

Briefing Book

on

House Bill 1

**79th Texas Legislature
3rd Called Session**



June 2006

Section 2.01 Education Research Centers

Statute Amended or Added: Adds §1.005, Education Code

Summary: Permits the development of up to three centers for educational research. A center may be part of the Texas Education Agency, Texas Higher Education Coordinating Board (THECB) or a college or university. A center may be operated under an MOU that requires the Commissioner of Education and Coordinating Board to provide direct, joint supervision. The Commissioner of Education and the Coordinating Board may fund research projects at the center. The center may impose fees. The education research center or centers are allowed to use confidential student data in accordance with rules adopted by the Commissioner of Education and the THECB.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Request for Proposal development

Outstanding Issues: The centers must generate fees to cover the cost of operation.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Commissioner of Education and coordinating board shall adopt rules necessary to implement this section.

Does this apply to charters? Not applicable

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Department of Data Development, Analyses and Research at (512) 463-3523.

Section 2.02 Public Access to PEIMS Data

Statute Amended or Added: Adds §7.008, Education Code

Summary: Requires the agency to make available on the agency website “all financial and academic performance data” for school districts and campuses. Consolidation of data available in different parts of the TEA website is needed. A third-party must be contracted to implement the system.

Requires the appointment of an advisory panel to assist in the development of system requirements.

Change from current law: Not Applicable

Effective Date: Immediate effect with implementation no later than August 1, 2007

Action required for 2006-2007 School Year: Issuance of a Request for Offer, the selection of a contractor, and appointment of an advisory committee.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Commissioner shall adopt rules necessary to implement this section.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? Requires TEA to consolidate and change some reporting.

For further information, please contact the Division of Information Technology at (512) 463-8110.

Section 2.02 Best Practices Clearinghouse

Statute Amended or Added: Adds §7.009, Education Code

Summary: Directs the agency to establish an online clearinghouse of best practices for use by school districts. For this purpose the agency shall contract with one or more third parties to develop, implement, and maintain a system of collecting and evaluating specific examples of best practices in the areas of instruction, finance, resource allocation, and business practices, including examples relating to curriculum, scope and sequence, compensation, and incentive systems, bilingual education and special language programs, compensatory education programs, and the effective use of instructional technology, including online courses. These examples shall be solicited from the Legislative Budget Board, the centers for education research (established under section 2.01), and exemplary or recognized school districts, campuses or charter schools. Curriculum and instructional tools identified through this process may be purchased by the commissioner from available funds for provision to school districts.

Change from current law: Not applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: Development of the Request for Proposal.

Does this bill create a new program? Yes, the best practices clearinghouse.

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Curriculum at (512)463-9581.

Section 3.01 Electronic Student Record System

Statute Amended or Added: Adds §7.010, Education Code

Summary: Requires the state to provide a means for school districts to exchange student records that satisfy standards approved by the Commissioner of Education and the commissioner of higher education. School districts, open-enrollment charter schools, and institutions of higher education are required to participate in electronically transferring student transcripts. A private or independent institution of higher education may elect to participate in the system, and pays a fee to participate.

Change from current law: Not Applicable

Effective Date: Immediate effect with system implemented not later than the 2007- 2008 school year

Action required for 2006-2007 School Year: Develop a Request for Offer for the development of the Electronic Student Records System.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? The State Board of Education has rulemaking authority.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? Yes. The records include information on teachers of record, IEPs, and individual graduation plans that may not be in current transcripts.

For further information, please contact the Department of Data Development, Analyses and Research at (512) 475-3523.

Section 9.01-9.04 School Start Date

Statute Amended or Added: Amends §7.056(e) and §25.0811, Education Code.

Summary: Prohibits a school district from beginning instruction for a school year before the fourth Monday in August. The prohibition may not be waived, but an exception for operation of a year-round system under Section 25.084 is provided.

Change from current law: Current law prohibits beginning instruction before the week in which August 21 falls and permits waivers from that restriction under certain circumstances.

Effective Date: Applies beginning with the 2007-2008 school year.

Action required for 2006-2007 School Year: None. All waivers granted for the 2006-2007 school year are valid and any waivers granted for the 2007-2008 school year are not valid.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact Philip Cochran at (512) 463-9371 or Office of Legal Services at (512) 463-9720.

Section 2.03 Administrative Efficiency

Statute Amended or Added: Adds § 11.003, Education Code.

Summary: Requires the commissioner to evaluate the feasibility of including a uniform indicator that measures effective administrative management using cooperative shared services arrangements. The commissioner may require a school district to enter into a cooperative shared service arrangement for administrative services if the district has failed to satisfy a financial accountability standard as determined under Subchapter I, Chapter 39.

The bill also requires each regional education service center to notify each school district served by the center of the opportunities available through the center for cooperative shared services arrangements with the center's service area; and evaluate the need and consider expanding the cooperative shared services arrangements within the center's service area.

Each regional education service center shall assist the school district board of trustees in entering into an agreement with another entity to provide a cooperative shared services arrangement regarding the administrative services, including transportation, food service, purchasing and payroll functions.

The commissioner may require an open-enrollment charter school to enter into a cooperative shared service agreement for administrative services after an audit under Section 12.1163 shows the charter would benefit from these services.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: None

Outstanding Issues: Not later than December 1, 2006, the commissioner shall evaluate the feasibility of including a uniform indicator in the FIRST rating for use of a shared service arrangement.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Commissioner shall adopt rules to implement this in the 2007-08 school year if adding this indicator is feasible.

Does this apply to charters? Yes, Section 11.003(e).

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Financial Audits at 512-463-9095.

Section 11.01 Elections

Statute Amended or Added: Adds § 11.0581, Education Code

Summary: The new Section 11.0581 requires that a school district election be held jointly either with 1) the election for members of the governing body of a municipality located in the school district, typically held in May, or 2) the general election for state and county officers, which is held in November of even-numbered years. Chapter 271 of the Election Code governs the operation of joint elections.

If a school district changes its election date to comply with this section, the district shall adjust the terms of office of its members to conform to the new election date.

Change from current law: The current uniform election dates are the second Saturday in May or the first Tuesday after the first Monday in November. Currently, school district elections are not required to have joint elections with common polling places. Also, districts could use the November date in odd-numbered as well as even-numbered years.

Effective Date: Upon preclearance by the U.S. Department of Justice.

Action required for 2006-2007 School Year: Districts will need to take steps to implement this provision promptly once it is precleared by the U.S. Department of Justice.

Outstanding Issues: The new law must be submitted to the U.S. Department of Justice for preclearance under the Voting Rights Act. The submission will be made by the Secretary of State.

Districts must also submit local election procedure changes proposed under the new legislation to the U.S. Department of Justice for preclearance.

Whether a district that currently holds an election on one of the two dates may change to the other in light of the deadline in Section 41.0052, Texas Election Code. Whether a district may change an election date to accommodate three-year terms for its trustees.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Elections Division of the Office of the Secretary of State at 1-800-252-VOTE, or TEA Office of Legal Services at (512) 463-9731.

Section 2.04 Internal Auditor

Statute Amended or Added: Adds § 11.170, Education Code

Summary: Specifies that if a school district employs an internal auditor, the auditor will have to be hired by the school board, not the superintendent, and the auditor will report directly to the board.

Change from current law: Yes, the superintendent previously could hire the auditor.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Financial Audits at (512) 463-9095.

Section 4.01 Principal Leadership Pilot Program

Statute Amended or Added: Adds § 11.203, Education Code

Summary: Directs the agency—in cooperation with a nonprofit corporation—to create and implement a School Leadership Pilot Program for Principals. This program is designed to instruct principals in the improvement of leadership skills, student achievement, graduation rates, and teacher retention. Directs the agency and its partner organizations to consult business schools, departments or programs at institutions of higher education in the development of program curriculum. Opens the program to any principal or individual interested in becoming a principal through a process established by the commissioner. Makes the program mandatory for principals of academically unacceptable campuses.

Allows the commissioner to finance program activities from funds appropriated to the agency for the stated purpose. Funding for the program may not exceed \$3.6 million for the current biennium. Allows the commissioner to accept grants, gifts, and donations from public and private sources.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Program development

Outstanding Issues: Requires ongoing reporting and program development in future years. (Evaluation of program in fall 2008-09 school year)

Does this bill create a new program? Yes

Does this bill require a new report? Yes; due January 1, 2009

Rulemaking Authority? Commissioner may adopt rules necessary to implement this section.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact Education Initiatives at (512) 936-6060 or Educator Excellence at (512) 475-3408.

Section 4.02 Wage Increase for Charter Staff

Statute Amended or Added: Adds § 12.133, Education Code.

Summary: Provides salary increases for charter school staff. The provisions apply to charters in operation on January 1, 2006. The amount of increase depends on whether the charter school participates in the state health insurance program operated by the Teachers' Retirement System. Charter schools that participate in state health insurance program would be eligible to receive state funds to provide wage increases equivalent to the current compensation supplement that is provided to assist employees with the cost of health care premiums. Teachers and other staff who would be eligible for placement on the minimum salary schedule (MSS) if they worked for a school district will receive salaries, incentives or other compensation that results in an average pay raise of \$2,500 per year. Other full-time employees would receive an average increase of \$500 per year, and part-time employees would receive an average of \$250 per year. Charter schools that do not participate in the state health insurance program would be eligible to receive state funds to provide MSS employees with a pay increase of at least \$2,000 per year. No other class of employees would be eligible for a pay increase in those charter schools that are not participating in the state health insurance program. These wages are paid in addition to the pay the employee would have otherwise received during the school year.

Change from current law: Prescribes pay requirements for charter school staff.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: Charter schools must provide their employees with the prescribed pay raise amounts, which depend upon the school's participation in the state health insurance program.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? Yes, charter schools will need to report the number of certified teachers, full-time nurses, full-time counselors, and full-time librarians who are eligible for the pay raise. Charter schools that participate in the state health insurance program will also report on the number of full-time employees eligible to receive the \$500 wage conversion and the part-time employees eligible to receive the \$250 wage conversion.

For further information, please contact the State Funding Division at (512) 463-9238.

