State Compensatory Education
Resource Guide

Programs And Services For Student Who Are
At-Risk Of Dropping Out Of School

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2014 Board of Education

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Sec. 29.081. COMPENSATORY, INTENSIVE, AND ACCELERATED INSTRUCTION. (a) Each school district shall use the student performance data resulting from the basic skills assessment instruments and achievement tests administered under Subchapter B, Chapter 39, to design and implement appropriate compensatory, intensive, or accelerated instructional services for students in the district's schools that enable the students to be performing at grade level at the conclusion of the next regular school term.

(b) Each district shall provide accelerated instruction to a student enrolled in the district who has taken an end-of-course assessment instrument administered under Section 39.023(c) and has not performed satisfactorily on the assessment instrument or who is at risk of dropping out of school.

(b-1) Each school district shall offer before the next scheduled administration of the assessment instrument, without cost to the student, additional accelerated instruction to each student in any subject in which the student failed to perform satisfactorily on an end-of-course assessment instrument required for graduation.

(b-2) A district that is required to provide accelerated instruction under Subsection (b-1) shall separately budget sufficient funds, including funds under Section 42.152, for that purpose. A district may not budget funds received under Section 42.152 for any other purpose until the district adopts a budget to support additional accelerated instruction under Subsection (b-1).

(b-3) A district shall evaluate the effectiveness of accelerated instruction programs under Subsection (b-1) and annually hold a public hearing to consider the results.

(c) Each school district shall evaluate and document the effectiveness of the accelerated instruction in reducing any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between students at risk of dropping out of school and all other district students.

(d) For purposes of this section, "student at risk of dropping out of school" includes each student who is under 26 years of age and who:

(1) was not advanced from one grade level to the next for one or more school years;

(2) if the student is in grade 7, 8, 9, 10, 11, or 12, 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) 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;

(4) if the student is in prekindergarten, kindergarten, or grade 1, 2, or 3, did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;

(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.

(d-1) Notwithstanding Subsection (d)(1), a student is not considered a student at risk of dropping out of school if the student did not advance from prekindergarten or kindergarten to the next grade level only as the result of the request of the student's parent.

(e) A school district may use a private or public community-based dropout recovery education program to provide alternative education programs for students at risk of dropping out of school. The programs must:

(1) provide not less than four hours of instructional time per day;

(2) employ as faculty and administrators persons with baccalaureate or advanced degrees;

(3) provide at least one instructor for each 28 students;
(4) perform satisfactorily according to performance indicators and accountability standards adopted for alternative education programs by the commissioner; and

(5) comply with this title and rules adopted under this title except as otherwise provided by this subsection.

(f) The commissioner shall include students in attendance in a program under Subsection (e) in the computation of the district's average daily attendance for funding purposes.

(g) In addition to students described by Subsection (d), a student who satisfies local eligibility criteria adopted by the board of trustees of a school district may receive instructional services under this section. The number of students receiving services under this subsection during a school year may not exceed 10 percent of the number of students described by Subsection (d) who received services from the district during the preceding school year.


Amended by:
 Acts 2007, 80th Leg., R.S., Ch. 1312 (S.B. 1031), Sec. 4, eff. September 1, 2007.
 Acts 2009, 81st Leg., R.S., Ch. 690 (H.B. 2703), Sec. 1, eff. June 19, 2009.
 Acts 2013, 83rd Leg., R.S., Ch. 211 (H.B. 5), Sec. 20, eff. June 10, 2013
STATE COMPENSATORY EDUCATION
COMPENSATORY, INTENSIVE, AND ACCELERATED INSTRUCTION
OVERVIEW

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 the mandated state 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.

1. Student Eligibility Criteria
A student at risk of dropping out of school includes each student who is under 26 years of age 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;
NOTE: a student is not considered at risk of dropping out of school if the student did not advance from Pre-K or Kindergarten to the next grade level only as a result of the request of the student’s parent.
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.

2. Local Criteria
1. students who are identified as dyslexic under general education; and,
2. students who are placed in a Disciplinary Alternative Education Program for reasons other than those in §37.006, such as continued misbehavior in the classroom.

Students at risk of dropping out of school reported through PEIMS must meet the state criteria; students identified using local criteria are not reported through PEIMS.

Note: Local Criteria was adopted by the HISD Board on September 10, 2009
3. **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 DAEP (Alternative Education Program - Disciplinary) 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 (SCE funds must adhere to the same Title 1 guidelines when they are on a Title 1 Schoolwide campus);
     5. mentoring programs for at-risk students; and
     6. supplements to the Dyslexia Program

   - **Supplemental costs** include such costs as:
     1. costs for program and student evaluation;
     2. instructional materials and equipment and other supplies required for quality instruction;
     3. supplemental staff expenses;
     4. salary for teachers of at-risk students;
     5. smaller class size; or
     6. individualized instruction.

Funds should **not** be spent on non-instructional positions and or services. (i.e. administrative or clerical positions or programs that do not directly impact instruction).

**Some examples of unallowable uses would be:**
- assistant principals, deans of instruction, etc.
- office clerks, SIMS/Data Entry personnel:
- band instruments or office equipment;
- promotional items (t-shirts, caps, key chains, etc.), memorabilia;
- entertainment (amusement, social activities, ceremonials, etc.)
- other non-instructional activities/purchases/personnel that do not directly impact the instructional, educational program.

**REMEMBER!**

*The purpose of the SCE Program is to improve student performance through direct instructional services for students at risk of dropping out of school.*

*The more removed services are from the student, the more the resources are diluted and the more difficult it becomes for the campus/school district to:*
  1. defend the use of SCE funds; and
  2. justify the effectiveness of the program in improving student performance.

4. **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.
State Compensatory Education  
Supplemental Allowable and Unallowable Costs 

Title 1 Schoolwide – If an expenditure is unallowable with Title 1 Funds, it is unallowable to use State Compensatory Education Funds for the expenditure. State Compensatory Education Funds fall under the same guidelines as Title 1 on a Title 1 Schoolwide Campus.

Function 11 - Instruction

<table>
<thead>
<tr>
<th><strong>Allowable Costs</strong></th>
<th><strong>Unallowable Costs</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To Serve Students Who Are At Risk of Dropping Out of School</strong></td>
<td><strong>Unless the costs are specific to a supplemental, instructional program and are reasonable and necessary.</strong></td>
</tr>
<tr>
<td>• 11-6119 – Supplemental Teachers</td>
<td>• 11-6249 – Contracted Maintenance and Repair – Basic Program Costs</td>
</tr>
<tr>
<td>• 11-6129 – Supplemental Teaching Assistants</td>
<td>• 11-6269 – Rentals and Operating Leases – Basic Program Costs – unless its use is specific to a supplemental, instructional program for at-risk students and reasonable and necessary.</td>
</tr>
<tr>
<td>• 11-6118 – Extra Duty Pay Teachers (Tutorials)</td>
<td>• 11-6295 – Print Shop – Basic Program Costs – unless it is specific to supplemental programs for at-risk students</td>
</tr>
<tr>
<td>• 11-6128 – Extra Duty Pay Teaching Assistants – (Tutorials)</td>
<td>• 11-6299 – Miscellaneous Instructional Contracted Services – Basic Program Costs</td>
</tr>
<tr>
<td>• 11-6114 – Hourly Support – for supplemental programs for at-risk students</td>
<td>• 11-6321 – Textbooks – State Adopted</td>
</tr>
<tr>
<td>• 11-6299 – Miscellaneous Instruction Contracted Services – supplemental services for at-risk students</td>
<td>• 11-6351 – Food</td>
</tr>
<tr>
<td>• 11-6321 – Textbooks – supplemental textbooks for at-risk programs</td>
<td>• 11-6411 – Out-of-town Travel – unless it is specific to a supplemental, instructional program for at-risk students</td>
</tr>
<tr>
<td>• 11-6329 – Reading Materials – supplemental reading materials for at-risk students</td>
<td>• 11-6498 – Bus Transportation – unless it is specific to a supplemental, instructional program for at-risk students</td>
</tr>
<tr>
<td>• 11-6399 – Supplies – supplemental materials and supplies for at-risk students</td>
<td>• 11-6491 – Fees, Dues, and Memberships – unless it is specific for supplemental instruction for at-risk students</td>
</tr>
<tr>
<td></td>
<td>• 11-6631 – Furniture (over $500) – unless it is specific to a supplemental program for at-risk students</td>
</tr>
<tr>
<td></td>
<td>• 11-6632 – Technology Equipment (over $500) – unless it is specific to a supplemental program for at-risk students</td>
</tr>
<tr>
<td></td>
<td>• 11-6639 – Other Equipment – unless it is specific to a supplemental program for at-risk students</td>
</tr>
</tbody>
</table>
### State Compensatory Education

#### Supplemental Allowable and Unallowable Costs

<table>
<thead>
<tr>
<th>Function 12 – Instruction Resources and Media Services</th>
<th>Allowable Costs</th>
<th>Unallowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Serve Students Who Are At Risk of Dropping Out of School</td>
<td>• None</td>
<td>• All function 12 costs are for all students – not just at risk students</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Function 13 – Curriculum and Personnel Development</th>
<th>Allowable Costs</th>
<th>Unallowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Serve Students Who Are At Risk of Dropping Out of School</td>
<td>• Function 13 costs are allowable provided it is specialized staff development to train personnel who are working with students at risk of dropping out of school. School districts must be able to demonstrate that school personnel have received staff development designed to implement, assess, and evaluate the effectiveness of services provided to students at risk of dropping out of school.</td>
<td>• All function 13 costs attributed to the basic educational program</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Function 23 – School Administration</th>
<th>Allowable Costs</th>
<th>Unallowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Serve Students Who Are At Risk of Dropping Out of School</td>
<td>• None - There are no allowable costs for function 23 – school administration.</td>
<td>• All function 23 costs are unallowable – function 23 costs are administrative and for all students – not just at-risk students</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Function 31 – Guidance and Counseling</th>
<th>Allowable Costs</th>
<th>Unallowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Serve Students Who Are At Risk of Dropping Out of School</td>
<td>• Function 31 costs are only allowable provided they are instructional, supplemental and designed specifically for a program or service for students at risk of dropping out of school</td>
<td>• All function 31 costs that target the entire student population – not just at-risk students</td>
</tr>
</tbody>
</table>
### Function 32 – Social Work Services

<table>
<thead>
<tr>
<th>Allowable Costs</th>
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</thead>
<tbody>
<tr>
<td><strong>To Serve Students Who Are At Risk of dropping Out of School</strong></td>
</tr>
<tr>
<td>• Function 32 costs are allowable provided they assist a school with preventing students from dropping out of school and to improve student achievement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unallowable Costs</th>
</tr>
</thead>
</table>

### Function 33 – Health Services

<table>
<thead>
<tr>
<th>Allowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To Serve Students Who Are At Risk of dropping Out of School</strong></td>
</tr>
<tr>
<td>• Function 33 costs are allowable provided they are instructional, supplemental, and designed specifically for a program or service for students at risk of dropping out of school</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unallowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All function 33 costs that target the entire student population – not just at-risk students</td>
</tr>
</tbody>
</table>

### Function 36 – Cocurricular Activities

<table>
<thead>
<tr>
<th>Allowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To Serve Students Who Are At Risk of dropping Out of School</strong></td>
</tr>
<tr>
<td>• None - There are no allowable costs for function 36 – cocurricular activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unallowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All function 36 costs are for all students – not just at-risk students</td>
</tr>
</tbody>
</table>

### Function 51 – Plant Maintenance and Operation

<table>
<thead>
<tr>
<th>Allowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To Serve Students Who Are At Risk of dropping Out of School</strong></td>
</tr>
<tr>
<td>• 51-6128 – Extra Duty Pay – Custodial – provided the costs are for overtime for a specific, supplemental instructional program for students at risk of dropping out of school For example: Saturday tutorials</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unallowable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Any other function 51 costs attributed to the basic program</td>
</tr>
</tbody>
</table>
**BEGINNING NOTE:** Data-coding entries made manually by the campus must have a manual end date entered by the campus. The end date will not automatically populate if the campus added students manually. The end date for this school year should be **5/29/2015** – the day after the last day of school for students.

Students who are new to HISD will need to have their records reviewed to see if they meet any of the at-risk criteria. If so, the school will need to manually code those students new to HISD with an at-risk reason and manually put an end date – **5/29/2015**.

<table>
<thead>
<tr>
<th>At-Risk Criterion #</th>
<th>At-Risk Criterion (Reason)</th>
<th>At-Risk Coding Panel</th>
</tr>
</thead>
</table>
| **Reason Code #01** | Did not perform satisfactorily on a readiness test (PK-3) (Frog Street Assessment and iStation Assessments. (current school year only) | **Chancery Student Information System:**  
- Chancery will populate this field if the assessments for these grade levels show the student did not perform satisfactorily.  
- Schools will need to code any students new to HISD and meet this criterion under reason code #01 and those who were not automatically populated by the deadline.  
**End Date:**  
- System will add an end date – unless the information was manually entered at the campus. |
| **Reason Code #02** | Is in grade 7, 8, 9, 10, 11, or 12 and failed 2 or more courses in the foundation curriculum (a semester in the preceding or current school year or the current semester) | **Chancery Student Information System:**  
- Chancery will populate in the fall and the spring.  
- Schools will need to code any students new to HISD and meet this criterion under reason code #02.  
**End Date:**  
- System will add an end date – unless the information was manually entered at the campus. |
| **Reason Code #03** | Was not advanced to the next grade level (retained) for one or more school years (any past or current school year) | **Chancery Student Information System:**  
- Chancery will populate.  
- Schools will need to code any students new to HISD who meet this criterion under Reason Code #03.  
**End Date:**  
- There will be no end date.  
**Note:** Students remain at-risk their entire school career under this criterion. |

*Script* – PK-3 – existing students who tested by the deadline  
*Manual Entry* – PK-3 – new enrollees or students not automatically populated by the deadline  

*Script* – Grades 7-12 – existing students  
*Manual Entry* – new enrollees  

*Note:* a student is not at-risk if the student is retained in PK or K as a result of the parent’s written request.
<table>
<thead>
<tr>
<th>At-Risk Criterion #</th>
<th>At-Risk Criterion (Reason)</th>
<th>At-Risk Coding Panel</th>
</tr>
</thead>
</table>
| Reason Code #04 | Failed one or more sections of the TAKS/STAAR/End of Course tests and/or has not met the 110% level of satisfactory performance (any past or current school year until they meet the 110% level of satisfactory performance) | **Chancery Student Information System:**  
  ♦ Chancery will populate.  
  ♦ **Schools** will need to code any students new to HISD who meet this criterion under reason code #04.  
  **End Date:**  
  ♦ **System** will add an end date – unless the information was manually entered at the campus.  
  **Note:** No Pre-K students should be included under this Reason Code - #04. |
| Reason Code #05 | Is pregnant or is a parent (any past or current school year) | **Chancery Student Information System:**  
  ♦ Chancery will populate from another panel.  
  ♦ **Schools** will need to code any other pregnant students during the year under reason code #05.  
  **Note:** If a campus can document that a student is pregnant or a parent they can code that student as at-risk even if they are not receiving pregnancy/parenting services under reason code #05.  
  **End Date:**  
  ♦ There is no end date (see below).  
  **Exception:** Because of the trigger, if the student is no longer pregnant and is not parenting, the school will need to create a new record and add an end date of 5/29/2015. Then, delete the old record. |
| Reason Code #06 | Has been placed (mandatory placement according to TEC § 37.006) in a disciplinary alternative education program (preceding or current school year) | **Chancery Student Information System:**  
  ♦ Chancery will populate all records that are available.  
  ♦ **Schools** will need to verify records and code any students new to HISD who meet this criterion under reason code #06.  
  **End Date:**  
  ♦ **System** will add an end date - unless the information was manually entered at the campus. |
| Reason Code #07 | Has been expelled in the preceding or current school year | **Chancery Student Information System:**  
  ♦ Chancery will populate from the discipline panel. |
<table>
<thead>
<tr>
<th>Reason Code #08</th>
<th>Manual Entry by Campus ONLY</th>
<th>Is currently on parole, probation or deferred prosecution (current school year only)</th>
<th>Chancery Student Information System:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>✦ Schools must enter the record, under reason code #08, and the start date.</td>
<td>✦ Schools will add an end date - unless the information was manually entered at the campus.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✦ There will be no end date.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Note:</strong> Students remain at-risk the rest of their school career under this criterion.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason Code #09</th>
<th>Was previously reported through PEIMS as a dropout (any past or current school year)</th>
<th>Chancery Student Information System:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✦ Chancery will populate.</td>
<td>✦ Schools will need to code any new students who meet this criterion and under reason code #09.</td>
</tr>
<tr>
<td></td>
<td>✦ Schools must add an end date (5/29/2015).</td>
<td>End Date:</td>
</tr>
<tr>
<td></td>
<td>✦ There will be no end date.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason Code #10</th>
<th>Is Limited English Proficient (any past or current school year)</th>
<th>Chancery Student Information System:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✦ Chancery will populate from the LEP panel.</td>
<td>✦ Schools will need to code any new students who meet this criterion under reason code #10.</td>
</tr>
<tr>
<td></td>
<td>✦ Schools must add an end date for students’ records automatically populated when an Exit Date is populated in the LPAC panel.</td>
<td>End Date:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason Code #11</th>
<th>Manual Entry by Campus ONLY</th>
<th>Is in the custody or care of the Department of Family and Protective Services – CPS (current school year)</th>
<th>Chancery Student Information System:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>✦ Schools must enter the record, under reason code #11, and the start date.</td>
<td>✦ Schools must add an end date (5/29/2015).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>At-Risk Criterion #12</th>
<th>At-Risk Criterion (Reason)</th>
<th>At-Risk Coding Panel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason Code #12</td>
<td>Is homeless (current school year)</td>
<td>Chancery Student Information System:</td>
</tr>
<tr>
<td>Manual Entry by Campus ONLY</td>
<td></td>
<td>✦ Schools must enter record and the start date based on the date you received the Student Assistance Questionnaire under reason code #11.</td>
</tr>
</tbody>
</table>
### Manual Entry - By Campus Only

**End Date:**
- **Schools** must add an end date (5/29/2015).

**Note 1:** Schools will only need to enter homeless information on the At-Risk Coding Panel. The panel now includes the Homeless Data information as well.

