom the state is managing conservator, is placed primarily for care or treatment reasons in a private residential facility that operates its own private education program, none of the costs may be paid from public education funds. Provides that if a residential placement primarily for care or treatment reasons involves a private residential facility in which the education program is provided by the school district, the portion of the costs that includes appropriate education services, as determined by the school district's admission, review, and dismissal committee, shall be paid from state and federal education funds.

(d) Requires a district that contracts for the provision of education services, rather than providing the services itself, to oversee the implementation of the student's individualized education program and to annually reevaluate the appropriateness of the arrangement. Requires an approved facility, institution, or agency with whom the district contracts to periodically report to the district on the services the student has received or will receive in accordance with the contract as well as diagnostic or other

evaluative information that the district requires in order to fulfill its obligations under this subchapter.

Sec. 29.009. PUBLIC NOTICE CONCERNING PRESCHOOL PROGRAMS FOR STUDENTS WITH DISABILITIES. Requires each school district to develop a system to notify the population in the district with children who are at least three years of age but younger than six years of age and who are eligible for enrollment in a special education program of the availability of the program.

Sec. 29.010. COMPLIANCE. (a) Requires the agency to monitor school district compliance with federal and state laws relating to special education by inspecting each school district at the district's facilities. Authorizes the agency to determine the appropriate schedule for and extent of the inspection.

(b) Requires the agency, to complete the inspection, to obtain information from parents of students in special education programs in the district.

(c) Requires the agency to develop and implement a system of sanctions for school districts whose most recent monitoring visit shows a failure to comply with major requirements of the 20 U.S.C. Section 1400 et seq. (Individuals with Disabilities Education Act), federal regulations, state statutes, or agency requirements necessary to carry out federal law or regulations or state law relating to special education.

(d) Provides that for districts that remain in noncompliance for more than one year, the first stage of sanctions shall begin with annual or more frequent monitoring visits. Authorizes subsequent sanctions to range in severity up to the withholding of funds. Authorizes the agency, if funds are withheld, to use the funds to provide, through alternative arrangements, services to students and staff members in the district from which the funds are withheld.

Sec. 29.011. TRANSITION PLANNING. (a) Requires the Texas Education Agency, TDMHMR, and the Texas Rehabilitation Commission to develop, agree to, and by rule adopt a memorandum of understanding that establishes the respective responsibilities of each agency for the provisions of services necessary to prepare students enrolled in special education programs for a successful transition to life outside of the public school system.

(b) Authorizes the Texas Education Agency, TDMHMR, and the Texas Rehabilitation Commission to request other appropriate agencies to participate in the development of the memorandum of understanding, and each agency requested shall participate and adopt the memorandum. Requires the memorandum to be agreed to by all participating agencies.

(c) Authorizes the memorandum to require an agency or a school district to provide a service only if the agency or school district is providing that service at the time the memorandum is adopted. Requires the memorandum to require each participating agency to participate in the development of a transition plan required by Subsection (e) on the request of a school district.

(d) Requires the Texas Education Agency to coordinate the development of the memorandum of understanding.

(e) Requires each district to develop and annually review an individual transition plan (ITP) for each student enrolled in a special education program who is at least 16 years of age. Provides that the ITP shall be developed in a separate document from the individualized education program (IEP) and may not be considered a part of the IEP. Requires the school district to coordinate development of the ITP with any participating agency as provided in the memorandum of understanding in order to provide continuity and coordination of services among the various agencies and between the ITP and IEP. Requires the district to request the participation in the

development of the ITP of any participating agency recommended by school personnel or requested by the student or the student's parent. Requires the district to invite the student and the student's parents or guardians to participate in the development of the ITP. Authorizes only those components of the ITP that are the responsibility of the district to be incorporated in to the student's IEP. Provides that only the failure to implement those components of a student's ITP that are included in the IEP are subject to the due process procedures of 20 U.S.C. Section 1400 et seq. or to Texas Education Agency complaint procedures. Provides that the failure of the district to develop and annually review an ITP for a student is subject only to the Texas Education Agency complaint procedures and not to the due process procedures of 20 U.S.C. Section 1400 et seq. Requires a monitoring visit under Section 29.010 to include a review of the transition planning requirements under this section. Provides that a school district is not liable for the failure of another agency to implement those components of the ITP that are designated as the responsibility of that agency under the memorandum of understanding.

Sec. 29.012. INTERMEDIATE CARE FACILITIES. (a) Requires the Texas Education Agency and the TDMHMR by a cooperative effort to develop and by rule adopt a memorandum of understanding that establishes the respective responsibilities of school districts and of intermediate care facilities for mentally retarded persons for the provision of classrooms and educationally related therapy for students who reside in those facilities.

(b) Requires the division of responsibilities under the memorandum of understanding to be consistent with federal law relating to the state medical assistance program.

Sec. 29.013. NONEDUCATIONAL COMMUNITY-BASED SUPPORT SERVICES FOR CERTAIN STUDENTS WITH DISABILITIES. (a) Requires the agency to establish procedures and criteria for the allocation of funds appropriated under this section to school districts for the provision of noneducational community-based support services to certain students with disabilities and their families so that those students may receive an appropriate free public education in the least restrictive environment.

(b) Authorizes the funds to be used only for eligible student with disabilities who would remain or would have to be placed in residential facilities primarily for educational reasons without the provision of noneducational community-based support services.

(c) Authorizes the support services to include in-home family support, respite care, and case management for families with a student who otherwise would have been placed by a district in a private residential facility.

(d) Provides that the provision of services under this section does not supersede or limit the responsibility of other agencies to provide or pay for costs of noneducational community-based support services to enable any student with disabilities to receive a free appropriate public education in the least restrictive environment. Prohibits services provided under this section from being used for a student with disabilities who is currently placed or who needs to be placed in a residential facility primarily for noneducational reasons.

Sec. 29.014. SCHOOL DISTRICTS THAT PROVIDE EDUCATION SOLELY TO STUDENTS CONFINED TO OR EDUCATION IN HOSPITALS. (a) Provides that this section applies only to a school district that provides education and related services only to students who are confined in or receive educational services in a hospital.

(b) Authorizes a school district to which this section applies to operate an extended year program for a period not to exceed 45 days. Requires the district's average daily attendance to be computed for the regular school year plus the extended year.

(c) Authorizes a student whose appropriate education program is a regular education program to receive services and be counted for attendance purposes for the number of

hours per week appropriate for the student's condition if the student: is temporarily classified as eligible for participation in a special education program because of the student's confinement in a hospital; and the student's education is provided by a district to which this section applies.

(d) Sets forth the provisions by which the basic allotment for a student enrolled in a district to which this section applies is adjusted.

SUBCHAPTER B. BILINGUAL EDUCATION AND SPECIAL LANGUAGE PROGRAMS

Sec. 29.051. STATE POLICY. Sets forth the state policy on English as the basic language of this state.

Sec. 29.052. DEFINITIONS. Defines "student of limited English proficiency" and "parent."

Sec. 29.053. ESTABLISHMENT OF BILINGUAL EDUCATION AND SPECIAL LANGUAGE PROGRAMS. (a) Requires the agency to establish a procedure for identifying school districts that are required to offer bilingual education and special language programs in accordance with this subchapter.

(b) Requires the language proficiency assessment committee established under Section 29.063, within the first four weeks following the first day of school, to determine and report to the board of trustees of the district the number of students of limited English proficiency on each campus and to classify each student according to the language in which the student possesses primary proficiency. Requires the board of trustees to report that information to the agency before November 1 each year.

(c) Requires each district with an enrollment of 20 or more students of limited English proficiency in any language classification in the same grade level to offer a bilingual education or special language program.

(d) Sets forth provisions each district that is required to offer bilingual education and special language programs under this section shall offer for student of limited English proficiency.

Sec. 29.054. EXCEPTION. (a) Provides that if a program other than bilingual education must be used in kindergarten through the elementary grades, documentation for the exception must be filed with and approved by the agency.

(b) Provides that an application for an exception may be filed with the agency when a district is unable to hire a sufficient number of teachers with teaching certificates appropriate for bilingual education instruction to staff the required program. Sets forth information which must accompany the application.

(c) Provides that an exception shall be granted under this section on an individual district basis and is valid for only one year. Requires application for an exception for a second or succeeding year to be accompanied by the documentation prescribed by Subsection (b).

(d) Requires the district, during the period for which a district is granted an exception under this section, to use alternative methods approved by the agency to meet the needs of its students of limited English proficiency.

Sec. 29.055. PROGRAM CONTENT; METHOD OF INSTRUCTION. (a) Requires a bilingual education program established by a school district to be a full-time program of dual-language instruction that provides for learning basic skills in the primary language of the students enrolled in the program and for carefully structured and sequenced mastery of English language skills. Requires a program of instruction in English as a second

language established by a school district to be a program of intensive instruction in English from teachers trained in recognizing and dealing with language differences.

(b) Requires a program of bilingual education or of instruction in English as a second language to be designed to consider the students' learning experiences and to incorporate the cultural aspects of the students' backgrounds.

(c) Requires students of limited English proficiency, in subjects such as art, music, and physical education, to participate fully with English-speaking students in regular classes provided in the subjects.

(d) Authorizes elective courses included in the curriculum to be taught in a language other than English.

(e) Requires each school district to provide students enrolled in the program an opportunity to participate fully with other students in all extracurricular activities.

(f) Requires the agency, if money is appropriated for the purpose, to establish a limited number of pilot programs for the purpose of examining alternative methods of instruction in bilingual education and special language programs.

Sec. 29.056. ENROLLMENT OF STUDENTS IN PROGRAM. (a) Requires the agency to establish standardized criteria for the identification, assessment, and classification of students of limited English proficiency eligible for entry into the program or exit from the program. Requires the student's parents to approve a student's entry into the program, exit from the program, or placement in the program. Authorizes the school district or parent to appeal the decision under Section 29.064. Sets forth provisions the criteria for identification, assessment, and classification may include.

(b) Requires tests under Subsection (a) to be administered by professionals or paraprofessionals with the appropriate English and primary language skills and the training required by the test publisher.

(c) Sets forth provisions under which the language proficiency assessment committee may classify a student as limited English proficiency.

(d) Requires the language proficiency assessment committee, not later than 10 days after the student's classification as a student of limited English proficiency, to give notice of the classification to the student's parent. Requires the notice to be in English and the parent's primary language. Requires the parents of students eligible to participate in the required bilingual education program to be informed of the benefits of the bilingual education or special language program and that it is an integral part of the school program.

(e) Authorizes the language proficiency assessment committee to retain, for documentation purposes, all records obtained under this section.

(f) Prohibits the district from refusing to provide instruction in a language other than English to a student solely because the student has a disability.

(g) Authorizes a district to transfer a student of limited English proficiency out of a bilingual education or special language program if it is determined that the student is able to participate equally in a regular all-English instructional program.

(h) Provides that if later evidence suggests that a student who has been transferred out of a bilingual education or special language program has inadequate English proficiency and achievement, the language proficiency assessment committee may reenroll the student in the program. Requires classification of students for reenrollment to be based on the criteria required by this section.

Sec. 29.057. FACILITIES; CLASSES. (a) Requires bilingual education and special language programs to be located in the regular public schools of the district rather than in separate facilities.

(b) Requires students enrolled in bilingual education or a special language program to be place in classes with other students of approximately the same age and level of educational attainment. Requires the school district to ensure that the instruction given each student is appropriate to the student's level of educational attainment, and the district to keep records of the educational level and progress of each student enrolled in the program.

(c) Requires the maximum student-teacher ratio to be set by the agency and to reflect the special educational needs of students enrolled in the programs.

Sec. 29.058. ENROLLMENT OF STUDENTS WHO DO NOT HAVE LIMITED ENGLISH PROFICIENCY. Authorizes a student who does not have limited English proficiency, with the approval of the school district and a student's parents, to participate in a bilingual education program. Prohibits the number of participating students who do not have limited English proficiency from exceeding 40 percent of the number of students enrolled in the program.

Sec. 29.059. COOPERATION AMONG DISTRICTS. (a) Authorizes a school district to join with one or more other districts to provide the bilingual education and special language programs required by this subchapter. Requires the availability of the programs to be publicized throughout the district involved.

(b) Authorizes a school district to allow a nonresident student of limited English proficiency to enroll in or attend its bilingual education or special language programs if the student's district of residence does not provide an appropriate program. Requires the tuition for the student to be paid by the district in which the student resides.

Sec. 29.060. PRESCHOOL, SUMMER SCHOOL, AND EXTENDED TIME PROGRAMS. (a) Requires each school district that is required to offer a bilingual education or special language program to offer a voluntary program for children of limited English proficiency who will be eligible for admission to kindergarten or the first grade at the beginning of the next school year. Requires a school that operates on a system permitted by this code other than a semester system to offer 120 hours of instruction on a schedule the board of trustees of the district establishes. Requires a school that operates on a semester system to offer the program during the period school is recessed for the summer; and for one-half day for eight weeks or on a similar schedule approved by the board of trustees.

(b) Provides that enrollment of a child in the program is optional with the parent of the child.

(c) Requires the program to be an intensive bilingual education or special language program that meets standards established by the agency. Prohibits the student/ teacher ratio for the program from exceeding 18/1.

(d) Authorizes a school district to establish a full- or part-time basis other summer school, extended day, or extended week bilingual education or special language programs for students of limited English proficiency and to join with other districts in establishing the programs.

(e) Prohibits the programs required or authorized by this section from being a substitute for programs required to be provided during the regular school year.

(f) Authorizes the legislature to appropriate money from the foundation school fund for support of a program under Subsection (a).

Sec. 29.061. BILINGUAL EDUCATION AND SPECIAL LANGUAGE PROGRAM TEACHERS. (a) Requires SBEC to 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. Requires SBEC to provide for the issuance of teaching certificates appropriate for teaching English as a second language. Authorizes SBEC to issue emergency endorsements in bilingual education and in teaching English as a second language.

(b) Requires a teacher assigned to a bilingual education program to be appropriately certified for bilingual education by SBEC.

(c) Requires a teacher assigned to a bilingual education program to be appropriately certified for bilingual education by SBEC.

(d) Requires a teacher assigned to an English as a second language or other special language program to be appropriately certified for English as a second language by SBEC.

(e) Requires SBEC and the coordinating board to develop a comprehensive plan for meeting the teacher supply needs created by the programs outlined in this subchapter.

Sec. 29.062. COMPLIANCE. (a) Provides that the legislature recognizes that compliance with this subchapter is an imperative public necessity. Requires the agency to monitor compliance with state rules by inspecting each school district and open-enrollment charter school on-site at least every three years.

(b) Sets forth the areas to be monitored.

(c) Requires the agency, not later than 30 days after the date of an on-site monitoring inspection, to report its findings to the school district or open-enrollment charter school and to the division of accreditation.

(d) Requires the agency to notify a school district or open-enrollment charter school found in noncompliance in writing not later than 30 days after the on-site monitoring. Requires the district or open-enrollment charter school to take corrective action.

(e) Requires the agency, if a school district or open-enrollment charter school fails or refuses to comply after proper notification, to apply sanctions, which may include the removal of accreditation, loss of foundation school funds, or both.

Sec. 29.063. LANGUAGE PROFICIENCY ASSESSMENT COMMITTEES. (a) Requires each school district that is required to offer bilingual education and special language programs to establish a language proficiency assessment committee.

(b) Requires each committee to include a professional bilingual educator, a professional transitional language educator, a parent of a limited English proficiency student, and a campus administrator.

(c) Sets forth required actions for the language proficiency assessment committee.

(d) Authorizes the agency to prescribe additional duties for language proficiency assessment committees.

Sec. 29.064. APPEALS. Authorizes a parent of a student enrolled in a school district offering bilingual education or special language programs to appeal to the commissioner if the district fails to comply with the requirements established by law or by the agency as authorized by this subchapter. Authorizes a parent, if the parent disagrees with the placement of the student in the program, to appeal that decision to the board of trustees.

Requires appeals to be conducted in accordance with procedures adopted by the commissioner.

SUBCHAPTER C. COMPENSATORY EDUCATION PROGRAMS

Sec. 29.081. COMPENSATORY AND ACCELERATED INSTRUCTION. (a) Requires each school district to use the student performance data resulting from the basic skills assessment instruments and achievement tests administered under Chapter 39B, to design and implement appropriate compensatory or accelerated instructional services for students in the district's schools.

(b) Requires each district to provide accelerated instruction to a student enrolled in the district who has taken the secondary exit-level assessment instrument and has not performed satisfactorily on each section or who is at risk of dropping out of school.

(c) Requires each school district to evaluate and document the effectiveness of the accelerated instruction in reducing the dropout rate and in increasing achievement in the categories of students listed under Subsection (a).

(d) Defines "student at risk of dropping out of school."

(e) Authorizes a school district to use a community-based dropout recovery education program to provide alternative education programs for students at risk of dropping out of school. Requires the program to grade students' work, offer course credit, modify instructional time requirements, and establish methods of evaluating subject mastery.

(f) Requires the commissioner to include students in attendance in a program under Subsection (e) in the computation of the district's average daily attendance for funding purposes.

Sec. 29.082. OPTIONAL EXTENDED YEAR PROGRAM. (a) Authorizes a school district to set aside an amount from the district's allotment under Section 42.152 or to apply to the agency for funding of an extended year program for a period not to exceed 30 instructional days for students in kindergarten through grade 8 who are identifies as likely not to be promoted to the next grade level for the succeeding school year.

(b) Authorizes the commissioner to adopt rules for the administration of programs provided under this section.

(c) Prohibits a school district from enrolling more than 16 students in a class provided under this section.

(d) Requires each class provided under this section to be taught by a teacher who has completed a program that provides training to teach a class under this section and that satisfies standards the commissioner establishes.

(e) Requires a student who attends at least 90 percent of the program days of a program under this section to be promoted to the next grade level at the beginning of the next school year unless a parent of the student presents a written request to the school principal that the student not be promoted to the next grade level. Requires the principal, as soon as practicable after receiving the request from a parent, to hold a formal meeting with the student's parent, extended year program teacher, and counselor. Requires the principal, teacher, or counselor, during the meeting to explain the longitudinal statistics on the academic performance of students who are not promoted to the next grade level and provide information on the effect of retention on a student's self-esteem and on the likelihood of a student dropping out of school. Authorizes the parent, after the meeting, to withdraw the request that the student not be promoted to the next grade level. Provides that if the parent of a student eligible for promotion under this subsection withdraws the request, the student shall be promoted. Requires the school district, if a student is promoted under this subsection,

to continue to use innovative practices to ensure that the student is successful in school in succeeding years.

(f) Requires a school district that provides a program under this section to adopt a policy designed to lead to reduction and ultimate elimination of student retention.

(g) Requires a school district to provide transportation to each student who is required to attend a program under this section and who is eligible for regular transportation services.

Sec. 29.083. STUDENT RETENTION INFORMATION. Requires the agency to collect data from school districts through PEIMS relating to grade level retention of students.

Sec. 29.084. TUTORIAL SERVICES. (a) Authorizes each school district to provide tutorial services at the district's schools.

(b) Requires a district that provides tutorial services to require a student to attend tutorials if the student's whose grade in a subject for a grade reporting period is lower than the equivalent of 70 on a scale of 100.

(c) Authorizes a district to provide transportation for a student who is required to attend tutorial services and who is eligible for regular transportation services.

Sec. 29.085. LIFE SKILLS PROGRAM FOR STUDENT PARENTS. (a) Authorizes a school district to provide an integrated program of educational and support services for students who are pregnant or who are parents.

(b) Sets forth provisions the program shall include.

(c) Requires the district to solicit recommendations for obtaining community support for the student and their children from organizations for parents of students in the district and from other community organizations.

(d) Authorizes school districts to operate shared services arrangement programs under this section.

SUBCHAPTER D. EDUCATIONAL PROGRAMS FOR GIFTED AND TALENTED STUDENTS

Sec. 29.121. DEFINITION. Defines "gifted and talented student."

Sec. 29.122. ESTABLISHMENT. Requires each school district, using criteria established by the board, to adopt a process for identifying and serving gifted and talented students in the district and to establish a program for those students in each grade level. Authorizes a district to establish a shared services arrangement program with one or more other districts.

Sec. 29.123. STATE PLAN; ASSISTANCE. Requires the board to develop and periodically update a state plan for the education of gifted and talented students to guide school districts in establishing and improving programs for identified students. Authorizes service centers to assist districts in implementing the state plan. Authorizes a district, in addition to obtaining assistance from a service center, to obtain other assistance in implementing the plan. Requires the plan to be used for accountability purposes to measure the performance of districts in providing services to students identified as gifted and talented.

SUBCHAPTER E. KINDERGARTEN AND PREKINDERGARTEN PROGRAMS

Sec. 29.151. FREE KINDERGARTEN. Requires the board of trustees of each school district to establish and maintain one or more kindergartens for the training of children

residing in the district who are at least five years of age on September 1 of the school year.

Sec. 29.152. OPERATION OF KINDERGARTENS ON HALF-DAY OR FULL-DAY BASIS. Authorizes a public school kindergarten to be operated on a half-day or full-day basis at the option of the board of trustees of the school district.

Sec. 29.153. PREKINDERGARTEN. (a) Provides that any school district may offer prekindergarten classes, but a district shall offer prekindergarten classes if the district identifies 15 or more eligible children who are at least four years of age. Authorizes a school district to offer prekindergarten classes if the district identifies 15 or more eligible children who are at least three years of age.

(b) Sets forth provisions under which a child is eligible for enrollment in a prekindergarten class.

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

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

(e) Requires each school district to develop a system to notify the population in the district with children who are eligible for enrollment in a prekindergarten class of the availability of the class. Requires the system to include public notices issued in English and Spanish.

(f) Requires a district's prekindergarten program to be designed to developed skills necessary for success in the regular public school curriculum.

(g) Requires the program, if a school district contracts with a private entity for the operation of the district's prekindergarten program, to at a minimum comply with the applicable child-care licensing standards adopted by the Texas Department of Human Services under Section 42.042, Human Resources Code.

Sec. 29.154. EVALUATION OF PREKINDERGARTEN PROGRAMS. Requires the commissioner of education, in consultation with the commissioner of human services, to monitor and evaluate prekindergarten programs as to their developmental appropriateness. Requires the commissioners to also evaluate the potential for coordination on a statewide basis of prekindergarten programs with government-funded early childhood care and education programs such as child care administered under Chapter 44, Human Resources Code, and federal Head Start programs. Requires that evaluation to use recommendations contained in the report to the 71st Legislature required by Chapter 717, Acts of the 70th Legislature, Regular Session, 1987. Requires the commissioners, for the purpose of providing cost effective care for children during the full workday with developmentally appropriate curriculum, to investigate the use of existing child-care program sites and prekindergarten sites. Provides that following the evaluation required by this section, the commissioners, in cooperation with school district and other program administrators, shall integrate programs, staff, and program sites for prekindergarten, child-care, and federal Head Start programs to the greatest extent possible.

SUBCHAPTER F. CAREER AND TECHNOLOGY EDUCATION PROGRAM

Sec. 29.181. PUBLIC EDUCATION CAREER AND TECHNOLOGY EDUCATION GOALS. Requires each public school student to master the basic skills and knowledge necessary for managing the dual roles of family member and wage earner; and gaining

entry-level employment in a high-skill, high-wage job or continuing the student's education at the postsecondary level.

Sec. 29.182. STATE PLAN FOR CAREER AND TECHNOLOGY EDUCATION. (a) Requires the agency to prepare and biennially update a state plan for career and technology education that sets forth objectives for career and technology education for the next biennium and long term goals for the following five years.

(b) Sets forth procedures the state plan must include.

Sec. 29.183. CAREER AND TECHNOLOGY AND OTHER EDUCATIONAL PROGRAMS. (a) Authorizes the board of trustees of a school district to conduct and supervise career and technology classes and other educational programs for students and for other persons of all ages and spend local maintenance funds for the cost of those classes and programs.

(b) Requires the board of trustees, in developing a career and technology program, to consider the state plan for career and technology education required under Section 29.182.

Sec. 29.184. CONTRACTS WITH OTHER SCHOOLS FOR CAREER AND TECHNOLOGY CLASSES. (a) Authorizes the board of trustees of a school district to contract with another school district or with a postsecondary educational institution or trade or technical school that is regulated by this state, as designated in the state plan for career and technology education required under Section 29.182, to provide career and technology classes for students in the district.

(b) Provides that a student who attends career and technology classes at another school under a contract authorized by Subsection (a) is included in the average daily attendance of the district in which the student is regularly enrolled.

Sec. 29.185. CAREER AND TECHNOLOGY PROGRAM RULES. Requires the agency to prescribe requirements for career and technology education in public schools as necessary to comply with federal law.

SUBCHAPTER G. PUBLIC EDUCATION GRANT PROGRAM

Sec. 29.201. PARENTAL CHOICE. Authorizes an eligible student to attend a public school in the district in which the student resides or to use a public education grant to attend any other district chosen by the student's parents.

Sec. 29.202. ELIGIBILITY. Sets forth provisions under which a student is eligible to receive a public education grant under this subchapter.

Sec. 29.203. FINANCING. (a) Provides that a student eligible under Section 25.001 to attend school in a school district but who under this subchapter attends a public school in another district is included in the average daily attendance of the district in which the student resides. Requires the district in which the student attends school to report the student's attendance to the district in which the student resides in accordance with rules adopted by the commissioner.

(b) Provides that a student's public education grant is the total state and local funding per student for the school district in which the student resides. Provides that total funding from state and local sources includes special allotments under Chapter 42C, but does not include small district, sparsity, and cost of education adjustments and allotments for technology and transportation. Provides that a student's public education grant is the entitlement of the student, under the supervision of the student's parent, guardian, or custodian, is not an entitlement of any school district, and is paid to a school district solely as a means of administrative convenience.

(c) Entitles a school district chosen by a student's parent under Section 29.201 to accept or reject the application for the student to attend school in that district but may not use criteria that discriminate on the basis of a certain personal characteristics of the student. Requires a school district that has more acceptable applicants for attendance under this subchapter than available positions to give priority to students at risk of dropping out of school as defined by Section 29.081 and to fill the available positions by lottery. Authorizes a school district, to achieve continuity in education, to give preference over at-risk students to enrolled students and to the siblings of enrolled students residing in the same household or other children residing in the same household as enrolled students for the convenience of parents, guardians, or custodians of those children.

(d) Prohibits a school district chosen by a student's parent under Section 29.201 from charging the student tuition in addition to the public education grant or share tuition that is greater than the district's average expenditure per student. Entitles the school district in which the student resides to the remainder, if any, of the student's public education grant funds.

(e) Requires the school district in which a student resides to provide each student attending a school in another district under this subchapter transportation free of charge to and from the school the student would otherwise attend

SUBCHAPTER H. ADULT AND COMMUNITY PROGRAMS

Sec. 29.251. DEFINITIONS. Defines "adult education," "adult," "community-based organization," and "community education."

Sec. 29.252. STATE ROLE IN ADULT AND COMMUNITY EDUCATION. Sets forth requirements for the agency.

Sec. 29.253. PROVISION OF ADULT EDUCATION PROGRAMS. Requires adult education programs to be provided by public school districts, public junior colleges, public universities, public nonprofit agencies, and community-based organizations approved in accordance with state statutes and rules adopted by the board. Requires the programs to be designed to meet the education and training needs of adults to the extent possible within available resources. Authorizes bilingual education to be the method of instruction for students who do not function satisfactorily in English whenever it is appropriate for their optimum development.

Sec. 29.254. ADULT EDUCATION ADVISORY COMMITTEE. Authorizes the board to establish an adult education advisory committee composed of not more than 21 members representing education, business, labor, minority groups, and the public to advise the board on needs, priorities, and standards of adult education programs conducted in accordance with this subchapter.

Sec. 29.255. FUNDING. (a) Requires funds to be appropriated to implement statewide adult basic education, adult bilingual education, high school equivalency, and high school credit programs to eliminate illiteracy in this state and to implement and support a statewide program to meet the total range of adult needs for adult education, related skill training, and pilot programs to demonstrate the effectiveness of the community education concept. Requires the agency to ensure that public local education agencies, public nonprofit agencies, and community-based organizations have direct and equitable access to those funds. Authorizes an additional sum of money to be appropriated to the Texas Department of Commerce for the purpose of skill training in support of industrial expansion and start-up, and those locations, industries, and occupations designated by the Texas Department of Commerce, when such training is also in support of the basic purposes of this subchapter. Authorizes an additional sum of money, to fulfill the basic purposes of this subchapter, to be appropriated for skill training that is conducted to support the expansion of civilian employment opportunities on U.S. military reservations.

(b) Authorizes the agency, in conjunction with the Texas Department of Commerce, to adopt rules to administer skill training programs for which the agency is responsible, and the Texas Department of Commerce may adopt rules to administer skill training programs for which it is responsible.

Sec. 29.256. REIMBURSEMENT FOR COMMUNITY EDUCATION SERVICES. (a) Authorizes a school district whose governing board elects to provide community education for all age groups, on application and according to rules adopted by the agency, to be reimbursed for those costs from state funds to the extent authorized by this section.

(b) Provides that only a district that has in the preceding or current year achieved a level of community education services prescribed by the agency is eligible for reimbursement under this section. Requires the agency's rules to contain specific provisions for eligibility and program operation.

(c) Requires the cost to the state to be paid from the foundation school fund. Requires the foundation school fund budget committee to consider that cost in estimating the funds needed for Foundation School Program purposes.

(d) Requires the legislature in the General Appropriations Act to set a limit on the amount of funds that may be expended under this section each year.

Sec. 29.257. COMMUNITY EDUCATION DEVELOPMENT PROJECTS. (a) Authorizes the legislature to appropriate money from the foundation school funds to the agency for developing and implementing community education projects. Requires the foundation school fund budget committee to consider the cost of community education development projects in estimating the money needed for foundation school fund purposes. Requires the agency to seek gifts, grants, or other donations for purposes related to community education development projects, unless the acceptance is prohibited by other law. Provides that money received under this subsection shall be deposited in the account established under Subsection (b) and may be appropriated only for the purpose for which the money was given.

(b) Provides that the community education development account is created as a dedicated account in the foundation school fund in the state treasury. Requires the account to consist of community education related gifts, grants, and donations, and to be administered by the agency.

(c) Entitles a school district to which the agency awards money for a community education development project, subject to legislative appropriation, to receive money for a period of three years. Requires a project, after that period, to be funded wholly from local sources. Sets forth limits for state funding under this section.

(d) Requires the board, by rule, to establish procedures for distributing community education development money to school districts. Require the procedures to include a statewide competitive process by which the agency evaluates applications for community education development money and awards money to the district whose projects the agency determines have the greatest merit. Authorizes a school district to seek review of an agency determination regarding the award of money only in accordance with an administrative review process adopted by board rule. Prohibits a school district from seeking judicial review of an agency determination.

(e) Sets forth provisions an application for funding under this section must include.

(f) Requires the agency to monitor each project awarded money under this section in accordance with rules adopted by the board. Requires the agency to evaluate whether the project has carried out the district's objectives as set out in the community education project plan. Authorizes the board, by rule, to provide a process for amending the plan.

(g) Provides that a school district is not entitled to funding for any year of a project for which the district did not apply for funding; or the agency suspends the funding based on the agency's determination that the district has failed to implement the project's objectives.

(h) Requires the board, by rule, to provide for an administrative process for the suspension of funding under Subsection (g)(2). Requires the rules to be consistent with Chapter 2001, Government Code.

(i) Authorizes the board to adopt rules necessary to implement and enforce this section, including rules relating to financial audits of school districts that receive money under this section. Prohibits rules adopted under this section by the board from permitting the board or the agency to waive any provision of this section.

(j) Prohibits the agency from using more than five percent of the funds appropriated for the projects under this section for the agency's administration of this section.

SUBCHAPTER I. PROGRAMS FOR STUDENTS WHO ARE DEAF OR HARD OF HEARING

Sec. 29.301. DEFINITIONS. Defines "admission, review, and dismissal committee," "American Sign Language," "English," and "unique communication mode" or "appropriate language mode."

Sec. 29.302. FINDINGS. Sets forth the findings of the legislature in relation to educational programs for students who are deaf or hard of hearing (students).

Sec. 29.303. UNIQUE COMMUNICATION. Requires students to have an education in which their unique communication mode is respected, used, and developed to an appropriate level of proficiency.

Sec. 29.304. QUALIFICATIONS OF PERSONNEL. (a) Requires a student to have an education in which teachers, psychologists, speech therapists, progress assessors, administrators, and other involved in education under stand the unique nature of deafness and the hard-of-hearing condition. Requires a teacher of students who are deaf or hard of hearing to either be proficient in appropriate language modes or use an interpreter certified in appropriate language modes if certification is available.

(b) Requires each school district to employ or provide access to appropriate qualified staff with proficient communications skills, consistent with credentialing requirements, to fulfill the responsibilities of the school district, and to make positive efforts to employ qualified individuals with disabilities.

(c) Requires regular and special personnel who work with students to be adequately prepared to provide educational instruction and services to those students.

Sec. 29.305. LANGUAGE MODE PEERS. Requires a student, if practicable and not in conflict with any admission, review, and dismissal committee recommendations, to have an education in the company of a sufficient number of peers using the same language mode and with whom the student can communicate directly. Requires the peers to be of the same or approximately the same age and ability.

Sec. 29.306. FAMILIAL AND ADVOCATE INVOLVEMENT. Requires a student to have an education in which the student's parents or legal guardians and their advocates are involved in determining the extent, content, and purpose of programs. Authorizes other individuals to be involved at the discretion of parents or legal guardians or the school district.

Sec. 29.307. ROLE MODELS. Requires a student who is deaf or hard of hearing to be given the opportunity to be exposed to deaf or hard of hearing role models.

Sec. 29.308. REGIONAL PROGRAMS. Requires regional programs for students to meet the unique communication needs of students who can benefit from those programs. Requires appropriate funding for those programs to be consistent with federal and state law, and money appropriated to school districts for educational programs and services for students may not be allocated or used for any other program or service.

Sec. 29.309. COMPOSITION OF LOCAL SPECIAL EDUCATION ADVISORY COMMITTEE. Requires the local special education advisory committee required under board rule, in a school district in which there are students who are deaf or hard of hearing, to include persons who are deaf or hard of hearing and parents and legal guardians of students who are deaf or hard of hearing.

Sec. 29.310. PROCEDURES AND MATERIALS FOR ASSESSMENT AND PLACEMENT. (a) Requires procedures and materials for assessment and placement of students who are deaf or hard of hearing to be selected and administered so as not to be racially, culturally, or sexually discriminatory.

(b) Prohibits a single assessment instrument from being the sole criterion for determining the placement of a student.

(c) Requires the procedures and materials for the assessment and placement of a student who is deaf or hard of hearing to be in the student's preferred mode of communication. Requires all other procedures and materials used with any student who deaf or hard of hearing and who has limited English proficiency to be in the student's preferred mode of communication.

Sec. 29.311. EDUCATIONAL PROGRAMS. (a) Sets forth agencies with which educational programs for students must be coordinated with other public and private agencies.

(b) Requires the programs to be coordinated with postsecondary and adult programs for persons who are deaf or hard of hearing.

Sec. 29.312. PSYCHOLOGICAL COUNSELING SERVICES. Requires appropriate psychological counseling services for a student to be made available at the student's school site in the student's primary mode of communication. Requires appropriate auditory systems to enhance oral communication to be used if required by the student's admission, review, and dismissal committee.

Sec. 29.313. EVALUATION OF PROGRAMS. Requires each school district to provide continuous evaluation of the effectiveness of programs of the district for students. Requires evaluations to follow program excellence indicators established by the agency.

Sec. 29.314. TRANSITION INTO REGULAR CLASS. Requires each school district, in addition to satisfying requirements of the admission, review, and dismissal committee and to satisfying requirements under state and federal law for vocational training, to develop and implement a transition plan for the transition of a student into a regular class program if the student is to be transferred from a special class or center or nonpublic, nonsectarian school into a regular class in a public school for any part of the school day. Sets forth activities for which the transition plan must provide.

SUBCHAPTER Z. MISCELLANEOUS PROGRAMS

Sec. 29.901. MILITARY INSTRUCTION. (a) Sets forth authorized actions for the board of trustees in each school district in which military instruction is conducted under a state or federal law requiring the district to give bond or otherwise indemnify this state or the U.S. or any authorized agency of either in an amount and on conditions determined by any agency under that law for the care, safekeeping, and return of property furnished.

(b) Sets forth provisions for which available school funds may be spent in a district in which military instruction is given as provided by Subsection (a).

Sec. 29.902. DRIVER EDUCATION. (a) Requires the agency to develop a program of organized instruction in driver education and traffic safety for public school students. Authorizes a student who will be 15 years of age or older before a driver education and traffic safety course ends to enroll in the course.

(b) Requires the agency to establish standards for the certification of professional and paraprofessional personnel who conduct the programs in the public schools.

CHAPTER 30. STATE AND REGIONAL PROGRAMS AND SERVICES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 30.001. COORDINATION OF SERVICES TO CHILDREN WITH DISABILITIES. (a) Defines "children with disabilities."

(b) Requires the commissioner, with the approval of the board, to develop and implement a plan for the coordination of services to children with disabilities in each region served by a service center. Sets forth procedures the plan must include.

(c) Authorizes the commissioner to allocate appropriated funds to service centers or to otherwise spend those funds, as necessary, to implement this section.

Sec. 30.002. EDUCATION FOR CHILDREN WITH VISUAL IMPAIRMENTS. (a) Requires the agency to develop and administer a comprehensive statewide plan for the education of children with visual impairments who are under 21 years of age that will ensure that the children have an opportunity for achievement equal to the opportunities afforded their peers with normal vision.

(b) Sets forth required actions for the agency.

(c) Sets forth required actions for the comprehensive statewide plan for the education of children with visual impairments.

(d) Requires the agency, in developing, administering, and coordinating the statewide plan, to encourage the use of all pertinent resources, whether those resources exist in special education programs or in closely related programs operated by other public or private agencies, through encouraging the development of shared services arrangement working relationships and by assisting in the development of contractual arrangements between school district s and other organizations. Requires the agency to discourage interagency competition, overlap, and duplication in the development of specialized resources and the delivery of services.

(e) Entitles each eligible blind or visually impaired student to receive educational programs according to an individualized education program that meets certain provisions.

(f) Provides that in the development of the individualized education program for a functionally blind student, proficiency in braille reading and writing is presumed to be essential for the student's satisfactory educational progress. Entitles each functionally blind student to braille reading and writing instruction that is sufficient to enable the student to communicate with the same level of proficiency as other students of comparable ability who are at the same grade level. Authorizes braille instruction to be used in combination with other special education services appropriate to the student's educational needs. Requires the assessment of each functionally blind student for the purpose of developing the student's individualized education program to include documentation of each student's strengths and weaknesses in braille skills. Requires each person assisting in the development of a functionally blind student's

individualized education program to receive information describing the benefits of braille instruction. Requires each functionally blind student's individualized education program to specify the appropriate learning medium based on the assessment report and ensure that instruction in braille will be provided by a teacher certified to teach students with visual impairments. Requires the agency to determine the criteria for a student to be classified as functionally blind.

(g) Requires the commissioner to develop a system to distribute from the foundation school fund to school districts or service centers a special supplemental allowance for each student with a visual impairment and for each student with a serious visual disability and another medically diagnosed disability of a significantly limiting nature who is receiving special education services through any approved program. Provides that the supplemental allowance may be spent only for special services uniquely required by the nature of the student's disabilities and may not be used in lieu of educational funds otherwise available under this code or through state or local appropriations.

Sec. 30.003. SUPPORT OF STUDENTS ENROLLED IN TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED OR TEXAS SCHOOL FOR THE DEAF. (a) Provides that for each student enrolled in the Texas School for the Blind and Visually Impaired or the Texas School for the Deaf, the school district that is responsible for providing appropriate special education services to the student shall share the cost of the student's education as provided by this section.

(b) Provides that if the student is admitted to the school for a full-time program for the equivalent of two long semesters, the district's share of the cost is an amount equal to the dollar amount of maintenance and debt service taxes imposed by the district for that year divided by the district's average daily attendance for the preceding year.

(c) Provides that if the student is admitted to the school for a full-time program for the equivalent of two long semesters, the district's share of the cost is an amount equal to the amount that would be the district's share under Subsection (b) for a full-time program multiplied by the quotient resulting from the number of full-time equivalent days in the program divided by the minimum number of days of instruction for students as provided by Section 25.081.

(d) Requires each school district and state institution to provide to the commissioner the necessary information to determine the district's share under this section. Requires the information to be reported to the commissioner on or before a date set by rule of the board. Requires the commissioner, after determining the amount of a district's share for all students for which the district is responsible, to deduct that amount from the payments of foundation school funds payable to the district. Requires each deduction to be in the same percentage of the total amount of the district's share as the percentage of the total foundation school fund entitlement being paid to the district at the time of the deduction , except that the amount of any deduction may be modified to make necessary adjustments or to correct errors. Requires the commissioner to provide for remitting the amount deducted to the appropriate school at the same time at which the remaining funds are distributed to the district. Requires the commissioner, if a district does not receive foundation school funds or if a district's foundation school entitlement is less than the amount of the district's share under this section, to direct the district to remit payment to the commissioner, and the commissioner shall remit the district's share to the appropriate school.

(e) Entitles the appropriate school, for each student enrolled in the Texas School for the Blind and Visually Impaired or the Texas School for the Deaf, to the state available school fund apportionment.

(f) Requires the commissioner, with the assistance of the comptroller, to determine the amount that the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf would have received from the available school fund if Chapter 28,

Acts of the 68th Legislature, 2nd Called Session, 1984, had not transferred statutorily dedicated taxes from the available school fund to the foundation school fund. Requires that amount, minus any amount the schools do receive from the available school fund, to be set apart as a separate account in the foundation school funds and appropriated to those schools for educational purposes.

(g) Authorizes the board to adopt rules as necessary to implement this section.

Sec. 30.004. INFORMATION CONCERNING PROGRAMS. (a) Requires each school district to provide each parent or other person having lawful control of a student with certain information.

(b) Requires the board to adopt rules prescribing the form and content of information required by Subsection (a).

SUBCHAPTER B. TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

Sec. 30.021. PURPOSE OF TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED. (a) Provides that the Texas School for the Blind and Visually Impaired is a state agency established to serve as a special school in the continuum of statewide alternative placements for students who are 21 years of age or younger on September 1 of any school year and who meet certain provisions.

(b) Provides that the school district in which a student resides is responsible for assuring that a free appropriate public education is provided to each district student placed in the regular school year program of the school and that all legally required meetings for the purpose of developing and reviewing the student's individualized educational program are conducted. Authorizes the district or the school, if the school disagrees with a district's individualized education program committee recommendation that a student be evaluated for placement, initially placed, or continued to be placed at the school, to seek resolution according to a procedure established by the commissioner or through any due process hearing to which the district or school is entitled under 20 U.S.C. Section 1400 et seq. (Individuals with Disabilities Education Act).

(c) Requires the school to conduct supplemental programs, such as summer programs and student exchange programs, and to consider information from sources throughout the state regarding the nature of those programs and students to be served.

(d) Requires the school to provide statewide services to parents of students with visual impairments, school districts, service centers, and other agencies serving students with visual impairments, including students who have one or more disabilities in addition to the visual impairment, such as students who are deaf-blind. Sets forth provisions those services must include.

(e) Requires the school to cooperate with agencies and organizations serving students and other persons with visual impairments in the planning, development, and implementation of effective educational and rehabilitative service delivery systems associated with educating students with visual impairments.

Sec. 30.022. GOVERNANCE OF THE TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED. (a) Provides that the Texas School for the Blind and Visually Impaired is governed by a nine-member board appointed by the governor in accordance with this section and confirmed by the senate. Prohibits a person from serving simultaneously on the school's governing board and the board of the Texas Commissioner for the Blind. Sets forth the composition of the board.

(b) Provides that members of the board serve for terms of six years, with the terms of three members expiring on January 31 of each odd-numbered year.

(c) Provides that members of the board serve without salary but are entitled to reimbursement for actual and necessary expenses incurred in carrying out official duties.

(d) Requires the board to organize and conduct itself in the same manner as an independent school district board of trustees to the extent that the organization does not conflict with the board's responsibilities relating to the status of the school as a state agency.

(e) Requires the board to prepare or provide for preparation of a biennial budget request for the school for presentation to the legislature.

(f) Requires the board, before the beginning of each fiscal year, to adopt a calendar for the school's operation that contains certain provisions.

