

AN ACT

relating to certain charter schools.

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

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

Sec. 11.1542. OPEN-ENROLLMENT CHARTER SCHOOL OFFER FOR DISTRICT FACILITY. (a) The board of trustees of an independent school district that intends to sell, lease, or allow use for a purpose other than a district purpose of an unused or underused district facility must give each open-enrollment charter school located wholly or partly within the boundaries of the district the opportunity to make an offer to purchase, lease, or use the facility, as applicable, in response to any terms established by the board of trustees, before offering the facility for sale or lease or to any other specific entity.

(b) This section does not require the board of trustees of a school district to accept an offer made by an open-enrollment charter school.

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

1 (b) An independent school district may not require a campus
2 or campus program described by Subsection (a) or an open-enrollment
3 charter school to pay for any service provided by the district under
4 a contract between the district and the campus, campus program, or
5 open-enrollment charter school an amount that is greater than the
6 amount of the actual costs to the district of providing the service.

7 SECTION 2. Subsection (a), Section 12.052, Education Code,
8 is amended to read as follows:

9 (a) In accordance with this subchapter, the board of
10 trustees of a school district or the governing body of a home-rule
11 school district shall [~~may~~] grant or deny, through a public vote of
12 the board of trustees or governing body, a charter to parents and
13 teachers for a campus or a program on a campus if the board is
14 presented with a petition signed by:

15 (1) the parents of a majority of the students at that
16 school campus; and

17 (2) a majority of the classroom teachers at that
18 school campus.

19 SECTION 3. Subchapter C, Chapter 12, Education Code, is
20 amended by adding Section 12.0522 to read as follows:

21 Sec. 12.0522. DISTRICT CHARTER AUTHORIZATION.

22 (a) Notwithstanding Section 12.052, in the manner provided by this
23 section, the board of trustees of a school district or the governing
24 body of a home-rule school district may grant a district charter to
25 a campus to the extent authorized under this section.

26 (b) Except as otherwise provided by this subsection or
27 Subsection (c), a district charter may be granted under this

1 section only to one or more campuses serving in total a percentage
2 of the district's student enrollment equal to not more than 15
3 percent of the district's student enrollment for the preceding
4 school year. The percentage limit may not prevent a district from
5 granting a district charter to at least one feeder pattern of
6 schools, including an elementary, middle or junior high, and high
7 school.

8 (c) A district charter may be granted to any campus that has
9 received the lowest performance rating under Subchapter C, Chapter
10 39.

11 (d) Subchapter D applies to a campus granted a district
12 charter under this section as though the campus were granted a
13 charter under Subchapter D, and the campus is considered an
14 open-enrollment charter school.

15 (e) A charter granted under this section is not considered
16 for purposes of the limit on the number of charters for
17 open-enrollment charter schools imposed by Section 12.101.

18 (f) The commissioner may adopt rules as necessary for the
19 administration of this section.

20 SECTION 4. Subchapter C, Chapter 12, Education Code, is
21 amended by adding Sections 12.0531 and 12.0532 to read as follows:

22 Sec. 12.0531. PERFORMANCE CONTRACT; DURATION OF CHARTER.
23 If a charter is granted under this subchapter, the board of trustees
24 of the school district that granted the charter shall enter into a
25 performance contract with the principal or equivalent chief
26 operating officer of the campus or program. The performance
27 contract must specify enhanced authority granted to the principal

1 or equivalent officer in order to achieve the academic goals that
2 must be met by campus or program students. A charter granted under
3 this subchapter expires 10 years from the date the charter is
4 granted unless the specified goals are substantially met, as
5 determined by the board of trustees of the school district that
6 granted the charter.

7 Sec. 12.0532. NEIGHBORHOOD SCHOOL. (a) A charter granted
8 under this subchapter for a campus may, as determined by the board
9 of trustees of the school district granting the charter, provide
10 for the campus to be a neighborhood school.

11 (b) Except as otherwise provided by this subsection, the
12 principal or equivalent chief operating officer of a neighborhood
13 school shall manage the funding provided for the school under this
14 code and any other funding provided for the school in the manner the
15 principal or other officer determines best meets the needs of the
16 school's students. The district in which the school is located may
17 retain that portion of funding that the district generally
18 withholds from a campus for costs associated with the salary of the
19 district superintendent or other district governance.

20 (c) The principal or equivalent chief operating officer of a
21 neighborhood school may use school funding to purchase from the
22 school district in which the school is located services for the
23 school, including bus service, facilities maintenance services,
24 and other services generally provided by a school district to
25 district campuses. The school shall pay for each service an amount
26 that reflects the actual cost to the district of providing the
27 service for the number of the school's students for which the

1 service is provided.

2 SECTION 5. Section 12.055, Education Code, is amended to
3 read as follows:

4 Sec. 12.055. APPLICABILITY OF LAWS AND RULES TO CAMPUS OR
5 PROGRAM GRANTED CHARTER. (a) A campus or program for which a
6 charter is granted under this subchapter is subject to federal and
7 state laws and rules governing public schools, except that the
8 campus or program is subject to this code and rules adopted under
9 this code only to the extent the applicability to a campus or
10 program for which a charter is granted under this subchapter of a
11 provision of this code or a rule adopted under this code is
12 specifically provided.

13 (b) A school district may contract with another district or
14 an open-enrollment charter school for services at a campus charter.
15 An employee of the district or open-enrollment charter school
16 providing contracted services to a campus charter is eligible for
17 membership in and benefits from the Teacher Retirement System of
18 Texas if the employee would be eligible for membership and benefits
19 if holding the same position at the employing district or
20 open-enrollment charter school.

21 SECTION 6. Subsection (b), Section 12.056, Education Code,
22 is amended to read as follows:

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

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

27 (2) a prohibition, restriction, or requirement, as

1 applicable, imposed by this title or a rule adopted under this
2 title, relating to:

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

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

8 (C) high school graduation under Section 28.025;

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

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

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

15 (G) extracurricular activities under Section
16 33.081;

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

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

20 SECTION 7. Section 12.057, Education Code, is amended by
21 adding Subsection (b-1) to read as follows:

22 (b-1) An employee of a charter holder, as defined by Section
23 12.1012, who is employed on a campus or in a program granted a
24 charter under this subchapter and who qualifies for membership in
25 the Teacher Retirement System of Texas shall be covered under the
26 system in the same manner and to the same extent as a qualified
27 employee of an independent school district who is employed on a

1 regularly operating campus or in a regularly operating program.