**Note 2:** ALL Homeless Data panels must be completed for ALL homeless students.

**Note 3:** The Homeless Data panels include: The Nighttime Residence Panel, The Homeless Funding Panel (Unaccompanied Youth), The Homeless Status panel (includes Homeless Cause and Homeless Services.) Please be sure everything is coded!

**Note 4:** To verify, run the H_Audit Homeless Report.

**Note 5:** Records should be checked to see that any student coded as homeless for a preceding school year should have an end date for those records.

#### Reason Code #13

- **Resided in the preceding school year or resides in the current school year in a residential placement facility in the district (preceding or current school year)**

**Script: Based on Addresses**

**Manual Entry – New Enrollees**

**Note:** Students are not coded as at-risk under this criterion if they are in a foster home. Those students should be under Criterion 11 – students who were/are in custody of CPS. Criterion 13 is for students in a Foster Group Home as well as other residential placement facilities.

**Chancery Student Information System:**
- **Chancery** will populate data they have based on addresses; schools must verify and add students that enroll on their campus.
- **Schools** will need to code any students new to HISD and meet this criterion under reason code #13.

**End Date:**
- **Schools** must add an end date (5/29/2015) for anyone they enter in the At-Risk Coding Panel under reason code #13.
- **System** will add an end date - unless the information was manually entered at the campus.
At-Risk

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This page is intentionally left blank.
At-Risk

Purpose

Use this procedure to record At-Risk in Chancery SMS

Objectives

By the end of this training, you will be able to:

• Add, Edit, or Delete At-Risk Data
• Add, Edit or Delete At-Risk Services

Prerequisites

Chancery SMS Basic Navigation – available on the SIS web page

Technical Requirements

• Internet Explorer 6.1 or higher
• Windows XP

Helpful Hints

• SMS automatically logs you out if you do not use the application for 20 minutes. You will be required to log in again to use the software.
• Fields with an * by the field name are SMS required fields that must contain data. N/A is not valid in required fields
• Some tables in this document have a column titled R/O/C
  R – Required
  O – Optional
  C – Conditional
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Introduction

1. Students who are at risk of dropping out of school are identified At-Risk. The At-Risk students are reported to PEIMS in the fall PEIMS submission. All students who meet any one or more of the 13 At-Risk criteria must be coded in the SMS At-Risk pages by the fall snapshot date (the last Friday in October). Some criteria require research of historical data. Reports are available for verification of At-Risk coding. The campus staff will verify that At-Risk is properly coded. Other criteria apply to the current year and would be entered by the campus staff. The 13 At-Risk criteria are:

1. Performance on Readiness Test
2. Lack of Progress in Foundation Curriculum
3. Retention
4. Unsatisfactory Assessment Test
5. Pregnancy/Parenthood
6. Has been/is in AEP
7. Has been expelled
8. On Parole/Probation etc.
9. Previously Reported as Dropout in PEIMS
10. Student is of Limited English Proficiency
11. Was/is in Custody of DPRS
12. Homeless
13. Was/is in Residential Placement Facility

Customization has been added to the SMS At-Risk program that will trigger At-Risk records when the qualifying data is entered into other areas of Chancery. At-Risk records will automatically be created when qualifying data is entered in:

- PRS
- Life Skills
- Student Behavior (placement to DAEP or JJAEP)
- LEP IMM MIG

Some At-Risk data is also scripted in Chancery by the SIS team. All of these automatic records should be reviewed for accuracy by the campus. Each fall, the Compensatory Education Department distributes detailed instructions about entering the At-Risk reason records.
Lesson 1 Add At-Risk Data

In this lesson you will learn to add At-Risk coding to identify a student at risk of dropping out of school.

2. Start the task from the SMS home page.

Quick Search

<table>
<thead>
<tr>
<th>Field Name</th>
<th>R/O/C</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student name or ID</td>
<td>R</td>
<td>First few letters of the last name of student identified as At-Risk.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Example:</strong> Garcia</td>
</tr>
</tbody>
</table>
Quick Search

4. Click Garcia, Eduardo to open the student's data.
5. Click **Spc Populations** in the Control Bar to access the special programs.

6. Click **At Risk** in the Special Populations sub-category to access the At-Risk page.
7. Click **Actions** in the task bar to add a new At-Risk record.
8. Click **Add At Risk Coding**... from the Actions menu.
At Risk Coding

9. As required, complete/review the following fields:

<table>
<thead>
<tr>
<th>Field Name</th>
<th>R/O/C</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Start Date:</td>
<td>R</td>
<td>Date student became At-Risk.</td>
</tr>
<tr>
<td>Reason</td>
<td>R</td>
<td>Criteria that qualifies student At-Risk</td>
</tr>
<tr>
<td>End Date</td>
<td>C</td>
<td>Date student no longer qualifies as At-Risk due to this criteria.</td>
</tr>
</tbody>
</table>

Example:
- 01/20/2011
- 12 Homeless
- 06/03/2011

10. Scroll down and click **OK** to save record and return to the At-Risk page.
To add additional At-Risk qualifying criteria, repeat steps 7 – 10.

11. You have completed this task.
Lesson 2 - Add At-Risk Services

In this lesson you will record services that the individual At-Risk student receives.

12. Begin this lesson at the Edit Student Demographics page.

Edit Student Demographics

13. Click **Spc Populations** in the Control Panel.

14. Click **At Risk** to open the At-Risk page.
At Risk

15. Click **Actions** in the Task Bar to add At-Risk Services the student receives.

16. Click **Add At Risk Services**... to open the At-Risk Services screen.
17. Complete/review the following fields:

<table>
<thead>
<tr>
<th>Field Name</th>
<th>R/O/C</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Start Date</td>
<td>R</td>
<td>Date that service started.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Example:</strong> 01/04/2011</td>
</tr>
<tr>
<td>Service/Program</td>
<td>R</td>
<td>Service provided to the At-Risk Student.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Example:</strong> Computer-Assisted Instruction</td>
</tr>
<tr>
<td>Provider</td>
<td>R</td>
<td>Description of the Provider.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Example:</strong> Instructional Aid</td>
</tr>
<tr>
<td>End Date</td>
<td>R</td>
<td>Date student no longer receives this At-Risk service.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Example:</strong> 06/03/2011</td>
</tr>
</tbody>
</table>

18. Click OK to save record and return to the At-Risk page.
19. Scroll down to the At-Risk Services panel.
To add additional At-Risk services, repeat steps 12 – 15

20. You have completed this lesson.
Lesson 3 – Edit and Delete At-Risk Records

In this lesson you will learn to edit or delete At Risk and At Risk Services records.

21. Begin this lesson at the At-Risk page.

At Risk

22. Click in the Task Bar

23. Click Edit At Risk Services... to open the record you have selected by entering a check in the box beside the Start Date of the record.
At Risk Services

In this example, we will change the End Date in the record.

24. Click the calendar icon and select the end date.
25. Click to choose the date.
26. Click **OK** to save the edited record.
To Delete a record:

At Risk

27. Click the checkbox beside the date of the record to be deleted

28. Click <strong>Actions</strong> in the Task Bar
29. Choose **Delete At Risk Coding** to delete the At-Risk Services record.
The following warning window will appear.

**Windows Internet Explorer**

Are you sure you want to delete the selected items and all associated information?

[OK]  [Cancel]

30. Click [OK] to delete the record.
31. Click **OK** to return to the Quick Search page.

32. You have completed this lesson.
Lesson 4 – At Risk Reports

In this lesson you will learn to run the At-Risk Reports

33. Start this lesson from the Quick Search screen

Quick Search

34. Click Reports in the Control Panel.

35. Scroll down to the Summary Reports section to see the titles of the At-Risk Reports. Currently there are two. H_At-Risk Roster will give you all the At-Risk students at your campus. H_At-Risk Teacher will give you class lists for each teacher displaying At-Risk students.
School Reports

36. Click [At-Risk Roster] to run the report.
37. Click **Run** to run the report for the entire campus.

38. Click the red box in the top right corner of the screen to send the report to a saved link.

39. Click **Home** on the School Reports page to return to the Quick Search page.
40. Click **Reports** on the right side of the home page to view the saved report.
41. Click H At-Risk Roster to open the report.
The campus should verify that each criteria indicated for each student is still in effect and add or delete any discrepancies."

42. You have completed this task.
Resources

- OmniHelp (please download to receive important alerts)
- Student Information System website
- SIS Training Content Store at http://sishelp/
- Federal & State Compliance website

Contact Information

For technical support, contact helpdesk@houstonisd.org, or call 713-892-7378.
SCHOOL IMPROVEMENT PLANS
State Compensatory Education (SCE)

State law, Section 29.081, Texas Education Code requires districts to use student performance data from the state’s legislatively mandated assessment tests and any other achievement tests administered under Subchapter B, Chapter 39, of the Texas Education Code to provide accelerated, intensive instruction to students who have not performed satisfactorily or who are at risk of dropping out of school. Based on this needs assessment, district and campus staff shall design the appropriate strategies and include them in the campus and/or district improvement plans.

The law states the District/Campus Improvement Plan is the primary record of supporting expenditures attributed to the State Compensatory Education program.

State Compensatory Education must be included in your School Improvement Plan.
- The strategies that are related to your State Compensatory Education Funds would be incorporated into Goal 1 (Academic Areas).
- Information will also need to be included under Goal Area: State Compensatory Education. The Plan must also include a brief description of how these funds are utilized on your campus.

Important: Any changes that are made to the budget or State Compensatory Education program/service at the campus during the school year must also be added or changed in the School Improvement Plan.

*The School Improvement Plan must include the following” for students at-risk of dropping out of school:

1. Total amount of State Compensatory Education funds allocated for resources and staff (based on your campus Preliminary Budget)
2. Comprehensive needs assessment – include State Compensatory Education and at-risk in the Narrative of Identified Needs. The district and/or campus uses student performance data from the state assessments and other appropriate assessments, as well as at-risk criteria (such as dropout rate, language barriers, etc.) to design and implement appropriate instructional services to improve student performance for students at risk of dropping out of school.
3. Identified strategies – this includes strategies for your at-risk students that relate to the State Compensatory Education funds on your campus. These would be incorporated in Goal Area 1 - Reading, Mathematics, or Other Academics.
4. Supplemental financial resources for State Compensatory Education – Include the SCE funds that are on your campus and are tied to specific SCE/At-risk strategies in Goal Area 1. The dollar amount should be placed in the resource column in your SIP with (SCE) in parenthesis to denote that this strategy if funded with SCE funds.
5. Supplemental FTEs for State Compensatory Education – this includes any staff member funded with SCE funds
6. Timeline for monitoring SCE strategies
7. Formative and summative evaluation criteria for any strategy that is tied to State Compensatory Education

If you are a Title 1 Schoolwide Campus, include this statement as part of the description under Goal Area – State Compensatory Education -

“These supplemental State Compensatory Education funds are being used to enhance the Title 1 Schoolwide educational program at our campus.”

### Identified Strategies

- Are aligned with the comprehensive needs assessment – strategies developed to meet identified needs

### Supplemental Financial Resources – What is the funding source?

- Indicate the actual dollar amounts for activities and/or strategies.
- Indicate HOW these specified funds are supplemental and how the intended benefit will be measured for effectiveness.

*The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule, Title 19, Texas Administrative Code (TAC), Section 109.25.

### Supplemental Full-Time Equivalent (FTEs)*

- FTEs must be shown for SCE activities involving personnel at both the district and campus level.
- Indicate how each position is supplemental to the basic instructional program.
- Indicate HOW these specified positions are supplemental and how the intended benefit will be measured for effectiveness.

*The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule, Title 19, Texas Administrative Code (TAC), Section 109.25.

### Measurable Performance Objectives – based on identified need

- Measurable student performance objectives based on the needs assessment data.
- Objectives stated in terms of what the student, learner will do, rather than what the campus, or instructor will do.
  - Measurable goals do not contain words that cannot be measured such as demonstrate, understand, comprehend, improve, etc.
  - How will you know if a child or has improved or comprehends material? You will measure it by observing a behavior, thus the behavior should be stated in the goal.

### Timelines for Monitoring Strategies – for completing the activity

- Schedule for data collection during the school year.
  - Timelines should indicate when progress toward the objective will be monitored. This should be written in incremental units such as every three weeks, every month, (not August though May or “ongoing”) each semester, etc.
  - Effective strategies are key.

### Formative Evaluation – informs both teachers and students about student understanding at a point when timely adjustments can be made.

- Used to control, assure or improve the quality of performance or delivery
  - Includes periodic measures that are utilized during the actual implementation of the interventions or strategies.
  - Example: Collecting continuous feedback from participants in a program in order to revise the program as needed – concerned with program improvement
  - Examples: weekly check of lesson plans, weekly and/or six weeks evaluation of student projects and/or subject grades, regular inspection of attendance records, examination of semester passing rates, etc.
  - The formative evaluation and the time increments should be specified as well as indicating who will be responsible for monitoring the activity.

### Summative Evaluation – has the finalized need been met? What was analyzed to measure the results?

- Summative evaluations provide overall effects & program accountability
- These measures summarize the cumulative results for the year; is a method of judging the worth of a program at the end of the program activities.
- Analysis of the outcome is conducted – concerned with the final judgment of success.
- Examples: summaries of annual performance reports, summaries of parent surveys, summaries of staff development evaluations, pass/failure rates, attendance/drop summary reports, etc.

**NOTE: The more we know about individual students as they engage in the learning process, the better we can adjust instruction to ensure that all students continue to achieve by moving forward in their learning.**

---

**TAC, Section 109.25 - Each school district and charter school shall ensure that supplemental direct costs and personnel attributed to compensatory education and accelerated instruction are identified in district and/or campus improvement plans at the summary level for financial units or campuses. Each school district and charter school shall maintain documentation that supports the attribution of supplemental costs and personnel to compensatory education. School districts and charter schools must also maintain sufficient documentation supporting the appropriate identification of students in at-risk situations, under criteria established in Texas Education Code.**
9. Compensatory Education Guidelines, Financial Accounting Treatment, and an Auditing and Reporting System

Update 14

A MODULE OF THE

TEXAS EDUCATION AGENCY
FINANCIAL ACCOUNTABILITY SYSTEM
RESOURCE GUIDE

Published by

Texas Education Agency
Austin, Texas
January 2010

Note: This document is formatted primarily for use on the Internet. Certain underlined passages may appear in the paper format representing hyperlinks to sites on the Internet that are provided for the benefit of individuals reading this document in an electronic format.
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9. Compensatory Education Guidelines, Financial Accounting Treatments, and an Auditing and Reporting System

9.1 Introduction

Over the last two decades, state compensatory education has experienced many changes that have affected the delivery of educational programs to educationally disadvantaged students. An objective of this volume of the Financial Accountability System Resource Guide is to provide detailed information that will assist local school officials’ understanding of the numerous options for use of the state compensatory education allotment. Foremost, the intent of this volume of the Resource Guide is to explain various components of the state compensatory education auditing and reporting system required by Section 42.152(q), Texas Education Code (TEC).

All rules in this guide pertain to all local educational agencies (LEAs), including school districts, charter schools and any other public authority that receives State Compensatory Education funds.

9.1.1 History of Texas State Compensatory Education (1975-2007)

In Texas, state compensatory education began with the passage of House Bill 1126 in 1975. This bill provided a state compensatory education allotment titled “Support for Educationally Disadvantaged Pupils.” Districts were required to be eligible for federal Title I monies in order to receive state compensatory education funds. In the 1976-77
school year, school districts were required to submit a coordinated plan to the Texas Education Agency on their use of federal and state compensatory education dollars. The use of state compensatory education monies paralleled federal requirements, such that state compensatory education funds were defined as supplemental to other state and local monies and were mandated to be spent on identified students. Districts were required to apply for state compensatory education funds through a consolidated application that included the federal Title I, Part A, and Title I, Part C (Migrant) programs. Accountability measures for use of state and federal compensatory education funds were identical.

In 1977, the Texas Legislature repealed the law linking federal and state compensatory education funds, but retained the requirement that state compensatory education dollars be allocated based on the number of Title I students in a district. Additionally, State Board of Education rules were passed which allowed greater local flexibility in the use of state compensatory education monies. The goal of the state compensatory education program was defined as bringing students at risk of dropping out of school up to grade level with respect to basic academic skills.

In 1979, the Texas Legislature redirected the focus of the state compensatory education program. This redirection included the following changes: (1) funding was to be based on the best six months’ enrollment from the preceding school year (October – September) of students participating in the federal free and reduced-price lunch program; (2) a statewide basic skills assessment program was implemented in order to measure student academic achievement; (3) districts were required to use student performance data from the state-mandated basic skills tests to design and implement compensatory education services and programs; and (4) districts were to be held accountable for local use of state compensatory education monies. These changes provided a clear linkage in state law between state compensatory education funding and services.

Between 1979 and 1983, several major changes occurred in the state compensatory education program. The funding allotment was raised and continued to be based on the best six months’ enrollment from the preceding school year (October – September) of students participating in the federal free and reduced-price lunch program. Additionally, the Texas Legislature required that student performance data be used in designing and implementing local compensatory education programs. The State Board of Education rules on compensatory education were revised to eliminate ties to federal compensatory education funds. The application requirement was removed and replaced by a mandate that districts file a statement of intent. Allowable expenditures were redefined to include instructionally related activities. Non instructional and administrative expenditures were prohibited. Use of compensatory funds for construction and equipment was also limited.

House Bill 72, Texas’ 1984 education reform legislation, included additional changes to the state compensatory education program. The compensatory education allotment was significantly increased, from approximately $50 million to more than $300 million per year. The distribution of funds continued to be based on the number of students in the
federal free-and reduced-price lunch program. House Bill 72 provided additional flexibility in local use of compensatory education dollars. Tutorial, early childhood, and basic instruction programs were targeted as top priorities. Funds were designated to be used for direct instructional costs, with a maximum of 35 percent to be used for program administration. The indirect cost percentage was reduced to 15 percent by the State Board of Education in 1985.

Under House Bill 72 (TEC §21.557), school districts were to use results from the state testing program and achievement tests administered by the LEA to design and implement appropriate compensatory or remedial instructional services for secondary students who had not performed satisfactorily on each section of the state assessment instrument and students at all grade levels whose achievement test scores fell below a standard set by the State Board of Education. School districts were required to submit an annual report to the commissioner of education that described compensatory instructional services on each campus.

In 1987, the legislature adopted House Bill 1010, the state’s first comprehensive dropout reduction bill. The new law required school districts to provide compensatory programs for students at risk of dropping out of school and to designate one or more at risk coordinators. School districts were required to provide remedial and support programs for any student whose achievement test score fell below a standard established by the State Board of Education or who was at risk of dropping out of school. Criteria for identifying students at risk of dropping out of school in grades 7-12 were defined in the statute. Remedial and support programs were mandated to include an evaluative mechanism that documented the effectiveness of each school district’s education program in reducing the dropout rate and increasing student achievement.

In 1990, a special called session of the Texas Legislature added the term “supplemental” to the existing state law which required school district compensatory education programs and services.

The State Board of Education then recommended to the Texas Legislature that the term “supplemental” be deleted from the law. The concern was that requiring that state funds be used for supplemental programs and services would preclude complementary use of state compensatory education and federal Title I, Part A funds.

The 1990-91 school year was used as a transition year prior to implementation of the new legislation. School districts were required to adopt policies for remedial and compensatory education programs which specified eligibility requirements, the programs and services to be provided, and a plan for coordinating federal, state, and local funds.
House Bill 2885, as passed by the Texas Legislature in 1991, amended the Texas Education Code. The law removed the term "supplemental" from state compensatory education and required that state compensatory education funds be used to improve and enhance programs and services funded under the regular education program.

As a result of these legislative changes, in July 1991, the State Board of Education adopted additional criteria to assist districts in identifying students at risk of academic failure. The additional criteria allowed districts to use environmental, familial, economic, social, developmental, and other psycho-social factors that may contribute to the student’s ability to progress academically.

In 1995, the Texas Legislature passed Senate Bill 1, which was a complete rewrite of the state education code. Senate Bill 1 required the State Board of Education to repeal all board rules adopted before May 30, 1995, including existing rules on state compensatory education.

In 1997, Senate Bill 1873 amended Section 42.152 of the Texas Education Code and placed new restrictions on compensatory education. The bill required the design and implementation of reporting and auditing systems that ensure monitoring of school districts for appropriate use of compensatory education allotment funds. Appropriate use of compensatory education allotment funds has been defined as instructional programs that improve or enhance the regular educational program and costs that are supplementary to the regular education program. Additionally, the Texas Education Agency received an interpretation of legislative intent concerning Senate Bill 1873, stating that alternative education programs are supplemental per se in relation to the regular education program. According to the statute, the State Board of Education is to be assisted by the State Auditor’s Office and Comptroller’s Office in the design and implementation of this reporting and auditing system. The reporting and auditing system must be developed by August 1, 1998. This document describes the reporting and auditing system required by Senate Bill 1873.

In 2001, Senate Bill 702 amended the Sections of the Texas Education Code that govern the State Compensatory Education Program, enacting significant changes to statutory provisions that applied to accelerated, intensive and compensatory instructional programs. The bill amended the state criteria for identifying students that are at risk of dropping out of school, adding significant flexibility in the use of the allotment because a larger population of students would be identified as “at risk of dropping out of school,” under Texas Education Code Section 29.081. The bill also enacted a 10% ceiling for use of the state compensatory education allotment to serve students under local criteria adopted by the local board of trustees (10% of the number of students who met the State criteria for at risk of dropping out of school that were served in the prior school year). The bill enacted an 18% ceiling for use of the allotment to fund basic costs of disciplinary alternative education programs, and prohibited use of the allotment to fund the basic costs of non disciplinary alternative education programs. Also, all school districts and charter schools were required
to enter into an agreed-upon procedures engagement with an independent auditor for the
purpose of testing compliance with statutory requirements for state compensatory

In 2003, House Bill 3459 amended the Sections of the Texas Education Code that govern
the State Compensatory Education Program, enacting additional flexibility, and rescinded
the annual requirement to submit an agreed-upon procedures report to the Texas Education
Agency (the annual report was not required for school year 2002-2003 and subsequent
school years, although certain school districts and charter schools will be specifically
directed to obtain a local audit, in accordance with the requirements of the risk assessment
amended the Texas Education Code by adding subsection 42.152(c)(3), which allows use
of the compensatory education allotment to fund costs that are attributed to programs that
are specifically designed to serve students at risk of dropping out of school, as defined by
Texas Education Code Section 29.081. Thus, the addition of Subsection 42.152(c)(3)
provides flexibility in use of the state compensatory education allotment for funding the
basic costs of programs that are specifically designed to service students at risk of dropping
out of school, as described in district improvement plans and campus improvement plans,
and charter school instructional plans. The bill also lowered the required threshold
percentage for low income students on a campus to 40% (or greater), which will permit
expanded use of the state compensatory education allotment to supplement schoolwide
components of federal No Child Left Behind projects. The bill also enacted provisions for
an electronic reporting and auditing system, which will be used by the TEA to assess risk
factors for noncompliance and/or reporting deficiencies. The assessment of risk factors by
the TEA will be the basis for directing certain school districts or charter schools to have a
local audit of state compensatory education programs, in accordance with the provisions in

House Bill 1691 of the 78th Legislature also amended Section 42.152 of the Texas
Education Code to allow charges to the state compensatory education allotment (in
proportion to the percentage of students that meet the criteria in Section 29.081(d) or (g))
for programs that serve students that are enrolled in accelerated reading program under
Section 28.006(g) or that are enrolled in a program for treatment of students who have
dyslexia or a related disorder as required by Section 38.003.

Senate Bill 16 of the 78th Legislature also amended Subchapter C, Chapter 29, of the Texas
Education Code, by adding Section 29.089, relating to mentoring services. According to
Section 29.089, programs that provide mentoring services to students at risk of dropping
out of school, as defined by Section 29.081, are also eligible to be charged to the state
compensatory education allotment.

The electronic reporting and auditing system implemented in Update 11 of the Financial
Accountability System Resource Guide assesses the risk that schools did not use the state
compensatory education allotment “to fund supplemental programs and services designed
to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between students at risk of dropping out of school, as defined by Section 29.081, and all other students (see Texas Education Code Section 42.152(c).” One primary purpose of the risk assessment activities by TEA staff (see Exhibit 7) is to test whether the school district or charter school complied with this general requirement for the expenditure of the supplement funds from the SCE allotment. In most all instances, schools will not be burdened in the future with the cost of obtaining a separate audit of state compensatory education, if only effective strategies, programs and activities are supported by the SCE allotment.

In 2009, House Bill 2703 of the 81st Legislature added a provision to §29.081 (added Subsection (d-1) to §29.081, Education Code) that changed the compensatory education definition of “student at risk of dropping out of school” by excluding a student who did not advance from prekindergarten or kindergarten to the next grade level only as the result of the request of the student’s parents. Previously the law under §29.081(d)(1) included in the compensatory education definition of “student at risk of dropping out of school” any student who was not advanced from one grade level to the next.

In House Bill 3646, Section 52 of the bill amended Section 42.152(c), Education Code. This section amended the indirect cost allotment for the compensatory education allotment from 15 to 45 percent. In Section 53 of the bill, a new category of compensatory education, funding for the military dependent allotment was established. Section 53 of the bill amends Section 42.152, Education Code, by adding Subsections (s), (s-1), (s-2), and (s-3) to provide a compensatory education allotment of $650 per ADA for students who have a parent or guardian on active duty in a combat zone and for students who have a parent or guardian on active duty who have transferred to a school district as a result of a change related to an action taken under the Defense Base Closure and Realignment Act of 1990. Districts would be permitted to use this funding only to serve eligible students. Funding may be provided only if funds are specifically appropriated for that purpose or the commissioner determines that a surplus exists in the appropriation for the Foundation School Program (FSP). The amount appropriated for this purpose may not exceed $9.9 million. If the total amount of allotments exceeds the available appropriation, the commissioner is required to reduce each district’s allotment proportionately.

9.1.2 Summary of Filing Requirements

*What*

Regarding the electronic reporting requirements in this section, a school district or charter school will submit through a Texas Education Agency Secure Environment (TEASE) AUDIT account:
1. the district improvement plan, and

2. two campus improvement plans (instructional plans from charter schools) for the campuses that had the highest percentages of students at risk of dropping out of school

- Of the two campus improvement plans to be submitted, at least one campus improvement plan is to be submitted for a non-Title I schoolwide campus, if any, that had the highest percentage of students at risk of dropping out of school.

- Campus improvement plans must also be submitted electronically for all campuses that received low performing academic accountability ratings for the previous school year; therefore, it is possible that a district may file more than 2 plans.

3. the local evaluation of state compensatory education strategies, activities and programs is required for a school district or a charter school that:

- had any low performing campuses or

- reported more than 59% at risk students for the previous school year

The electronic submission of any of these documents will only apply to school districts and charter schools whose state compensatory education allotment (as reported under the District Planning Estimate (DPE) or Legislative Planning Estimate (LPE) column on the Summary of Finances) was $500,000 or more for the previous fiscal year. NOTE: Ensure all plans include required information as regulated in state law, TEC Sections, 11.251-253.

**When**

The district improvement plan, campus improvement plan(s) (for school districts) or instructional plan (for charter schools) and the local evaluations (for both school districts and charter schools) are to be submitted not later than the 150th day after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2. Typically, the last day for the PEIMS data FINAL Midyear resubmission 2 occurs in the latter part of February; therefore, the 150th day falls in late July.

**How**

The plan(s) and evaluation are to be submitted in Adobe Acrobat® pdf file through a Texas Education Agency Secure Environment (TEASE) AUDIT account. File naming and submission instructions are outlined in the Electronic Reports Submission Standards which can be found on the School Financial Audits web page on the Texas Education Agency web site.

**Example Timeline:**

February 19, 2009 – last date for resubmitting midyear data for school year 2007-08
July 19, 2009 – 150 days after PEIMS resubmission; due date for electronic reports for school year 2007-2008

As noted above, the 150th day falls in late February; the due date for the submission for plans and evaluations will thus fall in late July. The agency would therefore accept plans through the last Friday of the month of July.
9.2 Guidelines for Compensatory Education Programs

Under Section 29.081 of the Texas Education Code (TEC), 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.

9.2.1 Compensatory Education Goals

The goal of state compensatory education is to reduce any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39 TEC, or disparity in the rates of high school completion between students at risk of dropping out of school and all other LEA students (TEC Section 29.081).

9.2.2 Compensatory Education Objectives

State compensatory education funds were authorized by the legislature to provide financial support for programs and/or services designed by LEAs to increase the achievement of students at risk of dropping out of school. State law, Section 29.081, TEC, requires LEAs to use student performance data from the state’s legislatively-mandated assessment instrument known as the Texas Assessment of Knowledge and Skills (TAKS) tests and any other achievement tests administered under Subchapter B, Chapter 39, of the Texas Education Code, including norm-referenced tests approved by the State Board of Education to provide accelerated intensive instruction to students who have not performed satisfactorily or who are at risk of dropping out of school.

9.2.3 District/Campus Improvement Plans

Since school year 1992-93, TEC Section 11.251 has required each LEA to have a district and campus improvement plan or charter instructional plan, as appropriate. The state compensatory education program must be described in the campus improvement plan if the program is implemented at the campus level or be described in the district improvement plan if the state compensatory education program is implemented district wide.
Additionally, **TEC Section 11.251** also requires that the board of trustees ensure that the LEA and all campus plans be developed, reviewed and revised annually for the purpose of improving the performance of all students. Annual board approval must ensure that the district and campus plans are mutually supportive to accomplish the identified objectives and support the state goals and objectives listed in **TEC Chapter 4**.

**State law requires the district/campus improvement plan; it is the primary record supporting expenditures attributed to the state compensatory education program.**

The LEA must design the state compensatory education program based on the identified needs of students at risk of dropping out of school. In determining the appropriate accelerated, intensive compensatory programs and/or services, LEAs must use student performance data from the TAKS and other appropriate assessment instruments and achievement tests administered under Subchapter B, Chapter 39 of the Texas Education Code. In addition, the LEA must annually evaluate the outcomes and the plan’s implementation to determine whether the academic achievement of all at risk students improved; whether the goals and objectives contained in the plan were achieved; and if the plan is still appropriate as written.

In addressing the needs of students at risk of dropping out of school, the state compensatory education program must be addressed in the comprehensive needs assessment and be described in the campus improvement plan if the program is implemented at the campus level or be described in the district improvement plan if the state compensatory education program is implemented district wide. The district/campus improvement plan or charter instructional plan, as appropriate, must also include the following:

- Comprehensive needs assessment - conducted to identify the strengths and weaknesses of existing programs, practices, procedures, and activities; and ensures the use of resources is carefully planned, supplemental and cost effective
- Total amount of state compensatory education funds allocated for resources and staff
- Identified strategies – specific strategies aligned with the comprehensive needs assessment
- Supplemental financial resources for state compensatory education - indication of the approximate dollar amounts for activities and/or strategies
- Supplemental FTEs for state compensatory education - shown for SCE activities involving personnel at both the district and campus level
- Measurable performance objectives - based on needs assessment data and stated in terms of what the student is expected to do, and stated in terms of measurable
and/or observable behavior to ensure that the plan is resulting in academic improvement

- Timelines for monitoring strategies and reaching goals – specific schedule for data collection during the school year. This should be written in incremental units such as every three weeks, every month, (not August though May or “ongoing”), each semester, etc.

- Formative and summative evaluation criteria - Formative evaluation includes periodic measures that are utilized during the actual implementation of the interventions or strategies. The summative evaluation occurs at the end of the implementation period, to provide the overall project and process evaluation.

The plans for evaluating and monitoring improvement efforts are a critical component of the district comprehensive needs assessment. Inferences about the effectiveness of strategies and interventions can only be accurately made if it has been determined with a reasonable degree of certainty that strategies have been implemented as designed.

State compensatory education resources must be redirected when evaluations indicate that programs and/or services are unsuccessful in producing desired results for students at risk of dropping out of school.

LEAs 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(d), 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(g), 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(d)(3), TEC; and
6. The cost of the regular education program in relation to budget allocations per student and/or instructional staff per student ratio.

**LEAs must maintain current records to accurately document numbers of students at risk of dropping out of school.**

Many LEAs utilize their regional education service centers (ESCs) to assist in the development of their district/campus improvement plans and charter school instructional plans. ESCs provide technical assistance to school districts and charter schools and can provide a wealth of information on best practices and model programs.

### 9.2.3.1 State Criteria for Identification of Students at Risk of Dropping Out of School

TEC Section 29.081 defines the State criteria used to identify students at risk of dropping out of school.

A student at risk of dropping out of school includes each student who is under 21 years of age 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; Note: prekindergarten or kindergarten students who did not advance to the next grade level only as the result of the request of the student’s parents are excluded from this identification; effective school year 2009-2010.
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 LEA, including a detention facility, substance
abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home.

The SCE program may also supplement the dyslexia program. **TEC Section 42.152** allows charges to the state compensatory education allotment (in proportion to the percentage of students that meet the criteria in Section 29.081(d) or (g)) for programs that serve students that are enrolled in an accelerated reading program under Section 28.006(g) or that are enrolled in a program for treatment of students who have dyslexia or a related disorder as required by **Section 38.003**. Thus, only the portion of SCE funds used to supplement the dyslexia program for identified at risk students may be charged to SCE. Any other funds used to supplement this program for students who meet neither state or local criteria would have to come out of local funds or another fund source.

### 9.2.3.2 Local Criteria for Identification of Students at Risk of Dropping Out of School

Because the SCE funds cannot be used to serve students who are not identified as at risk of dropping out of school, “incidental inclusion” does not apply to the use of this grant; therefore, if the district wants to serve additional students who do not meet State criteria, the district may establish local criteria to serve the additional students.

In addition to serving students at risk of dropping out of school defined by state criteria, the LEA may serve students who meet local eligibility criteria if the local criteria have been adopted by the board of trustees of the LEA. The adopted criteria must be clearly defined in the district improvement plan for districts or the instructional plan for charter schools. However, the number of students receiving services under this subsection during a school year may not exceed 10 percent of the number of students who met the State criteria under Section 29.081 who received services from the LEA during the preceding school year.

The LEA must maintain current auditable documentation regarding the locally identified at risk students. Furthermore, the documentation indicating the compliance with the 10 percent cap must be maintained at the LEA level and addressed in the district/charter improvement plan. This is auditable data.

The LEA must also be able to explain that children identified under local criteria were added to a listing of children that were identified under **TEC Section 29.081**. This means that the state compensatory education allotment may not be used to serve students on a particular campus, if the LEA has not identified any students on the same campus that meet any of the state criteria specified in TEC Section 29.081(d).

**Students at risk of dropping out of school reported through PEIMS must meet the state criteria; students identified using local criteria are not reported through PEIMS.**
9.2.4 Funding of Compensatory Education Programs under the Foundation School Program

Funding allocated for state compensatory education programs and/or services is based on the number of educationally disadvantaged students in the LEA. The number of educationally disadvantaged students is determined by averaging the best six months’ student enrollment that qualifies in the national school lunch program for free- or reduced-price lunches in October of the preceding school year through September of the current school year. Districts are entitled to receive an additional annual allotment equal to the adjusted basic allotment multiplied by 0.2 for each student who is educationally disadvantaged. Districts are also entitled to receive an annual allotment equal to the adjusted basic allotment multiplied by 2.41 for each full-time equivalent student in a remedial and support program under TEC Section 29.081 because the student is pregnant or a parent.

House Bill 3646, Section 52, 81st Texas State Legislature, Regular Session, amended Section 42.152(c), Education Code. This section amended the indirect cost allotment for the compensatory education allotment from 15 to 45 percent. Under Title 19 Texas Administrative Code (TAC) §105.11, no more than 45 percent of the allotment may be spent on indirect costs related to state compensatory education. Indirect costs may be attributed in the General Fund to the following expenditure function codes: 34- Student Transportation; 41- General Administration; 81- Facilities Acquisition and Construction; and the Function 90 series of the General Fund, as defined in the Texas Education Agency Financial Accountability System Resource Guide. The remaining 55 percent of the state compensatory education allotment must be spent on the LEA’s identified state compensatory education programs and/or services.

School districts and open-enrollment charter schools that receive compensatory education program funding pursuant to this section are responsible for obtaining the appropriate data from families of potentially eligible students, verifying that information, and retaining records.

House Bill 2879 and Senate Bill 702, 77th Regular Legislative Session, amended the Education Code to provide an alternative state compensatory education allotment funding count for school districts and open-enrollment charter schools that do not participate in the national school lunch or breakfast programs (see TEC §42.152(b) as amended). The law allows the commissioner to adopt a counting method and rules for this alternative. The rules for the program can be found on the TEA School Finance web site at Compensatory Education Allotment – Alternative Funding Procedures.

To assist districts and charter schools with gathering the proper income eligibility information for families, the following documents have been posted to the TEA web site at Compensatory Education Allotment – Alternative Funding Procedures.
Districts and open-enrollment charter schools that receive the alternative compensatory education allotment are responsible for obtaining the appropriate data from the families of potentially eligible students, verifying the information, and retaining records. The agency will conduct an audit of the data submitted by districts and charter schools. As a result, records should be retained for a minimum of five years after the end of each school year.

9.2.4.1 Supplement/Not Supplant

SCE funds, other than the indirect cost allotment that may not exceed 45 percent, may be used only to meet the costs of providing:

1. a supplemental compensatory, intensive, or accelerated instruction program under Section 29.081; or
2. an alternative education program established under Section 37.008; or
3. support to a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Public Law 103-382 and its subsequent amendments, and by federal regulations implementing that Act, at a campus at which at least 40 percent of the students are educationally disadvantaged; or
4. a program specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081.

**Supplemental Program under Section 29.081**

SCE costs may supplement the costs of the regular education program and may be used for costs of programs and/or services that are supplemental to the regular education program and are designed for students at risk of dropping out of school. LEAs are prohibited from using FSP compensatory education resource allocations for students at risk of dropping out of school to supplant resource allocations for the regular education program.

The term regular education program applies to basic instructional services to which all eligible students are entitled. At a minimum, the Regular Education Program consists of the following required curriculum for each LEA that serves grades K-12:

A foundation curriculum that includes
- English language arts;
- Mathematics;
- Science; and
- Social studies, consisting of Texas, United States, and world history, government, and geography

Where regular education program allocations at certain campuses within the LEA are deficient compared to other campuses serving similar grade levels, the allocation of compensatory education budgetary resources to those campuses may be interpreted to have
supplanted necessary regular education services. TEA will rely upon data reported by districts through PEIMS to determine compliance with requirements in the Texas Education Code and State Board of Education rules contained in this Resource Guide. TEA may request additional data as necessary in order to clarify questions related to PEIMS data. Additionally, on-site visits will be conducted in some LEAs to further assess qualitative and quantitative questions about SCE Programs. If TEA determines that the LEA supplanted the regular education program, then financial penalties may apply to the LEA.

A majority of FSP compensatory education program expenditures are accounted for in the General Fund, under function code 11, Instruction. Other function codes account for additional instructional and non-instructional-related activities. Transactions accounted for under various function codes are those transactions representing supplemental costs to the regular education program. Because all students are entitled to receive instructional services under a regular education program setting, instructional strategies that involve modification of the regular education program do not represent supplemental direct costs, unless incremental costs to the regular education program are demonstrated. Supplemental direct costs represent incremental costs, meaning that additional costs are involved above costs necessary to provide the regular education program. Standard staff and fiscal resource allocations must be documented for different grade levels for regular education, which are necessary to substantiate the attribution of supplemental resources for incremental staff and fiscal costs benefiting students at risk of dropping out of education that are documented in campus improvement plans.

All direct costs attributed to “a program specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081” are eligible to be charged to the state compensatory education allotment. “A program specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081,” represents a temporary special program placement or setting, such as a non-disciplinary alternative education program, that provides special instruction or services for the period of time that the student is classified as at risk of dropping out of school. The district/campus improvement plans and the charter school instructional plans are to include a complete description and evaluation of the program and describe how students are entered and exited from the temporary special program placements or settings. Accordingly, the direct costs attributed to these placements or settings are eligible to be charged to the state compensatory education allotment.

Supplemental includes such costs as costs for program and student evaluation, including evaluations to assess the impacts or effectiveness of programs specifically designed to benefit students at risk of dropping out of school, supplemental instructional materials and equipment and other supplies required for quality intensive instruction, supplemental staff expenses, salary for teachers of students at risk of dropping out of school, individualized instruction, and reducing class size. Such costs must be reasonable and necessary for the success of the program.

House Bill 1691 of the 78th Legislature also amended Section 42.152 of the Texas Education Code to allow charges to the state compensatory education allotment (in
proportion to the percentage of students that meet the criteria in Section 29.081(d) or (g)) for programs that serve students that are enrolled in accelerated reading program under Section 28.006(g) or that are enrolled in a program for treatment of students who have dyslexia or a related disorder as required by Section 38.003.

Senate Bill 16 of the 78th Legislature also amended Subchapter C, Chapter 29, of the Texas Education Code by adding Section 29.089, relating to mentoring services. According to Section 29.089, programs that provide mentoring services to students at risk of dropping out of school, as defined by Section 29.081, are also eligible to be charged to the state compensatory education allotment. Before the LEA provides a mentoring program, adequate planning and research must be conducted to determine what types of programs are capable of achieving the many goals, including improved academic performance and attendance in mentored youth. The LEAs should view the improvement of academic performance as a primary outcome of their efforts and it is imperative that programs implement proven, research-based best practices if they are to achieve their desired outcome. Furthermore, the mentoring program should align with the program intent of the State Compensatory Education program, with the objective of providing accelerated, intensive and compensatory instructional programs to students who are at risk of dropping out of school. As with all other services provided for students at risk of dropping out of school, a needs assessment must be conducted to aid in the development of the programs’ scope of services. The analysis of the results of the assessment should provide the foundation that is critical in designing a program that can be integrated into raising the academic success of students at risk of dropping out of school.

Activities offered by the mentoring programs may include homework completion and assistance, supplemental academic classes, academic games and activities, computer-assisted instruction and educational games, educational board games, one-on-one tutoring, and reading, writing, and vocabulary activities. The What Works Clearinghouse (WWC) releases new intervention reports, topic reports, practice guides and quick reviews throughout the year. Use the What’s New archive to browse releases from the past year. http://ies.ed.gov/ncee/wwc/whatsnew/index.asp?Date=6/1/2009

If the state compensatory education allotment is used to fund strategies in the campus improvement plan to reduce class size, the percentage of students (who do not meet the state eligibility criteria) that may benefit from this strategy under local eligibility criteria is limited to 10% of the number of students who met the state eligibility criteria and were served in the SCE Program in the preceding year.

Example: Grade four on Campus A meets the state mandated 22:1 class size requirement; however, based on the campus needs assessment, the campus determines that the class size in grade four on Campus A needs to be further reduced. Statistically, 50% of the students in grade four meet the state eligibility criteria for students at risk of dropping out of school and 2% meet the local eligibility criteria. Therefore, it is allowable for SCE to pay 52% of the supplemental salary and benefit costs for reducing class size in grade four on Campus A. (The compensatory education allotment shall not be used to achieve the Foundation School Program student to teacher ratio requirement of 22:1) This rule
also applies when these funds are used to upgrade the educational program on a Title I, Part A schoolwide campuses.)

**Special Financial Accounting Rule for School Districts or Charter Schools with an Enrollment of Less Than 500 Students**

The comprehensive needs assessment for small enrollment school districts and charter schools may often establish class size reduction as a primary strategy for state compensatory education program and reflect this strategy in the campus improvement plans (for school districts) or the campus instructional plans (for charter schools). Often, class sizes for all grade levels are significantly smaller than an average of 22 students per teacher for regular education. This characteristic of many small enrollment school districts and charter schools is the result of maintaining separate classrooms for all grade levels for academic programs (not including physical education). If a school district or charter school had less than 500 students enrolled during the entire school year, then the fiscal transactions for regular education (for regular education campus settings) may be allocated between Program Intent Codes 11 and 24, based upon the percentage of students at risk of dropping out of school on each campus to the total enrollment for each campus. A calculation of supplemental FTEs or fiscal resources in reference to a documented standard for regular education is not required in all school districts and charter schools covered by this special provision. Supplemental FTEs and fiscal resource amounts attributed to use of the SCE allotment will be disclosed in the district improvement plan, corresponding campus improvement plan, or the charter school instructional plan consistent with the methodology described above for allocating costs between Program Intent Codes 11 and 24.

**Example:** A small enrollment school district stated in its district and campus improvement plans that small class size is the primary strategy for state compensatory education. On one campus, the school district classified 25% of the students as risk of dropping out of school under the criteria in Texas Education Code Section 29.081 and local criteria adopted by the board of trustees (in accordance with the 10% limit in Section 29.081). Regular education program costs under Function Code 11, Instruction, for the campus were $1,000,000. Costs allocated to Program Intent Code, 11 were $750,000, and costs allocated to Program Intent Code 24, were $250,000, in proportion to the percentage of students at risk of dropping out of school.

**Alternative Education Programs**

Under [TEC §42.152](https://www.texaslegis.gov/Legislation/Section42152) (c)(3) a program specifically designed to serve students at risk of dropping out of school, as defined by TEC 29.081, is considered to be a program supplemental to the regular education program and a district may use its SCE allotment for such a program. Therefore, the costs of a non disciplinary alternative education program, thoroughly established and described in the comprehensive needs assessment and in the campus improvement plan, as a program specifically designed to serve students at risk of
dropping out of school (directly targeting students meeting state and local criteria in TEC Section 29.081) are eligible to be charged to the SCE allotment.

However, TEC §42.152 (e)(1) states that in order to ensure that a sufficient amount of the SCE funds allotted to a district are available to supplement instructional programs and services, no more than 18 percent of the SCE funds allotted to a district may be used to fund a disciplinary alternative education program (DAEP) established under TEC Section 37.008. Expenditures in excess of 18 percent require a state waiver, must be supplemental, and may only fund programs directly targeting students meeting state and local criteria in TEC Section 29.081. The DAEP base line program and the supplemental program/services must be described in the campus/district improvement plan, as appropriate and must be submitted with the waiver for TEA review.

An approved annual state waiver is required prior to the use of more than 18 percent for supplemental compensatory education funds on disciplinary alternative education programs under TEC Section 37.008. Upon an annual petition by a district’s board and a district’s site-based decision-making committee, presenting the reason for the need to spend supplemental compensatory education funds on disciplinary alternative education programs under TEC Section 37.008, the commissioner may waive the 18 percent limitation. The LEA shall in its petition report the number of students in each grade level, by demographic subgroup, not making satisfactory progress under the state’s assessment system. The DAEP base line program and the supplemental program/services must be described in the campus/district improvement plan, as appropriate and must be submitted with the waiver for TEA review.

Example: If a district’s total SCE allotment is $500,000, 45% of the allotment, which is $225,000, may be used for indirect costs; 18% of the total allotment, which is $90,000, may be used for providing DAEP base line services. The remainder of the LEA’s 55% allotment ($185,000) for direct services must be used to provide supplemental programs and services to students identified as being at risk of dropping out of school. These supplemental services must be supplemental to the regular education program.

Some school districts may contract with the county to operate a DAEP, which may be located in the same facility as the local juvenile justice alternative education programs (JJAEP). If the LEA’s DAEP is contracted with the county, the LEA district may use the allowable 18% to provide the base level program of the DAEP under TEC Section 37.008. SCE funds may not provide funding for expelled students in a JJAEP operated under Section 37.011.

Additionally, SCE funds are not allowed to fund an In-School Suspension Program (ISS) because this is a disciplinary strategy used by a district or campus and does not meet the DAEP requirements stated in TEC Chapter 37. An In-School Suspension Program (ISS) also does not meet the intent and purpose of the SCE program in that SCE expenditures should directly relate supplemental instructional services that assist in improving the student’s ability to learn the curriculum in order to perform at grade level.
Support of a Title I, Part A Program

The No Child Left Behind Act of 2001 mandates that schools receiving Title I funds must “use effective methods and instructional strategies that are based on scientifically based research that strengthen the core academic program in the school; increase the amount and quality of learning time, such as providing an extended school year before-and after school, summer programs and opportunities, and help in providing an enriched and accelerated curriculum; and include strategies for meeting the educational needs of historically underserved populations.

Schoolwide program schools use Title I funds to meet the needs of all students in the school, as determined through a comprehensive needs assessment. Individual students are not identified as eligible to participate. All school staff is expected to direct their efforts toward upgrading the entire educational program and improving the achievement of all students, particularly those who are low achieving.

State law provides flexibility with the use of SCE funds on Title I, Part A campuses at which at least 40 percent of the students are educationally disadvantaged. SCE funds used to support a Title I, Part A program must be part of the campus budget and all SCE expenditures must be tracked back to the SCE fund code, and all generally accepted accounting principles must be followed. As with Title I funds, SCE funds used to upgrade the educational program must also meet the same guidelines required of NCLB in that SCE funds may only be used to incorporate instructional strategies that scientifically-based research has shown are effective with teaching low-achieving students.

SCE funds may be used on a Title I, Part A Schoolwide campus to upgrade the educational program where the actual poverty percentage of the campus is 40% or greater as long as the SCE funds allocated to the campus are supplemental to the costs of the regular education program. To determine a campus’ poverty percentage, school districts will use the same auditable poverty data it uses for Title I, Part A for identifying Title I campuses in the NCLB Consolidated Application for Federal Funding, located on the Title I Campus Selection Schedule. The use of these funds must be described and evaluated in the schoolwide campus improvement plan.

Although activities conducted with SCE funds may be used to support the educational program of a Title I school, the campus must continue to receive its fair share of state and local funds for conducting the regular education program, and the intent and purpose of the SCE Program must still be met.

Furthermore, satisfactory justification must be provided to document that the expenses requested are reasonable in cost and are necessary to accomplish the objectives of the project. “Necessary to accomplish the objectives of the project” is interpreted as meaning that the project will not be successful without the expenditure of funds for certain items/purposes/activities.

The flexibility described above does not apply to Title I, Part A Schoolwide campuses that use the Title I, Part A feeder pattern to meet the 40% poverty threshold or the Title I, Part
A regulation which allows a campus that has operated as a schoolwide campus the previous year with a 40% poverty threshold to continue to operate as a schoolwide campus. In addition, this flexibility does not apply to Title I, Part A Schoolwide campuses that are schoolwide because of an Ed-Flex Waiver.

SCE funds may be used to support a Title I, Part A identified program on a Targeted Assistance campus where the poverty percentage is **40% or greater**. Students served in a Title I, Part A Program must meet the Title I eligibility criteria, as specified in the campus improvement plan, but are not required to meet the SCE eligibility criteria to use SCE funds to support the Title I, Part A Program.

On Title I, Part A Targeted Assistance campuses or Schoolwide campuses where the poverty percentage is **below 40%**, the flexibility offered to the Title I campuses above 40% or greater does not apply. On these campuses, SCE funds must be used to implement a supplemental SCE program. SCE funds may be used in conjunction with Title I funds, if appropriate. For example, on a Title I campus below 40% poverty, a teacher may be split funded between Title I and SCE if the students served meet both the Title I eligibility criteria and the SCE eligibility criteria.

Flexibility with SCE funds does not extend to Title I, Part A, district wide program activities funded through the central office, regardless of whether all campuses in a district are Title I, Part A schoolwide.

### 9.2.4.2 Alternative Method for Receiving the Compensatory Education Allotment

Effective December 2, 2001, school districts and open-enrollment charter schools that do not participate in the national school lunch program may derive an eligible student count by an alternative method for the purpose of receiving the compensatory education allotment. Schools receiving SCE funds via the alternative method are responsible for obtaining the data from families, verifying the information, and retaining records. TEA will conduct an audit of data submitted every five years. See [19 TAC 61.1027](#) for additional information.

### 9.2.5 State Compensatory Education Planning Cycle

The planning cycle for students at risk of dropping out of school involves a complex analysis of short- and long-term indicators used to identify students and many considerations regarding service options. Section 29.081(d), TEC, defines State criteria for identifying students at risk of dropping out of school. A student’s identification as “at risk” may change during the school year. In some instances, such as in large districts, campuses where student mobility is high, multi-track school calendars and/or year-around schools, some of the tasks involving assessment, evaluation and modification of state compensatory education programs may be conducted at other times during the year. Additionally, a
student may fit the criteria for at risk over several years, such as the criteria relating to below satisfactory performance on an assessment instrument. Furthermore, districts attempt to ensure early identification, because factors that cause the child to be identified as at risk of dropping out of school may become more complex over the long-term.

The school district or charter school will maintain a record of students that were served in intensive instructional programs in order to attribute supplemental costs appropriately in proportion to the population of students that were at risk of dropping out of school and local criteria approved by the board of trustees, in accordance with Section 29.081.

The LEA must maintain current student records verifying the at-risk classification. Records must include the reason(s) the student was identified, when the student was identified, the supplemental services provided, and the date and documentation substantiating the reason for exiting the program. Additionally, the at-risk classification records must indicate periodic review and verification. Refer to Appendix 2 of this module for sample documentation records.

9.2.6 State Compensatory Education Programs and Resources

As LEAs design state compensatory education programs and/or services, they must ensure that the district/campus improvement plans and charter school instructional plans identify the resources that will be used to implement the program. Resources may include specialized supplemental materials for reading or mathematics, specialized software, additional staff, and equipment. In addition to the state compensatory education allotment, LEAs may also identify other state or local funds to help support the designated state compensatory education programs and/or services. Some examples of supplemental state compensatory education programs and/or services developed by LEAs include but are not limited to:

- tutorials;
- class size reduction; (Note: SCE funds cannot be used to meet State or Federally mandated rules);
- computer-assisted instruction
- specialized staff development to train personnel who are working with students at risk of dropping out of school*
- specialized reading and mathematics programs;
• TAKS remediation;
• individualized instruction;
• extended day (instructional) sessions for prekindergarten;
• accelerated instruction; and
• extended day, week, or year instructional services

* Additional notes on training:

Training and training expense must be reasonable and necessary and training MUST be related and beneficial to the at-risk program. Therefore, training must be aligned with the needs of at-risk students as indicated in the district/campus needs assessment. The district should ensure that training is not a “one time” event. Documentation must be maintained that training was evaluated for effectiveness. Has the district established thoroughly written policies regarding attendance of staff development?