(g) Authorizes an action of the board to be appealed to a district court in Travis County. Authorizes an action of the board related to a dismissal during the term of a professional employee's contract or a nonrenewal of a professional employee's contract to be appealed to the commissioner in the manner prescribed by Chapter 21G.

(h) Provides that the board has exclusive jurisdiction over the physical assets of the school and shall administer and spend appropriations made for the benefit of the school.

Sec. 30.023. SUPERINTENDENT OF THE TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED. (a) Provides that the superintendent of the Texas School for the Blind and Visually Impaired is appointed by the governing board of the school.

(b) Sets forth requirements for a person to be eligible to be appointed and serve as superintendent.

(c) Authorizes the superintendent to reside at the school.

(d) Requires the board to annually establish the superintendent's salary. Requires the salary to be based on not more than 230 days of service and not exceed 120 percent of the salary of the highest paid instructional administrator at the school.

(e) Provides that the superintendent is the chief administrative officer of the school. Requires the superintendent to take any necessary and appropriate action to carry out the functions and purposes of the school according to any general policy the board prescribes.

(f) Requires the superintendent to report to the board concerning the superintendent's activities, progress in implementing any general policy prescribed by the board, any exceptional matter relating to the program, general statistical summaries of services provided by the school during the period covered by the report, budget matters of major consequence or concern, and any additional matter the board requests to be specifically included in the report.

Sec. 30.024. EMPLOYEES OF THE TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED. (a) Defines "teacher."

(b) Authorizes the governing board of the school to enter into an employment contract with any employee who provides, or supervises any employee who provides, direct and regular educational services to students or who provides other professional, educational services. Requires each teacher to be employed under a term contract as provided by Chapter 21E. Sets forth provisions applicable to an employee employed under a contract under this subsection.

(c) Provides that in addition to any other federal and state statutes limiting the liability of employees at the school, Sections 22.051, 22.052, and 22.053, respectively, apply to professional employees and volunteers of the school.

(d) Authorizes the governing board to authorize the payment of a stipend to a school employee who is authorized by the superintendent to perform additional duties outside the employee's normal work schedule.

(e) Sets forth the school's operating hours.

(f) Authorizes the school to hire an employee to be paid on an hourly basis to work as a substitute for a regular full-time or part-time employee who is unavailable to perform regular duties. Provides that an employee working as a substitute for another employee is not entitled to paid holidays or compensatory time off for holidays worked, vacation leave, sick leave, or any other leave provided to a state employee under the General Appropriations Act.

Sec. 30.025. FUNDING OF TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED. Sets forth the funding of the Texas School for the Blind and Visually Impaired.

Sec. 30.026. SUNSET PROVISIONS. Subjects the governing board of the Texas School for the Blind and Visually Impaired to Chapter 325, Government Code (Texas Sunset Act). Provides that unless continued in existence as provided by that chapter, the board is abolished September 1, 2003.

Sec. 30.027. LEASE OF CERTAIN PROPERTY OF TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED. (a) Authorizes the Texas School for the Blind and Visually Impaired to lease available real property on the school's campus located at 1100 West 45th Street, Austin, Travis County, to a private, nonprofit corporation that provides print-handicapped persons with auditory materials. Requires the lease to provide that the corporation to use the property for those services.

(b) Provides that in determining the fair market consideration for the lease, actual benefits to be received by the school, the school's students, and the blind and visually impaired community in the state may be considered.

(c) Requires the asset management division of the General Land Office to negotiate the terms of the lease, determine the most suitable location for the lease, and close the transaction on behalf of the school as provided by Chapter 31E, Natural Resources Code. Provides that the asset management division is not required to transact the lease by sealed bid or public auction.

(d) Requires proceeds from the real estate transaction conducted under this section to be deposited to the credit of the general revenue fund.

SUBCHAPTER C. TEXAS SCHOOL FOR THE DEAF

Sec. 30.051. PURPOSE OF TEXAS SCHOOL FOR THE DEAF. (a) Sets forth the purpose of the Texas School for the Deaf.

(b) Requires the school to serve as a primary statewide resource center promoting excellence in education for students who are deaf or hard of hearing through research, training, and demonstration projects.

(c) Requires the school to work in partnership with state, regional, and local agencies to provide new or improved programs or methods to serve the previously unmet or future needs of persons throughout the state who are deaf or hard of hearing.

Sec. 30.052. GOVERNANCE OF THE TEXAS SCHOOL FOR THE DEAF. (a) Provides that the Texas School for the Deaf is governed by a non-member board appointed by the governor in accordance with this section and confirmed by the senate. Prohibits a person from serving simultaneously on the school's governing board and the board of the Texas Commission for the Deaf and Hearing Impaired. Requires each member of the board to be a person who is experienced in working with persons who are deaf or hard of hearing, a person who is the parent of a person who is deaf, or a person who is deaf. Sets forth the composition of the board.

(b) Provides that members of the board serve for terms of six years, with the terms of three members expiring on January 31 of each odd-numbered year.

(c) Provides that members of the board serve without salary but are entitled to reimbursement for expenses incurred in carrying out official duties.

(d) Requires the board to organize and conduct itself in the same manner as an independent school district board of trustees to the extent that the organization does not conflict with the board's responsibilities relating to the status of the school as a state agency.

(e) Requires the board to prepare or provide for preparation of a biennial budget request for the school for presentation to the legislature.

(f) Requires the board, before the beginning of each fiscal year, to adopt a calendar for the school's operation that contains certain provisions.

(g) Authorizes an action of the board to be appealed to a district court in Travis county. Authorizes an action of the board related to a dismissal during the term of a professional employee's contract or a nonrenewal of a professional employee's contract to be appealed to the commissioner in the manner prescribed by Chapter 21G.

(h) Provides that the board has exclusive jurisdiction over the physical assets of the school and shall administer and spend appropriations to carry out the purposes of the school as provided by Section 30.051.

Sec. 30.053. SUPERINTENDENT OF THE TEXAS SCHOOL FOR THE DEAF. (a) Provides that the superintendent of the Texas School for the Deaf is appointed by the governing board of the school.

(b) Sets forth required actions for the superintendent.

(c) Authorizes the superintendent to reside at the school

(d) Requires the board to annually establish the superintendent's salary. Provides that the salary must be based on not more than 230 days of service and may not exceed 120 percent of the salary of the highest paid instructional administrator at the school.

(e) Provides that the chief administrative officer of the school. Requires the superintendent to take any necessary and appropriate action to carry out the functions and purposes of the school according to any general policy the board prescribes.

(f) Authorizes the superintendent to provide certain information directly to a parent or guardian of a student.

Sec. 30.054. PRINTING AT THE TEXAS SCHOOL FOR THE DEAF. (a) Authorizes the superintendent, in addition to any other area of curriculum the board requires the Texas School for the Deaf to offer, to require that the art of printing, in all its branches, be offered at the school.

(b) Authorizes the superintendent to authorize any public printing for the state to be performed at the Texas School for the Deaf without regard to any contract with a person for public printing.

Sec. 30.055. EMPLOYEES OF THE TEXAS SCHOOL FOR THE DEAF. (a) Defines "teacher."

(b) Authorizes the governing board of the school to enter into an employment contract with any employee who provides, or supervises any employee who provides, direct and regular educational services to students or who provides other professional, educational services. Requires each teacher to be employed under a term contract as provided by Chapter 21E. Sets forth provisions applicable to an employee employed under a contract under this subsection.

(c) Provides that in addition to any other federal and state statutes limiting the liability of employees at the school, Sections 22.051, 22.052, and 22.053, respectively, apply to professional employees and volunteers of the school.

(d) Authorizes the governing board to authorize the payment of a stipend to a school employee who is authorized by the superintendent to perform additional duties outside the employee's normal work schedule.

(e) Sets forth the school's operating hours.

(f) Authorizes the school to hire an employee to be paid on an hourly basis to work as a substitute for a regular full-time or part-time employee who is unavailable to perform regular duties. Provides that an employee working as a substitute for another employee is not entitled to paid holidays or compensatory time off for holidays worked, vacation leave, sick leave, or any other leave provided to a state employee under the General Appropriations Act.

Sec. 30.056. FUNDING OF THE TEXAS SCHOOL FOR THE DEAF. Sets forth the funding of the Texas School for the Deaf.

Sec. 30.057. ADMISSION TO TEXAS SCHOOL FOR THE DEAF. (a) Requires the Texas School for the Deaf to provide services in accordance with Section 30.051 to any eligible student with a disability for whom the school is an appropriate placement if the student has been referred for admission by certain entities.

(b) Authorizes the rules adopted under Subsection (a)(2)(B) to address the respective responsibilities of a student's parent or legal guardian, the school district in which the student resides, and the school.

Sec. 30.058. SUNSET PROVISION. Subjects the governing board of the Texas School for the Deaf to Chapter 325, Government Code (Texas Sunset Act). Provides that unless continued in existence as provided by that chapter, the board is abolished September 1, 2003.

SUBCHAPTER D. REGIONAL DAY SCHOOLS FOR THE DEAF

Sec. 30.081. LEGISLATIVE INTENT CONCERNING REGIONAL DAY SCHOOLS FOR THE DEAF. Sets forth the intent of the legislature concerning regional day schools for the deaf.

Sec. 30.082. DIRECTOR OF SERVICES. Requires the agency, to carry out legislative intent and the objectives of Section 30.081, to employ a director of services to students who are deaf or hard of hearing.

Sec. 30.083. STATEWIDE PLAN. (a) Requires the director of services to develop and administer a comprehensive statewide plan for educational services for students who are deaf or hard of hearing. Sets forth objectives the plan shall be designed to accomplish.

(b) Authorizes the director of services to establish separate programs to accommodate diverse communication methodologies.

Sec. 30.084. ESTABLISHMENT OF PROGRAMS. Requires the board to apportion the state into five regions and establish a regional day school program for the deaf in each region. Authorizes activities of a regional day school program for the deaf to be conducted on more than one site.

Sec. 30.085. USE OF LOCAL RESOURCES. Requires local resources to be used to the fullest practicable extent in the establishment and operation of the regional day school programs for the deaf.

Sec. 30.086. POWERS AND DUTIES OF AGENCY. (a) Requires the agency to contract with any qualified organization or individual for diagnostic, evaluative, or instructional services or any other services relating to the education of students who are deaf or hard of hearing, including transportation or maintenance services.

(b) Provides that the agency shall employ educational and other personnel, may purchase or lease property, may accept gifts or grants of property or services from any source, to establish and operate regional day school programs for the deaf.

Sec. 30.087. FUNDING. (a) Requires the cost of educating students who are deaf or hard of hearing to be borne by the state and paid from the foundation school fund, but independent school districts and institutions of higher education in the state may and are encouraged to make available property or services in cooperation with the regional day school programs for the deaf for any activities related to the education of students who are deaf or hard of hearing.

(b) Requires the commissioner, from the amount appropriated for regional day school programs, to allocate funds to each program based on the number of weighted full-time equivalent students served. Authorizes the commissioner to consider local resources available in allocating funds under this subsection.

(c) Authorizes a school district to receive an allotment for transportation of students participating in a regional day school program, determined in the same manner as an allotment for the transportation of other special education students.

SUBCHAPTER E. TEXAS YOUTH COMMISSION FACILITIES

Sec. 30.101. PURPOSE. Sets forth the purpose of this subchapter.

Sec. 30.102. ALLOCATION. (a) Entitles the Texas Youth Commission (TYC) to receive the state available school fund apportionment based on the average daily attendance in the commission's educational programs of students who are at least three years of age and not older than 21 years of age.

(a-1) Entitles a classroom teacher or full-time librarian employed by the commission to receive as a minimum salary the monthly salary rate specified by Section 21.4011. Authorizes a classroom teacher or full-time librarian to be paid from funds appropriated to the commission, a salary in excess of the minimum specified by that section, but the salary may not exceed the rate of pay for a similar position in the public schools of an adjacent school district. Provides that this subsection expires September 1, 1996.

(b) Entitles a classroom teacher or full-time librarian employed by the commissioner to receive as a minimum salary the monthly salary rate specified by Section 21.402.

Authorizes a classroom teacher or full-time librarian to be paid, from funds appropriated to the commissioner, a salary in excess of the minimum specified by that section, but the salary may not exceed the rate of pay for a similar position in the public schools of an adjacent school district.

(b-1) Provides that Subsection (b) applies beginning with the 1996-1997 school year. Provides that this subsection expires January 1, 1997.

(c) Requires the commissioner, with the assistance of the comptroller, to determine the amount that the commissioner would have received from the available school fund if Chapter 28, Acts of the 68th Legislature, 2nd Called Session, 1984, had not transferred statutorily dedicated taxes from the available school fund to the foundation school fund. Requires that amount, minus any amount the schools do receive from the available school fund, to be set apart as a separate account in the foundation school fund and appropriated to the commissioner for educational purposes.

Sec. 30.103. MEMORANDUM OF UNDERSTANDING. Requires TYC with the assistance of the Texas Employment Commission and the Council on Workforce and Economic Competitiveness to, by rule, adopt a memorandum of understanding that establishes the respective responsibility of those entities to provide through local workforce development boards job training and employment assistance programs to children committed or formerly sentenced to TYC. Requires TYC to coordinate the development of the memorandum of understanding and include in its annual report information describing the number of children in the preceding year receiving services under the memorandum.

CHAPTER 31. TEXTBOOKS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 31.001. FREE TEXTBOOKS. Requires textbooks selected for use in the public schools to be furnished without cost to the students attending those schools.

Sec. 31.002. DEFINITIONS. Defines "electronic textbook," "publisher," "textbook," and "technological equipment."

Sec. 31.003. RULES. Authorizes the board to adopt rules, consistent with this chapter, for the adoption, requisition, distribution, care, use, and disposal of textbooks.

SUBCHAPTER B. STATE FUNDING, ADOPTION, AND PURCHASE

Sec. 31.021. STATE TEXTBOOK FUND. (a) Sets forth the composition of the state textbook fund.

(b) Requires the board to annually set aside out of the available school fund of the state an amount sufficient for the board, school districts, and open-enrollment charter schools to purchase and distribute the necessary textbooks for the use of the students of this state for the following school year. Requires the board to determine the amount of the available school fund to set aside for the state textbook fund based on certain factors.

(c) Requires the board, after setting aside the amounts specified by Subsection (b), to determine the amount remaining in the available school fund that is available for distribution under Chapter 43 for the following school year. Requires the board to use any amount by which the amount available for distribution under Chapter 43 for the following school year exceeds the amount available for distribution under Chapter 43 for the 1995-1996 school year to increase the allotment under Subsection (b)(2).

(d) Provides that money transferred to the state textbook fund remains in the fund until spent and does not lapse to the state at the end of the fiscal year.

(e) Requires all necessary expenses incurred under this chapter to be paid from the state textbook fund on invoices approved by the commissioner.

Sec. 31.022. TEXTBOOK REVIEW AND ADOPTION. (a) Requires the board to adopt a review and adoption cycle for textbooks for elementary grade levels. for each subject in the required curriculum under Section 28.002.

(b) Requires the board to organize the cycle for subjects in the foundation curriculum so that not more than one-sixth of the textbooks for subjects in the foundation curriculum are reviewed each year. Requires the board to adopt rules to provide for an investigation of textbooks for each subject in the foundation curriculum at least every six years. Authorizes the adoption of textbooks for a subject in the foundation curriculum to be extended beyond the six-year period only if the content of textbooks for a subject is sufficiently current.

(c) Requires the board to adopt rules to provide for an investigation of textbooks for each subject in the enrichment curriculum on a cycle the board considers appropriate.

(d) Requires the board, at least 24 months before the beginning of the school year for which textbooks for a particular subject and grade level will be purchased under the review and adoption cycle adopted by the board, to publish notice of the review and adoption cycle for those textbooks.

Sec. 31.023. TEXTBOOK LISTS. (a) Requires the board, for each subject and grade level, to adopt two lists of textbooks. Provides that the conforming list includes each textbook submitted for the subject and grade level that meets applicable physical specifications adopted by the board and contains material covering each element of the essential knowledge and skills of the subject and grade level as determined by the board under Section 28.002 and adopted under Section 31.024. Sets forth textbooks the nonconforming list includes.

(b) Requires each textbook on a conforming or nonconforming list to be free from factual errors.

Sec. 31.024. ADOPTION BY STATE BOARD OF EDUCATION. (a) Set forth required actions for the board in relation to adopting textbooks.

(b) Requires the board, not later than December 1 of the year preceding the school year for which the textbooks for a particular subject and grade level will be purchased under the cycle adopted by the board under Section 31.022, to provide the lists of adopted textbooks to each school district. Requires each nonconforming list to include the reasons an adopted textbook is not eligible for the conforming list.

Sec. 31.025. LIMITATION ON COST. (a) Requires the board to set a limit on the cost that may be paid from the state textbook fund for a textbook placed on the conforming or nonconforming list for a particular subject and grade level. Prohibits the board from rejecting a textbook for placement on the conforming or nonconforming list because the textbook's price exceeds the limit established under this subsection.

(b) Sets forth provisions that apply if a school district or open-enrollment charter school selects a textbook from a conforming or nonconforming list that exceeds the limit established under Subsection (a).

Sec. 13.026. CONTRACT; PRICE. (a) Sets forth provisions for which the board shall execute a contract.

(b) Requires a contract to require the publisher to provide the number of textbooks required by school district in this state for the term of the contract, which must coincide with the board's adoption cycle.

(c) Requires a contract to provide for the purchase or licensing of a textbook at a specific price, which may not exceed the lowest price paid by any other state or any school or school district. Requires the price to be fixed for the term of the contract.

Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; SAMPLE COPIES. (a) Requires a publisher to provide each school district and open-enrollment charter school with information that fully describes each of the publisher's adopted textbooks. Requires a publisher, on request of a school district, to provide a sample copy of an adopted textbook.

(b) Requires a publisher to provide at least two sample copies of each adopted textbook to be maintained at each regional education service center.

Sec. 31.028. SPECIAL TEXTBOOKS. (a) Authorizes the board to purchase special textbooks for the education of blind and visually impaired students in public schools. Requires the board, in addition, for a teacher who is blind or visually impaired, to provide a teacher's edition in Braille or large type, as requested by the teacher, for each textbook the teacher uses in the instruction of students. Requires the teacher edition to be available at the same time the student textbooks become available.

(b) Requires the publisher of an adopted textbook to provide the agency with computerized textbooks files for the production of Braille textbooks or other versions of textbooks to be used by students with disabilities, on request of the board. Requires a publisher to arrange computerized textbook files in one of several optional formats specified by the board.

(c) Authorizes the board to enter into agreements providing for the acceptance, requisition, and distribution of special textbooks and instructional aids pursuant to 20 U.S.C. Section 101 et seq. for use by students enrolled in public schools; or private nonprofit schools, if state funds, other than for administrative costs, are not involved.

(d) Defines "blind or visually impaired student" and "special textbook."

(e) Requires the agency to conduct a study to determine ways in which information contained in electronic textbooks may be made available to blind and visually impaired students. Requires the agency to report its findings to the 75th Legislature not later than February 1, 1997. Provides that this subsection expires September 1, 1997.

Sec. 31.029. BILINGUAL TEXTBOOKS. Requires the board to purchase or otherwise acquire textbooks fore use in bilingual education classes.

SUBCHAPTER C. LOCAL OPERATIONS

Sec. 31.101. SELECTION AND PURCHASE OF TEXTBOOKS BY SCHOOL DISTRICTS. (a) Sets forth required actions for the board of trustees of each school district and the governing body of each open-enrollment charter school.

(b) Requires the state, if a school district or open-enrollment charter school selects a textbook for a particular subject in the enrichment curriculum and grade level that is not on the conforming or nonconforming list, to pay to the district or school a certain amount.

(c) Sets forth provisions applicable to a school district or open-enrollment charter school that selects a textbook that is not on the conforming or nonconforming list.

(d) Requires a school district or open-enrollment charter, for a textbook that is not on the conforming or nonconforming list, to use the textbook for the period of the review and adoption cycle the board has established for the subject and grade level for which the textbook is used.

Sec. 31.102. TITLE AND CUSTODY. (a) Provides that each textbook purchased as provided by this chapter is the property of this state.

(b) Provides that Subsection (a) applies to an electronic textbook only to the extent of any applicable licensing agreement.

(c) Provides that the board of trustees of a school district or the governing body of an open-enrollment charter school is the legal custodian of textbooks purchased as provided by this chapter for the district or school. Requires the board of trustees to distribute textbooks to students in the manner that the board or governing body determines is most effective and economical.

Sec. 31.103. TEXTBOOK REQUISITIONS. (a) Requires each principal, not later than 7 days after the first school day in April, to report the maximum attendance for the school to the superintendent. Requires the superintendent of a school district or the chief operating officer of an open-enrollment charter school, not later than April 25, to report the district's or school's maximum attendance to the commissioner.

(b) Requires a requisition for textbooks for the following school year to be based on the maximum attendance reports under Subsection (a), plus an additional 10 percent. Requires a school district or open-enrollment charter school to make a requisition for a textbook on the conforming or nonconforming list through the commissioner to the state depository designated by each publisher or as provided by board rule, as applicable, not later than June 1 of each year. Requires the designated state depository or other storage facility to fill a requisition approved by the agency at any other time in the case of an emergency.

Sec. 31.104. DISTRIBUTION AND HANDLING. (a) Authorizes the board of trustees of a school district or the governing body of an open-enrollment charter school to delegate to an employee the authority to requisition, distribute, and manage the inventory of textbooks in a manner consistent with this chapter and rules adopted under this chapter.

(b) Authorizes a school district or open-enrollment charter school to order directly from the textbook depository replacements for textbooks that have been lost or damaged.

(c) Requires each textbook to state that the textbook is the property of or is licensed to this state, as appropriate. Requires a school district or open-enrollment charter school to number or place another identifying mark on each textbook. Requires each teacher to keep a record of the number or other identifying mark of each textbook issued to each student. Requires each textbook, other than an electronic textbook, to be covered by the student under the direction of the teacher. Requires each school district or open-enrollment charter school, at the request of a parent or guardian of a student enrolled in the district or school, allow the student to take home any textbook, other than an electronic textbook, used by the student. Requires the student to return the textbook to school at the beginning of the next school day. Requires a student to return all textbooks to the teacher at the end of the school year or when the student withdraws from school.

(d) Provides that each student, or the student's parent or guardian, is responsible for each textbook not returned by the student. Provides that a student who fails to return all textbooks forfeits the right to free textbooks until each textbook previously issued but not returned is paid for by the student, parent, or guardian. Authorizes a school district or open-enrollment charter school, as provided by policy of the board of trustees or governing body, to waive or reduce the payment requirement if the student is from a low-income family. Requires the district or school to allow the student to use textbooks at school during each school day. Authorizes the district or school, if a textbook is not returned or paid for, to withhold the student's records. Prohibits a district or school from preventing a student from graduating, participating in a graduation ceremony, or receiving a diploma under this section.

Sec. 31.105. SALE OF TEXTBOOKS. Authorizes the board of trustees of a school district or governing body of an open-enrollment charter school to sell textbooks, other than electronic textbooks, to a student or another school at the state contract price. Requires the district to send money from the sale of textbooks to the commissioner as required by the commissioner. Requires the commissioner to deposit the money in the state textbook fund.

Sec. 31.106. USE OF LOCAL FUNDS. Authorizes a school district or open-enrollment charter school, in addition to any textbook selected under this chapter, to use local funds to purchase any textbooks.

SUBCHAPTER D. ADMINISTRATIVE PENALTIES AND PENAL PROVISIONS

Sec. 31.151. DUTIES OF PUBLISHERS AND MANUFACTURERS. (a) Sets forth the duties of a publisher or manufacturer of textbooks.

(b) Authorizes the board to impose an administrative penalty against a publisher or manufacturer who knowingly violates Subsection (a). Requires the board to provide for a hearing to be held to determine whether a penalty is to be imposed and, if so, the amount of the penalty. Sets forth the provisions on which the board shall base the amount of the penalty.

(c) Requires a hearing under Subsection (b) to be held according to rules adopted by the board.

(d) Requires a penalty collected under this section to be deposited to the credit of the state textbook fund.

Sec. 31.152. ACCEPTING REBATE ON TEXTBOOKS. (a) Provides that a school trustee, administrator, or teacher commits an offense if that person receives any commission or rebate on any textbooks used in the schools with which the person is associated as a trustee, administrator, or teacher.

(b) Provides that an offense under this section is a Class B misdemeanor.

Sec. 31.153. VIOLATION OF FREE TEXTBOOK LAW. (a) Provides that a person commits an offense if the person violates any law providing for the purchase or distribution of free textbooks for the public schools.

(b) Provides that an offense under this section is a Class C misdemeanor.

SUBCHAPTER E. DISPOSITION OF TEXTBOOKS

Sec. 31.201. DISPOSITION OF TEXTBOOKS. (a) Authorizes the commissioner, with the approval of the board, to provide for the disposition of textbooks, other than electronic textbooks, that are not longer in acceptable condition to be used for instructional purposes; or discontinued textbooks, other than electronic textbooks.

(b) Requires the commissioner, as provided by rules adopted by the board, to make available on request copies of discontinued textbooks, other than electronic textbooks, for use in libraries maintained in municipal and county jails and facilities of the institutional division of the Texas Department of Criminal Justice and other state agencies.

(c) Requires the board to adopt rules under which a school district or open-enrollment charter school may donate discontinued textbooks, other than electronic textbooks, to a student, to an adult education program, or to a nonprofit organization.

CHAPTER 32. COMPUTERS AND COMPUTER-RELATED EQUIPMENT

SUBCHAPTER A. POWERS AND DUTIES OF STATE BOARD OF EDUCATION RELATING TO ELECTRONIC INSTRUCTIONAL TECHNOLOGY AND COMPUTER-RELATED EQUIPMENT

Sec. 32.001. DEVELOPMENT OF LONG-RANGE PLAN. (a) Sets forth provisions for which the board shall develop a long-range plan.

(b) Requires the board to update as necessary the plan developed under Subsection (a).

(c) Requires the board, in coordination with the coordinating board and other public agencies and institutions the board considers appropriate, to propose legislation and funding necessary to implement the plan developed under Subsection (a).

(d) Requires the board, in developing the plan, to consider accessibility of technology to student with disabilities.

Sec. 32.002. AUTHORITY OF SCHOOL DISTRICT. Provides that a school district is not required by this subchapter to acquire or use technology that has been approved, selected, or contracted for by the board or the commissioner.

Sec. 32.003. AUTHORITY OF COMMISSIONER TO CONTRACT. Authorizes the commissioner to contract with developers of technology to supply technology for use by school districts throughout this state.

Sec. 32.004. FEES. Authorizes the board, on the commissioner's recommendation, to establish a fee for services provided under this chapter.

SUBCHAPTER B. STATEWIDE DEVELOPMENT OF TECHNOLOGY AND TELECOMMUNICATIONS

Sec. 32.031. PURPOSE. Sets forth the policy of this state in relation to the development of technology and telecommunications.

Sec. 32.032. ELECTRONIC INFORMATION SYSTEM. (a) Requires the agency to establish and maintain an accessible electronic information transfer system, as provided by board policy, that is capable of transmitting information among school districts, service centers, and other education-related entities and state agencies.

(b) Authorizes the commissioner to contract with suppliers of computer hardware, software, or communications equipment or services to provide accessible goods or services to school districts, service centers, or the agency. Requires the board, by rule, to adopt standards for hardware, software, and communications equipment, training, and services supplied through contract under this section.

Sec. 32.033. INTEGRATED TELECOMMUNICATIONS SYSTEM. (a) Requires the agency, in coordination with institutions of higher education and other public or private entities, to maintain and expand the telecommunications capabilities of school districts and service centers. Requires the agency to design and implement a telecommunications system for distance learning throughout the state.

(b) Requires the board to conduct feasibility studies related to accessible telecommunications capabilities of school districts and service centers.

(c) Authorizes the commissioner, according to priorities determined by the board, to contract with a public broadcasting system or another supplier of telecommunications equipment, programming, training, or services to provide these services to school districts, service centers, or the agency.

(d) Requires the agency, in providing additional telecommunications capabilities under Subsection (a), to give priority to school districts with limited financial resources.

Sec. 32.034. CENTER FOR EDUCATIONAL TECHNOLOGY. (a) Authorizes the commissioner, as provided by board policy, to enter into an interagency contract with a public institution of higher education or a consortium of public institutions of higher education in this state to sponsor a center for educational technology under this section.

(b) Sets forth the purpose of the center.

(c) Requires the membership of the center to consist of public school educators, service centers, institutions of higher education, nonprofit organizations, and private sector representatives. Requires the board to establish membership policies for the center.

(d) Requires the board of directors of the center to be appointed by the board and to consist of a certain membership.

(e) Sets forth required actions for the board of directors.

(f) Provides that the director is responsible for the center's activities.

Sec. 32.035. DEMONSTRATION PROGRAMS. (a) Requires the agency to establish certain demonstration programs.

(b) Authorizes the agency to design programs under Subsection (a) to encourage participation by and collaboration among school campuses, school districts, service centers, the private sector, state and federal agencies, nonprofit organizations, and institutions of higher education.

Sec. 32.036. PREVIEW CENTERS AND TRAINING PROGRAMS. Authorizes the agency to establish and provide for the operation of a technology preview center and training program in each service center to assist district and campus personnel in developing and maintaining the comprehensive use of appropriate technology in all aspects of instruction, administration, and communications.

CHAPTER 33. SERVICE PROGRAMS AND EXTRACURRICULAR ACTIVITIES

SUBCHAPTER A. SCHOOL COUNSELORS AND COUNSELING PROGRAMS

Sec. 33.001. APPLICABILITY OF SUBCHAPTER. Provides that this subchapter applies only to a school district that receives funds as provided by Section 42.152(i).

Sec. 33.002. CERTIFIED COUNSELOR. (a) Requires a school district with 500 or more students enrolled in elementary school grades to employ a counselor certified under the rules of the board for each elementary school in the district. Requires a school district to employ at least one counselor for every 500 elementary school students in the district.

(b) Sets forth provisions by which a school district with fewer than 500 students enrolled in elementary school grades shall provide guidance and counseling services to elementary school students.

Sec. 33.003. PARENTAL CONSENT. Requires the board of trustees of each school district to adopt guidelines to ensure that the district obtains from the parent, legal guardian, or person entitled to enroll the student under Section 25.001(j) written consent for the student to participate in those activities for which the district requires parental consent.

Sec. 33.004. PARENTAL INVOLVEMENT. (a) Requires each school to obtain, and keep as part of the student's permanent record, written consent of the parent or legal guardian as required under Section 33.003. Requires the consent form to include specific information on the content of the program and the types of activities in which the student will be involved.

(b) Requires each school, before implementing a comprehensive and developmental guidance and counseling program, to annually conduct a preview of the program for parents and guardians. Requires all materials, including curriculum to be used during the year, to be available for a parent or guardian to preview during school hours. Prohibits the use of materials or curriculum not included in the materials available on the campus for preview.

Sec. 33.005. DEVELOPMENTAL GUIDANCE AND COUNSELING PROGRAMS. Requires a person employed as required by Section 33.002 to work with the school faculty and staff, students, parents, and the community to plan implement, and evaluate a developmental guidance and counseling program. Sets forth provisions the counselor shall design the program to include.

Sec. 33.006. COUNSELORS. (a) Provides that the primary responsibility of a school counselor is to counsel students to fully develop each student's academic, career, personal, and social abilities.

(b) Sets forth required actions for the school counselor.

SUBCHAPTER B. LIBRARIES

Sec. 33.021. LIBRARY STANDARDS. Requires the Texas State Library and Archives Commission, in consultation with the board, to adopt standards for school library services. Requires a school district to consider the standards in developing, implementing, or expanding library services.

Sec. 33.022. CONTRACT WITH COUNTY OR MUNICIPALITY. (a) Authorizes a school district to enter into contracts with a county or municipality in which the district is located to provide joint library facilities.

(b) Requires the board of trustees of the school district and the commissioners court of the county or governing body of the municipality to conduct public hearings before entering into a contract under this section. Authorizes hearings to be held jointly.

SUBCHAPTER C. MISSING CHILD PREVENTION AND IDENTIFICATION PROGRAMS

Sec. 33.051. DEFINITIONS. Defines "child" and "minor," and "missing child."

Sec. 33.052. MISSING CHILD PREVENTION AND IDENTIFICATION PROGRAMS. (a) Authorizes the board of trustees of a school district or of a private school to participate in missing child prevention and identification programs.

(b) Authorizes the board of trustees of a school district to delegate responsibility for implementation of the program to the district's school administration or to the district's community education services administration.

(c) Authorizes the chief administrative officer of each private primary or secondary school to participate in the programs and to contract with the service center in which the school is located for operation of all or any part of the program through a shared services arrangement.

Sec. 33.053. FINGERPRINTS OF CHILDREN. (a) Authorizes a missing child prevention and identification program to include a procedure for taking the fingerprints of each student registered in the school whose parent or legal custodian has consented in writing to the fingerprinting. Authorizes fingerprints obtained under this section to be used only for the identification and location of a missing child.

(b) Authorizes the board of trustees of a school district or the chief administrative officer of a private school to establish a reasonable fee to cover the costs of

fingerprinting not provided by volunteer assistance. Prohibits the fee from exceeding $3 for each child fingerprinted. Authorizes the school, if the school charges a fee, to waive all or a portion of the costs of fingerprinting for educationally disadvantaged children.

(c) Requires a representative of a law enforcement agency of the county or the municipality in which the school district is located or of the Department of Public Safety (DPS), or a person trained in fingerprinting technique by a law enforcement agency or DPS, to make one complete set of fingerprints on a fingerprint card for each child participating in the program. Authorizes DPS, if the school requests, to provide fingerprint training to persons designated by the school.

(d) Requires a fingerprint to include a description of the child, including certain personal information.

(e) Requires the fingerprint card and other materials developed under this subchapter to be made part of the school's permanent student records.

(f) Prohibits a state agency, law enforcement agency, or other person from retaining a copy of a child's fingerprints taken under this program.

Sec. 33.054. PHOTOGRAPHS OF CHILDREN. (a) Requires a participating school to retain a current photograph of each child registered in the school whose parent or legal custodian has consented in writing. Authorizes photographs retained under this section to be used only for the identification and location of a missing child.

(b) Requires the photograph to be retained by the participating school until the photograph is replaced by a subsequently made photograph under this section or until the expiration of three years, whichever is earlier.

(c) Authorizes a participating school, on the request of a parent or legal custodian of a missing child, or of a peace officer who is engaged in the investigation of a missing child, to give to the parent, legal custodian, or peace officer a copy of that child's photograph held by the school under this section. Provides that except as provided by this subsection, a photograph held under this section may not be given to any person.

(d) Authorizes a participating school to charge a fee for making and keeping records of photographs under this section. Authorizes a school, if the school charges a fee, to waive this fee for educationally disadvantaged children.

Sec. 33.055. FINGERPRINTS AND PHOTOGRAPHS NOT USED AS EVIDENCE. (a) Prohibits a child's fingerprint card made under Section 33.053 or a photograph of a child made or kept under Section 33.054 from being used as evidence in any criminal proceeding in which the child is a defendant or in any case under Title 3, Family Code, in which the child is alleged to have engaged in delinquent conduct or in conduct indicating a need for supervision.

(b) Provides that this subchapter does not apply to the use by a law enforcement agency for an official purpose of a photograph published in a school annual.

(c) Provides that this subchapter does not prevent the use of videotape or photograph taken to monitor the activity of students for disciplinary reasons or in connection with a criminal prosecution or an action under Title 3, Family Code.

Sec. 33.056. LIABILITY FOR NONPERFORMANCE. Provides that a person is not liable in any suit for damages for negligent performance or nonperformance of any requirement of this subchapter.

Sec. 33.057. DESTRUCTION OF FINGERPRINTS AND PHOTOGRAPHS. Requires the agency to adopt rules relating to the destruction of fingerprints and photographs made or kept under this subchapter.

SUBCHAPTER D. EXTRACURRICULAR ACTIVITIES

Sec. 33.081. EXTRACURRICULAR ACTIVITIES. (a) Requires the board, by rule, to limit participation in and practice for extracurricular activities during the school days and the school week. Requires the rules to preserve the school day for academic activities without interruption for extracurricular activities. Requires a school district, in scheduling those activities and practices, to comply with the rules of the board.

(b) Provides that a student enrolled in a school district in this state or who participates in an extracurricular activity or a University Interscholastic League (UIL) competition is subject to school district policy and UIL rules regarding participation only when the student is under the direct supervision of an employee of the school or district in which the student is enrolled or at any other time specified by resolution of the board of trustees of the district.

(c) Requires a student who is enrolled in a school district in this state or who participates in a UIL competition to be suspended from participation in any extracurricular activity sponsored or sanctioned by the school district or UIL after a grade evaluation period in which the student received a grade lower than the equivalent of 70 on a scale of 100 in any academic class other than an identified honors or advanced class. Provides that a suspension continues for at least three weeks and is not removed during the school year until the conditions of Subsection (d) are met. Provides that a suspension does not last beyond the end of a school year. Defines "grade evaluation period."

(d) Requires a school district, until the suspension is removed under this subsection or the school year ends, to review the grades of a student suspended under Subsection (c) at the end of each three-week period following the date on which the suspension began. Provides that at the time of a review, the suspension is removed if the student's grade in each class, other than an identified honors or advanced class, is equal to or greater than the equivalent of 70 on a scale of 100. Requires the principal and each of the student's teachers to make the determination concerning the student's grades.

(e) Requires suspension of a student with disability that interferes with the student's ability to meet regular academic standards to be based on the student's failure to meet the requirements of the student's individualized education program. Requires the determination of whether a disability interferes with a student's ability to meet regular academic standards to be made by the student's admission, review, and dismissal committee. Defines "student with a disability."

(f) Provides that a student suspended under this section may practice or rehearse with other students for an extracurricular activity but may not participate in a competition or other public performance.

(g) Provides that an appeal to the commissioner is not a contested case under Chapter 2001, Government Code, if the issues presented relate to a student's eligibility to participate in extracurricular activities, including issues related to the student's grades or the school district's grading policy as applied to the student's eligibility. Authorizes the commissioner to delegate the matter for decision to a person the commissioner designates. Prohibits the decision of the commissioner or a designee in a matter governed by this subsection from being appealed except on the grounds that the decision is arbitrary or capricious. Prohibits evidence from being introduced on appeal other than the record of the evidence before the commissioner.

Sec. 33.082. EXTRACURRICULAR ACTIVITIES; USE OF DISCRIMINATORY ATHLETIC CLUB. (a) Prohibits an extracurricular activity sponsored or sanctioned by

a school district from taking place at an athletic club located in the U.S. that denies any person full and equal enjoyment of equipment or facilities provided by the athletic club because of certain personal characteristics.

(b) Defines "athletic club."

Sec. 33.083. INTERSCHOLASTIC LEAGUES. (a) Requires the rules and procedures of an organization sanctioning or conducting interscholastic competition, including rules providing penalties for rules violations by school district personnel, to be consistent with board rules.

(b) Provides that UIL is a part of The University of Texas at Austin (U.T. Austin) and must submit its rules and procedures to the board for approval, disapproval, or modification. Requires the funds belonging to UIL to be deposited with U.T. Austin for the benefit of the league and to be subject to audits by U.T. Austin, The University of Texas System, and the state auditor. Requires copies of annual audits to be furnished, on request, to members of the legislature.

(c) Authorizes the board to seek an injunction to enforce this section.

(d) Requires UIL to file annually with the governor and the presiding officer of each house of the legislature a complete and detailed report accounting for all funds received and disbursed by UIL during the preceding fiscal year. Provides that the form of the annual report and the reporting time are as provided by the General Appropriations Act.

(e) Provides that each rule of UIL adopted before September 1, 1995, expires August 31, 1996, unless readopted by the league and approved by the board after September 1, 1995. Provides that this subsection expires January 1, 1997.

Sec. 33.084. INTERSCHOLASTIC LEAGUE ADVISORY COUNCIL. (a) Sets forth the composition of the interscholastic league advisory council.

(b) Provides that a member of the advisory council serves at the will of the member's appointing authority.

(c) Requires the commissioner, in appointing public members to the advisory council, to give special consideration to students, parents of students, and teachers.

(d) Requires the advisory council to select a chair from among its members and to meet at the call of the chair.

(e) Requires the advisory council to review the rules of UIL and to make recommendations relating to the rules to the governor, the legislature, the legislative council of UIL, and the board.

(f) Prohibits a member of the advisory council from receiving compensation but is entitled to reimbursement from UIL for transportation expenses and the per diem allowance for state employees in accordance with the General Appropriations Act.

(g) Sets forth provisions the advisory council shall study.

(h) Prohibits an action of UIL relating to the provision of additional programs of school districts from being taken pending submission of final report by the advisory council.

Sec. 33.085. INSURANCE FOR SCHOOL ATHLETES. (a) Authorizes the board of trustees of a school district to obtain insurance against bodily injuries sustained by students while training for or engaging in interschool athletic competition.

(b) Provides that the amount of insurance to be obtained must be in keeping with the financial condition of the school district and may not exceed the amount that, in the opinion of the board of trustees, is necessary to afford adequate medical treatment of injured students.

(c) Requires the insurance authorized by this section to be obtained from a reliable insurance company authorized to do business in this state and to be on forms approved by the commissioner of insurance.

(d) Provides that the cost of the insurance is a legitimate part of the total cost of the athletic program of the school district.

(e) Prohibits the failure of any board of trustees to carry the insurance authorized by this section from being construed as placing any legal liability on the school district or its officers, agents, or employees for any injury that results.

SUBCHAPTER Z. MISCELLANEOUS PROVISIONS

Sec. 33.901. BREAKFAST PROGRAMS. Requires the governing body of the district or the open-enrollment charter school, if at least 10 percent of the students enrolled in one or more schools in a school district or enrolled in an open-enrollment charter school are eligible for free or reduced-price breakfasts under the national school breakfast program provided for by the 42 U.S.C. Section 1773 (Child Nutrition Act of 1966), to participate in the program and make the benefits of the program available to all eligible students in the schools or school.

Sec. 33.902. PUBLIC SCHOOL CHILD CARE. (a) Defines "school-age students."

(b) Provides that each school district that on September 1 of a school year has a student membership of more than 5,000 and that does not provide directly or by contract child care services before and after the school day and during school holidays and vacations for the district's school-age students shall annually consider, during at least two public hearings, the need for availability of child care before, after, or both before and after the school day and during school holidays and vacations for the district's school-age students.

(c) Requires the district to publicize the hearings and hold all the hearings before the start of the school year. Requires the Work and Family Policies Clearinghouse in the Texas Employment Commission, not later than May 1 of each year, to distribute to each school district described by Subsection (b) information that describes model school-age child care programs and explains how a school district may obtain funds through the federal Dependent Care Development Grant program or other grant programs. Requires a school district to distribute the information received from the clearinghouse to the public at a hearing.

Sec. 33.903. COMMUNITY EDUCATION CHILD CARE SERVICES. (a) Requires the agency to establish a pilot program for the development of community education child care services as provided by this section. Requires the commissioner, from the total amount of funds appropriated to the agency, to withhold an amount specified in the General Appropriations Act and distribute that amount for programs under this section. Provides that a program established under this section is required only in a school district in which the program is financed by funds distributed under this section and any other funds available for the program.

(b) Authorizes the legislature to make appropriations to the agency for the purpose of supporting before- and after-school child care programs in a school district that is operating a community education development project.

(c) Requires the agency to seek federal grants or funds to operate or expand a program established under this section.

(d) Requires the board, by rule, to establish a procedure for distributing funds to school districts for child care programs under this section. Requires the procedure to include a statewide competitive process by which the agency shall evaluate applications for child care programs submitted by eligible school districts and award funds to those districts whose applications the agency considers to possess the greatest merit. Requires the board, by rule, to establish guidelines and objectives that the agency shall use in making evaluations for funding determination purposes. Provides that a school district is not entitled to administrative or judicial review of the agency's funding determination, except to the extent that the board, by rule, provides for administrative review.

(e) Prohibits the agency from considering a school district's application for child care funding unless the application contains certain provisions.

(f) Requires a school district's child care administrator to administer and coordinate the program under the authority of the district superintendent or another administrator the superintendent designates. Requires the child care administrator to appoint a coordinator to oversee the child care activities at each school site under the authority of the school's principal. Provides that each district is encouraged to collaborate with child care management system contractors and Head Start program providers.

