

Amend CSSB 422 by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill appropriately:

SECTION _____. Section 8.051(a), Education Code, is amended to read as follows:

(a) Except as provided by Subchapter E, each ~~Each~~ regional education service center shall use funds distributed to the center under Section 8.121 to develop, maintain, and deliver services identified under this section to improve student and school district performance.

SECTION _____. Section 8.103, Education Code, is amended to read as follows:

Sec. 8.103. ANNUAL EVALUATION. Except as provided by Subchapter E, the ~~The~~ commissioner shall conduct an annual evaluation of each executive director and regional education service center. Each evaluation must include:

- (1) an audit of the center's finances;
- (2) a review of the center's performance on the indicators adopted under Section 8.101;
- (3) a review of client satisfaction with services provided under Subchapter B; and
- (4) a review of any other factor the commissioner determines to be appropriate.

SECTION _____. Section 8.121(c), Education Code, is amended to read as follows:

(c) Each regional education service center shall use money distributed to it under this section:

- (1) for the provision of core services required under Section 8.051;
- (2) ~~or~~ for payment of necessary administrative and operational expenses of the center related to the provision of core ~~these~~ services required under Section 8.051; or
- (3) as provided by Section 8.151, if the center is approved to operate under Subchapter E.

SECTION _____. Chapter 8, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. VOLUNTARY PILOT PROGRAM ESTABLISHING ALTERNATIVE
METHOD OF PROVIDING SERVICES

Sec. 8.151. DIRECT FUNDING TO DISTRICTS PERMITTED ON APPROVAL; EVALUATION. (a) A regional education service center approved by the commissioner to operate under this subchapter may distribute funds received under Subchapter D directly to school districts in the region served by the center for the purpose of providing the school districts the freedom to purchase curriculum materials, professional development services, and instructional technology from the center or any other service provider.

(b) The commissioner by rule shall establish:

(1) a procedure for regional education service centers to apply for approval to operate under this subchapter;

(2) criteria for approving or denying an application under this subchapter; and

(3) criteria for evaluating each executive director and regional education service center approved to operate under this subchapter.

Sec. 8.152. ANNUAL AUDIT. (a) At least once each year, a regional education service center operating under this subchapter shall have a fiscal audit performed by a certified public accountant.

(b) A regional education service center shall submit a copy of the annual audit to the commissioner for review. The commissioner may:

(1) examine any working papers from the annual audit; and

(2) conduct a separate audit if, after reviewing the independent audit, the commissioner considers a separate audit necessary.

(c) A regional education service center operating under this subchapter is not subject to the management processes, procedures, and guidelines established by and for regional education service centers that do not operate under this subchapter.

(d) A regional education service center operating under this subchapter may use management processes, procedures, and

guidelines that are reasonable and necessary to sustain the center financially.

(e) A regional education service center operating under this subchapter is accountable to the school districts in the region served by the center and the commissioner.

Sec. 8.153. EXPIRATION. This subchapter expires September 1, 2009.

SECTION _____. Effective September 1, 2009, Section 8.051(a), Education Code, is amended to read as follows:

(a) Each regional education service center shall use funds distributed to the center under Section 8.121 to develop, maintain, and deliver services identified under this section to improve student and school district performance.

SECTION _____. Effective September 1, 2009, Section 8.103, Education Code, is amended to read as follows:

Sec. 8.103. ANNUAL EVALUATION. The commissioner shall conduct an annual evaluation of each executive director and regional education service center. Each evaluation must include:

- (1) an audit of the center's finances;
- (2) a review of the center's performance on the indicators adopted under Section 8.101;
- (3) a review of client satisfaction with services provided under Subchapter B; and
- (4) a review of any other factor the commissioner determines to be appropriate.

SECTION _____. Effective September 1, 2009, Section 8.121(c), Education Code, is amended to read as follows:

(c) Each regional education service center shall use money distributed to it under this section:

- (1) for the provision of core services required under Section 8.051; or
- (2) for payment of necessary administrative and operational expenses of the center related to the provision of core [~~these~~] services required under Section 8.051.

SECTION _____. Not later than January 1, 2006, the commissioner of education shall adopt rules to authorize regional education service centers to operate under Subchapter E, Chapter 8,

Education Code, as added by this Act.

SECTION _____. (a) The commissioner of education shall conduct a study to review the performance of regional education service centers operating under Subchapter E, Chapter 8, Education Code, as added by this Act.

(b) Not later than January 1, 2009, the commissioner of education shall report the results of the study to the governor, lieutenant governor, speaker of the house of representatives, and the chairs of the standing committees of each house of the legislature with primary jurisdiction over public education. In the report, the commissioner shall:

(1) state the commissioner's findings and recommendations; and

(2) identify any opportunities for legislative or administrative actions.

SECTION _____. Sections 8.051(a), 8.103, 8.121(c), Education Code, as amended by this Act, and Subchapter E, Chapter 8, Education Code, as added by this Act, apply beginning with the 2006-2007 school year.