Section 4.03 and 4.04 Windham Schools

Statute Amended or Added: Amends § 19.007 and § 19.009, Education Code

Summary: Provides funding to the Windham School District to provide the pay increases prescribed by new Subsection 19.009(d-1). Windham school employees who would be eligible for placement on the minimum salary schedule (MSS) if they worked for a school district will receive salary increases of \$2,000 per year.

Change from current law: Prescribes pay requirements for Windham School staff.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: Windham School District employees must receive the prescribed pay raise amounts.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? Yes, Windham School District will need to report the number of certified teachers, full-time nurses, full-time counselors, and full-time librarians who are eligible for the pay raise.

For further information, please contact the State Funding Division at (512) 463-9238.

Section 4.05 Minimum Salary Schedule

Statute Amended or Added: Amends § 21.402, Education Code

Summary: Provides that the commissioner may consider factors other than the years of experience in the determination of the minimum salary schedule. Additional amendments prescribe which components of the Additional State Aid for Tax Reduction should be included in the determination of the minimum salary schedule. Amendments to Subsection (c) reflect the addition of the \$2,500 pay raise to the minimum salary schedule. Temporary provisions (c-1) and (c-2) require that all employees subject to the minimum salary schedule receive a pay raise of \$250 per month. This raise is in addition to the salary the employee would have received under the district's 2005-06 salary schedule for an additional year of service. These subsections expire on September 1, 2007. Amendments to Subsection (d) provide that employees who receive this pay raise in 2006-07 cannot be paid less than the amount received by the employee in 2006-07 as long as they remain employed by the same district.

Change from current law: Prescribes pay requirements for school district staff that are subject to the minimum salary schedule.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: School district employees must receive the prescribed pay raise amounts.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 4.06 Employment Contracts

Statute Amended or Added: Adds § 21.415, Education Code

Summary: Requires a school district to provide in employment contracts that qualifying employees may receive an incentive payment under an awards program established under new Subchapters N or O of Chapter 21 if the district participates in the program. The section also provides that the district shall indicate that any incentive payment distributed is considered a payment for performance and not an entitlement as part of an employee's salary. This provision is designed to prevent nullification of an award under the provision in the Texas Constitution that prohibits an increase in a public employee's compensation after work under a contract has begun.

Subchapters N and O establish the "Award for Student Achievement Program" and the "Educator Excellence Awards Program." Under those programs, grants administered by TEA may be used by public schools for "incentive payments" or "award payments" to qualifying classroom teachers.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Requires addition of language in personnel contracts to support awards under certain new award programs established in Chapter 21.

Outstanding Issues: There may be a constitutional issue regarding award of the incentive payments to charter school personnel, which will possibly be considered in the process of adopting commissioner's rules regarding charter participation in the programs.

Does this bill create a new program? No, but this section is related to the creation of two new programs under Subchapters N and O, Chapter 21.

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Section 21.415 does not, but charters will be able to participate in the related programs under Chapters N and O pursuant to commissioner's rules required to be adopted.

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Office of Legal Services at (512) 463-0720 or (appropriate office for the associated programs).

Section 4.07 Mentors

Statute Amended or Added: Adds § 21.458, Education Code

Summary: Allows each school district to assign a mentor teacher to each classroom teacher with less than two years teaching experience. Teacher mentors must 1) teach in the same school; 2) teach the same subject or grade level as applicable (to the extent practicable); and 3) meet qualifications as determined by the commissioner.

Commissioner is required to adopt rules to administer the program, including rules addressing the qualifications and duties of teacher mentors. Rules must include the following requirements for teacher mentors:

- 1) completion of a research-based mentor and induction training program approved by the commissioner;
- 2) completion of a mentor training program provided by the district; and
- 3) have at least three complete years of teaching experience and a superior history of improving student performance.

Directs the commissioner to provide appropriate funding to school districts to fund mentor teacher stipends, additional meeting time for mentors and teachers, and mentor training. Districts must use the funds provided for mentor teacher stipends, scheduled time for mentors to work with teachers and mentoring support through mentor trainers. Requires the commissioner to rely on research-based mentoring programs which have shown success as evidenced through an external evaluation when creating rules for this program.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-07 School Year: Program development.

Outstanding Issues: No

Does this bill create a new program? Yes

Does this bill require a new report? No

Rulemaking Authority? Commissioner shall adopt rules necessary to implement this program.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Educator Excellence Office at (512) 475-3408.

Section 4.08 Student Achievement Awards Program

Statute Amended or Added: Adds Subchapter N, Chapter 21, Education Code

Summary: Establishes a teacher incentive program for high poverty campuses with high levels of achievement and improvement. This program will be funded at \$100 million in FY 2007, 2008, and 2009. 75% of the funds provide teachers who have had the biggest impact on student achievement with financial awards. The remaining 25% of the funds may be used to reward other campus staff and leadership, teacher mentoring, and research-based professional development. Funds from this program must also be used on evaluation of the program.

Change from current law: Not applicable

Effective Date: Immediate effect, grants shall be awarded beginning with the 2006-2007 school year

Action required for 2006-2007 School Year: Rulemaking

Outstanding Issues: Funds for FY 2008 and 2009 must be appropriated

Does this bill create a new program? Yes

Does this bill require a new report? Yes

Rulemaking Authority? The commissioner shall adopt rules necessary to implement this program.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact Education Initiatives at (512) 936-6060.

Section 4.08 Educator Excellence Awards Program

Statute Amended or Added: Adds Subchapter O, Chapter 21, Educator Excellence Awards Program, Education Code.

Summary: Establishes a teacher incentive program that provides funding to any district that wants to establish a local incentive program. This program is funded at \$840 multiplied by the number of classroom teachers for FY 2008; this program is funded at \$1000 multiplied by the number of classroom teachers in FY 2009. 60% of the funds from this program must be used by districts to create incentive plans to reward educators, principals, and other school staff. 40% of the funding from this program may be used for additional programs such as teacher stipends, principal awards, teacher mentoring and implementing components of the Teacher Advancement Program.

Change from current law: Not applicable

Effective Date: Immediate effect, available for school district participation beginning with the 2007-2008 school year

Action required for 2006-2007 School Year: Rulemaking

Outstanding Issues: Funding must be appropriated.

Does this bill create a new program? Yes

Does this bill require a new report? Yes

Rulemaking Authority? The commissioner shall adopt rules to implement this program.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact Robin Gelinis, Education Initiatives at (512) 936-6060.

Section 4.09 & 4.10 Compensation Supplementation

Statute Amended or Added: Reenacts and amends Subchapter D, Chapter 22, and adds § 42.2513, Education Code.

Summary: Re-authorizes and re-names the Compensation Supplementation program to Health Care Supplementation. Eligibility criteria are amended to delete the current 90 day waiting period and to provide that school district employees may designate certain compensation as health care supplementation. The amount designated may not exceed the amount permitted under applicable federal law. These provisions do not apply to employees who are not covered by a cafeteria plan or who are not eligible to pay health care premiums through a premium conversion plan. Districts would be required to obtain written declarations of this election on an annual basis. The existing statutory language on the amount of the compensation supplementation as well as the state funding and distribution is replaced with provisions for a wage increase that provides similar levels of compensation during the 2006-07 school year. The eligibility criteria for employees who receive the \$500 and \$250 wage supplements are identical to the criteria for the employees who received compensation supplementation in like amounts.

New Section 42.2513 entitles school districts to state aid equal to the number of employees who are eligible for the \$500 wage increase multiplied by \$500 plus the number of employees eligible for the \$250 wage increase multiplied by \$250.

Change from current law: Payments that are currently sent to districts and received by employees as compensation supplementation will be converted to wage increases. These wages may be designated for spending in a cafeteria plan or for premium conversion.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: School districts must receive written elections from employees regarding their decisions about whether to designate part of their wages for health care supplementation.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 12.01 Student Transfers

Statute Amended or Added: Adds § 25.0343, Education Code

Summary: This new section is applicable if a school district assigns a student, for the purpose of receiving special education services, to a district campus other than the campus the student would attend based on the student's residence. It entitles the parent, guardian, or other person standing in parental relation to obtain a transfer to the assigned campus for any other student residing in the same household. Transportation is not required. The section does not apply if the student receiving special education services resides in a residential facility.

Change from current law: Currently, application for a transfer may be made under Section 25.034, but the district would not be statutorily obligated to grant the transfer.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Adjust transfer policy as necessary to implement the new statute.

Outstanding Issues: Incorporation of the new transfer provision into the Student Transfer System.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? Not directly, but affects reporting of student transfers.

For STS information, contact Equal Educational Opportunity Management at (512) 463-9414. Otherwise, contact the Office of Legal Services at (512) 463-9720.

Section 5.01 College Readiness

Statute Amended or Added: Adds § 28.008, Education Code

Summary: Adds the requirement that the commissioners of education and higher education establish vertical teams composed of public school and higher education faculty. These teams will:

1. recommend for approval college readiness standards and expectations;
2. evaluate whether the TEKS serve to adequately prepare students for college level work;
3. recommend strategies for aligning public school curricula with college readiness standards; and
4. develop instructional strategies, minimum standards for curricula, professional development materials, and online support materials in the four foundation areas (English language arts, mathematics, social studies, and science) for students who need additional assistance to successfully perform college level work.

It also requires the State Board of Education (SBOE) to incorporate college readiness standards into the essential knowledge and skills identified by the board under Section 28.002(c).

Specifies that the SBOE retains its authority over curriculum requirements.

Change from current law: Not Applicable

Effective Date: Vertical teams will complete the curriculum development or establish curriculum standards for the requirement under #4 above by September 1, 2011 under a schedule that introduces one subject each semester, beginning with the English language arts by the fall semester of 2009.

Action required for 2006-2007 School Year: No

Outstanding Issues: Vertical teams will need to be established.

Does this bill create a new program? No

Does this bill require a new report? College Readiness Standards

Rulemaking Authority? The commissioner along with Texas Higher Education Coordinating Board is required to establish by rule the composition and duties of the vertical teams. The SBOE is required to incorporate college readiness standards into the essential knowledge and skills identified under TAC §28.002(c). The SBOE retains its authority under Section 28.002 concerning the required curriculum.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Curriculum at (512) 463-9581 or P-16 Initiatives at (512) 475-3408.

