The Texas Education Agency (TEA) proposes an amendment to §97.1079, concerning determination processes and criteria for eligible entity approval under Texas Education Code (TEC), §11.174. The proposed amendment would modify the rule to provide clarifications to existing statutory provisions.

BACKGROUND INFORMATION AND JUSTIFICATION: Section 97.1079 describes the criteria and determination processes for districts applying for benefits under TEC, §11.174(a)(2).

New §97.1079(e) would be added, using existing rule language, to address application requirements. Throughout the new subsection, the term "eligibility approval request form" would be changed to "application package" to align with what districts actually submit for approval. Subsection (e)(1) would be amended to specify the items that may be included in an application package. The new content would include an application form, the timeline for submission of completed forms, and requirements that must be met in order for the application to be approved, which would include mandatory training sessions. These training sessions would ensure that districts and operating partners are aware of the requirements necessary to submit a successful application package.

New subsection (e)(5) would be added to allow TEA to remove from consideration applications that are not timely submitted, that are from districts that did not attend mandatory trainings or complete a letter of intent, that are plagiarized, or that include an operating partner that did not attend mandatory training sessions or that does not meet basic staffing requirements. This would ensure that districts are prepared to submit successful application packages and that districts have approved operating partners that have the capacity to manage campuses.

Existing rule language relating to the review panel would be moved to new subsection (e)(6). The language would be amended to clarify that the review panel will only review application packages that are completed and satisfy the requirements in subsection (e)(5). The rule would also be amended to allow the commissioner to appoint TEA staff to the review panel in order to allow expeditious review of the application packages.

Subsection (e)(7) would be amended to clarify the agency review process by specifying that the agency may request additional information and/or interviews with districts or operating partners. This would allow staff to have more information before approving an application package.

New subsection (e)(8) would be added using existing rule language that states that no recommendation, ranking, or other type of endorsement by a member or members of the review panel is binding on the commissioner.

Renumbered subsection (e)(9) would be amended to outline what a district and/or operating partner must demonstrate with the application package submission. Subparagraph (A) would specify that applicants must submit the financial information for the partnership to ensure that the district and partner have negotiated these terms prior to implementing the partnership and that the necessary financial resources are available. New subparagraph (B) would specify the criteria for application packages relating to TEC, Chapter 12, Subchapters D and E (state-authorized), charter schools. Because these organizations have already been approved by the state, this subparagraph would stipulate that applications need to include the district's authorizing policy and the performance contract between the operator and the district. The new language would specify that TEA will implement an authorizing policy approval process for districts not using the TEA model policy. The approval process will take place prior to the benefits application period starting with the application cycle in the 2020-2021 school year (for benefits beginning in the 2021-2022 school year). New subparagraph (C) would specify the requirements for all entities other than entities that hold a charter granted under TEC, Chapter 12, Subchapters D and E. The following new or amended requirements would apply to those entities.

New subsection (e)(9)(C)(i) would be added to require evidence of the district's capacity to authorize and oversee charter campuses granted under TEC, Chapter 12, Subchapter C, including the employment of a specific person or specific people responsible for overseeing the authorizing and monitoring of in-district charters and evidence that, beginning in the 2021-2022 school year, the district employee has completed a TEA training program within one year of approval of benefits.

Renumbered subsection (e)(9)(C)(ii) would be amended to specify the requirements for the district's high-quality authorizing process to include the adoption of the TEA model policy, model charter application, and scoring rubric or a similar policy, application, and scoring rubric approved by TEA prior to or as part of the application process.
New language would specify that TEA will implement an authorizing policy approval process for districts not using the TEA model policy. The approval process will take place prior to the benefits application period starting with the application cycle in the 2020-2021 school year (for benefits beginning in the 2021-2022 school year). Language would also be amended to require evidence that the district required the operating partner to complete the application without the assistance of the district or the district's vendor, that the district employed a review panel to identify the strengths and weaknesses of the application, that the district reviewed any prior operating and academic performance history of the proposed operator, and that the district conducted a capacity interview.

New subsection (e)(9)(C)(iii) would be added to require evidence of the proposed operating partner's capacity to include evidence that the board includes at least three members who served prior to the submission of the application to the district, that the operating partner has sufficient staff dedicated to the management of the campus or campuses, that the operating partner's staff has experience managing schools or programs, that the operating partner has reasonable funding to manage the campus or campuses, and that the governing board of the operating partner will participate in board governance training within a year of the benefits application approval.