2 SECTION 8. Section 12.059, Education Code, is amended to
3 read as follows:

4 Sec. 12.059. CONTENT. Each charter granted under this
5 subchapter must:

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

8 (2) provide that continuation of the charter is
9 contingent on satisfactory student performance under Subchapter B,
10 Chapter 39, satisfactory financial performance under Subchapter D,
11 Chapter 39, and ~~[on]~~ compliance with other applicable
12 accountability provisions under Chapter 39;

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

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

18 (5) describe the governing structure of the campus or
19 program;

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

23 (7) describe the manner in which an annual audit of
24 financial and programmatic operations of the campus or program is
25 to be conducted, including the manner in which the campus or program
26 will provide information necessary for the school district in which
27 it is located to participate, as required by this code or by

1 commissioner [~~State Board of Education~~] rule, in the Public
2 Education Information Management System (PEIMS).

3 SECTION 9. Section 12.101, Education Code, is amended by
4 amending Subsections (a) and (b) and adding Subsections (b-0),
5 (b-1), (b-2), (b-3), (b-4), (b-5), (b-6), (b-7), and (b-8) to read
6 as follows:

7 (a) In accordance with this subchapter, the commissioner
8 [~~State Board of Education~~] may grant a charter on the application of
9 an eligible entity for an open-enrollment charter school to operate
10 in a facility of a commercial or nonprofit entity, an eligible
11 entity, or a school district, including a home-rule school
12 district. In this subsection, "eligible entity" means:

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

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

17 (3) an organization that is exempt from taxation under
18 Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section
19 501(c)(3)); or

20 (4) a governmental entity.

21 (b) After thoroughly investigating and evaluating an
22 applicant, the commissioner, in coordination with a member of the
23 [The] State Board of Education designated for the purpose by the
24 chair of the board, may grant a charter for an open-enrollment
25 charter school only to an applicant that meets any financial,
26 governing, educational, and operational standards adopted by the
27 commissioner under this subchapter, that the commissioner

1 determines is capable of carrying out the responsibilities provided
2 by the charter and likely to operate a school of high quality, and
3 that:

4 (1) has not within the preceding 10 years had a charter
5 under this chapter or a similar charter issued under the laws of
6 another state surrendered under a settlement agreement, revoked,
7 denied renewal, or returned; or

8 (2) is not, under rules adopted by the commissioner,
9 considered to be a corporate affiliate of or substantially related
10 to an entity that has within the preceding 10 years had a charter
11 under this chapter or a similar charter issued under the laws of
12 another state surrendered under a settlement agreement, revoked,
13 denied renewal, or returned.

14 (b-0) The commissioner shall notify the State Board of
15 Education of each charter the commissioner proposes to grant under
16 this subchapter. Unless, before the 90th day after the date on
17 which the board receives the notice from the commissioner, a
18 majority of the members of the board present and voting vote against
19 the grant of that charter, the commissioner's proposal to grant the
20 charter takes effect. The board may not deliberate or vote on any
21 grant of a charter that is not proposed by the commissioner.

22 (b-1) In granting charters for open-enrollment charter
23 schools, the commissioner [~~The State Board of Education~~] may not
24 grant a total of more than:

25 (1) 215 charters through the fiscal year ending August
26 31, 2014;

27 (2) 225 charters beginning September 1, 2014;

- 1 (3) 240 charters beginning September 1, 2015;
- 2 (4) 255 charters beginning September 1, 2016;
- 3 (5) 270 charters beginning September 1, 2017; and
- 4 (6) 285 charters beginning September 1, 2018 [~~for an~~
5 ~~open-enrollment charter school~~].

6 (b-2) Beginning September 1, 2019, the total number of
7 charters for open-enrollment charter schools that may be granted is
8 305 charters.

9 (b-3) The commissioner may not grant more than one charter
10 for an open-enrollment charter school to any charter holder. The
11 commissioner may consolidate charters for an open-enrollment
12 charter school held by multiple charter holders into a single
13 charter held by a single charter holder with the written consent to
14 the terms of consolidation by or at the request of each charter
15 holder affected by the consolidation.

16 (b-4) Notwithstanding Section 12.114, approval of the
17 commissioner under that section is not required for establishment
18 of a new open-enrollment charter school campus if the requirements
19 of this subsection, including the absence of commissioner
20 disapproval under Subdivision (3), are satisfied. A charter holder
21 having an accreditation status of accredited and at least 50
22 percent of its student population in grades assessed under
23 Subchapter B, Chapter 39, or at least 50 percent of the students in
24 the grades assessed having been enrolled in the school for at least
25 three school years may establish one or more new campuses under an
26 existing charter held by the charter holder if:

- 27 (1) the charter holder is currently evaluated under

1 the standard accountability procedures for evaluation under
2 Chapter 39 and received a district rating in the highest or second
3 highest performance rating category under Subchapter C, Chapter 39,
4 for three of the last five years with at least 75 percent of the
5 campuses rated under the charter also receiving a rating in the
6 highest or second highest performance rating category and with no
7 campus with a rating in the lowest performance rating category in
8 the most recent ratings;

9 (2) the charter holder provides written notice to the
10 commissioner of the establishment of any campus under this
11 subsection in the time, manner, and form provided by rule of the
12 commissioner; and

13 (3) not later than the 60th day after the date the
14 charter holder provides written notice under Subdivision (2), the
15 commissioner does not provide written notice to the charter holder
16 of disapproval of a new campus under this section.

17 (b-5) The initial term of a charter granted under this
18 section is five years.

19 (b-6) The commissioner shall adopt rules to modify criteria
20 for granting a charter for an open-enrollment charter school under
21 this section to the extent necessary to address changes in
22 performance rating categories or in the financial accountability
23 system under Chapter 39.

24 (b-7) A charter granted under this section for a dropout
25 recovery school is not considered for purposes of the limit on the
26 number of charters for open-enrollment charter schools imposed by
27 this section. For purposes of this subsection, an open-enrollment

1 charter school is considered to be a dropout recovery school if the
2 school meets the criteria for designation as a dropout recovery
3 school under Section 12.1141(c).

4 (b-8) In adopting any financial standards under this
5 subchapter that an applicant for a charter for an open-enrollment
6 charter school must meet, the commissioner shall not:

7 (1) exclude any loan or line of credit in determining
8 an applicant's available funding; or

9 (2) exclude an applicant from the grant of a charter
10 solely because the applicant fails to demonstrate having a certain
11 amount of current assets in cash.

