

Amend **CSHB 1** by adding a new Article 2 to the bill and renumbering subsequent articles accordingly:

ARTICLE 2. FISCAL ACCOUNTABILITY

SECTION 2.01. Chapter 1, Education Code, is amended by adding Section 1.005 to read as follows:

Sec. 1.005. EDUCATION RESEARCH CENTERS; SHARING STUDENT INFORMATION. (a) In this section, "center" means a center for education research authorized by this section.

(b) The commissioner of education and the commissioner of higher education may establish not more than three centers for education research for conducting research described by Subsections (e) and (f).

(c) A center may be established as part of:

- (1) the Texas Education Agency;
- (2) the Texas Higher Education Coordinating Board; or
- (3) a public junior college, public senior college or university, or public state college, as those terms are defined by Section 61.003.

(d) A center may be operated under a memorandum of understanding between the commissioner of education, the commissioner of higher education, and the governing board of an educational institution described by Subsection (c)(3). The memorandum of understanding must require the commissioner of education, or a person designated by the commissioner, and the commissioner of higher education, or a person designated by the commissioner, to provide direct, joint supervision of the center under this section.

(e) A center shall conduct research for the benefit of education in this state, including research relating to the impact of state and federal education programs, the performance of educator preparation programs, public school finance, and the best practices of school districts with regard to classroom instruction, bilingual education programs, special language programs, and business practices.

(f) The commissioner of education and the commissioner of

higher education:

(1) under the memorandum of understanding described by Subsection (d), may require a center to conduct certain research projects considered of particular importance to the state, as determined by the commissioners; and

(2) not later than the 45th day before the date a research project required to be conducted under this subsection is scheduled to begin, shall notify the governor, the Legislative Budget Board, and the governing body of the educational institution in which the center is established that the research project is required.

(g) In conducting research under this section, a center:

(1) may use data on student performance, including data that is confidential under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g), the center has collected from the Texas Education Agency, the Texas Higher Education Coordinating Board, the Educators' Professional Practices Board, any public or private institution of higher education, and any school district; and

(2) shall comply with rules adopted by the commissioner of education and the commissioner of higher education to protect the confidentiality of student information, including rules establishing procedures to ensure that confidential student information is not duplicated or removed from a center in an unauthorized manner.

(h) The commissioner of education and the commissioner of higher education may:

(1) accept gifts and grants to be used in operating one or more centers; and

(2) by rule impose reasonable fees, as appropriate, for the use of a center's research, resources, or facilities.

(i) This section does not authorize the disclosure of student information that may not be disclosed under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g).

(j) The commissioner of education and the commissioner of higher education shall adopt rules as necessary to implement this

section.

(k) In implementing this section, the commissioner of education may use funds appropriated to the agency and available for that purpose, including Foundation School Program funds.

SECTION 2.02. Subchapter A, Chapter 7, Education Code, is amended by adding Sections 7.008 and 7.009 to read as follows:

Sec. 7.008. PUBLIC ACCESS TO PEIMS DATA. (a) The commissioner with the assistance of an advisory panel described by Subsection (b) shall develop a request for proposal for a qualified third-party contractor to develop and implement procedures to make available, through the agency Internet website, all financial and academic performance data submitted through the Public Education Information Management System (PEIMS) for school districts and campuses.

(b) The commissioner shall appoint an advisory panel to assist the commissioner in developing requirements for a system that is easily accessible by the general public and contains information of primary relevance to the public. The advisory panel shall consist of:

- (1) educators;
- (2) interested stakeholders;
- (3) business leaders; and
- (4) other interested members of the public.

(c) The procedures developed under this section must provide:

- (1) a summarized format easily understood by the public for reporting financial and academic performance information on the agency Internet website; and
- (2) the ability for those who access the Internet website to view and download state, district, and campus level information.

(d) This section does not authorize the disclosure of student information that may not be disclosed under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g). The commissioner shall adopt rules to protect the confidentiality of student information.

(e) The procedures to make available, through the agency

Internet website, all financial and academic performance information for school districts and campuses as described by this section shall be implemented not later than August 1, 2007. This subsection expires August 1, 2009.

Sec. 7.009. BEST PRACTICES; CLEARINGHOUSE. (a) In coordination with the Legislative Budget Board, the agency shall establish an online clearinghouse of information relating to best practices of campuses and school districts regarding instruction, public school finance, resource allocation, and business practices. To the extent practicable, the agency shall ensure that information provided through the online clearinghouse is specific, actionable information relating to the best practices of high-performing and highly efficient campuses and school districts rather than general guidelines relating to campus and school district operation. The information must be accessible by campuses, school districts, and interested members of the public.

(b) The agency shall solicit and collect from the Legislative Budget Board, centers for education research established under Section 1.005, and exemplary or recognized school districts and open-enrollment charter schools, as rated under Section 39.072, examples of best practices relating to instruction, public school finance, resource allocation, and business practices, including best practices relating to curriculum, scope and sequence, compensation and incentive systems, bilingual education and special language programs, compensatory education programs, and the effective use of instructional technology, including online courses.

(c) The agency shall contract for the services of one or more third-party contractors to develop, implement, and maintain a system of collecting and evaluating the best practices of campuses and school districts as provided by this section. In addition to any other considerations required by law, the agency must consider an applicant's demonstrated competence and qualifications in analyzing campus and school district practices in awarding a contract under this subsection.

(d) The commissioner may purchase from available funds curriculum and other instructional tools identified under this

section to provide for use by school districts.

SECTION 2.03. Subchapter C, Chapter 7, Education Code, is amended by adding Section 7.061 to read as follows:

Sec. 7.061. FUNDING FOR CERTAIN PURPOSES. (a) The commissioner, to the extent not specifically prohibited by state or federal law, shall use federal funds, including consolidated administrative or innovative program funds, for the purposes described by Sections 1.005, 7.008, 7.009, and 44.0061.

(b) To the extent federal funds are not sufficient for the purposes described by Subsection (a), the commissioner may set aside funds from the Foundation School Program to fund the remaining balance.

SECTION 2.04. Subchapter A, Chapter 11, Education Code, is amended by adding Section 11.003 to read as follows:

Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Not later than December 1, 2006, the commissioner shall evaluate the feasibility of including a uniform indicator under Section 39.202(b) that measures effective administrative management through the use of cooperative shared services arrangements. If the commissioner determines that the adoption of a uniform indicator described by this subsection is feasible, the commissioner by rule shall include the indicator in the financial accountability rating system under Subchapter I, Chapter 39, for school districts beginning with the 2007-2008 school year. This subsection expires September 1, 2009.

(b) Each regional education service center shall:

(1) notify each school district served by the center regarding the opportunities available through the center for cooperative shared services arrangements within the center's service area; and

(2) evaluate the need for cooperative shared services arrangements within the center's service area and consider expanding center-sponsored cooperative shared services arrangements.

(c) Each regional education service center shall assist a school district board of trustees in entering into an agreement with another district or political subdivision, a regional

education service center, or an institution of higher education as defined by Section 61.003, for a cooperative shared services arrangement regarding administrative services, including transportation, food service, purchasing, and payroll functions.

(d) The commissioner may require a district or an open-enrollment charter school to enter into an agreement for a cooperative shared services arrangement if the commissioner determines that the financial management performance of the district or school is unsatisfactory.

SECTION 2.05. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.0041 to read as follows:

Sec. 44.0041. PUBLICATION OF SUMMARY OF PROPOSED BUDGET.

(a) Concurrently with the publication of notice of the budget under Section 44.004, a school district shall post a summary of the proposed budget:

- (1) on the school district's Internet website; or
- (2) if the district has no Internet website, in the district's central administrative office.

(b) The budget summary must include:

(1) information relating to per student and aggregate spending on:

- (A) instruction;
- (B) instructional support;
- (C) central administration;
- (D) district operations;
- (E) debt service; and
- (F) any other category designated by the commissioner; and

(2) a comparison to the previous year's actual spending.

SECTION 2.06. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.0061 to read as follows:

Sec. 44.0061. REVIEW OF ACCOUNTING SYSTEM. (a) The commissioner shall contract with a qualified third-party contractor to conduct a comprehensive review of the accounting systems used by school districts under Section 44.007.

(b) The third-party contractor conducting the review under

this section shall:

(1) provide any recommendations relating to the accounting systems to:

(A) improve the transparency of district spending behavior;

(B) provide more thorough information relating to campus spending; and

(C) facilitate program evaluations, including evaluations of compensatory education programs; and

(2) evaluate the accounting systems to determine whether any reporting requirements should be adjusted based on district size.

(c) Before January 1, 2007, the commissioner shall submit a report to the legislature describing the results of the review conducted under this section.

(d) This section expires January 2, 2007.

SECTION 2.07. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.011 to read as follows:

Sec. 44.011. SPENDING TARGETS FOR DISTRICT EXPENDITURES.

(a) The commissioner shall annually establish and publish the proposed expenditures for each school district as determined by the commissioner based on an evaluation of information relating to the best practices of campuses and districts as described by Section 7.009. The commissioner shall consider unique characteristics of the district, including the district's size.

(b) The proposed expenditures to be determined as required by Subsection (a) must include amounts for:

(1) instructional expenditures;

(2) central administrative expenditures;

(3) district operations; and

(4) any other category designated by the commissioner.

(c) If the board of trustees of a school district intends to exceed the proposed expenditures established by the commissioner under this section, the board must adopt and publish a resolution that includes an explanation justifying the board's actions.