

1-1 By: Patrick S.B. No. 2
 1-2 (In the Senate - Filed February 18, 2013; February 18, 2013,
 1-3 read first time and referred to Committee on Education;
 1-4 April 3, 2013, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 7, Nays 0, 2 present not
 1-6 voting; April 3, 2013, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16				X
1-17				X

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 2 By: Patrick

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to certain charter schools.
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-23 SECTION 1. Subchapter D, Chapter 11, Education Code, is
 1-24 amended by adding Sections 11.1542 and 11.1543 to read as follows:
 1-25 Sec. 11.1542. OPEN-ENROLLMENT CHARTER SCHOOL OFFER FOR
 1-26 DISTRICT FACILITY. (a) The board of trustees of an independent
 1-27 school district that intends to sell, lease, or allow use for a
 1-28 purpose other than a district purpose of an unused or underused
 1-29 district facility must give each open-enrollment charter school
 1-30 located wholly or partly within the boundaries of the district the
 1-31 opportunity to make an offer to purchase, lease, or use the
 1-32 facility, as applicable, in response to any terms established by
 1-33 the board of trustees, before offering the facility for sale,
 1-34 lease, or use generally or to any other specific entity.
 1-35 (b) This section does not require the board of trustees of a
 1-36 school district to accept an offer made by an open-enrollment
 1-37 charter school.
 1-38 Sec. 11.1543. CHARTER SCHOOL PAYMENT FOR FACILITIES USE OR
 1-39 FOR SERVICES. (a) An independent school district may not require
 1-40 a campus or campus program that has been granted a charter under
 1-41 Subchapter C, Chapter 12, and that is the result of the conversion
 1-42 of the status of an existing school district campus to pay rent for
 1-43 or to purchase a facility in order to use the facility.
 1-44 (b) An independent school district may not require a campus
 1-45 or campus program described by Subsection (a) or an open-enrollment
 1-46 charter school to pay for any service provided by the district under
 1-47 a contract between the district and the campus, campus program, or
 1-48 open-enrollment charter school an amount that is greater than the
 1-49 amount of the actual costs to the district of providing the service.
 1-50 SECTION 2. Subchapter A, Chapter 12, Education Code, is
 1-51 amended by adding Section 12.004 to read as follows:
 1-52 Sec. 12.004. DEFINITION. In this chapter, "authority"
 1-53 means the commissioner.
 1-54 SECTION 3. Subchapter C, Chapter 12, Education Code, is
 1-55 amended by adding Section 12.0522 to read as follows:
 1-56 Sec. 12.0522. DISTRICT CHARTER AUTHORIZATION. (a)
 1-57 Notwithstanding Section 12.052, in accordance with this subchapter
 1-58 and in the manner provided by this section, the board of trustees of
 1-59 a school district or the governing body of a home-rule school
 1-60 district may grant a district charter to a campus to the extent

2-1 allowed under this section.

2-2 (b) Except as provided by Subsection (c), a district charter
 2-3 may only be granted under this section to campuses serving in total
 2-4 no more than 15 percent of the prior year student enrollment in the
 2-5 district. This percentage limit may not prevent a district from
 2-6 granting a district charter to at least one feeder pattern,
 2-7 including an elementary, middle, and high school.

2-8 (c) A district charter may be granted to any campus that has
 2-9 received the lowest academic accountability rating under Chapter
 2-10 39.

2-11 SECTION 4. Section 12.055, Education Code, is amended to
 2-12 read as follows:

2-13 Sec. 12.055. APPLICABILITY OF LAWS AND RULES TO CAMPUS OR
 2-14 PROGRAM GRANTED CHARTER. (a) A campus or program for which a
 2-15 charter is granted under this subchapter is subject to federal and
 2-16 state laws and rules governing public schools, except that the
 2-17 campus or program is subject to this code and rules adopted under
 2-18 this code only to the extent the applicability to a campus or
 2-19 program for which a charter is granted under this subchapter of a
 2-20 provision of this code or a rule adopted under this code is
 2-21 specifically provided.

2-22 (b) A school district may contract with another district or
 2-23 an open-enrollment charter school for services at a campus charter.
 2-24 Employees of a district or open-enrollment charter school providing
 2-25 contracted services to a campus charter are eligible for membership
 2-26 in and benefits from the Teacher Retirement System of Texas if they
 2-27 would be eligible for membership and benefits in the same position
 2-28 at the employing district or open-enrollment charter school.

2-29 SECTION 5. Section 12.056(b), Education Code, is amended to
 2-30 read as follows:

2-31 (b) A campus or program for which a charter is granted under
 2-32 this subchapter is subject to:

2-33 (1) a provision of this title establishing a criminal
 2-34 offense; and

2-35 (2) a prohibition, restriction, or requirement, as
 2-36 applicable, imposed by this title or a rule adopted under this
 2-37 title, relating to:

2-38 (A) the Public Education Information Management
 2-39 System (PEIMS) to the extent necessary to monitor compliance with
 2-40 this subchapter as determined by the commissioner;

2-41 (B) criminal history records under Subchapter C,
 2-42 Chapter 22;

2-43 (C) high school graduation under Section 28.025;

2-44 (D) special education programs under Subchapter
 2-45 A, Chapter 29;

2-46 (E) bilingual education under Subchapter B,
 2-47 Chapter 29;

2-48 (F) prekindergarten programs under Subchapter E,
 2-49 Chapter 29;

2-50 (G) extracurricular activities under Section
 2-51 33.081;

2-52 (H) health and safety under Chapter 38; and

2-53 (I) public school accountability under
 2-54 Subchapters B, C, E, F, and J, Chapter 39.

2-55 SECTION 6. Section 12.057, Education Code, is amended by
 2-56 adding Subsection (b-1) to read as follows:

2-57 (b-1) An employee of a charter holder, as defined by Section
 2-58 12.1012, who is employed on a campus or program granted a charter
 2-59 under this subchapter and who qualifies for membership in the
 2-60 Teacher Retirement System of Texas shall be covered under the
 2-61 system in the same manner and to the same extent as a qualified
 2-62 employee of the independent school district who is employed on a
 2-63 regularly operating campus or in a regularly operating program.

2-64 SECTION 7. Section 12.059, Education Code, is amended to
 2-65 read as follows:

2-66 Sec. 12.059. CONTENT. Each charter granted under this
 2-67 subchapter must:

2-68 (1) describe the educational program to be offered,
 2-69 which may be a general or specialized program;

3-1 (2) provide that continuation of the charter is
3-2 contingent on satisfactory student performance under Subchapter B,
3-3 Chapter 39, satisfactory financial performance under Subchapter D,
3-4 Chapter 39, and ~~[on]~~ compliance with other applicable
3-5 accountability provisions under Chapter 39;

3-6 (3) specify any basis, in addition to a basis
3-7 specified by this subchapter, on which the charter may be ~~[placed on~~
3-8 ~~probation or]~~ revoked;

3-9 (4) prohibit discrimination in admission on the basis
3-10 of national origin, ethnicity, race, religion, or disability;

3-11 (5) describe the governing structure of the campus or
3-12 program;

3-13 (6) specify any procedure or requirement, in addition
3-14 to those under Chapter 38, that the campus or program will follow to
3-15 ensure the health and safety of students and employees; and

3-16 (7) describe the manner in which an annual audit of
3-17 financial and programmatic operations of the campus or program is
3-18 to be conducted, including the manner in which the campus or program
3-19 will provide information necessary for the school district in which
3-20 it is located to participate, as required by this code or by
3-21 commissioner [State Board of Education] rule, in the Public
3-22 Education Information Management System (PEIMS).

3-23 SECTION 8. Section 12.101, Education Code, is amended by
3-24 amending Subsections (a) and (b) and adding Subsections (b-0),
3-25 (b-1), (b-2), (b-3), (b-4), (b-5), (b-6), (b-7), and (b-8) to read
3-26 as follows:

3-27 (a) In accordance with this subchapter, the authority
3-28 ~~[State Board of Education]~~ may grant a charter on the application of
3-29 an eligible entity for an open-enrollment charter school to operate
3-30 in a facility of a commercial or nonprofit entity, an eligible
3-31 entity, or a school district, including a home-rule school
3-32 district. In this subsection, "eligible entity" means:

3-33 (1) an institution of higher education as defined
3-34 under Section 61.003;

3-35 (2) a private or independent institution of higher
3-36 education as defined under Section 61.003;

3-37 (3) an organization that is exempt from taxation under
3-38 Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section
3-39 501(c)(3)); or

3-40 (4) a governmental entity.