12 SECTION 10. Subchapter D, Chapter 12, Education Code, is
13 amended by adding Section 12.1011 to read as follows:

14 Sec. 12.1011. CHARTER AUTHORIZATION FOR HIGH-PERFORMING
15 ENTITIES. (a) Notwithstanding Section 12.101(b), the
16 commissioner may grant a charter for an open-enrollment charter
17 school to an applicant that is:

18 (1) an eligible entity under Section 12.101(a)(3) that
19 proposes to operate the charter school program of a charter
20 operator that operates one or more charter schools in another state
21 and with which the eligible entity is affiliated and, as determined
22 by the commissioner in accordance with commissioner rule, has
23 performed at a level of performance comparable to performance under
24 the highest or second highest performance rating category under
25 Subchapter C, Chapter 39; or

26 (2) an entity that has operated one or more charter
27 schools established under this subchapter or Subchapter C or E and,

1 as determined by the commissioner in accordance with commissioner
2 rule, has performed in the highest or second highest performance
3 rating category under Subchapter C, Chapter 39.

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

10 (c) The initial term of a charter granted under this section
11 is five years.

12 (d) The commissioner shall adopt rules to modify criteria
13 for granting a charter for an open-enrollment charter school under
14 this section to the extent necessary to address changes in
15 performance rating categories under Subchapter C, Chapter 39.

16 SECTION 11. Subchapter D, Chapter 12, Education Code, is
17 amended by adding Section 12.1013 to read as follows:

18 Sec. 12.1013. CHARTER AUTHORIZER ACCOUNTABILITY. (a) The
19 commissioner shall select a center for education research
20 authorized by Section 1.005 to prepare an annual report concerning
21 the performance of open-enrollment charter schools by authorizer
22 compared to campus charters and matched traditional campuses, which
23 shall be provided annually under Subchapters J and K, Chapter 39.

24 (b) The format of the report must enable the public to
25 distinguish and compare the performance of each type of public
26 school by classifying the schools as follows:

27 (1) open-enrollment charters granted by the State

1 Board of Education;

2 (2) open-enrollment charters granted by the
3 commissioner;

4 (3) charters granted by school districts; and

5 (4) matched traditional campuses.

6 (c) The report must include the performance of each public
7 school in each class described by Subsection (b) as measured by the
8 student achievement indicators adopted under Section 39.053 and
9 student attrition rates.

10 (d) The report must also:

11 (1) aggregate and compare the performance of
12 open-enrollment charter schools granted charters by the State Board
13 of Education, open-enrollment charter schools granted charters by
14 the commissioner, campuses and programs granted charters by school
15 districts, and matched traditional campuses; and

16 (2) rate the aggregate performance of elementary,
17 middle or junior high, and high schools within each class described
18 by Subsection (b) as indicated by the composite rating that would be
19 assigned to the class of elementary, middle or junior high, and high
20 schools if the students attending all schools in that class were
21 cumulatively enrolled in one elementary, middle or junior high, or
22 high school.

23 (e) The report must also include an analysis of whether the
24 performance of matched traditional campuses would likely improve if
25 there were consolidation of school districts within the county in
26 which the campuses are located. This subsection applies only to a
27 county that includes at least seven school districts and at least

1 10 open-enrollment charter schools.

2 SECTION 12. Subchapter D, Chapter 12, Education Code, is
3 amended by adding Section 12.1014 to read as follows:

4 Sec. 12.1014. AUTHORIZATION FOR GRANT OF CHARTERS FOR
5 SCHOOLS PRIMARILY SERVING STUDENTS WITH DISABILITIES. (a) The
6 commissioner may grant under Section 12.101 a charter on the
7 application of an eligible entity for an open-enrollment charter
8 school intended primarily to serve students eligible to receive
9 services under Subchapter A, Chapter 29.

10 (b) The limit on the number of charters for open-enrollment
11 charter schools imposed by Section 12.101 does not apply to a
12 charter granted under this section to a school at which at least 50
13 percent of the students are eligible to receive services under
14 Subchapter A, Chapter 29. Not more than five charters may be
15 granted for schools described by this subsection.

16 (c) For purposes of the applicability of state and federal
17 law, including a law prescribing requirements concerning students
18 with disabilities, an open-enrollment charter school described by
19 Subsection (a) is considered the same as any other school for which
20 a charter is granted under Section 12.101.

21 (d) To the fullest extent permitted under federal law, a
22 parent of a student with a disability may choose to enroll the
23 parent's child in an open-enrollment charter school described by
24 Subsection (a) regardless of whether a disproportionate number of
25 the school's students are students with disabilities.

26 (e) This section does not authorize an open-enrollment
27 charter school to discriminate in admissions or in the services

1 provided based on the presence, absence, or nature of an
2 applicant's or student's disability.

3 (f) The commissioner and the State Board for Educator
4 Certification shall adopt rules as necessary to administer this
5 section.

6 SECTION 13. Section 12.102, Education Code, is amended to
7 read as follows:

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

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

13 (2) is governed under the governing structure
14 described by the charter;

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

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

21 SECTION 14. Section 12.104, Education Code, is amended by
22 amending Subsection (b) and adding Subsection (b-1) to read as
23 follows:

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

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

27 (2) a prohibition, restriction, or requirement, as

1 applicable, imposed by this title or a rule adopted under this
2 title, relating to:

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

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

8 (C) reading instruments and accelerated reading
9 instruction programs under Section 28.006;

10 (D) accelerated instruction under Section
11 28.0211;

12 (E) high school graduation requirements under
13 Section 28.025;

14 (F) special education programs under Subchapter
15 A, Chapter 29;

16 (G) bilingual education under Subchapter B,
17 Chapter 29;

18 (H) prekindergarten programs under Subchapter E,
19 Chapter 29;

20 (I) extracurricular activities under Section
21 33.081;

22 (J) discipline management practices or behavior
23 management techniques under Section 37.0021;

24 (K) health and safety under Chapter 38;

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

27 (M) the requirement under Section 21.006 to

1 report an educator's misconduct; and

2 (N) intensive programs of instruction under
3 Section 28.0213.

4 (b-1) During the first three years an open-enrollment
5 charter school is in operation, the agency shall assist the school
6 as necessary in complying with requirements under Subsection
7 (b)(2)(A).

8 SECTION 15. Subsection (a), Section 12.1053, Education
9 Code, is amended to read as follows:

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

14 SECTION 16. Section 12.1055, Education Code, is amended by
15 adding Subsections (c) and (d) to read as follows:

16 (c) Section 11.1513(f) applies to an open-enrollment
17 charter school as though the governing body of the school were the
18 board of trustees of a school district and to the superintendent or,
19 as applicable, the administrator serving as educational leader and
20 chief executive officer of the school as though that person were the
21 superintendent of a school district.

