

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/28/2008**
TIME: **9:11:54AM**

Agency code: **703**

Agency name:

Texas Education Agency

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Teacher Training / Professional Development

Item Priority: 1

Includes Funding for the Following Strategy or Strategies: 01-02-01 Statewide Educational Programs

OBJECTS OF EXPENSE:

4000	GRANTS	26,080,000	27,580,000
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TOTAL, OBJECT OF EXPENSE

	<u>26,080,000</u>	<u>27,580,000</u>
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METHOD OF FINANCING:

1	General Revenue Fund	26,080,000	27,580,000
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TOTAL, METHOD OF FINANCING

	<u>26,080,000</u>	<u>27,580,000</u>
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DESCRIPTION / JUSTIFICATION:

The SBOE directed the TEA staff to facilitate the revision of the Texas Essential Knowledge and Skills (TEKS). In 2004, the board started revising the math TEKS. Professional development for teachers and administrators followed. The SBOE adopted ELA TEKS in July 2008 and professional development will follow. These funds will be used to provide professional development for science (to be adopted in 2010) and social studies (to be adopted in 2011) TEKS. This would also include teacher training for end-of-course exams. Lastly, these funds will be used to ensure the inclusion of the college readiness standards in all core areas and make cross curricula connections to ensure post secondary readiness.

EXTERNAL/INTERNAL FACTORS:

The SBOE is revising its Texas Essential Knowledge and Skills (TEKS) which is the state curriculum. After the revision of the TEKS, teachers and administrators will be provided with professional development (training) for each of the content areas. TEC Section 28.008(b)(5). requires students who are not college ready to be provided with online student materials to get them ready to be successful for entry level course work.

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CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Existing Debt Allotment, Eligibility Roll-forward

Item Priority: 2

Includes Funding for the Following Strategy or Strategies: 01-01-02 Foundation School Program - Equalized Facilities

OBJECTS OF EXPENSE:

4000	GRANTS	86,150,000	89,500,000
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TOTAL, OBJECT OF EXPENSE

\$86,150,000	\$89,500,000
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METHOD OF FINANCING:

193	Foundation School Fund	86,150,000	89,500,000
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TOTAL, METHOD OF FINANCING

\$86,150,000	\$89,500,000
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DESCRIPTION / JUSTIFICATION:

This funding would support the rolling forward of the eligibility date for EDA and an increase in the guaranteed yield for both IFA and EDA.

EXTERNAL/INTERNAL FACTORS:

Funding provided for this purpose provides local property tax relief.

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CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Instructional Facilities Allotment, New Awards

Item Priority: 3

Includes Funding for the Following Strategy or Strategies: 01-01-02 Foundation School Program - Equalized Facilities

OBJECTS OF EXPENSE:

4000	GRANTS	50,000,000	100,000,000
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TOTAL, OBJECT OF EXPENSE

\$50,000,000	\$100,000,000
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METHOD OF FINANCING:

193	Foundation School Fund	50,000,000	100,000,000
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TOTAL, METHOD OF FINANCING

\$50,000,000	\$100,000,000
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DESCRIPTION / JUSTIFICATION:

This would provide funding for \$50 million in new IFA awards for each year of the biennium.

EXTERNAL/INTERNAL FACTORS:

There is a significant unmet demand for IFA funds for the state's low property wealth schools.

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Item Name: Teacher Incentive Awards Program (TEEG / DATE)

Item Priority: 4

Includes Funding for the Following Strategy or Strategies: 02-03-01 Improving Educator Quality and Leadership

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	107,110	107,110
2001	PROFESSIONAL FEES AND SERVICES	75,000	75,000
4000	GRANTS	140,075,272	140,075,272
TOTAL, OBJECT OF EXPENSE		\$140,257,382	\$140,257,382

METHOD OF FINANCING:

1	General Revenue Fund	182,110	182,110
5135	Educator Excellence Fund	140,075,272	140,075,272
TOTAL, METHOD OF FINANCING		\$140,257,382	\$140,257,382

FULL-TIME EQUIVALENT POSITIONS (FTE):

	2.00	2.00
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DESCRIPTION / JUSTIFICATION:

Supports the development and implementation of performance award plans. The item will bring funding to the legislative recommendation to increase district participation and effectiveness. The item includes 2 FTEs, one for the Division of Educator Initiatives and Performance to improve program performance and implementation, one for the Division of Grants & Evaluation to improve evaluation and analysis efforts. Also an increase to the external evaluation contract.

EXTERNAL/INTERNAL FACTORS:

District alignment is complex and sustaining support and effort is difficult with only one year of funding at less than the recommended statutory level. In year one, districts have provided over \$15 million in matching funds to support the program goals. Therefore, to continue to adequately recruit, retain, and reward teachers that demonstrate student academic improvement, growth, and/or achievement the agency must make this exceptional item request.

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CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Textbook and Instructional Materials

Item Priority: 5

Includes Funding for the Following Strategy or Strategies: 02-02-01 Technology and Instructional Materials

OBJECTS OF EXPENSE:

2009	OTHER OPERATING EXPENSE	397,317,638	0
TOTAL, OBJECT OF EXPENSE		\$397,317,638	\$0

METHOD OF FINANCING:

3	State Textbook Fund	397,317,638	0
TOTAL, METHOD OF FINANCING		\$397,317,638	\$0

DESCRIPTION / JUSTIFICATION:

Texas Education Code, Chapter 31, Section 31.001 states that textbooks selected for use in the public schools shall be furnished without cost to the students attending those schools. This exceptional item requests sufficient funding for Proclamation 2010 that calls for reading and literature materials K-12, Spanish reading and literature K-6, and ESL teacher materials 9-12.

EXTERNAL/INTERNAL FACTORS:

Instructional materials for English Language Arts and Reading, Spanish Language Arts and Reading, and ESL materials are called for in Proclamation 2010 and represent multiple materials for students K-12. Student population increases and rising costs of fuel impact the funds needed.

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Item Name: Technology Allotment - @\$35

Item Priority: 6

Includes Funding for the Following Strategy or Strategies: 02-02-01 Technology and Instructional Materials

OBJECTS OF EXPENSE:

4000	GRANTS	26,909,695	27,402,865
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TOTAL, OBJECT OF EXPENSE

	<u>26,909,695</u>	<u>27,402,865</u>
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METHOD OF FINANCING:

2	Available School Fund	26,909,695	27,402,865
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TOTAL, METHOD OF FINANCING

	<u>26,909,695</u>	<u>27,402,865</u>
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DESCRIPTION / JUSTIFICATION:

This exceptional item would provide a \$5 increase in the technology allotment.

EXTERNAL/INTERNAL FACTORS:

There have been no increases to the technology allotment since at least 1995.

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Item Name: Adult Basic Education and Workforce Training

Item Priority: 7

Includes Funding for the Following Strategy or Strategies: 01-02-05 Adult Education & Family Literacy

OBJECTS OF EXPENSE:

4000	GRANTS	25,000,000	25,000,000
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TOTAL, OBJECT OF EXPENSE

	<u>\$25,000,000</u>	<u>\$25,000,000</u>
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METHOD OF FINANCING:

1	General Revenue Fund	25,000,000	25,000,000
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TOTAL, METHOD OF FINANCING

	<u>\$25,000,000</u>	<u>\$25,000,000</u>
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DESCRIPTION / JUSTIFICATION:

The need per the dated 2000 Census is 3.8 million adults without a high school diploma over the age of compulsory school age (ages 16 and older). More recently, the 2006 Migration Policy Institute (MIP) reported that 21% or 3.1 million of Texas's population 25 years and older have less than a high school diploma.

For FY2008, Texas receives approximately \$45,447,000 in Federal Funds. The Texas state adult basic education (ABE) funds are approximately \$6,800,000. Currently, the cost of educating ABE student is approximately \$500 per student per year. Of that amount,\$60 comes from state funds and \$440 comes from federal funds. Texas serves approximately 100,000 adults and spends less than \$60 a year per adult served in adult basic education.

Increasing the request from \$6,800,000 to \$31,800,000 for state support of adult basic education will provide ABE services for 50,000 additional students at \$500 per student. The required state match to draw down the approximate \$46 million federal funds is \$15.6 million. Currently in Texas, \$6.8 million is appropriated for the match with the balance reported from in-kind.

Texas matches with approximately 15% of its required match, while California matches with 723% or \$593,000,000 of state funds, and Florida matches with a 1590% match or \$314,000,000 of state funds. California receives approximately \$82 million federal funds and Florida receives approximately \$19 million. 95% of the adults served in Texas are below a 9th grade level with 55% limited English Proficient.

MIP reported that in 2006 Texas ranked #1 as the state with the highest percentage of foreign born adults who are limited English proficient in the United States. No matter which statistic is reviewed, Texas is not meeting the need. Texas is serving only 3% of the number of adults who do not have a high school diploma and the \$25,000,000 will increase that to meeting 4% of the need.

EXTERNAL/INTERNAL FACTORS:

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CODE DESCRIPTION

Excp 2010

Excp 2011

Dedicate additional funds to enhance the Adult Education system, this will increase services by 1%, thus, instead of reaching three(3) adults out of every 100 in need, Texas will serve four (4) persons out of every 100 in need.

Texas receives federal funds for adult education, but they must be used for adult literacy activities and not for skills training. In order to increase the overall effectiveness of adult education, Texas should initiate a complementary state initiative that has the flexibility to merge existing adult literacy programs with skills training. Additional funding should be used to promote best practices or proven training programs with industry relevance.

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Item Name: Pre-K Expansion

Item Priority: 8

Includes Funding for the Following Strategy or Strategies: 01-02-01 Statewide Educational Programs

OBJECTS OF EXPENSE:

4000	GRANTS	32,500,000	32,500,000
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TOTAL, OBJECT OF EXPENSE

	<u>\$32,500,000</u>	<u>\$32,500,000</u>
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METHOD OF FINANCING:

193	Foundation School Fund	32,500,000	32,500,000
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TOTAL, METHOD OF FINANCING

	<u>\$32,500,000</u>	<u>\$32,500,000</u>
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DESCRIPTION / JUSTIFICATION:

The funding allocated for this program currently provides for expanding prekindergarten services to a full-day for children already being served in district half-day prekindergarten programs. The Pre-kindergarten Early Start Grant program was established in 1999, using costs and population information of that time. The funding has not kept up with state population growth, increased costs of public education, or inflation. Rather, funding has been reduced in subsequent legislative sessions. The largest number of students in the target population, students who are economically disadvantaged, is approximately 380,000. However, at current levels, the number of prekindergarten students served in this program is only 193,869. Through this exceptional item, TEA requests an increase of \$32,500,000 for prekindergarten services to expand services to eligible students who are not being served and to increase the number of students who may be served in a full-day program rather than a half-day program. Most importantly, this increase in funding will allow for significant expansion in quality and accountability for services that are scientifically research-based and improve accountability for student performance.

EXTERNAL/INTERNAL FACTORS:

A recent study titled, The Texas Plan: A Statewide Early Education and Development System (Texas SEEDS) Research Policies and Strategies Second Edition outlining the return on investment of prekindergarten services to the economy, conducted by a joint initiative of the Texas Early Childhood Education Coalition and the Texas Program for Society and Health at the James A. Baker III Institute for Public Policy at Rice University, found that “for each dollar invested in three- or four-year-olds, the long-term return is between seven dollars and eight dollars and thirty cents. The returns are almost evenly divided between the individual in increased wages and the state in enhanced tax revenues and savings on costs of the criminal justice system, crime victim losses, and repeating grades in school. Unaccounted for in these studies, in spite of the large return, is the dollar value and savings from improved health in adulthood and the benefit to the national economy of a better educated, trainable, skilled, and adaptable workforce.” Another study, Economic Benefits of High-Quality Early Childhood Programs: What Makes the Difference, conducted by the Families and Work Institute for the Committee for Economic Development, found that “the primary value of [intervention] was that it improved the children’s readiness for school so that when they entered school, they performed better; and, because they had more success, they got more committed to school; and because they got more committed to school, they had even greater success.”

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Item Name: Assessment (EOCM)

Item Priority: 9

Includes Funding for the Following Strategy or Strategies: 02-01-01 Assessment & Accountability System

OBJECTS OF EXPENSE:

2001 PROFESSIONAL FEES AND SERVICES

1,100,000

2,400,000

TOTAL, OBJECT OF EXPENSE

1,100,000

2,400,000

METHOD OF FINANCING:

193 Foundation School Fund

1,100,000

2,400,000

TOTAL, METHOD OF FINANCING

1,100,000

2,400,000

DESCRIPTION / JUSTIFICATION:

Funds the extension of the End-of-Course (EOC) assessment program to develop modified end-of-course assessments for students with disabilities in order to meet requirements under both the Individuals with Disabilities Educational Improvement Act of 2004 (IDEA 2004) and the No Child Left Behind Act of 2001 (NCLB). These federal laws require that all students with disabilities be included in statewide assessment programs, with appropriate accommodations and alternate assessments when necessary, as indicated by their individualized education programs (IEPs).

EXTERNAL/INTERNAL FACTORS:

The modified EOC assessments will be developed for students receiving special education services who need extensive modifications and/or accommodations to classroom instruction, assignments, and assessments in order to access and demonstrate progress in the state-mandated curriculum. Currently modified assessments, TAKS-Modified (TAKS-M), are being provided for the TAKS testing program at all grades and subjects tested. This exceptional item requests funds for the development of EOC-Modified (EOC-M) assessments for the 12 end-of-course assessments required under SB1031.

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Item Name: Windham School District - Program Enhancements and Vocational Class Expansion

Item Priority: 10

Includes Funding for the Following Strategy or Strategies: 02-02-04 Educational Resources for Prison Inmates

OBJECTS OF EXPENSE:

4000	GRANTS	6,375,514	6,375,514
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TOTAL, OBJECT OF EXPENSE

	<u>\$6,375,514</u>	<u>\$6,375,514</u>
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METHOD OF FINANCING:

193	Foundation School Fund	6,375,514	6,375,514
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TOTAL, METHOD OF FINANCING

	<u>\$6,375,514</u>	<u>\$6,375,514</u>
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DESCRIPTION / JUSTIFICATION:

During fiscal years 2006 and 2007, the Windham School District (WSD) was appropriated \$1,850,000 for Teacher, Counselor and Librarian pay raises. However, due to salary compression between these positions and Principals as well as other administration, the WSD granted pay raises to all school district employees totaling \$4,202,165. The result was a \$2,352,165 shortfall for pay raises however the WSD is only requesting \$2,113,296 of these funds to cover the actual shortfall each year.

During the 80th Legislative Session, the San Saba Unit and the Marlin Unit were transferred from the Texas Youth Commission to the Texas Department of Criminal Justice. TDCJ was funded to renovate and operate these two facilities, however the WSD was not funded to operate the schools located within these facilities which results in this request for \$600,000 each year.

Based on the success of the Gang Renouncement and Disassociation Process (G.R.A.D.) currently operating at the Ramsey I Unit, the WSD is requesting to add an additional program at the Ellis Unit for a cost of \$142,404 annually.

Since research shows that offenders with an industry certification can more easily obtain and maintain employment this WSD request is to fund the test that would be required for obtaining the different industry certifications for a cost of \$339,000 annually.

Previous studies have concluded that offenders completing Career and Technical Education (CTE) obtain and maintain employment at a higher rate and earn more money than offenders who do not participate in CTE training. Based on those studies, it is estimated that the 2,430 offenders who will participate in CTE as a result of this expansion will earn approximately \$3.5 million more annually than a corresponding number of offenders who do not participate in CTE. The WSD is requesting \$3,180,814 annually to expand the CTE programs.

EXTERNAL/INTERNAL FACTORS:

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Occasionally the Texas Department of Criminal Justice has to lock the prison unit down because of security concerns. If the number of lockdowns exceed the norm, then contact hours and the GED program are reduced.

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CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Support for Health and Fitness Programs

Item Priority: 11

Includes Funding for the Following Strategy or Strategies:

02-02-02	Health and Safety
02-03-02	Agency Operations
02-03-05	Information Systems - Technology

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	191,853	191,853
2001	PROFESSIONAL FEES AND SERVICES	3,750,000	3,750,000
2005	TRAVEL	80,000	80,000
2009	OTHER OPERATING EXPENSE	108,147	108,147
4000	GRANTS	27,091,500	27,091,500
5000	CAPITAL EXPENDITURES	1,000,000	500,000
TOTAL, OBJECT OF EXPENSE		\$32,221,500	\$31,721,500

METHOD OF FINANCING:

1	General Revenue Fund	32,221,500	31,721,500
TOTAL, METHOD OF FINANCING		\$32,221,500	\$31,721,500

FULL-TIME EQUIVALENT POSITIONS (FTE):

3.00	3.00
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DESCRIPTION / JUSTIFICATION:

Last session, the Legislature reaffirmed its commitment to the health and fitness of Texas schoolchildren by passing SB 530 requiring fitness testing for students in grades 3-12 and an increase in the required physical activity for students in middle school. When the results of the fitness testing were released in July 2008 what we already knew was confirmed again - a large percentage of our children are not physically fit. Further, the number of healthy students decreases as students get older. A 2007 report from Trust for America's Health found that Texas ranked sixth among states with the highest obesity rate for children ages 10-17. In order to establish healthy habits early in life and reverse the current trend of adolescent obesity, it is important that we provide support to our schools to help them implement programs aimed at improving the health and fitness of their students. I respectfully request an appropriation of \$60 million for grant funding to support the creation and replication of effective health and fitness programs in school districts across Texas and to create a Health and Fitness Best Practices network.

The funding for salaries, travel, and capital will support the administration of the grant, training, and the best practices network.

EXTERNAL/INTERNAL FACTORS:

By law, school districts are required to implement coordinated school health programs this fiscal year, so these funds will be used to support evidence-based strategies for the implementation of coordinated school health within schools. Impact indicator – The school-health specialists at the Education Service Centers will provide training and technical assistance that is available to all of the approximately 1,050 school districts in Texas.

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Item Name: Permanent School Fund

Item Priority: 12

Includes Funding for the Following Strategy or Strategies: 02-03-02 Agency Operations
02-03-05 Information Systems - Technology

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	422,181	1,047,699
2001	PROFESSIONAL FEES AND SERVICES	2,512,000	2,940,986
2003	CONSUMABLE SUPPLIES	21,006	42,012
2004	UTILITIES	9,011	18,022
2005	TRAVEL	19,000	38,000
2009	OTHER OPERATING EXPENSE	797,579	1,519,436
5000	CAPITAL EXPENDITURES	1,650,000	1,425,000
TOTAL, OBJECT OF EXPENSE		\$5,430,777	\$7,031,155

METHOD OF FINANCING:

44	Permanent School Fund	5,430,777	7,031,155
TOTAL, METHOD OF FINANCING		\$5,430,777	\$7,031,155

FULL-TIME EQUIVALENT POSITIONS (FTE):

6.00	12.00
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DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would provide additional appropriation for the continued implementation of an asset diversification strategy for the Permanent School Fund (Fund). The Permanent School Fund Division (PSF) of TEA manages the PSF to comply with Article VII of the State Constitution under the direction and guidance provided by the State Board of Education (Board). On July 18, 2008, the Board renewed its commitment to a target asset allocation that includes shifting funds into alternative assets. The continued diversification undertaking is expected to produce a total return for the Fund of 7.89% at a risk rate of 10.55% annualized standard deviation. This compares to the current asset allocation which is producing approximately a 7.46% total return at a risk level of 10.90%. The increase of 0.43% should add about \$100 million per year and thereby grow the PSF distribution and bond guarantee capacity at a faster rate.

The first phase of diversified implementation, funded with FY 2008-09 appropriations, has allowed the Fund to shift into emerging market strategies and absolute return funds. The strategic implementation into alternatives will continue into the FY 2010-2011 biennium with investments in real estate and private equities. It is expected that over time, by allocating funds from traditional asset classes such as fixed income securities and domestic and international equity securities, into asset classes that are not as correlated, the new asset allocation will provide an increased total return of .43% at reduced risk that potentially allows the Fund to grow and provide greater financial support to the public school system. As the Fund continues its transition into a more diversified portfolio, TEA wishes to take a comprehensive approach to acquiring the necessary investment, accounting and legal expertise, the technology and outsourced services to properly implement the new asset allocation.

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According to data from the Legislative Budget Board's "Annual Report on Major State Investment Funds" for fiscal year 2007, the Permanent School Fund has a significantly lower expense level than other state funds. In 2007, the major state funds had average operating cost of about 9 basis points (0.0009% of assets managed.) The Permanent School Fund's current budget is approximately half of that level at 5 basis points (0.0005%). As a point of reference, the Employee's Retirement System fund is slightly smaller than the PSF and reported expenses of \$27.1 million in 2007. For comparison, the PSF reported expenses of \$6.2 million in 2007 and is budgeted at \$11.6 million per year in 2008-09.

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Item Name: IT Agency Technology Operations

Item Priority: 13

Includes Funding for the Following Strategy or Strategies: 02-03-05 Information Systems - Technology

OBJECTS OF EXPENSE:

2001	PROFESSIONAL FEES AND SERVICES	1,636,251	193,352
2007	RENT - MACHINE AND OTHER	80,201	138,201
2009	OTHER OPERATING EXPENSE	609,915	173,827
TOTAL, OBJECT OF EXPENSE		\$2,326,367	\$505,380

METHOD OF FINANCING:

1	General Revenue Fund	2,326,367	505,380
TOTAL, METHOD OF FINANCING		\$2,326,367	\$505,380

DESCRIPTION / JUSTIFICATION:

The Agency Technology Operations Exceptional Item includes two technology infrastructure sub-projects:

- Data Center Consolidation: Costs for remediation of applications not covered in DCC base budget; DCC transition and operational costs from the DIR DCS cost model.
- Hardware/Software Infrastructure increases due to: growth in previous biennium for desktop/laptop seat management costs; need to replace end-of-life network hardware; need to standardize printer/monitor replacements; and increased maintenance costs for SAS PC software licenses.

These items are essential to continued efficient operation of agency technology services and to ensure a stable, functional, and adequate technology infrastructure for agency technology initiatives such as PEIMS Rewrite-Phase 2 (Next Generation PEIMS); Foundation School Program (FSP) Rewrite-Phase 2; and Security and Confidentiality.

Proposed rider impacted by this exceptional item is Rider 2, Capital Budget.

EXTERNAL/INTERNAL FACTORS:

Factors that may affect this strategy include: transformation of agency data center services to a State Data Center and shifting of the procurement model from commodities to services; and budget/resource constraints.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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DATE: **8/28/2008**
TIME: **9:11:57AM**

Agency code: **703**

Agency name:

Texas Education Agency

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Administrative - Monitoring/Audit/Interventions/Textbook/
Charter schools/Assessment compliance

Item Priority: 14

Includes Funding for the Following Strategy or Strategies:

02-03-02	Agency Operations
02-03-04	Central Administration
02-03-05	Information Systems - Technology

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	1,963,299	1,963,299
1002	OTHER PERSONNEL COSTS	149,320	149,320
2001	PROFESSIONAL FEES AND SERVICES	733,165	733,165
2003	CONSUMABLE SUPPLIES	14,518	14,518
2004	UTILITIES	633	633
2005	TRAVEL	28,863	28,863
2006	RENT - BUILDING	316	316
2007	RENT - MACHINE AND OTHER	6,465	6,465
2009	OTHER OPERATING EXPENSE	135,023	135,023
TOTAL, OBJECT OF EXPENSE		\$3,031,602	\$3,031,602

METHOD OF FINANCING:

1	General Revenue Fund	2,322,738	2,322,738
3	State Textbook Fund	466,424	466,424
193	Foundation School Fund	242,440	242,440
TOTAL, METHOD OF FINANCING		\$3,031,602	\$3,031,602

FULL-TIME EQUIVALENT POSITIONS (FTE):

	37.00	37.00
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DESCRIPTION / JUSTIFICATION:

The agency increasingly faces resource constraints in mission-critical and statutorily mandated areas. Specifically, the agency is short at least 10 auditors to adequately monitor an ever-increasing number of campuses and open-enrollment charter schools, which may have more complicated and intractable financial problems than do school districts, including, in some cases, bankruptcy. Additionally, the combined accreditation and intervention regimen implemented in HB 1 (79th, 3rd Called Session) will result in increasing action on the part of the state to provide technical assistance and, in severe cases, management to underperforming and failing campuses and districts.

