

BILL ANALYSIS

Senate Research Center

S.B. 1837
By: Hughes
Education
4/4/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Chapter 12, Education Code, authorizes a public senior college or university to establish and operate an open-enrollment charter school under a charter issued by the Texas Education Agency. Among other criteria for issuance of the charter, Section 12.154(a)(6) expressly requires that the financial operations of the college or university charter school be supervised by the business office of the college or university.

The financial accountability of a public senior college or university is governed by Subchapter A, Chapter 51, Education Code, and by provisions governing state agencies generally: Chapter 2101, Government Code, which requires annual financial reports; Chapter 403.013, Government Code, which requires annual statements to the governor of funds, revenues, and expenditures; Chapter 2012, Government Code, which requires internal auditing; and Chapter 321, Government Code, which provides for auditing by the state auditor.

Section 39.082, Education Code, requires the commissioner of education to implement a financial accountability rating system that includes school districts and open-enrollment charter schools. The system, known as FIRST (Financial Integrity Rating System of Texas), is designed to encourage financial transparency, oversight, and improvement. While FIRST includes indicators relevant to school districts and other types of open-enrollment charter schools, the accountability system does not accurately measure the financial health of charter schools operated by a public institution of higher education. For example, three FIRST indicators are based on asset to liability ratios. Charter schools of a public senior college or university typically use facilities owned by the college or university, however, and have no assets independent of the college or university of which the school is a part.

Under S.B. 1837, charter schools operated by a public senior college or university would continue to be evaluated using the indicators included in FIRST but would not be assigned a financial accountability rating, as this rating is not reflective of the financial health of such charter schools.

As proposed, S.B. 1837 amends current law relating to the application of the financial accountability system for open enrollment charter schools to the charter school of a public senior college or university.

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 Section 39.082, Education Code, by adding Subsection (j), as follows:

(j) Requires charter schools operated by a public senior college or university to be evaluated by the indicators under this section (Development and Implementation), but prohibited from being assigned a financial accountability rating under Subsection (e). Provides that this subsection does not prohibit using indicators under this section for purposes of Section 12.1181 (Performance Frameworks; Annual Evaluations).

SECTION 2. Effective date: upon passage or September 1, 2017.