22 (d) Notwithstanding any other provision of this section, a
23 person who was not restricted or prohibited under this section as
24 this section existed before September 1, 2013, from being employed
25 by an open-enrollment charter school and who was employed by an
26 open-enrollment charter school before September 1, 2013, is
27 considered to have been in continuous employment as provided by

1 Section 573.062(a), Government Code, and is not prohibited from
2 continuing employment with the school.

3 SECTION 17. Subsection (a), Section 12.1057, Education
4 Code, is amended to read as follows:

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

10 SECTION 18. Section 12.110, Education Code, is amended by
11 amending Subsections (a), (c), and (d), and adding Subsection (e)
12 to read as follows:

13 (a) The commissioner [~~State Board of Education~~] shall
14 adopt:

15 (1) an application form and a procedure that must be
16 used to apply for a charter for an open-enrollment charter school;
17 and

18 (2) criteria to use in selecting a program for which to
19 grant a charter.

20 (c) As part of the application procedure, the commissioner
21 [~~board~~] may require a petition supporting a charter for a school
22 signed by a specified number of parents or guardians of school-age
23 children residing in the area in which a school is proposed or may
24 hold a public hearing to determine parental support for the school.

25 (d) The commissioner shall [~~board may~~] approve or deny an
26 application based on:

27 (1) documented evidence collected through the

1 application review process;

2 (2) merit; and

3 (3) other criteria as adopted by the commissioner,
4 which [it adopts. The criteria the board adopts] must include:

5 (A) criteria relating to the capability of the
6 applicant to carry out the responsibilities provided by the charter
7 and the likelihood that the applicant will operate a school of high
8 quality;

9 (B) [~~(1)~~] criteria relating to improving student
10 performance and encouraging innovative programs; and

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

15 (e) The commissioner shall give priority to applications
16 that propose an open-enrollment charter school campus to be located
17 in the attendance zone of a school district campus assigned an
18 unacceptable performance rating under Section 39.054 for the two
19 preceding school years.

20 SECTION 19. Section 12.1101, Education Code, is amended to
21 read as follows:

22 Sec. 12.1101. NOTIFICATION OF CHARTER APPLICATION OR
23 ESTABLISHMENT OF CAMPUS. The commissioner by rule shall adopt a
24 procedure for providing notice to the following persons on receipt
25 by the commissioner [~~State Board of Education~~] of an application
26 for a charter for an open-enrollment charter school under Section
27 12.110 or of notice of the establishment of a campus as authorized

1 under Section 12.101(b-4):

2 (1) the board of trustees of each school district from
3 which the proposed open-enrollment charter school or campus is
4 likely to draw students, as determined by the commissioner; and

5 (2) each member of the legislature that represents the
6 geographic area to be served by the proposed school or campus, as
7 determined by the commissioner.

8 SECTION 20. Subsection (a), Section 12.111, Education Code,
9 is amended to read as follows:

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

11 (1) describe the educational program to be offered,
12 which must include the required curriculum as provided by Section
13 28.002;

14 (2) ~~[specify the period for which the charter or any~~
15 ~~charter renewal is valid;~~

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

23 (3) specify the academic, operational, and financial
24 performance expectations by which a school operating under the
25 charter will be evaluated, which must include applicable elements
26 of the performance frameworks adopted under Section 12.1181
27 ~~[(4) establish the level of student performance that is considered~~

1 ~~acceptable for purposes of Subdivision (3)]~~;

2 (4) [~~(5)~~] specify:

3 (A) any basis, in addition to a basis specified
4 by this subchapter or Subchapter E, Chapter 39, on which the charter
5 may be [~~placed on probation or~~] revoked, [~~or on which~~] renewal of
6 the charter may be denied, or the charter may be allowed to expire;
7 and

8 (B) the standards for evaluation of a school
9 operating under the charter for purposes of charter renewal, denial
10 of renewal, expiration, revocation, or other intervention in
11 accordance with Section 12.1141 or 12.115 or Subchapter E, Chapter
12 39, as applicable;

13 (5) [~~(6)~~] prohibit discrimination in admission policy
14 on the basis of sex, national origin, ethnicity, religion,
15 disability, academic, artistic, or athletic ability, or the
16 district the child would otherwise attend in accordance with this
17 code, although the charter may:

18 (A) provide for the exclusion of a student who
19 has a documented history of a criminal offense, a juvenile court
20 adjudication, or discipline problems under Subchapter A, Chapter
21 37; and

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

25 (6) [~~(7)~~] specify the grade levels to be offered;

26 (7) [~~(8)~~] describe the governing structure of the
27 program, including:

- 1 (A) the officer positions designated;
- 2 (B) the manner in which officers are selected and
3 removed from office;
- 4 (C) the manner in which members of the governing
5 body of the school are selected and removed from office;
- 6 (D) the manner in which vacancies on that
7 governing body are filled;
- 8 (E) the term for which members of that governing
9 body serve; and
- 10 (F) whether the terms are to be staggered;
- 11 (8) [~~(9)~~] specify the powers or duties of the
12 governing body of the school that the governing body may delegate to
13 an officer;
- 14 (9) [~~(10)~~] specify the manner in which the school will
15 distribute to parents information related to the qualifications of
16 each professional employee of the program, including any
17 professional or educational degree held by each employee, a
18 statement of any certification under Subchapter B, Chapter 21, held
19 by each employee, and any relevant experience of each employee;
- 20 (10) [~~(11)~~] describe the process by which the person
21 providing the program will adopt an annual budget;
- 22 (11) [~~(12)~~] describe the manner in which an annual
23 audit of the financial and programmatic operations of the program
24 is to be conducted, including the manner in which the person
25 providing the program will provide information necessary for the
26 school district in which the program is located to participate, as
27 required by this code or by commissioner [~~State Board of Education~~]

1 rule, in the Public Education Information Management System
2 (PEIMS);

3 (12) [~~(13)~~] describe the facilities to be used;

4 (13) [~~(14)~~] describe the geographical area served by
5 the program;

6 (14) [~~and~~

7 [~~(15)~~] specify any type of enrollment criteria to be
8 used;

9 (15) provide information, as determined by the
10 commissioner, relating to any management company that will provide
11 management services to a school operating under the charter; and

12 (16) specify that the governing body of an
13 open-enrollment charter school accepts and may not delegate
14 ultimate responsibility for the school, including the school's
15 academic performance and financial and operational viability, and
16 is responsible for overseeing any management company providing
17 management services for the school and for holding the management
18 company accountable for the school's performance.

19 SECTION 21. Section 12.112, Education Code, is amended to
20 read as follows:

21 Sec. 12.112. FORM. A charter for an open-enrollment
22 charter school shall be in the form of a written contract signed by
23 the commissioner [~~chair of the State Board of Education~~] and the
24 chief operating officer of the school.

25 SECTION 22. Subsection (a), Section 12.113, Education Code,
26 is amended to read as follows:

27 (a) Each charter the commissioner [~~State Board of~~

1 ~~Education]~~ grants for an open-enrollment charter school must:

2 (1) satisfy this subchapter; and

3 (2) include the information that is required under
4 Section 12.111 consistent with the information provided in the
5 application and any modification the commissioner [~~board~~]
6 requires.

7 SECTION 23. Section 12.114, Education Code, is amended by
8 adding Subsection (c) to read as follows:

9 (c) Not later than the 60th day after the date that a charter
10 holder submits to the commissioner a completed request for approval
11 for an expansion amendment, as defined by commissioner rule,
12 including a new school amendment, the commissioner shall provide to
13 the charter holder written notice of approval or disapproval of the
14 amendment.

15 SECTION 24. Subchapter D, Chapter 12, Education Code, is
16 amended by adding Section 12.1141 to read as follows:

17 Sec. 12.1141. RENEWAL OF CHARTER; DENIAL OF RENEWAL;
18 EXPIRATION. (a) The commissioner shall develop and by rule adopt
19 a procedure for renewal, denial of renewal, or expiration of a
20 charter for an open-enrollment charter school at the end of the term
21 of the charter. The procedure must include consideration of the
22 performance under Chapter 39 of the charter holder and each campus
23 operating under the charter and must include three distinct
24 processes, which must be expedited renewal, discretionary
25 consideration of renewal or denial of renewal, and expiration. To
26 renew a charter at the end of the term, the charter holder must
27 submit a petition for renewal to the commissioner in the time and

1 manner established by commissioner rule.

2 (b) At the end of the term of a charter for an
3 open-enrollment charter school, if a charter holder submits to the
4 commissioner a petition for expedited renewal of the charter, the
5 charter automatically renews unless, not later than the 30th day
6 after the date the charter holder submits the petition, the
7 commissioner provides written notice to the charter holder that
8 expedited renewal of the charter is denied. The commissioner may
9 not deny expedited renewal of a charter if:

10 (1) the charter holder has been assigned the highest
11 or second highest performance rating under Subchapter C, Chapter
12 39, for the three preceding school years;

13 (2) the charter holder has been assigned a financial
14 performance accountability rating under Subchapter D, Chapter 39,
15 indicating financial performance that is satisfactory or better for
16 the three preceding school years; and

17 (3) no campus operating under the charter has been
18 assigned the lowest performance rating under Subchapter C, Chapter
19 39, for the three preceding school years or such a campus has been
20 closed.

21 (c) At the end of the term of a charter for an
22 open-enrollment charter school, if a charter holder submits to the
23 commissioner a petition for renewal of the charter and the charter
24 does not meet the criteria for expedited renewal under Subsection
25 (b) or for expiration under Subsection (d), the commissioner shall
26 use the discretionary consideration process. The commissioner's
27 decision under the discretionary consideration process must take

1 into consideration the results of annual evaluations under the
2 performance frameworks established under Section 12.1181. The
3 renewal of the charter of an open-enrollment charter school that is
4 registered under the agency's alternative education accountability
5 procedures for evaluation under Chapter 39 shall be considered
6 under the discretionary consideration process regardless of the
7 performance ratings under Subchapter C, Chapter 39, of the
8 open-enrollment charter school or of any campus operating under the
9 charter, except that if the charter holder has been assigned a
10 financial accountability performance rating under Subchapter D,
11 Chapter 39, indicating financial performance that is lower than
12 satisfactory for any three of the five preceding school years, the
13 commissioner shall allow the charter to expire under Subsection
14 (d). In considering the renewal of the charter of an
15 open-enrollment charter school that is registered under the
16 agency's alternative education accountability procedures for
17 evaluation under Chapter 39, such as a dropout recovery school or a
18 school providing education within a residential treatment
19 facility, the commissioner shall use academic criteria established
20 by commissioner rule that are appropriate to measure the specific
21 goals of the school. The criteria established by the commissioner
22 shall recognize growth in student achievement as well as
23 educational attainment. For purposes of this subsection, the
24 commissioner shall designate as a dropout recovery school an
25 open-enrollment charter school or a campus of an open-enrollment
26 charter school:

27 (1) that serves students in grades 9 through 12 and has

1 an enrollment of which at least 50 percent of the students are 17
2 years of age or older as of September 1 of the school year as
3 reported for the fall semester Public Education Information
4 Management System (PEIMS) submission; and

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

8 (d) At the end of the term of a charter for an
9 open-enrollment charter school, if a charter holder submits to the
10 commissioner a petition for renewal of the charter, the
11 commissioner may not renew the charter and shall allow the charter
12 to expire if:

13 (1) the charter holder has been assigned the lowest
14 performance rating under Subchapter C, Chapter 39, for any three of
15 the five preceding school years;

16 (2) the charter holder has been assigned a financial
17 accountability performance rating under Subchapter D, Chapter 39,
18 indicating financial performance that is lower than satisfactory
19 for any three of the five preceding school years;

20 (3) the charter holder has been assigned any
21 combination of the ratings described by Subdivision (1) or (2) for
22 any three of the five preceding school years; or

23 (4) any campus operating under the charter has been
24 assigned the lowest performance rating under Subchapter C, Chapter
25 39, for the three preceding school years and such a campus has not
26 been closed.

27 (e) Notwithstanding any other law, a determination by the

1 commissioner under Subsection (d) is final and may not be appealed.

2 (f) Not later than the 90th day after the date on which a
3 charter holder submits a petition for renewal of a charter for an
4 open-enrollment charter school at the end of the term of the
5 charter, the commissioner shall provide written notice to the
6 charter holder, in accordance with commissioner rule, of the basis
7 on which the charter qualified for expedited renewal, discretionary
8 consideration, or expiration, and of the commissioner's decision
9 regarding whether to renew the charter, deny renewal of the
10 charter, or allow the charter to expire.