3-41 (b) After thoroughly investigating and evaluating an
3-42 applicant, the authority [The State Board of Education] may grant a
3-43 charter for an open-enrollment charter school only to an applicant
3-44 that:

3-45 (1) the authority determines is:

3-46 (A) capable of carrying out the responsibilities
3-47 provided by the charter; and

3-48 (B) likely to operate a school of high quality;

3-49 (2) meets any financial, governing, educational, and
3-50 operational standards adopted by the commissioner under this
3-51 subchapter;

3-52 (3) has not within the past 10 years had a charter
3-53 under this chapter or a similar charter issued under the laws of
3-54 another state revoked, denied for renewal, returned, or surrendered
3-55 under a settlement agreement; and

3-56 (4) is not, under rules adopted by the commissioner
3-57 for this purpose, considered to be a corporate affiliate of or
3-58 substantially related to an entity that has within the past 10 years
3-59 had a charter under this chapter or a similar charter issued under
3-60 the laws of another state revoked, denied for renewal, returned, or
3-61 surrendered under a settlement agreement.

3-62 (b-0) The commissioner may reject a proposed charter award
3-63 under this section by a vote of at least two-thirds of the members
3-64 of the board present and voting. If the board fails to reject a
3-65 proposed charter award before the 90th day after the date on which
3-66 it receives the proposal, the proposed charter award takes effect.
3-67 The board may not deliberate or vote on any charter award not
3-68 proposed by the commissioner under this section.

3-69 (b-1) In granting charters to open-enrollment charter

4-1 schools, the authority [~~The State Board of Education~~] may not grant
4-2 a total of more than:

4-3 (1) 215 charters through the fiscal year ending August
4-4 31, 2014;

4-5 (2) 225 charters for the fiscal year beginning
4-6 September 1, 2014;

4-7 (3) 240 charters for the fiscal year beginning
4-8 September 1, 2015;

4-9 (4) 255 charters for the fiscal year beginning
4-10 September 1, 2016;

4-11 (5) 275 charters for the fiscal year beginning
4-12 September 1, 2017;

4-13 (6) 295 charters for the fiscal year beginning
4-14 September 1, 2018;

4-15 (7) 315 charters for the fiscal year beginning
4-16 September 1, 2019; or

4-17 (8) 330 charters for the fiscal year beginning
4-18 September 1, 2020 [~~for an open-enrollment charter school~~].

4-19 (b-2) Notwithstanding the limit provided for in Subsection
4-20 (b-1)(8), for the fiscal year beginning September 1, 2021, and in
4-21 each subsequent fiscal year, 10 charters for open-enrollment
4-22 charter schools shall be added to the previous year's limit.

4-23 (b-3) The authority may not grant more than one charter for
4-24 an open-enrollment charter school to any charter holder. The
4-25 authority may consolidate charters for an open-enrollment charter
4-26 school held by multiple charter holders into a single charter held
4-27 by a single charter holder with the written consent to the terms of
4-28 consolidation by or at the request of each charter holder affected
4-29 by the consolidation.

4-30 (b-4) A charter holder having an accreditation status of
4-31 accredited and at least 50 percent of its student population in
4-32 grades assessed by the state accountability system may establish
4-33 one or more new open-enrollment charter school campuses under an
4-34 existing charter held by the charter holder in accordance with the
4-35 expedited approval process provided by this subchapter if:

4-36 (1) the charter holder is currently evaluated under
4-37 the standard accountability procedures and received a district
4-38 rating in one of the two highest rating categories for three of the
4-39 last five years with at least 75 percent of the campuses rated under
4-40 the charter also receiving a rating in one of the two highest rating
4-41 categories and no campus with a rating in the lowest rating category
4-42 in the most recent state accountability ratings;

4-43 (2) the charter holder provides written notice to the
4-44 commissioner of the establishment of any campus under this
4-45 subsection in the time, manner, and form provided by rule of the
4-46 commissioner; and

4-47 (3) not later than the 60th day after the date the
4-48 charter holder provides written notice under Subdivision (2), the
4-49 commissioner does not provide written notice to the charter holder
4-50 disapproving a new campus under this section.

4-51 (b-5) A charter granted under this subsection is not
4-52 considered for purposes of the limit on the number of charters that
4-53 may be granted under this section. Notwithstanding Subsection (b),
4-54 the commissioner may grant a charter for an open-enrollment charter
4-55 school to an applicant for the charter that is:

4-56 (1) an eligible entity under Subsection (a)(3) that
4-57 proposes to operate the charter school program of a charter
4-58 operator that operates one or more charter schools in another state
4-59 and with which the eligible entity is affiliated and, as determined
4-60 by the commissioner in accordance with commissioner rule, has
4-61 performed at a level of performance comparable to one of the two
4-62 highest accountability ratings in Texas; or

4-63 (2) an entity that has operated one or more charter
4-64 schools established under this subchapter or Subchapter C or E and,
4-65 as determined by the commissioner in accordance with commissioner
4-66 rule, has performed at one of the two highest accountability
4-67 ratings.

4-68 (b-6) The initial term of a charter granted under this
4-69 section is five years. The term of a charter renewed under Section

5-1 12.1141 is 10 years, subject to earlier revocation under this
 5-2 chapter.

5-3 (b-7) A charter holder granted an open-enrollment charter
 5-4 under Subsection (b-5) may vest management of corporate affairs in
 5-5 a member entity provided that the member entity may change the
 5-6 members of the governing body of the charter holder prior to the
 5-7 expiration of a member's term only with the express written
 5-8 approval of the commissioner.

5-9 (b-8) A charter granted under this subsection is not
 5-10 considered for purposes of the limit on the number of charters that
 5-11 may be granted under this section. Notwithstanding Subsection (b),
 5-12 the commissioner may grant a charter for an open-enrollment charter
 5-13 school to an applicant for the charter that is:

5-14 (1) an eligible entity under Subsection (a)(3) that
 5-15 proposes to operate the charter school that has a successful
 5-16 history of providing individualized education services to
 5-17 students, including students with disabilities, and that proposes
 5-18 to operate a charter school that enrolls a student population in
 5-19 which at least 25 percent of students are students with
 5-20 disabilities; or

5-21 (2) an eligible entity under Subsection (a)(3) that
 5-22 has a successful history of accelerating the academic achievement
 5-23 and college and career readiness of students who have previously
 5-24 been reported to the state as dropouts or are students at risk of
 5-25 dropping out of school as defined in Section 29.081 and that
 5-26 proposes to operate a charter school that enrolls a student
 5-27 population in which at least 80 percent of students, as determined
 5-28 by the commissioner in accordance with commissioner rule:

5-29 (A) have not been advanced from one grade level
 5-30 to the next for more than one school year;

5-31 (B) are 18 to 26 years of age with no high school
 5-32 diploma;

5-33 (C) did not perform satisfactorily on an
 5-34 assessment instrument administered to the student under Subchapter
 5-35 B, Chapter 39, and have not in the previous or current school year
 5-36 subsequently performed satisfactorily on that instrument or
 5-37 another appropriate instrument;

5-38 (D) have previously been reported through the
 5-39 Public Education Information Management System (PEIMS) to have
 5-40 dropped out of school; or

5-41 (E) whose initial enrollment in a school in the
 5-42 United States in grades 7 through 12 was as an unschooled asylee or
 5-43 refugee as defined by Section 39.027(a-1).

5-44 SECTION 9. Subchapter D, Chapter 12, Education Code, is
 5-45 amended by adding Section 12.1011 to read as follows:

5-46 Sec. 12.1011. CHARTER AUTHORIZER ACCOUNTABILITY. (a) The
 5-47 commissioner shall annually report the performance of
 5-48 open-enrollment charter schools by authorizer under Subchapters J
 5-49 and K, Chapter 39, compared to campus charters and matched
 5-50 traditional campuses based on student achievement indicators
 5-51 adopted under Section 39.053.

5-52 (b) The format of the report must enable the public to
 5-53 distinguish and compare the performance of each type of public
 5-54 school by classifying the schools as follows:

5-55 (1) open-enrollment charters granted by the State
 5-56 Board of Education;

5-57 (2) open-enrollment charters granted by the
 5-58 commissioner;

5-59 (3) charters granted by school districts; and

5-60 (4) matched traditional campuses.

5-61 (c) The report must publish the performance of each public
 5-62 school in each class described by Subsection (b) as measured by the
 5-63 student achievement indicators adopted under Section 39.053.

