

SUBJECT: Standards for school district accounting and reporting software

COMMITTEE: Public Education — committee substitute recommended

VOTE: 6 ayes — Eissler, Farias, Jackson, Olivo, Patrick, Weber
0 nays
5 absent — Hochberg, Allen, Aycock, Dutton, Shelton

WITNESSES: For — (*Registered, but did not testify:* David Anthony, Cypress Fairbanks ISD; Amy Beneski, Texas Association of School Administrators; Amanda Brownson; Moak, Casey & Associates; Bill Carpenter, Texas Council of Administrators of Special Education; David Duty, Texas Association of Community Schools; Monty Exter, Association of Texas Professional Educators; Dominic Giarratani, Texas Association of School Boards; Lonnie Hollingsworth, Texas Classroom Teachers Association; Ted Melina Raab, Texas AFT)

Against — None

On — Thomas Canby, Texas Association of School Business Officials; (*Registered, but did not testify:* Sherri Parks, Department of Information Resources)

BACKGROUND: School districts are required to submit to the Texas Education Agency (TEA) an Annual Financial and Compliance Report. Districts must submit additional financial and student attendance data to TEA through the Public Education Information Management System (PEIMS) each fall and once a year contract with an independent auditor, whose report is reviewed by TEA. If a district fails to meet financial accountability standards, the TEA commissioner may impose sanctions.

Every school district has a financial information management system, either informal and undocumented or formal and documented. TEA dictates the data reported and the data format. TEA has established codes that schools use to identify the revenue source and use of funds for all expenditures. Many districts purchase sophisticated software to assist

collection and coding, while other districts purchase off-the-shelf software, such as Quick Books or Peachtree.

DIGEST: CSHB 1693 would require the commissioner of education, in consultation with the Department of Information Resources (DIR), to adopt performance and interoperability standards for software used by school districts for financial accounting or attendance reporting. The standards would have to ensure that the software enabled a district to share and report information in a timely manner for financial management, operational decision-making, and transparency of district operations.

DIR would have to include compliance with the standards as a requirement in solicitations for software for this purpose and require a vendor awarded a contract to certify that the software complied with the standards. DIR could negotiate state contract pricing for software that complied with the state's standards.

The bill would take effect September 1, 2009.

SUPPORTERS SAY: CSHB 1693 would ensure minimum standards for school district accounting software and provide districts with more confidence in the accuracy of the financial information they report to TEA. Performance and interoperability standards would direct school districts toward software that increased the uniformity and improved the quality of data collected by the state and available to the public. This would enhance consistency when comparing data over time.

The bill would provide for interoperability and compatibility between TEA and school districts, as well as among districts. For example, a district might discover that its software program was incompatible with the 15-digit coding system the districts are required to use to record financial transactions. This bill would guide school districts toward software programs that were more compatible with the system.

The requirement in CSHB 1693 would not be a mandate on school districts, but a service the state provided to assist them. The bill also would save school districts money through statewide pricing contracts.

OPPONENTS SAY: CSHB 1693 might create pressure for school districts to purchase new or updated software sooner than they had planned in order to use software endorsed by the commissioner.

NOTES: The committee substitute does not differ significantly from the bill as filed.