

- SUBJECT:** Revising requirements for reporting school district dropouts
- COMMITTEE:** Public Education — favorable, without amendment
- VOTE:** 8 ayes — Grusendorf, Branch, Dawson, Dutton, Eissler, Griggs, Hochberg, Madden  
0 nays  
1 absent — Oliveira
- WITNESSES:** For — Lindsay Gustafson, Texas Classroom Teachers Association  
Against — None  
On — Cathy Douglass, Texas Association of School Boards; Gary Price, Comptroller’s Office; Joe Wisnoski, Texas Education Agency
- BACKGROUND:** Under Education Code, ch. 29, school districts can use compensatory education funds to provide intensive or accelerated instructional services for students at risk of dropping out. Each school district must evaluate and document the effectiveness of the accelerated instruction in reducing dropout rates and improving student performance on assessment tests.  
  
In 1997, the 75th Legislature required the Texas Education Agency (TEA) to create an auditing and reporting system to ensure that funds targeting at-risk students are spent only to supplement the regular compensatory education program. In 2001, the 77th Legislature modified the definition of “at risk” and expanded the allowable uses of state compensatory education funds. TEA was allowed to exempt from the auditing and reporting requirements districts whose students met certain performance requirements on standardized state tests.
- DIGEST:** HB 1518 would require that a school district’s evaluation of the effectiveness of accelerated instruction in reducing dropout rates include an analysis of the effectiveness of each program described in campus and district improvement

plans aimed at reducing dropout rates. The commissioner would have to ensure that each district complied with this requirement.

The bill would establish a dropout data oversight committee to review TEA's standards and definitions for dropouts and students completing school before TEA these standards and definitions. The governor, lieutenant governor, and House speaker each would appoint one member of the committee to represent the public, and these members would have to have a demonstrated interest in dropout issues. The governor, lieutenant governor, and speaker jointly would appoint a member of the Legislative Budget Board to the committee, and the state auditor would appoint an employee of the auditor's office.

HB 1518 would require TEA to evaluate systematically the effectiveness of accelerated instruction and support programs and to organize and share with local districts the information it collected. If TEA could not perform this evaluation with existing resources, the education commissioner would have to withhold funds needed to perform the evaluation from total compensatory education allotments.

TEA would be required to adopt rules under which the commissioner must grant a one-year exemption from audit requirements to schools that consistently reduced the disparity in performance between students at risk of dropping out and other students. TEA could not grant exemptions to districts that did not make consistent progress in reducing dropout rates. TEA would have to notify both the district and the board of trustees about whether the district was entitled to an exemption.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

**SUPPORTERS  
SAY:**

HB 1518 would place in statute the comptroller's recommendations for improving accountability for dropouts and at-risk students. The comptroller's 2003 e-Texas report *Limited Government, Unlimited Opportunity* noted that Texas' method of reporting dropouts has obscured the state's dropout problem, generating legislative and public concern and resulting in the loss of federal grants for some school districts. The comptroller recommended that TEA conform to national standards for dropout reporting and receive

additional oversight for its dropout data collection and reporting. The report also noted that neither TEA nor most local school districts thoroughly evaluate the effectiveness of the compensatory education program targeting students at risk of dropping out, and that the Legislature should require them to do so. The bill also would ensure that Texas law conforms with requirements of the federal No Child Left Behind legislation.

HB 1518 would establish stronger regulations to ensure that school districts and TEA make proper use of dropout data. Districts that currently are just collecting data and submitting it to TEA would have to use the data to conduct a meaningful analysis. There is no use in collecting the data if school districts and TEA do not analyze and respond to it. Because all school districts should already be conducting such an analysis of the data, the bill would not create an additional burden.

By establishing a dropout data oversight committee, the bill would make dropout data collection a higher priority at TEA and throughout the state.

**OPPONENTS  
SAY:**

HB 1518 would create an unfunded mandate for school districts by requiring them to analyze dropout data without providing the resources to do so. Current law requires districts to collect the information but not to analyze it. School districts should not have to use scarce resources to report and analyze information tied to a particular funding source.

**NOTES:**

A related bill, SB 894 by Bivins, would require TEA to develop a process for auditing school districts' dropout records electronically and would require on-site monitoring only for districts with high dropout rates. The bill also would increase flexibility in use of compensatory education funds. SB 894 passed the Senate on April 15 by voice vote and has been referred to the House Public Education Committee, which has scheduled a public hearing for May 1.