5-64 (d) The report must also:

5-65 (1) aggregate and compare the performance of
 5-66 open-enrollment charter schools granted by the board,
 5-67 open-enrollment charter schools granted by the commissioner,
 5-68 charters granted by school districts, and matched traditional
 5-69 campuses; and

6-1 (2) rate the aggregate performance of elementary,
 6-2 middle, and high schools within each class described by Subsection
 6-3 (b) as indicated by the composite rating that would be assigned to
 6-4 the class of elementary, middle, and high schools if the students
 6-5 attending all schools in that class were cumulatively enrolled in
 6-6 one elementary, middle, or high school.

6-7 SECTION 10. Section 12.102, Education Code, is amended to
 6-8 read as follows:

6-9 Sec. 12.102. AUTHORITY UNDER CHARTER. An open-enrollment
 6-10 charter school:

6-11 (1) shall provide instruction to students at one or
 6-12 more elementary or secondary grade levels as provided by the
 6-13 charter;

6-14 (2) is governed under the governing structure
 6-15 described by the charter;

6-16 (3) retains authority to operate under the charter to
 6-17 the extent authorized under Sections 12.1141 and 12.115 and
 6-18 Subchapter E, Chapter 39 [~~contingent on satisfactory student~~
 6-19 ~~performance as provided by the charter in accordance with Section~~
 6-20 ~~12.111~~]; and

6-21 (4) does not have authority to impose taxes.

6-22 SECTION 11. Section 12.104(b), Education Code, is amended
 6-23 to read as follows:

6-24 (b) An open-enrollment charter school is subject to:

6-25 (1) a provision of this title establishing a criminal
 6-26 offense; and

6-27 (2) a prohibition, restriction, or requirement, as
 6-28 applicable, imposed by this title or a rule adopted under this
 6-29 title, relating to:

6-30 (A) the Public Education Information Management
 6-31 System (PEIMS) to the extent necessary to monitor compliance with
 6-32 this subchapter as determined by the commissioner;

6-33 (B) criminal history records under Subchapter C,
 6-34 Chapter 22;

6-35 (C) reading instruments and accelerated reading
 6-36 instruction programs under Section 28.006;

6-37 (D) accelerated instruction under Section
 6-38 28.0211;

6-39 (E) high school graduation requirements under
 6-40 Section 28.025;

6-41 (F) special education programs under Subchapter
 6-42 A, Chapter 29;

6-43 (G) bilingual education under Subchapter B,
 6-44 Chapter 29;

6-45 (H) prekindergarten programs under Subchapter E,
 6-46 Chapter 29;

6-47 (I) extracurricular activities under Section
 6-48 33.081;

6-49 (J) discipline management practices or behavior
 6-50 management techniques under Section 37.0021;

6-51 (K) health and safety under Chapter 38;

6-52 (L) public school accountability under
 6-53 Subchapters B, C, D, E, F, G, and J, Chapter 39;

6-54 (M) the requirement under Section 21.006 to
 6-55 report an educator's misconduct; and

6-56 (N) intensive programs of instruction under
 6-57 Section 28.0213.

6-58 SECTION 12. Section 12.1051, Education Code, is amended by
 6-59 amending Subsection (b) and adding Subsection (c) to read as
 6-60 follows:

6-61 (b) With respect to the operation of an open-enrollment
 6-62 charter school, except as provided by Subsection (c), any
 6-63 requirement in Chapter 551 or 552, Government Code, or another law
 6-64 that concerns open meetings or the availability of information,
 6-65 that applies to a school district, the board of trustees of a school
 6-66 district, or public school students applies to an open-enrollment
 6-67 charter school, the governing body of a charter holder, the
 6-68 governing body of an open-enrollment charter school, or students
 6-69 attending an open-enrollment charter school.

7-1 (c) Notwithstanding any provision under Subchapter F,
 7-2 Chapter 551, Government Code, the commissioner shall provide by
 7-3 rule for meetings by telephone conference call or video conference
 7-4 call where a majority of the quorum of the charter holder or charter
 7-5 school governing body is not physically present at one location of
 7-6 the meeting. The rules may apply only to meetings of the governing
 7-7 body of a charter holder or charter school with its central
 7-8 administrative offices in another state.

7-9 SECTION 13. Sections 12.1052(d) and (e), Education Code,
 7-10 are amended to read as follows:

7-11 (d) The records of an open-enrollment charter school that
 7-12 ceases to operate shall be transferred in the manner specified by
 7-13 the authority [~~commissioner~~] to a custodian designated by the
 7-14 authority [~~commissioner~~]. The authority [~~commissioner~~] may
 7-15 designate any appropriate entity to serve as custodian, including
 7-16 the agency, a regional education service center, or a school
 7-17 district. In designating a custodian, the authority [~~commissioner~~]
 7-18 shall ensure that the transferred records, including student and
 7-19 personnel records, are transferred to a custodian capable of:

7-20 (1) maintaining the records;

7-21 (2) making the records readily accessible to students,
 7-22 parents, former school employees, and other persons entitled to
 7-23 access; and

7-24 (3) complying with applicable state or federal law
 7-25 restricting access to the records.

7-26 (e) If the charter holder of an open-enrollment charter
 7-27 school that ceases to operate or an officer or employee of such a
 7-28 school refuses to transfer school records in the manner specified
 7-29 by the authority [~~commissioner~~] under Subsection (d), the authority
 7-30 [~~commissioner~~] may ask the attorney general to petition a court for
 7-31 recovery of the records. If the court grants the petition, the
 7-32 court shall award attorney's fees and court costs to the state.

7-33 SECTION 14. Section 12.1053(a), Education Code, is amended
 7-34 to read as follows:

7-35 (a) This section applies to an open-enrollment charter
 7-36 school unless the school's charter otherwise describes procedures
 7-37 for purchasing and contracting and the procedures are approved by
 7-38 the authority [~~State Board of Education~~].

7-39 SECTION 15. Section 12.1057(a), Education Code, is amended
 7-40 to read as follows:

7-41 (a) An employee of an open-enrollment charter school
 7-42 [~~operating under a charter granted by the State Board of Education~~]
 7-43 who qualifies for membership in the Teacher Retirement System of
 7-44 Texas shall be covered under the system to the same extent a
 7-45 qualified employee of a school district is covered.

7-46 SECTION 16. Sections 12.110(a), (c), and (d), Education
 7-47 Code, are amended to read as follows:

7-48 (a) The authority [~~State Board of Education~~] shall adopt:

7-49 (1) an application form and a procedure that must be
 7-50 used to apply for a charter for an open-enrollment charter school;
 7-51 and

7-52 (2) criteria to use in selecting a program for which to
 7-53 grant a charter.

7-54 (c) As part of the application procedure, the authority
 7-55 [~~board~~] may require a petition supporting a charter for a school
 7-56 signed by a specified number of parents or guardians of school-age
 7-57 children residing in the area in which a school is proposed or may
 7-58 hold a public hearing to determine parental support for the school.

7-59 (d) The commissioner shall [~~The board may~~] approve or deny
 7-60 an application based on:

7-61 (1) documented evidence collected through the
 7-62 application review process;

7-63 (2) merit; and

7-64 (3) other criteria as adopted by the authority, which
 7-65 [~~it adopts. The criteria the board adopts~~] must include:

7-66 (A) criteria relating to the capability of the
 7-67 applicant to carry out the responsibilities provided by the charter
 7-68 and the likelihood that the applicant will operate a school of high
 7-69 quality;

8-1 (B) [~~(1)~~] criteria relating to improving student
8-2 performance and encouraging innovative programs; and

8-3 (C) [~~(2)~~] a statement from any school district
8-4 whose enrollment is likely to be affected by the open-enrollment
8-5 charter school, including information relating to any financial
8-6 difficulty that a loss in enrollment may have on the district.

8-7 SECTION 17. Section 12.1101, Education Code, is amended to
8-8 read as follows:

8-9 Sec. 12.1101. NOTIFICATION OF CHARTER APPLICATION OR
8-10 ESTABLISHMENT OF CAMPUS. The authority [~~commissioner~~] by rule
8-11 shall adopt a procedure for providing notice to the following
8-12 persons on receipt by the authority [~~State Board of Education~~] of an
8-13 application for a charter for an open-enrollment charter school
8-14 under Section 12.110 or of notice of the establishment of a campus
8-15 as authorized under Section 12.101(b-4):

8-16 (1) the board of trustees of each school district from
8-17 which the proposed open-enrollment charter school or campus is
8-18 likely to draw students, as determined by the authority
8-19 [~~commissioner~~]; and

8-20 (2) each member of the legislature that represents the
8-21 geographic area to be served by the proposed school or campus, as
8-22 determined by the authority [~~commissioner~~].

8-23 SECTION 18. Section 12.111(a), Education Code, is amended
8-24 to read as follows:

8-25 (a) Each charter granted under this subchapter must:

8-26 (1) describe the educational program to be offered,
8-27 which must include the required curriculum as provided by Section
8-28 28.002;

8-29 (2) [~~specify the period for which the charter or any~~
8-30 ~~charter renewal is valid;~~

8-31 [~~(3)~~] provide that continuation or renewal of the
8-32 charter is contingent on the status of the charter as determined
8-33 under Section 12.1141 or 12.115 or under Subchapter E, Chapter 39
8-34 [~~acceptable student performance on assessment instruments adopted~~
8-35 ~~under Subchapter B, Chapter 39, and on compliance with any~~
8-36 ~~accountability provision specified by the charter, by a deadline or~~
8-37 ~~at intervals specified by the charter];~~

8-38 (3) specify the academic, operational, and financial
8-39 performance expectations by which a school operating under the
8-40 charter will be evaluated, which must include applicable elements
8-41 of the performance frameworks adopted under Section 12.1181
8-42 [~~(4) establish the level of student performance that is considered~~
8-43 ~~acceptable for purposes of Subdivision (3)];~~

8-44 (4) [~~(5)~~] specify:

8-45 (A) any basis, in addition to a basis specified
8-46 by this subchapter or Subchapter E, Chapter 39, on which the charter
8-47 may be [~~placed on probation or~~] revoked or on which renewal of the
8-48 charter may be denied; and

8-49 (B) the standards for evaluation of a school
8-50 operating under the charter for purposes of charter renewal, denial
8-51 of renewal, revocation, or other intervention in accordance with
8-52 Section 12.1141 or 12.115 or Subchapter E, Chapter 39, as
8-53 applicable;

8-54 (5) [~~(6)~~] prohibit discrimination in admission policy
8-55 on the basis of sex, national origin, ethnicity, religion,
8-56 disability, academic, artistic, or athletic ability, or the
8-57 district the child would otherwise attend in accordance with this
8-58 code, although the charter may:

8-59 (A) provide for the exclusion of a student who
8-60 has a documented history of a criminal offense, a juvenile court
8-61 adjudication, or discipline problems under Subchapter A, Chapter
8-62 37; and

8-63 (B) provide for an admission policy that requires
8-64 a student to demonstrate artistic ability if the school specializes
8-65 in performing arts;

8-66 (6) [~~(7)~~] specify the grade levels to be offered;

8-67 (7) [~~(8)~~] describe the governing structure of the
8-68 program, including:

8-69 (A) the officer positions designated;

9-1 (B) the manner in which officers are selected and
 9-2 removed from office;
 9-3 (C) the manner in which members of the governing
 9-4 body of the school are selected and removed from office;
 9-5 (D) the manner in which vacancies on that
 9-6 governing body are filled;
 9-7 (E) the term for which members of that governing
 9-8 body serve; and
 9-9 (F) whether the terms are to be staggered;
 9-10 (8) [~~(9)~~] specify the powers or duties of the
 9-11 governing body of the school that the governing body may delegate to
 9-12 an officer;
 9-13 (9) [~~(10)~~] specify the manner in which the school will
 9-14 distribute to parents information related to the qualifications of
 9-15 each professional employee of the program, including any
 9-16 professional or educational degree held by each employee, a
 9-17 statement of any certification under Subchapter B, Chapter 21, held
 9-18 by each employee, and any relevant experience of each employee;
 9-19 (10) [~~(11)~~] describe the process by which the person
 9-20 providing the program will adopt an annual budget;
 9-21 (11) [~~(12)~~] describe the manner in which an annual
 9-22 audit of the financial and programmatic operations of the program
 9-23 is to be conducted, including the manner in which the person
 9-24 providing the program will provide information necessary for the
 9-25 school district in which the program is located to participate, as
 9-26 required by this code or by commissioner [~~State Board of Education~~]
 9-27 rule, in the Public Education Information Management System
 9-28 (PEIMS);
 9-29 (12) [~~(13)~~] describe the facilities to be used;
 9-30 (13) [~~(14)~~] describe the geographical area served by
 9-31 the program; ~~and~~
 9-32 (14) [~~(15)~~] specify any type of enrollment criteria to
 9-33 be used;
 9-34 (15) provide information, as determined by the
 9-35 authority, relating to any management company that will provide
 9-36 management services to a school operating under the charter; and
 9-37 (16) specify that the governing body of an
 9-38 open-enrollment charter school accepts and may not delegate
 9-39 ultimate responsibility for the school, including the school's
 9-40 academic performance and financial and operational viability, and
 9-41 is responsible for overseeing any management company providing
 9-42 management services for the school and for holding the management
 9-43 company accountable for the school's performance.
 9-44 SECTION 19. Section 12.112, Education Code, is amended to
 9-45 read as follows:
 9-46 Sec. 12.112. FORM. A charter for an open-enrollment
 9-47 charter school shall be in the form of a written contract signed by
 9-48 the chair of the authority [~~State Board of Education~~] and the chief
 9-49 operating officer of the school.
 9-50 SECTION 20. Section 12.113(a), Education Code, is amended
 9-51 to read as follows:
 9-52 (a) Each charter the authority [~~State Board of Education~~]
 9-53 grants for an open-enrollment charter school must:
 9-54 (1) satisfy this subchapter; and
 9-55 (2) include the information that is required under
 9-56 Section 12.111 consistent with the information provided in the
 9-57 application and any modification the authority [~~board~~] requires.
 9-58 SECTION 21. Section 12.114(a), Education Code, is amended
 9-59 to read as follows:
 9-60 (a) A revision of a charter of an open-enrollment charter
 9-61 school may be made only with the approval of the authority
 9-62 [~~commissioner~~].
 9-63 SECTION 22. Subchapter D, Chapter 12, Education Code, is
 9-64 amended by adding Section 12.1141 to read as follows:
 9-65 Sec. 12.1141. RENEWAL OF CHARTER; DENIAL OF RENEWAL. (a)
 9-66 The commissioner shall develop and by rule adopt a procedure for
 9-67 renewal, denial of renewal, or expiration of a charter for an
 9-68 open-enrollment charter school at the end of the current term of the
 9-69 charter. The procedure must include consideration of the

10-1 performance under Chapter 39 of the charter holder and each campus
 10-2 operating under the charter and must include three distinct
 10-3 processes for renewal or denial of renewal, which must be expedited
 10-4 renewal, discretionary renewal, and charter expiration. To renew a
 10-5 charter at the end of the current term, the charter holder must
 10-6 submit a petition for renewal to the commissioner in the time and
 10-7 manner established by commissioner rule. The commissioner shall
 10-8 set a deadline by which an application for renewal must be filed.

10-9 (b) At the end of the current term of a charter for an
 10-10 open-enrollment charter school, if a charter holder submits to the
 10-11 commissioner a petition for expedited renewal of the charter, the
 10-12 charter automatically renews unless, not later than the 30th day
 10-13 after the date the charter holder submits the petition, the
 10-14 commissioner provides written notice to the charter holder that
 10-15 expedited renewal of the charter is denied. The commissioner may
 10-16 not deny expedited renewal of a charter if:

10-17 (1) the charter holder has been assigned the highest or
 10-18 second highest performance rating under Subchapter C, Chapter 39,
 10-19 for the three preceding school years;

10-20 (2) the charter holder has been assigned a financial
 10-21 performance accountability rating under Subchapter D, Chapter 39,
 10-22 indicating financial performance that is satisfactory or better for
 10-23 the three preceding school years; and

10-24 (3) no campus operating under the charter has been
 10-25 assigned the lowest performance rating under Subchapter C, Chapter
 10-26 39, for the three preceding school years or such a campus has been
 10-27 closed.

10-28 (b-1) Notwithstanding Subsection (b)(1), if only acceptable
 10-29 and unacceptable performance ratings may be assigned under
 10-30 Subchapter C, Chapter 39, a charter holder must be assigned the
 10-31 highest performance rating under Subchapter C, Chapter 39, for the
 10-32 three preceding school years for purposes of Subsection (b)(1).

10-33 (c)(1) At the end of the current term of a charter for an
 10-34 open-enrollment charter school, if a charter holder submits to the
 10-35 commissioner a petition for renewal of the charter and the charter
 10-36 does not meet the criteria for expedited renewal under Subsection
 10-37 (b) or for denial of renewal under Subsection (d), the commissioner
 10-38 shall use the discretionary renewal process.

10-39 (2) The commissioner's decision under the
 10-40 discretionary renewal process to renew or deny renewal of the
 10-41 charter must take into consideration the results of annual
 10-42 evaluations under the performance frameworks established under
 10-43 Section 12.1181.

10-44 (3) The renewal of an open-enrollment charter school
 10-45 that is registered under the agency's alternative education
 10-46 accountability procedures for evaluation under Chapter 39 shall be
 10-47 considered under the discretionary renewal process regardless of
 10-48 the performance ratings under Subchapter C, Chapter 39, of the
 10-49 open-enrollment charter school or of any campus operating under the
 10-50 charter.

10-51 (4) Notwithstanding Subdivision (3), if the charter
 10-52 holder has been assigned a financial accountability performance
 10-53 rating under Subchapter D, Chapter 39, indicating financial
 10-54 performance that is lower than satisfactory for any three of the
 10-55 five preceding school years, the renewal of the charter shall be
 10-56 denied under Subsection (d).

10-57 (5) Notwithstanding other law, in considering the
 10-58 renewal of the charter of an open-enrollment charter school that is
 10-59 registered under the agency's alternative education accountability
 10-60 procedures for evaluation under Chapter 39, the commissioner shall
 10-61 use academic criteria established by commissioner rule that are
 10-62 appropriate to measure the specific goals of the school, such as
 10-63 providing dropout recovery or providing education within a
 10-64 residential treatment facility. The criteria established by the
 10-65 commissioner shall recognize growth in student achievement as well
 10-66 as attainment.

10-67 (d) At the end of the current term of a charter for an
 10-68 open-enrollment charter school, if a charter holder submits to the
 10-69 commissioner a petition for renewal of the charter, the

11-1 commissioner may not renew the charter but shall find the
11-2 open-enrollment charter to have expired by its own terms if:

11-3 (1) the charter holder has been assigned the lowest
11-4 performance rating under Subchapter C, Chapter 39, for any three of
11-5 the five preceding school years;

11-6 (2) the charter holder has been assigned a financial
11-7 accountability performance rating under Subchapter D, Chapter 39,
11-8 indicating financial performance that is lower than satisfactory
11-9 for any three of the five preceding school years;

11-10 (3) the charter holder has been assigned any
11-11 combination of the ratings described by Subdivision (1) or (2) for
11-12 any three of the five preceding school years; or

11-13 (4) any campus operating under the charter has been
11-14 assigned the lowest performance rating under Subchapter C, Chapter
11-15 39, for the three preceding school years and such a campus has not
11-16 been closed.

11-17 (d-1) Notwithstanding any other law, a finding by the
11-18 commissioner that an open-enrollment charter has expired by its own
11-19 terms under Subsection (d) is final and may not be appealed.

11-20 (e) Except as provided by Subsection (b), not later than the
11-21 90th day after the date on which a charter holder submits a petition
11-22 for renewal of a charter for an open-enrollment charter school at
11-23 the end of the current term of the charter, the commissioner shall
11-24 provide written notice to the charter holder, in accordance with
11-25 commissioner rule, of the basis on which the charter qualified for
11-26 expedited renewal, discretionary renewal, or charter expiration,
11-27 and of the commissioner's final decision. Chapter 2001, Government
11-28 Code, does not apply to a proceeding under this subsection. Except
11-29 as otherwise provided by Subsection (d-1), a decision by the
11-30 commissioner to deny renewal of a charter for an open-enrollment
11-31 charter school is subject to review by the State Office of
11-32 Administrative Hearings. The State Office of Administrative
11-33 Hearings shall uphold a decision by the commissioner to deny
11-34 renewal of a charter for an open-enrollment charter school unless
11-35 the office finds the decision is arbitrary and capricious or
11-36 clearly erroneous. A decision of the State Office of
11-37 Administrative Hearings under this subsection is final and may not
11-38 be appealed.

11-39 (f) If a charter holder submits a petition for renewal of a
11-40 charter for an open-enrollment charter school, notwithstanding the
11-41 expiration date of the charter, the charter term is extended until
11-42 the authority has provided notice to the charter holder of the
11-43 renewal or denial of renewal of the charter.

11-44 (g) The term of a charter renewed under this section is 10
11-45 years for each renewal.

11-46 (h) The authority shall adopt rules to modify criteria for
11-47 renewal or denial of renewal of a charter for an open-enrollment
11-48 charter school under this section to the extent necessary to
11-49 address changes in performance rating categories or in the
11-50 financial accountability system under Chapter 39.

11-51 (i) If a charter holder of a charter granted by the State
11-52 Board of Education submits to the authority a petition for renewal
11-53 of the charter in the time and manner established by authority rule,
11-54 the authority shall consider renewal of the charter in accordance
11-55 with Subsection (b). This subsection expires September 1, 2025.

11-56 SECTION 23. Section 12.115, Education Code, is amended to
11-57 read as follows:

11-58 Sec. 12.115. BASIS FOR CHARTER [~~MODIFICATION, PLACEMENT ON~~
11-59 ~~PROBATION,~~] REVOCATION[~~7~~] OR MODIFICATION OF GOVERNANCE [~~DENIAL OF~~
11-60 ~~RENEWAL~~]. (a) Except as provided by Subsection (c), the authority
11-61 shall [~~The commissioner may modify, place on probation,~~] revoke[~~7~~
11-62 ~~or deny renewal of~~] the charter of an open-enrollment charter
11-63 school or reconstitute the governing body of the charter holder or
11-64 assign operation of a school campus to a different charter holder if
11-65 the authority [~~commissioner~~] determines that the charter holder:

11-66 (1) committed a material violation of the charter,
11-67 including failure to satisfy accountability provisions prescribed
11-68 by the charter;

11-69 (2) failed to satisfy generally accepted accounting

12-1 standards of fiscal management;

12-2 (3) failed to protect the health, safety, or welfare
12-3 of the students enrolled at the school; ~~[or]~~

12-4 (4) failed to comply with this subchapter or another
12-5 applicable law or rule;

12-6 (5) failed to satisfy the performance framework
12-7 standards adopted under Section 12.1181; or

12-8 (6) is imminently insolvent as determined by the
12-9 authority in accordance with authority rule.

12-10 (b) The action the authority ~~[commissioner]~~ takes under
12-11 Subsection (a) shall be based on the best interest of the
12-12 open-enrollment charter school's students, the severity of the
12-13 violation, ~~[and]~~ any previous violation the school has committed,
12-14 and the accreditation status of the school.

12-15 (c) Except as provided by Subsection (d), the authority
12-16 shall revoke the charter of an open-enrollment charter school if:

12-17 (1) the charter holder has been assigned an
12-18 unacceptable performance rating under Subchapter C, Chapter 39, for
12-19 the three preceding school years;

12-20 (2) the charter holder has been assigned a financial
12-21 accountability performance rating under Subchapter D, Chapter 39,
12-22 indicating financial performance lower than satisfactory for the
12-23 three preceding school years; or

12-24 (3) the charter holder has been assigned any
12-25 combination of the ratings described by Subdivision (1) or (2) for
12-26 the three preceding school years.

12-27 (d) Subsections (c)(1) and (3) do not apply to a charter
12-28 holder registered under the agency's alternative education
12-29 accountability procedures for evaluation under Chapter 39.

12-30 (e) This section does not limit the authority of the
12-31 attorney general to take any action authorized by law.

12-32 (f) A charter holder rated as academically unacceptable
12-33 under Subchapter D, Chapter 39, as that subchapter existed on
12-34 January 1, 2009, for the 2010-2011 school year is considered to have
12-35 been assigned an unacceptable performance rating for that school
12-36 year under Subsection (c)(1). This subsection expires September 1,
12-37 2015.

12-38 (g) On revoking a charter under this section, the
12-39 commissioner may, in the commissioner's sole discretion, assign
12-40 operation of one or more campuses formerly operated by the revoked
12-41 charter holder to a different charter holder with that different
12-42 charter holder's consent.

12-43 SECTION 24. Section 12.116, Education Code, is amended to
12-44 read as follows:

12-45 Sec. 12.116. PROCEDURE FOR ~~[MODIFICATION, PLACEMENT ON~~
12-46 ~~PROBATION,]~~ REVOCATION~~[, OR DENIAL OF RENEWAL]~~. (a) The
12-47 commissioner shall adopt an informal ~~[a]~~ procedure to be used for
12-48 ~~[modifying, placing on probation,]~~ revoking~~[, or denying renewal~~
12-49 ~~of]~~ the charter of an open-enrollment charter school.

12-50 (b) ~~[The procedure adopted under Subsection (a) must~~
12-51 ~~provide an opportunity for a hearing to the charter holder and to~~
12-52 ~~parents and guardians of students in the school. A hearing under~~
12-53 ~~this subsection must be held at the facility at which the program is~~
12-54 ~~operated.~~

12-55 ~~[(c)]~~ Chapter 2001, Government Code, does not apply to a
12-56 proceeding ~~[hearing]~~ that is related to a ~~[modification, placement~~
12-57 ~~on probation,]~~ revocation~~[, or denial of renewal]~~ under this
12-58 subchapter.

12-59 (c) If the commissioner revokes an open-enrollment charter,
12-60 the commissioner may manage the school directly until alternative
12-61 arrangements can be made for students at the school under Section
12-62 12.115.

12-63 (d) A decision by the commissioner to revoke a charter is
12-64 subject to review by the State Office of Administrative Hearings.
12-65 The State Office of Administrative Hearings shall uphold a decision
12-66 by the commissioner to revoke a charter unless the office finds the
12-67 decision is arbitrary and capricious or clearly erroneous. A
12-68 decision of the State Office of Administrative Hearings under this
12-69 subsection is final and may not be appealed.

13-1 SECTION 25. Section 12.1161(a), Education Code, is amended
13-2 to read as follows:

13-3 (a) If the authority [~~Except as provided by Subsection (b),~~
13-4 ~~if the commissioner~~] revokes or denies the renewal of a charter of
13-5 an open-enrollment charter school[~~7~~] or [~~if~~] an open-enrollment
13-6 charter school surrenders its charter, the school may not:

13-7 (1) continue to operate under this subchapter; or

13-8 (2) receive state funds under this subchapter.

13-9 SECTION 26. Section 12.1162, Education Code, is amended to
13-10 read as follows:

13-11 Sec. 12.1162. ADDITIONAL SANCTIONS. (a) The authority
13-12 [~~commissioner~~] shall take any of the actions described by
13-13 Subsection (b) or by Section 39.102(a), to the extent the authority
13-14 [~~commissioner~~] determines necessary, if an open-enrollment charter
13-15 school, as determined by a report issued under Section 39.058(b):

13-16 (1) commits a material violation of the school's
13-17 charter;

13-18 (2) fails to satisfy generally accepted accounting
13-19 standards of fiscal management; or

13-20 (3) fails to comply with this subchapter or another
13-21 applicable rule or law.

13-22 (b) The authority [~~commissioner~~] may direct the
13-23 commissioner to temporarily withhold funding or may [~~7~~] suspend the
13-24 authority of an open-enrollment charter school to operate[~~7~~] or
13-25 take any other reasonable action the authority [~~commissioner~~]
13-26 determines necessary to protect the health, safety, or welfare of
13-27 students enrolled at the school based on evidence that conditions
13-28 at the school present a danger to the health, safety, or welfare of
13-29 the students.

13-30 (c) After action is taken [~~the commissioner acts~~] under
13-31 Subsection (b), the open-enrollment charter school may not receive
13-32 funding and may not resume operating until a determination is made
13-33 that:

13-34 (1) despite initial evidence, the conditions at the
13-35 school do not present a danger of material harm to the health,
13-36 safety, or welfare of students; or

13-37 (2) the conditions at the school that presented a
13-38 danger of material harm to the health, safety, or welfare of
13-39 students have been corrected.

13-40 (d) Not later than the third business day after the date
13-41 action is taken [~~the commissioner acts~~] under Subsection (b), the
13-42 authority [~~commissioner~~] shall provide the charter holder an
13-43 opportunity for a hearing.

13-44 (e) Immediately after a hearing under Subsection (d), the
13-45 authority [~~commissioner~~] must cease or direct the commissioner to
13-46 cease the action under Subsection (b), as applicable, or initiate
13-47 action under Section 12.116.

13-48 (f) The authority [~~commissioner~~] shall adopt rules
13-49 implementing this section. Chapter 2001, Government Code, does not
13-50 apply to a hearing under this section.

13-51 SECTION 27. The heading to Section 12.1163, Education Code,
13-52 is amended to read as follows:

13-53 Sec. 12.1163. AUDIT BY AUTHORITY [~~COMMISSIONER~~].

13-54 SECTION 28. Sections 12.1163(a) and (c), Education Code,
13-55 are amended to read as follows:

13-56 (a) To the extent consistent with this section, the
13-57 authority [~~commissioner~~] may audit the records of:

13-58 (1) an open-enrollment charter school;

13-59 (2) a charter holder; and

13-60 (3) a management company.

13-61 (c) Unless the authority [~~commissioner~~] has specific cause
13-62 to conduct an additional audit, the authority [~~commissioner~~] may
13-63 not conduct more than one on-site audit [~~under Section 12.1163~~]
13-64 during any fiscal year, including any financial and administrative
13-65 records. For purposes of this subsection, an audit of a charter
13-66 holder or management company associated with an open-enrollment
13-67 charter school is not considered an audit of the school.

13-68 SECTION 29. Section 12.1164(a), Education Code, is amended
13-69 to read as follows:

14-1 (a) The authority [~~commissioner~~] must notify the Teacher
 14-2 Retirement System of Texas in writing of the revocation, denial of
 14-3 renewal, or surrender of a charter under this subchapter not later
 14-4 than the 10th business day after the date of the event.

14-5 SECTION 30. Sections 12.118(a) and (c), Education Code, are
 14-6 amended to read as follows:

14-7 (a) The authority [~~commissioner~~] shall designate an
 14-8 impartial organization with experience in evaluating school choice
 14-9 programs to conduct, under the supervision of the authority, an
 14-10 annual evaluation of open-enrollment charter schools.

14-11 (c) The evaluation of open-enrollment charter schools must
 14-12 also include an evaluation of:

14-13 (1) the costs of instruction, administration, and
 14-14 transportation incurred by open-enrollment charter schools;

14-15 (2) the effect of open-enrollment charter schools on
 14-16 school districts and on teachers, students, and parents in those
 14-17 districts; and

14-18 (3) other issues, as determined by the authority
 14-19 [~~commissioner~~].

14-20 SECTION 31. Subchapter D, Chapter 12, Education Code, is
 14-21 amended by adding Section 12.1181 to read as follows:

14-22 Sec. 12.1181. PERFORMANCE FRAMEWORKS; ANNUAL EVALUATIONS.

14-23 (a) The authority shall develop and by rule adopt performance
 14-24 frameworks that establish standards by which to measure the
 14-25 performance of an open-enrollment charter school. The authority
 14-26 shall develop and by rule adopt separate, specific performance
 14-27 frameworks by which to measure the performance of an
 14-28 open-enrollment charter school that is registered under the
 14-29 agency's alternative education accountability procedures for
 14-30 evaluation under Chapter 39. The performance frameworks shall be
 14-31 based on national best practices that charter school authorizers
 14-32 use in developing and applying standards for charter school
 14-33 performance. In developing the performance frameworks, the
 14-34 authority shall solicit advice from charter holders, the members of
 14-35 the governing bodies of open-enrollment charter schools, and other
 14-36 interested persons.

14-37 (b) The performance frameworks may include a variety of
 14-38 standards. In evaluating an open-enrollment charter school, the
 14-39 authority shall measure school performance against an established
 14-40 set of quality standards developed and adopted by the authority.

14-41 (c) Each year, the authority shall evaluate the performance
 14-42 of each open-enrollment charter school based on the applicable
 14-43 performance frameworks adopted under Subsection (a).

14-44 SECTION 32. Section 12.119, Education Code, is amended to
 14-45 read as follows:

14-46 Sec. 12.119. BYLAWS; ANNUAL REPORT. (a) A charter holder
 14-47 shall file with the authority [~~State Board of Education~~] a copy of
 14-48 its articles of incorporation and bylaws, or comparable documents
 14-49 if the charter holder does not have articles of incorporation or
 14-50 bylaws, within the period and in the manner prescribed by the
 14-51 authority [~~board~~].

14-52 (b) Each year within the period and in a form prescribed by
 14-53 the authority [~~State Board of Education~~], each open-enrollment
 14-54 charter school shall file with the authority [~~board~~] the following
 14-55 information:

14-56 (1) the name, address, and telephone number of each
 14-57 officer and member of the governing body of the open-enrollment
 14-58 charter school; and

14-59 (2) the amount of annual compensation the
 14-60 open-enrollment charter school pays to each officer and member of
 14-61 the governing body.

14-62 (c) On request, the authority [~~State Board of Education~~]
 14-63 shall provide the information required by this section and Section
 14-64 12.111(a)(7) [~~12.111(a)(8)~~] to a member of the public. The
 14-65 authority [~~board~~] may charge a reasonable fee to cover the
 14-66 authority's [~~board's~~] cost in providing the information.

14-67 SECTION 33. Subchapter D, Chapter 12, Education Code, is
 14-68 amended by adding Section 12.1211 to read as follows:

14-69 Sec. 12.1211. NAMES OF MEMBERS OF GOVERNING BODY LISTED ON

15-1 WEBSITE. An open-enrollment charter school shall list the names of
 15-2 the members of the governing body on the home page of the school's
 15-3 Internet website.

15-4 SECTION 34. Section 12.122(a), Education Code, is amended
 15-5 to read as follows:

15-6 (a) Notwithstanding the applicable provisions of the
 15-7 Business Organizations Code [~~Texas Non-Profit Corporation Act~~
 15-8 ~~(Article 1396-1.01 et seq., Vernon's Texas Civil Statutes)~~] or
 15-9 other law, on request of the authority [~~commissioner~~], the attorney
 15-10 general may bring suit against a member of the governing body of an
 15-11 open-enrollment charter school for breach of a fiduciary duty by
 15-12 the member, including misapplication of public funds.

15-13 SECTION 35. Section 12.123, Education Code, is amended to
 15-14 read as follows:

15-15 Sec. 12.123. TRAINING FOR MEMBERS OF GOVERNING BODY OF
 15-16 SCHOOL AND OFFICERS. (a) The authority [~~commissioner~~] shall adopt
 15-17 rules prescribing training for:

15-18 (1) members of governing bodies of open-enrollment
 15-19 charter schools; and

15-20 (2) officers of open-enrollment charter schools.

15-21 (b) The rules adopted under Subsection (a) may:

15-22 (1) specify the minimum amount and frequency of the
 15-23 training;

15-24 (2) require the training to be provided by:

15-25 (A) the agency and regional education service
 15-26 centers;

15-27 (B) entities other than the agency and service
 15-28 centers, subject to approval by the authority [~~commissioner~~]; or

15-29 (C) both the agency, service centers, and other
 15-30 entities; and

15-31 (3) require training to be provided concerning:

15-32 (A) basic school law, including school finance;

15-33 (B) health and safety issues;

15-34 (C) accountability requirements related to the
 15-35 use of public funds; and

15-36 (D) other requirements relating to
 15-37 accountability to the public, such as open meetings requirements
 15-38 under Chapter 551, Government Code, and public information
 15-39 requirements under Chapter 552, Government Code.

15-40 SECTION 36. Section 12.126, Education Code, is amended to
 15-41 read as follows:

15-42 Sec. 12.126. CERTAIN MANAGEMENT SERVICES CONTRACTS
 15-43 PROHIBITED. The authority [~~commissioner~~] may prohibit, deny
 15-44 renewal of, suspend, or revoke a contract between an
 15-45 open-enrollment charter school and a management company providing
 15-46 management services to the school if the authority [~~commissioner~~]
 15-47 determines that the management company has:

15-48 (1) failed to provide educational or related services
 15-49 in compliance with the company's contractual or other legal
 15-50 obligation to any open-enrollment charter school in this state or
 15-51 to any other similar school in another state;

15-52 (2) failed to protect the health, safety, or welfare
 15-53 of the students enrolled at an open-enrollment charter school
 15-54 served by the company;

15-55 (3) violated this subchapter or a rule adopted under
 15-56 this subchapter; or

15-57 (4) otherwise failed to comply with any contractual or
 15-58 other legal obligation to provide services to the school.

15-59 SECTION 37. Section 12.127(b), Education Code, is amended
 15-60 to read as follows:

15-61 (b) On request of the authority [~~commissioner~~], the
 15-62 attorney general may bring suit on behalf of the state against a
 15-63 management company liable under Subsection (a) for:

15-64 (1) damages, including any state funding received by
 15-65 the company and any consequential damages suffered by the state;

15-66 (2) injunctive relief; or

15-67 (3) any other equitable remedy determined to be
 15-68 appropriate by the court.

15-69 SECTION 38. Sections 12.128(a), (c), and (d), Education

16-1 Code, are amended to read as follows:

16-2 (a) Property purchased or leased with funds received by a
16-3 charter holder under Section 12.106 after September 1, 2001:

16-4 (1) is considered to be public property for all
16-5 purposes under state law;

16-6 (2) is property of this state held in trust by the
16-7 charter holder for the benefit of the students of the
16-8 open-enrollment charter school; and

16-9 (3) may be used only for a purpose for which a school
16-10 district may use school district property.

16-11 (c) The authority [~~commissioner~~] shall:

16-12 (1) take possession and assume control of the property
16-13 described by Subsection (a) of an open-enrollment charter school
16-14 that ceases to operate; and

16-15 (2) supervise the disposition of the property in
16-16 accordance with law.

16-17 (d) The authority [~~commissioner~~] may adopt rules necessary
16-18 to administer this section.

16-19 SECTION 39. Section 12.135(a), Education Code, is amended
16-20 to read as follows:

16-21 (a) On the application of the charter holder, the authority
16-22 [~~commissioner~~] may grant designation as a charter district to an
16-23 open-enrollment charter school that meets financial standards
16-24 adopted by the authority [~~commissioner~~]. The financial standards
16-25 must require an open-enrollment charter school to have an
16-26 investment grade credit rating as specified by Section 45.0541.

16-27 SECTION 40. Sections 12.152, 12.153, and 12.154, Education
16-28 Code, are amended to read as follows:

16-29 Sec. 12.152. AUTHORIZATION. [~~(a)~~] In accordance with this
16-30 subchapter and Subchapter D, the authority [~~State Board of~~
16-31 ~~Education~~] may grant a charter on the application of:

16-32 (1) a public senior college or university for an
16-33 open-enrollment charter school to operate on the campus of the
16-34 public senior college or university or in the same county in which
16-35 the campus of the public senior college or university is located; or

16-36 (2) a public junior college for an open-enrollment
16-37 charter school to operate on the campus of the public junior college
16-38 or in the same county in which the campus of the public junior
16-39 college is located.

16-40 Sec. 12.153. RULES. The authority [~~commissioner~~] may adopt
16-41 rules to implement this subchapter.

16-42 Sec. 12.154. CONTENT. (a) Notwithstanding Section
16-43 12.110(d), the authority [~~State Board of Education~~] may grant a
16-44 charter under this subchapter to a public senior college or
16-45 university only if the following criteria are satisfied in the
16-46 public senior college's or university's application, as determined
16-47 by the authority [~~State Board of Education~~]:

16-48 (1) the college or university charter school's
16-49 educational program must include innovative teaching methods;

16-50 (2) the college or university charter school's
16-51 educational program must be implemented under the direct
16-52 supervision of a member of the teaching or research faculty of the
16-53 public senior college or university;

16-54 (3) the faculty member supervising the college or
16-55 university charter school's educational program must have
16-56 substantial experience and expertise in education research,
16-57 teacher education, classroom instruction, or educational
16-58 administration;

16-59 (4) the college or university charter school's
16-60 educational program must be designed to meet specific goals
16-61 described in the charter, including improving student performance,
16-62 and each aspect of the program must be directed toward the
16-63 attainment of the goals;

16-64 (5) the attainment of the college or university
16-65 charter school's educational program goals must be measured using
16-66 specific, objective standards set forth in the charter, including
16-67 assessment methods and a time frame; and

16-68 (6) the financial operations of the college or
16-69 university charter school must be supervised by the business office

17-1 of the public senior college or university.