11 (g) Except as provided by Subsection (e), a decision by the
12 commissioner to deny renewal of a charter for an open-enrollment
13 charter school is subject to review by the State Office of
14 Administrative Hearings. Notwithstanding Chapter 2001, Government
15 Code:

16 (1) the administrative law judge shall uphold a
17 decision by the commissioner to deny renewal of a charter for an
18 open-enrollment charter school unless the judge finds the decision
19 is arbitrary and capricious or clearly erroneous; and

20 (2) a decision of the administrative law judge under
21 this subsection is final and may not be appealed.

22 (h) If a charter holder submits a petition for renewal of a
23 charter for an open-enrollment charter school, notwithstanding the
24 expiration date of the charter, the charter term is extended until
25 the commissioner has provided notice to the charter holder of the
26 renewal, denial of renewal, or expiration of the charter.

27 (i) The term of a charter renewed under this section is 10

1 years for each renewal.

2 (j) The commissioner shall adopt rules to modify criteria
3 for renewal, denial of renewal, or expiration of a charter for an
4 open-enrollment charter school under this section to the extent
5 necessary to address changes in performance rating categories or in
6 the financial accountability system under Chapter 39.

7 (k) For purposes of determination of renewal under
8 Subsection (b)(1) or (3) or (d)(1) or (4), performance during the
9 2011-2012 school year may not be considered. For purposes of
10 determination of renewal under Subsection (b)(1) or (3) or (d)(1)
11 or (4), the initial three school years for which performance
12 ratings under Subchapter C, Chapter 39, shall be considered are the
13 2009-2010, 2010-2011, and 2012-2013 school years. For purposes of
14 determination of renewal under Subsection (b)(2) or (d)(2), the
15 earliest school year for which financial accountability
16 performance ratings under Subchapter D, Chapter 39, may be
17 considered is the 2010-2011 school year. This subsection expires
18 September 1, 2016.

19 SECTION 25. Section 12.115, Education Code, is amended to
20 read as follows:

21 Sec. 12.115. BASIS FOR CHARTER [~~MODIFICATION, PLACEMENT ON~~
22 ~~PROBATION,~~] REVOCATION [~~]~~ OR MODIFICATION OF GOVERNANCE [~~DENIAL OF~~
23 ~~RENEWAL~~]. (a) Except as provided by Subsection (c), the [~~The~~]
24 commissioner shall [~~may modify, place on probation,~~] revoke [~~, or~~
25 ~~deny renewal of~~] the charter of an open-enrollment charter school
26 or reconstitute the governing body of the charter holder if the
27 commissioner determines that the charter holder:

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

4 (2) failed to satisfy generally accepted accounting
5 standards of fiscal management;

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

8 (4) failed to comply with this subchapter or another
9 applicable law or rule;

10 (5) failed to satisfy the performance framework
11 standards adopted under Section 12.1181; or

12 (6) is imminently insolvent as determined by the
13 commissioner in accordance with commissioner rule.

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

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

21 (1) the charter holder has been assigned an
22 unacceptable performance rating under Subchapter C, Chapter 39, for
23 the three preceding school years;

24 (2) the charter holder has been assigned a financial
25 accountability performance rating under Subchapter D, Chapter 39,
26 indicating financial performance lower than satisfactory for the
27 three preceding school years; or

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

4 (c-1) For purposes of revocation under Subsection (c)(1),
5 performance during the 2011-2012 school year may not be considered.
6 For purposes of revocation under Subsection (c)(1), the initial
7 three school years for which performance ratings under Subchapter
8 C, Chapter 39, shall be considered are the 2009-2010, 2010-2011,
9 and 2012-2013 school years. For purposes of revocation under
10 Subsection (c)(2), the initial three school years for which
11 financial accountability performance ratings under Subchapter D,
12 Chapter 39, shall be considered are the 2010-2011, 2011-2012, and
13 2012-2013 school years. This subsection expires September 1, 2016.

14 (d) In reconstituting the governing body of a charter holder
15 under this section, the commissioner shall appoint members to the
16 governing body. In appointing members under this subsection the
17 commissioner:

18 (1) shall consider:

19 (A) local input from community members and
20 parents; and

21 (B) appropriate credentials and expertise for
22 membership, including financial expertise, whether the person
23 lives in the geographic area the charter holder serves, and whether
24 the person is an educator; and

25 (2) may reappoint current members of the governing
26 body.

27 (e) If a governing body of a charter holder subject to

1 reconstitution under this section governs enterprises other than
2 the open-enrollment charter school, the commissioner may require
3 the charter holder to create a new, single-purpose organization
4 that is exempt from taxation under Section 501(c)(3), Internal
5 Revenue Code of 1986, to govern the open-enrollment charter school
6 and may require the charter holder to surrender the charter to the
7 commissioner for transfer to the organization created under this
8 subsection. The commissioner shall appoint the members of the
9 governing body of an organization created under this subsection.

10 (f) This section does not limit the authority of the
11 attorney general to take any action authorized by law.

12 (g) The commissioner shall adopt rules necessary to
13 administer this section.

14 (h) The commissioner shall adopt initial rules under
15 Subsection (g) not later than September 1, 2014. This subsection
16 expires October 1, 2014.

17 SECTION 26. Section 12.116, Education Code, is amended to
18 read as follows:

19 Sec. 12.116. PROCEDURE FOR [~~MODIFICATION, PLACEMENT ON~~
20 ~~PROBATION,~~] REVOCATION[~~,~~] OR MODIFICATION OF GOVERNANCE [~~DENIAL OF~~
21 ~~RENEWAL~~]. (a) The commissioner shall adopt an informal [~~a~~]
22 procedure to be used for [~~modifying, placing on probation,~~]
23 ~~revoking[~~, or denying renewal of~~]~~ the charter of an open-enrollment
24 charter school or for reconstituting the governing body of the
25 charter holder as authorized by Section 12.115.

26 (b) [~~The procedure adopted under Subsection (a) must~~
27 ~~provide an opportunity for a hearing to the charter holder and to~~

1 ~~parents and guardians of students in the school. A hearing under~~
2 ~~this subsection must be held at the facility at which the program is~~
3 ~~operated.~~

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

8 (c) A decision by the commissioner to revoke a charter is
9 subject to review by the State Office of Administrative Hearings.
10 Notwithstanding Chapter 2001, Government Code:

11 (1) the administrative law judge shall uphold a
12 decision by the commissioner to revoke a charter unless the judge
13 finds the decision is arbitrary and capricious or clearly
14 erroneous; and

15 (2) a decision of the administrative law judge under
16 this subsection is final and may not be appealed.

