

By: Patrick

S.B. No. 2

A BILL TO BE ENTITLED

AN ACT

1
2 relating to charter schools and home-rule charter school districts,
3 including establishment of the Charter School Authorizing
4 Authority.

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

6 SECTION 1. Subchapter D, Chapter 11, Education Code, is
7 amended by adding Sections 11.1542 and 11.1543 to read as follows:

8 Sec. 11.1542. OPEN-ENROLLMENT CHARTER SCHOOL OFFER FOR
9 INDEPENDENT SCHOOL DISTRICT FACILITY. (a) The commissioner shall by
10 rule adopt a procedure and criteria for determining whether an
11 independent school district facility or a portion of a district
12 facility is unused or underutilized by the district. Each year, the
13 commissioner shall, using the procedure and criteria adopted,
14 identify for each district any district facility or any portion of a
15 district facility that is unused or underutilized. Each year, the
16 agency shall post on the agency's Internet website a list of each
17 district's unused or underutilized facilities and portions of
18 facilities. At the request of an open-enrollment charter school, a
19 district shall provide to the charter school a list of unused and
20 underutilized district facilities and portions of district
21 facilities as identified by the commissioner.

22 (b) This subsection applies only to a school district
23 facility or a portion of a district facility identified by the
24 commissioner under Subsection (a) as being unused or underutilized

1 by the district. If the charter holder of an open-enrollment
2 charter school makes a written offer to a district to lease or
3 purchase a district facility or a portion of a district facility
4 identified as being unused or underutilized, the district shall
5 enter into an agreement to lease or sell, as applicable, the
6 facility or the portion of the facility to the charter holder for
7 use by the open-enrollment charter school for classroom
8 instruction. The price for the lease or sale must be \$1.

9 (c) If a charter holder who enters into a lease or purchase
10 agreement for a district facility or a portion of a district
11 facility under Subsection (b) does not, on or before the second
12 anniversary of the date of the agreement, begin using the facility
13 or the portion of the facility for open-enrollment charter school
14 classroom instruction, the facility or the portion of the facility
15 shall be placed again on the commissioner's list under Subsection
16 (a).

17 (d) If a charter holder to whom a district facility is sold
18 under Subsection (b) subsequently sells or transfers the facility
19 to a third party, the charter holder shall pay an amount equal to
20 the amount of any gain in the property minus the adjusted basis,
21 including costs of improvements to the facility, to the district
22 from which the charter holder purchased the facility. This
23 subsection applies to a subsequent sale or transfer by the charter
24 holder even if the charter holder is represented as a different
25 entity. For purposes of this subsection, the amount of any gain and
26 the adjusted basis for purposes of determining gain shall be
27 determined in accordance with applicable federal law and

1 regulations.

2 Sec. 11.1543. CHARTER SCHOOL PAYMENT FOR FACILITIES USE OR
3 FOR SERVICES. (a) An independent school district may not require
4 a campus or campus program that has been granted a charter under
5 Subchapter C, Chapter 12, and that is the result of the conversion
6 of the status of an existing school district campus to pay rent for
7 or to purchase a facility in order to use the facility.

8 (b) An independent school district may not require a campus
9 or campus program described by Subsection (a) or an open-enrollment
10 charter school to pay for any service provided by the district under
11 a contract between the district and the campus, campus program, or
12 open-enrollment charter school an amount that is greater than the
13 amount of the actual costs to the district of providing the service.

14 SECTION 2. Subchapter A, Chapter 12, Education Code, is
15 amended by adding Section 12.004 to read as follows:

16 Sec. 12.004. DEFINITION. In this chapter, "authority"
17 means the Charter School Authorizing Authority established under
18 Subchapter A-1.

19 SECTION 3. Chapter 12, Education Code, is amended by adding
20 Subchapter A-1 to read as follows:

21 SUBCHAPTER A-1. CHARTER SCHOOL AUTHORIZING AUTHORITY

22 Sec. 12.007. ESTABLISHMENT; POWERS AND DUTIES. (a) The
23 Charter School Authorizing Authority is established to oversee the
24 operations of charter schools in accordance with this chapter,
25 including:

26 (1) granting charters for:

27 (A) open-enrollment charter schools under

1 Subchapter D; and

2 (B) college or university or junior college
3 charter schools under Subchapter E;

4 (2) revoking charters and imposing other sanctions in
5 accordance with Subchapters B, D, and E; and

6 (3) monitoring charter holders of open-enrollment
7 charter schools under Subchapter D.

8 (b) The authority shall adopt rules as required by this
9 chapter and may adopt other rules as authorized by this chapter.

10 Sec. 12.0071. COMPOSITION. The authority is composed of
11 seven members appointed as follows:

12 (1) four members appointed by the governor, one of
13 whom must be appointed from a list of candidates submitted to the
14 governor by the speaker of the house of representatives;

15 (2) one member appointed by the lieutenant governor;

16 (3) one member appointed by the chair of the State
17 Board of Education; and

18 (4) one member appointed by the commissioner.

19 Sec. 12.0072. ELIGIBILITY FOR APPOINTMENT. To be eligible
20 to be appointed as a member of the authority, a person must have
21 demonstrated expertise in at least one of the following:

22 (1) public or nonprofit governance;

23 (2) management and finance;

24 (3) public charter school leadership;

25 (4) school assessment, curriculum, and instruction;

26 or

27 (5) public school law.

1 Sec. 12.0073. TERMS; VACANCY. (a) The members of the
2 authority serve staggered four-year terms, with the terms of either
3 three or four members expiring February 1 of each odd-numbered
4 year.

5 (b) A vacancy on the authority shall be filled in the same
6 manner as the original appointment for that position.

7 (c) Notwithstanding Subsection (a), the initial members
8 appointed shall determine by lot which three of the seven initial
9 members will serve terms that expire February 1, 2015, and which
10 four of the seven initial members will serve terms that expire
11 February 1, 2017. This subsection expires January 1, 2018.

12 Sec. 12.0074. PRESIDING OFFICER. The governor shall
13 designate a member of the authority as the presiding officer of the
14 authority to serve in that capacity at the pleasure of the governor.

15 Sec. 12.0075. MEETINGS. The authority shall meet at the
16 call of:

17 (1) the presiding officer; or

18 (2) at least four members.

19 Sec. 12.0076. REIMBURSEMENT. A member of the authority is
20 not entitled to compensation for service as a member of the
21 authority but is entitled to reimbursement for actual and necessary
22 expenses incurred in performing functions as an authority member,
23 as provided in the General Appropriations Act.

24 Sec. 12.0077. SEPARATION OF AUTHORITY AND AGENCY
25 RESPONSIBILITIES. The authority shall, in coordination with the
26 agency, develop and implement policies that clearly separate the
27 policymaking responsibilities of the authority and the management

1 responsibilities of the agency.

2 Sec. 12.0078. AGENCY SUPPORT SERVICES. To the extent
3 needed by the authority to carry out the authority's powers and
4 duties and as agreed to by the authority and the agency, the agency
5 shall provide the authority with services, including fiscal,
6 administrative, and personnel services and legal services not
7 provided by the attorney general.