State compensatory education (SCE) funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school. Therefore, all direct instructional costs must relate specifically to the SCE program and must be adequately documented. Furthermore, the district/charter school must be able to demonstrate the SCE programs were cost efficient and program effective.

The LEA should maintain the following information to substantiate the cost of all supplemental state compensatory education programs and/or services.

1. State the name of program.
2. State the purpose, goal, and objective.
3. State the amount that will be expended to support this program and the source of funds for the amounts expended.
4. Indicate the number of students that will be served.
5. Indicate the number of staff members involved.
6. Specify how the program supplements the regular education program. What documentation will the district/campus maintain to verify that this training is supplemental to the at-risk program and not the campus’ entire educational program? TEC §42.152(c) and (q)
7. Specify how the program will reduce the dropout rate.
8. Specify how the program will increase the achievement of students identified as being at risk of dropping out of school. TEC §29.081(d)

9. Specify how evaluations will be conducted to measure the impact of the program on student performance. In this specific case, specify how this training will be periodically evaluated for effectiveness. TEC §11.252(a)(8) and §11.253(d)(7)

10. Indicate the research used to support the effectiveness of the staff development. Basically, describe the settings and populations that have shown improved performance after using this program and summarize the evidence showing that this training improves student achievement.

11. What data will the campus use to evaluate the success of the new program as it relates to increased student achievement in the areas in need of improvement? (results of evaluation) TEC §29.081(c)

12. How will the campus monitor the implementation of the training into classrooms? Who will be responsible for mentoring and monitoring the implementation? What is the timeline for implementation? Please provide specific dates and times.

13. Indicate how the cost of the training is reasonable and necessary.

14. Identify the page number(s) of the district improvement plan/campus improvement plan (D/CIP) that describes the planned strategies, activities, services and/or functions that will be implemented in support of this program.

15. Is the proposed use of SCE and federal funds disclosed in the applicable CIP? Does this disclosure relate to the applicable line item in the approved budget?

When faced with the question of whether certain positions, programs, strategies or activities may possibly be funded with SCE dollars, the LEA must keep in mind that purpose of the SCE program is to improve student performance through direct instructional services to students at risk of dropping out of school. The more removed services are from the student, the more the resources are diluted and the more difficult it becomes for the school district to defend the use of the SCE funds and justify the effectiveness of the program in improving student performance.

9.2.7 Evaluation of State Compensatory Education Programs

LEAs are required to evaluate the effectiveness of their designated state compensatory education program and include the results of this evaluation in the district improvement
plan or the charter school instructional plan. The analysis allows the LEA to focus resources on the strategies and goals that will most likely impact the achievement of students at risk of dropping out of school.

The state compensatory education program must be evaluated and documented by showing the effectiveness in reducing any disparity in:

1. Performance on assessment instruments between “students at risk of dropping out of school” and all other district students; and

2. Rates of high school completion between “students at risk of dropping out of school” and all other district students.

The TEC does not specify the minimum standard or design for an evaluative process. Some examples of recognized standards for the design of evaluative processes are described in various reports that may be accessed on the Internet. The U. S. Department of Education report, *When Schools Stay Open Late: The National Evaluation of the 21st-Century Learning Centers Program, First Year Findings* (2003) describes a comprehensive evaluative process (see Exhibit 1), and provides an example for a conceptual design for an evaluation of supplemental programs. The 21st Century Learning Centers Program report provides an illustration of a best practice for evaluative processes.

Appropriate modifications in the design of evaluative processes should be made in the context of different grade levels and subpopulations of students, and for campuses that have varying percentages of students at risk of dropping out of school enrolled. Substantive and meaningful evaluations of the uses of the SCE allotment are essential in order to ensure an optimum allocation of scarce resources and timely modifications of accelerated, intensive and compensatory programs.

The U. S. Department of Education’s evaluation of learning centers placed an “emphasis on rigorous estimation of effects and multifaceted data collection that allowed the evaluation to explore many questions about program operation and implementation in addition to its impacts on children and youths.” School district and charter school decisions about the process design for an evaluation should represent a reasonable cost/benefit balance. More rigorous evaluations of strategies, programs and services, and assessments of the programmatic impacts to academic success factors are needed in certain school districts and charter schools.

The U. S. Department of Education’s evaluation of learning centers included use of propensity score matching (PSM), involving selection of a potential comparison group of students whose characteristics most closely resembled those of participants in the learning center programs. Techniques for benchmarking student populations may be combined with various statistical models, including the use of regression analysis, supported by statistical software packages to estimate the standard errors of the coefficients of various models. The design process for the evaluation of SCE-related activities may be complex, requiring the use of outside consultants, in some instances, which would represent an appropriate charge to the state compensatory education allotment.
Exhibit 1. Example Logic Model for Understanding the Impacts of Supplemental Local, State or Federal Programs for Students at Risk of Dropping Out of School

A. Context

School Characteristics
- School, classroom, teacher, student characteristics
- School safety
- Academic support structure
- Climate, academic expectations
- Community safety
- History of school/community involvement

Student After-School Time
- Location
- Companions
- Activities

B. Program Implementation

Participation
- Recruitment/retention
- Dosage

Program Content and Delivery
- Safe environment
- Academic activities
- Social, cultural, recreational activities
- Links with school day

Program Structure and Resources
- Goals
- Organization
- Functioning
- Staffing/training

Collaborations
- School
- Community organizations

Program Sustainability

C. Conditioning Factors

Individual and family characteristics
- Parent/child relationship

Parent involvement in schools
- Community involvement

D. Intermediate Impacts

Academic/Cognitive
- Improved homework completion
- Improved study skills
- More reading, less TV
- Improved effort
- Better attendance
- Improved classroom behavior
- Improved attitude toward school and reading

Social/Emotional
- Increased personal responsibility
- Better peer interactions
- Higher aspirations
- Better problem-solving
- Increased knowledge/respect for diversity
- Increased feeling of safety

E. Long-Term Impacts

Academic/Cognitive
- Higher grades
- Higher test scores
- On-time promotion
- Return to regular track
- High school graduation
- Postsecondary plans

Behavior
- Reduced fighting, stealing, vandalism
- Reduced use of alcohol, tobacco, other drugs

Safety
- Reduced victimization

According to the U. S. Department of Education, there are four types of program evaluation, as explained in Exhibit 2. The four basic types of program evaluations have different audiences, answer certain questions and involve different methodologies. Certain aspects of the four types of program evaluations should be considered by school districts and charter schools in the context of short-term and long-term process design factors for evaluations of accelerated, intensive, and compensatory instructional strategies, activities and programs.

Exhibit 2. Four Types of Program Evaluation

<table>
<thead>
<tr>
<th>Type of Evaluation</th>
<th>Audience</th>
<th>Key Questions</th>
<th>Timeline</th>
<th>Methodologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous Improvement</td>
<td>Program Staff</td>
<td>How can we continuously improve our communication and guidance in order to achieve our objectives?</td>
<td>ASAP</td>
<td>Market research methods like fast response surveys, focus groups, etc.</td>
</tr>
<tr>
<td>Performance Data</td>
<td>Appropriators/OMB</td>
<td>Which federal programs are working? Are some programs more effective than others?</td>
<td>Annual</td>
<td>Analysis using Performance-Based Data Management System</td>
</tr>
<tr>
<td>Implementation Studies</td>
<td>Authorizers</td>
<td>How well are programs being implemented? Are the policy changes we made leading to improved outcomes?</td>
<td>5-7 Years</td>
<td>Passive, descriptive evaluation studies, using methods like self-reported surveys and case studies</td>
</tr>
<tr>
<td>Field Trials</td>
<td>Practitioners</td>
<td>What works? What specific educational interventions lead to increased student achievement?</td>
<td>Long-term</td>
<td>Random assignment field trials with longitudinal data</td>
</tr>
</tbody>
</table>


In addition to school districts’ and charter schools’ local evaluations, the TEA is required by law to evaluate state compensatory education statewide. The Agency will review TAKS scores of students identified through PEIMS as being at risk of dropping out of school to determine if the achievement gap is closing and students at risk of dropping out are succeeding.
9.2.8 Campus Considerations for Supplement/Supplant Compliance

Different variables impact regular education costs for various types of campuses, such as high school versus middle school. Accordingly, statistical analysis of resource allocations for the regular education program is restricted to a comparison of campuses offering similar grade levels, such as comparisons between campuses serving elementary grade levels within a district. The statistical analysis for determination of a supplant is more comprehensive in districts that have multiple campuses across several grade levels.

The LEA may also decide to concentrate its FSP compensatory education resources on only one or a small number of campuses that serve students at risk of dropping out of school. Decisions to target campuses selectively instead of in proportion to allocations according to the concentration of students at risk of dropping out of school may give the appearance that the regular education program was supplanted.

**Single Attendance Campuses for Grade Levels**

Statistical analysis of LEA resource allocations will be affected by certain characteristics, like the number of campuses that serve similar grade levels. If the LEA has no more than one campus for a grade level, then the one statistical analysis for supplant will be resource allocations to campuses according to the proportion of students at risk of dropping out of school. Other statistical tests will involve review of regular education resources across campuses. Accordingly, TEA will determine whether compensatory education program resource allocations per student at risk of dropping out of school on the elementary campus are proportional to the percentages of students at risk of dropping out of school at the middle, junior high and/or high school campuses.

**Multiple Attendance Campuses for Grade Levels**

Statistical analysis of LEAs that have multiple attendance campuses for a grade level is more complex. One test for these campuses is whether direct costs for regular education reflect an equitable distribution of regular education resources across campuses that serve comparable grade levels. Another test will be whether compensatory education resource allocations are proportional to the number of students at risk of dropping out of school in campuses serving similar grade levels. If compensatory education resources are concentrated on one or a few campuses, then the statistical analysis will also include a review of resources for regular education.
9.2.9 Analysis of Fiscal Data for Supplement/Supplant Compliance

Fiscal data used in analyzing direct costs per student are expenditures recorded in the General Fund under object codes 61XX, Payroll Costs, through 6599, Debt Service, under Program Intent Codes 11, Basic Educational Services; 24, Accelerated Education; 26, Non-disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students.

Consideration of other fiscal data will apply to costs recorded under 66XX, Capital Outlay, under Program Intent Codes 24, Accelerated Education; 26, Non-disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students. This data is excluded in analyzing direct costs per student because one-time purchases of equipment may distort an analysis of the correlation of compensatory education expenditures with the proportion of students at risk of dropping out of school. Supplemental review of district data will be made when expenditure patterns indicate a district may have supplanted the regular education program.

The analysis of fiscal data described in this section excludes those functions defined as indirect costs in State Board of Education rule, under Title 19 Texas Administrative Code Chapter 105, Subchapter B, Maximum Allowable Indirect Cost. Additionally, if the LEA is a member of a shared services arrangement for compensatory education, then TEA’s analysis will also include the LEA’s share of expenditures by the fiscal agent.

9.2.10 Analysis of Student Data for Supplement/Supplant Compliance

Student data reported through PEIMS is analyzed to determine the relative proportion of students at risk of dropping out of school per campus. Statistical analysis of student data also includes a review of academic performance of students at risk of dropping out of school as a group and in comparison to other students.
9.2.11 Analysis of Staff Data for Supplement/Supplant Compliance

An analysis of instructional staffing patterns is a useful tool. Instructional payroll related to concentrated staff resources is a primary cost of public education, including FSP compensatory education programs. Differences in teacher degree status and experience may complicate the analysis of fiscal resource allocations across campuses in certain districts.

If school district/campus improvement plans or charter school instructional plans primarily rely upon smaller class sizes, then staffing patterns may show a correlation between the number of instructional units, teachers and teacher aides, and the proportion of students at risk of dropping out of school per campus. An analysis of staffing patterns is necessary when examining the allocation of resources in most districts, whenever instructional salaries are recorded under Program Intent Codes 24, Accelerated Education; 26, Non disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students. Split funded state compensatory education program teachers’ salaries and an entire salary of a teacher that is assigned to the state compensatory education program may be recorded to Program Intent Code 24, Accelerated Education, as applicable.

9.2.12 Example of District Profiles of Supplemental Resources for Compensatory Education Programs

LEA profiles, illustrated in Exhibits 3 and 4, reflect the use of FSP compensatory education resources to supplement the regular education program for intensive instructional programs serving students at risk of dropping out of school. Exhibit 3 illustrates a simple formula for allocation of FSP compensatory education resources, reflecting increasingly concentrated resources in proportion to the percentage of students at risk of dropping out of school at different campuses. Exhibit 4 illustrates that the FSP compensatory education allotment may be used to supplement regular education program resources provided to at risk bilingual students in order to close the gap in academic performance between limited English proficiency students at risk of dropping out of school and other students. There is little likelihood that any LEA’s resource allocation patterns would mirror those illustrated in Exhibits 3-5 because of important considerations that are made for programmatic reasons, relating to differences in academic performance across campuses if all other factors were equal.
Exhibit 5 illustrates another simple example wherein the entire FSP compensatory education allotment is concentrated at a single campus that has the highest concentration of students at risk of dropping out of school involving intensive instructional programs for these students. These exhibits illustrate opposite extremes for potential resource allocation practices. Actual LEA practices differ in many ways.

Exhibit 3. Examples of Proportional Allocations of FSP Compensatory Education Resources According to the Percentage of Student at Risk of Dropping Out of School
Exhibit 4. Examples of Bilingual Education Setting Showing Proportional Allocation of FSP Compensatory Education Resources According to the Percentage of Student at Risk of Dropping Out of School
To reiterate an important point, there is little likelihood that any LEA’s resource allocation patterns would mirror those illustrated in Exhibits 3-5 because of important considerations that are made for programmatic reasons, relating to differences in academic performance across campuses if all other factors were equal. However, the illustrations do serve to explain the requirement in state law that the basic allotment is to be supplemented in providing state compensatory education resources to students at risk of dropping out of school.

9.2.13 Example of District Profiles of Supplant of Regular Education Program Resources

LEA resource allocation practices that appear to supplant regular education resources are illustrated in Exhibit 6. Exhibit 6 illustrates a simple formula for allocation of aggregate regular education and FSP compensatory education resources that are in proportion to enrollment in different campuses, without any discernible correlation to the percentage of students at risk of dropping out of school per campus. The exhibit illustrates what appears
to be an extreme example of the LEA that is supplanting regular education resources with the FSP compensatory education allotment.

The LEA gives the appearance that it is supplanting the regular education program if the allocation of compensatory education resources appears independent of the number and/or proportion of students at risk of dropping out of school across all campuses. Such an allocation practice contradicts a logical expectation that resources tend to be concentrated according to increased student needs for additional staff, training, educational services, specialized curriculum, and specialized instructional equipment.

**Exhibit 6. Examples of FSP Compensatory Education Resource Allocations that Suggest Supplant of the Regular Program**

![Graphs showing instructional staff and financial resources allocation by campus based on risk of dropping out of school.]

**9.2.14 Federal Program Compliance Considerations in Design of State Compensatory Education Programs**

Title I, Part A of the Elementary and Secondary Education Act (ESEA), as amended, is intended to improve the regular education programs operated by local education agencies.
The two types of programs by Title I, Part A are schoolwide programs and targeted assistance programs. Both schoolwide and targeted assistance programs must use effective methods and instructional strategies that are grounded in scientifically based research. Each of these program types has components that are required by law, and the state compensatory education requirements affect each program type differently.

9.2.14.1 Considerations Related to Targeted Assistance in Elementary and Secondary Education Act, as Amended, Title I, Part A

A campus that is eligible for Title I, Part A services but is either ineligible or chooses not to participate as a schoolwide program may operate a targeted assistance program.

The intent and purpose of a targeted assistance program operated under Elementary and Secondary Education Act, as amended, Title I, Part A is to provide supplemental services only to eligible Title I, Part A students identified as having the greatest need for special assistance based on multiple, educationally-related, objective criteria. A targeted assistance program employs staff paid with Title I funds to serve only those students who have been identified as Title I students.

A supplemental State or local program meets the requirements of a targeted assistance program if the program –

• Serves only children who are failing, or most at risk of failing, to meet the State’s challenging student academic achievement standards;

• Provides supplementary services designed to meet the special educational needs of the children who are participating in the program to support their achievement toward meeting the State’s student academic achievement standards; and

• Uses the State’s assessment system described in 34 CFR Part 200.2 to review the effectiveness of the program.

Therefore, the LEA must have established criteria for every grade that receives services under Title I, Part A targeted assistance programs. Any supplemental identification criteria established at the campus level must also be described in the Title I, Part A targeted assistance campus improvement plan.

Students must be identified on the basis of multiple, educationally related, objective criteria established by the LEA and supplemented by the school. The LEA’s criteria for identifying students for Title I, Part A services must be clearly defined in the LEA’s district/campus improvement plans or charter school instructional plan. Any supplemental criteria established at the campus level must also be described in the corresponding campus plan. The LEA must have criteria for every grade that receives services under Title I, Part A targeted assistance programs.
Children from preschool ages through Grade 2 shall be selected solely on the basis of such criteria as:

- teacher judgment;
- interviews with parents; and
- developmentally appropriate measures.

A Title I, Part A, targeted assistance program must do the following:
1. implement the Eight Components of a targeted assistance program;
2. include in the CIP the student eligibility criteria used for identifying Title I, Part A, students—students who are failing or most at risk of failing to meet the state’s student performance standards;
   The campus must use multiple (at least two), educationally related, objective criteria established by the LEA; and
3. describe in the CIP how Title I, Part A, funds are spent on effective methods and instructional strategies that are based on scientific research for participating Title I, Part A, students.

The Title I program incorporates only instructional strategies that scientifically-based research has shown are effective with teaching low-achieving students. Targeted assistance programs cannot serve all students in a grade. They can only serve students identified as in greatest need. Additionally, the number of students served should be less than 40% of the total enrolled at the campus.

