

## **BILL ANALYSIS**

Senate Research Center  
77R2149 CAS-F

S.B. 218  
By: Shapiro  
Education  
1/30/2001  
As Filed

### **DIGEST AND PURPOSE**

Currently, school districts lack an accountability rating system to handle their financial resources. As proposed, S.B. 218 directs the commissioner of education to create a financial accountability rating system for school districts in Texas.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1 (Section 39.204, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 39I, Education Code, by adding Sections 39.201-39.204 as follows:

Sec. 39.201. DEFINITIONS. Defines “parent” and “system.”

Sec. 39.202. DEVELOPMENT AND IMPLEMENTATION. Requires the commissioner of education (commissioner) to develop and implement a financial accountability rating system for school districts in this state. Requires the system to include uniform indicators adopted by the commissioner by which to measure a district’s financial management performance.

Sec. 39.203. REPORTING. Requires the commissioner to develop, as part of the system, a reporting procedure under which each school district is required to prepare and distribute an annual financial management report; and the public is provided an opportunity to comment on the report at a hearing. Requires the annual financial management report to include a description of the district’s financial management performance based on a comparison, provided by the Texas Education Agency (agency), of the district’s performance on the indicators adopted under Section 39.202(b) to state-established standards; and the district’s previous performance on the indicators; and any descriptive information required by the commissioner. Authorizes the report to include certain information, including any other information the board determines to be necessary or useful. Requires the board of trustees of each school district to hold a public hearing on the report. Requires the board to give notice of the hearing to owners of real property in the district and to parents of district students. Requires notice of the hearing to be provided, in addition to other notice required by law, to a newspaper of general circulation in the district; and through electronic mail to the media serving the district. Requires the report to be widely disseminated in the district in the manner prescribed by the commissioner after the hearing.

Sec. 39.204. RULES. Requires the commissioner to adopt rules as necessary for the implementation and administration of this subchapter.

SECTION 2. Amends Section 39.073(e), Education Code, to provide that in determining a district’s accreditation rating, the agency is required to consider the district’s current special education compliance status with the agency; and is authorized to consider the district’s performance under the

financial accountability rating system prescribed by Subchapter I.

SECTION 3. Effective date: September 1, 2001.

Requires the commissioner of education to implement a transitional financial accountability management system not later than September 1, 2002. Requires the commissioner of education to fully implement the financial accountability rating system prescribed by Subchapter I, Chapter 39, Education Code, as amended by this Act, not later than September 1, 2003. Prohibits the commissioner, notwithstanding Section 39.073(e), Education Code, as amended by this Act, to include a district's performance under the financial accountability rating system until that system is fully implemented.