8 Sec. 12.0079. INITIAL APPOINTMENTS. The initial
9 appointments to the authority shall be made as soon as practicable
10 after the effective date of this subchapter. This section expires
11 September 1, 2014.

12 SECTION 4. Section 12.013(b), Education Code, is amended to
13 read as follows:

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

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

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

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

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

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

27 ~~[(C) criminal history records under Subchapter~~

1 ~~C, Chapter 22,~~
2 ~~[(D) student admissions under Section 25.001,~~
3 ~~[(E) school attendance under Sections 25.085,~~
4 ~~25.086, and 25.087,~~
5 ~~[(F) inter-district or inter-county transfers of~~
6 ~~students under Subchapter B, Chapter 25,~~
7 ~~[(G) elementary class size limits under Section~~
8 ~~25.112, in the case of any campus in the district that fails to~~
9 ~~satisfy any standard under Section 39.054(e),~~
10 ~~[(H) high school graduation under Section~~
11 ~~28.025,~~
12 ~~[(I) special education programs under Subchapter~~
13 ~~A, Chapter 29,~~
14 ~~[(J) bilingual education under Subchapter B,~~
15 ~~Chapter 29,~~
16 ~~[(K) prekindergarten programs under Subchapter~~
17 ~~E, Chapter 29,~~
18 ~~[(L) safety provisions relating to the~~
19 ~~transportation of students under Sections 34.002, 34.003, 34.004,~~
20 ~~and 34.008,~~
21 ~~[(M)] computation and distribution of state aid~~
22 ~~under Chapters 31, 42, and 43;~~
23 (B) ~~[(N) extracurricular activities under~~
24 ~~Section 33.081,~~
25 ~~[(O) health and safety under Chapter 38,~~
26 ~~[(P) public school accountability under~~
27 ~~Subchapters B, C, D, E, and J, Chapter 39,~~

1 ~~[(Q)]~~ equalized wealth under Chapter 41;
2 (C) ~~[(R)]~~ a bond or other obligation or tax rate
3 under Chapters 42, 43, and 45; and
4 (D) ~~[(S)]~~ purchasing under Chapter 44; and
5 (4) any prohibition, restriction, or requirement, as
6 applicable, imposed on an open-enrollment charter school under
7 Section 12.104(b).

8 SECTION 5. Section 12.014, Education Code, is amended to
9 read as follows:

10 Sec. 12.014. APPOINTMENT OF CHARTER COMMISSION. The board
11 of trustees of a school district shall appoint a charter commission
12 to frame a home-rule school district charter if:

13 (1) the board receives a petition requesting the
14 appointment of a charter commission to frame a home-rule school
15 district charter signed by at least five percent of the registered
16 voters of the district; or

17 (2) a majority ~~[at least two-thirds]~~ of the total
18 membership of the board adopts ~~[adopt]~~ a resolution ordering that a
19 charter commission be appointed.

20 SECTION 6. Section 12.018, Education Code, is amended to
21 read as follows:

22 Sec. 12.018. LEGAL REVIEW. The charter commission shall
23 submit the proposed charter to the authority ~~[commissioner]~~. As
24 soon as practicable, but not later than the 30th day after the date
25 the authority ~~[commissioner]~~ receives the proposed charter, the
26 authority ~~[commissioner]~~ shall review the proposed charter to
27 ensure that the proposed charter complies with any applicable laws

1 and shall recommend to the charter commission any modifications
2 necessary. If the authority [~~commissioner~~] does not act within the
3 prescribed time, the proposed charter is approved.

4 SECTION 7. Sections 12.020(a), (b), and (c), Education
5 Code, are amended to read as follows:

6 (a) The governing body of a home-rule school district on its
7 own motion may submit a proposed charter amendment that complies
8 with this subchapter to the authority [~~commissioner~~] for legal
9 review.

10 (b) The governing body shall submit a proposed charter
11 amendment that complies with this subchapter to the authority
12 [~~commissioner~~] for legal review if a petition submitted to the
13 governing body proposing the charter amendment is signed by at
14 least five percent of the registered voters of the district.

15 (c) As soon as practicable, but not later than the 30th day
16 after the date on which the authority receives the proposed
17 amendment [~~requirements for an election under Subsection (a) or (b)~~
18 ~~are satisfied~~], the authority [~~commissioner~~] shall review the
19 proposed amendment to ensure that the proposed amendment complies
20 with any applicable laws and shall recommend any modifications
21 necessary. If the authority [~~commissioner~~] does not act within the
22 prescribed time, the proposed charter amendment is approved.

23 SECTION 8. Section 12.021, Education Code, is amended to
24 read as follows:

25 Sec. 12.021. ADOPTION OF CHARTER OR CHARTER AMENDMENT. (a)
26 A [~~Subject to Section 12.022, a~~] proposed home-rule school district
27 charter or a proposed charter amendment is adopted if approved by a

1 vote of a majority of the total membership of the governing body
2 [~~qualified voters~~] of the school district [~~voting at an election~~
3 ~~held for that purpose~~].

4 (b) A charter or charter amendment shall specify an
5 effective date and takes effect according to its terms when the
6 governing body of the school district enters an order declaring
7 that the charter or charter amendment is adopted. The governing
8 body shall enter an order not later than the 10th day after the date
9 the governing body votes to approve the charter or charter
10 amendment [~~canvass of the election returns is completed~~].

11 (c) As soon as practicable after a school district adopts a
12 home-rule school district charter or charter amendment, the [~~board~~
13 ~~of trustees or~~] governing body shall notify the authority
14 [~~commissioner~~] of the adoption [~~outcome of the election~~].

15 SECTION 9. Section 12.023(a), Education Code, is amended to
16 read as follows:

17 (a) As soon as practicable after a school district adopts a
18 home-rule school district charter or charter amendment, the
19 president of the governing body [~~board of trustees~~] shall certify
20 to the secretary of state a copy of the charter or amendment showing
21 the approval by the governing body [~~voters of the district~~].

22 SECTION 10. Sections 12.027(a) and (b), Education Code, are
23 amended to read as follows:

24 (a) The authority [~~State Board of Education~~] may place on
25 probation or revoke a home-rule school district charter of a school
26 district if the authority [~~board~~] determines that the district:

27 (1) committed a material violation of the charter;

1 (2) failed to satisfy generally accepted accounting
2 standards of fiscal management; or

3 (3) failed to comply with this subchapter or other
4 applicable federal or state law or rule.

5 (b) The action the authority [~~board~~] takes under Subsection
6 (a) shall be based on the best interest of district students, the
7 severity of the violation, and any previous violation the district
8 has committed.

9 SECTION 11. Section 12.028(a), Education Code, is amended
10 to read as follows:

11 (a) The authority [~~State Board of Education~~] by rule shall
12 adopt a procedure to be used for placing on probation or revoking a
13 home-rule school district charter.