17-2 (b) Notwithstanding Section 12.110(d), the authority [~~State~~
17-3 ~~Board of Education~~] may grant a charter under this subchapter to a
17-4 public junior college only if the following criteria are satisfied
17-5 in the public junior college's application, as determined by the
17-6 authority [~~State Board of Education~~]:

17-7 (1) the junior college charter school's educational
17-8 program must be implemented under the direct supervision of a
17-9 member of the faculty of the public junior college;

17-10 (2) the faculty member supervising the junior college
17-11 charter school's educational program must have substantial
17-12 experience and expertise in teacher education, classroom
17-13 instruction, or educational administration;

17-14 (3) the junior college charter school's educational
17-15 program must be designed to meet specific goals described in the
17-16 charter, such as dropout recovery, and each aspect of the program
17-17 must be directed toward the attainment of the goals;

17-18 (4) the attainment of the junior college charter
17-19 school's educational program goals must be measured using specific,
17-20 objective standards set forth in the charter, including assessment
17-21 methods and a time frame; and

17-22 (5) the financial operations of the junior college
17-23 charter school must be supervised by the business office of the
17-24 junior college.

17-25 SECTION 41. Section 12.156(b), Education Code, is amended
17-26 to read as follows:

17-27 (b) A charter granted under this subchapter is not
17-28 considered for purposes of the limit on the number of
17-29 open-enrollment charter schools imposed by Section 12.101(b-1)
17-30 [~~12.101(b)~~].

17-31 SECTION 42. Section 39.152, Education Code, is amended to
17-32 read as follows:

17-33 Sec. 39.152. REVIEW BY STATE OFFICE OF ADMINISTRATIVE
17-34 HEARINGS: SANCTIONS. (a) A school district or open-enrollment
17-35 charter school that intends to challenge a decision by the
17-36 commissioner under this chapter to close the district or a district
17-37 campus or the charter school or to pursue alternative management of
17-38 a district campus or the charter school must appeal the decision
17-39 under this section [~~the procedures provided for a contested case~~
17-40 ~~under Chapter 2001, Government Code~~].

17-41 (b) A challenge to a decision under this section is under
17-42 the substantial evidence rule as provided by Subchapter G, Chapter
17-43 2001, Government Code. The commissioner shall adopt procedural
17-44 rules for a challenge under this section.

17-45 (c) Notwithstanding other law:

17-46 (1) the State Office of Administrative Hearings shall
17-47 conduct [~~provide~~] an expedited review of a challenge under this
17-48 section;

17-49 (2) the administrative law judge shall issue a final
17-50 order not later than the 30th day after the date on which the
17-51 hearing is finally closed; [~~and~~]

17-52 (3) the decision of the administrative law judge is
17-53 final and may not be appealed; and

17-54 (4) notwithstanding Section 13.005, the decision of
17-55 the administrative law judge may set an effective date for an action
17-56 under this section.

17-57 SECTION 43. Section 221.0071(a), Human Resources Code, is
17-58 amended to read as follows:

17-59 (a) Notwithstanding any other law and in addition to the
17-60 number of charters allowed under Subchapter D, Chapter 12,
17-61 Education Code, the Charter School Authorizing Authority [~~State~~
17-62 ~~Board of Education~~] may grant a charter on the application of a
17-63 detention, correctional, or residential facility established only
17-64 for juvenile offenders under Section 51.12, 51.125, or 51.126,
17-65 Family Code.

17-66 SECTION 44. Section 221.056(d), Human Resources Code, is
17-67 amended to read as follows:

17-68 (d) Notwithstanding any other law and in addition to the
17-69 number of charters allowed under Subchapter D, Chapter 12,

18-1 Education Code, the Charter School Authorizing Authority [~~State~~
 18-2 ~~Board of Education~~] shall grant a charter on the application of a
 18-3 residential treatment facility established under this section for a
 18-4 school chartered for the purposes of this section.

18-5 SECTION 45. Section 1579.154(a), Insurance Code, is amended
 18-6 to read as follows:

18-7 (a) A charter school is eligible to participate in the
 18-8 program if the school agrees:

18-9 (1) that all records of the school relating to
 18-10 participation in the program are open to inspection by the trustee,
 18-11 the administering firm, the commissioner of education, the Charter
 18-12 School Authorizing Authority, or a designee of any of those
 18-13 entities; and

18-14 (2) to have the school's accounts relating to
 18-15 participation in the program annually audited by a certified public
 18-16 accountant at the school's expense.

18-17 SECTION 46. The following provisions of the Education Code
 18-18 are repealed:

- 18-19 (1) Section 12.019;
- 18-20 (2) Sections 12.020(d), (e), (f), (h), and (i);
- 18-21 (3) Section 12.022;
- 18-22 (4) Sections 12.030(d) and (e);
- 18-23 (5) Section 12.113(b); and
- 18-24 (6) Section 12.1161(b).

18-25 SECTION 47. The amendment of Chapter 12, Education Code, by
 18-26 this Act to transfer authority for charter schools from the State
 18-27 Board of Education and the commissioner of education to the Charter
 18-28 School Authorizing Authority does not affect the terms of a
 18-29 charter, including any legal rights, duties, and obligations based
 18-30 on a charter, granted under Chapter 12, Education Code, before May
 18-31 1, 2014.

18-32 SECTION 48. (a) Effective May 1, 2014, except as provided
 18-33 by Subsection (b) of this section:

18-34 (1) all functions and activities performed
 18-35 immediately before that date by the State Board of Education that
 18-36 specifically relate only to charter schools or by the commissioner
 18-37 of education under Chapter 12, Education Code, are transferred to
 18-38 the Charter School Authorizing Authority;

18-39 (2) a rule, form, policy, procedure, or decision of
 18-40 the State Board of Education that specifically relates only to
 18-41 charter schools or of the commissioner of education under Chapter
 18-42 12, Education Code, continues in effect as a rule, form, policy,
 18-43 procedure, or decision of the Charter School Authorizing Authority
 18-44 and remains in effect until amended or replaced by the Charter
 18-45 School Authorizing Authority;

18-46 (3) a reference in law or administrative rule to the
 18-47 State Board of Education that specifically relates only to charter
 18-48 schools means the Charter School Authorizing Authority;

18-49 (4) all money, contracts, leases, rights, property,
 18-50 records, and bonds and other obligations of the State Board of
 18-51 Education or of the commissioner of education under Chapter 12,
 18-52 Education Code, that specifically relate only to charter schools
 18-53 are transferred to the Charter School Authorizing Authority;

18-54 (5) a court case, administrative proceeding, contract
 18-55 negotiation, or other proceeding involving the State Board of
 18-56 Education that specifically relates only to charter schools or
 18-57 involving the commissioner of education under Chapter 12, Education
 18-58 Code, is transferred without change in status to the Charter School
 18-59 Authorizing Authority, and the Charter School Authorizing
 18-60 Authority assumes, without a change in status, the position of the
 18-61 State Board of Education or commissioner of education, as
 18-62 applicable, in a negotiation or proceeding relating to an activity
 18-63 transferred by this Act to the Charter School Authorizing Authority
 18-64 to which the State Board of Education or commissioner of education,
 18-65 as applicable, is a party;

18-66 (6) an employee of the State Board of Education or
 18-67 Texas Education Agency assigned only or primarily to duties
 18-68 relating to charter schools becomes an employee of the Charter
 18-69 School Authorizing Authority; and

19-1 (7) any unexpended and unobligated balance of money
19-2 appropriated by the legislature for the State Board of Education
19-3 for carrying out duties that specifically relate to charter schools
19-4 is transferred to the Charter School Authorizing Authority.

19-5 (b) Notwithstanding Subsection (a) of this section, the
19-6 commissioner of education remains responsible for administering
19-7 state funding for purposes of Chapter 12, Education Code, to the
19-8 same extent the commissioner of education had that responsibility
19-9 on April 30, 2014, and is responsible for administering the Public
19-10 Education Information Management System under Chapter 12,
19-11 Education Code, and as otherwise provided by the Education Code.

19-12 (c) In the period beginning on January 1, 2014, and ending
19-13 on April 30, 2014:

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

19-20 (2) a person who is authorized or required by law to
19-21 take an action relating to the State Board of Education, a member of
19-22 the State Board of Education, or the commissioner of education
19-23 relating to charter schools shall continue to take that action
19-24 under the law as if the law had not been amended or repealed, as
19-25 applicable, and the former law is continued in effect for that
19-26 purpose.

19-27 SECTION 49. Before May 1, 2014, the State Board of Education
19-28 may agree with the Charter School Authorizing Authority to transfer
19-29 any property of the State Board of Education to the Charter School
19-30 Authorizing Authority to implement the transfer required by Section
19-31 54 of this Act.

19-32 SECTION 50. This Act takes effect September 1, 2013.

19-33 * * * * *