AN ACT
relating to a school district contract to partner with an
open-enrollment charter school to operate a district campus.

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

SECTION 1. Subchapter D, Chapter 11, Education Code, is
amended by adding Section 11.174 to read as follows:

Sec. 11.174. CONTRACT REGARDING OPERATION OF DISTRICT
CAMPUS. (a) A school district campus qualifies for an exemption
from intervention as provided by Subsection (f) and qualifies for
funding as provided by Section 42.2511 if the board of trustees of
the district contracts to partner to operate the district campus as
provided by this section with:

(1) the governing body of an open-enrollment charter
school; or

(2) on approval by the commissioner, an entity granted
an charter by the district under Subchapter C, Chapter 12, that is
eligible to be awarded a charter under Section 12.101(a).

(b) The board of trustees of a school district may enter
into a contract as provided by Subsection (a) only if:

(1) the charter of the open-enrollment charter school
has not been previously revoked;

(2) for the three school years preceding the school
year of the proposed operation of the district campus as described
by Subsection (a), the open-enrollment charter school has received:
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(A) an overall performance rating of acceptable or higher under Subchapter C, Chapter 39; and

(B) a financial accountability rating under Subchapter D, Chapter 39, indicating financial performance of satisfactory or higher; or

(3) the entity considered for a district-authorized charter has not previously operated an open-enrollment charter school in which the charter expired or was revoked or surrendered.

(c) Before entering into a contract as provided by this section, a school district must consult with campus personnel regarding the provisions to be included in the contract between the school district and the open-enrollment charter school. All rights and protections afforded by current employment contracts or agreements may not be affected by the contract entered into between a school district and an open-enrollment charter school under this section.

(d) To operate a district campus as provided by this section, the district campus must be granted a charter under Subchapter C, Chapter 12.

(e) The commissioner shall continue to evaluate and assign overall and domain performance ratings under Section 39.054 to a district campus subject to a contract described by Subsection (a).

(f) This subsection applies only to a district campus subject to a contract described by Subsection (a) that received an overall performance rating of unacceptable under Subchapter C, Chapter 39, for the school year before operation of the district campus under the contract began. The commissioner may not impose a
sanction or take action against the campus under Section 39.107(a) or (e) for failure to satisfy academic performance standards during the first two school years of operation of a district campus under Subsection (a). The overall performance rating received by the campus during those first two school years is not included in calculating consecutive school years and is not considered a break in consecutive school years under Section 39.107(a) or (e).

(g) A campus that receives an exemption from a sanction or other action under Subsection (f) may receive another exemption while operating under a subsequent contract only if the campus receives approval for the exemption from the commissioner.

(h) Subject to Subsection (i), a contract entered into by the board of trustees of a school district and the governing body of an open-enrollment charter school for the operation of a district campus as provided by Subsection (a) must include a provision addressing student eligibility for enrollment.

(i) The contract of a campus subject to Subsection (f) must provide that any student residing in the attendance zone of the district campus as the attendance zone existed before operation of the district campus under the contract shall be admitted for enrollment at the campus. The contract must establish enrollment preference for students who do not reside in the attendance zone as follows:

(1) other students residing in the school district in which the campus is located; and

(2) students who reside outside the school district.

(j) An employee of an entity granted a district-authorized
charter that enters into a contract under this section to operate a
district campus is eligible for membership in and benefits from the
Teacher Retirement System of Texas if the employee would be
eligible for membership and benefits if holding the same position
at the district.

(k) A district proposing to enter into a contract under
Subsection (a)(2) shall notify the commissioner of the district's
intent to enter into the contract. The commissioner by rule shall
establish the procedures for a district to notify the commissioner
under this subsection, including the period within which the
notification is required before the school year in which the
proposed contract would take effect, and for a district and, if
necessary, an entity to submit information as required by the
commissioner. The commissioner shall notify the district whether
the proposed contract is approved not later than the 60th day after
the date the commissioner receives notice of the proposed contract
and all information required by the commissioner to be submitted.
If the commissioner fails to notify the district that the proposed
contract has been approved or denied within the period prescribed
by this subsection, the proposed contract is considered approved.

(l) Except as expressly provided by this section, the
commissioner may not impose additional requirements on an
open-enrollment charter school to be eligible for a contract under
Subsection (a).

(m) The commissioner shall adopt rules as necessary to
administer this section, including requirements for an entity and
the contract with the entity, including the standards required for
an entity to receive approval under Subsection (a)(2).

(n) This section does not prohibit a contract between a school district and another entity for the provision of services for the campus.

SECTION 2. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2511 to read as follows:

Sec. 42.2511. SCHOOL DISTRICT ENTITLEMENT FOR CERTAIN STUDENTS. (a) This section applies only to:

(1) a school district and an open-enrollment charter school that enter into a contract to operate a district campus as provided by Section 11.174; and

(2) a charter granted by a school district for a program operated by an entity that has entered into a contract under Section 11.174, provided that the district does not appoint a majority of the governing body of the charter holder.

(b) Notwithstanding any other provision of this chapter or Chapter 41, a school district subject to this section is entitled to receive for each student in average daily attendance at the campus described by Subsection (a) an amount equivalent to the difference, if the difference results in increased funding, between:

(1) the amount described by Section 12.106; and

(2) the amount to which the district would be entitled under this chapter.

(c) The commissioner shall adopt rules as necessary to administer this section.

SECTION 3. The commissioner of education is required to implement this Act only if the legislature appropriates money
specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commissioner of education may, but is not required to, implement this Act using other appropriations available for the purpose.

SECTION 4. This Act applies beginning with the 2017-2018 school year.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.
President of the Senate  Speaker of the House

I hereby certify that S.B. No. 1882 passed the Senate on May 4, 2017, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 26, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1882 passed the House, with amendments, on May 23, 2017, by the following vote: Yeas 139, Nays 4, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor