

By: Hochberg

H.B. No. 2481

A BILL TO BE ENTITLED

AN ACT

relating to financial accountability for school districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter I, Chapter 39, Education Code, is amended by adding Sections 39.2021 and 39.2022 to read as follows:

Sec. 39.2021. FINANCIAL SOLVENCY REVIEW REQUIRED. (a) The agency shall develop a review process to anticipate the future financial solvency of each school district. The review process shall analyze:

(1) district revenues and expenditures for the preceding school year; and

(2) projected district revenues and expenditures for the current school year and the following five school years.

(b) In analyzing the information under Subsection (a), the review process developed must consider, for the preceding school year, the current school year, and the following five years, as appropriate:

(1) student-to-staff ratios relative to expenditures, including average staff salaries;

(2) the rate of depletion of the district general fund balance;

(3) the number of students enrolled in the district;

(4) the adopted tax rate of the district;

(5) any independent audit report prepared for the

1 district; and

2 (6) actual financial data for the district for the
3 month of September.

4 (c) The agency shall consult school district financial
5 officers in developing the review process under this section.

6 (d) The agency shall develop a computer software template
7 for school districts to use in submitting information to the agency
8 for purposes of this section. Each district shall update
9 information to the template within the period prescribed by the
10 commissioner. The commissioner shall adopt rules under this
11 subsection to allow a district to enter estimates of critical data
12 into the template before the district adopts its budget. The
13 template must:

14 (1) be capable of importing, to the extent
15 practicable, data a district has previously submitted to the
16 agency;

17 (2) include an entry space that allows a district to
18 enter information explaining any irregularity in data submitted;
19 and

20 (3) provide alerts for:

21 (A) a student-to-staff ratio that is
22 significantly outside the norm;

23 (B) a rapid depletion of the district general
24 fund balance; and

25 (C) a significant discrepancy between actual
26 budget figures and projected revenues and expenditures.

27 (e) An alert in the template developed under Subsection (d)

1 must be developed to notify the agency immediately on the
2 occurrence of a condition described by Subsection (d)(3). After
3 the agency is alerted, the agency shall immediately notify the
4 affected school district regarding the condition triggering the
5 alert.

6 Sec. 39.2022. PROJECTED DEFICIT. (a) If the review process
7 under Section 39.2021 indicates a projected deficit for a school
8 district general fund within the following five school years, the
9 district shall provide the agency interim financial reports,
10 supplemented by staff and student count data, as needed, to
11 evaluate the district's current budget status.

12 (b) If the interim financial data provided under Subsection
13 (a) substantiates the projected deficit, the school district shall
14 develop a financial plan and submit the plan to the agency for
15 approval. The agency may approve the plan only if the agency
16 determines the plan will permit the district to avoid the projected
17 insolvency.

18 (c) The commissioner shall assign a school district an
19 accredited-warned status if:

20 (1) the district fails to submit a plan as provided by
21 Subsection (b);

22 (2) the district fails to obtain approval from the
23 agency for a plan as provided by Subsection (b);

24 (3) the district fails to comply with a plan approved
25 by the agency under Subsection (b); or

26 (4) the agency determines in a subsequent school year,
27 based on financial data submitted by the district, that the

1 approved plan for the district is no longer sufficient or is not
2 appropriately implemented.

3 SECTION 2. Section 39.203(b), Education Code, is amended to
4 read as follows:

5 (b) The annual financial management report must include:

6 (1) a description of the district's financial
7 management performance based on a comparison, provided by the
8 agency, of the district's performance on the indicators adopted
9 under Section 39.202(b) to:

10 (A) state-established standards; and

11 (B) the district's previous performance on the
12 indicators; ~~and~~

13 (2) a description of the data submitted using the
14 computer software template developed under Section 39.2021; and

15 (3) any descriptive information required by the
16 commissioner.

17 SECTION 3. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 takes effect September 1, 2009.