

BILL ANALYSIS

Senate Research Center
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S.B. 2
By: Shapiro
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

In Texas today, about 700 school districts have reached or are nearing the \$1.50 local school property tax ceiling. A Texas district court has ruled that the current system is unconstitutional. S.B. 2 seeks to address the problems of the current system.

S.B. 2 seeks to solve the problem through a reduced reliance on property taxes and an alternative system to the current Robin Hood system adopted in 1993. Texas' current system of financing public schools primarily through property taxes is outdated because it is based on yesterday's agricultural and manufacturing-based economies.

Quality schools are essential not only for Texas students to achieve and succeed, but are necessary for the future of Texas' economy. More money alone will not solve the problems facing Texas schools today, and money alone will not prepare Texas children for success in the 21st century. S.B. 2 provides additional resources, but demands significantly improved results and increased financial and academic accountability in Texas public schools. Texas must continue to raise the bar for success and encourage students, teachers, and schools to meet these higher standards.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1A.09 (Section 42.261, Education Code), SECTION 1B.05 (Section 42.102, Education Code), SECTION 1B.10 (Section 42.153, Education Code), SECTION 1C.01 (Section 45.0561, Education Code), SECTION 2A.02 (Section 11.203, Education Code), SECTION 2A.12 (Section 21.458, Education Code), SECTION 2A.13 (Section 21.651, Education Code), SECTION 2B.02 (Section 7.011, Education Code), SECTION 2B.03 (Section 7.033, Education Code), SECTION 2B.04 (Section 11.003, Education Code), SECTION 2B.08 (Section 44.011, Education Code), SECTION 2C.01 (Section 7.007, Education Code), SECTION 2C.05 (Section 29.056, Education Code), SECTION 2C.07 (Section 29.0822, Education Code), SECTION 2C.08 (Section 29.124, Education Code), SECTION 2C.11 (Section 39.022, Education Code), SECTION 2C.12 (Section 39.023, Education Code), SECTION 2C.13 (Section 39.024, Education Code), SECTION 2C.23 (Section 39.0722, Education Code), SECTION 2C.27 (Section 39.076, Education Code), SECTION 2C.28 (Section 39.078, Education Code), SECTION 2C.30 (Section 39.131, Education Code), SECTION 2C.32 (Section 39.1321, Education Code), SECTION 2E.06 (Section 28.0052, Education Code), SECTION 2F.07 (Section 7.0571, Education Code), SECTION 2F.09 (Section 8.0031, Education Code), SECTION 2J.01 (Section 33.202, Education Code), SECTION 4.02 (Sections 11A.052, 11A.102, 11A.155, 11A.157, 11A.201, 11A.202, 11A.203, 11A.206, 11A.253, 11A.3531, 11A.356, Education Code), SECTION 7.04 (Section 21.031, Education Code), SECTION 7.09 (Sections 21.041, 21.044, 21.045, Education Code), SECTION 7.11 (Section 21.048, Education Code) of this bill.

Rulemaking authority previously granted to the State Board of Education is rescinded and transferred to the commissioner of education in SECTION 1B.08 (Section 42.151, Education Code), SECTION 2C.22 (Section 39.072, Education Code), SECTION 7.13 (Section 21.050, Education Code), SECTION 7.14 (Section 21.051, Education Code), SECTION 7.15 (Section 21.054, Education Code), SECTION 7.16 (Section 21.056, Education Code), SECTION 7.25 (Section 21.553, Education Code) of this bill.

Rulemaking authority previously granted to the State Board for Educator Certification is modified in SECTION 2A.04 (Section 21.045, Education Code) of this bill.

Rulemaking authority is expressly granted to the State Board for Educator Certification in SECTION 2A.06 (Section 21.1041, Education Code), SECTION 2A.07 (Section 21.2111, Education Code), SECTION 7.09 (Section 21.041, Education Code) of this bill.

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 2A.16 (Section 54.220, Education Code) of this bill.

Rulemaking authority previously granted to the State Board of Education is rescinded in SECTION 2C.12 (Section 39.023, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner of education is modified in SECTION 1B.29 (Section 41.006, Education Code), SECTION 2C.12 (Section 39.023, Education Code), and SECTION 2G.02 (Section 37.008, Education Code) of this bill.

Rulemaking authority is expressly granted to the Texas Education Agency in SECTION 2C.36 (Section 39.1371, Education Code) of this bill.

Rulemaking authority previously granted to the State Board of Education is modified in SECTION 2D.16 (Section 31.003, Education Code) and SECTION 2D.17 (Section 31.022, Education Code) of this bill.

Rulemaking authority is expressly granted to the State Board of Education in SECTION 2D.17 (Sections 31.0212, 31.022, 31.0221, and 31.032, Education Code) of this bill.

Rulemaking authority is expressly granted to the Teacher Retirement System of Texas in SECTION 2I.01 (Section 1580.002, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. PUBLIC SCHOOL FINANCE

PART A. EDUCATION FUNDING AND SCHOOL PROPERTY TAX RELIEF

SECTION 1A.01. Amends Sections 41.002(a) and (e), Education Code, as follows:

(a) Prohibits a school district from having a wealth per student that exceeds \$339,000, rather than \$305,000.

(e) Sets forth the formula for determining the wealth per student that a school district may have after exercising an option under Section 41.003(2) or (3), notwithstanding Subsection (a), and except as provided by Subsection (g), in accordance with a determination of the commissioner of education (commissioner).

SECTION 1A.02. Amends Section 41.157(d), Education Code, to authorize the consolidated taxing district, notwithstanding Section 45.003 (Bond and Tax Elections), to levy, assess, and collect a maintenance tax for the benefit of the component districts at a rate that exceeds the maximum maintenance tax rate permitted under Section 45.003, rather than \$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.

SECTION 1A.03. Amends Section 42.005(a), Education Code, to redefine "average daily attendance."

SECTION 1A.04. Amends Subchapter A, Chapter 42, Education Code, by adding Section 42.008, as follows:

Sec. 42.008. REPORT ON EDUCATION SPENDING. Requires the Legislative Budget Board (LBB) to submit a report including specific information regarding public school

spending to the commissioner and the legislature before each regular session of the legislature.

SECTION 1A.05. Amends Section 42.2512, Education Code, by adding Subsection (a-1), as follows:

(a-1) Provides that in addition to any amounts to which a school district is entitled under Section 42.2541, a school district, including certain school districts, is entitled to state aid in a certain amount as determined by the commissioner.

SECTION 1A.06. Amends Section 42.252(a), Education Code, to provide that each school district's share of the Foundation School Program is determined by a certain formula.

SECTION 1A.07. Amends Section 42.253, Education Code, by adding Subsection (e-2), as follows:

(e-2) Provides that for the 2005-2006, the limit authorized by Subsection (e) is reduced by \$0.35. Provides that this subsection expires September 1, 2006.

SECTION 1A.08. Amends Subchapter E, Chapter 42, Education Code, by adding Sections 42.2541 and 42.2542, as follows:

Sec. 42.2541. ADDITIONAL TRANSITIONAL AID. (a) Defines "weighted average daily attendance."

(b) Entitles a school district, notwithstanding Section 42.253 (Distribution of Foundation School Fund), to the amount of state revenue necessary to maintain state and local revenue in a certain amount.

(c) Authorizes the commissioner to increase the amount to which a school district is entitled under Subsection (b) as determined necessary.

(d) Requires the commissioner to determine the amount of state funds to which a school district is entitled under this section, including the amount per student in weighted average daily attendance, and to make that determination available to the LBB. Provides that the commissioner's determination is final and may not be appealed.

Sec. 42.2542. TEMPORARY LIMITATIONS ON AID. (a) Requires the commissioner, notwithstanding any other provision of this subtitle, for the 2005-2006 school year, to withhold the amount of state funds necessary to ensure that the district does not receive an amount of state and local revenue per student in weighted average daily attendance that is greater than 103 percent of the amount to which the district is entitled under Section 42.2541(b)(1) from the district.

(b) Requires the commissioner to determine the amount of state funds required to be withheld under this section. Provides that the commissioner's determination is final and may not be appealed.

(c) Provides that this section expires on September 1, 2006.

SECTION 1A.09. Amends Subchapter E, Chapter 42, Education Code, by adding Section 42.261, as follows:

Sec. 42.261. USE OF CERTAIN REVENUE FOR ENHANCED SUPPORT STAFF COMPENSATION. (a) Requires a school district, beginning with the 2005-2006 school year, to use state and local maintenance and operations revenue to provide enhanced compensation to district support staff.

(b) Requires the commissioner to adopt rules necessary to implement this section. Requires the rules to ensure compensation provided to district support staff described by Section 22.007 is increased by the amounts specified by that section.

SECTION 1A.10. Amends Section 42.302, Education Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Provides that the amount of state support, subject only to the maximum amount under Section 42.303 (Limitation on Enrichment Tax Rate), is determined by a specific formula.

(a-1) Defines "wealth per student."

SECTION 1A.11. Amends Section 42.303, Education Code, as follows:

Sec. 42.303. New heading: LIMITATION ON TAX RATE. Prohibits the district tax rate ("DTR") under Section 42.302 (Allotment) from exceeding \$0.39, rather than \$0.64, per \$100 of valuation, or a greater amount for any year provided by appropriation.

SECTION 1A.12. Amends Section 45.003, Education Code, by amending Subsection (d) and adding Subsections (e) and (f), as follows:

(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 further maintenance of public schools, at a rate not to exceed the rate, which may not be more than \$1.15, rather than \$1.50, on the \$100 valuation of taxable property in the district, stated in the proposition.

(e) Provides that an election held before January 1, 2005, authorizing a maintenance tax at a rate of at least \$1.15 on the \$100 valuation of taxable property in the district is sufficient to authorize a rate of \$1.15 or less for the 2005 tax year. Provides that an election held before January 1, 2006, authorizing a maintenance tax at a rate of at least \$1.10 on the \$100 valuation of taxable property in the district is sufficient to authorize a rate of \$1.10 or less for the 2006 tax year or a subsequent tax year.

(f) Entitles the district to impose an ad valorem tax under this section, notwithstanding Subsections (d) and (e) if a school district's maintenance and operations tax rate for the 2004 tax year exceed a rate of \$1.50 for each \$100 of taxable value of property.

SECTION 1A.13. Amends Sections 45.006(b) and (f), Education Code, as follows:

(b) Authorizes a school district, notwithstanding Section 45.003, to levy, assess, and collect maintenance taxes at a rate that exceeds the maximum maintenance tax rate permitted under Section 45.003, rather than \$1.50 per \$100 of taxable property, if certain conditions apply.

(f) Authorizes the governing body of a school district that adopts a tax rate that exceeds the maximum maintenance tax rate permitted under Section 45.003, rather than \$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.

SECTION 1A.14. Amends Section 403.302, Government Code, by adding Subsection (c-1), as follows:

(c-1) Sets forth the school districts for which this subsection applies. Requires the comptroller to adjust the taxable value determined under Subsections (a) and (b) in a certain manner upon conducting the annual study for a tax year and determining that the local value for a school district is not valid.

PART B. EDUCATION FUNDING AND EQUALIZATION

SECTION 1B.01. Amends Section 42.002(b), Education Code, to set forth the composition of the Foundation School Program.

SECTION 1B.02. Amends Section 42.007, Education Code, by amending Subsection (c) and adding Subsection (e), as follows:

(c) Sets forth the requirements for the funding elements for the Foundation School Program.

(e) Requires the LBB, notwithstanding Subsection (d), to contract for a comprehensive study of the funding elements. Requires the LBB to report the results of the study to the commissioner and the legislature not later than December 1, 2006. Provides that this subsection expires January 1, 2007.

SECTION 1B.03. Amends the heading to Subchapter B, Chapter 42, Education Code, to read as follows:

SUBCHAPTER B. BASIC PROGRAM

SECTION 1B.04. Amends Section 42.101, Education Code, as follows:

Sec. 42.101. New heading: ACCREDITATION ALLOTMENT. Provides that a school district is entitled to an accreditation allotment of \$4,300, rather than \$2,537.

SECTION 1B.05. Amends Section 42.102, Education Code, as follows:

Sec. 42.102. COST OF EDUCATION ADJUSTMENT. (a) Sets forth the amount of the adjustment. Makes a conforming change.

(a-1) Sets forth the initial amount of cost of education index adjustment.

(a-2) Requires the LBB to annually increase the initial adjustment percentage determined under Subsection (a) so that the percentage follows certain guidelines.

(b) Sets forth the method for determining the cost of education adjustment. Deletes existing text regarding the cost of education index adjustment adopted by the foundation school fund budget committee.

(b-1) Sets forth the formulas by which the cost of education index to be used in determining the cost of education adjustment for certain years is determined, except as provided by Subsection (c).

(c) Requires the district's adjustment to be computed using the index applied during the 2005-2006 school year, if the adjustment provided by this section for a school year is less than the adjustment to which a school district would have been entitled using the index applied during the 2005-2006 school year.

(c-1) Prohibits the application of the cost of education index under this section from resulting in a greater difference than certain adjustments. Requires the LBB to increase the amount of the lowest adjustment to satisfy this subsection.

(d) Sets forth requirements for the LBB regarding a biennial study and the adoption of adjustments.

(d-1) Provides that all information relating to the computation and adoption of the cost of education index under this section, including underlying data, assumptions, and computations used in the development of the index, is public information.

(e) Authorizes a school district to appeal a determination of the LBB under Subsection (d) and request a contested case hearing before an administrative law judge of the State Office of Administrative Hearings. Requires a district to pay the cost of an appeal under this section. Requires an appeal to be limited to the computation and application of data under this section and prohibits the appeal from including an appeal of the methodology used to compute the teacher fixed effects index.

(f) Provides that Subsection (b) applies beginning with the 2014-2015 school year. Provides that Subsections (a-1), (a-2), (b-1), and this subsection expire September 1, 2015.

(g) Sets forth the amounts to be added to the adjustment provided for under Subsections (b), (b-1), (c), and (d) for certain school districts and its subsequent amendments, for employees covered by the social security retirement program, if the district covers all employees and did so prior to January 1, 2005, beginning with the 2007-2008 school year.

(h) Sets forth the amounts to be added to the adjustment provided for under Subsections (b), (b-1), and (c), for certain school districts and the adjustment's subsequent amendments, for employees covered by the social security retirement program, if the district covers at least 25 percent of its employees and did so prior to January 1, 2005, beginning with the 2007-2008 school year.

(i) Authorizes the commissioner to adopt rules necessary for the implementation of this section.

SECTION 1B.06. Amends Section 42.103, Education Code, by amending Subsections (a), (c), and (d), and adding Subsections (c-1), (c-2), (d-1), and (f), as follows:

(a) Redefines formulas for the accreditation allotment for certain small and mid-sized districts. Makes a conforming change.

(c) Provides that the accreditation allotment of a school district that has not more than 1,600 students in average daily attendance is adjusted by certain formulas or the formula under Subsection (d) if that results in a greater allotment.

(c-1) Provides that notwithstanding Subsection (c), the accreditation allotment of a school district that has not more than 1,600 students in average daily attendance is adjusted for certain school years by applying specific formulas or the appropriate formula under Subsection (d-1) if that results in a greater allotment.

(c-2) Provides that notwithstanding Subsection (c-1), for specific school years, the accreditation 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 by applying a specific formula, or the appropriate formula under Subsection (d-1) if that results in a greater allotment.

(d) Makes a conforming change.

(d-1) Provides that notwithstanding Subsection (d), the accreditation allotment of a school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance is adjusted for specific school years by applying the appropriate formulas or the formula under Subsection (c) if that results in a greater allotment.

(f) Provides that Subsections (c) and (d) apply beginning with the 2013-2014 school year. Provides that Subsections (c-1), (c-2), and (d-1) and this subsection expire September 1, 2014.

SECTION 1B.07. Amends Sections 42.104, 42.105, and 42.106, as follows:

Sec.42.104. USE OF SMALL OR MID-SIZED DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. Makes conforming changes.

Sec. 42.105. SPARSITY ADJUSTMENT. Makes conforming changes.

Sec. 42.106. ADJUSTED PROPERTY VALUE FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. Redefines the formula used for the purposes of this chapter for the taxable value of property of a school district that contracts for students residing in the district to be educated in another district under Section 25.039(a).

SECTION 1B.08. Amends Sections 42.151(a), (b), (e), (g), and (k), Education Code, as follows:

(a) Makes conforming changes.

(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 rules of the commissioner, rather than the State Board of Education. Makes a conforming change.

(e), (g), and (k) Make conforming changes.

SECTION 1B.09. Amends Sections 42.152(a), (e), (h), and (k), Education Code, as follows:

(a) Makes a conforming change.

(e) Authorizes the commissioner to retain a portion of the total amount allotted under Subsection (a) considered appropriate to finance study guides, rather than intensive accelerated instruction programs, provided under Section 39.024(c), rather than Section 39.024(b) and reduce each district's basic program, rather than tier one, allotments in the same manner described for a reduction in allotments under Section 42.253.

(h) and (k) Make conforming changes.

SECTION 1B.10. Amends Section 42.153, Education Code, by amending Subsection (a) and adding Subsections (a-1) and (d), as follows:

(a) Makes conforming changes.

(a-1) Provides that this subsection applies only to funding for students who have been enrolled in a bilingual education or special language program for less than three years. Requires the commissioner, by rule, to determine a method for determining whether a student has been enrolled in a program for less than three years. Entitles a district to an annual allotment equal to the adjusted accreditation allotment multiplied by a weight according to the grade level to which the student is assigned for each student in average daily attendance in a bilingual education or special language program under Subchapter B (Bilingual Education and Special Language Programs), Chapter 29, who has been enrolled in the program for less than three years.

(d) Provides that a district is not entitled to an allotment under this section for a student who meets the criteria for transferring out of the district's bilingual education or special language program but continues participating in the program under Section 29.056(i).

SECTION 1B.11. Amends Sections 42.154(a) and (e), Education Code, to make conforming changes.

SECTION 1B.12. Amends Section 42.155, Education Code, by amending Subsection (c) and adding Subsection (c-1), as follows:

(c) Creates Subsection (c-1) from existing text of this section.

(c-1) Creates this section from existing text of Subsection (c). Sets forth the allotment per mile of approved route under Subsection (c). Requires the allocation per mile of approved route for the bottom linear density groupings of up to .40 through .65 to be moved into the next linear density group of up to .90. Deletes existing text prohibiting the allotment per mile from exceeding the amount set by appropriation.

SECTION 1B.13. Amends Sections 42.156(a) and (d), Education Code, to make conforming changes.

SECTION 1B.14. Amends Section 42.157(a), Education Code, to make a conforming change.

SECTION 1B.15. Amends Section 42.158, Education Code, by amending Subsections (b), (d), and (g), and adding Subsection (b-1), as follows:

(b) Entitles a school district other than a fast growth school district to an allotment of \$250 for each student in average daily attendance at the facility for the first school year in which students attend a new instructional facility. Entitles the school district to an allotment of \$250 for each additional student in average daily attendance at the facility for the second and third school years in which students attend that instructional facility.

(b-1) Entitles a fast growth school district to an allotment of \$500 for each student in average daily attendance at the facility for the first school year in which students attend a new instructional facility. Entitles the district to an allotment of \$500 for each additional student in average daily attendance at the facility for the second and third school years in which students attend that instructional facility.

(d) Prohibits the amount appropriated for allotments under this section from exceeding \$50, rather than \$25, million in a school year.

(g) Defines "fast growth school district." Makes nonsubstantive changes.

SECTION 1B.16. Amends Section 42.251, Education Code, as follows:

Sec. 42.251. FINANCING; GENERAL RULE. (a) Provides that the sum of the basic program, rather than tier one, allotments and the enrichment program, rather than guaranteed yield, allotments under Subchapter F, computed in accordance with this chapter, constitute the total cost of the Foundation School Program. Makes conforming changes.

(b) Requires the program to be financed by certain tax revenue and state funds.

SECTION 1B.17. Amends Section 42.2512(a), Education Code, as follows:

(a) Entitles a school district to state aid in an amount determined by the commissioner, equal to a certain amount, in addition to any amounts to which a school district is entitled under Section 42.2541. Deletes existing text regarding the formula used to determine the amount of state aid for which a school district is entitled.

SECTION 1B.18. Amends Section 42.2515(a), Education Code, to make a conforming change.

SECTION 1B.19. Amends the heading to Section 42.252, Education Code, to read as follows:

Sec. 42.252. LOCAL SHARE OF BASIC PROGRAM COST.

SECTION 1B.20. Amends Section 42.252(a), Education Code, to provide the formula used to determine each school district's share of the basic program under the Foundation School Program.

SECTION 1B.21. Amends Section 42.2521(a), Education Code, to delete the existing reference to Chapter 41 (Equalized Wealth Level). Makes a nonsubstantive change.

SECTION 1B.22. Amends Section 42.253, Education Code, by amending Subsections (a) and (g)-(i), and adding Subsections (c-1), (e-2), and (m), as follows:

(a) Requires the commissioner to determine certain amounts of money for which each school district is entitled for each school year.

(c-1) Entitles a school district, notwithstanding any other provision of this chapter, with the approval of the commissioner, in which the number of students in average daily attendance increases as a result of enrolling students pursuant to an agreement to provide education services in cooperation with a public charter district to receive state revenue for the additional students in an amount not less than the district's total state and local revenue per student, including revenue from accreditation allotments and an enrichment program under Subchapter F, calculated on the basis of the district's average daily attendance prior to the enrollment of the additional students.

(e-2) Provides that for the 2006-2007 school year, the limit authorized by Subsection (e) is an amount equal to the sum of the rate described by Section 42.252 and the rate described by Section 42.303(c)(1). Provides that this subsection expires September 1, 2007.

(g) Deletes existing text prohibiting the use of funds in the reserve account under certain conditions.

(h) Requires the commissioner to reduce the total amount of state funds allocated to each district from any source by an amount determined by a certain method, if the total amount appropriated for a year for the Foundation School Program is less than the amount of money to which school districts are entitled for that year.

(i) Deletes existing text referring to allocation formulas.

(m) Requires payments from the foundation school fund to each school district to be made in a specific manner.

SECTION 1B.23. Amends Sections 42.2531(a)-(c), Education Code, as follows:

(a) Deletes existing text relating to authorizing the commissioner to make adjustments to amounts necessary for a district to comply with the requirements of Chapter 41.

(b)-(c) Makes conforming changes.

SECTION 1B.24. Amends Subchapter E, Chapter 42, Education Code, by adding Sections 42.2541 and 42.2542, as follows:

Sec. 42.2541. ADDITIONAL TRANSITIONAL AID. (a) Defines "weighted average daily attendance."

(b) Entitles a school district, notwithstanding Section 42.253, to the amount of state revenue necessary to maintain state and local revenue in a certain amount.

(c) Authorizes the commissioner to increase the amount to which a school district is entitled under Subsection (b) as the commissioner determines necessary.

(d) Sets forth requirements for the commissioner regarding computing and publishing state and local revenue per student.

(e) Requires the commissioner to determine the amount of state funds to which a school district is entitled under this section, including the amount per student in weighted average daily attendance, and to make that determination available to the LBB. Provides that the commissioner's determination is final and may not be appealed.

Sec. 42.2542. TEMPORARY LIMITATIONS ON AID. (a) Requires the commissioner, notwithstanding any other provision of this subtitle, to withhold from a school district the amount of state funds necessary to ensure that the district does not receive an amount of state and local revenue per student in weighted average daily attendance that is greater than certain percentages of the amount to which the district is entitled under Section 42.2541(b)(1).

(b) Requires the commissioner to determine the amount of state funds required to be withheld under this section. Provides that the commissioner's determination is final and may not be appealed.

(c) Provides that any amount to which a school district is entitled under Subchapter F is not included in determining the amount that a district may receive under this section.

(d) Provides that this section expires September 1, 2009.

SECTION 1B.25. Amends Chapter 42, Education Code, by adding Subchapter F, as follows:

SUBCHAPTER F. ENRICHMENT PROGRAM

Sec. 42.301. PURPOSE. Sets forth the purpose of the enrichment program.

Sec. 42.302. ALLOTMENT. (a) Defines "wealth per student."

(b) Provides that each school district is guaranteed a specified amount per student in state and local funds for each cent of enrichment tax effort up to the maximum level specified in this subchapter. Sets forth the formula by which the amount of state support is determined.

(c) Provides that the percentile in wealth per student described by Subsection (b) for purposes of determining the dollar amount guaranteed level of state and local funds per student per cent of tax effort applies beginning with the 2014-2015 school year. Sets forth the formulas by which EGL is determined for the 2006-2007 through 2013-2014 school years.

(d) Provides that this subsection and Subsection (c) expire September 1, 2013.

Sec. 42.303. ENRICHMENT TAX. (a) Authorizes the board of trustees of a school district to impose an annual ad valorem tax for the further maintenance of the public schools in the district, subject to Section 42.304 (Computation of Aid for District on Military Reservation or at State School).

(b) Prohibits the district enrichment tax rate from exceeding \$0.15 for each \$100 of taxable value of property, except as provided by Section 42.252(a-1).

(c) Sets forth limits for the district enrichment tax rate for certain tax years, notwithstanding Subsection (b) but subject to Sections 42.252(a-1) and 42.306.

(d) Provides that this subsection and Subsection (c) expire January 1, 2009.

Sec. 42.304. ENRICHMENT TAX ELECTION. (a) Prohibits a school district from imposing an enrichment tax under Section 42.303, except as provided by Section 42.306, unless authorized by a majority of the qualified voters of the district voting at an election held for that purpose.

(b) Requires a proposition submitted to authorize the imposition of an enrichment tax to include the question of whether the board of trustees may impose annual ad valorem taxes for the further enrichment of public schools at a rate not to exceed the rate stated in the proposition.

(c) Authorizes a district to tax at a rate below the rate authorized in an election under this section and provides that it does not need additional authority to increase the rate up to the rate authorized in the election.

Sec. 42.305. COMPUTATION OF ENRICHMENT AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. Provides that the amount to which a school district is entitled under this subchapter in a school district located on a federal military installation or at Moody State School is computed using the average district enrichment tax rate and property value per student of school districts in the county, as determined by the commissioner.

Sec. 42.306. ENRICHMENT TAX AVAILABLE TO CERTAIN DISTRICTS WITHOUT ELECTION. (a) Entitles the district, to the extent consistent with Subsection (b), if a school district's maintenance and operations tax rate for the 2004 tax year exceeded a rate of \$1.50 for each \$100 of taxable value of property, to impose an ad valorem tax under Section 42.303 without holding an election under Section 42.304.

(b) Prohibits the enrichment tax authorized by this section from exceeding a certain rate.

(c) Provides that the portion of an enrichment tax imposed by a school district under this section that exceeds the rate permitted by Subsection (b) is subject to voter approval under Section 42.304.

(d) Provides that the portion of an enrichment tax imposed by a school district under this section that exceeds the rate permitted by Subsection (b) is subject to the limits of Section 42.303(c). Provides that this subsection expires January 1, 2009.

SECTION 1B.26. Amends Chapter 42, Education Code, by adding Subchapter I, as follows:

SUBCHAPTER I. ADDITIONAL EQUALIZATION

Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION. (a) Requires a school district in which the district's local share under Section 42.252 exceeds the district's basic program allotments under Section 42.251 to be consolidated by the commissioner under Subchapter H (Consolidation by Commissioner), Chapter 41, except as provided by Subsection (b).

(b) Authorizes a school district described by Subsection (a) to elect to purchase average daily attendance credit in the manner provided by Subchapter D, Chapter 41 as an alternative to consolidation under Subchapter H, Chapter 41.

