

BILL ANALYSIS

Senate Research Center

C.S.H.B. 2209
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Education
5/4/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Rural Schools Innovation Zone (RSIZ) is a first-of-its-kind initiative to improve educational opportunities for rural students in South Texas. Formed in 2019, the RSIZ was launched as a collaborative partnership among a locally created nonprofit coordinating organization and three districts: Freer ISD, Premont ISD, and Brooks County ISD. Each district shares the vision of expanding opportunities for students in the region to attain meaningful and valuable career opportunities.

Unfortunately, the passage of H.B. 3 (86R) negatively impacted the RSIZ by eliminating its S.B. 1882 (85R) financial benefit. With limited access to grants and loss of S.B. 1882 (85R) funds, the RSIZ struggles to financially afford their high-quality College, Career, and Military Readiness (CCMR) programming. Programs in the RSIZ have expanded opportunities for underserved students to access high-quality college and career pathways that lead to success in school and life, while growing the economic development of the region.

WHAT THIS BILL ACCOMPLISHES

H.B. 2209 creates an incentive and support for multi-district, cross-sector, rural pathway partnerships that expand opportunities for underserved students to access high-quality, robust college and career pathways that lead to success in school and life while growing the economic development of the region. The bill allows rural districts interested in forming collaborative partnerships with institutions of higher education and businesses to access financial incentives.

SECOND COMMITTEE SUBSTITUTE

The new substitute scales down the bill to reduce the fiscal note.

Summary of Differences from the Introduced Version:

1. Only districts with less than 1,600 students are eligible for the program.
2. Caps the program at \$5 million a year (\$10 million a biennium) (see pages 8-9).
3. Removal of requirement that the coordinating entity hold a campus charter. Some rural communities have a less-than-positive view of charter schools. Rather than discourage rural districts from participating, the requirement for a charter was removed. Any partnership could avail itself of the charter mechanism if it chooses.
4. The additional funds provided by the bill are used for college and career pathways rather than for other unrelated expenses.
5. The requirement for outcome bonuses to be provided based on outcomes achieved in the preceding year. This provision prevents districts from having to wait five years after the student graduates to receive an outcome bonus. Rather, the district would receive the bonus immediately following the year in which the student achieved the outcome that qualifies the district for the bonus.
6. To form a partnership, the districts must be neighboring districts within 100 miles.
7. Allows for the operator to have an advisory committee to include workforce development individuals on it.

Summary of Differences from the First Committee Substitute Presented in March:

1. Only districts with less than 1,600 students are eligible for the program.
2. Caps the program at \$5 million a year (\$10 million a biennium) (see pages 8-9).
3. To form a partnership, the districts must be neighboring districts within 100 miles.

4. Allows for the operator to have an advisory committee to include workforce development individuals on it.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 2209 amends current law relating to establishing the Rural Pathway Excellence Partnership (R-PEP) program and creating an allotment and outcomes bonus under the Foundation School Program to support the program.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1 (Section 29.912, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter Z, Chapter 29, Education Code, by adding Section 29.912, as follows:

Sec. 29.912. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP) PROGRAM. (a) Defines "program."

(b) Requires the commissioner of education (commissioner) to establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support multidistrict, cross-sector, rural college and career pathway partnerships that expand opportunities for underserved students to succeed in school and life while promoting economic development in rural areas.

(c) Requires that the program enable an eligible school district that has fewer than 1,600 students in average daily attendance to partner with at least one other school district located within a distance of 100 miles to offer a broader array of robust college and career pathways. Requires that each partnership:

(1) offer college and career pathways that align with regional labor market projections for high-wage, high-demand careers; and

(2) be managed by a coordinating entity that:

(A) has or will have at the time students are served under the partnership the capacity to effectively coordinate the partnership;

(B) has entered into a performance agreement approved by the board of trustees of each partnering school district that confers on the coordinating entity the same authority with respect to pathways offered under the partnership provided to an entity that contracts to operate a district campus under Section 11.174 (Contract Regarding Operation of District Campus.);

(C) is an eligible entity as defined by Section 12.101(a) (relating to authorizing the commissioner to grant charters to certain entities); and

(D) has on the entity's governing board as either voting or ex officio members, or has on an advisory body, representatives of each partnering school district and members of regional higher education and workforce organizations.

(d) Requires that the performance agreement described by Subsection (c)(2)(B):

(1) include ambitious and measurable performance goals and progress measures tied to current college, career, and military readiness outcomes and longitudinal postsecondary completion and employment-related outcomes;

(2) allocate responsibilities for accessing and managing progress and outcome information and annually publish that information on the Internet website of each partnering district and the coordinating entity;

(3) authorize the coordinating entity to optimize the value of each college and career pathway offered through the partnership by:

(A) determining scheduling;

(B) adding or removing a pathway;

(C) selecting and assigning pathway-specific personnel;

(D) developing and exercising final approval of pathway budgets, which are required to include at least 80 percent of the state and local funding to which each partnering school district is entitled under Chapter 48 (Foundation School Program), including an allotment under Section 48.106 (Career and Technology Education Allotment) or 48.118 and an outcome bonus under Section 48.110 (College, Career, or Military Readiness Outcomes Bonus) or 48.118; and

(E) determining any other matter critical to the efficacy of the pathways; and

(4) provide that any eligible student enrolled in a partnering school district is authorized to participate in a college or career pathway offered through the partnership.

