

- SUBJECT:** Limiting the number of audits of open-enrollment charter schools
- COMMITTEE:** Public Education — favorable, without amendment
- VOTE:** 8 ayes — Grusendorf, Branch, Dawson, Dutton, Eissler, Griggs, Hochberg, Madden
1 nay — Oliveira
- WITNESSES:** For — Gilbert Moreno, Association of Charter Educators of Texas; Olga Brooks and Helen Iwuala, Northwest Math, Science and Language Academy; Lois Bullock, Energized for Excellence Academy, Inc.; Linda Johnson, Gulf Shores Open Enrollment Charter School; Carol Thorne, Essential Support Services, Inc.; Reginald Walker, Charter Schools; Forrest Watson, Eagle Academies of Texas; D. H. Hillyer; Artie Jackson
Against — Ted Melina Raab, Texas Federation of Teachers
- BACKGROUND:** The 77th Legislature enacted HB 6 by Dunnam, et al., making open-enrollment charter schools subject to most public school record-keeping requirements, including regulations regarding acceptance and use of funds and annual financial statement requirements. Education Code, sec. 12.1163 authorizes the education commissioner to audit financial and administrative records of open-enrollment charter schools if the audit is limited to matters directly related to the school's management or operation.
- DIGEST:** HB 1146 would limit audits of open-enrollment charter schools by the education commissioner to one financial-records audit and one administrative audit per fiscal year, unless the commissioner had specific cause to conduct an additional audit. An audit of a charter holder or management company associated with the charter school would not count as one of these audits.
The bill would take effect September 1, 2003.
- SUPPORTERS SAY:** HB 1146 would help ensure that charter schools are not subject to the expense and trouble of an excessive number of unnecessary audits. Many charter schools are relatively small and do not have the financial and administrative

resources to respond to the many different audits that the Texas Education Agency (TEA) conducts each year. Charter schools were created as an alternative to overly bureaucratic systems, but many charter schools find themselves crushed under the weight of TEA audits.

The bill would not prevent TEA from auditing schools for specific cause. It simply would ensure that the agency would coordinate routine audits so that they were less disruptive and expensive for charter schools.

**OPPONENTS
SAY:**

Even the best charter schools should be subject to rigorous state oversight without arbitrary limits. Over the past five years, the state has lost millions of dollars as a result of poor financial management at charter schools. Charter schools accept public resources and should be held accountable for the use of these funds.

TEA conducts a variety of audits, including many “desk audits” in which the auditor does not visit the school but may request information. These include audits of performance, finances, and attendance, and may range from a brief records review to a full financial audit taking as long as two months. While most TEA audits are triggered by some sort of complaint or concern and thus would not be limited by the bill, limiting audits to two per year could impede TEA’s ability to conduct routine oversight audits required by law.

Many different TEA departments conduct site visits and audits. Coordinating these visits could prove difficult for the agency, and responding to all of these departments at once could be overwhelming for the charter school.

**OTHER
OPPONENTS
SAY:**

HB 1146 would not resolve the problem of excessive oversight by TEA and would create confusion regarding the type and number of audits that TEA could conduct. Many of the TEA reviews that charter schools consider burdensome actually are site visits, not audits. These site visits would not be subject to the limitations established by the bill.