(g) Authorizes each school district to provide full-day care for students on school holidays and teacher preparation days and during periods school is in recess, including summer vacation.

(h) Authorizes the school district to supplement any funds received under this section with funds received through other government assistance programs, program tuition, or private donations. Authorizes any tuition charge to reflect only the actual cost of care provided to the student, and the agency or other appropriate governmental agency approved by the commissioner to audit a program to ensure compliance with this subsection. Requires a school district to use state funds awarded under this section to benefit educationally disadvantaged children before using those funds for the care of other children.

(i) Prohibits a school district from using funds awarded under this section for student transportation unless that transportation is incident to an activity related to the curriculum of the child care program

(j) Authorizes a school district to use funds awarded under this section to contract with a private entity for providing child care services. Requires each of those entities to adhere to the requirements of this section. Provides that a contract under this subsection is not effective until approved by the agency. Requires the agency to review each contract to ensure that the services to be delivered comply with this section. Requires each contract to be awarded without regard to the race or gender of the contracting party, notwithstanding any other law.

(k) Requires each school district receiving funds under this section to adopt minimum training and skills requirements that each individual providing child care or staff assistance for a district program under this section must satisfy. Requires the agency to determine whether those minimum requirements fulfill the aims and policies of this section and to suspend the payment of funds to any district whose minimum requirements fail to fulfill the aims and policies of this section. Requires the board, by rule, to adopt criteria by which the agency shall evaluate district minimum training and skills requirements. Authorizes a district to seek review of a suspension order under the review process adopted under Subsection (m).

(l) Authorizes the board, by rule, to authorize a school district to receive technical and planning assistance from a service center.

(m) Provides that the agency shall monitor and review programs receiving funds under this section and may suspend funds to a school district whose programs fail to comply with this section. Requires the board, by rule, to adopt an administrative process to review a suspension. Subjects both a suspension order and the administrative review process to Chapter 2001, Government Code.

(n) Prohibits the commissioner, for the state fiscal biennium ending August 31, 1997, from withholding from funds appropriated to the agency more than $4 million for distribution for programs under this section. Provides that this subsection expires September 1, 1997.

CHAPTER 34. TRANSPORTATION

Sec. 34.001. PURCHASE OF MOTOR VEHICLES. (a) Authorizes a school district to purchase school motor vehicles through the General Services Commissioner or through competitive bidding under Chapter 44B.

(b) Requires each school district to comply with the safety standards for school motor vehicles established by the General Services Commission under Subsection (a).

(c) Provides that a school district that fails or refuses to comply with the safety standards established under this section is ineligible to share in the transportation allotment under Section 42.155 until the first anniversary of the date the district begins complying with the safety standards.

Sec. 34.003. OPERATION OF SCHOOL BUSES. (a) Requires school buses to be used for the transportation of students to and from schools on school bus routes having 10 or more students,and allows passenger cars to be used for the transportation of students to and from school if the route has fewer than 10 students.

(b) Sets forth provisions to transport student in connection with school activities other than on school bus routes to and from school.

(c) Requires the operator of the vehicle, in all circumstances in which passenger cars are used to transport students, to ensure that the number or passengers in the vehicle does not exceed the designed capacity of the vehicle and that each passenger is secured by a safety belt.

Sec. 34.004. STANDING CHILDREN. Prohibits a school district from requiring or allowing a child to stand on a school bus that is in motion.

Sec. 34.005. FINANCING. (a) Authorizes a school district financially unable to immediately pay for a school motor vehicle, including a bus, bus body, or bus chassis the district purchases to issue interest-bearing time warrants in amounts sufficient to make the purchase.

(b) Requires the warrants to mature in serial installments not later than the fifth anniversary of the date of issue and bear interest at a rate not to exceed the maximum rate provided by Article 717k-2, V.T.C.S. Requires the warrants to be issued and sold at not less than their face value.

(c) Requires the proceeds of the sale of the warrants to be used to provide the funds required for the purchase.

(d) Provides that the warrants, on maturity and in the order of their maturity dates, are payable out of any available funds of the school district and, as they become due, are entitled to first and prior payment out of those funds.

(e) Requires full records of all warrants issued and sold to be kept by the school district.

Sec. 34.006. SALE OF BUSES. (a) Requires the General Services Commissioner, at the request of a district, to dispose of a school bus.

(b) Provides that a school district is not required to dispose of a school bus through the General Services Commission.

Sec. 34.007. PUBLIC SCHOOL TRANSPORTATION SYSTEM. (a) Authorizes a board of county school trustees or a school district board of trustees to establish and operate an economical public school transportation system in the county or district, as applicable.

(b) Requires the county or school district board, in establishing and operating the transportation system, to employ school bus drivers certified in accordance with standards and qualifications adopted by DPS.

Sec. 34.008. CONTRACT WITH TRANSIT AUTHORITY OR COMMERCIAL TRANSPORTATION COMPANY. (a) Authorizes a board of county school trustees or school district board of trustees to contract with a transit authority or a commercial transportation company for all or any part of a district's public school transportation if the authority or company meets certain provisions.

(b) Provides that this section does not prohibit the county or school district board from supplementing the state transportation cost allotment with local funds necessary to provide complete transportation services.

(c) Requires a transit authority or a commercial transportation company contracting under this section for daily transportation of pre-primary, primary, or secondary students to or from school to conduct, in a manner and on a schedule approved by the county or district school board, certain education programs.

(d) Defines "transit authority."

Sec. 34.009. CONTRACTS FOR USE, ACQUISITION, OR LEASE OF SCHOOL BUS. (a) Authorizes a board of county school trustees or school district board of trustees to contract with any person for use, acquisition, or lease with option to purchase of a school bus if the county or school district board determines the contract to be economically advantageous to eh county or district. Subjects a contract in the form of an installment purchase or any form other than a lease or lease with option to purchase to Section 34.001.

(b) Requires a school bus that is leased or leased with an option to purchase under this section to meet or exceed the safety standards established under Section 34.002.

(c) Provides that each contract that reserves to the county or school district board the continuing right to terminate the contract at the expiration of each budget period of the board during the term of the contract is considered to be a commitment of current revenues only.

(d) Prohibits termination penalties from being included in any contract under this section. Requires the net effective interest rate on any contract to comply with Article 717k-2, V.T.C.S.

(e) Provides that the competitive bidding requirements of Chapter 44B apply to a contract under this section.

(f) Requires the commissioner to adopt a recommended contract form for the use, acquisition, or lease with option to purchase of school buses. Provides that a district is not required to use the contract.

(g) Authorizes the board, after a contract providing for payment aggregating $100,000 or more by a school district is authorized by the board of trustees, to submit the

contract and the record relating to the contract to the attorney general for the attorney general's examination as to the validity of the contract. Provides that the approval is not required as a term of the contract. Requires the attorney general, if the contract has been made in accordance with the constitution and laws of the state, to approve the contract, and the comptroller to register the contract. Provides that after the contract has been approved by the attorney general and registered by the comptroller, the validity of the contract is incontestable for any cause. Provides that the legal obligations of the lessor, vendor, or supplier of the property to the board are not diminished in any respect by the approval and registration of a contract.

(h) Provides that the decision of a board of county school trustees or school district board of trustees to use an alternative form of use, acquisition, or purchase of a school bus does not affect a district's eligibility for participation in the transportation funding provisions of the Foundation School Program or any other state funding program.

(i) Provides that a contract entered into under this section is a legal and authorized investment for banks, savings banks, trust companies, building and loan associates, savings and loan associations, insurance companies, fiduciaries, and trustees and for the sinking funds of school districts.

(j) Authorizes a contract under this section to have any lawful term of not less than two or more than 10 years.

(k) Authorizes a school district to use the provisions of any other law not in conflict with this section to the extent convenient or necessary to carry out any power or authority, express or implied, granted by this section.

Sec. 34.010. USE OF SCHOOL BUSES FOR EXTRACURRICULAR AND OTHER SCHOOL-RELATED ACTIVITIES. (a) Authorizes a school district board of trustees or board of county school trustees governing a countywide transportation system to contract with nonschool organizations for the use of school buses. Authorizes the county or school district board to provide services relating to the maintenance and operation of the buses in accordance with the contract.

(b) Requires the commissioner to ensure that the costs of using school buses for a purpose other than the transportation of students to or from school, including transportation for an extracurricular activity or field trip or of members of an organization other than a school organization, are properly identified in PEIMS.

Sec. 34.011. APPEALS. Provides that a policy decision of a board of county school trustees or board of trustees of a school district affecting transportation is final and may not be appealed.

SUBTITLE G. SAFE SCHOOLS

CHAPTER 37. DISCIPLINE; LAW AND ORDER

SUBCHAPTER A. ALTERNATIVE SETTINGS FOR BEHAVIOR MANAGEMENT

Sec. 37.001. STUDENT CODE OF CONDUCT. (a) Requires each school district, with the advice of its district-level committee established under Section 11.251, and jointly, as appropriate, with the juvenile board of each county in which the district is located, to adopt a student code of conduct for the district. Sets forth required actions for the student code of conduct, in addition to establishing standards for student conduct.

(b) Requires a teacher with knowledge that a student has violated the student code of conduct to file with the school principal or the other appropriate administrator a report, not to exceed one page, documenting the violation. Requires the principal or the other appropriate administrator, not later than 24 hours after receipt of a report from a teacher, to send a copy of the report to the student's parents or guardians.

(c) Requires each school district to adopt a student code of conduct as required by this section not later than September 1, 1996. Provides that this subsection expires September 1, 1997.

Sec. 37.002. REMOVAL BY TEACHER. (a) Authorizes a teacher to send a student to the principal's office to maintain effective discipline in the classroom. Requires the principal to respond by employing appropriate discipline management techniques consistent with the student code of conduct adopted under Section 37.001.

(b) Sets forth students a teacher may remove from class.

(c) Authorizes the principal, if a teacher removes a student from class under Subsection (b), to place the student into another appropriate classroom, into in-school suspension, or into an alternative education program as provided by Section 37.008. Prohibits the principal from returning the student to that teacher's class without the teacher's consent unless the committee established under Section 37.003 determines that such placement is the best or only alternative available. Authorizes the terms of the removal to prohibit the student from attending or participating in school-sponsored or school-related activity.

(d) Requires a teacher to remove from class and send to the principal for placement in an alternative education program or for expulsion, as appropriate, a student who engages in conduct described under Section 37.006 or 37.007. Prohibits the student from being returned to that teacher's class without the teacher's consent unless the committee established under Section 37.003 determines that such placement is the best or only alternative available.

Sec. 37.003. PLACEMENT REVIEW COMMITTEE. (a) Requires each school to establish a three-member committee to determine placement of a student when a teacher refuses the return of a student to the teacher's class and make recommendations to the district regarding re-admission of expelled students. Sets forth provisions by which members shall be appointed.

(b) Prohibits the teacher refusing to re-admit the student from serving on the committee.

Sec. 37.004. PLACEMENT OF STUDENTS WITH DISABILITIES. Authorizes the placement of a student with a disability who receives special education services to be made only by a duly constituted admission, review, and dismissal committee. Prohibits a student with a disability who receives special education services from being placed in alternative education programs solely for educational purposes if the student does not also meet the criteria for alternative placement in Section 37.006(a) or 37.007(a).

Sec. 37.005. SUSPENSION. (a) Authorizes the principal or other appropriate administrator to suspend a student who engages in conduct for which the student may be placed in an alternative education program under this subchapter.

(b) Prohibits a suspension under this section from exceeding three school days.

Sec. 37.006. REMOVAL FOR CERTAIN CONDUCT. (a) Requires a student to be removed from class and placed in an alternative education program as provided by Section 37.008 if the student engages in conduct punishable as a felony, or commits certain acts on school property or while attending a school-sponsored or school-related activity on or off of school property.

(b) Requires a student to be removed from class and placed in an alternative education program under Section 37.008 if the student engages in conduct that contains the elements of the offense of retaliation under Section 36.06, Penal Code, against any school employee.

(c) Requires the terms of a placement under this section to prohibit the student from attending or participating in a school-sponsored or school-related activity.

Sec. 37.007. EXPULSION FOR SERIOUS OFFENSES. (a) Sets forth provisions under which a student shall be expelled from a school.

(b) Authorizes a student to be expelled if the student, after being placed in an alternative education program for disciplinary reasons, continues to engage in serious or persistent misbehavior that violates the district's student code of conduct.

(c) Requires a student to be expelled if the student engages in conduct that contains the elements of any offense listed in Subsection (a) against any employee in retaliation for or as a result of the employee's employment with a school district.

(d) Requires a local educational agency to expel a student who brings a firearm to school. Requires the student to be expelled from the student's regular campus for a period of at least one year, with certain exceptions.

(e) Requires each school district to report to the agency the number of students expelled under Subsection (d) each year, the names of the schools from which the students are expelled, and the types of weapons involved.

(f) Authorizes a student who engages in conduct that contains the elements of the offense of criminal mischief under Section 28.03, Penal Code, to be expelled at the district's discretion if the conduct is punishable as a felony under that section. Requires the student to be referred to the authorized officer of the juvenile court regardless of whether the student is expelled.

(g) Requires a school district to inform each teacher of the conduct of a student who has engaged in any violation listed in this section. Requires a teacher to keep the information received in this subsection confidential. Authorizes the board to revoke or suspend the certification of a teacher who intentionally violates this subsection.

Sec. 37.008. ALTERNATIVE EDUCATION PROGRAMS. (a) Requires each school district to provide an alternative education program that meets certain requirements.

(b) Authorizes an alternative education program to provide for a student's transfer to a different campus; a school-community guidance center; or a community-based alternative school.

(c) Provides that an off-campus alternative education program is not subject to a requirement imposed by this title, other than a limitation on liability, a reporting requirement, or a requirement imposed by this chapter or by Chapter 39.

(d) Authorizes a school district to provide an alternative education program jointly with one or more other districts.

(e) Requires each school district to cooperate with government agencies and community organizations that provide services in the district to students placed in an alternative education program.

(f) Provides that a student removed to an alternative education program is counted in computing the average daily attendance of students in the district for the student's time in actual attendance in the program.

(g) Requires a school district to allocate to an alternative education program the same expenditure per student attending the alternative education program, including federal, state, and local funds that would be allocated to the student's school if the student were attending the student's regularly assigned education program, including a special education program.

(h) Prohibits a school district from placing a student, other than a student suspended as provided under Section 37.005 or expelled as provided under Section 37.007, in an unsupervised setting as a result of conduct for which a student may be placed in an alternative education program.

(i) Authorizes a service center, on request of a school district, to provide to the district information on developing an alternative education program that takes into consideration the district's size, wealth, and existing facilities in determining the program best suited to the district.

(j) Requires the board of trustees of the district requiring the placement, if a student placed in an alternative education program enrolls in another school district before the expiration of the period of placement, to provide to the district in which the student enrolls, at the same time other records of the student are provided, a copy of the placement order. Authorizes the district in which the student enrolls to continue the alternative education program placement under the terms of the order or to allow the student to attend regular classes without completing the period of placement.

(k) Authorizes a program of educational and support services to be provided to a student and the student's parents when the offense involves drugs or alcohol as specified under Section 37.006 or 37.007.

Sec. 37.009. HEARING; REVIEW. (a) Requires the school principal, not later than the third class day after the day on which a student is removed from class under Section 37.002(b) or (d), to schedule a hearing among the principal or a designee, a parent or guardian of the student, the teacher removing the student from class, and the student. Prohibits the student from being returned to the regular classroom pending the hearing. Requires the principal, following the hearing, and whether or not each requested person is in attendance after valid attempts to require the person's attendance, to order the placement of the student as provided by Section 37.002 for a period consistent with the student code of conduct.

(b) Entitles a student's parent or guardian, if a student's placement in an alternative education program is to extend beyond the end of the next grading period, to give notice of and an opportunity to participate in a proceeding before the board of trustees of the school district or the board's designee, as provided by policy of the board of trustees of the district. Provides that any decision of the board or the board's designee under this subsection is final and may not be appealed.

(c) Sets forth determinations the board or a designee must make before it may place a student in an alternative education program for a period that extends beyond the end of the school year.

(d) Requires the board or a designee to set a term for a student's placement in an alternative education program under Section 37.002 or 37.006.

(e) Requires a student placed in an alternative education program under Section 37.002 or 37.006 to be provided a review of the student's status by the board's designee at intervals not to exceed 120 days. Requires the student or the student's parent or guardian, at the review, to be given the opportunity to present arguments for the student's return to the regular classroom or campus. Prohibits the student from being returned to the classroom of the teacher who removed the student without that teacher's consent. Prohibits the teacher from being coerced to consent.

(f) Requires the board or a designee, before a student may be expelled under Section 37.007, to provide the student a hearing at which the student is afforded appropriate due process as required by the federal constitution and which the student's parent or guardian is invited, in writing, to attend. Requires the student to be represented by the student's parent or guardian or another adult who can provide guidance to the student and who is not an employee of the school district. Provides that if the decision to

expel a student is made by the board's designee, the decision may be appealed to the board. Authorizes the decision of the board to be appealed by trial de novo to a district court of the county in which the school district's central administrative office is located.

(g) Requires the board or a designee to deliver to the student and the student's parent or guardian a copy of the order placing the student in an alternative education program under Section 37.002 or 37.006 or expelling the student under Section 37.007.

(h) Requires the parent or guardian, after a school district notifies the parents or guardians of a student that the student has been expelled, to provide adequate supervision of the student during the period of expulsion.

Sec. 37.010. COURT INVOLVEMENT. (a) Requires the board of trustees of a school district or the board's designee, not later than the second business day after the date a hearing is held under Section 37.009, to deliver a copy of the order placing a student in an alternative education program under Section 37.006 or expelling a student under Section 37.007 and any information required under Section 52.04, Family Code, to the authorized officer of the juvenile court in the county in which the student resides. Authorizes the officer to determine whether a petition should be filed alleging that the student is in need of supervision or has engaged in delinquent conduct; or the student should be referred to an appropriate state agency.

(b) Requires the board or a designee, if a student is expelled under Section 37.007(b), to refer the student to the authorized officer of the juvenile court for appropriate proceedings under Title 3, Family Code.

(c) Prohibits a court, unless the juvenile board for the county in which the district's central administrative office is located has entered into a memorandum of understanding with the district's board of trustees concerning the juvenile probation department's role in supervising and providing other support services for students in alternative education programs, from ordering a student expelled under Section 37.007 to attend a regular classroom, a regular campus, or a school district alternative education program as a condition of probation.

(d) Prohibits the juvenile court, unless the juvenile board for the county in which the district's central administrative office is located has entered into a memorandum of understanding as described by Subsection (c), if a court orders a student to attend an alternative education program as a condition of probation once during a school year and the student is referred to juvenile court again during that school year, from ordering the student to attend an alternative education program in a district without the district's consent until the student has completed any sentencing requirements the court imposes.

(e) Requires any placement in an alternative education program by a court under this section to prohibit the student from attending or participating in school-sponsored or school-related activities.

(f) Authorizes a district, if a student is expelled on the recommendation of the committee established under Section 37.003 or on its own initiative, to readmit the student while the student is completing any court disposition requirements the court imposes. Prohibits a district, after the student has completed any court disposition requirements the court imposes, if the student meets the requirements for admission into the public schools established by this title, from refusing to admit the student, but authorizes the district to place the student in the alternative education program. Prohibits the student from being returned to the classroom of the teacher under whose supervision the offense occurred without that teacher's consent. Prohibits the teacher from being coerced to consent.

(g) Requires, if an expelled student enrolls in another school district, the board of trustees that expelled the student, to provide to the district in which the student enrolls, at the same time other records of the student are provided, a copy of the expulsion order and the referral to the authorized officer of the juvenile court.

(h) Provides that a person is not liable in civil damages for a referral to juvenile court.

Sec. 37.011. JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAM. (a) Requires the juvenile board of a county with a population greater than 125,000 to develop a juvenile justice alternative education program, subject to the approval of the Texas Juvenile Probation Commission. Authorizes the juvenile board of a county with a population of 125,000 or less to develop a juvenile justice alternative education program. Sets forth provisions applicable to a juvenile justice alternative education program in a county with a population of 125,000 or less.

(b) Sets forth requirements for the juvenile court, if a student is found to have engaged in conduct described by Section 37.007 and the student is found by a juvenile court to have engaged in delinquent conduct under Title 3, Family Code.

(c) Requires a juvenile justice alternative education program to adopt a student code of conduct in accordance with Section 37.001.

(d) Requires a juvenile justice alternative education program to focus on English language arts, mathematics, science, history, and self-discipline. Requires each program to administer assessment instruments under Chapter 39B, and to offer a high school equivalency program.

(e) Authorizes a juvenile justice alternative education program to be provided in a facility owned by a school district. Authorizes a school district to provide personnel and services for a juvenile justice alternative education program under a contract with the juvenile board.

(f) Requires a juvenile justice alternative education program to operate at least seven hours per day and 180 days per year.

(g) Requires a juvenile justice alternative education program to be subject to an operating policy developed by the local juvenile justice board and submitted to the Texas Juvenile Probation Commission for review and comment. Provides that a juvenile justice alternative education program is not subject to a requirement imposed by this title, other than a reporting requirement or a requirement imposed by this chapter or by Chapter 39.

(h) Provides that a student enrolled in a juvenile justice alternative education program is reported as if the student were enrolled at the student's assigned campus in the student's regularly assigned education program, including a special education program.

(i) Requires a student transferred to a juvenile justice alternative education program to participate in the program for the full period ordered by the juvenile court unless the student's school district agrees to accept the student before the date ordered by the juvenile court. Prohibits the juvenile court from ordering a period of transfer under this section that exceeds the term of any probation ordered by the juvenile court.

(j) Requires a juvenile board of a county with a population greater than 125,000 to establish a juvenile justice alternative education program not later than September 1, 1996. Requires a student who engages in conduct described by Section 37.007, before the date on which a juvenile justice alternative education program for the county in which the student resides begins operation, to be expelled for a period not to exceed one year. Provides that this subsection expires September 1, 1997.

Sec. 37.012. FUNDING OF JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAMS. (a) Requires the school district in which a student is enrolled on the date a juvenile court orders the student to attend a juvenile justice alternative education program to transfer to the juvenile board in charge of the juvenile justice alternative education program for the portion of the school year for which the juvenile justice alternative education program provides educational services funds equal to the district's average per student expenditure in alternative education programs under Section 37.008.

(b) Requires funds received under this section to be expended on juvenile justice alternative education programs.

(c) Requires the Office of State-Federal Relations to assist a local juvenile probation department in identifying additional state or federal funds to assist local juvenile probation departments conducting educational or job training programs within juvenile justice alternative education programs.

Sec. 37.013. COORDINATION BETWEEN SCHOOL DISTRICTS AND JUVENILE BOARDS. Requires the board of trustees of the school districts or the board's designee, at the call of the president of the board of trustees, to regularly meet with the juvenile board for the county in which the district's central administrative office is located or the juvenile board's designee concerning supervision and rehabilitative services appropriate for expelled students and students assigned to alternative education programs. Requires matters for discussion to include service by probation officers at the alternative education program site, recruitment of volunteers to serve as mentors and provide tutoring services, and coordination with other social service agencies.

Sec. 37.014. COURT-RELATED CHILDREN--LIAISON OFFICERS. Requires each school district to appoint at least one educator to act as liaison officer for court-related children who are enrolled in the district. Requires the liaison officer to provide counselling and services for each court-related child and the child's parents to establish or reestablish normal attendance and progress of the child in the school.

Sec. 37.015. REPORTS TO LOCAL LAW ENFORCEMENT; LIABILITY. (a) Requires the principal of a public or private primary or secondary school, or a person designated by the principal under Subsection (d), to notify any school district police department and the police department of the municipality in which the school is located or, if the school is not a municipality, the sheriff of the county in which the school is located if the principal has grounds to believe that certain activities occur in school, on school property, or at a school-sponsored or school-related activity on or off school property, whether or not the activity is investigated by school security officers.

(b) Requires a person who makes a notification under this section to include the name and address of each student the person believes may have participated in the activity.

(c) Provides that a notification is not required under Subsection (a) if the person believes that the activity does not constitute a criminal offense.

(d) Authorizes the principal of a public or private primary or secondary school to designate a school employee who is under the supervision of the principal to make the reports required by this section.

(e) Requires the person who makes the notification required under Subsection (a) to notify each instructional or support employee of the school who has regular contact with a student whose conduct is the subject of the notice.

(f) Provides that a person is not liable in civil damages for reporting in good faith as required by this section.

Sec. 37.016. REPORT OF DRUG OFFENSES; LIABILITY. Provides that a teacher, school administrator, or school employee is not liable in civil damages for reporting to

a school administrator or governmental authority, in the exercise of professional judgment within the scope of the teacher's, administrator's, or employee's duties, a student whom the teacher suspects of using, passing, or selling, on school property certain substances.

Sec. 37.017. DESTRUCTION OF CERTAIN RECORDS. Prohibits information received by a school district under Article 15.27, Code of Criminal Procedure, from being attached to the permanent academic file of the student who is the subject of the report. Requires the school district to destroy the information at the end of the school year in which the report was filed.

Sec. 37.018. INFORMATION FOR EDUCATORS. Requires each school district to provide each teacher and administrator with a copy of this subchapter and with a copy of the local policy relating to this subchapter.

Sec. 37.019. EMERGENCY PLACEMENT OR EXPULSION. (a) Provides that this subchapter does not prevent the principal or a designee from ordering the immediate placement of a student in the alternative program if the principal or the principal's designee believes the student's behavior is so unruly, disruptive, or abusive that it interferes with a teacher's ability to communicate effectively with the students in a class, with the ability of the student's classmates to learn, or with the operation of school or a school-sponsored activity.

(b) Provides that this subchapter does not prevent the principal or a designee from ordering the expulsion of a student if the principal or a designee believes that action is necessary to protect persons or property from imminent harm.

(c) Requires the student, at the time of an emergency placement or expulsion, to be given oral notice of the reason for the action. Requires the student, after the emergency placement or expulsion, to be accorded the appropriate due process as required under Section 37.009. Subjects the term of the student's emergency placement or expulsion, if the student subject to the emergency placement or expulsion is a student with disabilities who receives special education services, to the requirements of 20 U.S.C. Section 1415(e)(3) and 34 CFR 300.513.

(d) Provides that a principal or a designee is not liable in civil damages for an emergency placement under this section.

SUBCHAPTER B. SCHOOL-COMMUNITY GUIDANCE CENTERS

Sec. 37.051. ESTABLISHMENT. Authorizes each school district to establish a school-community guidance center designed to locate and assist children with problems that interfere with education. Requires each center to coordinate the efforts of school district personnel, local police departments, school attendance officers, and probation officers in working with students, dropouts, and parents in identifying and correcting factors that adversely affect the education of the children.

Sec. 37.052. COOPERATIVE PROGRAMS. Authorizes the board of trustees of a school district to develop cooperative programs with state youth agencies for children found to have engaged in delinquent conduct.

Sec. 37.053. COOPERATION OF GOVERNMENTAL AGENCIES. (a) Requires each governmental agency that is concerned with children and that has jurisdiction in the school district to cooperate with the school-community guidance centers on the request of the superintendent of the district and to designate a liaison to work with the centers in identifying and correcting problems affecting school-age children in the district.

(b) Authorizes the governmental agency to establish or finance a school-community guidance center jointly with the school district according to terms approved by the governing body of each entity participating in the joint establishment or financing of the center.

Sec. 37.054. PARENTAL NOTICE, CONSENT, AND ACCESS TO INFORMATION. (a) Requires the administrator of the center, before a student is admitted to a school-community guidance center, to notify the student's parent or guardian that the student has been assigned to attend the center.

(b) Sets forth provisions the notification must include.

(c) Prohibits the center, if after notification, a parent refuses to consent to testing or treatment of the student, from providing any further psychological treatment or testing.

(d) Entitles a parent or guardian of a student attending a center to inspect any instructional or guidance material to be used by the student; and the results of any treatment, testing, or guidance method involving the student.

(e) Authorizes of the center to set a schedule for inspection of materials that allows access but does not interfere with the conduct of classes or business activities of the school.

Sec. 37.005. PARENTAL INVOLVEMENT. (a) Requires a representative of the school district, the student, and the student's parent, on admitting a student to a school-community guidance center, to develop an agreement that specifies the responsibilities of the parent and student. Sets forth provisions the agreement must include.

(b) Authorizes the superintendent of the school district to obtain a court order from a district court in the school district requiring a parent to comply with an agreement made under this section. Authorizes a parent who violates a court order issued under this subsection to be punished for contempt of court.

(c) Defines "parent."

Sec. 37.056. COURT SUPERVISION. (a) Defines "court."

(b) Authorizes the court, if a representative of the school district, the student, and the parent or guardian for any reason fail to reach an agreement under Section 37.055, on the request of any party and after a hearing, to enter an order establishing the responsibilities and duties of each of the parties as the court considers appropriate.

(c) Authorizes the court to compel attendance at any hearing held under this section through any legal process.

(d) Authorizes the court, if the parties reach an agreement under Section 37.055, and if the written agreement so provides, to enter an order that incorporates the terms of the agreement.

(e) Provides that any party who violates an order issued under this section may be punished for contempt of court.

(f) Authorizes a school district to enter into an agreement to share the costs incurred by a county under this section.

SUBCHAPTER C. LAW AND ORDER

Sec. 37.081. SCHOOL DISTRICT PEACE OFFICERS AND SECURITY PERSONNEL. (a) Authorizes the board of trustees of any school district to employ security personnel and to commission peace officers to carry out this subchapter. Requires a person, if a board of trustees authorizes a person employed as security personnel to carry a weapon, to be a commissioned peace officer. Provides that the jurisdiction of a peace officer or security personnel under this section shall be determined by the board of trustees and may include all territory in the boundaries of the school district and all property outside the boundaries of the district that is owned, leased, or rented by or otherwise under the

control of the school district and the board of trustees that employ the peace officer or security personnel.

(b) Sets forth provisions applicable for a peace officer commissioned under this section.

(c) Authorizes a school district peace officer to provide assistance to another law enforcement agency. Authorizes a school district to contract with a political subdivision for the jurisdiction of a school district peace officer to include all territory in the jurisdiction of the political subdivision.

(d) Requires a school district peace officer to perform administrative and law enforcement duties for the school district as determined by the board of trustees of the school district. Requires those duties to include protecting the safety and welfare of any person in the jurisdiction of the peace officer; and the property of the school district.

(e) Requires the board of trustees of the district to determine the scope of the on-duty and off-duty law enforcement activities of school district peace officers. Requires a school district to authorize any off-duty law enforcement activities performed by a school district peace officer.

(f) Requires the chief of police of the school district police department to be accountable to the superintendent and to report to the superintendent or a designee. Requires school district police officers to be supervised by the chief of police of the school district or the chief of police's designee and to be licensed by the Commission on Law Enforcement Officer Standards and Education.

(g) Requires a school district police department and the law enforcement agencies with which it has overlapping jurisdiction to enter into a memorandum of understanding that outlines communication and coordination efforts between the department and the agencies.

(h) Requires a peace officer assigned to duty and commissioned under this section to take and file the oath required of peace officers and to execute and file a bond in the sum of $1,000, payable to the board of trustees, with two or more sureties, conditioned that the peace officer will fairly, impartially, and faithfully perform all the duties that may be required of the peace officer by law. Authorizes the bond to be sued on in the name of any person injured until the whole amount of the board is recovered. Requires any peace officer commissioner under this section to meet all minimum standards for peace officers established by the Commission on Law Enforcement Officer Standards and Education.

Sec. 37.082. POSSESSION OF PAGING DEVICES. (a) Authorizes the board of trustees of a school district to adopt a policy prohibiting a student from possessing a paging device while on school property or while attending a school-sponsored or school-related activity on or off school property. Authorizes the policy to establish disciplinary measures to be imposed for violation of the prohibition and to provide for confiscation of the paging device.

(b) Sets forth provisions for which the policy may provide.

(c) Defines "paging device."

Sec. 37.083. DISCIPLINE MANAGEMENT PROGRAMS; SEXUAL HARASSMENT POLICIES. (a) Requires each school district to adopt and implement a discipline management program to be included in the district improvement plan under Section 11.252.

(b) Authorizes each school district to develop and implement a sexual harassment policy to be included in the district improvement plan under Section 11.252.

SUBCHAPTER D. PROTECTION OF BUILDINGS AND GROUNDS

Sec. 37.101. APPLICABILITY OF CRIMINAL LAWS. Provides that the criminal laws of the state apply in the areas under the control and jurisdiction of the board of trustees of any school district in this state.

Sec. 37.102. RULES; PENALTY. (a) Authorizes the board of trustees of a school district to adopt rules for the safety and welfare of students, employees, and property, and other rules it considers necessary to carry out this subchapter and the governance of the district. Authorizes the board to adopt and charge a fee for parking and for providing traffic control.

(b) Provides that a law or ordinance regulating traffic on a public highway or street applies to the operation of a vehicle on school property, except as modified by this subchapter.

(c) Provides that a person who violates this subchapter or any rule adopted under this subchapter commits a Class C misdemeanor.

Sec. 37.103. ENFORCEMENT OF RULES. Authorizes the board of trustees of a school district to authorize any officer commissioned by the board to enforce rules adopted by the board. Provides that this subchapter is not intended to restrict the authority of each district to adopt and enforce appropriate rules for the orderly conduct of the district in carrying out its purposes and objectives or the right of separate jurisdiction relating to the conduct of its students and personnel.

Sec. 37.104. COURTS HAVING JURISDICTION. Authorizes the judge of a municipal court of a municipality in which, or any justice of the peace of a county in which, property under the control and jurisdiction of a school district is located to hear and determine criminal cases involving violations of this subchapter or rules adopted under this subchapter.

Sec. 37.105. UNAUTHORIZED PERSONS: REFUSAL OF ENTRY, EJECTION, IDENTIFICATION. Authorizes the board of trustees of a school district or its authorized representative to refuse to allow a person without legitimate business to enter on property under the board's control and to eject any undesirable person from the property on the person's refusal to leave peaceably on request. Provides that identification may be required of any person on the property.

Sec. 37.106. VEHICLE IDENTIFICATION INSIGNIA. Authorizes the board of trustees of a school district to provide for the issuance and use of suitable vehicle identification insignia. Authorizes the board to bar or suspend a person from driving or parking a vehicle on any school property as a result of the person's violation of any rule adopted by the board or of this subchapter. Authorizes reinstatement of the privileges to be permitted and a fee assessed.

Sec. 37.107. TRESPASS ON SCHOOL GROUNDS. Provides that an unauthorized person who trespasses on the grounds of any school district of this state commits a Class C misdemeanor.

SUBCHAPTER E. PENAL PROVISIONS

Sec. 37.121. FRATERNITIES, SORORITIES, SECRET SOCIETIES, AND GANGS. (a) Sets forth the provisions under which a person commits an offense.

(b) Requires a school district board of trustees or an educator to recommend placing in an alternative education program any student under the person's control who violates Subsection (a).

(c) Provides that an offense under this section is a Class C misdemeanor.

(d) Defines "public school fraternity, sorority, secret society, or gang."

Sec. 37.122. POSSESSIONS OF INTOXICANTS ON PUBLIC SCHOOL GROUNDS. (a) Set forth provisions under which a person commits an offense if the person possesses an intoxicating beverage for consumption, sale, or distribution.

(b) Requires an officer of this state who sees a person violating this section to seize the intoxicating beverage and deliver it to the county or district attorney to be held as evidence until the trial of the accused possessor.

(c) Provides that an offense under this section is a Class C misdemeanor.

Sec. 37.123. DISRUPTIVE ACTIVITIES. (a) Provides that a person commits an offense if the person, alone or in concert with others, intentionally engages in disruptive activity on the campus or property of any private or public school.

(b) Sets forth activities considered disruptive.

(c) Provides that an offense under this section is a Class B misdemeanor.

(d) Provides that any person who is convicted the third time of violating this section is ineligible to attend any institution of higher education receiving funds from this state before the second anniversary of the third conviction.

(e) Prohibits this section from being construed to infringe on any right of free speech or expression guaranteed by the U.S. Constitution or of this state.

Sec. 37.124. DISRUPTION OF CLASSES. (a) Provides that a person commits an offense if the person, on school property or on public property within 500 feet of school property, alone or in concert with others, disrupts the conduct of classes or other school activities.

(b) Provides that an offense under this section is a Class C misdemeanor.

(c) Defines "disrupting the conduct of classes or other school activities," "public property," and "school property."

Sec. 37.125. EXHIBITION OF FIREARMS. (a) Provides that a person commits an offense if the person, by exhibiting, using, or threatening to exhibit or use a firearm, interferes with the normal use of building or portion of a campus or of a school bus being used to transport children to or from school-sponsored activities of a private or public school.

(b) Provides that an offense under this section is a third degree felony.

Sec. 37.126. DISRUPTION OF TRANSPORTATION. (a) Provides that a person commits an offense if the person disrupts, prevents, or interferes with the lawful transportation of children to or from school or an activity sponsored by a school on a vehicle owned or operated by a county or independent school district.

(b) Provides that an offense under this section is a Class C misdemeanor.

SUBCHAPTER F. HAZING

Sec. 37.151. DEFINITIONS. Defines "educational institution," "pledge," "pledging," "student," "organization," and "hazing."

Sec. 37.152. PERSONAL HAZING OFFENSE. (a) Sets forth provisions under which a person commits an offense.

(b) Provides that the offense of failing to report is a Class B misdemeanor.

(c) Provides that any other offense under this section that does not cause serious bodily injury to another is a Class B misdemeanor.

(d) Provides that any other offense under this section that causes serious bodily injury to another is a Class A misdemeanor.

(e) Provides that any other offense under this section that causes the death of another is a state jail felony.

(f) Authorizes the court, except if an offense causes the death of a student, in sentencing a person convicted of an offense under this section, to require the person to perform community service, subject to the same conditions imposed on a person placed on community supervision under Section 11, Article 42.12, Code of Criminal Procedure, for an appropriate period of time in lieu of confinement in county jail or in lieu of a part of the time the person is sentenced to confinement in county jail.

Sec. 37.153. ORGANIZATION HAZING OFFENSE. (a) Provides that an organization commits an offense if the organization condones or encourages hazing or if an officer or any combination of members, pledges, or alumni of the organization commits or assists in the commission of hazing.

(b) Provides that an offense under this section is a misdemeanor punishable by a fine of not less than $5,000 nor more than $10,000; or if the court finds that the offense caused personal injury, property damage, or other loss, a fine of not less than $5,000 nor more than double the amount lost or expenses incurred because of the injury, damage, or loss.

Sec. 37.154. CONSENT NOT A DEFENSE. Provides that it is not a defense to prosecution of an offense under this subchapter that the person against whom the hazing was directed consented to or acquiesced in the hazing activity.

Sec. 37.155. IMMUNITY FROM PROSECUTION AVAILABLE. Authorizes the court, in the prosecution of an offense under this subchapter, to grant immunity from prosecution for the offense to each person who is subpoenaed to testify for the prosecution and who does testify for the prosecution. Provides that any person reporting a specific hazing incident involving a student in an educational institution to the dean of students or other appropriate official of the institution is immune from civil or criminal liability that might otherwise be incurred or imposed as a result of the report. Provides that immunity extends to participation in any judicial proceeding resulting from the report. Provides that a person reporting in bad faith or with malice is not protected by this section.

Sec. 37.156. OFFENSES IN ADDITION TO OTHER PENAL PROVISIONS. Provides that this subchapter does not affect or repeal any penal law of this state. Provides that this subchapter does not limit or affect the right of an educational institution to enforce its own penalties against hazing.

Sec. 37.157. REPORTING BY MEDICAL AUTHORITIES. Sets forth provisions applicable to a doctor or other medical practitioner who treats a student who may have been subjected to hazing activities.

CHAPTER 38. HEALTH AND SAFETY

Sec. 38.001. IMMUNIZATION; REQUIREMENTS; EXCEPTIONS. (a) Requires each student to be fully immunized against diphtheria, rubeola, rubella, mumps, tetanus, and poliomyelitis, except as provided by Subsection (c).

(b) Authorizes the Texas Board of Health to modify or delete any of the immunizations in Subsection (a) or to require immunizations against additional diseases as a requirement for admission to any elementary or secondary school.

(c) Provides that immunization is not required for a person's admission to any elementary or secondary school if the person applying for admission meets certain conditions.

(d) Requires the Texas Department of Health to provide the required immunization to children in areas where no local provision exists to provide those services.

(e) Authorizes a person to be provisionally admitted to an elementary or secondary school if the person has begun the required immunizations and if the person continues to receive the necessary immunizations as rapidly as medically feasible. Requires the Texas Department of Health to adopt rules relating to the provisional admission of persons to an elementary or secondary school.

Sec. 38.002. IMMUNIZATION RECORDS; REPORTING. (a) Requires each public school to keep an individual immunization record during the period of attendance for each student admitted. Requires the records to be open for inspection at all reasonable times by the agency or by representatives of local health departments or the Texas Department of Health.

(b) Requires each public school to cooperate in transferring students' immunization records to other schools. Provides that specific approval from students, parents, or guardians is not required before transferring those records.

(c) Requires the agency and the Texas Department of Health to develop the form for a required annual report of the immunization status of students. Requires the report to be submitted by all schools at the time and in the manner indicated in the instructions printed on the form.

Sec. 38.003. SCREENING AND TREATMENT FOR DYSLEXIA AND RELATED DISORDERS. (a) Requires students enrolling in public schools in this state to be tested for dyslexia and related disorders at appropriate times in accordance with a program approved by the board.

(b) Requires the board of trustees of each school district, in accordance with the program approved by the board, to provide for the treatment of any student determined to have dyslexia or a related disorder.

(c) Requires the board to adopt any rules and standards necessary to administer this section.

(d) Defines "dyslexia" and "related disorders."

Sec. 38.004. CHILD ABUSE REPORTING AND PROGRAMS. (a) Requires the agency to develop a policy governing the child abuse reports required by Chapter 261, Family Code, of school districts and their employees. Requires the policy to provide for cooperation with law enforcement child abuse investigations without the consent of the child's parents if necessary, including investigations by the Texas Department of Human Services. Requires each school district to adopt the policy.

(b) Requires each school district to provide child abuse antivictimization programs in elementary and secondary schools.

Sec. 38.005. PROTECTIVE EYE DEVICES IN PUBLIC SCHOOLS. Requires each teacher and student to wear industrial-quality eye-protective devices in appropriate situations as determined by school district policy.

Sec. 38.006. TOBACCO ON SCHOOL PROPERTY. Sets forth required actions for the board of trustees of a school district.

Sec. 38.007. ALCOHOL-FREE SCHOOL ZONES. (a) Requires the board of trustees of a school district to prohibit the use of alcoholic beverages at a school-related or school-sanctioned activity on or off school property.

(b) Requires the board of trustees of a school district to attempt to provide a safe alcohol-free environment to students coming to or going from school. Authorizes the board of trustees to cooperate with local law enforcement officials and the Texas Alcoholic Beverage Commission in attempting to provide this environment and in enforcing Sections 101.75, 109.33, and 109.59, Alcoholic Beverage Code. Authorizes the board, if a majority of the area of a district is located in a municipality with a population of 900,000 or more, to petition the commissioners court of the county in which the district is located or the governing board of an incorporated city or town in which the district is located to adopt a 1,000-foot zone under Section 109.33, Alcoholic Beverage Code.

Sec. 38.008. POSTING OF STEROID LAW NOTICE. Requires each school in a school district in which there is a grade level of seven or higher to post in the school gymnasium and each other place in a building where physical education classes are conducted a notice prohibiting use of steroids for body building.

Sec. 38.009. ACCESS TO MEDICAL RECORDS. (a) Entitles a school administrator, nurse, or teacher to access to a student's medical records maintained by the school district for reasons determined by district policy.

(b) Requires a school administrator, nurse, or teacher who views medical records under this section to maintain the confidentiality of those medical records.

(c) Provides that this section does not authorize a school administrator, nurse, or teacher to require a student to be tested to determine the student's medical condition or status.

Sec. 38.010. OUTSIDE COUNSELORS. (a) Prohibits a school district or school district employee from referring a student to an outside counselor for care or treatment of a chemical dependency or an emotional or psychological condition unless certain provisions apply.

(b) Describes "parent."

SUBTITLE H. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

CHAPTER 39. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

SUBCHAPTER B. ASSESSMENT OF ACADEMIC SKILLS

Sec. 39.021. ESSENTIAL SKILLS AND KNOWLEDGE. Requires the board, by rule, to establish the essential skills and knowledge that all students should learn to achieve the goals provided under Section 4.002.