(e) Provides that an employee of a coordinating entity that manages a partnership under the program is eligible for membership in and benefits from the Teacher Retirement System of Texas if the employee would be eligible for membership and benefits by holding a similar position at a partnering school district. Provides that an employee is eligible for membership under this subsection if a partnership would be authorized to participate in the program, as determined by the commissioner, but for the maximum expenditure established in Section 48.118(f).

(f) Provides that a student enrolled in a college or career pathway offered through a partnership under the program is not considered for accountability purposes under Chapter 39 (Public School System Accountability) to have dropped out of high school or failed to complete the curriculum requirements for high school graduation until the sixth anniversary of the student's first day in high school.

(g) Requires a school district proposing to enter into a performance agreement under this section to notify the commissioner of the district's intent to enter into the agreement. Requires the commissioner to establish procedures for a district to notify the commissioner, including establishing the period within which notification is required before the school year in which the proposed agreement would take effect, and to provide any additional information required by the commissioner.

(h) Requires the commissioner, in authorizing partnerships to participate in the program, to give priority to partnerships in which participating districts contract with a coordinating entity that has at least two years' experience or employs an

executive officer with at least two years' experience managing college and career pathways under a performance contract.

(i) Requires the commissioner, not later than the 60th day after the date the commissioner receives notification of a proposed agreement and all other information required by the commissioner, to notify the school districts whether the proposed performance agreement is approved and the partnering districts are authorized for participation in the program.

(j) Requires the commissioner to make grants available for use by a coordinating entity for a two-year period to assist with costs associated with the planning, development, establishment, or expansion, as applicable, of partnerships under the program using a portion of state funds allocated under Section 48.118 as well as money appropriated for that purpose, federal funds, and any other funds available. Authorizes the commissioner to award a grant only to a coordinating entity that has entered into a performance agreement approved under Subsection (i) or, if in the planning stage, has entered into a memorandum of understanding to enter into a performance agreement, unless the source of funds does not permit a grant to the coordinating entity, in which case the grant is required to be made to a participating school district acting as fiscal agent. Requires that eligible use of grant funds include planning, development, establishment, or expansion of partnerships under the program. Authorizes the commissioner to use not more than 15 percent of the money allocated for the grants to cover the cost of administering grants awarded under the program and to provide technical assistance and support to partnerships under the program.

(k) Requires the commissioner to adopt rules as necessary to implement this section, including rules establishing:

(1) requirements of a performance agreement between participating districts and the coordinating entity;

(2) the period during which a partnership under the program is authorized to operate after receiving commissioner approval and before a renewal of commissioner authorization is required; and

(3) performance standards for a renewal of commissioner authorization to participate in the program.

(l) Provides that this section does not prohibit an agreement between a school district and another entity for the provision of services at a district campus.

(m) Authorizes the commissioner to accept gifts, grants, and donations from any source, including private and nonprofit organizations, for the program. Authorizes a private or nonprofit organization that contributes to the program to receive an award under Section 7.113 (Employers for Education Excellence Award).

SECTION 2. Amends Subchapter C, Chapter 48, Education Code, by adding Section 48.118, as follows:

Sec. 48.118. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP) ALLOTMENT AND OUTCOMES BONUS. (a) Provides that for each full-time equivalent student in average daily attendance in grades 9 through 12 in a college or career pathway offered through a partnership under the program under Section 29.912, a school district is entitled to an allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 (Small and Mid-Sized District Allotment) to which the district is entitled, multiplied by:

(1) 1.15 if the student is educationally disadvantaged; or

(2) 1.11 if the student is not educationally disadvantaged.

(b) Requires the commissioner, each year, to determine for each school district the minimum number of annual graduates of a college or career pathway described by Subsection (a) in each cohort described by Section 48.110(b) (relating to requiring the commissioner to determine a certain percentage used to determine bonuses for certain cohorts of educational attainments) who would have to obtain not later than five years after high school graduation a postsecondary credential of value, as determined by the Texas Higher Education Coordinating Board based on analyses of wages and costs associated with the credential, including a degree, certificate, or other credential from credit and noncredit programs that equip students for continued learning and greater earnings in the state economy, in order for the district to qualify for an outcomes bonus under Subsection (c).

(c) Provides that a school district, in addition to the allotment under Subsection (a), for each annual graduate in a cohort described by Subsection (b) who obtains a postsecondary credential of value in excess of the minimum number of students determined for the applicable district cohort under Subsection (b), is entitled to an annual outcomes bonus of:

(1) if the annual graduate is educationally disadvantaged, \$1,500;

(2) if the annual graduate is not educationally disadvantaged, \$750; and

(3) if the annual graduate is enrolled in a special education program under Subchapter A (Special Education Program), Chapter 29, \$1,500, regardless of whether the annual graduate is educationally disadvantaged.

(d) Entitles a school district to an outcomes bonus under each subdivision in Subsection (c) for which an annual graduate qualifies.

(e) Authorizes a school district to receive funding for a student under this section and any other section for which the student qualifies. Requires that at least 80 percent of funds allocated under this section be spent as provided in the budget adopted by the board of the coordinating entity.

(f) Prohibits the total amount of state funding for allotments and outcomes bonuses under this section from exceeding \$5 million per year.

SECTION 3. Provides that Section 29.912, Education Code, as added by this Act, applies beginning with the 2023–2024 school year.

SECTION 4. (a) Effective date, except as provided by Subsection (b) of this section: upon passage or September 1, 2023.

(b) Effective date, Section 48.118, Education Code, as added by this Act: September 1, 2023.