SECTION 1B.27. Amends the heading to Chapter 41, Education Code, to read as follows:

CHAPTER 41. EQUALIZATION ACTIONS

SECTION 1B.28. Amends Section 41.004, Education Code, as follows:

Sec. 41.004. New heading: ANNUAL REVIEW OF EQUALIZATION. (a) Requires the commissioner, not later than July 15 of each year, using the estimate of enrollment under Section 42.254, to review the local share and basic program allotments, rather than wealth per student, of each school district in the date and notify each one of certain actions. Deletes existing text regarding notification related to annexing property.

(b) Requires the commissioner, if before the dates provided by this subsection, a district notified under Subsection (a)(1) has not purchased average daily attendance credit as provided by Subchapter D, to order the consolidation of the district with one or more districts as provided by Subchapter H. Requires an election to authorize the purchase of average daily attendance credit as provided by Subchapter D to be ordered before September 1, immediately following the

notice under Subsection (a). Deletes existing text relating to the commissioner's orders of property detachment from a district.

(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 entered into an agreement under Subchapter D to purchase average daily attendance credit.

(d) Sets forth application of funding and taxation for consolidation, rather than detachment and annexation or consolidation. Makes conforming changes.

SECTION 1B.29. Amends Section 41.006(a), Education Code, to authorize the rules to provide for the commissioner to make necessary adjustments to the provisions of Chapter 42, including providing for the commissioner to make an adjustment in the funding element established by Section 42.302, at the earliest date practicable, to the amount the commissioner believes, taking into consideration options exercised by school districts under Section 42.401, rather than this chapter and estimates of student enrollments, will match appropriation levels.

SECTION 1B.30. Amends Section 41.008(a), Education Code, to delete an existing reference to a consolidated taxing district under Subchapter F.

SECTION 1B.31. Amends Section 41.009(a), Education Code, to delete an existing reference to a tax abatement agreement executed by a school district that is involved in detachment and annexation of territory.

SECTION 1B.32. Amends Section 41.010, Education Code, to make conforming changes.

SECTION 1B.33. Amends Section 41.013(a), Education Code, to delete an existing reference to Subchapter C.

SECTION 1B.34. Amends Section 41.091, Education Code, to authorize a school district subject to Section 42.401 to execute an agreement with the commissioner to purchase attendance credits in a certain amount. Deletes existing text relating to equalized wealth levels.

SECTION 1B.35. Amends Section 41.093(a), Education Code, to set forth the amounts for costs of each credit.

SECTION 1B.36. Amends Section 41.251, Education Code, to provide that if the commissioner is required under Section 42.401, rather than 41.004, to order the consolidation of districts, the consolidation is governed by this subchapter.

SECTION 1B.37. Amends Section 41.252, Education Code, by amending Subsections (a) and (c) and adding Subsection (d), as follows:

(a) Requires the commissioner, in selecting the districts to be consolidated with a district subject to Section 42.401, to select one or more districts with a local share under Section 42.252 that, when consolidated, will result in a consolidated district that is not subject to Section 42.401. Requires the commissioner to give priority to certain school districts in a specific order in achieving that result.

(c) Makes a conforming change.

(d) Defines "local share percentage."

SECTION 1B.38. Makes application of this part prospective to the 2006-2007 school year, except Section 42.252(h), Education Code, as amended in this part, prospective to the 2005-2006 school year.

PART C. SCHOOL FACILITIES

SECTION 1C.01. Amends Subchapter C, Chapter 45, Education Code, by adding Section 45.0561, as follows:

Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. Requires the commissioner, in determining which bonds to approve for guarantee under this subchapter, to give priority to a school district that has had bonds refunded and defeased under Subchapter D, Chapter 46. Authorizes the commissioner to adopt rules to administer this section.

SECTION 1C.02. Amends Section 46.006, Education Code, by adding Subsection (c-1) and amending Subsection (d), as follows:

(c-1) Provides that a district's wealth per student is reduced by 25 percent for purposes of this section if the district has had significant student enrollment growth that, as determined by the commissioner, is substantially related to the enrollment of children of military personnel transferred to a military base near the district following the closure or realignment of another military base under the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. Section 2687). Provides that the reduction is in addition to any reduction under Subsection (a), (b), or (c) and is computed before the district's wealth per student is reduced under those subsections, if applicable.

(d) Requires the commissioner to adjust the rankings after making the reductions in wealth per student required by Subsections (a), (b), (c), and (c-1).

SECTION 1C.03. Amends Section 46.008, Education Code, as follows:

Sec. 46.008. STANDARDS. (a) Creates this subsection from existing text.

(b) Requires any portable, modular building capable of being relocated that is purchased or leased after September 1, 2005, for use as a school facility, regardless of whether the building is an industrialized building as defined by Section 1202.003 (Definition of Industrialized Building), Occupations Code, to be eligible to be financed with state or local tax funds, to be inspected as provided by Subchapter E (Inspections), Chapter 1202, Occupations Code, to ensure compliance with the mandatory building codes or approved designs, plans, and specifications.

SECTION 1C.04. Amends Subchapter A, Chapter 46, Education Code, by adding Section 46.014, as follows:

Sec. 46.014. STUDY REGARDING INSTRUCTIONAL FACILITIES. (a) Sets forth requirements for the study to be conducted by the comptroller in cooperation with the Texas Education Agency (TEA).

(b) Requires the study of instructional facilities to include an examination of specific objectives and any other objectives determined appropriate by the comptroller and TEA.

(c) Requires the study, in projecting the need for instructional facilities in the next 10 to 20 years, to determine the facilities that will need to be constructed, repaired, or renovated in this state. Authorizes the study to include certain projections and information.

(d) Requires the comptroller and TEA to determine the appropriate methodology for use in conducting the study required by this section.

(e) Requires the comptroller and TEA, not later than December 1, 2006, to submit a report based on the study required by this section to the legislature. Provides that this section expires January 15, 2007.

SECTION 1C.05. Amends Section 46.033, Education Code, to provide that bonds, including bonds issued under Section 45.006, are eligible to be paid with state and local funds under this

subchapter if the district made payment on the bonds during the 2004-2003, rather than 2002-2003 school year.

SECTION 1C.06. Amends Section 46.034(c), Education Code, to make a conforming change.

SECTION 1C.07. Amends Chapter 46, Education Code, by adding Subchapter D, as follows:

**SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND
CAPACITY**

Sec. 46.091. **DEFINITIONS.** Defines "allocated revenue," "authority," "authority obligation," "credit agreement," and "obligation administrative expenses."

Sec. 46.092. **ISSUANCE OF AUTHORITY OBLIGATIONS.** (a) Authorizes the commissioner to request that the Texas Public Finance Authority (authority) issue authority obligations necessary to accomplish the refunding upon determining that it is feasible to refund eligible school district bonds as provided by this subchapter. Requires the authority to issue authority obligations, on request of the commissioner, in accordance with Title 9, Government Code, in a specific amount.

(b) Requires authority obligations and any related credit agreements to be secured by allocated revenue.

(c) Sets forth the requirements for the commissioner's request for the issuance of authority obligations.

(d) Authorizes the authority to make certain determinations to best achieve the economic goals of this subchapter and accomplish the borrowing at the lowest practicable cost.

(e) Requires the authority to certify to the commissioner that each series of authority obligations issued under this subchapter will result in an aggregate present value savings.

(f) Provides that Section 46.007 does not apply to the issuance of authority obligations under this subchapter.

Sec. 46.093. **ELIGIBILITY OF BONDS FOR REFUNDING.** Sets forth eligibility requirements for school district bonds eligible for refunding under this subchapter.

Sec. 46.094. **IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO SCHOOL DISTRICTS.** (a) Requires the commissioner to periodically identify which outstanding school bonds are eligible for refunding under this subchapter upon determining that it is feasible to refund eligible school district bonds as provided by this subchapter. Requires the commissioner to notify the school districts issuing the bonds regarding refunds.

(b) Authorizes the district to elect to direct the commissioner to include any of the district's eligible bonds for consideration for refunding under this subchapter. Prohibits the bonds from being refunded under this subchapter if the district does not elect to direct the commissioner to include the district's bonds for consideration for refunding within the time prescribed by this subsection.

(c) Sets forth the requirements for the notice under Subsection (a).

Sec. 46.095. **AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY.** (a) Requires the commissioner to enter into a certain agreement with the authority to permit the authority to pledge allocated revenue to the payment of authority obligations.

(b) Requires an agreement under this section to state that the funding for allocated revenue is subject to legislative appropriation. Provides that a distribution to the authority under the agreement is considered to be a distribution

for purposes of Section 46.009 (Payment of School Facilities Allotment). Authorizes the commissioner to act under Section 46.009(b) to ensure the sufficiency of allocated revenue upon determining that the amount appropriated for any year for allocated revenue is insufficient.

Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS. (a) Requires the authority to use the proceeds of authority obligations, less the cost of issuing those obligations and the cost of administrative expenses incurred by the commissioner or the authority relating to the administration of this subchapter, to refund and defease eligible bonds as requested by the commissioner. Sets forth the procedures to accomplish the refunding and defeasance.

(b) Requires the authority to provide to a school district whose bonds are refunded under this subchapter appropriate documentation showing that the bonds have been refunded and defeased.

Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE EXPENSES. Authorizes the authority to use allocated revenue to pay obligation administrative expenses after paying the current debt service on authority obligations.

Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) Requires the district to reimburse the commissioner in the amount of the excess, if the commissioner allocates and distributes to the authority allocated revenue for a school district's bonds refunded under this subchapter in an amount in excess of the state assistance to which the district is entitled in connection with all of the district's bonds.

(b) Requires the commissioner to direct the comptroller to withhold the amount of the excess from the succeeding payment of state assistance payable to the school district and credit the amount to the account or accounts from which the excess payment was made, if a school district elects not to reimburse the commissioner in the amount of excess state assistance as required under Subsection (a).

(c) Authorizes a school to reimburse the commissioner under this section from any lawfully available source.

Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. Authorizes the authority to issue authority obligations to refund any previously issued authority obligations, if the authority, by resolution, determines that the issuance of refunding obligations will result in the lowest practicable borrowing cost to the state and school districts with outstanding eligible bonds.

Sec. 46.100. AUTHORITY OBLIGATIONS NOT A PLEDGE OF STATE'S CREDIT. (a) Provides that authority obligations and any related credit agreements are not a debt of the state, a state agency, or a political subdivision of the state or a pledge of the faith and credit or taxing power of the state, a state agency, or a political subdivision of the state.

(b) Provides that authority obligations and any related credit agreements are payable solely from allocated revenue pledged to the payment of those obligations.

(c) Prohibits the state from taking certain actions or impairing certain rights and remedies, subject to the limitations of Subsection (a), as long as authority obligations are outstanding.

(d) Provides that the reallocation of allocated revenue to secure authority obligations to refund school district bonds is consistent with certain regulations.

ARTICLE 2. EDUCATION EXCELLENCE

PART A. EDUCATION EMPLOYEES

SECTION 2A.01. Amends Section 11.201, Education Code, by adding Subsection (e), as follows:

(e) Prohibits a superintendent from receiving any financial benefit for personal services performed by the superintendent for any business entity that conducts business with or solicits business from the school district. Requires any financial benefit received by the superintendent for performing personal services for any other entity to be approved by the board of trustees on a case-by-case basis in an open meeting.

SECTION 2A.02. Amends Subchapter E, Chapter 11, Education Code, by adding Section 11.203, as follows:

Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR PRINCIPALS. (a) Requires TEA to develop and operate a school leadership pilot program (program) for principals in accordance with this section.

(b) Requires TEA to operate the program in cooperation with a nonprofit corporation that has substantial experience in developing best practices to improve leadership skills, student achievement, student graduation rates, and teacher retention.

(c) Requires TEA to consult appropriate departments at institutions of higher education to develop program course work that focuses on management and business training.

(d) Authorizes a principal or a person interested in becoming a principal to apply for participation in the program, in a form and manner determined by the commissioner.

(e) Requires a principal of a campus rated academically unacceptable, as well as any person employed to replace that principal, to participate in the program and complete the program requirements not later than a date determined by the commissioner.

(f) Requires the commissioner, to pay the costs of administering the program, to retain a portion of the total amount of funds allotted under the Foundation School Program considered appropriate to finance activities under this section and to reduce the total amount of state funds allocated to each district from any source in the same manner described for a reduction in allotments under Section 42.253.

(g) Authorizes the commissioner to accept grants, gifts, and donations from public and private entities to implement and administer the program.

(h) Authorizes the commissioner to adopt rules necessary to administer this section.

(i) Provides that this section expires September 1, 2010.

SECTION 2A.03. Amends Section 21.003(a), Education Code, to prohibit a person from being employed as an education diagnostician, unless the person holds an appropriate certificate or permit issued as provided by Subchapter B.

SECTION 2A.04. Amends Section 21.045, Education Code, by amending Subsections (a) and (b) and adding Subsection (e), as follows:

(a) Requires the State Board for Educator Certification (SBEC) to propose rules establishing standards to govern the approval and continuing accountability of all

educator preparation programs based on certain information that is disaggregated with respect to sex and ethnicity.

(b) Requires the annual report, at a minimum, to contain the performance data from Subsection (a), other than the data required for purposes of Subsection (a)(3), and other specific information, disaggregated by sex and ethnicity.

(e) Requires TEA to annually submit student performance data to SBEC for purposes of Subsection (a)(3). Requires TEA to provide the data to SBEC in a manner that protect the names of individual students and otherwise complies with the confidentiality requirements prescribed by Section 39.030 (Confidentiality; Performance Reports).

SECTION 2A.05. Amends Section 21.104(a), Education Code, to authorize a teacher employed under a probationary contract to be discharged at any time for a financial exigency that requires a reduction in personnel, rather than for good cause being the failure to meet the accepted standards of conduct.

SECTION 2A.06. Amends Subchapter C, Chapter 21, Education Code, by adding Section 21.1041, as follows:

Sec. 21.1041. HEARING FOR CERTAIN DISCHARGES UNDER PROBATIONARY CONTRACT. (a) Requires SBEC to give written notice of the proposed action to the teacher if the board of trustees proposes to discharge a teacher under Section 21.104(a)(2).

(b) Requires the teacher to notify the board of trustees in writing, not later than the 15th day after the date the teacher receives the notice of the proposed action if the teacher desires a hearing after receiving notice of the proposed discharge. Requires SBEC to provide for a hearing to be held not later than the 15th day 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. Requires the hearing to be conducted in accordance with rules adopted by SBEC. Authorizes the teacher to have certain rights at the hearing.

(c) Sets forth requirements for the board of trustees after a hearing held under Subsection (b).

(d) Requires the board of trustees, if the teacher does not request a hearing under Subsection (b), to take the appropriate action to discharge the teacher and to notify the teacher in writing of that action not later than the 30th day after the date the notice of proposed discharge for a financial exigency that requires a reduction in personnel was sent to the teacher.

SECTION 2A.07. Amends Subchapter E, Chapter 21, Education Code, by adding Section 21.2111, as follows:

Sec. 21.2111. HEARING FOR CERTAIN DISCHARGES UNDER TERM CONTRACT. (a) Requires SBEC to give written notice of the proposed action to the teacher, if the board of trustees proposes to discharge a teacher under Section 21.211(a)(2).

(b) Requires the teacher to notify the board of trustees in writing, not later than the 15th day after the date the teacher receives the notice of the proposed action, if the teacher desires a hearing after receiving notice of the proposed discharge. Requires SBEC to provide for a hearing to be held not later than the 15th day 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. Requires the hearing to be conducted in accordance with rules adopted by SBEC. Authorizes the teacher to be represented in a certain capacity, as well as perform other functions at the hearing.

(c) Sets forth requirements for the board of trustees after the hearing.

(d) Requires the board of trustees, if the teacher does not request a hearing under Subsection (b), to take the appropriate action to discharge the teacher and to notify the teacher in writing of that action not later than the 30th day after the date the notice of proposed discharge for a financial exigency that requires a reduction in personnel was sent to the teacher.

SECTION 2A.08. Amends Section 21.251, Education Code, to provide that this subchapter applies if a teacher requests a hearing after receiving notice of the proposed decision to take certain actions. Provides that this subchapter does not apply to a decision to terminate a teacher's probationary contract or term contract before the end of the contract period for a financial exigency that requires a reduction in personnel.

SECTION 2A.09. Amends Section 21.301(a), Education Code, to authorize the teacher to appeal the decision by filing a petition for review with the commissioner, not later than the 20th day after SBEC advises the teacher of its decision to terminate the teacher's probationary contract under Section 21.1041(c) or (d) or term contract under Section 21.2111(c) or (d).

SECTION 2A.10. Amends Section 21.303(a), Education Code, to prohibit the commissioner, if the board of trustees decided not to terminate a teacher's probationary contract under Section 21.1041(c) or (d) or term contract under Section 21.2111(c) or (d) from substituting his/her judgment for that of the board of trustees, unless the decision was arbitrary, capricious, unlawful, or is not supported by substantial evidence.

SECTION 2A.11. Amends Section 21.402, Education Code, by amending Subsections (a), (c), and (d), and adding Subsections (a-1), (a-2), (c-1), (c-2), and (d-1), as follows:

(a) Requires a school district to pay certain employees certified under Subchapter B, based on the employee's level of experience, determined by a specific formula, except as provided by Subsection (a-1) or (a-2).

(a-1) Provides that a school district is not required to pay the minimum salary determined under Subsection (a) to an educator who receives a service retirement annuity under Chapter 824 (Benefits), Government Code.

(a-2) Provides that a school district is not required to pay the minimum salary determined under Subsection (a) to an educator who does not hold a lifetime or standard certificate and who holds a probationary, temporary, or emergency educator certificate.

(c) Sets forth the salary factors per step.

(c-1) Entitles certain employees to a monthly salary that is at least equal to the sum of a specific formula, notwithstanding Subsection (a), for the 2006-2007 school year.

(c-2) Provides that Subsections (c) and (c-1) apply beginning with the 2006-2007 school year, but only if H.B. No. 3, Acts of the 79th Legislature, Regular Session, 2005, takes effect immediately. Requires the commissioner, as necessary, for the 2005-2006 and 2006-2007 school years, to compute salary factors under Subsection (c) and amounts under Subsection (c-1)(2) to reflect the specific monthly salary increases, relative to the preceding school year, for those employees.

(d) Entitles certain employees certified under Subchapter B, or full-time school nurse employed by a school district in the 2006-2007, rather than 2000-2001, school year, as long as the employee is employed by the same district, to a salary that is at least equal to the salary the employee received for the 2006-2007, rather than 2000-2001, school year.

(d-1) Authorizes certain employees certified under Subchapter B, or full-time nurse to elect to receive a portion of the person's annual salary as health care supplementation as provided by Chapter 1580 (Active Employee Health Coverage or Compensation Supplementation), Insurance Code.

SECTION 2A.12. Amends Subchapter J, Chapter 21, Education Code, by adding Section 21.458, as follows:

Sec. 21.458. MENTORS. (a) Authorizes each school district to assign a mentor teacher to each classroom teacher who has less than two years of teaching experience if the mentor meets certain qualifications.

(b) Requires the commissioner to adopt rules necessary to administer this section, including rules concerning the duties and qualifications of a teacher who serves as a mentor. Requires the rules concerning qualifications to require that to serve as a mentor a teacher is required to have completed certain training.

(c) Requires the commissioner to develop proposed rules under Subsection (b) by negotiated rulemaking as provided by Chapter 2008 (Negotiated Rulemaking), Government Code.

(d) Requires the commissioner to adopt rules and provide funding to school districts that assign mentor teachers under this section from the funds appropriated to the agency for purposes of this section. Authorizes funding provided to districts under this subsection to be used only for specific purposes.

(e) Requires the commissioner, in adopting rules under Subsection (d), to rely on research-based mentoring programs that, through external evaluation, have demonstrated success.

(f) Requires the commissioner, in providing funding under this section, to give preference to certain school districts, if insufficient funds are appropriated to the agency for purposes of this section.

(g) Requires the commissioner to annually evaluate the effectiveness of school district mentor programs established under this section. Sets forth requirements for the evaluation.

SECTION 2A.13. Amends Chapter 21, Education Code, by adding Subchapter N, as follows:

SUBCHAPTER N. EDUCATOR EXCELLENCE INCENTIVE PROGRAM

Sec. 21.651. EDUCATOR EXCELLENCE INCENTIVE PROGRAM. (a) Requires the commissioner to establish an educator excellence incentive program (program) under which school districts, in accordance with locally developed plans approved by the commissioner, provide incentive payments to employees whose students demonstrate successful annual individual student growth in achievement.

(b) Requires the commissioner to award incentive payments to each school district with a local incentive plan approved by the commissioner from funds appropriated for the purpose of this subchapter. Requires the commissioner to distribute the incentive payments each year to a qualifying school district on the basis of the district's actual average daily attendance for the preceding school year. Prohibits the total amount of incentive payments made to school districts from funds appropriated for the incentive program under this subchapter from exceeding \$100 million each fiscal year.

(b-1) Prohibits the commissioner from awarding incentive payments to school districts under this subchapter before the 2006-2007 school year. Provides that this subsection expires September 1, 2007.

(c) Requires each year a school district to use funds received by the district under this subchapter to provide campus-based incentive payments in accordance with this subchapter except as provided by Subsections (d) and (e).

- (d) Authorizes a school district with an enrollment of less than 1,600 to use all of the funds received under this subchapter to provide stipends under Subsection (e).
- (e) Authorizes a school district to use an amount not to exceed 50 percent of the funds received under this subchapter to provide stipends to certain teachers.
- (f) Requires the commissioner to adopt rules necessary to implement this subchapter. Sets forth requirements for the commissioner in adopting rules.
- (g) Requires the commissioner to annually evaluate the effectiveness of the educator excellence incentive program for improving student performance on at-risk campuses established under this section. Requires the evaluation must consider certain criteria.

Sec. 21.652. MINIMUM CRITERIA FOR LOCAL INCENTIVE PLANS. (a) Requires a school district to develop a local incentive plan for rewarding successful annual individual student growth in achievement in the district and submit the plan to the commissioner for approval.

- (b) Requires a local incentive plan to be designed to reward campuses.
- (c) Requires the primary criteria for making incentive payments to employees under a local incentive plan to be based on certain objective measures and to provide for incentive payments to be awarded on the basis of high achievement, incremental growth in achievement, or both. Authorizes a local incentive plan to also consider other indicators of employee performance, such as teacher evaluations conducted by principals or parents.
- (d) Sets forth requirements for a local incentive plan.
- (e) Requires the campus-level planning and decision-making committee to determine the appropriate distribution of funds received by a campus under this subchapter.

Sec. 21.653. EMPLOYMENT CONTRACTS. Requires a school district to provide that qualifying employees may receive an incentive payment under the local incentive plan in employment contracts. Requires the school district to indicate that any incentive payment distributed is considered a bonus for performance and not an entitlement as part of an employee's salary.

Sec. 21.654. DECISION REGARDING INCENTIVE PAYMENTS. Provides that a decision in providing an incentive payment under a local incentive plan approved under this subchapter is final and may not be appealed.

SECTION 2A.14. Amends Subchapter A, Chapter 22, Education Code, by adding Section 22.007, as follows:

Sec. 22.007. WAGE INCREASE FOR SUPPORT STAFF. (a) Requires a school district to pay each full-time district employee, other than an administrator or an employee subject to the minimum salary schedule under Section 21.402, an amount at least equal to \$1,000 each school year.

- (b) Requires a school district each school year to pay each part-time district employee, other than an administrator, an amount at least equal to \$500.
- (c) Entitles a school district employee to a wage increase under this section to elect to receive a portion of the person's annual wages as health care supplementation as provided by Chapter 1580, Insurance Code.
- (d) Provides that a payment under this section is in addition to wages the district would otherwise pay the employee during the school year.

SECTION 2A.15. Amends Subchapter A, Chapter 29, Education Code, by adding Section 29.019, as follows:

Sec. 29.019. SPEECH-LANGUAGE INSTRUCTION: ASSISTANTS. (a) Sets forth the persons to whom this section applies.

(b) Authorizes an assistant described by Subsection (a) to attend, as related services personnel, a student admission, review, and dismissal committee meeting if the meeting involves a student for whom the assistant provides services. Provides that if an assistant attends a meeting as provided by this section, the supervising speech-language pathologist is not required to attend the meeting, except as provided by Subsection (c).

(c) Sets forth requirements for a supervising speech-language pathologist to attend a committee meeting under Subsection (b).

(d) Provides that this section does not create, increase, decrease, or otherwise affect a supervising speech-language pathologist's liability for actions taken by an assistant and is not a waiver of a school district's sovereign immunity.

SECTION 2A.16. Amends Subchapter D, Chapter 54, Education Code, effective September 1, 2006, by adding Section 54.220, as follows:

Sec. 54.220. CHILDREN OF CLASSROOM TEACHERS. (a) Defines "child" and "classroom teacher."

(b) Provides that for purposes of this section, a person is another person's child if the other person is the person's natural or adoptive parent, managing or possessory conservator, or legal guardian.

(c) Requires the governing board of an institution of higher education to exempt from the payment of tuition or from the payment of required fees for an academic year an eligible undergraduate student who is a child of an eligible classroom teacher and is designated by the classroom teacher to receive the exemption.

(d) Provides that a classroom teacher is eligible to designate the teacher's child to receive an exemption under this section for an academic year if, at the beginning of the academic year, the teacher is employed full-time as a classroom teacher by a school district in this state and maintains that employment throughout the school year that corresponds to the academic year.

(e) Provides that an undergraduate student is eligible for an exemption for an academic year under this section only if the student is a resident of this state for purposes of Subchapter B or is otherwise entitled to pay tuition and fees at the rate provided for residents of this state. Provides that a student who receives an exemption for an initial academic period is eligible for an exemption for a subsequent academic period only if the student has earned an overall grade point average of at least 2.5 on a four-point scale or the equivalent on course work previously attempted at institutions of higher education.

(f) Provides that on the completion of a classroom teacher's 15th year of service, the teacher earns either an exemption from the payment of tuition or an exemption from the payment of required fees for one academic year for the benefit of one child. Provides that for each year of service that exceeds 15 years, the classroom teacher earns an additional tuition exemption or an additional fee exemption for one academic year for the benefit of one child. Authorizes the classroom teacher to elect the type of exemption the child may receive under this section at the time the teacher designates the child to receive the exemption. Authorizes the exemption earned by a classroom teacher for one year of service to be used for the benefit of only one child. Provides that years of service as a classroom teacher

are not required to be consecutive. Prohibits a classroom teacher from designating a child to receive an exemption under this section for an academic year unless the teacher's most recent five years of service were in this state.

(g) Authorizes a classroom teacher with at least 19 years of service to elect to use any earned but unused exemptions toward the payment of both the tuition and the required fees of one child during an academic year or to use the unused exemptions toward the payment of the tuition or the required fees, or both tuition and fees as permitted by the number of unclaimed exemptions, of more than one child during an academic year. Authorizes two classroom teachers to aggregate years of service to earn one or more exemptions for the benefit of one or more of their children in common, but requires each classroom teacher to maintain eligibility under Subsection (d) during the academic period for which the exemption is used.

(h) Prohibits an undergraduate student from receiving an exemption under this section for that academic period, if the student fails to meet any eligibility requirement of Subsection (e) for an academic period. Authorizes an undergraduate student to become eligible to receive the exemption in a subsequent academic period of the same academic year if the student reestablishes eligibility before that period begins.

(i) Prohibits the student from receiving an exemption for a subsequent academic period of the same academic year under this section until the next academic period that begins after the classroom teacher reestablishes eligibility under Subsection (d), if a classroom teacher whose child receives an exemption earned by the teacher under this section does not remain employed as required by Subsection (d).