Sec. 39.022. ASSESSMENT PROGRAM. Requires the board, by rule, to create and implement a statewide assessment program that is performance-based to ensure school accountability for student achievement that achieves the goals provided under Section 4.002. Requires the board, after adopting rules under this section, to consider the

importance of maintaining stability in the statewide assessment program when adopting any subsequent modification of the rules.

Sec. 39.023. ADOPTION AND ADMINISTRATION OF INSTRUMENTS. (a) Requires the agency to adopt criterion-referenced assessment instruments designed to assess competencies in reading, writing, mathematics, social studies, and science. Sets forth subjects in which all nonexempt students shall be assessed.

(b) Requires the agency to adopt secondary exit-level assessment instruments designed to assess competencies in mathematics and English language arts. Requires the English language arts section to include the assessment of writing competencies. Requires the board to administer the assessment instruments. Requires each student who did not perform satisfactorily on any secondary exit-level assessment instrument when initially tested to be given multiple opportunities to retake that assessment instrument.

(c) Requires the agency to adopt end-of-course assessment instruments for students in secondary grades who have completed Algebra I, Biology I, English II, and U.S. history.

(d) Requires the agency, under rules adopted by the board, to release the questions and answer keys to each assessment instrument administered under Subsection (a), (b), or (c) after the last time the instrument is administered for a school year. Provides that to ensure a valid bank of questions for use each year, the agency is not required to release a question that is being field-tested and was not used to compute the student's score on the instrument. Requires the agency to also release, under board rule, each question that is no longer being field-tested and that was not used to compute a student's score.

(e) Requires the assessment instruments to be designed to include assessment of a student's problem-solving ability and complex-thinking skills using a method of assessing those abilities and skills that is demonstrated to be highly reliable.

(f) Authorizes the board to adopt one appropriate, nationally recognized, norm-referenced assessment instrument in reading and mathematics to be administered to a selected sample of students in the spring. Requires a norm-referenced assessment instrument to be a secured test. Authorizes the state to pay the costs of purchasing and scoring the adopted assessment instrument and of distributing the results of the adopted instrument to the school districts. Requires a district that administers the norm-referenced test adopted under this section to report the results to the agency in a manner prescribed by the commissioner.

(g) Requires the agency to notify school districts and campuses of the results of assessment instruments administered under this section at the earliest possible date determined by the board but not later than the beginning of the subsequent school year.

(h) Subjects the provisions of this section to modification by rules adopted under Section 39.022. Requires each assessment instrument adopted under those rules to be reliable and valid and to meet federal requirements for measurement of student programs.

(i) Requires the board, beginning with the 1995-1996 school year, to administer the end-of-course assessment instruments under Subsection (c) in Algebra I and Biology I. Requires the board, not later than the 1998-1999 school year, to administer the end-of-course assessment instruments under Subsection (c) in English II and U.S. history. Provides that this subsection expires September 1, 2001.

Sec. 39.024. SATISFACTORY PERFORMANCE. (a) Requires the board to determine the level of performance considered to be satisfactory on the assessment instruments.

(b) Requires each school district to offer an intensive program of instruction for students who did not perform satisfactorily on an assessment instrument administered under this subchapter. Requires intensive programs to be designed to enable the students to be performing at grade level at the conclusion of the next regular school term.

(c) Requires the agency to develop and distribute study guides to assist parents in providing assistance during the period that school is recessed for summer to students who do not perform satisfactorily on one or more parts of an assessment instrument administered under this subchapter. Requires the commissioner to retain a portion of the total amount of funds allotted under Section 42.152(a) that the commissioner considers appropriate to finance the development and distribution of the study guides and to reduce each district's allotment proportionately.

Sec. 39.025. EXIT-LEVEL PERFORMANCE REQUIRED. (a) Prohibits a student from receiving a high school diploma until the student has performed satisfactorily on the secondary exit-level assessment instruments for English language arts and mathematics administered under Section 39.023(b) or on the end-of-course assessment instrument adopted under Section 39.023(b) in Algebra I and English II; the end-of-course assessment instrument adopted under Section 39.023(b) in either Biology I or U.S. history.

(b) Provides that each time a secondary exit-level assessment instrument is administered, a student who has not been given a high school diploma because of a failure to perform satisfactorily on the assessment instrument for that subject area, may retake the assessment instrument.

(c) Requires a student who has been denied a high school diploma under Subsections (a) and (b) and who subsequently performs satisfactorily on each secondary exit-level assessment instrument to be issued a high school diploma.

Sec. 39.026. LOCAL OPTION. Authorizes a school district, in addition to the assessment instruments adopted by the agency and administered by the board, to adopt and administer criterion-referenced or norm-referenced assessment instruments, or both, at any grade level. Requires a norm-referenced assessment instrument adopted under this section to be economical, nationally recognized, and state-approved.

Sec. 39.027. EXEMPTION. (a) Sets forth provisions under which a student may be exempted from the requirements of this subchapter.

(b) Requires the board to adopt rules under which a dyslexic student who is not exempt under Subsection (a) may use procedures including oral examinations if appropriate or may be allowed additional time or the materials or technology necessary for the student to demonstrate the student's mastery of the competencies the assessment instruments are designed to measure.

(c) Requires the commissioner, not later than December 1, 1996, to develop and propose to the legislature an assessment system for evaluating the progress of students exempted under Subsection (a). Requires the performance of those students under an assessment system, not later than the 1998-1999 school year, to be included in the academic excellence indicator system under Section 39.051, the campus report card under Section 39.052, and the performance report under Section 39.053. Provides that this subsection expires September 1, 1999.

Sec. 39.028. COMPARISON OF STATE RESULTS TO NATIONAL RESULTS. Requires the state assessment program to obtain nationally comparative results for the subject areas and grade levels for which criterion-referenced assessment instruments are adopted under Section 39.023.

Sec. 39.029. MIGRATORY CHILDREN. Authorizes the board, by rule, to provide alternate dates for the administration of the assessment instruments to a student who is a migratory child. Authorizes the alternate dates to be chosen following a consideration of migrant work patterns, and the dates selected may afford maximum opportunity for the students to be present when the assessment instruments are administered.

Sec. 39.030. CONFIDENTIALITY; PERFORMANCE REPORTS. Requires the board or a school district, in adopting academic skills assessment instruments under this subchapter, to ensure the security of the instruments and tests in their preparation, administration, and grading. Provides that meetings or portions of meetings held by the board or a school district at which individual assessment instruments or assessment instrument items are discussed or adopted are not open to the public under Chapter 551, Government Code, and the assessment instruments or assessment instrument items are confidential.

(b) Provides that the results of individual student performance on academic skills assessment instruments administered under this subchapter are confidential and may be released only in accordance with the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g). Requires overall student performance data to be aggregated by certain personal information and made available to the public, with appropriate interpretations, at regularly scheduled meetings of the board of trustees of each school district. Prohibits the information from containing the names of individual students or teachers.

(c) Authorizes a district, in compiling performance data under Subsection (b), to aggregate separately from the performance data of other students the performance data of students enrolled in a special education program under Chapter 29A; or a bilingual education or special language program under Chapter 29B.

Sec. 39.031. COST. (a) Requires the cost of preparing, administering, or grading the assessment instrument to be paid from the funds allotted under Section 42.152, and each district shall bear the cost in the same manner described for a reduction in allotments under Section 42.253. Requires the commissioner, if a district does not receive an allotment under Section 42.152, to subtract the cost from the district's other foundation school fund allotments.

(b) Requires the cost of releasing the question and answer keys under Section 39.023(d) to be paid from amounts appropriated to the agency.

Sec. 39.032. ASSESSMENT INSTRUMENT STANDARDS; CIVIL PENALTY. (a) Prohibits a company or organization from distributing to, selling to, or grading for the same school district the same form of an assessment instrument for more than three school years. Prohibits a school district from using the same form of an assessment instrument for more than three years.

(b) Requires a company or organization that grades an assessment instrument to report the results to the district and to the agency by campus and district and in comparison to state and national averages, unless the agency requests a report of the results in another form.

(c) Requires state and national norms of averages to be computed using data that are not more than six years old at the time the assessment instrument is administered and that are representative of the group of students to whom the assessment instrument is administered. Requires the standardization norms to be based on a national probability sample that meets accepted standards for educational and psychological testing and to be updated at least every six years using proven psychometric procedures approved by the board.

(d) Provides that a company or organization that fails to comply with this section is liable to the state in an amount equal to three times the amount of actual damages.

Provides that the actual damages are presumed to be at least equal to the amount charged by the company or organization to a school district for the assessment instrument, including any charge for grading the assessment instrument. Authorizes the attorney general, a district attorney, or a county attorney to bring suit to collect the damages on the request of the board or on the request of a student or a parent or guardian of a student to whom the assessment instrument was administered.

(e) Requires the board to adopt rules for the implementation of this section and for the maintenance of the security of the contents of all assessment instruments.

(f) Defines "assessment instrument."

Sec. 39.033. VOLUNTARY ASSESSMENT OF PRIVATE SCHOOL STUDENTS. (a) Authorizes a private school, under an agreement with the agency, to administer an assessment instrument adopted under this subchapter to students at the school.

(b) Requires an agreement under this section to require the private school to provide to the commissioner the information described by Section 39.051(b) and to maintain confidentiality in compliance with Section 39.030.

(c) Requires a private school to reimburse the agency for the cost of administering an assessment instrument under this section. Requires the board to determine the costs under this section. Prohibits the per-student cost from exceeding the cost of administering the same assessment to a student enrolled in a public school district.

(d) Defines "private school."

SUBCHAPTER C. PERFORMANCE INDICATORS

Sec. 39.051. ACADEMIC EXCELLENCE INDICATORS. (a) Requires the board to adopt a set of indicators of the quality of learning on a campus. Requires the board biennially to review the indicators for the consideration of appropriate revisions.

(b) Requires performance on the indicators adopted under this section to be compared to state-established standards. Requires the degree of change from one school year to the next in performance on each indicator adopted under this section to be considered. Requires the indicators to be based on information that is disaggregated with respect to certain personal characteristics and to include certain provisions.

(c) Requires performance on the indicator under Subsection (b)(1) to be compared to state standards, required improvement, and comparable improvement. Requires the state standard to be established by the commissioner. Provides that required improvement is defined as the progress necessary for the campus or district to meet state standards and for its students to meet exit requirements as defined by the commissioner. Provides that comparable improvement is derived by measuring campuses and districts against a profile developed from a total state student performance data base which exhibits substantial equivalence to the characteristics of students served by the campus or district, including past academic performance, socioeconomic status, ethnicity, and limited English proficiency.

(d) Requires the commissioner, to annually define exemplary, recognized, and unacceptable performance for each academic excellence indicator included under Subsections (b)(1) through (6) and to project the standards for each of those levels of performance for succeeding years.

(e) Requires each school district to cooperate with the agency in determining whether a student is a dropout under this section.

Sec. 39.052. CAMPUS REPORT CARD. (a) Requires the agency each school year to prepare and distribute to each school district a report card for each campus. Requires the

campus report cards to be based on the most current data available disaggregated by student groups. Requires campus performance to be compared to previous campus and district performance, current district performance, state established standards, and comparable campus group performance.

(b) Sets forth information the report card shall include.

(c) Requires the commissioner to adopt rules for requiring dissemination of appropriate student performance portions of campus report cards annually to the parent, guardian, conservator, or other person having lawful control of each student at the campus. Requires the school district, on written request, to provide a copy of a campus report card to any other party.

Sec. 39.053. PERFORMANCE REPORT. (a) Requires each board of trustees to 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. Requires the annual report to also include campus performance objectives established under Section 11.253 and the progress of each campus toward those objectives, which shall be available to the public. Requires the annual report to also include the performance rating for the district as provided under Section 39.072(a) and the performance rating of each campus in the district as provided under Section 39.072(c). Requires supplemental information to be included in the report to be determined by the board of trustees. Requires performance information in the annual reports on the indicator established under Section 39.051 and descriptive information required by this section to be provided by the agency.

(b) Requires the board of trustees to hold a hearing for public discussion of the report. Requires the board of trustees to give notice of the hearing to property owners in the district and parents, guardians, conservators, and other persons having lawful control of a district student. Requires the notification to include notice to a newspaper of general circulation in the district and notice to electronic media serving the district. Requires the report, after the hearing, to be disseminated within the district in a manner to be determined under rules adopted by the commissioner.

(c) Sets forth comparisons the report must include.

(d) Sets forth information the report may include.

(e) Requires the board, by rule, to authorize the combination of this report with other reports and financial statements and to restrict the number and length of reports that school districts, school district employees, and school campuses are required to prepare.

(f) Requires the report to include a statement of the amount of the school district's unencumbered surplus fund balance as of the last day of the preceding fiscal year and the percentage of the preceding year's budget that the surplus represents.

Sec. 39.054. USES OF PERFORMANCE REPORT. Sets forth requirements for the information required to be reported.

SUBCHAPTER D. ACCREDITATION STATUS

Sec. 39.071. ACCREDITATION. Provides that accreditation of a school district is determined in accordance with this subchapter.

Sec. 39.072. ACCREDITATION STANDARDS. (a) Requires the board to adopt rules to evaluate the performance of school districts and to assign to each district a certain performance rating.

(b) Requires the academic excellence indicators adopted under Sections 39.051(b)(1) through (6) to be the main consideration of the agency in the rating of the district under this section. Sets forth provisions additional criteria in the rules may include.

(c) Requires the agency to evaluate against state standards and to report the performance of each campus in a district and each open-enrollment charter school on the basis of the campus's performance on the indicators adopted under Sections 39.051(b)(1) through (6).

Sec. 39.073. DETERMINING ACCREDITATION STATUS. (a) Requires the agency to annually review the performance of each district and campus on the indicators adopted under Sections 39.051(b)(1) through (6) and determine if a change in the accreditation status of the district is warranted.

(b) Requires each annual review to include an analysis of the indicators under Sections 39.051(b)(1) through (6) to determine district and campus performance in relation to certain provisions.

(c) Authorizes a district's accreditation rating 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.

(d) Requires the commissioner to notify a district that is rated academically unacceptable that the performance of the district or a campus in the district is below each standard under Subsection (b) and to require the district to notify property owners and parents in the district of the lowered accreditation rating and its implication.

Sec. 39.074. ON-SITE INVESTIGATIONS. (a) Sets forth authorized actions for the commissioner.

(b) Requires the commissioner to determine the frequency of on-site investigations by the agency according to annual comprehensive analyses of student performance and equity in relation to the academic excellence indicators adopted under Section 39.051.

(c) Requires the investigators, in making an on-site accreditation investigation, to obtain information from administrators, teachers, and parents of students enrolled in the district. Prohibits the investigation from being closed until information is obtained from each of those sources. Sets forth provisions for which the board shall adopt rules.

(d) Requires the agency to give written notice to the superintendent and the board of trustees of any impending investigation of the district's accreditation.

(e) Authorizes the agency, if an annual review indicates low performance on one or more of the indicators under Sections 39.051(b)(1) through (6) of one or more campuses in a district, to conduct an on-site evaluation of those campuses only.

(f) Requires the investigators to report orally and in writing to the board of trustees of the district and to campus administrators and to make recommendations concerning any necessary improvements or sources of aid such as service centers.

Sec. 39.075. SPECIAL ACCREDITATION INVESTIGATIONS. (a) Requires the commissioner to authorize special accreditation investigations to be conducted under certain circumstances.

(b) Prohibits the agency, if the agency's findings in an investigation under Subsection (a)(6) indicate that the board of trustees has observed a lawfully adopted policy, from substituting its judgment for that of the board.

(c) Authorizes the commissioner, based on the results of a special accreditation investigation, to lower the district's accreditation rating and to take appropriate action under Subchapter G.

Sec. 39.076. CONDUCT OF INVESTIGATIONS. (a) Requires the agency to adopt procedures for conducting on-site investigations under this subchapter. Requires the agency to make the procedures available to the complainant, the alleged violator, and the public. Requires agency staff to be trained in the procedures and to follow the procedures in conducting the investigation.

(b) Requires the agency, after completing an investigation, to present preliminary findings to any person the agency finds has violated a law, rule, or policy. Requires the agency, before issuing a report with its final findings, to provide a person the agency finds has violated a law, rule, or policy an opportunity for an informal review by the commissioner or a designated hearing examiner.

SUBCHAPTER E. SUCCESSFUL SCHOOL AWARDS

Sec. 39.091. CREATION OF SYSTEM. Provides that the Texas Successful School Awards System is created to recognize and reward those schools and school districts that demonstrate progress or success in achieving the education goals of the state.

Sec. 39.092. TYPES OF AWARDS. (a) Authorizes the governor to present a financial award to the schools or districts that the commissioner determines have demonstrated the highest levels of sustained success or the greatest improvement in achieving the education goals. Entitles each of those schools or districts, for each student in average daily attendance, to an amount set for the award for which the school or district is selected by the commissioner, subject to any limitation set by the commissioner on the total amount that may be awarded to a school or district.

(b) Authorizes the governor to present proclamations or certificates to additional schools and districts determined to have met or exceeded the education goals.

(c) Authorizes the commissioner to establish additional categories of awards and award amounts for a school or district determined to be successful under Subsection (a) or (b) that are contingent on the school's or district's involvement with paired, lower-performing schools.

Sec. 39.093. AWARDS. (a) Requires the criteria that the commissioner shall use to select successful schools and districts to be related to the goals in Section 4.002 and to include consideration of performance on the academic excellence indicators adopted under Section 39.051. Requires each school's performance, for purposes of selecting schools and districts under Section 39.092(a), to be compared to state standards and to its previous performance.

(b) Requires the commissioner to select annually schools and districts qualified to receive successful school awards for their performance and report the selections to the governor and the board.

(c) Requires the agency to notify each school district of the manner in which the district or a school in the district may qualify for a successful school award.

Sec. 39.094. USE OF AWARDS. (a) Requires a school or district, in determining the use of a monetary award received under this subchapter, to give priority to academic enhancement purposes. Prohibits the award from being used for any purpose related to athletics, and from being used to substitute for or replace funds already in the regular budget for a school or district.

(b) Requires the campus-level committee established under Section 11.253 to determine the use of the funds awarded to a school under this subchapter. Requires the

professional staff of the district to determine the use of the funds awarded to the school district under this subchapter.

Sec. 39.095. FUNDING. Authorizes the award system to be funded by donations, grants, or legislative appropriations. Authorizes the commissioner to solicit and receive grants and donations for the purpose of making awards under this subchapter. Authorizes a small portion of the award funds to be used by the commissioner to pay for the costs associated with sponsoring a ceremony to pay for the costs associated with sponsoring a ceremony to recognize or present awards to schools or districts under this subchapter. Requires the donations, grants, or legislative appropriations to be accounted for a distributed by the agency. Subjects the awards to audit requirements established by the board.

Sec. 39.096. CONFIDENTIALITY. Provides that all information and reports received by the commissioner under this subchapter from schools or school districts deemed confidential under Chapter 552, Government Code, are confidential and may not be disclosed in any public or private proceeding.

SUBCHAPTER F. ADDITIONAL REWARDS

Sec. 39.111. RECOGNITION AND REWARDS. Requires the board to develop a plan for recognizing and rewarding school districts and campuses that are rated as exemplary or recognized and for developing a network for sharing proven successful practices statewide and regionally. Authorizes the reward to be used to provide educators with summer stipends to develop curricula based on the cited successful strategies. Authorizes the educators to copyright the curricula they develop.

Sec. 39.112. EXCELLENCE EXEMPTIONS. (a) Provides that except as provided by Subsection (b), a school campus or district that is rate exemplary is exempt from requirements and prohibitions imposed under this code including rules adopted under this code.

(b) Sets forth provisions from which a school campus or district is not exempt under this section.

(c) Requires the agency to monitor and evaluate deregulation of a school campus or district under this section and Section 7.056.

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

SUBCHAPTER G. ACCREDITATION SANCTIONS

Sec. 39.131. SANCTIONS. (a) Requires the commissioner, if a district does not satisfy the accreditation criteria, to take certain actions to the extent the commissioner determines necessary.

(b) Provides that if a campus performance is below any standard under Section 39.073(b), a campus is considered a low-performing campus and the commissioner may take certain actions to the extent the commissioner determines necessary.

(c) Requires the commissioner to review annually the performance of a district or campus subject to this section to determine the appropriate actions to be implemented under this section. Requires the commissioner to 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. Requires the commissioner, if the review reveals a lack of improvement, to increase the level of state intervention and sanction unless the commissioner finds good cause for maintaining the current status.

(d) Requires the costs of providing a monitor, master, management team, or special campus intervention team to be paid by the district.

(e) Requires the commissioner to define the powers and duties of a master or management team appointed to oversee the operations of the district. Requires the commissioner, at least every 90 days, to review the need for the master or management team and to remove the master or management team unless the commissioner determines that continued appointment is necessary for effective governance of the district or delivery of instructional services. Requires a master or management team, if directed by the commissioner, to prepare a plan for the implementation of action under Subsection (a)(9) or (10). Sets forth provisions applicable to the master or management team.

(f) Provides that a special campus intervention team appointed under this section may consists of teachers, principals, other educational professionals, and superintendents recognized for excellence in their roles and appointed by the commissioner to serve as members of a team.

(g) Provides that if the commissioner appoints a board of managers to govern a district, the powers of the board of trustees of the district are suspended for the period of the appointment and the commissioner shall appoint a district superintendent. Authorizes the board to amend the budget of the district.

(h) Provides that if the commissioner appoints a board of managers to govern a campus, the powers of the board of trustees of the district in relation to the campus are suspended for the period of the appointment and the commissioner shall appoint a campus principal. Authorizes the board of managers to submit to the commissioner for approval amendments to the budget of the district for the benefit of the campus. Requires the board of trustees, if the commissioner approves the amendments to adopt the amendments.

SUBCHAPTER H. REPORTS BY TEXAS EDUCATION AGENCY

Sec. 39.181. GENERAL REQUIREMENTS. (a) Sets forth information each report required by this subchapter must include.

(b) Sets forth required actions for each component of a report required by this subchapter.

(c) Provides that each report required by this subchapter is due not later than December 1 of each even-numbered year.

(d) Provides that Subsections (a) and (b) apply to any report required by statute that the agency or the board must prepare and deliver to the governor, lieutenant governor, speaker of the house of representatives, or legislature.

(e) Authorizes any report required by statute that the agency or the board must prepare and deliver to the governor, lieutenant governor, speaker of the house of representatives, or legislature to be combined, at the discretion of the commissioner, with a report required by this subchapter.

Sec. 39.182. COMPREHENSIVE BIENNIAL REPORT. (a) Requires the agency to prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the legislature, the Legislative Budget Board (LBB), and the clerks of the standing committees of the senate and house of representatives with

primary jurisdiction over the public school system a comprehensive report covering the preceding two school years and containing certain information.

(b) Authorizes the agency, in reporting the information required by Subsection (a)(3), to separately aggregate the performance data of students enrolled in a special education program under Chapter 29A, or a bilingual education or special language program under Chapter 29B.

(c) Requires each report to contain the most recent data available.

Sec. 39.183. REGIONAL AND DISTRICT LEVEL REPORT. Requires the agency to prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the legislature, LBB, and the clerks of the standing committees of the senate and house of representatives with primary jurisdiction over the public school system a regional and district level report covering the preceding two school years and containing certain information.

Sec. 39.184. TECHNOLOGY REPORT. Requires the agency to prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the legislature, LBB, and the clerks of the standing committees of the senate and house of representatives with primary jurisdiction over the public school system a technology report covering the preceding two school years and containing information on the status of the implementation of and revisions to the long-range technology plan required by Section 32.001, including the equity of the distribution and use of technology in public schools.

Sec. 39.185. INTERIM REPORT. Requires the agency, not later than December 1 of each odd-numbered year, to prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the legislature, LBB, and the clerks of the standing committees of the senate and house of representatives with primary jurisdiction over the public school system an interim report containing certain information for the previous school year.

SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT

CHAPTER 41. EQUALIZED WEALTH LEVEL

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 41.001. DEFINITIONS. Defines "equalized wealth level," "wealth per student," and "weighted average daily attendance."

Sec. 41.002. EQUALIZED WEALTH LEVEL. (a) Prohibits a school district from having a wealth per student that exceeds $280,000.

(b) Requires the commissioner to adjust, by the amount of the decline, the taxable values of a school district that experiences a decline from the preceding year in the tax base used in calculating taxable values that is beyond the control of the board of trustees of the district.

(c) Authorizes the amount of money necessary to replace funds made unavailable to the Foundation School Program by operation of Subsection (b) to be paid only from funds specifically appropriated for that purpose. Provides that if a sufficient amount of money is not appropriated to fully replace funds made unavailable to the Foundation School Program by operation of Subsection (b), the adjustment to the taxable values of property in each district to which Subsection (b) applies to be modified proportionately to the extent necessary so that the amount of funds made unavailable is equal to the amount appropriated to replace those funds.

(d) Provides that for the 1995-1996 school year, in accordance with a determination of the commissioner, the wealth per student that a school district may have after exercising an option under Section 41.003(2), (3), or (4) may not be less than the amount needed to maintain the amount of state and local revenue per weighted student for maintenance the amount of state and local revenue per weighted student for maintenance and operation of the district for the 1992-1993 school year if the district imposes an effective tax rate for maintenance and operation of the district equal to the greater of the district's current tax rate or $1.50 on the $100 valuation of taxable property. Provides that this subsection expires September 1, 1996.

(e) Provides that for the 1996-1997 and 1997-1998 school years, in accordance with a determination of the commissioner, the wealth per student that a school district may have after exercising an option under Section 41.003(2) or (3) may not be less than the amount needed to maintain state and local revenue in an amount equal to state and local revenue per weighted student for maintenance and operation of the district for the 1992-1993 school year less the district's current year distribution per weighted student from the available school fund, other than amounts distributed under Chapter 31, if the district imposes an effective tax rate for maintenance and operation of the district equal to the greater of the district's current tax rate or $1.50 on the $100 valuation of taxable property. Provides that this subsection expires September 1, 1998.

(f) Provides that for purposes of Subsections (d) and (e), a school district's effective tax rate is determined by dividing the total amount of taxes collected by the district for the applicable school year by the quotient of the district's taxable value of property, as determined by Chapter 403M, Government Code, divided by 100. Provides that this subsection expires September 1, 1998.

Sec. 41.003. OPTIONS TO ACHIEVE EQUALIZED WEALTH LEVEL. Sets forth actions a district with a wealth per student that exceeds the equalized wealth level may take to achieve the equalized wealth level.

Sec. 41.004. ANNUAL REVIEW OF PROPERTY WEALTH. (a) Requires the commissioner, not later than July 15 of each year, to review the wealth per student of school districts in the state and to notify certain districts.

(b) Provides that if, before the dates provided by this subsection, a district notified under Subsection (a)(1) has not successfully exercised one or more options under Section 41.003 that reduce the district's wealth per student to a level equal to or less than the equalized wealth level, the commissioner shall order the detachment of property from that district as provided by Subchapter G. Provides that the commissioner, if that detachment will not reduce the district's wealth per student to a level equal to or less than the equalized wealth level, may not detach property under Subchapter G but shall order the consolidation of the district with one or more other districts as provided by Subchapter H. Requires an agreement under Section 41.003(1) or (2) to be executed not later than September 1 immediately following the notice under Subsection (a). Requires an election for an option under Section 41.003(3), (4), or (5) to be ordered before September 1 following the notice under Subsection (a).

(c) Prohibits a district notified under Subsection (a) from adopting a tax rate for the tax year in which the district receives the notice until the commissioner certifies that the district has achieved the equalized wealth level.

(d) Sets forth provisions applicable for a detachment and annexation or consolidation under this chapter.

Sec. 41.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION. Requires the chief appraiser of each appraisal district and the comptroller to cooperate with the commissioner and school districts in implementing this chapter.

Sec. 41.006. RULES. (a) Authorizes the commissioner to adopt rules necessary for the implementation of this chapter. Authorizes the rules to provide for the commissioner to make necessary adjustments to the provisions of Chapter 42.

(b) Authorizes the commissioner, as necessary, to modify effective dates and time periods for actions described by this chapter.

Sec. 41.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY CHANGES. Subjects a school district that is involved in an action under this chapter that results in boundary changes to the district or in the consolidation of tax bases to consolidation, detachment, or annexation under Chapter 13 only if the commissioner certifies that the change under Chapter 13 will not result in a district with a wealth per student that exceeds the equalized wealth level.

Sec. 41.008. HOMESTEAD EXEMPTIONS. (a) Authorizes the governing board of a school district that results from consolidation under this chapter, for the tax year in which the consolidation occurs to determine whether to adopt a homestead exemption provided by Section 11.13, Tax Code, and to set the amount of the exemption, if adopted, at any time before the school district adopts a tax rate for that tax year. Provides that this section applies only to an exemption that the governing board of a school district is authorized to adopt or change in amount under Section 11.13, Tax Code.

(b) Provides that this section prevails over any inconsistent provisions of Section 11.13, Tax Code, or other law.

Sec. 41.009. TAX ABATEMENTS. (a) Provides that a tax abatement agreement executed by a school district that is involved in consolidation or in detachment and annexation of territory under this chapter is not affected and applies to the taxation of the property covered by the agreement as if executed by the district within which the property is included.

(b) Requires the commissioner to determine the wealth per student of a school district under this chapter as if any tax abatement agreement executed by a school district on or after May 31, 1993, had not been executed.

Sec. 41.010. TAX INCREMENT OBLIGATIONS. Provides that the payment of tax increments under Chapter 311, Tax Code, is not affected by the consolidation of territory or tax bases or by annexation under this chapter. Entitles, in each tax year, a school district paying a tax increment from taxes on property over which the district paying a tax increment from taxes on property over which the district has assumed taxing power to retain the same percentage of the tax increment from that property that the district in which the property was located before the consolidation or annexation could have retained for the respective tax year.

Sec. 41.011. CONTINGENCY. (a) Entitles a school district, if any of the options described by Section 41.003 as applied to a school district are held invalid by a final decision of a court of competent jurisdiction, to exercise any of the remaining valid options in accordance with a schedule approved by the commissioner.

(b) Requires the commissioner, if a final order of a court of competent jurisdiction should hold each of the options provided by Section 41.003 invalid, to act under Subchapter G or H to achieve the equalized wealth level only after notice and hearing is afforded to each school district affected by the order. Requires the commissioner to adopt a plan that least disrupts the affected school districts. Requires the commissioner, if because the exigency to adopt a plan prevents the commissioner from giving a time for notice and hearing, to give notice to and hold a hearing for the affected school districts, but in no event less than 30 days from time of notice to the date of hearing.

(c) Requires an amount, if a final order of a court of competent jurisdiction should hold an option provided by Section 41.003 invalid and order a refund to a district of

any amount paid by a district choosing that option, to be refunded but held in reserve and not expended by the district until released by order of the commissioner. Requires the commissioner to order the release on the commissioner's determination that, through one of the means provided by law, the district has achieved the equalized wealth level. Requires the amount released to be deducted from any state aid payable to the district according to a schedule adopted by the commissioner.

Sec. 41.012. DATE OF ELECTIONS. Requires an election under this chapter for voter approval of an agreement entered by the board of trustees to be held on a Tuesday or Saturday not more than 45 days after the date of the agreement. Provides that Section 41.001, Election Code, does not apply to the election.

Sec. 41.013. PROCEDURE. (a) Provides that except as provided by Subchapter G, a decision of the commissioner under this chapter is appealable under Section 7.057.

(b) Provides that any order of the commissioner issued under this chapter and shall be given effect and may not be stayed or enjoined pending any appeal.

(c) Provides that Chapter 2001, Government Code, does not apply to a decision of the commissioner under this chapter.

(d) Requires the secretary of state, on the request of the commissioner, to publish any rules adopted under this chapter in the Texas Register and the Texas Administrative Code.

SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

Sec. 41.031. AGREEMENT. Authorizes the governing boards of any two or more school districts to consolidate the districts by agreement in accordance with this subchapter to establish a consolidated district with a wealth per student equal to or less than the equalized wealth level. Provides that the agreement is not effective unless the commissioner certifies that the consolidated district, as a result of actions taken under this chapter, will have a wealth per student equal to or less than the equalized wealth level.

Sec. 41.032. GOVERNING LAW. Provides that the consolidated district is governed by the applicable provisions of Chapter 13D, other than a provision requiring consolidating districts to be contiguous. Prohibits the agreement from being inconsistent with the requirements of this subchapter.

Sec. 41.033. GOVERNANCE PLAN. (a) Authorizes the agreement among the consolidating district to include a governance plan designed to preserve community-based and site-based decision making within the consolidated district, including the delegation of specific powers of the governing board of the district other than the power to levy taxes.

(b) Authorizes the governance plan to provide for a transitional board of trustees during the first year after consolidation, but beginning with the next year the board of trustees must be elected from within the boundaries of the consolidated district from single-member districts drawn in accordance with the procedures provided by Section 11.052.

Sec. 41.034. INCENTIVE AID. (a) Requires the commissioner, for the first and second school years after creation of a consolidated district under this subchapter, to adjust allotments to the consolidated district to the extent necessary to preserve the effects of an adjustment under Section 42.102, 42.103, or 42.105 to which either of the consolidating districts would have been entitled but for the consolidation.

(b) Provides that a district receiving incentive aid payments under this section is not entitled to incentive aid under Chapter 13G.

(c) Authorizes four or more districts that consolidate into one district under this subchapter within a period of one year to elect to receive incentive aid under this section or to receive incentive aid for not more than five years under Chapter 13G. Prohibits incentive aid under this section or to receive incentive aid for not more than five years under Subchapter 13G. Prohibits incentive aid under this subsection from providing the consolidated district with more revenue in state and local funds than the district would receive at the equalized wealth level.

SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

Sec. 41.061. AGREEMENT. (a) Authorizes territory, by agreement of the governing boards of two school districts, to be detached from one of the districts and annexed to the other district if certain conditions apply after the action.

(b) Provides that the agreement is not effective unless the commissioner certifies that, after all actions taken under this chapter, the wealth per student of each district involved will be equal to or less than the applicable level permitted by Subsection (a).

Sec. 41.062. GOVERNING LAW. Provides that except to the extent of any conflict with this chapter and except for any requirements that detached property must be annexed to a school district that is contiguous to the detached territory, the annexation and detachment is governed by Chapter 13.

Sec. 41.063. ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT. Requires a parcel or other item of property, if portions of an item are located in different school districts as a result of a detachment and annexation under this subchapter, to be appraised for taxation as a unit, and the agreement shall allocate the taxable value of the property between the districts.

Sec. 41.064. ALLOCATION OF INDEBTEDNESS. Authorizes the annexation agreement to allocate to the receiving district any portion of the indebtedness of the district from which the territory is detached, and the receiving district assumes and is liable for the allocated indebtedness.

Sec. 41.065. NOTICE. Requires involved districts, after an agreement is executed, to notify each affected property owner and the appraisal district in which the affected property is located.

SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

Sec. 41.091. AGREEMENT. Authorizes a school district with a wealth per student that exceeds the equalized wealth level to execute an agreement with the commissioner to purchase attendance credits in an amount sufficient to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level.

Sec. 41.092. CREDIT. (a) Provides that for each credit purchased, the weighted average daily attendance of the purchasing school district is increased by one student in weighted average daily attendance for purposes of determining whether the district exceeds the equalized wealth level.

(b) Provides that a credit is not used in determining a school district's scholastic population, average daily attendance, or weighted average daily attendance for purposes of Chapter 42 or 43.

Sec. 41.093. COST. Sets forth the cost of each credit.

Sec. 41.094. PAYMENT. (a) Requires a school district to pay for credits purchased in equal monthly payments as determined by the commissioner beginning February 15 and ending August 15 of the school year for which the agreement is in effect.

(a-1) Requires a school district, for the 1995-1996 school year, to pay for credits purchased in accordance with a schedule adopted by the commissioner, with all payments being made not later than February 15 of the school year for which the agreement is in effect. Provides that this subsection expires September 1, 1996.

(b) Provides that receipts shall be deposited in the state treasury and may be used only for foundation school program purposes.

Sec. 41.095. DURATION. Provides that an agreement under this section is valid for one school year and, subject to Section 41.096, may be renewed annually.

Sec. 41.096. VOTER APPROVAL. (a) Requires the board of trustees, after first executing an agreement under this section, to order and conduct an election in a certain manner to obtain voter approval of the agreement.

(b) Sets forth the language of the ballot.

(c) Provides that the proposition is approved if the proposition receives a favorable vote of a majority of the votes cast. Provides that if the proposition is approved, the agreement executed by the board is ratified, and the board has continuing authority to execute agreements under this subchapter on behalf of the district without further voter approval.

Sec. 41.097. CREDIT FOR APPRAISAL COSTS. (a) Provides that the total amount required under Section 41.093 for a district to purchase attendance credits under this subchapter for any school year is reduced by an amount equal to the product of the district's costs under Section 6.06, Tax Code, for the central appraisal district in which it participates multiplied by a percentage that is computed by dividing the total amount required under Section 41.093 by the total amount of taxes imposed in the district for that year.

(b) Entitles a school district to a reduction under Subsection (a) beginning with the 1996-1997 school year. Provides that for that school year, the reduction to which a district is entitled is the sum of the amounts computed under Subsection (a) for the 1993-1994, 1994-1995, 1995-1996, and 1996-1997 school years. Provides that if that amount exceeds the total amount required under Section 41.093 for the 1996-1997 school year, the difference is carried forward and the total amount required under Section 41.093 is reduced each subsequent school year until the total amount of the credit has been applied to such reductions.

Sec. 41.098. EARLY AGREEMENT CREDIT. Authorizes a district that submits a signed agreement under this subchapter to the commissioner before September 1 of the school year for which the agreement is made may reduce the total amount required to be paid for attendance credits under Section 41.093 by the lesser of four percent or $80 per credit purchased.

Sec. 41.099. LIMITATION. Sets forth districts to which Sections 41.002(e), 41.094, 41.097, and 41.098 apply.

SUBCHAPTER E. CONTRACT FOR EDUCATION OF NONRESIDENT STUDENTS

Sec. 41.121. AGREEMENT. Authorizes the board of trustees of a district with a wealth per student that exceeds the equalized wealth level to execute an agreement to educate the students of another district in a number that, when the weighted average daily attendance of the contracting district, is sufficient, in combination with any other actions taken under this chapter, to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level. Provides that the agreement is not effective unless the commissioner certifies that the transfer of weighted average daily attendance will not result in any of the contracting districts' wealth per student being greater than the

equalized wealth level and that the agreement requires an expenditure per student in weighted average daily attendance that is at least equal to the amount per student in weighted average daily attendance required under Section 41.093, unless it is determined by the commissioner that a quality educational program can be delivered at a lesser amount. Authorizes the commissioner to approve a special financial arrangement between districts if that arrangement serves the best educational interests of the state.

Sec. 41.122. VOTER APPROVAL. (a) Requires the board of trustees of the district that will be educating nonresident students to order and conduct an election, in the manner provided by Sections 13.003(d)-(g), to obtain voter approval of the agreement.

(b) Sets forth the language of the ballot.

(c) Provides that the proposition is approved if the proposition receives a favorable vote of a majority of the votes cast. Provides that if the proposition is approved, the agreement executed by the board is ratified, and the board has continuing authority to execute agreements under this subchapter on behalf of the district without further voter approval.

Sec. 41.123. WADA COUNT. Provides that for purposes of Chapter 42, students served under an agreement under this subchapter are counted only in the weighted average daily attendance of the district providing the services.

SUBCHAPTER F. TAX BASE CONSOLIDATION

Sec. 41.151. AGREEMENT. Authorizes the board of trustees of two or more school districts to execute an agreement to conduct an election on the creation of a consolidated taxing district for the maintenance and operation of the component school districts. Subjects the agreement to approval by the commissioner. Provides that the agreement is not effective unless the commissioner certifies that the consolidated taxing district will have a wealth per student equal to or less than the equalized wealth level after all actions taken under this chapter.

Sec. 41.152. DATE OF ELECTION. Requires any agreement under this subchapter to provide for the ordering of an election to be held on the same date in each district.

Sec. 41.153. PROPOSITION. (a) Sets forth the language of the proposition.

(b) Provides that the rate to be included in the proposition shall be provided by the agreement among the districts but may not exceed the maximum rate provided by law for independent school districts.

Sec. 41.154. APPROVAL. Provides that the proposition is approved only if the proposition receives a favorable vote of the majority of the votes cast within each participating school district.

Sec. 41.155. CONSOLIDATED TAXING DISTRICT. Provides that a consolidated taxing district is a school district established for the limited purpose of exercising the taxing power authorized by Section 3, Article VII, Texas Constitution, and distributing the revenue to its component school districts.

Sec. 41.156. GOVERNANCE. (a) Provides that the consolidated taxing district is governed by the boards of the component school districts acting jointly.

(b) Requires any action taken by the joint board to receive a favorable vote of a majority of each component district's board of trustees.

Sec. 41.157. MAINTENANCE TAX. (a) Requires the joint board to levy maintenance tax for the benefit of the component school district not later than September 1 of each year or as soon thereafter as practicable.

(b) Requires each component district to bear a share of the costs of assessing and collecting taxes in proportion to the component district's share of weighted average daily attendance in the consolidated taxing district.

(c) Prohibits a component district from levying an ad valorem tax for the maintenance and operation of the schools.

(d) Authorizes the consolidated taxing district to levy, assess, and collect a maintenance tax for the benefit of the component districts as a rate that exceeds $1.50 per $100 valuation of taxable property to the extent necessary to pay contracted obligations on the lease purchase of permanent improvements to real property entered into on or before May 12, 1993. Requires the proposition to impose taxes at the necessary rate to be submitted to the voters in the manner provided by Section 45.003.

Sec. 41.158. REVENUE DISTRIBUTION. Requires the consolidated taxing district to distribute maintenance tax revenue to the component districts on the basis of the number of students in weighted average daily attendance in the component districts.

Sec. 41.159. TAXES OF COMPONENT DISTRICTS. (a) Authorizes the governing board of a component school district of a consolidated taxing district that has consolidated for maintenance and operation purposes to issue bonds and levy, pledge, and collect ad valorem taxes within that component district sufficient to pay the principal of and interest on those bonds as provided by Chapter 45.

(b) Entitles a component district levying an ad valorem tax under this section or Section 41.160(b)(1) to the guaranteed yield provided by Chapter 42F, for that portion of its tax rate that, when added to the maintenance tax levied by the consolidated taxing unit, does not exceed the limitation provided by Section 42.303.

Sec. 41.160. OPTIONAL TOTAL TAX BASE CONSOLIDATION (a) Authorizes an agreement executed under Section 41.151 to provide for total tax base consolidation instead of consolidation for maintenance and operation purposes only.

(b)-(c) Set forth provisions applicable under an agreement providing for total tax base consolidation.

SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

Sec. 41.201. DEFINITION. Defines "mineral property."

Sec. 41.202. DETERMINATION OF TAXABLE VALUE. (a) Provides that for purposes of this subchapter, the taxable value of an individual parcel or other item of property and the total taxable value of property in a school district resulting from the detachment of property from or annexation of property to that district is determined by applying the appraisal ratio for the appropriate category of property determined under Chapter 403M, Government Code, for the preceding tax year to the taxable value of the detached or annexed property determined under Title 1, Tax Code, for the preceding tax year.

(b) Provides that the taxable value of all or a portion of a parcel or item of real property includes the taxable value of personal property having taxable situs at the same location as the real property.

Sec. 41.203. PROPERTY SUBJECT TO DETACHMENT AND ANNEXATION. (a) Sets forth property that may be detached and annexed under this subchapter.

(b) Provides that if a final judgment of a court determines that a mineral interest may not be annexed and detached as provided by this subchapter without an attendant annexation and detachment of the surface estate or any other interest in the same land, the detachment and annexation of a mineral interest under this subchapter includes the surface estate and each other interest in the land covered by the mineral interest.

Sec. 41.204. TAXATION OF PERSONAL PROPERTY. Provides that personal property having a taxable situs at the same location as real property detached and annexed under this subchapter is taxable by the school district to which the real property is annexed.

Sec. 41.205. DETACHMENT OF PROPERTY. (a) Requires the commissioner to detach property under this section from each school district from which the commissioner is required under Section 41.004 to detach property under this subchapter.

