

House Bill 22
Senate Amendments
Section-by-Section Analysis

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SECTION 1. Section 11.252(a), Education Code, is amended to read as follows:

(a) Each school district shall have a district improvement plan that is developed, evaluated, and revised annually, in accordance with district policy, by the superintendent with the assistance of the district-level committee established under Section 11.251. The purpose of the district improvement plan is to guide district and campus staff in the improvement of student performance for all student groups in order to attain state standards in respect to the domain [achievement] indicators adopted under Section 39.053(c), other than the indicators that are locally evaluated under Sections 39.053(c)(3)(A)(i) and (ii) [Sections 39.053(e)(1)-(4)]. The district improvement plan must include provisions for:

- (1) a comprehensive needs assessment addressing district student performance on the achievement indicators, and other appropriate measures of performance, that are disaggregated by all student groups served by the district, including categories of ethnicity, socioeconomic status, sex, and populations served by special programs, including students in special education programs under Subchapter A, Chapter 29;
- (2) measurable district performance objectives for all appropriate achievement indicators for all student populations, including students in special education programs under Subchapter A, Chapter 29, and other measures of student performance that may be identified through the comprehensive needs assessment;
- (3) strategies for improvement of student performance that include:
 - (A) instructional methods for addressing the needs of student groups not achieving their full potential;
 - (B) methods for addressing the needs of students for special

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SECTION 1. Section 11.252(a), Education Code, is amended to read as follows:

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- (1) a comprehensive needs assessment addressing district student performance on the achievement indicators, and other appropriate measures of performance, that are disaggregated by all student groups served by the district, including categories of ethnicity, socioeconomic status, sex, and populations served by special programs, including students in special education programs under Subchapter A, Chapter 29;
- (2) measurable district performance objectives for all appropriate achievement indicators for all student populations, including students in special education programs under Subchapter A, Chapter 29, and other measures of student performance that may be identified through the comprehensive needs assessment;
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programs, including:

- (i) suicide prevention programs, in accordance with Subchapter O-1, Chapter 161, Health and Safety Code, which includes a parental or guardian notification procedure;
- (ii) conflict resolution programs;
- (iii) violence prevention programs; and
- (iv) dyslexia treatment programs;
- (C) dropout reduction;
- (D) integration of technology in instructional and administrative programs;
- (E) discipline management;
- (F) staff development for professional staff of the district;
- (G) career education to assist students in developing the knowledge, skills, and competencies necessary for a broad range of career opportunities; and
- (H) accelerated education;
- (4) strategies for providing to middle school, junior high school, and high school students, those students' teachers and school counselors, and those students' parents information about:
 - (A) higher education admissions and financial aid opportunities;
 - (B) the TEXAS grant program and the Teach for Texas grant program established under Chapter 56;
 - (C) the need for students to make informed curriculum choices to be prepared for success beyond high school; and
 - (D) sources of information on higher education admissions and financial aid;
 - (5) resources needed to implement identified strategies;
 - (6) staff responsible for ensuring the accomplishment of each strategy;
 - (7) timelines for ongoing monitoring of the implementation of

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programs, including:

- (i) suicide prevention programs, in accordance with Subchapter O-1, Chapter 161, Health and Safety Code, which includes a parental or guardian notification procedure;
- (ii) conflict resolution programs;
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- (D) integration of technology in instructional and administrative programs;
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- (4) strategies for providing to middle school, junior high school, and high school students, those students' teachers and school counselors, and those students' parents information about:
 - (A) higher education admissions and financial aid opportunities;
 - (B) the TEXAS grant program and the Teach for Texas grant program established under Chapter 56;
 - (C) the need for students to make informed curriculum choices to be prepared for success beyond high school; and
 - (D) sources of information on higher education admissions and financial aid;
 - (5) resources needed to implement identified strategies;
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 - (7) timelines for ongoing monitoring of the implementation of

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each improvement strategy;

(8) formative evaluation criteria for determining periodically whether strategies are resulting in intended improvement of student performance; and

(9) the policy under Section 38.0041 addressing sexual abuse and other maltreatment of children.

SECTION 2. Section 11.253(c), Education Code, is amended to read as follows:

(c) Each school year, the principal of each school campus, with the assistance of the campus-level committee, shall develop, review, and revise the campus improvement plan for the purpose of improving student performance for all student populations, including students in special education programs under Subchapter A, Chapter 29, with respect to the relevant domain [achievement] indicators adopted under Section 39.053(c) [~~Sections 39.053(e)(1)-(4)~~] and any other appropriate performance measures for special needs populations.

SECTION 3. Section 12.1013(c), Education Code, is amended to read as follows:

(c) The report must include the performance of each public school in each class described by Subsection (b) as measured by the domain [achievement] indicators adopted under Section 39.053(c) [~~Sections 39.053(e)(1)-(4)~~] and student attrition rates.

SECTION 4. Section 12.115(c), Education Code, is amended to read as follows:

(c) The commissioner shall revoke the charter of an open-enrollment charter school if:

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each improvement strategy;

(8) formative evaluation criteria for determining periodically whether strategies are resulting in intended improvement of student performance; and

(9) the policy under Section 38.0041 addressing sexual abuse and other maltreatment of children.

SECTION 2. Section 11.253(c), Education Code, is amended to read as follows:

(c) Each school year, the principal of each school campus, with the assistance of the campus-level committee, shall develop, review, and revise the campus improvement plan for the purpose of improving student performance for all student populations, including students in special education programs under Subchapter A, Chapter 29, with respect to the achievement indicators adopted under Section 39.053(c) [~~Sections 39.053(e)(1)-(4)~~] and any other appropriate performance measures for special needs populations.

SECTION 3. Section 12.1013(c), Education Code, is amended to read as follows:

(c) The report must include the performance of each public school in each class described by Subsection (b) as measured by the achievement indicators adopted under Section 39.053(c) [~~Sections 39.053(e)(1)-(4)~~] and student attrition rates.

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- (1) the charter holder has been assigned an unacceptable performance rating for the school progress domain under Section 39.053(c)(2) [under Subchapter C, Chapter 39,] for the three preceding school years;
- (2) the charter holder has been assigned a financial accountability performance rating under Subchapter D, Chapter 39, indicating financial performance lower than satisfactory for the three preceding school years; or
- (3) the charter holder has been assigned any combination of the ratings described by Subdivision (1) or (2) for the three preceding school years.

No equivalent provision.

No equivalent provision.

SECTION 5. Sections 12A.008(a) and (c), Education Code, are amended to read as follows:

- (a) The commissioner may terminate a district's designation as a district of innovation if the district receives for two consecutive school years:
 - (1) an unacceptable [~~academic~~] performance rating for the school progress domain under Section 39.053(c)(2) [under

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SECTION __. Section 12A.001(b), Education Code, is amended to read as follows:

- (b) A school district is eligible for designation as a district of innovation only if the district's most recent overall performance rating under Section 39.054 is exemplary, recognized, or acceptable as reflected by an overall [reflects at least acceptable] performance rating of A, B, or C. [FA2(3)]

SECTION __. Section 12A.001(b), Education Code, as amended by this Act, applies only to a school district designated as a district of innovation on or after the effective date of this Act. [FA2(3)]

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~~Section 39.054];~~

(2) an unacceptable financial accountability rating under Section 39.082; or

(3) an unacceptable ~~[academic]~~ performance rating for the school progress domain under Section 39.053(c)(2) ~~[under Section 39.054]~~ for one of the school years and an unacceptable financial accountability rating under Section 39.082 for the other school year.

(c) The commissioner shall terminate a district's designation as a district of innovation if the district receives for three consecutive school years:

(1) an unacceptable ~~[academic]~~ performance rating for the school progress domain under Section 39.053(c)(2) ~~[under Section 39.054];~~

(2) an unacceptable financial accountability rating under Section 39.082; or

(3) any combination of one or more unacceptable ratings under Subdivision (1) and one or more unacceptable ratings under Subdivision (2).

SECTION 6. The heading to Section 13.054, Education Code, is amended to read as follows:

Sec. 13.054. ~~[ACADEMICALLY UNACCEPTABLE]~~
SCHOOL DISTRICTS RATED UNACCEPTABLE.

No equivalent provision.

SECTION 7. Sections 13.054(a), (b), and (d), Education Code, are amended to read as follows:

(a) The commissioner by order may annex to one or more adjoining districts a school district that has been rated as ~~[academically]~~ unacceptable for the school progress domain under Section 39.053(c)(2) for a period of two years.

(b) The governing board of a district to which territory of an

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~~[academically]~~ unacceptable district is annexed under Subsection (a) is the governing board for the new district.

(d) Title to the real property of the ~~[academically]~~ unacceptable district subject to Subsection (a) vests in the district to which the property is annexed. Each district to which territory is annexed assumes and is liable for any portion of the ~~[academically]~~ unacceptable district's indebtedness that is allocated to the receiving district under Section 13.004.

SECTION 8. Section 29.062(a), Education Code, is amended to read as follows:

(a) The legislature recognizes that compliance with this subchapter is an imperative public necessity. Therefore, in accordance with the policy of the state, the agency shall evaluate the effectiveness of programs under this subchapter based on the domain [achievement] indicators adopted under Section 39.053(c) ~~[Sections 39.053(e)(1)-(4)]~~, including the results of assessment instruments. The agency may combine evaluations under this section with federal accountability measures concerning students of limited English proficiency.

SECTION 9. Section 29.202(a), Education Code, is amended to read as follows:

(a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus assigned an unacceptable performance rating that is made publicly available under Section 39.054 for:

(1) the student achievement domain under Section 39.053(c)(1) ~~[at which 50 percent or more of the students did~~

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SECTION 4. Section 29.062(a), Education Code, is amended to read as follows:

(a) The legislature recognizes that compliance with this subchapter is an imperative public necessity. Therefore, in accordance with the policy of the state, the agency shall evaluate the effectiveness of programs under this subchapter based on the achievement indicators adopted under Section 39.053(c) ~~[Sections 39.053(e)(1)-(4)]~~, including the results of assessment instruments. The agency may combine evaluations under this section with federal accountability measures concerning students of limited English proficiency.

SECTION 5. Section 29.202(a), Education Code, is amended to read as follows:

(a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus issued an unacceptable performance rating made publicly available under Section 39.054[:

~~[(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument~~

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~~not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (c) in any two of the preceding three years]; and [or]~~

~~(2) the school progress domain under Section 39.053(c)(2) [that, at any time in the preceding three years, failed to satisfy any standard under Section 39.054(e)].~~

SECTION 10. Section 29.918, Education Code, is amended by adding Subsections (d), (e), and (f) to read as follows:

(d) A school district or open-enrollment charter school to which this section applies shall, in its plan submitted under Subsection (a):

(1) design a dropout recovery plan that includes career and technology education courses or technology applications courses that lead to industry or career certification;

(2) integrate into the dropout recovery plan research based strategies to assist students in becoming able academically to pursue postsecondary education, including:

(A) high quality, college readiness instruction with strong academic and social supports;

(B) secondary to postsecondary bridging that builds college readiness skills, provides a plan for college completion, and ensures transition counseling; and

(C) information concerning appropriate supports available in the first year of postsecondary enrollment to ensure postsecondary persistence and success, to the extent funds are available for the purpose; and

(3) plan to offer advanced academic and transition opportunities, including dual credit courses and college preparatory courses, such as advanced placement courses.

(e) A school district to which this section applies may enter into a partnership with a public junior college in accordance

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~~administered under Section 39.023(a) or (c) in any two of the preceding three years; or~~

~~[(2) that, at any time in the preceding three years, failed to satisfy any standard under Section 39.054(e)].~~

~~No equivalent provision.~~

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with Section 29.402 in order to fulfill a plan submitted under Subsection (a).

(f) Any program designed to fulfill a plan submitted under Subsection (a) must comply with the requirements of Sections 29.081(e) and (f).

SECTION 11. Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.0211 to read as follows:

Sec. 39.0211. RULES. (a) The commissioner may adopt rules as necessary to administer this chapter.

(b) In adopting a rule under this chapter, the commissioner shall solicit input statewide from persons who would likely be affected by the proposed rule, including school district boards of trustees, administrators and teachers employed by school districts, parents of students enrolled in school districts, and other interested stakeholders.

SECTION 12. Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.040 to read as follows:

Sec. 39.040. APPLICABILITY OF LAWS TO ADVISORY COMMITTEES. Chapter 2110, Government Code, does not apply to an advisory committee created under this chapter.

No equivalent provision.

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No equivalent provision.

No equivalent provision.

SECTION 6. Chapter 39, Education Code, is amended by adding Subchapter A to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 39.001. RULES. The commissioner may adopt rules as necessary to administer this chapter.

Sec. 39.002. ADVISORY COMMITTEE. An advisory committee appointed under this chapter is not subject to Chapter 2110, Government Code.

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SECTION 13. Section 39.052(b), Education Code, is amended to read as follows:

(b) In determining the accreditation status of a school district, the commissioner:

(1) shall evaluate and consider:

(A) performance on the domain [achievement] indicators adopted under [described by] Section 39.053(c); and

(B) performance under the financial accountability rating system developed under Subchapter D; and

(2) may evaluate and consider:

(A) the district's compliance with statutory requirements and requirements imposed by rule of the commissioner or State Board of Education under specific statutory authority that relate to:

(i) reporting data through the Public Education Information Management System (PEIMS) or other reports required by state or federal law or court order;

(ii) the high school graduation requirements under Section 28.025; or

(iii) an item listed under Sections 7.056(e)(3)(C)-(I) that applies to the district;

(B) the effectiveness of the district's programs for special populations; and

(C) the effectiveness of the district's career and technology program.

