Under Texas Education Code (TEC) §29.081, compensatory education is defined in law as programs and/or services designed to supplement the regular education program for students identified as at risk of dropping out of school. The purpose is to increase the academic achievement and reduce the dropout rate of these students. The goal is to reduce any disparity in performance on assessment instruments (STAAR, End of Course, etc.) or disparity in the rates of high school completion between students at risk of dropping out of school and all other district students. As required by law, the state compensatory education program must be described in the campus and district improvement plan. It is the primary record supporting expenditures attributed to the state compensatory education program.

**Student Eligibility Criteria:**
A student at risk of dropping out of school includes each student who is 26 years of age or younger (beginning 2014-2015 school year) and who:

1. is in prekindergarten, kindergarten or grade 1, 2, or 3 and did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;

2. is in grade 7, 8, 9, 10, 11, or 12 and did not maintain an average equivalent to 70 on a scale of 100 in two or more subjects in the foundation curriculum during a semester in the preceding or current school year or is not maintaining such an average in two or more subjects in the foundation curriculum in the current semester;

3. was not advanced from one grade level to the next for one or more school years;

4. did not perform satisfactorily on an assessment instrument administered to the student under Subchapter B, Chapter 39, and who has not in the previous or current school year subsequently performed on that instrument or another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument;

5. is pregnant or is a parent;

6. has been placed in an alternative education program in accordance with Section 37.006 during the preceding or current school year;

7. has been expelled in accordance with Section 37.007 during the preceding or current school year;

8. is currently on parole, probation, deferred prosecution, or other conditional release;

9. was previously reported through the Public Education Information Management System (PEIMS) to have dropped out of school;

10. is a student of limited English proficiency, as defined by Section 29.052;

11. is in the custody or care of the Department of Protective and Regulatory Services or has, during the current school year, been referred to the department by a school official, officer of the juvenile court, or law enforcement official;

12. is homeless, as defined by 42 U.S.C. Section 11302, and its subsequent amendments; or

13. resided in the preceding school year or resides in the current school year in a residential placement facility in the district, including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home.
Use of Funds:

SCE funds, other than the indirect cost allotment that may not exceed 48%, may be used only to meet the costs of providing:
1. a supplemental compensatory, intensive, or accelerated instruction program under TEC §29.081;
2. an Disciplinary Alternative Education Program (DAEP) established under TEC §37.008;
3. costs associated with placing students in a juvenile justice alternative education program established under Section 37.011;
4. support to a Title 1, Part A Schoolwide program at a campus which is at least 40% low-income;
5. mentoring Programs for At Risk Students; and
6. supplements to the Dyslexia Program

Some examples of supplemental state compensatory education programs and services include, but are not limited to:
- costs for program and student evaluation;
- instructional materials and equipment and other supplies required for quality instruction;
- supplemental staff expenses;
- salary for teachers of at-risk students;
- smaller class size; or
- individualized instruction.

Program Effectiveness:

The SCE Program must be designed so that students who are not currently performing at grade level will be performing at grade level at the conclusion of the next regular school term.

In order to determine if the SCE Program has accomplished this, the SCE Program must be evaluated in the following two ways:
1. Effectiveness in reducing any disparity in performance on assessment instruments between "students at risk of dropping out of school" and all other district students.
2. Effectiveness in reducing any disparity in the rates of high school completion between "students at risk of dropping out of school" and all other district students.

School Districts Are Required to Have Local Policies and Procedures to Identify:

1. Students who are at risk of dropping out of school under the criteria in Section 29.081, TEC;
2. Students who are at risk of dropping out of school under local criteria and document compliance with the 10% cap in Section 29.081, TEC;
3. How students are entered into the SCE program;
4. How students are exited from the SCE program;
5. The methodologies involving calculation of 110% satisfactory performance on all assessment instruments, in accordance with Section 29.081, TEC; and
6. The cost of the regular education program in relation to budget allocations per student and/or instructional staff per student ratio.