

BILL ANALYSIS

Senate Research Center
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S.B. 875
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Education
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As Filed

DIGEST

Currently, the school district accountability system is based entirely upon student performance data. The Texas Education Agency (TEA), the Business and Education Coalition (a business education advocacy group), and others are preliminarily studying a “numbers-based” school district financial accountability system. The financial accountability system being discussed at a staff level at TEA does not use the qualitative findings that local auditors find and put in districts’ audited annual financial reports sent to TEA. S.B. 875 would require TEA, with the assistance of an advisory committee, to create a school district financial accountability rating system based upon findings in districts’ audited financial reports and quantitative data collected through the Public Education Information Management System (PEIMS).

PURPOSE

As proposed, S.B. 875 requires financial accountability of school districts.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the State Board of Education in SECTION 1 (Section 39.201(a), Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 39, Education Code, by adding Subchapter I, as follows:

SUBCHAPTER I. FINANCIAL ACCOUNTABILITY

Sec. 39.201. FINANCIAL ACCOUNTABILITY RATING SYSTEM. Requires the State Board of Education (board), by rule, to establish a financial accountability rating system (system) for school districts based on certain criteria. Requires the system to compare the performance of each school district on financial excellence indicators with standards established by the board.

Sec. 39.202. ADVISORY COMMITTEE. Requires the commissioner of education (commissioner) to establish an advisory committee composed of certain representatives, to assist the board in developing and implementing the system.

Sec. 39.203. PRIVATE ACCOUNTING CONSULTANT. Requires the Texas Education Agency (agency) to contract with a private accounting firm familiar with school district management and accounting practices to assist in developing and implementing the system through systematically categorizing analyzing district audit findings and through other means specified in the contract.

Sec. 39.204. ANNUAL REPORTS. Requires the agency each year to prepare and distribute to each school district a report that rates the district’s performance on the financial excellence indicators. Requires the report to include the recommendations of the commissioner under Section 44.008(e) and other appropriate recommendations. Requires the board of trustees to disseminate and publicize the report in accordance with the rules of the commissioner. Authorizes the report to be combined with other reports and financial statements, including other reports under this chapter.

SECTION 2. Amends Section 44.008(e), Education Code, to require the commissioner to notify the appropriate county or district attorney, who shall aggressively and thoroughly investigate, and the attorney

general, if the audit report reflects that penal laws have been violated.

SECTION 3. Amends Section 402.028, Government Code, by adding Subsection (d), to require the attorney general to ensure that prosecuting attorneys and the general public are aware of the availability of assistance under this section, including assistance in the investigation and prosecution of crimes involving public school funds.

SECTION 4. Emergency clause.

Effective date: upon passage.