New subsection (e)(9)(C)(iv) would be added to require evidence of a clear and coherent academic model or program to be implemented by the operating partner, including evidence that the operating partner can clearly describe a consistent school vision for the campus or all campuses, including its culture, curriculum, assessment program, instructional strategies, talent recruitment and management strategies, and professional development activities or programs; evidence that the strategies will be effective for the student population to be served; and evidence that the operating partner can clearly describe the management routines and practices that will be implemented.

Renumbered subsection (e)(9)(C)(vi) would be amended to require an assurance that the governing board of the operating partner will participate in board governance training.

New subsection (e)(9)(C)(vii) would be added to require the district to provide an assurance that a list of board members and their backgrounds will be provided upon approval and annually thereafter.

Relettered subsection (e)(9)(D) would be amended to ensure that operating partners at campuses that have received unacceptable performance ratings have the capacity to manage a turnaround campus. Specifically, the rule would require that, for partnership benefits that begin in the 2020-2021 school year, operators have staff with three years' experience managing turnaround campuses and that, for partnership benefits that begin in the 2021-2022 school year, operators have existed for at least three years, have managed multiple campuses, and have a track record of improving student outcomes.

New subsection (e)(9)(E) would be added to address monitoring and clarify that TEA staff will collect information and conduct site visits as needed to ensure that the partnership maintains eligibility for benefits.

New subsection (e)(9)(F) would be added to ensure that districts and operating partners maintain the standards described in subsection (e) to maintain the benefits of the partnership.

FISCAL IMPACT: Joe Siedlecki, associate commissioner for charters and innovation, has determined that for the first five-year period the proposal is in effect there are no additional costs to state or local government, including school districts and open-enrollment charter schools, required to comply with the proposal. The budget specifications included in the proposed amendment are costs that are already required by the rule; the amendment clarifies that the district and operating partner must include these costs in the performance contract.

LOCAL EMPLOYMENT IMPACT: The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis, specified in Texas Government Code, §2006.002, is required.
COST INCREASE TO REGULATED PERSONS: The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. During the first five years the proposed rulemaking would be in effect, it would expand an existing regulation. The proposed amendment would revise existing provisions by refining some aspects of the rule and adding new provisions, such as requiring the use of specific forms in applying to TEA for the benefits associated with the program.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not create a new regulation; would not limit or repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: Mr. Siedlecki has determined that for each year of the first five years the proposal is in effect, the public benefit anticipated as a result of enforcing the proposal would be ensuring that rule language is based on current law and clarifying for school districts the requirements for operating a campus with an operating partner. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: The proposal would have no data or reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: The TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: The public comment period on the proposal begins December 27, 2019, and ends January 27, 2020. A public hearing on the proposal will be held at 8:30 a.m. on January 10, 2020, in Room 1-100, William B. Travis Building, 1701 North Congress Avenue, Austin, Texas 78701. Anyone wishing to testify at the hearing must sign in between 8:00 a.m. and 8:30 a.m. on the day of the hearing. The hearing will conclude once all who have signed in have been given the opportunity to comment. Questions about the hearing should be directed to Lindsay Denman, Texas Partnerships Manager, at (512) 463-9658. A form for submitting public comments is available on the TEA website at https://tea.texas.gov/About_TEA/Laws_and_Rules/Commissioner_Rules_(TAC)/Proposed_Commissioner_of_Education_Rules/. Comments on the proposal may also be submitted to Cristina De La Fuente-Valadez, Rulemaking, Texas Education Agency, 1701 North Congress Avenue, Austin, Texas 78701.

STATUTORY AUTHORITY. The amendment is proposed under Texas Education Code (TEC), §11.174, which provides benefits to a campus whose district contracts with a TEC, Chapter 12, Subchapter C or D, charter school to operate the campus; and TEC, §48.252, which entitles districts to receive increased funding for students at campuses contracting with TEC, Chapter 12, Subchapter C or D, charter operators.

CROSS REFERENCE TO STATUTE. The amendment implements Texas Education Code, §11.174 and §48.252.

(a) Applicability. This section applies only to independent school districts that intend to contract to partner to operate a campus and receive benefits under Texas Education Code (TEC), §11.174(a)(2).

(b) Definitions. For purposes of this division, the following words and terms shall have the following meaning, unless the context clearly indicates otherwise.

(1) Eligible entity--This term has the meaning assigned in TEC, §12.101(a).

(2) Campus--This term has the meaning assigned in §97.1051(3) of this title (relating to Definitions).

(3) Applicant--This term refers to an independent school district seeking approval to receive benefits for an eligible entity to contract to partner to operate a campus.

(4) Proposed operating partner--This term refers to the eligible entity seeking approval in coordination with an independent school district to contract to partner to operate a campus.

(c) Institutions of higher education. This subsection applies to entities meeting the definition of an institution of higher education as described in TEC, §61.003.

