Chapter 109, Subchapter AA, Financial Accountability Rating System

Chap.	Ext.	Issue	Desired Change	Rationale	Focus Group Comments	TEC	Agency Response
109		Although not provided for in feedback documents, some general comments and reactions to School First documents and indicators would like to be made.	Address Indicator 24 in School First in light of current economic climate and the finance system's impact on district fund balances. Address Indicator 8 in School First in light of current economic climate. Address Indicators 19 and 20 in School First for cases where the district acts as the fiscal agent in an SSA. Due to districts' general financial conditions, TEA must be mindful to adhere to rules concerning timely payments to school districts in September.	Awareness of current economic conditions and the impact of those conditions on the financial and fiscal operations of school systems.	Indicator 24 (22) - currently being addressed by TEA in revisions to FIRST. Indicator 19 and 20 (17 and 18) - TEA already does this through the appeals process adopted in rule. Indicator 8 - Recommend using process for reviewing this issue with established review group (task force committee) to determine need for change. Do not understand the final comment.		Agree. The issues related to indicators 17, 18, and 22 already are addressed in the currently-adopted or newly-proposed rules. The agency further agrees that the issue related to indicator 8 should be further discussed in the already-established forum for review of Financial Integrity Rating System of Texas (FIRST) indicators, the Coordinated Task Force (CTF) Committee.
109	1001	Yes	Eliminate the FIRST rating and let it be a local oversight function by the school board and community.	Reduces audit costs and allows for individualization to individual district needs.	Statutory requirement. Group did not suggest that statutory change be pursued.	39.081, 39.082, 39.083, 39.085	Statutory change required. The financial accountability system is required by TEC, Chapter 39, Subchapter D, so statutory change would be required to eliminate the FIRST system.
109	1003	Sub-section (b) says that the highest ranking an open-enrollment charter can receive is "standard achievement." Whereas in sections above, traditional schools can be "superior, "or "above standard achievement."	Implement language that will allow charter schools to be able to achieve "superior" or "above standard achievement" rankings.	It is important for parents and other stakeholders to be aware of the a charter school's financial position and for those ranking standards to be consistent across both types of public schools.	Support TEA's intent to address this in the rules.	39.081, 39.082, 39.083, 39.085	Agree. The agency has addressed the issue regarding available Charter FIRST ratings in its newly-proposed FIRST rules.

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109	1002	Subsection (b) should be deleted because the dates have expired. Subsection (c) needs to be revised for proposed changes, including deletion of 65% instructional expenditures. Earnings on investments need to be lowered to remain in line with current market rates.	Revise wording to delete old dates and reference to 65% rule. Lower threshold for investment earnings.	These changes would clarify the requirements. The change in investment earning requirements would respond to market trends.	65% requirement was deleted last legislative session, and reference was deleted in prior rule adoption. Subsection (b) - delete section as soon as possible but understand need to retain language as long as it is historically relevant and subject to litigation. Earnings on investment - TEA addressing in new rules.	39.081, 39.082, 39.083, 39.085	Agree in part. The agency agrees in regard to the earnings on investment issue and has addressed the recommendation in the newly-proposed FIRST rules. In regard to the recommendation that 19 TAC §109.1002(b) and (c) be deleted, agency legal staff has recommended that, for historical purposes related to accreditation status assignments or sanctions impacted by longitudinal performance histories, it is prudent to maintain in rule the standards for prior years. The maintenance of this rule language will not impact current LEA obligations or practice.
109	1004	Need a specific time frame for the Commissioner to establish procedures; early as possible	Ratings annually by a certain date	Schools need more time to implement changes	No change recommended.	39.081, 39.082, 39.083, 39.085	The agency has established consistent practices for assigning financial accountability ratings on an annual basis, in alignment and accordance with the submission of independent audit reports and PEIMS data. Additionally, any changes to the FIRST indicators or system are adopted in rule and implemented prospectively as opposed to retroactively.