14 SECTION 12. Sections 12.030(b), (c), (f), and (g),
15 Education Code, are amended to read as follows:

16 (b) The governing body of the district shall vote [~~order an~~
17 ~~election~~] on the question of rescinding a home-rule school district
18 charter if:

19 (1) the governing body receives a petition requesting
20 a rescission vote [~~election~~] signed by at least five percent of the
21 registered voters of the district; or

22 (2) a governing body motion is made, in accordance
23 with the governing body's procedural rules, for [~~at least~~
24 ~~two-thirds of the total membership of~~] the governing body to vote on
25 the question [~~adopt a resolution ordering that a rescission~~
26 ~~election be held~~].

27 (c) As soon as practicable after the date of receipt of a

1 petition as described by [~~or adoption of a resolution under~~
2 Subsection (b)(1) or as soon as practicable after a motion is made
3 as described by Subsection (b)(2) [~~(b)~~], the governing body shall
4 vote on the question of rescinding a home-rule school district
5 charter [~~order an election~~].

6 (f) A home-rule school district charter is rescinded if the
7 rescission is approved by a [~~majority of the qualified voters of the~~
8 ~~district voting at an election held for that purpose at which at~~
9 ~~least 25 percent of the registered voters of the district~~] vote of a
10 majority of the total membership of the governing body.

11 (g) The rescission takes effect on a date established by
12 resolution of the governing body but not later than the 90th day
13 after the date the rescission is approved [~~of an election held under~~
14 ~~this section at which rescission of the charter is approved and at~~
15 ~~which the number of registered voters required~~] under Subsection
16 (f) [~~vote~~]. As soon as practicable after that approval [~~election~~],
17 the governing body shall notify the authority [~~commissioner~~] and
18 the secretary of state of the approval [~~results of the election~~] and
19 of the effective date of the rescission.

20 SECTION 13. Section 12.056(b), Education Code, is amended
21 to read as follows:

22 (b) A campus or program for which a charter is granted under
23 this subchapter is subject to:

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

26 (2) a prohibition, restriction, or requirement, as
27 applicable, imposed by this title or a rule adopted under this

1 title, relating to:

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

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

7 (C) high school graduation under Section 28.025;

8 (D) special education programs under Subchapter
9 A, Chapter 29;

10 (E) bilingual education under Subchapter B,
11 Chapter 29;

12 (F) prekindergarten programs under Subchapter E,
13 Chapter 29;

14 (G) extracurricular activities under Section
15 33.081;

16 (H) health and safety under Chapter 38; and

17 (I) public school accountability under
18 Subchapters B, C, E, F, and J, Chapter 39.

19 SECTION 14. Section 12.059, Education Code, is amended to
20 read as follows:

21 Sec. 12.059. CONTENT. Each charter granted under this
22 subchapter must:

23 (1) describe the educational program to be offered,
24 which may be a general or specialized program;

25 (2) provide that continuation of the charter is
26 contingent on satisfactory student performance under Subchapter B,
27 Chapter 39, and on compliance with other applicable accountability

1 provisions under Chapter 39;

2 (3) specify any basis, in addition to a basis
3 specified by this subchapter, on which the charter may be placed on
4 probation or revoked;

5 (4) prohibit discrimination in admission on the basis
6 of national origin, ethnicity, race, religion, or disability;

7 (5) describe the governing structure of the campus or
8 program;

9 (6) specify any procedure or requirement, in addition
10 to those under Chapter 38, that the campus or program will follow to
11 ensure the health and safety of students and employees; and

12 (7) describe the manner in which an annual audit of
13 financial and programmatic operations of the campus or program is
14 to be conducted, including the manner in which the campus or program
15 will provide information necessary for the school district in which
16 it is located to participate, as required by this code or by [~~State
17 Board of Education~~] rule of the authority, in the Public Education
18 Information Management System (PEIMS).

19 SECTION 15. Section 12.101, Education Code, is amended by
20 amending Subsections (a) and (b) and adding Subsections (b-1),
21 (b-2), and (b-3) to read as follows:

22 (a) In accordance with this subchapter, the authority
23 [~~State Board of Education~~] may grant a charter on the application of
24 an eligible entity for an open-enrollment charter school to operate
25 in a facility of a commercial or nonprofit entity, an eligible
26 entity, or a school district, including a home-rule school
27 district. In this subsection, "eligible entity" means:

1 (1) an institution of higher education as defined
2 under Section 61.003;

3 (2) a private or independent institution of higher
4 education as defined under Section 61.003;

5 (3) an organization that is exempt from taxation under
6 Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section
7 501(c)(3)); or

8 (4) a governmental entity.

9 (b) After thoroughly investigating and evaluating an
10 applicant, the authority [~~The State Board of Education~~] may grant a
11 charter for an open-enrollment charter school only to an applicant
12 that meets any financial, governing, curriculum development and
13 implementation, and operational standards adopted by the authority
14 [~~commissioner~~] under this subchapter[~~. The State Board of~~
15 ~~Education may not grant a total of more than 215 charters for an~~
16 ~~open-enrollment charter school~~].

17 (b-1) The authority may not grant more than one charter for
18 an open-enrollment charter school to any charter holder. The
19 authority may consolidate charters for an open-enrollment charter
20 school held by multiple charter holders into a single charter held
21 by a single charter holder with the written consent to the terms of
22 consolidation by each charter holder affected by the consolidation.

23 (b-2) A charter holder may establish one or more new
24 open-enrollment charter school campuses under an existing charter
25 held by the charter holder if:

26 (1) each campus operating under the charter has been
27 assigned an acceptable performance rating as provided by Subchapter

1 C, Chapter 39, for the two preceding school years;

2 (2) the charter holder has been assigned a financial
3 performance accountability rating under Subchapter D, Chapter 39,
4 indicating financial performance that is satisfactory or better;

5 (3) the charter holder provides written notice to the
6 authority of the establishment of any campus under this subsection,
7 in the time, manner, and form provided by rule of the authority; and

8 (4) not later than the 60th day after the date the
9 charter holder provides written notice under Subdivision (3), the
10 authority does not provide written notice to the charter holder
11 disapproving a new campus under this section.

12 (b-3) The initial term of a charter granted under this
13 section is five years.

14 SECTION 16. Section 12.102, Education Code, is amended to
15 read as follows:

16 Sec. 12.102. AUTHORITY UNDER CHARTER. An open-enrollment
17 charter school:

18 (1) shall provide instruction to students at one or
19 more elementary or secondary grade levels as provided by the
20 charter;

21 (2) is governed under the governing structure
22 described by the charter;

23 (3) retains authority to operate under the charter to
24 the extent authorized under Sections 12.1141 and 12.115 and
25 Subchapter E, Chapter 39 [~~contingent on satisfactory student~~
26 performance as provided by the charter in accordance with Section
27 12.111]; and

1 (4) does not have authority to impose taxes.

