

Strategic Fiscal Review 2016-17
Senate Budget Recommendations: SB 2 as Introduced
Texas Education Agency (703)

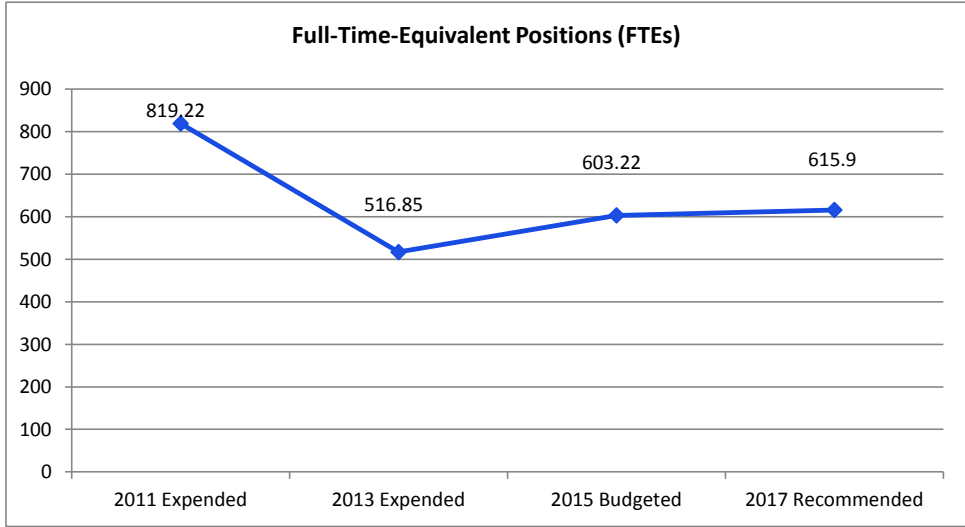
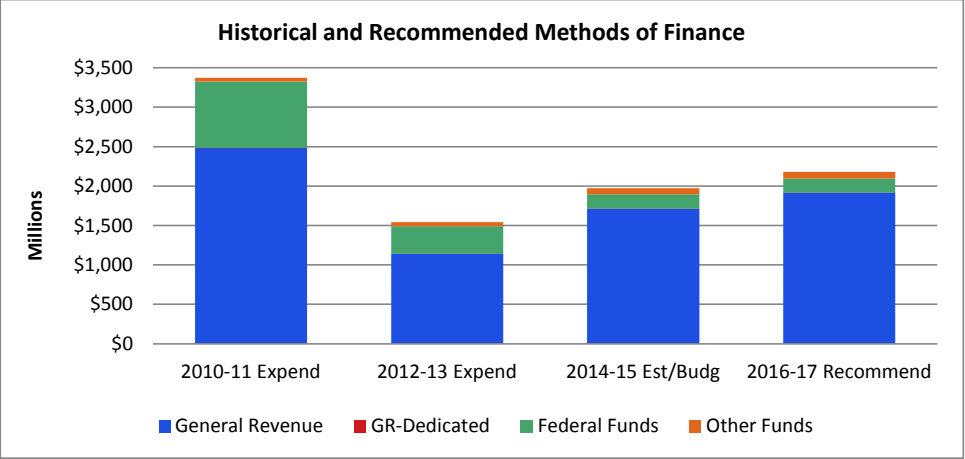
The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review.

Schedule 1: Agency Overview

Mission Statement: Provide leadership, guidance, and resources to help schools meet the educational needs of all students and prepare them for success in the global economy.

Legal Authority: Texas Constitution, Article VII, Section 2 and 5; Education Code, Ch. 1, 4, 7, 8, 12, 13, 21, 28-34, 37-39, 43, 44; Administrative Code, Title 19.

Total Number of Programs: 67



Overview and Significant Findings

■ **Overall recommendations increase General Revenue by \$201.8 million.** This increase is primarily attributable to a \$102.9 million increase in instructional materials funding based on a statutory requirement related to the transfer rate between the Permanent School Fund to the Available School Fund. The remainder of the biennial change can be attributed to the following program changes.

■ **Funding for New SB 2 Initiatives:** Teacher Reading and Math Academies (\$100.0 million); College and Career Readiness in Middle Grades (\$25.0 million); and Support for Children with Autism (\$18.4 million).

■ **Funding for New Programs:** Teacher and Principal Evaluation Support (\$4.0 million).

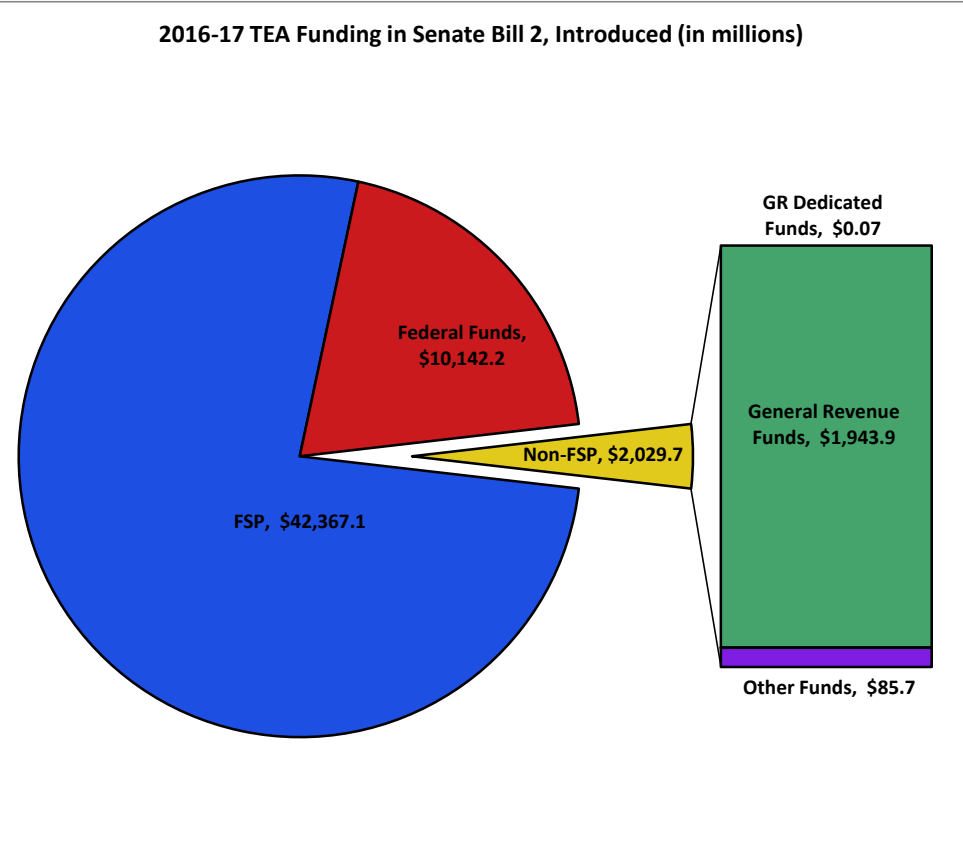
■ **Significant Increases:** Early College High School and T-STEM (\$4.0 million) and Campus Intervention Turnaround (\$0.7 million).

■ **Significant Decreases:** Student Success Initiative (\$28.8 million); Reasoning Mind (\$9.0 million); Juvenile Justice Alternative Education (\$4.7 million); FitnessGram (\$3.0 million); Autism Training (\$1.5 million); Online College Preparation and Technical Assistance (\$1.0 million); Steroid Testing (\$1.0 million); and Texas Juvenile Justice Department (\$0.9 million).

■ **SFR funding and full-time equivalent position totals do not correspond exactly to Non-FSP totals reflected in the Summary of Recommendations packet.** SFR analysis excludes the following:

- Thirteen federally funded programs totaling approximately \$10.1 billion in federal funds and \$29.8 million in General Revenue in 16-17;
- Certain one-time 14-15 General Revenue appropriations including \$330.0 million for one-time transition aid (Rider 71) and \$3.0 million for appropriations related to one-time credits against the cost of recapture for certain school districts relating to fiscal year 2013 payments (Rider 77).
- Administrative costs are reflected in SFR program totals instead of shown within the corresponding administrative strategies.

Schedule 1: Agency Overview



- **Non-FSP state funded programs and administration make up 3.7 percent and total \$2,029.7 million of 2016-17 TEA recommendations.** A majority of non-FSP state funding is General Revenue (\$1,943.9 million or 95.7 percent). The remaining funding is Other Funds (\$85.7 million) and General Revenue-Dedicated for specific license plates (approximately \$0.7 million).
- **All Funds total 2016-17 recommendations related to the 67 programs in Strategic Fiscal Review is \$2.2 billion, a \$205.9 million increase compared to 2014-15 base amounts.**

■ **Strategic Fiscal Review analysis considered 63 programs.** Many of the programs analyzed have strong/moderate authority and mission centrality. These program are authorized in statute and align with the agency's overall mission. The remaining programs either lacked authority due to being directed only by GAA rider or were not aligned with the agency's overall mission.

■ **TEA reported program administrative costs in two ways – direct administration and other administrative activities.** Direct administration consists of administrative costs related only to program oversight. For these costs, the agency has allocated funding from its administrative strategies (B.3.2 – B.3.6) to show the costs to manage the program. In Schedule 5, these costs are shown in the Program Admin Compared to Services chart found on page 2 of Schedule 5.

However, TEA also reported administrative activities as individual activities consisting of costs related to program deliverables such as grant and cash management. In Schedule 5, these costs are not shown as program administration; instead, they are shown as direct services. Therefore, in Schedule 5, the total administrative activities shown on page 1 may not align to the amounts on the Program Admin Compared to Services chart on page 2.

■ Legislative Budget Board staff requested information on all TEA programs, including excluded programs, for financial reconciliation purposes. However, TEA's response ranked programs that were completely or primarily federally funded in the 13 highest positions. For the purpose of our analysis, we omitted these 13 programs from consideration and retained the order of the agency's remaining rankings. The agency's original program rankings for items 1-13 were: (1) Child Nutrition; (2) Title I Grants; (3) Special Education Grants; (4) Title II A Improving Teacher Quality Grants; (5) English Language Acquisition Grants; (6) Vocational Education Grants; (7) Special Education Preschool Grants; (8) 21st Century Grants; (9) Title I School Improvement Grants; (10) Migrant Education Grants; (11) Striving Readers; (12) Title II B Math Science Partnerships; and (13) Summer School English Language Proficient Grants.

For reconciliation purposes, the agency submitted information on all state and federal programs funded since the 2010-11 biennium. In order to highlight major programs, certain state funded and federally funded program receiving less than \$10 million appropriations were included in a Miscellaneous Consolidated program biennium; therefore, SFR and BOR totals do not perfectly align.

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Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	Instructional Materials Allotment	2011	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	No	Yes
2	Virtual School Network	2007	Statute; Administrative Code; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	Yes	Yes
3	Literacy Initiative (Exceptional Item)	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	State Assessment Program	1979	Statute; GAA- Agency Rider	Public Law; Rules	Strong	Strong	K-12 Education Instruction	Statewide	Yes	Yes
5	Regional Day School for the Deaf	1993	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	No	No
6	Technology Allotment	1991	Statute- Repealed	NA	NA	NA	NA	NA	NA	NA
7	Information Systems-Technology	NA	Statute; Administrative Code; GAA-Agency Rider	Public Law	Strong	Strong	State Government Administration & Support	Statewide	Yes	Yes
8	Windham School District	1969	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	Yes	No
9	Texas Juvenile Justice Department Education	2011	Statute; GAA- Agency Rider	Public Law	Strong	Strong	K-12 Education Instruction	Statewide	No	Yes
10	Early Childhood School Readiness	2005	Statute; GAA- Agency Rider	NA	Strong	Moderate	K-12 Education Instruction	Regional	Yes	Yes
11	Early College High School and T-STEM	2003	Statute; Administrative Code; GAA- Agency Rider	NA	Moderate	Strong	K-12 Education Instruction	Statewide	Yes	No
12	Extended Year Programs	1995	Statute - Repealed	NA	NA	NA	NA	NA	NA	NA
13	Texas Reading, Mathematics, and Science Initiative	1999	Statute - Revised; GAA- Agency Rider (Repealed)	NA	NA	NA	NA	NA	NA	NA
14	LEP Success Initiative	2003	Statute	NA	NA	NA	NA	NA	NA	NA
15	Educator Leadership and Quality	NA	Statute	Public Law	Strong	Strong	State Government Administration & Support	Statewide	Yes	Yes
16	Executive Administration	NA	Statute	NA	Strong	Strong	State Government Administration & Support	Statewide	Yes	No
17	General Counsel	NA	Statute	Public Law	Strong	Strong	State Government Administration & Support	Statewide	Yes	No
18	Standards and Programs	NA	Statute; Administrative Code	Public Law	Strong	Strong	State Government Administration & Support	Statewide	No	No

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Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
19	Permanent School Fund	NA	Constitution; Statute; Administrative Code	Rules	Strong	Strong	State Government Administration & Support	Statewide	Yes	Yes
20	School Finance	NA	Statute; Administrative Code; GAA- Agency Rider	NA	Strong	Strong	State Government Administration & Support	Statewide	No	Yes
21	Finance Administration	NA	Statute	Rules	Strong	Strong	State Government Administration & Support	Statewide	Yes	No
22	Assessment and Accountability	NA	Statute	Public Law; Rules	Strong	Strong	State Government Administration & Support	Statewide	Yes	Yes
23	Accreditation and School Improvement	NA	Statute; Administrative Code	Public Law; Rules	Strong	Strong	State Government Administration & Support	Statewide	Yes	Yes
24	Complaints, Investigations, and Enforcement	2013	Statute; Administrative Code	NA	Strong	Strong	State Government Administration & Support	Statewide	Yes	No
25	Grant Administration	NA	Statute	Public Law; Rules	Strong	Strong	State Government Administration & Support	Statewide	Yes	No
26	Other Administration	NA	Statute; Administrative Code; GAA-General Provisions; GAA- Agency Rider	NA	Strong	Strong	State Government Administration & Support	Statewide	No	No
27	Regional Education Service Centers (RESCs)	1967	Statute; GAA- Agency Rider	NA	Moderate	Strong	K-12 Education Instruction	Statewide	Yes	Yes
28	Staff Recruitment and Retention (Exceptional Item)	NA	NA	NA	NA	NA	NA	NA	NA	NA
29	Gifted and Talented Performance Standards (FSP Set-Aside)	1995	Statute; Administrative Code; GAA- Agency Rider	NA	Moderate	Moderate	K-12 Education Instruction	Statewide	No	No
30	Advanced Placement Incentives	1995	Statute; GAA- Agency Rider	Public Law	Moderate	Moderate	K-12 Education Instruction	Statewide	Yes	No
31	Student Success Initiative	1999	Statute; GAA- Agency Rider	NA	Moderate	Strong	K-12 Education Instruction	Statewide	Yes	Yes
32	Early High School Graduation Scholarship	1995	Statute	NA	NA	NA	NA	NA	NA	NA
33	Prekindergarten Early Start Grants	1999	Statute	NA	NA	NA	NA	NA	NA	NA
34	Miscellaneous Consolidated Programs	NA	NA	NA	NA	NA	K-12 Education Instruction	NA	NA	NA
35	Juvenile Justice Alternative Education	1995	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	No	Yes

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Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
36	Texas High School Completion and Success	2009	Statute; GAA- Agency Rider	NA	NA	NA	NA	NA	NA	NA
37	Supplemental Funding for Prekindergarten	2013	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	No	No
38	Students with Visual Impairments	1995	Statute; GAA- Agency Rider	Rules	Strong	Strong	K-12 Education Instruction	Statewide	Yes	No
39	Project Share	2009	GAA - Agency Rider	NA	Weak	Moderate	K-12 Education Instruction	Statewide	Yes	Yes
40	Incentive Aid	1995	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	No	No
41	Reading Diagnostic/ TPRI	1997	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	No	Yes
42	Additional TEKS	1995	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	No	Yes
43	Autism Training	2013	GAA - Agency Rider	NA	Weak	Moderate	K-12 Education Instruction	Statewide	No	No
44	Dyslexia Coordinators	2011	Statute; GAA- Agency Rider	NA	Moderate	Moderate	K-12 Education Instruction	Statewide	No	No
45	Educator Excellence Innovation/ District Awards for Teacher Excellence	2007	Statute; Administrative Code; GAA- Agency Rider	NA	Strong	Moderate	K-12 Education Instruction	Statewide	Yes	Yes
46	Adult Basic Education	1995	Statute - Repealed; GAA- Agency Rider (Repealed)	Public Law	NA	NA	NA	NA	NA	NA
47	Communities in Schools	1993	Statute; Administrative Code; GAA- Agency Rider	Public Law	Strong	Strong	K-12 Education Instruction	Regional	Yes	Yes
48	Early Childhood Intervention (FSP Set-Aside)	1995	GAA - Agency Rider	Public Law	Weak	Weak	K-12 Education Instruction	Statewide	No	No
49	Teach For America	2007	GAA - Agency Rider	NA	Weak	Moderate	K-12 Education Instruction	Regional	Yes	Yes
50	FitnessGram	2011	Statute; GAA- Agency Rider	NA	Strong	Moderate	K-12 Education Instruction	Statewide	No	Yes
51	Texas Council for Developmental Disabilities	1983	Statute	Public Law	Strong	Moderate	K-12 Education Instruction	Statewide	Yes	Yes
52	Teen Parenting Education Programs	1995	Statute; GAA- Agency Rider	NA	NA	NA	NA	NA	NA	NA
53	AMACHI	2005	GAA - Agency Rider	NA	Weak	Moderate	K-12 Education Instruction	Statewide	No	No
54	Campus Intervention/ Turnaround/ Charter Technical Assistance	2009	Statute; GAA - Agency Rider	Public Law	Strong	Strong	K-12 Education Instruction	Statewide	Yes	No

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
55	Academic Innovation and Mentoring	2010	GAA - Agency Rider	NA	Weak	Moderate	K-12 Education Instruction	Statewide	No	No
56	Non-Educational Community Based Support Services	1995	Statute; GAA- Agency Rider	NA	Strong	Strong	K-12 Education Instruction	Statewide	No	No
57	Online College Preparation Technical Assistance	2011	GAA - Agency Rider	NA	Weak	Strong	K-12 Education Instruction	Statewide	Yes	No
58	Best Buddies	2007	GAA - Agency Rider	NA	Weak	Moderate	K-12 Education Instruction	Regional	No	No
59	Math Counts (FSP Set-Aside)	1995	Statute; GAA- Agency Rider	NA	Strong	Moderate	K-12 Education Instruction	Statewide	No	No
60	Reasoning Mind	2009	GAA - Agency Rider	NA	Weak	Moderate	K-12 Education Instruction	Statewide	Yes	Yes
61	Middle School Physical Education	2007	Statute	NA	NA	NA	NA	NA	NA	NA
62	Steroid Testing	2007	Statute; GAA - Agency Rider	NA	Moderate	Weak	K-12 Education Instruction	Statewide	No	Yes
63	Driver Training	1989	Statute; Administrative Code	NA	Strong	Weak	K-12 Education Instruction	Statewide	Yes	Yes
New Programs Funded in Senate Bill 2, Introduced										
	Teacher Reading and Math Academies	2015	GAA - Agency Rider	NA	NA	NA	NA	NA	NA	NA
	College and Career Readiness in Middle Grades	2015	Statute (contingent); GAA - Agency Rider	NA	NA	NA	NA	NA	NA	NA
	Support for Children with Autism	2015	GAA - Agency Rider	NA	NA	NA	NA	NA	NA	NA
	Principal and Teacher Evaluation Support	2015	GAA - Agency Rider	NA	NA	NA	NA	NA	NA	NA
Program Summary Included										

Notes: *Qualified* indicates that there may be issues relating to agency operations that have not be documented in formal audits, reviews or reports, or LBB Staff cannot verify whether recommendations have been implemented.

Cannot be determined indicates that LBB Staff cannot make a finding regarding whether services are provided by agency staff or contracted to a third party based on agency submission or independent research.

Schedule excludes the federally funded programs ranked 1 to 13 by the agency. For the purpose of our analysis, we omitted these programs from consideration and retained the order of the agency's remaining rankings.

Schedule excludes the Assessment Pilot program, an exceptional item request for \$30.0 million in General Revenue Funds for the 2016-17 biennium. The item was initially ranked as #11, but removed as an exceptional item by the agency.

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Significant Audit and/or Report Findings. SFR reviewed 73 audits and reports relating to TEA non-FSP state-funded programs. The audits and reports were conducted by the State Auditor's Office, Sunset Advisory Commission, and several other entities. Additionally internal audits were included in the review. Reviewed audits and reports with significant finds are categorized by outcome and include the program name followed by its agency ranking in parentheses.

Corrective Action Has Been Implemented for Virtual School Network (2); Early College High School and T-STEM Initiatives (11); Educator Leadership and Quality (15); General Counsel (17); Finance Administration (21); Complaints, Investigations, and Enforcement (24); Grant Administration (25); Advanced Placement Incentives (30); Students with Visual Impairments (38); Project Share (39); Educator Excellence Innovation/ DATE (45); Communities in Schools (47); Texas Council for Developmental Disabilities (51); and Online College Preparation Technical Assistance (57).

Corrective Action Is In Progress for State Assessment Program (4); Information Systems-Technology (7); Windham School District (8); Educator Leadership and Quality (15); Executive Administration (16); Permanent School Fund (19); Assessment and Accountability (22); Accreditation and School Improvement (23); Regional Education Service Centers (27); Project Share (39); and Campus Intervention/ Turnaround Charter Technical Assistance (54).

Corrective Action Was Not Implemented for Early Childhood School Readiness (10) and Driver Training (63).

Corrective Action Was Not Recommended for State Assessment Program (4); Permanent School Fund (19); Finance Administration (21); Regional Education Service Centers (27); Student Success Initiative (31); Teach For America (49); and Reasoning Mind (60).