Section 5.01 College Credit Program

Statute Amended or Added: Adds § 28.009, Education Code

Summary: Requires all school districts to implement a program in which students will be able to earn the equivalent of 12 hours of college credit (includes Advanced Placement courses and International Baccalaureate courses and programs) while in high school, and directs institutions of high education to assist public schools in doing this if requested to do so.

Change from current law: Not Applicable

Effective Date: By fall semester 2008 schools shall implement the program.

Action required for 2006-2007 School Year: No

Outstanding Issues: None

Does this bill create a new program? Yes, for districts which do not have AP programs, IB programs, or dual credit agreements in place.

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Curriculum at (512) 463-9581.

Section 5.02 and 5.09 Graduation Requirements

Statute Amended or Added: Amends § 28.025, Education Code

Summary: Requires the State Board of Education (SBOE) to adopt rules requiring four courses in each of the foundation areas (English language arts, mathematics, social studies and science) for graduation under the Recommended High School Program (RHSP) and the Distinguished Achievement Program (DAP), and requires that at least one required course include a research writing component.

Change from current law: The RHSP and DAP currently require three credits of both mathematics and science and four credits in English Language Arts and Social Studies for graduation.

Effective Date: Requirement would be effective for students entering 9th grade in school year 2007-2008. According to Section 5.09 of the bill, SBOE rule changes are required by January 1, 2007.

Action required for 2006-2007 School Year: None

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? The State Board of Education has rulemaking authority.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Curriculum at (512) 463-9581.

Section 3.06 Bilingual Education

Statute Amended or Added: Amends §29.056(g), Education Code

Summary: Clarifies language by explaining that transfer of students out of bilingual education or special language programs may occur more than once. The statute now requires that tests administered to limited English proficient (LEP) students to determine English language proficiency be approved by the agency. Legislation also includes new language specifying performance on the Texas Assessment of Knowledge and Skills (TAKS) administered in English must be used for students in Grades 3-12. Previous language requiring an achievement score on a test approved by the agency should now only be used for students in first and second grade.

Change from current law: The amendment adds the requirement that the agency approve tests administered to determine whether a student is eligible for transfer out (exit) of a bilingual education or special language program. Additionally, new language specifies that student performance on TAKS be used in making transfer determinations for students in Grades 3-12. The requirement of a primary language assessment has been removed from transfer (exit) criteria.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Districts will need to ensure that they are in compliance with the new statute.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Curriculum Division, Bilingual/ESL Unit at (512) 463-9581.

Section 3.07 Bilingual/Special Language Programs

Statute Amended or Added: Adds §29.0561, Education Code

Summary: Outlines the process for reevaluating students who are transferred out of a bilingual education or special language program. Legislation requires a student's Language Proficiency Assessment Committee (LPAC) to review the student's performance during the first two school years after the student is transferred out (exited). The LPAC is required to consider the amount of time a student was enrolled in a bilingual education or special language program, grades in each subject in the foundation curriculum, performance on TAKS, the number of credits the student has earned toward high school graduation (if applicable) and any disciplinary action taken against the student. After evaluation of a student's performance, the LPAC may require intensive instruction for the student or reenrollment into a bilingual education or special language program.

Change from current law: Added section that provides detailed instructions on evaluating students who are transferred out of bilingual education or special language programs.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Districts will need to ensure that they are in complying with the new statute.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Curriculum Division, Bilingual/ESL Unit at (512) 463-9581.

Section 5.03 Optional Flexible School Day Program

Statute Amended or Added: Adds § 29.0822, Education Code.

Summary: Makes provisions for an optional school day program for students in grades 9-12 who: 1) are dropouts or at-risk of dropping out; or 2) attend a campus that is implementing an innovative redesign or early college plan. This program would allow school districts with flexibility in the delivery of the instructional program in terms of the numbers of hours a student attends school each day or the number of days a week a student attends. Students would also be allowed to enroll for less than a full course load. Attendance accounting would allow for accumulations of instructional time to earn state funding. The commissioner is granted rulemaking authority for this program.

Change from current law: Provides districts with additional flexibility in scheduling for certain high school students.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: The agency will need to develop rules for the program. Districts may need to amend their local calendars if they wish to participate in the program.

Outstanding Issues: None

Does this bill create a new program? Yes

Does this bill require a new report? No

Rulemaking Authority? The commissioner may adopt rules to administer this program

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 5.04 Texas Governor's School Program

Statute Amended or Added: Adds § 29.124, Education Code

Summary: Establishes the Texas Governor's School Program, a summer residential program at least three weeks in duration, for high-achieving high school students. The program must have a curriculum focused on mathematics and science, humanities, or leadership and public policy.

Public institutions of higher education may apply to the Commissioner of Education to administer a Texas Governor's School program. The commissioner must give preference to public higher education institutions that apply in cooperation with nonprofit associations.

The bill outlines minimum proposal requirements and allows the commissioner to adopt rules necessary to administer the program. From funds appropriated to the agency, the commissioner may make a grant up to \$750,000 each year to public higher education institutions selected to administer a Texas Governor's School program.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: None

Outstanding Issues: Development of Request for Proposal.

Does this bill create a new program? Yes

Does this bill require a new report? No

Rulemaking Authority? The commissioner may adopt rules to implement this section.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact P-16 Initiatives at (512) 475-3408.

Section 6.01 Prekindergarten

Statute Amended or Added: Amends §29.153, Education Code

Summary: Provides that the children of active duty members of the armed forces, including the child of a member who was hurt or killed on active duty, is eligible to enroll in prekindergarten classes and remains eligible after initial enrollment if the parent leaves the armed forces or active duty after the child begins classes. School districts will be eligible to receive the same funding for these prekindergarten students as they receive for other eligible students. In districts where full-day programs are funded by the prekindergarten expansion grant, these students will be eligible for only the half-day funding provided by the Foundation School Program.

Change from current law: Expands eligibility criteria for prekindergarten students.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: School district must serve newly eligible prekindergarten students.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Curriculum Division at (512) 463-9581 or the State Funding Division at 463-9238.

Section 1.10 Texas School for the Deaf

Statute Amended or Added: Amends § 30.003, Education Code

Summary: Preserves funding for the Texas School for the Blind and Visually Impaired (TSBVI) and the Texas School for the Deaf (TSD) based on school districts' previous share of providing education services.

Change from current law: Makes provisions for maintaining current levels of funding.

Effective Date: Beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: Commissioner will be required to determine the amount of funding lost to TSBVI and TSD and to set aside those funds in a separate account.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 7.01, 7.02 and 7.03 Texas School for the Deaf

Statute Amended or Added: Amends §§30.051, 30.053, and 30.055, Education Code

Summary: Updates state statute relating to the Texas School for the Deaf to make it parallel with a similar section specific to the School for the Blind and Visually Impaired (TSBVI). The section clarifies eligibility for services, allows the school to charge for evaluations, and updates the section related to personnel pay.

Change from current law: Adds language to the Texas School for the Deaf provisions to make it comparable to the TSBVI provisions.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of IDEA Coordination at (512) 463-9414.

Article 14 Technology Immersion Pilot

Statute Amended or Added: Amends §32.153(a), (d) and §32.157(a), Education Code

Summary: Extends the Technology Immersion Pilot to 2011, removes the \$1 million cap per school, and allows the use of undedicated and unobligated general revenue for the pilot. The agency may include the review of the pilot in the comprehensive annual report that covers the 2010-2011 school year.

Change from current law: Changes restriction on general revenue, eliminates funding cap per school, and extends the timeframe of the pilot.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No action is needed unless general revenue funds are available to expand the pilot. Currently federal funds are being used to continue the pilot with existing schools through the 2007-2008 school year.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? None

Does this apply to charters? Charters could be eligible if the pilot is expanded.

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact Anita Givens, Instructional Materials and Educational Technology at (512) 463-9400.

Section 10.01 and 10.02 Anaphylaxis Medication

Statute Amended or Added: Amends § 38.015, Education Code

Summary: Expands the section regarding self-administration of prescription medication by students to include medication for anaphylaxis. Anaphylaxis is a sudden, severe, allergic reaction.

The medicine and the self-administration must be authorized by a physician or other licensed health care provider. The student must demonstrate to the physician or other health care provider and to the school nurse, if available, the skill level necessary to self-administer the medication.

Change from current law: The statute is currently limited to prescription medication for asthma. The amendment also adds language regarding the necessity of the student demonstrating the skill level necessary to self-administer the medication.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Adjust policy regarding student self-administration of prescription medication to apply to medication for anaphylaxis in addition to medication for asthma. Ensure that the requirement regarding demonstration of the skill level necessary to self-administer the medication is implemented.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes. Section 12.104(b)(2)(K) provides that charters are subject to Chapter 38.

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Office of Legal Services at (512) 463-9720 or the TDSHS School Health Program at (512) 458-7700.

Section 5.05 End-of-course Tests

Statute Amended or Added: Adds § 39.0232, Education Code

Summary: Requires the agency to ensure that any end-of-course test is developed so that, to the extent practicable, it may be used to determine appropriate placement in higher education courses.

Change from current law: The section adds additional development considerations for end-of-course examinations.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Development of end-of-course tests will incorporate this requirement to the extent possible.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Student Assessment Division at (512) 463-9546.

Section 3.09 & 3.25 Annual Improvement in Student Achievement

Statute Amended or Added: Adds § 39.034, Education Code

Summary: Requires the Commissioner of Education to determine a method for measuring annual improvement in student achievement. The measure of annual improvement is tied to preparation to pass the exit-level graduation test. The section also requires the agency to use performance data on reading proficiency assessment instrument in English and another language to calculate progress toward dual language proficiency. The development of additional state assessments is not required. Additionally, students will not be required to test in more than one language on any individual assessment. The agency is required to provide reports to school districts. Districts in turn are required to report the measures to teachers and parents.

Change from current law: This section adds additional measures of progress and the reporting of these measures.