(j) Authorizes an institution of higher education to require an undergraduate student to pay prorated tuition or required fees, as applicable, for an academic period if the student's eligibility for the exemption under Subsection (e) or the teacher's eligibility for the exemption under Subsection (d) is lost during that period.

(k) Sets forth circumstances in which an undergraduate student is not eligible to receive an exemption under this section.

(l) Authorizes an undergraduate student who, for any reason other than a loss of relevant eligibility of the student or the classroom teacher, fails to use an exemption from the payment of tuition or an exemption from the payment of required fees in one or more academic periods in the academic year for which the student is designated to receive the exemption to carry forward and use that exemption in an academic period of substantially similar length in a subsequent academic year. Authorizes the student to use only one exemption for each academic period under this subsection unless the use of more than one exemption is permitted under Subsection (g).

(m) Requires the Texas Higher Education Coordinating Board (THECB) to adopt certain rules and applications.

(n) Requires the legislature to account for the exemptions authorized by this section in a manner that provides a corresponding increase in the general revenue funds appropriated to the institution granting an exemption in the General Appropriations Act.

(o) Sets forth eligibility requirements for those undergraduate students who meet the eligibility requirements of Subsection (e).

(p) Provides that this subsection and Subsection (o) expire September 1, 2009.

SECTION 2A.17. Makes application of Section 11.201(e), Education Code, as added by this Act, prospective.

SECTION 2A.18. (a) Requires SBEC, as soon as possible after September 1, 2005, to review the rules adopted under Section 21.044, Education Code, relating to educator training requirements and revise those rules as necessary to ensure that the training requirements are sufficient to produce educators capable of achieving certain goals.

(b) Requires SBEC, in conducting the review required by Subsection (a) of this section, to give specific attention to the degree to which educator training requirements prepare educators to serve students of limited English proficiency and students with learning disabilities.

SECTION 2A.19. Makes application of Sections 21.104, 21.251, 21.301, and 21.303, Education Code, as amended by this Act, and Sections 21.1041 and 21.2111, Education Code, as added by this Act, prospective.

SECTION 2A.20. Makes application of Section 21.402(a-1), Education Code, as added by this Act, prospective.

SECTION 2A.21. Makes application of Section 21.402(a-2), Education Code, as added by this Act, prospective.

SECTION 2A.22. Requires THECB to adopt rules and forms for the administration of Section 54.220, Education Code, as added by this Act, not later than January 1, 2006.

PART B. ADMINISTRATIVE EFFICIENCY

SECTION 2B.01. Amends Subchapter A, Chapter 7, Education Code, by adding Section 7.008, as follows:

Sec. 7.008. ELECTRONIC STUDENT RECORDS SYSTEM. (a) Defines "institution of higher education."

(b) Requires each school district, open-enrollment charter school, and institution of higher education to participate in an electronic student records system that satisfies standards approved by the commissioner of education and the commissioner of higher education.

(c) Requires the electronic student records system to permit an authorized state, district, or school official or an authorized representative of an institution of higher education to electronically transfer and retrieve student information generally found in student transcripts, including information concerning a student's course or grade completion and assessment instrument results, to and from an educational institution in which the student is enrolled.

(d) Authorizes the commissioner of education or the commissioner of higher education to solicit and accept grant funds to maintain the electronic student records system and to make the system available to school districts, open-enrollment charter schools, and institutions of higher education.

(e) Authorizes a private or independent institution of higher education, as defined by Section 61.003 (Definitions), to participate in the electronic student records system under this section. Requires the institution to provide the funding to participate in the system if a private or independent institution of higher education elects to participate.

(f) Provides that any person involved in the transfer and retrieval of student information under this section is subject to any state or federal law governing the release of or providing access to any confidential information to the same extent as the educational institution from which the data is collected. Prohibits a person

from releasing or distributing the data to any other person in a form that contains confidential information.

(g) Requires the electronic student records system to be implemented not later than the beginning of the 2006-2007 school year. Provides that this subsection expires September 1, 2007.

SECTION 2B.02. Amends Subchapter A, Chapter 7, Education Code, by adding Section 7.011, as follows:

Sec. 7.011. STATEWIDE FUNDS MANAGEMENT INFORMATION SYSTEM FOR AT-RISK STUDENT SERVICES. (a) Defines "student at risk of dropping out of school."

(b) Requires TEA to develop a management information system for funds awarded and allocated to school districts and open-enrollment charter schools for the purpose of providing services to students at risk of dropping out of school.

(c) Requires the funds management information system to produce complete, accurate, and timely reports for agency officials and policy makers. Requires the reports to provide specific information on funding for services for students at risk of dropping out of school, statewide and aggregated by school district.

(d) Requires the commissioner to adopt rules as necessary to administer this section. Sets forth requirements for the rules adopted under this subsection.

SECTION 2B.03. Amends Subchapter B, Chapter 7, Education Code, by adding Section 7.033, as follows:

Sec. 7.033. QUALITY MANAGEMENT CERTIFICATION PROGRAM. (a) Requires the commissioner, by rule, to adopt a quality management certification program (program) to encourage school districts and open-enrollment charter schools to obtain International Organization for Standardization ISO 9000 quality management certification.

(b) Requires the commissioner, by rule, to identify areas of compliance in which the program would enhance performance.

(c) Requires the commissioner, by rule, to require specific performance measures that relate to improvement in certain areas for each school district or open-enrollment charter school that obtains International Organization for Standardization ISO 9000 series quality management program certification.

(d) Requires the commissioner, by rule, for purposes of compliance monitoring, discretionary grant administration, and reporting to the Public Education Information Management System (PEIMS) and under the Education Flexibility Partnership Act of 1999 (20 U.S.C. Section 5891a et seq.), to develop a method for recognizing a school district or open-enrollment charter school that receives and maintains International Organization for Standardization ISO 9000 quality management certification.

SECTION 2B.04. Amends Subchapter A, Chapter 11, Education Code, by adding Section 11.003, as follows:

Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Requires the commissioner, not later than December 1, 2005, to evaluate the feasibility of including a uniform indicator under Section 39.202(b) that measures effective administrative management through the use of cooperative shared service arrangements. Requires the commissioner, by rule, to include the indicator in the financial accountability rating system under Subchapter I (Financial Accountability), Chapter 39, for school districts beginning with the 2006-2007

school year, upon determining that the adoption of a uniform indicator described by this subsection is feasible. Provides that this subsection expires September 1, 2007.

(b) Sets forth requirements for each regional education service center.

(c) Requires each regional education service center to assist a school district board of trustees in entering into an agreement with another district or political subdivision, a regional education service center, or an institution of higher education as defined by Section 61.003, for a cooperative shared service arrangement regarding administrative services, including transportation, food service, purchasing, and payroll functions.

(d) Authorizes the commissioner to require a district or an open-enrollment charter school to enter into an agreement for a cooperative shared service arrangement upon determining that the financial management performance of the district or school is unsatisfactory.

SECTION 2B.05. Amends Subchapter D, Chapter 11, Education Code, by adding Section 11.168, as follows:

Sec. 11.168. CERTIFICATION FOR QUALITY MANAGEMENT STANDARDS. Authorizes each school district to apply for International Organization for Standardization ISO 9000 certification for quality management standards and apply for renewal of that certification, as applicable.

SECTION 2B.06. Amends Subchapter A, Chapter 28, Education Code, by adding Section 28.0022, as follows:

Sec. 28.0022. CURRICULUM MANAGEMENT ASSISTANCE. (a) Requires the commissioner to identify available curriculum management materials recommended by school districts that may be used to assist school districts in fulfilling certain requirements.

(b) Authorizes the commissioner to use federal funds to implement this section, unless otherwise prohibited by law.

(c) Requires the commissioner to prepare and submit a specific report to the legislature, not later than January 1, 2007.

(d) Provides that Subsection (c) and this subsection expire January 31, 2007.

SECTION 2B.07. Amends Subchapter C, Chapter 29, Education Code, by adding Sections 29.092, 29.093, and 29.094, as follows:

Sec. 29.092. CONSOLIDATED FUNDING FOR PROGRAMS AND SERVICES FOR STUDENTS AT RISK OF DROPPING OUT OF SCHOOL. (a) Defines "student at risk of dropping out of school."

(b) Requires the commissioner each school year to award funds to a school district or open-enrollment charter school in accordance with a streamlined and simplified grant process developed by the commissioner to enable school districts and open-enrollment charter schools to provide supplemental programs and services for the benefit of students at risk of dropping out of school. Requires the grant process developed by the commissioner under this subsection, to the extent practicable, to comply with Subchapter E, Chapter 7.

(c) Requires the commissioner to consolidate funding from certain currently funded programs and types of services, excluding early childhood care and education programs and accelerated reading or mathematics initiatives under Section 28.006 (Reading Diagnosis), 28.007 (Mathematics Diagnosis), or 28.0211

(Satisfactory Performance on Assessment Instruments Required; Accelerated Instruction).

(d) Authorizes the commissioner to redistribute the funding of programs described under Subsection (c) as necessary to accomplish the purpose of improving the achievement of students at risk of dropping out of school.

(e) Authorizes a school district or open-enrollment charter school that receives an award of funds under this section to use the funds to provide academic and support services to students at risk of dropping out of school, including certain services.

(f) Requires the agency to make available research-based guidance to districts and open-enrollment charter schools to enable successful implementation of the academic and support services described by Subsection (e) that assist students at risk of dropping out of school to succeed in school.

(g) Authorizes a school district or open-enrollment charter school, not later than November 1 of each year, to submit an application for funding for programs or services under this section. Requires the school district or open-enrollment charter school to include certain assessments, plans, and reports. Requires the commissioner to distribute an award of funds in the form of a block grant not later than March 15 of each year.

Sec. 29.093. COST-OUTCOME ANALYSIS. (a) Requires TEA and the LBB to jointly develop a request for proposals for a qualified third party to conduct a comprehensive cost-outcome analysis of federal and state funding for programs targeting students at risk of dropping out of school, as described by Section 29.081, and the impact of those programs on student achievement outcomes. Requires a party, in order to be qualified under this section, to at a minimum have experience in educational program evaluation and statistical analysis of public education data.

(b) Provides that the cost-outcome methodology developed by the contractor under this section is subject to joint review and approval by TEA and the LBB. Sets forth the minimum requirements for the cost-outcome analysis.

(c) Sets forth requirements for TEA and the LBB regarding the timeline for presenting the reports, recommendations, and plans.

(d) Prohibits the commissioner, during the state fiscal biennium beginning September 1, 2005, from retaining an amount not to exceed \$500,000 from the total amount of funds allotted under the Foundation School Program to finance the comprehensive cost-outcome analysis and requires the commissioner to reduce the total amount of state funds allocated to each district from any source in the same manner described for a reduction in allotments under Section 42.253.

(e) Provides that this section expires September 1, 2010.

Sec. 29.094. TEMPORARY PROVISION: COMMISSIONER'S COST-OUTCOME ANALYSIS. (a) Requires the commissioner to adopt a cost-outcome analysis methodology for use in assessing the effectiveness of school districts and open-enrollment charter schools in providing services for students at risk of dropping out of school, as described by Section 29.081. Requires the commissioner to use the adopted methodology until determining that an alternate methodology approved by TEA and the LBB under Section 29.093(b) more accurately portrays the cost-effectiveness of the analyzed services.

(b) Sets forth requirements for the methodology adopted by the commissioner.

(c) Requires the commissioner, based on the cost-outcome analysis methodology, to use the ranking system under Subsection (b)(3) to determine

annually the level at which school districts and open-enrollment charter schools are cost-effective in serving students at risk of dropping out of school.

(d) Requires the commissioner, not later than December 1 of each year, to produce a specific report and make it available to the public.

(e) Provides that this section expires on the earlier of the approval of a cost-outcome methodology by TEA and the LBB under Section 29.093(b) or September 1, 2010.

SECTION 2B.08. Amends Subchapter A, Chapter 44, Education Code, by adding Section 44.011, as follows:

Sec. 44.011. EXPENDITURES FOR DIRECT INSTRUCTIONAL ACTIVITIES. (a) Requires a school district to allocate at least 65 percent of the district's total revenue to fund direct instructional activities in the district.

(a-1) Provides that Subsection (a) applies beginning with the 2009-2010 school year. Requires a school district to allocate certain percentages of the district's total revenue to fund direct instructional activities in the district for the 2006-2007, 2007-2008, and 2008-2009 school years.

(a-2) Provides that Subsection (a-1) and this subsection expire August 1, 2009.

(b) Sets forth expenditures that constitute expenditures for direct instructional activities, and those that do not, for purposes of this section.

(c) Authorizes the commissioner to adopt rules for purposes of this section in a manner consistent with Subsection (b) and Section 44.0071.

SECTION 2B.09. Requires TEA, not later than January 1, 2007, to adopt a five-year plan to renovate the Public Education Information Management System (PEIMS) to provide for efficient and effective information storage and retrieval for the purposes of allocating scarce school resources. Requires the renovation to include a redesign of the records layout.

PART C. ACCOUNTABILITY

SECTION 2C.01. Amends Subchapter A, Chapter 7, Education Code, as follows:

Sec. 7.007. PUBLIC ACCESS TO PEIMS DATA. (a) Requires the commissioner, by rule, to adopt procedures to make available, through the TEA Internet website, all financial information provided by school districts and campuses through the Public Education Information Management System (PEIMS), including campus-level expenditure information.

(b) Requires the commissioner to provide a summarized format for reporting financial information on the TEA Internet website in adopting rules under this section.

SECTION 2C.02. Amends Section 28.006(j), Education Code, to replace the existing reference of Section 39.051(b)(7), with Section 39.051(b)(10).

SECTION 2C.03. Amends Subchapter B, Chapter 28, Education Code, effective September 1, 2006, by adding Section 28.027, as follows:

Sec. 28.027. FUNDING FOR COLLEGE ENTRANCE ASSESSMENTS. (a) Requires TEA to pay for any student who chooses to take, on one occasion, an assessment instrument that is currently accepted by colleges and universities for use in determining admissions. Requires TEA to reduce the amount being paid for a student to take the assessment instrument by the amount of any discount or fee waiver offered by the vendor of the assessment instrument to which the student is entitled. Requires TEA to pay the

fee for the administration of the assessment instrument directly to the vendor of the assessment instrument from specific accounts.

(b) Requires TEA to ensure that vendors are not paid under Subsection (a) for the administration of an assessment instrument to a student to whom the assessment instrument is not actually administered. Authorizes TEA to comply with this subsection by any reasonable means, including by creating a refund system under which a vendor returns any payment made for a student who registered for the administration of an assessment instrument but did not appear for the administration.

(c) Requires TEA to select and approve vendors of the specific assessment instruments for which funding is provided under this section.

(d) Requires TEA to compile the results of any assessment instrument for which funding is provided under this section and make the results available to the public in a manner that does not identify individual students.

SECTION 2C.04. Amends Sections 29.053(b) and (d), Education Code, as follows:

(b) Requires the language proficiency assessment committee established under Section 29.063 (Language Proficiency Assessment Committees) to make its determinations and reports within the first five, rather than four, weeks following the first day of school.

(d) Requires each district that is required to offer bilingual education and special language programs under this section to offer bilingual education in prekindergarten at campuses that offer prekindergarten classes.

SECTION 2C.05. Amends Section 29.056, Education Code, by amending Subsections (a), (d), and (g), and adding Subsections (g-1) and (i), as follows:

(a) Requires a school district to inform a student's parent of a student's exit from the limited English proficiency program. Authorizes the criteria for identification, assessment, and classification to include certain test results.

(d) Requires the language proficiency assessment committee to give written notice of the classification to the student's parent not later than the 20th, rather than the 10th, day after the date of the student's classification as a student of limited English proficiency.

(g) Sets forth circumstances in which a district is authorized to transfer a student of limited English proficiency out of a bilingual education or special language program.

(g-1) Authorizes a school district to transfer a student of limited English proficiency who is eligible for special education services under Subchapter A out of a bilingual education or special language program and into a special education program if the language proficiency assessment committee and the student's admission, review, and dismissal committee agree that the student has a learning disability and would be better served in a special education program. Requires the student's admission, review, and dismissal committee to document that the student has a learning disability that cannot be addressed effectively in a bilingual education or special language program and that the student's learning disability is not due to the student's limited English proficiency. Requires the commissioner, by rule, to adopt criteria for a school district to use in transferring a student under this subsection.

(i) Authorizes a school district, on approval of the student's parent, to allow a student of limited English proficiency who meets the criteria for being transferred out of a bilingual education or special language program to continue participating in the program.

SECTION 2C.06. Amends Subchapter B, Chapter 28, Education Code, by adding Section 29.0561, as follows:

Sec. 29.0561. EVALUATION OF TRANSFERRED STUDENTS; REENROLLMENT.

(a) Requires the language proficiency assessment committee to reevaluate a student who is transferred out of a bilingual education or special language program under Section 29.056(g), if the student earns a failing grade in a subject in the foundation curriculum under Section 28.002(a)(1) during any grading period in the first two school years after the student is transferred to determine whether the student should be reenrolled in a bilingual education or special language program.

(b) Requires the language proficiency assessment committee to review the student's performance and make certain considerations during the first two school years after a student is transferred out of a bilingual education or special language program under Section 29.056(g),.

(c) Authorizes the language proficiency assessment committee to require intensive instruction for the student or reenroll the student in a bilingual education or special language program after an evaluation under this section.

SECTION 2C.07. Amends Subchapter C, Chapter 29, Education Code, by adding Section 29.0822, as follows:

Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a) Authorizes a school district, notwithstanding Section 25.081 (Operation of Schools) or 25.082 (School Day; Pledges of Allegiance; Minutes of Silence), to provide a flexible school day program for students in grades 9 through 12 who have dropped out of school or who are at risk of dropping out of school.

(b) Sets forth the flexibility that a school district is authorized to provide to enable a school district to provide a program under this section that meets the needs of students described by Subsection (a).

(c) Requires a course offered in a program under this section to provide for at least the same number of instructional hours as required for a course offered in a program that meets the required minimum number of instructional days under Section 25.081 and the required length of school day under Section 25.082.

(d) Requires the commissioner to compute average daily attendance for students served under this section for purposes of determining state funding. Authorizes a student to accumulate hours of instruction, in computing average daily attendance for purposes of this section. Provides that funding under this subsection is determined based on the number of instructional days provided in the district calendar and a seven-hour school day. Authorizes hours of attendance under this subsection to be accumulated over the school year, including any summer or vacation sessions, to determine average daily attendance. Requires the attendance of a student who accumulates less than the number of attendance hours required under this subsection to be proportionately reduced for funding purposes. Authorizes the commissioner to set a maximum funding amount for an individual course under this section.

(e) Authorizes the commissioner to adopt rules for the administration of this section.

SECTION 2C.08. Amends Subchapter D, Chapter 29, Education Code, effective September 1, 2006, by adding Section 29.124, as follows:

Sec. 29.124. PERFORMANCE STANDARDS; STATE FUNDING. (a) Requires the commissioner to adopt the performance standards developed by TEA under the pilot project required by Rider 52, page III-17, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act), for assessing the performance in certain subject areas of students in a program for gifted and talented students. Authorizes the commissioner to adopt performance standards for assessing the performance in other subjects or at other grade levels of students in a program for gifted and talented students.

Requires the commissioner to establish the minimum level of student performance necessary to comply with the performance standards and authorizes the commissioner to periodically raise the minimum level as determined necessary.

(b) Provides that a school district is not required to use the performance standards adopted under Subsection (a).

(c) Entitles a school district to \$100 for each student who meets the minimum level of performance on the performance standards adopted under Subsection (a), from funds appropriated for that purpose. Requires a school district to use funds received under this subsection in providing a program for gifted and talented students under this subchapter. Prohibits the amount appropriated for any fiscal year for purposes of this subsection from exceeding \$6 million.

(d) Authorizes the commissioner to adopt rules necessary to administer this section.

(e) Authorizes the commissioner, from the funds appropriated under this section, to designate an amount necessary to fund the agency's administrative costs of implementing this section.

SECTION 2C.09. Amends Subchapter Z, Chapter 29, Education Code, by adding Section 29.913, as follows:

Sec. 29.913. "EDUCATION. GO GET IT" WEEK. (a) Requires each school district and each open-enrollment charter school offering middle school, junior high school, and high school students, to educate those students about the importance of higher education, to designate one week during the school year as "Education. Go Get It" Week.

(b) Requires each middle school, junior high school, and high school, during the designated week, to provide students with comprehensive grade-appropriate information regarding the pursuit of higher education. Sets forth requirements for the information provided.

(c) Requires each middle school, junior high school, and high school, in addition to the information provided under Subsection (b), to provide to the students during the designated week at least one public speaker to promote the importance of higher education.

SECTION 2C.10. Amends Section 37.008, Education Code, by adding Subsection (n), as follows:

(n) Provides that for purposes of accountability under Chapter 39 (Public School System Accountability), a student placed in a disciplinary 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.

SECTION 2C.11. Amends Section 39.022, Education Code, as follows:

(b) Requires the commissioner, by rule, to provide for the administration of assessment instruments under this subchapter.

SECTION 2C.12. Amends Section 39.023, Education Code, by amending Subsections (a)-(e), (i), (j), and (l)-(n), and adding Subsections (a-1) and (b-1), as follows:

(a) Requires all students, except as otherwise provided by this subchapter, to be assessed in certain subject areas.

(a-1) Authorizes an assessment instrument under this section to include questions that test a broader range of knowledge and skills or that are at a higher difficulty level for the purpose of differentiating student achievement. Prohibits a student from being required

to answer a question described by this subsection correctly to perform satisfactorily on the assessment instrument or to be promoted to the next grade level. Provides that to ensure a valid bank of questions for use each year, TEA is not required to release a question that is developed for purposes of this subsection until after the fifth school year the question is used on an assessment instrument administered under this section.

(b) Requires TEA to develop or adopt appropriate criterion-referenced assessment instruments to be administered to each student in a special education program under Subchapter A, Chapter, 29, who receives modified instruction in the essential knowledge skills identified under Section 28.002 for the assessed subject but for whom an assessment instrument adopted under Subsection (a), even with allowable accommodations, rather than modifications, would not provide an appropriate measure of student achievement. Requires assessment instruments required under this subsection to assess essential knowledge and skills in certain subjects and any other subject required by deferral law. Requires a student's admission, review, and dismissal committee to determine whether any allowable accommodation, rather than modification, is necessary in administering to the student an assessment instrument required under this subsection or whether an alternate assessment instrument is required to be used to measure alternate academic achievement standards. Requires a student's admission, review, and dismissal committee to determine the high school graduation assessment requirements for a student in a special education program under Subchapter A, Chapter 29, and authorizes the use local alternative assessment instruments if multiple testing opportunities are not available for a student. Requires the commissioner to adopt rules to implement this subsection.

(b-1) Requires TEA to adopt or develop appropriate criterion-referenced instruments as required by federal law designed to measure alternate academic achievement standards for students in a special education program under Subchapter A, Chapter 29, with the most significant cognitive disabilities.

(c) Deletes existing text relating to required committee determinations based a on a student participating in a special education program and requiring SBOE to administer the assessment instruments and adopting a schedule for administration.

(d) Makes conforming and nonsubstantive changes.

(e) Requires TEA, under rules adopted by SBOE, to release the questions and answer keys to each assessment instrument administered under Section 39.027 on or after August 1 after the second anniversary of the date the instrument was administered.

(i) Requires each assessment instrument adopted or developed under this section to be reliable and valid and to meet any applicable federal requirements for measurement of student progress.

(j) Makes conforming changes.

(l) Requires TEA, rather than SBOE, to adopt or develop a Spanish version of the assessment instruments adopted under Subsection (a) for students in certain grade levels who are of limited English proficiency. Makes conforming changes.

(m) Requires the commissioner, by rule, to develop procedures under which the language proficiency assessment committee established under Section 29.063 to determine which students in grades three through 10 are exempt from the administration of the assessment instruments under Section 39.027, rather than 39.027(a)(3) and (4). Requires the commissioner as necessary to comply with federal requirements, by rule, to develop procedures under which a student who is exempt from the administration of an assessment instrument under Section 39.027 is administered a linguistically accommodated assessment instrument.

(n) Provides that this subsection applies only to a student who is determined to have dyslexia or a related disorder and who is an individual with a disability under 29 U.S.C. Section 705(20). Requires TEA to adopt or develop appropriate assessment

administration procedures, including accommodations for a student to whom this subsection applies. Requires the committee established by the board of trustees of the district to determine the placement of students with dyslexia or related disorders to determine whether the allowable accommodations are necessary in administering to a student an assessment instrument required under this section.

SECTION 2C.13. Amends Sections 39.024(a) and (c), Education Code, as follows:

(a) Requires SBOE to determine the level of performance considered to be satisfactory on the assessment instruments administered under Section 39.023, except as otherwise provided by this subsection. Requires the commissioner, by rule, to determine the level of performance considered to be satisfactory on the assessment instruments administered under Section 39.023(b) or (b-1) in accordance with applicable federal requirements.

(c) Makes conforming and nonsubstantive changes.

SECTION 2C.14. Amends Section 39.025(a), Education Code, to make a conforming change.

SECTION 2C.15. Amends Subchapter B, Chapter 39, Education Code, effective September 1, 2006, by adding Section 39.0261, as follows:

Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) Authorizes a school district, in addition to the assessment instruments otherwise authorized or required by this subchapter, to administer to students in any grade an established, valid, reliable, and nationally normed college preparation assessment instrument.

(b) Sets forth requirements for TEA regarding selecting an appropriate assessment.

(c) Authorizes TEA to pay only for the administration of the assessment instrument at two different grade levels in each district each year.

(d) Requires a vendor that administers an assessment instrument for a district under this section to report the results of the assessment instrument to TEA.

SECTION 2C.16. Amends Sections 39.027(a), (e), and (g), Education Code, as follows:

(a) Authorizes a student in grades three through 10 to be exempted from the administration of an assessment instrument under certain sections. Deletes existing text of Subdivisions (1) and (2).

(e) Requires the commissioner, as provided by applicable federal requirements, to develop an assessment system that shall be used for evaluating the academic progress toward attaining academic language proficiency in English, including reading proficiency in English, of all students of limited English proficiency, as defined by Section 29.052. Provides that a student who has demonstrated the designated level of reading proficiency in English as determined by the assessment system developed under this subsection is not eligible for an exemption under Subsection (a)(1) or (2).

(g) Defines "recent unschooled immigrant."

SECTION 2C.17. Amends Subchapter B, Chapter 39, Education Code, by adding Sections 39.034 and 39.035, as follows:

Sec. 39.034. MEASURE OF INDIVIDUAL STUDENT GROWTH ON ASSESSMENT INSTRUMENTS. (a) Requires the commissioner to determine a method by which TEA may measure individual student growth in achievement from one school year to the next on an assessment instrument required under this subchapter.

(b) Requires TEA to report to each school district the comparisons made under Subsection (a). Requires each school district to provide the comparisons to each teacher for specific students.

(c) Requires the school a student attends to provide a record of the comparison made under this section and provided to the school under Subsection (b) in a written notice to the student's parents.

(d) Requires TEA, to the extent practicable, to combine the report of the comparisons required under this section with the report of the student's performance on assessment instruments administered under Section 39.023.

(e) Requires the commissioner to implement this section not later than September 1, 2006. Provides that this subsection expires January 1, 2008.

Sec. 39.035. CRIMINAL PENALTY RELATED TO ADMINISTRATION OF ASSESSMENT INSTRUMENT. (a) Provides that an administrator, teacher, other employee, contractor, or volunteer of a school district or public charter district commits an offense if, for the primary purpose of influencing the results of an assessment instrument administered under this subchapter, the person intentionally engages in certain conduct.