To assist targeted assistance schools and local educational agencies to meet their responsibility to provide for all their students served under this part the opportunity to meet the State’s challenging student academic achievement standards, each Title I, Part A targeted assistance program includes eight required components. Each targeted assistance program shall —

1) use Title I, Part A resources to help participating children meet the state’s challenging student academic achievement standards expected for all children;

2) ensure that planning for students served is incorporated into existing school planning;

3) use effective methods and instructional strategies that are based on scientifically based research that strengthens the core academic program of the school and that —
   - give primary consideration to providing extended learning time, such as an extended school year, before- and after-school, and summer programs and opportunities;
• help provide an accelerated, high-quality curriculum, including applied learning; and

• minimize removing children from the regular classroom during regular school hours for Title I, Part A instruction;

4) coordinate with and support the regular education program, which may include services to assist preschool children in the transition from early childhood programs such as Head Start, Even Start, Early Reading First or State-run preschool programs to elementary school programs;

5) provide instruction by highly qualified teachers;

6) provide opportunities for professional development for teachers, principals, and paraprofessionals, including, if appropriate, pupil services personnel, parents, and other staff, who work with participating children in targeted assistance programs or in the regular education program; and

7) provide strategies to increase parental involvement, such as family literacy services;

8) coordinate and integrate Federal, State, and local services and programs, including programs supported under this Act, violence prevention programs, nutrition programs, housing programs, Head Start, adult education, vocational and technical education, and job training.

The LEA must maintain current records to document the number of students from low-income families, the students who meet the eligibility criteria, and the students identified as having the greatest need for special assistance.

9.2.14.2 Considerations Related to Schoolwide Programs Operated under Elementary and Secondary Education Act, as Amended, Title I, Part A

The intent and purpose of a Title I, Part A schoolwide program is to upgrade the entire educational program at the participating campus. Title I, Part A funds must be supplemental. All children enrolled at a schoolwide campus are eligible to participate.

The goal of schoolwide programs is to generate high levels of academic achievement in core subject areas for all students in a school. Schoolwide programs must also focus on the
needs of the low-achieving children and those at risk of not meeting state achievement standards. All staff and resources are part of the overall schoolwide program.

Although a campus has met the 40% threshold, they are not required to serve schoolwide. See discussion below regarding becoming a schoolwide program.

Title I, Part A schoolwide programs operate according to a plan that contains proven, research-based strategies designed to facilitate schoolwide reform and improvement, including professional development activities based on practices proven to be successful in helping teachers improve the quality of their instruction. Furthermore, Section 1114 of Title I of the ESEA requires that the plan be developed with the involvement of parents and other members of the community to be served and individuals who will carry out the plan, including teachers, principals and administrators, and, if appropriate, pupil services personnel, technical assistance providers, school staff, and, if the plan relates to a secondary school, students from such schools. The planning team must remember that any strategies the school considers should be research-based and likely to produce the desired results. Therefore, in addition to being grounded in scientifically based research, the strategies developed must be comprehensive and span all grades and subjects.

**Becoming a Schoolwide Program**

For a school to operate a schoolwide program, the following must occur:

- Poverty level at the individual school building needs to be 40 percent or above. (Once a school becomes schoolwide, it may remain a schoolwide even if the poverty level drops below 40 percent)
- The school, in consultation with its district and its school support team or other technical assistance provider, decides if it wants to become a schoolwide program in order to upgrade the school’s total educational program.
- High-quality assistance and support is available to the school from external technical assistance providers.
- A comprehensive plan must be developed over a one-year period based upon an extensive needs assessment. The one-year time period may be shortened only if the school district determines, after consideration of the technical assistance availability, that less than one year is needed to have a schoolwide plan developed and ready for implementation.
- The plan is to be developed by a diverse group of appropriate individuals
  - Teachers
  - Principals
  - Pupil services personnel
  - Support Staff
  - Parents
  - Other members of the community to be served.
  - Secondary level students if program is at a high school
  - Administrators from other Title programs
Schoolwide plans must describe how other local, state and federal resources will be used in conjunction with Title I funds. The school also may consider coordinating with other programs such as: Reading First, Early Reading First, Even Start, Carl D. Perkins Vocational and Technical Education Act of 1998, and the Head Start Act.

Plans should describe how the school will provide information about the results of individual student academic assessments to parents in a language they can understand.

The plan must describe how the school will implement all of the ten required components.

The plan should be reviewed and revised as necessary.

**Components of a Schoolwide Program**

A schoolwide program must include and address the following 10 components in its plan:

1. **A comprehensive needs assessment** of the entire school, including the needs of any migratory children in attendance. This assessment is based on information about the achievement of children in relation to the Texas state Academic Standards (TAKS). It should identify gaps between the current status of the school and its vision of where it wants to be, relative to key indicators or focus areas. Data obtained from the needs assessment provide the foundation for the goals of the comprehensive schoolwide plan.

2. **Schoolwide reform strategies** that provide opportunities for all children to meet the state’s academic standards, particularly low-achieving children. The plan also should address how the school will determine if student needs have been met.

3. **Instruction by highly qualified teachers** (Refer to the NCLB Program Coordination web page for additional information: [http://www.tea.state.tx.us/nclb/](http://www.tea.state.tx.us/nclb/))

4. **High quality and ongoing professional development** for teachers, principals, and paraprofessionals, and if appropriate, pupil services personnel, parents, and other staff.

5. **Strategies to attract high-quality highly qualified teachers**

6. **Increased parental involvement** activities including family literacy services.

7. **Assist preschool children in the transition from early childhood programs**, such as Head Start, Even Start, Early Reading First, or a state-run preschool program, to local elementary school programs.

8. **Include teachers in the decisions regarding the use of academic assessments** in order to provide information on, and to improve, the achievement of individual students and the overall instructional program.

9. **Provide effective, timely additional assistance** and activities to students who experience difficulty mastering the proficient or advanced levels of academic achievement standards. This shall include measures to ensure that students’ difficulties are identified on a timely basis and provide sufficient information on which to base effective assistance.

10. **Coordinate and integrate federal, state, and local services and programs.** These may include other programs under the Elementary and Secondary Education Act (ESEA), and violence prevention, nutrition, housing, Head Start, adult education, vocational and technical education, and job training programs.
**Other Considerations**

- Identification of students is not required, but care must be taken to ensure that the needs of those farthest from meeting the state’s student academic achievement standards are met.
- Services to children in schoolwide programs must be supplemental in nature, not supplanting services.
- Schools with schoolwide programs that consolidate and use funds from different federal programs are not required to maintain separate fiscal accounting records, by program.

The schoolwide campus must evaluate annually the outcomes and the plan’s implementation to determine whether the academic achievement of all students, and particularly of low-achieving students, improved, whether the goals and objectives contained in the plan were achieved, and if the plan is still appropriate as written.

In summary, a schoolwide campus must retain documentation related to its three core components: the comprehensive needs assessment, the comprehensive schoolwide plan, and the evaluation. Documentation relating to the needs assessment should include significant information about the achievement of students and conditions in the school that directly affect their academic achievement. Documentation relating to the comprehensive schoolwide plan must contain specific information about how the program will implement each of the 10 required components, how resources will be used, the programs consolidated to support the schoolwide program, and how student assessment results will be disseminated. Documentation relating to the evaluation should include the method of evaluation used, and findings that describe the results achieved by the schoolwide program and its implementation.

Technical assistance on schoolwide program requirements and accounting for funds combined on schoolwide campuses is available at the regional Education Service Centers (ESCs).

**Resources:**

- Division of NCLB Program Coordination, Texas Education Agency [http://www.tea.state.tx.us/nclb/](http://www.tea.state.tx.us/nclb/)
- ED Pubs: [http://www.ed.gov/about/ordering.jsp](http://www.ed.gov/about/ordering.jsp)
  1-877-4-ED-PUBS
9.2.14.3 Supplement, Not Supplant and Comparability

Introduction

In general, the term “Supplement, Not Supplant” means that federal funds must be used to enhance or increase the level of funding which is normally available from state or local sources; federal funds must not replace state and local funds.

Title I, Part A funds must be used only to supplement the amount of funds that would, in the absence of Title I, Part A funds, be made available from state and local sources; Title I, Part A funds may not supplant (take the place of) non-federal funds.

Any program activity required by state law or State Board of Education rule may not be funded with federal funds, regardless of whether any funding was provided in conjunction with the state mandate.

Federal funds may not be used to fund positions, programs, or activities which were previously funded from state funds. For example, a position which was previously funded under one federal program may be funded under another federal program. However, a position may not be funded under a federal program when that position was previously funded from non-federal (state or local) funds. The only exception
to this rule is if the position was previously funded from state or local funds to carry out state-funded activities and the position is no longer needed to carry out such activities. Then the position could be funded from federal funds to carry out activities associated with the respective federal program.

Documentation must be maintained which clearly demonstrates the supplementary nature of federal funds.

- Fiscal and program records must show that activities conducted with federal funds were not previously funded from state or local sources.

- In order to demonstrate the supplementary nature of federally funded activities, grant recipients should maintain a written plan which clearly outlines what activities are state or locally funded versus which activities are federally funded, and provide a description of how these activities are supplementary.

Supplemental state or local funds expended to meet the intent and purpose of Title I, Part A as described in 34 CFR may be excluded from this requirement.

The purpose of the federal fiscal requirement of supplement, not supplant is to ensure that the level of state and local support for programs remains at least constant and is not replaced by federal funds.

Funds for this program must be used to supplement (increase the level of services) and not supplant (replace) funds from nonfederal sources. Any program activity required by State law, State Board of Education (SBOE) rules, or local board policy may not be paid with these funds. State or local funds may not be decreased or diverted for other uses merely because of the availability of these funds. The LEA must maintain documentation that clearly demonstrates the supplementary nature of these funds.

An LEA may receive Title I, Part A funds only if it uses state and local funds to provide services at Title I, Part A campuses that are at least comparable to the services provided at campuses that are not receiving Title I, Part A funds. Comparability applies only to multiple attendance areas and campuses with more than 100 students. For determining comparability, LEAs compare state and local per pupil expenditures, per pupil expenditures for state and local salaries, or the pupil/non-federal instructional staff ratio. Whichever method the LEA chooses, the method must be applied consistently throughout the LEA.

For the purpose of determining comparability, the LEA may exclude state and local funds expended for (1) bilingual education for children with limited English proficiency, (2) excess costs of providing services to children with disabilities, or (3) supplemental state or local funds that meet the exclusion requirements under 34 CFR 200.79.

For the purposes of determining compliance with the Title I, Part A fiscal requirement—supplement, not supplant and comparability—described above under Title I, Part A, the LEA may exclude supplemental State or local funds expended in any school attendance
area or school for programs that meet the requirements of Section 1114 (schoolwide programs) or Section 1115 (targeted assistance programs).

**Description of the Schoolwide Program**

Schoolwide programs address the educational needs of children living in impoverished communities with comprehensive strategies for improving the whole school so every student achieves high levels of academic proficiency. Schoolwide programs have great latitude to determine how to organize their operations and allocate the multiple funding sources available to them. They do not have to identify particular children as eligible for services or separately track Federal dollars. Instead, schoolwide programs can use all allocated funds to increase the amount and quality of learning time.

A campus participating in a schoolwide program shall use Title I, Part A funds only to supplement the amount of funds available from non-federal sources for the campus including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. A schoolwide campus does not have to demonstrate that activities are supplemental. The school is not required to identify particular children or to provide supplemental services to identified children. Other funds may be used on a schoolwide campus in combination with Title I, Part A to upgrade the entire educational program, but the funds must not be commingled. Such schoolwide programs are exempt from statutory or regulatory requirements of other federal education programs, provided that the intent and purposes of each such program are met and the needs of the intended beneficiaries of the federal fund sources combined are met. The effectiveness of the program is measured by student performance.

**Schoolwide**

**34 CFR 200.79**

Schoolwide: A supplemental State or local program will be considered to meet the requirements of Section 1114 if the program:

1. Is implemented in a school that meets the schoolwide poverty threshold for eligibility;

2. Is designed to promote schoolwide reform and upgrade the entire educational program in the school to support students in their achievement toward meeting the State’s challenging student performance standards that all students are expected to meet;
3. Is designed to meet the educational needs of all children in the school, particularly the needs of children who are failing, or most at risk of failing, to meet the State’s challenging student performance standards; and

4. Uses the State’s system of assessment under Section 34 CFR 200.2 to review the effectiveness of the program.

Note: These criteria apply to all schoolwide campuses, including those that have been granted an Ed-Flex Waiver to waive the schoolwide poverty threshold.

**Fiscal and Program Requirements for All Schoolwide Programs**

In summary, the following fiscal and program requirements apply to all schoolwide programs.

1. The LEA must be able to maintain an audit trail according to budget authority in the Notice of Grant Award for federal funds expended on a schoolwide campus.

2. The LEA must be able to demonstrate comparability of services and/or maintenance of effort as required by each federal program.

3. Program activities included on a schoolwide campus must be implemented and evaluated as required by each federal program.

4. Federal funds on a schoolwide campus must be used to meet the needs identified through the school’s comprehensive needs assessment and the school reform activities described in the Campus Improvement Plan. The Campus Improvement Plan must incorporate the requirements for a Schoolwide Program.

5. Documentation at the local level must be maintained to demonstrate that appropriate activities were conducted to reasonably address the needs of the intended beneficiaries of the federal programs included on a schoolwide campus and that the intent and purposes of each federal program were met.

To ensure that Title I, Part A funds were used to provide services that were in addition to the regular services normally provided by an LEA for participating children, the LEA must have met three fiscal requirements related to the expenditure of regular state and local funds. An LEA must have—

- Maintained state and local effort;
- Provided services in project areas with state and local funds that were at least comparable to services provided in areas not receiving Title I, Part A services; and
- Used Title I, Part A funds to supplement, not supplant regular non-federal funds.

To ensure that required planning was conducted, documentation at the local level must have been maintained to demonstrate that each schoolwide program plan was:
developed with the involvement of parents and other members of the community served and individuals who carried out the plan, including teachers, principals, and administrators, administrators of other Title I programs, and if appropriate, pupil services personnel, technical assistance providers, school staff, and, if the plan related to a secondary campus, students from such campus.


- in effect during the campus’s participation under Title I, Part A and was reviewed and revised when necessary by the campus.
- made available to the LEA, parents, and the public, and the information contained in the plan was in an understandable and uniform format and, to the extent practicable, provided in a language that the parents could understand.
- developed (when appropriate) in coordination with programs under Reading First, Early Reading First, Even Start, Carl D. Perkins Vocational and Technical Education Act of 1998, and the Head Start Act.

**Targeted Assistance**

**34 CFR 200.79**

Targeted Assistance: A supplemental State or local program will be considered to meet the requirements of Section 1115 if the program:

1. Serves only children who are failing, or most at risk of failing, to meet the State’s challenging student performance standards;

2. Provides supplementary services designed to meet the special educational needs of the children who are participating to support their achievement toward meeting the State’s student performance standards that all children are expected to meet; and

3. Uses the State’s system of assessment under 34 CFR Part 200.2 to review the effectiveness of the program.
**Title I Programs**

Regardless of which types of Title I, Part A, program the LEA operates, it is possible that some Title I, Part A, administrative, professional development, parental involvement, or even instructional activities are conducted through the central office. The LEA should be able to respond appropriately to and maintain documentation for each of the following questions to determine whether certain expenditures would be allowable:

1. Is the program, activity, or strategy reasonable and necessary to carry out the intent and purpose of the program?
2. Does the program, activity, or strategy address a need previously identified in the campus comprehensive needs assessment?
3. Is the program, activity, or strategy to be funded described in the district/campus or charter improvement plan before the decision of whether to pay the expenditure from Title I, Part A, funds?
4. How will the program, activity, or strategy be evaluated to measure a positive impact on student achievement?
5. If for a schoolwide campus, will the program, activity, or strategy upgrade the entire educational program on the campus?
6. Is the program, activity, or strategy supplemental to other nonfederal programs? On a schoolwide program, the amount of Title I, Part A, funding on the campus must be supplemental. On a targeted assistance program, the program, activity, or strategy must be supplemental.

The Title I, Part A, guidance document at [http://www.tea.state.tx.us/nclb/newpolicy/title1a.pdf](http://www.tea.state.tx.us/nclb/newpolicy/title1a.pdf) describes other general uses of Title I, Part A, funds for items such as salaries, rent, maintenance, mobile vans, and equipment.

**QUESTIONS AND ANSWERS**

**Question 1:** When may nonfederal supplemental funds be excluded for supplement, not supplant and comparability on a targeted assistance campus?

**Answer 1:** Nonfederal supplemental funds may be excluded IF:

- the funds are used to implement a program that meets the requirements of 34 CFR 200.79;
- funds are not used for implementing the regular mandated foundation program;
• funds are not used to implement an activity required by state law, SBOE rule, or local board policy;

• the program uses multiple, educationally related, objective criteria that are comparable to Title I, Part A for determining eligibility; and

• the program implements strategies based on scientific research that strengthen the core academic program, increase the amount and quality of learning time and include strategies to address the needs of low-achieving students.

**Question 2:** Must the “same” criteria used to identify Title I students on a targeted assistance campus also be used by programs conducted with nonfederal funds when these nonfederal funds will be excluded for supplement, not supplant and comparability?

**Answer 2:** No. However, the multiple criteria must be objective and educationally related and must be comparable to that used in Title I, Part A.

**Question 3:** Who determines if the nonfederal funds meet the criteria of supplemental on a schoolwide or targeted assistance campus?

**Answer 3:** The campus may request the exclusion, the LEA reviews and approves the exclusion, and the State verifies the program meets the intent and purposes of Section 1114 or 1115, as appropriate, through monitoring for exclusion for supplement, not supplant and through the review and approval of written documentation submitted for exclusion from comparability.

**Examples**

**Example 1**

One year on a Title I targeted assistance campus, a teacher is paid 50% from Title I, Part A funds and 50% from supplemental local funds for performing 100% Title I services.

May these nonfederal supplemental funds be excluded from the calculation of supplement, not supplant and comparability? Yes, because the funds meet the requirements for exclusion, the funds are not used for implementing the regular mandated foundation program, and multiple, objective, comparable educational criteria were used.
Example 2

On a Title I, Part A targeted assistance campus, the campus implements a supplemental program in grades 1-3 for students failing math and reading.

May the campus use Title I, Part A funds for students failing reading and use supplemental state funds for those failing math? Yes.

Is this a violation of supplement, not supplant? Title I students must have equitable access to money and services that non-Title I students receive. It would appear in this example and other examples described in this document that Title I students are not getting their fair share. However, if nonfederal supplemental funds are used to carry out a “Title I-like program” which meets the requirements under 34 CFR 200.79, is not part of the regular mandated foundation program, uses multiple, objective, educationally related criteria, and is not required by state law or local board policy, the nonfederal funds may be excluded for determining supplement, not supplant and comparability.

Must these nonfederal supplemental funds be used to serve Title I identified children to meet the exclusion? No.

Must the school serve those students most in need with Title I funds or may the most in need be served with the supplemental state compensatory (SCE) funds? Either way is allowable.

Note: LEAs are required to provide TAKS remediation. Therefore, TAKS remediation activities funded with federal or supplemental nonfederal funds targeted for exclusion must be in addition to what is required by state law or local policy and addressed in the campus improvement plan.

Example 3

An LEA implements a Title I program at grade 1 on a K-3 targeted assistance campus. The LEA uses supplemental SCE and local funds to implement a similar program in grades 2-3.

May these nonfederal funds at grades 2-3 be excluded for calculating supplement, not supplant and comparability? Yes, if the requirements in 34 CFR 200.79 are met.

Example 4

Campus A (K-3) is a Title I targeted assistance campus and implements a Title I program at grades 2-3. Campus B (K-3) is NOT a Title I campus but provides the same supplemental program for grades 2-3 with supplemental state funds.
May Campus B exclude these state funds for determining compliance with the supplement, not supplant and comparability requirements? Yes, if the requirements in 34 CFR 200.79 are met.

**Example 5**

An LEA uses supplemental state funds to implement an Alternative Education Program (AEP) for Grades 6-12.

May the LEA exclude these supplemental state funds from the determination of compliance with supplement, not supplant and comparability requirements? Only the portion of funds that meets the requirements in 34 CFR 200.79 and is not used to provide the required Alternative Education Program may be excluded.

**Example 6**

An LEA offers a supplemental extended-day program with supplemental SCE funds at a non-Title I campus and offers a Title I, Part A extended-day program at a Title I, Part A Targeted Assistance campus.

Is this a supplant? No, if the program meets the requirements of 34 CFR 200.79.

**Reference Material**

For more detail about presumptions concerning whether an LEA has supplant Title I funds see the discussion in the Part 4 – Department of Education Cross-cutting section of the [A-133 compliance supplement](March 2009 version).

The following documents or websites contain additional information to assist with program requirements and compliance questions. Lengthy guidelines are summarized with links to full text.

- **NCLB Policy Guidance:**

- **Program-Specific Provisions and Assurances:**

- **NCLB Provisions and Assurances:**

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9.3  Financial Accounting for FSP Compensatory Education

Standards for school district accounting systems are explained in the Financial Accountability System Resource Guide, Financial Accounting and Reporting (FAR, Module 1). Standards for financial accounting were improved to implement new requirements in Senate Bill 1873, 75th Legislature, Regular Session. Changes to the statute require that the standard accounting system produce information ensuring that direct costs of the FSP compensatory education program supplemented expenditures of the regular education program. Financial accounting standards for FSP compensatory education are explained below.

9.3.1  Financial Accounting for FSP Compensatory Education Programs

Financial accounting codes and general guidelines applicable to standard accounting records and reporting are described in the Resource Guide module Financial Accounting and Reporting (FAR, Module 1). Expenditures attributable to the FSP compensatory education program are recorded in financial accounting records under program intent codes 24, Accelerated Education; 26, Non disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students. (See Program Intent Codes section in the FAR, Module 1).

Activities reflected in expenditures attributable to FSP compensatory education are those activities that supplement the regular education program services provided to students at risk of dropping out of school. Supplemental expenditures for FSP compensatory education are incremental costs related to providing concentrated efforts, specialized contractual services, specialized supplies and materials and/or specialized equipment.

9.3.1.1  Fund Codes

School district accounting systems are organized and operated on a fund basis. A fund is an accounting entity with a self-balancing set of accounts recording financial resources and liabilities. A school district designates the fund’s financial resources for a distinct purpose. The fund’s purpose can be established by the state or federal government as well as the school district.
The majority of FSP compensatory education program expenditures are accounted for in the General Fund, under fund code 199. Certain FSP compensatory education program expenditures are accounted for in the Special Revenue Fund, such as fund code 394, Pregnancy, Education and Parenting Program. Additionally, services provided through a shared services arrangement are accounted for under a state/local shared services arrangement fund code in the Special Revenue Fund (see 1.4.2 Fund Codes in the Financial Accounting and Reporting module).

### 9.3.1.2 Function Codes

A function represents a general operational area in a school district, and groups related activities. Most school districts use all of the functions in the process of educating students or organizing the resources to educate students. For example, in order to provide the appropriate atmosphere for learning, school districts offer guidance and counseling services, teach students, provide staff development to teachers, and provide library and media resources. Each of these activities is a function.

A majority of FSP compensatory education program expenditures are accounted for in the General Fund, under function code 11, Instruction. Other function codes account for additional instructional and non instructional-related activities. Transactions accounted for under various function codes are those transactions representing supplemental costs to the regular education program. Because all students are entitled to receive instructional services under a regular education program setting, instructional strategies that involve modification of the regular education program do not represent supplemental direct costs, unless incremental costs to the regular education program are demonstrated. Supplemental direct costs represent incremental costs, meaning that additional costs are involved above costs necessary to provide the regular education program. Compensatory education activities are for the purpose of supplementing the regular education program. Certain expenditure function codes are used exclusively to account for indirect costs. State Board of Education rules related to indirect costs are found in [Title 19 Texas Administrative Code (TAC) Chapter 105, Subchapter B](https://www.texasadministration.org/).  

### 9.3.1.3 Object Codes

An expenditure/expense account identifies the nature and object of an account, or a transaction. The school district’s accounting records are to reflect expenditures/expenses at the most detailed level, as depicted in the chart of accounts (4 digits) for accounting and Public Education Information Management System (PEIMS) reporting (actual data) purposes. For PEIMS budget reporting purposes, expenditures/expenses are reported to the second digit of detail (6100, 6200, etc.) If a school district needs to use codes in addition to the mandatory codes for managerial purposes, the optional codes provided for local use in the code structure should be used.
The six major categories of expenditure object codes are:

- Payroll accounted for under the object code series 6100
- Professional and contracted services accounted for under the object code series 6200
- Supplies and materials accounted for under the object code series 6300
- Other operating costs accounted for under the object code series 6400
- Debt service accounted for under the object code series 6500
- Capital outlay for land, buildings and equipment accounted for under the object code series 6600

Direct costs charged to FSP compensatory education program in the General Fund are for incremental or supplemental costs to the regular education program. A majority of supplemental costs for compensatory education programs are recorded under the object codes for payroll, 6100.

Local officials have flexibility in allocating resources to different campuses and in determining how resources are to be used to benefit students. It should be noted that supplemental services, supplies and/or equipment charged to the state compensatory education allotment need to be indicated in the district/charter school improvement plan and benefit students at risk of dropping out of school served in compensatory education programs.

**9.3.1.4 Organization Codes**

An organization is a group of employees and/or volunteers who are obligated to complete a specific responsibility. Usually, an organization has an identifiable leader or an individual who is accountable for the overall completion of the responsibility. A majority of supplemental direct costs for compensatory education programs involve instructional and instructional-related expenditures in campuses providing instruction in grades Pre-K through 12.
9.3.1.5 Program Intent Codes (PICs)

These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served. In the case of state programs, state law may determine the intent and permissible use of allotments. In the case of FSP compensatory education, state law restricts expenditures for direct costs to those costs that are supplemental to the regular education program. Costs recorded under Program Intent Codes (PIC) 24, Accelerated Education; 26, Non disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students need to be aligned with local district/campus improvement plans or charter school instructional plans.

Please refer to Section 1.4.15.4, Compliance Monitoring – Program Intent Codes, in the FAR Module for guidance regarding the types of costs to be recorded to each PIC.

9.3.1.6 Carry Over Amounts

According to TAC §105.11, at least 55% of the school’s compensatory education allotment is to be spent on direct costs each year. If a disproportionate amount of the allotment is received at the end of the year, carry over amounts may result if expenditures are less than 55 percent of the FSP compensatory education allotment for the school year. In this instance, carry over amounts are to be budgeted in the first or second subsequent fiscal year. In calculating the carry over amount, the lower of either the preliminary or final earned allotment amount reflected in the LEA’s summary of finances is compared to the LEA’s expenditure amount for the respective school/fiscal year.

9.3.2 School District Support for Charges to Compensatory Education

Several types of documents may be necessary to document the basis for charges to the FSP compensatory education allotment, such as allocations of payroll costs to regular and/or compensatory education. The primary and most important paper trail is provided by the district/campus improvement plan or the charter school instructional plan. Refer to Appendix 2 for a sample document to track costs and FTEs related to State Comp Ed.
9.3.2.1 District/Campus Improvement Plan

The comprehensive needs assessment is required by TEC 11.252. The needs assessment is a comprehensive evaluation plan of a school’s strengths and weaknesses. The concept of needs assessment is to build on the school’s strengths and improve areas of weakness. Educators are expected to use data from the needs assessment to write a school improvement plan that has specific targets and strategies designed by the school stakeholders to improve the school and student achievement. The process used is almost as important as the data that are collected.

The district/campus improvement plan or the charter school instructional plan is the primary record supporting expenditures attributed to the state compensatory education program. The plan serves to: (a) define purpose; (b) ensure accountability; (c) build consensus; (d) ensure that the use of resources is carefully planned and cost effective; (e) make certain that decision making is informed by a conscientious and well planned and managed evaluation system; (f) keep the mission focused; and, (g) increase productivity for greater results and success for at risk students. District and campus managers and leadership, and campus-based committees have broad discretion to design and implement compensatory education programs that best serve the unique needs of students in each campus.

http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.11.htm

9.3.2.2 Teacher Schedules

The primary record in the LEA supporting payroll charges to program intent code areas is the campus teacher schedule. This record describes the assignment of teachers and/or teacher assistants to instructional areas and other responsibilities during the school day. Other supporting documentation may be necessary, such as campus staffing formula policies and records documenting calculations of the supplemental costs of smaller class sizes.

Teacher schedules may also be used to charge other costs. Non payroll costs may be attributed to program intent codes according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

9.3.2.3 Campus Staffing Formulas

Campus staffing formulas contained in LEA local policies and/or district/campus improvement plans provide a benchmark figure that is used to calculate supplemental full-time equivalent (FTE) staff. The number of excess FTEs resulting from smaller class sizes is determined from campus staffing formulas. For example, if 10 additional teachers are
employed at a campus in order to improve instruction for students at risk of dropping out of school in FSP compensatory education to supplement the 50 teachers employed under campus staffing formulas, then the salaries and benefits for the 10 supplemental FTEs would be coded to Program Intent Code 24, Accelerated Education. Alternatively, in the preceding example, 1/6th or 16 percent of all teachers’ payroll and benefits at the campus could be coded to Program Intent Code 24, Accelerated Education.

Campus staffing formulas may also be used as a basis to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

### 9.3.2.4 Job Descriptions

Other primary records in the LEA supporting payroll charges to program intent code areas are job descriptions. This record describes the roles and responsibilities of staff in instructional and/or non instructional areas. Other supporting documentation may be necessary, such as time and effort records for staff that work in multiple cost objectives or program areas.

Job descriptions may also be used to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

### 9.3.2.5 Time and Effort

Time and effort records are the primary records for documenting payroll charges for staff that work in multiple cost objectives involving federal programs. The record is used to record the time devoted to different program areas during the work day. Because consistency in policies may be preferable, districts may implement general policies in accordance with federal requirements for time and effort records. These records may be applicable in documenting payroll charges for non instructional staff that work a portion of their time in FSP compensatory education programs.

Time and effort records may also be used to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.
9.3.2.6 Student Case Counts

Student case counts are other records that may be used to document payroll charges of staff, such as instructional aides. Calculations of ratios or percentages of students served in different program areas may be used to document payroll costs for staff that work in multiple program areas.

Student case counts may also be used to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various supplemental programs, as appropriate.

9.3.2.7 Use of Local Criteria

In addition to serving students at risk of dropping out of school, as defined in TEC Section 29.081(d), the LEA may serve students who meet local eligibility criteria if the local criteria have been adopted by the board of trustees. However, the number of students receiving services pursuant to local criteria during a school year may not exceed 10 percent of the number of students who received services from the LEA pursuant to TEC Section 29.081(d) during the preceding school year.

In this instance, the LEA may not use its compensatory education allotment to provide supplemental services or instruction to students identified as at risk pursuant to local criteria on a campus that did not have any students identified as at risk pursuant to Section 29.081(d). Students at risk of dropping out of school reported through the PEIMS must meet the criteria set forth in Section 29.081(d); students identified using local criteria are not reported through the PEIMS.

As with all other aspects of a compensatory education program, the LEA must document the need for the specific supplemental services or instruction in its comprehensive needs assessment. Once a need has been identified, the LEA may provide the specific supplemental services or instruction to students identified at risk of dropping out of school pursuant to local criteria. In accordance with TEC Section 42.152(c), the LEA must use its compensatory education allotment to fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, of the Texas Education Code or disparity in the rates of high school completion between students at risk of dropping out of school, as defined by Section 29.081(d), and all other students. The school district may not use its compensatory education allotment to supplant other funds.

As with all other compensatory, intensive and accelerated instructional services, the LEA district must support its expenditure of compensatory education funds for the specific supplemental services and instruction by including an adequate description of said services in the campus improvement plan(s). Similarly, the LEA must evaluate the effectiveness of
the services or instruction. Lastly, consistent with TEC Section 42.152(c-1), a school district may only use its compensatory education allotment to provide the specific supplemental services or instruction in proportion to the number of at-risk students identified pursuant to local criteria as compared to the number of at-risk students identified pursuant to Section 29.081(d).

9.3.2.8 Statistical Sampling Based Time and Effort Studies

A time and effort study that utilizes statistical sampling is another method that may be used to document payroll charges of staff. Statistical sampling methods applied to time and effort record keeping may decrease the administrative burden of keeping daily time and effort records.

Teacher schedules may also be used to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

9.3.2.9 Other Estimating Techniques for Allocation of Costs

Other procedures may be used in estimating the relative proportions of payroll and other charges recorded under different program intent codes. Ratios used as a basis for allocating costs to program areas may be calculated from measurements reflecting the programmatic intent of services provided to students, and should not be based upon the demographics of populations served.

Accordingly, direct costs for state compensatory education programs must relate to substantive programmatic strategies as indicated in the LEA’s school needs assessment, district/charter school improvement plans, and must be supplemental to direct costs necessary to provide the regular education program.

9.3.3 Cost/Benefit Considerations for School Districts Relating to Detailed Financial Accounting Procedures

The Basic or Enhanced Program Intent Codes are to be charged with costs directly attributable to the program intent codes according to definitions and examples provided in the Resource Guide Financial Accounting and Reporting module. In some cases, this may require the allocation of costs among several program intent codes. However, the allocation of costs should be performed only when, in the judgment of the LEA
management, there would be a material effect on the financial records of either an individual transaction or the total amount of a certain type of transaction. Consideration should also be given to the effort involved in gathering the information necessary to perform the allocation compared to the benefit derived from the allocation of costs. In some instances, the cost of effort to allocate costs among several program intent codes may exceed the cost of the underlying transaction.

If the LEA elects not to allocate costs to Basic or Enhanced Program Intent Codes or the Athletics and Related Activities Program Intent Code, the Undistributed Program Intent Code 99 is to be used.

### 9.3.4 Allocation Formula of the Texas Education Agency

TEA provides a formula to allocate costs recorded in Program Intent Code 99, Undistributed, according to instructional FTEs (on the Fall Snapshot) assigned to Basic and Enhanced Program Intent Codes. Compliance with direct cost requirements in state law relating to FSP compensatory education is monitored by TEA using allocated cost information in PEIMS. This information includes costs assigned to specific program intent codes. Shared services arrangement cost information which is submitted on a special PEIMS record will also be included in the compliance monitoring calculations. The total costs which will be considered for compliance monitoring purposes are represented by the following formula.

\[
\text{Expenditures coded by the school district to specific Enhanced Program Intent Codes} + \text{Allocations of expenditures to Enhanced Program Intent Codes from the Undistributed Program Intent Code (99) based upon instructional full-time equivalents} + \text{Expenditures associated with a school district as a member of a shared services arrangement which are coded to specific Enhanced Program Intent Codes} = \text{Total expenditures used for monitoring purposes such as maintenance of effort, comparability and compliance with State Board of Education rules on indirect costs}
\]
9.4 Risk Assessment Processes and Identification of Schools Requiring a Local Audit

General

The risk assessment system described in this section was developed in accordance with House Bill 3459, 78th Legislature (2003). The electronic reporting and audit system primarily uses information and data currently submitted through the Public Education Information Management System (PEIMS) and other reporting systems. These traditional data and reporting requirements are supplemented by four types of electronic documents submitted by electronic filing of PDF documents through a Texas Education Agency Secure Environment (TEASE) AUDIT account. These four electronic documents which explain various strategies for state compensatory education programs are:

1) district improvement plans from school districts,
2) campus improvement plans from school districts,
3) instructional plans from charter schools, and
4) local evaluations by school districts and charter schools of state compensatory education strategies, activities and programs.

The risk assessment system that is described in this section is comprised of multiple objective indicators and certain compliance indicators. TEA staff will assess the degree of risk of noncompliance in a school district’s or charter school’s use of the Foundation School Program (FSP) state compensatory education allotment for the previous fiscal year and the degree of risk that the school inadequately reported data related to state compensatory education programs.