Further, the implementation of college-readiness standards and a newly-adopted curriculum across disciplines tax an already over-extended curriculum staff. These issues also impact the agency textbook and educational technology staff, which has already been overloaded for at least five years, with the textbook administrative dollars increasingly augmented with other state and local funds to enable implementation of required adoptions and legislative initiatives, including the electronic course pilot and the virtual schools initiative. It should be noted that the agency no longer has administrative surpluses in federal funds for education, which has steadily eroded over the last two biennia.

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Finally, the agency continues to be concerned with the integrity of the student assessment program. Continuing a Commissioner Scott initiative, more resources are requested to expand the test-monitoring function and to undertake statistical analyses of campus and district results.

EXTERNAL/INTERNAL FACTORS:

While the agency has done an admirable job of moving resources to meet needs, those options are dissipating. The strain of administering over 60 formula and discretionary grant programs, along with over 40 ongoing evaluations presents a labor-intensive challenge on both the manpower and the information technology fronts. These commitments have far-ranging consequences to staff in the financial and agency infrastructure areas, as well.

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Agency name:

Texas Education Agency

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: IT Security/Confidentiality and Financial Initiatives

Item Priority: 15

Includes Funding for the Following Strategy or Strategies: 02-03-05 Information Systems - Technology

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	489,130	489,130
2001	PROFESSIONAL FEES AND SERVICES	3,201,289	3,099,182
2005	TRAVEL	5,354	4,000
2009	OTHER OPERATING EXPENSE	81,625	81,625
5000	CAPITAL EXPENDITURES	1,108,359	273,731

TOTAL, OBJECT OF EXPENSE

	\$4,885,757	\$3,947,668
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METHOD OF FINANCING:

1 General Revenue Fund

	4,885,757	3,947,668
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TOTAL, METHOD OF FINANCING

	\$4,885,757	\$3,947,668
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FULL-TIME EQUIVALENT POSITIONS (FTE):

	6.00	6.00
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DESCRIPTION / JUSTIFICATION:

The Security/Confidentiality and Financial Initiatives Exceptional Item includes three sub-projects:

- Security and Confidentiality Initiative: Enhance agency information security infrastructure; upgrade agency's document management and workflow system to current release.
- Grants Administration Initiative: Enhance grants administration using a commercial-off-the-shelf forms development tool to standardize agency grant forms and streamline and simplify for our customers the administration of over \$4 billion in state and federal grants.
- FSP Rewrite-Phase 2: Multi-phased comprehensive redesign of school finance legacy mainframe and web-based applications using innovative technologies while aligning applications with agency architecture standards and technologies.

These items will increase level of service that Information Systems can provide by enhancing the current security infrastructure, addressing audit security-related recommendations, adding new operational functionality, enhancing existing systems, and upgrading software to current versions.

Proposed rider impacted by this exceptional item is Rider 2, Capital Budget.

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Texas Education Agency

CODE DESCRIPTION

Excp 2010

Excp 2011

Factors that may affect this strategy include: statutory changes to security and confidentiality requirements; audit recommendations related to security issues; aging security technology; transformation of agency data center services to a State Data Center and shifting of the procurement model from commodities to services; budget/resource constraints; statutory changes related to school finance or other business/program area requirements requiring automation; implementation of reusable components involving complex calculations; project size and complexity; extensive project development lifecycle; and a new FSP system with multiple points of integration with internal and external resources.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency name:

Texas Education Agency

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Virtual School Network

Item Priority: 16

Includes Funding for the Following Strategy or Strategies: 01-02-01 Statewide Educational Programs

OBJECTS OF EXPENSE:

4000	GRANTS	9,000,000	9,000,000
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TOTAL, OBJECT OF EXPENSE

\$9,000,000	\$9,000,000
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METHOD OF FINANCING:

1	General Revenue Fund	9,000,000	9,000,000
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TOTAL, METHOD OF FINANCING

\$9,000,000	\$9,000,000
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DESCRIPTION / JUSTIFICATION:

The Texas Virtual School Network was created by the 80th Legislature through the passage of Senate Bill 1788. Funds were used from Rider 31 to establish the network in FY08.

