

BILL ANALYSIS

Senate Research Center
80R21586 E

C.S.H.B. 2560
By: Zedler et al. (Wentworth)
Education
5/18/2007
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

There has been intense debate, discussion, and criticism of financial practices of school districts (districts), particularly regarding financial transparency. Media coverage of the recent financial problems and extensive fraud associated with district-issued credit cards in the Dallas Independent School District has helped fuel such controversy.

Several districts have already taken steps to provide financial data to citizens by posting their check registers online. However, this information can be difficult to interpret and vague, as it may require a great deal of effort to reference the associated codes. Additionally, postings of checks written to a credit card company do not provide insight on what the funds actually purchased.

C.S.H.B. 2560 requires districts to post their check registers and other pertinent financial data online, along with a key to the various statutes required for accurate interpretation of that data.

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 Subchapter A, Chapter 44, Education Code, by adding Sections 44.0031 through 44.0034, as follows:

Sec. 44.0031. ELECTRONIC CHECKING ACCOUNT TRANSACTION REGISTER.

(a) Requires a school district (district) to maintain the transaction register for the district's checking account in a searchable electronic spreadsheet format in which the transaction register is readily available for purposes of Subsections (d) and (e). Requires the electronic checking account transaction register (register) to include for each check written from a district checking account certain information set forth in this subsection, except as provided by Subsection (b) or (c).

(a-1) Requires a district's register to contain the information required by Subsections (a)(1), (2), and (3) for each check dated on or after August 1, 2007, beginning September 1, 2007, and notwithstanding Subsection (a). Requires a district's register to contain the information required by Subsections (a)(1) through (4) for each check dated on or after August 1, 2008, beginning September 1, 2008. Provides that this subsection expires October 1, 2008.

(a-2) Requires the district, if the district complies with Subsection (a)(3) in the manner provided by Subsection (a)(3)(B), to post certain information on the district's Internet website.

(b) Prohibits a district from including in the district's register a check issued to a district employee in payment of certain compensation and benefits set forth in this subsection.

(c) Provides that this section does not apply to a checking account maintained by a district or school campus solely for a student activity fund.

(d) Requires a district to prominently post the register at all times on the district's Internet website for viewing and downloading by interested persons.

(e) Requires a district to share data from the register with any interested person who requests the data pursuant to Chapter 552 (Public Information), Government Code.

(f) Requires a district to update the register at least once each month, not later than the 90th day after the closing date of the most recent monthly statement for the checking account, and to maintain each transaction or listing in the register on the district's Internet website until the second anniversary of the date of the transaction or listing.

Sec. 44.0032. POSTING OF DISTRICT CREDIT CARD TRANSACTIONS. (a) Requires a district to post on its Internet website a monthly listing of each transaction made using a credit card issued to the district or a district officer or employee for use in connection with district business.

(b) Requires the listing of credit card transactions under Subsection (a) to include certain information set forth in this subsection for each transaction.

(c) Authorizes a district to comply with Subsection (a) by posting a credit card statement on the district's Internet website. Requires the district, before posting a credit card statement as permitted by this subsection, to remove or obliterate the name of the credit card issuer, the credit card number, the name of the person to whom the card is issued, the day of the month on which each transaction shown was made, and the expiration date.

(d) Requires a district to post each credit card transaction not later than the 30th day after the first date the district pays any portion of the balance due shown on the credit card statement that contains the transaction and maintain the listing of a credit card transaction on the district's Internet website until the second anniversary of the date of the transaction.

(e) Requires a district to post on the district's Internet website the first monthly listing of credit card transactions by listing each transaction on the first monthly statement the district receives that covers a billing period that ends after August 1, 2007. Provides that this subsection expires December 1, 2007.

Sec. 44.0033. POSTING OF DISTRICT EMPLOYEE COMPENSATION INFORMATION. (a) Defines "compensation."

(b) Requires a district to post on its Internet website a listing of the total amounts budgeted for district employees' compensation for the school year, grouped by the categories of employees set forth in this subsection.

(c) Requires the district to post certain information for each category of employees under Subsection (b).

(d) Requires the district to maintain the employee compensation information for a school year on the its Internet website until the district posts the information for the following school year.

Sec. 44.0034. POSTING OF DISTRICT FUND BALANCES. (a) Requires a district to post on the its Internet website a statement of the district's obligated and unobligated fund balances.

(b) Requires a district to update the statement of fund balances at least once each month and maintain each statement of fund balances on the district's Internet website until the second anniversary of the date of the statement.

(c) Requires a district to maintain minimum fund balances equal to at least two months of the district's operating budget.

Sec. 44.0035. INAPPLICABILITY TO SMALL SCHOOL DISTRICTS OF REQUIREMENTS RELATING TO POSTING FINANCIAL INFORMATION. Provides that a school district with a student enrollment of fewer than 500 students in kindergarten through grade 12 is not required to comply with Sections 44.0031 through 44.0034.

SECTION 2. Effective date: upon passage or September 1, 2007.