2 SECTION 17. Section 12.104(b), Education Code, is amended
3 to read as follows:

4 (b) An open-enrollment charter school is subject to:

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

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

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

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

15 (C) reading instruments and accelerated reading
16 instruction programs under Section 28.006;

17 (D) accelerated instruction under Section
18 28.0211;

19 (E) high school graduation requirements under
20 Section 28.025;

21 (F) special education programs under Subchapter
22 A, Chapter 29;

23 (G) bilingual education under Subchapter B,
24 Chapter 29;

25 (H) prekindergarten programs under Subchapter E,
26 Chapter 29;

27 (I) extracurricular activities under Section

1 33.081;

2 (J) discipline management practices or behavior
3 management techniques under Section 37.0021;

4 (K) health and safety under Chapter 38;

5 (L) public school accountability under
6 Subchapters B, C, D, E, F, G, and J, Chapter 39;

7 (M) the requirement under Section 21.006 to
8 report an educator's misconduct; and

9 (N) intensive programs of instruction under
10 Section 28.0213.

11 SECTION 18. Sections 12.1052(d) and (e), Education Code,
12 are amended to read as follows:

13 (d) The records of an open-enrollment charter school that
14 ceases to operate shall be transferred in the manner specified by
15 the authority [~~commissioner~~] to a custodian designated by the
16 authority [~~commissioner~~]. The authority [~~commissioner~~] may
17 designate any appropriate entity to serve as custodian, including
18 the agency, a regional education service center, or a school
19 district. In designating a custodian, the authority [~~commissioner~~]
20 shall ensure that the transferred records, including student and
21 personnel records, are transferred to a custodian capable of:

22 (1) maintaining the records;

23 (2) making the records readily accessible to students,
24 parents, former school employees, and other persons entitled to
25 access; and

26 (3) complying with applicable state or federal law
27 restricting access to the records.

1 (e) If the charter holder of an open-enrollment charter
2 school that ceases to operate or an officer or employee of such a
3 school refuses to transfer school records in the manner specified
4 by the authority [~~commissioner~~] under Subsection (d), the authority
5 [~~commissioner~~] may ask the attorney general to petition a court for
6 recovery of the records. If the court grants the petition, the
7 court shall award attorney's fees and court costs to the state.

8 SECTION 19. Section 12.1053(a), Education Code, is amended
9 to read as follows:

10 (a) This section applies to an open-enrollment charter
11 school unless the school's charter otherwise describes procedures
12 for purchasing and contracting and the procedures are approved by
13 the authority [~~State Board of Education~~].

14 SECTION 20. Section 12.1057(a), Education Code, is amended
15 to read as follows:

16 (a) An employee of an open-enrollment charter school
17 [~~operating under a charter granted by the State Board of Education~~]
18 who qualifies for membership in the Teacher Retirement System of
19 Texas shall be covered under the system to the same extent a
20 qualified employee of a school district is covered.

21 SECTION 21. Section 12.106, Education Code, is amended by
22 adding Subsections (b-1) and (d) to read as follows:

23 (b-1) A charter holder is entitled to an instructional
24 facilities allotment for a school year for a campus of an
25 open-enrollment charter school for which the charter holder has
26 been granted a charter. The amount of an allotment under this
27 subsection is, for each student in average daily attendance during

1 the preceding school year at the open-enrollment charter school
2 campus, the statewide average amount per student in state funds
3 paid to school districts under Section 46.003 during the preceding
4 school year, based only on students attending school in districts
5 that receive a school facilities allotment under that section, or a
6 greater amount provided by appropriation. A charter holder that
7 receives funds under this subsection may use the funds only for an
8 open-enrollment charter school campus for which the funds were paid
9 and only to:

10 (1) purchase real property on which to construct an
11 instructional facility for the campus;

12 (2) purchase, lease, construct, expand, or renovate
13 instructional facilities for the campus;

14 (3) pay debt service in connection with instructional
15 facilities purchased or improved for the campus; or

16 (4) maintain and operate instructional facilities for
17 the campus.

18 (d) The commissioner shall withhold one percent of the
19 funding a charter holder granted a charter on or after September 1,
20 2013, would otherwise be entitled to receive under Subsection (a).
21 Money withheld under this subsection may be used only in paying the
22 salary of any authority employee, agency employee, or independent
23 contractor assigned responsibility related to:

24 (1) granting charters for open-enrollment charter
25 schools; or

26 (2) overseeing or monitoring the operations and
27 performance of open-enrollment charter schools.

1 SECTION 22. Sections 12.110(a), (c), and (d), Education
2 Code, are amended to read as follows:

3 (a) The authority [~~State Board of Education~~] shall adopt:

4 (1) an application form and a procedure that must be
5 used to apply for a charter for an open-enrollment charter school;
6 and

7 (2) criteria to use in selecting a program for which to
8 grant a charter.

9 (c) As part of the application procedure, the authority
10 [~~board~~] may require a petition supporting a charter for a school
11 signed by a specified number of parents or guardians of school-age
12 children residing in the area in which a school is proposed or may
13 hold a public hearing to determine parental support for the school.

14 (d) The authority [~~board~~] may approve or deny an application
15 based on criteria the authority [~~it~~] adopts. The criteria the
16 authority [~~board~~] adopts must include:

17 (1) criteria relating to improving student
18 performance and encouraging innovative programs; and

19 (2) a statement from any school district whose
20 enrollment is likely to be affected by the open-enrollment charter
21 school, including information relating to any financial difficulty
22 that a loss in enrollment may have on the district.

23 SECTION 23. Section 12.1101, Education Code, is amended to
24 read as follows:

25 Sec. 12.1101. NOTIFICATION OF CHARTER APPLICATION OR
26 ESTABLISHMENT OF CAMPUS. The authority [~~commissioner~~] by rule
27 shall adopt a procedure for providing notice to the following

1 persons on receipt by the authority [~~State Board of Education~~] of an
2 application for a charter for an open-enrollment charter school
3 under Section 12.110 or of notice of the establishment of a campus
4 as authorized under Section 12.101(b-2):

5 (1) the board of trustees of each school district from
6 which the proposed open-enrollment charter school or campus is
7 likely to draw students, as determined by the authority
8 [~~commissioner~~]; and

9 (2) each member of the legislature that represents the
10 geographic area to be served by the proposed school or campus, as
11 determined by the authority [~~commissioner~~].