(1) For applicants seeking eligibility approval of an institution of higher education, which has been granted a charter in accordance with TEC, Chapter 12, Subchapter E, as the proposed operating partner, the commissioner of education will treat the institution of higher education as an open-enrollment charter school under TEC, §11.174(a)(1).

(2) The commissioner may approve an eligibility approval request under this section if the commissioner determines that the approval of the eligibility approval request will improve student outcomes at the campus.

(d) Private or independent institutions of higher education that are not described in subsection (c) of this section, non-profits, and governmental entities. This subsection applies to entities meeting the definitions described in TEC, §12.101(a)(2), (3), and (4).

(e) Application requirements.

(1) Prior to each eligibility approval cycle, the commissioner shall approve an application package for submission by applicants seeking eligibility approval as specified in TEC, §11.174. The application package may contain, but is not limited to, any of the following:

(A) an application form;

(B) the timeline for submission of completed forms;

(C) requirements, including mandatory training sessions for districts and proposed operating partners, that must be met in order for applications to be approved;

(D) scoring criteria and procedures for use by the review panel selected under paragraph (6) of this subsection; and

(E) eligibility approval criteria, including the minimum score necessary for approval.

(2) The Texas Education Agency (TEA) shall review application packages submitted under this section. If the TEA determines that an application package is not complete and/or the applicant does not meet the eligibility criteria in TEC, §11.174, the TEA shall notify the applicant and allow ten business days for the applicant to submit any missing or explanatory documents.

(A) If, after giving the applicant the opportunity to provide supplementary documents, the TEA determines that the eligibility approval request remains incomplete and/or the eligibility requirements of TEC, §11.174, have not been met, the eligibility approval request will be denied.
If the documents are not timely submitted, the TEA shall remove the eligibility approval request without further processing. The TEA shall establish procedures and schedules for returning eligibility approval requests without further processing.

Failure of the TEA to identify any deficiency or notify an applicant thereof does not constitute a waiver of the requirement and does not bind the commissioner.

A decision made by the TEA to deny, remove, or return an eligibility approval request is a final administrative decision of the TEA and may not be appealed under TEC, §7.057.

Upon written notice to the TEA, an applicant may withdraw an application package.

Applicants with complete eligibility approval requests shall be reviewed by an external eligibility approval request review panel selected by the commissioner. The panel shall review eligibility approval requests in accordance with the procedures and criteria established in the eligibility approval request form. Review panel members shall not discuss eligibility approval requests with anyone except TEA staff. Review panel members shall not accept meals, entertainment, gifts, or gratuities in any form from any person or organization with an interest in the results of an eligibility approval request review. Members of the review panel shall disclose to the TEA immediately the discovery of any past or present relationship with an applicant, including any current or prospective employee, agent, officer, or director of the eligible entity, an affiliated entity, or other party with an interest in the approval of the eligibility approval request.

No recommendation, ranking, or other type of endorsement by a member or members of the review panel is binding on the commissioner.

All parts of the district's application package are releasable to the public under the Texas Public Information Act, Texas Government Code, Chapter 552, and will be posted to the TEA website. Therefore, the following must be excluded or redacted from an application package submission:

- personal email addresses;
- proprietary material;
- copyrighted material;
- documents that could violate the Family Educational Rights and Privacy Act (FERPA) by identifying potential students of the partnership school, including, but not limited to, sign-in lists at public meetings about the school, photographs of existing students if the school is currently operating or photographs of prospective students, and/or letters of support from potential charter school parents and/or students; and
- any other information or documentation that cannot be released in accordance with Texas Government Code, Chapter 552.

TEA will remove from review any application packages that:

- include plagiarisms;
- are from districts that did not submit a letter of intent by the TEA published deadline;
- are from districts that did not participate in TEA required trainings;
- are from districts whose proposed operating partners did not attend TEA required trainings;
- are not submitted by the TEA published deadline; or
- include an operating partner that does not have a governing board and at least one full-time equivalent dedicated to the management of the campus or campuses.

Applicants with complete application packages satisfying the requirements in paragraph (5) of this subsection will be reviewed by a review panel selected by the commissioner. The panel may
include TEA staff or external stakeholders. The panel shall review application packages in accordance with the procedures and criteria established in the application package and guidance form. Review panel members shall not discuss eligibility approval requests with anyone except TEA staff. Review panel members shall not accept meals, entertainment, gifts, or gratuities in any form from any person or organization with an interest in the results of an application package review. Members of the review panel shall disclose to the TEA immediately the discovery of any past or present relationship with an applicant, including any current or prospective employee, agent, officer, or director of the eligible entity, an affiliated entity, or other party with an interest in the approval of the application package.