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Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis, and Funding								
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 SB 2 - Introduced	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
1	Instructional Materials Allotment	\$ 66,645,000	\$ 799,969,218	\$ 497,148,750	\$ 956,035,530	20.1	\$1,060,389,790	20.1	10.9%	0.0	No	Compliant	No
2	Virtual School Network	\$ 3,704,897	\$ 19,932,403	\$ 8,028,425	\$ 8,262,206	1.4	\$ 8,273,564	1.4	0.1%	0.0	No	NA	No
3	Literacy Initiative (Exceptional Item)	\$ -	\$ -	\$ -	\$ -	0	\$ -	0.0	0.0%	0.0	No	NA	No
4	State Assessment Program	\$ -	\$ 190,415,744	\$ 192,690,247	\$ 177,719,388	78.7	\$ 181,969,686	78.7	2.4%	0.0	No	NA	No
5	Regional Day School for the Deaf	\$ 33,133,200	\$ 65,769,790	\$ 65,609,013	\$ 66,450,243	1.95	\$ 66,445,786	1.95	0.0%	0.0	No	NA	No
6	Technology Allotment	\$ 31,313,000	\$ 270,692,606	\$ -	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
7	Information Systems-Technology	\$ 22,970,310	\$ 72,091,616	\$ 69,625,991	\$ 74,737,815	162.1	\$ 64,855,094	175.1	-13.2%	13.0	No	NA	No
8	Windham School District	\$ 49,065,437	\$ 128,116,895	\$ 95,000,000	\$ 103,000,000	0	\$ 103,000,000	0.0	0.0%	0.0	No	NA	No
9	Texas Juvenile Justice Department Education	\$ 10,510,777	\$ 11,071,419	\$ 8,459,880	\$ 9,277,781	0	\$ 8,291,707	0.0	-10.6%	0.0	No	NA	No
10	Early Childhood School Readiness	\$ 13,000,000	\$ 45,623,457	\$ 37,371,342	\$ 31,593,277	0.7	\$ 31,511,798	0.7	-0.3%	0.0	No	NA	No
11	Early College High School and T-STEM	\$ 1,740,778	\$ -	\$ 6,091,004	\$ 6,204,801	0.9	\$ 10,152,446	0.9	63.6%	0.0	No	NA	Yes
12	Extended Year Programs	\$ 639,819	\$ 12,138,480	\$ -	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
13	Texas Reading, Mathematics, and Science Initiative	\$ 6,650,000	\$ 15,010,460	\$ (24,314)	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
14	LEP Success Initiative	\$ 5,000,000	\$ 17,448,889	\$ 65,436	\$ -	0	\$ -	0.0	0.0%	0.0	No	NA	No
15	Educator Leadership and Quality	\$ -	\$ 55,097,736	\$ 37,873,509	\$ 41,289,547	45.15	\$ 41,106,392	45.15	-0.4%	0.0	Yes	NA	No
16	Executive Administration	\$ -	\$ 11,704,656	\$ 7,434,837	\$ 8,875,196	39.1	\$ 8,920,490	39.1	0.5%	0.0	No	NA	No
17	General Counsel	\$ -	\$ 4,827,613	\$ 4,385,881	\$ 5,523,113	30	\$ 5,745,346	30.0	4.0%	0.0	No	NA	No
18	Standards and Programs	\$ -	\$ 5,896,452	\$ 3,138,152	\$ 2,823,646	23.65	\$ 3,351,518	23.65	18.7%	0.0	Yes	NA	No
19	Permanent School Fund	\$ -	\$ 16,049,165	\$ 19,775,795	\$ 42,706,786	0	\$ 52,229,688	0.0	22.3%	0.0	No	Compliant	No
20	School Finance	\$ -	\$ 9,306,777	\$ 6,545,791	\$ 7,049,279	45.3	\$ 7,230,452	45.3	2.6%	0.0	Yes	NA	No
21	Finance Administration	\$ -	\$ 10,099,702	\$ 9,918,824	\$ 9,158,583	0	\$ 8,397,568	0.0	-8.3%	0.0	Yes	NA	No
22	Assessment and Accountability	\$ -	\$ 9,815,981	\$ 10,068,375	\$ 12,019,906	63.8	\$ 11,576,160	63.8	-3.7%	0.0	No	NA	No
23	Accreditation and School Improvement	\$ -	\$ 4,956,551	\$ 4,663,424	\$ 5,736,020	39	\$ 6,318,906	39.0	10.2%	0.0	No	NA	No
24	Complaints, Investigations, and Enforcement	\$ -	\$ 1,179,955	\$ 866,264	\$ 1,437,383	0	\$ 1,179,360	0.0	-18.0%	0.0	No	NA	No
25	Grant Administration	\$ -	\$ 2,096,599	\$ 1,857,011	\$ 1,707,436	7.49	\$ 1,749,384	7.51	2.5%	0.0	No	NA	No
26	Other Administration	\$ -	\$ 4,025,431	\$ 2,370,036	\$ 2,297,150	0	\$ 2,246,706	0.0	-2.2%	0.0	No	NA	No

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis, and Funding								
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 SB 2 - Introduced	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
27	Regional Education Service Centers (RESCs)	\$ 300,000	\$ 43,182,198	\$ 25,538,282	\$ 25,430,231	2.5	\$ 25,421,688	2.5	0.0%	0.0	No	NA	No
28	Staff Recruitment and Retention (Exceptional Item)	\$ -	\$ -	\$ -	\$ -	0	\$ -	0.0	0.0%	0.0	No	NA	No
29	Gifted and Talented Performance Standards (FSP Set-Aside)	\$ 500,000	\$ 914,856	\$ 934,871	\$ 930,773	0.3	\$ 922,688	0.0	-0.9%	-0.3	No	NA	No
30	Advanced Placement Incentives	\$ 500,000	\$ 29,509,171	\$ 18,180,379	\$ 21,976,211	1.06	\$ 21,983,188	1.06	0.0%	0.0	No	NA	No
31	Student Success Initiative	\$ 154,296,767	\$ 257,832,101	\$ 39,274,761	\$ 60,677,572	0.62	\$ 31,787,684	0.62	-47.6%	0.0	No	NA	No
32	Early High School Graduation Scholarship	\$ 4,900,000	\$ 45,897,693	\$ -	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
33	Prekindergarten Early Start Grants	\$ 92,000,000	\$ 197,342,271	\$ (124,535)	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
34	Miscellaneous Consolidated Programs	\$ -	\$ 281,966,528	\$ 66,834,866	\$ 51,270,551	11.29	\$ 48,651,566	11.29	-5.1%	0.0	No	NA	No
35	Juvenile Justice Alternative Education	\$ 7,500,000	\$ 17,174,775	\$ 17,185,003	\$ 17,228,604	0	\$ 12,500,000	0.0	-27.4%	0.0	No	NA	No
36	Texas High School Completion and Success	\$ 28,710,000	\$ 70,422,489	\$ (90,889)	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
37	Supplemental Funding for Prekindergarten	\$ 15,000,000	\$ -	\$ -	\$ 30,000,000	0	\$ 30,000,000	0.0	0.0%	0.0	No	NA	No
38	Students with Visual Impairments	\$ 6,005,267	\$ 11,092,685	\$ 11,163,102	\$ 11,335,324	0.31	\$ 11,335,352	0.31	0.0%	0.0	No	NA	No
39	Project Share	\$ 9,361,286	\$ 5,226,101	\$ 8,544,430	\$ 18,550,118	4.36	\$ 18,517,228	4.36	-0.2%	0.0	No	NA	Partial
40	Incentive Aid	\$ 1,023,686	\$ 2,792,033	\$ 2,850,310	\$ 3,153,109	0	\$ 3,000,000	0.0	-4.9%	0.0	No	NA	No
41	Reading Diagnostic/ TPRI	\$ 271,182	\$ -	\$ 610,682	\$ 575,000	0	\$ -	0.0	-100.0%	0.0	No	NA	No
42	Additional TEKS	\$ 500,000	\$ 423,566	\$ 334,438	\$ 188,784	0	\$ -	0.0	-100.0%	0.0	No	NA	No
43	Autism Training	\$ 750,000	\$ -	\$ -	\$ 1,500,000	0	\$ -	0.0	-100.0%	0.0	No	NA	No
44	Dyslexia Coordinators	\$ 125,000	\$ 274,572	\$ 274,260	\$ 299,826	0.3	\$ 293,550	0.3	-2.1%	0.0	No	NA	No
45	Educator Excellence Innovation/ District Awards for Teacher Excellence	\$ 100,000,000	\$ 339,843,171	\$ 22,492,878	\$ 32,091,208	1.01	\$ 32,158,628	1.01	0.2%	0.0	No	NA	No
46	Adult Basic Education	\$ 51,875,252	\$ 143,803,965	\$ 143,128,157	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
47	Communities in Schools	\$ 16,904,856	\$ 40,595,135	\$ 28,605,497	\$ 39,262,092	3.82	\$ 38,929,939	3.82	-0.8%	0.0	No	NA	Yes
48	Early Childhood Intervention (FSP Set- Aside)	\$ 12,909,485	\$ 32,996,204	\$ 32,996,204	\$ 32,996,204	0	\$ 32,996,204	0.0	0.0%	0.0	No	NA	No
49	Teach For America	\$ 3,808,887	\$ 7,787,223	\$ 8,000,000	\$ 12,025,135	0.31	\$ 12,026,314	0.31	0.0%	0.0	No	NA	No
50	FitnessGram	\$ 4,500,000	\$ -	\$ -	\$ 5,115,881	0.6	\$ 2,098,688	0.6	-59.0%	0.0	No	NA	Yes
51	Texas Council for Developmental Disabilities	\$ 4,446,274	\$ 7,536,298	\$ 10,098,512	\$ 9,145,148	17	\$ 8,869,970	17.0	-3.0%	0.0	No	NA	No
52	Teen Parenting Education Programs	\$ 10,000,000	\$ 17,627,074	\$ (166)	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
53	AMACHI	\$ 2,500,000	\$ 5,000,000	\$ 2,492,013	\$ 2,500,000	0	\$ 2,500,000	0.0	0.0%	0.0	No	NA	No
54	Campus Intervention/ Turnaround/ Charter Technical Assistance	\$ 750,000	\$ 1,500,000	\$ 2,980,754	\$ 3,500,000	0	\$ 4,200,000	0.0	20.0%	0.0	No	NA	Yes

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis, and Funding								
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 SB 2 - Introduced	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
55	Academic Innovation and Mentoring	\$ 1,500,000	\$ -	\$ 3,000,000	\$ 3,000,000	0	\$ 3,000,000	0.0	0.0%	0.0	No	NA	No
56	Non-Educational Community Based Support Services	\$ 929,714	\$ 1,814,587	\$ 1,581,882	\$ 1,974,600	0	\$ 1,974,600	0.0	0.0%	0.0	No	NA	No
57	Online College Preparation Technical Assistance	\$ 1,178,630	\$ -	\$ 3,995,503	\$ 1,019,173	0	\$ -	0.0	-100.0%	0.0	No	NA	Yes
58	Best Buddies	\$ 200,000	\$ 400,000	\$ 400,000	\$ 400,000	0	\$ 400,000	0.0	0.0%	0.0	No	NA	No
59	Math Counts (FSP Set-Aside)	\$ 200,000	\$ 365,264	\$ 366,906	\$ 400,000	0	\$ 400,000	0.0	0.0%	0.0	No	NA	No
60	Reasoning Mind	\$ 1,425,000	\$ 3,000,000	\$ 4,488,603	\$ 9,000,000	0	\$ -	0.0	-100.0%	0.0	No	NA	Yes
61	Middle School Physical Education	\$ 10,000,000	\$ 17,576,991	\$ (8,052)	\$ -	0	\$ -	0.0	0.0%	0.0	NA	NA	No
62	Steroid Testing	\$ 1,000,000	\$ 1,750,000	\$ 1,300,000	\$ 1,000,000	0	\$ -	0.0	-100.0%	0.0	No	NA	Yes
63	Driver Training	\$ -	\$ 2,587,474	\$ 1,692,094	\$ 2,427,140	0.4	\$ 2,422,898	0.4	-0.2%	0.0	Yes	NA	No
New Programs Funded in Senate Bill 2, Introduced													
	Teacher Reading and Math Academies	\$ -	\$ -	\$ -	\$ -	0	\$ 100,000,000	0.0	100.0%	0.0	No	NA	Partial
	College and Career Readiness in Middle Grades	\$ -	\$ -	\$ -	\$ -	0	\$ 25,000,000	0.0	100.0%	0.0	No	NA	No
	Support for Children with Autism	\$ -	\$ -	\$ -	\$ -	0	\$ 18,400,000	0.0	100.0%	0.0	No	NA	No
	Principal and Teacher Evaluation Support	\$ -	\$ -	\$ -	\$ -	0	\$ 4,000,000	0.0	100.0%	0.0	No	NA	Partial
Total			<u>\$ 3,371,572,020</u>	<u>\$ 1,548,084,418</u>	<u>\$ 1,972,877,770</u>	<u>603.2</u>	<u>\$2,178,732,026</u>	<u>615.9</u>	<u>10.4%</u>	<u>12.7</u>			
	Program Summary Included												

Notes: Data included in the column labeled *1st Year of Full Implementation* may reflect several different fiscal years and therefore it is not summed.

Qualified indicates that the agency may be using the funds for the purpose(s) intended or for similar purposes which are not specifically authorized by the constitution or statute, or that there may be conflicts within authorizing laws.

Partial indicates that the LBB Recommendations contain some portion of the agency's funding alternative either in terms of amounts or methodology.

Schedule excludes the federally funded programs ranked 1 to 13 by the agency. For the purpose of our analysis, we omitted these programs from consideration and retained the order of the agency's remaining rankings.

Schedule excludes the Assessment Pilot program, an exceptional item request for \$30.0 million in General Revenue Funds for the 2016-17 biennium. The item was initially ranked as #11, but removed as an exceptional item by the agency.

Strategic Fiscal Review 2016-17
Senate Budget Recommendations: SB 2 as Introduced
Texas Education Agency (703)

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 SB 2 Introduced
1	Instructional Materials Allotment	↑	Funding: Increase of \$104.4 million compared to the 2014-15 base due to a statutory requirement related to PSF to ASF transfer rate. Statutory: Modify rider language contingent on the enactment of legislation by the Eighty-fourth Legislature to amend the Government Code to allow for the temporary transfer from the Foundation School Program to the Instructional Materials Fund to assist with cash flow issues.
2	Virtual School Network	==	Funding: Maintain funding levels required for current services.
3	Literacy Initiative (Exceptional Item)	NA	Funding: Do not include funding for this exceptional item request.
4	State Assessment Program	↑	Funding: Maintain the General Revenue funding levels required for current services at \$111.2 million; however total funding for the program has increased by approximately \$4.3 million in 2016-17 due to an anticipated increase in federal funds directed to the program.
5	Regional Day School for the Deaf	==	Funding: Maintain funding levels required for current services.
7	Information Systems-Technology	↑	Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.
8	Windham School District	==	Funding: Maintain funding levels required for current services.
9	Texas Juvenile Justice Department Education	↓	Funding: Decrease of \$986,074 reflecting population projections.
10	Early Childhood School Readiness	==	Funding: Maintain funding levels required for current services.
11	Early College High School and T-STEM	↑	Funding: Increase of \$4.0 million to provide an increase in the amount of money on a per-school basis for technical assistance, grants, or other services since the number of designated campuses has grown by about 50 percent since fiscal year 2011.
15	Educator Leadership and Quality	==	Agency Funding Allocation: The biennial total reflects the agency's allocation of funds among programs to address ongoing administrative cost adjustments. The total for this program has no bearing on strategy-level recommendations.
16	Executive Administration	==	Agency Funding Allocation: The biennial total reflects the agency's allocation of funds among programs to address ongoing administrative cost adjustments. The total for this program has no bearing on strategy-level recommendations.
17	General Counsel	↓	Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 SB 2 Introduced
18	Standards and Programs		Agency Funding Allocation: The biennial total reflects the agency's allocation of funds among programs to address ongoing administrative cost adjustments. The total for this program has no bearing on strategy-level recommendations.
19	Permanent School Fund		Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.
20	School Finance		Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.
21	Finance Administration		Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.
22	Assessment and Accountability		Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.
23	Accreditation and School Improvement		Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.
24	Complaints, Investigations, and Enforcement		Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.
25	Grant Administration		Agency Funding Allocation: The biennial total reflects the agency's allocation of funds among programs to address ongoing administrative cost adjustments. The total for this program has no bearing on strategy-level recommendations.
26	Other Administration		Agency Funding Allocation: The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments. The change in this program has no bearing on strategy-level recommendations.
27	Regional Education Service Centers (RESCs)		Funding: Maintain funding levels required for current services.
28	Staff Recruitment and Retention (Exceptional Item)	NA	Funding: Do not include funding for this exceptional item request.
29	Gifted and Talented Performance Standards (FSP Set-Aside)		Funding: Maintain funding levels required for current services.
30	Advanced Placement Incentives		Funding: Maintain funding levels required for current services.
31	Student Success Initiative		Funding: Decrease of \$28.8 million due to a change in the agency's use of funding which decreased the amount directly awarded to school districts.
34	Miscellaneous Consolidated Programs		Funding: Decrease of \$2.5 million due to decreases in federal programs.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 SB 2 Introduced
35	Juvenile Justice Alternative Education	↓	Funding: Decrease of \$4.7 million reflecting a reduction in the amount distributed to school districts in 2014-15.
37	Supplemental Funding for Prekindergarten	=	Funding: Maintain funding levels required for current services.
38	Students with Visual Impairments	=	Funding: Maintain funding levels required for current services.
39	Project Share	=	Funding: Maintain funding levels required for current services.
40	Incentive Aid	↓	Funding: Decrease of \$153,109 to align with base request.
41	Reading Diagnostic/ TPRI	↓	Funding: Decrease of \$575,000 to align with base request.
42	Additional TEKS	↓	Funding: Decrease of \$188,784 since the Commissioner has the authority to transfer funding to this program.
43	Autism Training	↓	Funding: Decrease of \$1.5 million since autism training was completed in 2014-15.
44	Dyslexia Coordinators	=	Funding: Maintain funding levels required for current services.
45	Educator Excellence Innovation/ District Awards for Teacher Excellence	↑	Funding: Maintain funding levels required for current services. Statutory: Modify rider language contingent on the enactment of legislation by the Eighty-fourth Legislature to amend Texas Education Code, Section 21.703 to abolish the Educator Excellence Fund, direct the outstanding cash balance to the General Revenue Fund, and direct future appropriations related to Educator Excellence directly from the General Revenue Fund. Other: Modify rider to reflect the requirements of the Educator Excellence Innovation program and remove the \$1.0 million set-aside funding for the Humanities Texas program.
47	Communities in Schools	=	Funding: Maintain funding levels required for current services.
48	Early Childhood Intervention (FSP Set-Aside)	=	Funding: Maintain funding levels required for current services.
49	Teach For America	=	Funding: Maintain funding levels required for current services.
50	FitnessGram	↓	Funding: Decrease of \$3.0 million since many school districts have already received the assessment software and updates are not anticipated this biennium.
51	Texas Council for Developmental Disabilities	=	Funding: Maintain funding levels required for current services.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 SB 2 Introduced
52	Teen Parenting Education Programs		Funding: Maintain funding levels required for current services.
53	AMACHI		Funding: Maintain funding levels required for current services.
54	Campus Intervention/ Turnaround/ Charter Technical Assistance		Funding: Increase of \$700,000 to increase technical assistance beyond startup year for charter schools and the number of people served in leadership programs.
55	Academic Innovation and Mentoring		Funding: Maintain funding levels required for current services.
56	Non-Educational Community Based Support Services		Funding: Maintain funding levels required for current services.
57	Online College Preparation Technical Assistance		Funding: Decrease of \$1.0 million since similar services can be provided to districts through a free online program and few districts are participating.
58	Best Buddies		Funding: Maintain funding levels required for current services.
59	Math Counts (FSP Set-Aside)		Funding: Maintain funding levels required for current services.
60	Reasoning Mind		Funding: Decrease of \$9.0 million decrease since districts can use their instructional materials allotment to purchase these materials.
62	Steroid Testing		Funding: Decrease of \$1.0 million decrease due to program performance and lack of centrality to the agency's mission.
63	Driver Training		Funding: Maintain funding levels required for current services. Statutory: Amend Texas Education Code, Chapter 1001 to transfer the regulation of private driver training from the Texas Education Agency to the Texas Department of Licensing and Regulation (in alignment with Sunset Review recommendations)
New Programs Funded in Senate Bill 2, Introduced			
	Teacher Reading and Math Academies		Funding: New program implemented in 2016-17 in accordance with Rider 67 to provide \$100.0 million to establish teacher reading and math academies for educators teaching grades kindergarten through 3rd grade.
	College and Career Readiness in Middle Grades		Funding: New program implemented in 2016-17 in accordance with Rider 69 and contingent on legislation requiring students in either 7th or 8th grade to take a college and career readiness course. Funding to provide \$25.0 million for curriculum materials and educator professional development related to college and career readiness courses in middle grades.
	Support for Children with Autism		Funding: New program implemented in 2016-17 in accordance Rider 68 to provide \$18.4 million for widespread support for children with autism.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 SB 2 Introduced
	Principal and Teacher Evaluation Support		Funding: New program implemented in 2016-17 in accordance Rider 66 to provide \$4.0 million to develop resources and training to support districts and charter schools in principal and teacher evaluation support systems. Funding supports the agency's exceptional item request for principal and teacher evaluation support.

Program Summary Included

Notes: **Schedule excludes** the federally funded programs ranked 1 to 13 by the agency. For the purpose of our analysis, we omitted these programs from consideration and retained the order of the agency's remaining rankings.

Schedule excludes programs not funded in 2014-15 and not requested or recommended in 2016-17.

Schedule excludes the Assessment Pilot program, an exceptional item request for \$30.0 million in General Revenue Funds for the 2016-17 biennium. The item was initially ranked as #11, but removed as an exceptional item by the agency.

Recommendations that ***maintain funding*** in 2016-17, as compared to 2014-15, may show a minimal increase or decrease on Schedule 2B due to variation in the direct administrative costs for the program.

Strategic Fiscal Review 2016-17
Senate Budget Recommendations: SB 2 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority
Programs for Districts and Students

Texas Education Agency (703)

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

		MISSION CENTRALITY		
		Weak	Moderate	Strong
A U T H O R I T Y	Strong	Driver Training (63)	Early Childhood School Readiness (10) Educator Excellence Innovation/ District Awards for Teacher Excellence/ (45) FitnessGram (50) Texas Council for Development Disabilities (51) Math Counts (FSP Set-Aside) (59)	Instructional Materials Allotment (1) Virtual School Network (2) State Assessment Program (4) Regional Day School for the Deaf (5) Windham School District (8) Texas Juvenile Justice Department (9) Juvenile Justice Alternative Education (35) Supplemental Funding for Prekindergarten (37) Students with Visual Impairments (38) Incentive Aid (40) Reading Diagnostic/TPRI (41) Texas Essential Knowledge and Skills (42) Communities in Schools (47) Campus Intervention Turnaround (54) Non-Educational Community Based Support Svs (56)
	Moderate	Autism Training (43) Steroid Testing (62)	Gifted and Talented Performance Standards (29) Advanced Placement Initiatives (30) Dyslexia Coordinators (44)	Early College HS/ T-STEM (11) Regional Education Service Centers (27) Student Success Initiative (31)
	Weak	Early Childhood Intervention (FSP Set-Aside) (48)	Project Share (39) Autism Training (43) Teach For America (49) AMACHI (53) Texas Academic Innovation and Mentoring (55) Best Buddies (58) Reasoning Mind (60)	Online College Preparation Technical Assistance (57)

Note: The matrix does not include Indirect Administration programs. Those programs are included on a separate matrix.

Strategic Fiscal Review 2016-17
Senate Budget Recommendations: SB 2 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority
Administrative Programs

Texas Education Agency (703)

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

MISSION CENTRALITY

		Weak	Moderate	Strong
A U T H O R I T Y	Strong			Information Systems-Technology (7) Educator Leadership and Quality (15) Executive Administration (16) General Counsel (17) Standards and Programs (18) Permanent School Fund (19) School Finance (20) Finance Administration (21) Assessment and Accountability (22) Accreditation and School Improvement (23) Complaints, Investigations, and Enforcement (24) Grant Administration (25) Other Administration (26)
	Moderate			
	Weak			

Strategic Fiscal Review 2016-17
Senate Budget Recommendations: SB 2 as Introduced
Texas Education Agency (703)

Schedule 4: Constitutional and General Revenue-Dedicated Accounts

1	Account:		Available School Fund (Fund 2)					
	Legal Cite(s):		Texas Constitution, Article VII, Section 5; Texas Education Code, Section 43.001					
	Authorized Use:		To fund instructional materials for school districts (50 percent of the transfer from the Permanent School Fund to the Available School Fund is transferred to the Instructional Materials Fund); and as a method of financing the Foundation School Program through a per capita distribution to school districts.					
	Revenue Source:		Distributions from the Permanent School Fund (Fund 44) based on total return of investment assets, a percentage allocation of motor fuel taxes authorized by the constitution or general law and appropriations made by the Legislature; Interest on state deposits/ investments; and General Revenue.					
Program(s) Funded			In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 SB 2 - Intro
NA	Foundation School Program Funding - Per Capita Distribution		Compliant	\$ 40,587	\$ 1,961,636,328	\$ 2,868,731,221	\$ 2,470,537,312	\$ 2,736,800,000
6	Technology Allotment		Compliant	\$ 31,313,000	\$ 270,692,606	\$ -	\$ -	\$ -
Total, Available School Fund (Fund 2)					\$ 2,232,328,934	\$ 2,868,731,221	\$ 2,470,537,312	\$ 2,736,800,000

2

Account:		State Instructional Materials Fund, Fund 3						
Legal Cite(s):		Texas Constitution, Article VII, Section 3; Texas Education Code, Section 31.021						
Authorized Use:		To provide funding for the instructional materials allotment; pay expenses related to purchase of instructional materials or purchases or licensing of open-source instruction materials; fund technology lending grant program; and other items. To provide free textbooks for use of children attending the public free schools. Also to purchase technological equipment necessary for use of electronic textbooks or instructional material or any textbook or material approved by the State Board of Education.						
Revenue Source:		Distributions from the Available School Fund (Fund 2); Interest on state deposits/investments.						
Program(s) Funded		In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 SB 2 - Intro	Comments
1	Instructional Materials Allotment	Compliant	\$ 608,131,436	\$ -	\$ 497,148,750	\$ 951,937,675	\$1,054,869,326	The Instructional Materials Allotment was established by Senate Bill 6, 82nd Legislature (2011).
1	State Textbook Fund	Compliant	\$ 66,645,000	\$ 799,969,218	\$ -	\$ -	\$ -	
Total, State Instructional Materials Fund, Fund 3				\$ 799,969,218	\$ 497,148,750	\$ 951,937,675	\$ 1,054,869,326	

3

Account:
Legal Cite(s):
Authorized Use:

Permanent School Fund, Fund 44
Texas Constitution, Article VII, Section 5; Texas Natural Resource Code, Section 51.401, 52.297
Provide funding of public education for present and future generations of Texans and provide for the guarantee of school district bonds.

Revenue Source:

Fixed income and equity holdings, state lands, mineral rights, and royalty earnings.

Program(s) Funded		In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 SB 2 - Intro	Comments
20	Permanent School Fund Administration (TEA)	Compliant	\$ -	\$ 16,049,165	\$ 19,775,795	\$ 42,706,786	\$60,324,406	TEA administration related to Permanent School Fund activities.
Total, Permanent School Fund, Fund 44				\$ 16,049,165	\$ 19,775,795	\$ 42,706,786	\$ 60,324,406	

4

Account:
Legal Cite(s):
Authorized Use:

GR Dedicated - Read to Succeed, Account No. 5027 (Abolished)
Texas Transportation Code, Section 504.607
In addition to other fees, an additional annual fee in the amount of \$30 for each set of plates shall be charged for specially designed "Read to Succeed" license plates. Of the total, \$22 was deposited to the account for providing educational materials to public school libraries. The remainder used for administration.

Revenue Source:

Motor Vehicle Registration Fees.

Program(s) Funded		In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 SB 2 - Intro	Comments
NA	Read to Succeed, Account No. 5027	Compliant	\$ 256,482	\$ 60,479	\$ 44,980	\$ -	\$ -	House Bill 7, 83rd Legislature (2013) abolished General Revenue-dedicated specialty license plate accounts created under Transportation Code, Subchapter G and changed deposit of license plate revenue to the License Plate Trust Fund (0802).
Total, GR Dedicated - Read to Succeed, Account No. 5027				\$ 60,479	\$ 44,980	\$ -	\$ -	

5

Account:
Legal Cite(s):
Authorized Use:

GR Dedicated - YMCA License Plates, Account No. 5089 (Abolished)
Texas Transportation Code, Section 7.026
Created to receive special YMCA license plate fees. Used to make grants to benefit the youth and government programs sponsored by the Young Men's Christian Associations located in Texas.

Revenue Source:

Motor Vehicle Registration Fees.