12 SECTION 24. Section 12.111(a), Education Code, is amended
13 to read as follows:

14 (a) Each charter granted under this subchapter must:

15 (1) describe the educational program to be offered,
16 which must include the required curriculum as provided by Section
17 28.002;

18 (2) [~~specify the period for which the charter or any~~
19 ~~charter renewal is valid,~~

20 [~~(3)~~] provide that continuation or renewal of the
21 charter is contingent on the status of the charter as determined
22 under Section 12.1141 or 12.115 or under Subchapter E, Chapter 39
23 [~~acceptable student performance on assessment instruments adopted~~
24 ~~under Subchapter B, Chapter 39, and on compliance with any~~
25 ~~accountability provision specified by the charter, by a deadline or~~
26 ~~at intervals specified by the charter~~];

27 (3) [~~(4)~~] establish the level of student performance

1 ~~that is considered acceptable for purposes of Subdivision (3),~~
2 ~~[(5)]~~ specify any basis, in addition to a basis
3 specified by this subchapter or Subchapter E, Chapter 39, on which
4 the charter may be placed on probation or revoked [~~or on which~~
5 ~~renewal of the charter may be denied~~];

6 (4) ~~[(6)]~~ prohibit discrimination in admission policy
7 on the basis of sex, national origin, ethnicity, religion,
8 disability, academic, artistic, or athletic ability, or the
9 district the child would otherwise attend in accordance with this
10 code, although the charter may:

11 (A) provide for the exclusion of a student who
12 has a documented history of a criminal offense, a juvenile court
13 adjudication, or discipline problems under Subchapter A, Chapter
14 37; and

15 (B) provide for an admission policy that requires
16 a student to demonstrate artistic ability if the school specializes
17 in performing arts;

18 (5) ~~[(7)]~~ specify the grade levels to be offered;

19 (6) ~~[(8)]~~ describe the governing structure of the
20 program, including:

21 (A) the officer positions designated;

22 (B) the manner in which officers are selected and
23 removed from office;

24 (C) the manner in which members of the governing
25 body of the school are selected and removed from office;

26 (D) the manner in which vacancies on that
27 governing body are filled;

1 (E) the term for which members of that governing
2 body serve; and

3 (F) whether the terms are to be staggered;

4 (7) [~~(9)~~] specify the powers or duties of the
5 governing body of the school that the governing body may delegate to
6 an officer;

7 (8) [~~(10)~~] specify the manner in which the school will
8 distribute to parents information related to the qualifications of
9 each professional employee of the program, including any
10 professional or educational degree held by each employee, a
11 statement of any certification under Subchapter B, Chapter 21, held
12 by each employee, and any relevant experience of each employee;

13 (9) [~~(11)~~] describe the process by which the person
14 providing the program will adopt an annual budget;

15 (10) [~~(12)~~] describe the manner in which an annual
16 audit of the financial and programmatic operations of the program
17 is to be conducted, including the manner in which the person
18 providing the program will provide information necessary for the
19 school district in which the program is located to participate, as
20 required by this code or by commissioner [~~State Board of Education~~]
21 rule, in the Public Education Information Management System
22 (PEIMS);

23 (11) [~~(13)~~] describe the facilities to be used;

24 (12) [~~(14)~~] describe the geographical area served by
25 the program; and

26 (13) [~~(15)~~] specify any type of enrollment criteria to
27 be used.

1 SECTION 25. Section 12.112, Education Code, is amended to
2 read as follows:

3 Sec. 12.112. FORM. A charter for an open-enrollment
4 charter school shall be in the form of a written contract signed by
5 the chair of the authority [~~State Board of Education~~] and the chief
6 operating officer of the school.

7 SECTION 26. Section 12.113(a), Education Code, is amended
8 to read as follows:

9 (a) Each charter the authority [~~State Board of Education~~]
10 grants for an open-enrollment charter school must:

- 11 (1) satisfy this subchapter; and
12 (2) include the information that is required under
13 Section 12.111 consistent with the information provided in the
14 application and any modification the authority [~~board~~] requires.

15 SECTION 27. Section 12.114(a), Education Code, is amended
16 to read as follows:

17 (a) A revision of a charter of an open-enrollment charter
18 school may be made only with the approval of the authority
19 [~~commissioner~~].

20 SECTION 28. Subchapter D, Chapter 12, Education Code, is
21 amended by adding Section 12.1141 to read as follows:

22 Sec. 12.1141. DENIAL OF RENEWAL OF CHARTER ON EXPIRATION OF
23 INITIAL TERM; AUTOMATIC RENEWAL. (a) At the end of the initial
24 term of a charter of an open-enrollment charter school, the charter
25 automatically renews without action by the authority, except that
26 the authority shall, except as provided by Subsection (b), deny
27 renewal of the charter if:

1 (1) a campus operating under the charter has been
2 assigned an unacceptable performance rating under Subchapter C,
3 Chapter 39, for three of the five preceding school years and such a
4 campus has not been closed; or

5 (2) the charter holder has been assigned a financial
6 accountability performance rating under Subchapter D, Chapter 39,
7 indicating financial performance lower than satisfactory for three
8 of the five preceding school years.

9 (b) Before the authority may, at the end of the initial
10 term, deny the renewal of the charter of an open-enrollment charter
11 school that is registered under the agency's alternative education
12 accountability procedures for accountability evaluation purposes
13 under Chapter 39, the authority must consider, as an alternative to
14 the criterion specified under Subsection (a)(1), academic criteria
15 established under authority rule that are appropriate to measure
16 the specific goals of that school, such as providing dropout
17 recovery or providing education within a residential treatment
18 facility.

19 (c) Not later than the 365th day before the last day of the
20 initial term of a charter for an open-enrollment charter school,
21 the authority shall provide written notice to the charter holder,
22 in accordance with authority rule, of the basis on which a charter
23 renewal may be denied under Subsection (a) or (b), as applicable.

24 (d) Before the authority may, at the end of the initial
25 term, deny the renewal of the charter of an open-enrollment charter
26 school, the authority must provide the opportunity for a hearing to
27 the charter holder and the parents and guardians of students of the

1 school. A hearing under this subsection must be held at the
2 facility at which the school is operated. Chapter 2001, Government
3 Code, does not apply to a hearing under this subsection.

4 (e) A charter of an open-enrollment charter school that has
5 been renewed at the end of the initial term of the charter
6 automatically renews at the end of each successive charter term
7 without action by the authority, except that the authority shall
8 deny renewal of the charter if:

9 (1) the accreditation of the open-enrollment charter
10 school has been revoked; or

11 (2) the accreditation of any campus operating under
12 the charter has been revoked and such a campus has not been closed.

13 (f) The term of a charter renewed under this section is 20
14 years for each renewal.

15 (g) A campus of an open-enrollment charter school rated as
16 academically unacceptable under Subchapter D, Chapter 39, as that
17 subchapter existed January 1, 2009, for the 2008-2009, 2009-2010,
18 or 2010-2011 school year is considered to have been assigned an
19 unacceptable performance rating for that school year under
20 Subsection (a)(1). For purposes of Subsection (a)(2), based on
21 financial accountability reviews, the commissioner shall determine
22 the appropriate financial accountability performance rating to be
23 assigned to a charter holder for the 2008-2009 and 2009-2010 school
24 years. This subsection expires September 1, 2016.

25 SECTION 29. Section 12.115, Education Code, is amended to
26 read as follows:

27 Sec. 12.115. BASIS FOR MODIFICATION, PLACEMENT ON

1 PROBATION, REVOCATION, OR MODIFICATION OF GOVERNANCE [~~DENIAL OF~~
2 ~~RENEWAL~~]. (a) The authority shall [~~commissioner may~~] modify,
3 place on probation, or revoke [~~, or deny renewal of~~] the charter of
4 an open-enrollment charter school or reconstitute the governing
5 body of the charter holder or assign operation of a school campus to
6 a different charter holder if the authority [~~commissioner~~]
7 determines that the charter holder:

8 (1) committed a material violation of the charter,
9 including failure to satisfy accountability provisions prescribed
10 by the charter;

11 (2) failed to satisfy generally accepted accounting
12 standards of fiscal management;

13 (3) failed to protect the health, safety, or welfare
14 of the students enrolled at the school; or

15 (4) failed to comply with this subchapter or another
16 applicable law or rule.