(7) TEA staff may interview applicants [whose eligibility approval requests received the minimum score established in the eligibility approval request form], may specify individuals from the district and proposed operating partner required to attend the interview, and may require the submission of additional information and documentation prior [or subsequent] to an interview.

(8) No recommendation, ranking, or other type of endorsement by a member or members of the review panel is binding on the commissioner.

(9) The commissioner will consider criteria that include the following when determining whether to approve an applicant.

(A) The criteria described in this subparagraph apply to all campuses. Each applicant must submit financial information that demonstrates that the proposed operating partner:

(i) is provided with a reasonable per pupil amount or percentage of the revenue generated by attendance at the campus from the district to the operating partner of all federal, state, and local funds due the campus, to be paid to the operating partner for managing the campus or campuses each year; and

(ii) has authority over the entire campus budget.

(B) The criteria described in this subparagraph apply to application packages relating to partnerships between a district and an organization authorized under TEC, Chapter 12, Subchapters D and E.

(i) Each applicant must demonstrate evidence of the district's adoption and implementation of the TEA model authorizing policy or a similar policy approved by TEA.

(I) For application packages submitted for benefits that begin in the 2021-2022 school year, districts not using the TEA model policy must have the local authorizing policy approved prior to the application review.

(II) TEA will release the authorizing policy approval timeline and process annually.

(III) TEA approval of local authorizing policies expires if the district changes the authorizing policy or if related sections of the Texas Administrative Code (TAC) or TEC change.

(ii) Each applicant must submit a performance contract that demonstrates that the applicant and proposed operating partner meet the requirements to contract to partner to operate, as outlined in §97.1075 of this title (relating to Contracting to Partner to Operate a Campus under Texas Education Code, §11.174).

(C) The criteria described in this subparagraph apply to application packages relating to partnerships between a district and any other type of partner except for operating partners described in subparagraph (B) of this paragraph. Each applicant must demonstrate:

(i) evidence of district capacity to authorize and oversee district charter campuses authorized under TEC, Chapter 12, Subchapter C, which must include:
(I) at least one district employee, employed prior to the district evaluation of the partnership, and fully dedicated to overseeing the authorizing and ongoing monitoring of in-district charter schools; and

(II) for benefits that begin in the 2021-2022 school year, evidence that the district employee has completed a TEA training program on authorizing and partnerships prior to the district evaluation of the partnership within one year of benefits approval;

(ii) evidence of the district's adoption and implementation of a high-quality district charter authorizing process as required by TEC, §12.058, which must include the following:

(I) the district's adoption and implementation of the TEA model authorizing policy or a similar policy approved by TEA prior to or as part of the application review. The following provisions apply:

(-a-) For application packages submitted for benefits that begin in the 2021-2022 school year, districts not using the TEA model policy must have the local authorizing policy approved prior to the application review.

(-b-) TEA will release the authorizing policy approval timeline and process annually.

(-c-) TEA approval of local authorizing policies expires if the district changes the authorizing policy or if related sections of the TAC or TEC change;

(II) evidence of the district's adoption and implementation of the TEA model campus charter application or similar application and scoring rubric approved by TEA. The following provisions apply:

(-a-) For application packages submitted for benefits that begin in the 2021-2022 school year, districts not using the TEA model campus application and scoring rubric must have the local campus application approved prior to the application review.

(-b-) TEA will release the local campus application and scoring rubric approval timeline and process annually.

(-c-) TEA approval of a local campus application and scoring rubric expires if the district changes the authorizing policy or if related sections of the TAC or TEC change; and

[(-a-) the qualifications, backgrounds, and histories of individuals and entities who will be involved in the governance, management, and educational leadership of the proposed operating partner; and]

[(-b-) any operating and academic performance history of the proposed operator; and]

(III) evidence that, at a minimum, the district:

(-a-) required the proposed operating partner to complete the application without assistance from the district or a district assigned vendor;

(-b-) employed a review panel to read the application from the operating partner and that the review panel identified strengths and weaknesses of the application;
(c) reviewed any operating and academic performance history of the proposed operator; and
(d) conducted a capacity interview with the board and proposed staff of the partner organization.