SECTION 14. Section 39.053, Education Code, is amended by amending Subsections (a), (a-1), (b), (c), (c-1), (d-1), (f), (g), (g-1), (g-2), and (i) and adding Subsections (c-3), (c-4), and (g-4) to read as follows:

(a) The commissioner shall adopt a set of indicators of the quality of learning and achievement, including the indicators

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SECTION 7. Section 39.052(b), Education Code, is amended to read as follows:

(b) In determining the accreditation status of a school district, the commissioner:

(1) shall evaluate and consider:

(A) performance on achievement indicators described by Section 39.053 [~~39.053(e)~~]; and

(B) performance under the financial accountability rating system developed under Subchapter D; and

(2) may evaluate and consider:

(A) the district's compliance with statutory requirements and requirements imposed by rule of the commissioner or State Board of Education under specific statutory authority that relate to:

(i) reporting data through the Public Education Information Management System (PEIMS) or other reports required by state or federal law or court order;

(ii) the high school graduation requirements under Section 28.025; or

(iii) an item listed under Sections 7.056(e)(3)(C)-(I) that applies to the district;

(B) the effectiveness of the district's programs for special populations; and

(C) the effectiveness of the district's career and technology program.

SECTION 8. Section 39.053, Education Code, is amended by amending Subsections (a), (a-1), (b), (c), (d-1), (f), (g), (g-1), (g-2), and (i) and adding Subsections (c-3) and (e) to read as follows: [FA13(1)]

(a) The commissioner shall adopt a set of indicators, including indicators under Subsection (c), of the quality of learning and

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in each domain under Subsection (c). The commissioner periodically [~~biennially~~] shall review the indicators for the consideration of appropriate revisions.

(a-1) The indicators adopted by the commissioner under Subsection (a) [~~, including the indicators identified under Subsection (e),~~] must measure and evaluate school districts and campuses with respect to:

(1) improving student preparedness for success in:

(A) subsequent grade levels; and

(B) entering the workforce, the military, or postsecondary education;

(2) reducing, with the goal of eliminating, student academic achievement differentials among students from different racial and ethnic groups and socioeconomic backgrounds; and

(3) informing parents and the community regarding campus and district performance [~~in the domains described by Subsection (e) and, for the domain described by Subsection (e)(5), in accordance with local priorities and preferences~~].

(b) Except for the indicators that are locally evaluated under Subsection (c)(3)(A), performance [~~Performance~~] on the [~~achievement~~] indicators in each domain adopted under Subsection (c) [~~Subsections (e)(1)-(4)~~] shall be compared to state-established standards. To the extent feasible, the [~~The~~] indicators must be based on information that is disaggregated by race, ethnicity, and socioeconomic status.

(c) School districts and campuses must be evaluated based on three [~~five~~] domains of indicators of achievement adopted under this section that include:

(1) in the student achievement [~~first~~] domain, indicators of student achievement that must include [~~the results of~~]:

(A) for evaluating the performance of districts and campuses

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achievement. The commissioner [~~biennially~~] shall periodically review the indicators for the consideration of appropriate revisions.

(a-1) The indicators adopted by the commissioner under Subsection (a) [~~, including the indicators identified under Subsection (e),~~] must measure and evaluate school districts and campuses with respect to:

(1) improving student preparedness for success in:

(A) subsequent grade levels; and

(B) entering the workforce, the military, or postsecondary education;

(2) reducing, with the goal of eliminating, student academic achievement differentials among students from different racial and ethnic groups and socioeconomic backgrounds; and

(3) informing parents and the community regarding campus and district performance [~~in the domains described by Subsection (e) and, for the domain described by Subsection (e)(5), in accordance with local priorities and preferences~~].

(b) Performance on the achievement indicators adopted under Subsections (c)(1), (2), (3)(B) and (C), and (4) [~~(e)(1)-(4)~~] shall be compared to state-established standards. The indicators must be based on information that is disaggregated by race, ethnicity, and socioeconomic status, and status as a student of limited English proficiency, as defined by Section 29.052. [FA1(1)];[FA9]

(c) School districts and campuses must be evaluated based on four [~~five~~] domains of indicators of achievement adopted under this section that include: [FA1(2)]

(1) in the student achievement [~~first~~] domain, indicators of student achievement that may include [~~the results of~~]:

(A) for evaluating the performance of districts and campuses

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generally, indicators that account for:

(i) the results of assessment instruments required under Sections 39.023(a), (c), and (l), as applicable for the district and campus, including the results of assessment instruments required for graduation retaken by a student, aggregated across grade levels by subject area, including:

(a) ~~(i)~~ for the performance standard determined by the commissioner under Section 39.0241(a), the percentage of students who performed satisfactorily on the assessment instruments, aggregated across grade levels by subject area; and

(b) ~~(ii)~~ for the college readiness performance standard as determined under Section 39.0241, the percentage of students who performed satisfactorily on the assessment instruments, aggregated across grade levels by subject area; ~~and~~

(ii) ~~(B)~~ the results of assessment instruments required under Section 39.023(b), as applicable for the district and campus, ~~[aggregated across grade levels by subject area,]~~ including the percentage of students who performed satisfactorily on the assessment instruments, as determined by the performance standard adopted by the agency, aggregated across grade levels by subject area;

(iii) the results of locally selected assessment instruments, including the percentage of students who performed satisfactorily on the assessment instruments, as determined by the performance standard adopted by the commissioner, to the extent that alternative assessments are available under rules adopted by the commissioner;

(iv) students who successfully complete courses in fine arts,

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generally:

(i) an indicator that accounts for the results of assessment instruments required under Sections 39.023(a), (c), and (l), as applicable for the district and campus, including the results of assessment instruments required for graduation retaken by a student, aggregated across grade levels by subject area, including:

(a) ~~(i)~~ for the performance standard determined by the commissioner under Section 39.0241(a), the percentage of students who performed satisfactorily on the assessment instruments, aggregated across grade levels by subject area; and

(b) ~~(ii)~~ for the college readiness performance standard as determined under Section 39.0241, the percentage of students who performed satisfactorily on the assessment instruments, aggregated across grade levels by subject area; ~~and~~ [FA13(2)]

(ii) an indicator that accounts for the results of ~~(B)~~ assessment instruments required under Section 39.023(b), as applicable for the district and campus, ~~[aggregated across grade levels by subject area,]~~ including the percentage of students who performed satisfactorily on the assessment instruments, as determined by the performance standard adopted by the agency, aggregated across grade levels by subject area; and

(iii) an indicator that accounts for the results of assessment instruments administered under Section 39.023 in grades three through eight to students formerly receiving special education services, including the percentage of those students who achieved satisfactory academic performance, as determined by commissioner rule; and [FA13(3)]

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physical education, or a language other than English or other courses included in the enrichment curriculum under Section 28.002(a)(2); and

(v) students who participate in extracurricular activities, including University Interscholastic League activities such as academic, fine arts, and athletic events and foreign language, chess, and robotics clubs;

(B) for evaluating the performance of high school campuses and districts that include high school campuses, indicators that account for:

(i) students who satisfy the Texas Success Initiative (TSI) college readiness benchmarks prescribed by the Texas Higher Education Coordinating Board under Section 51.3062(f) on an assessment instrument in reading or mathematics designated by the Texas Higher Education Coordinating Board under Section 51.3062(c);

(ii) students who satisfy performance standards as determined by the commissioner on advanced placement tests, international baccalaureate examinations, college entrance examinations, or similar assessment instruments;

(iii) students who successfully complete a dual credit course that satisfies a requirement under the foundation high school program;

(iv) students who enlist in the armed forces of the United States;

(v) students who successfully complete a coherent sequence of courses that lead to a qualifying industry certification as determined by the commissioner;

(vi) students admitted into a postsecondary industry certification program that requires as a prerequisite for entrance successful performance at the secondary level;

(vii) students whose successful completion of a course or

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(B) for evaluating the performance of high school campuses and districts that include high school campuses, indicators that account for:

(i) students who satisfy the Texas Success Initiative (TSI) college readiness benchmarks prescribed by the Texas Higher Education Coordinating Board under Section 51.3062(f) on an assessment instrument in reading or mathematics designated by the Texas Higher Education Coordinating Board under Section 51.3062(c);

(ii) students who satisfy relevant performance standards on advanced placement tests or similar assessments;

(iii) students who earn dual course credits in the dual credit courses;

(iv) students who enlist in the armed forces of the United States;

(v) students who earn industry certifications;

(vi) students admitted into postsecondary industry certification programs that require as a prerequisite for entrance successful performance at the secondary level;

(vii) students whose successful completion of a course or

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courses under Section 28.014 indicates the student's preparation to enroll and succeed, without remediation, in an entry-level general education course for a baccalaureate degree or associate degree;

(viii) students who successfully met standards on a composite of indicators that through research indicates the student's preparation to enroll and succeed, without remediation, in an entry-level general education course for a baccalaureate degree or associate degree;

(ix) high school graduation rates, including completion rates, computed in accordance with standards and definitions adopted in compliance with the Every Student Succeeds Act (20 U.S.C. Section 6301 et seq.) subject to the exclusions provided by Subsections (g), (g-1), (g-2), and (g-3);

(x) students who successfully complete the distinguished level of achievement under Section 28.025(b-7);

(xi) students who complete an associate degree while enrolled in high school if the district or campus offers a program in which a student may complete an associate degree;

(xii) students who successfully completed an OnRamps dual enrollment course;

(xiii) students who have received credit by examination;

(xiv) students who have been promoted to higher grade levels than the grade levels to which the students would ordinarily be assigned; and

(xv) students who have earned a diploma after not more than three years of high school attendance; and

(C) for evaluating the performance of middle and junior high school campuses and districts that serve students through the eighth grade, indicators that account for:

(i) students who satisfy performance standards as determined by the commissioner, on advanced placement tests, pre-

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courses under Section 28.014 indicates the student's preparation to enroll and succeed, without remediation, in an entry-level general education course for a baccalaureate degree or associate degree;

(viii) students who successfully met standards on a composite of indicators that through research indicates the student's preparation to enroll and succeed, without remediation, in an entry-level general education course for a baccalaureate degree or associate degree; [FA10(1)]

(ix) high school graduation rates, computed in accordance with standards and definitions adopted in compliance with the Every Student Succeeds Act (20 U.S.C. Section 6301 et seq.) subject to the exclusions provided by Subsections (g), (g-1), (g-2), and (g-3); and

(x) students who successfully completed an OnRamps dual enrollment course; [FA10(2)]

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international baccalaureate examinations, college entrance examinations, or similar assessment instruments;

(ii) students who drop out of school the preceding school year and do not return by a date determined by the commissioner, during the current school year; and

(iii) students who participate in a University Interscholastic League A+ academic event;

(2) in the school progress [second] domain, indicators for effectiveness in promoting student learning, which must include:

(A) for evaluating the performance of districts and campuses generally, indicators that account for [assessment instruments under Subdivision (1)(A)]:

(i) [for the performance standard determined by the commissioner under Section 39.0241(a), the percentage of] students who met the standard for annual improvement, as determined by the commissioner, on [the] assessment instruments designated[, as determined] by the commissioner, including assessment instruments under Subdivisions (1)(A)(i) and (ii) and, to the extent available, Subdivision (1)(A)(iii) and English language proficiency assessments under Section 29.056(a)(2) [by rule or by the method for measuring annual improvement under Section 39.034, aggregated across grade levels by subject area]; [and]

(ii) students identified as a student of limited English proficiency, as defined by Section 29.052, who successfully exit a bilingual education or special language program by meeting criteria as provided by Section 29.056(g) and complying with any rule adopted by the commissioner regarding the development of proficiency in more than one language [for the college readiness performance standard as determined under Section 39.0241, the percentage of students

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(2) in the school performance [second] domain, indicators of student performance, which may include:

(A) for assessment instruments, including assessment instruments under Subdivisions (1)(A)(i) and (ii) [Subdivision (1)(A)]:

[(i) for the performance standard determined by the commissioner under Section 39.0241(a)], the percentage of students who met the standard for [annual] improvement [on the assessment instruments,] as determined by the commissioner [by rule or by the method for measuring annual improvement under Section 39.034, aggregated across grade levels by subject area; and

[(ii) for the college readiness performance standard as determined under Section 39.0241, the percentage of students who met the standard for annual improvement on the assessment instruments, as determined by the commissioner by rule or by the method for measuring annual improvement under Section 39.034, aggregated across grade levels by subject area]; and

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~~who met the standard for annual improvement on the assessment instruments, as determined by the commissioner by rule or by the method for measuring annual improvement under Section 39.034, aggregated across grade levels by subject area];~~

(iii) students enrolled in grades one through eight who successfully complete curriculum requirements during the school year for promotion to the next grade level;

(iv) students enrolled in grade nine for the first time who earn the credits required during that school year for promotion to the next grade level; and

(v) students who complete varied, rigorous, and relevant curricular options that lead to postsecondary success, including completion of advanced placement courses or similar courses;

(B) for middle, junior high, and high school campuses and districts that serve students in grades 6 through 12, an indicator that accounts for students who were administered an advanced placement test, international baccalaureate examination, college entrance examination, or preliminary college entrance examination; and