Effective Date: Immediate effect with implementation beginning with the 2007-2008 school year

Action required for 2006-2007 School Year: No action is required for the 2006-2007 school year.

Outstanding Issues: Identification of appropriate data to use for reporting progress toward dual language proficiency.

Does this bill create a new program? No

Does this bill require a new report? Annual improvement measures and measures toward dual language proficiency will be reported to school districts.

Rulemaking Authority? The section allows for commissioner rules concerning the assessment of dual language proficiency.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? Yes

For further information, please contact the Student Assessment Division at (512) 463-9536.

Section 3.10 Academic Excellence Indicators

Statute Amended or Added: Amends §39.051(b), Education Code

Summary: Adds two performance measures to the list of academic excellence indicators:

1. measurement of progress toward preparation for postsecondary success
2. student's performance data on "reading proficiency assessment instruments in English and one other language to calculate the student's progress toward dual language proficiency."

Change from current law: Addition of new AEIS indicators.

Effective Date: Any new data necessary for the reporting of these data must be collected no later than the 2007-08 school year and must be used to evaluate the performance of school districts/charters no later than the 2008-09 school year.

Action required for 2006-2007 School Year: Development of a new AEIS indicator that measures progress toward preparation for postsecondary success and development of a dual language proficiency measure, including an evaluation of the need to collect additional information in PEIMS to report this measure.

Outstanding Issues: The development and reporting of this indicator must be coordinated with the P-16 College Readiness and Success Strategic Action Plan required under 5.08 of this bill.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Commissioner has rulemaking authority to implement these changes.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? Yes

For further information, please contact the Division of Performance Reporting at (512) 463-9704.

Section 3.11 and 3.12 Academic Excellence Indicators

Statute Amended or Added: Amends § 39.051(d) and § 39.052(b), Education Code

Summary: Clarifies current statute to provide only one list of AEIS indicators in statute.

Change from current law: The current §39.051 (b) lists two separate but overlapping lists of academic indicators which are reported in the Academic Excellence Indicator System (AEIS). This bill provides a single list of academic indicators.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: No

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Commissioner has rulemaking authority.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Performance Reporting at (512) 463-9704.

Section 3.13 Accreditation

Statute Amended or Added: Amends §39.071, Education Code

Summary: Defines the requirements a school district must meet each school year to receive the status of accredited. The amended language requires the commissioner to develop rules to define the following accreditation statuses of accredited, accredited-warned, and accredited-probation. The new amended language provides the criteria the commissioner shall and may use to make the accreditation status determination. The new amended language provides the process the commissioner and district must follow when the commissioner determines a district is accredited-warned or accredited-probation. The new amended language states that when a school district is not accredited, it may not receive funds from the Agency or hold itself out as operating a public school in Texas. Finally, the new amended language provides a grandfathering provision related to actions taken by the school district before the commissioner revokes a school district's accreditation. (See appendix for chart.)

Change from current law: Yes, provides greater detail and procedures for the determination of the accreditation status.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Commissioner rules must be proposed and adopted. Commissioner must determine the accreditation status of each school district each year. School districts determined to be accredited-warned or accredited-probation would be required to notify parents and property owners of the district's status.

Outstanding Issues: Process of offering due process for school districts determined to be accredited-warned, accredited-probation, or accreditation-revoked.

Does this bill create a new program? Requires new district status determination by agency/commissioner.

Does this bill require a new report? No.

Rulemaking Authority? Commissioner must define the following accreditation statuses: accredited, accredited-warned, and accredited-probation.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? Yes, the commissioner must notify school districts of their status, and those school districts determined to be accredited-warned and accredited-probation must notify parents and property owners of the district.

For further information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 5.06 College Readiness Programs

Statute Amended or Added: Adds §§ 39.113 and 39.114, Education Code

Summary: Requires the agency to (1) develop standards for evaluating the success and cost-effectiveness of high school completion and success and college readiness programs implemented under Section 39.114, (2) provide guidance for school districts and campuses in establishing and improving high school completion and success and college readiness programs implemented under Section 39.114, and (3) develop standards for selecting and methods for recognizing school districts and campuses that offer exceptional high school completion and success and college readiness programs implemented under Section 39.114.

Requires school districts or campuses to use funds allocated under Section 42.2516(b) (\$275 multiplied by the number of students in average daily attendance in grades 9 through 12 at the district) to do the following: (1) implement college readiness programs that provide support and instruction to prepare underachieving students for college; (2) implement programs that encourage students toward advanced academic opportunities; (3) implement programs that give students opportunities to take academically rigorous course work, including four years of math and four years of science; (4) implement programs that align the curriculum for grades 6 through 12 with postsecondary curriculum; and (5) implement other high school completion and success initiatives in grades 6 through 12 approved by the commissioner. Beginning in the 2008-09 school year, school districts whose performance is exceptional on the postsecondary success indicator adopted under 39.051(b)(13) of this bill and whose district completion rate for grades 9 through 12 exceeds standards required to be exemplary under Section 39.072 may use funds from the high school allotment on any instructional program other than an athletic program. An open-enrollment charter school is entitled to an allotment under this section in the same manner as a school district. The commissioner is granted authority to adopt rules to administer this section, including rules related to the use of funds under this section by an open-enrollment charter school.

Change from current law: Not Applicable

Effective Date: Immediate effect; schools will receive their first payments under the allotment at the beginning of the 2006-07 school year.

Action required for 2006-2007 School Year: The agency will be required to propose and adopt rules to guide schools in the implementation of programs under the high school allotment. The agency may also propose and adopt rules related to developing standards for evaluating programs implemented under the allotment, providing guidance in establishing programs under the allotment, and developing standards for recognizing districts and campuses that offer exceptional programs under the allotment.

Outstanding Issues: Rule development and adoption

Does this bill create a new program? Yes

Does this bill require a new report? No

Rulemaking Authority? Commissioner required to adopt rules for 39.133 and may adopt rules for 39.114.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? TEA will be required to recognize exceptional programs implemented with high school allotment funding.

For further information, please contact Barbara Knaggs, Education Initiatives at (512) 936-6060.

Section 3.17 Sanctions for Districts

Statute Amended or Added: Amends §39.131, Education Code

Summary: Combines accreditation status with academic performance standards and financial accountability ratings to determine school district sanctions.

Change from current law: Yes, the new amended language combines two rating systems from other sections of the education code to allow the use of performance sanctions for school districts experiencing accreditation, academic performance, and/or fiscal concerns.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Rule development will be necessary to implement this section of statute in conjunction with other sections of statute

Outstanding Issues: Review of process, procedures, criteria used in all three rating systems to determine when a sanction under this section will be necessary.

Does this bill create a new program? No, but does require the consideration of expanded criteria in the determination of agency sanctions.

Does this bill require a new report? No.

Rulemaking Authority? Yes

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? Yes, the reporting of accreditation status.

For further information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 3.18 and 3.19 Academically Unacceptable Campuses

Statute Amended or Added: Amends §39.132 and adds §§39.1322, 39.1323, and 39.1324, Education Code

Summary: **Section 39.132** – minor technical changes, that replaces special campus intervention team (SCIT) with campus intervention team (CIT) for academically unacceptable campuses (AU), and deletes the subparagraph relating to reconstitution or closure from this section of statute.

Section 39.1322 – provides for technical assistance teams (TAT) to be selected and assigned to campuses found academically acceptable (AA), but which would be academically unacceptable if the following year's criteria were in effect. The new language does provide the commissioner with authority to waive the requirement to assign the TAT based on specific criteria. The section also requires the commissioner to assign a campus intervention team (CIT) for those campuses found Academically Unacceptable. The section allows the commissioner to determine how long the TAT and/or CIT will provide services to identified campuses. Finally, the section requires the commissioner to appoint the TAT and CIT before the first day of instruction for the school year, to the extent practicable.

Section 39.1323 – provides for primary responsibilities and implementation responsibilities for the CIT. The section also provides criteria for when the CIT can be removed from serving the campus. Finally, the new section provides an additional sanction if the campus does not implement the recommendations or the school improvement plan (SIP).

39.1324 – replaces deleted language in 39.132 relating to the assignment of the special campus intervention team (SCIT), reconstitution, and campus closure for campuses found AU for two consecutive years. The section provides for additional CIT responsibilities relating to the retention of campus personnel and allows the commissioner to appoint a monitor, conservator, management team, or board of managers to ensure and oversee the implementation of the SIP. The new section provides an additional sanction for failure to implement SIP. The section also provides additional sanctions for campuses found AU one and two years after reconstitution.

Change from current law: Yes, these sections taken collectively will increase the number of campuses the Agency will interact with during any school year. Additionally, taken collectively, these sections provide a clearer path to improvement and/or the more severe sanctions of alternative management of the campus or campus closure.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Stakeholder meetings, discussions with ESCs, capacity building within the Agency to implement the new requirements, and rule making to integrate these new sections with other sections of state statute.

Outstanding Issues: Procedural and rule development for implementation.

Does this bill create a new program? No, but does create new category of campuses needing assistance.

Rulemaking Authority? Commissioner has rulemaking authority to implement these sections.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No, but does increase CIT duties and responsibilities.

For further information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 3.19 Charter Sanctions

Statute Amended or Added: Adds §39.1321, Education Code

Summary: Provides statutory authority to the commissioner to adopt rules in order to impose the new sanction provisions of Chapter 39 on open-enrollment charter schools. The section requires the commissioner, by rule, to revoke a charter if the charter is ordered closed. The section also does not allow additional hearings under Chapter 12, if sanctions are imposed under Chapter 39.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Planning for future implementation.

Outstanding Issues: Rules need to be developed.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Commissioner shall adopt rules to implement this section.

Does this apply to charters? Yes, only to charters.

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 3.19 Transitional Sanctions

Statute Amended or Added: Adds §39.1326, Education Code

Summary: Provides language to transition from current statute to new sections of statute added in this same bill. The new language permits the commissioner to use 2005-2006 performance ratings and/or 2006-2007 performance ratings when assigning a technical assistance team (TAT) and a campus improvement team (CIT) under Sec 39.1322. Additionally, the new section allows the commissioner to impose a sanction under 39.1323(f) (reconstitution) and 39.1324(a) (reconstitution) based on 2005-2006 and 2006-2007 performance ratings. The section also requires that sanctions ordered by the commissioner before July 1, 2006 remain in effect for 2006-2007. The section provides the commissioner with flexibility to allow a principal to remain at a reconstituted campus for 2006-2007 school year. The section expires September 1, 2008.

Change from current law: Yes, new section bridges current practice with new requirements.

Effective Date: 2006-2007

Action required for 2006-2007 School Year: Implementation of §39.1322 and part of §39.1326.

Outstanding Issues: Under what conditions the commissioner would implement the parts of this section that are considered permissive. Rulemaking and due process procedures require development.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Yes

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 3.19 Alternative Management

Statute Amended or Added: Adds §39.1327, Education Code

Summary: Provides statutory authority to the commissioner to order alternative management by a non-profit entity of campuses determined Academically Unacceptable under 39.132 and 39.1324(d-f). The section provides procedures the agency and districts/campuses must follow regarding the identification and contracting with an alternative management entity. School districts within the same ESC region may serve as an alternative management entity. The section details the qualifications the commissioner must consider when selecting an alternative management entity. The section also contains evaluation procedures for monitoring the success of the alternate management entity in improving campus performance.

Change from current law: Yes, new campus sanction.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Planning for future implementation.

Outstanding Issues: Rulemaking and due process procedures.

Does this bill create a new program? Yes, and will require the Agency to create a Request for Proposal (RFP) to solicit proposals from alternative management entities.

Does this bill require a new report? No

Rulemaking Authority? The commissioner may adopt rules to implement this section.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For Further Information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 3.20 Professional Services

Statute Amended or Added: Adds §39.1331, Education Code

Summary: Provides statutory authority to the commissioner to order the acquisition (at district expense) of professional services in addition to those under Sections 39.131 and 39.132.

Change from current law: Not applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Planning for future implementation.

Outstanding Issues: How to integrate this section into other sections with rulemaking authority and create due process procedures.

Does this bill create a new program? No, but provides new authority to the commissioner to expand sanctions.

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 3.21 Sanctions

Statute Amended or Added: Amends §39.134, Education Code

Summary: Incorporates new terms (teams) from other amended and/or added sections of the bill. This section requires the school district to pay for certain sanctions.

Change from current law: Yes; this adds the alternate management team.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Planning for future implementation.

Outstanding Issues: Due process procedures.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 2.05 Financial Accountability Rating System

Statute Amended or Added: Amends § 39.202(a), Education Code

Summary: Requires the financial accountability rating system to distinguish among school districts based on levels of financial performance and includes procedures to provide transparency to public education finance and provide meaningful financial oversight and improvement.

Change from current law: No

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Commissioner has rulemaking authority.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact, Division of Financial Audits at (51) 463-9095.

Section 3.22 Accountability Ratings Challenges

Statute Amended or Added: Amends § 39.301, Education Code

Summary: Adds new language to Chapter 39 regarding procedures for challenges of accountability ratings. This section incorporates the procedures currently in place for the review of state performance rating appeals into Texas Education Code. New procedures must be developed for appeals to financial accountability ratings.

Change from current law: Addition of new procedures for challenges to financial accountability ratings.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Yes, adoption of the 2006 State Accountability Manual by August 1, 2006. Additionally requires the adoption of rules concerning challenges to financial accountability ratings.

Outstanding Issues: Rules must be developed and adopted concerning challenges to financial accountability ratings.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? The commissioner shall adopt rules to implement this section.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No.

For further information, please contact the Division of Performance Reporting at (512) 463-9704 concerning challenges to accountability ratings and the Division of School Financial Audits at (512) 463-9095 for challenges to financial accountability ratings.

Section 3.22 Sanctions Challenges

Statute Amended or Added: Adds §39.302, Education Code

Summary: Provides a process for a district/campus ordered to close or contract with an alternate management or closure to challenge that decision (due process). The section provides for the challenge to be reviewed by the State Office of Administrative Hearings (SOAH). The section provides procedures for SOAH to follow in implementing the review process.

Change from current law: Not applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Planning for future implementation.

Outstanding Issues: Rulemaking.

Does this bill create a new program? Yes, new review process at SOAH.

Does this bill require a new report? No

Rulemaking Authority? The commissioner shall adopt rules to implement this section.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Program Monitoring and Interventions at (512) 463-9414.

Section 1.01 Equalized Wealth Level

Statute Amended or Added: Amends § 41.002(a), Education Code

Summary: Increases and redefines the equalized wealth level in three ways. Part 1 is based on the wealth per student that generates maintenance and operations (M&O) revenue on the 88th percentile of wealth per student for M&O tax effort equal to or less than the state compression rate multiplied by the district's 2005 adopted tax rate. Part 2 is based on the wealth per student that generates maintenance and operations (M&O) revenue at the same rate as that available to Austin Independent School District (ISD) for M&O tax effort equal to or less than the state compression rate multiplied by the district's 2005 adopted tax rate plus \$0.06, effective with the 2008-09 school year. In 2006-07 and 2007-08, districts may add \$0.04 to the state compression percentage multiplied by their 2005 adopted tax rate. Part 3 is based on the M&O tax effort and recaptures revenue on wealth that exceeds \$319,500 per student in weighted average daily attendance that exceeds the first \$0.06 of M&O tax effort equal to the state compression rate multiplied by the district's 2005 adopted tax rate, effective with the 2008-09 school year. In 2006-07 and 2007-08, revenue is recaptured that exceeds the state compression rate multiplied by the district's 2005 adopted tax rate plus \$0.04.

Change from current law: Increases equalized wealth level from \$305,000 for purposes of recapture to different levels of equalized wealth that depend upon the level of local tax effort.

Effective Date: Beginning with 2006-07 school year.

Action required for 2006-2007 School Year: Some districts will not be required to participate in recapture because of the increase in the equalized wealth level.

Outstanding Issues: Agency will need to re-issue preliminary notifications of Chapter 41 status based on new equalized wealth levels.

Does this bill create a new program? No.

Does this bill require a new report? Yes, these amendments will require the Agency to revise its Cost of Options report for Chapter 41 school districts.

Rulemaking Authority? Commissioner has existing rulemaking authority.

Does this apply to charters? No.

Does this bill contain a new reporting requirement for TEA/school districts? No.

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.02 Attendance Credits

Statute Amended or Added: Amends § 41.093, Education Code.

Summary: Makes a conforming amendment to Subsection (a) and adds new Subsection (b-1). New Subsection (b-1) would change the calculation of cost of attendance credits if the guaranteed yield for Tier 2 is at least equal to the wealth per student available to Austin ISD, by excluding the first \$0.06 cents of the tax effort beyond the state compression rate from the cost, effective with the 2008-09 school year. In 2006-07 and 2007-08, the first \$0.04 of tax effort beyond the state compression percentage multiplied by the district's adopted 2005 tax rate would be excluded.

Change from current law: Modifies the calculation of cost of attendance credits for the purposes of recapture.

Effective Date: Beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: The preliminary cost of attendance credits will be recalculated for the 2006-07 school year.

Outstanding Issues: The Agency will re-calculate the preliminary cost of options based on these changes in law.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? The commissioner has existing rulemaking authority for this chapter.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.03 Basic Allotment

Statute Amended or Added: Amends § 42.101, Education Code.

Summary: Increases the basic allotment to an amount that produces revenue on the first 86 cents of tax effort equal to the percentile of wealth specified by the guaranteed yield rate.

Change from current law: Increases basic allotment and ties it to a percentile of wealth defined by the guaranteed yield amount.

Effective Date: Beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: The Agency will revise its calculation of state aid to incorporate the revised formula amount.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? The Commissioner has existing rulemaking authority held jointly with SBOE in this chapter.

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.04 Additional State Aid for Tax Reduction

Statute Amended or Added: Adds § 42.2516, Education Code

Summary: Defines the state compression percentage to be used in state funding calculations. Using the 2005 tax year as a basis, the commissioner is authorized to determine the state compression rate based on the funds available for tax reduction. A temporary provision sets the state compression percentage at 88.67 percent for the fiscal year 2007 and at 66.67 percent for fiscal year 2008. This Subsection expires on September 1, 2009.

New Section 42.2516 also prescribes the calculation of additional state aid for tax reduction. These provisions entitle a school district to the sum of:

1. the amount of state revenue necessary to maintain the amount of state and local M&O revenue per student in weighted average daily attendance (WADA) equal to the greater of:
 - a. the amount of state and local revenue M&O revenue per WADA available to the district during the 2005-06 school year;
 - b. the amount of state and local M&O revenue per WADA to which the district would have entitled in 2006-07 based on the funding elements for the 2005-06 school year at the district's adopted 2005 tax rate; or
 - c. the amount of state and local M&O revenue per WADA to which the district would have been entitled in 2006-07 based on the funding elements available in 2005-06 if the district imposed an M&O tax rate equal to the tax rate described by the amended rollback tax rate calculation contained in Section 1.12 of the bill.
2. An amount equal to \$2,500 for each employee who is subject to the minimum salary schedule; and
3. An amount equal to \$275 per student in average daily attendance in grades 9 through 12 in the district.

Change from current law: Creates a revenue target that provides school districts with 1) funds to offset the loss of local revenue when tax rates are compressed; 2) new funds to provide pay raises to teachers and other staff who are subject to the minimum salary schedule; and 3) new funds for a high school allotment.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: Districts are expected to reduce local tax rates. The Agency will incorporate the new revenue target in its calculation of state aid.

Outstanding Issues: None

Does this bill create a new program? Yes, high school allotment.

Does this bill require a new report? No

Rulemaking Authority? The commissioner has rulemaking authority to implement this section.

Does this apply to charters? Yes, charters will be affected by the changes in funding formulas.

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.20 Distribution of Foundation School Program

Statute Amended or Added: Repeals §§ 42.253(e), (e-1), (f), and (l), Education Code

Summary: Directs the commissioner to re-compute state aid if the school district tax rate is less than the Tier 2 limit. Section 42.253(e-1) directs the commissioner to increase the Tier 2 limit for districts subject to tax effort requirements in the Insurance Code. Section 42.253(f) includes the current provisions related to transfers from the economic stabilization fund. Section 42.253(l) directs the commissioner to use the calculation of WADA prescribed by Section 42.302.

Change from current law: Repeals several provisions in current law.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: TEA will make the required changes in the calculation of state aid.

Outstanding Issues: No

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Not directly, but charter school funding is affected by changes in the funding of school districts.

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.05 Distribution of the Foundation School Program

Statute Amended or Added: Amends §§ 42.253, Education Code.

Summary: Strikes provisions in Subsection (g) strike provisions that allowed the commissioner to tap funds in the reserve account. Amends Subsection (h) to direct the commissioner to determine whether the appropriated funds for a fiscal year are sufficient to cover district entitlements for the second year of a biennium and to certify the difference, if any, to the Legislative Budget Board (LBB) no later than January 1 of the second year of the state fiscal biennium if the appropriated funds are insufficient. The LBB is directed to propose a transfer from the economic stabilization fund to the foundation school fund in the certified amount.

Change from current law: Removes ability of commissioner to tap funds in the reserve account. Directs commissioner to certify Foundation School Program (FSP) costs to the Legislative Budget Board (LBB) for second year of biennium and authorizes LBB to propose a transfer from the economic stabilization fund if there is a shortfall in the FSP appropriation.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? Yes, commissioner must certify costs of FSP to LBB no later than January 1 of second year of state fiscal biennium.

Rulemaking Authority? Commissioner has existing rulemaking authority held jointly with SBOE in this chapter.

Does this apply to charters? Yes, the cost to fund charters is included in this certification.

Does this bill contain a new reporting requirement for TEA/school districts? Yes, TEA will need to certify FSP costs to the LBB by January 1 of the second year of the state fiscal biennium.

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.06 Foundation School Fund Transfers

Statute Amended or Added: Amends § 42.259(c), Education Code

Summary: Restores the August payment due date to August 25 effective with the payment due in August 2009.

Change from current law: The payment earned in August is currently paid during the first week of September.

Effective Date: The shift in the payment date is first effective with the August 2009 payment.

Action required for 2006-2007 School Year: No

Outstanding Issues: Will create need to request additional funding in Legislative Appropriations Request for the 2008-09 biennium.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.07 Tax Reduction

Statute Amended or Added: Adds § 42.261, Education Code.

Summary: Specifies that the additional state aid appropriated in Section 42.2516 is intended for M&O tax rate reduction and is not to be considered excess funds for the purposes of making adjustments state aid based on adjustments to the Cost of Education index, or adjustments to property values based on declining property values or optional homestead exemptions, and may not be used for any other purpose except reduction of school district M&O rates.

Change from current law: Addresses other new provisions related to the additional state aid for tax reduction.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: No

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? The commissioner is granted rulemaking authority to administer this section.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Sections 1.08 and 1.09 Guaranteed Yield

Statute Amended or Added: Amends § 42.302 and § 42.303, Education Code

Summary: Increases the guaranteed yield rate in Tier 2 from \$27.14 to the 88th percentile of wealth per student for the pennies of tax effort that are less than or equal to the state compression multiplied by the district's 2005 adopted tax rate. In 2006-07 and 2007-08, the next four pennies that exceed the state compression percentage multiplied by \$1.50, the guaranteed yield rate goes up to the amount of revenue available to Austin ISD. In 2008-09 and beyond, the next six pennies of tax effort beyond the state compression percentage multiplied by the district's 2005 adopted tax rate are equalized to the same wealth per student as Austin ISD. For pennies of tax effort that exceed the state compression percentage multiplied by the districts' 2005 adopted rate plus \$0.04 in 2006-07 and 2007-08 or plus \$0.06 in 2008-09 or later, the guaranteed yield is set at \$31.95 per penny. Districts would have access to the first \$0.04 or \$0.06 of tax effort above the state compression percentage multiplied by the district's 2005 adopted rate regardless of the district enrichment tax rate.

This section also provides that districts with M&O rates above the state compression percentage multiplied by their 2005 adopted tax rate could earn Tier II funds on those additional pennies of tax effort.

The district enrichment tax rate (DTR) is redefined so that it may not exceed the amount by which the maximum rate permitted in Section 45.003 exceeds the rate of \$0.86.

Change from current law: Increases guaranteed yield to three different levels depending upon local tax effort. Changes the definition of DTR.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: Agency will revise calculations of state aid based on formula changes.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? Commissioner has existing rulemaking authority held jointly with SBOE in this chapter.

Does this apply to charters? Yes, the new formula amounts will apply to calculations of state aid for charters.

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 2.09 Spending Targets

Statute Amended or Added: Adds § 44.011, Education Code

Summary: Requires the commissioner to establish and publish annually spending targets for each district based on the best practices of campuses and districts. The proposed expenditures must include amounts for instructional expenditures; central administrative expenditures; district operations; and any other category designated by the commissioner. If the board of trustees intends to exceed the proposed expenditures, the board must adopt and publish a resolution that includes an explanation justifying the board's actions.

Change from current law: Not applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Publish spending targets for each school district.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? Yes, a report on spending targets for each school district.

Rulemaking Authority? Commissioner has rulemaking authority to implement this section.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? Yes, the agency must annually publish proposed expenditures for each district.

For further information, please contact the Division of Financial Audits at (512) 463-9095.

Section 1.11 Notice of Budget and Tax Rate Meeting

Statute Amended or Added: Amends § 44.004, Education Code

Summary: Requires the Notice of Budget and Tax Rate Meeting and a Budget Adoption to include a separate line or distinct row for the proposed M&O tax rate under the heading "Maintenance Tax". The notice would include a separate line or row for the proposed debt service tax rate under the heading "School Debt Service Tax Approved by Local Voters," if the district has outstanding tax-supported bonds.

Change from current law: Changes the format of the Notice of Budget and Tax Rate Meeting.

Effective Date: Immediately; new notice requirements should be used for budget and tax rate setting beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: Districts will be required to modify their Notice of Budget and Tax Rate Meeting.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? Yes, requires districts to modify an existing report to display the tax rate information in a specific way.

For further information, please contact the State Funding Division at (512) 463-9238.

Section 2.06 Publication of Proposed Budget

Statute Amended or Added: Adds § 44.0041, Education Code

Summary: Requires school districts to post on their website a summary of their proposed budget summary at the same time the districts post their notice of the budget. The summary must include aggregate and per student spending on instruction; instructional support; central administration; district operations; debt service; and any other category designated by the commissioner. The summary must also include a comparison to the previous year's actual spending.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Yes, school districts must compose a budget summary and post on their website.

Outstanding Issues: No

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? None

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? Yes for school districts to their taxpayers.

For further information, please contact the Division of Financial Audits at (512) 463-9095.

Section 2.07 Review of Accounting System

Statute Amended or Added: Adds § 44.0061, Education Code

Summary: Requires the commissioner to contract with a qualified third-party contractor to conduct a review of the accounting system and improve transparency of district spending behavior; more information relating to campus spending and facilitate program evaluations, including evaluations of compensatory education program. Also, evaluate the accounting systems to determine whether any reporting requirements should be adjusted based on district size.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Before January 1, 2007, the commissioner shall submit a report to the legislature describing the results of the review.

Outstanding Issues: Issue Request for Proposal to conduct review.

Does this bill create a new program? No

Does this bill require a new report? Before January 1, 2007, the commissioner shall submit a report to the legislature describing the results of the review.

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Financial Audits at (512) 463-9095.

Section 2.08 School District Efficiency

Statute Amended or Added: Amends § 44.007, Education Code

Summary: Transfers control of the accounting system from the SBOE to the commissioner. Not later than January 1, 2007, the commissioner shall submit a report to the legislature that evaluates the benefits of providing school districts with standardized accounting software. The report shall consider any savings and costs accrued to school districts; any accountability benefits and any personnel and other resources required for the agency to continuously review the information collected. Also may consider software accessed by alternative methods, including web-based methods or network-based methods.

Change from current law: Yes, previously the State Board of Education set the minimum requirements for the accounting system.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Before January 1, 2007, the commissioner shall submit a report to the legislature describing the results of the review.

Outstanding Issues: No

Does this bill create a new program? No

Does this bill require a new report? Before January 1, 2007, the commissioner shall submit a report to the legislature describing the results of the review.

Rulemaking Authority? The Commissioner has rulemaking authority to implement this section.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Financial Audits at (512) 463-9095.

Section 1.12 Bond and Tax Elections

Statute Amended or Added: Amends § 45.003, Education Code.

Summary: Reduces the maximum allowable maintenance and operations (M&O) tax rate to the state compression percentage multiplied by \$1.50 plus \$0.17. Any rates that exceed the maximum rate are considered void, and districts are required to adopt rates that comply with the maximum. School districts that had M&O tax rates in excess of \$1.50 permitted by special law may not levy a tax that exceeds their 2005 adopted tax rate multiplied by the state compression percentage plus \$0.17.

Change from current law: Reduces the current maximum M&O tax rate.

Effective Date: Immediate effect; lower maximum rate applies beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: Districts will need to reduce tax rates to a rate at or below the maximum allowable M&O tax rate.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.13 Early High School Graduation Program

Statute Amended or Added: Amends § 56.208(a), Education Code.

Summary: Makes conforming amendment to statutory language regarding the Early High School Graduation program.

Change from current law: Corrects reference to amended statute.

Effective Date: Immediate effect; beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: No

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 5.08 College Readiness

Statute Amended or Added: Adds § 61.0761, Education Code

Summary: Requires the creation of a P-16 college readiness and success strategic action plan that is focused on the goals of increasing student success in entry-level college courses and decreasing the number of students enrolling in developmental education courses at institutions of higher education.

The plan, recommended by the P-16 Council and approved by the Commissioner of Education and the Higher Education Coordinating Board, must:

- 1) include definitions of college readiness standards and expectations, upon coordination between the Council and the State Board of Education, that address what a student must know and be able to do to successfully perform college-level work;
- 2) define components of a P-16 individualized graduation plan;
- 3) define manner in which the Texas Education Agency should provide model curricula for school districts;
- 4) recommend strategies for decreasing the number of students enrolled in developmental courses in higher education institutions; and
- 5) include recommendations to the State Board for Educator Certification for inclusion of college readiness training and preparation components into educator certification and professional development requirements.

This section clarifies that the State Board of Education retains its authority over the curriculum process.

Change from current law: Not applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: Requires ongoing reporting and program development in future years.

Does this bill create a new program? No

Does this bill require a new report? The Commissioner of Education and the Texas Higher Education Coordinating Board are required to submit a report to legislative leadership describing progress in implementing the plan no later than December 1 of each even-numbered year.

Rulemaking Authority? The Commissioner of Education and the Higher Education Coordinating Board is required to adopt rules necessary to implement this section.

Does this apply to charters? No

For further information, please contact P-16 Initiatives at (512) 475-3408.

Section 5.08 Student Success

Statute Amended or Added: Adds § 61.0762, Education Code

Summary: Requires the Texas Higher Education Coordinating Board (THECB), as part of the college readiness and success strategic action plan, to develop programs to enhance students' success at institutions of higher education, including:

1. summer higher education bridge programs focused on mathematics, science and English language arts;
2. incentive programs that implement research-based, innovative developmental education initiatives;
3. financial assistance programs for educationally disadvantaged students who take college entrance and college readiness assessment instruments; and
4. professional development programs for higher education faculty that are focused on college readiness standards.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: None

Does this bill create a new program? Yes, at the THECB.

Does this bill require a new report? No

Rulemaking Authority? The THECB has rulemaking authority to implement this section.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact P-16 Initiatives at (512) 475-3408.

Section 5.08 Course Redesign Project

Statute Amended or Added: Adds § 61.0763, Education Code

Summary: Requires the Texas Higher Education Coordinating Board (THECB), as part of the Course Redesign Project, to seek the assistance of advisory committees and nonprofit organizations with relevant expertise to implement a project that will require selected institutions of higher education to review and revise entry-level lower division academic courses. Institutions selected for participation will be required to:

- 1) review and revise one or more courses from no more than 25 entry-level lower division academic courses;
- 2) draw on established best practices in effective course redesign techniques;
- 3) optimize the use of information technology in the redesign of courses; and
- 4) evaluate the cost savings and increase student success resulting from the review and revision of courses.

The project must be developed and institutions of higher education must be selected by the THECB for participation no later than September 1, 2006. Selected institutions must begin offering redesigned courses by September 1, 2007. The Coordinating Board must submit a report of the results of the project to legislative leadership no later than January 1, 2011.

Change from current law: Not Applicable

Effective Date: Immediate Effect

Action required for 2006-2007 School Year: The project must be developed and institutions of higher education must be selected by the THECB for participation no later than September 1, 2006.

Outstanding Issues: No

Does this bill create a new program? Yes, at THECB.

Does this bill require a new report? Yes, by THECB.

Rulemaking Authority? The Texas Higher Education Coordinating Board has rulemaking authority to implement this section.

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact P-16 Initiatives at (512) 475-3408.

Section 1.19 School Breakfast and Lunch Program

Statute Amended or Added: Adds §12.041, Agriculture Code

Summary: Directs the Department of Agriculture, TEA, and the Health and Human Services Commission to ensure that applicable information is used on at least a quarterly basis to identify children who are eligible to receive free or reduced-price breakfast and lunch. The Department of Agriculture is directed to determine the feasibility of establishing a direct verification process using information maintained for food stamp and Medicaid eligibility. If the department determines that the process is feasible, they are authorized to implement the process.

Change from current law: Increases the number of times each year that applicable information is used to determine the eligibility of students for the free or reduced-price breakfast and lunch program.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: The three state agencies will need to coordinate this effort.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? PEIMS contains the free and reduced-lunch eligibility statuses of Texas public school students as of the last Friday in October of each school year. PEIMS does not have monthly data on free and reduced-lunch statuses.

For further information, please contact the State Funding Division at (512) 463-9238.

Section 11.02 Elections

Statute Amended or Added: Amends § 61.012, Election Code

Summary: Provides the requirement that a polling place have a station that meets requirements related to access by persons with disabilities does not apply to an election of trustees of an independent school district other than an election that is held jointly with another election in which a federal office appears on the ballot. The subsection expires on January 1, 2008.

Change from current law: Currently there is not an exception for school trustee elections.

Effective Date: Upon preclearance by the U.S. Department of Justice.

Action required for 2006-2007 School Year: No

Outstanding Issues: The new law must be submitted to the U.S. Department of Justice for preclearance under the Voting Rights Act. The submission will be made by the Secretary of State.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Elections Division of the Office of the Secretary of State at 1-800-252-VOTE, or TEA Office of Legal Services at (512) 463-9731.

Section 4.11 Wages

Statute Amended or Added: Amends Section 822.201, Government Code

Summary: Provides that awards received by teachers for the student achievement award program and the educator excellence award program are considered part of wages and salaries. Exclusions from wages are also modified. Up to \$1,000 of compensation designated as health care supplementation can be excluded from wages. Also excludes the amounts received as health care supplementation as that chapter existed on January 1, 2006.

Change from current law: Makes statutory provisions that would allow teacher contracts to include incentive payments. Clarifies the ability of employees to designate supplemental wages as health care supplementation.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Districts may need to amend teacher contracts to allow for incentives.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.18 Tax Reductions

Statute Amended or Added: Amends § 11.26, Tax Code

Summary: Makes provisions to reduce property taxes to homeowners who are aged 65 or older or who are disabled. The accompanying joint resolution was not passed, so these provisions of the bill will not become effective.

Change from current law: Reduces frozen tax levies to reflect reduction in tax rates.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: None

Outstanding Issues: Elderly and disabled homeowners will not have their taxes reduced because the accompanying joint resolution did not pass.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.14 Rollback Tax Rate

Statute Amended or Added: Amends § 26.08, Tax Code.

Summary: Amend the rollback tax rate calculations in the Tax Code. Amendments to Subsection (i) of Tax Code Section 26.08 rename of this portion of the tax rate calculation from “rollback” to “effective maintenance and operations” and specify that the state funds for tax reduction are part of the calculation in determining the rollback tax rate. (Provisions that currently allow districts to add \$0.06 to the effective tax rate and to add the rate needed to repay current debt are moved to Subsection (n).) New Subsection (i-1) prescribes the treatment of state funds distributed for tax reduction in the rollback calculation. For purposes of the rollback calculation, the estimate of state revenue is based on the actual revenue received in the prior year. Conforming amendments are made to Subsection (k) of Tax Code Section 26.08 to reflect changes in Subsection (i), including references to the state aid for tax reduction. There are also conforming changes in the tax limits for school districts subject to tax effort requirements found in Insurance Code related to the provision of health care coverage for school employees.

The rollback tax rate is defined for districts with 2005 adopted M&O tax rates of \$1.50 or less and for districts with 2005 adopted M&O tax rates of more than \$1.50, as permitted by special law. For districts with M&O rates of \$1.50 or less, the rollback tax rate in 2006 is the sum of the 2005 adopted tax rate multiplied by 88.67 percent plus \$0.04 plus the district’s debt current service tax rate. In 2007 and subsequent years, the rollback tax rate is the lesser of:

- 1) the sum of the state compression percentage multiplied by \$1.50 plus \$0.04 plus the additional pennies approved by a previous rollback election plus the current debt service tax rate; or
- 2) the sum of the effective M&O tax rate plus the state compression rate multiplied by \$0.06 plus the current debt service tax rate.

The rollback tax rates for districts with 2005 adopted tax rates above \$1.50 is calculated the same way as it is for districts with rates at or below \$1.50, except that the district’s adopted 2005 tax rate is substituted for the \$1.50 in the calculation.

This section includes special provisions for rollback tax rate elections for the tax year 2006. Rollback rate elections must be called no later than August 31, 2006, and must be held on September 30, 2006. This Subsection expires January 1, 2007.

Change from current law: The rollback rate is redefined. Requires rollback elections for 2006 to take place no later than September 30, 2006.

Effective Date: Immediate; effective with tax rates adopted for the 2006-07 school year.

Action required for 2006-2007 School Year: Tax rate adoption for 2006-07 must incorporate new rollback tax rate calculation.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No.

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.15 Taxes

Statute Amended or Added: Reenacts and amends § 31.01(c), Tax Code

Summary: Deletes a requirement for tax bills related to the description of the change from the preceding year. New subsection (d-1) applies only to school districts and requires that the tax bill or a separate statement include the M&O tax rates for the current and preceding years along with the debt service tax rate, if applicable, for the current and preceding years, as well as the total tax rate for the preceding year. This section also repeals some duplicative language that was adopted by the 79th Legislature, Regular Session, 2005. These provisions would apply only to ad valorem tax bills mailed on or after the effective date of the bill.

Change from current law: The information required for tax bills will be different. The percentage increase for the current year is no longer required for taxing entities. Tax bills from school districts will be required to include both the current and prior year rates.

Effective Date: Immediate effect. Provisions apply only to ad valorem tax bills prepared on or after the effective date of the bill.

Action required for 2006-2007 School Year: Districts will need to change the contents of the information sent out with their tax bills to conform with the new requirements.

Outstanding Issues: No

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? Yes, districts must add information about prior and current year tax rates to their tax bills.

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.16 and 1.17 Taxes

Statute Amended or Added: Amends § 311.013, Tax Code and amends § 403.302, Government Code.

Summary: Provides that school districts with property in tax increment zones (TIRZ) will make payments to the tax increment fund (TIF) in amounts equal to that which would have been due if the district had levied the tax rate it had in 2005, limited by the amount the district realizes from the reduction in property values created by the tax increment zone. New section 403.302(d)(5) requires the comptroller to adjust the property value of a district with property in a TIRZ. Using the district's current tax rate, the reduction in taxable value will be based on an amount that when added to the taxes paid into the TIF, will equal the amount of taxes the districts would have paid had the district levied the same tax rate as it did in 2005. New Subsection (d-1) directs the comptroller to make these modifications to the final certification of values for the 2005 tax year. Subsection (d-1) expires on September 1, 2007.