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109	1002 (e)	The Charter School - School First - rating worksheet should take into account and consider the charter holder's financial condition and not be limited to the charter school.	Revise the rating worksheet to clearly state that calculations are based on the charter holder and not limited to the charter school.	For purposes of financial accountability, it is more appropriate to review the charter holder's fiscal position and not only consider the charter school.	Charter School FIRST addresses both charter holder and charter school levels, so a change in that area is not needed. The TEA will propose expanded Charter FIRST rules in October that address the need for additional clarity regarding the level to which an indicator applies. No need for further action.	39.081, 39.082, 39.083, 39.085	Agree. In its newly-proposed rules, the agency has provided clarification regarding the applicability of Charter FIRST indicators at the charter holder vs. charter school levels.

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109	1005 (b)	The current rule needs clarification.	In subsection (b)(1)(B), clarify the number of "previous years" or change to "last year". In subsection (b)(2)(A), clarify word "contract". Many open-enrollment charter schools do not use "contracts". Are open-enrollment charter schools that do not use contracts exempt from this rule or does the wording need to include "or other written employment document"? In subsection (c)(1), clarify the newspaper posting requirement for charter schools. Advertising should be restricted to one posting to the one newspaper with the highest distribution rate in the county in which the school is located regardless of the geographic boundaries of the charter school. All information regarding the school's financial accountability rating should be maintained on the school's website for three years.	(c)(1) Many open-enrollment charter schools have multiple geographic boundaries (as defined by the charter application). A single campus charter holder can enroll students from 10-15 different ISD's. Advertising in each municipality would be cost prohibitive. For some of our charter holders with 5-35 campuses statewide, it is also an onerous task.	Comment regarding (b)(1)(B) - TEA will clarify in rules package to be proposed in October. Comment regarding (b)(2)(A) - TEA has addressed this in the rules package to be proposed in October. Comment on (c)(1) - disagree with comment and recommend that notice requirements are sufficient to address geographically-diverse campuses.	39.081, 39.082, 39.083, 39.085	Agree. The agency agrees with certain comments and wishes to provide clarification on others. In regard to the recommendations related to 19 TAC §109.1005(b)(1)(B) and (b)(2)(A), the agency has addressed the comments in its newly-proposed FIRST rules. In regard to the comment on 19 TAC §109.1005(c)(1), the agency agrees that additional clarification related to public notification requirements is needed, and additional language already has been added in newly-proposed rules. However, the agency does not plan to limit public notification requirements for geographically-diverse charter schools to only certain geographic areas. The public's right to know is the overarching priority in this instance, and language in the rule will clarify the agency's expectations related to public notification.

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109	1005 (b)(2) (B)	Reporting required is cumbersome and duplication of information readily available to the public.	Delete this requirement please.	Eliminates redundancy of effort. Promotes economy and efficiency.	Outside scope of rule due to statutory requirement. Group did not suggest that statutory change be pursued.	39.081, 39.082, 39.083, 39.085	The agency has determined that the required posting of information under the requirements of 19 TAC §109.1005(b)(2) is in alignment with the statutory aim of transparency, as reflected in TEC §39.082(a)(2), and that the public's right to know is an overarching priority. The agency is unaware of other means by which the required information is readily available to the public.
109	1005 (b)(2) (C); (D) & (E)	Ensuring accuracy of information is difficult. This information is readily available to the public through other means.	Delete this please.	Eliminates redundancy of effort. Promotes economy and efficiency.	Outside scope of rule due to statutory requirement. Group did not suggest that statutory change be pursued.	39.081, 39.082, 39.083, 39.085	The agency has determined that the required posting of information under the requirements of 19 TAC §109.1005(b)(2) is in alignment with the statutory aim of transparency, as reflected in TEC §39.082(a)(2), and that the public's right to know is an overarching priority. The agency is unaware of other means by which the required information is readily available to the public.
109	1005	Need for another choice in (c)	Add a third choice for notification: "Districts may post the notice on the district website	Give districts more options	Outside scope of rule due to statutory requirement. Group did not suggest that statutory change be pursued.	39.081, 39.082, 39.083, 39.085	Statutory change required. The procedures for public reporting are defined in TEC §39.083(d). Therefore, statutory change would be required to eliminate required postings in newspapers. It is possible that statutory requirements for newspaper postings may be modified as the availability of other communication channels continues to be enhanced.