(C) for evaluating relative performance, an indicator that accounts for the performance of each district and campus in the categories described by Paragraphs (A) and (B) compared to districts or campuses with similar characteristics, including:

(i) student socioeconomic status;

(ii) enrollment size;

(iii) surrounding community attributes;

(iv) district property wealth per student in weighted average daily attendance; and

(v) access to programs and other opportunities that promote career and college readiness ~~[for assessment instruments~~

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(B) for overall student performance, the performance of districts or campuses compared to similar districts or campuses ~~[for assessment instruments under Subdivision (1)(B), the percentage of students who met the standard for annual improvement on the assessment instruments, as determined by the commissioner by rule or by the method for measuring annual improvement under Section 39.034, aggregated across grade levels by subject area;~~

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~~under Subdivision (1)(B), the percentage of students who met the standard for annual improvement on the assessment instruments, as determined by the commissioner by rule or by the method for measuring annual improvement under Section 39.034, aggregated across grade levels by subject area;~~

~~[(3) in the third domain, the student academic achievement differentials among students from different racial and ethnic groups and socioeconomic backgrounds;~~

~~[(4) in the fourth domain:~~

~~[(A) for evaluating the performance of high school campuses and districts that include high school campuses:~~

~~[(i) dropout rates, including dropout rates and district completion rates for grade levels 9 through 12, computed in accordance with standards and definitions adopted by the National Center for Education Statistics of the United States Department of Education;~~

~~[(ii) high school graduation rates, computed in accordance with standards and definitions adopted in compliance with the No Child Left Behind Act of 2001 (20 U.S.C. Section 6301 et seq.);~~

~~[(iii) the percentage of students who successfully completed the curriculum requirements for the distinguished level of achievement under the foundation high school program;~~

~~[(iv) the percentage of students who successfully completed the curriculum requirements for an endorsement under Section 28.025(e-1);~~

~~[(v) the percentage of students who completed a coherent sequence of career and technical courses;~~

~~[(vi) the percentage of students who satisfy the Texas Success Initiative (TSI) college readiness benchmarks prescribed by the Texas Higher Education Coordinating Board under~~

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~~[(3) in the third domain, the student academic achievement differentials among students from different racial and ethnic groups and socioeconomic backgrounds;~~

~~[(4) in the fourth domain:~~

~~[(A) for evaluating the performance of high school campuses and districts that include high school campuses:~~

~~[(i) dropout rates, including dropout rates and district completion rates for grade levels 9 through 12, computed in accordance with standards and definitions adopted by the National Center for Education Statistics of the United States Department of Education;~~

~~[(ii) high school graduation rates, computed in accordance with standards and definitions adopted in compliance with the No Child Left Behind Act of 2001 (20 U.S.C. Section 6301 et seq.);~~

~~[(iii) the percentage of students who successfully completed the curriculum requirements for the distinguished level of achievement under the foundation high school program;~~

~~[(iv) the percentage of students who successfully completed the curriculum requirements for an endorsement under Section 28.025(e-1);~~

~~[(v) the percentage of students who completed a coherent sequence of career and technical courses;~~

~~[(vi) the percentage of students who satisfy the Texas Success Initiative (TSI) college readiness benchmarks prescribed by the Texas Higher Education Coordinating Board under~~

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~~Section 51.3062(f) on an assessment instrument in reading, writing, or mathematics designated by the Texas Higher Education Coordinating Board under Section 51.3062(e);~~
~~[(vii) the percentage of students who earn at least 12 hours of postsecondary credit required for the foundation high school program under Section 28.025 or to earn an endorsement under Section 28.025(c 1);~~
~~[(viii) the percentage of students who have completed an advanced placement course;~~
~~[(ix) the percentage of students who enlist in the armed forces of the United States; and~~
~~[(x) the percentage of students who earn an industry certification;~~
~~[(B) for evaluating the performance of middle and junior high school and elementary school campuses and districts that include those campuses:~~
~~[(i) student attendance; and~~
~~[(ii) for middle and junior high school campuses:~~
~~[(a) dropout rates, computed in the manner described by Paragraph (A)(i); and~~
~~[(b) the percentage of students in grades seven and eight who receive instruction in preparing for high school, college, and a career that includes information regarding the creation of a high school personal graduation plan under Section 28.02121, the distinguished level of achievement described by Section 28.025(b 15), each endorsement described by Section 28.025(c 1), college readiness standards, and potential career choices and the education needed to enter those careers; and~~
~~[(C) any additional indicators of student achievement not associated with performance on standardized assessment instruments determined appropriate for consideration by the commissioner in consultation with educators, parents,~~

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~~Section 51.3062(f) on an assessment instrument in reading, writing, or mathematics designated by the Texas Higher Education Coordinating Board under Section 51.3062(e);~~
~~[(vii) the percentage of students who earn at least 12 hours of postsecondary credit required for the foundation high school program under Section 28.025 or to earn an endorsement under Section 28.025(c 1);~~
~~[(viii) the percentage of students who have completed an advanced placement course;~~
~~[(ix) the percentage of students who enlist in the armed forces of the United States; and~~
~~[(x) the percentage of students who earn an industry certification;~~
~~[(B) for evaluating the performance of middle and junior high school and elementary school campuses and districts that include those campuses:~~
~~[(i) student attendance; and~~
~~[(ii) for middle and junior high school campuses:~~
~~[(a) dropout rates, computed in the manner described by Paragraph (A)(i); and~~
~~[(b) the percentage of students in grades seven and eight who receive instruction in preparing for high school, college, and a career that includes information regarding the creation of a high school personal graduation plan under Section 28.02121, the distinguished level of achievement described by Section 28.025(b 15), each endorsement described by Section 28.025(c 1), college readiness standards, and potential career choices and the education needed to enter those careers; and~~
~~[(C) any additional indicators of student achievement not associated with performance on standardized assessment instruments determined appropriate for consideration by the commissioner in consultation with educators, parents,~~

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~~business and industry representatives, and employers]; and~~

(3) [(5)] in the school climate [fifth] domain, indicators of school climate, which must include:

(A) for evaluating the performance of districts and campuses generally, indicators that account for:

(i) three programs or specific categories of performance related to community and student engagement locally selected and evaluated as provided by Section 39.0546;

(ii) the results from the school climate survey of districts and campuses administered under Section 39.0531;

(iii) students who successfully complete at least one endorsement under Section 28.025(c-1);

(iv) students who successfully complete a coherent sequence of career and technical courses or a coherent sequence of fine arts courses;

(v) students who successfully complete a character education program or course provided under Section 29.906;

(vi) educationally disadvantaged students who successfully complete a postsecondary readiness course;

(vii) teacher quality as determined by the commissioner, provided that any teacher quality indicator that considers the performance of a teacher's students may not, in considering student performance, attribute more than 25 percent of student performance to student performance on assessment instruments administered under Section 39.023;

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~~business and industry representatives, and employers]; [and] [FA1(3)]~~

(3) [(5)] in the school climate [fifth] domain, indicators of school climate, which may include:

(A) three programs or specific categories of performance related to community and student engagement locally selected and evaluated as provided by Section 39.0546;

(B) the percentage of students who successfully complete varied, rigorous, and relevant curricular options that lead to postsecondary success, including successfully completing advanced placement courses or other similar courses; [FA4(1)]

(C) the percentage of students who successfully complete a coherent sequence of:

(i) career and technical courses that lead to industry certifications or college credit; or

(ii) fine arts courses; and

(D) an indicator of teacher quality as determined by the percentage of teachers teaching in the teacher's field of certification and efforts by districts and campuses to increase teacher retention, including providing mentoring programs and professional development opportunities; and [FA4(2)]

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(viii) efforts by districts and campuses relating to increasing teacher retention, including providing mentoring programs and professional development opportunities; and
(ix) student participation in health and wellness programs;
(B) for campuses that serve students enrolled in prekindergarten, an indicator that accounts for student participation in full-day prekindergarten programs; and
(C) for campuses that serve students enrolled in kindergarten through fifth grade, an indicator that accounts for student participation in literacy and mathematics academies.

(c-1) An indicator adopted under Subsection (c)(2) for the school progress domain [(e)] that would measure improvements in student, school district, or campus progress [achievement] cannot negatively affect the commissioner's review of a school district or campus if a student or the [that] district or campus is already achieving at the highest level for that indicator.

(c-3) For purposes of Subsection (c), the commissioner by rule shall determine a method by which the performance of a student newly enrolled in a school district or at a campus is excluded in determining the performance rating of the district or campus under Section 39.054(a). In this subsection, "student newly enrolled" means a student who transfers to a school district or campus in this state from another state or country and who has not been previously enrolled in a school district or at a campus in this state.

(c-4) An indicator adopted under Subsection (c)(1)(B)(xi)

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(4) in the closing the gaps domain, the student academic achievement differentials among students from different racial and ethnic groups and socioeconomic backgrounds. [FA1(4)]

(c-3) For purposes of Subsection (c), the commissioner, to the extent feasible, shall determine a method by which the performance of students who have been continuously enrolled in a school district or at a district campus, as applicable, as determined by continuous enrollment criteria established by the commissioner, shall be given greater weight in determining the overall and domain performance rating of the district or campus under Section 39.054 than the performance of students who do not meet the continuous enrollment criteria established by the commissioner.

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cannot negatively affect the commissioner's review of a school district or campus if that district or campus does not offer a program in which a student may complete an associate degree.

(d-1) In aggregating results of assessment instruments across grade levels by subject in accordance with Subsection (c)(1)(A)(i), the performance of a student enrolled below the high school level on an assessment instrument required under Section 39.023(c) is included with results relating to other students enrolled at the same grade level.

(f) Not later than September 30 of each year or as soon thereafter as possible [Annually], the commissioner shall define the state standard for the current school year for each domain under Subsection (c). In consultation with educators, parents, and business and industry representatives, as necessary, the commissioner shall establish and modify

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(d-1) In aggregating results of assessment instruments across grade levels by subject in accordance with Subsections (c)(1)(A)(i) and (ii) [Subsection (e)(1)], the performance of a student enrolled below the high school level on an assessment instrument required under Section 39.023(c) is included with results relating to other students enrolled at the same grade level.

(e) For purposes of Subsection (c)(1)(A)(iii), a student formerly receiving special education services means a student whose enrollment information:

(1) for the preceding year, as reported through the Public Education Information Management System (PEIMS), indicates the student was enrolled at the campus and was participating in a special education program; and

(2) for the current year, as reported through the Public Education Information Management System (PEIMS) and as reported on assessment instruments administered to the student under Section 39.023, indicates the student is enrolled at the campus and is not participating in a special education program. [FA13(4)]

(f) Annually, the commissioner shall define the state standard for the current school year for each achievement indicator adopted under this section. In consultation with educators, parents, and business and industry representatives, the commissioner shall establish and modify standards as necessary to continuously improve student performance to

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~~standards to continuously improve student performance to achieve the goals of eliminating achievement gaps based on race, ethnicity, and socioeconomic status and to ensure this state is a national leader in preparing students for postsecondary success [achievement indicator described by Subsections (c)(1) (4) and shall project the state standards for each indicator for the following two school years. The commissioner shall periodically raise the state standards for the college readiness achievement indicator described by Subsection (c)(1)(A)(ii) for accreditation as necessary to reach the goals of achieving, by not later than the 2019-2020 school year:~~

- ~~[(1) student performance in this state, disaggregated by race, ethnicity, and socioeconomic status, that ranks nationally in the top 10 states in terms of college readiness; and
[(2) student performance with no significant achievement gaps by race, ethnicity, and socioeconomic status].~~

(g) In computing graduation or completion rates such as a high school graduation rate under Subsection (c)(1)(B)(ix) ~~[defining the required state standard for the dropout rate indicator described by Subsections (c)(4)(A)(i) and (B)(ii)(a)],~~ the commissioner may not consider as a dropout a student whose failure to attend school results from:
(1) the student's expulsion under Section 37.007; and
(2) as applicable:
(A) adjudication as having engaged in delinquent conduct or conduct indicating a need for supervision, as defined by Section 51.03, Family Code; or
(B) conviction of and sentencing for an offense under the Penal Code.

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achieve the goals of eliminating achievement gaps based on race, ethnicity, and socioeconomic status and to ensure Texas is a national leader in preparing students for postsecondary success [described by Subsections (c)(1) (4) and shall project the state standards for each indicator for the following two school years. The commissioner shall periodically raise the state standards for the college readiness achievement indicator described by Subsection (c)(1)(A)(ii) for accreditation as necessary to reach the goals of achieving, by not later than the 2019-2020 school year:

- ~~[(1) student performance in this state, disaggregated by race, ethnicity, and socioeconomic status, that ranks nationally in the top 10 states in terms of college readiness; and
[(2) student performance with no significant achievement gaps by race, ethnicity, and socioeconomic status].~~

(g) In computing [defining the required state standard for the] dropout and completion rates such as high school graduation rates under Subsection (c)(1)(B)(ix) ~~[rate indicator described by Subsections (c)(4)(A)(i) and (B)(ii)(a)],~~ the commissioner may not consider as a dropout a student whose failure to attend school results from:
(1) the student's expulsion under Section 37.007; and
(2) as applicable:
(A) adjudication as having engaged in delinquent conduct or conduct indicating a need for supervision, as defined by Section 51.03, Family Code; or
(B) conviction of and sentencing for an offense under the Penal Code.