Program(s) Funded		In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 SB 2 - Intro	Comments
NA	YMCA License Plates, Account No. 5089	Compliant	\$ 1,673	\$ 1,691	\$ 689	\$ -	\$ -	Beginning September 2013, license plate revenue deposited to License Plate Trust Fund (0802).
Total, GR Dedicated - YMCA License Plates, Account No. 5089				\$ 1,691	\$ 689	\$ -	\$ -	

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Account:
Legal Cite(s):
Authorized Use:

GR Dedicated - Knights of Columbus Plates No. 5118 (Abolished)
Texas Transportation Code, Section 504.638
Used by the Texas Education Agency to make grants to State Council Charities to carry out the purposes of that organization. Of \$30 annual fee, \$22 was deposited to the Knights of Columbus Plates account and remainder used for administration.

Revenue Source:

Motor Vehicle Registration Fees.

Program(s) Funded		In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 SB 2 - Intro	Comments
NA	Knights of Columbus Plates, Account No. 5118	Compliant	\$ 11,898	\$ 54,569	\$ 59,115	\$ -	\$ -	Beginning September 2013, license plate revenue deposited to License Plate Trust Fund (0802).
Total, GR Dedicated - Knights of Columbus Plates No. 5118				\$ 54,569	\$ 59,115	\$ -	\$ -	

7

Account:
Legal Cite(s):
Authorized Use:

GR Dedicated - Share the Road Plates No. 5121 (Abolished)
Texas Transportation Code, Section 504.633
Used by the Texas Education Agency to support certain nonprofit organizations promoting bicycle safety, education and access. 25% of amount collected may be used to market and promote the Safe Routes to School Program and TEA may use funds to secure federal matching funds for safe routes to school and obesity prevention. Of the \$40 annual fee, \$32 was deposited to this account and remainder for administration.

Revenue Source:

Motor Vehicle Registration Fees; Also received revenue from sale of "God Bless America" and "God Bless Texas" plates (Transp. Code sec. 504.648).

Program(s) Funded		In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 SB 2 - Intro	Comments
NA	Share the Road Plates	Compliant	\$ 51,371	\$ 632,441	\$ 507,086	\$ -	\$ -	Beginning September 2013, license plate revenue deposited to License Plate Trust Fund (0802).
Total, GR Dedicated - Share the Road Plates No. 5121 (Abolished)				\$ 632,441	\$ 507,086	\$ -	\$ -	

8

Account:
Legal Cite(s):
Authorized Use:

GR Dedicated - Specialty License Plates General Account No 5140
Texas Transportation Code, Section 504.801
For revenue from license plates issued by the department upon receipt of an application from a sponsor, payment of the appropriate deposit and approval by the department. Fees for the plates are \$30. Prior to H.B. 2202, 83rd Leg., R.S., \$8 was deposited to the State Highway Fund 0006 to reimburse the department for administrative costs. The remaining amount was deposited to an account in the General Revenue Fund if the sponsor nominated a state agency to receive the money. If no agency was nominated, the remainder went to the State Highway Fund 0006. H.B. 2202 reallocated the Fund 0006 amounts to the new Department of Motor Vehicles Fund, which was not created per funds consolidation (H.B. 6). Therefore those allocations go to General Revenue 0001.

Revenue Source:

Motor Vehicle Registration Fees

Program(s) Funded		In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 SB 2 - Intro	Comments
NA	Specialty License Plates General	Compliant	\$ 13,000	\$ 1,769	\$ 16,009	\$ 65,402	\$ 65,402	Beginning September 2013, Subchapter G license plate revenue was deposited to License Plate Trust Fund (0802).
Total, GR Dedicated - Specialty License Plates General Account No				\$ 1,769	\$ 16,009	\$ 65,402	\$ 65,402	
Total				\$ 3,049,098,266	\$ 3,386,283,645	\$ 3,465,247,175	\$ 3,852,059,134	

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: Instructional Materials Allotment

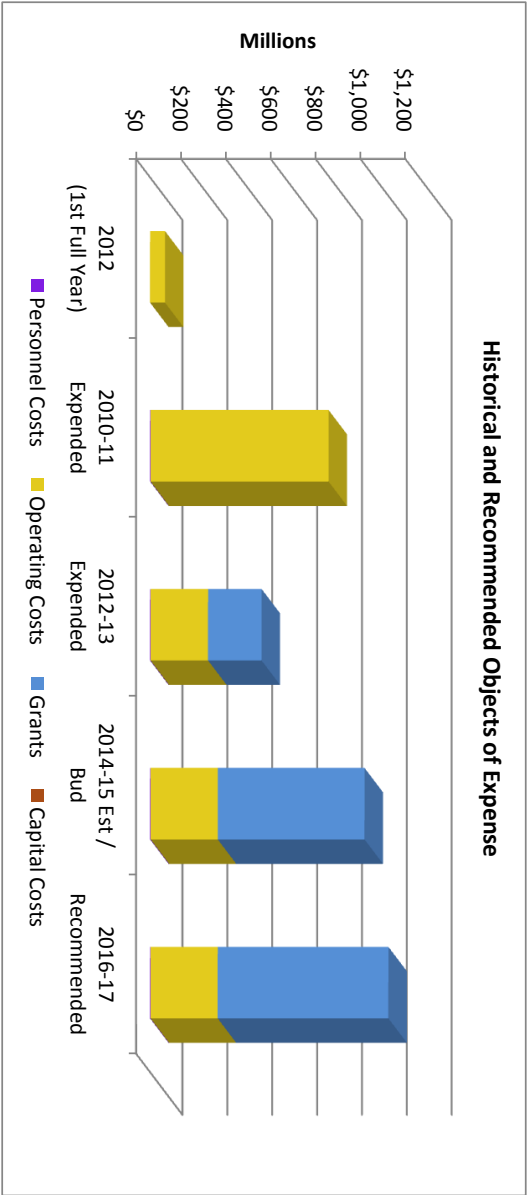
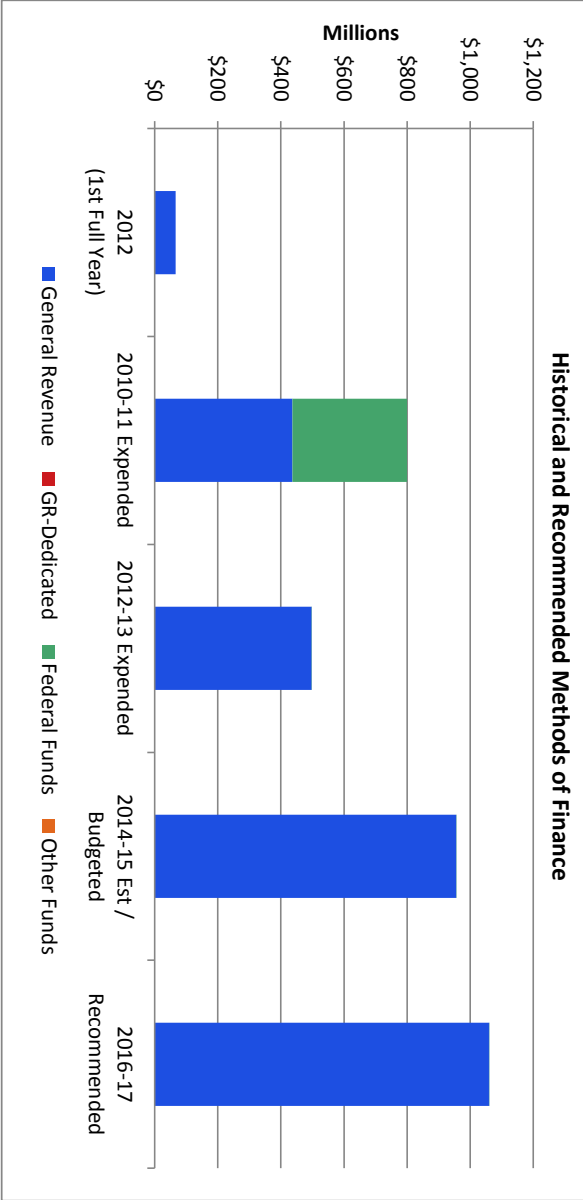
Agency
Ranking 1
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Formula funding to provide for free instructional materials for all students enrolled in Texas public and charter schools statewide to support instruction in the Texas Essential Knowledge and Skills.

Legal Authority: Texas Constitution, Article 7, Section 5; Texas Education Code, Ch. 31; General Appropriations Act (2014-2015 biennium), Texas Education Agency, Article III, Rider 8

Year Created	2011	Performance and/or		Outsourced Services	Yes
Authority	Strong	Operational Issues	Yes	Revenue Supported	Yes
Centrality	Strong			Use of Dedicated Funds	Compliant
Service Area	Statewide	State Service Category	K-12 Education Instruction		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 441,454	3.1	\$ 395,624	3.1	0.1%
Instructional Materials and Prekindergarten Materials	\$ 939,583,433	0.0	\$ 1,054,726,350	0.0	99.5%
Technology Lending Program	\$ 10,017,065	0.2	\$ -	0.0	0.0%
OnTRACK College and Career Readiness	\$ 2,537,347	1.0	\$ 142,976	1.0	0.0%
Review and Adoption	\$ 2,080,368	6.1	\$ 3,154,447	6.1	0.3%
Distribution of Instructional Materials	\$ 737,688	6.0	\$ 1,030,778	6.0	0.1%
Educational Technology	\$ 631,801	3.5	\$ 926,866	3.7	0.1%
Other Administrative Activities	\$ 6,374	0.2	\$ 12,748	0.2	0.0%
TOTAL	\$ 956,035,530	20.1	\$ 1,060,389,790	20.1	100.0%

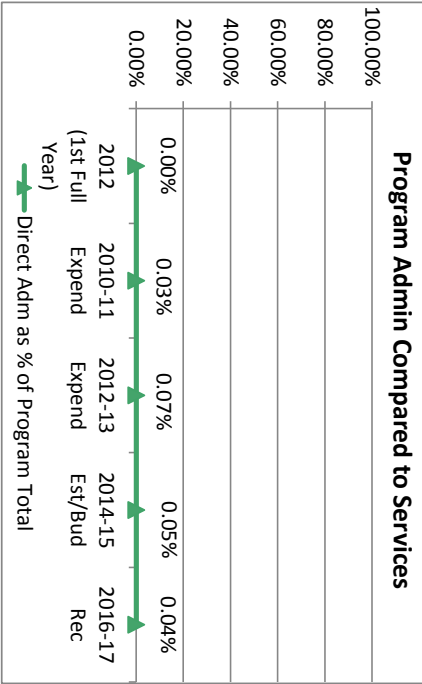
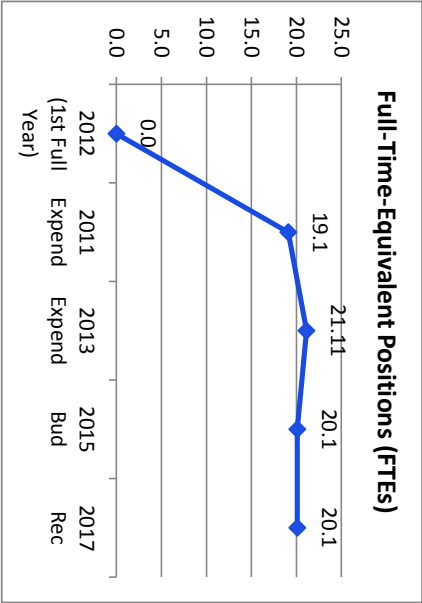


Note: Prior to 2012, the Instructional Materials Fund was known as the State Textbook Fund. Information shown for 2010-11 reflects the amount directed to that program.

Program: Instructional Materials Allotment

Agency
Ranking

1
out of 67



Summary of Recommendations

1 Increase of \$104.4 million compared to the 2014-15 base due to the PSF to ASF transfer rate. The recommendation is based on a distribution rate of 50 percent from the Permanent School Fund (PSF) to the Available School Fund (ASF) transfer and applies the 2016-17 SBOE adopted PSF transfer rate of 3.50 percent to the \$30.1 billion PSF corpus. Recommendations total \$1,060.4 million for the 2016-17 biennium, a \$104.4 million increase in General Revenue funding compared to the 2014-15 base. In the 2014-15 biennium, the Texas Education Agency was appropriated a total of \$838.7 million to fund the IMA. The 2014-15 base totaled \$951.9 million due to a \$113 million unexpended balance in fiscal year 2013. The agency indicates that districts and charter schools have not spent the majority of their IMA allotment, but instead saved IMA funding to use when larger purchases are necessary.

Summary of Fiscal and Policy Issues

1 IMA Cash Flow Issue: The agency identified a mismatch in timing of the transfers between the PSF to the ASF and the timing of school district instructional materials orders/expenditures. Consequently, the agency indicates there is not sufficient cash on hand to pay for all instructional materials orders in accordance with the Government Code provisions that require prompt payment.

General Appropriations Act (2014-15) included TEA Rider 69, page III-19 which allowed the agency to temporarily transfer funds from the Foundation School Program (FSP) for the purpose of funding IMA expenditures at the beginning of the fiscal year/school year until there are adequate balances in the IMA to repay the FSP. However, according to the Comptroller's office, Rider 69 conflicts with allowable uses of FSP money identified in statute, which resulted in the agency's inability to use the rider.

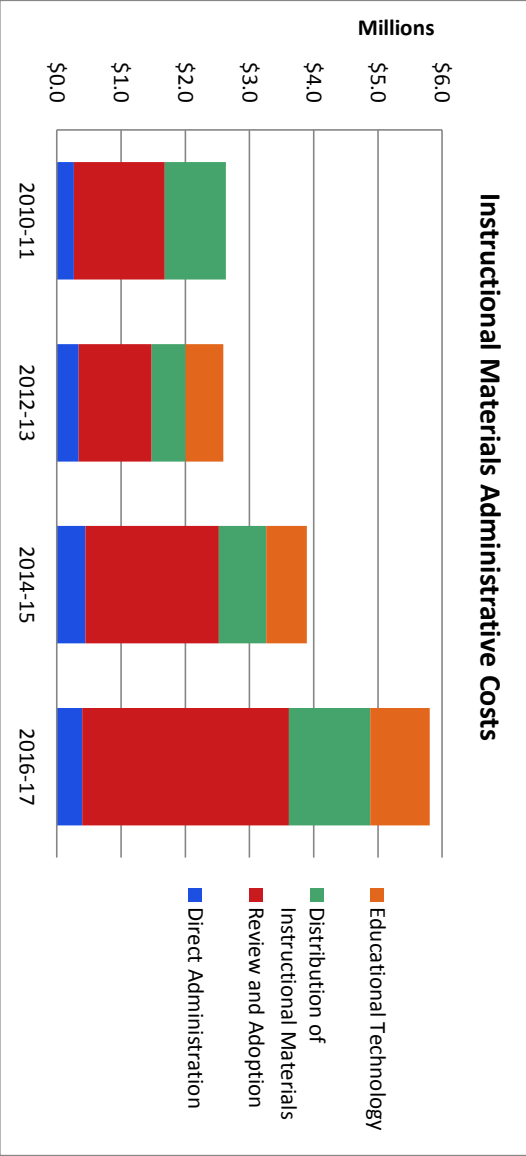
As an additional fix, a deferred payment option was enacted by House Bill 5, Eighty-third Legislature, 2013. Texas Education Code, Section 31.0215 allows districts to order instructional materials using up to 80 percent of the allotment they will receive on September 1 of each year so they are able to receive materials prior to the start of the school year, if publishers agree to deferred payment. The language in statute specifically exempts these purchases from the government code provisions regarding prompt payment. However, because compliance with TEC, Section 31.0215 is voluntary, the exemption has not had a significant impact on the resolution of the issue.

2 Program Background: In 2011, Senate Bill 6, Eighty-second Legislature, First-Called Session, established the Instructional Materials Allotment (IMA) which provides each school district and charter school with an account into which funding is deposited based on average daily attendance. Prior to 2012, the Instructional Materials Fund was known as the State Textbook Fund.

3 Administrative Costs: Following the creation of the IMA in 2011, total administrative costs decreased slightly due to a decrease in the amount spent on instructional material distribution. However, since the initial decrease in 2012-13, overall administrative costs have increased in following biennia. The increase appears to be associated with two factors:

1) Increased costs associated with the review and adoption of instructional materials. These costs have increased from \$1.1 million in 2012-13 to \$3.1 million in 2016-17. The review and adoption administrative activity is largely tied to the State Board's Proclamation process, and increases or decreases based on the number and type of materials associated with a Proclamation. The agency indicates recent Proclamations have included significantly more materials for adoption, which coincides with the increased funding.

2) Inclusion of costs associated with educational technology. Prior to 2012, educational technology costs were supported separately through the technology allotment which was repealed by Senate Bill 6 in 2011. These costs have increased slightly and averaged approximately \$717,000 since 2012.



Performance and/or Operational Issues

1 The following performance measures relate to the instructional materials program.

Performance Measure	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Proportion of Instructional Materials Purchased in an Electronic Format	25.0%	5.0%	41.0%	70.0%	35.0%	70.0%
Percent of Textbook Funds Spent on Digital Content	38.0%	10.0%	42.9%	45.0%	25.0%	50.0%

Recommended Statutory Changes for Program Improvement

1 Amend Section 403.093(d) Government Code to allow the Texas Education Agency, to the extent authorized by the General Appropriations Act, to make temporary transfers from the foundation school fund for payment of the instructional materials allotment under Section 31.0211, Education Code. The recommendation includes modification of TEA Rider 59, page II- 20, Temporary Transfer from the Foundation School Program to the Instructional Materials Fund, to make the rider's operation contingent on the passage of such legislation.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations			2017 FTEs
	GR-Related	All Funds		
1 Increase funding for the Instructional Materials Allotment by 20 percent of 2014-15 base. The agency provided a funding alternative option to increase the program by the default 20 percent. According to the agency, increased funding would give districts sufficient funding to meet technology needs and more choices in instructional materials. At current funding levels, districts report there is not sufficient funding to meet technology needs after purchasing needed instructional materials.	\$ 190,387,535	\$ 190,387,535		0.0
2 Decrease funding for the Instructional Materials Allotment by 20 percent of 2014-15 base. The agency provided a funding alternative option to decrease the program by the default 20 percent. Texas Education Code, Section 43.001 allows for a different amount specified in the General Appropriations Act as determined by the Legislature. According to the agency, with reduced funding, there would not be sufficient funding to meet the instructional materials needs to ensure students have materials aligned with the Texas Essential Knowledge and Skills (TEKS).	\$ (190,387,535)	\$ (190,387,535)		0.0

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: State Assessments

Agency
Ranking

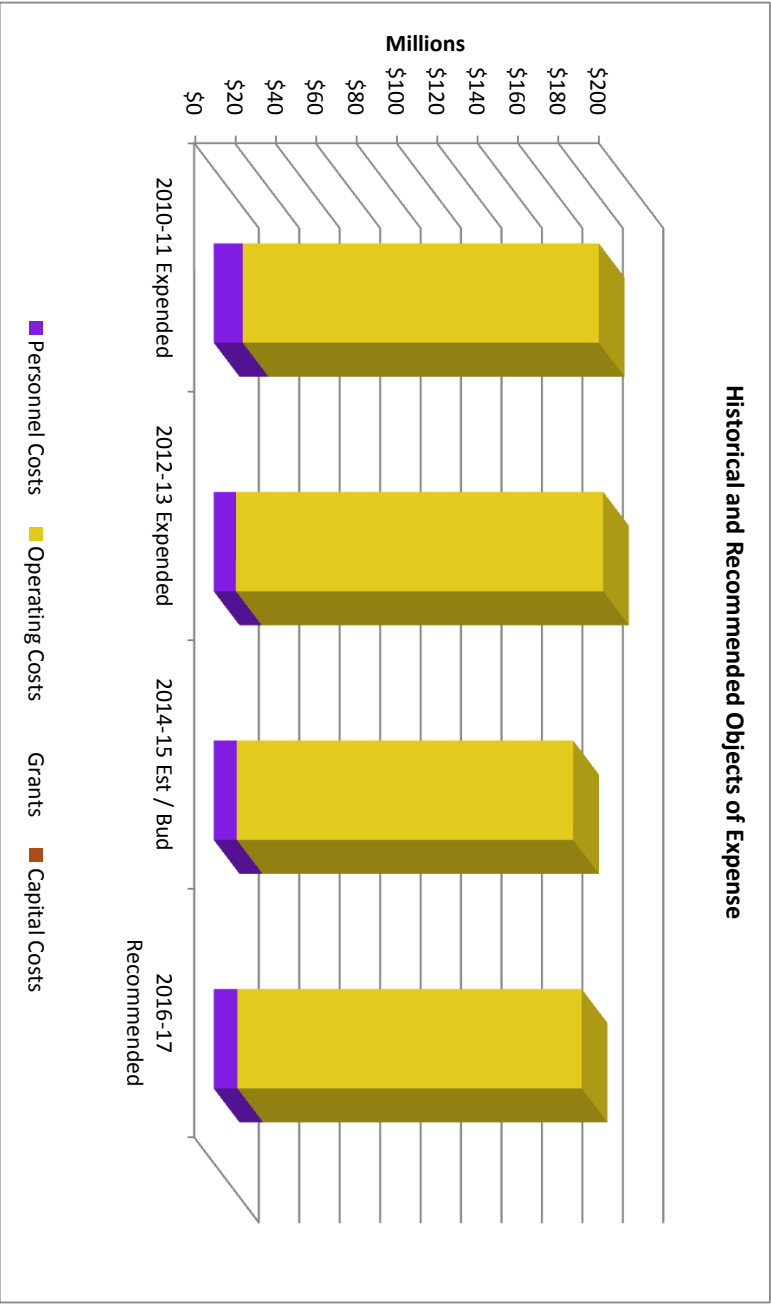
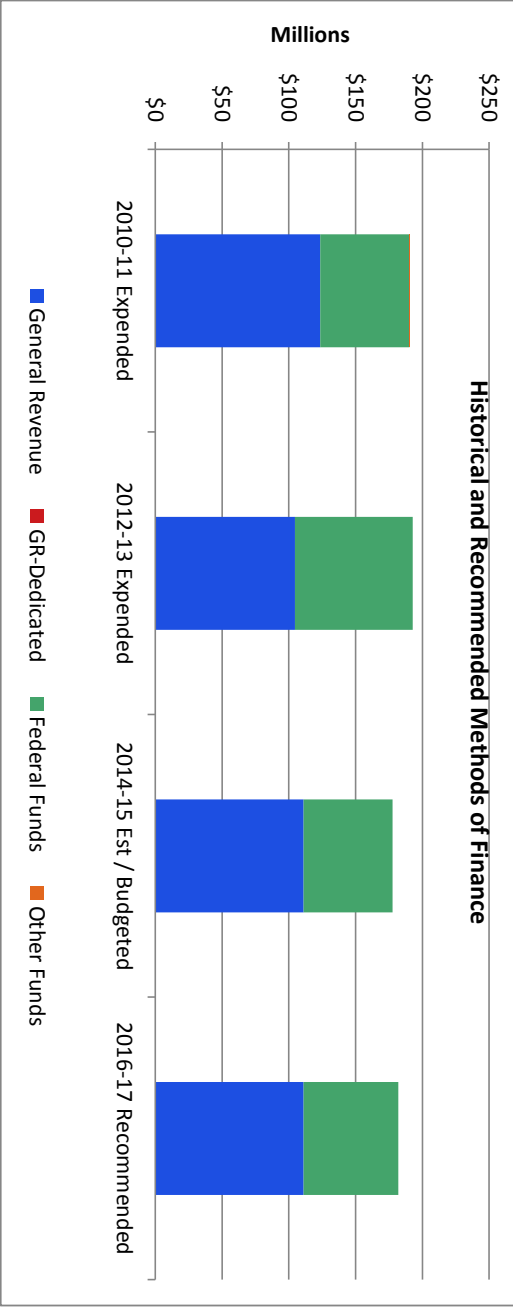
4
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Funding to manage and oversee the development, administration, scoring, quality control of assessment data, analysis, and reporting of the statewide assessments of student achievement required by the Texas Education Code (TEC), Chapter 39, Subchapter B, and federal statute and regulations.

