

1-1 By: Shapiro S.B. No. 929
1-2 (In the Senate - Filed March 6, 2003; March 11, 2003, read
1-3 first time and referred to Committee on Education; May 2, 2003,
1-4 reported adversely, with favorable Committee Substitute by the
1-5 following vote: Yeas 6, Nays 3; May 2, 2003, sent to printer.)

1-6 COMMITTEE SUBSTITUTE FOR S.B. No. 929 By: Shapiro

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to regional education service centers.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subchapter A, Chapter 8, Education Code, is
1-12 amended by adding Section 8.008 to read as follows:

1-13 Sec. 8.008. APPLICABILITY OF CERTAIN LAWS RELATING TO
1-14 POLITICAL ACTIVITIES. A regional education service center and each
1-15 center employee is subject to Chapter 556, Government Code, and for
1-16 purposes of that chapter:

1-17 (1) the center is considered to be a state agency; and
1-18 (2) each center employee is considered to be a state
1-19 employee.

1-20 SECTION 2. Subsection (a), Section 8.051, Education Code,
1-21 is amended to read as follows:

1-22 (a) Each regional education service center shall [~~use funds~~
1-23 ~~distributed to the center under Section 8.121 to~~] develop,
1-24 maintain, and deliver services identified under this section to
1-25 improve student and school district performance.

1-26 SECTION 3. Subchapter B, Chapter 8, Education Code, is
1-27 amended by adding Section 8.056 to read as follows:

1-28 Sec. 8.056. LIMITATION ON COMPENSATION FOR CERTAIN
1-29 SERVICES. A regional education service center that acts as a fiscal
1-30 agent or broker in connection with an agreement between two school
1-31 districts under Subchapter E, Chapter 41, may not, unless
1-32 authorized in writing by the district receiving transferred funds
1-33 in accordance with the agreement:

1-34 (1) be compensated by the districts in an amount that
1-35 exceeds the administrative cost of providing the service; or

1-36 (2) otherwise retain for use by the center any amount
1-37 other than the compensation permitted under Subdivision (1) from
1-38 the funds transferred between the districts in accordance with the
1-39 agreement.

1-40 SECTION 4. Section 8.121, Education Code, is amended to
1-41 read as follows:

1-42 Sec. 8.121. STATE FUNDING [FOR CORE SERVICES AND SERVICES
1-43 TO IMPROVE PERFORMANCE]. (a) [Regional education service centers
1-44 receive state financial support for services provided under Section
1-45 8.051 from money appropriated for the Foundation School Program.]
1-46 The commissioner may not use [shall distribute] money appropriated
1-47 for the Foundation School Program to provide regional education
1-48 service centers with financial support for services provided under
1-49 Section 8.051 [each regional education service center for basic
1-50 costs of providing those services according to an annual allotment
1-51 set by the commissioner based on:

1-52 [(1) the minimum amount of money necessary for the
1-53 operation of a center;

1-54 [(2) an additional amount of money that reflects the
1-55 size and number of campuses served by the center under Section
1-56 8.051; and

1-57 [(3) an additional amount of money that reflects the
1-58 impact of the geographic size of a center's service area on the cost
1-59 of providing services under Section 8.051].

1-60 (b) Except as provided by Subsection (c), any money
1-61 appropriated by the legislature for services described by Section
1-62 8.051 and provided by regional education service centers or other
1-63 providers must be distributed directly to school districts for use

2-1 by the districts in obtaining the services from centers or other
2-2 providers. The commissioner shall determine the method by which
2-3 money appropriated under this section is distributed.

2-4 (c) A school district may authorize the commissioner to
2-5 distribute directly to a regional education service center the
2-6 amount of funds that would otherwise be distributed to the district
2-7 in accordance with Subsection (b). The district may rescind its
2-8 authorization at any time, and the commissioner shall promptly
2-9 resume distributing funds directly to the district [~~Each regional
2-10 education service center shall use money distributed to it under
2-11 this section for the provision of core services required under
2-12 Section 8.051 or for payment of necessary administrative and
2-13 operational expenses of the center related to the provision of
2-14 those services].~~

2-15 SECTION 5. (a) The comptroller of public accounts shall
2-16 contract with a consultant for a comprehensive audit of regional
2-17 education service centers in this state. The audit must include:

2-18 (1) a detailed analysis of all services provided by
2-19 regional education service centers that identifies, for each
2-20 service provided:

2-21 (A) the percentage of school districts receiving
2-22 the service;

2-23 (B) the costs to the regional education service
2-24 centers of providing the service;

2-25 (C) the charges imposed on school districts by
2-26 the regional education service centers for providing the service;
2-27 and

2-28 (D) the difference between the amount determined
2-29 under Paragraph (B) of this subdivision and the amount determined
2-30 under Paragraph (C) of this subdivision;

2-31 (2) an evaluation of whether any services provided by
2-32 a regional education service center could be provided at a lower
2-33 cost by an alternative service provider, as determined based on a
2-34 survey of potential alternative service providers;

2-35 (3) an analysis of the governance structures of
2-36 regional education service centers;

2-37 (4) a review of the financial condition of regional
2-38 education service centers and their current funding sources to
2-39 determine the adequacy of state appropriations to regional
2-40 education service centers and whether those appropriations should
2-41 continue to be made;

2-42 (5) a review of the number and geographic distribution
2-43 of regional education service centers;

2-44 (6) a review of the institutional structure of
2-45 regional education service centers, with consideration of whether a
2-46 separate system of Texas Education Agency field offices would be
2-47 appropriate or whether any regional education service center
2-48 functions should be transferred to Texas Education Agency
2-49 facilities; and

2-50 (7) an analysis of the support functions of regional
2-51 education service centers to determine whether support
2-52 requirements could be decreased through business processes or
2-53 application redesigns.

2-54 (b) Costs of the audit required by Subsection (a) of this
2-55 section shall be paid using amounts appropriated for the fiscal
2-56 biennium ending August 31, 2005, to regional education service
2-57 centers or to the Texas Education Agency for the costs of services
2-58 provided by regional education service centers, not to exceed a
2-59 total amount of \$750,000.

2-60 (c) Not later than December 1, 2004, the comptroller of
2-61 public accounts shall submit a report to the legislature concerning
2-62 the results of the audit required by Subsection (a) of this section.
2-63 The report must include recommendations for a regional education
2-64 service center funding mechanism under which at least 80 percent of
2-65 center funds are derived from fee-for-service contracts with school
2-66 districts.

2-67 SECTION 6. This Act takes effect September 1, 2003.

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