EXTERNAL/INTERNAL FACTORS:

Schools that are unable to offer classes due to teacher shortages or scheduling conflicts due to 4/4 graduation requirements. Students who want to advance their academics by taking dual credit or AP courses not offered at their school.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: **703**

Agency name:

Texas Education Agency

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Educator Background Checks

Item Priority: 17

Includes Funding for the Following Strategy or Strategies: 02-03-03 State Board for Educator Certification

OBJECTS OF EXPENSE:

2009	OTHER OPERATING EXPENSE	2,178,867	2,178,867
TOTAL, OBJECT OF EXPENSE		\$2,178,867	\$2,178,867

METHOD OF FINANCING:

1	General Revenue Fund	4,331,600	4,331,600
193	Foundation School Fund	-2,152,733	-2,152,733
TOTAL, METHOD OF FINANCING		\$2,178,867	\$2,178,867

DESCRIPTION / JUSTIFICATION:

SB9, 80th Leg. R.S. , required funding for criminal history background checks of existing teachers beginning in the 2008-2009 biennium. The 2008/2009 base funding for SB9 costs to pay for existing teacher criminal history background checks was short in 2008 because DPS waived their \$15 fee. 2009 is also short as TEA is awaiting a supplemental appropriations request to fully fund the initiative. Therefore, this EI is needed for 2010-2011 to provide full funding. TEA is also requesting that the base funding from Rider 31 FSP transfers in 2008-2009 be converted from fund 193 to Fund 001 funding.

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Texas Education Agency

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Educator Preparation Accountability and Assessment Initiatives

Item Priority: 18

Includes Funding for the Following Strategy or Strategies: 02-03-03 State Board for Educator Certification
02-03-06 Educator Certification Exam Services - Estimated and Nontransferable.

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	134,000	134,000
2001	PROFESSIONAL FEES AND SERVICES	3,878,708	4,428,708
2009	OTHER OPERATING EXPENSE	11,800	16,300
TOTAL, OBJECT OF EXPENSE		\$4,024,508	\$4,579,008

METHOD OF FINANCING:

751	Certif & Assessment Fees	4,024,508	4,579,008
TOTAL, METHOD OF FINANCING		\$4,024,508	\$4,579,008

FULL-TIME EQUIVALENT POSITIONS (FTE):

2.00	2.00
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DESCRIPTION / JUSTIFICATION:

The SBEC Board approved the increase from \$82 to \$120 per test at the March 7, 2008 meeting. This will ensure further development for administering the Texas certification examinations by (Computer Administered Tests) CAT. In September 2008, seven additional tests will be made available online with an additional seven tests available by CAT in September 2009 and in September 2010. Increased availability of CAT exams provides educators greater access to certification testing which will facilitate employment readiness. The \$38 increase will be used to fund the additional initiatives. Additional staffing relates to agency costs for monitoring visits to educator preparation programs. The Texas Education Agency staffing direct payroll is funded from examinations administered. With an increase in the certification examination fee, the division will be able to increase staff to perform more in-depth monitoring visits to educator preparation programs throughout Texas. Currently, without additional funding for staff, it is very difficult to perform the required number of educator preparation program visits as mandated in the Texas Administrative Code §228.10 (b) . An increase in the examination fee will allow hiring of two additional program specialists to complete the visits.

EXTERNAL/INTERNAL FACTORS:

External Factors will be greater availability for testing locations and times, faster processing time for receipt of test results and resultant availability for hiring into available positions. Internal Factors will include lessened call volume from educators asking about availability of testing results.

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CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Child Nutrition Program - GR School Lunch Matching

Item Priority: 19

Includes Funding for the Following Strategy or Strategies: 02-02-03 Child Nutrition Programs

OBJECTS OF EXPENSE:

4000	GRANTS	119,000	359,000
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TOTAL, OBJECT OF EXPENSE

\$119,000	\$359,000
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METHOD OF FINANCING:

1	General Revenue Fund	119,000	359,000
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TOTAL, METHOD OF FINANCING

\$119,000	\$359,000
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DESCRIPTION / JUSTIFICATION:

Matching of federal funds by state revenue is governed by chapter 7 of the Code of Federal Regulations for the National School Lunch Program, 7 CFR 210.17 (a). This is a mandated match by state agencies. USDA determines the matching revenue amount.

EXTERNAL/INTERNAL FACTORS:

The United States Department of Agriculture determines the revenue amount the state must match. Based upon the increase in rates between SY2007 and SY2008, we are projecting the amount to increase.