(b) Provides that an offense under this section is a Class A misdemeanor.

(c) Provides that an offense under Subsection (a)(4) is in addition to any offense under Section 37.10(c)(2), Penal Code, arising from the same action.

SECTION 2C.18. Reenacts and amends Section 39.051(b), Education Code, as amended by Chapter 433 and 805, Acts of the 78th Legislature, Regular Session, 2003, as follows:

(b) Sets forth requirements for the indicators and requires the indicators to be based on information that is disaggregated by race, ethnicity, gender, and socioeconomic status.

SECTION 2C.19. Amends Section 39.052(b), Education Code, to require the report card to include specific information.

SECTION 2C.20. Amends Section 39.053(a), Education Code, to require the annual report to include specific information including evidence that the district currently holds International Organization for Standardization ISO 9000 certification for quality management standards or a statement that the district does not hold that certification.

SECTION 2C.21. Amends Section 39.055, Education Code, as follows:

Sec. 39.055. New heading: AUDIT OF DROPOUT RECORDS; REPORT. (a) Requires the system to be designate to identify districts that are at high risk of having accurate dropout records and that, as a result, may be subject to a special accreditation investigation under Section 39.075. Deletes existing text relating to electronic audits of dropout records and the timeline for a response from the school district.

(b) Redesignates existing text from Subsection (e). Requires the commissioner to notify the superintendent, rather than the board of trustees, of a school district of any objection the commissioner has to the district's dropout data, any violation of sound accounting practices or of a law or rule revealed by the data, or any recommendation by the commissioner concerning the data.

SECTION 2C.22. Amends Sections 39.071 and 39.072, Education Code, as follows:

Sec. 39.071. ACCREDITATION. (a) Provides that accreditation of a school district is determined in accordance with this section.

(b) Requires the commissioner to determine the accreditation status of each school district each year. Sets forth requirements for the commissioner in determining accreditation status.

(c) Sets forth requirements for the commissioner regarding accreditation decisions, based on a school district's performance under Subsection (b).

(d) Requires the commissioner to notify a school district that receives an accreditation status of accredited-warned or accredited-probation that the performance of the district is below a standard required under this section. Requires the commissioner to require the district to notify the parents of students enrolled in the district and property owners in the district of the district's accreditation status and the implications of that accreditation status.

(e) Prohibits a school district that is not accredited from receiving funds from TEA or hold itself out as operating a public school of this state.

(f) Prohibits this chapter from being construed to invalidate a diploma awarded, course credit earned, or grade promotion granted by a school district before the commissioner revoked the district's accreditation.

Sec. 39.072. New heading: ACADEMIC ACCOUNTABILITY SYSTEM. (a) Requires the commissioner, rather than SBOE, to adopt rules for assigning to each school district and campus a specific performance rating.

(b) Requires the academic excellence indicators adopted under Section 39.051(b) to be the main considerations of TEA in the rating of a school district or campus under this section. Deletes existing text relating to addition criteria to be considered.

(c) Requires TEA to evaluate and, not later than August 1 of each year, report the performance of each school district and campus. Deletes existing text relating to district effectiveness and campus performance.

(d) Requires TEA to annually review the performance of each school district and campus and determine if a change in the academic performance rating of the district or campus is warranted. Requires the commissioner, notwithstanding any other provision of this code, to determine how the indicators adopted under Section 39.051(b) may be used to determine academic performance ratings and to select districts and campuses for acknowledgment.

(e) Requires each annual review to include an analysis of the indicators under Section 39.051(b) to determine district and campus performance in relation to certain standards.

(f) Authorizes the academic performance rating of a school district to be raised or lowered based on the district's performance or to be lowered based on the unacceptable performance of one or more campuses in the district. Authorizes the academic performance rating of a school district to also be lowered based on a determination that data provided to the agency by the district that is necessary for conducting an annual review under this section is unreliable.

(g) Requires the commissioner to notify a school district if the performance of the district or a campus in the district is below a standard required under this section. Requires the commissioner to require the school district to notify the parents of students who are enrolled in the district and property owners in the district of the academic performance rating and the implications of that rating.

(h) Provides that notwithstanding any other provision of this code, for purposes of determining the performance of a school district or open-enrollment charter school under this chapter, including the academic performance rating of the

district or school, a student attending a campus that is a facility operated by or under contract with the Texas Youth Commission, a pre-adjudication secure detention facility or a post-adjudication secure correctional facility that is registered with the Texas Juvenile Probation Commission, or a residential facility is not considered to be a student of the school district or open-enrollment charter school serving the student. Requires the performance of a student who attends such a campus on an assessment instrument or other academic excellence indicator adopted under Section 39.051 to be determined and reported, but is prohibited from being used to determine the rating of the school district or open-enrollment charter school unless the campus is the only campus operated by the district or school.

SECTION 2C.23. Amends Subchapter D, Chapter 39, Education Code, by adding Section 39.0722, as follows:

Sec. 39.0722. MEASURE OF POSTSECONDARY PREPARATION. (a) Requires the commissioner, in addition to school district performance ratings under Section 39.072 (Accreditation Standards), to annually rate districts according to the degree to which the districts prepare students for postsecondary success, including student performance on the applicable indicators under Sections 39.051(b) and 39.0721 (Gold Performance Rating Program). Requires the commissioner to consult with the P-16 Council established under Section 61.077 (P-16 Council) when adopting criteria under this section.

(b) Authorizes the commissioner to adopt rules as necessary to administer this section.

SECTION 2C.24. Amends Section 39.073(e), Education Code, to require TEA to consider the district's current certification status under the International Organization for Standardization ISO 9000 series quality management program certification as described by Section 7.033, in determining a district's accreditation rating.

SECTION 2C.25. Amends Section 39.075(a), Education Code, to authorize, rather than require, the commissioner to authorize special accreditation investigations to be conducted under certain circumstances.

SECTION 2C.26. Reenacts and amends Section 39.075(c), Education Code, as amended by Chapter 396 and 931, Acts of the 77th Legislature, Regular Session, 1999, as follows:

(c) Authorizes the commissioner to raise or lower the district's accreditation status based on the results of a special accreditation investigation.

SECTION 2C.27. Amends Section 39.076, Education Code, by amending Subsections (a) and adding Subsections (a-1), (a-2), (a-3), and (c), as follows:

(a) Requires TEA to adopt written procedure for conducting investigations under this subchapter.

(a-1) Authorizes an investigation conducted under this subchapter to be an on-site, desk, or data-based investigation as determined by the commissioner.

(a-2) Authorizes the investigators, if conducting an on-site investigation, to obtain information from administrators, teachers, or parents of students enrolled in the school district. Requires the commissioner to adopt rules for obtaining certain information.

(a-3) Authorizes TEA to give written notice of any impending on-site investigation to the superintendent and the board of trustees of a school district.

(c) Requires the investigators conducting an on-site investigation to report the results of the investigation orally and in writing to the board of trustees of the district and, as

appropriate, to campus administrators, and to make recommendations concerning any necessary improvements or sources of aid, such as regional education service centers.

SECTION 2C.28. Amends Subchapter D, Chapter 39, Education Code, by adding Sections 39.077 and 39.078, as follows:

Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) Requires a school district or open-enrollment charter school that wishes to challenge a decision to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating to petition for an informal review as provided by Section 7.0571.

(b) Provides that a final decision by the commissioner to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating following a review under Section 7.0571 is final and may not be appealed.

Sec. 39.078. RULES. (a) Authorizes the commissioner to adopt rules as necessary to administer this subchapter.

(b) Requires any rule adopted under Subsection (a), unless a provision of this code clearly specifies otherwise, to apply accreditation requirements and academic performance ratings under this subchapter to certain schools.

SECTION 2C.29. Amends Subchapter F, Chapter 39, Education Code, by adding Section 39.113, as follows:

Sec. 39.113. STATE INCENTIVE PROGRAM FOR IMPROVING STUDENT PERFORMANCE ON AT-RISK CAMPUSES. (a) Requires the commissioner to adopt rules to create an incentive award system for annual growth in student achievement. Provides that a school that achieves incremental growth in student achievement, as described by Subsection (b), is eligible for an award if the school meets certain criteria.

(b) Requires the commissioner by rule to adopt performance criteria to measure annual growth in student academic performance. Requires the commissioner to consider certain criteria, as applicable.

(c) Requires the commissioner to award grants to campuses that meet performance criteria adopted under Subsection (b) from funds appropriated for the purposes of this section. Requires the commissioner to allocate awards to campuses not later than December 1 of each year, based on growth in student achievement as measured for the preceding two school years.

(c-1) Requires the commissioner to award grants under this section beginning September 1, 2006. Provides that this subsection expires January 1, 2007.

(d) Requires at least 75 percent of an award under this section to be used for additional teacher compensation at the campus level. Requires the commissioner by rule to provide for allocating awards under this subsection, including providing individual awards of at least \$3,000 for each teacher at a campus receiving an award under this subsection.

(e) Prohibits grants from funds appropriated for the award program from exceeding \$50 million each year except as expressly authorized by the General Appropriations Act or other law.

(f) Provides that a determination of the commissioner under this section is final and prohibited from being appealed.

(g) Requires the commissioner to annually evaluate the effectiveness of the state incentive program for improving student performance on at-risk campuses established under this section. Requires the evaluation to consider certain information.

SECTION 2C.30. Amends Section 39.131, Education Code, to require the commissioner, if a school district does not satisfy the accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standard as determined by commissioner rule, to take certain actions to the extent the commissioner determines necessary. Makes conforming changes.

SECTION 2C.31. Amends Section 39.132, Education Code, as follows:

Sec. 39.132. New heading: SANCTIONS FOR ACADEMICALLY UNACCEPTABLE CAMPUSES. (a) Provides that if a campus performance is below any standard under Section 39.072, the campus is considered an academically unacceptable, rather than a low-performing, campus. Authorizes the commissioner to permit the campus to participate in an innovative redesign of the campus to improve campus performance or requires, rather than authorizes, the campus to take certain actions to the extent the commissioner determines necessary. Makes conforming changes.

(a-1) Requires the commissioner, notwithstanding Subsection (a), if a campus has been identified as academically unacceptable under this section or the campus is rated academically acceptable for the current school year but would be rated as academically unacceptable if performance standards to be used for the following school year were applied to the current school year, to select and assign a technical assistance team to assist the campus in executing a school improvement plan and any other school improvement strategies the commissioner determines appropriate. Requires the commissioner to select and assign the technical assistance team by a certain date.

(a-2) Requires a technical intervention team assigned under Subsection (a-1) to a campus that is academically unacceptable to conduct a comprehensive on-site evaluation of the campus to determine the cause for the campus's low performance and lack of progress. Requires the team to have wide latitude to determine what factors to assess and how to do the assessment. Sets forth certain factors to be considered.

(a-3) Provides that upon completion of the evaluation the intervention team will recommend actions, including any necessary reallocation of resources and/or additional funds taken from funds to be set aside by TEA to assist campuses in meeting the standards specified in the intervention plan, technical assistance, changes in school procedures or operations, staff development for instructional and administrative staff, intervention for individual administrators or teachers, waivers from state statute or rule, or other actions the team considers appropriate.

(a-4) Authorizes the commissioner to determine when a technical assistance team's services are no longer needed at a campus under this section. Requires the commissioner, if a campus is considered an academically unacceptable campus under Subsection (a) for the subsequent school year after the campus is reconstituted under this subsection, to pursue alternative management under Section 39.1321.

(b) Requires the commissioner, notwithstanding Subsection (a), if a campus has been identified as academically unacceptable for three consecutive school years, including the current school year, to order the reconstitution, rather than the closure of the district or charter program on the campus or reconstitution, of the campus and assign a special campus intervention team. Requires a special campus intervention team to assist the campus in performing certain function in reconstituting the campus. Makes conforming changes.

(c) Requires the special campus intervention team to decide, rather than be assembled for the purpose of deciding, which educators may be retained at the campus. Prohibits a principal who has been employed by the campus in that capacity during the two-year period described by Subsection (b) from being

retained at that campus. Authorizes a teacher of a subject assessed by an assessment instrument under Section 39.023 to be retained only if the special campus intervention team determines that a pattern exists of significant academic growth by students taught by the teacher.

(d) Requires the special campus intervention team, in developing and executing a school improvement plan under Subsection (b), to provide assistance in a certain manner to the campus.

(e) Sets forth certain provisions applicable to a special campus intervention team assembled under Subsection (b).

(f) Authorizes the commissioner, notwithstanding any other provision of this subchapter, if the commissioner determines that an intervention under Subsection (b) or Section 39.1321 cannot reasonably be expected to achieve timely improvement at a campus that has been identified as academically unacceptable for three consecutive school years, including the current school year, to order the closure of the campus.

(g) Requires the commissioner, for the 2005-2006 school year, to assign a technical assistance team to a campus under Subsection (a-1) on the basis of academic performance ratings for the 2004-2005 school year. Authorizes the commissioner to impose a sanction on a campus under Subsection (b) or (f) on the basis of academic performance ratings for the 2003-2004 and 2004-2005 school years. Provides that this subsection expires September 1, 2007.

(h) Requires the commissioner, if a campus is considered an academically unacceptable campus under Subsection (a) for the subsequent school year after the campus is reconstituted under Subsection (b), to pursue alternative management under Section 39.1321.

SECTION 2C.32. Amends Subchapter G, Chapter 39, Education Code, by adding Sections 39.1321 and 39.1322, as follows:

Sec. 39.1321. MANAGEMENT OF CERTAIN ACADEMICALLY UNACCEPTABLE CAMPUSES. (a) Provides that, except as provided by Section 39.132(f), a campus is subject to this section if the campus has been identified as academically unacceptable under Section 39.132(a) for the subsequent school year after the campus is reconstituted under Section 39.132(a-4) or (b).

(b) Requires the commissioner to solicit proposals from qualified entities to assume management of a campus subject to this subsection.

(c) Authorizes the commissioner to take certain actions if the commissioner determines that the basis for identifying a campus as academically unacceptable is limited to a specific condition that may be remedied with targeted technical assistance.

(d) Authorizes the commissioner to annually solicit proposals under this section for the management of a campus subject to this section. Requires the commissioner to notify a qualified entity that has been approved as a provider under this section. Requires the district to execute a contract with an approved provider and relinquish control of the campus before January 1 of the school year.

(e) Requires an entity, to qualify for consideration as a managing entity under this section, to submit a proposal that provides information relating to the entity's management and leadership team that will participate in management of the campus under consideration, including information relating to individuals that have certain qualifications.

(e-1) Requires the commissioner to give preference to certain entities in selecting a managing entity under this section.

(f) Authorizes the school district to negotiate the term of a management contract for not more than five years with an option to renew the contract. Requires the management contract to include a provision describing the district's responsibilities in supporting the operation of the campus. Requires the commissioner to approve the contract before the contract is executed and, as appropriate, to require the district, as a term of the contract, to support the campus in the same manner as the district was required to support the campus before the execution of the management contract.

(g) Requires a management contract under this section to include provisions approved by the commissioner that require the managing entity to demonstrate improvement in campus performance, including negotiated performance measures. Requires the performance measures to be consistent with the priorities of this chapter. Requires the commissioner to evaluate a managing entity's performance on the first and second anniversaries of the date of the management contract. Authorizes the district, if the evaluation fails to demonstrate improvement as negotiated under the contract by the first anniversary of the date of the management contract, to terminate the management contract, with the commissioner's consent, for nonperformance or breach of contract and select another provider from an approved list provided by the commissioner. Requires the district, if the evaluation fails to demonstrate significant improvement, as determined by the commissioner, by the second anniversary of the date of the management contract, to terminate the management contract and select another provider from an approved list provided by the commissioner or resume operation of the campus if approved by the commissioner. Requires the commissioner to assign a technical team to assist the campus if the commissioner approves the district's operation of the campus.

(h) Requires the funding for a campus operated by a managing entity, notwithstanding any other provision of this code, to be equivalent to the funding of the other campuses in the district on a per student basis so that the managing entity receives the same funding the campus would otherwise have received.

(i) Provides that each campus operated by a managing entity under this section is subject to this chapter in the same manner as any other campus in the district.

(j) Authorizes the commissioner to adopt rules necessary to implement this section.

(k) Sets forth certain provisions with respect to the management of a campus under this section.

Sec. 39.1322. REVIEW OF SANCTIONS FOR CAMPUSES SERVING RESIDENTIAL FACILITIES. (a) Authorizes a school district or public charter district to petition the commissioner to review an academically unacceptable rating assigned to a campus if the campus predominantly served students residing in a residential facility during the rating period.

(b) Authorizes the commissioner, if the commissioner determines that the basis for identifying the campus as academically unacceptable was limited to a condition that was not related to the educational purpose of the residential facility, to take certain actions as the commissioner determines appropriate.

(c) Authorizes the commissioner to consider a factor other than a factor used to assign a rating in evaluating a campus under this section. Authorizes the commissioner to assign a special campus intervention team under Section 39.132(a)(5) at the expense of the school district or public charter district as

provided by Section 39.134 to develop a long-term intervention plan to improve services for students.

(d) Authorizes the commissioner, on a determination that a campus subject to this section is appropriately meeting the educational needs of its students, to waive revocation of a public charter district under Section 11A.107(b) for a period not to exceed two years. Authorizes a waiver under this subsection to be extended for additional two-year periods based on subsequent evaluations of the campus.

(e) Provides that this section does not limit the commissioner's ability to sanction a public charter district for the performance of a campus subject to this section under Section 11A.107(a) or any other law.

(f) Provides that a decision by the commissioner under this section is final and prohibited from being appealed.

SECTION 2C.33. Amends Section 39.133, Education Code, as follows:

Sec. 39.133. ANNUAL REVIEW. (a) Creates this subsection from existing text. Requires the commissioner to review annually the performance of a district or campus subject to a sanction under this subchapter to determine the appropriate actions to be implemented under this subchapter. Requires the determination to take into account the number, severity, and duration of the problems identified. Deletes existing text relating to certain duties of the commissioner.

(b) Requires the commissioner to review at least annually the performance of a school district for which the academic performance rating has been lowered due to unacceptable student performance and prohibits the commissioner from raising the rating until the district has demonstrated improved student performance.

SECTION 2C.34. Amends Subchapter G, Chapter 39, Education Code, by adding Sections 39.1331, 39.1332, and 39.1333, as follows:

Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. Authorizes the commissioner, in addition to other sanctions authorized under Sections 39.131 and 39.132, to order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. Authorizes the commissioner's order to require the district or campus to take certain actions.

Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a) Authorizes the commissioner to revoke the accreditation of a school district and order the closure of the district or a campus, as appropriate, under certain circumstances.

(b) Requires the commissioner to issue an order of closure under this section that includes provisions necessary for the continuation of the education of students enrolled in the district or campus, including annexation to one or more adjoining districts as provided by Section 13.054. Authorizes an order to serve certain functions.

(c) Provides that a person who intentionally destroys, conceals, or tampers with a record that is required to be preserved, transferred, or surrendered under Subsection (b)(4) commits an offense punishable under Section 37.10(c)(2), Penal Code.

(d) Authorizes a board of managers exercising authority under Subsection (b)(2) to exercise the authority of the board trustees with regard to financial management of the district and personnel actions. Provides that the board of managers is not required to be composed of residents of the district.

(e) Provides that an open-enrollment charter school ordered closed under this section is not entitled to a separate hearing concerning the revocation or nonrenewal of the charter under Section 12.116.

Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) Provides that a school district or open-enrollment charter school that wishes to challenge a decision to impose a sanction under this subchapter, including a decision to close a district, school, or campus under Section 39.1332, must petition for an informal review as provided by Section 7.0571.

(b) Provides that a final decision by the commissioner to impose a sanction under this subchapter, including a decision to close a school district or a campus under Section 39.1332, following a review under Section 7.0571 is final and prohibited from being appealed.

(c) Prohibits the school district from collaterally contesting an academic performance rating or other accreditation standard as part of the review of a sanction under this subchapter if a review opportunity has already been provided for the academic performance rating.

SECTION 2C.35. Amends Section 39.134, Education Code, to require the costs of providing a monitor, conservator, management team, special campus intervention team, technical assistance team, managing entity under Section 39.1321, or service provider under Section 39.1331 to be paid by the district.

SECTION 2C.36. Amends Subchapter G, Chapter 39, Education Code, by adding Section 39.1371, as follows:

Sec. 39.1371. INTERVENTION OPERATIONS. (a) Provides that TEA is responsible for managing an intervention of a campus subject to sanctions under this subchapter.

(b) Requires TEA to take certain actions relating to the maintenance of certain management entities.

(c) Requires TEA to take certain actions relating to the improvement of public education.

(d) Authorizes the commissioner to contract for services under this section.

SECTION 2C.37. Amends Section 39.182(a), Education Code, to require TEA to submit to certain entities a comprehensive report covering the preceding school year and containing certain information. Makes conforming changes.

SECTION 2C.38. Amends Section 39.202(a), Education Code, to require the commissioner, in consultation with the comptroller, to develop and implement a financial accountability rating system for school districts in this state that distinguishes among districts' varying levels of financial performance.

SECTION 2C.39. Amends Section 39.182, Education Code, by adding Subsections (b-1) and (b-2), as follows:

(b-1) Requires the report to include an assessment of the impact of the performance-based grant system developed under Subsection E, Chapter 7, on student academic performance, including certain information.

(b-2) Provides that Subsection (b-1) applies beginning January 1, 2009. Provides that this subsection expires February 1, 2009.

SECTION 2C.40. Amends Subchapter I, Chapter 39, Education Code, by adding Section 39.205, as follows:

Sec. 39.205. REPORT TO LEGISLATURE. (a) Requires TEA, not later than September 1, 2006, to submit a report to the legislature on the status of the financial accountability system that recommends to the legislature methods for linking school district financial management performance and academic performance.

(b) Provides that this section expires September 2, 2006.

SECTION 2C.41. Amends Subchapter A, Chapter 44, Education Code, by adding Section 44.0073, as follows:

Sec. 44.0073. INSTRUCTIONAL COSTS. (a) Defines "direct instructional costs" and "indirect instructional costs."

(b) Requires TEA, for purposes of school district financial accountability, to identify each district's direct and indirect instructional costs for the preceding fiscal year and make that information available to the public on TEA'S Internet website.

PART D. INSTRUCTIONAL MATERIALS

SECTION 2D.01. Amends Section 7.055(b)(28), Education Code, to make a conforming change.

SECTION 2D.02. Amends Section 7.056(f), Education Code, to make conforming changes.

SECTION 2D.03. Amends Section 7.102(c)(23), Education Code, to make a conforming change.

SECTION 2D.04. Amends Sections 7.108(a) and (c), Education Code, as follows:

(a) Makes conforming changes.

(c) Defines "instructional material" and "publisher." Deletes the definition of "textbook."

SECTION 2D.05. Amends the heading to Section 7.112, Education Code, to read as follows:

Sec. 7.112. REPRESENTATION OF PUBLISHER OF INSTRUCTIONAL MATERIALS BY FORMER MEMBER OF BOARD.

SECTION 2D.06. Amends Section 7.112(a), Education Code, to make conforming changes.

SECTION 2D.07. Amends Section 7.112(c)(2), Education Code, to define "instructional material" and "publisher."

SECTION 2D.08. Amends Section 11.158(b), Education Code, to make conforming changes.

SECTION 2D.09. Amends Section 11.164(a), Education Code, to make a conforming change.

SECTION 2D.10. Amends Section 19.007(e), Education Code, to make a conforming change.

SECTION 2D.11. Amends Sections 26.006(a) and (c), Education Code, to make conforming changes.

SECTION 2D.12. Amends Sections 28.002(c) and (h), Education Code, to make conforming changes.

SECTION 2D.13. Amends the heading to Chapter 31, Education Code, to read as follows:

CHAPTER 31. INSTRUCTIONAL MATERIALS

SECTION 2D.14. Amends Section 31.001, Education Code, to make conforming changes.

SECTION 2D.15. Amends Section 31.002, Education Code, to define "instructional material" and "state-adopted" and redefine "publisher" and "technological equipment." Deletes definition of "textbook."

SECTION 2D.16. Amends Section 31.003, Education Code, to make a conforming change.

SECTION 2D.17. Amends Subchapter B, Chapter 31, Education Code, by amending Sections 31.021-331.024 and 31.026-31.030 and adding Sections 31.0211, 31.0212, 31.0221, 31.031, and 31.032, as follows:

Sec. 31.021. New heading: STATE INSTRUCTIONAL MATERIALS FUND. (a) Sets forth the composition of the state instructional materials fund. Makes a conforming change.

(b) Requires the State Board of Education (board) to annually set aside out of the available school fund of the state an amount sufficient for the instructional materials allotment to provide school districts and open-enrollment charter schools with the funds required to purchase and distribute the necessary state-adopted instructional materials 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 instructional materials fund based on the amount of the allotment under Section 31.0211 and on reports of maximum attendance and anticipated enrollment growth submitted under Section 31.103. Deletes existing text relating determining the amount described by this subsection. Makes conforming changes.

(d) Makes a conforming change. Deletes existing Subsection (e) relating to expenses under this chapter being paid for by the state textbook fund.

Sec. 31.0211. INSTRUCTIONAL MATERIALS ALLOTMENT. (a) Entitles a school district, for the maximum attendance and anticipated enrollment growth reported under Section 31.103 in a school year, to an annual allotment of \$70 for each student or a greater amount provided by appropriation, to be paid from the state instructional materials fund. Authorizes the commissioner to determine for each district the amount of anticipated enrollment growth for which an allotment is provided under this subsection.

(b) Authorizes funds allotted under this section to be used only to purchase certain instructional materials.

(c) Provides that this subsection applies beginning with the 2007-2008 school year. Provides that this subsection expires September 1, 2008.

Sec. 31.0212. INSTRUCTIONAL MATERIALS ALLOTMENT FOR JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAMS. (a) Entitles a juvenile justice alternative education program operating under Section 37.011, notwithstanding any other provision of this chapter, to receive an instructional materials allotment under Section 31.0211 to be used in purchasing state-adopted instructional materials as if the program were a school district or open-enrollment charter school.

(b) Requires the board, in coordination with the Texas Juvenile Probation Commission, to adopt rules as necessary to administer this section.

(c) Provides that, notwithstanding Section 31.0211(c), a juvenile justice alternative education program operating under Section 37.011 is entitled to the annual allotment described by Section 31.0211(a) beginning with the 2005-2006 school year. Provides that this subsection expires September 1, 2008.

Sec. 31.022. New heading: INSTRUCTIONAL MATERIALS REVIEW AND ADOPTION CYCLE. (a) Makes a conforming change.

(b) Makes conforming changes.

(c) Requires the board to adopt rules to provide for a full and complete investigation of instructional materials for each subject in the enrichment curriculum on a cycle the board considers appropriate, but not less than every eight years. Makes a conforming change.

(d) Makes conforming changes.

(e) Requires the board to take certain actions in organizing the cycle for review and adoption of instructional materials.

(f) Requires the board by rule, in addition to organizing a review and adoption cycle, to allow an instructional material to be submitted, reviewed, and adopted at a time when the subject or grade level is not scheduled in the cycle to be considered for at least two years, in conformance with the procedures for adoption of other state-adopted instructional materials. Requires the board to place each instructional material submitted under this subsection and adopted under Section 31.024 on an applicable list under Section 31.023.

Sec. 31.0221. CORRECTION OF FACTUAL ERRORS. (a) Requires the board to take certain actions to promote efficiency in the correction of factual errors during the instructional materials review and adoption process.