17 (d) If the commissioner revokes the charter of an
18 open-enrollment charter school, the commissioner may:

19 (1) manage the school until alternative arrangements
20 are made for the school's students; and

21 (2) assign operation of one or more campuses formerly
22 operated by the charter holder who held the revoked charter to a
23 different charter holder who consents to the assignment.

24 SECTION 27. Subsection (a), Section 12.1161, Education
25 Code, is amended to read as follows:

26 (a) If ~~[Except as provided by Subsection (b), if]~~ the
27 commissioner revokes or denies the renewal of a charter of an

1 open-enrollment charter school~~[7]~~ or [~~if~~] an open-enrollment
2 charter school surrenders its charter, the school may not:

3 (1) continue to operate under this subchapter; or

4 (2) receive state funds under this subchapter.

5 SECTION 28. Subsection (c), Section 12.1163, Education
6 Code, is amended to read as follows:

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

14 SECTION 29. Subsection (a), Section 12.1164, Education
15 Code, is amended to read as follows:

16 (a) The commissioner must notify the Teacher Retirement
17 System of Texas in writing of the revocation, denial of renewal,
18 expiration, or surrender of a charter under this subchapter not
19 later than the 10th business day after the date of the event.

20 SECTION 30. Subchapter D, Chapter 12, Education Code, is
21 amended by adding Section 12.1181 to read as follows:

22 Sec. 12.1181. PERFORMANCE FRAMEWORKS; ANNUAL EVALUATIONS.

23 (a) The commissioner shall develop and by rule adopt performance
24 frameworks that establish standards by which to measure the
25 performance of an open-enrollment charter school. The commissioner
26 shall develop and by rule adopt separate, specific performance
27 frameworks by which to measure the performance of an

1 open-enrollment charter school that is registered under the
2 agency's alternative education accountability procedures for
3 evaluation under Chapter 39. The performance frameworks shall be
4 based on national best practices that charter school authorizers
5 use in developing and applying standards for charter school
6 performance. In developing the performance frameworks, the
7 commissioner shall solicit advice from charter holders, the members
8 of the governing bodies of open-enrollment charter schools, and
9 other interested persons.

10 (b) The performance frameworks may include a variety of
11 standards. In evaluating an open-enrollment charter school, the
12 commissioner shall measure school performance against an
13 established set of quality standards developed and adopted by the
14 commissioner.

15 (c) Each year, the commissioner shall evaluate the
16 performance of each open-enrollment charter school based on the
17 applicable performance frameworks adopted under Subsection (a).
18 The performance of a school on a performance framework may not be
19 considered for purposes of renewal of a charter under Section
20 12.1141(d) or revocation of a charter under Section 12.115(c).

21 SECTION 31. Section 12.119, Education Code, is amended to
22 read as follows:

23 Sec. 12.119. BYLAWS; ANNUAL REPORT. (a) A charter holder
24 shall file with the commissioner [~~State Board of Education~~] a copy
25 of its articles of incorporation and bylaws, or comparable
26 documents if the charter holder does not have articles of
27 incorporation or bylaws, within the period and in the manner

1 prescribed by the commissioner [~~board~~].

2 (b) Each year within the period and in a form prescribed by
3 the commissioner [~~State Board of Education~~], each open-enrollment
4 charter school shall file with the commissioner [~~board~~] the
5 following information:

6 (1) the name, address, and telephone number of each
7 officer and member of the governing body of the open-enrollment
8 charter school; and

9 (2) the amount of annual compensation the
10 open-enrollment charter school pays to each officer and member of
11 the governing body.

12 (c) On request, the commissioner [~~State Board of Education~~]
13 shall provide the information required by this section and Section
14 12.111(a)(7) [~~12.111(a)(8)~~] to a member of the public. The
15 commissioner [~~board~~] may charge a reasonable fee to cover the
16 commissioner's [~~board's~~] cost in providing the information.

17 SECTION 32. Section 12.120, Education Code, is amended by
18 adding Subsection (a-1) to read as follows:

19 (a-1) Notwithstanding Subsection (a), subject to Section
20 12.1059, an open-enrollment charter school may employ a person:

21 (1) as a teacher or educational aide if:

22 (A) a school district could employ the person as
23 a teacher or educational aide; or

24 (B) a school district could employ the person as
25 a teacher or educational aide if the person held the appropriate
26 certificate issued under Subchapter B, Chapter 21, and the person
27 has never held a certificate issued under Subchapter B, Chapter 21;

1 or

2 (2) in a position other than a position described by
3 Subdivision (1) if a school district could employ the person in that
4 position.

5 SECTION 33. Subchapter D, Chapter 12, Education Code, is
6 amended by adding Section 12.1202 to read as follows:

7 Sec. 12.1202. REQUIREMENT FOR MAJORITY OF MEMBERS OF
8 GOVERNING BODY. A majority of the members of the governing body of
9 an open-enrollment charter school or the governing body of a
10 charter holder must be qualified voters.

11 SECTION 34. Subchapter D, Chapter 12, Education Code, is
12 amended by adding Section 12.1211 to read as follows:

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

17 SECTION 35. Subsection (a), Section 12.122, Education Code,
18 is amended to read as follows:

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

26 SECTION 36. Subchapter D, Chapter 12, Education Code, is
27 amended by adding Section 12.1231 to read as follows:

1 Sec. 12.1231. TRAINING FOR AGENCY EMPLOYEES. Not later
2 than October 1, 2013, each agency employee assigned responsibility
3 related to granting charters for open-enrollment charter schools or
4 providing oversight or monitoring of charter holders or
5 open-enrollment charter schools must participate in training on
6 charter school authorization, oversight, and monitoring provided
7 by a nationally recognized organization of charter school
8 authorizers identified by the commissioner. This section expires
9 January 1, 2014.

10 SECTION 37. Subsection (a), Section 12.128, Education Code,
11 is amended to read as follows:

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

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

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

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

21 SECTION 38. Section 12.129, Education Code, is amended to
22 read as follows:

23 Sec. 12.129. MINIMUM ~~[TEACHER]~~ QUALIFICATIONS FOR
24 PRINCIPALS AND TEACHERS. A person employed as a principal or a
25 teacher by an open-enrollment charter school must hold a
26 baccalaureate degree ~~[high school diploma]~~.