(iii) evidence of the capacity of the operating partner to manage the campus or campuses, including evidence that:

(I) the board of the operating partner includes at least three people and that their membership on the board pre-dates the submission of their application to the district;

(II) the operating partner has staff that will be fully dedicated to the management of the campus or campuses and that the level of staffing is reasonable given the number of campuses to be managed;

(III) the staff of the operating partner dedicated to the management of the campus or campuses has experience managing schools or academic programs;

(IV) the operating partner is provided with a reasonable per pupil amount or percentage of the revenue generated by attendance at the campus from the district to the operating partner of all federal, state, and local funds due the campus, to be paid to the operating partner for managing the campus or campuses each year; and

(V) the governing board of the operating partner will participate in board governance training provided by TEA or a vendor recommended by TEA within one year of approval of benefits;

(iv) evidence of a clear and coherent academic model or program to be implemented by the partner organization, including evidence that:

(I) the partner can clearly describe a consistent school vision for the campus or all campuses, including its culture, curriculum, assessment program, instructional strategies, talent recruitment and management strategies, and professional development activities or programs;

(II) the partner can clearly provide evidence that the aforementioned strategies and programs can be effective with the student population served in the campus or campuses; and

(III) the partner can clearly describe the management routines and practices to be implemented by the operating partner in managing the staff and academic programs as the campus or campuses;

[(III) the district's adoption and implementation of codified procedures for monitoring and reviewing in-district charters;]

(v) evidence that the applicant and proposed operating partner meet the requirements to contract to partner to operate, as outlined in §97.1075 of this title relating to Contracting to Partner to Operate a Campus under Texas Education Code, §11.174; and

[vi] an assurance that the governing body of the operating partner shall remain independent of the independent school district. This may include the following:

(I) an assurance that the governing body of the operating partner is not and shall not be comprised of any members of the independent school district's board of trustees, the superintendent, or staff responsible for
granting the contract to partner to operate or overseeing the performance contract;

(II) an assurance that the majority of the governing body of the operating partner is not and shall not be comprised of district staff;

(III) an assurance that no member of the governing body of the operating partner will be related within the first degree of affinity or consanguinity with any members of the independent school district's board of trustees, the superintendent, or staff responsible for granting the charter or contract to partner to operate or overseeing the performance contract;

(IV) an assurance that all members of the governing body of the operating partner have passed and will continually pass the district's conflict of interest checks; and

(V) an assurance that the district has not appointed a majority of the members of the governing board of the operating partner; and

(vii) an assurance that the school district will provide a list of the board members of the governing body and a description of their respective backgrounds upon approval and annually thereafter.

(iv) an assurance that the operating partner has the staff capacity, including at least one full-time equivalent employee, necessary to oversee the operation of the campus.

(D) The criteria described in this subparagraph apply to a campus whose last preliminary or final overall performance rating was unacceptable. In addition to the criteria described in subparagraphs (A)-(C) of this paragraph, as applicable, each applicant must demonstrate evidence that the operating partner has the capacity necessary to successfully turn around campuses. The commissioner will consider the following:

(i) For partnership benefits applied to district charter campuses authorized under TEC, Chapter 12, Subchapter C, that are approved for the 2020-2021 school year, evidence must be provided that the operating partner has staff in leadership positions with at least three years' experience managing campuses to academic success.

(ii) For partnership benefits applied to all campuses approved for the 2021-2022 school year and thereafter, evidence must be provided that the operating partner:

(I) has been in existence for at least three years prior to undertaking the management of the district campus;

(II) has managed multiple campuses for multiple years; and

(III) has a track record of managing campuses to academic success or has significantly improved the academic performance of campuses.

(i) evidence that the proposed operating partner has the capacity to operate the campus, including the following:

[I] an education plan;

[II] the capacity of the operating partner's board and leadership team; and

[III] if applicable, the operating partner's previous history operating campuses; and

(ii) evidence or an assurance that the operating partner has or will have dedicated staff capacity to operate or oversee the operation of a campus.
(E) In order to qualify for ongoing benefits, subsequent to initial eligibility validation or approval, the eligible partnership campus must comply with all information requests or monitoring visits deemed necessary by TEA staff to monitor the ongoing eligibility of the partnership.

(F) To receive benefits under TEC, §11.174(f) and (g) and §48.252, the district must continuously meet the requirements in this subsection.

(G) Notwithstanding this subsection, the commissioner will treat a campus granted a charter under TEC, Chapter 12, Subchapter C, as an open-enrollment charter school under TEC, §11.174(a)(1), if the Subchapter C charter was granted by a high-quality district authorizer. A high-quality district authorizer is a district that has successfully completed a state-approved professional development program in high-quality authorizing and has operated at least four Subchapter C campuses that are eligible for benefits under TEC, §11.174, in the prior year with at least 75% of those campuses performing at or above an agency-identified threshold for each campus's School Progress Domain.

(f) Decision finality. The approval or denial of the eligibility approval request is a final administrative decision by the commissioner and not subject to appeal under TEC, §7.057.