(b) Requires the publisher of instructional materials proposed for adoption in this state, during the instructional material review and adoption process, to promptly correct any factual errors discovered in the instructional materials. Provides that, for purposes of this section, a factual error includes an objectively verifiable mistake, including an incorrect reference to a date, place, or person, an incorrect computational process or result, or similar incorrect provisions. Provides that a factual error does not include a difference in professional opinion, conclusion, emphasis, or perspective expressed in instructional materials.

(c) Authorizes the board, if the board determines that an instructional material proposed for adoption may contain a factual error, to appoint a panel of experts and scholars to evaluate the material for any factual error.

(d) Requires the board to adopt rules authorizing the imposition of an administrative penalty in the manner provided by Section 31.151 against a publisher who knowingly violates Subsection (b). Requires the board, in setting the amount of any penalty to be imposed under this subsection, to consider the stage of the instructional materials review and adoption process at which the violation occurs and set progressively higher penalties for violations that occur later in the process.

Sec. 31.023. New heading: LISTS OF STATE-ADOPTED INSTRUCTIONAL MATERIALS. Makes conforming changes.

Sec. 31.024. ADOPTION BY STATE BOARD OF EDUCATION. Makes conforming changes.

Sec. 31.026. CONTRACT; PRICE. (a) Requires the commissioner, with the assistance of the Department of Information Resources, the board, and the office of the attorney general, to develop model contracts that may be used by school districts and open-enrollment charter schools for the purchase or licensing of instructional materials under this chapter. Makes a conforming change.

(b) Requires a contract to require the publisher to provide all of the instructional materials required by school districts in this state for the term of the contract. Deletes existing text relating to the contract's coinciding with the board's adoption cycle. Makes a conforming change.

(c) Authorizes the price to decrease if the lowest price paid by another state or another school or school district decreases during the term of the contract. Makes a conforming change.

Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; SAMPLE COPIES. (a) Makes conforming changes.

(b) Requires a publisher to provide at least two sample copies of each state-adopted instructional material to be maintained for at least two years at each regional education service center or an alternate location designated by the applicable service center. Makes a conforming change.

Sec. 31.028. New heading: SPECIAL INSTRUCTIONAL MATERIALS. (a) Makes conforming and nonsubstantive changes.

(b) Makes conforming changes.

(c) Makes a conforming change.

(c-1) Requires the board to require electronic instructional materials included on the conforming list and nonconforming list under Section 31.023 to comply with the standards established under Section 508, Rehabilitation Act of 1973 (29 U.S.C. Section 794d), if the materials are for use by students enrolled in certain schools.

(d) Redefines "blind or visually impaired student" and "special instructional materials."

Sec. 31.029. New heading: BILINGUAL INSTRUCTIONAL MATERIALS. Requires the board to adopt instructional materials for use in bilingual education classes. Makes a conforming change.

Sec. 31.030. New heading: USED INSTRUCTIONAL MATERIALS. Makes conforming changes.

Sec. 31.031. SUBSCRIPTION-BASED ELECTRONIC INSTRUCTIONAL MATERIALS. Authorizes the publisher of a state-adopted electronic instructional material to offer the material to school districts and open-enrollment charter schools on a subscription basis.

Sec. 31.032. UPDATES. Authorizes the publisher of a state-adopted instructional material to update the instructional material, and a school district or open-enrollment charter school to purchase the update. Requires the board by rule to provide for an expedited review process to determine the extent to which updated instructional material aligns with the essential knowledge and skills and does not contain factual errors.

SECTION 2D.18. Amends Section 31.101, Education Code, as follows:

Sec. 31.101. New heading: SELECTION AND PURCHASE OF INSTRUCTIONAL MATERIALS BY SCHOOL DISTRICT. (a) Requires the board of trustees of each school district and the governing body of each open-enrollment charter school, each year, during any period established by the board, to take certain actions relating to instructional materials. Makes conforming changes.

(b) Requires the board of trustees of each school district or the governing body of each open-enrollment charter school to use the instructional materials allotment to purchase instructional materials selected by the board of trustees or the governing body for a subject in the required curriculum.

(c) Authorizes a school district or open-enrollment charter school to purchase an instructional material under Subsection (b) only if the instructional material is purchased not later than the beginning of the second school year that begins after the adoption of the conforming or nonconforming list that includes the instructional material. Provides that this subsection does not apply to certain instructional materials. Deletes existing Subsection (d) relating to the use of textbooks. Makes conforming changes.

SECTION 2D.19. Amends Section 31.102, Education Code, as follows:

Sec. 31.102. TITLE AND CUSTODY. (a) Provides that, except as provided by this subsection, each instructional material purchased by the state as provided by this chapter is the property of this state. Provides that, beginning with the 2007-2008 school year, each instructional material purchased through the instructional materials allotment by a school district or open-enrollment charter school is the property of the district or charter school.

(b) Makes a conforming change.

(c) Makes conforming changes.

(d) Prohibits an open-enrollment charter school from transferring instructional materials unless the transfer is approved by the commissioner. Prohibits the commissioner from approving such a transfer unless the transfer is to another public school of this state.

SECTION 2D.20. Amends Section 31.30, Education Code, as follows:

Sec. 31.103. New heading: INSTRUCTIONAL MATERIALS REQUISITIONS. (a) Requires the superintendent of a school district or the chief operating officer of an open-enrollment charter school to report to the commissioner the district's or school's maximum attendance and anticipated enrollment growth not later than April 25. Makes a nonsubstantive change.

(b) and (c) Deletes existing text relating to the requisition of textbooks. Makes conforming changes.

SECTION 2D.21. Amends Sections 31.104-31.106, Education Code, as follows:

Sec. 31.104. 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 purchase instructional materials in a certain manner. Makes conforming changes.

Sec. 31.105. New heading: SALE OF INSTRUCTIONAL MATERIALS. Makes conforming changes.

Sec. 31.106. USE OF LOCAL FUNDS. Makes conforming changes.

SECTION 2D.22. Amends the heading to Section 31.151, Education Code, to read as follows:

Sec. 31.151. DUTIES OF PUBLISHERS.

SECTION 2D.23. Amends Sections 31.151(a), (b), and (d), Education Code, as follows:

(a) Sets forth certain requirements applicable to a publisher, rather than a publisher or manufacturer, of instructional materials. Makes conforming changes.

(b) and (d) Makes conforming changes.

SECTION 2D.24. Amends the heading to Section 31.152, Education Code, to read as follows:

Sec. 31.152. ACCEPTING REBATE ON INSTRUCTIONAL MATERIALS.

SECTION 2D.25. Amends Sections 31.152(a), (b), and (d), Education Code, to make conforming changes.

SECTION 2D.26. Amends the heading to Section 31.153, Education Code, to read as follows:

Sec. 31.153. VIOLATION OF FREE INSTRUCTIONAL MATERIALS LAW.

SECTION 2D.27. Amends Section 31.153(a), Education Code, to make a conforming change.

SECTION 2D.28. Amends Subchapter E, Chapter 31, Education Code, as follows:

SUBCHAPTER E. DISPOSITION OF INSTRUCTIONAL MATERIALS

Sec. 31.201. New heading: DISPOSITION OF INSTRUCTIONAL MATERIALS. Makes conforming changes.

SECTION 2D.29. Amends the heading to Section 32.005, Education Code, to read as follows:

Sec. 32.005. INSTRUCTIONAL MATERIALS AND TECHNOLOGY ALLOTMENT.

SECTION 2D.30. Amends Sections 32.005(a) and (b), Education Code, as follows:

(a) Provides that, for each student in average daily attendance in a school year, a school district or open-enrollment charter school is entitled to an allotment of \$30 or a greater amount for any year provided by appropriation, to be used as provided by Subsection (b).

(b) Authorizes an allotment under this section to be used for certain purposes.

SECTION 2D.31. Amends Section 32.156, Education Code, as added by Chapter 1216, Acts of the 78th Legislature, Regular Session, 2003, as follows:

Sec. 32.156. New heading: ON-LINE INSTRUCTIONAL MATERIALS. Makes conforming changes.

SECTION 2D.32. Amends Section 32.161(b), Education Code, to make conforming changes.

SECTION 2D.33. Makes application of Section 31.0221, Education Code, as added by this part, prospective.

SECTION 2D.34. (a) Provides that this section applies to an instructional material, as that term is defined by Section 31.002, Education code, as amended by this part, including an electronic instructional material, adopted by the board before January 1, 2005.

(b) Provides that a contract for the purchase or licensing of an instructional material described by Subsection (a) of this section continues in effect as a state contract for the contract term, and the former law is continued in effect for that purpose.

PART E. DUAL LANGUAGE EDUCATION

SECTION 2E.01. Amends Subchapter B, Chapter 21, Education Code, by adding Sections 21.0485 and 21.0486, as follows:

Sec. 21.0485. DUAL LANGUAGE EDUCATION TEACHER CERTIFICATION. (a) Requires the board to establish a dual language education teaching certificate to ensure that there are teachers with special training to work with other teachers and with students in a dual language education program.

(b) Requires the board to propose rules establishing the training requirements, including the minimum academic qualifications, a person must accomplish to obtain a certificate under this section.

(c) Requires the board to propose rules establishing the requirements for a teacher who receives training in a foreign country to obtain a certificate under this section.

Sec. 21.0486. MASTER LANGUAGE TEACHER CERTIFICATION. (a) Requires the board to establish certain certificates to ensure that there are teachers with special training to work with other teachers and with students in order to improve student performance in English and other languages.

(b) Requires the board to issue the appropriate master language teacher certificate to each eligible person.

(c) Requires a person to meet certain criteria to be eligible for a master language teacher certificate.

SECTION 2E.02. Amends Section 21.050(b), Education Code, to authorize the board to propose rules requiring additional credit hours for certification in bilingual education, dual language instruction, English as a second language, early childhood education, or special education.

SECTION 2E.03. Amends Section 21.054, Education Code, by adding Subsection (c), as follows:

(c) Requires rules proposed under Subsection (a) to permit an educator to fulfill continuing education requirements by acquiring conversational skills in one or more languages other than English and academic language development in the subject area for which the educator provides instruction. Requires the rules to permit educators to obtain language instruction through a variety of methods, including attendance at workshops offered by qualified entities and enrollment on a noncredit basis in courses offered by public or private colleges and universities.

SECTION 2E.04. Amends Subchapter B, Chapter 21, Education Code, by adding Section 21.060, as follows:

Sec. 21.060. NOTICE OF EDUCATIONAL AIDE TUITION EXEMPTION. Requires the board, on issuing an educator certificate to an educational aide or renewing such a certificate, to notify the person to whom the certificate is issued of the existence of the educational aide exemption under Section 54.214.

SECTION 2E.05. Amends Section 28.0051, Education Code, by adding Subsection (d), as follows:

(d) Requires the State Board for Educator Certification to provide for the issuance of teaching certificates appropriate for dual language instruction to teachers who meet certain criteria.

SECTION 2E.06. Amends Subchapter A, Chapter 28, Education Code, by adding Section 28.0052, as follows:

Sec. 28.0052. DUAL LANGUAGE EDUCATION PILOT PROJECT. (a) Requires the commissioner to establish a pilot project in school districts selected by the commissioner under which the agency examines dual language education programs and the effect of those programs on a student's ability to graduate from high school.

(b) Requires the commissioner, in selecting school districts under Subsection (a), take certain considerations into account.

(c) Requires the commissioner by rule to require a district to limit activities of the dual language education program during the first year of the program to planning certain activities.

(d) Requires the commissioner, from amounts appropriated for the purpose, the commissioner to award grants to school districts that participate in the program. Requires a grant under this section to be in an amount sufficient to pay the costs to the district of participating in the program, as determined by the commissioner. Provides that a determination of the commissioner under this subsection is final and prohibited from being appealed.

(e) Provides that a school district that applies for the expansion of an existing dual language education program is eligible for a grant under Subsection (d).

(f) Authorizes a school district to use a grant awarded under Subsection (d) for certain costs.

(g) Requires TEA to report to the legislature describing the agency's activities under the pilot project, the effect of the project on grade-level completion, and the recommendations arising from the project. Requires TEA to submit an interim report under this subsection not later than January 1, 2009, and a final report not later than January 1, 2011.

(h) Provides that this section expires August 1, 2011.

SECTION 2E.07. Requires the State Board for Educator Certification to propose rules relating to dual language instruction not later than January 1, 2006.

PART F. STATE AND REGIONAL GOVERNANCE

SECTION 2F.01. Amends Section 7.004, Education Code, as follows:

Sec. 7.004. SUNSET PROVISION. (a) Creates this subsection from existing text. Provides that the agency is abolished September 1, 2017, rather than 2005.

(b) Requires a review conducted under Chapter 325 (Sunset Law), Government Code (Texas Sunset Act), in accordance with this section to include a review of the regional education service centers under Chapter 8.

SECTION 2F.02. Amends Subchapter A, Chapter 7, Education Code, by adding Section 7.010, as follows:

Sec. 7.010. BEST PRACTICES. (a) Requires TEA and the regional education service centers, using existing funds and other resources available for the purpose, to solicit and collect from exemplary or recognized school districts and open-enrollment charter schools, as rated under Section 39.072, best practices information and to disseminate that information. Requires TEA and the regional education service centers to enter into a memorandum of understanding that establishes the respective duties of the agency and the regional education service centers in soliciting, collecting, and disseminating the best practices information.

(b) Authorizes the best practices information to include certain information, examples, and resources.

(c) Requires the best practices information to include certain information collected by TEA or a regional education service center concerning the effective use of online courses.

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

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

SECTION 2F.03. Amends Subchapter B, Chapter 7, Education Code, by adding Section 7.0211, as follows:

Sec. 7.0211. GIFTS, GRANTS, OR DONATIONS. Authorizes TEA to receive gifts, grants, or donations from any public or private source to perform any educational function TEA is authorized to perform by law.

SECTION 2F.04. Redesignates Section 7.027, Education Code, as added by Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, as Section 7.028, Education Code, and amends it to make conforming changes.

SECTION 2F.05. Amends Subchapter B, Chapter 7, Education Code, by adding Section 7.033, as follows:

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

SECTION 2F.06. Amends Sections 7.057(a) and (d), Education Code, to make conforming changes.

SECTION 2F.07. Amends Subchapter C, Chapter 7, Education Code, by adding Section 7.0571, as follows:

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

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

(c) Provides that a final decision under this section is final and is prohibited from being appealed under Section 7.057 or any other law.

SECTION 2F.08. Amends Chapter 7, Education Code, by adding Subchapter E, as follows:

SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

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

(b) Requires the grant system to serve certain functions relating to grants.

Sec. 7.152. GRANT PROGRAM PROCEDURES. Requires TEA to ensure aspects of the grant programs.

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

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

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

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

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

Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) Requires TEA to take certain actions in developing the performance-based grant system.

(b) Provides that this section expires June 1, 2010.

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

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

(c) Provides that this section expires June 1, 2010.

SECTION 2F.09. Amends Subchapter A, Chapter 8, Education Code, by adding Section 8.0031, as follows:

Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. (a) Requires the commissioner to adopt rules prescribing training for members of regional education service center boards of directors. Authorizes the training curriculum to include certain information.

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

SECTION 2F.10. Amends Sections 8.051(b), (c), and (d), Education Code, as follows:

(b) Makes conforming changes.

(c) Requires each regional education service center to provide services that enable school districts to operate more efficiently and economically, including collecting and disseminating certain information.

(d) Makes conforming changes.

SECTION 2F.11. Amends Subchapter A, Chapter 29, Education Code, by adding Sections 29.0162 and 29.0163, as follows:

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

(b) Requires the information described by Subsection (a) to include certain explanations, descriptions, and text.

Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) Requires TEA to collect and at least biennially analyze any information, including complaint information, relating to the performance of a special education hearing officer for use in assessing the effectiveness of the due process hearing process; and the performance of a special education hearing officer.

(b) Requires TEA to use the information described by Subsection (a) in determining whether to renew a contract with a special education hearing officer.

SECTION 2F.12. Amends Section 61.076, Education Code, by adding Subsections (c) and (d), as follows:

(c) Requires the P-16 council, on or before January 1, 2007, to review certain aspects of school district programs and deliver a report based on that review to certain officials.

(d) Provides that Subsection (c) and this subsection expire January 2, 2007.

PART G. SCHOOL DISCIPLINE

SECTION 2G.01. Amends Chapter 26, Education Code, by adding Section 26.0083, as follows:

Sec. 26.0083. RIGHT TO PROMPT NOTICE OF DISCIPLINARY ACTION. (a) Entitles a parent to notice from a school district or open-enrollment charter school as provided by this section if the parent's child is removed from class under Section 37.006 for placement in a disciplinary alternative education program or under Section 37.007 for expulsion or placement in a juvenile justice alternative education program. Requires a school district or open-enrollment charter school to make a good faith effort to provide the notice required by this subsection on the same day the parent's child is removed from class. Requires the district or school, if the district or school fails to provide the notice on that day, to provide or mail the notice not later than 5 p.m. on the first business day after the day the student is removed from class.

(b) Entitles a noncustodial parent who has requested notice of disciplinary actions as provided by Section 37.0091 to notice under Subsection (a).

SECTION 2G.02. Amends Section 37.008, Education Code, by amending Subsections (m) and (m-1) and adding Subsection (n), as follows:

(m) Requires the commissioner, notwithstanding Section 7.028, to adopt rules necessary to evaluate through an annual monitoring process, the performance of each district's disciplinary alternative education program established under this subchapter. Authorizes the monitoring process, rather than the evaluation, required by this section to be electronic and requires it to be based on indicators defined by the commissioner, but requires it to include student performance on assessment instruments required under Section 39.023(a) and at least one indicator that measures student academic progress. Makes conforming changes.

(m-1) Requires TEA to integrate the monitoring process developed under Subsection (m) with the monitoring TEA is authorized to conduct under Section 7.028(a). Authorizes the commissioner to require a school district to contract at the district's expense in the

manner provided by Section 39.134 with a public or private service provider for services determined by the commissioner to be necessary to make certain improvements.

(n) Created from existing text. Deletes existing text relating to the commissioner's potential objections to the district's disciplinary alternative education program.

SECTION 2G.03. Amends Sections 37.020(b) and (c), Education Code, as follows:

(b) Requires the district, for each placement in a disciplinary alternative education program established under Section 37.008, to report information indicating whether the student was enrolled in a special education program under Subchapter A, Chapter 29, at the time of placement. Makes conforming changes.

(c) Makes conforming changes.

PART H. CRIMINAL HISTORY RECORDS INFORMATION

SECTION 2H.01. Amends Subchapter B, Chapter 21, Education Code, by adding Section 21.0401, as follows:

Sec. 21.0401. **COLLECTION OF FINGERPRINTS REQUIRED.** Requires the board to obtain a complete set of fingerprints from certain persons.

SECTION 2H.02. Amends Section 21.041(c), Education Code, to require the board to propose rules adopting fees to pay for certain costs.

SECTION 2H.03. Amends Section 22.082, Education Code, as follows:

Sec. 22.082. **ACCESS TO CRIMINAL HISTORY RECORDS BY STATE BOARD FOR EDUCATOR CERTIFICATION.** (a) Creates subsection from existing text. Makes conforming and nonsubstantive changes.

(b) Requires the board to require each applicant, holder, and person described by Subsection (a)(2) to pay any costs to the board related to obtaining criminal history record information related to the person under this section.

SECTION 2H.04. Amends Section 411.090, Government Code, as follows:

Sec. 411.090. New heading: **ACCESS TO CRIMINAL HISTORY RECORD INFORMATION AND FINGERPRINTS: STATE BOARD FOR EDUCATOR CERTIFICATION.** (a) Entitles the State Board for Educator Certification to obtain from the department any criminal history record information maintained by the department about certain persons.

(b) Sets forth certain provisions relating to criminal history record information obtained by the board under Subsection (a).

(c) Authorizes the board to keep on file with the department all fingerprints obtained by the board under Section 21.0401, Education Code. Requires the department to notify the board of the arrest of any person who has fingerprints on file with the department pursuant to that section.

(d) Requires the board, on receipt of notice from the department of an arrest of a person described by Section 11A.153 or 21.0032, Education Code, to notify the public charter district affected.

PART I. HEALTH COVERAGE OR COMPENSATION SUPPLEMENTATION

SECTION 2I.01. Reenacts Chapter 1580, Insurance Code, and amends it as follows:

CHAPTER 1580. ACTIVE EMPLOYEE HEALTH COVERAGE OR COMPENSATION
SUPPLEMENTATION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1580.001. DEFINITIONS. Defines "cafeteria plan," "employee," "participating charter school," "regional education service center," and "trustee."

Sec. 1580.002. AUTHORITY TO ADOPT RULES; OTHER AUTHORITY. (a) Authorizes the trustee to adopt rules to implement this chapter.

(b) Authorizes the trustee to enter into interagency contracts with any agency of this state for the purpose of assistance in implementing this chapter.

New heading: SUBCHAPTER B. DESIGNATION OF COMPENSATION AS HEALTH
CARE SUPPLEMENTATION

Sec. 1580.051. DESIGNATION OF COMPENSATION AS HEALTH CARE SUPPLEMENTATION. (a) Authorizes an employee of a school district, other educational district that is a member of the Teacher Retirement System of Texas, participating charter school, or regional education service center as provided by Section 21.402 or 22.007, Education Code, and subject to Section 1580.102, to elect to designate a portion of the employee's compensation to be used as health care supplementation under this chapter. Prohibits the amount designated under this section from exceeding the amount permitted under applicable federal law.

(b) Provides that, notwithstanding Subsection (a), an administrator, as defined by the trustee, employed by a school district, another educational district, a participating charter school, or a regional education service center is not eligible to elect to designate a portion of the person's compensation to be used as health care supplementation under this chapter. Deletes existing text relating to a certain amount of state funds to be used for purposes of this chapter.

Sec. 1580.053. FUNDS HELD IN TRUST. Provides that all funds received by a school district, other educational district, participating charter school, or regional education service center under this chapter are held in trust for the benefit of the active employees on whose behalf the district, school, or service center received the funds. Deletes existing text relating to the recovery of distributions by the trustee and the finality of a trustee's determination under this subchapter.

SUBCHAPTER C. EMPLOYEE ELECTION

Sec. 1580.101. WRITTEN ELECTION REQUIRED. (a) Requires an active employee, each school year, to elect in writing whether to designate a portion of the employee's compensation to be used as health care supplementation under this chapter.

(b) Provides that this section does not apply to an employee to whom Section 1580.102 applies.

Sec. 1580.1011. EMPLOYEE COVERED BY CAFETERIA PLAN. (a) Requires an active employee, to elect to designate a portion of the employee's compensation to be used as health care supplementation under this chapter, to be covered by a cafeteria plan of a school district, other educational district, participating charter school, or regional education service center. Requires the employee to elect among the options provided by the cafeteria plan.

(b) Authorizes a cafeteria plan receiving funds designated as health care supplementation, rather than state contributions, under this chapter to include a medical savings account option and requires it to include, at a minimum, certain options.

Sec. 1580.102. EMPLOYEE NOT COVERED BY CAFETERIA PLAN. Provides that, if an active employee is not covered by a cafeteria plan of a school district, other educational district, participating charter school, or regional education service center, the employee is not eligible to elect to designate a portion of the employee's compensation to be used as health care supplementation under this chapter. Deletes existing text relating to the payment of state contributions and supplemental compensation

Sec. 1580.104. TIME FOR ELECTION. Deletes existing text relating to the use of unencumbered funds that are returned to the school district from certain accounts.

Sec. 1580.105. WRITTEN EXPLANATION; ELECTION FORM. Makes no changes to this section.

SUBCHAPTER D. MEDICAL SAVINGS ACCOUNT

Sec. 1580.151. DEFINITION. Makes no changes to this section.

Sec. 1580.152. RULES. Makes no changes to this section.

Sec. 1580.153. QUALIFICATION OF ACCOUNT. Makes no changes to this section.

Sec. 1580.154. EMPLOYEE ELECTION. Makes no changes to this section.

PART J. SCHOOL SAFETY

SECTION 2J.01. Amends Chapter 33, Education Code, by adding Subchapter F, as follows:

SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR ACTIVITIES

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

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

(b) Requires certain persons to satisfactorily complete the safety training program.

(c) Sets forth the composition of the safety training program.

(d) Requires a student participating in an extracurricular athletic activity to receive specified training.

(e) Authorizes the safety training program and the training under Subsection (d) to each be conducted by a school or school district or by an organization described by Subsection (c)(1).

(f) Provides that a physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity is exempt from the requirements of Subsection (b) if the physician attends a continuing medical education course that specifically addresses emergency medicine for athletic team physicians.

Sec. 33.2021. COMPLETION OF UNIVERSITY INTERSCHOLASTIC LEAGUE MEDICAL HISTORY FORM. (a) Requires each student participating in an extracurricular athletic activity to complete the University Interscholastic League forms entitled "Preparticipation Physical Evaluation--Medical History" and "Acknowledgment

of Rules." Requires each form to be signed by both the student and the student's parent or guardian.

(b) Requires each form described by Subsection (a) to clearly state that failure to accurately and truthfully answer all questions on a form required by statute or by the University Interscholastic League as a condition for participation in an extracurricular athletic activity subjects a signer of the form to penalties determined by the University Interscholastic League.

(c) Requires the "Preparticipation Physical Evaluation--Medical History" form described by Subsection (a) to contain a certain specified statement.

Sec. 33.203. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED. Prohibits a coach, trainer, or sponsor for an extracurricular athletic activity from encouraging or permitting a student participating in the activity from engaging in any unreasonably dangerous athletic technique that unnecessarily endangers the health of a student, including using a helmet or any other sports equipment as a weapon.

Sec. 33.204. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) Requires a coach, trainer, or sponsor for an extracurricular athletic activity, at each athletic practice or competition, to ensure that certain cautionary measures are taken in regards to the students' health.

(b) Prohibits a student, if a student participating in an extracurricular athletic activity, including a practice or competition, is rendered unconscious during the activity, from continuing to practice or participate in certain activities.

Sec. 33.205. COMPLIANCE; ENFORCEMENT. (a) Requires a school, on request, to make available to the public proof of compliance for each person enrolled in, employed by, or volunteering for the school who is required to receive safety training described by Section 33.202.

(b) Requires the superintendent of a school district or the director of a school subject to this subchapter to maintain complete and accurate records of the district's or school's compliance with Section 33.202.

(c) Requires a school campus that is determined by the school's superintendent or director to not be in compliance with Section 33.202, 33.204, or 33.205 to discontinue all extracurricular athletic activities offered by the school campus, including all practices and competitions, until the superintendent or director determines that the school campus is in compliance.

Sec. 33.206. CONTACT INFORMATION. (a) Requires the commissioner to maintain an existing telephone number and an electronic mail address to allow a person to report a violation of this subchapter.

(b) Requires each school that offers an extracurricular athletic activity to prominently display at the administrative offices of the school the telephone number and electronic mail address maintained under Subsection (a).

Sec. 33.207. NOTICE REQUIRED. (a) Requires a school that offers an extracurricular athletic activity to provide to each student participating in an extracurricular athletic activity and to the student's parent or guardian a copy of the text of Sections 33.201-33.207 and a copy of the University Interscholastic League's parent information manual.

(b) Authorizes a document required to be provided under this section to be provided in an electronic format unless otherwise requested by a student, parent, or guardian.

Sec. 33.208. INCORPORATION OF SAFETY REGULATIONS. Requires the University Interscholastic League to incorporate the provisions of Sections 33.203-33.207 into the league's constitution and contest rules.

Sec. 33.209. LIABILITY. Provides that the requirements of this subchapter are not considered ministerial acts for purposes of immunity from liability under Section 22.0511.

SECTION 2J.02. Amends Subchapter D, Chapter 33, Education Code, by adding Section 33.087, as follows:

Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL DEFIBRILLATORS. (a) Requires TEA and the University Interscholastic League, using existing funds and other resources available for the purpose, to jointly investigate the availability of federal, state, local, and private funds for purchasing automated external defibrillators, as defined by Section 779.001, Health and Safety Code, for use by University Interscholastic League member schools, and the possibility of receiving a bulk discount on such purchases.

(b) Requires TEA and the University Interscholastic League to submit a report describing the findings of the investigation to the legislature not later than June 1, 2006.

(c) Provides that this section expires July 1, 2006.

SECTION 2J.03. Amends Subchapter D, Chapter 37, Education Code, by adding Section 37.108, as follows:

Sec. 37.108. MULTHAZARD EMERGENCY OPERATIONS PLAN; SECURITY AUDIT. (a) Requires each school district to adopt and implement a multihazard emergency operations plan for use in district schools. Requires the plan to address mitigation, preparedness, response, and recovery as recommended by the United States Department of Homeland Security. Requires the plan to provide for certain emergency response training preparations.

(b) Requires a school district, at least once every three years, to conduct a security audit of the district's facilities. Requires a district, to the extent possible, to follow security audit procedures developed by the Texas School Safety Center or a comparable public or private entity.

(c) Requires the school district to report the results of the security audit conducted under Subsection (b) to the district's board of trustees.

SECTION 2J.04. Amends Section 37.203(a), Education Code, to provide that the center is advised, rather than governed, by a board of directors.

SECTION 2J.05. Amends Section 37.205, Education Code, as follows:

Sec. 37.205. SAFETY TRAINING PROGRAMS. Requires the Texas School Safety Center (center) to conduct for school districts a safety training program that includes assistance in developing a multihazard emergency operations plan for adoption under Section 37.108.

SECTION 2J.06. Amends Subchapter G, Chapter 37, Education Code, by adding Section 37.2051, as follows:

Sec. 37.2051. SECURITY CRITERIA FOR INSTRUCTIONAL FACILITIES. Requires the center to develop security criteria that school districts may consider in the design of instructional facilities.

SECTION 2J.07. Amends Section 37.208, Education Code, to authorize, rather than require, the center to provide on-site technical assistance to the district.

SECTION 2J.08. Amends Section 37.215(b), Education Code, to require the center, rather than the board, to biannually prepare a budget request for submission to the legislature.

SECTION 2J.09. Amends Subchapter A, Chapter 46, Education Code, by adding Section 46.0081, as follows:

Sec. 46.0081. SECURITY CRITERIA IN DESIGN OF INSTRUCTIONAL FACILITIES. Requires a school district that constructs a new instructional facility or conducts a major renovation of an existing instructional facility using funds allotted to the district under this subchapter to consider, in the design of the instructional facility, security criteria developed by the Texas School Safety Center under Section 37.2051.

SECTION 2J.10. Repealer: Sections 37.206 (School Safety Summit) and 37.213 (Services for Youth at Risk of Committing Violent Acts), Education Code.

SECTION 2J.11. (a) Requires the center, not later than December 1, 2005, to develop a school safety program that includes assistance to school districts in developing a multihazard emergency operations plan as required by Section 37.205, Education Code, as amended by this Act, and develop security criteria for the construction and renovation of school district instructional facilities as required by Section 37.2051, Education Code, as added by this Act.

(b) Requires each school district, not later than March 1, 2006, to adopt a multihazard emergency operations plan as required by Section 37.108, Education Code, as added by this Act.

PART K. SCHOOL DISTRICT OPERATIONS

SECTION 2K.01. Amends Section 7.056(e), Education Code, to prohibit a school campus or district, except as provided by Subsection (f), from receiving an exemption or waiver under this section from the requirements for the first and last day of instruction under 25.0811, except as provided by that section.

SECTION 2K.02. Amends the heading to Section 25.0811, Education Code, to read as follows:

Sec. 25.0811. FIRST AND LAST DAY OF INSTRUCTION.

SECTION 2K.03. Amends Section 25.0811(a), Education Code, to require a school district to begin instruction for students for a school year on the first Tuesday after Labor Day. Requires the school year to end not later than June 7 unless certain conditions are present.

SECTION 2K.04. Provides that this part applies beginning with the 2006-2007 school year.

PART L. SAFETY OR LAP BELTS IN SCHOOL BUSES

SECTION 2L.01. Amends Chapter 34, Education Code, by adding Section 34.012, as follows:

Sec. 34.012. FUNDING FOR SAFETY OR LAP BELTS. (a) Authorizes a person to offer to donate safety or lap belts or money for the purchase of safety or lap belts for a school district's school buses.

(b) Requires the board of trustees of a school district to consider any offer made by a person under Subsection (a). Authorizes the board of trustees to accept or decline the offer after adequate consideration.

(c) Authorizes the board of trustees to acknowledge a person who donates safety or lap belts or money for the purchase of safety or lap belts for a school bus under this section by displaying a small, discreet sign on the side or back of the bus

recognizing the person who made the donation. Prohibits the sign from serving as an advertisement for the person who made the donation.

ARTICLE 3. [Not included in bill as drafted]

ARTICLE 4. CHARTER SCHOOLS

SECTION 4.01. (a) Repealer: Effective August 1, 2006, Subchapter D (Open Enrollment Charter School), Chapter 12, Education Code.

(b) Requires, except as provided by Section 11A.1041, Education Code, as added by this Act, each open-enrollment charter school operating or holding a charter to operate on August 1, 2006, to be dissolved in accordance with Subchapter J, Chapter 11A, Education Code, as added by this Act.

SECTION 4.02. Amends Subtitle C, Title 2, Education Code, by adding Chapter 11A, as follows:

CHAPTER 11A. PUBLIC CHARTER DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11A.001. DEFINITIONS. Defines "charter holder," "governing body of a charter holder," "governing body of a public charter district," "management company," "management services," and "officer of a public charter district."

Sec. 11A.002. AUTHORIZATION. (a) Authorizes the board, in accordance with this chapter, to grant a charter on the application of an eligible entity for a public charter district to operate in a facility of a commercial or nonprofit entity, an eligible entity, or a school district, including a home-rule school district. Defines "eligible entity."

(b) Authorizes the board to grant a charter for a public charter district only to an applicant that meets all financial, governing, and operational standards adopted by the commissioner under this chapter.

(c) Prohibits the board from granting more than a total of 215 charters for public charter districts.

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

Sec. 11A.003. AUTHORITY UNDER CHARTER. Sets forth certain provisions relating to a public charter district.

Sec. 11A.004. STATUS. Provides that a public charter district or campus is part of the public school system of this state.

Sec. 11A.005. IMMUNITY FROM LIABILITY. Provides that, in matters related to operation of a public charter district, a public charter district 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. Provides that, except as provided by Section 11A.154, a member of the governing body of a public charter district or of a charter holder is immune from liability to the same extent as a school district trustee.

Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL. Provides that a reference in law to an open-enrollment charter school means a public charter district or public charter campus, as applicable.

[Reserves Sections 11A.007-11A.050 for expansion.]

SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Provides that, except as provided by Subsection (b) or (c), a public charter district is subject to federal and state laws and rules governing public schools and to municipal zoning ordinances governing public schools.

(b) Provides that a public charter district is subject to this code and rules adopted under this code only to the extent the applicability to a public charter district of a provision of this code or a rule adopted under this code is specifically provided.

(c) Provides that, notwithstanding Subsection (a), a campus of a public charter district located in whole or in part in a municipality with a population of 20,000 or less is not subject to a municipal zoning ordinance governing public schools.

Sec. 11A.052. APPLICABILITY OF TITLE. (a) Provides that a public charter district has the powers granted to schools under this title.

(b) Provides that a public charter district is subject to certain provisions.

(c) Entitles a public charter district to the same level of services provided to school districts by regional education service centers. Requires the commissioner to adopt rules that provide for the representation of public charter districts on the boards of directors of regional education service centers.

(d) Authorizes the commissioner by rule to permit a public charter district to voluntarily participate in any state program available to school districts, including a purchasing program, if the public charter district complies with all terms of the program.

Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC INFORMATION LAWS. (a) Provides that, with respect to the operation of a public charter district, the governing body of a charter holder and the governing body of a public charter district are considered to be governmental bodies for purposes of Chapters 551 and 552, Government Code.

(b) Provides that, with respect to the operation of a public charter district, any requirement in Chapter 551 or 552, Government Code, that applies to a school district, the board of trustees of a school district, or public school students applies to a public charter district, the governing body of a charter holder, the governing body of a public charter district, or students in attendance at a public charter district campus.

Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL GOVERNMENT RECORDS. (a) Provides that, with respect to the operation of a public charter district, a public charter district is considered to be a local government for purposes of Subtitle C, Title 6, Local Government Code, and Subchapter J, Chapter 441, Government Code.

(b) Provides that records of a public charter district, a charter holder, or a management company that relate to a public charter district are government records for all purposes under state law.

(c) Requires any requirement in Subtitle C, Title 6, Local Government Code, or Subchapter J, Chapter 441, Government Code, that applies to a school district, the board of trustees of a school district, or an officer or employee of a school district applies to a public charter district or management company, the governing body of a charter holder, the governing body of a public charter district, or an officer or employee of a public charter district or management company except that the

records of a public charter district or management company that ceases to operate to be transferred in the manner prescribed by Subsection (d).

(d) Requires the records of a public charter district or management company that ceases to operate to be transferred in the manner specified by the commissioner to a custodian designated by the commissioner. Authorizes the commissioner to designate any appropriate entity to serve as custodian, including the agency, a regional education service center, or a school district. Requires the commissioner, in designating a custodian, to ensure that the transferred records, including student and personnel records, are transferred to a custodian capable of performing certain duties.

(e) Authorizes the commissioner, if the charter holder of a public charter district that ceases to operate or an officer or employee of the district or a management company refuses to transfer school records in the manner specified by the commissioner under Subsection (d), to ask the attorney general to petition a court for recovery of the records. Requires the court, if the court grants the petition, to award attorney's fees and court costs to the state.

(f) Provides that a record described by this section is a public school record for purposes of Section 37.10(c)(2), Penal Code.

Sec. 11A.055. APPLICABILITY OF LAWS RELATING TO PUBLIC PURCHASING AND CONTRACTING. (a) Provides that this section applies to a public charter district unless the district's charter otherwise describes procedures for purchasing and contracting and the procedures are approved by the State Board of Education.

(b) Provides that a public charter district is considered to hold certain statuses.

(c) Provides that to the extent consistent with this section, a requirement in a law listed in this section that applies to a school district or the board of trustees of a school district applies to a public charter district, the governing body of a charter holder, or the governing body of a public charter district.

Sec. 11A.056. APPLICABILITY OF LAWS RELATING TO CONFLICT OF INTEREST. (a) Provides that a member of the governing body of a charter holder, a member of the governing body of a public charter district, or an officer of a public charter district is considered to be a local public official for purposes of Chapter 171, Local Government Code.

(b) Provides that to the extent consistent with this section, a requirement of a law listed in this section that applies to a school district or the board of trustees of a school district applies to a public charter district, the governing body of a charter holder, or the governing body of a public charter district.

(c) Authorizes an employee who is not a teacher to serve as a member of the governing body of a charter holder or the governing body of a public charter district if certain conditions are satisfied.

(d) Prohibits an individual, if under Subsection (c) an individual continues to be employed and serve as a member of the governing body, from participating in any deliberation or voting on the appointment, reappointment, confirmation of the appointment or reappointment, employment, reemployment, change in the status, compensation, or dismissal of the individual if that action applies only to the individual and is not taken regarding a bona fide class or category of employees. Prohibits the individual, in addition, from hearing, considering, or acting on any grievance or complaint concerning the individual or a matter with which the individual has dealt in the individual's capacity as an employee.

Sec. 11A.057. APPLICABILITY OF NEPOTISM LAWS. (a) Provides that a public charter district, including the governing body of a public charter district and any district

employee with final authority to hire a district employee, is subject to a prohibition, restriction, or requirement, as applicable, imposed by state law or by a rule adopted under state law, relating to nepotism under Chapter 573, Government Code.

(b) Prohibits a member of the governing body of a charter holder or public charter district, notwithstanding Subsection (a), from being related in the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to another member of the governing body of the charter holder or public charter district.

(c) Provides that this section does not apply to an appointment, confirmation of an appointment, or vote for an appointment or confirmation of an appointment of an individual to a position if certain conditions are satisfied.

(d) Prohibits, if, under Subsection (c), an individual continues to be employed or serve in a position, the public official to whom the individual is related in a prohibited degree from participating in any deliberation or voting on the appointment, reappointment, confirmation of the appointment or reappointment, employment, reemployment, change in status, compensation, or dismissal of the individual if that action applies only to the individual and is not taken regarding a bona fide class or category of employees.

[Reserves Sections 11A.058-11A.100 for expansion.]

SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

Sec. 11A.101. APPLICATION. (a) Requires the board to adopt an application form and a procedure that must be used to apply for a charter for a public charter district and criteria to use in selecting a program for which to grant a charter.

(b) Requires the application form to provide for including the information required under Section 11A.103 to be contained in a charter.

(c) Authorizes the board to approve or deny an application based on criteria it adopts and on financial, governing, and operational standards adopted by the commissioner under this chapter. Requires the criteria the board adopts to include certain criteria.

(d) Prohibits a public charter district from beginning to operate under this chapter unless the commissioner has certified that the applicant has acceptable administrative and accounting systems and procedures in place for the operation of the proposed public charter district.

Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. Requires the commissioner by rule to adopt a procedure for providing notice to each member of the legislature that represents the geographic area to be served by the proposed public charter district, as determined by the commissioner, on receipt by the board of an application for a charter for a public charter district under Section 11A.101.

Sec. 11A.103. CONTENT. (a) Requires each charter granted under this chapter to serve certain functions.

(b) Requires a charter holder of a public charter district to consider including in the district's charter a requirement that the district develop and administer personal graduation plans under Section 28.0212, as added by Chapter 1212, Acts of the 78th Legislature, Regular Session, 2003.

(c) Prohibits the terms of a charter from including plans for future increases in student enrollment, grades levels, campuses, or geographical area, except under certain circumstances.

Sec. 11A.104. FORM. Requires a charter for a public charter district to be in the form of a license issued by the State Board of Education to the charter holder.

Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN ENTITIES. (a) Requires the commissioner, notwithstanding Section 11A.101, to immediately grant a charter under this chapter to certain entities on or before August 1, 2006.

(b) Provides that assessment instrument results for fewer than five students are not considered for purposes of Subsection (a)(1)(B) or (C).

(c) Requires the commissioner to determine which entities are eligible for a charter under this section as soon as practicable.

(d) Requires the content and terms of a charter granted to an eligible entity under this section to be the same as those under which the entity operated under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2005, except that where the terms conflict with this chapter, this chapter prevails.

(e) Prohibits an eligible entity holding multiple charters prior to January 1, 2005, from combining those charters into one charter for a public charter district but requires the entity to retain each of those charters which count towards the limit imposed under Section 11A.002(c).

(f) Provides that Section 11A.157 does not apply to an entity granted a charter under this section.

(g) Provides that a decision of the commissioner under this section is not subject to a hearing or an appeal to a district court.

(h) Provides that this section expires January 1, 2008.

Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE. (a) Requires the commissioner, for purposes of Section 11A.1041(a), to compute the percentage of students who performed satisfactorily on an assessment instrument in a manner consistent with this section.

(b) Authorizes the commissioner to consider only the performance of a student who was enrolled as of the date for reporting enrollment for the fall semester under the Public Education Information Management System (PEIMS).

(c) Requires the commissioner to make certain determinations in computing performance under this section, the commissioner must:

(d) Requires the commissioner, to the extent consistent with this section, to use the methodology used to compute passing rates for reading and mathematics assessment instruments for purposes of determining accountability ratings under Chapter 39 for the 2004-2005 school year as provided by 19 T.A.C. Section 97.1002.

(e) Provides that this section expires January 1, 2008.

Sec. 11A.105. CHARTER GRANTED. Requires each charter the board grants for a public charter district to satisfy this chapter and include certain information.

Sec. 11A.106. REVISION. (a) Authorizes a revision of a charter of a public charter district to be made only with the approval of the commissioner.

(b) Authorizes a public charter district, not more than once each year, to request approval to revise the maximum student enrollment described by the district's charter.

(c) Prohibits the commissioner from approving a charter revision that increases a public charter district's enrollment, increases the grade levels offered, increases the number of campuses, or changes the boundaries of the geographic area served by the program unless the commissioner makes certain determinations.

(d) Requires the commissioner, in making a determination under Subsection (c)(6), to review all available information relating to the charter holder.

(e) Prohibits the commissioner from approving a charter revision that proposes certain increases.

(f) Authorizes the commissioner to approve a charter revision authorizing a public charter district to serve students in a geographical area that is not contiguous with the existing boundaries of the district, but prohibits the approval of a statewide geographical boundary.

Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON PROBATION, OR REVOCATION. (a) Authorizes the commissioner to modify, place on probation, or revoke the charter of a public charter district if the commissioner determines under Section 11A.108 that the charter holder committed certain violations or failed to meet certain requirements.

(b) Requires the commissioner to revoke the charter of a public charter district without a hearing if certain conditions are present.

(c) Provides that a revocation under Subsection (b)(1) is effective on January 1 following the school year in which the public charter district received a second unacceptable rating.

Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON PROBATION, OR REVOCATION. (a) Requires the commissioner to adopt a procedure to be used for modifying, placing on probation, or revoking the charter of a public charter district under Section 11A.107(a).

(b) Requires the procedure adopted under Subsection (a) to provide an opportunity for a hearing to the charter holder.

Sec. 11A.109. APPEAL OF MODIFICATION, PLACEMENT ON PROBATION, OR REVOCATION. Authorizes a charter holder to appeal a modification, placement on probation, or revocation under this subchapter only in the manner provided by the applicable procedures adopted by the commissioner under Section 11A.108. Prohibits the charter holder from otherwise appealing to the commissioner and from appealing to a district court.

Sec. 11A.110. EFFECT OF REVOCATION OR SURRENDER OF CHARTER. Prohibits the district from continuing to operate under this chapter or receiving state funds under this chapter if the commissioner revokes a charter of a public charter district, if a district is ordered closed under Chapter 39, or if a public charter district surrenders its charter.

[Reserves Sections 11A.111-11A.150 for expansion.]

SUBCHAPTER D. POWERS AND DUTIES OF GOVERNING BODIES OF CHARTER HOLDERS, PUBLIC CHARTER DISTRICTS, AND MANAGEMENT COMPANIES

Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT. Provides that the governing body of a charter holder is responsible for the management, operation, and accountability of the public charter district, regardless of whether the governing body delegates the governing body's powers and duties to another person.

Sec. 11A.152. COMPOSITION OF GOVERNING BODY OF CHARTER HOLDER. Requires the governing body of a charter holder to be composed of at least five members.

Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR AS OFFICER OR EMPLOYEE. (a) Prohibits a person, except as provided by Subsection (b), from serving as a member of the governing body of a charter holder, as a member of the governing body of a public charter district, or as an officer or employee of a public charter district if the person meets certain criteria.

(b) Authorizes a person who has been convicted of an offense described by Subsection (a)(1), (2), or (3) to serve as a member of the governing body of a charter holder, as a member of the governing body of a public charter district, or as an officer or employee of a public charter district if the commissioner determines that the person is fit to serve in that capacity. Requires the commissioner to take certain considerations into account in making a determination under this subsection.

(c) Provides that, for purposes of Subsection (a)(4), a person has a substantial interest in a management company if the person or a relative within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, meets certain criteria.

Sec. 11A.154. LIABILITY OF MEMBERS OF GOVERNING BODY OF CHARTER HOLDER. (a) Requires the attorney general, notwithstanding the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.), Chapter 22, Business Organizations Code, or other law, on request of the commissioner, to bring suit against a member of the governing body of a charter holder for breach of a fiduciary duty by the member, including misapplication of public funds.

(b) Authorizes the attorney general to bring suit under Subsection (a) for damages, injunctive relief, or any other equitable remedy determined to be appropriate by the court.

(c) Provides that this section is cumulative of all other remedies.

Sec. 11A.155. TRAINING FOR MEMBERS OF GOVERNING BODY OF CHARTER HOLDER. (a) Requires the commissioner to adopt rules prescribing training for members of governing bodies of charter holders.

(b) Authorizes the rules adopted under Subsection (a) to serve certain functions.

Sec. 11A.156. BYLAWS; ANNUAL REPORT. (a) Requires a charter holder to file with the board a copy of its articles of incorporation and bylaws, or comparable documents if the charter holder does not have articles of incorporation or bylaws, within the period and in the manner prescribed by the board.

(b) Requires each public charter district to file annually with the board certain information in a form prescribed by the board.

Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. Requires the charter holder, during a public charter district's first year of operation, to submit quarterly financial reports to the commissioner. Requires the commissioner by rule to determine the form and content of the financial reports under this section.

Sec. 11A.158. PEIMS INFORMATION. Requires the governing body of a public charter district to comply with Section 42.006.

Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) Provides that a management company that provides management services to a public charter district is liable for damages incurred by the state or a school district as a result of the failure of the

company to comply with its contractual or other legal obligation to provide services to the district.

(b) Authorizes the attorney general, on request of the commissioner, to bring suit on behalf of the state against a management company liable under Subsection (a) for certain costs.

(c) Provides that this section is cumulative of all other remedies and does not affect certain liabilities.

Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED. (a) Prohibits the charter holder or the governing body of a public charter district from accepting a loan from a management company that has a contract to provide management services to certain entities.

(b) Prohibits a charter holder or the governing body of a public charter district that accepts a loan from a management company from entering into a contract with that management company to provide management services to the district.

Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Requires any contract, including a contract renewal, between a public charter district and a management company proposing to provide management services to the district to require the management company to maintain all records related to the management services separately from any other records of the management company.

Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS PROHIBITED. Authorizes the commissioner to prohibit, deny renewal of, suspend, or revoke a contract between a public charter district and a management company providing management services to the district if the commissioner determines that the management company has failed to meet certain criteria.

[Reserves Sections 11A.163-11A.200 for expansion.]

SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

Sec. 11A.201. STATE FUNDING. (a) Entitles a charter holder, to the extent consistent with Subsection (c), to receive for the public charter district funding under Chapter 42 as if the public charter district were a school district without a local share for purposes of Section 42.253 and without any local revenue ("LR") for purposes of Section 42.302. Provides that in determining funding for a public charter district, adjustments under Sections 42.102, 42.103, and 42.105 and the district enrichment tax rate ("DTR") under Section 42.302 are based on the average adjustment and average district enrichment tax rate for the state.

(a-1) Entitles an entity granted a charter under Section 11A.1041, notwithstanding Subsection (a), to receive funding for each student in weighted average daily attendance in an amount equal to the greater of the amount determined under Subsection (a) or the amount to which the entity was entitled for the 2003-2004 or 2004-2005 school year, as determined by the commissioner. Provides that a determination of the commissioner under this subsection is final and not subject to appeal. Provides that this subsection expires September 1, 2013.

(b) Entitles a public charter district, to the extent consistent with Subsection (c), to funds that are available to school districts from the agency or the commissioner in the form of grants or other discretionary funding unless the statute authorizing the funding explicitly provides that a public charter district is not entitled to the funding.

(c) Entitles a charter holder to receive for a public charter district funding under this section only if the holder performs certain actions.

(d) Requires the commissioner to suspend the funding of a charter holder that fails to comply with Subsection (c) until the commissioner determines that the charter holder is in compliance or has cured any noncompliance and has adopted adequate procedures to prevent future noncompliance.

(e) Authorizes the commissioner to adopt rules to provide and account for state funding of public charter districts under this section. Authorizes a rule adopted under this section to be similar to a provision of this code that is not similar to Section 11A.052(b) if the commissioner determines that the rule is related to financing of public charter districts and is necessary or prudent to provide or account for state funds.

Sec. 11A.2011. ADDITIONAL STATE AID FOR CERTAIN STAFF SALARIES. (a) Provides that this section applies only to a charter holder that on January 1, 2005, operated an open-enrollment charter school under former Subchapter D, Chapter 12 and participated in the program under Chapter 1579, Insurance Code.

(b) Entitles a charter holder, in addition to any amounts to which a charter holder is entitled under this chapter, to state aid in an amount, as determined by the commissioner, equal to a certain sum.

Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS. (a) Defines "instructional facility."

(b) Provides that a charter holder is initially eligible for instructional facilities allotments in accordance with this section if certain conditions are satisfied.

(c) Provides that once a public charter district satisfies the initial eligibility requirements under Subsection (b) and receives an allotment under this section, the district continues to remain eligible until the district receives an accountability rating of unacceptable under Subchapter D (Accreditation Status), Chapter 39, at which point the district is again subject to the eligibility requirements of Subsection (b).

(d) Requires the commissioner annually to review the eligibility of a public charter district campus for purposes of this section.

(e) Provides that a charter holder is entitled to an annual allotment in an amount determined by the commissioner, not to exceed a certain amount, for each student in average daily attendance during the preceding year at a campus of a public charter district for which the charter holder has been granted a charter that is eligible for an allotment under this section.

(f) Authorizes a charter holder who receives funds under this section to use those funds only in a certain manner.

(g) Provides that a decision of the commissioner under Subsection (e) is final and is prohibited from being appealed.

(h) Requires the commissioner to by rule establish procedures to ensure that funds a charter holder claims to be using for certain purposes are being used in that manner.

Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Sets forth guidelines for the use and management of funds received under Section 11A.201 or 11A.202 by a charter school.

(b) Authorizes funds deposited under Subsection (a)(4) to be directly deposited into an account controlled by a bond trustee acting for the charter holder pursuant to a bond indenture agreement requiring direct deposit.

(c) Requires the commissioner to adopt rules for identifying public funds in accordance with Subsection (a).

(d) Authorizes the commissioner to bring action in district court in Travis County for injunctive or other relief to enforce this section. Requires the court, in identifying public funds held by a charter holder, to use the criteria adopted by the commissioner under Subsection (c). Requires the court to enter any order under this subsection concerning public funds held by the charter holder necessary to best serve the interests of the students of a public charter district, except as otherwise provided by this subsection. Requires the court, in the case of a public charter district that has ceased to operate, to enter any order under this subsection concerning public funds held by the charter holder necessary to best serve the interests of this state.

Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Requires each bank selected as a school depository and the charter holder to enter into a depository contract, bond, or other necessary instrument setting forth the duties and agreements pertaining to the State Board of Education.

(b) Requires the depository bank to attach to the contract and file with the charter holder a bond in an initial amount equal to the estimated highest daily balance, determined by the charter holder, of all deposits that the charter holder 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 charter and to be signed by certain entities. Requires the depository bank to increase the amount of the bond if the charter holder determines the increase is necessary to adequately protect the funds of the charter holder deposited with the depository bank.

(c) Requires the bond to be conditioned on certain factors.

(d) Requires a bond and the surety on the bond to be approved by the charter holder. Prohibits a premium on the depository bond from being paid out of charter holder funds related to operation of the public charter district.

(e) Requires the charter holder to file a copy of the depository contract and bond with the agency.

(f) Authorizes the depository bank, instead of the bond required under Subsection (b), to deposit or pledge, with the charter holder or with a trustee designated by the charter holder, approved securities as defined by a certain section of the Education Code, in an amount sufficient to adequately protect the funds of the charter holder deposited with the depository bank. Authorizes a depository bank to give a bond and deposit or pledge approved securities in an certain amount. Requires the charter holder periodically designate the amount of approved securities or the aggregate amount of the bond and approved securities necessary to adequately protect the charter holder. Prohibits the charter holder from designating a certain amount. Authorizes the depository bank to substitute approved securities on obtaining the approval of the charter holder. Provides that for purposes of this subsection, the approved securities are valued at their market value.

Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. Provides that a charter holder who accepts state funds under Section 11A.201 or 11A.202 agrees to be subject to all requirements, prohibitions, and sanctions authorized under this chapter.

Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE FUNDS. (a) Provides that property purchased or leased with funds received by a charter holder under Section 11A.201 or 11A.202 is to be used for certain purposes.

(b) Requires the commissioner to manage and supervise certain property in a certain manner.

(c) Provides that this section does not affect the priority of a security interest in or lien on property established by a creditor in compliance with law if the security interest or lien arose in connection with the sale or lease of the property to the charter holder.

(d) Requires the commissioner to adopt rules for identifying public property in accordance with Subsection (a).

(e) Authorizes the commissioner to bring an action in district court in Travis County for injunctive or other relief to enforce this section. Requires the court, in identifying public property held by a charter holder, to use the criteria adopted by the commissioner under Subsection (d). Requires the court to enter any order under this subsection concerning public property held by the charter holder necessary to best serve the interests of the students of a public charter district, except as otherwise provided by this subsection. Requires the court, in the case of a public charter district that has ceased to operate, to enter any order under this subsection concerning public property held by the charter holder necessary to best serve the interests of this state. Authorizes the court to order title to real or personal public property held by the charter holder transferred to a trust established for the purpose of managing the property or to make other disposition of the property necessary to best serve the interests of this state.

Sec. 11A.207. **USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER DISTRICT LAND OR FACILITIES.** Authorizes a municipality to which a charter is granted under this chapter to borrow funds, issue obligations, or otherwise spend its funds to acquire land or acquire, construct, expand, or renovate school buildings or facilities and related improvements for its public charter district within the city limits of the municipality in the same manner the municipality is authorized to borrow funds, issue obligations, or otherwise spend its funds in connection with any other public works project.

Sec. 11A.208. **TEXTBOOK FUNDING.** Provide that a public charter district is entitled to funding for textbooks under Chapter 31 (Textbooks) and is subject to that chapter as if the public charter district were a school district.

Sec. 11A.209. **ANNUAL BUDGET.** Requires the governing body of a public charter district to annually adopt a budget for the district.

Sec. 11A.210. **ANNUAL AUDIT.** Requires the governing body of a public charter district to conduct an annual audit in a manner that complies with Section 44.008 (Annual Audit Report).

[Reserved Sections 11A.211-11A.250 for expansion.]

SUBCHAPTER F. OPERATION OF PUBLIC SCHOOL CHARTER DISTRICT

Sec. 11A.251. **ADMISSION POLICY.** (a) Prohibits a public charter district from discriminating in admission policy on the basis of sex, national origin, ethnicity, religion, disability, or academic, artistic, or athletic ability or the district the child would otherwise attend in accordance with this code.

(b) Authorizes a public charter district admission policy to provide for the exclusion of a student who has a documented history of a criminal offense, a juvenile court adjudication, or discipline problems under Subchapter A (Alternative Setting for Behavior Management), Chapter 37.

Sec. 11A.252. **ADMISSION OF STUDENTS.** Sets forth admission procedures to a public charter district campus to be required by the governing body.

SEC. 11A.253. STUDENT ENROLLMENT. (a) Requires the district, during a public charter district's first year of operation, to have a student enrollment of at least 100 and not more than 500 at any time during the school year, except as provided by Subsection (b) or as otherwise determined impracticable by the commissioner.

(b) Authorizes a public charter district to have a student enrollment of less than 100 if approved by the commissioner.

(c) Requires at least 25 percent of the district's students, not later than a public charter district's third year of operation, to be enrolled in one or more grade levels for which assessment instruments are administered under Section 39.023(a) (Adoption and Administration of Instruments).

(d) Authorizes the commissioner to grant a waiver from the requirements of Subsection (c) for a public charter district that opens a campus serving prekindergarten or kindergarten students and agrees to certain measures.

(e) Authorizes the commissioner to grant a waiver from the requirements of Subsection (c) for a public charter district that was operating an open-enrollment charter school campus on January 1, 2005, serving prekindergarten, kindergarten, and first, second, and third grade students if the public charter district meets certain standards and requirements.

(f) Requires the commissioner to adopt rules necessary to implement this section.

Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) Prohibits a public charter district from charging tuition to an eligible student who applies for admission to the district under this chapter.

(b) Authorizes the governing body of a public charter district to require a student to pay any fee that the board of trustees of a school district may charge under Section 11.158(a) (Authority to Charge Fees). Prohibits the governing body from requiring a student to pay a fee that the board of trustees of a school district may not charge under Section 11.158(b).

Sec. 11A.255. TRANSPORTATION. Requires a public charter district 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. 11A.256. REMOVAL OF STUDENTS TO DISCIPLINARY ALTERNATIVE EDUCATION PROGRAM; EXPULSION OF STUDENTS. (a) Requires the governing body of a public charter district to adopt a code of conduct for the district or for each campus in the district.

(b) Requires the code of conduct to include certain information.

(c) Prohibits a final decision of the governing body of a public charter district regarding action taken under the code of conduct from being appealed.

(d) Prohibits a public charter district from expelling a student for a reason that is not authorized by Section 37.007 (Expulsion for Serious Offenses) or specified in the district's code of conduct as conduct that may result in expulsion.

(e) Provides that Section 37.002 (Removal by Teacher) does not apply to a public charter district except to the extent specified by the governing body of the public charter district in the district's code of conduct.

[Reserves Sections 11A.257-11A.300 for expansion.]

SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. (a) Requires a person employed as a teacher by a public charter district to hold a high school diploma, except as otherwise required by this section or chapter.

(b) Requires a person employed as a teacher by a public charter district, to the extent required by federal law, including 20 U.S.C. 7801(11), to hold a baccalaureate degree.

Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE QUALIFICATIONS. (a) Requires each public charter district to provide to the parent or guardian of each student enrolled at a campus in the district written notice of the qualifications of each professional employee, including each teacher, employed at the campus.

(b) Requires the notice to include certain information.

Sec. 11A.303. COLLECTION OF FINGERPRINTS REQUIRED. Requires the governing body of a public charter district to obtain a complete set of fingerprints from each person described by Section 21.0032(a) (Definition).

Sec. 11A.304. CRIMINAL HISTORY AND DISCIPLINARY HISTORY OF CERTAIN APPLICANTS. Requires a public charter district to comply with Section 21.0032 before employing or otherwise securing the services of a person as a certain education employee regardless of whether the applicant is certified under Subchapter B (Certification of Educators), Chapter 21.

Sec. 11A.305. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF TEXAS. (a) Requires an employee of a public charter 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 a school district is covered.

(b) Provides that for each employee of a public charter district covered under the system, the public charter district is responsible for making any contribution that otherwise would be the legal responsibility of a school district, and the state is responsible for making contributions to the same extent it would be legally responsible if the employee were a school district employee.

Sec. 11A.306. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF. (a) Provides that this section applies only to a charter holder that on January 1, 2005, operated an open-enrollment charter school under former Subchapter D (Open-enrollment Charter Schools), Chapter 12, and participated in the program under Chapter 1579 (Texas School Employees Uniform Group Health Coverage).

(b) Requires a charter holder each school year, using state funds received by the charter holder for that purpose under Section 11A.20011, to pay certain employees employed by the charter holder at a public charter district an amount at least equal to a certain amount.

(c) Provides that payment under this section is in addition to wages the charter holder would otherwise pay the employee during the school year.

[Reserves Sections 11A.307-11A.350 for expansion.]

SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

Sec. 11A.351. AUDIT (a) Authorizes the commissioner, to the extent consistent with this section, to audit the records of certain entities.

(b) Requires an audit under Subsection (a) to be limited to matters directly related to the management or operation of a public charter district, including any financial, student, and administrative records.

(c) Prohibits the commissioner, unless the commissioner has specific cause to conduct an additional audit, from conducting more than one on-site audit of a public charter district under this section during any fiscal year, including any audit of financial, student, and administrative records. Provides that for purposes of this subsection, an audit of a charter holder or management company associated with a public charter district is not considered an audit of the district.

Sec. 11A.352. SUBPOENA. (a) Authorizes the commissioner to issue a subpoena to compel the attendance and testimony of a witness or the production of materials relevant to an audit or investigation under this chapter.

(b) Authorizes a subpoena to be issued throughout the state and to be served by any person designated by the commissioner.

(c) Authorizes the commissioner, acting through the attorney general, if a person fails to comply with a subpoena issued under this section, to file suit to enforce the subpoena in a district court in Travis County or in the county in which the audit or investigation is conducted. Requires the court to order compliance with the subpoena if the court finds that good cause exists to issue the subpoena.

(d) Provides that this section expires September 1, 2007.

Sec. 11A.353. SANCTIONS. (a) Requires the commissioner to take certain actions, to the extent the commissioner determines necessary, if a public charter district, as determined by a report issued under Section 39.076(b) () fails to meet certain standards, fails to comply with this chapter or certain rules, or commits a material violation of the district's charter.

(b) Authorizes the commissioner to temporarily withhold funding, suspend the authority of a public charter district to operate, or take any other reasonable action the commissioner determines necessary to protect the health, safety, or welfare of students enrolled at a district campus based on evidence that conditions at the district campus present a danger to the health, safety, or welfare of the students.

(c) Prohibits the public charter district, after the commissioner acts under Subsection (b), from receiving funding and from resuming operating until a certain determination is made.

(d) Requires the commissioner, not later than the third business day after the date the commissioner acts under Subsection (b), to provide the charter holder an opportunity for a hearing. Provide that this subsection does not apply to an action taken by the commissioner under Chapter 39 (Public School System Accountability).

(e) Requires the commissioner, immediately after a hearing under Subsection (d), to cease the action under Subsection (b) or initiate action under Section 11A.108.

Sec. 11A.3531. SUPERVISION OF ADMINISTRATION OF CERTAIN ASSESSMENT INSTRUMENTS. (a) Requires the commissioner, using funds appropriated for the Foundation School Program, to reduce the total amount of state funds allocated to each district from any source in the same manner described for a reduction in allotments under Section 42.253 (Distribution of Foundation School Fund) and adopt and implement a program for supervising the administration of assessment instruments under Section 39.023 during the 2005-2006 school year at an open-enrollment charter school, other than a school operated by an entity described by Section 11A.1041(a)(2), (3), or (4), at which less than 25 percent of all students enrolled at the school and administered an assessment instrument under Section 39.023(a), (c), or (l) performed satisfactorily on certain assessment instruments.

(b) Requires the program adopted under Subsection (a) to be designed for certain purposes.

(c) Authorizes the commissioner to adopt rules necessary to administer this section and to take any action that the commissioner determines necessary to ensure the integrity of the results of an assessment instrument administered at an open-enrollment charter school described by Subsection (a).

(d) Requires the commissioner, after deducting the amount withheld under Subsection (a) from the total amount appropriated for the Foundation School Program, to reduce the total amount of state funds allocated to each district from any source in the same manner described for a reduction in allotments under Section 42.253.

(e) Provides that an open-enrollment charter school's failure to fully cooperate with the commissioner under this section is sufficient grounds for revocation of the district's charter, as determined by the commissioner.

(f) Provides that this section expires September 1, 2006.

Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. Requires the commissioner to periodically consult with representatives of charter holders regarding the duties and mission of the agency relating to the operation of public charter districts. Requires the commissioner to determine the frequency of the consultations.

Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Provides that nothing in this chapter may be construed to limit the commissioner's authority under Chapter 39.

Sec. 11A.356. RULES. Authorizes the commissioner to adopt rules for the administration of this chapter.

[Reserves Sections 11A.357-11A.400 for expansion.]

SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

Sec. 11A.401. AUTHORIZATION. (a) Defines "eligible entity."

(b) Authorizes the commissioner, in accordance with this subchapter, to authorize not more than three charter holders to grant a charter to an eligible entity to operate a blue ribbon charter campus if certain standards and requirements are met.

(b-1) Authorizes an eligible entity that assumed operation of an existing charter school program during the seven years preceding the proposed authorization under Subsection (b) to be authorized to grant a blue ribbon charter under Subsection (b) if it meets certain standards and qualifications.

(c) Authorizes a charter holder to grant a blue ribbon charter only to an applicant that meets any financial, governing, and operational standards adopted by the commissioner under this subchapter.

(d) Authorizes a charter holder to grant not more than two blue ribbon charters under this subchapter.

Sec. 11A.402. APPLICABILITY OF CERTAIN LAWS. (a) Provide that a blue ribbon charter campus is considered a public charter district campus for purposes of state and federal law.

(b) Provides that a blue ribbon charter granted under this subchapter is not considered for purposes of the limit on the number of public charter districts imposed by Section 11A.002.

Sec. 11A.403. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE RIBBON CHARTER CAMPUS. (a) Provides that the governing body of the public charter district authorizing a blue ribbon charter is responsible for the management and operation of the campus operated under a blue ribbon charter. Provides that a blue ribbon charter campus is subject to the rules and policies of the governing body of the charter holder that granted the blue ribbon charter.

(b) Provides that for purposes of academic and financial accountability and all other purposes under this chapter and Chapter 39, a blue ribbon charter campus is considered a campus of the public charter district operated by the charter holder that granted the blue ribbon charter.

(c) Provides that a charter holder is entitled to receive funding for a blue ribbon charter campus as if the blue ribbon charter campus were a campus of the public charter district operated by the charter holder.

Sec. 11A.404. APPLICATION FOR AUTHORIZATION. (a) The commissioner by rule shall adopt an application form and procedures for a charter holder to apply for authorization to grant a blue ribbon charter to an eligible entity under this subchapter.

(b) Requires the application to specify certain information.

(c) Provides that a determination by the commissioner regarding an application under this section is final and is prohibited from being appealed.

Sec. 11A.405. REVOCATION OF AUTHORIZATION. (a) Authorizes the commissioner to revoke a charter holder's authorization to grant a blue ribbon charter or operate a campus granted a blue ribbon charter if the commissioner determines that the purposes of this subchapter are not being satisfied.

(b) Requires the charter holder, on revocation of a charter holder's authority under this section, to follow certain procedures.

Sec. 11A.406. CONTENT. (a) Requires each blue ribbon charter granted under this subchapter to meet certain standards, provide certain information, and include certain specifications.

(b) Authorizes a charter holder to reserve the right to approve contracts, governance alterations, personnel decisions, and other matters affecting the operation of the blue ribbon charter campus.

(c) Requires a blue ribbon charter to specify the basis and procedure to be used by the charter holder for placing the blue ribbon charter campus on probation or revoking the charter, which is required to include an opportunity for an informal review of the blue ribbon charter campus and governing body of the campus by the charter holder. Provides that a charter holder's decision to place on probation or revoke a blue ribbon charter is final and is prohibited from being appealed.

Sec. 11A.407. FORM. Requires a blue ribbon charter issued under this subchapter to be in the form and substance of a written contract signed by the president or equivalent officer of the governing body of the charter holder granting the blue ribbon charter and the president or equivalent officer of the governing body of the eligible entity to which the blue ribbon charter is granted.

Sec. 11A.408. REVISION. Authorizes a blue ribbon charter granted under this subchapter to be revised with the approval of the charter holder that granted the charter.

[Reserves Sections 11A.409-11A.450 for expansion.]

SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT CHARTER SCHOOLS

Sec. 11A.451. DEFINITIONS. Defines "assets" and "records."

Sec. 11A.452. APPLICABILITY. Requires the commissioner to appoint a receiver under this subchapter for each open-enrollment charter school that on June 1, 2005, was operating under a charter issued under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2005, and is not authorized to operate as a public charter district under this chapter or elects not to operate as a public charter district under this chapter.

Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED. (a) Requires the commissioner to appoint a receiver to protect the assets and direct the dissolution of open-enrollment charter schools subject to this subchapter.

(b) Requires the receiver to execute a bond in an amount set by the commissioner to ensure the proper performance of the receiver's duties.

(c) Requires the receiver, until discharged by the commissioner, to perform the duties that the commissioner directs to preserve the assets and direct the dissolution of the open-enrollment charter school under this subchapter.

Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) Requires the receiver, after appointment and execution of bond under Section 11A.453, to take possession of certain assets and records, and certain funds.

(b) Requires the attorney general, on request of the receiver, to file a suit for attachment, garnishment, or involuntary bankruptcy and take any other action necessary for the dissolution of an open-enrollment charter school under this subchapter.

(c) Authorizes the receiver, if the charter holder of an open-enrollment charter school or an officer or employee of such a school refuses to transfer school assets or records to a receiver under this subsection, to ask the attorney general to petition a court for recovery of the assets or records. Requires the court, if the court grants the petition, to award attorney's fees and court costs to the state.

(d) Provides that a record described by this section is a public school record for purposes of Section 37.10(c)(2) (Tampering with Governmental Record), Penal Code.

Sec. 11A.455. DISPOSITION OF ASSETS. (a) Requires a receiver to wind up the affairs of an open-enrollment charter school and, except as provided by Subsection (b), reduce its assets to cash for the purpose of discharging all existing liabilities and obligations of the school. Requires the receiver, in winding up the affairs of a school, to cooperate in any bankruptcy proceeding affecting the school. Requires the receiver to distribute any remaining balance to the commissioner.

(b) Requires a receiver to offer free of charge any equipment and supplies of an open-enrollment charter school dissolved under this subchapter to school districts, giving priority to districts based on the percentage of the charter school's students that reside in the districts.

(c) Requires the commissioner to use money in the foundation school fund and money received under this section to pay the costs described by Section 11A.458 and discharge liabilities and obligations of open-enrollment charter schools under this subchapter. Requires the commissioner to deposit any remaining balance in the foundation school fund.

Sec. 11A.456. DISPOSITION OF RECORDS. (a) Requires the records of an open-enrollment charter school subject to this subchapter to be transferred in the manner specified by the commissioner to a custodian designated by the commissioner. Authorizes the commissioner to designate any appropriate entity to serve as custodian of

records, including the agency, a regional education service center, or a school district. Requires the commissioner, in designating a custodian, to ensure that the transferred records, including student and personnel records, are transferred to a custodian capable of maintaining certain records and making those records accessible to certain persons entitled to access, and complying with certain state federal laws.

(b) Entitles the commissioner to access to any records transferred to a custodian under this section as the commissioner determines necessary for auditing, investigative, or monitoring purposes.

Sec. 11A.457. **LIABILITY.** Provides that a receiver is not personally liable for actions taken by the receiver under this subchapter.

Sec. 11A.458. **COSTS OF RECEIVERSHIP.** Authorizes the commissioner to authorize reimbursement of reasonable costs related to the receivership, including certain payments of fees to certain persons and entities.

Sec. 11A.459. **EXEMPTION FROM COMPETITIVE BIDDING.** Provides that the competitive bidding requirements of this code and the contracting requirements of Chapter 2155 (Purchasing: General Rules and Procedures), Government Code, do not apply to the appointment of a receiver, attorney, accountant, or other person appointed under this subchapter.

SECTION 4.03. Amends Subchapter D, Chapter 12, Education Code, by adding Section 12.1058, as follows:

Sec. 12.1058. **APPLICABILITY OF PUBLIC CHARTER DISTRICT PROVISIONS.**

(a) Provides that an open-enrollment charter school is subject to certain sections of the Education Code.

(b) Authorizes the commissioner to bring an action for injunctive or other relief as provided by Section 11A.203(d) to enforce Section 12.107 (Status and Use of Funds).

(c) Provides that for purposes of this section, a reference in a law described by this section to a public charter district means an open-enrollment charter school.

SECTION 4.04. Amends Sections 12.152 and 12.156, Education Code, to authorize the State Board of Education, in accordance with this subchapter and Chapter 11A, rather than Subchapter D, to grant a charter on the application of a public senior college or university for a public charter district, rather than an open-enrollment school, to operate on the campus of the public senior college or university or in the same county in which the campus of the public senior college or university is located.

Sec. 12.156. (a) and (b) Make conforming changes.

(c) Provides that a college or university charter school is not subject to a prohibition, restriction, or requirement relating to certain functions of charter school.

(d) Provides that a college or university charter school and the governing body of the school are subject to regulations and procedures that govern a public senior college or university relating to open meetings, records retention, purchasing, contracting, conflicts of interest, and nepotism.

SECTION 4.05. Amends Section 5.001, Education Code, by adding Subdivision (5-a) and amending Subdivision (6), to define "public charter campus" and redefine "public charter district."

SECTION 4.06. Amends Section 7.003, Education Code, to delete existing text relating to an open-enrollment charter school.

SECTION 4.07. Amends Section 7.027(b), Education Code, as added by Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, to make conforming changes.

SECTION 4.08. Amends Section 7.055(b)(17), Education Code, to make conforming changes.

SECTION 4.09. Amends section 7.102(c)(9), Education Code, to make conforming changes.

SECTION 4.10. Amends Section 12.002, Education Code, to provide that the classes of charter under this chapter, include a college or university charter, rather than an open-enrollment charter, as provided by Subchapter E.

SECTION 4.11. Amends Subchapter A, Chapter 21, Education Code, by adding Section 21.0032, as follows:

Sec. 21.0032. CLEARANCE REQUIRED FOR CERTAIN PUBLIC CHARTER DISTRICT PERSONNEL; APPEAL. (a) Prohibits a person from being employed by or serve as a certain education employee for a public charter district unless the person has been cleared by the State Board for Educator Certification following a national criminal history record review and investigation under this section.

(b) Requires a public charter district, before or immediately after employing or securing the services of a person described by Subsection (a), to send to the State Board for Educator Certification the person's fingerprints and social security number. Authorizes the person to be employed or serve pending action by the board.

(c) Requires the State Board for Educator Certification to review and investigate the person's national criminal history record information, educator certification discipline history in any state, and other information in the same manner as a review or investigation conducted regarding an initial application for educator certification. Requires the board, if the board finds the person would not be eligible for educator certification, to notify the public charter district in writing that the person is prohibited from being employed or serving in a capacity described by Subsection (a).

(d) Prohibits a public charter district, on receipt of written notice under Subsection (c), from employing or permitting the person to serve unless the person timely submits a written appeal under this section. Requires the State Board for Educator Certification to conduct an appeal under this subsection in the same manner as an appeal regarding the denial of an initial application for educator certification.

SECTION 4.12. Amends Sections 21.058(b) and (c), Education Code, as follows:

(b) Requires the State Board of Educator certification (board), not later than the fifth day after the date the board receives notice under Article 42.018 (Notice Provided by Clerk of Court), Code of Criminal Procedure, of the conviction of a person described by Section 21.0032 (Definition) or who holds a certificate under this subchapter, to revoke the certificate or clearance held by the person, notwithstanding Section 21.041(b)(7). Makes a conforming change.

(c) Makes a conforming change.

SECTION 4.13. Amends Sections 22.083(b)-(d), Education Code, as follows:

(b) Authorizes a public charter district to obtain from the department of Public Safety, rather than any law enforcement or criminal justice agency, all criminal history record information that relates to a certain person. Makes conforming changes.

(d) Makes a conforming change.

SECTION 4.14. Amends Section 22.084, Education Code, as follows:

(a) and (b) Makes conforming changes.

(c) Limits the provisions of this section to a federal or state law enforcement or criminal justice agency, rather than any law enforcement or criminal justice agency.

(d) Makes a conforming change.

SECTION 4.15. Amends Section 22.085, Education Code, to make a conforming change.

SECTION 4.16. Amends Section 22.086, Education Code, to make a conforming change.

SECTION 4.161. Amends Section 25.087, Education Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires the district to excuse a student from attending school for certain purposes. Deletes existing text relating to excusing of a student for travel.

(c) Makes conforming changes.

SECTION 4.17. Amends Section 25.088, Education Code, to make a conforming change.

SECTION 4.18 Amends Section 25.089(a), Education Code, to make a conforming change.

SECTION 4.19. Amends Section 25.090(b), Education Code, to make a conforming change.

SECTION 4.20. Amends Sections 25.093(d) and (e), Education Code, to make conforming changes.

SECTION 4.21. Amends Sections 25.095(a) and (b), Education Code, as follows:

(a) Makes a conforming change.

(b) Includes a public charter district in this section.

SECTION 4.22. Amends Sections 25.0951(a) and (b), Education Code, to make conforming changes.

SECTION. 4.23. Amends Section 26.006(c), Education Code, to make conforming changes.

SECTION 4.24. Amends Sections 26.0085(a), (c), (d), and (e), Education Code, as follows:

(a), (c), and (d) Make conforming changes.

(e) Provides that this section does not affect the earlier deadline for purposes of Section 552.353(b)(3) (Failure or Refusal of Officer for Public Information to Provide Access to or Copying of Public Information), Government Code, rather than Section 532.353(b)(3), for a suit brought by an officer for public information.

SECTION 4.25. Amends Section 28.0211(j), Education Code, to delete existing text relating to an open-enrollment charter school.

SECTION 4.26. Amends Section 29.010(f), Education Code, to make a conforming change.

SECTION 4.27. Amends Sections 29.012(a) and (c), Education Code, to make conforming changes.

SECTION 4.28 Amends Sections 29.062(c)-(e), Education Code, to make conforming changes.

SECTION 4.29. Amends Sections 29.087(a)-(c), (e), (k), and (l), Education Code, as follows:

(a) Makes a conforming change.

(b) Requires the commissioner, as part of the application process, to require a school district or public charter district to provide information regarding the operation of any similar program during the preceding five years. Makes a conforming and nonsubstantive change.

(b-1), (c), and (e) Make conforming changes.

(k) Requires the board of trustees of a school district or the governing body, rather than governing board, of a public charter district to take certain actions. Makes a conforming change.

(l) Make conforming changes and nonsubstantive change.

SECTION 4.30 Amends Sections 29.155(a)-(d), (i), and (j), Education Code, as follows:

(a)-(d) Make conforming changes.

(i) Authorizes a school district or public charter district to use funds granted to the school district or public charter district under this section, rather than subsection, in contracting with another entity, including a private entity. Makes conforming changes.

(j) Makes a conforming change.

SECTION 4.31. Amends Section 29.905(b), Education Code, to limit this subsection to the board of trustees of the school district, rather than the board of trustees or the school district. Makes conforming changes.

SECTION 4.32. Amends Section 31.021(b), Education Code, to make conforming changes.

SECTION 4.33. Amends Section 31.027(a), Education Code, to make a conforming change.

SECTION 4.34. Amends Section 31.030, Education Code, to make a conforming change.

SECTION 4.35. Amends Section 31.101, Education Code, to delete existing text relating to the governing body of open-enrollment charter school. Makes conforming changes.

SECTION 4.36. Amends Section 31.102(c), Education Code, to make conforming changes.

SECTION 4.37. Amends Section 31.103, Education Code, as follows:

(a) Deletes existing text relating to the chief operating officer of an open-enrollment charter school. Makes a conforming change.

(b)-(c) Make conforming changes.

SECTION 4.38. Amends Sections 31.104(a), (b), and (d), Education Code, to make conforming changes.

SECTION 4.39. Amends Section 31.105, Education Code, to make a conforming change.

SECTION 4.40. Amends Section 31.106, Education Code, to make conforming changes.

SECTION 4.41. Amends Section 31.151(a), Education Code, to make conforming changes.

SECTION 4.42. Amends Section 31.201(c), Education Code, to make a conforming change.

SECTION 4.43. Amends Subchapter C, Chapter 32, Education Code, by adding Section 32.1011, as follows:

Sec. 32.1011. **APPLICABILITY TO PUBLIC CHARTER DISTRICTS.** Provides that this subchapter applies to a public charter district as if the public charter district were a school district.

SECTION 4.44. Amends Section 32.102, Education Code, to make conforming changes.

SECTION 4.45. Amends Section 32.103, Education Code, to make conforming changes.