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(g-1) In computing dropout and completion rates such as a high school graduation rate under Subsection (c)(1)(B)(ix) [~~Subsections (c)(4)(A)(i) and (B)(ii)(a)~~], the commissioner shall exclude:

(1) students who are ordered by a court to attend a high school equivalency certificate program but who have not yet earned a high school equivalency certificate;

(2) students who were previously reported to the state as dropouts, including a student who is reported as a dropout, reenrolls, and drops out again, regardless of the number of times of reenrollment and dropping out, unless the student graduates;

(3) students in attendance who are not in membership for purposes of average daily attendance;

(4) students whose initial enrollment in a school in the United States in grades 7 through 12 was as an unschooled asylee [~~refugees~~] or refugee [~~asylees~~] as defined by Section 39.027(a-1);

(5) students whose initial enrollment in a public school in this state occurred in grade 11 or 12;

(6) students who are in the district exclusively as a function of having been detained at a county detention facility but are otherwise not students of the district in which the facility is located; and

(7) [~~(6)~~] students who are incarcerated in state jails and federal penitentiaries as adults and as persons certified to stand trial as adults.

(g-2) In computing completion rates such as a high school graduation rate under Subsection (c)(1)(B)(ix) [~~(e)(2)~~], the commissioner shall exclude students who:

(1) are at least 18 years of age as of September 1 of the school

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(g-1) In computing dropout and completion rates such as high school graduation rates under Subsection (c)(1)(B)(ix) [~~Subsections (c)(4)(A)(i) and (B)(ii)(a)~~], the commissioner shall exclude:

(1) students who are ordered by a court to attend a high school equivalency certificate program but who have not yet earned a high school equivalency certificate;

(2) students who were previously reported to the state as dropouts, including a student who is reported as a dropout, reenrolls, and drops out again, regardless of the number of times of reenrollment and dropping out;

(3) students in attendance who are not in membership for purposes of average daily attendance;

(4) students whose initial enrollment in a school in the United States in grades 7 through 12 was as unschooled refugees or asylees as defined by Section 39.027(a-1);

(5) students who are in the district exclusively as a function of having been detained at a county detention facility but are otherwise not students of the district in which the facility is located; and

(6) students who are incarcerated in state jails and federal penitentiaries as adults and as persons certified to stand trial as adults.

(g-2) In computing completion rates such as high school graduation rates under Subsection (c)(1)(B)(ix) [~~(e)(2)~~], the commissioner shall exclude students who:

(1) are at least 18 years of age as of September 1 of the school

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year as reported for the fall semester Public Education Information Management System (PEIMS) submission and have satisfied the credit requirements for high school graduation;

(2) have not completed their individualized education program under 19 T.A.C. Section 89.1070(b)(2) and the Individuals with Disabilities Education Act (20 U.S.C. Section 1400 et seq.); and

(3) are enrolled and receiving individualized education program services.

(g-4) The commissioner shall adopt rules for identifying students participating in a University Interscholastic League A+ academic event for purposes of Subsection (c)(1)(C)(iii).

(i) Each school district shall submit the data required for the indicators adopted under this section to the [The] commissioner to the extent necessary for assigning performance ratings under Section 39.054 [by rule shall adopt accountability measures to be used in assessing the progress of students who have failed to perform satisfactorily as determined by the commissioner under Section 39.0241(a) or under the college readiness standard as determined under Section 39.0241 in the preceding school year on an assessment instrument required under Section 39.023(a), (c), or (d)].

SECTION 15. Subchapter C, Chapter 39, Education Code, is amended by adding Section 39.0531 to read as follows:

Sec. 39.0531. SCHOOL CLIMATE SURVEY. (a) The commissioner may incorporate a school climate survey as an indicator for the school climate domain under Section

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year as reported for the fall semester Public Education Information Management System (PEIMS) submission and have satisfied the credit requirements for high school graduation;

(2) have not completed their individualized education program under 19 T.A.C. Section 89.1070(b)(2) and the Individuals with Disabilities Education Act (20 U.S.C. Section 1400 et seq.); and

(3) are enrolled and receiving individualized education program services.

(i) Each school district shall submit the data required for the indicators adopted under this section to the [The] commissioner [by rule shall adopt accountability measures to be used in assessing the progress of students who have failed to perform satisfactorily as determined by the commissioner under Section 39.0241(a) or under the college readiness standard as determined under Section 39.0241 in the preceding school year on an assessment instrument required under Section 39.023(a), (c), or (d)].

No equivalent provision.

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39.053(c)(3). A school climate survey shall be administered to administrators employed by school districts, students enrolled in school districts, and parents of those students.

(b) The commissioner may adopt rules to implement this section, including rules to:

(1) determine the format of the school climate survey;

(2) determine the questions that the survey must include;

(3) establish a period during a school year in which the survey must be conducted;

(4) establish requirements for administering and reporting the results of the survey; and

(5) authorize the manner in which the survey may be administered, including the local administration of the survey.

(c) Notwithstanding any other provision of this code, including Section 21.355, school climate survey information must be reported to the agency in accordance with rules adopted by the commissioner.

(d) The commissioner may contract with a third party to provide any service necessary under this section.

(e) Not later than the 2022-2023 school year, the commissioner shall determine the feasibility of incorporating school climate survey information for use as an indicator for the school climate domain under Section 39.053(c)(3). In order to determine the feasibility, the commissioner shall implement the use of school climate survey information in the 2019-2020 school year and shall require the reporting of the survey information in the 2020-2021 and 2021-2022 school years. This subsection expires September 1, 2023.

(f) As part of the school climate survey, a joint committee consisting of members of the house of representatives and senate appointed by the speaker and the lieutenant governor shall contract with a private third party to administer a

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teachers' engagement survey to teachers as an:

(1) indicator of teacher satisfaction;

(2) estimation of the programs available to and being used by students at school; and

(3) assessment of the use of school resources, including time and personnel, to the best knowledge of the responding teachers.

(g) The joint committee shall consult with the contracting private third party to determine the:

(1) questions to be included in the teachers' engagement survey to achieve the purposes listed in Subsection (f);

(2) format of the teachers' engagement survey; and

(3) best methods to be used in administering the teachers' engagement survey to ensure anonymity of the responding teachers.

(h) The joint committee, in coordination with the contracting private third party, may take all necessary action to create a focus group of teachers to ensure that the questions included in the teachers' engagement survey are clear and sufficient to gather information relating to the purposes listed in Subsection (f).

(i) The contracting private third party shall report the results of the teachers' engagement survey directly to the joint committee, and may not provide the results to the agency or any other entity.

(j) A school administrator, person employed by the agency, or person employed by any other governmental agency or organization may not request information from a teacher regarding the teacher's responses to the teachers' engagement survey.

(k) The joint committee, with assistance from the contracting private third party, shall analyze the information obtained

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through the teachers' engagement survey and publish the results for use by public or private entities.

(1) The commissioner shall consider teacher participation in the teachers' engagement survey in determining campus achievement and performance ratings.

SECTION 16. Subchapter C, Chapter 39, Education Code, is amended by adding Section 39.0532 to read as follows:

Sec. 39.0532. SPECIAL EDUCATION PROGRESS INDICATOR. (a) The commissioner shall determine the feasibility of adopting an indicator that assesses the progress of students enrolled in a school district's special education program. The commissioner may establish an advisory committee to advise the commissioner regarding the determination required under this subsection.

(b) In determining the feasibility of adopting an indicator under this section, the commissioner may require a school district, open-enrollment charter school, or school campus to report relevant information to the commissioner.

(c) If the commissioner does not adopt an indicator described by Subsection (a), the commissioner shall provide a report to the legislature not later than December 1, 2022, regarding the feasibility of adopting the indicator.

(d) This section expires September 1, 2023.

SECTION 17. Subchapter C, Chapter 39, Education Code, is amended by adding Section 39.0536 to read as follows:

Sec. 39.0536. TEMPORARY PROVISION: ASSIGNMENT OF PERFORMANCE RATINGS. (a) Notwithstanding any other law and subject to Subsection (b), for the 2017-2018 and 2018-2019 school years, the commissioner shall evaluate school district and campus performance and assign each

No equivalent provision.

No equivalent provision.

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district and campus a performance rating in accordance with the indicators, standards, procedures, criteria, and calculations prescribed by the 2016 Accountability Manual, adopted under 19 T.A.C. Section 97.1001, as that rule existed March 31, 2017.

(b) The commissioner by rule may adopt revisions to the 2016 Accountability Manual described by Subsection (a) for the 2017-2018 school year and 2018-2019 school year, provided that the commissioner may revise:

(1) dates and deadlines only as necessary; and

(2) indicators, standards, procedures, criteria, and calculations only to the extent required by federal law.

No equivalent provision.

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SECTION 9. Subchapter C, Chapter 39, Education Code, is amended by adding Section 39.0533 to read as follows:

Sec. 39.0533. EXTRACURRICULAR AND COCURRICULAR STUDENT ACTIVITY INDICATOR. (a)

The commissioner shall study the feasibility of incorporating for evaluating school district and campus performance under this subchapter an indicator that accounts for extracurricular and cocurricular student activity. If the commissioner determines that an extracurricular and cocurricular student activity indicator is appropriate, the commissioner may adopt the indicator.

(b) To determine the feasibility of adopting an indicator under this section, the commissioner may require a school district or campus to report requested information relating to extracurricular and cocurricular student activity.

(c) The commissioner may establish an advisory committee to assist in determining the feasibility of incorporating an extracurricular and cocurricular student activity indicator for evaluating school district and campus performance.

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SECTION 18. Sections 39.054(a), (a-1), (a-2), (a-3), (c), and (e), Education Code, as effective September 1, 2017, are amended to read as follows:

(a) The commissioner shall adopt rules to evaluate school district and campus performance and assign each district and campus ~~[an overall performance rating of A, B, C, D, or F. In addition to the overall performance rating, the commissioner shall assign each district and campus]~~ a separate domain performance rating of A, B, C, D, or F for each domain under Section 39.053(c) ~~[Sections 39.053(e)(1)-(4)]~~. ~~A~~ ~~[An overall or]~~ domain performance rating of A reflects exemplary performance. ~~A~~ ~~[An overall or]~~ domain performance rating of B reflects recognized performance. ~~A~~ ~~[An overall or]~~ domain performance rating of C reflects acceptable performance. ~~A~~ ~~[An overall or]~~ domain performance rating of D reflects performance in need of improvement. ~~A~~ domain performance rating of ~~[or]~~ F reflects unacceptable performance. A district may not receive a ~~[an overall or]~~ domain performance rating of A if the district includes any campus with a corresponding ~~[overall or]~~ domain performance rating of ~~[D or]~~ F. A reference in law to an acceptable rating or acceptable performance includes a ~~[an overall or]~~ domain performance rating of A, B, ~~[or]~~ C, or D or exemplary, recognized, or acceptable performance or performance in need of improvement.

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(d) Not later than December 1, 2022, the commissioner shall report to the legislature on the feasibility of incorporating an extracurricular and cocurricular student activity indicator, unless the commissioner adopts an indicator under this section before that date.

(e) This section expires September 1, 2023.

SECTION 10. Sections 39.054(a), (a-1), (a-2), (a-3), and (e), Education Code, as effective on September 1, 2017, are amended to read as follows:

(a) The commissioner shall adopt rules to evaluate school district and campus performance and assign each district and campus an overall performance rating of A, B, C, D, or F. In addition to the overall performance rating, the commissioner shall assign each district and campus a separate domain performance rating of A, B, C, D, or F for each domain under Section 39.053(c) ~~[Sections 39.053(e)(1)-(4)]~~. An overall or domain performance rating of A reflects exemplary performance. An overall or domain performance rating of B reflects recognized performance. An overall or domain performance rating of C reflects acceptable performance. An overall or domain performance rating of D reflects performance that needs improvement. An overall or domain performance rating of ~~[or]~~ F reflects unacceptable performance. A district may not receive an overall or domain performance rating of A if the district includes any campus with a corresponding overall or domain performance rating of ~~[D or]~~ F. A reference in law to an acceptable rating or acceptable performance includes an overall or domain performance rating of A, B, ~~[or]~~ C, or D or performance that is exemplary, recognized, or acceptable or needs improvement ~~[performance]~~. [FA2(1)]

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(a-1) For purposes of assigning a domain [an overall] performance rating under Subsection (a)[, the commissioner shall attribute]:

(1) the commissioner:

(A) in assigning a domain performance rating for the student achievement domain under Section 39.053(c)(1) or the school progress domain under Section 39.053(c)(2), shall consider student performance disaggregated by race, ethnicity, socioeconomic status, students of limited English proficiency as defined by Section 29.052, and students enrolled in a special education program under Subchapter A, Chapter 29; and

(B) may adjust a domain performance rating for a domain disaggregated by race, ethnicity, socioeconomic status, or another factor by increasing the rating one level [55 percent of the performance evaluation to the achievement indicators for the first, second, and third domains under Sections 39.053(c)(1)-(3)];

(2) for the student achievement domain under Section 39.053(c)(1), not more than 50 percent of the domain performance rating may be attributed to the indicators under Sections 39.053(c)(1)(A)(i) and (ii) [for middle and junior high school and elementary campuses and districts that include only those campuses, 35 percent of the performance evaluation to the applicable achievement indicators for the fourth domain under Section 39.053(c)(4)];