27 SECTION 39. Subchapter D, Chapter 12, Education Code, is

1 amended by adding Section 12.136 to read as follows:

2 Sec. 12.136. POSTING OF CHIEF EXECUTIVE OFFICER SALARY. An
3 open-enrollment charter school shall post on the school's Internet
4 website the salary of the school's superintendent or, as
5 applicable, of the administrator serving as educational leader and
6 chief executive officer.

7 SECTION 40. Sections 12.152 and 12.154, Education Code, are
8 amended to read as follows:

9 Sec. 12.152. AUTHORIZATION. [~~(a)~~] In accordance with this
10 subchapter and Subchapter D, the commissioner [~~State Board of~~
11 ~~Education~~] may grant a charter on the application of:

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

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

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

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

1 (2) the college or university charter school's
2 educational program must be implemented under the direct
3 supervision of a member of the teaching or research faculty of the
4 public senior college or university;

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

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

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

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

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

27 (1) the junior college charter school's educational

1 program must be implemented under the direct supervision of a
2 member of the faculty of the public junior college;

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

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

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

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

18 SECTION 41. Subsection (b), Section 12.156, Education Code,
19 is amended to read as follows:

20 (b) A charter granted under this subchapter is not
21 considered for purposes of the limit on the number of
22 open-enrollment charter schools imposed by Section 12.101
23 [~~12.101(b)~~].

24 SECTION 42. Subsections (b), (c), and (d), Section 25.082,
25 Education Code, are amended to read as follows:

26 (b) The board of trustees of each school district and the
27 governing board of each open-enrollment charter school shall

1 require students, once during each school day at each campus
2 [~~school in the district~~], to recite:

3 (1) the pledge of allegiance to the United States flag
4 in accordance with 4 U.S.C. Section 4[~~, and its subsequent~~
5 ~~amendments~~]; and

6 (2) the pledge of allegiance to the state flag in
7 accordance with Subchapter C, Chapter 3100, Government Code.

8 (c) On written request from a student's parent or guardian,
9 a school district or open-enrollment charter school shall excuse
10 the student from reciting a pledge of allegiance under Subsection
11 (b).

12 (d) The board of trustees of each school district and the
13 governing board of each open-enrollment charter school shall
14 provide for the observance of one minute of silence at each campus
15 [~~school in the district~~] following the recitation of the pledges of
16 allegiance to the United States and Texas flags under Subsection
17 (b). During the one-minute period, each student may, as the student
18 chooses, reflect, pray, meditate, or engage in any other silent
19 activity that is not likely to interfere with or distract another
20 student. Each teacher or other school employee in charge of
21 students during that period shall ensure that each of those
22 students remains silent and does not act in a manner that is likely
23 to interfere with or distract another student.

24 SECTION 43. Section 39.152, Education Code, is amended to
25 read as follows:

26 Sec. 39.152. REVIEW BY STATE OFFICE OF ADMINISTRATIVE
27 HEARINGS: SANCTIONS. (a) A school district or open-enrollment

1 charter school that intends to challenge a decision by the
2 commissioner under this chapter to close the district or a district
3 campus or the charter school or to pursue alternative management of
4 a district campus or the charter school must appeal the decision
5 under this section [~~the procedures provided for a contested case~~
6 ~~under Chapter 2001, Government Code~~].

7 (b) A challenge to a decision under this section is under
8 the substantial evidence rule as provided by Subchapter G, Chapter
9 2001, Government Code. The commissioner shall adopt procedural
10 rules for a challenge under this section.

11 (c) Notwithstanding other law:

12 (1) the State Office of Administrative Hearings shall
13 conduct [~~provide~~] an expedited review of a challenge under this
14 section;

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

18 (3) the decision of the administrative law judge is
19 final and may not be appealed; and

20 (4) the decision of the administrative law judge may
21 set an effective date for an action under this section.

22 SECTION 44. Subsection (a), Section 221.0071, Human
23 Resources Code, is amended to read as follows:

24 (a) Notwithstanding any other law and in addition to the
25 number of charters allowed under Subchapter D, Chapter 12,
26 Education Code, the commissioner of education [~~State Board of~~
27 ~~Education~~] may grant a charter on the application of a detention,

1 correctional, or residential facility established only for
2 juvenile offenders under Section 51.12, 51.125, or 51.126, Family
3 Code.

4 SECTION 45. Subsection (d), Section 221.056, Human
5 Resources Code, is amended to read as follows:

6 (d) Notwithstanding any other law and in addition to the
7 number of charters allowed under Subchapter D, Chapter 12,
8 Education Code, the commissioner of education [~~State Board of~~
9 ~~Education~~] shall grant a charter on the application of a
10 residential treatment facility established under this section for a
11 school chartered for the purposes of this section.

12 SECTION 46. Subsection (c), Section 140.006, Local
13 Government Code, is amended to read as follows:

14 (c) The presiding officer of a school district shall submit
15 a financial statement prepared under Section 140.005 to a daily,
16 weekly, or biweekly newspaper published within the boundaries of
17 the district. If a daily, weekly, or biweekly newspaper is not
18 published within the boundaries of the school district, the
19 financial statement shall be published in the manner provided by
20 Subsections (a) and (b). The governing body of an open-enrollment
21 charter school shall take action to ensure that the school's
22 financial statement is [~~of an open-enrollment charter school shall~~
23 ~~be~~] made available in the manner provided by Chapter 552,
24 Government Code, and is posted continuously on the school's
25 Internet website.

26 SECTION 47. The following provisions of the Education Code
27 are repealed:

1 (1) Subsection (b), Section 12.1055;

2 (2) Subsection (b), Section 12.113; and

3 (3) Subsection (b), Section 12.1161.

4 SECTION 48. The State Board of Education is required to
5 implement Section 12.1014, Education Code, as added by this Act,
6 only if the legislature appropriates money specifically for that
7 purpose. If the legislature does not appropriate money
8 specifically for that purpose, the board may, but it is not required
9 to, implement that section using other appropriations available for
10 that purpose.

11 SECTION 49. This Act takes effect September 1, 2013.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 2 passed the Senate on April 11, 2013, by the following vote: Yeas 30, Nays 1; May 21, 2013, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 22, 2013, House granted request of the Senate; May 26, 2013, Senate adopted Conference Committee Report by the following vote: Yeas 28, Nays 3.

Secretary of the Senate

I hereby certify that S.B. No. 2 passed the House, with amendments, on May 17, 2013, by the following vote: Yeas 114, Nays 23, two present not voting; May 22, 2013, House granted request of the Senate for appointment of Conference Committee; May 26, 2013, House adopted Conference Committee Report by the following vote: Yeas 105, Nays 41, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor