

Amend CSHB 3459 by adding the following SECTION in the appropriate place and renumber accordingly:

(1) "SECTION \_\_\_\_\_. (a) The comptroller of public accounts shall contract with a consultant for a comprehensive audit of regional education service centers in this state. The audit must include:

(1) a detailed analysis of all services provided by regional education service centers that identifies, for each service provided:

(A) the percentage of school districts receiving the service;

(B) the costs to the regional education service centers of providing the service;

(C) the charges imposed on school districts by the regional education service centers for providing the service; and

(D) the difference between the amount determined under Paragraph (B) of this subdivision and the amount determined under Paragraph (C) of this subdivision;

(2) an evaluation of whether any services provided by a regional education service center could be provided at a lower cost by an alternative service provider, as determined based on a survey of potential alternative service providers;

(3) an analysis of the governance structures of regional education service centers;

(4) a review of the financial condition of regional education service centers and their current funding sources to determine the adequacy of state appropriations to regional education service centers and whether those appropriations should continue to be made;

(5) a review of the number and geographic distribution of regional education service centers;

(6) a review of the institutional structure of regional education service centers, with consideration of whether a separate system of Texas Education Agency field offices would be appropriate or whether any regional education service center functions should be transferred to Texas Education Agency

facilities; and

(7) an analysis of the support functions of regional education service centers to determine whether support requirements could be decreased through business processes or application redesigns.

(b) Costs of the audit required by Subsection (a) of this section shall be paid using amounts appropriated for the fiscal biennium ending August 31, 2005, to regional education service centers or to the Texas Education Agency for the costs of services provided by regional education service centers, not to exceed a total amount of \$750,000.

(c) Not later than December 1, 2004, the comptroller of public accounts shall submit a report to the legislature concerning the results of the audit required by Subsection (a) of this section. The report must include recommendations for a regional education service center funding mechanism under which at least 80 percent of center funds are derived from fee-for-service contracts with school districts."