Legal Authority: Education Code, Sections 39.022, 39.023, 39.025; and 39.027; Elementary and Secondary Education Act (ESEA); The Individuals With Disabilities Education Act (IDEA); Title 34 Education Code of Federal Regulations (CFR)

Year Created	1979	Performance and/or		Outsourced Services	Yes
Authority	Strong	Operational Issues	Yes	Revenue Supported	No
Centrality	Strong			Use of Dedicated Funds	NA
Service Area	Statewide	State Service Category	K-12 Education Instruction		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 1,137,976	6.0	\$1,148,280	6.0	0.6%
STAAR 3-8 PROGRAM	\$ 82,521,500	26.0	\$99,120,136	26.0	54.5%
STAAR EOC program	\$ 55,744,809	23.2	\$51,137,424	23.2	28.1%
STAAR Alternate program	\$ 7,149,291	9.0	\$7,970,318	9.0	4.4%
TAKS program	\$ 15,670,089	5.0	\$6,457,864	5.0	3.5%
TELPAS program	\$ 15,291,724	8.0	\$15,914,090	8.0	8.7%
Div 210 - Assessment Content	\$ 203,999	1.5	\$221,574	1.5	0.1%
TOTAL	\$ 177,719,388	78.7	\$181,969,686	78.7	100.0%



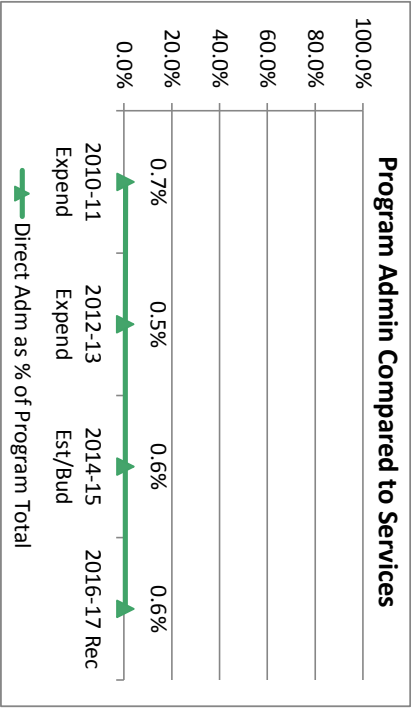
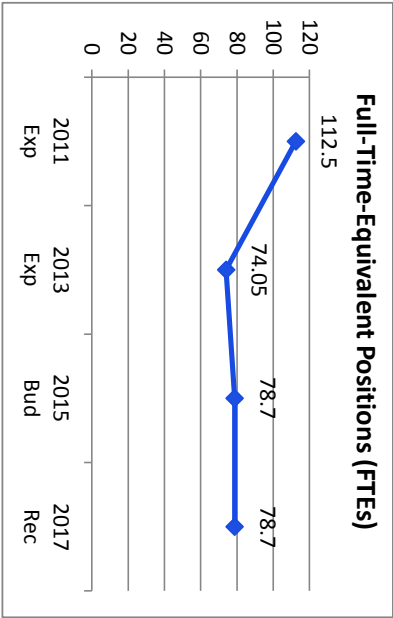
Program: State Assessments

Agency

4

Ranking

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Summary of Recommendations

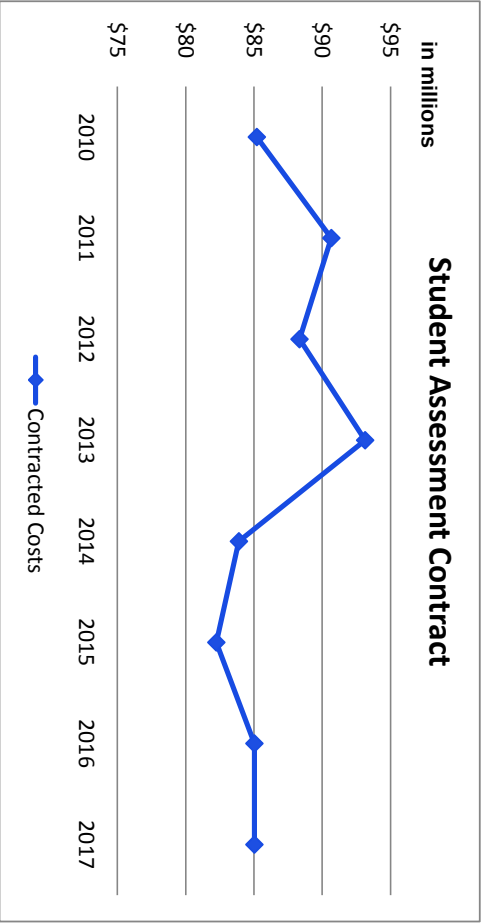
1 General Revenue Funding for the State Assessment Program Remains at 2014-15 Levels. While total funding for the program has increased by approximately \$4.3 million for 2016-17 due to an expected increase in federal funds directed to the program, recommendations maintain the General Revenue funding for the State Assessment program at approximately \$111 million for the biennium. General Revenue funding shown includes amounts for direct administration of the program which is typically included within the agency's administrative strategies; however, it has been included as part of the overall program funding for the Strategic Fiscal Review exercise.

Summary of Fiscal and Policy Issues

1 Program Background: TEA contracts with NCS Pearson Inc. (Pearson) for many assessment functions through a \$438.3 million five-year contract which ends August 31, 2015. The agency indicates the contractor is responsible for item development for all state assessments; production and distribution of test administration materials; maintenance of student-level history files of assessment results; production of erasure analyses and item analyses after major test administrations; creation and maintenance of a master schedule of tasks for all contracted activities; and general technical support.

2 Significant Changes to Assessment Contract: House Bill 5, 83rd Legislative Session, 2013, reduced the number of end-of-course assessments from 15 to 5 which resulted in a reduction of the student assessment contract with NCS Pearson, Inc. As shown below, the Pearson contract decreased by \$11.1 million in FY 2014 and \$12.1 million in FY 2015.

Substantial changes to the contract included removing the STAAR EOC, STAAR EOC Modified, and STAAR EOC L Version assessments in various subject areas.



Performance and/ or Operational Issues

1 Sunset Reviews: The 2014 Sunset Advisory Commission Staff Report found that the agency has improved oversight of its five-year \$438.3 million contract with NCS Pearson Inc, but recommended several management actions to increase oversight and transparency of the student assessment contract.

Recommendations include:

- Provide comprehensive information online about the student assessment procurement process and contracts to improve transparency;
- Allow sufficient time for vendors to submit proposals for major contracts; and
- Provide more centralized contract oversight and develop monitoring plans for all major contracts.

2 SAO Reports: A 2013 Audit on Selected State Contracts at the Texas Education Agency included several finding regarding the assessment contract. Key findings include:

- The agency should independently review information on contract changes and completion of deliverables, and it should properly report vendor performance to the office of the comptroller of public accounts;
- The agency should develop comprehensive written policies and procedures for the student assessment division's oversight of the contract, retain testing documentation, and execute contract amendments in a timely manner;
- The agency should follow regulations related to the vendor's employment of former or retired agency employees and require signed conflict of interest statements; and
- The agency should develop procedures to verify that deliverables are completed prior to paying the vendor

According to the agency, many of the SAO Report recommendations have been addressed or are in the process of being addressed.

Program: State Assessments

Agency Ranking
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- 3 Other Audits: A 2013 audit report by the U.S. Department of Education assessed the state's system of internal control over statewide test results. The audit found that Texas and local school districts need to improve their systems of internal control designed to prevent, detect, and require corrective action if they find indicators of inaccurate, unreliable, or incomplete statewide test results. Recommendations included:
- Using the test results and erasure analyses completed by its testing contractor more effectively to identify LEAs and schools for possible monitoring.
 - Identifying ways that LEAs and schools can improperly influence STAAR test results and design mitigating controls.
 - Documenting the corrective actions that it recommends LEAs take in response to self-reported testing irregularities and verifying that the LEAs implement the corrective actions.

According to TEA, the agency will implement the statistical methodologies to identify patterns of potential cheating beginning with the spring 2015 STAAR administration.

4 Performance Measures: The following key performance measures relate to the student assessment program.

Performance Measure	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of All Students Passing All Tests Taken	57.5%	56.3%	63.9%	66.0%	69.0%	73.0%
Percent of African American Students Passing All Tests Taken	43.6%	42.4%	50.7%	52.0%	55.0%	58.0%
Percent of Hispanic Students Passing All Tests Taken	49.5%	48.1%	56.3%	58.0%	61.0%	64.0%
Percent of White Students Passing All Tests Taken	72.2%	71.4%	78.2%	80.0%	83.0%	87.0%

Recommended Statutory Changes for Program Improvement

- 1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations				2017 FTEs
	GR-Related		All Funds		
1 Increase the state assessment program by 20 percent. The agency provided a funding alternative option to increase the program by the default, 20 percent. According to the agency, increased funding would allow the agency to develop online interactive study guides for STAAR 3-8 and EOC assessments, and incorporate open-ended items in the Algebra I, biology, and U.S. history EOC tests to provide more authentic and instructionally meaningful assessment data.	\$	22,230,663	\$	22,332,675	9.4
2 Decrease the state assessment program by 16 percent. The agency provided a funding alternative option to decrease the program by 16 percent. According to the agency, a reduction larger than 16 percent would require the elimination of either the grade 4 or grade 7 writing test. The agency indicated decreased funding would require the agency to eliminate the Student Success Initiative (SSI) May and June test administrations, Spanish versions of the grades 3-8 assessments, the STAAR grade 8 social studies assessment, and the STAAR EOC U.S. history assessment.	\$	(16,695,365)	\$	(16,695,365)	(4.0)

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: Early College High School (ECHS) and Texas Science, Technology, Engineering and Math (T-STEM)

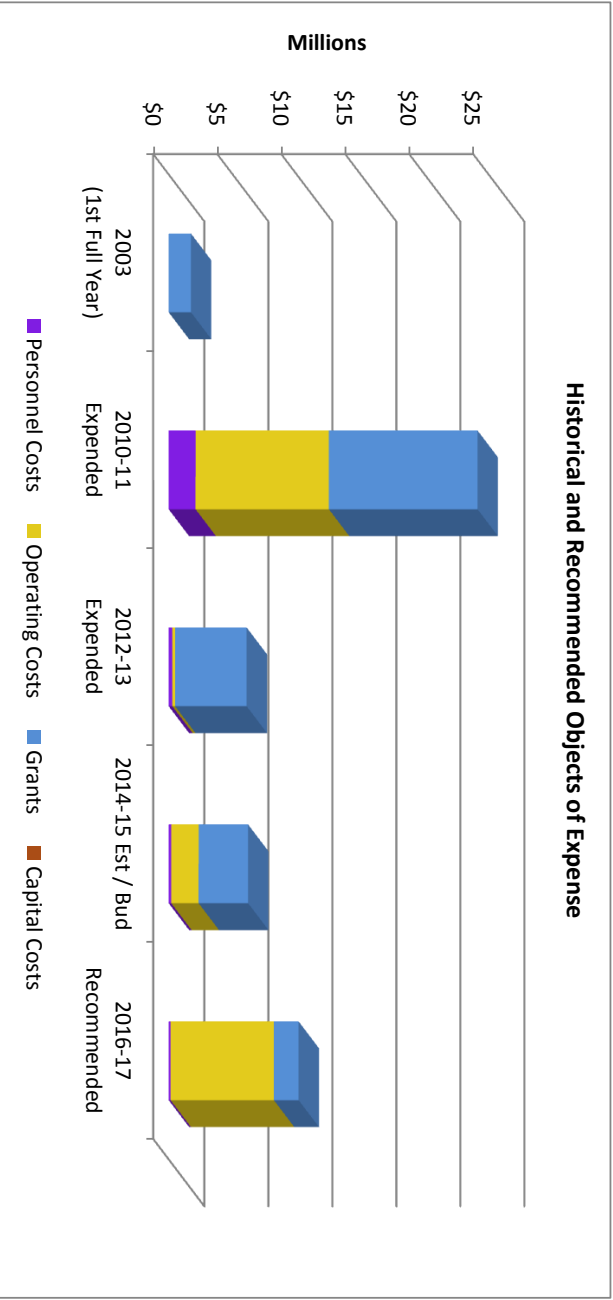
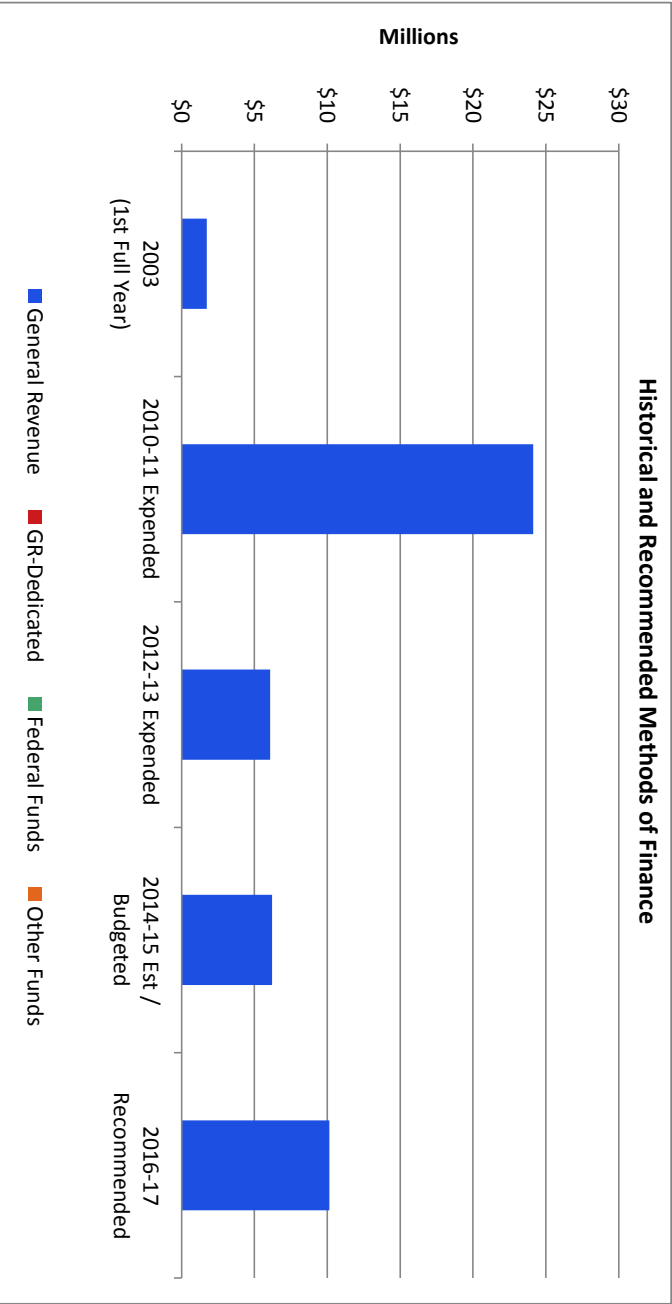
Agency Ranking11 out of 67

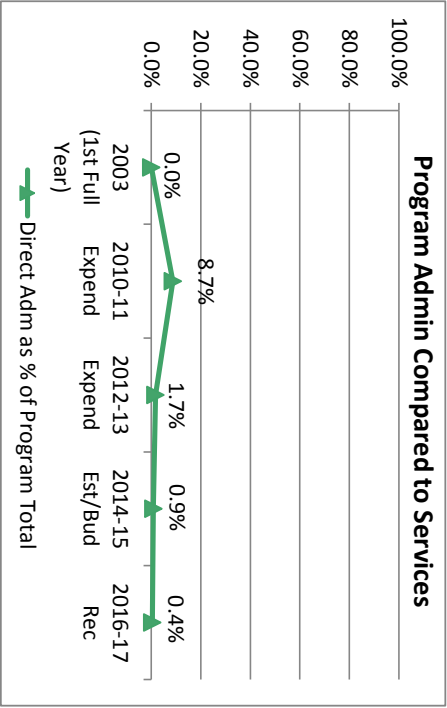
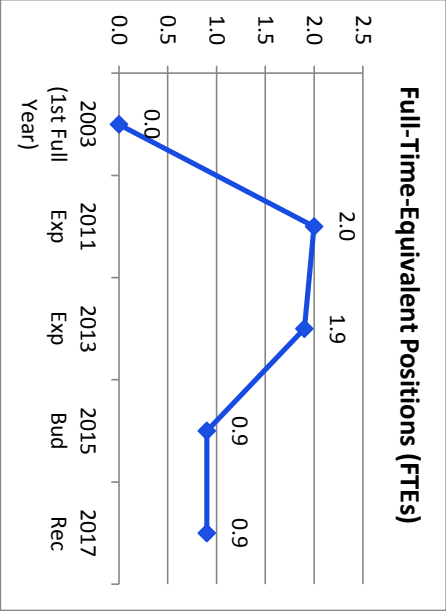
Funding to support ECHS schools in which students may pursue post-secondary credits and earn up to 60 college credit hours simultaneously and T-STEM Academies which increase instructional rigor and improve academic performance in science and mathematics-related subjects.

Legal Authority: Texas Education Code, Sections 29.908, 39.407, and 39.416; Texas Administrative Code, Title 19, Sections 102.1091 and 102.1093; Executive Order RP53 (2005); General Appropriations Act (2014-15 Biennium), Article III, Texas Education Agency, Rider 57

Year Created	2003	Performance and/or		Outsourced Services	No
Authority	Moderate	Operational Issues	Yes	Revenue Supported	No
Centrality	Strong			Use of Dedicated Funds	NA
Service Area	Statewide	State Service Category	K-12 Education Instruction		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 53,067	0.2	\$ 40,172	0.2	0.4%
ECHS Technical Assistance to Schools	\$ 2,235,124	0.4	\$ 4,063,586	0.4	40.0%
ECHS Grants to Schools	\$ 1,079,506	0.1	\$ 945,896	0.1	9.3%
ECHS/STEM Online Designation	\$ 100,287	0.2	\$ 102,792	0.2	1.0%
T-STEM Academy Support and Technical	\$ 2,236,817	0.0	\$ 4,000,000	0.0	39.4%
T-STEM Grants to Schools	\$ 500,000	0.0	\$ 1,000,000	0.0	9.8%
TOTAL	\$ 6,204,801	0.9	\$ 10,152,446	0.9	100.0%





Summary of Recommendations

1 Increase funding by \$4.0 million for the biennium to align with program growth to provide the same level of support to an additional 40 designated ECHS campuses and 14 T-STEM Academies based on strong program evaluations. Recommendations total \$10.0 million for the biennium to provide support for the ECHS and T-STEM Academy Initiative, a 67 percent increase compared to 2014-15 funding.

According to the agency, a 50 percent increase in funding (compared to 2014-15 levels) would also provide an increase in the amount of money on a per-school basis to provide technical assistance, grants, or other services. Increased funding could increase the number of college credit hours earned by students at these schools, improve academic instruction, and could support schools that choose to focus on additional components such as career and technical education. It would also likely encourage additional campuses to apply for designation. An increase in funding would allow the TEA to take steps to ensure that the growth of campuses meets or exceeds expectations for each model.

Summary of Fiscal and Policy Issues

1 Program Background: The ECHS and T-STEM Academies target students who are at risk of dropping out of school and/or who may not otherwise consider attending college. Beginning in 2003, these programs were part of the Texas High School Completion and Success program and provided start-up grant funding to all schools.

■ **Early College High School (ECHS)** funding is used to help schools supporting students to pursue post-secondary credits at no cost to the student. ECHS campuses provide students least likely to attend college an opportunity to earn a high school diploma and up to 60 college credit hours simultaneously. They offer rigorous instruction and accelerated courses, provide academic and social support services, increase college readiness, and reduce barriers to college access.

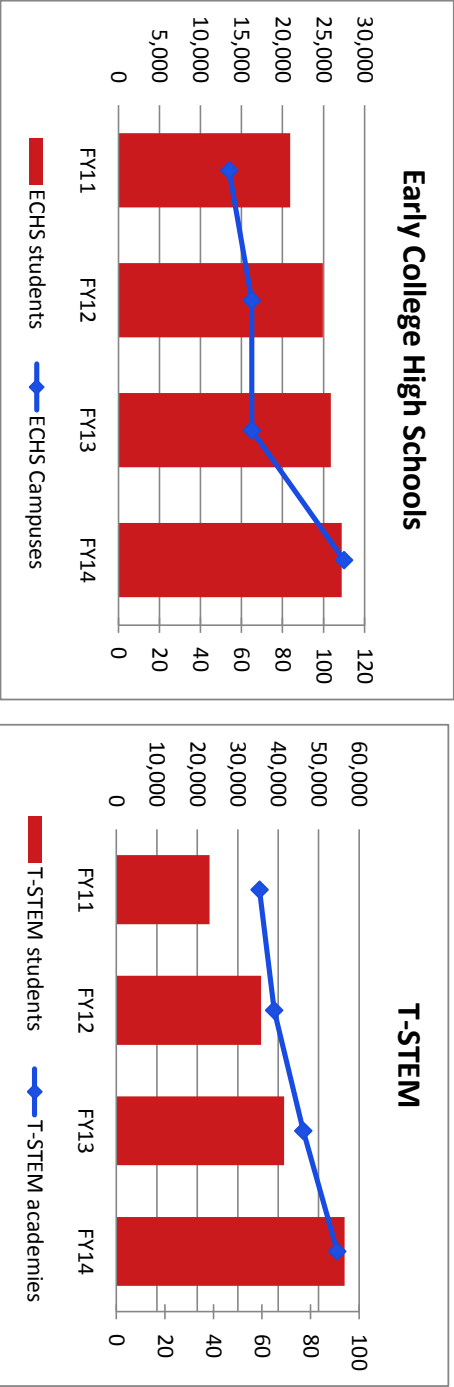
■ **Texas Science, Technology, Engineering and Math (T-STEM)** funding is used to increase instructional rigor, improve academic performance in science and mathematics-related subjects, and increase the number of college course credits (12-30 credit hours) earned by T-STEM students to prepare for postsecondary options, such as entry into the workforce, trade/technical training, military, or 2/4 year institutions, in STEM fields.

As shown on the Historical and Recommended Methods of Finance figure on page 1, funding for ECHS and T-STEM Academies was approximately \$24 million in the 2010-11 biennium when the programs were part of the Texas High School Completion and Success program. In fiscal year 2011, the Texas High School Completion and Success grant program was discontinued and biennial appropriations totaling \$6 million were directed through a new ECHS and T-STEM Academy Rider for the 2012-13 biennium. The programs now exist and expand through a designation system that enables schools to receive technical assistance and support services to maintain the network of schools. Technical assistance and support to designated schools includes guidance and support for implementing both program models with fidelity, technical assistance coaching, instructional support, and other services.

2 Areas of Cooperation: The agency indicates that they have worked with Texas Higher Education Coordinating Board and Texas Workforce Commission to align the services. The Texas Higher Education Coordinating Board cooperates closely with the TEA concerning laws, rules, and grants for the ECHS initiative and the Texas Workforce Commission provides information regarding high-needs employment fields to help inform decisions regarding instructional programs.

Performance and/ or Operational Issues

1 Program Impact: In school year 2014-15, there were 110 designated ECHS campuses and 91 T-STEM schools in Texas. As shown below, the number of designated ECHS and T-STEM schools has increased by approximately 50 percent since fiscal year 2011. There has been a corresponding increase in the number of students served through these programs.



2 Evaluations: A 2014 American Institutes for Research (AIR) report found that Early College students were significantly more likely to enroll in college and earn a college degree than comparison students. Specifically the report found the following.

- **College Enrollment:** During the study, 81 percent of Early College students enrolled in college, compared with 72 percent of comparison students. Although the gap in enrollment rates between the two groups decreased over time, comparison students' college enrollment rates did not catch up to those of Early College students during the study period. In addition, Early College students were more likely than comparison students to enroll in two-year colleges and were just as likely as comparison students to enroll in four-year colleges.
- **College Degree Attainment:** During the study period, 25 percent of Early College students earned a college degree (typically an associate's degree), as compared with only 5 percent of comparison students.

Recommended Statutory Changes for Program Improvement

1 Statutory language is necessary to ensure strong authority for the T-STEM Academy program. T-STEM Academies were established through Executive Order RP53 in 2005 by Governor Perry; however, the program lacks corresponding statutory language.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs
1 Reduction in services provided to ECHS and T-STEM Academies. The agency provided a funding alternative option to decrease the program by the default, 20 percent. According to the agency, decreased funding would decrease the amount of money the agency has available on a per-school basis to provide technical assistance, grants, or other services.	\$ (1,200,000)	\$ (1,200,000)	0.0

Services provided to each school have already been reduced as the program has grown while funding has remained constant. The agency indicated that reductions in funding could result in a decreased interest in districts wanting to operate an ECHS or T-STEM campus. Additionally, the decrease in technical assistance could result in fewer students earning college credit hours and associates degrees and a decrease in the quality of ECHS and T-STEM programs across the state.

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: Student Success Initiative

Agency Ranking 31 out of 67

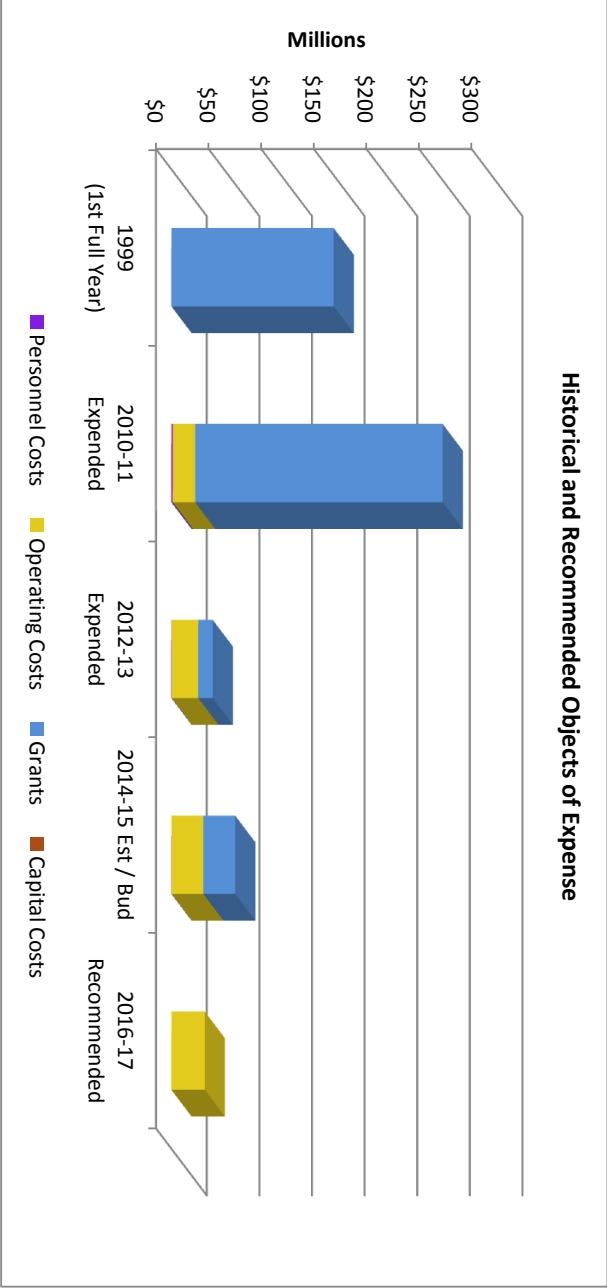
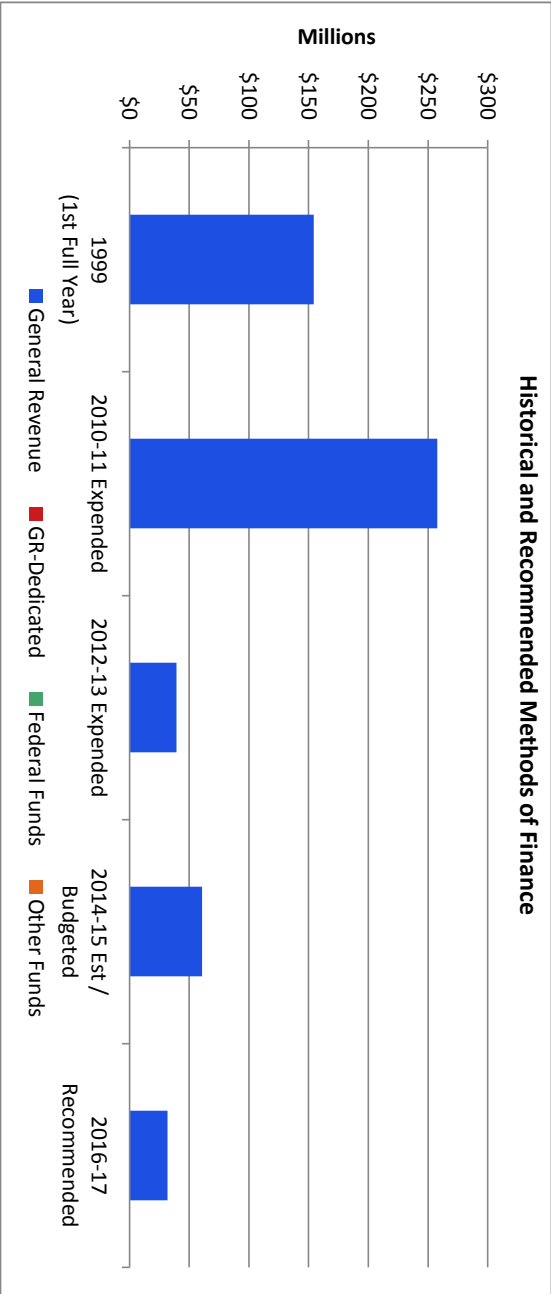
Funding to provide accelerated instruction to students at risk of inadequate performance on state assessments. This program has used a number of different models since it was originally implemented in 2000.

Legal Authority: Texas Education Code, Section 28.0211; General Appropriations Act (2014-15 Biennium), Article III, Texas Education Agency, Rider 50

Year Created	1999	Performance and/or		Outsourced Services	Yes
Authority	Moderate	Operational Issues	Yes	Revenue Supported	No
Centrality	Strong	Use of Dedicated Funds			NA
Service Area	Statewide	State Service Category	K-12 Education Instruction		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 50,528	0	\$ -	0.0	0.0%
Grants to Schools*	\$ 21,701,071	0	\$ -	0.0	0.0%
Texas SUCCESS - Statewide Licenses	\$ 28,713,354	0	\$ 31,700,000	0.0	99.9%
Write for Texas - Writing Initiative	\$ 10,000,000	0	\$ -	0.0	0.0%
Evaluation of SSI	\$ 125,000	0	\$ -	0.0	0.0%
Online College and Career Preparation	\$ 29,056	0.1	\$ 29,056	0.1	0.1%
Technical Assistance Program Pilot					
Administrative Activities	\$ 58,563	0.52	\$ -	0.0	0.0%
TOTAL	\$ 60,677,572	0.62	\$ 31,729,056	0.1	100.0%

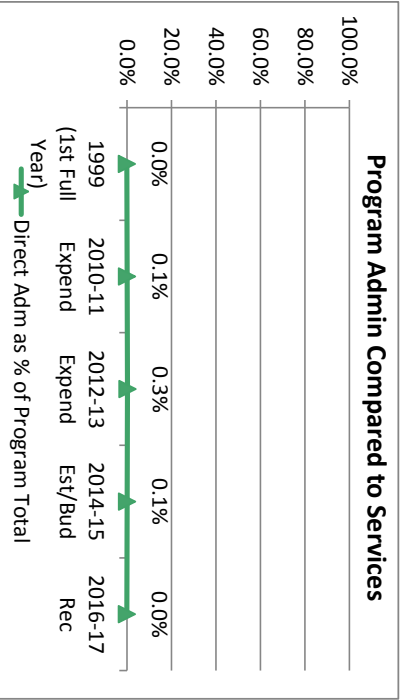
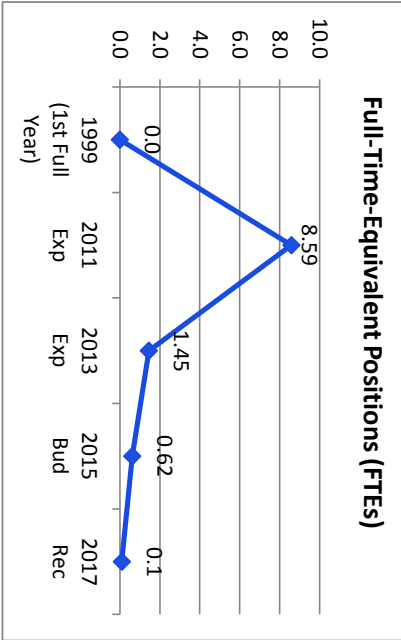
Note: The agency indicated the amounts shown in 2014-15 for Grants to Schools are placeholders until funding decisions are made regarding the use of the remaining 2014-15 funds. Unlike in previous biennia, the agency has not distributed any SSI funding for grants to districts.



Program: Student Success Initiative

Agency
Ranking

31
out of 67



Summary of Recommendations

1 Senate Bill 2 decreases funding by \$28.8 million because the agency's planned use for the funds is inconsistent with the legislative direction given in the rider. Recommendations also modify the Student Success Initiative rider language (Rider 46) to require the Commissioner of Education to minimize duplication and maximize efficiency between the supplemental mathematics and reading instruction provided through the program and other similar state-funded reading and mathematics programs, and ensure the supplemental mathematics and reading instruction programs contain diagnostic tools to assess the impact and effectiveness of the programs.

Recommendations total \$31.7 million for the biennium, a \$28.8 million decrease as compared to 2014-15 base amounts. The reduction in funding is due to a planned agency decrease of \$28.8 million in the amount directly awarded to school districts and plans to increase funding for Write for Texas initiative in 2016-17. As indicated in the SSI rider, "funds shall be distributed to school districts to fund programs targeting prevention of academic failure." However, The Write for Texas program targets professional development for teachers, not academic failure. Although the agency indicated portions of House Bill 5 (Sections 15 and 20) authorized the use of SSI money for the Write for Texas program, those sections of the legislation refer to new accelerated instruction requirement, not professional development.

Summary of Fiscal and Policy Issues

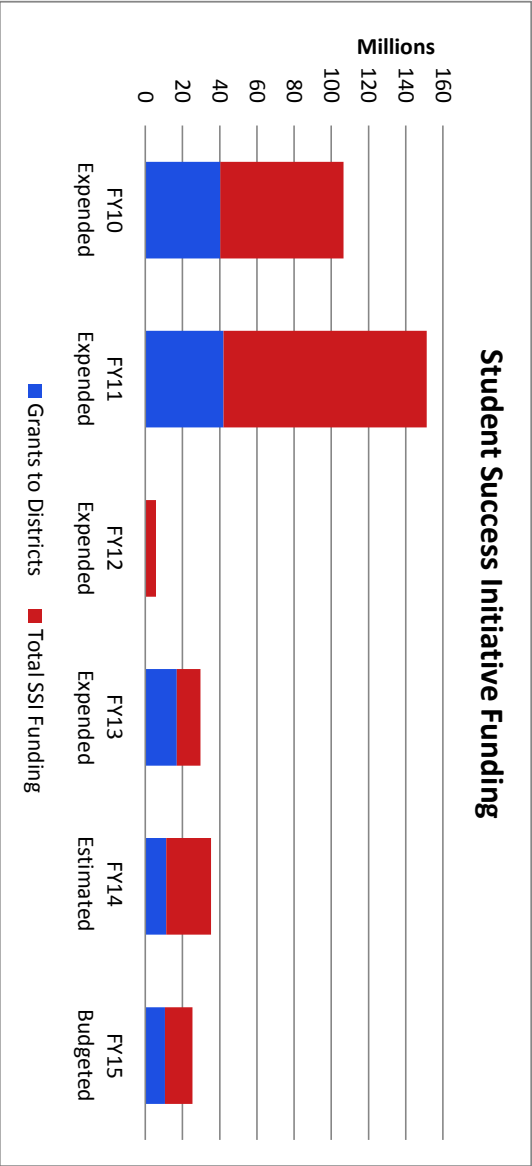
1 Program Background: The Student Success Initiative (SSI) was created by the Seventy-sixth Legislature, 1999, as part of the state accountability system and is statutorily tied to the policy against social promotion. Statute requires districts to offer accelerated instruction to students who are at risk of not being promoted to the next grade, but does not specify the mode of instruction. The SSI was intended to provide assistance to school districts in the provision of accelerated instruction.

2 Program Funding: As shown, in the 2010-11 biennium, SSI funding totaled \$106.5 million in FY 2010 and \$151.3 million in FY 2011. In both years, approximately \$40 million was directed to grants to school districts for accelerated instruction.

■ **In the 2012–13 biennium, the funding for SSI was decreased.** In response to the reduction in funding, TEA dedicated \$17.5 million of the total to purchasing two statewide licenses in fiscal year 2013 to provide supplemental computer-based reading and math instruction to all students in grades 3 through 8. The licenses include Think Through Math and Istation, which provide online interactive programs to help students improve reading and math skills at their own pace. The agency reported that the remaining \$19 million was distributed to school districts based on the number of students below the statewide median raw score on the STAAR tests in grades 3 through 8 as shown in FY 2013.

■ **In the 2014–15 biennium, funding for SSI was increased to \$50.5 million with an additional \$10 million appropriated for fiscal year 2013.** For the 2014-15 biennium, the agency dedicated \$28.7 million to provide supplemental computer-based reading and math instruction through the same licenses as in 2012-13. Additionally, TEA reports \$10 million has been used for Write for Texas, a SSI-eligible professional development initiative focused on writing instruction across all content areas in grades 6 through 12.

■ **Unlike in previous biennia, the agency has not distributed any SSI funding for grants to districts.** The agency indicated the amounts shown in FY 2014 and FY 2015 for grants are placeholders until funding decisions are made regarding the use of the remaining 2014-15 funds. Instead of awarding grants, the agency reports that they intend to expand the Write for Texas Initiative with the remaining \$21.7 million in SSI funding.



Note: The agency indicated the amounts shown in 2014-15 for Grants to Schools are placeholders until funding decisions are made regarding the use of the remaining 2014-15 funds. Unlike in previous biennia, the agency has not distributed any SSI funding for grants to districts.

Performance and/ or Operational Issues

- 1

Program Impact: As of November 2014, 1,114 districts use Think Through Math and 899 districts use Istation; 1.9 million students access Think Through Math and 2.1 million students access Istation. Additionally, the agency indicates the Write for Texas Initiative is serving 120 campuses in 57 districts in school year 2014-15.
- 2

Evaluations: Limited evaluations have been conducted thus far to assess the effectiveness of SSL as currently implemented. GAA (2014-15), Article III, Texas Education Agency, Rider 50 directed TEA to conduct an evaluation of SSL, to be delivered in January 2015. The evaluation provided information related to usage, implementation, and student outcomes for both the Think Through Math and Istation programs. For both programs, the evaluation noted differences in enrollment and usage of the system and found varied outcomes based on program usage among student groups. Overall, both programs showed fairly low levels of usage amongst eligible students and neither program showed clear evidence of benefit or harm.

Previous evaluations review alternate structures of the SSL program. Evaluation findings include:

 - *The Student Success Initiative: An Evaluation Report Submitted to the 81st Texas Legislature (2009)* indicated students served by Accelerated Reading Instruction (ARI)/ Accelerated Math Instruction (AMI) funds, who were struggling at the start of the year, successfully scored on TAKS at grade level by the end of the 2006–07 school year. However, approximately one in three students served by ARI/AMI was reported by grantees as still struggling. ARI/AMI grants provided immediate, targeted instruction to students who demonstrated difficulty in reading and/or math.
 - *The Student Success Initiative: 2009-2010 Biennium Evaluation Report (2011)* indicated high participation in Texas Adolescent Literacy PD from educators within the state. Some evidence suggested there was greater effect on student achievement at campuses that had been implementing for two consecutive years. In 2007, SSL shifted focus to statewide teacher PD programs when the 80th Texas Legislature passed House Bill (HB) 2237 and authorized the Texas Adolescent Literacy Academies (TALA) under SSL umbrella.

Recommended Statutory Changes for Program Improvement

- 1
- None.

Funding Alternatives Not Included in the Recommendations

	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs
1 Restore funding for the Student Success Initiative program to previous funding levels. The agency provided a funding alternative option to increase funding by \$181.5 million, or nearly 400 percent to align with previous funding levels. According to the agency, funding for this program would need to be enhanced significantly in order to provide grants to schools at previous levels. The agency indicated if substantial grants were awarded, then districts would be able to use funding to address the specific needs of the student population they serve. However, at lower levels of enhanced funding the agency would be able to provide additional statewide resources at more grade levels.	\$ 181,558,628	\$ 181,558,628	0.5
2 Decrease funding for the Student Success Initiative program by the default, 20 percent. The agency provided a funding alternative option to decrease funding by the default 20 percent. According to the agency, decreased funding for this program would eliminate the possibility of awarding grants to school districts. Consequently, grants to school districts were not awarded in the 2014-15 biennium.	\$ (12,100,000)	\$ (12,100,000)	0.0
The agency reported that funding for this program has already been significantly reduced since the 2010-11 biennium. As a result of reductions in funding, the agency has moved to providing online resources to provide support for students in a more cost effective manner. At the current funding levels the amount available for grants to schools is minimal and in most instances not sufficient to meet the needs funding was once able to support.			

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: Supplemental Funding for Prekindergarten

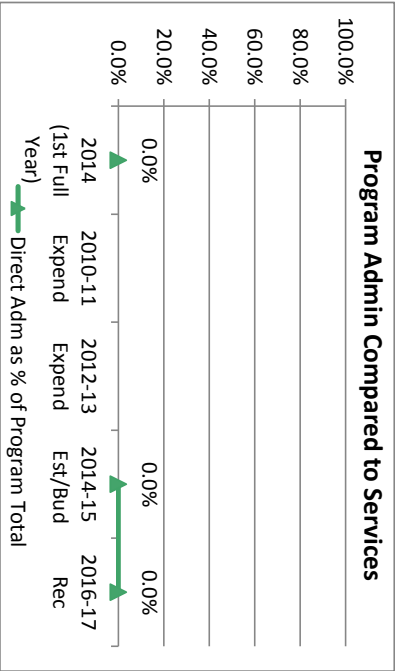
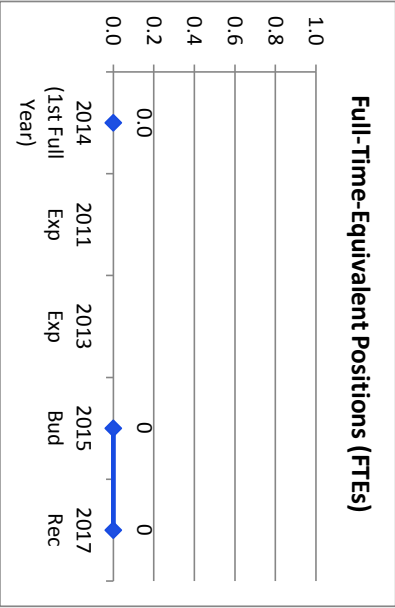
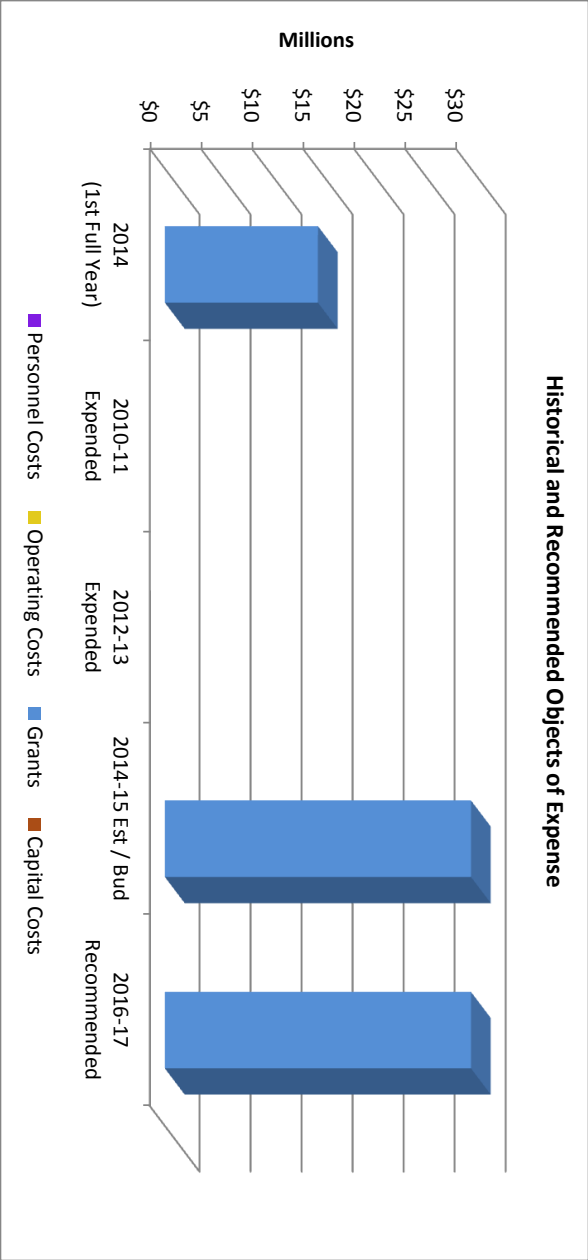
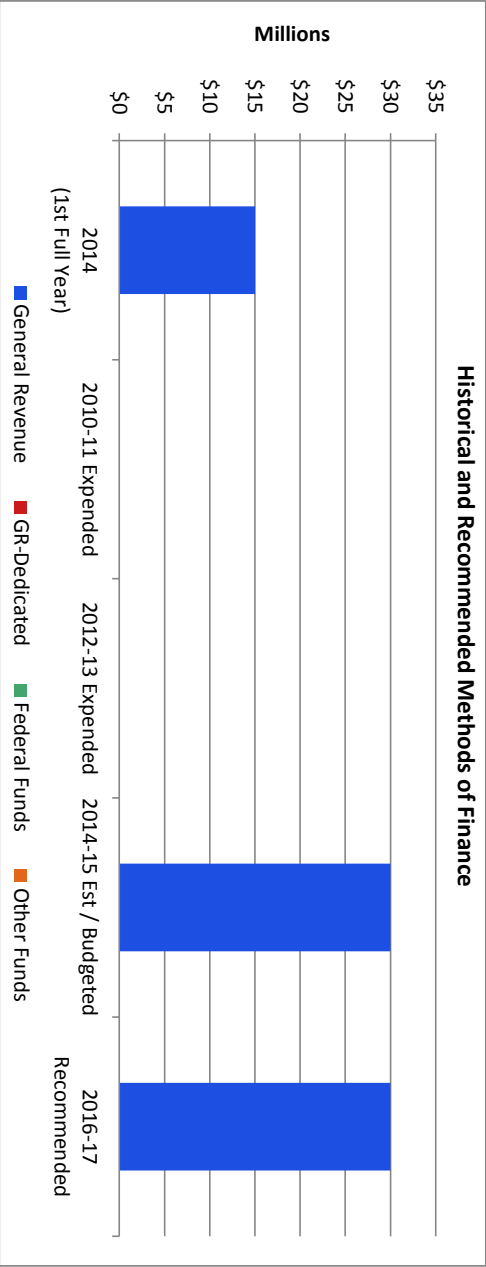
Agency Ranking37 out of 67

Funds allocated under the supplemental prekindergarten program can be used for prekindergarten programs provided under Texas Education Code, Chapter 29, Subchapter E. The program serves 3 and 4 year olds that meet the criterion as specified in Texas Education Code, Chapter 29.153 (b), including students who do not speak and comprehend English or who are educationally disadvantaged.

Legal Authority: Texas Education Code, Chapter 29, Subchapter E; General Appropriations Act (2014-15 Biennium), Article III, Texas Education Agency, Rider 66

Year Created	2013	Performance and/or Authority	Strong	Operational Issues	No	Outsourced Services	No		
Centrality	Strong					Revenue Supported	No		
Service Area	Statewide	State Service Category	K-12 Education Instruction					Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Supplemental Funding for Prekindergarten	\$ 30,000,000	0	\$ 30,000,000	0	100.0%
TOTAL	\$ 30,000,000	0	\$ 30,000,000	0	100.0%



Summary of Recommendations

- 1 Maintain funding levels required for current services. Recommendations total \$30.0 million for the biennium to provide supplemental prekindergarten funding to eligible prekindergarten students in average daily attendance.

Summary of Fiscal and Policy Issues

1 Prekindergarten Programs in Texas:

The Sixty-eighth Legislature, Second Called Session, 1984, established the Texas prekindergarten program with the purpose of developing the skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills. Independent school districts (ISDs) identifying more than 15 children who meet statutory eligibility requirements are required to offer at least a half-day prekindergarten program.

To be eligible for prekindergarten funding through the state's Foundation School Program (FSP), a student must be at least three years of age and:

- unable to speak and comprehend the English language,
- educationally disadvantaged (eligible to participate in the federal free or reduced-price lunch program),
- homeless,
- the child of an active duty member of the armed forces,
- the child of a member of the armed forces who was injured or killed while on serving on active duty, or
- be in or have ever been in the conservatorship of the Department of Family and Protective Services.

Eligible school districts must offer, at minimum, a half-day prekindergarten program consisting of at least three hours of instruction. Additionally, some ISDs elect to provide a seven-hour full-day prekindergarten program. A school district may apply to be exempted from providing prekindergarten if they would be required to construct classroom facilities in order to provide the class.

- 2 Program Background: General Appropriations Act (2014–15 Biennium), Texas Education Agency, Rider 66, page III-19 allocated \$15 million in General Revenue each fiscal year for supplemental prekindergarten funding based on eligible prekindergarten students in average daily attendance for the 2014–15 biennium.

3 Program Funding:

For fiscal year 2014, school districts and open-enrollment charter school received an additional \$147 in supplemental prekindergarten funding per prekindergarten student in average daily attendance in school year 2012–13. For fiscal year 2015, school districts and open-enrollment charter schools will receive an additional \$148 per eligible prekindergarten student in supplemental prekindergarten funding. Schools districts and open-enrollment charter schools have broad discretion in the expenditure of these funds on prekindergarten programs.

Recommended Statutory Changes for Program Improvement

- 1 None.

Funding Alternatives

Through the 2000s, the Texas Legislature appropriated General Revenue to the Prekindergarten Early Starts Grants Program to provide some children with access to additional prekindergarten services, such as full-day programming. Texas policy makers also have explored the option of providing expanded prekindergarten programs through school finance formulas, including offering a full-day program for eligible children, offering universal half-day prekindergarten, or offering a universal full-day prekindergarten program. Each expansion option would incur annual state costs related to FSP funding and Texas Retirement System (TRS) contributions. Additionally, districts could incur facilities costs that would likely be funded through long-term debt service.

- All estimates below are for additional funding that would be required for full implementation and assume continuation of current levels of expenditure for public school prekindergarten programs. Under current statute, FSP funding for Texas prekindergarten is projected to total \$1.6 billion in the 2014 – 2015 biennium for eligibility limited half-day prekindergarten.

- Estimates assume that under a universal program, enrollment in the prekindergarten grade level would increase to a level similar to the kindergarten grade level in each district, as enrollment in both grade levels would be voluntary rather than mandatory. It is assumed a universal prekindergarten program would be made available to four-year-old children. With the exception of facilities costs, estimates represent the annual average for each of the two fiscal years of the 2016–2017 biennium.

- In addition to costs estimated below, under any expansion scenario, it is likely that districts will incur costs associated with the construction of additional facilities. Under an assumption that districts either build additional instructional space or purchase portable classrooms for this purpose, the total cost of capital outlay could range from \$555 million to more than \$1,000 million depending on the scenario, with these costs most likely spread across several years in the form of annual debt service or lease payments. However, it is unknown the extent to which districts may have existing capacity to expand services under these scenarios, and districts may arrange to provide prekindergarten programs in non-school settings, which could mitigate facilities costs.

Estimated Additional Annual Costs Of Texas Prekindergarten Expansion (In Millions)			
2016 – 2017 Biennium			
	Universal Half-Day Pre-K	Limited Full-Day Pre-K	Universal Full-Day Pre-K
Additional Annual State Costs			
FSP State Aid	\$554.5	\$770.3	\$1,908.7
TRS Contributions	\$19.8	\$23.0	\$39.7
	(6,200 additional FTEs)	(7,200 additional FTEs)	(12,400 additional FTEs)
Note: Estimates are based on March 2013 projected pupil ADA. This estimate does not include textbook costs. Estimates represent the annual average additional costs for each of the two fiscal years of the 2016–2017 biennium. Estimates are in addition to current funding levels. Local facilities costs are anticipated to be funded through long-term debt service or lease, while other costs would be incurred on an annual basis.			
Source: Texas Education Agency, Legislative Budget Board.			

1 Universal Half-Day Prekindergarten for Four Year Olds

■ This option would offer a half-day pre-kindergarten program funded through the FSP to all Texas four year olds, regardless of income. In addition to expenditures budgeted for the current prekindergarten program, this option would cost an estimated \$554.5 million annually in state aid during the 2016-17 biennium and \$19.8 million per year state cost for TRS State Contributions for about 6,200 additional teacher FTEs. Local districts could also incur costs for facilities acquisition, local repayment costs would likely be spread over time in the form of annual debt service or lease payments.

■ The state aid estimate assumes about 186,000 additional students enrolled in public school prekindergarten programs on a half-day basis. Estimated costs for TRS contributions are limited only to teaching staff and assume the continuation of currently employed teacher FTEs assigned to prekindergarten by district, with additional FTEs estimates based on an assumption that most teachers would serve two half-day sections of students.

2 Full Day Prekindergarten for Currently Eligible Four Year Olds

■ This option would offer a full day of state-funded prekindergarten to four year olds who are currently eligible for the half-day program. In addition to current expenditures, this option would cost an estimated \$770.3 million per year in additional FSP state aid during the next biennium, and \$23.0 million per year state cost for TRS State Contributions for about 7,200 additional FTEs. Local districts could incur costs for facilities acquisition, with local repayment costs spread over time in the form of annual debt service or lease payments.

■ The state aid estimate assumes an additional half day of enrollment for approximately 240,000 students currently projected to receive half-day service under existing eligibility requirements, who are not also enrolled in special education early childhood education programs.

3 Universal Full Day Prekindergarten for Four Year Olds

■ The most extensive expansion option would offer universal full-day prekindergarten to all Texas four year olds, funded through the FSP. In addition to current expenditures, this option would cost \$1,908.7 million per year in state aid during the next biennium and \$39.7 million per year in state cost for TRS State Contributions for about 12,400 additional FTEs. Districts could also incur costs for facilities acquisition, with local repayment costs spread over time in the form of annual debt service or lease payments.

■ The state aid estimate above assumes a potential increase of about 186,000 students enrolled in public school prekindergarten programs on a full-day basis and an additional half day of enrollment for approximately 240,000 students currently projected to receive half-day service under existing eligibility requirements, who are not also enrolled in special education early childhood education programs. Estimated costs for TRS contributions are limited only to teaching staff and assume continuation of currently employed teacher FTEs assigned to prekindergarten by district.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs
1 Universal Half-Day Prekindergarten for Four Year Olds	\$ 544,300,000	\$ 544,300,000	6,200.0
2 Full Day Prekindergarten for Currently Eligible Four Year Olds	\$ 763,300,000	\$ 763,300,000	7,200.0
3 Universal Full Day Prekindergarten for Four Year Olds	\$ 1,918,400,000	\$ 1,918,400,000	12,400.0

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: Educator Excellence Innovation/ District Awards for Teacher Excellence

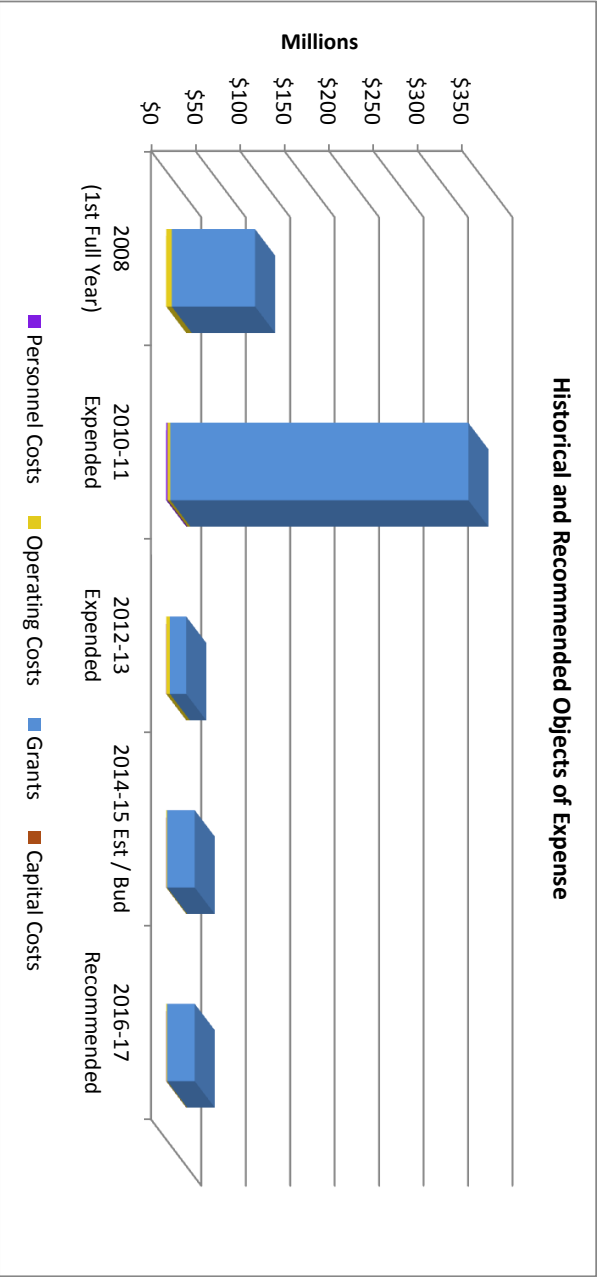
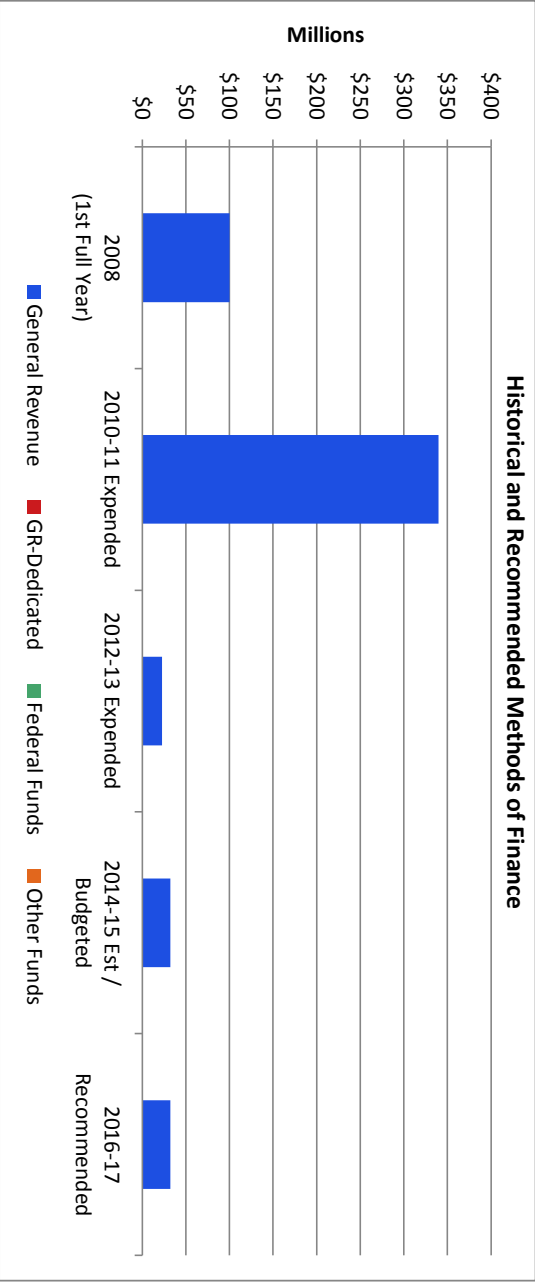
Agency Ranking45 out of 67

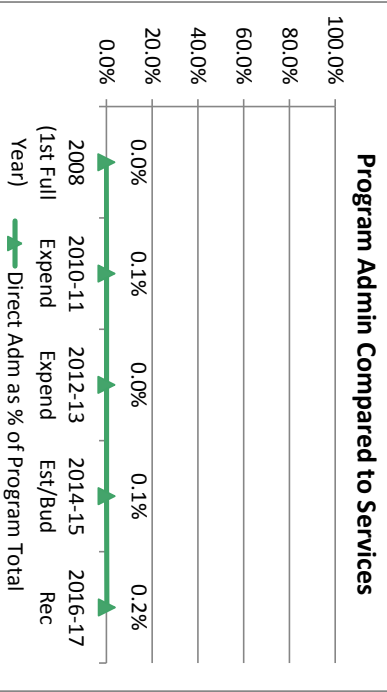
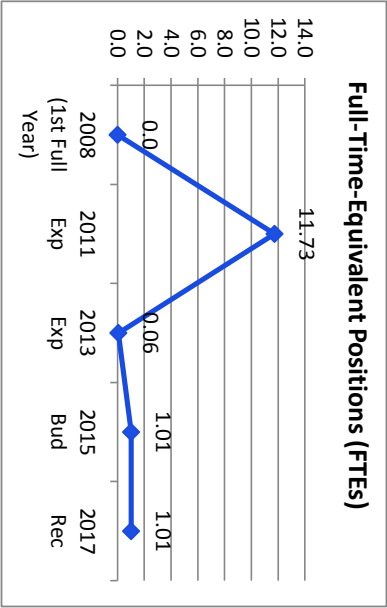
Funding to provide grants to districts for educator incentive pay, create innovative district practices designed to develop and retain effective teachers, and implement educator quality initiatives.

Legal Authority: Education Code, Ch. 21, Subchapter O; Texas Administrative Code, Title 19, Section 102.1073; General Appropriations Act (2014-2015 Biennium), Texas Education Agency, Article III, Rider 47

Year Created	2008	Performance and/or Operational Issues	Yes	Outsourced Services Revenue Supported	Yes
Authority	Strong			Use of Dedicated Funds	No
Centrality	Moderate				NA
Service Area	Statewide	State Service Category	K-12 Education Instruction		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 30,900	0.25	\$ 61,800	0.25	0.2%
Humanities Texas Teacher program	\$ 1,000,000	0	\$ -	0	0.0%
Coaching for educator evaluation initiative pilot	\$ 3,057,990	0	\$ 4,057,990	0	12.6%
Pilot EEP best practices	\$ 27,942,010	0	\$ 27,942,010	0	86.9%
Administrative Activities	\$ 60,308	0.76	\$ 96,828	0.76	0.3%
TOTAL	\$ 32,091,208	1.01	\$ 32,158,628	1.01	100.0%





Summary of Recommendations

1 General Revenue Funding for the Educator Excellence Innovation Program Remains at 2014-15 Level. Recommendations maintain \$32.0 million in Educator Excellence Innovation funding for the 2016-17 biennium and include a rider replacing Educator Excellence Fund appropriations with General Revenue (Fund 1) appropriations contingent upon the enactment of legislation.

Summary of Fiscal and Policy Issues

1 Educator Excellence Fund: Appropriations related to Educator Excellence Awards are directed to the Educator Excellence Fund (Fund 5135), a General Revenue fund within TEA's bill pattern. Texas Education Code, Section 21.703 provides authority for the Educator Excellence Innovation Fund. It states "each state fiscal year, the commissioner shall deposit an amount determined by the General Appropriations Act to the credit of the educator excellence innovation fund in the general revenue fund. Each state fiscal year, the agency shall use money in the educator excellence innovation fund to provide each school district approved on a competitive basis under this subchapter with a grant in an amount determined by the agency in accordance with commissioner rule."

2 Program Background: From fiscal year 2009 to 2013, the District Awards for Teacher Excellence (DATE) program provided grants to districts for educator incentive pay. This program was repealed from statute in 2013 due to enactment of House Bill 1751, 83rd Legislature. Beginning in the 2014-15 biennium, a substantively different program, the Educator Excellence Innovation Program (EEIP), was then created to pilot innovative district practices designed to develop and retain effective teachers.

3 Educator Excellence Innovation Program: The EEIP aims to improve educator quality and effectiveness through innovative school district-level recruitment, preparation, hiring, induction, evaluation, professional development, strategic compensation, career pathways, and retention and district administrative practices to improve quality, effectiveness, and efficiency. Although the EEIP grant gives districts some discretion in how to support teachers, all districts were required to include induction and mentoring, evaluation, professional development and collaboration, and strategic compensation and retention as part of their strategy.

In school year 2014-15, the first round of EEIP grants were awarded to 17 districts serving 297,877 teachers and 18,019 students. Some of the grantees are using these funds districtwide; others are directing funds to select campuses.

Recommended Statutory Changes for Program Improvement

1 Modify statute to abolish the Educator Excellence Fund and direct the outstanding cash balance to the General Revenue Fund. Direct future appropriations related to Educator Excellence directly from the General Revenue Fund. This recommendation is included in the Government Effectiveness and Efficiency (GEEER) report, *Further Reduce Reliance on General Revenue—Dedicated Accounts for Certification of the State Budget*.

2 Modify the District Awards for Teacher Excellence Rider (Rider 47, 2014-15 GAA) to reflect the requirements of the Educator Excellence Innovation program. Contingent on the enactment of legislation implementing Recommendation 1, direct funding from the General Revenue Fund instead of the Educator Excellence Fund. Additional modifications to the rider include removing the set-aside funding for the Humanities Texas program.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations			2017 FTEs
	GR-Related	All Funds		
1 Enhance District Awards for Teacher Excellence program by 20 percent. The agency provided a funding alternative option to increase funding by 20 percent. According to the agency, increased funding would allow the agency to pilot a wider variety of innovative strategies designed to increase educator quality, and to fund mechanisms for dissemination of best practices identified through the pilots and offer professional development on effective implementation of these best practices.	\$ 6,431,726	\$ 6,431,726		0.2
2 Decrease District Awards for Teacher Excellence program by 20 percent. The agency provided a funding alternative option to decrease funding by 20 percent. According to the agency, a decrease in funding would require the agency to reduce the number of districts piloting the Education Excellence Innovation Program (EEIP) from 17 to 13 districts participating in the 3rd and 4th years of the pilot. Alternatively, the agency would reduce funding to each of the participating districts proportionately which would necessitate eliminating from the pilot some of the required strategies being tested.	\$ (6,431,726)	\$ (6,431,726)		(0.2)

Strategic Fiscal Review 2016-17

Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: Communities in Schools

Agency Ranking

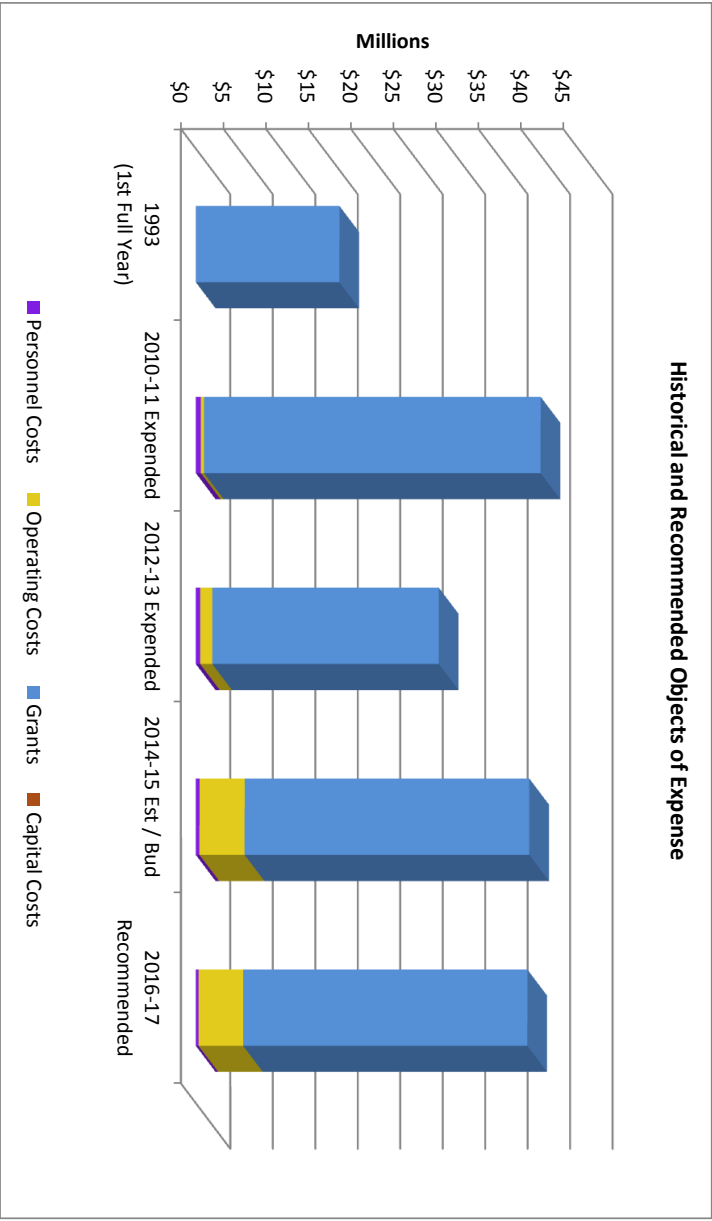
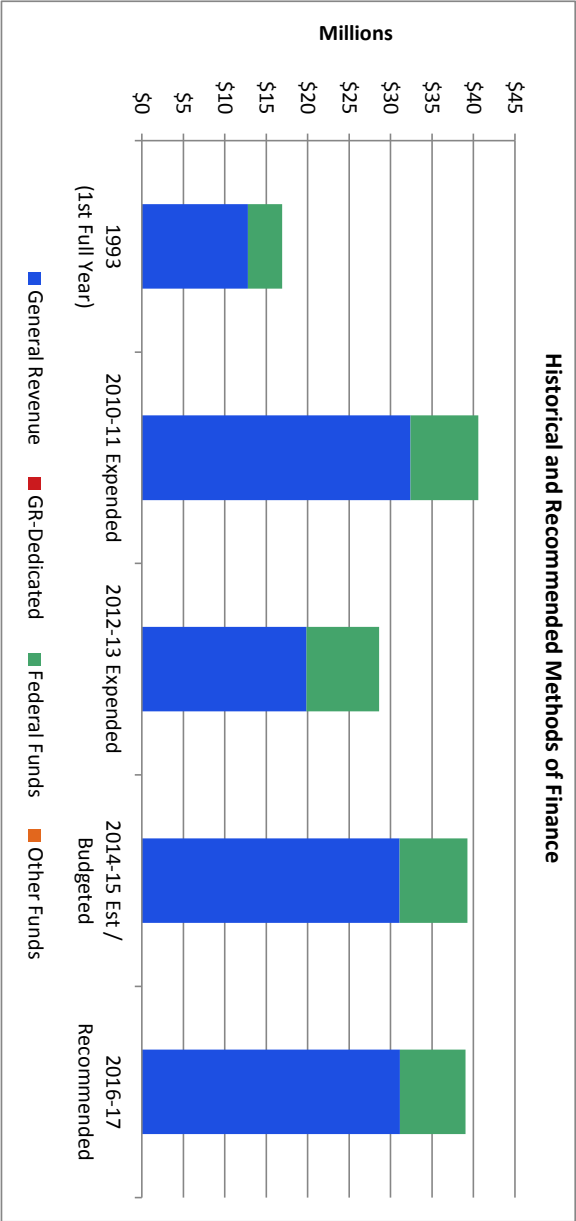
47 out of 67

Funding for grants to 27 local Communities in Schools (CIS) programs to provide wrap around support services to at risk students. TEA administers the state office for the CIS program that provides wrap around support services to at risk students.

Legal Authority: Texas Education Code, Chapter 33, Subchapter E; Texas Administrative Code, Title 19, Chapter 89, Subchapter EE; General Appropriations Act (2014-15 Biennium), Article III, Texas Education Agency, Rider 24; 42 U.S. Code, Chapter 7, Subchapter IV, Part A

Year Created	1993	Performance and/or		Outsourced Services	Yes
Authority	Strong	Operational Issues	Yes	Revenue Supported	No
Centrality	Strong			Use of Dedicated Funds	NA
Service Area	Regional	State Service Category	K-12 Education Instruction		

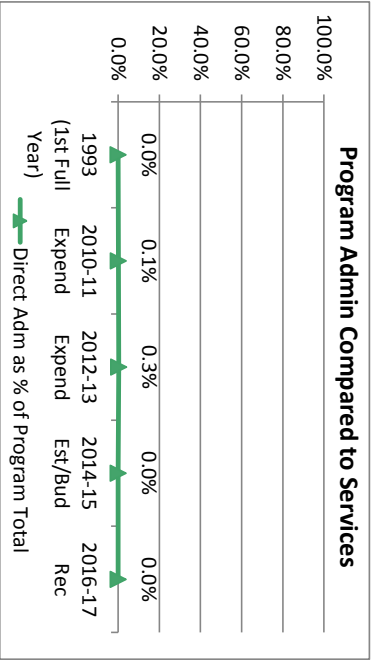
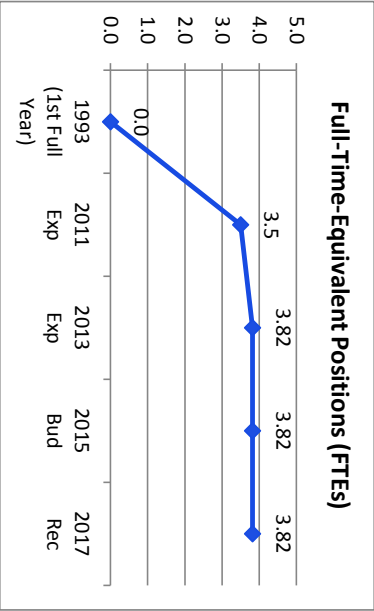
Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 13,748	0.1	\$ 15,238	0.1	0.0%
Communities in Schools	\$ 36,146,963	1	\$ 36,049,458	1	92.4%
Training and Technical Assistance	\$ 2,893,456	1	\$ 2,811,746	1	7.2%
CIS Database Management	\$ 120,541	1	\$ 74,472	1	0.2%
Administrative Activities	\$ 87,384	0.72	\$ 79,026	0.72	0.2%
TOTAL	\$ 39,262,092	3.82	\$ 39,029,940	3.82	100.0%



Program: Communities in Schools

Agency
Ranking

47
out of 67



Summary of Recommendations

1 Funding for Communities in Schools Remains at 2014-15 Base Level. Recommendations maintain funding for the Communities in Schools (CIS) program at \$39.0 million for the 2016-17 biennium - \$31.1 million in General Revenue funding and \$7.9 million in anticipated Federal Funds.

Summary of Fiscal and Policy Issues

1 Program Background: This program provides grants to 27 local CIS programs to provide wrap around support services to at risk students. TEA administers the state office for the CIS program. CIS serves students with delinquent conduct, students at-risk of dropping out of school, students eligible for free or reduced lunch, and students in family conflict or crisis.

2 Program Considerations:

Currently CIS is funded at approximately \$250 per student served. There is a high demand for services in high-need schools. CIS providers report difficulty in obtaining additional local funds to fully pay for the cost of hiring and retaining qualified staff to provide the level of services expected to meet the LBB performance measure target of serving 81,592 students. A focus on serving high numbers of students impacts program quality.

In SFR, TEA confirmed that CIS providers had difficulty in 2014 in obtaining local matching funds and increasing service levels rapidly after budget reductions in the 2012-13 biennium. Early indications from providers suggest that high service numbers in comparison to the state allocation per student is impacting program quality indicators such as staff qualifications and staff turn over.

Performance and/ or Operational Issues

1 Program Evaluations: Strong research evidence from numerous studies indicates that Communities in Schools is an effective intervention for at-risk students, improving graduation rates, retention, promotion, academics, and behavior. The program is especially successful in the area of dropout prevention.

■ *Legislatively Ordered Evaluation of the CIS of Texas Program (2008)* : CIS is associated with lower odds of dropping out of school, greater odds of being promoted, and better attendance rates. CIS has been successful in engaging parents. The CIS model is being implemented with fidelity throughout all CIS of Texas affiliates. The CIS State Office at TEA provides significant management and technical support to local affiliates and is credited with the implementation of a statewide CIS program that is well managed and of high quality.

■ *Best Practices in Dropout Prevention – A legislatively ordered study (2008)* : CIS was found to be one of the four highest performing and most efficient dropout prevention programs in the nation. The program produced strong and meaningful positive effects on high school graduation, dropout rates, attendance, and math achievement, with a comparatively low cost per student.

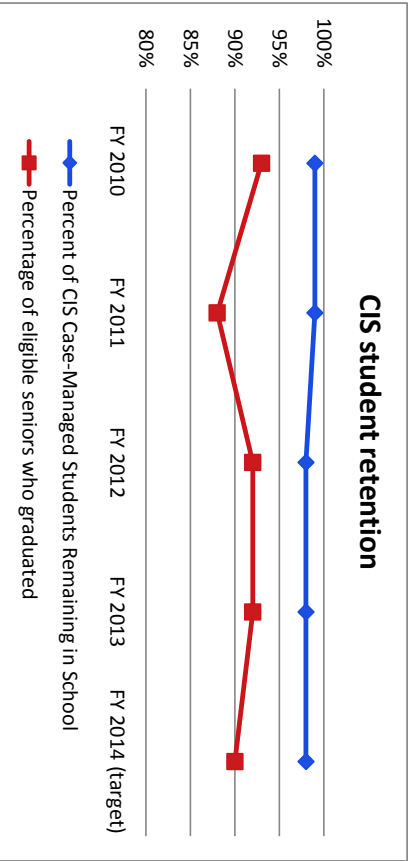
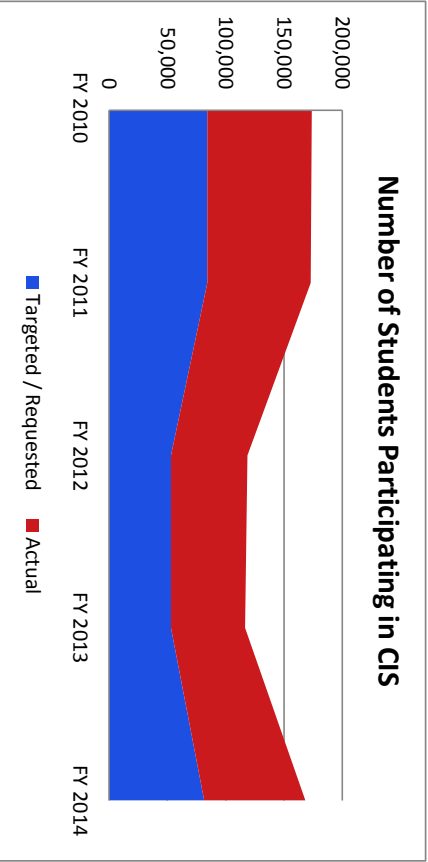
■ *Communities In Schools National Evaluation -- Five Year Summary Report (2010)* : Compared with large scale or well known dropout prevention programs, Communities In Schools had the strongest effect on students' on time graduation rates. The study also found positive effects on academics and student behavior.