SECTION 4.46. Amends Section 32.104, Education Code, to make a conforming change.

SECTION 4.47. Amends Section 32.105, Education Code, to make a conforming change.

SECTION 4.48. Amends Section 32.106, Education Code, to make conforming changes.

SECTION 4.49. Amends Section 33.007, Education Code, to make conforming and nonsubstantive changes.

SECTION 4.50. Amends Section 33.901, Education Code, to make conforming changes.

SECTION 4.51. Amends Section 37.007(e), Education Code, to make conforming changes.

SECTION 4.52. Amends Section 37.008(j), Education Code, to authorize a school district to take certain actions permitted by this subsection.

SECTION 4.53. Amends Section 37.021(a)(2), Education Code, as added by Chapter 631, Acts of the 78th Legislature, Regular Session, 2003, to make conforming changes.

SECTION 4.54. Amends Section 39.131(a), Education Code, to require the commissioner, if a district does not satisfy the accreditation criteria, to take certain actions, to the extent the commissioner determines necessary, including the number of students placed in a disciplinary alternative education program established under Section 37.008 (Disciplinary Alternative Education Programs). Makes conforming changes.

SECTION 4.55. Amends Section 39.182(a), Education Code, to make conforming changes.

SECTION 4.56. Amends Section 42.005(f), Education Code, to make a conforming change.

SECTION 4.57. Amends section 42.152(c), Education Code, to make a conforming change.

SECTION 4.58. Amends Section 44.008(a), Education Code, to require the accountant to have completed at least one peer-reviewed audit of a school district, governmental entity, quasi-governmental entity, or nonprofit corporation and received an unqualified opinion from the peer review, except as determined impracticable by the commissioner.

SECTION 4.59. Amends Section 46.012, Education Code, to make conforming changes.

SECTION 4.60. Amends Section 46.036, Education Code, to make conforming changes.

SECTION 4.61. Amends Section 53.02(13), Education Code, to make conforming changes.

SECTION 4.62. Amends the heading to Section 53.351, Education Code, to read as follows:

Sec. 53.351. **BONDS FOR AUTHORIZED CHARTER SCHOOL FACILITIES.**

SECTION 4.63. Amends Sections 53.351(a), (c), (d), (f), and (g), Education Code, as follows:

(a) Makes a conforming change.

(c) Authorizes a corporation to make expenditures from the fund described by Subsection (e), and to solicit and accept grants for deposit into the fund. Makes a conforming change.

(d), (f), and (g) Make a conforming change.

SECTION 4.64. Amends Section 411.097(c), Government Code, to make conforming changes.

SECTION 4.65. Amends Sections 2175.128(a) and (b), Government Code, to make conforming changes.

SECTION 4.66. Amends Section 2306.630(a), Government Code, to authorize certain entities to apply to receive a grant for an eligible project under this subchapter, including a public charter district approved by the State Board of Education, rather than the Texas Education Agency.

SECTION 4.67. Amends Section 1575.002(6), Insurance Code, to make conforming changes.

SECTION 4.68. Amends Section 1579.002(3), Insurance Code, to make conforming changes.

SECTION 4.69. Amends Section 140.005, Local Government Code, to make a conforming change.

SECTION 4.70. Amends Section 140.006(c), Local Government Code, to make a conforming change.

SECTION 4.71. Amends Section 375.303(2), Local Government Code, to redefine "eligible project."

SECTION 4.72. Amends Sections 375.308(b) and (c), Local Government Code, to make conforming changes.

SECTION 4.73. Amends Section 541.201(15), Transportation Code, to make a conforming change.

SECTION 4.74. Amends Section 57.042(9), Utilities Code, to make a conforming change.

SECTION 4.75. Amends Section 4(2), Chapter 22, Acts of the 57 Legislature, 3rd Called Session, 1962 (Article 6228a-5, V.T.C.S.), to make a conforming change.

SECTION 4.76. Repealer: Section 12.106 (State Funding), Education Code, and Section 40 (relating to open-enrollment charter schools), Chapter 1504, Acts of the 77th Legislature, Regular Session, 2001.

SECTION 4.77. Provides that Sections 12.107 and 12.128, Education Code, continue to apply to state funds and property received or purchased by an open-enrollment charter school before September 1, 2006.

SECTION 4.78. Makes application of Sections 4.04-4.78 of this article, prospective to August 1, 2006, except that Sections 4.11, 4.12, 4.59, and 4.77 are prospective to September 1, 2005.

ARTICLE 5. CONFORMING AMENDMENTS

PART A. CONFORMING AMENDMENTS EFFECTIVE SEPTEMBER 1, 2005.

SECTION 5A.01. Amends Section 22.004(c), Education Code, to require the cost of the coverage provided under the program described by Subsection (a) to be paid by the state, the district, and the employees in the manner provided by Chapter 1579 (Texas School Employees Uniform Group Health Coverage), rather than Article 3.50-7, Insurance Code. Requires the cost of coverage provided under a plan adopted under Subsection (b) to be shared by the employees and the district using the contributions by the state described by Subchapter F (Contributions), Chapter 1579, rather than Section 9, Article 3.50-7, Insurance Code, or by Chapter 1580 (Active

Employee Health Coverage or Compensation Supplementation), rather than Article 3.50-8, Insurance Code.

SECTION 5A.02. Amends Section 822.201(c), Government Code, to exclude certain items from salary and wages.

SECTION 5A.03. Provides that this part applies beginning with the 2005-2006 school year.

PART B. CONFORMING AMENDMENTS
RELATED TO EDUCATION FUNDING AND EQUALIZATION

SECTION 5B.01. Amends Section 7.055(b)(34), Education Code, to require the commissioner to perform duties in connection with equalization actions, rather than the equalized wealth level, under Chapter 41 (Equalized Wealth Level).

SECTION 5B.02. Amends Section 12.013(b), Education Code, to provide that a home-rule school district is subject to certain provisions, and prohibitions, restrictions, or requirements, as applicable, imposed by this title or a rule adopted under this title, relating to elementary class size limits under Section 25.112 (Class Size), in the case of any campus in the district that is considered academically unacceptable, rather than low performing under Section 39.132 (Sanctions for Campuses) and equalization under Section 42.401, rather than Chapter 41. Makes a conforming change.

SECTION 5B.03. Amends Section 21.410(h), Education Code, to make a conforming change.

SECTION 5B.04. Amends Section 21.411(h), Education Code, to make a conforming change.

SECTION 5B.05. Amends Section 21.412(h), Education Code, to make a conforming change.

SECTION 5B.06. Amends Section 21.413(h), Education Code, to make a conforming change.

SECTION 5B.07. Amends Section 21.453(b) Education Code, to make a conforming change.

SECTION 5B.08. Amends Section 29.014(d), Education Code, to make a conforming change.

SECTION 5B.09. Amends Section 29.087(j), Education Code, to make a conforming change.

SECTION 5B.10. Amends Section 29.202(a), Education Code, to make a conforming change.

SECTION 5B.11. Amends Section 29.203(b), Education Code, to delete existing text relating to school district entitlements.

SECTION 5B.12. Amends Section 30.003, Education Code, by adding Subsection (f-1), as follows:

(f-1) Requires the commissioner to determine the total amount that the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf would have received from school districts pursuant to this section if H.B. No. 2, Acts of the 79th Legislature, Regular Session, 2005, had not reduced the districts' share of the cost of providing education services. Requires, that amount, minus any amount the schools do receive from school districts, to be set apart as a separate account in the foundation school fund and appropriated to those schools for educational purposes.

SECTION 5B.13. Amends Section 37.0061, Education Code, to delete existing text relating to the confinement of a juvenile to a residential facility and the transfer of funds.

SECTION 5B.14. Amends Section 87.208, Education Code, to include in the exception of this section that the district enrichment tax rate under Section 42.302 (Allotment) is the average district enrichment tax rate for this state.

SECTION 5B.15. Amends Section 96.707(k), Education Code, to make a conforming change.

SECTION 5B.16. Amends Section 105.301(e), Education Code, to include in the list of exceptions under this subsection that for each student enrolled, the academy is entitled to allotments from the foundation school program under Chapter 42 as if the academy were a school district without a basic program, rather than tier one, local share for purposes of Section 42.253 (Distribution of Foundation of School Fund); and in determining funding for the academy the adjustment under Section 42.102 (Cost of Education Adjustment) is the adjustment of the school district in which the principal facilities of the academy are located; and the district enrichment tax rate under Section 42.302 is the average district enrichment tax rate for the state.

SECTION 5B.17. Amends Section 317.005(f), Government Code, to make a conforming change.

SECTION 5B.18. Amends Section 2175.304(c), Government Code, to require the system, institution, or agency, if more than one public school or school district or assistance organization seeks to acquire the same property on substantially the same terms, to give preference to a public school that is considered academically unacceptable under Section 39.132, Education Code, rather than low-performing by the commissioner of education, or to a school district that has a relatively low wealth, rather than taxable wealth, per student, as determined by the commissioner of education, rather than that entitles the district to an allotment of state funds under Subchapter F, Chapter 42, Education Code, or to the assistance organization designated by such a school district.

SECTION 5B.19. Amends Section 1579.251(a), Insurance Code, to require the state contribution to be distributed through the school finance formulas under Chapter 42, rather than Chapters 41 and 42, Education Code, in a manner the commissioner of education determines appropriate. Deletes existing text relating to the use of formulas by school districts and charter schools.

SECTION 5B.20. Amends Section 302.006(c), Labor Code, to make a conforming change.

SECTION 5B.21. Amends Section 6.02(b) Tax Code, to delete existing text relating to the choice of a school district to participate in a single appraisal district not applying to certain annexed property.

SECTION 5B.22. Amends Section 21.02(A), Tax Code, to delete existing text referencing to Subsection (b) and to make a nonsubstantive change.

SECTION 5B.23 Amends Section 39.901(d), Utilities Code, to delete existing text relating to Section 41.002(b) (Equalized Wealth Level).

ARTICLE 6. PROPERTY TAX COLLECTIONS

SECTION 6.01. Amends Section 31.05(a), Tax Code, to authorize the governing body of a taxing unit to adopt the discounts provided by Subsection (b) or Subsection (c), or both, in the manner required by law for official action by the body. Provides that the discounts, if adopted, apply only to that taxing unit's taxes. Provides that if a taxing unit adopts both discounts under Subsections (b) and (c), the discounts adopted under Subsection (b) apply unless the tax bills for the unit are mailed after September 30, in which case only the discounts under Subsection (c) apply. Authorizes a taxing unit that collects taxes for another taxing unit that adopts the discounts to prepare and mail separate tax bills on behalf of the adopting taxing unit and to charge an additional fee for preparing and mailing the separate tax bills and for collecting the taxes imposed by the adopting taxing unit. Authorizes the county assessor-collector, if under an intergovernmental contract a county assessor-collector collects taxes for a taxing unit that adopts the discounts, to terminate the contract if the county has adopted a discount policy that is different from the discount policy adopted by the adopting taxing unit. Deletes existing text relating to the collection of taxes in a certain manner. Make nonsubstantive changes.

SECTION 6.02. (a) Makes application of Section 31.05, Tax code, as amended by this article, prospective to the beginning of the 2005 tax year.

(b) Makes application of Section 31.05, Tax Code, as amended by this article, prospective to the beginning of the 2006 tax year, if a taxing unit's tax bills for the 2005 tax year are mailed before the effective date of this article, and provides that the law in effect when the tax bills were mailed applies to the 2005 tax year with respect to that taxing unit.

ARTICLE 7. ABOLISHMENT OF STATE BOARD FOR EDUCATOR CERTIFICATION;
TRANSFER OF POWERS AND DUTIES

SECTION 7.01. Amends Section 21.0031(a), Education Code, to provide that an employee's probationary, continuing, or term contract under this chapter is void if the employee does not hold a certificate or permit issued under Subchapter B, rather than by the State Board for Educator Certification.

SECTION 7.02. Amends Sections 21.004(a)-(e), Education Code, as follows:

(a) and (b) Deletes existing text relating to the State Board for Educator Certification.

(c) Deletes existing text relating to the executive director of the State Board for Educator Certification.

(d) and (e) Deletes existing text relating to the State Board for Educator Certification.

SECTION 7.03. Amends Section 21.006, Education Code, by amending Subsections (a)-(c) and (e)-(g) and adding Subsection (h), as follows:

(a) Defines "board" and makes a nonsubstantive change.

(b) Requires the superintendent or director of a school district, regional education service center, or shared services arrangement, in addition to the reporting requirement under Section 261.101 (Persons Required to Report; Time to Report), Family Code, to notify the commissioner if the superintendent or director has reasonable cause to believe that a certain employee has a criminal record or has committed a certain offense. Makes a nonsubstantive change.

(c) Makes a conforming change. Deletes existing text relating to the board.

(e) Makes a conforming change.

(f) Requires the Educators' Professional Practices Board (board), acting on a recommendation of the commissioner, to determine whether to impose sanctions against a superintendent or director who fails to file a report in violation of Subsection (c). Makes a conforming change.

(h) Requires the commissioner to forward a report received under this section to the board for use as the commissioner determines appropriate in the execution of the board's duties.

SECTION 7.035. Amends Subchapter A, Chapter 21, Education Code, by adding Section 21.007, as follows:

Sec. 21.007. RECOMMENDATION TO SANCTION. Requires the commissioner to determine whether to recommend a sanction against an educator to the board under this chapter. Requires the board to make a final determination regarding the imposition of a sanction under this chapter.

SECTION 7.04. Amends Sections 21.031 and 21.032, Education Code, as follows:

Sec. 21.031. PURPOSE. (a) Provides that the Educators' Professional Practices Board is established in TEA to regulate and oversee the standards of conduct of public school

educators. Deletes existing text relating to State Board for Educator Certification and certain board duties.

- (b) Requires the commissioner to adopt rules governing the certification of educators and continuing education for educators. Makes a conforming and nonsubstantive change.

Sec. 21.032. Makes a conforming change.

SECTION 7.05. Amends the heading to Section 21.033, Education Code, to read as follows:

Sec. 21.033. EDUCATORS' PROFESSIONAL PRACTICES BOARD.

SECTION 7.06. Amends 21.033, Education Code, by amending Subsection (a) and adding Subsections (a-1), (d), (e), and (f), to set forth the terms, composition, and appointment procedures of the board and make conforming changes.

SECTION 7.07. Amends Section 21.034, Education Code, as follows:

- (a) Provides that the board members hold office for staggered terms of six years with the terms of one-third, or as near to one-third as possible, of the members expiring on February 1 of each odd-numbered year. Deletes existing text relating to the governor appointing the board members and deletes text relating to a certain member appointed by the commissioner of education or by the commissioner of higher education.
- (b) Makes conforming changes.
- (c) Make a conforming change.

SECTION 7.075. Amends Section 21.035(a), Education Code, to provide that unless continued in existence as provided by that chapter, the board is abolished and this subchapter expires on the date prescribed by Section 7.004 for abolishment of the agency. Deletes existing text relating to the expiration of the State Board for Educator Certification.

SECTION 7.08. Amends Subchapter B, Chapter 21, Education Code, by adding Section 21.0391, as follows:

Sec. 21.0391. ADVISORY COMMITTEE. (a) Requires the commissioner to appoint an advisory committee composed of holders of each class of educator certificate and stakeholders as required under Chapter 2008 (Negotiated Rulemaking), Government Code.

- (b) Requires the advisory committee to recommend educator certification standards and educator preparation program standards under Sections 21.044 and 21.045, and propose related rules to the commissioner through negotiated rulemaking under Chapter 2008, Government Code. Provides that for purposes of that chapter, the advisory committee is considered to be the negotiated rulemaking committee described by Section 2008.054 (Appointment and Duration of Negotiated Rulemaking Committee).

- (c) Prohibits the commissioner from finally adopting or amending a rule subject to this section unless the State Board of Education has failed to reject the rule or amendment by an affirmative vote of two-thirds of its members. Authorizes a vote under this subsection to be conducted by mail ballot, provided that the State Board of Education has at least 30 days' written notice of the proposed final rule adoption.

- (d) Provides that members of the advisory committee serve at the will of the commissioner.

SECTION 7.09. Amends Sections 21.041, 21.044, and 21.045, Education Code, as follows:

Sec. 21.041. RULES; FEES. (a) Makes no changes to this subsection.

(a-1) Requires the board to adopt rules that provide for the adoption and amendment of an educator's code of ethics.

(b) Requires the commissioner, rather than the board, to adopt, rather than propose, certain rules.

(c) Requires the commissioner by rule to set, rather than 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, including costs related to the operation of the board.

Sec. 21.044. Makes conforming changes.

Sec. 21.045. Makes conforming changes.

SECTION 7.10. Amends Sections 21.046(c) and (d), Education Code, to make conforming changes.

SECTION 7.11. Amends Section 21.048(a), Education Code, to make conforming changes.

SECTION 7.12 Amends Sections 21.0481, 21.0482, 21.0483, 21.0484, and 21.049, Education Code, as follows:

Sec. 21.0481. Makes conforming changes.

Sec. 21.0482. Makes conforming changes.

Sec. 21.0483. Makes conforming changes.

Sec. 21.0484. Makes conforming changes.

Sec. 21.049. Prohibits the commissioner from requiring a person employed as a teacher in a disciplinary alternative education program under Section 37.008 or a juvenile justice alternative education program under Section 37.011 (Juvenile Justice Alternative Education Program) for at least three years to complete an alternative educator certification program adopted under this section before taking the appropriate certification examination. Makes conforming changes.

SECTION 7.13. Amends Sections 21.050(a) and (b), Education Code, to make conforming changes.

SECTION 7.14. Amends Section 21.051, Education Code, to make conforming changes.

SECTION 7.15. Amends Section 21.054(a), Education Code, to make conforming changes.

SECTION 7.16. Amends Section 21.056, Education Code, to make a conforming change.

SECTION 7.17. Amends Section 21.057(d), Education Code, to make a conforming change.

SECTION 7.18. Amends Section 21.058(d), Education Code, to make a conforming change.

SECTION 7.19. Amends Section 21.105(c), Education Code, to authorize the Educators' Professional Practices Board, rather than the State Board for Educator Certification, on written complaint by the employing district and recommendation by the commissioner, to impose sanctions against certain teachers employed under a probationary contract.

SECTION 7.20. Amends Section 21.160(c), Education, to make conforming changes.

SECTION 7.21. Amends Section 21.210(c), Education Code, to make conforming changes.

SECTION 7.22. Amends Section 21.503, Education Code, to make a conforming change. Deletes existing text relating to the joint criteria for selection prescribed by TEA and the State Board for Educator Certification.

SECTION 7.23. Amends Section 21.504(b), Education Code, to make a conforming change.

SECTION 7.24. Amends Section 21.510(c), Education Code, to make a conforming change.

SECTION 7.25 Amends Sections 21.551, 21.552, and 21.553, Education Code to make conforming changes.

SECTION 7.26 Amends Section 21.604(b), Education Code, to make a conforming change.

SECTION 7.27. Amends Section 21.609(c), Education Code, to make a conforming change.

SECTION 7.28. Amends Section 22.0512(b), Education Code, to redefine "disciplinary proceeding."

SECTION 7.29. Amends Section 22.082, Education Code, as follows:

Sec. 22.082. New heading: ACCESS TO CRIMINAL HISTORY RECORDS BY STATE EDUCATION AUTHORITIES. (a) Creates this subsection from existing text. Makes a conforming change.

(b) Authorizes the Educators' Professional Practices Board to obtain from any law enforcement or criminal justice agency all criminal history record information that relates to a holder of a certificate issued under Subchapter B, Chapter 21.

SECTION 7.30. Amends Section 22.083(d), Education Code, to make a conforming change. Requires the board to notify the commissioner of the reported criminal history.

SECTION 7.31. Amends Sections 22.085 and 22.086, Education Code, to make conforming changes.

SECTION 7.32. Amends Sections 29.061(a)-(c) and (e), Education Code, as follows:

(a) Makes conforming changes.

(b) Requires a teacher assigned to a bilingual education program to be appropriately certified under Subchapter B, Chapter 21, for bilingual education. Deletes existing text relating to the certification for bilingual education by the board.

(c) and (e) Makes conforming changes.

SECTION 7.33. Amends Sections 33.002(b) and (c), Education Code, to make conforming changes.

SECTION 7.34. Amends Section 37.007(g), Education Code, to authorize the Educators' Professional Practices Board on recommendation of the commissioner to revoke or suspend the certification of a teacher who intentionally violates this subsection. Makes a conforming change.

SECTION 7.35. Amends Section 61.0514, Education Code, to make a conforming change.

SECTION 7.36. Reenacts and amends Section 61.077, Education Code, as amended Chapters 61, 818, and 820, Acts of the 78th Legislature, Regular Session, 2003, to make a conforming change.

SECTION 7.37. Amends Section 1001.254(a), Education Code, to make a conforming change.

SECTION 7.38. Amends Article 15.27(a), Code of Criminal Procedure, to make a conforming change.

SECTION 7.39. Article 42.018(b), Code of Criminal Procedure, to require the clerk of the court in which the conviction or deferred adjudication is entered, not later than the fifth day after the date a person who holds a certificate issued under Subchapter B, Chapter 21, Education Code, is convicted or granted deferred adjudication on the basis of an offense, to provide to the Texas Education Agency and the Educators' Professional Practices Board written notice of the person's conviction or deferred adjudication, including the offense on which the conviction or deferred adjudication was based. Makes a conforming change.

SECTION 7.40. Amends Section 411.090, Government Code, as follows:

Sec. 411.090. New heading: ACCESS TO CRIMINAL HISTORY RECORD INFORMATION: STATE EDUCATIONAL AUTHORITIES. (a) Entitles TEA to obtain from the Department of Public Safety (department) any criminal history record information maintained by the department about a person who has applied to the commissioner for a certificate or holds a certificate under Subchapter B, Chapter 21, Education Code. Makes conforming changes.

(b) Provides that the criminal history record information obtained by TEA, rather than the board, under Subsection (a) may be used for certain purposes, is prohibited from being released to a certain person, and is required to be destroyed by TEA after the information is used for the authorized purposes.

(c) Entitles the Educators' Professional Practices Board to obtain from the department any criminal history record information maintained by the department about a person who holds a certificate issued under Subchapter B, Chapter 21, Education Code.

(d) Authorizes criminal history record information obtained by the board under Subsection (c) to be used for certain purposes, prohibited it from being released to a certain person, and requires that it be destroyed by the board after the information is used for the authorized purposes.

SECTION 7.41. Amends Section 411.097(d), Government Code, to make a conforming change.

SECTION 7.42. Amends Section 654.011(a), Government Code, to make a conforming change.

SECTION 7.43. Amends Section 821.001(7), Government Code, to make a conforming change.

SECTION 7.44. Amends Section 821.103, Government Code, to make conforming changes.

SECTION 7.45. Reenacts and amends Section 2054.352(a), Government Code, to conform to Chapters 553, 1216, and 1275, Acts of the 78th Legislature, Regular Session, 2003, and further amends it to make conforming changes. Makes a nonsubstantive change.

SECTION 7.46. Amends Section 2165.104(c), Government Code, to make a conforming change.

SECTION 7.47. Amends Section 504.002(b), Occupations Code, to make conforming changes.

SECTION 7.48. Repealer: Sections 21.035(b) and (c) (Application of Sunset Act), 21.039 (Executive director Personnel), 21.040 (General Powers and Duties of the Board) and 21.042 (Approval of Rules), Education Code.

SECTION 7.49. Sets forth provisions relating to the abolishment and subsequent transfer of powers and duties of the State Board for Educator Certification.

ARTICLE 8. REPEALER; TRANSITION; EFFECTIVE DATE

SECTION 8.01. (a) Repealer, effective September 1, 2005: Sections 1-3 and 57, Chapter 201, Acts of the 78th Legislature, Regular Session, 2003; Section 1.01, Chapter 366, Acts of the 78th Legislature, Regular session, 2003; and Sections 7.006 (Coordination of Records), 8.010 (Sunset Provision), 29.056(h) (relating to the reenrollment of a student in a bilingual program), 37.004(g) (providing expirations dates for Subsections (e) and (f)), 39.027(b) (relating to exams for students with dyslexia), (c) (relating to the exemption process as determined by the commissioner), and (f) (defining "average daily attendance"), 39.051(d) (relating to the rating of academic performance), 39.073 (Determining Accreditation Status), 39.074 (On-Site Investigations), and 42.253(e-1) (relating to the authorized increase in limit appropriation for districts), Education Code.

(b) Repealer, effective September 1, 2006: Sections 25.0811(b) (relating to a school district's application for a waiver of prohibition) and (c) (relating to the information necessary to be included in the application for prohibition), Education Code.

SECTION 8.02. Repealer, effective September 1, 2006: (1) Subchapters B (Consolidation by Agreement), C (Detachment and Annexation by Agreement), E (Education of Nonresident Students), F (Tax Base Consolidation), and G (Detachment and Annexation by Commissioner), Chapter 41; Subchapter F (Guaranteed Yield Program), Chapter 42, as it existed on November 1, 2005; Sections 21.402(b) (relating to the determination of state and local funds per weighted student available), 29.203(c) (relating to a school district's entitlement to facilities assistance) and (g) (defining various terms), 31.025 (Limitation on Cost), 31.1031 (Shortage of Requisitioned Textbooks), 41.001 (Definitions), 41.002 (Equalized Wealth Level), 41.003 (Options to Achieve Equalized Wealth Level), 41.0031 (Inclusion of Attendance Credits and Nonresidents in Weighted Average Daily Attendance), 41.007 (Commissioner to Approve Subsequent Boundary Changes), 41.009(b) (Tax Abatements), 41.011 (Contingency), 41.092 (Credit), 41.099 (Limitation), 41.252(b) (Selection Criteria), 42.103(b) and (e) (Small and Mid-Sized District Adjustment), 42.2514 (Additional State Aid for School Employee Benefits), 42.2517 (Excess Funds for Cost of Education Adjustment), 42.259 (Foundation School Fund Transfers), 42.260 (Use of Certain Funds), 42.4101 (Additional Assistance for Districts with Students Using Public Education Grants); and Sections 42.2512(a-1) (Additional State Aid for Professional Staff Salaries) and 42.2541, as added by Part A, Article 1, of this Act, Education Code.

(2) Section 1581.053(b) (Use of State Funds) and Subchapter C (State Assistance for Meeting Minimum Effort), Chapter 1581, Insurance Code.

(3) Sections 6.02(g) (District Boundaries), 6.03(m) (Board of Directors), 21.02(b) (Tangible Personal Property Generally) and 25.25(k) (Correction of Appraisal Roll), Tax Code.

SECTION 8.03. Provides that a school district maintenance tax rate imposed under Sections 45.002 (Maintenance Taxes) and 45.003 (Bond Tax Elections), Education Code, before September 1, 2005, is void.

SECTION 8.04. (a) Provides that if two or more sections of this Act amend the same provision of law, the sections of the Act should be harmonized, if possible, so that effect may be given to each section, except as provided by Subsection (b) of this section.

(b) Provides that if a section of this Act repeals a provision of Chapter 12, Education Code, that section prevails over a section of this Act that amends the same provision.

SECTION 8.05. Provide that a change in law made by this Act relating to a school district maintenance tax or enrichment tax under Chapter 41 or Chapter 42, Education Code, prevails over any similar provision of H.B. 3, Acts of the 79th Legislature, Regular Session, 2005.

SECTION 8.06. Makes application of this Act prospective to the 2005-2006 school year, except as otherwise specifically provided by this Act,.

SECTION 8.07. Effective date: September 1, 2005. Makes application of this Act contingent upon passage of H.B. 3, Acts of the 79th Legislature, 2nd Called Session, 2005.