(b) Requires the commissioner to detach from each school district covered by Subsection (a) one or more whole parcels or items of property in descending order of the taxable value of each parcel or item, beginning with the parcel or item having the greatest taxable value, until the school district's wealth per student is equal to or less than the equalized wealth level.

(c) Provides that if the detachment of whole parcels or items of property as provided by Subsection (a) would result in a district's wealth per student that is less than the equalized wealth level by more than $10,000, the commissioner may not detach the last parcel or item of property and shall detach the next one or more parcels or items of property in descending order of taxable value that would result in the school district having wealth per student that is equal to or less than the equalized wealth level by not more then 10,000.

(d) Sets forth provisions under which the commissioner may detach only a portion of a parcel or item of property.

Sec. 41.206. ANNEXATION OF PROPERTY. (a) Requires the commissioner to annex property detached under Section 41.205 to school districts eligible for annexation in accordance with this section. Provides that a school district is eligible for annexation of property to it under this subchapter only if, before any detachments or annexations are made in a year, the district's wealth per student is less than the greatest level for which funds are provided under Chapter 42F.

(b) Authorizes property to be annexed to a school district without regard to whether the property is contiguous to other property in that district.

(c) Requires the commissioner to annex property detached from school districts beginning with the property detached from the school district with the greatest wealth per student before detachment, and continuing with the property detached from each other school district in descending order of the district's wealth per student before detachment.

(d) Requires the commissioner to annex the parcels or items of property detached from a school district to other school districts that are eligible for annexation of property in descending order of the taxable value of each parcel or item according to certain priorities.

(e) Requires the commissioner, if the district identified by Subsection (d) for a school district are insufficient to annex all the property detached from the school district, to increase all the maximum difference in tax rates allowed under Subsection (d) in increments of $0.01 until the districts are identified that are sufficient to annex all the property detached from the district.

(f) Requires the commissioner, if only one school district is eligible to annex property detached from a school district within a priority group established by Subsections (d) and (e), to annex property to that district until it reaches a wealth per student equal to the greatest level for which funds are provided under Chapter 42F, by annexing whole parcels or items of property. Requires any remaining detached property to be annexed to eligible school districts in the next priority group as provided by this section.

(g) Requires the commissioner, if more than one school district is eligible to annex property detached from a school district within a priority group established by Subsections (d) and (e), to first annex property to the district within the priority group to which could be annexed the most taxable value of property without increasing its wealth per student above the greatest level for which funds are provided under Chapter 42F, until that district reaches a wealth per student equal to the greatest level for which funds are provided under Chapter 42F, by annexing whole parcels or items of property. Requires any additional detached property to be annexed in the same manner to other eligible school districts in the same priority group in descending order of capacity to receive taxable value of annexed property without increasing the district's wealth per student above the greatest level for which funds are provided under Chapter 42F. Requires remaining detached property, if every school district in a priority group reaches a wealth per student to be annexed to school districts in the next priority group in the manner provided by this section.

(h) Provides that a portion of a parcel or item of property detached in that subdivided form from a school district is treated as a whole parcel or item of property.

(i) Sets forth provisions under which the commissioner may order the annexation of a portion of a parcel or item of property, including a portion of property treated as a whole parcel or item under Subsection (h).

(j) Authorizes the commissioner to modify the priorities established by this section as the commissioner considers reasonable to minimize or reduce the number of school districts to which the property detached from a school district is annexed, to minimize or reduce the geographic dispersal of property in a school district, to minimize or reduce disparities in school district wealth per student that would otherwise result, or to minimize or reduce any administrative burden or expense.

(k) Provides that a school district is assigned to a county if the school district is assigned to that county in the 1992-1993 Texas School Directory published by the Central Education Agency.

Sec. 41.207. LIMITATIONS ON DETACHMENT AND ANNEXATION. Sets forth provisions under which the commissioner may detach and annex property under this subchapter.

Sec. 41.208. ORDERS AND NOTICE. (a) Requires the commissioner to order any detachments and annexations of property under this subchapter not later than November 8 of each year.

(b) Requires the commissioner, after issuing the order under Subsection (a), to notify each affected school district and the appraisal district in which the affected property is located of the determination.

Sec. 41.209. TREATMENT OF SUBDIVIDED PROPERTY. (a) Provides that, if the commissioner orders the detachment or annexation of a portion of a parcel or item of property under this subchapter, the order shall specify the portion of the taxable value of the property to be detached or annexed and may describe the specific area of the parcel or item to be detached or annexed.

(b) Requires the commissioner, if an order for the detachment or annexation of a portion of a parcel or item of property does not describe the specific area of the parcel or item to be detached or annexed, to determine the specific area to be detached or annexed and to certify that determination to the appraisal district for the county in which the property is located.

(c) Requires a parcel or item, if portions of a parcel or item of property are located in two or more school districts as the result of a detachment or annexation, to be appraised for taxation as a unit, and the commissioner shall determine the portion of

the taxable value of the property that is located in each of those school districts based on the square footage of the property, or any other reasonable method adopted by the commissioner.

Sec. 41.210. DUTIES OF CHIEF APPRAISER. (a) Requires the chief appraiser of each appraisal district to cooperate with the commissioner in administering this subchapter. Authorizes the commissioner to require the chief appraiser to submit any reports or provide any information available to the chief appraiser in the form and at the times required by the commissioner.

(b) Requires the chief appraiser of the appraisal district, after the detachment and annexation of property, to send a notice of the detachment and annexation to the owner of any property taxable in a different school district as a result of the detachment and annexation. Requires the notice to include the name of the school district by which the property is taxable after the detachment and annexation.

(c) Authorizes the commissioner to reimburse an appraisal district for any costs incurred in administering this subchapter and to condition the reimbursement or the amount of the reimbursement on the timely submission of reports or information required by the commissioner or the satisfactory performance of any other action required or requested by the commissioner.

Sec. 41.211. STUDENT ATTENDANCE. Authorizes a student who is a resident of real property detached from a school district to choose to attend school in that district or in the district to which the property is annexed. Requires the student, for purposes of determining average daily attendance under Section 42.005, to be counted in the district to which the property is annexed. Requires the state, if the student chooses to attend school in the district from which the property is detached, to withhold any foundation school funds from the district to which the property is annexed and to allocate to the district in which the student is attending school those funds and the amount of funds equal to the difference between the state funds the district is receiving for the student and the district's cost in educating the student.

Sec. 41.212. BOND TAXES. Provides that property detached from a school district is released from the obligation for any tax to pay principal and interest on bonds authorized by the district before detachment. Subjects the property to any tax to pay principal or interest on bonds authorized by the district to which the property is annexed whether authorized before or after annexation.

Sec. 41.213. DETERMINATION BY COMMISSIONER FINAL. Provides that a decision or determination of the commissioner under this subchapter is final and not appealable.

SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

Sec. 41.251. COMMISSIONER ORDER. Provides that if the commissioner is required under Section 41.004 to order the consolidation of districts, the consolidation is governed by this subchapter. Requires the commissioner's order to be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 8.

Sec. 41.252. SELECTION CRITERIA. (a) Requires the commissioner, in selecting the districts to be consolidated with a district that has a property wealth greater than the equalized wealth level, to select one or more districts with a wealth per student that, when consolidated, will result in a consolidated district with a wealth per student equal to or less than the equalized wealth level. Requires the commissioner, in achieving that result, to give priority to school districts in a certain order.

(b) Prohibits the commissioner from selecting a district that has been created as a result of consolidation by agreement under Subchapter B to be consolidated under this

subchapter with a district that has a property wealth greater than the equalized wealth level.

(c) Requires the commissioner, in applying the selection criteria specified by Subsection (a), if more than two districts are to be consolidated, to select the third and each subsequent district to be consolidated by treating the district that has a property wealth greater than the equalized wealth level and the district or districts previously selected for consolidation as one district.

Sec. 41.253. GOVERNANCE. (a) Provides that until the initial trustees elected have qualified and taken office, a district consolidated under this subchapter is governed by a transitional board of trustees consisting of the board of trustees of the district having the greatest student membership on the last day of the school year preceding the consolidation plus one member of the board of trustees of each other consolidating district selected by that board.

(b) Requires the transitional board of trustees to divide the consolidated district into nine single-member trustee districts in accordance with the procedures provided by Section 11.052. Requires the transitional board to order an election for the initial board of trustees to be held on the first January uniform election date after the effective date of a consolidation order.

(c) Provides that members of the board of trustees of a consolidated district serve staggered terms of office for four years.

(d) Provides that Section 13.156 applies to districts consolidated under this subchapter.

Sec. 41.254. DISSOLUTION OF CONSOLIDATED DISTRICT. (a) Authorizes the board of trustees of a consolidated district created under this subchapter, if the legislature abolishes ad valorem taxes for public school maintenance and operations and adopts another method of funding public education, to dissolve the consolidated district, provided that the dissolution is approved by a majority of those voters residing within the district participating in an election called for the purposes of approving the dissolution of the consolidated school district.

(b) Provides that if a consolidated district is dissolved, each of the former districts is restored as a separate district and is classified as an independent district.

(c) Provides that title to real property of the consolidated district is allocated to the restored district in which the property is located. Provides that title to proportionate shares of the fund balances and personal property of the consolidated district, as determined by Subsection (e), are allocated to each restored district.

(d) Sets forth provisions for which each of the restored districts is liable.

(e) Provides that a restored district's proportionate share of fund balances, personal property, or indebtedness is equal to the proportion that the number of students in average daily attendance in the restored district bears to the number of students in average daily attendance in the consolidated district.

Sec. 41.255. FUND BALANCES. Authorizes fund balances of a school district consolidated under this subchapter to be used only for the benefit of the schools within the district that generated the funds.

Sec. 41.256. EMPLOYMENT CONTRACTS. Requires a consolidated district created under this subchapter to honor an employment contract entered into by a consolidating district.

Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS AND TRANSPORTATION ALLOTMENT. Requires the budget of the consolidated district to

apply the benefit of the adjustment or allotment to the schools of the consolidating district to which Section 42.103, 42.105, or 42.155 would have applied in the event that the consolidated district still qualifies as a small or sparse district.

CHAPTER 42. FOUNDATION SCHOOL PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 42.001. STATE POLICY. (a) Sets forth the policy of the state in relation to the Foundation School Program.

Sec. 42.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM. (a) Sets forth the purposes of the Foundation School Program (program).

(b) Sets forth the composition of the program.

Sec. 42.003. STUDENT ELIGIBILITY. (a) Entitles a student to the benefits of the program if the student is 5 years of age or older and under 21 years of age on September 1 of the school year and has not graduated from high school.

(b) Entitles a student to whom Subsection (a) does not apply to the benefits of the program if the student is enrolled in a prekindergarten class under Section 29.153.

(c) Authorizes a child to be enrolled in the first grade if the child is at least six years of age at the beginning of the school year of the district or has been enrolled in the first grade or has completed kindergarten in the public schools in another state before transferring to a public school in this state.

(d) Sets forth provisions under which a student younger than five years of age is entitled to the benefits of the program.

Sec. 42.004. ADMINISTRATION OF THE PROGRAM. Requires the commissioner, in accordance with the rules of the board, to take such action and require such report consistent with this chapter as may be necessary to implement and administer the program.

Sec. 42.005. AVERAGE DAILY ATTENDANCE. (a) Provides that average daily attendance is the quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081(a) and for each day approved by the commissioner for an extended year program under Section 29.082 divided by the minimum number of days of instruction.

(a-1) Provides that Subsection (a) applies beginning with the 1997-1998 school year. Provides that for the 1995-1996 and 1996-1997 school years, average daily attendance is the quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081 divided by the minimum number of days of instruction. Provides that this subsection expires September 1, 1997.

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

(c) Requires the commissioner to adjust the average daily attendance of a school district that has a significant percentage of students who are migratory children.

(d) Authorizes the commissioner to adjust the average daily attendance of a school district in which a disaster, flood, extreme weather condition, fuel curtailment, or other calamity has a significant effect on the district's attendance.

Sec. 42.006. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Requires each school district to participate in PEIMS and to provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

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

(c) Requires the commissioner to annually review PEIMS and to repeal or amend rules that require school districts to provide information through PEIMS that is not necessary. Sets forth rules the commissioner shall develop in reviewing and revising PEIMS.

Sec. 42.007. EQUALIZED FUNDING ELEMENTS. (a) Requires LBB to adopt rules, subject to appropriate notice and opportunity for public comment, for the calculation for each year of a biennium of the qualified funding elements under Section 42.256(e) necessary to achieve the state policy under Section 42.001.

(b) Requires the board, not later than October 1, preceding each regular session of the legislature, to report the equalized funding elements to the foundation school fund budget committee, the commissioner, and the legislature.

SUBCHAPTER B. BASIC ENTITLEMENT

Sec. 42.101. BASIC ALLOTMENT. Entitles a district, for each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, to an allotment of $2,387 or a greater amount adopted by the foundation school fund budget committee under Section 42.256. Authorizes a greater amount for any school year to be provided by appropriation.

Sec. 42.102. COST OF EDUCATION ADJUSTMENT. (a) Provides that the basic allotment for each district is adjusted to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of the school district.

(b) Requires the foundation school fund budget committee to determine the cost of education adjustment under Section 42.256.

(c) Requires the commissioner, beginning with the 1996-1997 school year, to recompute the cost of education index, excluding from the computation the calculation for the diseconomies of scale component and substituting a value of 1.00.

Sec. 42.103. SMALL AND MID-SIZED DISTRICT ADJUSTMENT. (a) Provides that the basic allotment for certain small and mid-sized districts is adjusted in accordance with this section. Defines "AA," "ADA," and "ABA."

(b) Sets forth the formula by which the basic allotment of a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance is adjusted.

(c) Sets forth the formula by which the basic allotment of a school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is adjusted.

(d) Sets forth possible formulas by which the basic allotment of a school district that offers a kindergarten through grade 12 program and has less than 5,000 student in average daily attendance is adjusted.

(e) Authorizes the commissioner to make the adjustment authorized by Subsection (d)(3) only if the district's wealth per student does not exceed the equalized wealth level under Section 41.002. Provides that for purposes of this subsection, a district's wealth per student is determined in the manner provided by Section 41.001, except that the adjustment provided by Subsection (d)(3) is not used in computing the number of students in weighted average daily attendance.

Sec. 42.104. USE OF SMALL OR MID-SIZED DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. Provides that in determining the amount of a special allotment under Subchapter C for a district to which Section 42.103 applies, a district's adjusted basic allotment is considered to be the district's adjusted allotment determined under Section 42.103.

Sec. 42.105. SPARSITY ADJUSTMENT. Requires a school district that has fewer than 130 students in average daily attendance to be provided an adjusted basic allotment on the basis of 130 students in average daily attendance if it offers a kindergarten through grade 12 program and has preceding or current year's average daily attendance of at least 90 students or is 30 miles or more by bus route from the nearest high school district. Requires a district offering a kindergarten through grade 8 program whose preceding or current year's average daily attendance was at least 50 students or which is 30 miles or more by bus route from the nearest high school district to be provided an adjusted basic allotment on the basis of 75 students in average daily attendance. Requires an average daily attendance of 60 students to be the basis of providing the adjusted basic allotment if a district offers a kindergarten through grade 6 program and has preceding or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district.

SUBCHAPTER C. SPECIAL ALLOTMENTS

Sec. 42.151. SPECIAL EDUCATION. (a) Entitles a school district, for each student in average daily attendance in a special education program under Chapter 29A, in a mainstream instructional arrangement, to an annual allotment equal to the adjusted basic allotment multiplied by 1.1. Entitles a district, for each full-time equivalent student in average daily attendance in a special education program under Chapter 29A, in an instructional arrangement other than a mainstream instructional arrangement, to an annual allotment equal to the adjusted basic allotment multiplied by a weight determined according to instructional arrangement.

(b) Requires a special instructional arrangement for students with disabilities residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services to be established under the board rules. Requires the funding weight for this arrangement to be 4.0 for those students who receive their education service on a local school district campus. Requires a special instructional arrangement for students with disabilities residing in state schools to be established under the board rules with a funding weight of 2.8.

(c) Prohibits the number of contract hours credited per day for each student in the off home campus instructional arrangement from exceeding the contact hours credited per day for the multidistrict class instructional arrangement in the 1992-1993 school year.

(d) Prohibits the contact hours credited per day for each student in the resource room; self-contained, mild and moderate; and self-contained, severe, instructional arrangements from exceeding the average of the statewide total contact hours credited per day for those three instructional arrangements in the 1992-1993 school year.

(e) Requires the board, by rule, to prescribe the qualifications an instructional arrangement must meet in order to be funded as a particular instructional arrangement under this section. Requires the board, in prescribing the qualifications that a mainstream instructional arrangement must meet, to establish requirements that

students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

(f) Defines "full-time equivalent student."

(g) Requires the board to adopt rules and procedures governing contracts for residential placement of special education students. Requires the legislature to provide by appropriation for the state's share of the costs of those placements.

(h) Requires funds allocated under this section, other than an indirect cost allotment established under board rule, to be used in the special education program under Chapter 29A.

(i) Requires the agency to encourage the placement of students in special education programs, including students in residential instructional arrangements, in the least restrictive environment appropriate for their educational needs.

(j) Requires a school district that maintains for two successive years a ratio of full-time equivalent students placed in partially or totally self-contained classrooms to the number of full-time equivalent students placed in resource room or mainstream instructional arrangements that is 25 percent higher than the statewide average ratio to be reviewed by the agency to determine the appropriateness of student placement. Authorizes the commissioner to reduce the special education allotment the district receives to the level to which the district would be entitled if the district's ratio was not more than 25 percent higher than the statewide average ratio.

(k) Entitles a school district that provides an extended year program required by federal law for special education students who may regress to receive funds in an amount equal to 75 percent, or a lesser percentage determined by the commissioner, of the adjusted basic allotment or adjusted allotment for each full-time equivalent student in average daily attendance, multiplied by the amount designated for the student's instructional arrangement under this section, for each day the program is provided divided by the number of days in the minimum school year. Prohibits the total amount of state funding for extended year services under this section from exceeding $10 million per year. Authorizes a school district to use funds received under this section only in providing an extended year program.

(l) Requires the commissioner, from the total amount of funds appropriated for special education under this section, to withhold an amount specified in the General Appropriations Act, and distribute that amount to school districts for programs under Section 29.014. Provides that the program established under that section is required only in school district in which the program is financed by funds distributed under this subsection and any other funds available for the program. Requires the commissioner, after deducting the amount withheld under this subsection from the total amount appropriated for special education, to reduce each district's allotment proportionately and to allocate funds to each district accordingly.

Sec. 42.152. COMPENSATORY EDUCATION ALLOTMENT. (a) Entitles a district, for each student who is educationally disadvantaged or who is a student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, to an annual allotment equal to the adjusted basic allotment multiplied by 0.2, and by 2.41 for each full-time equivalent student who is in a remedial and support program under Section 29.081 because the student is pregnant.

(b) Provides that the number of educationally disadvantaged students is determined by averaging the best six months' enrollment in the national school lunch program of free or reduced-price lunches for the preceding school year.

(c) Requires funds allocated under this section, other than an indirect cost allotment established under board rule, which may not exceed 15 percent, to be used in providing compensatory education and accelerated instruction programs under Section 29.081, and the district must account for the expenditure of state funds by program and by campus under existing agency reporting and auditing procedures. Requires funds allocated under this section, other than the indirect cost allotment, to only be expended to improve and enhance programs and services funded under the regular education program. Requires a home-rule school district or an open-enrollment charter school to use funds allocated under Subsection (a) to provide compensatory services but is not otherwise subject to Chapter 29C.

(d) Requires the agency to evaluate the effectiveness of accelerated instruction and support programs provided under Section 29.081 for students at risk of dropping out of school.

(e) Sets forth authorized actions for the commissioner.

(f) Requires the commissioner, from the total amount of funds appropriated for allotments under this section, withhold each fiscal year an amount to be determined by the commissioner, but not less than $10,000,000, and distribute that amount for programs under Section 29.085. Requires, in distributing those funds, to be given to a school district that received funds for a program under Section 29.085 for the preceding school year. Provides that the program established under that section is required only in school districts in which the program is financed by funds distributed under this section and any other funds available for the program.

(g) Requires the commissioner to coordinate the funds withheld under Subsection (f) and any other funds available for the program and to distribute those funds. Requires a school district to apply to the commissioner, to receive funds for the program. Requires the commissioner to give a preference to the districts that apply that have the highest concentration of students who are pregnant or who are parents.

(h) Requires the commissioner, after deducting the amount withheld under Subsection (f) from the total amount appropriated for the allotment under Subsection (a), to reduce each district's tier one allotments in the same manner described for a reduction in allotments under Section 42.253 and to allocate funds to each district accordingly.

(i) Requires the commissioner, from the total amount of funds appropriated for allotments under this section, to withhold each fiscal year 7,500,000 or a greater amount as determined in the General Appropriations Act and distribute that amount for programs under Chapter 33A. Provides that a program established under that subchapter is required only in school districts in which the program is financed by funds distributed under this section or other funds distributed by the commissioner for a program under that subchapter. Requires preference to be given to a school district that received funds for a program under this subsection for the preceding school year.

(j) Requires the commissioner to coordinate the funds withheld under Subsection (i) and any other funds available for the program and to distribute those funds. Requires a school district to apply to the commissioner to receive funds for the program. Requires the commissioner to give a preference to the districts that apply that have the highest concentration of at-risk students. Requires the district, for each school year that a school district receives funds under this section, to allocate an amount of local funds for school guidance and counseling programs that is equal to or greater than the amount of local funds that the school district allocated for that purpose during the preceding school year.

(k) Requires the commissioner, after deducting the amount withheld under Subsection (i) from the total amount appropriated for the allotment under Subsection (a), to reduce each district's tier one allotments in the same manner described for a reduction in allotments under Section 42.253.

(l) Requires the commissioner, from the total amount of funds appropriated for allotments under this section, to withhold each fiscal year the amount of 2.5 million for transfer to the investment capital funds under Section 7.024.

(m) Authorizes the commissioner to withhold, from the total amount of funds appropriated for allotments under this section, an amount not exceeding $1 million each fiscal year and distribute the funds to school district that incur unanticipated expenditures resulting from a significant increase in the enrollment of students who do not have disabilities and who reside in residential placement facilities.

(n) Requires the commissioner, after deducting the amount withheld under Subsection (l) from the total amount appropriated for the allotment under Subsection (a), to reduce each district's allotment under Subsection (a) proportionately and to allocate funds to each district accordingly.

(o) Requires the commissioner, after deducting the amount withheld under Subsection (m) from the total amount appropriated for the allotment under Subsection (a), to reduce each district's allotment under Subsection (a) proportionately.

(p) Sets forth authorized actions for the commissioner.

Sec. 42.153. BILINGUAL EDUCATION ALLOTMENT. (a) Entitles a district, for each student in average daily attendance in a bilingual education or special language program under Chapter 29B, to an annual allotment equal to the adjusted basic allotment multiplied by 0.1.

(b) Requires funds allocated under this section, other than an indirect cost allotment established under board rule, to be used in providing bilingual education or special language programs under Chapter 29B, and to be accounted for under existing agency reporting and auditing procedures.

(c) Authorizes a district's bilingual education or special language allocation to be used only for program and student evaluation, instructional materials and equipment, staff development, supplemental staff expenses, salary supplements for teachers, and other supplies required for quality instruction and smaller class size.

Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT. (a) Entitles a district, for each full-time equivalent student in average daily attendance in an approved career and technology education program in grades nine through 12 or in career and technology education programs for students with disabilities in grades seven through 12, to an annual allotment equal to the adjusted basic allotment multiplied by a weight of 1.37.

(b) Defines "full-time equivalent student."

(c) Requires funds allocated under this section, other than an indirect cost allotment established under board rule, to be used in providing career and technology education programs in grades nine through 12 or career and technology education programs for students with disabilities in grades seven through 12 under Sections 29.182, 29.183, and 29.184.

(d) Requires the commissioner to conduct a cost-benefit comparison between career and technology education programs and mathematics and science programs.

(e) Requires the commissioner, out of the total statewide allotment for career and technology education under this section, to set aside an amount specified in the General Appropriations Act, which may not exceed an amount equal to one percent of the total amount appropriated, to support regional career and technology education planning. Requires the commissioner, after deducting the amount set aside under this subsection from the total amount appropriated for career and technology education

under this section, to reduce each district's tier one allotments in the same manner described for a reduction in allotments under Section 42.253.

Sec. 42.155. TRANSPORTATION ALLOTMENT. (a) Entitles each district or county operating a transportation system to allotments for transportation costs as provided by this section.

(b) Defines "regular eligible student," "eligible special education student," and "linear density."

(c) Entitles each district or county operating a regular transportation system to an allotment based on the daily cost per regular eligible student of operating and maintaining the regular transportation system and the linear density of that system. Requires the commissioner, in determining the cost, to give consideration to factors affecting the actual cost of providing these transportation services in each district or county. Provides that the average actual cost is to be computed by the commissioner and included for consideration by the foundation school fund budget committee and the legislature in the General Appropriations Act. Prohibits the allotment per mile of approved route from exceeding the amount set by appropriation.

(d) Authorizes a district or county to apply for and on approval of the commissioner receive an additional amount of up to 10 percent of its regular transportation allotment to be used for the transportation of children living within two miles of the school they attend who would be subject to hazardous traffic conditions if they walked to school. Requires each board of trustees to provide to the commissioner the definition of hazardous conditions applicable to that district and to identify the specific hazardous areas for which the allocation is requested. Sets forth conditions which are hazardous.

(e) Authorizes the commissioner to grant an amount set by appropriation for private or commercial transportation for eligible students from isolated areas. Provides that the need for this type of transportation shall be determined on an individual basis and the amount granted shall not exceed the actual cost. Authorizes the grants to be made only in extreme hardship cases. Prohibits a grant from being made if the students live within two miles of an approved school bus route.

(f) Requires the cost of transporting career and technology education student from one campus to another inside a district or from a sending district to another secondary public school for a career and technology program or an area career and technology school or to an approved post-secondary institution under a contract for instruction approved by the agency to be reimbursed based on the number of actual miles traveled times the district's official extracurricular travel per mile rate as set by the board of trustees and approved by the agency.

(g) Entitles a school district or county that provides special transportation services for eligible special education students to a state allocation paid on a previous year's cost-per-mile basis. Requires the maximum rate per mile allowable to be set by appropriation based on data gathered from the first year of each preceding biennium. Authorizes districts to use a portion of their support allocation to pay transportation costs. Authorizes the commissioner to grant an amount set by appropriation for private transportation to reimburse parents or their agents for transporting eligible special education students. Requires the mileage allowed to be computed along the shortest public road from the student's home to school and back, morning and afternoon. Requires the need for this type transportation to be determined on an individual basis and to be approved only in extreme hardship cases.

(h) Requires funds allotted under this section to be used in providing transportation services.

(i) Provides that in the case of a district belonging to a county transportation system, the district's transportation allotment for purposes of determining a district's

foundation school program allocations is determined on the basis of the number of approved daily route miles in the district multiplied by the allotment per mile to which the county transportation system is entitled.

(j) Entitles the Texas School for the Deaf to an allotment under this section. Requires the commissioner to determine the appropriate allotment.

Sec. 42.156. GIFTED AND TALENTED STUDENT ALLOTMENT. (a) Entitles a district, for each identified student a school district serves in a program for gifted and talented students that the district certifies to the commissioner as complying with Chapter 29D to an annual allotment equal to the district's adjusted basic allotment as determined under Section 42.102 or Section 42.103 multiplied by .12 for each school year or a greater amount provided by appropriation.

(b) Requires funds allocated under this section, other than the amount that represents the program's share of general administrative costs, to be used in providing programs for gifted and talented students under Chapter 29D. Requires each district to account for the expenditure of state funds as provided by board rule. Requires a district, if by the end of the 12th month after receiving an allotment for developing a program a district has failed to implement a program, to refund the amount of the allotment to the agency within 30 days.

(c) Provides that not more than five percent of a district's students in average daily attendance are eligible for funding under this section.

(d) Requires the commissioner, if the amount of state funds for which school districts are eligible under this section exceeds the amount of state funds appropriated in any year for the programs, to reduce each district's tier one allotments in the same manner described for a reduction in allotments under Section 42.253.

(e) Requires the commissioner, if the total amount of funds allotted under this section before a date set by board rule is less than the total amount appropriated for a school year, to transfer the remainder to any program for which an allotment under Section 42.152 may be used.

(f) Authorizes the board, after each district has received allotted funds for this program, to use up to $500,000 of the funds allocated under this section for programs such as MATHCOUNTS, Future Problem Solving, Odyssey of the Mind, and Academic Decathlon, as long as these funds are used to train personnel and provide program services. Requires a program, to be eligible for funding under this subsection, to be determined by the board to provide services that are effective and consistent with the state plan for gifted and talented education.

SUBCHAPTER D. ADMINISTRATIVE COSTS

Sec. 42.201. LIMIT ON ADMINISTRATIVE COSTS. (a) Sets forth provisions the commissioner, by rule, shall determine annually.

(b) Authorizes the commissioner to adjust the administrative cost ratio of a district to allow for additional administrative costs required by the sparsity of the district; or students with special needs.

(c) Requires the commissioner, not later than February 1 of each year, to notify all districts of the requirements and standards for determining administrative cost ratios for the following year. Requires the agency staff, not later than May 1 of each year, to conduct a desk audit of prior-year expenditure data available through PEIMS to identify those districts whose administrative cost ratio in the preceding year exceeded their adjusted group standard. Requires districts with an administrative cost ratio in excess of their adjusted group standard to be notified not later than May 15 that they have excessive administrative costs and that they are required to reduce these costs to

the level of the adjusted group standard for the following school year. Requires a district, not later than 60 days after receiving notification, to respond to the commissioner by submitting a description of the district's plan to comply with the standards for the following year or request a waiver from the commissioner explaining why the district cannot comply with the standard. Requires the commissioner, not later than August 15, to notify responding districts if further action is needed.

(d) Requires a commissioner, if a school district fails to reduce administrative costs to the level required by this section, to deduct from a school district's tier one allotments an amount equal to the amount by which the district's administrative costs exceed the amount permitted by its administrative cost ratio, unless the commissioner has granted a waiver in response to the district's request. Requires the commissioner to make a deduction under this subsection from the foundation school fund payment to the district in the school year following the school year in which the plan to reduce costs was to be implemented. Requires a school district, if a district does not receive a tier one allotment, to remit an amount equal to the excess to the comptroller for deposit to the credit of the foundation school fund.

(e) Authorizes the commissioner to grant a waiver to a school district that exceeds its administrative cost ratio if the excess is justified by unusual circumstances.

(f) Requires a school district to include a statement of any amount withheld or remitted under Subsection (d) in the district report required by Section 39.052.

(g) Defines "administrative cost ratio," "administrative costs," "instructional costs," and "adjusted group standard."

SUBCHAPTER E. FINANCING THE PROGRAM

Sec. 42.251. FINANCING; GENERAL RULE. (a) Provides that the sum of the basic allotment under Subchapter B and the special allotments under Subchapter C, computed in accordance with this chapter, constitute the tier one allotments. Provides that the sum of the tier one allotments, the guaranteed yield allotments under Subchapter F, and assistance provided under the school facilities assistance program under Subchapter H, computed in accordance with this chapter, constitute the total costs of the Foundation School Program.

(b) Sets forth the financing of the Foundation School Program.

(c) Requires the commissioner to compute for each school district the total amount, by which the district's total revenue is reduced from one school year to the next because of a change in the method of finance under this chapter. Requires the commissioner to certify the amount of the reduction to the school district for use in determining the school district's rollback rate under Section 26.08, Tax Code.

Sec. 42.252. LOCAL SHARE OF PROGRAM COST (TIER ONE). (a) Sets forth the formula by which each school district's share of the Foundation School Program is determined.

(b) Requires the commissioner to adjust the values reported in the official report of the comptroller as required as Section 5.09(a), Tax Code, to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1 in the year in which the valuations are determined. Provides that the decision of the commissioner is final. Provides that an adjustment does not affect the local fund assignment of any other school district.

(c) Requires appeals of district values to be held pursuant to Section 403.303, Government Code.

(d) Requires a school district to raise its total local share of the Foundation School Program to be eligible to receive foundation school fund payments.

(e) Requires the commissioner to hear appeals from school districts that have experienced a rapid decline in tax base used in calculating the local fund assignment, exceeding four percent of the preceding year, that is beyond the control of the board of trustees of the district. Authorizes the commissioner to adjust the district's taxable values for local fund assignment purposes for such losses in value exceeding four percent and thereby adjust the local fund assignment to reflect the local current year taxable value. Provides that the decision of the commissioner is final. Provides that an adjustment does not affect the local fund assignment of any other school district. Provides that this subsection applies to determinations by the commissioner in identifying districts with wealth per student exceeding the equalized wealth level pursuant to Section 41.004.

Sec. 42.253. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a) Sets forth provisions the commissioner shall determine for each school year.

(b) Requires the commissioner to base the determinations under Subsection (a) on the estimates provided to the legislature under Section 42.254 for each school district for each school year. Requires the commissioner to reduce the entitlement of each district that has a final taxable value of property for the second year of a state fiscal biennium that is higher than the estimate under Section 42.254. Prohibits a reduction under this subsection from reducing the district's entitlement below the amount to which it is entitled at its actual taxable value of property. Prohibits the sum of the reductions under this subsection from being greater than the amount necessary to fully fund the entitlement of each district.

(c) Entitles each school district to an amount equal to the difference for that district between the sum of Subsections (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and (a)(5).

(d) Requires the commissioner to approve warrants to each school district equaling the amount of its entitlement except as provided by this section. Requires warrants for all money expended according to this chapter to be approved and transmitted to treasurers or depositories of school districts in the same manner that warrants for state payments are transmitted. Prohibits the total amount of the warrants issued under this section from exceeding the total amount appropriated for Foundation School Program purposes for that fiscal year.

(e) Requires the commissioner to recompute the amount to which the district is entitled under Subsection (c) if a school district's tax rate is less than the limit authorized under this subsection. Prohibits the amount to which a district is entitled under this section from exceeding the amount to which the district would be entitled at the district's tax rate for the final year of the preceding biennium, or a different tax rate provided by appropriation. Requires the commissioner to recompute the amount to which a district is entitled to the extent necessary under this section. Requires the commissioner to approve warrants to the school in the amount that results from the new computation. Requires an amount equal to the difference between the initial allocation and the amount of the warrants to be transferred to a special account in the foundation school fund known as the reserve account.

(f) Requires amounts transferred to the reserve account under Subsection (e) to be used in the succeeding fiscal year to finance increases in allocations to school districts under Subsection (i). Requires the commissioner, if the amount in the reserve account is less than the amount of the increases under Subsection (i) for the second year of a state fiscal biennium, to certify the amount of the difference to the foundation school fund budget committee not later than January 1 of the second year of the state fiscal biennium. Requires the committee to propose to the legislature that the certified

amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under Subsection (h).

(g) Authorizes the commissioner, if a school district demonstrates to the satisfaction of the commissioner that the estimate of the district's tax rate, student enrollment, or taxable value of property use in determining the amount of state funds to which the district is entitled are so inaccurate as to result in undue financial hardship to the district, to adjust funding to that district in that school year to the extent that funds are available for that year, including funds in the reserve account. Prohibits funds in the reserve account from being used under this subsection until any reserve funds have been used for purposes of Subsection (f).

(h) Requires the commissioner, if the legislature fails during the regular session to enact the transfer and appropriation proposed under Subsection (f) and there are not funds available under Subsection (j), to reduce that total amount of state funds allocated to each district by an amount determined by a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district, as determined under Chapter 403M, Government Code, results in a total levy equal to the total reduction. Provides that the following fiscal year, a district's entitlement under this section is increased by an amount equal to the reduction made under this subsection.

(i) Requires the commissioner, not later than March 1 each year, to determine the actual amount of state funds to which each school district is entitled under the allocation formulas in this chapter for the current school year and to compare that amount with the amount of the warrants issued to each district for that year. Requires the commissioner, if the amount of the warrants differs from the amount to which a district is entitled because of variations in the district's tax rate, student enrollment, or taxable value of property, to adjust the district's entitlement for the next fiscal year accordingly.

(j) Authorizes the legislature to appropriate funds necessary for increases under Subsection (i) from funds that the comptroller, at any time during the fiscal year, finds are available.

(k) Requires the commissioner to compute for each school district the total amount by which the district's allocation of state funds is increased or reduced under Subsection (i) and to certify that amount to the district.

(l) Provides that the number of students in weighted average daily attendance is calculated in the manner provided by Section 42.302.

Sec. 42.254. ESTIMATES REQUIRED. (a) Sets forth required actions for the agency and the comptroller not later than October of each even-numbered year.

(b) Requires the agency and the comptroller to update the information provided to the legislature under Subsection (a) not later than March 1 of each odd-numbered year.

Sec. 42.255. FALSIFICATION OF RECORDS; REPORT. Requires the director, when audits or reviews of accounting, enrollment, or other records of a school district reveal deliberate falsification of the records, or violation of the provisions of this chapter, through which the district's share of state funds allocated under the authority of this chapter would be, or has been, illegally increased, to report the fact to the board, the state auditor, and the appropriate county attorney, district attorney, or criminal district attorney.

Sec. 42.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE. (a) Provides that the foundation school fund budget committee is composed of the governor, the lieutenant governor, and the comptroller.

(b) Requires the budget committee, on or before December 1 before each regular session of the legislature, to determine and certify to the comptroller an amount of money to be placed in the foundation school funds for the succeeding biennium for the purpose of financing the Foundation School Program.

(c) Authorizes the budget committee to change the estimate of money necessary to finance the Foundation School Program during the biennium.

(d) Requires the foundation school fund budget committee to adopt rules for the calculation for each year of a biennium of the qualified funding elements necessary to achieve the state funding policy under Section 42.001. Requires the committee, in the calculation of these funding elements, to consider the report of the LBB prescribed under Section 42.007.

(e) Sets forth provisions the funding elements shall include.

(f) Requires the foundation school fund budget committee, not later than December 1 preceding each regular session of the legislature, to publish and report the equalized funding elements calculated under this section to the commissioner and the legislature. Requires the committee or a designee, before the committee adopts the elements, to hold a public hearing on the recommendations of the LBB.

Sec. 42.257. EFFECT OF APPRAISAL APPEAL. (a) Requires the commissioner, if the final determination of an appeal under Chapter 42, Tax Code, results in a reduction in the taxable value of property that exceeds five percent of the total taxable value of property in the school district for the same tax year determined under Chapter 403M, Government Code, to request the comptroller to adjust its taxable property value findings for that year consistent with the final determination of the appraisal appeal.

(b) Requires the commissioner, if the district would have received a greater amount from the foundation school fund for the applicable school year using the adjusted value, to add the difference to subsequent distributions to the district from the foundation school fund. Provides that an adjustment does not affect the local fund assignment of any other district.

Sec. 42.258. RECOVERY OF OVERALLOCATED FUNDS. (a) Requires the agency, if a school district has received an overallocation of state funds, to recover from the district an amount equal to the overallocation by withholding from subsequent allocations of state funds or by requesting and obtaining a refund.

(b) Requires the agency, if a district fails to comply with a request for a refund under Subsection (a), to certify to the comptroller that the amount constitutes a debt for purposes of Section 403.055, Government Code. Requires the agency to provide to the comptroller the amount of the overallocation and any other information required by the comptroller. Authorizes the comptroller to certify the amount of the debt to the attorney general for collection.

(c) Requires any amounts recovered under this section to be deposited in the foundation school fund.

Sec. 42.259. FOUNDATION SCHOOL FUND TRANSFERS. (a) Defines "category 1 school district," "category 2 school district," "category 3 school district," and "wealth per student."

(b) Sets forth provisions by which payments from the foundation school fund shall be made to each category 1 school district.

(c) Sets forth provisions by which payments from the foundation school fund shall be made to each category 2 school district.

(d) Sets forth provisions by which payments from the foundation school fund shall be made to each category 3 school district.

(e) Authorizes the amount of any installment required by this section to be modified to provide a school district with the proper amount to which the district may be entitled by law and to correct errors in the allocation or distribution of funds. Provides that if an installment under this section is required to be equal to other installments, the amount of other installments may be adjusted to provide for that equality. Provides that a payment under this section is not invalid because it is not equal to other installments.

(f) Requires any previously unpaid additional funds from prior years owed to a district to be paid to the district together with the September payment of the current year entitlement.

SUBCHAPTER F. GUARANTEED YIELD PROGRAM

Sec. 42.301. PURPOSE. Sets forth the purpose of the guaranteed yield component of the Foundation School Program.

Sec. 42.302. ALLOTMENT. (a) Provides that each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. Sets forth the formula by which the amount of state support, subject only to the maximum amount under Section 42.303, is determined.

(b) Sets forth provisions not included in the total amount of taxes collected by the school district, in computing the district enrichment and facilities tax rate of a school district.

Sec. 42.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX RATE. Prohibits the district and facilities tax rate under Section 42.302 from exceeding $0.64 per $100 of valuation, or a greater amount adopted by the foundation school fund budget committee under Section 42.256(d).

Sec. 42.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. Provides that state assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner.

SUBCHAPTER G. SCHOOL FACILITIES INVENTORY AND STANDARDS

Sec. 42.351. INVENTORY OF SCHOOL FACILITIES. (a) Requires the board to establish a statewide inventory of school facilities and to update the inventory on a periodic basis.

(b) Requires the inventory to include information on the condition, use, type, and replacement cost of public school facilities in this state.

Sec. 42.352. STANDARDS. Requires the board to establish standards for adequacy of school facilities. Requires the standards to include requirements related to space, educational adequacy, and construction quality. Requires all facilities constructed after September 1, 1992, to meet the standards in order to be financed with state or local tax funds.

SUBCHAPTER H. SCHOOL FACILITIES ASSISTANCE PROGRAM

Sec. 42.401. DEFINITIONS. Defines "effective tax rate," "guaranteed wealth level," "instructional facility," and "wealth per student."

Sec. 42.402. DISTRICT ELIGIBILITY. Sets forth provisions under which a school district is eligible for state assistance under this subchapter.

Sec. 42.403. AMOUNT OF STATE ASSISTANCE. Sets forth the formula by which the amount of state assistance to which a school district is entitled for an eligible project is determined.

Sec. 42.404. SUPPLEMENTAL STATE ASSISTANCE FOR SMALL SCHOOL DISTRICTS. (a) Sets forth conditions under which a district, in addition to the amount determined under Section 42.403, is entitled to supplemental state assistance.

(b) Provides that if the lesser of the amounts determined by the formulas in Subsection (a) is less than zero, the district is not entitled to supplemental state assistance.

Sec. 42.405. PROJECT ELIGIBILITY AND APPROVAL. (a) Requires a project to be an instructional facility to be eligible for state assistance under this subchapter.

(b) Entitles a district to state assistance under this subchapter for only one project in a state fiscal biennium.

(c) Requires a school district to submit to the commissioner a proposal that contains the information required by rule of the commissioner.

(d) Requires a school district to submit a proposal by the date established by rule of the commissioner.

(e) Requires the commissioner to review each proposal and approve those proposals that meet the requirements of this subchapter and the commissioner's rules.

(f) Authorizes the district, if the amount of state assistance for an approved project is insufficient to enable the school district to finance the remainder from other funds, to modify the project to reduce its cost and to resubmit the proposal.

Sec. 42.406. LIMITATION ON ASSISTANCE. (a) Prohibits the cost of a project for which a district may receive assistance under this subchapter from exceeding the greater of $500,000; or the product of the number of students in average daily attendance in the district multiplied by $266.

(b) Provides that a project that has a cost that exceeds the limit prescribed by Subsection (a) is treated as if the cost equals the applicable limit.

Sec. 42.407. SHORTAGE OF APPROPRIATED FUNDS. Requires the commissioner, if the total state assistance for approved projects in a state fiscal biennium exceeds the amount appropriated for that biennium, to remove from the list of approved projects one or more projects in ascending order of the proportion of state assistance to project cost, beginning with the project that has the lowest proportion of state assistance to project cost until the total state assistance for approved projects is less than or equal to the amount appropriated. Requires the commissioner, if after removing approved projects from the list, the total state assistance is less than the amount appropriated, to grant the difference to the district that proposed the last project removed from the list.

Sec. 42.408. USE OF EXCESS APPROPRIATED FUNDS. Authorizes the commissioner, if the total state assistance for approved projects in a state fiscal biennium is less than the amount appropriated for that biennium, to use the excess amount for any purpose under the Foundation School Program.

