

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 894
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Education
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Committee Report (Substituted)

DIGEST AND PURPOSE

Under current law, school districts are required to hire a public accountant to independently verify dropout rates and the expenditure of compensatory education funds when submitting such information to the Texas Education Agency (TEA). C.S.S.B. 894 requires instead that school districts supply the information directly to TEA on an annual basis in an electronic format, and requires TEA to create a ranking system to review the information provided on a district-by-district basis. The bill requires TEA to review the information of districts ranked as being at risk of providing inaccurate figures as regards dropout rates and compensatory education fund expenditures, and to conduct on-site investigations at the district, if the district does not respond to the high-risk ranking in a timely or satisfactory manner.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 39.055(a) and (e), Education Code, as follows:

(a) Deletes language requiring the board of trustees of each school district to have the district's dropout records audited annually by a public accountant. Instead, requires the commissioner of education (commissioner) to develop a process for auditing school district dropout records electronically. Requires the commissioner to develop a system and standards for review of the audit or to use systems already available at the Texas Education Agency (TEA). Requires the system to be designed to identify districts that are at high risk of having inaccurate dropout records and, as a result, require on-site monitoring of dropout records. Prohibits a district from being subject to on-site monitoring under this subsection if the electronic audit of the district's dropout records indicate a district is not at high risk of having inaccurate dropout records. Entitles a district to an opportunity to respond to the commissioner's determination before on-site monitoring may be conducted, if the risk-based system indicates that the district is at high risk of having inaccurate dropout records. Requires the district to respond within 30 days after the date the commissioner notifies the district of the commissioner's determination. Requires the commissioner to order TEA staff to conduct on-site monitoring of the district's dropout records, if the district's response does not change the commissioner's determination that the district is at high risk of having inaccurate dropout records or if the district does not respond in a timely manner.

(e) Deletes language requiring TEA to review each report of an audit of district dropout records, and replaces references to such reports with references to a district's dropout data. Makes conforming changes.

SECTION 2. Amends Section 42.152, Education Code, by amending Subsections (c), (q), and (r) Education Code, and adding Subsections (q-1)-(q-4), as follows:

(c) Deletes the word "only" to remove a restriction on the use of funds allocated under this section. Deletes the word "only" to remove a restriction on the use of a district's

compensatory education allotment. Authorizes the funds to be used at a campus which at least 40, rather than 50, percent of the students are educationally disadvantaged. Requires, rather than authorizes, a district's compensatory education allotment to be used for costs supplementary to the regular education program. Creates Subdivisions (2)(A) and (2)(B) from existing text. Creates Subdivision (3), as follows:

(3) Provides that, for the purposes of this section, an alternative education program specifically designed to serve students at risk of dropping out of school is considered to be a program supplemental to the overall educational program, and authorizes a district to use its compensatory education allotment for such a program, notwithstanding any other provisions of this section.

Makes nonsubstantive changes.

(q) Makes conforming changes. Requires the reporting requirements to be managed electronically to minimize local administrative costs. Requires a district to submit a copy of the report required by this subsection within 150 days after the last day permissible for resubmission of information required under Section 42.006.

(q-1) Requires the commissioner to develop a system to identify school districts that are at high risk of having used compensatory education funds other than in compliance with Subsection (c) or of having inadequately reported compensatory education expenditures. Prohibits the district, if a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is not at high risk of having misused compensatory education expenditures, from being required to perform a local audit of compensatory education expenditures and provides that the district is not subject to on-site monitoring under this section.

(q-2) Requires the commissioner, if a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is at high risk of having misused compensatory education funds, to notify the district of that determination. Requires the district to respond to the commissioner within 30 days after the date the commissioner notifies the district of the commissioner's determination. Requires the commissioner to perform certain tasks, if the district's response does not change the commissioner's determination that the district is at high risk of having misused compensatory education funds or if the district does not respond in a timely manner.

(q-3) Authorizes the commissioner, if a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is at high risk of having inadequately reported compensatory education expenditures, to require agency staff to assist the district or campus improvement plan under Chapter 11F. Authorizes the commissioner to perform certain tasks if the district does not take appropriate corrective action before the 45th day after the date the agency staff notifies the district of the action the district is expected to take.

(q-4) Adds "local" to existing text relating to the audit of compensatory education expenditures being withheld from a district's foundation school fund payment.

(r) Makes a conforming change.

SECTION 3. Repealer: Sections 39.055(b)-(d), Education Code (pertaining to the audit of dropout records and the corresponding report).

SECTION 4. Makes Section 42.152(c), Education Code, as amended by this Act, applicable to the use of compensatory education funds allotted under Chapter 42, Education Code, for any school year, including a school year before September 1, 2003.

SECTION 5. Effective date: September 1, 2003.

SUMMARY OF COMMITTEE CHANGES

SECTION 1. No changes.

SECTION 2. Adds Subsections (q-1)-(q-4) to Section 41.152, Education Code. Amends Subsections (c), (q), and (r).

SECTIONS 3-5. No changes.