(3) for the school progress domain under Section 39.053(c)(2), not more than 50 percent of the domain performance rating may be attributed to the indicator under Section 39.053(c)(2)(A)(i) [for high school campuses and districts that include those campuses:

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(a-1) For purposes of assigning:

(1) an overall performance rating for a district or campus under Subsection (a), the commissioner shall:

(A) consider either the district's or campus's performance rating under the student achievement domain under Section 39.053(c)(1) or the school performance domain under Section 39.053(c)(2), whichever performance rating is higher, unless the district or campus received a performance rating of F in either domain, in which case the district or campus may not be assigned an overall performance rating higher than a B;

(B) attribute not less than 20 percent of the performance rating to the school climate domain under Section 39.053(c)(3) if the district or campus has received a performance rating of C or higher for the other three domains; and

(C) attribute not less than 20 percent of the performance rating to the closing the gaps domain under Section 39.053(c)(4); and [FA1(5)]

(1) an overall performance rating for a district or campus under Subsection (a), the commissioner shall:

(A) consider either the district's or campus's performance rating under the student achievement domain under Section 39.053(c)(1) or the school performance domain under Section 39.053(c)(2), whichever performance rating is higher, unless the district or campus received a performance rating of F in either domain, in which case the district or campus may not be assigned an overall performance rating higher than a B; and

(B) attribute not less than 20 percent of the performance rating to the school climate domain under Section 39.053(c)(3) if the district or campus has received a performance rating of C or higher for the other two domains; and [FA2(2)]

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~~[(A) 10 percent of the performance evaluation to the high school graduation rate achievement indicator described by Section 39.053(e)(4)(A)(ii); and~~

~~[(B) 25 percent to the remaining applicable achievement indicators for the fourth domain under Section 39.053(e)(4)]; and~~

~~(4) for the school climate domain under Section 39.053(c)(3), at least 50 percent of the domain performance rating must be attributed to the indicator under Section 39.053(c)(3)(A)(i) [10 percent of the performance evaluation to the locally selected and evaluated achievement indicators provided for under the fifth domain under Section 39.053(e)(5)].~~

(a-2) If the [The] commissioner determines a domain performance rating increase adjustment is appropriate for a school district or campus, the commissioner may increase the rating, provided that the commissioner may not increase a rating more than once and may not increase the rating more

~~(2) a domain [an overall] performance rating under Subsection (a) for the school climate domain, the commissioner shall attribute 50[~~

~~(1) 55] percent of the domain performance rating [evaluation] to the achievement indicator [indicators for the first, second, and third domains] under Section 39.053(c)(3)(A) [Sections 39.053(e)(1) (3);~~

~~(2) for middle and junior high school and elementary campuses and districts that include only those campuses, 35 percent of the performance evaluation to the applicable achievement indicators for the fourth domain under Section 39.053(e)(4);~~

~~(3) for high school campuses and districts that include those campuses:~~

~~[(A) 10 percent of the performance evaluation to the high school graduation rate achievement indicator described by Section 39.053(e)(4)(A)(ii); and~~

~~[(B) 25 percent to the remaining applicable achievement indicators for the fourth domain under Section 39.053(e)(4); and~~

~~[(4) 10 percent of the performance evaluation to the locally selected and evaluated achievement indicators provided for under the fifth domain under Section 39.053(e)(5)].~~

(a-2) The commissioner by rule may [shall] adopt procedures to ensure that a repeated performance rating of D or F or unacceptable in one domain, particularly performance that is not significantly improving, is reflected in the overall performance rating of a district or campus and is not

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~~than one level [by rule shall adopt procedures to ensure that a repeated performance rating of D or F or unacceptable in one domain, particularly performance that is not significantly improving, is reflected in the overall performance rating of a district or campus and is not compensated for by a performance rating of A, B, or C in another domain].~~

(a-3) Not later than August 15 of each year, the performance ratings of each district and campus shall be made publicly available as provided by rules adopted under this section. If a district or campus received a an overall or domain performance rating of D or F for the preceding school year, the commissioner shall notify the district of a subsequent such designation on or before June 15.

(c) In evaluating school district and campus performance on the ~~achievement~~ indicators for the student achievement domain ~~[performance on assessment instruments adopted]~~ under Sections 39.053(c)(1)(A)(i) and (ii) and (c)(1)(B)(x) ~~[39.053(e)(1) and (2)]~~ and the school progress domain ~~[dropout rate indicator adopted]~~ under Section 39.053(c)(2)(A)(i) ~~[Sections 39.053(e)(4)(A)(i) and (B)(ii)(a)]~~, the commissioner shall evaluate ~~[define acceptable]~~ performance ~~[as meeting the state standard determined by the commissioner under Section 39.053(f)]~~ for the current school year based on:

- (1) student performance in the current school year; or
- (2) if necessary to address limited data available to use in the calculations, student performance as averaged over the current school year and the preceding two school years.

(e) Each annual performance review under this section shall

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compensated for by a performance rating of A, B, or C in another domain.

(a-3) Not later than August 15 of each year, the performance ratings of each district and campus shall be made publicly available as provided by rules adopted under this section. ~~[If a district or campus received an overall or domain performance rating of D or F for the preceding school year, the commissioner shall notify the district of a subsequent such designation on or before June 15.]~~

(e) Each annual performance review under this section shall

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include an analysis of the domain [achievement] indicators adopted under Section 39.053(c) [Sections 39.053(e)(1)-(4)] to determine school district and campus performance in relation to standards established for each domain [indicator].

No equivalent provision.

SECTION 19. Section 39.054, Education Code, is amended by adding Subsection (a-4) to read as follows:

(a-4) In addition to the requirements under Subsection (a), the commissioner, in collaboration with interested stakeholders, shall develop standardized language for each domain that does not exceed 250 words and that clearly describes the annual status of a district and campus relating to district and campus performance on the indicators used for that domain to determine the letter performance rating assigned to a district and campus.

SECTION 20. Section 39.054, Education Code, is amended by adding Subsection (b) to read as follows:

(b) For purposes of assigning school districts and campuses a performance rating under Subsection (a), the commissioner shall ensure that the method used to evaluate performance is implemented in a manner that provides the mathematical possibility that all districts and campuses receive an A rating.

SECTION 21. Section 39.054(f), Education Code, as effective September 1, 2017, is transferred to Section 39.053, Education

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include an analysis of the achievement indicators adopted under Section 39.053, including Subsection (c) of that section, [Sections 39.053(e)(1)-(4)] to determine school district and campus performance in relation to standards established for each indicator.

SECTION 18. Effective September 1, 2017, Section 39.054(c), Education Code, as effective September 1, 2017, is repealed.

SECTION __. Same as House version. [FA12]

SECTION __. Section 39.054, Education Code, is amended by adding Subsection (b) to read as follows:

(b) For purposes of assigning school districts and campuses an overall and a domain performance rating under Subsection (a), the commissioner shall ensure that the method used to evaluate performance is implemented in a manner that provides the mathematical possibility that all districts and campuses receive an A rating. [FA3]

SECTION 11. Section 39.054(f), Education Code, as effective September 1, 2017, is transferred to Section 39.053, Education

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Code, redesignated as Section 39.053(g-3), Education Code, and amended to read as follows:

(g-3) [(#)] In the computation of dropout rates and completion rates such as a high school graduation rate under Subsection (c)(1)(B)(ix) [Sections 39.053(e)(4)(A)(i) and (B)(ii)(a)], a student who is released from a juvenile pre-adjudication secure detention facility or juvenile post-adjudication secure correctional facility and fails to enroll in school or a student who leaves a residential treatment center after receiving treatment for fewer than 85 days and fails to enroll in school may not be considered to have dropped out from the school district or campus serving the facility or center unless that district or campus is the one to which the student is regularly assigned. The agency may not limit an appeal relating to dropout computations under this subsection.

SECTION 22. Subchapter C, Chapter 39, Education Code, is amended by adding Sections 39.0541 and 39.0542 to read as follows:

Sec. 39.0541. ADOPTION OF INDICATORS AND STANDARDS. Before September 30 of each school year, the commissioner shall adopt any indicators and standards under this subchapter the commissioner will use to evaluate school districts and campuses for that school year.

Sec. 39.0542. EXPLANATORY MATERIALS FOR ACCOUNTABILITY RATING SYSTEM. (a) Each school year, the commissioner shall provide each school district a document in a simple, accessible format that explains the accountability performance measures, methods, and procedures that will be applied for that school year in assigning each school district and campus a performance rating under Section 39.054.

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Code, redesignated as Section 39.053(g-3), Education Code, and amended to read as follows:

(g-3) [(#)] In the computation of dropout and completion rates such as high school graduation rates under Subsection (c)(1)(B)(ix) [Sections 39.053(e)(4)(A)(i) and (B)(ii)(a)], a student who is released from a juvenile pre-adjudication secure detention facility or juvenile post-adjudication secure correctional facility and fails to enroll in school or a student who leaves a residential treatment center after receiving treatment for fewer than 85 days and fails to enroll in school may not be considered to have dropped out from the school district or campus serving the facility or center unless that district or campus is the one to which the student is regularly assigned. The agency may not limit an appeal relating to dropout computations under this subsection.

SECTION 12. Subchapter C, Chapter 39, Education Code, is amended by adding Section 39.0541 to read as follows:

Sec. 39.0541. ADOPTION OF INDICATORS AND STANDARDS. The commissioner may adopt indicators and standards under this subchapter at any time during a school year before the evaluation of a school district or campus.

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(b) The document provided under Subsection (a) must be provided in a format that a school district is able to easily distribute to parents of students enrolled in the district and other interested members of the public.

SECTION 23. Section 39.0546, Education Code, is amended to read as follows:

Sec. 39.0546. PERFORMANCE IN COMMUNITY AND STUDENT ENGAGEMENT AS COMPONENT OF ~~[OVERALL]~~ DISTRICT AND CAMPUS RATING. (a) For purposes of including the local evaluation of districts and campuses under Section 39.053(c)(3)(A)(i) ~~[39.053(e)(5)]~~ and assigning a domain performance ~~[an overall]~~ rating under Section 39.054, before the beginning of each school year:

(1) each school district shall:

(A) select and report to the agency three programs or categories under Section 39.0545(b)(1) ~~[, as added by Chapter 211 (H.B. 5), Acts of the 83rd Legislature, Regular Session, 2013,]~~ under which the district will evaluate district performance;

(B) submit to the agency the criteria the district will use to evaluate district performance and assign the district a performance rating; and

(C) make the information described by Paragraphs (A) and (B) available on the district's Internet website; and

(2) each campus shall:

(A) select and report to the agency three programs or categories under Section 39.0545(b)(1) ~~[, as added by Chapter 211 (H.B. 5), Acts of the 83rd Legislature, Regular Session, 2013,]~~ under which the campus will evaluate campus performance;

(B) submit to the agency the criteria the campus will use to

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SECTION 13. Section 39.0546(a), Education Code, is amended to read as follows:

(a) For purposes of including the local evaluation of districts and campuses under Section 39.053(c)(3)(A) ~~[39.053(e)(5)]~~ and assigning an overall rating under Section 39.054, before the beginning of each school year:

(1) each school district shall:

(A) select and report to the agency three programs or categories under Section 39.0545(b)(1) ~~[, as added by Chapter 211 (H.B. 5), Acts of the 83rd Legislature, Regular Session, 2013,]~~ under which the district will evaluate district performance;

(B) submit to the agency the criteria the district will use to evaluate district performance and assign the district a performance rating; and

(C) make the information described by Paragraphs (A) and (B) available on the district's Internet website; and

(2) each campus shall:

(A) select and report to the agency three programs or categories under Section 39.0545(b)(1) ~~[, as added by Chapter 211 (H.B. 5), Acts of the 83rd Legislature, Regular Session, 2013,]~~ under which the campus will evaluate campus performance;

(B) submit to the agency the criteria the campus will use to

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evaluate campus performance and assign the campus a performance rating; and

(C) make the information described by Paragraphs (A) and (B) available on the Internet website of the campus.

(b) Based on the evaluation under this section, each school district shall assign the district and each campus shall assign the campus a performance rating of A, B, C, D, or F, for both overall performance and for each program or category evaluated. An overall or a program or category performance rating of A reflects exemplary performance. An overall or a program or category performance rating of B reflects recognized performance. An overall or a program or category performance rating of C reflects acceptable performance. An overall or a program or category performance rating of D reflects performance in need of improvement. A program or category performance rating of [ø] F reflects unacceptable performance.

(c) On or before the date determined by the commissioner by rule, each school district and campus shall report each performance rating to the agency for the purpose of including the rating in evaluating school districts and campuses under the school climate domain under Section 39.053(c)(3) [district and campus performance] and assigning a domain performance [an overall] rating under Section 39.054.

SECTION 24. Sections 39.0548(a), (b), and (c), Education Code, are amended to read as follows:

(a) For purposes of evaluating performance under Section 39.053(c), the commissioner shall designate as a dropout recovery school a school district or an open-enrollment charter school or a campus of a district or of an open-enrollment charter school:

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evaluate campus performance and assign the campus a performance rating; and

(C) make the information described by Paragraphs (A) and (B) available on the Internet website of the campus.

SECTION 14. Sections 39.0548(b), (c), and (d), Education Code, are amended to read as follows:

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(1) that serves students in grades 9 through 12 and has an enrollment of which at least 50 percent of the students are 15 [~~17~~] years of age or older as of September 1 of the school year as reported for the fall semester Public Education Information Management System (PEIMS) submission; and

(2) that meets the eligibility requirements for and is registered under alternative education accountability procedures adopted by the commissioner.