17 (b) The action the authority [~~commissioner~~] takes under
18 Subsection (a) shall be based on the best interest of the
19 open-enrollment charter school's students, the severity of the
20 violation, [and] any previous violation the school has committed,
21 and the accreditation status of the school.

22 SECTION 30. The heading to Section 12.116, Education Code,
23 is amended to read as follows:

24 Sec. 12.116. PROCEDURE FOR MODIFICATION, PLACEMENT ON
25 PROBATION, OR REVOCATION[~~, OR DENIAL OF RENEWAL~~].

26 SECTION 31. Sections 12.116(a) and (c), Education Code, are
27 amended to read as follows:

1 (a) The authority [~~commissioner~~] shall adopt a procedure to
2 be used for modifying, placing on probation, or revoking[~~, or~~
3 ~~denying renewal of~~] the charter of an open-enrollment charter
4 school.

5 (c) Chapter 2001, Government Code, does not apply to a
6 hearing that is related to a modification, placement on probation,
7 or revocation[~~, or denial of renewal~~] under this subchapter.

8 SECTION 32. Section 12.1161(a), Education Code, is amended
9 to read as follows:

10 (a) If the authority [~~Except as provided by Subsection (b),~~
11 ~~if the commissioner~~] revokes or denies the renewal of a charter of
12 an open-enrollment charter school[~~7~~] or [~~if~~] an open-enrollment
13 charter school surrenders its charter, the school may not:

- 14 (1) continue to operate under this subchapter; or
15 (2) receive state funds under this subchapter.

16 SECTION 33. Section 12.1162, Education Code, is amended to
17 read as follows:

18 Sec. 12.1162. ADDITIONAL SANCTIONS. (a) The authority
19 [~~commissioner~~] shall take any of the actions described by
20 Subsection (b) or by Section 39.102(a), to the extent the authority
21 [~~commissioner~~] determines necessary, if an open-enrollment charter
22 school, as determined by a report issued under Section 39.058(b):

- 23 (1) commits a material violation of the school's
24 charter;
25 (2) fails to satisfy generally accepted accounting
26 standards of fiscal management; or
27 (3) fails to comply with this subchapter or another

1 applicable rule or law.

2 (b) The authority [~~commissioner~~] may direct the
3 commissioner to temporarily withhold funding or may [7] suspend the
4 authority of an open-enrollment charter school to operate[7] or
5 take any other reasonable action the authority [~~commissioner~~]
6 determines necessary to protect the health, safety, or welfare of
7 students enrolled at the school based on evidence that conditions
8 at the school present a danger to the health, safety, or welfare of
9 the students.

10 (c) After action is taken [~~the commissioner acts~~] under
11 Subsection (b), the open-enrollment charter school may not receive
12 funding and may not resume operating until a determination is made
13 that:

14 (1) despite initial evidence, the conditions at the
15 school do not present a danger of material harm to the health,
16 safety, or welfare of students; or

17 (2) the conditions at the school that presented a
18 danger of material harm to the health, safety, or welfare of
19 students have been corrected.

20 (d) Not later than the third business day after the date
21 action is taken [~~the commissioner acts~~] under Subsection (b), the
22 authority [~~commissioner~~] shall provide the charter holder an
23 opportunity for a hearing.

24 (e) Immediately after a hearing under Subsection (d), the
25 authority [~~commissioner~~] must cease or direct the commissioner to
26 cease the action under Subsection (b), as applicable, or initiate
27 action under Section 12.116.

1 (f) The authority [~~commissioner~~] shall adopt rules
2 implementing this section. Chapter 2001, Government Code, does not
3 apply to a hearing under this section.

4 SECTION 34. The heading to Section 12.1163, Education Code,
5 is amended to read as follows:

6 Sec. 12.1163. AUDIT BY AUTHORITY [~~COMMISSIONER~~].

7 SECTION 35. Sections 12.1163(a) and (c), Education Code,
8 are amended to read as follows:

9 (a) To the extent consistent with this section, the
10 authority [~~commissioner~~] may audit the records of:

- 11 (1) an open-enrollment charter school;
- 12 (2) a charter holder; and
- 13 (3) a management company.

14 (c) Unless the authority [~~commissioner~~] has specific cause
15 to conduct an additional audit, the authority [~~commissioner~~] may
16 not conduct more than one on-site audit under Section 12.1163
17 during any fiscal year, including any financial and administrative
18 records. For purposes of this subsection, an audit of a charter
19 holder or management company associated with an open-enrollment
20 charter school is not considered an audit of the school.

21 SECTION 36. Section 12.1164(a), Education Code, is amended
22 to read as follows:

23 (a) The authority [~~commissioner~~] must notify the Teacher
24 Retirement System of Texas in writing of the revocation, denial of
25 renewal, or surrender of a charter under this subchapter not later
26 than the 10th business day after the date of the event.

27 SECTION 37. Sections 12.118(a) and (c), Education Code, are

1 amended to read as follows:

2 (a) The authority [~~commissioner~~] shall designate an
3 impartial organization with experience in evaluating school choice
4 programs to conduct, under the supervision of the authority, an
5 annual evaluation of open-enrollment charter schools.

6 (c) The evaluation of open-enrollment charter schools must
7 also include an evaluation of:

8 (1) the costs of instruction, administration, and
9 transportation incurred by open-enrollment charter schools;

10 (2) the effect of open-enrollment charter schools on
11 school districts and on teachers, students, and parents in those
12 districts; and

13 (3) other issues, as determined by the authority
14 [~~commissioner~~].

15 SECTION 38. Section 12.119, Education Code, is amended to
16 read as follows:

17 Sec. 12.119. BYLAWS; ANNUAL REPORT. (a) A charter holder
18 shall file with the authority [~~State Board of Education~~] a copy of
19 its articles of incorporation and bylaws, or comparable documents
20 if the charter holder does not have articles of incorporation or
21 bylaws, within the period and in the manner prescribed by the
22 authority [~~board~~].

23 (b) Each year within the period and in a form prescribed by
24 the authority [~~State Board of Education~~], each open-enrollment
25 charter school shall file with the authority [~~board~~] the following
26 information:

27 (1) the name, address, and telephone number of each

1 officer and member of the governing body of the open-enrollment
2 charter school; and

3 (2) the amount of annual compensation the
4 open-enrollment charter school pays to each officer and member of
5 the governing body.

6 (c) On request, the authority [~~State Board of Education~~]
7 shall provide the information required by this section and Section
8 12.111(a)(6) [~~12.111(a)(8)~~] to a member of the public. The
9 authority [~~board~~] may charge a reasonable fee to cover the
10 authority's [~~board's~~] cost in providing the information.

11 SECTION 39. Subchapter D, Chapter 12, Education Code, is
12 amended by adding Section 12.1211 to read as follows:

13 Sec. 12.1211. NAMES OF MEMBERS OF GOVERNING BODY LISTED ON
14 WEBSITE. An open-enrollment charter school shall list the names of
15 the members of the governing body on the home page of the school's
16 Internet website.

17 SECTION 40. Section 12.122(a), Education Code, is amended
18 to read as follows:

19 (a) Notwithstanding the Texas Nonprofit Corporation Law
20 [~~Texas Non-Profit Corporation Act (Article 1396-1.01 et seq.,~~
21 ~~Vernon's Texas Civil Statutes)~~] or other law, on request of the
22 authority [~~commissioner~~], the attorney general may bring suit
23 against a member of the governing body of an open-enrollment
24 charter school for breach of a fiduciary duty by the member,
25 including misapplication of public funds.

26 SECTION 41. Section 12.123, Education Code, is amended to
27 read as follows:

1 Sec. 12.123. TRAINING FOR MEMBERS OF GOVERNING BODY OF
2 SCHOOL AND OFFICERS. (a) The authority [~~commissioner~~] shall adopt
3 rules prescribing training for:

4 (1) members of governing bodies of open-enrollment
5 charter schools; and

6 (2) officers of open-enrollment charter schools.

7 (b) The rules adopted under Subsection (a) may:

8 (1) specify the minimum amount and frequency of the
9 training;

10 (2) require the training to be provided by:

11 (A) the agency and regional education service
12 centers;

13 (B) entities other than the agency and service
14 centers, subject to approval by the authority [~~commissioner~~]; or

15 (C) both the agency, service centers, and other
16 entities; and

17 (3) require training to be provided concerning:

18 (A) basic school law, including school finance;

19 (B) health and safety issues;

20 (C) accountability requirements related to the
21 use of public funds; and

22 (D) other requirements relating to
23 accountability to the public, such as open meetings requirements
24 under Chapter 551, Government Code, and public information
25 requirements under Chapter 552, Government Code.

26 SECTION 42. Subchapter D, Chapter 12, Education Code, is
27 amended by adding Section 12.1231 to read as follows:

1 Sec. 12.1231. TRAINING FOR AGENCY EMPLOYEES. Not later
2 than May 1, 2014, each agency employee assigned responsibility
3 related to granting charters for open-enrollment charter schools or
4 providing oversight or monitoring of charter holders or
5 open-enrollment charter schools must participate in training on
6 charter school authorization, oversight, and monitoring provided
7 by a nationally recognized organization of charter school
8 authorizers identified by the authority. This section expires
9 January 1, 2015.

10 SECTION 43. Section 12.126, Education Code, is amended to
11 read as follows:

12 Sec. 12.126. CERTAIN MANAGEMENT SERVICES CONTRACTS
13 PROHIBITED. The authority [~~commissioner~~] may prohibit, deny
14 renewal of, suspend, or revoke a contract between an
15 open-enrollment charter school and a management company providing
16 management services to the school if the authority [~~commissioner~~]
17 determines that the management company has:

18 (1) failed to provide educational or related services
19 in compliance with the company's contractual or other legal
20 obligation to any open-enrollment charter school in this state or
21 to any other similar school in another state;

22 (2) failed to protect the health, safety, or welfare
23 of the students enrolled at an open-enrollment charter school
24 served by the company;

25 (3) violated this subchapter or a rule adopted under
26 this subchapter; or

27 (4) otherwise failed to comply with any contractual or

1 other legal obligation to provide services to the school.

2 SECTION 44. Section 12.127(b), Education Code, is amended
3 to read as follows:

4 (b) On request of the authority [~~commissioner~~], the
5 attorney general may bring suit on behalf of the state against a
6 management company liable under Subsection (a) for:

7 (1) damages, including any state funding received by
8 the company and any consequential damages suffered by the state;

9 (2) injunctive relief; or

10 (3) any other equitable remedy determined to be
11 appropriate by the court.

12 SECTION 45. Sections 12.128(c) and (d), Education Code, are
13 amended to read as follows:

14 (c) The authority [~~commissioner~~] shall:

15 (1) take possession and assume control of the property
16 described by Subsection (a) of an open-enrollment charter school
17 that ceases to operate; and

18 (2) supervise the disposition of the property in
19 accordance with law.

20 (d) The authority [~~commissioner~~] may adopt rules necessary
21 to administer this section.

22 SECTION 46. Section 12.135(a), Education Code, is amended
23 to read as follows:

24 (a) On the application of the charter holder, the authority
25 [~~commissioner~~] may grant designation as a charter district to an
26 open-enrollment charter school that meets financial standards
27 adopted by the authority [~~commissioner~~]. The financial standards

1 must require an open-enrollment charter school to have an
2 investment grade credit rating as specified by Section 45.0541.

3 SECTION 47. Sections 12.152, 12.153, and 12.154, Education
4 Code, are amended to read as follows:

5 Sec. 12.152. AUTHORIZATION. [~~(a)~~] In accordance with this
6 subchapter and Subchapter D, the authority [~~State Board of~~
7 ~~Education~~] may grant a charter on the application of:

8 (1) a public senior college or university for an
9 open-enrollment charter school to operate on the campus of the
10 public senior college or university or in the same county in which
11 the campus of the public senior college or university is located; or

12 (2) a public junior college for an open-enrollment
13 charter school to operate on the campus of the public junior college
14 or in the same county in which the campus of the public junior
15 college is located.

16 Sec. 12.153. RULES. The authority [~~commissioner~~] may adopt
17 rules to implement this subchapter.

18 Sec. 12.154. CONTENT. (a) Notwithstanding Section
19 12.110(d), the authority [~~State Board of Education~~] may grant a
20 charter under this subchapter to a public senior college or
21 university only if the following criteria are satisfied in the
22 public senior college's or university's application, as determined
23 by the authority [~~State Board of Education~~]:

24 (1) the college or university charter school's
25 educational program must include innovative teaching methods;

26 (2) the college or university charter school's
27 educational program must be implemented under the direct

1 supervision of a member of the teaching or research faculty of the
2 public senior college or university;

3 (3) the faculty member supervising the college or
4 university charter school's educational program must have
5 substantial experience and expertise in education research,
6 teacher education, classroom instruction, or educational
7 administration;

8 (4) the college or university charter school's
9 educational program must be designed to meet specific goals
10 described in the charter, including improving student performance,
11 and each aspect of the program must be directed toward the
12 attainment of the goals;

13 (5) the attainment of the college or university
14 charter school's educational program goals must be measured using
15 specific, objective standards set forth in the charter, including
16 assessment methods and a time frame; and

17 (6) the financial operations of the college or
18 university charter school must be supervised by the business office
19 of the public senior college or university.