Program: Communities in Schools

Agency Ranking

47 out of 67

2 Performance Measures: The following shows performance measures associated with the CIS program.



Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations

	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Increase the Communities in School program by 20 percent.	\$ 6,300,000	\$ 6,300,000	0.0
The agency provided a funding alternative option to increase the funding by 20 percent. Currently CIS is serving 81,592 students a year which is less than 4 percent of all at-risk students (2.6 million students) who could benefit from the services. With increased funding, the agency reported CIS could expand services to more campuses and districts statewide and could also expand into a new service area through a competitive procurement. Amarillo, so that all areas of the state would have at least one CIS regional provider. Additionally, the agency indicates a 20 percent increase in funding would have a positive impact on the existing 27 providers and the quality of services to students. It may also support and accelerate local success related to state requirements for providers to leverage state funding to attract additional local dollars provide services in order to share in the state-local cost of providing CIS services. With increased funding, the CIS program could serve 85,340 students in each fiscal year, an increase of 3,748 students from 2014-15 levels.			
2 Reduce the Communities in Schools program by 10 percent.	\$ (3,104,363)	\$ (3,837,561)	0.0
The agency provided a funding alternative option to decrease the funding by 10 percent. According to the agency, a 10 percent reduction is the most CIS providers potentially could sustain without closing down their programs. With reduced funding, fewer at-risk students who need to receive wrap around support services would receive services. Likewise, if funding is eliminated, even fewer at-risk students would have their needs for wrap around services met. In addition, the infrastructure that has been established to deliver quality CIS services would suffer. CIS local boards of directors are struggling now to maintain a skilled workforce to raise the local cost share of funds needed to implement services. While most providers could sustain a 10 percent reduction, a larger reduction or elimination of funding could result in many CIS providers closing down.			

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: Teach For America

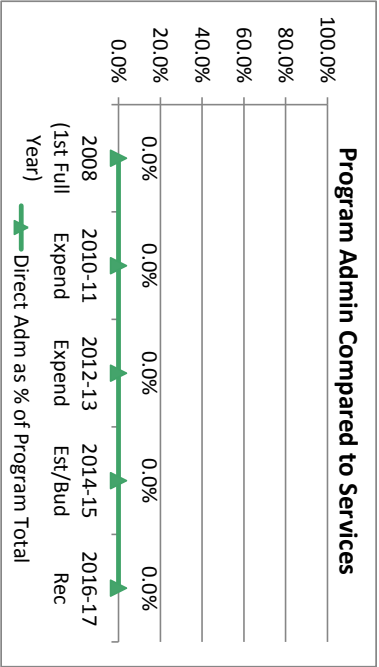
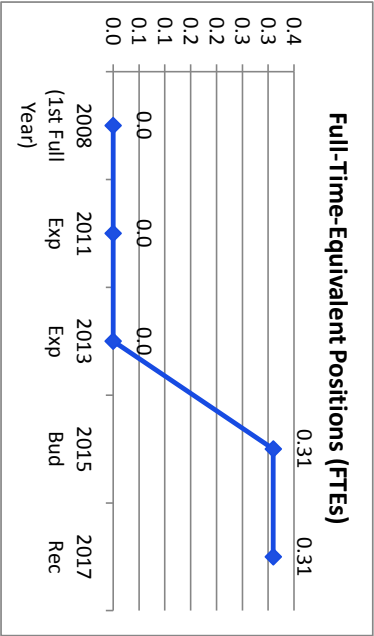
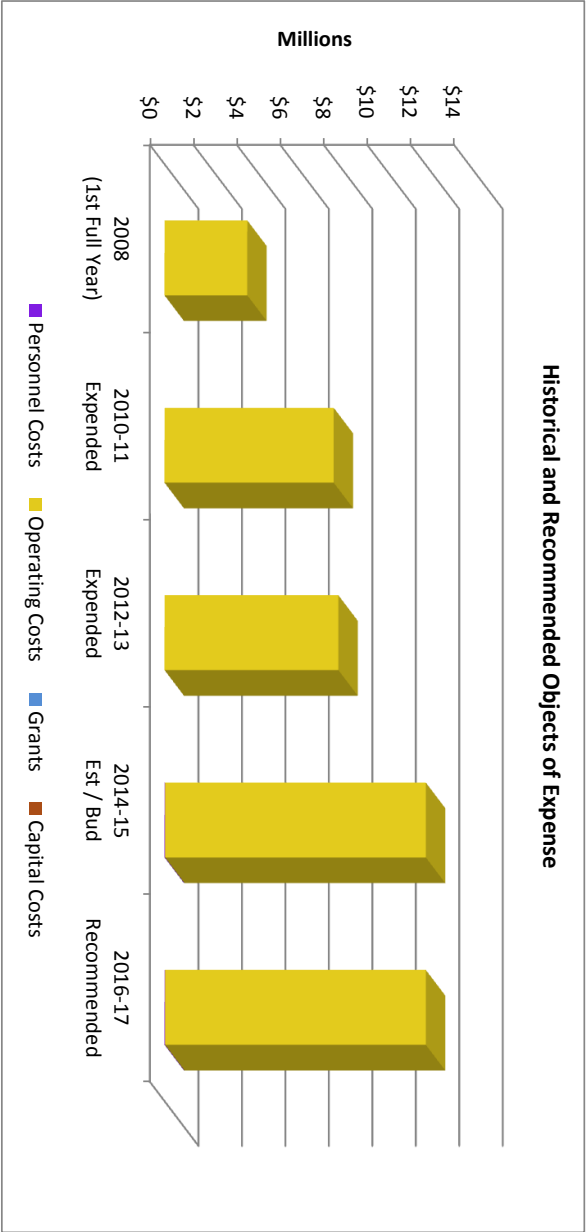
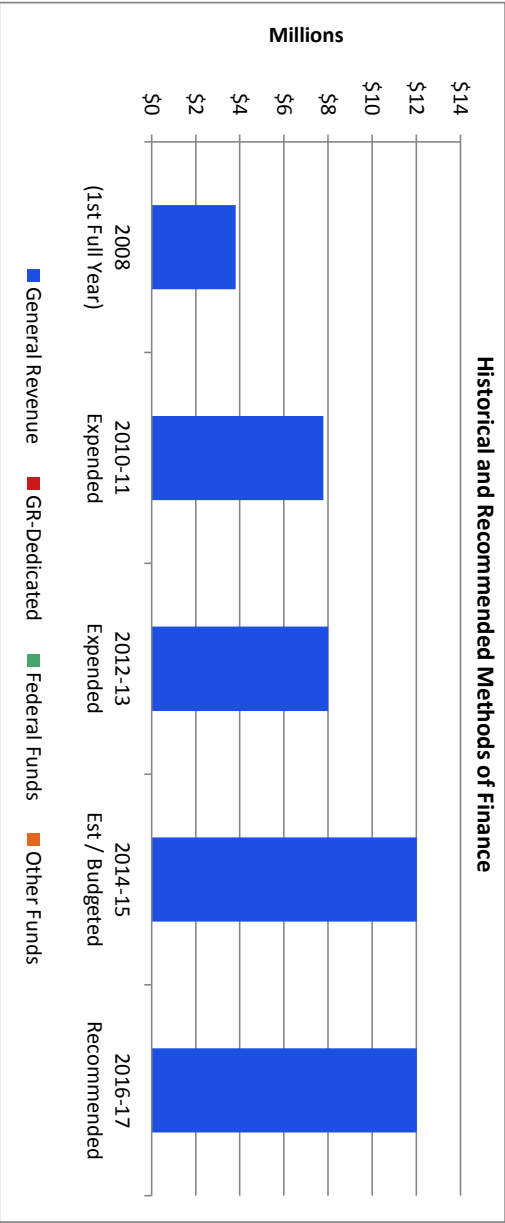
Agency Ranking49 out of 67

Grant to Teach for America (TFA) to place TFA teachers in high-need Texas schools located in San Antonio, Dallas, Houston, and the Rio Grande Valley. TFA targets campuses with a disproportionately high percentage of low-income, high-need students. These campuses struggle with serious teacher shortages in critical positions such as math, science, and special education.

Legal Authority: General Appropriations Act for the 2014-15 Biennium, Rider 49

Year Created	2008	Performance and/or		Outsourced Services	Yes
Authority	Weak	Operational Issues	Yes	Revenue Supported	No
Centrality	Moderate	Use of Dedicated Funds			NA
Service Area	Regional	State Service Category	K-12 Education Instruction		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Recruit, train, place, and support TFA teachers in high-need Texas schools	\$ 12,000,000	0	\$ 12,000,000	0.0	0.0%
Administrative Activities	\$ 25,135	0.31	\$ 25,135	0.0	0.0%
TOTAL	\$ 12,025,135	0.31	\$ 12,025,135	0.0	0.0%



Summary of Recommendations

1 **Funding for Teach For America remains at 2014-15 Levels.** Recommendations total \$12.0 million in General Revenue funding for the 2016-17 biennium.

Summary of Fiscal and Policy Issues

1 **Program Costs:** In the 2014-15 biennium, Teach for America (TFA) produced 1,199 first year corps members - 649 members in school year 2013-14 and 550 members in school year 2014-15. TFA was appropriated \$12.0 million in the 2014-15 biennium, and, according to the agency, state funding accounts for 25 percent of TFA's Texas budget. Based on these numbers, the cost for each new teacher trained is approximately \$10,000 in state funds and an estimated \$40,000 in total funds.

For a national perspective, a National Education Policy Center (NEPC) report indicated costs of approximately \$25,490 for recruiting and placing each TFA teacher, using figures from the TFA 2011 annual report. The report also noted that about 1/3 of money comes from local, state, and federal budgets.

Performance and/ or Operational Issues

1 **Performance:** Overall TFA has mixed results in terms of performance and teacher retention.

■ *Teach For America A Review of the Evidence (2010)* reported experience has a positive effect for both TFA and non-TFA teachers. Most studies find that the *relatively few TFA teachers who stay long enough to become fully credentialed* (typically after two years) *appear to do about as well as other similarly experienced credentialed teachers in teaching reading ; they do as well as* , and sometimes better than, that *comparison group in teaching mathematics* . However, since more than 50 percent of TFA teachers leave after two years, and more than 80 percent leave after three years, it is impossible to know whether these more positive findings for experienced recruits result from additional training and experience or from attrition of TFA teachers who may be less effective.

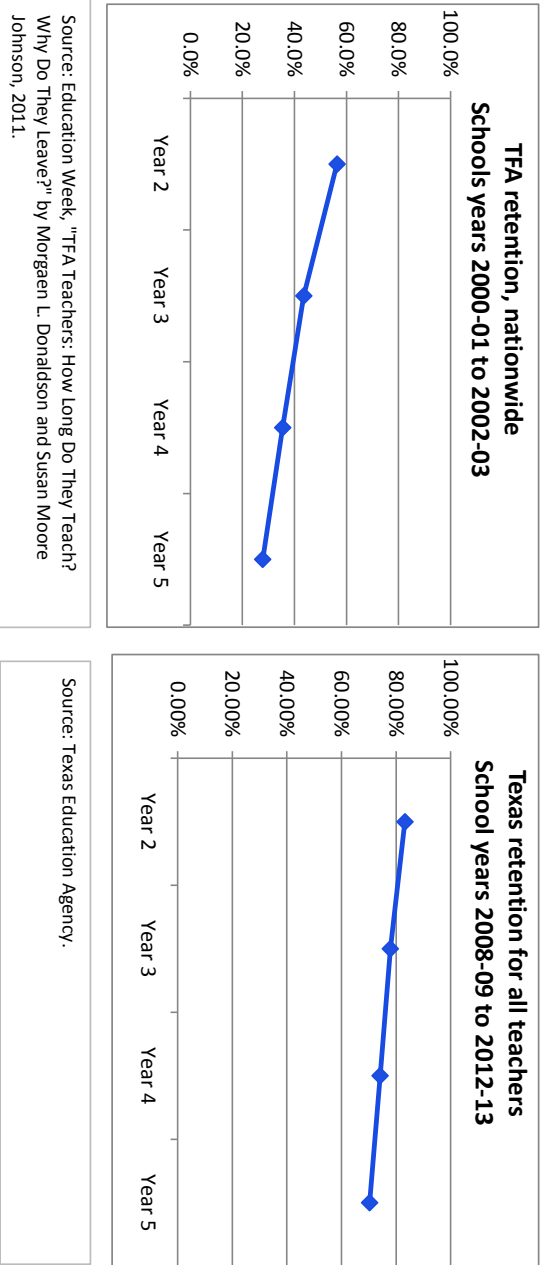
■ *Does Teacher Preparation Matter? (2010)* looked at data from Houston, Texas representing over 132,000 students and 4,400 teachers in grades 3-5 over six years on six achievement tests. The study found that *certified teachers consistently produced significantly stronger student achievement gains than uncertified teachers* , including Teach for America teachers. *Uncertified TFA teachers had significant negative effects* on student achievement for five of six tests. (The sixth was also negative but not significant.) On 5 of the 6 tests, the negative effect of having an uncertified TFA teacher was greater than the negative effect of having another kind of uncertified teacher, depressing student achievement by between one-half month to 3 months annually compared to a fully certified teacher with the same experience working in a similar school.

■ *Teacher Preparation Programs and Teach for America Research Study (2011)* indicates high school students of TFA teachers made *statistically significant greater gains in TAKS-Math than students of novice non-TFA teachers* , which suggests that TFA teachers in Texas are contributing to the reduction of the math achievement gap for economically disadvantaged and minority high school students. The report also noted African American high school students of TFA teachers also performed better than students taught by novice non-TFA teachers. However, *TFA teacher retention rates are higher for second year return and lower for third year return when compared to their non-TFA counterpart* .

2 **Teacher Retention:** According to research, *TFA Teachers: How Long Do They Teach? Why Do They Leave? (2011)*:

- Nearly two-thirds (60.5 percent) of TFA teachers continue as public school teachers beyond their two-year commitment.
- More than half (56.4 percent) leave their initial placements in low-income schools after two years, but 43.6 percent stay longer.
- By their fifth year, 14.8 percent continue to teach in the same low-income schools to which they were originally assigned.

In comparison, Texas teachers have three year retention rates of about 83 percent, four year retention rates of 78 percent, and five year retention rates of 75 percent.



Program: Teach For America

Agency Ranking

49 out of 67

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs
1 Increase funding for the Teach For America program by 20 percent. The agency provided a funding alternative option to increase funding to the default, 20 percent. This increase would likely increase the number of Teach For America teachers by 240 for a total of 1,440 TFA teachers for the biennium. The agency indicated that a more long-term impact could be achieved from such a funding increase by using these funds as an incentive for TFA to devise a strategy for increasing the time commitment of TFA teachers from 2 years to a substantially longer period. This modification in the TFA funding model would reduce the overall cost to the state of replacing TFA teachers who leave after two years and would take advantage of the teaching expertise acquired by TFA teachers. These additional funds could also be used to encourage TFA to expand its current practice of offering to include non-TFA teachers in the intensive training and coaching it provides to TFA teachers throughout their two-year commitment. The marginal cost of adding non-TFA teachers likely would not be substantial and would provide non-TFA teachers with access to high quality, intensive TFA training and coaching.	\$ 2,405,263	\$ 2,405,263	0.1
2 Decrease funding for the Teach For America program by 20 percent. The agency provided a funding alternative option to decrease funding to the default, 20 percent. This decrease would likely decrease the number of Teach For America teachers by 240 for a total of 960 TFA teachers for the biennium. The agency indicated since because state funding represents only 25 percent of TFA's total revenue, it is possible that a reduction in state appropriations might be offset by increases in TFA's philanthropic and local funding streams. Such an offset could not be guaranteed however, since these non-state funding streams are uncertain and fluctuate with overall economic conditions.	\$ (2,405,263.00)	\$ (2,405,263.00)	(0.1)
3 Eliminate funding for the Teach For American program. An additional funding alternative option is to eliminate funding for the Teach For America (TFA) program, a \$12 million decrease, due to program cost, varied performance, and teacher retention rates.	\$ (12,000,000.00)	\$ (12,000,000.00)	(0.1)

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program : Campus Intervention, Turnaround, and Charter Technical Assistance

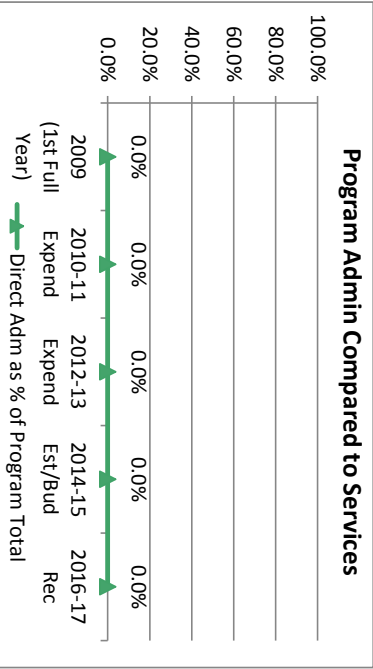
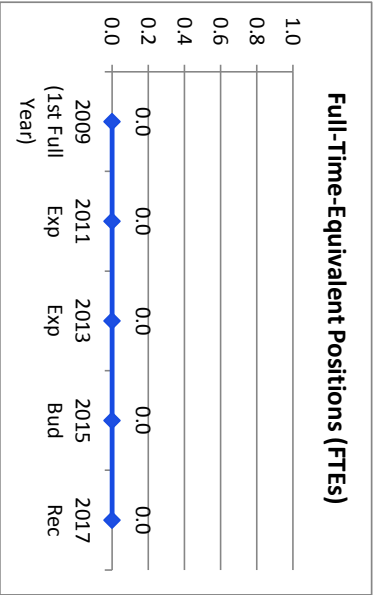
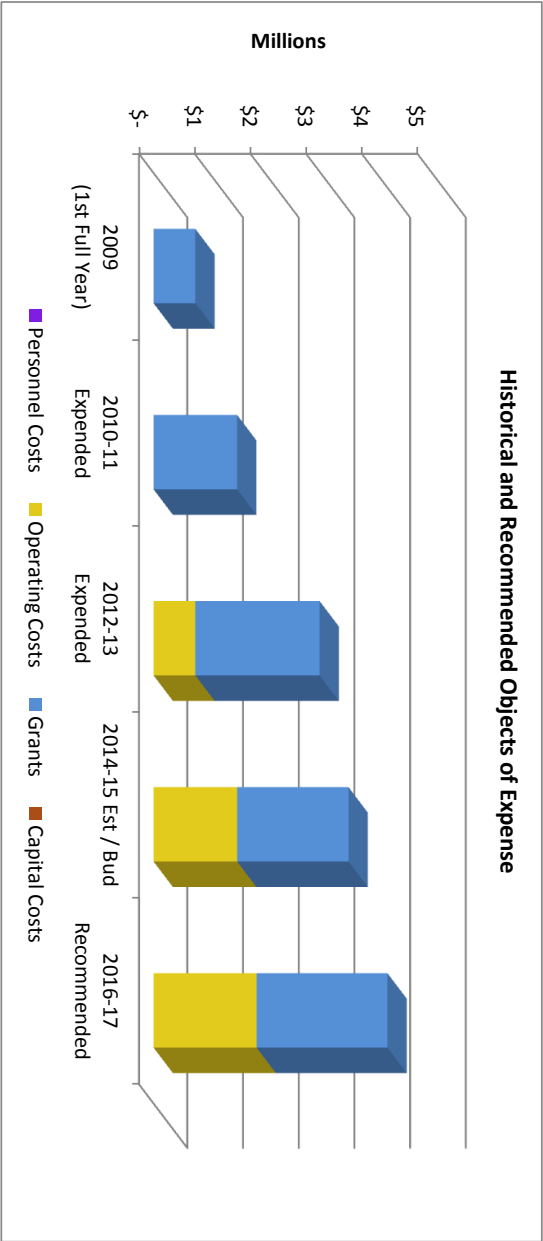
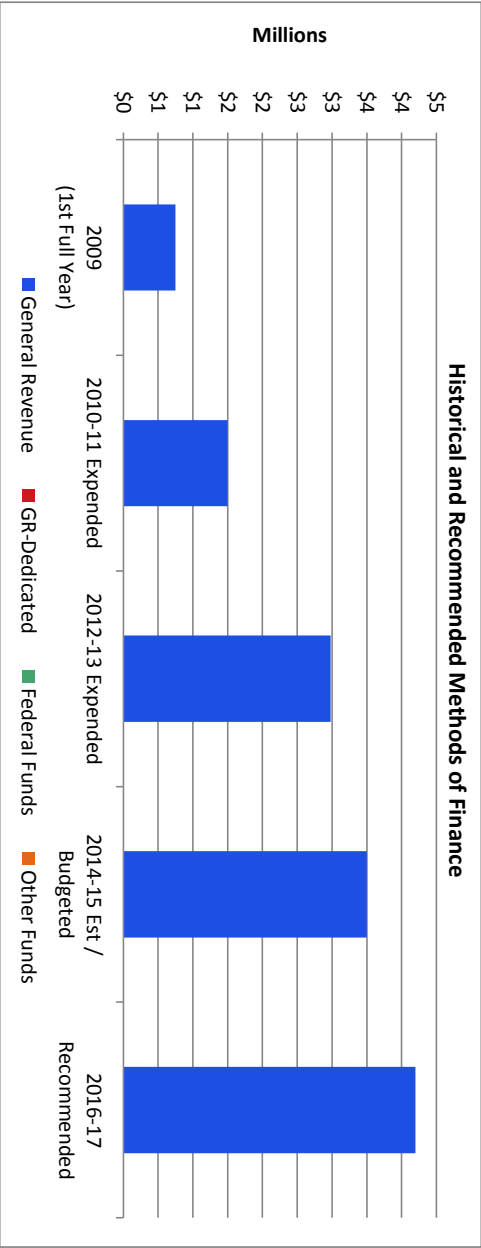
Agency Ranking 54 out of 67

Provide campus intervention and turnaround assistance services and technical assistance to charter schools, in accordance with provisions related to the state accountability system under Texas Education Code, Chapter 39, and federal law related to school accountability.

Legal Authority: Education Code, Ch. 39, Subchapter E; General Appropriations Act (2014-15 Biennium), Article III, Texas Education Agency, Rider 51.

Year Created	2009	Performance and/or		Outsourced Services	No
Authority	Strong	Operational Issues	Yes	Revenue Supported	No
Centrality	Strong			Use of Dedicated Funds	NA
Service Area	Statewide	State Service Category	K-12 Education Instruction		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Charter Technical Assistance	\$ 1,000,000	0.0	\$ 2,350,000	0.0	56.0%
Monitor and Conservator Training	\$ 10,000	0.0	\$ 10,000	0.0	0.2%
Creating Turnaround Educator Pipeline	\$ 2,000,000	0.0	\$ 1,000,000	0.0	23.8%
Campus Intervention Turnaround	\$ 290,000	0.0	\$ 640,000	0.0	15.2%
District Coordinator of School Improvement Leadership Academy	\$ 200,000	0.0	\$ 200,000	0.0	4.8%
TOTAL	\$ 3,500,000	0.0	\$ 4,200,000	0.0	100.0%



Summary of Recommendations

1 **Senate Bill 2, introduced adds an additional \$700,000 to provide increased technical assistance beyond startup year for charter schools and the number of people served in leadership programs.** Recommendations incorporate the agency's enhanced funding alternative for a 20 percent increase in funding.

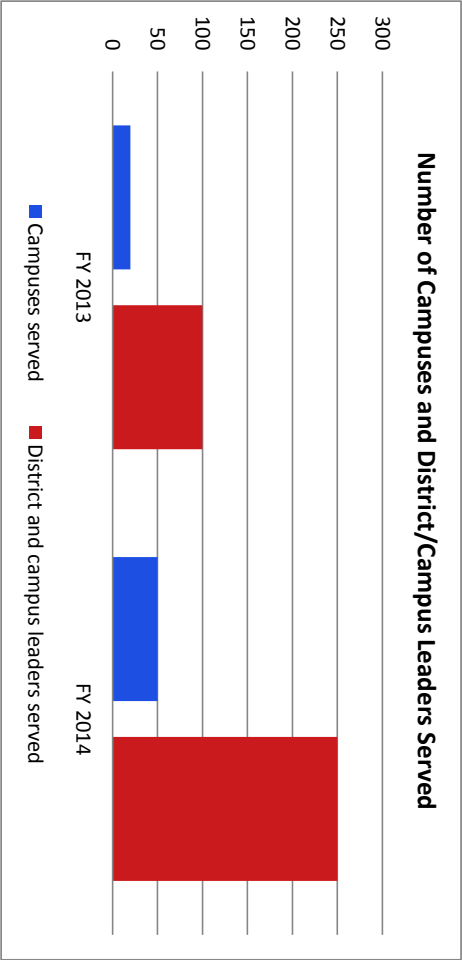
According to the agency, increased funding would allow for technical assistance for charters facing closure to be provided in a more in-depth approach. Additional resources would be dedicated to working on current best practices in turnaround strategies for underperforming schools. Leadership programs for turnaround educators would increase from serving 50 leaders to 75 or more. Increased funding may also provide the opportunity for the agency to involve Institutions of Higher Education in the turnaround work at the campus and district level.

Summary of Fiscal and Policy Issues

1 **Program Background:** Commissioner rules adopted in accordance with Texas Education Code (TEC), Chapter 39 and Chapter 12 define TEA's role to provide technical assistance and support to low-performing campuses across the state and charter campuses and districts. The Divisions of Charter Schools and School Improvement and Support use Rider funding from the Texas Legislature to provide this technical assistance and support through a number of avenues including support to the Regional Education Service Centers (RESCs), training of monitors and conservators, and support to develop new trainings targeted at district and campus personnel working with low-performing campuses.

2 **Program Impact:** In FY 2014, the agency indicates the program served 50 campuses, 250 district/campus leaders, and provided onsite technical assistance to 101 charter schools. Additionally, the program trained 35 monitors and conservators.

As shown, the number of campuses and district/campus leaders increased from FY 2013 to FY 2014.



Performance and/ or Operational Issues

1 **Sunset Reviews:** The 2012 Sunset Advisory Commission Recommendations found that TEA lacked a full range of tools to effectively address poor academic performance and financial mismanagement of low-performing charter schools. Although many of the recommendations related to this finding directed statutory changes, one recommendation directed management action regarding the agency's process. The recommendation follows:

- **TEA should revise its practices for applying interventions and sanctions to clarify expectations and ensure appropriated and timely action again poor performing charters.**

The 2014 Sunset Advisory Commission Staff Report provided a status of 2012 recommendations and indicated the agency has not specifically implemented the management action as written, but has taken many steps to address the problems associated with the recommendations. Steps include:

- The agency has created a Complaints, Investigations, and Enforcement Division which has developed a clear matrix of interventions and sanction for the agency to use when charters exhibit poor academic and financial accountability ratings; and
- The agency is doing more to provide on-site support to new charter schools to ensure they comply with reporting requirements and understand their obligations.

Senate Bill 2, 83rd Legislature, 2013 contained provision similar to the Sunset Commission Recommendations and made significant changes to the agency's authority to take action against poor performing charter schools.

Recommended Statutory Changes for Program Improvement

- 1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs
1 Decrease technical assistance provided to low-performing charter schools and districts. The agency provided a funding alternative option to decrease the program by 20 percent. According to the agency, reduced funding means that fewer charter schools would receive dedicated technical assistance to assist in meeting state financial and academic requirements. Reduced funding would impact an estimated 50 charter schools annually. Additionally, it would reduce the ability of the Agency to provide additional support to lower performing campuses. Additionally, all ESCs would be impacted along with districts and campuses that receive training and support through these funds.	\$ (700,000)	\$ (700,000)	0.0

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program : Reasoning Mind

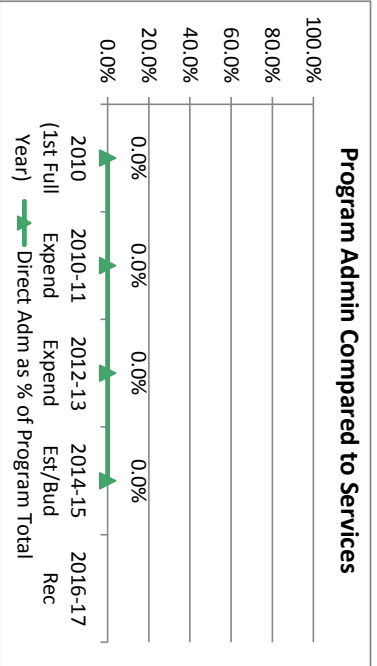
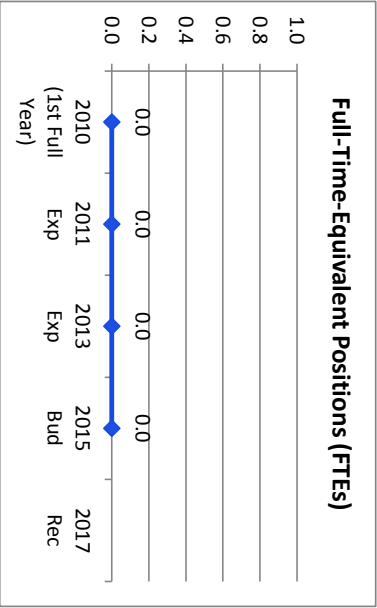
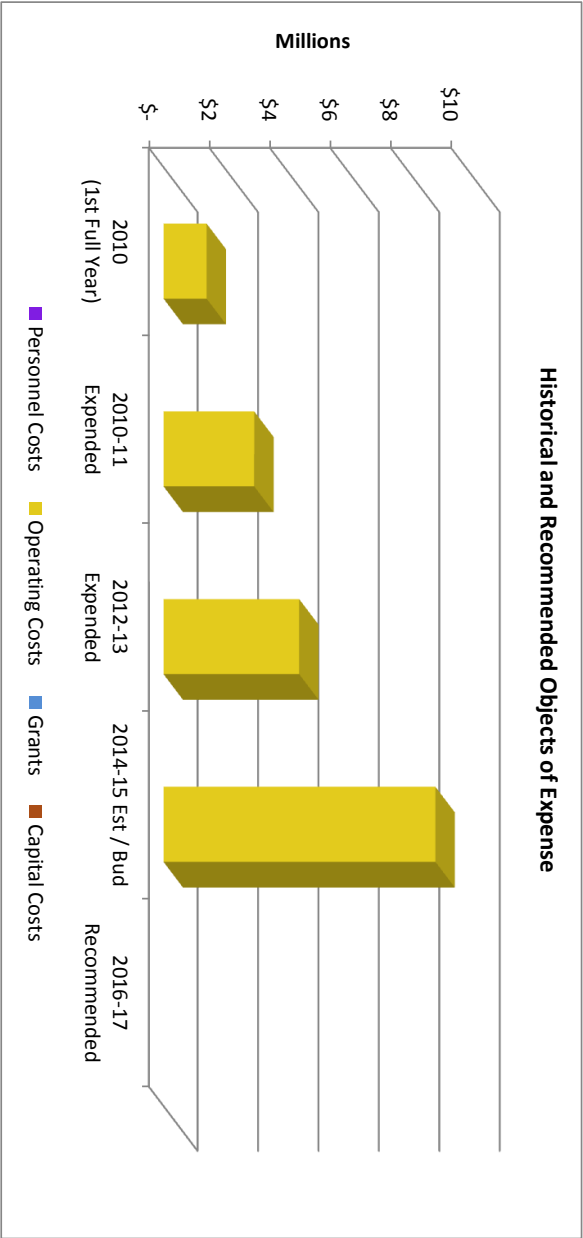
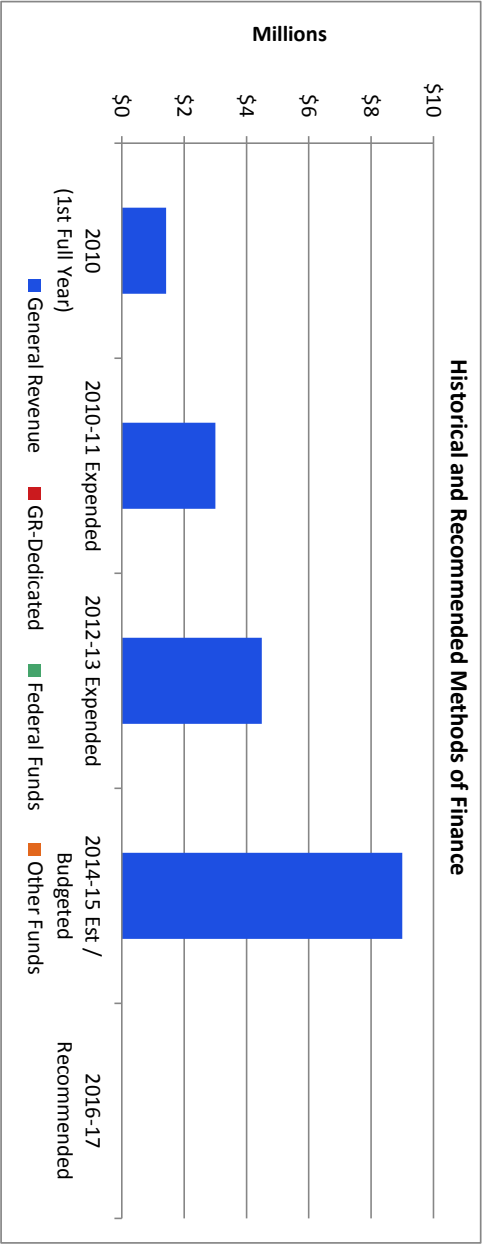
Agency Ranking 60 out of 67

Funding for a technology-based supplemental mathematics program for students in grades 2-6 offered through Reasoning Mind.

Legal Authority: General Appropriations Act (2014-2015 Biennium), Rider 62

Year Created	2010	Performance and/or		Outsourced Services	Yes
Authority	Weak	Operational Issues	Yes	Revenue Supported	No
Centrality	Moderate			Use of Dedicated Funds	NA
Service Area	Statewide	State Service Category	K-12 Education Instruction		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Reasoning Minds-TEA pass through	\$ 9,000,000	0.0	\$ -	0.0	0.0%
TOTAL	\$ 9,000,000	0.0	\$ -	0.0	0.0%



Program : Reasoning Mind

Summary of Recommendations

1 Senate Bill 2 decreases funding by \$9.0 million since districts can use their instructional materials allotment to purchase these materials. Recommendations incorporate the agency's reduced funding alternative to decrease the program by 100 percent.

According to the agency, Reasoning Mind's instructional materials have shifted from a supplemental mathematics program to providing full instructional resources for classrooms. Reasoning Mind's mathematics materials for grades 2-6 are now available through Proclamation 2014. Districts wishing to use the Reasoning Mind instructional program would have the ability to purchase the instructional materials using the district's instructional materials allotment (IMA). This would allow districts to select the resources that best meets the needs of their students.

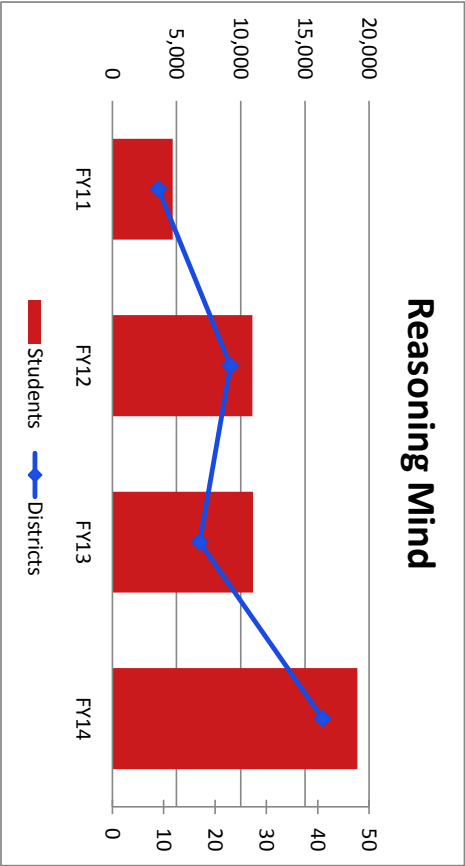
Summary of Fiscal and Policy Issues

1 Program Background: The Reasoning Mind program is operated by a vendor, Reasoning Mind, with funding provided by the agency. Beginning as a technology-based supplemental mathematics program for students in grades 2-6, Reasoning Mind's instructional materials have shifted from a supplemental program to providing full instructional resources for classrooms.

2 Program Impact: In the 2010-11 biennium, Reasoning Mind was appropriated \$3 million. In its first year of operations, the program provided a technology-based mathematics instructional program to 22 elementary campuses across 9 districts. In fiscal year 2011, 4,701 students were served by the program and 153 teachers participated. For fiscal year 2011, the cost per student was \$638 for 17 months of the program.

By school year 2013-14, Reasoning Mind provided its program to 136 campuses across 41 districts. The program served 19,095 students and 552 teachers participated. For fiscal year 2014, the cost per student was \$236.

The following shows the number of students and districts served by the Reasoning Mind program since fiscal year 2011.



Performance and/ or Operational Issues

1 Evaluations: Evaluation results for Reasoning Mind are mixed. Reasoning Mind has produced numerous reports suggesting that the program is associated with improved performance on math assessments and improved attitudes towards math. Evaluations produced by Reasoning Mind have found that increased time spent on the program and larger numbers of lesson units completed are associated with higher math STAAR scores.

A 2011 progress report prepared by Reasoning Mind found that the preponderance of evidence suggests that, at the very least, use of the Reasoning Mind program does no harm, although there is some indication that program impact varies on different groups. Results from this study found that students who were not economically disadvantaged made the largest gains with Reasoning Mind. However, the reliability of the analysis was limited by missing data from many campuses and the lack of a control group.

Several studies from 2003 to 2013, submitted to Reasoning Mind, note the following related to the program: dramatic impact on student knowledge based on certain tests, low implementation fidelity, positive attitudes of students and teachers, highly engaging program, student growth based on amount time spent on the program, and increased time on task.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Continue funding for the Reasoning Mind program at the 2014- 15 biennial level.	\$ 9,000,000	\$ 9,000,000	0.0
2 Increase funding for the Reasoning Mind program by 20 percent. The agency provided a funding alternative option to increase the program by the default 20 percent which would result in more students gaining access to Reasoning Mind's instructional materials. According to the agency, all districts have the option to order the Reasoning Mind materials using their IMA through Proclamation 2014. Based on the current \$236 per student, a 20 percent increase would provide an additional 3,786 students, or 1.1 percent of the students enrolled in grades 2-6 in the state of Texas, access to the Reasoning Mind program. The agency indicated approximately \$454.9 million would be needed to provide the Reasoning Mind services to all students in the state of Texas in grades 2-6.	\$ 10,800,000	\$ 10,800,000	0.0

Strategic Fiscal Review 2016-17
Texas Education Agency (703)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect SB 2 as Introduced

Program: Driver Training

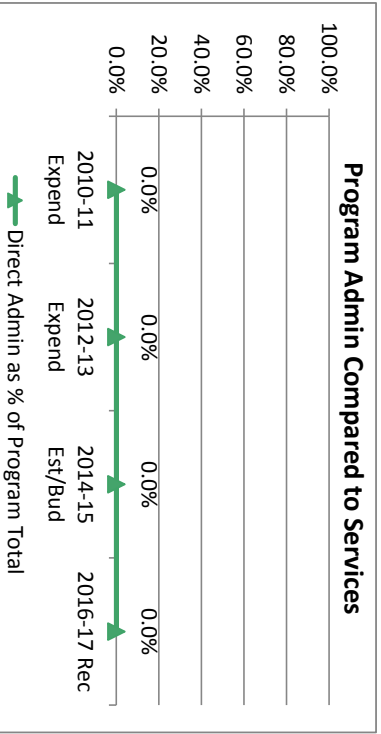
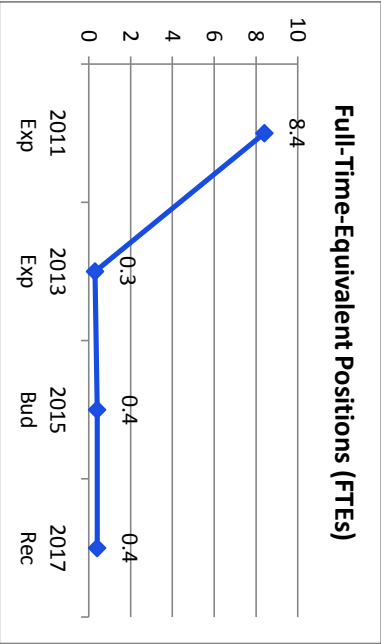
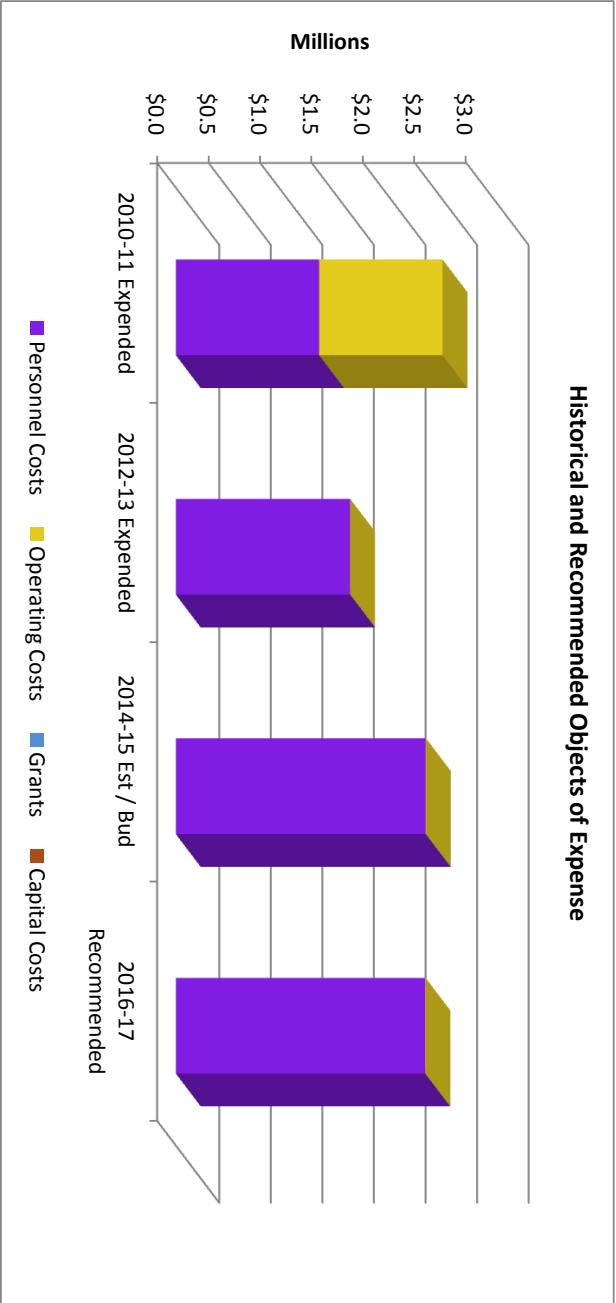
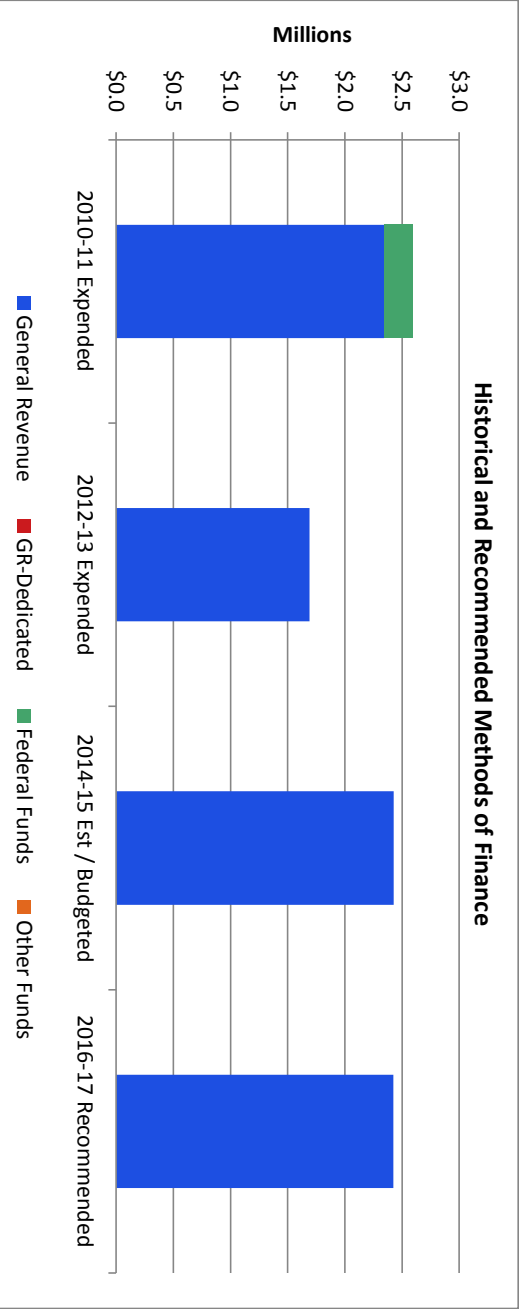
Agency Ranking63 out of 67

The program serves as the single point of contact for all driver training programs in Texas. Responsibilities include approving all driver training courses, and licensing and regulating all commercial driver training instructors, schools, and course providers.

Legal Authority: Texas Education Code, Section 29.092 and Chapter 1001; Texas Administrative Code, Title 19, Part 2, Chapter 176

Year Created	1989	Performance and/or Authority	Strong	Operational Issues	Yes	Outsourced Services	Yes		
Centrality	Weak					Revenue Supported	No		
Service Area	Statewide	State Service Category	K-12 Education Instruction					Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Driver Training	\$ 2,342,835	0.1	\$ 2,341,764	0.1	96.7%
Driver Training Enforcement	\$ 84,305	0.3	\$ 81,134	0.3	3.3%
TOTAL	\$ 2,427,140	0.4	\$ 2,422,898	0.4	100.0%



Summary of Recommendations

1 Funding for Driver Training program remains at 2014-15 Levels. Recommendations maintain funding levels required for current services at \$2.4 million for the biennium.

Summary of Fiscal and Policy Issues

1 Program Background: In 1989, the Legislature transferred the Driver Training program from the Department of Public Safety to the Texas Education Agency. In FY 2012, the Driver Training function was outsourced via an Interlocal Cooperation Contract with Regional Education Service Center (ESC) Region 13. ESC 13 now serves as the single point of contact for all driver training programs in Texas.

According to the agency, program activities include:

- approving driving safety courses and assisting both public and commercial driver education instructors and schools;
- licensing and regulating all commercial driver training instructors, schools, and course providers;
- enforcing regulations of commercial driver training schools and issuing certificates of completion numbers for a fee;
- reviewing, approving and monitoring all driver and traffic safety programs taught at commercial driver training schools;
- processing, approving and issuing all licenses for commercial driver training schools and instructors;
- providing information and technical assistance to prospective school owners; and
- investigating complaints regarding the conduct of driver safety programs.

2 Mission Centrality and Program Ranking: While the driver training program has strong authority due to the Texas Education Code providing clear guidelines for its structure and operations, the program was one of the few SFR programs with weak mission centrality. The program is outside the scope of the agency's core mission. Additionally, the agency's ranking of the program (63 out of 67 programs) indicates its importance to the agency and reinforces its placement on the MCA matrix.

Performance and/ or Operational Issues

1 Sunset Reviews: The 2014 Sunset Advisory Commission Staff Report found that regulating the private driver training industry did not match the agency's public education mission and recommended transferring the regulation of private driver training from TEA to the Texas Department of Licensing and Regulation.

Sunset recommendations related to the program also included:

- Require the Commission of Licensing and Regulation to establish an advisory committee to provide technical expertise from the driver training industry;
- Remove the statutory requirement to license driver training school directors, assistant directors, and administrative staff;
- Remove fixed driver training fee amounts and fee caps from statute; and
- Increase the driver training statute's maximum administrative penalty from \$1,000 to \$5,000 per day, per violation.

In the responses to the Sunset Review report, the agency supported the recommendation to transfer the regulation of private driver training to the Texas Department of Licensing and Regulation.

Recommended Statutory Changes for Program Improvement

1 Transfer the regulation of private driver training from the Texas Education Agency to the Texas Department of Licensing and Regulation. Amend statute to transfer the regulation of private driver training from the Texas Education Agency to the Texas Department of Licensing and Regulation. As specified in the Sunset Review report, TEA would continue to maintain rules regarding driver education in public schools, but TDLR would develop driver education curriculum, with help from an advisory committee.

Funding Alternatives

- 1 The agency did not provide a specific funding alternative option to increase the program. Instead the agency indicated that increased funding would allow for increased oversight of driving safety programs and course providers, reducing the interim period between on-site compliance visits and developing instructor and owner training and continuing education course offerings. Additionally, the agency indicated increased funding would allow for the development of software to assist with online submission of license applications and renewals.
- 2 The agency did not provide a specific funding alternative option to decrease the program. Instead the agency indicated that decreased funding would impact services by increasing wait times for school and instructor licensure and license renewals, course reviews and approvals, certificate order processing, and on-site compliance visits; eliminating technical assistance for schools and course providers resulting in more errors by schools and less consumer protection; and increasing response times to general inquiries and complaints from stakeholders.

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Texas Education Agency (703)

Appendix A: Miscellaneous Consolidated Programs Totals (excluding administrative costs)
Programs with less than \$10 million in appropriations, FY 2016

Program	2016 funding
Rural and Low Income Schools	\$6,112,563
McKinney-Education Of Homeless Children/ARRA	\$5,833,850
GEAR UP	\$4,675,000
Charter School Program SEA	\$3,150,000
Title I, Part D Neglected or Delinquent Youth	\$2,101,568
Tx Kindergarten Entry Assess System	\$1,135,942
Public School Teachers	\$800,000
Subsidy for Certification Examination	\$500,000
Others under \$500,000	\$878,074