(b) Notwithstanding Section 39.053(c)(1)(B)(ix) [~~39.053(e)(4)(A)(i)~~], the commissioner shall use the alternative completion rate under this subsection to determine the graduation [~~dropout~~] rate indicator under Section 39.053(c)(1)(B)(ix) [~~39.053(e)(4)(A)(i)~~] for a dropout recovery school. The alternative completion rate shall be the ratio of the total number of students who graduate [~~continue attending school into the next academic year,~~] or receive a high school equivalency certificate to the total number of students in the longitudinal cohort of students.

(c) Notwithstanding Section 39.053(c)(1)(B)(ix) [~~39.053(e)(4)(A)(i)~~], in determining the performance rating under Section 39.054 of a dropout recovery school, the commissioner shall include any student described by Section 39.053(g-1) who graduates or receives a high school equivalency certificate.

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(b) Notwithstanding Section 39.053(c)(1)(B)(ix) [~~39.053(e)(4)(A)(i)~~], the commissioner shall use the alternative completion rate under this subsection to determine the graduation [~~dropout~~] rate indicator under Section 39.053(c)(1)(B)(ix) [~~39.053(e)(4)(A)(i)~~] for a dropout recovery school. The alternative completion rate shall be the ratio of the total number of students who graduate, continue attending school into the next academic year, or receive a high school equivalency certificate to the total number of students in the longitudinal cohort of students.

(c) Notwithstanding Section 39.053(c)(1)(B)(ix) [~~39.053(e)(4)(A)(i)~~], in determining the performance rating under Section 39.054 of a dropout recovery school, the commissioner shall include any student described by Section 39.053(g-1) who graduates or receives a high school equivalency certificate.

(d) Notwithstanding Section 39.053(c), for purposes of evaluating a dropout recovery school under the accountability procedures adopted by the commissioner to determine the performance rating of the school under Section 39.054, [(1)] only the best result from the primary administration or any retake of an assessment instrument administered to a student in the school year evaluated may be considered [(2)] only a student enrolled continuously for at least 90 days

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SECTION 25. Section 39.055, Education Code, is amended to read as follows:

Sec. 39.055. STUDENT ORDERED BY A JUVENILE COURT OR STUDENT IN RESIDENTIAL FACILITY NOT CONSIDERED FOR ACCOUNTABILITY PURPOSES. Notwithstanding any other provision of this code except to the extent otherwise provided under Section 39.053(g-3) [~~39.054(f)~~], for purposes of determining the performance of a school district, campus, or open-enrollment charter school under this chapter, a student ordered by a juvenile court into a residential program or facility operated by or under contract with the Texas Juvenile Justice Department, a juvenile board, or any other governmental entity or any student who is receiving treatment in a residential facility is not considered to be a student of the school district in which the program or facility is physically located or of an open-enrollment charter school, as applicable. The performance of such a student on an assessment instrument or other achievement indicator adopted under Section 39.053 or reporting indicator adopted under Section 39.301 shall be determined, reported, and considered separately from the performance of students attending a school of the district in which the program or facility is physically located or an open-enrollment charter school, as applicable.

SECTION 26. Section 39.102(a), Education Code, is amended to read as follows:

(a) If a school district does not satisfy the accreditation criteria under Section 39.052, has been assigned an unacceptable [~~the academic~~] performance rating [~~standards~~] under Section

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~~during the school year evaluated may be considered].~~

SECTION 15. Same as House version.

~~No equivalent provision.~~

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~~[39.053 or]~~ 39.054 for the school progress domain under Section 39.053(c)(2), or does not satisfy any financial accountability standard as determined by commissioner rule, or if considered appropriate by the commissioner on the basis of a special accreditation investigation under Section 39.057, the commissioner shall take any of the following actions to the extent the commissioner determines necessary:

- (1) issue public notice of the deficiency to the board of trustees;
- (2) order a hearing conducted by the board of trustees of the district for the purpose of notifying the public of the insufficient performance, the improvements in performance expected by the agency, and the interventions and sanctions that may be imposed under this section if the performance does not improve;
- (3) order the preparation of an ~~[a student achievement]~~ improvement plan that addresses the indicators for the school progress domain ~~[each academic achievement indicator]~~ under Section 39.053(c)(2) ~~[39.053(e) for which the district's performance is insufficient]~~, the submission of the plan to the commissioner for approval, and implementation of the plan;
- (4) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees of the district and the superintendent shall appear and explain the district's low performance, lack of improvement, and plans for improvement;
- (5) arrange a monitoring review of the district;
- (6) appoint an agency monitor to participate in and report to the agency on the activities of the board of trustees or the superintendent;
- (7) appoint a conservator to oversee the operations of the district;

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(8) appoint a management team to direct the operations of the district in areas of insufficient performance or require the district to obtain certain services under a contract with another person;

(9) if a district has a current accreditation status of accredited-warned or accredited-probation, has been assigned an unacceptable performance rating ~~[fails to satisfy any standard]~~ under Section 39.054 for the school progress domain under Section 39.053(c)(2) ~~[39.054(e)]~~, or fails to satisfy financial accountability standards as determined by commissioner rule, appoint a board of managers to exercise the powers and duties of the board of trustees; or

(10) if for two consecutive school years, including the current school year, a district has received an accreditation status of accredited-warned or accredited-probation, has been assigned an unacceptable performance rating ~~[failed to satisfy any standard]~~ under Section 39.054 for the school progress domain under Section 39.053(c)(2) ~~[39.054(e)]~~, or has failed to satisfy financial accountability standards as determined by commissioner rule, revoke the district's accreditation and:

(A) order closure of the district and annex the district to one or more adjoining districts under Section 13.054; or

(B) in the case of a home-rule school district or open-enrollment charter school, order closure of all programs operated under the district's or school's charter~~;~~ ~~or~~

~~[(11) if a district has failed to satisfy any standard under Section 39.054(e) due to the district's dropout rates, impose sanctions designed to improve high school completion rates, including:~~

~~[(A) ordering the development of a dropout prevention plan for approval by the commissioner;~~

~~[(B) restructuring the district or appropriate school campuses~~

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~~to improve identification of and service to students who are at risk of dropping out of school, as defined by Section 29.081; [(C) ordering lower student to counselor ratios on school campuses with high dropout rates; and [(D) ordering the use of any other intervention strategy effective in reducing dropout rates, including mentor programs and flexible class scheduling].~~

SECTION 27. Section 39.103(a), Education Code, is amended to read as follows:

(a) If a campus is assigned an unacceptable performance rating [is below any standard] under Section 39.054 for the school progress domain under Section 39.053(c)(2) [39.054(e)], the commissioner shall take actions, to the extent the commissioner determines necessary, as provided by this subchapter.

No equivalent provision.

SECTION 28. Section 39.105(a), Education Code, is amended to read as follows:

(a) This section applies if a campus performance satisfies performance standards under Section 39.054(e) for the indicators for the school progress domain under Section 39.053(c)(2) for the current school year but would not satisfy performance standards under Section 39.054(e) for those indicators if the standards to be used for the following school year were applied to the current school year. On request of the commissioner, the campus-level committee established under Section 11.251 shall revise and submit to the commissioner in an electronic format the portions of the campus improvement plan developed under Section 11.253 that are relevant to those areas for which the campus would not satisfy performance standards.

No equivalent provision.

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SECTION 29. Sections 39.106(a) and (e), Education Code, are amended to read as follows:

(a) If a campus [~~performance~~] is assigned an unacceptable performance rating [below any standard] under Section 39.054 for the school progress domain under Section 39.053(c)(2) [39.054(e)], the commissioner shall assign a campus intervention team. A campus intervention team shall:

(1) conduct, with the involvement and advice of the school community partnership team, if applicable:

(A) a targeted on-site needs assessment relevant to an area of insufficient performance of the campus as provided by Subsection (b); or

(B) if the commissioner determines necessary, a comprehensive on-site needs assessment, using the procedures provided by Subsection (b);

(2) recommend appropriate actions as provided by Subsection (c);

(3) assist in the development of a targeted improvement plan;

(4) conduct a public meeting at the campus with the campus principal, the members of the campus-level planning and decision-making committee established under Section 11.251, parents of students attending the campus, and community members residing in the district to review the campus performance rating and solicit input for the development of the targeted improvement plan;

(5) assist the campus in submitting the targeted improvement plan to the board of trustees for approval and presenting the plan in a public hearing as provided by Subsection (e-1); and

(6) assist the commissioner in monitoring the progress of the campus in implementing the targeted improvement plan.

(e) For each year a campus is assigned an unacceptable performance rating under the school progress domain under

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No equivalent provision.

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Section 39.053(c)(2), a campus intervention team shall:

(1) continue to work with a campus until:

(A) the campus is assigned a [satisfies all] performance rating of at least acceptable [standards] under Section 39.054 for the school progress domain under Section 39.053(c)(2) [39.054(e)] for a two-year period; or

(B) the campus is assigned a [satisfies all] performance rating of at least acceptable [standards] under Section 39.054 for the school progress domain under Section 39.053(c)(2) [39.054(e)] for a one-year period and the commissioner determines that the campus is operating and will continue to operate in a manner that improves student performance [achievement];

(2) assist in updating the targeted improvement plan to identify and analyze areas of growth and areas that require improvement; and

(3) submit each updated plan described by Subdivision (2) to the board of trustees of the school district.

SECTION 30. Section 39.107, Education Code, is amended by amending Subsections (a), (a-2), (b), (b-4), (d), (e), (f), and (g-1) and adding Subsections (b-10), (b-11), and (b-12) to read as follows:

(a) After a campus has been assigned an [been identified as] unacceptable performance rating for the school progress domain under Section 39.053(c)(2) for two consecutive school years, the commissioner shall order the campus to prepare and submit a campus turnaround plan. The commissioner shall by rule establish procedures governing the time and manner in which the campus must submit the campus turnaround plan.

(a-2) Before a campus turnaround plan is prepared and submitted for approval to the board of trustees of the school

No equivalent provision.

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district, the district, in consultation with the campus intervention team, shall:

(1) provide notice to parents, the community, and stakeholders that the campus has received an ~~academically~~ unacceptable performance rating for the school progress domain under Section 39.053(c)(2) for two consecutive years and will be required to submit a campus turnaround plan; and

(2) request assistance from parents, the community, and stakeholders in developing the campus turnaround plan.

(b) The school district, in consultation with the campus intervention team, shall prepare the campus turnaround plan and allow parents, the community, and stakeholders an opportunity to review the plan before it is submitted for approval to the board of trustees of the school district. The plan must include details on the method for restructuring, reforming, or reconstituting the campus. If the district determines that granting a district charter under Section 12.0522 is appropriate for the campus, the campus turnaround plan must provide information on the implementation of the district charter. The plan must assist the campus in implementing procedures to satisfy the ~~all~~ performance standards required under Section 39.054(e) for the school progress domain under Section 39.053(c)(2).

(b-4) A campus turnaround plan developed under this section must take effect not later than the school year following the third consecutive school year that the campus has received an ~~academically~~ unacceptable performance rating for the school progress domain under Section 39.053(c)(2).

(b-10) Not later than June 15 of each year, the commissioner shall approve or reject in writing any campus turnaround plan prepared and submitted to the commissioner by a school district. If the commissioner rejects a campus turnaround plan,

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the commissioner must include in the written rejection to the district a list of the specific concerns regarding the plan that resulted in the rejection.

(b-11) If the commissioner rejects a campus turnaround plan, the district must create a modified plan and request assistance from agency staff. The district must submit the modified plan to the commissioner for approval not later than August 15. The commissioner shall notify the district in writing of the commissioner's decision regarding the modified plan not later than September 1.

(b-12) If the agency assists or offers assistance to a district in modifying a campus turnaround plan following a rejection under Subsection (b-10), the agency may not recommend or require participation by the district or the district board of trustees in any initiative that does not directly relate to a concern identified by the commissioner in the written rejection under Subsection (b-10).

(d) The commissioner may approve a campus turnaround plan, including a campus turnaround plan modified under Subsection (b-11), only if the commissioner determines that the campus will be assigned at least an acceptable [satisfy all student] performance rating [standards required] under Section 39.054 for the school progress domain under Section 39.053(c)(2) [39.054(e)] not later than the second year [the campus receives a performance rating] following the implementation of the campus turnaround plan. If the commissioner does not make this determination after reviewing the school district's modified campus turnaround plan submitted under Subsection (b-11), the commissioner shall order:

(1) appointment of a board of managers to govern the district as provided by Section 39.112(b);

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(2) alternative management of the campus under this section;
or

(3) closure of the campus.

(e) If a campus is assigned [~~considered to have~~] an unacceptable performance rating under the school progress domain under Section 39.053(c)(2) for three consecutive school years after the campus is ordered to submit a campus turnaround plan under Subsection (a), the commissioner, subject to Subsection (e-2), shall order:

(1) appointment of a board of managers to govern the district as provided by Section 39.112(b); or

(2) closure of the campus.

(f) Notwithstanding Section 39.112(e), the commissioner may remove a board of managers appointed to govern a district under this section only if the campus that was the basis for the appointment of the board of managers receives at least an [academically] acceptable performance rating under the school progress domain under Section 39.053(c)(2) for two consecutive school years. If a campus that was the basis for the appointment of a board of managers receives an [~~academically~~] unacceptable performance rating under the school progress domain under Section 39.053(c)(2) for two additional consecutive years following the appointment of the board of managers, the commissioner may remove the board of managers and, in consultation with the local community, may appoint a new board of managers to govern the district.