New Subsection (c-1) makes special provisions related to tax appraisals for a school district with a central administrative office located inside a county with a population of 9,000 or less and total area of more than 6,000 square miles.

Change from current law: Addresses issue of required tax reduction and its effect on the TIF.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Districts with property in a TIRZ will need to make additional payments to the TIF.

Outstanding Issues: Current treatment of taxes collections does not recognize the tax collections that are paid to the TIF, thus would not be included in the calculation of Additional State Aid for Tax Reduction. Adjustments to property values will be made to reflect the loss in local taxable values.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.21 State Aid to JJAEPs

Statute Amended or Added: Not applicable.

Summary: Authorizes TEA to send state aid to juvenile justice alternative education programs (JJAEPs) and to districts that have formed technology consortia based on the payments they received in 2005-06 as the result of a partnership agreement. This provision applies only to the 2006-07 school year and only if the JJAEP or the technology consortia attempt to enter agreements with the same district(s) that participated in an agreement in 2005-06.

Change from current law: Allows TEA to send money to these programs directly.

Effective Date: Effective for the 2006-07 school year only.

Action required for 2006-2007 School Year: Commissioner will determine amounts that JJAEPs and technology consortia are entitled to receive and send those funds in 10 equal monthly payments.

Outstanding Issues: New sources of funding for these programs may need to be identified for the future.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? The commissioner shall adopt rules to implement this section.

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 1.22 Taxes

Statute Amended or Added: Not applicable.

Summary: Authorizes the Commissioner of Education to treat references to \$1.50 tax rate in Chapters 41 and 42, Education Code, as a different tax rate consistent with state compression percentage rate.

Change from current law: Allows commissioner to incorporate new tax rates into funding formulas.

Effective Date: Immediate effect with implementation beginning with the 2006-07 school year.

Action required for 2006-2007 School Year: Some funding formulas will need to be modified.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the State Funding Division at (512) 463-9238.

Section 2.10 Shared Services Arrangements

Statute Amended or Added: Not Applicable

Summary: Requires the Texas Education Agency to study the use of shared services arrangements by school districts in this state and report to the legislature by January 1, 2007 the status of shared services arrangements and identify any legal impediments restricting school districts from participating in an arrangement.

Change from current law: Not Applicable

Effective Date: Immediate effect

Action required for 2006-2007 School Year: Report to the legislature by January 1, 2007 the status of shared service arrangements and identify any legal barriers for school districts.

Outstanding Issues: None

Does this bill create a new program? No

Does this bill require a new report? Yes, report to the legislature by January 1, 2007 the status of shared service arrangements and identify any legal barriers for school districts.

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact the Division of Financial Audits at (512) 463-9095.

Section 3.24 Joint Interim Committee to Review State Assessment

Statute Amended or Added: Not applicable

Summary: Directs the lieutenant governor and the speaker of the house of representatives to create a joint interim committee to examine the effect of state assessments on instruction, teacher morale, and student motivation to learn. The committee will provide a report of its findings and recommendations to the legislature not later than September 1, 2007.

Change from current law: This section specifies a joint interim committee and requires a legislative report.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: No

Does this bill create a new program? No

Does this bill require a new report? Yes, the interim committee shall issue a report.

Rulemaking Authority? No

Does this apply to charters? Yes

Does this bill contain a new reporting requirement for TEA/school districts? Data and information will be gathered from teachers, other educators, and parents.

For further information, please contact the Student Assessment Division at (512) 463-9536.

Section 13.04 Textbook Proclamations

Statute Amended or Added: Not applicable

Summary: Declares the Legislature's intent to reform the textbook process. Directs the SBOE to forgo the issuance of Proclamation 2006 and indicates that funding for Proclamation 2005 may be impacted by changes to the system.

Change from current law: TEC, §31.022 requires the SBOE to adopt a review and adoption cycle and issue proclamations at least 24 months before materials are to be purchased.

Effective Date: Immediate effect

Action required for 2006-2007 School Year: No

Outstanding Issues: Possible reforms to the textbook process by the 80th Texas Legislature.

Does this bill create a new program? No

Does this bill require a new report? No

Rulemaking Authority? No

Does this apply to charters? No

Does this bill contain a new reporting requirement for TEA/school districts? No

For further information, please contact Anita Givens, Instructional Materials and Educational Technology at (512) 463-9400.

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39.1327 – Management of Certain Academically Unacceptable Campuses	
How is a campus selected for Alt. Management Services?	<p>A campus that is identified as academically unacceptable (AU) under 39.132 and the Commissioner orders the alt management under 39.1324 (d-f), related to mandatory sanctions and multiple years of AU performance.</p> <p>However, if the Commissioner determines that the basis for being identified as AU is limited to a specific condition that may be fix with targeted technical assistance, the Commissioner may:</p> <ol style="list-style-type: none"> 1. provide the campus a one-year waiver; and 2. require the district to contract for TA <p style="text-align: right;">(E1)</p> <p>[39.1327(a)] and [39.1327(c)]</p>
Can a district that has a campus selected for Alt. Management Services challenge the decision?	<p>YES, in accordance with Sec. 39.302, <u>REVIEW BY STATE OFFICE OF ADMINISTRATIVE HEARINGS: SANCTIONS</u>, a district campus or the charter school must appeal the decision under the procedures provided for a contested case under Chapter 2001, Government Code.</p> <p>A challenge to a decision under this section is under the substantial evidence rule as provided by Subchapter G, Chapter 2001, Government Code.</p> <p>The State Office of Administrative Hearings shall provide an expedited review of a challenge, and the administrative law judge shall issue a final order not later than the 30th day after the date on which the hearing is finally closed. The decision of the administrative law judge is final and may not be appealed.</p> <p>[39.302]</p>
How does the State identify Alt. Management entities?	<p>The Commissioner solicits proposals from qualified nonprofit entities to assume management of the campus</p> <p>OR</p> <p>The Commissioner may appoint a neighboring district, located in the same ESC region to assume management of the campus</p> <p>The Commissioner <u>may annually</u> solicit proposals from qualified nonprofit entities to assume management of the campus</p> <p>The Commissioner shall notify a qualified nonprofit entity that has been approved as a provider.</p> <p>[39.1327(b)] and [39.1327(d)]</p>

39.1327 – Management of Certain Academically Unacceptable Campuses (Continued)	
<p>What are the qualifications to be selected as an Alt. Management entity?</p>	<p>To qualify for consideration as a managing entity, the entity must submit a proposal that provides information relating to the entity’s management and leadership team that will participate in management of the campus under consideration, including information relating to individuals that have:</p> <ol style="list-style-type: none"> (1) documented success in whole school interventions that increased the educational and performance levels of students in academically unacceptable campuses; (2) a proven record of effectiveness with programs assisting low-performing students; (3) a proven ability to apply research-based school intervention strategies; (4) a proven record of financial ability to perform under the management contract; and (5) any other experience or qualifications the commissioner determines necessary. <p>In selecting a managing entity, the commissioner shall give preference to a nonprofit entity that:</p> <ol style="list-style-type: none"> (1) meets any qualifications above; and (2) has documented success in educating students from similar demographic groups and with similar educational needs as the students who attend the campus that is to be operated by a managing entity. <p style="text-align: right;">(E2)</p> <p>[39.1327(e)] and [39.1327(f)]</p>
<p>What are the district’s responsibilities regarding the Alt. Management entity contract?</p>	<p>The district must execute a contract with an approved provider and relinquish control of the campus before January 1 of the school year.</p> <p>The school district may negotiate the term of a management contract for not more than five years with an option to renew the contract. The management contract must include a provision describing the district's responsibilities in supporting the operation of the campus.</p> <p>The funding for a campus operated by a managing entity must be not less than the funding of the other campuses in the district on a per student basis so that the managing entity receives at least the same funding the campus would otherwise have received.</p> <p>Each campus operated by a managing entity under this section is subject to Chapter 39, in the same manner as any other campus in the district.</p> <p>[39.1327(d)], [39.1327(g)], [39.1327(i)], and [39.1327(j)]</p>
<p>What are the Agency’s (Commissioner’s) responsibilities regarding the Alt. Management entity contract?</p>	<p>The commissioner shall approve the contract before the contract is executed and, as appropriate, may require the district, as a term of the contract, to support the campus in the same manner as the district was required to support the campus before the execution of the management contract.</p> <p>A management contract under this section shall include provisions approved by the commissioner that require the managing entity to demonstrate improvement in campus performance, including negotiated performance measures. The performance measures must be consistent with the priorities of this chapter.</p> <p>[39.1327(g)] and [39.1327(h)]</p>

39.1327 – Management of Certain Academically Unacceptable Campuses (Continued)	
How and when is the Alt. Management entity/contract evaluated?	<p>The commissioner shall evaluate a managing entity's performance on the first and second anniversaries of the date of the management contract.</p> <p>If the evaluation fails to demonstrate improvement as negotiated under the contract by the first anniversary of the date of the management contract, the district may terminate the management contract, with the commissioner's consent, for nonperformance or breach of contract and select another provider from an approved list provided by the commissioner.</p> <p>If the evaluation fails to demonstrate significant improvement, as determined by the commissioner, by the second anniversary of the date of the management contract, the district shall terminate the management contract and select another provider from an approved list provided by the commissioner or resume operation of the campus if approved by the commissioner.</p> <p>If the commissioner approves the district's operation of the campus, the commissioner shall assign a technical assistance team to assist the campus.</p> <p>[39.1327(h)] E3</p>
Do the requirements of open meetings and public information apply to the Alt. Management entity?	<p>YES, with respect to the management of a campus:</p> <ol style="list-style-type: none"> (1) a managing entity is considered to be a governmental body for purposes of Chapters 551 and 552, Government Code; and (2) any requirement in Chapter 551 or 552, Government Code, that applies to a school district or the board of trustees of a school district applies to a managing entity. <p>[39.1327(l)]</p>
Does the Commissioner have authority to develop rules to implement this new State requirement?	<p>The commissioner may adopt rules necessary to implement this section.</p> <p>[39.1327(k)]</p>