20 (b) Notwithstanding Section 12.110(d), the authority [~~State~~
21 ~~Board of Education~~] may grant a charter under this subchapter to a
22 public junior college only if the following criteria are satisfied
23 in the public junior college's application, as determined by the
24 authority [~~State Board of Education~~]:

25 (1) the junior college charter school's educational
26 program must be implemented under the direct supervision of a
27 member of the faculty of the public junior college;

1 (2) the faculty member supervising the junior college
2 charter school's educational program must have substantial
3 experience and expertise in teacher education, classroom
4 instruction, or educational administration;

5 (3) the junior college charter school's educational
6 program must be designed to meet specific goals described in the
7 charter, such as dropout recovery, and each aspect of the program
8 must be directed toward the attainment of the goals;

9 (4) the attainment of the junior college charter
10 school's educational program goals must be measured using specific,
11 objective standards set forth in the charter, including assessment
12 methods and a time frame; and

13 (5) the financial operations of the junior college
14 charter school must be supervised by the business office of the
15 junior college.

16 SECTION 48. Section 221.0071(a), Human Resources Code, is
17 amended to read as follows:

18 (a) Notwithstanding any other law [~~and in addition to the~~
19 ~~number of charters allowed under Subchapter D, Chapter 12,~~
20 ~~Education Code~~], the Charter School Authorizing Authority [~~State~~
21 ~~Board of Education~~] may grant a charter on the application of a
22 detention, correctional, or residential facility established only
23 for juvenile offenders under Section 51.12, 51.125, or 51.126,
24 Family Code.

25 SECTION 49. Section 221.056(d), Human Resources Code, is
26 amended to read as follows:

27 (d) Notwithstanding any other law [~~and in addition to the~~

1 ~~number of charters allowed under Subchapter D, Chapter 12,~~
2 ~~Education Code], the Charter School Authorizing Authority [~~State~~
3 ~~Board of Education]~~ shall grant a charter on the application of a
4 residential treatment facility established under this section for a
5 school chartered for the purposes of this section.~~

6 SECTION 50. Section 1579.154(a), Insurance Code, is amended
7 to read as follows:

8 (a) A charter school is eligible to participate in the
9 program if the school agrees:

10 (1) that all records of the school relating to
11 participation in the program are open to inspection by the trustee,
12 the administering firm, the commissioner of education, the Charter
13 School Authorizing Authority, or a designee of any of those
14 entities; and

15 (2) to have the school's accounts relating to
16 participation in the program annually audited by a certified public
17 accountant at the school's expense.

18 SECTION 51. The following provisions of the Education Code
19 are repealed:

- 20 (1) Section 12.019;
- 21 (2) Sections 12.020(d), (e), (f), (h), and (i);
- 22 (3) Section 12.022;
- 23 (4) Sections 12.030(d) and (e);
- 24 (5) Section 12.113(b);
- 25 (6) Section 12.1161(b); and
- 26 (7) Section 12.156(b).

27 SECTION 52. Section 11.1542, Education Code, as added by

1 this Act, applies only to a contract entered into between a school
2 district and a charter school on or after the effective date of this
3 Act. A contract entered into between a school district and a
4 charter school before the effective date of this Act is governed by
5 the law in effect on the date the contract is entered into, and that
6 law is continued in effect for that purpose.

7 SECTION 53. (a) The amendment of Chapter 12, Education
8 Code, by this Act to transfer authority for charter schools from the
9 State Board of Education and the commissioner of education to the
10 Charter School Authorizing Authority does not affect the status of
11 a charter, including any legal rights, duties, and obligations
12 based on a charter, granted under Chapter 12, Education Code,
13 before May 1, 2014.

14 (b) Section 12.101(b-1), Education Code, as added by this
15 Act, does not affect the status of any charter for an
16 open-enrollment charter school, including any legal rights,
17 duties, and obligations based on a charter, that is among multiple
18 charters granted to a single charter holder before September 1,
19 2013.

20 SECTION 54. (a) Effective May 1, 2014, except as provided by
21 Subsection (b) of this section:

22 (1) all functions and activities performed
23 immediately before that date by the State Board of Education that
24 specifically relate only to charter schools or by the commissioner
25 of education under Chapter 12, Education Code, are transferred to
26 the Charter School Authorizing Authority;

27 (2) a rule, form, policy, procedure, or decision of

1 the State Board of Education that specifically relates only to
2 charter schools or of the commissioner of education under Chapter
3 12, Education Code, continues in effect as a rule, form, policy,
4 procedure, or decision of the Charter School Authorizing Authority
5 and remains in effect until amended or replaced by the Charter
6 School Authorizing Authority;

7 (3) a reference in law or administrative rule to the
8 State Board of Education that specifically relates only to charter
9 schools means the Charter School Authorizing Authority;

10 (4) all money, contracts, leases, rights, property,
11 records, and bonds and other obligations of the State Board of
12 Education or of the commissioner of education under Chapter 12,
13 Education Code, that specifically relate only to charter schools
14 are transferred to the Charter School Authorizing Authority;

15 (5) a court case, administrative proceeding, contract
16 negotiation, or other proceeding involving the State Board of
17 Education that specifically relates only to charter schools or
18 involving the commissioner of education under Chapter 12, Education
19 Code, is transferred without change in status to the Charter School
20 Authorizing Authority, and the Charter School Authorizing
21 Authority assumes, without a change in status, the position of the
22 State Board of Education or commissioner of education, as
23 applicable, in a negotiation or proceeding relating to an activity
24 transferred by this Act to the Charter School Authorizing Authority
25 to which the State Board of Education or commissioner of education,
26 as applicable, is a party;

27 (6) an employee of the State Board of Education

1 assigned only or primarily to duties relating to charter schools
2 becomes an employee of the Texas Education Agency; and

3 (7) any unexpended and unobligated balance of money
4 appropriated by the legislature for the State Board of Education
5 for carrying out duties that specifically relate to charter schools
6 is transferred to the Charter School Authorizing Authority.

7 (b) Notwithstanding Subsection (a) of this section, the
8 commissioner of education remains responsible for administering
9 state funding for purposes of Chapter 12, Education Code, to the
10 same extent the commissioner of education had that responsibility
11 on April 30, 2014.

12 (c) In the period beginning on January 1, 2014, and ending
13 on April 30, 2014:

14 (1) the State Board of Education and the commissioner
15 of education shall continue to perform their respective functions
16 and activities relating to charter schools as provided under the
17 Education Code or other law as if the law had not been amended or
18 repealed, as applicable, and the former law is continued in effect
19 for that purpose; and

20 (2) a person who is authorized or required by law to
21 take an action relating to the State Board of Education, a member of
22 the State Board of Education, or the commissioner of education
23 relating to charter schools shall continue to take that action
24 under the law as if the law had not been amended or repealed, as
25 applicable, and the former law is continued in effect for that
26 purpose.

27 SECTION 55. Before May 1, 2014, the State Board of Education

S.B. No. 2

1 may agree with the Charter School Authorizing Authority to transfer
2 any property of the State Board of Education to the Charter School
3 Authorizing Authority to implement the transfer required by Section
4 54 of this Act.

5 SECTION 56. This Act takes effect September 1, 2013.