(g-1) If the commissioner orders alternative management of a campus under Subsection (d)(2), the school district shall execute a contract with a managing entity for a term not to exceed five years. The commissioner may require a district to extend the term of the contract if the commissioner determines that extending the contract on expiration of the initial term is

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in the best interest of the students attending the campus. The terms of the contract must be approved by the commissioner. If a campus receives an ~~academically~~ unacceptable performance rating under the school progress domain under Section 39.053(c)(2) for two consecutive school years after the managing entity assumes management of the campus, the commissioner shall cancel the contract with the managing entity.

No equivalent provision.

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SECTION __. Subchapter E, Chapter 39, Education Code, is amended by adding Section 39.101 to read as follows:
Sec. 39.101. NEEDS IMPROVEMENT RATING. (a) Notwithstanding any other law, if a school district or campus is assigned an overall or domain performance rating of D:
(1) the commissioner shall order the district or campus to develop and implement a targeted improvement plan approved by the board of trustees of the district; and
(2) the interventions and sanctions provided by this subchapter based on failure to satisfy performance standards under Section 39.054(e) apply to the district or campus only as provided by this section.
(b) The interventions and sanctions provided by this subchapter based on failure to satisfy performance standards under Section 39.054(e) apply to a district or campus ordered to develop and implement a targeted improvement plan under Subsection (a) only if the district or campus is assigned an overall or domain performance rating of F, including the assignment of a performance rating of F in the manner provided by Subsection (c) or (d).
(c) If a school district or campus is assigned an overall performance rating of D for two consecutive school years after the district or campus is ordered to develop and

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implement a targeted improvement plan under Subsection (a), the commissioner shall assign that district or campus an overall performance rating of F for the following school year unless, based on the performance of the district or campus in that following school year, the commissioner determines that the district or campus should be assigned a performance rating of C or higher.

(d) If a district or campus is assigned a domain performance rating of D for the same domain for two consecutive school years after the district or campus is ordered to develop and implement a targeted improvement plan under Subsection (a), the commissioner shall assign that district or campus a domain performance rating of F for that domain for the following school year unless, based on the performance of the district or campus in that following school year, the commissioner determines the district or campus should be assigned a performance rating of C or higher in that domain.

(e) The commissioner shall adopt rules as necessary to implement this section. [FA2(3)]

SECTION 16. Subchapter E, Chapter 39, Education Code, is amended by adding Section 39.118 to read as follows:

Sec. 39.118. INTERVENTIONS AND SANCTIONS OF INCREASED SEVERITY FOR CERTAIN DISTRICTS AND CAMPUSES. (a) The commissioner shall adopt rules to impose interventions and sanctions of increased severity applicable only to a school district or campus that is assigned a performance rating of F under Section 39.054.

(b) The commissioner may not adopt a rule under this section that conflicts with the imposition of a specific intervention or sanction required by law.

No equivalent provision.

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SECTION 31. Section 39.301(b), Education Code, is amended to read as follows:

(b) Performance on the indicators adopted under this section shall be evaluated in the same manner provided for evaluation of the domain [achievement] indicators under Section 39.053(c) [~~Sections 39.053(e)(1)-(4)~~].

SECTION 32. (a) Using available data from the 2017-2018 school year, the commissioner of education shall prepare a report that, to the greatest extent possible, describes and lists the domain performance ratings that would be assigned to each school district and campus under Section 39.054, Education Code, as amended by this Act, if the domain indicators described in Section 39.053(c), Education Code, as amended by this Act, were effective during the 2017-2018 school year.

(b) Using available data from the 2018-2019 school year, the commissioner of education shall prepare a report that, to the greatest extent possible, describes and lists the domain performance ratings that would be assigned to each school district and campus under Section 39.054, Education Code, as amended by this Act, if the domain indicators described in Section 39.053(c), Education Code, as amended by this Act, were effective during the 2018-2019 school year.

(c) Each report required under this section must include information concerning the extent to which those domain performance ratings correlate with student demographic characteristics, including:

- (1) economic status;
- (2) continuously enrolled status;
- (3) status as a student of limited English proficiency, as defined by Section 29.052, Education Code; and

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SECTION 17. Section 39.301(b), Education Code, is amended to read as follows:

(b) Performance on the indicators adopted under this section shall be evaluated in the same manner provided for evaluation of the achievement indicators under Sections 39.053(c)(1), (2), and (3)(B) and (C) [~~39.053(e)(1)-(4)~~].

No equivalent provision.

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(4) status as a student eligible to participate in a special education program under Section 29.003(b), Education Code.

(d) The commissioner of education shall submit a report prepared as required by this section to the governor, lieutenant governor, speaker of the house, and presiding officer of each standing committee of the senate and house of representatives with primary jurisdiction over primary and secondary education not later than:

(1) December 1, 2018, for a report prepared under Subsection (a) of this section; and

(2) December 1, 2019, for a report prepared under Subsection (b) of this section.

(e) This section expires December 31, 2019.

SECTION 33. (a) Except as provided by Subsection (b) of this section, this Act applies beginning with the 2019-2020 school year.

(b) The section of this Act that requires the commissioner of education to prepare a report not later than December 1, 2018, and not later than December 1, 2019, regarding the assignment of school district and campus performance ratings applies beginning with the 2017-2018 school year.

No equivalent provision.

SENATE VERSION (IE)

No equivalent provision.

SECTION __. Chapter 42, Education Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

Sec. 42.601. DEFINITION. In this subchapter, "commission" means the Texas Commission on Public School Finance.

Sec. 42.602. TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE. (a) The Texas Commission on Public School Finance is established to develop and make recommendations

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for improvements to the current public school finance system or for new methods of financing public schools.

(b) The commission is composed of 15 members, consisting of the following:

(1) four members appointed by the governor;

(2) three members appointed by the lieutenant governor;

(3) three members appointed by the speaker of the house of representatives;

(4) the chair of the senate committee on education, or a representative designated by the chair;

(5) the chair of the senate committee on finance, or a representative designated by the chair;

(6) the chair of the house of representatives committee on public education, or a representative designated by the chair;

(7) the chair of the house of representatives committee on appropriations, or a representative designated by the chair;

and

(8) a member of the State Board of Education, as designated by the chair of that board.

(c) In making appointments under Subsections (b)(1), (2), and (3), the governor, lieutenant governor, and speaker of the house of representatives shall coordinate to ensure that the membership of the commission reflects, to the extent possible, the ethnic diversity of this state and includes at least one of each of the following representatives:

(1) an administrator in the public school system or an elected member of the board of trustees of a school district;

(2) a member of the business community; and

(3) a member of the civic community.

Sec. 42.603. PRESIDING OFFICER. The governor shall designate the presiding officer of the commission.

Sec. 42.604. COMPENSATION AND REIMBURSEMENT.

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A member of the commission is not entitled to compensation for service on the commission but is entitled to reimbursement for actual and necessary expenses incurred in performing commission duties.

Sec. 42.605. ADMINISTRATIVE SUPPORT AND FUNDING. (a) Staff members of the agency shall provide administrative support for the commission.

(b) Funding for the administrative and operational expenses of the commission shall be provided by appropriation to the agency for that purpose.

Sec. 42.606. RECOMMENDATIONS. (a) The commission shall develop recommendations under this subchapter to address issues related to the public school finance system, including:

(1) the purpose of the public school finance system and the relationship between state and local funding in that system;

(2) the appropriate levels of local maintenance and operations and interest and sinking fund tax effort necessary to implement a public school finance system that complies with the requirements under the Texas Constitution; and

(3) policy changes to the public school finance system necessary to adjust for student demographics and the geographic diversity in the state.

(b) The commission may establish one or more working groups composed of not more than five members of the commission to study, discuss, and address specific policy issues and recommendations to refer to the commission for consideration.

Sec. 42.607. REPORT. Not later than December 31, 2018, the commission shall prepare and deliver a report to the governor and the legislature that recommends statutory changes to improve the public school finance system, including any

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adjustments to funding to account for student demographics.
Sec. 42.608. PUBLIC MEETINGS AND PUBLIC INFORMATION. (a) The commission may hold public meetings as needed to fulfill its duties under this subchapter. (b) The commission is subject to Chapters 551 and 552, Government Code.
Sec. 42.609. COMMISSION ABOLISHED; EXPIRATION OF SUBCHAPTER. (a) The commission is abolished January 8, 2019. (b) This subchapter expires January 8, 2019. [FA5]

No equivalent provision.

SECTION __. Section 29.904, Education Code, is repealed. [FA7]

No equivalent provision.

SECTION 19. This Act applies beginning with the 2017-2018 school year.

SECTION 34. 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.

SECTION 20. Except as otherwise provided by this Act, 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.

No equivalent provision.

SECTION __. Section 12.1012, Education Code, is amended by adding Subdivisions (7) and (8) to read as follows:
(7) "Payable obligation" means a contractually obligated expenditure that was reasonably incurred for the benefit of students enrolled at an open-enrollment charter school before the open-enrollment charter school ceased operations, including a debt described by Section 12.128(e). The term does not include any amount owed to a former charter holder

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or officer or director of the school.
(8) "Remaining funds" means funds that are held by a former charter holder after satisfaction of all payable obligations and that were received:
(A) under Section 12.106; or
(B) from the disposition of property. [FA6]

No equivalent provision.

SECTION __. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.10125 to read as follows:
Sec. 12.10125. OPEN-ENROLLMENT CHARTER SCHOOL NOT IN OPERATION. An open-enrollment charter school ceases to operate if:
(1) the school's charter:
(A) has been revoked;
(B) has expired;
(C) has been surrendered; or
(D) has been abandoned; or
(2) the school has otherwise ceased operation as a public school. [FA6]

No equivalent provision.

SECTION __. Section 12.106, Education Code, is amended by adding Subsections (d), (e), and (f) to read as follows:
(d) Except as provided by Subsection (e), all remaining funds of a charter holder for an open-enrollment charter school that ceases to operate must be returned to the agency and deposited in the charter school liquidation fund.
(e) The agency may approve a transfer of a charter holder's remaining funds to another charter holder if the charter holder receiving the funds has not received notice of the expiration or revocation of the charter holder's charter for an open-enrollment charter school or notice of a reconstitution of the governing body of the charter holder under Section 12.1141 or

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12.115.

(f) The commissioner may adopt rules specifying:

(1) the time during which a former charter holder must return remaining funds under Subsection (d); and

(2) the qualifications required for a charter holder to receive a transfer of remaining funds under Subsection (e). [FA6]

No equivalent provision.

SECTION __. Section 12.107(a), Education Code, is amended to read as follows:

(a) Funds received under Section 12.106 after September 1, 2001, by a charter holder:

(1) are considered to be public funds for all purposes under state law;

(2) are held in trust by the charter holder for the benefit of the students of the open-enrollment charter school;

(3) may be used only for a purpose for which a school may use local funds under Section 45.105(c); ~~and~~

(4) pending their use, must be deposited into a bank, as defined by Section 45.201, with which the charter holder has entered into a depository contract; and

(5) may not:

(A) be pledged or used to secure loans or bonds for any other organization, including a non-charter operation or out-of-state operation conducted by the charter holder or a related party; or
(B) be used to support an operation or activity not related to the educational activities of the charter holder. [FA6]

No equivalent provision.

SECTION __. Section 12.1163, Education Code, is amended by adding Subsection (d) to read as follows:

(d) An audit under Subsection (a) may include the review of any real property transactions between the charter holder and a related party, as defined by commissioner rule adopted

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under Section 12.1166. If the commissioner determines that a transaction with a related party using funds received under Section 12.106 was structured in a manner that did not benefit the open-enrollment charter school or that the transaction was in excess of fair market value as determined under Section 12.1167, the commissioner may order that the transaction be reclassified or that other action be taken as necessary to protect the school's interests. Failure to comply with the commissioner's order is a material violation of the charter.
[FA6]

No equivalent provision.

SECTION __. Subchapter D, Chapter 12, Education Code, is amended by adding Sections 12.1166, 12.1167, and 12.1168 to read as follows:

Sec. 12.1166. RELATED PARTY TRANSACTIONS. (a) The commissioner shall adopt a rule defining "related party" for purposes of this subchapter. The definition of "related party" must include:

(1) a party with a current or former board member, administrator, or officer who is:

(A) a board member, administrator, or officer of an open-enrollment charter school; or

(B) related within the third degree of consanguinity or affinity, as determined under Chapter 573, Government Code, to a board member, administrator, or officer of an open-enrollment charter school;

(2) a charter holder's related organizations, joint ventures, and jointly governed organizations;

(3) an open-enrollment charter school's board members, administrators, or officers or a person related to a board member, administrator, or officer within the third degree of consanguinity or affinity, as determined under Chapter 573,

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Government Code; and

(4) any other disqualified person, as that term is defined by 26 U.S.C. Section 4958(f).

(b) For purposes of Subsection (a)(1), a person is a former board member, administrator, or officer if the person served in that capacity within one year of the date on which a financial transaction between the charter holder and a related party occurred.

(c) In a charter holder's annual audit filed under Section 44.008, the charter holder must include a list of all transactions with a related party.