Sec. 42.409. PAYMENT OF STATE ASSISTANCE. (a) Requires the commissioner to approve warrants to a school district that receives state assistance under this subchapter as necessary to permit the district to meet contractual obligations as construction or renovation progresses.

(b) Prohibits the commissioner from approving a warrant for assistance under this subchapter until the district provides the commissioner with information concerning the manner in which the district will pay the local share of the project cost. Sets forth provisions the information must include.

(c) Requires the commissioner, if the commissioner determines that a district has altered a project in a manner that reduces the cost of the project below the cost stated in the proposal, to recompute the amount of state assistance to which the district is entitled based on the reduced project cost and approve warrants to the district accordingly.

Sec. 42.410. ADDITIONAL STATE ASSISTANCE. (a) Sets forth the formula which determines the additional state assistance to which a district is entitled, if the guaranteed wealth level is increased over the level for the year in which a school district received assistance under this subchapter, for each year to which the increased level applies and in which the district levies a tax to pay for the local share of the cost of the project for which the district received state assistance under this subchapter.

(b) Authorizes a district to use assistance received under this section for any legal purpose.

(c) Requires assistance under this subsection to be paid in the manner prescribed by Section 42.253.

Sec. 42.411. PROJECTS BY MORE THAN ONE DISTRICT. (a) Authorizes two or more eligible districts to submit a proposal for a joint project at a single location.

(b) Provides that the state assistance for a joint project is the amount specified by Section 42.403, except that wealth per student is the quotient of the sum of the taxable values of property of the districts divided by the sum of the districts' average daily attendances.

(c) Provides that the supplemental state assistance for a joint project is the sum of the assistance under Section 42.404 for each district participating in the joint project that is eligible under Section 42.404, with certain exceptions.

(d) Provides that the limitation on assistance for a joint project is 20 percent greater than the sum of the limitations for each district prescribed by Section 42.406.

CHAPTER 43. PERMANENT SCHOOL FUND AND AVAILABLE SCHOOL FUND

Sec. 43.001. COMPOSITION OF PERMANENT SCHOOL FUND AND AVAILABLE SCHOOL FUNDS. (a) Sets forth the composition of the permanent school fund.

(b) Sets forth the composition of the available school fund, which shall be apportioned annually to each county according to its scholastic population.

(c) Defines "scholastic population."

Sec. 43.002. TRANSFERS FROM GENERAL REVENUE FUND TO AVAILABLE FUND. Authorizes, of the amounts available for transfer from the general revenue fund to the available school fund for the months of January and February of each fiscal year, no more than the amount necessary to enable the comptroller to distribute from the available school fund an amount equal to 9-1/2 percent of the estimated annual available school fund apportionment to category 1 school districts, and 3-1/2 percent of the estimated annual available school fund apportionment to category 2 school districts, to be transferred from the general revenue fund to the available school fund. Requires any remaining amount that would otherwise be available for transfer for the months of January and February to be transferred from the general revenue fund to the available school fund in equal amounts in June and in August of the same fiscal year.

Sec. 43.003. INVESTMENT OF PERMANENT SCHOOL FUND. Authorizes the board to invest the permanent school fund in the types of securities, which must be carefully examined by the board and be found to be safe and proper investments for the fund in a certain manner.

Sec. 43.004. WRITTEN INVESTMENT OBJECTIVES; PERFORMANCE EVALUATION. (a) Requires the board to develop written investment objectives concerning the investment of the permanent school fund. Authorizes the objectives to address desired rates of return, risks involved, investment time frames, and any other relevant considerations.

(b) Requires the board to employ a well-recognized performance measurement service to evaluate and analyze the investment results of the permanent school fund. Requires the service to compare investment results with the written investment objectives developed by the board, and to compare the investment of the permanent school fund with the investment of other public and private funds.

Sec. 43.005. EXTERNAL INVESTMENT MANAGERS. (a) Authorizes the board to contract with private professional investment managers to assist the board in making investments of the permanent school fund. Requires a contract under this subsection to be approved by the board or otherwise entered into in accordance with board rules relating to contracting authority.

(b) Authorizes the board, by rule, to delegate a power or duty relating to the investment of the permanent school fund to a committee, officer, employee, or other agent of the board.

Sec. 43.006. INVESTMENT MANAGEMENT. (a) Authorizes the board to delegate investment authority and contract for the investment of the permanent school fund to the same extent as the governing board of an institution of higher education with respect to an institutional fund under Chapter 163, Property Code.

(b) Authorizes the board to enter into a contract with a nonprofit corporation for the corporation to invest funds under the control and management of the board, including the permanent school fund, as designated by the board. Prohibits the corporation from engaging in any business other than investing funds designated by the board under the contract.

(c) Sets forth provisions the board must approve.

(d) Requires the board of directors of the corporation to be members of the board.

(e) Requires the board, if an investment contract entered into under Subsection (b) includes the permanent school fund within the scope of funds under the control and management of the board to be invested by the corporation, to provide for an annual financial audit of the permanent school fund. Requires the audit to be performed by the state auditor.

(f) Requires the corporation to file quarterly reports with the board concerning matters required by the board.

(g) Subjects the corporation to Article 1396-1.01 et seq., V.T.C.S. (Texas Non-Profit Corporation Act).

(h) Sets forth entities with which the corporation may not enter into an agreement or transaction.

(i) Provides that an agreement or transaction entered into in a violation of Subsection (h) is void.

(j) Sets forth provisions under which a person has an interest in a business entity.

(k) Defines "governing board" and "institution of higher education."

Sec. 43.007. PURCHASE AND SALE OR EXCHANGE OF SECURITIES. (a) Authorizes the board to authorize the purchase of all of the types of securities in which it is authorized by law to invest the permanent school fund in either registered or negotiable form. Authorizes the board to authorize the reissue of those securities held at any time for the account of the permanent school fund in either registered or negotiable form. Authorizes the board to authorize the sale of any of the securities held for the account of the permanent school fund and reinvest the proceeds of sale for the fund and to authorize the exchange of any of the securities held for the account of the permanent school fund.

(b) Requires the board, in making purchases, sales, exchanges, and reissues, to exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

(c) Requires the custodian of the securities, when any securities are sold, reissued, or exchanged as provided by Subsection (a), to deliver the securities sold, reissued, or exchanged in accordance with the directions of the board.

Sec. 43.008. TREATMENT OF PREMIUM AND DISCOUNT. (a) Provides that, if the board authorizes the payment of a premium out of the permanent school fund for purchasing any fixed-income security as an investment for that fund, the principal of the security and a portion of the interest accruing from the security equal to the premium shall be treated as principal in the investment as provided by Subsection (c) and shall be returned to the permanent school fund.

(b) Provides that if the board authorizes the purchase of a fixed-income security at less than par, the discount received in the purchase shall be paid to the available school fund as additional interest revenue as provided by Subsection (c).

(c) Requires the amount of an interest payment treated as principal under Subsection (a) or the amount of a discount treated as additional revenue under Subsection (b) to be determined at the end of a period using an interest method that produces a periodic interest revenue or expenditure that represents a level effective interest rate on the sum of the maturity value of the fixed-income security and its unamortized premium or discount at the beginning of the period. Provides that the difference between the amount computed and the state interest revenue on the outstanding amount of the fixed-income security is the amount of the periodic amortization.

(d) Defines "effective interest rate," "fixed-income security," and "stated interest revenue."

Sec. 43.009. PREPAYMENT OF CERTAIN BONDS HELD BY THE PERMANENT SCHOOL FUND. (a) Authorizes the board to authorize the governing body of any political subdivision in this state to pay off and discharge, at any interest paying date whether the bonds are matured or not, all or any part of any outstanding bond indebtedness owned by the permanent school fund.

(b) Requires the governing body of a political subdivision desiring to pay off and discharge any bonded indebtedness owned by the fund to apply in writing to the board, not later than 30 days before any interest paying date on the bonds, describing the bonds or part of the bonds it desires to pay off and discharge. Requires the application to be accompanied by an affidavit stating that only tax money collected from a tax levy made for the specific purpose of providing a sinking fund and paying interest on

the particular bonds to be redeemed will be spent in redeeming, taking up, or paying off the bonds.

(c) Requires the board, on receiving the application and affidavit, to take action on them in the manner it considers best and to notify the applicant whether the application is refused or granted in whole or in part.

(d) Prohibits a person who has a duty under this section from giving or receiving any commissioner, premium, or compensation for the performance of that duty.

(e) Provides that only tax money collected from tax levies made for the specific purpose of providing a sinking fund and paying interest on the particular bonds to be redeemed may be spent in redeeming, taking up, or paying off of bonds as provided by this section, unless the bonds are being redeemed for the purpose of being refunded.

Sec. 43.010. DEFAULT OF SCHOOL DISTRICT SECURITIES HELD BY THE PERMANENT SCHOOL FUND. (a) Sets forth authorized actions for the board, if interest or principal has not been paid for two years or more on any bonds issued by any school district and held by the permanent school fund.

(b) Requires revenue collected by either method specified by Subsection (a) to be distributed proportionately to all owners of the defaulted securities in compliance with certain provisions.

(c) Authorizes the board, as long as any school district is delinquent in its payments of principal or interest on any of its bonds owned by the permanent school fund, to specify the method of crediting payments to the state made by the district as to principal and interest.

(d) Prohibits the comptroller from issuing any warrant from the foundation school fund to or for the benefit of any district that has been for as long as two years in default in the payment of principal or interest on any security owned by the permanent school fund until the board certifies that the district has satisfactorily complied with the appropriate provisions of this section, in which event the comptroller shall resume making payments to or for the benefit of the district, including the making of pretermitted payments.

Sec. 43.011. AUTHORIZED REFUNDING OF DEFAULTED SCHOOL BONDS. (a) Authorizes the board to revise, readjust, modify, refinance, or refund defaulted bonds issued by any school district in this state and owned by either the permanent school fund or the available school fund.

(b) Requires application to be made to the board by the district that issued the bonds and to show certain information.

(c) Authorizes the board to effect a refunding of the debt due and to become due only if the board finds that certain conditions exist.

(d) Provides that if the conditions specified by Subsection (c) are found to exist, the district is, for purposes of this section, insolvent, and the board may exchange the bonds, interest coupons, and other evidences of indebtedness for new refunding bonds of the district issued in compliance with certain conditions.

(e) Prohibits the board from making a revision, readjustment, modification, refinancing, or refunding that will release or extinguish any debt or obligation then due and payable to the permanent school fund or to the available school fund.

(f) Requires the refunding of the bonds of school district authorized by this section to be in compliance with the general provisions with regard to the refunding of school district bonds.

Sec. 43.012. REFUNDING OTHER DEFAULTED OBLIGATIONS. (a) Provides that defaulted obligations, other than bonds of school districts as provided by Section 43.011, due the available school fund may be refinanced or refunded with the approval of the board in compliance with this section.

(b) Defines "defaulted obligations."

(c) Requires the obligor to apply to the board and show certain indications.

(d) Sets forth conditions under which the board may, if the board finds that the requirements provided by Subsection (c) have been met, approve a refinancing or the issuance of refunding bonds.

(e) Authorizes the board to accept refunding bonds in lieu of either matured or unmatured bonds held for the benefit of the permanent school fund if the rate of interest on the new refunding bonds is at least the same rate as that of the bonds being refunded.

(f) Requires refunding bonds issued with the approval or pursuant a refunding agreement with the board in compliance with either this section or Section 43.011, on the order of the board, to be exchanged by the state treasurer for the defaulted obligations that have been issued to refund.

Sec. 43.013. JURISDICTION. Provides that the district courts of Travis County have jurisdiction of any suit on bonds or obligations belonging to the permanent school fund, or purchased therewith, concurrent with that of any other court having jurisdiction in the case.

Sec. 43.014. DUTIES OF COMPTROLLER. (a) Requires the comptroller, on or before July 1 of each year, to estimate the amount of the available school fund receivable from every source during the following school year and report the estimate to the board.

(b) Requires the comptroller, on or before the meeting of each regular session of the legislature, to report to the legislature an estimate of the amount of the available school fund that is to be received for the following two years, and the sources from which that amount accrues, and that is subject to appropriations for the establishment and support of public schools.

(c) Requires the comptroller, on or before the first working day of each month, to certify to the commissioner the total amount of money collected from every source during the preceding month and on hand to the credit of the available school fund.

(d) Requires the comptroller, on receipt of certificates issued to the comptroller by the commissioner, to draw warrants on the state treasurer and in favor of the treasurer of the available school fund of each school district for the amounts stated in the certificates. Requires all such warrants to be registered and then transmitted to the commissioner, and when properly endorsed to be paid by the treasurer in the order of their presentation.

(e) Sets forth bonds and obligations in lieu of which the treasurer shall exchange or accept refunding bonds.

(f) Requires the state treasurer to be the custodian of all securities enumerated in Section 43.003(6) and of other securities as designated by the board in which the school funds of the state are invested. Requires the treasurer to keep those securities in the treasurer's custody until paid off, discharged, delivered as required by the board, or otherwise disposed of by the proper authorities of the state, and on the proper installment of any interest or dividend, to see that the proper credit is given, and the coupons on bonds when paid, to be separated from the bonds and cancelled by the treasurer.

Sec. 43.016. USE OF AVAILABLE SCHOOL FUND. Requires all available school funds to be appropriated in each county for the education of its children.

Sec. 43.017. USE OF COMMERCIAL BANKS AS AGENTS FOR COLLECTION OF INCOME FROM PERMANENT SCHOOL FUND INVESTMENTS. (a) Authorizes the board to contract with one or more commercial banks to receive payments of dividends and interest on securities in which the state permanent school funds are invested and transmit that money with identification of its source to the state treasurer for the account of the available school fund by the fastest available means.

(b) Sets forth provisions of which the board shall assure itself, in choosing each commercial bank with which to contract as authorized by Subsection (a).

Sec. 43.018. PARTICIPATION IN FULLY SECURED SECURITIES LOAN PROGRAMS. (a) Authorizes the board to contract with a commercial bank to serve both as a custodian of securities in which the state permanent school funds are invested and to lend those securities, under the conditions prescribed by Subsection (b), to securities brokers and dealers on short-term loan.

(b) Sets forth provisions under which the board may contract with a commercial bank pursuant to this section.

Sec. 43.019. ACCOUNTING TREATMENT OF CERTAIN EXCHANGES. Sets forth provisions under which the board may account for the exchange of permanent school fund securities in a closely related sale and purchase transaction in a manner in which the gain or loss on the sale is deferred as an adjustment to the book value of the security purchased.

CHAPTER 44. FISCAL MANAGEMENT

SUBCHAPTER A. SCHOOL DISTRICT FISCAL MANAGEMENT

Sec. 44.001. FISCAL GUIDELINES. (a) Requires the commissioner to establish advisory guidelines relating to the fiscal management of a school district.

(b) Requires the commissioner to report annually to the board the status of school district fiscal management as reflected by the advisory guidelines and by statutory requirements.

Sec. 44.002. PREPARATION OF BUDGET. (a) Requires the superintendent, on or before a date set by the board, to prepare a proposed budget covering all estimated revenue and proposed expenditures of the district for the following fiscal year.

(b) Requires the budget to be prepared according to generally accepted accounting principles, rules adopted by the board, and adopted policies of the board of trustees.

Sec. 44.003. RECORDS AND REPORTS. Requires the superintendent to ensure that records are kept and that copies of all budgets, all forms, and all other reports are filed on behalf of the school district at the proper times and in the proper offices as required by this code.

Sec. 44.004. BUDGET MEETING; BUDGET ADOPTION. (a) Requires the president, when the budget has been prepared under Section 44.002, to call a meeting of the board of trustees, stating that the purpose of the meeting is the adoption of a budget for the succeeding fiscal year.

(b) Requires the president to provide for the publication of notice of the meeting in a daily, weekly, or biweekly newspaper published in the district. Requires the president, if no such newspaper is published in the district, to provide for the publication of

notice in at least one newspaper of general circulation in the county in which the district's central administrative office is located. Provides that notice published under this subsection is in addition to notice required by other law. Requires notice under this subsection to be published not earlier than 30 days or later than 10 days before the date of the hearing. Authorizes a district to include the notice required under this subsection in a notice required under Section 26.06, Tax Code.

(c) Requires the board of trustees, at the meeting called for that purpose, to adopt a budget to cover all expenditures for the school district for the next succeeding fiscal year. Provides that any taxpayer of the district may be present and participate in the hearing.

(d) Requires the budget to be adopted before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins.

Sec. 44.005. FILING OF ADOPTED BUDGET. Requires the budget, on or before a date set by the board, to be filed with the agency according to the rules established by the board.

Sec. 44.006. EFFECT OF ADOPTED BUDGET; AMENDMENTS. (a) Prohibits public funds of the school district from being spent in any manner other than as provided for in the budget adopted by the board of trustees, but the board may amend a budget or adopt a supplementary emergency budget to cover necessary unforeseen expenses.

(b) Requires any amendment or supplementary budget to be prepared and filed according to rules adopted by the board.

Sec. 44.007. ACCOUNTING SYSTEM; REPORT. (a) Requires a standard school fiscal accounting system to be adopted and installed by the board of trustees of each school district. Requires the accounting system to conform with generally accepted accounting principals.

(b) Requires the accounting system to meet at least the minimum requirements prescribed by the board, subject to review and comment by the state auditor.

(c) Requires a record to be kept of all revenues realized and of all expenditures made during the fiscal year for which a budget is adopted. Requires a report of the revenues and expenditures for the preceding fiscal year to be filed with the agency on or before the date set by the board.

(d) Requires the board to require each district, as part of the report required by this section, to include management, cost accounting, and financial information in a format prescribed by the board and in a manner sufficient to enable the board to monitor the funding process and determine educational system costs by district, campus, and program.

Sec. 44.008. ANNUAL AUDIT; REPORT. (a) Requires the board of school trustees of each school district to have its school district fiscal accounts audited annually at district expense by a certified or public accountant holding a permit from the Texas State Board of Public Accountancy. Requires the audit to be completed following the close of each fiscal year.

(b) Requires the independent audit to meet at least the minimum requirements and be in the format prescribed by the board, subject to review and comment by the state auditor. Requires the audit to include an audit of the accuracy of the fiscal information provided by the district through PEIMS.

(c) Requires each treasurer receiving or having control of any school fund of any school district to keep a full and separate itemized account with each of the different

classes of its school funds coming into the treasurer's hands. Requires the treasurer's records of the district's itemized accounts and records to be made available to audit.

(d) Requires a copy of the annual report, approved by the board of trustees, to be filed by the district with the agency not later than 120 days after the end of the fiscal year for which the audit was made. Requires the board of trustees, if it declines or refuses to approved its auditor's report, to file with the agency a copy of the audit report with its statement detailing reasons for failure to approve the report.

(e) Requires the audit report to be reviewed by the agency, and the commissioner to notify the board of trustees of objections, violations of sound accounting practices or law and regulation requirements, or of recommendations concerning the audit reports that the commissioner wants to make. Requires the commissioner, if the audit report reflects that penal laws have been violated, to notify the appropriate county or district attorney and the attorney general. Requires the commissioner to have access to all vouchers, receipts, district fiscal and financial records, and other school records as the commissioner considers necessary and appropriate for the review, analysis, and passing on audit reports.

Sec. 44.009. FINANCIAL REPORTS TO COMMISSIONER OR AGENCY; FORMS. (a) Requires all financial reports made by or for school district or by their officers, agents, or employees, to the commissioner or to the agency, to be made on forms prescribed by the agency, subject to review and comment by the state auditor.

(b) Requires the agency to combine as many forms as possible to avoid multiplicity of reports. Requires the forms to provide for entry of all information required by law or by the commissioner and information considered necessary by the state auditor.

Sec. 44.010. REVIEW BY AGENCY. Requires the budgets, fiscal reports, and audit reports filed with the agency to be reviewed and analyzed by the staff of the agency to determine whether all legal requirements have been met and to collect fiscal data needed in preparing school fiscal reports for the governor and the legislature.

SUBCHAPTER B. PURCHASES; CONTRACTS

Sec. 44.031. PURCHASING CONTRACTS. (a) Sets forth methods by which all school district contracts shall be made, except contracts for the purchase of produce or vehicle fuel, valued at $25,000 or more in the aggregate for each 12-month period.

(b) Sets forth considerations for the district, in determining to whom to award a contract.

(c) Authorizes the state auditor to audit purchases of goods or services by the district.

(d) Authorizes the district to adopt rules and procedures for the acquisition of goods or services.

(e) Provides that to the extent of any conflict, this section prevails over any other law relating to the purchasing of goods and services except a law relating to contracting with historically underutilized businesses.

(f) Provides that this section does not apply to fees received for professional services rendered, including architect's fees, attorney's fees, and fees for fiscal agents.

(g) Provides that notice of the time by when and place where the bids or proposals will be received shall be published in the county in which the district's central administrative office is located, once a week for at least two weeks before the date set for awarding the contract, except that on contracts involving less than $25,000, the advertising may be limited to two successive issues of any newspaper published in the county in which the district's central administrative office is located, and if there is not

a newspaper in that county, the advertising shall be published in a newspaper in the county nearest the county seat of the county in which the district's central administrative office is located.

(h) Authorizes contracts for the replacement or repair of the equipment to be made without competitive bidding as otherwise required by this section, if school equipment is destroyed or severely damaged, and the board of trustees determines that the delay posed by the competitive bidding process would prevent or impair the conduct of classes or other school activities.

(i) Authorizes the board of trustees of a school district to acquire computers and computer-related equipment through the General Services Commission under contracts entered into in accordance with Chapter 2157, Government Code. Requires the commissioner to consult with the agency concerning the computer and computer-related equipment needs of school districts. Requires the resulting contract to provide for such needs.

(j) Sets forth items the board of trustees of a school district may purchase without complying with Subsection (a).

(k) Provides that the exceptions provided by Subsection (j) do not apply to mainframe data-processing equipment and peripheral attachments with a single-item purchase price in excess of $15,000.

(l) Requires each contract proposed to be made by the board of trustees of a school district for the purchase or lease of one or more school buses, including a lease with an option to purchase, to be submitted to competitive bidding when the contract is valued at $20,000 or more.

Sec. 44.032. ENFORCEMENT OF PURCHASE PROCEDURES: CRIMINAL PENALTIES; REMOVAL; INELIGIBILITY. (a) Defines "component purchases," "separate purchases," and "sequential purchases."

(b) Provides that an officer, employee, or agent of a school district commits an offense if the person with criminal negligence makes or authorizes separate, sequential, or component purchases to avoid the requirements of Section 44.031(a) or (b). Provides that an offense under this subsection is a Class B misdemeanor and is an offense involving moral turpitude.

(c) Provides that an officer, employee, or agent of a school district commits an offense if the person with criminal negligence violates Section 44.031(a) or (b) other than by conduct described by Subsection (b). Provides that an offense under this subsection is a Class B misdemeanor and is an offense involving moral turpitude.

(d) Provides that an officer or employee of a school district commits an offense if the officer or employee violates Section 44.031, other than by conduct described by Subsection (b) or (c). Provides that an offense under this subsection is a Class C misdemeanor.

(e) Provides that the final conviction of a person other than a trustee of a school district for an offense under Subsection (b) or (c) results in the removal from office or employment of that person. Provides that a trustee who is convicted of an offense under this section is considered to have committed official misconduct for purposes of Chapter 87, Local Government Code, and is subject to removal as provided by that chapter and Section 24, Article V, Texas Constitution. Provides that for four years after the date of the final conviction, the removed person is ineligible to be a candidate for or to be appointed or elected to a public office in this state, is ineligible to be employed by or act as an agency for the state or a political subdivision of the state, and is ineligible to receive any compensation through a contract with the state or a political subdivision of the state. Provides that this subsection does not prohibit the

payment of retirement benefits to the removed person or the payment of workers' compensation benefits to the removed person for an injury that occurred before the commissioner of the offense for which the person was removed. Provides that this subsection does not make a person ineligible for an office for which the federal or state constitution prescribes exclusive eligibility requirements.

(f) Authorizes a court to enjoin performance of a contract made in violation of Section 44.031(a). Authorizes a county attorney, a district attorney, a criminal district attorney, or a citizen of the county in which the school district is located to bring an action for an injunction. Entitles a citizen who prevails in an action brought under this subsection to attorney's fees as approved by the court.

Sec. 44.033. PURCHASES OF PERSONAL PROPERTY VALUED BETWEEN $10,000 AND $25,000. (a) Requires a school district to purchase personal property as provided by this section if the value of the items is at least $10,000 but less than $25,000, in the aggregate, for a 12-month period. Authorizes the school district, in the alternative, to purchase those items in accordance with Section 44.031(a) and (b).

(b) Requires the district, for each 12-month period, to publish a notice in two successive issues of any newspaper of general circulation in the county in which the school is located. Provides that if there is no newspaper in the county in which the school is located, specifying the categories of personal property to be purchased under this section and soliciting the names, addresses, and telephone numbers of vendors that are interested in supplying any of the categories to the district. Requires the district, for each category, to create a vendor list consisting of each vendor that responds to the published notice and any additional vendors the district elects to include.

(c) Requires the district, before the district makes a purchase from a category of personal property, to obtain price quotations from at least three vendors from the list for that category. Requires the district, if fewer than three vendors are on the list, to contact each vendor on the list. Provides that telephone quotes should be confirmed in writing by mail or facsimile. Provides that the bidding records must be retained with the school's competitive bidding records and are subject to audit. Requires the purchase to be made from the lowest responsible bidder.

(d) Requires purchases of produce and fuel to be made in accordance with this section.

Sec. 44.034. NOTIFICATION OF CRIMINAL HISTORY OF CONTRACTOR. (a) Requires a person or business entity that enters into a contract with a school district to give advance notice to the district if the person or an owner or operator of the business entity has been convicted of a felony. Requires the notice to include a general description of the conduct resulting in the conviction of a felony.

(b) Authorizes a school district to terminate a contract with a person or business entity if the district determines that the person or business entity failed to give notice as required by Subsection (a) or misrepresented the conduct resulting in the conviction. Requires the district to compensate the person or business entity for services performed before the termination of the contract.

(c) Provides that this section does not apply to a publicly held corporation.

SUBCHAPTER C. PENAL PROVISIONS

Sec. 44.051. INTERFERENCE WITH OPERATION OF FOUNDATION SCHOOL PROGRAM. Provides that an offense under Section 37.10, Penal Code, is a felony of the third degree if it is shown on trial of the offense that the government record was a record, form, report, or budget required under Chapter 42 or rules adopted under that chapter. Provides that if the actor's intent is to defraud the state or the public school system, the offense is a felony of the second degree.

Sec. 44.052. FAILURE TO COMPLY WITH BUDGET REQUIREMENTS; PENALTY. (a) Provides that any county superintendent approving any expenditure of school funds in excess of the item or items appropriated in the adopted budget or a supplementary or amended budget commits a Class C misdemeanor.

(b) Provides that a person who fails to comply with the person's duties with regard to the preparation or the following of a county school budget or a budget of a school district or who violates any provision of Section 44.002 commits a Class C misdemeanor.

(c) Provides that a trustee of a school district who votes to approve any expenditure of school funds in excess of the items appropriated in the adopted budget or a supplementary or amended budget commits a Class C misdemeanor.

(d) Provides that charges of the violation of this section may be instituted by the proper county or district attorney or by the attorney general.

Sec. 44.053. FAILURE OF MUNICIPAL OFFICER TO MAKE TREASURER'S REPORT; PENALTY. Provides that any county or municipal treasurer or treasurer of the school board of each municipality having exclusive control of its schools who fails to make and transmit any report and certified copy thereof, or either, required by law, commits a Class C misdemeanor.

Sec. 44.054. FAILURE TO TRANSFER STUDENTS AND FUNDS. Provides that a county judge serving as ex officio county superintendent, a county, district, or municipal superintendent, or a school officer who refuses to transfer students and funds as provided by Chapter 25B, commits a Class B misdemeanor.

SUBCHAPTER Z. MISCELLANEOUS PROVISIONS

Sec. 44.901. ENERGY CONSERVATION MEASURES. (a) Authorizes the board of trustees of a school district to enter into a contract for energy conservation measures to reduce energy consumption or operating costs of school facilities in accordance with this section.

(b) Sets forth provisions included in a contract to which this section applies.

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

(d) Authorizes a contract for energy conservation measures, with respect to existing buildings or facilities, to be a lease/purchase contract, with a term not to exceed 10 years, that meets federal tax requirements for tax-free municipal leasing or long-term financing.

(d) Authorizes a contract under this section to be let under competitive proposal procedures. Requires notice of the request for proposals to be published in the manner provided for competitive bidding. Requires requests for proposals to solicit quotations and to specify the relative importance of guaranteed savings, price, financial performance and stability, quality, technical ability, experience, and other evaluation factors. Requires the contract to be awarded to the responsible offeror whose proposal is determined to be the most advantageous to the school district considering the guaranteed savings and other evaluation factors set forth in the request for proposals.

(f) Authorizes the school district, to obtain the best final offers, to allow proposal revisions after submissions and before the award of the contract.

CHAPTER 45. SCHOOL DISTRICT FUNDS

SUBCHAPTER A. TAX BONDS AND MAINTENANCE TAXES

Sec. 45.001. BONDS AND BOND TAXES. Authorizes the governing board of an independent school district, the governing board of a rural high school district, and the commissioners court of a county, on behalf of each common school district under its jurisdiction, to issue negotiable coupon bonds for the construction and equipment of school buildings in the district and the purchase of the necessary sites for school buildings, and to levy, pledge, assess, and collect annual ad valorem taxes sufficient to pay the principal of and interest on the bonds as the principal and interest become due, subject to Section 45.003. Requires the bonds to mature serially or otherwise not more than 40 years from their date. Authorizes the bonds to be made redeemable before maturity. Requires all bonds to be sold to the highest bidder for not less than their par value and accrued interest.

Sec. 45.002. MAINTENANCE TAXES. Authorizes the governing board of an independent school district, the governing board of a rural high school district, and the commissioners court of a county, on behalf of each common school district under its jurisdiction, to levy, assess, and collect annual ad valorem taxes for the further maintenance of public schools in the district, subject to Section 45.003.

Sec. 45.003. BOND AND TAX ELECTIONS. (a) Prohibits bonds described by Section 45.001 from being issued and taxes described by Section 45.001 or 45.002 from being levied unless authorized by a majority of the qualified voters of the district, voting at an election held for that purpose, at the expense of the district, in accordance with the Election Code. Requires each election to be called by resolution or order of the governing board or commissioners court. Requires the resolution or order to state the date of the election, the proposition or propositions to be submitted and voted on, the polling place or places, and any other matters considered necessary or advisable by the governing board or commissioners court.

(b) Requires a proposition submitted to authorize the issuance of bonds to include the question of whether the governing board or commissioners court may levy, pledge, assess, and collect annual ad valorem taxes, in a certain amount, on all taxable property in the district.

(c) Provides that if bonds are ever voted in a district pursuant to Subsection (b)(1) then all bonds thereafter proposed must be submitted pursuant to that subsection, and Subsection (b)(2) does not apply to the district.

(d) Requires a proposition submitted to authorize the levy of maintenance taxes to include the question of whether the governing board or commissioners court may levy, assess, and collect annual ad valorem taxes for the further maintenance of public schools, at a rate not to exceed the rate, which may be not more than $1.50 on the $100 valuation of taxable property in the district, stated in the proposition.

(e) Requires a district, before issuing bonds, to demonstrate to the attorney general with respect to the proposed issuance that the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed $0.50 per $100 of valuation.

Sec. 45.004. REFUNDING BONDS. (a) Defines "bond" and "total debt service."

(b) Authorizes each governing board or commissioner court described by Section 45.001 to refund or refinance all or any part of any of the district's outstanding bonds and matured or unmatured but unpaid interest on those bonds payable from ad valorem taxes by issuing refunding bonds payable from ad valorem taxes.

(c) Prohibits a series or issue of refunding bonds from being issued unless certain conditions apply.

(d) Authorizes refunding bonds to be made redeemable before maturity.

(e) Sets forth authorized provisions for refunding bonds.

(f) Authorizes the refunding to be accomplished in one or in several installment deliveries. Authorizes refunding bonds also to be issued and delivered in accordance with any other applicable law.

(g) Authorizes the governing board or commissioners court, to refund bonds or to pay or redeem bonds in whole or in part without issuing refunding bonds, to deposit directly with the paying agent the proceeds from the sale of refunding bonds or any other available funds or resources. Requires the deposit to be in an amount sufficient, after taking into account both the principal and interest to accrue on the assets of any escrow account created under Subsection (h), to provide for the payment or redemption of the bonds and assumed obligations that are to be refunded or to be paid or redeemed. Provides that the deposit constitutes the making of firm banking and financial arrangements for the discharge and final payment or redemption of the bonds being refunded.

(h) Authorizes the governing board or commissioners court to enter into an escrow or a similar agreement with the paying agent with respect to the safekeeping investment, reinvestment, administration, or disposition of the deposits, but the deposits may be invested and reinvested only in direct obligations of the U.S., including obligations the principal of an interest on which are unconditionally guaranteed by the U.S. and that mature or bear interest payable at times and in amounts sufficient to provide for the scheduled payment or redemption of the bonds. Requires the governing board or commissioners court to enter into an appropriate escrow or a similar agreement if any of the bonds are scheduled to be paid or redeemed on a date later than the next succeeding scheduled interest payment due.

(i) Provides that if the governing body or commissioners court has entered into an escrow or a similar agreement under Subsection (h), the refunded bonds are considered to be an indebtedness of the district for the purpose of a limitation on outstanding indebtedness or taxation or for any other purpose.

(j) Authorizes refunding bonds to be issued under this section to refund any bonds that are scheduled to mature or that are subject to redemption before maturity, not more than 20 years from the date of the refunding bonds. Authorizes the refunding bonds to be sold at public or private sale under the procedures, at the price, and on the terms determined by the governing board or commissioners court. Authorizes the bonds, in addition, to be sold bearing interest at the rate determined by the governing board or commissioners court, but not to exceed the maximum rate prescribed by Article 717k-2, V.T.C.S. Authorizes the governing board or commissioners court to pledge to the payment of any refunding bonds any surplus income to be available from the investment or reinvestment of any deposit made as authorized by this section or any other available revenues, income, or resources.

(k) Authorizes the refunding bonds to be issued in an additional amount sufficient to pay the costs and expenses of issuing the bonds and sufficient to fund any debt service reserve, contingency, or other similar fund considered necessary or advisable by the governing board or commissioners court.

Sec. 45.005. EXAMINATION OF BONDS BY ATTORNEY GENERAL. Requires all bonds issued pursuant to this subchapter, and the appropriate proceedings authorizing their issuance, to be submitted to the attorney general for examination.

Sec. 45.006. MAINTENANCE TAX REQUIRED FOR JUDGEMENT ORDERING AD VALOREM TAX REFUND; BONDS. (a) Sets forth school districts to which this section applies.

(b) Sets forth conditions under which a school district may levy, assess, and collect maintenance taxes at a rate that exceeds $1.50 per $100 valuation of taxable property.

(c) Provides that any additional maintenance taxes that the district collects under this section may be used only to pay the district's debt under Subsection (b)(1).

(d) Provides that the authority of a school district to levy the additional ad valorem taxes under this section expires when the judgment against the district is paid.

(e) Requires the governing body of a school district to pay the district's debt under Subsection (b)(1) in a lump sum. Authorizes the governing body, to satisfy the district's debt under Subsection (b)(1), to levy and collect additional maintenance taxes as provided by Subsection (b) and to issue bonds. Sets forth conditions that apply if bonds are issued.

(f) Authorizes the governing body of a school district that adopts a tax rate that exceeds $1.50 per $100 valuation of taxable property to set the amount of the exemption from taxation authorized by Section 11.13(n), Tax Code, at any time before the date the governing body adopts the district's tax rate for the tax year in which the election approving the additional taxes is held.

(g) Provides that the authority to issue bonds granted by this section expires June 1, 1996.

SUBCHAPTER B. REVENUE BONDS

Sec. 45.031. GYMNASIA, STADIA, AND OTHER RECREATIONAL FACILITIES. Authorizes the governing board of an independent school district, the governing board of a rural high school district, and the commissioners court of a county, on behalf of each common school district under its jurisdiction, to acquire, construct, improve, equip, operate, and maintain gymnasia, stadia, or other recreational facilities (facilities) for and on behalf of its district. Authorizes the facilities to be located inside or outside the district.

Sec. 45.032. REVENUE BONDS. Authorizes the board, city council or commission, or commissioners court, in order to provide funds to acquire, construct, improve, or equip facilities, to issue revenue bonds payable from and secured by liens on and pledges of all or any part of any of the revenues from any rentals, rates, charges, or other revenues from any or all of the facilities, in the manner provided by this subchapter. Provides that the bonds may be additionally secured by mortgages and deeds of trust on any real property on which any of the facilities are or will be located, or any real or personal property incident or appurtenant to the facilities, and the board, city council or commission, or commissioners court may authorize the execution and delivery of trust indentures, mortgages, deeds of trust, or other forms of encumbrances to evidence those liens. Authorizes the bonds to be issued to mature serially or otherwise not to exceed 50 years from their date. Authorizes the board, city council or commission, in the authorization of any of those bonds, to provide for the subsequent issuance of additional parity bonds, or subordinate lien bonds, or other types of bonds, under the terms set forth in the resolution or order authorizing the issuance of the bonds, all within the discretion of the board, city council or commissioner, or commissioners court. Authorizes the bonds to be made redeemable before maturity. Authorizes the bonds to be sold in the manner, at the price, and under the terms provided by the board, city council or commissioner, or commissioners court in the resolution or order authorizing the issuance of the bonds. Sets forth authorized actions for the proceeds from the sale of the bonds, if permitted by the bond resolution or order.

Sec. 45.033. RENTALS, RATES, AND CHARGES. Authorizes the board, city council or commission, or commissioners court to set and collect rentals, rates, and charges from students and others for the occupancy or use of any of the facilities, in the amounts and manner determined by the board, city council or commission, or commissioners court.

Sec. 45.034. PLEDGE OF REVENUES. Authorizes the board, city council or commission, or commissioners court to pledge all or any part of any of its revenues from the facilities to the payment of any bonds issued under this subchapter. Requires the rentals, rates, and charges, if revenues from the facilities are pledged to the payment of bonds, to be fixed and collected in amounts at least sufficient to provide for all payments of principal, interest, and any other amounts required in connection with the bonds, and, to the extent required by the resolution or order authorizing the issuance of the bonds, to provide for the payment of operation, maintenance, and other expenses.

Sec. 45.035. REFUNDING BONDS. Provides that revenue bonds issued by a board, city council or commission, or commissioners court under this subchapter and revenue bonds issued by a board, city council or commission, or commissioners court under other law and payable from revenues from facilities described by Section 45.031 may be refunded or otherwise refinanced by the board, city council or commissioner, or commissioners court, and in that case all appropriate provisions of this subchapter apply to the refunding bonds. Provides that in refunding or otherwise refinancing any such bonds, the board, city council or commission, or commissioners court may refund or refinance bonds issued pursuant to this code and bonds issued pursuant to any other law, may combine all refunding bonds and any other additional new bonds to be issued under this chapter into one or more issues or series of bonds, and may provide for the subsequent issuance of additional parity bonds, or subordinate lien bonds, or other type of bonds. Requires all refunding bonds to be issued and delivered under the terms set forth in the authorizing proceedings.

Sec. 45.036. EXAMINATION OF BONDS BY ATTORNEY GENERAL. Requires all bonds issued pursuant to this subchapter, and the appropriate proceedings authorizing their issuance, to be submitted to the attorney general for examination.

SUBCHAPTER C. GUARANTEED BONDS

Sec. 45.051. DEFINITIONS. Defines "board" and "paying agent."

Sec. 45.052. GUARANTEE. Provides that on approval by the commissioner, bonds issued under Subchapter A, including refunding bonds, are guaranteed by the corpus and income of the permanent school fund.

Sec. 45.053. LIMITATION; VALUE ESTIMATES. (a) Prohibits the commissioner from approving bonds for guarantee if the approval would result in the total amount of outstanding guaranteed bonds exceeding an amount equal to two times the cost value or market value, whichever is less, of the permanent school fund, exclusive of real estate, as estimated by the board and certified by the state auditor.

(b) Requires the state auditor to analyze the status of guaranteed bonds as compared to the cost value and market value of the permanent school fund. Requires the state auditor, based on that analysis, to certify whether the amount of bonds guaranteed is within the limit prescribed by this section.

(c) Requires the commissioner to prepare and the board to adopt an annual report on the status of the guaranteed bond program.

Sec. 45.054. ELIGIBILITY. Provides that to be eligible for approval by the commissioner, bonds must be issued under Subchapter A or under Article 717k, V.T.C.S., by an accredited school district.

Sec. 45.055. APPLICATION FOR GUARANTEE. (a) Requires a school district seeking the guarantee of eligible bonds to apply to the commissioner.

(b) Sets forth provisions the application must include.

(c) Requires the application to be accompanied by a fee set by rule of the board in an amount designed to cover the costs of administering the guarantee program.

Sec. 45.056. INVESTIGATION. (a) Requires the commissioner, following receipt of an application for the guarantee of bonds, to conduct an investigation of the applicant school district in regard to certain information.

(b) Requires the commissioner, if following the investigation the commissioner is satisfied that the school district's bonds should be guaranteed under this subchapter, to endorse the bonds.

Sec. 45.057. GUARANTEE ENDORSEMENT. (a) Sets forth provisions by which the commissioner shall endorse bonds approved for guarantee.

(b) Provides that the guarantee is not effective unless the attorney general approves the bonds under Section 45.005.

Sec. 45.058. NOTICE OF DEFAULT. Requires the school district to notify the commissioner, following a determination that a school district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, but not later than five days before maturity date.

Sec. 45.059. PAYMENT FROM PERMANENT SCHOOL FUND. (a) Requires the commissioner, following receipt of notice under Section 45.058, to instruct the comptroller to transfer from the appropriate account in the permanent school fund to the district's paying agent the amount necessary to pay the maturing or matured principal or interest.

(b) Requires the paying agent, following receipt of the funds for payment of the principal or interest, to pay the amount due and forward the canceled bond or coupon to the state treasurer. Requires the state treasurer to hold the canceled bond or coupon on behalf of the permanent school fund.

(c) Requires the state treasurer, following full reimbursement to the permanent school fund with interest, to further cancel the bond or coupon and forward it to the school district for which payment was made.

Sec. 45.060. BONDS NOT ACCELERATED ON DEFAULT. Provides that if a school district fails to pay principal or interest on a guaranteed bond when it matures, other amounts not yet mature are not accelerated and do not become due by virtue of the school district's default.

Sec. 45.061. REIMBURSEMENT OF PERMANENT SCHOOL FUND. (a) Requires the commissioner, if the commissioner orders payment from the permanent school fund on behalf of a school district, to direct the comptroller to withhold the amount paid, plus interest, from the first state money payable to the school district. Requires the amount withheld to be deposited to the credit of the permanent school fund.

(b) Authorizes the commissioner, in accordance with the rules of the board, to authorize reimbursement to the permanent school fund with interest in a manner other than that provided by this section.

Sec. 45.062. REPEATED DEFAULTS. (a) Authorizes the commissioner, if two or more payments from the permanent school fund are made on the guaranteed bonds of a school district and the commissioner determines that the school district is acting in bad faith

under the guarantee, to request the attorney general to institute appropriate legal action to compel the school district and its officers, agents, and employees to comply with the duties required of them by law in regard to the bonds.

(b) Provides that jurisdiction of proceedings under this section is in the administration of the bond guarantee program.

Sec. 45.063. RULES. Authorizes the board to adopt rules necessary for the administration of the bond guarantee program.

SUBCHAPTER D. SALE OF SURPLUS REAL PROPERTY; REVENUE BONDS

Sec. 45.081. DEFINITIONS. Defines "district," "board," "real property," and "bonds."

Sec. 45.082. SALE OF PROPERTY; REVENUE BONDS. (a) Authorizes the board of a district to sell real property owned by the district and issue revenue bonds payable from the proceeds of the sale subj ct to this section.

(b) Requires the board of a district to determine by order that real property is not required for the current needs of the district for educational purposes, and the proceeds from the sale are required and will be used for specified provisions.

(c) Sets forth sales for which the board of a district is not required to determine that the real property is not required for the current needs of the district.

(d) Authorizes the real property to be sold for the price and on the terms determined by order of the board of a district to be most advantageous to the district. Authorizes the sale to be made pursuant to an installment sale agreement or contract or any other method. Requires the sale to be for cash and all payments for the real property to be scheduled to be paid not more than 10 years after the date of execution of the agreement or contract of sale. Prohibits real property from being sold for less than an agreement price equal to its fair market value as determined by an appraisal obtained by the district not more than 180 days before the publication of the notice required by Subsection (e)(3). Provides that the appraisal is conclusive of the fair market value of the property for purposes of this subchapter.

(e) Sets forth required actions for the board of a district, before selling or executing any agreement or contract for the sale of the real property.

(f) Requires the sale to have been previously approved by a majority of the qualified voters of the district voting at an election held in the district at which a proposition to ascertain approval is submitted. Provides that an election is not required if the board of the district determines by order that the proceeds from the sale of the real property are required and will be used for constructing or equipping or for paying the principal of, and interest and premium, on bonds issued pursuant to this subchapter for the purpose of constructing or equipping a school building that is to be constructed pursuant to an order or judgment entered by a U.S. District Judge in any action or cause in which the district is a party.

Sec. 45.083. OTHER LAWS NOT APPLICABLE. Provides that Section 272.001, Local Government Code, Chapter 26, Parks and Wildlife Code, and all other general laws pertaining to the sale of public property do not apply to sales of real property pursuant to this subchapter.

Sec. 45.084. CONTRACTS. Authorizes the district to execute contracts for constructing or equipping school buildings in the manner provided by law. Provides that if any contract recites that payments under the contract are to be made either from the proceeds from the sale of real property under an installment sale agreement or any similar method pursuant to this subchapter or from proceeds from the sale of bonds issued pursuant to this subchapter, then the contract may be made payable in installments to correspond with

the receipt by the district either of proceeds under the sale agreement or proceeds from the sale of any bonds to be issued and delivered in more than one issue, series, or installment, and the contract is not a prohibited debt or indebtedness of the district if the payments under the contract are required to be made solely from the proceeds from the sale of real property or the bonds.

Sec. 45.085. BOND REQUIREMENTS. (a) Authorizes any board of a district to issue, sell, and deliver revenue bonds of its district from time to time and in one or more issues, series, or installments, with the principal of and interest and premium on the bonds to be payable from and secured by liens on and pledges of all or any part of any of the revenue, income, payments, or receipts derived by the district from the sale of real property pursuant to this subchapter, and those amounts may be pledged by the district to the payment of the principal of and interest and premium on such bonds, subject to this section.

(b) Requires bonds to be issued by an order of the board of a district.

(c) Requires the bonds to be issued for the purpose of constructing or equipping school buildings in the district or purchasing necessary sites for school buildings.

(d) Requires the bonds to mature, come due, or be payable serially, in installments, or otherwise, within not to exceed 90 days after the last date on which the final payment is due to the district from the sale of the real property. Authorizes the bond order to provide for the subsequent issuance of additional parity bonds, or subordinate lien bonds, under any terms set forth in the bond order.

(e) Authorizes the bonds to be executed, made redeemable before maturity or due date, and to be issued in the form, denominations, and manner and under the terms provided in the bond order. Authorizes the bonds to be sold in the manner, at the price, and under the terms and to bear interest at the rates provided in the bond order.

(f) Authorizes the proceeds from the sale of the bonds, if so provided in any bond order, to be used for paying interest on the bonds during the period of constructing or equipping any school buildings to be provided through the issuance of the bonds or for creating a reserve fund for the payment of principal and interest on the bonds. Authorizes the proceeds to be placed on time deposit, in certificates or deposit, or invested, until needed, to the extent and in the manner provided in any bond order. Authorizes the proceeds to be used for paying the costs and expenses of issuing the bonds and selling the real property.

(g) Provides that the bonds may be payable only from the revenues described by Subsection (a) and may not be payable or paid from any taxes levied and collected in the district.

(h) Provides that Articles 717k, 717k-2, and 717k-6, V.T.C.S., apply to bonds issued pursuant to this subchapter.

(i) Requires bonds, along with the appropriate proceedings authorizing their issuance, and the sale agreement the proceeds from which they are payable, if issued pursuant to this subchapter, to be submitted to the attorney general for examination. Provides that if after the initial issuance of any bonds under this subchapter payable from the proceeds of a particular sale agreement, one or more subsequent issues, series, or installments of bonds are issued as additional parity bonds, on a parity with the initial bonds and payable from the proceeds of that sale agreement, then, at the option of the board of the district, the subsequent issues, series, or installments of bonds need not be submitted to the attorney general or approved by the attorney general or registered by the comptroller, and the subsequent bonds are, on delivery and payment for the bonds, valid and incontestable in the same manner and with the same effect as if they had been approved by the attorney general and registered by the comptroller as were the initial bonds.

Sec. 45.086. LIBERAL CONSTRUCTION. Requires this subchapter to be construed liberally to accomplish the legislative intent and the purposes of the subchapter, and all powers granted by this subchapter to be broadly interpreted to accomplish that intent and those purposes and not as a limitation of powers.

Sec. 45.087. OTHER POWERS UNRESTRICTED. Provides that this subchapter does not restrict the power of a school district to sell property or issue bonds as provided by other law.

SUBCHAPTER E. MISCELLANEOUS PROVISIONS

Sec. 45.101. USE OF BOND PROCEEDS FOR UTILITY CONNECTIONS. Authorizes the proceeds of bonds issued by school districts for the construction and equipment of school buildings in the district and the purchase of the necessary sites for school buildings to be used, among other things, to pay the cost of acquiring, laying, and installing pipes or lines to connect with the water, sewer, or gas lines of a municipality or private utility company, whether or not the water, sewer, or gas lines adjoin the school, so that the school district may provide its public school buildings the water, sewer, or gas services.

Sec. 45.102. INVESTMENT OF BOND PROCEEDS IN OBLIGATIONS OF UNITED STATES OR INTEREST-BEARING SECURED TIME BANK DEPOSITS. (a) Sets forth authorized actions, on order of the board of trustees, for a school district that has on hand proceeds received from the issuance and sale of bonds or certificates of indebtedness of the district that are not needed for the purposes for which the bonds or certificates of indebtedness were issued and sold.

(b) Requires interest-bearing secured time deposits or bonds or other obligations of the U.S. in which proceeds of bonds or certificates of indebtedness are placed or invested to be of a type that cannot be cashed, sold, or redeemed for an amount less than the sum deposited or invested by the school district.

(c) Sets forth conditions that exist when the sums placed or invested by a school district are needed for the purposes for which the bonds or certificates of indebtedness of the school district were originally authorized, issued, and sold.

Sec. 45.103. INTEREST-BEARING TIME WARRANTS. (a) Sets forth conditions under which a school district may issue interest-bearing time warrants. Requires the warrants to mature in serial installments of not more than five years from their date of issue. Authorizes the warrants on maturity to be payable out of any available funds of the school district in the order of their maturity dates. Authorizes any interest-bearing time warrants to be issued and sold by the district for not less than their face value, and the proceeds used to provide funds required for the purpose for which they are issued. Requires the warrants to be entitled to first payment out of any available funds of the district as they become due. Provides that included in the purposes for which interest-bearing time warrants may be issued is the payment of any amounts owed by the school district that was incurred in carrying out any of those purposes.

(b) Prohibits interest-bearing time warrants from being issued or sold by a common school district or rural high school district until they are approved by the county board of school trustees. Provides that the board, on application of the school district, shall inquire into the financial conditions and needs of the district, and may not approve the issuance of interest-bearing time warrants unless certain conditions exist.

(c) Prohibits a school district from issuing interest-bearing time warrants in excess of five percent of the assessed valuation of the district for the year in which the warrants are issued. Prohibits the payment of interest-bearing time warrants in any one year from exceeding the anticipated surplus income of the district for the year in which the warrants are issued, based on the budget of the district for that year. Provides that the anticipated income computed under this section is exclusive of all bond taxes. Prohibits

a school district from having outstanding at any one time warrants totaling in excess of $500,000 under this section.

(d) Provides that if interest-bearing time warrants issued under this section are outstanding, the officer in charge of the collection of delinquent taxes shall pay those collections to the legal depository of the district, to be deposited and held in a special fund for the payment of the interest-bearing time warrants, and except as otherwise provided by this section, collections of delinquent taxes may not be applied or used for any other purpose.

(e) Provides that interest and penalties on delinquent taxes are considered a part of those taxes for purposes of this section. Provides that if any delinquent taxes, including interest and penalties, are canceled, waived, released, or reduced either by the school district or in any other way, the amount of the loss sustained shall be paid by the district to the special fund provided for by Subsection (d) out of funds not otherwise pledged to that special fund.

(f) Provides that all school districts issuing interest-bearing time warrants may encumber and mortgage any property purchased with the proceeds of the warrants or any property, except that a lien may not be placed on any school building in which actual classroom instruction of students is conducted.

(g) Describes "interest-bearing time warrant."

(h) Provides that taxes levied to pay principal and interest of bonds that are delinquent are not included in the term "delinquent taxes" as used in this section.

Sec. 45.104. PLEDGE OF DELINQUENT TAXES AS SECURITY FOR LOAN. (a) Provides that the board of trustees of any school district may pledge its delinquent taxes levied for maintenance purposes for specific school years as security for a loan, and the delinquent taxes pledged shall be applied against the principal and interest of the loan as they are collected.

(b) Prohibits a school district from pledging delinquent taxes levied for school bonds as security for a loan.

(c) Authorizes funds secured through loans secured by delinquent taxes to be employed for any legal maintenance expenditure or purpose of the school district.

(d) Authorizes a loan secured by delinquent taxes to bear interest at a rate not to exceed the maximum rate provided by Article 717k-2, V.T.C.S.

Sec. 45.105. AUTHORIZED EXPENDITURES. (a) Prohibits the public school funds from being spent except as provided by this section.

(b) Authorizes the state and county available funds to be used only for the payment of teachers' and superintendents' salaries and interest on money borrowed on short time to pay those salaries that become due before the school funds for the current year become available. Prohibits loans for the purpose of payment of teachers from being paid out of funds other than those for the current year.

(c) Authorizes local school funds from district taxes, tuition fees of students not entitled to a free education, and other local sources to be used for goods and services necessary in the conduct of the public schools determined by the board of trustees. Requires the accounts and vouchers for county district to be approved by the county superintendent. Provides that if the state available school fund in any municipality or district is sufficient to maintain the schools in any year for at least eight months and leave a surplus, the surplus may be spent for the purposes listed in this subsection.

(d) Sets forth school districts that may, in buying school sites or additions to school sites and in building school buildings, issue and deliver negotiable or nonnegotiable notes representing all or part of the cost to the school district of the land or building. Authorizes the district to secure the notes by a vendor's lien or deed of trust lien against the land or building. Authorizes the district, by resolution or order of the governing body made at or before the delivery of the notes, to set aside and appropriate as a trust fund, and the sole and only fund, for the payment of the principal of and interest on the notes that part of the local school funds, levied and collected by the school district in that year or subsequent years, as the governing body determines. Prohibits the aggregate amount of local school funds set aside in or for any subsequent year for the retirement of the notes from exceeding, in any one subsequent year, 10 percent of the local school funds collected during that year. Authorizes the district to issue the notes only if approved by majority vote of the qualified voters voting in an election conducted in the manner provided by Section 45.003 for approval of bonds.

(e) Authorizes the governing body of an independent school district that governs a junior college district under Chapter 130B, in a county with a population of more than 1.5 million to dedicate a specific percentage of the local tax levy to the use of the junior college district for facilities and equipment or for the maintenance and operating expenses of the junior college district. Requires the dedication to be made by the governing body on or before the date on which the governing body adopts its tax rate for a year. Prohibits the amount of local tax funds derived from the percentage of the local tax levy dedicated to a junior college district from a tax levy from exceeding the amount that would be levied by five percent of the effective tax rate for the tax year calculated as provided by Section 26.04, Tax Code, on all property taxable by the school district. Provides that all real property purchased with these funds is the property of the school district, but is subject to the exclusive control of the governing body of the junior college district for as long as the junior college district uses the property for educational purposes.

(f) Authorizes funds from a junior college district branch campus maintenance tax levied by a school district board of trustees under Section 130.087 to be used as provided by that section.

Sec. 45.106. USE OF COUNTY AVAILABLE FUND APPORTIONMENT FOR AREA SCHOOLS CAREER AND TECHNOLOGY EDUCATION. (a) Requires a school district or accumulation of districts that operates a school designated as an area school for career and technology education purposes or that participates in a designated area career and technology education program to use its annual county available school fund apportionment, in the operation of the area school or program or in financing facilities for the school.

(b) Prohibits a school district complying with Subsection (a) from being held accountable for or charged with county available school funds in determining the district's eligibility for minimum foundation school program funds.

Sec. 45.107. INVESTMENT OF GIFTS, DEVISES, AND BEQUESTS. Authorizes a gift, devise, or bequest made to a school district to provide college scholarships for graduates of the district to be invested or retained by the board of trustees of the district as provided by Section 113.056, Property Code, unless otherwise specifically provided by the terms of the gift, devise, or bequest.

Sec. 45.108. BORROWING MONEY FOR CURRENT MAINTENANCE EXPENSES. (a) Authorizes independent or consolidated school districts to borrow money for the purpose of paying maintenance expenses and to evidence those loans with negotiable notes, except that the loans may not at any time exceed 75 percent of the previous year's income. Authorizes the notes to be payable from any available funds of the districts. Defines "maintenance expenses" or "maintenance expenditures." Authorizes notes issued pursuant to an environmental cleanup and asbestos cleanup and removal program to be issued to mature in not more than 15 years from their date. Requires notes issued for a

term longer than one year to be treated as "debt" as defined in Section 26.012(7), Tax Code.

(b) Authorizes notes to be issued under this section only after a budget has been adopted for the current school year.

(c) Requires notes issued under this section to be authorized by resolution adopted by a majority vote of the board of trustees, signed by the president or vice president and attested by the secretary of the board.

(d) Authorizes a note issued under this section to contain a certification that it is issued pursuant to and in compliance with this section and pursuant to a resolution adopted by the board of trustees. Provides that the certification is sufficient evidence that the note is a valid obligation of the district.

Sec. 45.109. CONTRACTS FOR ATHLETIC FACILITIES. (a) Authorizes any independent school district, acting by and through its board of trustees, to contract with any corporation, municipality, or institution of higher education, located in its boundaries, for the use of any stadium and other athletic facilities owned by or under the control of the other entity. Authorizes the contract to be for any period not exceeding 75 years and to contain terms agreed on by the parties.

(b) Authorizes the district to enter into a contract for the use of athletic facilities for any purpose related to sports activities and other physical education programs for the students at the public schools of the district.

(c) Authorizes the consideration for a contract under this section to be paid from any source available to the independent school district. Authorizes the district, if voted as provided by this section, to pledge to the payment of the contract an annual maintenance tax in an amount sufficient, without limitation, to provide all of the consideration. Requires the maintenance tax, if voted and pledged, to be assessed, levied, and collected annually in the same manner as provided by general law applicable to independent school districts for other maintenance taxes.

(d) Prohibits a maintenance tax from being pledged to the payment of any contract under this section or assessed, levied, or collected unless an election is held in the district and the maintenance tax is favorably voted by a majority of the qualified voters of the district voting at the election. Requires the election order for an election under this subsection to include the polling places and any other matters considered advisable by the board of trustees.

Sec. 45.110. AUTHORIZED BUT UNISSUED BONDS. (a) Provides that this section applies to any independent school district that has previously voted or authorized school bonds for a specific purpose and the purpose has been accomplished by other means or has been abandoned and all or a portion of the bonds authorized remain unissued.

(b) Authorizes the board of trustees of the district to order an election to submit to the qualified voters of the district the proposition of whether or not the authorized but unissued bonds to be issued, sold, and delivered for other and different purposes specified in the election order and the election notice. Requires the election to be ordered, held, and conducted in the same form and manner as that at which the bonds were originally authorized.

(c) Authorizes the board of trustees, if a majority of those voting at the election vote in favor of the sale and delivery of the unissued bonds and the use of the proceeds of the bonds for the purposes specified in the election order and the election notice, to issue, sell, and deliver the bonds and use the proceeds of the bonds for the purpose authorized at the election.

Sec. 45.111. CERTIFICATES OF INDEBTEDNESS; ISSUANCE BY CERTAIN SCHOOL AND JUNIOR COLLEGE DISTRICTS. (a) Sets forth school districts that may issue interest-bearing certificates of indebtedness to provide funds for erecting or equipping school buildings in the boundaries of the district or refinancing outstanding certificates. Describes "certificates."

(b) Requires the governing body of the district to provide for the payment of the certificates issued under this section by appropriating and pledging local school funds derived from maintenance taxes levied and assessed under Sections 45.002 and 130.122, Article 2784g, V.T.C.S., or other similar law that limits the amount of tax that may be levied for maintenance purposes, as distinguished from bond requirements. Authorizes the appropriation and pledge to be in the nature of a continuing irrevocable pledge to apply the first moneys collected annually from the tax levy to the payment of the obligations or by the irrevocable present levy and appropriation of the amount of the maintenance tax required to meet the annual debt service requirements of the obligations, in which event the governing body shall covenant to annually budget the amount required to pay the principal and interest of the obligations that may be scheduled to become due in any fiscal year. Prohibits this section from being construed as permitting the levy of a maintenance tax in excess of the amount approved by the qualified voters of the district.

(c) Prohibits a district from having certificates outstanding and unpaid in principal amount in excess of $250,000, unless the excessive amount becomes the obligation of the district by assumption under Subsection (k) or the new certificates are being issued to refund or refinance outstanding obligations under Subsection (i).

(d) Sets forth restrictions for the principal amount of certificates that may be authorized at any one time and the scheduling of their principal maturity.

(e) Provides that assessed valuation means the valuation for school district purposes on the tax rolls of the district most recently approved before the authorization of the certificates. Provides that the limiting factor for a particular district is multiplied by the assessed valuation of the district and the product is the maximum amount of debt service requirements on the certificates that may be scheduled to become due in any fiscal year on a cumulative basis. Prohibits a district that has an assessed valuation less than $1 million from issuing certificates under this section.

(f) Requires certificates authorized to be issued under this section to be payable at the times and be in such form and denominations either in coupon form or registered as to principal, interest, or both. Authorizes the certificates to contain options for redemption before the scheduled maturity and to be payable at the place and to contain other provisions as the governing body of the district determines. Prohibits a certificate from maturing over a period in excess of 25 years from the date of the certificate or bear interest at a rate in excess of seven percent per annum.

(g) Requires the certificates, except if issued in exchange for certificates outstanding as provided by Subsection (i), to be sold for cash at not less than the face or par value plus accrued interest. Requires the proceeds to be applied for the purpose for which the certificates were issued, except that all accrued interest and premium received shall be deposited in the interest and sinking fund established for the payment of the obligations. Authorizes the cost of issuing the obligations to be paid from the proceeds.

(h) Provides that the certificates, including interest, are securities within the meaning of Chapter 8, Business and Commerce Code, and that chapter applies to the certificates after their approval by the attorney general and registration by the comptroller.

(i) Authorizes each governing body to refund or refinance outstanding certificates by issuing new interest-bearing certificates within the limitations and conditions provided in this section. Requires the new certificates to be issued and delivered in lieu of and on surrender to the comptroller and the cancellation of the obligations being refunded,

and the comptroller shall register the new certificates and deliver them in accordance with the order authorizing their issuance. Authorizes the new certificates to be issued and delivered in accordance with Article 717k, V.T.C.S.

(j) Requires a certified copy of all proceedings relating to the authorization of the certificates to be submitted to the attorney general.

(k) Provides that certificates issued under this section are an indebtedness of the school district issuing them, but the holder of a certificate does not have the right to demand payment out of any fund other than those pledged to its payment. Requires the indebtedness, if the boundary lines of any issuing district are changed while the certificates remain outstanding, to be adjusted or assumed as provided under general law for the adjustment of bond indebtedness payable from taxation.

(l) Provides that the governing body of a common school district is the commissioners court of the county having administrative jurisdiction. Provides that the governing body of an independent school district, a rural high school district, or a junior college district is its board of trustees, and the governing body of a municipally controlled school district is the city or town council or commission. Requires certificates to be authorized by order of the governing body of the district.

SUBCHAPTER F. ATHLETIC STADIUM AUTHORITIES

Sec. 45.151. DEFINITIONS. Defines "district," "stadium," "authority," "board of directors," "bond resolution," "trust indenture," and "trustee."

Sec. 45.152. CREATION OF AUTHORITY. (a) Requires each board of trustees, if the boards of trustees of two districts find that it is to the best interest of the districts to create an athletic stadium authority to include the district, to adopt a resolution creating an authority and designating the name by which it shall be known.

(b) Provides that an authority is body politic and corporate. Provides that it must have a seal, may sue and be sued, and may make, amend, and repeal its bylaws.

Sec. 45.153. BOARD OF DIRECTORS. (a) Provides that an authority is governed by a board of directors consisting of seven members. Provides that the members of the board of directors serve terms ending May 1. Prohibits a member's term from exceeding two years. Requires the board of trustees of each district to each appoint three directors, and the appointees to by majority vote appoint a seventh director.

(b) Requires the board of directors to elect from among the directors a president and vice president. Requires the board of directors to elect a secretary and a treasurer who may or may not be directors and may elect other officers as authorized by the authority's bylaws. Authorizes the offices of secretary and treasurer to be combined. Provides that the president has the same right to vote on all matters as other members of the board of directors.

(c) Provides that a majority of the members of the board of directors constitutes a quorum, and when a quorum is present, action may be taken by a majority vote of directors present.

(d) Authorizes the board of directors to employ a manager and other employees, experts, and agents or to delegate to the manager the power to employ and discharge employees. Authorizes the board of directors to employ legal counsel.

Sec. 45.154. CONSTRUCTION, ACQUISITION, AND OPERATION OF STADIUM. Authorizes an authority to construct, enlarge, furnish, and equip stadia, purchase existing stadia, furnishings, and equipment for its stadia, and operate and maintain stadia. Provides that a stadium need not be located inside a district creating the authority.

Sec. 45.155. BONDS. (a) Authorizes an authority to issue revenue bonds to provide funds for any of its purposes. Requires bonds to be payable from and secured by a pledge of all or any part of the revenue to be derived from the operation of the stadium or stadia and any other revenues resulting from the ownership of stadium properties. Authorizes the bonds to be additionally secured by a mortgage or deed of trust on property of the authority.

(b) Requires the bonds to be authorized by resolution adopted by a majority vote of a quorum of the board of directors. Provides that the bonds shall be signed by the president or vice president and countersigned by the secretary, or either or both of their facsimile signatures may be printed on the bonds. Requires the seal of the authority to be impressed or printed on the bonds.

(c) Requires the bonds to mature serially or otherwise in not to exceed 40 years. Authorizes appropriate provisions to be inserted in the resolution authorizing the execution and delivery of bonds for the conversion of registered bonds into bearer bonds and vice versa.

(d) Authorizes provisions to be made in the bond resolution or trust indenture for the substitution of new bonds for those lost or mutilated. Provides that when bonds are approved by the attorney general and registered by the comptroller, it is not necessary to obtain the approval of the attorney general or registration by the comptroller as to converted or substituted bonds.

(e) Authorizes bonds constituting a junior lien on the revenue or properties to be issued unless prohibited by the bond resolution or trust indenture. Authorizes parity bonds to be issued under conditions specified in the bond resolution or trust indenture.

Sec. 45.156. CONTRACTS WITH SCHOOL DISTRICTS. (a) Authorizes any district, acting by and through its board of trustees, to contract with any athletic stadium authority organized under this subchapter for the use of any stadium owned by the authority. Authorizes the contract to be for any period not exceeding 75 years and to contain terms agreed on by the parties.

(b) Authorizes the district to enter into a contract for the use of the stadium for any purpose related to sports activities and other physical education programs for the students at the public schools operated and maintained by the district.

(c) Authorizes the consideration payable by the district under a contract to be paid from any source available to the district. Authorizes the district, if voted, to pledge to the payment of the contract an annual maintenance tax in an amount sufficient, without limitation, to provide all or part of the consideration. Requires the maintenance tax, if voted and pledged, to be assessed, levied, and collected annually in the same manner as provided by general law applicable to independent school districts for other maintenance taxes. Prohibits a maintenance tax from being pledged to the payment of any contract or assessed, levied, or collected unless an election is held in the district, and the maintenance tax for that purpose is favorably voted by a majority of the qualified voters of the district. Requires the election order for an election under this subsection to include the polling places and any other matters considered advisable by the board of trustees.

Sec. 45.157. EXAMINATION OF BONDS BY ATTORNEY GENERAL. Requires bonds issued under this subchapter and the record relating to their issuance to be submitted to the attorney general.

Sec. 45.158. CHARGES FOR USE OF STADIUM. (a) Requires the board of directors to charge sufficient rates for services rendered by the stadium and to use other sources of its revenue so that sufficient revenues will be produced.

(b) Authorizes the bond resolution or trust indenture to prescribe systems, methods, routines, and procedures under which the stadium shall be operated.

Sec. 45.159. DEPOSITORY. Authorizes an authority to select a depository according to the procedures provided by law for the selection of independent school district depositories.

Sec. 45.160. TAX EXEMPTION. Provides that recognizing the fact that the property owned by an authority will be held for public purposes only and will be devoted exclusively to the use and benefit of the public, it is exempt from taxation of every character.

Sec. 45.161. EMINENT DOMAIN. Authorizes an authority, for the purpose of carrying out any power conferred by this subchapter, to acquire the fee simple title to land and other property and easements by condemnation in the manner provided by Chapter 21, Property Code. Provides that an authority is a municipal corporation within the meaning of Section 21.021(c), Property Code. Requires the amount of and character or interest in land, other property, and easements to be acquired to be determined by the board of directors.

Sec. 45.162. INVESTMENT OF BOND PROCEEDS. Authorizes an authority to invest the proceeds of its bonds, until that money is needed, in the direct obligations of or obligations unconditionally guaranteed by the U.S., to the extent authorized in the bond resolution or trust indenture or in both.

Sec. 45.163. ACCEPTANCE OF GIFTS. Authorizes the board of directors to accept donations, gifts, and endowments to be held and administered as may be required by the respective donors, to the extent that those requirements do not contravene law.

SUBCHAPTER G. SCHOOL DISTRICT DEPOSITORIES

Sec. 45.201. DEFINITIONS. Defines "school district," "bank," "time deposit," "time certificate," "certificate of deposit," "time deposit open-account," and "approved securities."

Sec. 45.202. SELECTION OF DEPOSITORY. Authorizes the school depositories of every independent school district to be selected only as provided by this subchapter.

Sec. 45.203. DEPOSITORY MUST BE A BANK. Requires a school depository to be a bank located in this state.

Sec. 45.204. CONFLICT OF INTEREST. (a) Provides that if a member of a board of trustees of a school district is a stockholder, officer, director, or employee of a bank, the bank is not disqualified from bidding and becoming the school depository of the school district if the bank is selected by a majority vote of the board of trustees of the district or a majority vote of a quorum when only a quorum is present.

(b) Provides that if a member of the board of trustees of a school district is a stockholder, officer, director, or employee of a bank that has bid to become a depository for the school district, a member may not vote on awarding a depository contract to the bank, and the contract must be awarded by a majority vote of the trustees as provided by Subsection (a) who are not either a stockholder, officer, director, or employee of a bank receiving a school district depository contract.

Sec. 45.205. TERM OF CONTRACT. (a) Requires the depository bank when selected to serve for a term of two years and until its successor is selected and has qualified.

(b) Requires the contract term to coincide with the school district's fiscal year.

Sec. 45.206. BID NOTICES; BID FORM. (a) Requires the board of trustees of each school district, at least 30 days before the termination of the current depository contract, to mail to each bank located in the district and, to other banks, a notice stating the time and place in which bid applications will be received for selecting a school depository. Requires the notice to include a uniform bid blank in the form prescribed by board rule.

(b) Authorizes the school district to add to the uniform bid blank other terms that do not unfairly restrict competition between banks in or near the territory of the school district.

(c) Authorizes interest rates to be stated in the bid either as a fixed rate, as a percentage of a stated base rate, in relation to a stated prevailing rate varying from time to time, or in any other manner, but in every case in a uniform manner, that will permit comparison with other bids received.

Sec. 45.207. AWARD OF CONTRACT. (a) Provides that if tie bids are received for a school depository contract and each of the tie bidders has bid to pay the school district the maximum interest rates allowed by law by the Board of Governors of the Federal Reserve System and the Board of Directors of the Federal Deposit Insurance Corporation, if the tie bids are otherwise equal in the judgment and discretion of the board of trustees of the school district, and if two or more of the tie bidders in the judgment and discretion of the school district have the facilities and ability to provide the services of school depository for the school district, the board of trustees may award the depository contract by any of several specified methods.

(b) Authorizes the board of trustees, during the period of the contract, to determine the amount of funds to be deposited in each depository bank and determine the account services offered in the bid form that are to be provided by each bank in its capacity as school depository. Requires all funds received by the district from or through the agency to be deposited, at the district's option, in one depository bank or invested in a public funds investment pool created under Chapter 791, Government Code, to be designated by the district.

(c) Requires the board of trustees of a school district at a regular or special meeting to consider all bids received in accordance with this section. Sets forth considerations for the board of trustees, in determining the highest and best bid. Provides that the board of trustees of the school district has the right to reject any and all bids.

Sec. 45.208. DEPOSITORY CONTRACT; BOND. (a) Requires the bank selected as school depository and the school district to enter into a depository contract, bond, or other necessary instruments setting forth the duties and agreements pertaining to the depository, in a form and with the content prescribed by the board. Requires the parties to attach to the contract and incorporate by reference the bid of the depository.

(b) Requires the depository bank to attach the contract and file with the school district a bond in an initial amount equal to the estimated highest daily balance, determined by the board of trustees of the district, of all deposits that the school district will have in the depository during the term of the contract, less any applicable Federal Deposit Insurance Corporation insurance. Requires the bond to be payable to the school district and to be signed by the depository bank and by some surety company authorized to do business in this state. Requires the depository bank to increase the amount of the bond if the board of trustees determines it to be necessary to adequately protect the funds of the school district deposited with the depository bank.

(c) Sets forth provisions on which the bond shall be conditioned.

(d) Requires the bond and the surety on the bond to be approved by the board of trustees of the school district. Prohibits a premium on the depository bond from being paid out of school district funds.

(e) Requires a copy of the depository contract and bond to be filed with the agency.

(f) Authorizes the depository bank, in lieu of the bond required under Subsection (b), to deposit or pledge, with the school district or with a trustee designated by the school district, approved securities in an amount sufficient to adequately protect the funds of the school district deposited with depository bank. Requires the school district to designate from time to time the amount of approved securities or the aggregate amount of the bond and approved securities to adequately protect the district. Prohibits the district from designating an amount less than the balance of school district funds on deposit with the depository bank from day to day, less any applicable Federal Deposit Insurance Corporation insurance. Authorizes the depository bank to substitute approved securities on obtaining the approval of the school district. Provides that the approved securities are valued at their market value.

Sec. 45.209. INVESTMENT OF DISTRICT FUNDS. Authorizes the school district to provide in its bid blank for the right to place on time deposits with savings and loan institutions located in this state only funds that are fully insured by the Federal Deposit Insurance Corporation. Prohibits a district from placing on deposit with any savings and loan institution any bond or certificate of indebtedness proceeds as provided by Section 45.102. Provides that a depository bank may not be compelled without its consent to accept on time deposit any bond proceeds under Section 45.102, but a depository may offer a bid of interest equaling the highest bid of interest for the time deposit of the bond proceeds tendered by another bank. Entitles the depository bank, if the bank equals the bid, to receive the bond proceeds on time deposit.

SUBCHAPTER H. ASSESSMENT AND COLLECTION OF TAXES

Sec. 45.231. EMPLOYMENT OF ASSESSOR AND COLLECTOR. (a) Authorizes the board of trustees of an independent school district to employ a person to assess or collect the school district's taxes and to compensate the person as the board of trustees considers appropriate.

(b) Provides that this section does not prohibit an independent school district from providing for the assessment or collection of the school district's taxes under a method authorized by Chapter 6B, Tax Code.

Sec. 45.232. ALTERNATE METHODS OF SELECTION UNDER FORMER LAW. Authorizes an independent school district that used a method of selecting the assessor or collector of the school district's taxes for the 1994 tax year that was authorized by former Chapter 23F, as that subchapter existed on January 1, 1994, but that is not authorized by Section 45.231 or by Chapter 6B, Tax Code, to continue to use that method of selection until the school district uses another method authorized by Section 45.231 or by Chapter 6B, Tax Code, to determine how the assessment or collection is performed.

SECTION 2. TRANSFER, REDESIGNATION, AND AMENDMENT. Amends Chapter 32, Education Code, transfers it to Title 3G, Education Code, and redesignates it as Chapter 132, Education Code, as follows:

CHAPTER 132. New heading: PROPRIETARY SCHOOLS

SUBCHAPTER A. GENERAL PROVISIONS (Redesignates existing Subchapter B)

Sec. 132.001. DEFINITIONS. Redesignates existing Section 32.11. Deletes existing Subchapter A. Defines "agency administrator," "commission," and "division." Deletes the definition for "administrator." Makes nonsubstantive and conforming changes.

Sec. 132.002. EXEMPTIONS. Redesignates existing Section 32.12. Adds a certain nonprofit arts organization, a training program conducted by a nonprofit association of air conditioning and refrigeration contractors, and a course of instruction by a plumbing trade association, to the schools or educational institutions specifically exempt from this chapter

and those which are not within the definition of "proprietary school." Makes conforming and nonsubstantive changes.

SUBCHAPTER B. GENERAL POWERS AND DUTIES

Sec. 132.021. New heading: TEXAS EMPLOYMENT COMMISSION. Redesignates existing Section 32.21. (a) Provides that the Texas Employment Commission (commission), rather than the Central Education Agency, shall exercise jurisdiction and control of the system of proprietary schools, and the commission, rather than the commissioner, shall carry out supervision of the provisions of this chapter.

(b)-(c) Make nonsubstantive and conforming changes.

(d) Deletes existing Subsection (d). Replaces Section 32.22. Requires the commissioner, rather than the board, to adopt policies and rules necessary for carrying out this chapter.

Sec. 132.022. New heading: DUTIES OF COMMISSION. Redesignates existing Section 32.24. Requires the commission, rather than the administrator, to carry out the policies of this chapter and enforce the rules adopted under this chapter. Deletes existing Subsection (b). Makes nonsubstantive and conforming changes.

Sec. 132.0225. DIVISION OF EDUCATION. Requires the agency administrator and commission to administer their functions under this chapter through the division. Deletes existing Section 32.241.

Sec. 132.023. MEMORANDUM OF UNDERSTANDING FOR REGULATION OF PROPRIETARY SCHOOLS. Redesignates existing Section 32.25. Makes nonsubstantive and conforming changes.

SUBCHAPTER C. New heading: AUTHORIZED OPERATION OF PROPRIETARY SCHOOLS (Redesignates existing Subchapter D)

Sec. 132.051. CERTIFICATE OF APPROVAL. Redesignates existing Section 32.31. Makes nonsubstantive and conforming changes.

Sec. 132.052. APPLICATION FOR CERTIFICATE OF APPROVAL. Redesignates existing Section 32.32. Makes nonsubstantive and conforming changes.

Sec. 132.053. STATUTORY WAIVER AUTHORITY. Redesignates existing Section 32.321. Authorizes the commission, rather than the board, to establish rules that waive, alter, suspend, or replace certain provisions governing small proprietary schools. Makes nonsubstantive and conforming changes.

Sec. 132.054. SMALL SCHOOL EXEMPTION. Redesignates existing Section 32.322. Makes a conforming change.

Sec. 132.055. CRITERIA. Redesignates existing Section 32.33. Makes nonsubstantive and conforming changes.

Sec. 132.056. ISSUANCE OF CERTIFICATE OF APPROVAL; RENEWAL. Redesignates existing Section 32.34. Makes nonsubstantive and conforming changes.

Sec. 132.057. DENIAL OF CERTIFICATE OF APPROVAL. Redesignates existing Section 32.35. Makes nonsubstantive and conforming changes.

Sec. 132.058. REVOCATION OF CERTIFICATE OF APPROVAL. Redesignates existing Section 32.36. Makes nonsubstantive and conforming changes.

Sec. 132.059. REGISTRATION OF REPRESENTATIVES. Redesignates existing Section 32.37. Makes nonsubstantive and conforming changes.

Sec. 132.060. BOND REQUIREMENTS. Redesignates existing Section 32.38. Makes nonsubstantive and conforming changes.

Sec. 132.061. REFUND POLICY. Redesignates existing Section 32.39. Makes nonsubstantive and conforming changes.

Sec. 132.062. WITHHOLDING RECORDS. Redesignates existing Section 32.40. Makes a nonsubstantive change.

Sec. 132.063. APPROVED DEGREES. Redesignates existing Section 32.401. Authorizes a proprietary school to offer a degree, rather than an associate of applied arts or an associate of applied science degree, approved by the coordinating board. Deletes existing Subsection (b).

Sec. 132.064. NONQUALIFICATION AS PROPRIETARY SCHOOL. Redesignates existing Section 32.402. Makes nonsubstantive and conforming changes.

SUBCHAPTER D. APPEAL (Redesignates existing Subchapter E)

Sec. 132.101. HEARING. Redesignates existing Section 32.41. Makes nonsubstantive and conforming changes.

Sec. 132.102. New heading: JUDICIAL APPEAL. Redesignates existing Section 32.42. Authorizes the commission's decision to deny a certificate of approval to be appealed to a district court in Travis County. Makes nonsubstantive and conforming changes.

Sec. 132.103. APPEAL FOLLOWING REVOCATION OF CERTIFICATE OF APPROVAL. Redesignates existing Subsection (f). Makes a nonsubstantive change.

SUBCHAPTER E. CLASS ACTION SUITS (Redesignates existing Subchapter F)

Sec. 132.121. CLASS ACTION. Redesignates existing Section 32.51. Makes nonsubstantive and conforming changes.

Sec. 132.122. NOTICE. Redesignates existing Section 32.52. Makes nonsubstantive and conforming changes.

Sec. 132.123. JUDGMENT AND COSTS. Redesignates existing Section 32.53. Makes nonsubstantive and conforming changes.

SUBCHAPTER F. PROHIBITED ACTS (Redesignates existing Subchapter G)

Sec. 132.151. PROHIBITIONS. Redesignates existing Section 32.61. Makes nonsubstantive and conforming changes.

Sec. 132.152. New heading: ADMINISTRATIVE PENALTY. Redesignates existing Section 32.611. (a) Authorizes the commission, if a person violates Section 132.15, to assess an administrative, rather than civil, penalty.

(b)-(c) Make nonsubstantive and conforming changes.

(d) Requires the hearing, if requested by the person charged, to be conducted by an administrative law judge of the State Office of Administrative Hearings. Requires the administrative law judge to make findings of fact and conclusions of law and issue to the commission a proposal for a decision about the occurrence of the violation and the amount of the proposed penalty. Authorizes the commission, based on the findings of

fact, conclusions of law, and proposal for decision, to find that a violation has occurred and impose a penalty; or find that a violation has not occurred.

(e) Requires the notice of the commission's order given to the person under Chapter 2001, Government Code, to include a statement of the person's right to judicial review of the order.

(f) Sets forth required actions for the person, not later than 30 days after the date the commission's order is final under Section 2001.144, Government Code.

(g) Sets forth authorized actions for a person who acts under Subsection (f)(3), within the period prescribed by Subsection (f).

(h) Authorizes the commission to file with the court a contest to an affidavit received under Subsection (g)(2) not later than five days after the commission receives the copy. Requires the court to hold a hearing on the facts alleged in the affidavit as soon as practicable and to stay the enforcement of the penalty on finding that the alleged facts are true. Provides that the person who files an affidavit has the burden of proving that the person is financially unable to pay the amount of the penalty and to give a supersedeas bond.

(i) Authorizes the commission, if the person does not pay the amount of the penalty and the enforcement of the penalty is not stayed, to refer the matter to the attorney general for collection of the amount of the penalty.

(j) Provides that judicial review of the commission's order is initiated by filing a petition for review as provided by Section 2001.176, Government Code; and is under the substantial evidence rule.

(k) Authorizes the court, if the court sustains the occurrence of the violation, to uphold or reduce the amount of the penalty and order the person to pay the full or reduced amount. Requires the court, if the court does not sustain the occurrence of the violation, to order that a penalty is not owed.

(l) Sets forth required actions for the court, when the court's judgment becomes final.

(m) Subjects all proceedings under this section to Chapter 2001, Government Code. Deletes existing Subsections (e)-(g).

Sec. 132.153. COMPETITIVE BIDDING; ADVERTISING. Redesignates existing Section 32.612. Makes a conforming change.

Sec. 132.154. INJUNCTIONS. Redesignates existing Section 32.62. Makes nonsubstantive and conforming changes.

Sec. 132.155. CIVIL PENALTY. Redesignates existing Section 32.63. Deletes existing Subsection (c). Makes a conforming change.

Sec. 132.156. SANCTIONS. Redesignates existing Section 32.64. Makes nonsubstantive and conforming changes.

Sec. 132.157. PENALTY FOR SMALL PROPRIETARY SCHOOL. Redesignates existing Section 32.65. Deletes the requirement of a penalty collected to be deposited in the state treasury to the credit of the general revenue fund. Makes nonsubstantive and conforming changes.

SUBCHAPTER G. FEES (Redesignates existing Subchapter H)

Sec. 132.201. CERTIFICATE AND REGISTRATION FEES. Redesignates existing Section 32.71. Makes nonsubstantive and conforming changes.

SUBCHAPTER H. FUNDING (Redesignates existing Subchapter I)

Sec. 132.221. FUNDING. Redesignates existing Section 32.81. Makes nonsubstantive and conforming changes.

SUBCHAPTER I. PROTECTION OF TUITION (Redesignates existing Subchapter J)

Sec. 132.241. TUITION PROTECTION FUND. Redesignates existing Section 32.91. (a) Makes nonsubstantive and conforming changes.

(b) Deletes existing Subsection (b). Replaces existing Subsection (c). Makes nonsubstantive and conforming changes.

(c)-(d) Makes nonsubstantive and conforming changes.

Sec. 132.242. CLOSED SCHOOL. Redesignates existing Section 32.92. Makes nonsubstantive and conforming changes.

SECTION 3. TRANSFER, REDESIGNATION, AND AMENDMENT. Amends Chapter 33, Education Code, transfers it to Title 3G, Education Code, and redesignates it as Chapter 133, Education Code, as follows:

CHAPTER 133. New heading: APPRENTICESHIP SYSTEM OF ADULT CAREER AND TECHNOLOGY EDUCATION (Redesignates existing Chapter 33)

Sec. 133.001. DEFINITIONS. Redesignates existing Section 33.01. Defines "commission" and "bureau." Deletes the definition for "BAT" and "CEA." Makes nonsubstantive and conforming changes.

Sec. 133.002. GENERAL PROVISIONS RELATING TO APPRENTICESHIP TRAINING PROGRAMS. Redesignates existing Section 33.02. Requires an apprenticeship training program to be registered with the bureau and approved by the commission, rather than the State Board of Vocational Education or the coordinating board, Texas College and University System. Makes nonsubstantive and conforming changes.

Sec. 133.003. DUTIES OF APPRENTICESHIP COMMITTEE. Redesignates existing Section 33.03. Makes a conforming change.

Sec. 133.004. NOTICE OF AVAILABLE FUNDS. Redesignates existing Section 33.04. Requires the commission, rather than the State Board of Vocational Education, to provide for statewide publication intended to give notice to all potential program sponsors of the amount of available funds for apprenticeship training programs. Makes nonsubstantive and conforming changes.

Sec. 133.005. AUDIT PROCEDURES. Redesignates existing Section 33.07. Requires the commission to maintain a clear audit trail of all funds appropriated for the apprenticeship system of adult career and technology, rather than vocational, education. Makes nonsubstantive and conforming changes.

Sec. 133.006. APPROPRIATION AND DISTRIBUTION OF FUNDS. Redesignates existing Section 33.08. Makes nonsubstantive and conforming changes.

Sec. 133.007. RULES. Redesignates existing Section 33.09. Makes a conforming change.

Sec. 133.008. STATUS OF RECOMMENDATIONS. Redesignates existing Section 33.10. Makes a conforming change.

Sec. 133.009. APPLICABILITY. Redesignates existing Section 33.11. Makes a conforming change.

SECTION 4. TRANSFER, REDESIGNATION, AND AMENDMENT. Amends Chapter 34C, Education Code, transfers it to Chapter 51, Education Code, and redesignates it as Subchapter R, as follows:

SUBCHAPTER R. EDUCATIONAL ECONOMIC POLICY CENTER (Redesignates existing Subchapter C)

Sec. 51.751. CREATION AND OPERATION. Redesignates existing Section 34.051.

Sec. 51.752. EDUCATIONAL ECONOMIC POLICY COMMITTEE. Redesignates existing Section 34.052. Requires LBB, if the legislature fails to appropriate funds for the operation of the Educational Economic Policy Center, to perform the duties of the committee under this subchapter. Requires the board to make the annual reports required by Subsection (g) to the presiding officers of the standing committees of the senate and the house of representatives with primary jurisdiction over the public school system.

SECTION 5. TRANSFER, REDESIGNATION, AND AMENDMENT. Amends Chapter 35, Education Code, as added by Chapter 682, Acts of the 73rd Legislature, 1993, transfers it to Chapter 61, Education Code, and redesignates it as Subchapter P, as follows:

SUBCHAPTER P. TEXAS PARTNERSHIP AND SCHOLARSHIP PROGRAM (Redesignates existing Chapter 35)

Sec. 61.801. DEFINITIONS. Redesignates existing Section 35.01. Defines "public or private institution." Deletes the existing definitions for "board" and "institution."

Sec. 61.802. PROGRAM NAME AND PURPOSE. Redesignates existing Section 35.02. Makes nonsubstantive and conforming changes.

Sec. 61.803. ADMINISTRATIVE AUTHORITY. Redesignates existing Section 35.03. Makes conforming changes.

Sec. 61.804. ELIGIBLE ENTITY. Redesignates existing Section 35.04. Makes nonsubstantive and conforming changes.

Sec. 61.805. PROGRAM PARTICIPANTS. Redesignates existing Section 35.05. Makes a conforming change.

Sec. 61.806. AWARD OF FINANCIAL ASSISTANCE; PARTNERSHIP PROGRAM. Redesignates existing Section 35.06. Makes nonsubstantive and conforming changes.

Sec. 61.807. CERTIFICATE OF COMPLETION. Redesignates existing Section 35.07. Makes conforming changes.

Sec. 61.808. New heading: COOPERATION OF TEXAS EDUCATION AGENCY. Redesignates existing Section 35.08. Requires the Texas Education Agency, rather than the Central Education Agency, to cooperate with the board concerning the board's responsibilities in administering this subchapter. Makes nonsubstantive and conforming changes.

Sec. 61.809. AWARD OF SCHOLARSHIP. Redesignates existing Section 35.09. Makes nonsubstantive and conforming changes.

Sec. 61.810. ADVISORY COUNCIL. Redesignates existing Section 35.10. Makes nonsubstantive changes.

Sec. 61.811. GIFTS, GRANTS, AND DONATIONS. Redesignates existing Section 35.11. Makes nonsubstantive changes.

Sec. 61.812. ADOPTION AND DISTRIBUTION OF RULES. Redesignates existing Section 35.12. Makes nonsubstantive and conforming changes.

Sec. 61.813. FUNDING. Redesignates existing Section 35.13. Makes nonsubstantive and conforming changes.

Sec. 61.814. ANNUAL REPORT. Redesignates existing Section 35.14.

SECTION 6. CONFORMING AMENDMENT. Amends Section 101.75(a), Alcoholic Beverage Code, to provide that a person commits an offense if the person possesses an open container or consumes an alcoholic beverage on a public street, public alley, or public sidewalk within 1,000, rather than 600, feet of the property line of a facility that is a school that provides any part of kindergarten through twelfth grade.

SECTION 7. CONFORMING AMENDMENT. Amends Section 109.33, Alcoholic Beverage Code, by amending Subsections (a), (b), and (d) and by adding Subsection (f), as follows:

(a) Authorizes the commissioners court of a county to enact regulations prohibiting the sale of alcoholic beverages by a dealer whose place of business is within 1,000 feet of a public school, if the commissioners court or the governing body receives a request from the board of trustees of a school district.

(b) Changes the requirement for the measurement of the distance between the place of business where alcoholic beverages are sold and the public schools.

(d) Deletes the provision that this subsection applies only as long as the place of business is continuously in operation from that date, whether or not under the same license or permit.

(f) Sets forth holders to which Subsection (a)(2) does not apply.

SECTION 8. CONFORMING AMENDMENT. Amends Section 109.50, Alcoholic Beverage Code, as follows:

(a)-(b) Make nonsubstantive and conforming changes.

(c) Provides that Subsection (b) does not apply to the satisfaction of the distance requirements prescribed by Section 109.33(a)(2) for a public school, except that on the death of a permit or license holder or a person having an interest in a permit or license Subsection (b) does not apply to the holder's surviving spouse or child of the holder or person if the spouse or child qualifies as a successor in interest to the permit or license.

(d) Provides that Subsection (a) does not apply to the satisfaction of the distance requirement prescribed by Section 109.33(a)(2) for a public school if the holder's permit or license has been suspended for a violation occurring after September 1, 1995, of any of certain provisions.

SECTION 9. CONFORMING AMENDMENT. Amends Section 41.002(b), Civil Practice and Remedies Code, to make nonsubstantive and conforming changes.

SECTION 10. CONFORMING AMENDMENT. Amends Article 2.12, Code of Criminal Procedure, to make nonsubstantive and conforming changes.

SECTION 11. AMENDMENT. Amends the heading to Article 37.072, Code of Criminal Procedure, as follows:

Art. 37.072. FEE ON CONVICTION OF CERTAIN SEXUAL OFFENSES.

SECTION 12. CONFORMING AMENDMENT. Amends Section 1(c), Article 37.072, Code of Criminal Procedure, to conform to Section 1.01, Chapter 900, Acts of the 73rd Legislature, 1993, to make nonsubstantive and conforming changes.

SECTION 13. AMENDMENT. Amends Section 3, Article 37.072, Code of Criminal Procedure, as follows:

Sec. 3. New heading: DEPOSIT OF FEES. Requires the comptroller of public accounts to deposit fees remitted to the comptroller under this article to the credit of the foundation school fund, rather that the abused children's counseling account. Deletes existing Subsection (b).

SECTION 14. CONFORMING AMENDMENT. Adds to the provisions to which Section 3 of this article does not apply, a defendant adjudged guilty of a certain offense under Chapter 481, Health and Safety Code. Makes nonsubstantive and conforming changes.

SECTION 15. CONFORMING AMENDMENT. Amends Section 4(d), Article 42.12, Code of Criminal Procedure, to make nonsubstantive and conforming changes.

SECTION 16. CONFORMING AMENDMENT. Amends Section 5(d), Article 42.12, Code of Criminal Procedure, to make a conforming change.

SECTION 17. CONFORMING AMENDMENT. Amends Section 8(b)(3), Article 42.18, Code of Criminal Procedure, to make conforming changes.

SECTION 18. AMENDMENTS RELATING TO HIGHER EDUCATION. Amends Chapter 51Z, Education Code, by adding Sections 51.932 through 51.936, as follows:

Sec. 51.932. MOTOR VEHICLES OWNED AND USED BY STATE-SUPPORTED INSTITUTIONS. (a) Requires a motor vehicle, trailer, or semitrailer that is the property of and used exclusively by any institution of higher education to have the name of the institution printed on the side of the vehicle. Requires the inscription to be in a color sufficiently different from the body of the vehicle and to be of letters of sufficient height so that the lettering is plainly legible at a distance of not less than 100 feet. Sets forth motor vehicles to which this subsection does not apply.

(b) Provides that a person commits a Class C misdemeanor if the person operates a vehicle subject to Subsection (a) without the proper inscription.

Sec. 41.933. IMMUNIZATION REQUIREMENTS; EXCEPTION. (a) Authorizes an institution of higher education to require applicants for admission to be immunized against diphtheria, rubeola, rubella, mumps, tetanus, and poliomyelitis, except as provided in Subsection (d).

(b) Authorizes the Texas Board of Health to require immunizations against the diseases listed in Subsection (a) and additional diseases for students at any institution of higher education who are pursuing a course of study in a human or animal health profession, and to require those immunizations for any students in a county where the commissioner of public health has declared a time of an emergency or epidemic.

(c) Sets forth information an institution of higher education, in conjunction with the Texas Department of Health, should provide notice of to each student applying for admission.

(d) Provides that no form of immunization is required for a person's admission to an institution of higher education if the person applying for admission meets certain criteria.

(e) Provides that the exception provided by Subsection (d)(1)(B) does not apply in a time of emergency or epidemic declared by the commissioner of public health.

Sec. 51.934. ASSIGNMENT, TRANSFER, OR PLEDGE OF COMPENSATION. (a) Defines "employee."

(b) Sets forth provisions under which an employee's assignment, pledge, or transfer, as security for indebtedness, of any interest in or part of the employee's salary or wages then due or that may become due under an existing contract of employment is enforceable.

(c) Requires an institution of higher education to honor an assignment, pledge, or transfer (transfer) fulfilling the conditions of Subsection (b) without incurring any liability to the employee executing the transfer. Provides that payment to any transferee in accordance with the terms of the instrument is payment to or for the account of the transferor. Provides that a transfer is enforceable only to the extent of salary due or that may become due during continuation of the assignor's employment as an employee of the institution.

(d) Provides that venue for any suit against the employer of an employee to enforce a transfer of salary is in the county where the employing institution is located.

Sec. 51.935. DISRUPTIVE ACTIVITIES. (a) Provides that a person commits an offense if the person, alone or in concert with others, intentionally engages in disruptive activity on the campus or property of an institution of higher education.

(b) Provides that disruptive activity is activity described by Section 37.123(b).

(c) Provides that an offense under this section is a Class B misdemeanor.

(d) Provides that any person who is convicted the third time of violating this section is ineligible to attend any institution of higher education receiving funds from this state before the second anniversary of the third conviction.

(e) Prohibits this section from being construed to infringe on any right of free speech or expression guaranteed by the Constitution of the U.S. or of this state.

Sec. 51.936. HAZING. (a) Provides that Chapter 37F applies to hazing at an educational institution under this section.

(b) Defines "educational institution."

(c) Sets forth information each postsecondary educational institution shall distribute to each student during the first three weeks of each semester.

(d) Requires an institution, if the institution publishes a general catalogue, student handbook, or similar publication, to publish a summary of the provisions of Chapter 37F in each edition of the publication.

SECTION 19. EARLY HIGH SCHOOL GRADUATION SCHOLARSHIP PROGRAM. Amends Chapter 56, Education Code, by adding Subchapter K, as follows:

SUBCHAPTER K. EARLY HIGH SCHOOL GRADUATION SCHOLARSHIP PROGRAM

Sec. 56.201. PROGRAM NAME. Provides that the student financial assistance program authorized by this subchapter is known as the Early High School Graduation Scholarship program.

Sec. 56.202. PURPOSE. Sets forth the purpose of the Early High School Graduation Scholarship program.

Sec. 56.203. ELIGIBLE PERSON. Sets forth provisions under which a person is eligible for the Early High School Graduation Scholarship program.

Sec. 56.204. ENTITLEMENT; MATCHING CREDIT. (a) Entitles an eligible person under the Early High School Graduation Scholarship program to $1,000 in state tuition credits at a Texas public or private institution of higher education.

(b) Provides that the use of a credit at a Texas private institution is contingent on a private institution's agreement to match the state tuition credit.

(c) Provides that a person eligible for a tuition credit under the tuition credit program authorized by Rider 23, page III-9, Chapter 19, Acts of the 72nd Legislature, 1st Called Session, 1991 (the General Appropriations Act), who did not receive a credit under that program is eligible for and entitled to $1,000 in state tuition credits under this subchapter. Provides that this subchapter expires September 1, 2005.

Sec. 56.205. ISSUANCE OF CERTIFICATE. Requires the coordinating board to provide a certificate for state tuition credits to an eligible person.

Sec. 56.206. USE OF TUITION CREDIT. (a) Sets forth the amount an institution of higher education shall apply to a person's tuition charges for the enrollment period, for an eligible person in an eligible institution.

(b) Requires a private institution of higher education to apply the state tuition credit and the matching credit required by Section 56.204(b) in equal amounts.

(c) Requires the institution of higher education, for each student using a state tuition credit under this subchapter, to report certain information to the coordinating board.

Sec. 56.207. PAYMENT OF TUITION CREDIT. (a) Requires the coordinating board, on receipt of a report from an eligible institution of higher education under Section 56.206(c), to distribute to the institution the amount of the state tuition credit applied by the institution.

(b) Sets forth information the coordinating board shall submit in a report at least once each year to the commissioner.

(c) Requires the commissioner, on receipt of a report from the coordinating board under Subsection (b), to transfer to the coordinating board, from funds appropriated for the foundation school program, an amount sufficient to reimburse the coordinating board for amounts disbursed in payment of state tuition credits during the period covered by the report.

Sec. 56.208. FUNDING. (a) Provides that the Early High School Graduation Scholarship program is financed under the foundation school program. Provides that funding for the state tuition credits is not subject to the provisions of Sections 42.253(e) through (k).

(b) Requires the commissioner of education to reduce the total annual amount of foundation school payments made to a school district by a certain amount.

(c) Requires a school district that does not receive foundation school fund payments during a year in which the commissioner would otherwise withhold money from the district under Subsection (b) to remit an amount equal to the amount that would be withheld under Subsection (b) to the comptroller for deposit to the credit of the foundation school fund.

(d) Requires the commissioner and the foundation school fund budget committee to consider the costs of the program in estimating the funds needed for foundation school program purposes.

Sec. 56.209. ADOPTION AND DISTRIBUTION OF RULES. (a) Requires the coordinating board to adopt rules to administer this subchapter.

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

SECTION 20. CONFORMING AMENDMENT. Amends Section 61.077, Education Code, as follows:

Sec. 61.077. JOINT ADVISORY COMMITTEE. (a) Makes nonsubstantive and conforming changes.

SECTION 21. CONFORMING AMENDMENT. Amends Section 105.95, Education Code, to make nonsubstantive and conforming changes.

SECTION 22. CONFORMING AMENDMENT. Amends Section 105.102(a), Education Code, to make conforming changes.

SECTION 23. CONFORMING AMENDMENT. Amends Section 41.003, Election Code, to add to the elections that may be held on the date of the general election for state and county officers, an election on a proposed home-rule school district charter or on a proposed amendment to a home-rule school district charter that is held under Section 12.019 or 12.020, Education Code.

SECTION 24. CONFORMING AMENDMENT. Amends Section 54.021(d), Family Code, to make a conforming change.

SECTION 25. CONFORMING AMENDMENT. Amends Section 52.013(b), Government Code, to make a conforming change.

SECTION 26. STUDY OF SCHOOL DISTRICT PROPERTY VALUES. Amends Chapter 403, Government Code, by adding Subchapter M, as follows:

SUBCHAPTER M. STUDY OF SCHOOL DISTRICT PROPERTY VALUES

Sec. 403.301. PURPOSE. Sets forth the purpose of this subchapter.

Sec. 403.302. DETERMINATION OF SCHOOL DISTRICT PROPERTY VALUES. (a) Requires the comptroller to conduct an annual study using comparable sales and generally accepted auditing and sampling techniques to determine the total value of all taxable property in each school district. Requires the study to determine the taxable value of all property and of each category of property in the district and the productivity value of all land that qualifies for appraisal on the basis of its productive capacity and for which the owner has applied for and received a productivity appraisal. Requires the comptroller to make appropriate adjustments in the study to account for actions taken under Chapter 41, Education Code.

(b) Requires the comptroller, in conducting the study, to review the appraisal standards, procedures, and methodology used by each appraisal district to determine the taxable value of property in each school district. Requires the review to test the validity of the taxable values assigned to each category of property by the appraisal district in a certain manner.

(c) Provides that if the comptroller finds in the annual study that generally accepted appraisal standards and practices were used by the appraisal district in valuing a particular category of property, and that the taxable values assigned to each category of property by the appraisal district are valid, the appraisal roll value of that category of property is presumed to represent taxable value. Requires the comptroller, in the absence of such a presumption, to estimate the taxable value of that category of property using generally accepted standard valuation, statistical compilation, and analysis techniques.

(d) Defines "taxable value."

(e) Requires the study to determine the values as of January 1 of each year.

(f) Requires the comptroller to publish preliminary findings, listing values by district, before February 1 of the year following the year of the study. Requires preliminary findings to be delivered to each school district and to be certified to the commissioner.

(g) Authorizes the comptroller, on request of the commissioner or a school district, to audit a school district to determine the total taxable value of property in the school district, including the productivity values of land only if the land qualifies for appraisal on that basis and the owner of the land has applied for and received a productivity appraisal. Requires the comptroller to certify the comptroller's findings to the commissioner.

Sec. 403.303. PROTEST. (a) Authorizes a school district or a property owner whose property is included in the study under Section 403.302 and whose tax liability on the property is $100,000 or more to protest the comptroller's findings under Section 403.302(f) or (g) by filing a petition with the comptroller. Requires the petition to be filed not later than 30 days after the date on which the comptroller's findings are certified to the commissioner and to specify the grounds for objection and the value claimed to be correct by the school district or property owner.

(b) Requires the comptroller, after receipt of a petition, to notify the commissioner of the values specified by the school district or property owner and to hold a hearing. Provides that the comptroller has the burden to prove the accuracy of the findings. Provides that until a final decision is made by the comptroller, the taxable value of property in the district is determined, with respect to property subject to the protest, according to the value claimed by the school district or property owner, except that the value to be used while a final decision is pending may not be less than the appraisal roll value for the year of the study. Requires the comptroller, if after a hearing the comptroller concludes that the findings should be changed, to order the appropriate changes and to certify the changes to the commissioner. Requires the comptroller to complete all protest hearings and certify all changes as necessary to comply with Chapter 42, Education Code. Provides that a hearing conducted under this subsection is not a contested case for purposes of Section 2001.003.

(c) Requires the comptroller to adopt procedural rules governing the conduct of protest hearings. Requires the rules to provide each protesting school district and property owner with the requirements for submitting a petition initiating a protest and to provide each protesting school district and property owner with adequate notice of a hearing, an opportunity to present evidence and oral argument, and notice of the comptroller's decision on the hearing.

(d) Authorizes a protesting school district to appeal a determination of a protest by the comptroller to a district court of Travis County by filing a petition with the court. Requires an appeal to be filed not later than 30 days after the date the school district receives notification of a final decision on a protest. Provides that review is conducted by the court sitting without a jury. Requires the court to remand the determination to the comptroller if on the review the court discovers that substantial rights of the school district have been prejudiced, and that certain other conditions exist.

(e) Prohibits a decision in a hearing under Subsection (b), if the comptroller has not heard the case or read the record, from being made until a proposal for decision is served on each party and an opportunity to file exceptions is afforded to each party adversely affected. Requires an opportunity, if exceptions are filed, to be afforded to all other parties to file replies to the exceptions. Requires the proposal for decision to contain a statement of the reasons for the proposed decision, prepared by the person who conducted the hearing or by a person who has read the record. Authorizes the proposal for decision to be amended pursuant to the exceptions or replies submitted without again being served on the parties. Authorizes the parties by written stipulation

to waive compliance with this subsection. Authorize the comptroller to adopt rules to implement this subsection.

Sec. 403.304. CONFIDENTIALITY. (a) Provides that all information the comptroller obtains from a person, other than a government or governmental subdivision or agency, under an assurance that the information will be kept confidential, in the course of conducting a study of school district values is confidential and may not be disclosed except as provided in Subsection (b).

(b) Sets forth purposes for which information made confidential by this section may be disclosed.

SECTION 27. CONFORMING AMENDMENTS. Amends Sections 411.090 and 411.097, Government Code, as follows:

Sec. 411.090. New heading: ACCESS TO CRIMINAL HISTORY RECORD INFORMATION: STATE BOARD FOR EDUCATOR CERTIFICATION. (a) Entitles SBEC, rather than the Central Education Agency, to obtain from the Department of Public Safety (DPS) any criminal history record information maintained by DPS about a person who has applied to the board for a certificate under Chapter 21B, Education Code.

(b) Makes nonsubstantive and conforming changes.

Sec. 411.097. New heading: ACCESS TO CRIMINAL HISTORY RECORD INFORMATION: SCHOOL DISTRICT, CHARTER SCHOOL, PRIVATE SCHOOL, REGIONAL EDUCATION SERVICE CENTER, OR EDUCATION SHARED SERVICES ARRANGEMENT. (a) Deletes the definition for "school district." Makes nonsubstantive and conforming changes.

(b) Makes nonsubstantive and conforming changes.

(c) Prohibits criminal history record information obtained by said schools from being released or disclosed to any person, other than the individual who is the subject of the information, the agency, SBEC, or the chief personnel officer of the transportation company, if the information is obtained under Subsection (a)(2). Makes nonsubstantive and conforming changes.

(d) Prohibits DPS, if a regional education service center that receives criminal history record information from DPS under this section requests the information by providing to DPS a list including certain personal descriptive information required by DPS for each person, through electronic means, magnetic tape, or disk, as specified by DPS, from charging the service center more than a specified amount.

SECTION 28. AMENDMENT. Amends Section 481.026(a), Government Code, to delete from the required actions of the Texas Literacy Council, advising the board on needs, priorities, and standards of adult literacy education programs conducted in accordance with Section 11.18, Education Code. Makes nonsubstantive changes.

SECTION 29. CONFORMING AMENDMENT. Amends Subdivision (14), Section 481.151, Government Code, to make a conforming change.

SECTION 30. AMENDMENT. Amends Section 481.379(b), Government Code, to delete the provision which requires the design committee to include representation by persons with experience in the Apprenticeship and Training Advisory Committee created under Chapter 33, Education Code.

SECTION 31. AMENDMENT. Amends Chapter 552C, Government Code, by adding Section 552.124, as follows:

Sec. 552.124. EXCEPTION: NAME OF APPLICANT FOR SUPERINTENDENT OF PUBLIC SCHOOL DISTRICT. Provides that the name of an applicant for the position of superintendent of a public school district is excepted from the requirements of Section 552.021, except that the board of trustees must give public notice of the name or names of the finalists being considered for the position at least 21 days before the date of the meeting at which a final action or vote is to be taken on the employment of the person.

SECTION 32. AMENDMENT. Amends Section 573.024, Government Code, by adding Subsection (c), to provide that Subsection (b) applies to a member of the board of trustees of or an officer of a school district only until the youngest child of the marriage reaches the age of 21 years.

SECTION 33. AMENDMENT. Amends Section 573.061, Government Code, as follows:

Sec. 573.061. GENERAL EXCEPTIONS. Provides that Section 573.041 does apply, in addition to other appointments, an appointment or employment of a substitute teacher by a school district.

SECTION 34. CONFORMING AMENDMENT. Amends Section 821.001(7), Government Code, to redefine "employer."

SECTION 35. SALARIES OF DRIVER EDUCATION INSTRUCTORS. Amends Section 822.201(c), Government Code, to exclude payments received in the 1995-1996 or a subsequent school year from salary and wages for teaching a driver education and traffic safety course.

SECTION 36. CONFORMING AMENDMENT. Amends Section 823.403, Government Code, as follows:

Sec. 823.403. New heading: CREDIT FOR ACCUMULATED PERSONAL OR SICK LEAVE. Makes conforming and nonsubstantive changes.

SECTION 37. CONFORMING AMENDMENT. Amends Section 825.405, Government Code, by amending Subsections (a), (b), and (h) and by adding Subsection (b-1), as follows:

(a) Requires the employing district, for members entitled to the minimum salary for certain school personnel under Section 21.402, rather than 16.056, Education Code, and for members who would have been entitled to the minimum salary for certain school personnel under former Section 16.056, Education Code, as that section existed on January 1, 1995, to pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum or former statutory minimum, as applicable.

(b) Makes conforming changes.

(b-1) Requires the employing district, for members entitled to the minimum salary for certain school personnel under Section 21.4011, Education Code, to pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum or former statutory minimum. Sets forth the method of calculation of the statutory minimum salary.

(h) Makes a conforming change.

SECTION 38. NURSING SERVICES FOR SCHOOL DISTRICTS. Authorizes a hospital district to contract with a school district included in the hospital district to provide nursing services and assistance to employees or students of the school district.

SECTION 39. DRUG-FREE ZONES. Amends Section 481.134, Health and Safety Code, as follows:

Sec. 481.134. DRUG-FREE ZONES. (a) Defines "minor." Makes conforming changes.

(b) Makes a nonsubstantive change.

(c) Sets forth the offenses under which the minimum term of confinement or imprisonment is increased by five years and the maximum fine for the offense is doubled if it is shown on the trial of the offense that the offense was committed within 1,000 feet of the premises of a school or on a school bus.

(d) Sets forth the offenses which are considered a felony of the third degree if it is shown on the trial of the offense that the offense was committed within 1,000 feet of any real property that is owned, rented, or leased to a school or school board or on a school bus.

(f) Sets forth the offenses which are considered a misdemeanor if it is shown on the trial of the offense that the offense was committed within 1,000 feet of any real property that is owned, rented, or leased to a school or school board or on a school bus.

(g) Provides that Subsection (f) does not apply to an offense if the offense was committed inside a private residence and no minor was present in the private residence at the time the offense was committed.

(h) Prohibits punishment that is increased for a conviction for an offense listed under this section from running concurrently with punishment for a conviction under any other criminal statute.

SECTION 40. AMENDMENT. Amends Chapter 202C, Labor Code, by adding Section 202.044, as follows:

Sec. 202.044. DIVISION OF EDUCATION. (a) Provides that the division of education is a division in the commission. Requires the division to assist the agency administrator and commission in administering their functions under Chapter 132, Education Code.

(b) Requires the agency administrator to assign sufficient staff to the division to enable it to perform its functions.

SECTION 41. CONFORMING AMENDMENT. Amends Section 113.287(e), Natural Resources Code, to delete Subdivision (2).

SECTION 42. WEAPONS AT SCHOOL ACTIVITY. Amends Section 46.03(a), Penal Code, to provide that a person commits an offense if, with a firearm, or illegal weapon, the person intentionally, knowingly, or recklessly goes on the physical premises of a school or educational institution, any grounds or building on which an activity sponsored by a school or educational institution is being conducted unless pursuant to written regulations or written authorization of the institution.

SECTION 43. WEAPON-FREE SCHOOL ZONES. Amends Chapter 46, Penal Code, by adding Sections 46.11 and 46.12, as follows:

Sec. 46.11. PENALTY IF OFFENSE COMMITTED WITHIN WEAPON-FREE SCHOOL ZONE. (a) Provides that the punishment prescribed for an offense under this chapter is increased to the punishment prescribed for the next highest category of offense if it is shown beyond a reasonable doubt on the trial of the offense that the actor committed the offense in a place that the actor knew was within a certain distance to a school property.

(b) Provides that this section does not apply to an offense under Section 46.03(a)(1).

(c) Defines "institution of higher education," "premises," and "school."

Sec. 46.12. MAPS AS EVIDENCE OF LOCATION OR AREA. (a) Provides that in a prosecution of an offense for which punishment is increased under Section 46.11, a map produced or reproduced by a municipal or county engineer for the purpose of showing the location and boundaries of those areas if the governing body of the municipality or county adopts a resolution or ordinance approving the map as an official finding and record of the location or boundaries of those areas.

(b) Authorizes a municipal or county engineer, on the request of the governing body of the municipality or county, to revise a map that has been approved by the governing body of the municipality or county as provided by Subsection (a).

(c) Requires a municipal or county engineer to file the original or a copy of every approved or revised map approved as provided by Subsection (a) with the county clerk of each county in which the area is located.

(d) Provides that this section does not prevent the prosecution from introducing or relying in any other evidence or testimony to establish any element of an offense for which punishment is increased under Section 46.11 or using or introducing any other map or diagram otherwise admissible under the Texas Rules of Criminal Evidence.

SECTION 44. CONFORMING AMENDMENT. Amends Section 5.10(a), Tax Code, to make a conforming change.

SECTION 45. CONFORMING AMENDMENT. Amends Section 5.101(a), Tax Code, to make a conforming change.

SECTION 46. CONFORMING AMENDMENT. Amends Section 5.102(a), Tax Code, to make a conforming change.

SECTION 47. AMENDMENT. Amends Section 26.08, Tax Code, as follows:

Sec. 26.08. ELECTION TO LIMIT SCHOOL TAXES. (a) Sets forth the authorized actions of the registered voters of a district if a governing body of a school district adopts a rate that exceeds the sum of the district's effective maintenance rate, the rate of $0.08, and the district's current debt rate.

(b) Sets forth the conditions under which a petition is valid.

(c) Requires the governing body to determine whether the petition is valid and adopt a resolution stating its finding, not later than the 20th day after the date a petition is submitted. Provides that if the governing body fails to act within the time allowed, the petition is treated as if it had been determined to be valid.

(d) Sets forth the required actions of the governing body if it determines that the petition is valid or fails to act within the time allowed.

(e) Sets forth the formula for calculating the tax rate which the governing body may not exceed if a majority of the votes cast in the election favor the proposition. Defines "election year" and "enrollment adjustment."

(f) Requires local tax funds dedicated to a junior college district under Section 45.105(e), Education Code, to be eliminated from the calculation of the tax rate adopted by the governing body of the school district. Provides that the funds dedicated to the junior college district are subject to Section 26.085.

(g) Sets forth the method of calculating certain tax rates if a school district is certified by the commissioner of education under Section 42.251(c), Education Code, to have been subject to reduction in total revenue for the school year ending on August 31 of the tax year.

(h) Provides that in a school district that received distributions from an equalization tax imposed under former Chapter 18, Education Code, the effective rate of that tax as of the date of the county unit system's abolition is added to the district's effective maintenance and operations rate under Subsections (a) and (e) of this section in the calculation of the district's rollback tax rate.

(i) Sets forth the exclusions from the calculation of any component of the rollback tax rate of a school district. Deletes existing Subsections (d)-(h).

SECTION 48. CONFORMING AMENDMENT. Amends Article 601b, V.T.C.S., to make a conforming change.

SECTION 49. CONFORMING AMENDMENT. Amends Section 3.555(h)(2), Public Utility Regulatory Act of 1995, as enacted by Chapter 9, Acts of the 74th Legislature, Regular Session, 1995, to make a conforming change.

SECTION 50. CONFORMING AMENDMENT. Amends Section 3.358(b), Public Utility Regulatory Act of 1995, as enacted by Chapter 9, Acts of the 74th Legislature, Regular Session, 1995, to redefine "interactive multimedia communications."

SECTION 51. LICENSING OF SCHOOL PSYCHOLOGISTS. Amends Article 4512c, V.T.C.S., by amending Section 22 and adding Section 26, as follows:

Sec. 22. EXEMPTIONS. Deletes a public school district from the provisions to which this Act does not apply.

Sec. 26. LICENSED SPECIALIST IN SCHOOL PSYCHOLOGY. (a) Requires the Texas State Board of Examiners of Psychologists, by rule, to adopt the license classification of "licensed specialist in school psychology." Provides that a license issued under this section constitutes the appropriate credential for a person to provide psychological services in a school in this state as required by Section 21.003(b), Education Code.

(b) Requires the Texas State Board of Examiners of Psychologists to set the standards for qualification of a license issued under this section. Sets forth provisions the standards must include.

(c) Requires the rules of practice for a licensed specialist in school psychology to comply with nationally recognized standards for the practice of school psychology.

SECTION 52. AMENDMENT. Amends Article 4512j, V.T.C.S., by adding Section 13A, as follows:

Sec. 13A. WAIVER OF LICENSING REQUIREMENTS FOR CERTAIN APPLICANTS. (a) Sets forth persons to whom the Texas State Board of Examiners of Psychologists shall waive the licensing requirements imposed under this Act and issue a limited license to practice in the public schools as a fully licensed speech-language pathologist.

(b) Sets forth persons to whom the Texas State Board of Examiners of Psychologists shall waive the licensing requirements imposed under this Act and issue a limited license to practice in the public schools as a fully licensed speech-language pathologist.

(c) Requires a person licensed under Subsection (b) of this section, beginning September 1, 1998, and biennially after that date, to demonstrate in a manner provided by the Texas State Board of Examiners of Psychologists that the person has completed in the preceding two-year period not less than 12 hours of coursework towards completing a master's degree.

(d) Authorizes a person who holds a limited license under Subsection (a) or (b) of this section, on completion of the licensing requirements of this Act, to apply for full licensure as provided by this Act.

(e) Requires an applicant for a license under this section to apply on or before September 1, 1996, and provide proof satisfactory to the Texas State Board of Examiners of Psychologists that the person satisfies the requirements of this section.

(f) Requires the Texas State Board of Examiners of Psychologists to adopt rules to implement this section not later than January 1, 1996.

(g) Requires a person to complete the requirements for a license under this section on or before January 1, 2003.

(h) Provides that this section expires on the effective date of any federal requirement that a speech-language pathologist hold a master's degree as a condition for receipt of federal funding by the entity employing the person.

SECTION 53. CONFORMING AMENDMENT. Amends Section 2.06(b), Article 5190.7a, V.T.C.S., to make conforming changes.

SECTION 54. CONFORMING AMENDMENT. Amends Section 4.05(a), Article 5190.7a, V.T.C.S., to make conforming changes.

SECTION 55. CONFORMING AMENDMENT. Amends Section 5(a), Article 6687b, V.T.C.S., to require a person's driving record to be acceptable according to standards developed by the Department of Public Safety, rather than standards developed jointly with the Department of Public Safety and the board. Makes nonsubstantive and conforming changes.

SECTION 56. CONFORMING AMENDMENT. Amends Section 105(a), Article 6701d, V.T.C.S., to require the General Services Commission, rather than the Texas Education Agency and the State Board of Control, with the advice of the Department of Public Safety, to have responsibility to adopt and enforce regulations governing the operation of school buses. Deletes the requirement of all school buses to be purchased on competitive bids as provided by Article 634(B), V.T.C.S. Makes nonsubstantive and conforming changes.

SECTION 57. AUTHORITY OF COMMON OR COMMON CONSOLIDATED SCHOOL DISTRICT TO CONTRACT FOR GOODS OR SERVICES. (a) Provides that this section applies only to a common or common consolidated school district operating under former Chapter 22, Education Code, as provided by Section 11.301, Education Code.

(b) Provides that the trustees of a common or common consolidated school district may contract for goods or services as provided by Section 44.031, Education Code, but the trustees may not create a deficiency debt against the district. Provides that a contract for goods or services with a term of more than one year does not create a deficiency debt if the contract may be terminated by the trustees on written notice given not later than 90 days before the end of the district's fiscal year.

SECTION 58. REPEAL. (a) Repeals the following provisions of the Education Code, as those provisions existed on January 1, 1995: Chapters 1-31 and 36 (General Provisions and provisions relating to Public Schools, Equalized Wealth Level); the heading to Chapter 34 (Public Education Programs in Office of Governor); the heading to Chapter 34A (Texas Successful Schools Award System); Chapter 34B (Student Awards and Incentives); Chapter 35, as added by Chapter 162, Acts of the 73rd Legislature, Regular Session, 1993 (Advanced Placement Incentives); and Chapter 35, as added by Chapter 347, Acts of the 73rd Legislature, Regular Session, 1993 (Advanced Placement Incentives).

(b) Provides that the identification of a provision listed in Subsection (a) of this section by the same number in an earlier section of this Act does not revive or continue in effect the substance of the repealed provision.

(c) Repealer: Section 411.0975, Government Code (Access to Criminal History Record Information: Private Schools).

(d) Repealer: Section 3.03, Article 601b, V.T.C.S. (State Purchasing and General Services Act) (Purchase of Motor Vehicles for School Districts).

(e) Repealer: Article 6701d-1, V.T.C.S. (Children standing in school bus).

(f) Repealer: Sections 4(b) and (c), Chapter 559, Acts of the 73rd Legislature, 1993 (Motorcycle and Bicycle Awareness).

(g) Repealer: Sections 8.33 and 8.35, Chapter 347, Acts of the 73rd Legislature, 1993.

SECTION 59. REPEAL OF CHAPTER 8, EDUCATION CODE. (a) Requires the commissioner, not later than December 1, 1996, to submit to the legislature a proposed revision of Chapter 8, Education Code, as added by this Act. Sets forth requirements for the proposed revision.

(b) Provides that, on August 31, 1997, each regional education service center established under former Section 11.32, Education Code, is abolished, and Chapter 8, Education Code, as added by this Act, is repealed.

SECTION 60. SAVING PROVISION RELATING TO APPEALS TO COMMISSIONER OF EDUCATION. Provides that Section 7.057, Education Code, applies to an action taken or decision made by the board of trustees of a school district on or after January 1, 1996. Provides that the appeal of an action taken or decision made by a board of trustees before January 1, 1996, is governed by Section 11.13, Education Code, as that section existed before repeal by this Act.

SECTION 61. SAVING PROVISION RELATING TO STATE BOARD OF EDUCATION DISTRICTS. Provides that the deletion of Sections 11.2101(b)-(t), Education Code, is not considered a reapportionment for any purpose.

SECTION 62. TRANSITION PROVISION RELATING TO CENTRAL EDUCATION AGENCY ADVISORY COMMISSIONS. (a) Provides that the repeal of Chapter 11H, Education Code, does not affect the existence of or validity of an action taken before the effective date of this Act by an advisory committee appointed under that subchapter.

(b) Provides that, beginning on the effective date of this Act, the operation of an advisory committee appointed under Chapter 11H, Education Code, is governed by Section 7.055, Education Code.

SECTION 63. TRANSITION REGARDING STATE BOARD FOR EDUCATOR CERTIFICATION. Provides that SBEC is created on the effective date of this Act. Requires the governor to make initial appointments to SBEC not later than November 1, 1995. Sets forth term limits for initial SBEC members. Sets forth requirements for SBEC regarding certification. Requires SBEC, not later than November 1, 1997, to propose rules relating to educator certification. Sets forth requirements for the code of ethics and standard practices adopted under Sections 13.210 and 21.041, Education Code. Provides that Chapter 13B, Education Code, as that subchapter existed on January 1, 1995, and rules adopted by the board under that subchapter, continue in effect for the purposes of this section.

SECTION 64. TRANSITION REGARDING TEACHERS' HEARINGS. (a) Requires the board, not later than November 1, 1995, to adopt rules for the certification of hearing examiners under Section 21.252, Education Code.

(b) Sets forth requirements for the application of Chapter 21F, Chapter 21C and D, Chapter 13C, Chapter 21E, Chapter 21G, Education Code, relating to termination or suspension of a teacher, and renewal of teacher contracts.

SECTION 65. PROVISIONS APPLICABLE TO INCREASE IN MINIMUM SALARY SCHEDULE. Requires the commissioner, for the 1995-1996 and 1996-1997 school years, to increase the entitlement under the Foundation School Program of a district that experiences additional salary cost resulting from the change in the minimum salary schedule that is not offset

by the increase in the basic allotment for those years. Sets forth guidelines for computing the amount of additional salary cost. Sets forth requirements for certain schools relating to the increase in the minimum salary schedule.

SECTION 66. TRANSITION RELATING TO MINIMUM SICK LEAVE PROGRAM. Sets forth provisions relating to the accumulation and use of sick leave.

SECTION 67. TRANSITION PROVISION RELATING TO SPECIAL EDUCATION ADVISORY COMMITTEE. Requires members appointed to the special education continuing advisory committee to draw lots for four- and eight-year terms; thereafter, requires all members to be appointed for four-year terms.

SECTION 68. IMPLEMENTATION OF PILOT PROJECT FOR COMMUNITY EDUCATION CHILD CARE SERVICES. Requires the board to adopt rules to implement Section 33.903, Education Code, not later than January 1, 1996. Sets forth requirements for fund distribution.

SECTION 69. TRANSITION PROVISION RELATING TO TEXTBOOKS. Provides that the addition of Chapter 31, Education Code, by this Act does not affect the terms or validity of any contract entered into by the board in accordance with former Chapter 12, Education Code, as that chapter existed at the time the contract was entered into.

(b) Requires the board to proceed with the adoption of textbooks whose adoption is in progress on the effective date of this Act, and Chapter 12, Education Code, as that chapter existed on January 1, 1995.

SECTION 70. ABOLITION OF TECHNOLOGY FUND. Provides that the technology fund created under Chapter 14D, Education Code, as that chapter existed on January 1, 1995, is abolished. Requires the commissioner, on September 1, 1995, to transfer any amounts in the technology fund to the available school fund.

SECTION 71. TRANSITION PROVISION RELATING TO PROPRIETARY SCHOOLS. Requires the Texas Education Agency (agency) and TEC to enter into an interagency contract for the transfer of the regulation of proprietary schools from the agency to TEC. Requires the transfer to take effect on the date specified in the contract, but not later than February 1, 1996. Sets forth requirements for the transfer.

SECTION 72. TRANSITION PROVISION RELATING TO APPRENTICESHIP TRAINING PROGRAMS. Requires the Texas Education Agency (agency) and TEC to enter into an interagency contract for the transfer of the regulation of apprenticeship training programs from the agency to TEC. Requires the transfer to take effect on the date specified in the contract, but not later than February 1, 1996. Sets forth requirements for the transfer.

SECTION 73. APPLICABILITY OF SECTION 41.098, EDUCATION CODE. Makes application of Section 41.098, Education Code, prospective beginning with the 1996-1997 school year.

SECTION 74. AUDIT OF PERMANENT SCHOOL FUND. Requires the board to retain an independent accounting firm to perform a financial audit of the permanent school fund before the board implements a contract for investment of the permanent school fund by a corporation pursuant to the authority granted by Section 43.006, Education Code.

SECTION 75. APPLICABILITY OF SECTION 44.008(c), EDUCATION CODE. Provides that Section 43.008(c), Education Code, applies to fixed-income security purchased as an investment for the permanent school fund regardless of the date of purchase.

SECTION 76. APPLICABILITY OF SECTION 44.034, EDUCATION CODE. Makes application of Section 44.034, Education Code, prospective.

SECTION 77. APPLICABILITY OF SECTION 132.002(a)(13), EDUCATION CODE. Effective date of Section 132.002(a)(13), Education Code: September 1, 1995. Makes application of that section prospective beginning September 1, 1995.

SECTION 78. TRANSITION PROVISION RELATING TO SCHOOL PSYCHOLOGISTS. Sets forth a provision regarding the licensing of school psychologists.

SECTION 79. TRANSITION AND SAVING PROVISION RELATING TO OFFENSES. Makes application of this Act prospective regarding offenses.

SECTION 80. REFERENCES TO CENTRAL EDUCATION AGENCY. Provides that a reference in law to the CEA means the Texas Education Agency.

SECTION 81. EFFECT OF CODE ON CONFLICTING ACTS OF 74TH LEGISLATURE, REGULAR SESSION. Provides that this Act prevails over any conflicting Act of the 74th Legislature, Regular Session, 1995, that amends or repeals a provision of Title 1 or 2, Education Code.

SECTION 82. REVIEW BY COMPTROLLER OF CERTAIN SCHOOL DISTRICTS. Requires the comptroller, during the 1995-1996 school year, to review the effectiveness and efficiency of the budgets and operations of each school district with an enrollment for the preceding year of 185,000 or more students.

SECTION 83. PROPOSAL TO IDENTIFY AND ASSIST STUDENTS REQUIRING SPECIAL SERVICES. Requires the board, not later than December 1, 1996, to submit to the legislature a proposal to identify and assist students who do not qualify for special education services under Chapter 29A, Education Code, but who require special services beyond the regular school program. Sets forth requirements for the proposal.

SECTION 84. RECOMMENDATION CONCERNING HIGH SCHOOL PROGRAMS OF STUDY. Requires the commissioner, not later than January 1, 1997, to report to the legislature concerning recommended high school programs of study for college preparation and for board career concentrations. Sets forth requirements for the recommendations.

SECTION 85. LEGISLATIVE BUDGET BOARD STUDY OF ALLOTMENTS AND ADJUSTMENTS UNDER CHAPTER 42, EDUCATION CODE. Requires LBB to study the various allotments and adjustments provided for by Chapter 42, Education Code, for the purpose of improving the efficient distribution of state funds. Sets forth requirements for the review. Requires LBB to report its findings to the legislature not later than November 1, 1996.

SECTION 86. Effective date of this Act: upon passage, except as otherwise provided by this Act.

SECTION 87. Emergency clause.