Sec. 12.1167. APPRAISAL OF CERTAIN PROPERTY. The commissioner may adopt rules to require an open-enrollment charter school to:

(1) notify the commissioner that the school intends to enter into a transaction with a related party; and

(2) provide an appraisal from a certified appraiser to the agency.

Sec. 12.1168. FINANCIAL REPORT OF CERTAIN SCHOOLS. (a) In this section, "related party" has the meaning adopted by commissioner rule under Section 12.1166.

(b) A financial report filed under Section 44.008 by an open-enrollment charter school must separately disclose:

(1) all financial transactions between the open-enrollment charter school and any related party, separately stating the principal, interest, and lease payments; and

(2) the total compensation and benefits provided by the school and any related party for each member of the governing body and each officer and administrator of the school and the related party.

(c) The commissioner may adopt rules to implement this section. [FA6]

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No equivalent provision.

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SECTION __. Section 12.128, Education Code, is amended by amending Subsections (a) and (c) and adding Subsections (a-1), (b-1), (b-2), (c-1), (c-2), and (f) to read as follows:

(a) Property purchased [~~or leased~~] with funds received by a charter holder under Section 12.106 after September 1, 2001:

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

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

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

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

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

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

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

(b-1) Subject to Subsection (b-2), while an open-enrollment charter school is in operation, the charter holder holds title to any property described by Subsection (a) or (b) and may exercise complete control over the property as permitted under the law.

(b-2) A charter holder may not transfer, sell, or otherwise dispose of any property described by this section without the prior written consent of the agency if:

(1) the charter holder has received notice of:

(A) the expiration of the charter holder's charter under Section 12.1141 and the charter has not been renewed; or

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(B) the charter's revocation under Section 12.115(c);
(2) the charter holder has received notice that the open-enrollment charter school is under discretionary review by the commissioner, which may result in the revocation of the charter or a reconstitution of the governing body of the charter holder under Section 12.115; or
(3) the open-enrollment charter school for which the charter is held has otherwise ceased to operate.
(c) The commissioner shall:
(1) take possession and assume control of the property described by Subsection (a) of an open-enrollment charter school that ceases to operate; and
(2) supervise the disposition of the property in accordance with this subchapter ~~[law]~~.
(c-1) Notwithstanding Subsection (c), if an open-enrollment charter school ceases to operate, the agency:
(1) for property purchased with state funds, shall direct the charter holder to dispose of the property through one of the following methods:
(A) retain or liquidate the property and provide reimbursement to the state as provided by Section 12.1281;
(B) transfer the property to:
(i) the agency under Section 12.1281(h); or
(ii) a school district or open-enrollment charter school under Section 12.1282;
(C) close the operations of the open-enrollment charter school under Section 12.1284; or
(D) take any combination of the actions described by Paragraphs (A), (B), and (C); and
(2) for property leased with state funds, may direct the charter holder to assign the charter holder's interest in the lease to the agency.

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(c-2) The agency may approve an expenditure of remaining funds by a former charter holder for insurance or utilities for or maintenance, repairs, or improvements to property described by this section if the agency determines that the expenditure is reasonably necessary to dispose of the property or preserve the property's value.

(f) A decision by the agency under this section is final and may not be appealed. [FA6]

No equivalent provision.

SECTION __. Subchapter D, Chapter 12, Education Code, is amended by adding Sections 12.1281, 12.1282, 12.1283, and 12.1284 to read as follows:

Sec. 12.1281. DISPOSITION OF PROPERTY PURCHASED WITH STATE FUNDS. (a) A former charter holder of an open-enrollment charter school that has ceased to operate may retain property described by Section 12.128 if the former charter holder reimburses the state with non-state funds and the former charter holder:

(1) provides written assurance that the requirements of Section 12.1284 will be met; and

(2) receives approval from the agency.

(b) On receiving consent from the agency under Section 12.128(b-2) and a written agreement from any creditor with a security interest described by Section 12.128(e), the former charter holder may:

(1) sell property for fair market value; or

(2) transfer property to an open-enrollment charter school or a school district as provided under Section 12.1282.

(c) The amount of funds the state is entitled to as reimbursement for property of a former charter holder is:

(1) for property retained by the former charter holder, the current fair market value less the amount of any debt subject

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to a security interest or lien described by Section 12.128(e), multiplied by the percentage of state funds used to purchase the property; or

(2) for property sold by the former charter holder, the net sales proceeds of the property multiplied by the percentage of state funds used to purchase the property.

(d) To determine the amount of state funds a former charter holder used to purchase property, the agency shall calculate:

(1) an estimated state reimbursement amount based on the last annual financial report filed under Section 44.008 available at the time the former charter holder retains or sells the property; and

(2) a final state reimbursement amount using the former charter holder's final financial audit filed under Section 44.008.

(e) A former charter holder retaining property under Subsection (a) or selling the property under Subsection (b)(1) shall:

(1) file an affidavit in the real property records of the county in which the property is located disclosing the state interest in the property;

(2) place in escrow with the state comptroller an amount of non-state funds equal to 110 percent of the estimated state reimbursement amount not later than:

(A) the closing date of the sale of the property if the charter holder is selling the property; or

(B) the 90th day after the charter school's last day of instruction if the charter holder is retaining the property; and

(3) not later than two weeks after the date the charter holder's final financial audit is filed under Section 44.008, submit to the state the final state reimbursement amount using the funds in escrow in addition to any other funds necessary to pay the

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full amount of state reimbursement.

(f) A former charter holder may retain any funds remaining after complying with this section.

(g) As soon as the agency is satisfied that the former charter holder complied with Subsection (e), the agency shall file written notice of the release of the state interest in property the former charter holder retains under this section and authorize the return of any funds not used for state reimbursement to the former charter holder.

(h) Subject to the satisfaction of any security interest or lien described by Section 12.128(e), if a former charter holder does not dispose of property under Subsection (a) or (b), the former charter holder shall transfer the property, including a conveyance of title, to the agency in accordance with the procedures and time requirements established by the agency.

(i) Subject to the satisfaction of any security interest or lien described by Section 12.128(e), if the agency determines a former charter holder failed to comply with this section or Section 12.1282, on request of the agency, the attorney general shall take any appropriate legal action to compel the former charter holder to convey title to the agency or other governmental entity authorized by the agency to maintain or dispose of property.

(j) A decision by the agency under this section is final and may not be appealed.

(k) The commissioner may adopt rules necessary to administer this section.

Sec. 12.1282. TRANSFER OF PROPERTY PURCHASED WITH STATE FUNDS. (a) The agency may approve the transfer of property described by Section 12.128 from an open-enrollment charter school that has ceased to operate, or may transfer property conveyed to the agency by the former

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charter holder under Section 12.1281, to a school district or an open-enrollment charter school if:

(1) the open-enrollment charter school or school district receiving the property:

(A) agrees to the transfer; and

(B) agrees to identify the property as purchased wholly or partly using state funds on the school's annual financial report filed under Section 44.008;

(2) any creditor with a security interest in or lien on the property described by Section 12.128(e) agrees to the transfer; and

(3) the transfer of the property does not make the open-enrollment charter school or school district receiving the property insolvent.

(b) Property received by an open-enrollment charter school or school district under this section is considered to be state property under Section 12.128(a).

(c) The commissioner may adopt rules necessary to administer this section, including rules establishing qualifications and priority for a school district or open-enrollment charter school to receive a transfer of property under this section.

(d) If the agency determines that the cost of disposing of personal property described by Section 12.128 transferred to the agency by an open-enrollment charter school that ceases to operate exceeds the return of value from the sale of the property, the agency may distribute the personal property to open-enrollment charter schools and school districts in a manner determined by the commissioner.

(e) A determination by the agency under this section is final and may not be appealed.

Sec. 12.1283. SALE OF PROPERTY PURCHASED WITH STATE FUNDS. (a) After the agency receives title to

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property described by Section 12.128, the agency may sell the property at any price acceptable to the agency.

(b) On request of the agency, the following state agencies shall enter into a memorandum of understanding to sell property for the agency:

(1) for real property, the General Land Office; and

(2) for personal property, the Texas Facilities Commission.

(c) A memorandum of understanding entered into as provided by Subsection (b) may allow the General Land Office or Texas Facilities Commission to recover from the sale proceeds any cost incurred by the agency in the sale of the property.

(d) Subject to the satisfaction of any security interest or lien described by Section 12.128(e), proceeds from the sale of property under this section shall be deposited in the charter school liquidation fund.

(e) The commissioner may adopt rules as necessary to administer this section.

Sec. 12.1284. CLOSURE OF CHARTER SCHOOL OPERATIONS. (a) After extinguishing all payable obligations owed by an open-enrollment charter school that ceases to operate, including a debt described by Section 12.128(e), a former charter holder shall:

(1) remit to the agency:

(A) any remaining funds described by Section 12.106(d); and

(B) any state reimbursement amounts from the sale of property described by Section 12.128; or

(2) transfer the remaining funds to another charter holder under Section 12.106(e).

(b) The agency shall deposit any funds received under Subsection (a)(1) in the charter school liquidation fund.

(c) The commissioner may adopt rules necessary to administer

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this section. [FA6]

No equivalent provision.

SECTION __. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.141 to read as follows:

Sec. 12.141. RECLAIMED FUNDS. (a) The agency shall deposit funds received under Sections 12.106, 12.128, 12.1281, 12.1283, and 12.1284 into the charter school liquidation fund and may use the funds to:

(1) pay expenses relating to managing and closing an open-enrollment charter school that ceases to operate, including:

(A) maintenance of the school's student and other records; and

(B) the agency's personnel costs associated with managing and closing the school;

(2) dispose of property described by Section 12.128; and

(3) maintain property described by Section 12.128, including expenses for insurance, utilities, maintenance, and repairs.

(b) The agency may not use funds under this section until the commissioner determines if the open-enrollment charter school that ceases to operate received an overallocation of funds under Section 12.106 that must be recovered for the foundation school program.

(c) The agency shall annually review the amount of funds in the charter school liquidation fund and transfer any funds exceeding \$2 million:

(1) for use in funding a high-quality educational grant program established by the commissioner; or

(2) to the comptroller to deposit in the charter district bond guarantee reserve fund under Section 45.0571.

(d) The agency may delay a transfer of funds under Subsection (c) if the excess is less than \$100,000. Funds set aside for an overallocation of funds from the foundation school program are not included in determining whether the

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amount of funds exceeds \$2 million.

(e) The commissioner may adopt rules necessary to implement this section. [FA6]

No equivalent provision.

SECTION __. Section 39.1121, Education Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) A board of managers appointed for the final closure of a former open-enrollment charter school under Subsection (c) has the authority to:

(1) access and manage any former charter holder's bank account that contains funds received under Section 12.106; and

(2) subject to approval by a creditor with a security interest in or lien on property described by Section 12.128 and in accordance with Sections 12.1281 and 12.1282, sell or transfer to another charter holder or school district any property titled to the former charter holder that is identified in the former open-enrollment charter school's annual financial report filed under Section 44.008 as being acquired, wholly or partly, with funds received under Section 12.106. [FA6]

No equivalent provision.

SECTION __. Section 39.1122(c), Education Code, is amended to read as follows:

(c) The ~~agency~~ [commissioner] shall use funds received by or due to the former charter holder under Section 12.106 or funds returned to the state from liquidation of ~~state~~ property described by Section 12.128 and held by a former charter holder for compensation of a member of a board of managers for an open-enrollment charter school or a campus of an open-enrollment charter school or a superintendent. [FA6]

No equivalent provision.

SECTION __. Section 43.001(a), Education Code, is amended

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to read as follows:

(a) Except as provided by Subsection (b), the permanent school fund, which is a perpetual endowment for the public schools of this state, consists of:

(1) all land appropriated for the public schools by the constitution and laws of this state;

(2) all of the unappropriated public domain remaining in this state, including all land recovered by the state by suit or otherwise except pine forest land as defined by Section 88.111 and property described by Section 12.128;

(3) all proceeds from the authorized sale of permanent school fund land;

(4) all proceeds from the lawful sale of any other properties belonging to the permanent school fund;

(5) all investments authorized by Section 43.003 of properties belonging to the permanent school fund; and

(6) all income from the mineral development of permanent school fund land, including income from mineral development of riverbeds and other submerged land. [FA6]

SECTION __. Section 44.008, Education Code, is amended by adding Subsections (f), (g), and (h) to read as follows:

(f) An open-enrollment charter school shall provide an accounting of each parcel of the school's real property, including identifying the amount of local, state, and federal funds used to purchase or improve each parcel of property.

(g) An open-enrollment charter school for which the charter has expired, been revoked, or been surrendered or an open-enrollment charter school that otherwise ceases to operate shall submit a final annual financial report to the agency. The report must verify that all state property held by the charter holder has been returned or disposed of in accordance with

No equivalent provision.

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(h) The commissioner may adopt rules necessary to implement this section, including rules defining local funds.
[FA6]

No equivalent provision.

SECTION __. A transfer of property from an open-enrollment charter school that ceases to operate to another open-enrollment charter school that occurred before the effective date of this Act is ratified if both open-enrollment charter schools classified the property as purchased with state funds on each school's annual financial report under Section 44.008, Education Code. [FA6]

No equivalent provision.

SECTION __. For purposes of any Act of the 85th Legislature, Regular Session, 2017, the effect of which is contingent on S.B. 1658 being enacted and becoming law, the enactment and becoming law of this Act is equivalent to the enactment and becoming of law of S.B. 1658. [FA6]