Threshold

The risk assessment will be done by TEA staff for all school districts and charter schools whose FSP state compensatory education allotment for the previous fiscal year was $500,000 or more.
## Risk Indicators

### Exhibit 7. Risk Indicators for Electronic Auditing System of School Districts and Charter Schools

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Threshold Value</th>
<th>Yes</th>
<th>No</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Critical Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Was School FIRST rating above substandard achievement? (This indicator shall apply to charter schools beginning with the 2010-2011 school year)</td>
<td>N/A</td>
<td></td>
<td></td>
<td>School FIRST rating for the school district for the previous fiscal year</td>
</tr>
<tr>
<td>2. Were actual expenditures reported in PEIMS in the General Fund for state compensatory education-related costs equal to or greater than 55% of the state compensatory education allotment, based upon a three-year average of the LEA’s allotments and actual expenditures?¹</td>
<td>N/A</td>
<td></td>
<td></td>
<td>Summary of Finances and PEIMS submission of actual financial data for the three previous fiscal years</td>
</tr>
<tr>
<td>3. Did the school district’s or charter school’s academic rating exceed Academically Unacceptable for the most recent school year that an academic rating was assigned?</td>
<td>N/A</td>
<td></td>
<td></td>
<td>Accountability Ratings for the school district or charter school for the previous school year</td>
</tr>
<tr>
<td>4. Was the Annual Financial and Compliance Report (and the Agreed-Upon Procedures Report for State Compensatory Education, if applicable) filed within 30 days after the due date?</td>
<td>N/A</td>
<td></td>
<td></td>
<td>Annual Financial and Compliance Report for the previous fiscal year</td>
</tr>
<tr>
<td>5. Did more than 5 at risk students drop out annually over a three-year period OR did 1% or more of the at risk population drop out annually over a three-year period AND did the three-year trend in the dropout rate of at risk students evidence an overall increase in the dropout rate?²</td>
<td>N/A</td>
<td></td>
<td></td>
<td>Fall PEIMS submission of student data for three previous school years</td>
</tr>
<tr>
<td>6. Did the three-year trend for the at risk population not evidence an overall decrease in TAKS performance?³</td>
<td>N/A</td>
<td></td>
<td></td>
<td>TAKS performance data for three previous years</td>
</tr>
</tbody>
</table>

¹ For the 2008-2009 and previous school years, this analysis is based on direct costs equal to or greater than 85% of the state compensatory education allotment.

² The 78th Legislature required the TEA to implement adjustments to the dropout measures. This indicator will be applicable when adjusted dropout measures are available for three successive school years.

³ This indicator will be effective when TAKS exam results are available for at least three successive school years. With the conversion to end-of-course exams, this indicator will be adjusted.
### Other Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Value</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Was the percent of students at risk of dropping out of school less than the threshold value (count of at risk students in the school district or charter school / total students in the school district or charter school)</td>
<td>59.0%</td>
<td>Fall PEIMS submission of student data for the previous school year</td>
</tr>
<tr>
<td>8. Was the percent of low income students less than the threshold value?</td>
<td>80.0%</td>
<td>AEIS Report for the school district or charter school for the previous school year</td>
</tr>
<tr>
<td>9. Was the overall student teacher ratio lower than the threshold value?</td>
<td>16.3:1</td>
<td>AEIS Report for the school district or charter school for the previous school year</td>
</tr>
<tr>
<td>10. Was the percent of attendance greater than the threshold value?</td>
<td>94.5%</td>
<td>AEIS Report for the school district or charter school for the previous school year</td>
</tr>
<tr>
<td>11. Was the percent of limited English proficient students less than the threshold value?</td>
<td>33.0%</td>
<td>AEIS Report for the school district or charter school for the previous school year</td>
</tr>
</tbody>
</table>

### Totals

A local audit will be obtained (and paid for) by a school district or a charter school, in accordance with the requirements for an agreed-upon procedures engagement for the compensatory education program, as follows:

- If one or more critical indicators in Exhibit 7 (indicators one through six) are answered “no”;
- If indicator seven is answered “no” and one or none of the indicators eight through 11 are answered “yes”;
- If the TEA identifies significant data quality issues relating to staff, students or financial data submitted through the Public Education Information Management System;
- If the TEA identifies noncompliance during the course of audit, investigative or monitoring activities of other state and/or federal programs (e.g. Title I, Part A);
- If the most recent agreed-upon procedures engagement submitted to the TEA disclosed significant deficiencies or noncompliance (or if school district or charter school did not
submit an agreed-upon procedures report for any subsequent school year in accordance with TEA requirements to obtain a local audit or submitted the report late); 

- If the school district did not submit district and campus improvement plans or the charter school did not submit instructional plans for the previous school year, in accordance with this section; or 

- If the school district or charter school did not submit a local evaluation of state compensatory education strategies, activities and programs for the previous school year, in accordance with this section.

**Timeline for Risk Assessment**

Within 60 days after the due date for submission of the district/campus improvement plans (instructional plans from charter schools) and local evaluations, a school district or charter school that evidenced a high degree of risk will be notified in writing concerning the TEA’s requirement that the school district or charter school obtain a local audit of state compensatory education; however, evidence of high risk associated with data quality issues may result in notification at any time that such evidence is disclosed by TEA staff.

Because the risk assessment processes described in this section are relatively simple, a school district or charter school should be able to anticipate receiving notification from the TEA to obtain a local audit. Thus, a school district or charter school should appropriately factor in this requirement during budgetary development processes for the next fiscal year, as soon as the school district or charter school is able to reasonably anticipate the probability of this requirement.

*Example Timeline:*

February 19, 2009 – last date for resubmitting midyear data for school year 2007-08

July 19, 2009 – 150 days after PEIMS resubmission; due date for electronic reports for school year 2007-2008

September 20, 2009 – 60 days after electronic reporting deadline; preliminary notification of Agreed-Upon Procedures (AUP) requirement

October 20, 2009 – 30 days after preliminary notification; deadline for appeal of AUP requirement

December 1, 2009 – final notification of Agreed-Upon Procedures (AUP) requirement

April 30, 2010 – due date for Agreed-Upon Procedures (AUP) report
**Filing Requirement for Agreed-Upon Procedures Report**

For those school districts and charter schools that are required to obtain a local audit, the Agreed Upon Procedures report for State Compensatory Education is to be submitted in both paper format and electronically (in Adobe Acrobat® pdf format). The electronic report must be submitted through a Texas Education Agency Secure Environment (TEASE) AUDIT account. File naming and submission instructions are outlined in the Electronic Reports Submission Standards which can be found on the School Financial Audits web page on the Texas Education Agency web site.

**Alternate Procedures**

If a school district or charter school that has a state compensatory education allotment is exempted by the TEA from electronic reporting under the provisions of Texas Education Code Section 42.152(q)-(q-4) for any reason (such as receiving an allotment less than $500,000), the school district’s or charter school’s annual financial and compliance report will be reviewed for disclosures of material noncompliance with the requirements for state compensatory education. Evidence of material noncompliance may cause the TEA to direct the local school district or charter school to obtain a local audit in accordance with the requirements for an agreed-upon procedures engagement for the compensatory education program.

**On-site Monitoring**

As authorized in Section 42.152(q-2) of the Texas Education Code, the Division of Financial Audits may conduct on-site monitoring of a school district’s or charter school’s expenditures of its state compensatory education allotment if the school district or charter school did not submit an agreed-upon procedures report for any subsequent school year in accordance with TEA requirements to obtain a local audit or if one or more of the following criteria are observed for two or more consecutive school years.

- If the TEA identifies noncompliance during correspondence or on-site monitoring of the school district’s or charter school’s expenditures of its state compensatory education allotment;
- If the agreed-upon procedures engagements submitted to the TEA disclosed significant deficiencies or noncompliance and the school district or charter school failed to adequately address the significant deficiencies or noncompliance;
- If the school district did not submit district and campus improvement plans or the charter school did not submit instructional plans in accordance with this section; or
- If the school district or charter school did not submit local evaluations of state compensatory education strategies, activities and programs, in accordance with this section.
9.4.1 Role of the Independent Auditor in Testing for Compliance with Budgeting, Accounting, Operational and Reporting Standards Related to State Compensatory Education

This section only applies if the LEA is required to obtain a local audit under Section 42.152 of the Texas Education Code.

The LEA’s independent auditor represents an important check and balance in the public education financial accountability system in testing for compliance with budgeting, accounting, operational and reporting standards related to state compensatory education. The independent auditor applies agreed-upon procedures in evaluating management’s assertion about the LEA’s compliance with state compensatory education requirements. Specific aspects of compliance matters that are addressed by the independent auditor are found in various sections of the Texas Education Code, including Sections 11.251-11.253, 29.081 and 42.152, State Board of Education rule 19, TAC, Section 109.25, and this module of the Resource Guide. Additional requirements apply to testing compliance with standards for use of account codes in fiscal data reported through the Public Education Information Management System (PEIMS).

The independent auditor’s working papers are to document the extent and scope of the work performed in connection with tests applied to management’s assertions about compliance with state compensatory education requirements. The working papers are to document the auditor’s procedures performed and samples selected.

The major areas requiring testing in relation to state compensatory education in the LEA are identified below along with examples of agreed-upon procedures which may be performed by the independent auditor. While the list of procedures is comprehensive, it is not considered all-inclusive. An independent auditor may perform additional procedures as deemed necessary by professional judgment and by the circumstances. While examples of agreed-upon procedures are provided in this module, these procedures are not considered to be all-inclusive. Such procedures are not intended to serve as an agreed-upon procedure engagement program for the independent auditor.

The independent auditor should review the instructional settings, services or programs that are provided by the LEA to determine which agreed-upon procedures are applicable to the agreed-upon procedures engagement for the LEA. All procedures are mandatory (also required on Title I, Part A schoolwide campuses unless specifically noted), except for those that are not applicable to the types of instructional settings, services or programs provided by the LEA. (In connection with charter schools, the General Fund references below refer to fund codes 199 and 420.)

** If all campuses are exemplary or recognized, the auditor should test the 2 campuses with the highest percentage of students at-risk (Procedures 1.b, 4.a, 5.a, and 5.b).
1) Example agreed-upon procedures - Budgetary Process

a) Inquire and confirm that appropriations for state compensatory education (Program Intent Codes 24, 26, 28, 29 and 30 in the General Fund) were distributed (snapshot submitted through PEIMS) to budget managers (including campus principals), and that the appropriations in the aggregate for the LEA were equal to or greater than 55% of the estimated compensatory education allotment, according to planning estimates for this allotment in the LEA’s Foundation School Program (FSP) Summary of Finances (the FSP Summary of Finances document for the month of August for the school year being tested under agreed-upon procedures);

b) For each campus that did not receive an exemplary or recognized academic rating**, inquire and confirm whether appropriations for state compensatory education (Program Intent Codes 24, 26, 28, 29, and 30, in the General Fund) in any budget status document distributed to budget managers (including campus principals) materially agreed with (within plus or minus 10%) summary totals for supplemental full-time equivalent staff (FTEs) and supplemental financial resources (plus basic services for disciplinary alternative education, as applicable, limited to 18% of the State Compensatory Education allotment - in the context of budgetary plans for compliance with the 55% expenditure rule for state compensatory education) in district/campus improvement plans or charter school instructional plans;

c) Obtain a copy and read the LEA’s evaluation of the effectiveness of strategies involving students at risk of dropping out of school for all campuses that did not receive an academic rating of exemplary or recognized. Obtain a copy of and read the LEA’s analysis of the potential benefits that could result from realigning staff and financial resources, following or in conjunction with the LEA’s local evaluation of the effectiveness of strategies for the preceding school year.

2) Example agreed-upon procedures - State Compensatory Education Allotment

a) For the federal reporting period October through September for the Child Nutrition Program, compare the amounts in tables reported to the TEA for the best six months’ average to the number of the free/reduced price lunch applications (compare the base year measures used in reports to the TEA by a Provision II school district to the free/reduced lunch applications on file for the base year).

3) Example agreed-upon procedures – Expenditure Tests

a) Compare the current year’s expenditures to the prior year’s expenditures attributed to state compensatory education (compare expenditures for Program Intent Codes
24, 26, and 28-30) in the General Fund, and inquire about factors that the LEA attributed to significant or unusual variances (greater than plus or minus 10%);

b) Confirm whether actual expenditures recorded in the LEA’s accounting records that were attributed to state compensatory education (Program Intent Codes 24, 26, 28, 29, and 30, in the General Fund) were equal to or exceeded 55% of the state compensatory education FSP program allotment in the preliminary or near-final Summary of Finances;

c) Compare aggregate actual expenditures recorded in the LEA’s accounting records that were attributed to state compensatory education (Program Intent Codes 24, 26, 28, 29, and 30, in the General Fund) with summary totals for supplemental FTEs and supplemental financial resources (plus basic services for disciplinary alternative education, as applicable, limited to 18% of the state compensatory education allotment - in the context of monitoring by central administration for compliance with the 55% expenditure requirement for state compensatory education) in district/campus improvement plans or charter school instructional plans, and inquire about factors that the LEA attributed to significant or unusual variances (greater than plus or minus 10%); and

4) Example agreed-upon procedures - District/Campus Improvement Plans

a) For all campuses that received an academic rating other than exemplary or recognized** for the most recent school year, confirm district/campus improvement plans or charter school instructional plans contain required components, in accordance with Sections 11.251 – 11.253, Texas Education Code, including:

i) Comprehensive needs assessment;

ii) Identified strategies;

iii) Supplemental financial resources for state compensatory education (plus basic services for disciplinary alternative education, as applicable, limited to 18% of the state compensatory education allotment). The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule, Title 19, Texas Administrative Code (TAC), Section 109.25;

iv) Supplemental staff FTEs for state compensatory education (plus basic services for disciplinary alternative education, as applicable, limited to 18% of the state compensatory education allotment). The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule 19, TAC, Section 109.25;
v) Measurable performance objectives;

vi) Timelines for monitoring strategies; and

vii) Formative and summative evaluation criteria.

5) Example agreed-upon procedures - Participation by Eligible Students

a) Sample student records (campus-level samples for all campuses that did not receive an exemplary or recognized academic rating**) and test the LEA’s procedures involving the identification of students at risk of dropping out of school, under Section 29.081, Texas Education Code;

b) For each campus that did not receive an exemplary or recognized rating**, obtain and read a report (sample of one per campus) that identified students at risk of dropping out of school, under Section 29.081, Texas Education Code, to classroom teachers assigned to specific accelerated, intensive and compensatory instructional settings and strategies that were documented in district/campus improvement plans or charter school instructional plans;

6) Example agreed-upon procedures – Reporting of Expenditures and Student Records

a) Select a sample of transactions (LEA-level sample of transactions recorded in the Fund Code 199, General Fund, and Program Intent Codes 24, 26, 28, 29 and 30) and review the LEA’s documentation supporting the attribution of costs for state compensatory education. Procedures applied to fiscal data to be reported in the 032 (actual financial data) and 033 (shared services arrangements reported by fiscal agent) record types of the Public Education Information Management System Data Standards are to assess appropriate use of account codes in conjunction with Program Intent Codes 24, 26, 28, 29 and 30, in accordance with the Financial Accounting and Reporting Module of the Financial Accountability System Resource Guide;

i) Obtain a copy and read the LEA’s document(s) that define standards for resource allocations that support basic services or regular education in relation to student-staff ratios and financial resources for campuses serving comparable grade levels. Confirm that for transactions recorded in the General Fund under Program Intent Code 24 that the LEA applied the standard measures for resource allocations for basic services in order to attribute costs to Program Intent Code 24;
ii) Obtain copies of teacher contracts and teaching schedules for items selected in
the sample and review the support for the attribution of salary and benefit costs
for teacher recorded under Program Intent Codes 24, 26, 28, 29 and 30, in the
General Fund;

iii) Confirm that for programs eligible under Title I of the Elementary and
Secondary Education Act, as provided by Public Law No. 103-382 and its
subsequent amendments, and by federal regulations implementing that Act, the
expenditure of the state compensatory education allotment to support this
federal program only occurred at campuses at which at least 40% of the students
were educationally disadvantaged (see additional information under Title I, Part
A in the Supplement/Not Supplant section). (This procedure only applies if the
LEA used the compensatory education allotment to supplement a federal
schoolwide project under Title I);

iv) Confirm that for disciplinary alternative education programs established under
Section 37.008, Texas Education Code, the expenditure of the state
compensatory education allotment for direct costs attributed (in the context of
monitoring by central administration for compliance with the 55% expenditure
requirement for state compensatory education) to disciplinary alternative
education did not exceed 18% (without a waiver) of the total compensatory
education allotment amount (see additional information under Alternative
Education Programs in the Supplement/Not Supplant section). Direct costs for
basic services reported in this area count towards the 55% minimum
expenditure requirement under Section 42.152, TEC; however, the amount of
costs for direct basic services that counts towards the 55% compliance rule is
limited to 18% of the state compensatory education allotment. (This procedure
only applies to tests of transactions attributed to a disciplinary alternative
education campus established under Section 37.008, TEC);

v) Confirm that for disciplinary alternative education programs established under
Section 37.008, Texas Education Code, supplemental costs were recorded in
accounting records according to standards (recorded in accounting records
under Program Intent Code 29) for attribution of costs to this program area (the
LEA is to define standards for resource allocation for basic services in relation
to standard allocations supporting student-staff ratios and financial resources for
campuses serving comparable grade levels as a basis for attributing costs to
basic services versus supplemental costs). (This procedure only applies to tests
of transactions attributed to a disciplinary alternative education campus and
requires an approved waiver from the State.) (See additional information under
Alternative Education Programs in the Supplement/Not Supplant section); and
vi) Confirm that for alternative education programs (non disciplinary), the costs recorded in accounting records under Program Intent Code 26 were attributed to programs specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081. (This procedure only applies to tests of transactions attributed to a non disciplinary alternative education campus specifically designed to serve students at risk of dropping out of school.)

b) Select a sample of student records (LEA-level sample of students) and review the LEA’s documentation for use of the at-risk indicator code (Element ID E0919) and Title I, Part A code (Element ID E0894) in student data reported in the “Student Data – Enrollment” record (Record Type 110) through the Public Education Information Management System Data Standards.

In performing the agreed upon procedures for the compliance attestation function, the auditor shall apply a sampling methodology in connection with the application of certain mandatory agreed-upon procedures. Use of one the methods specified in this section shall constitute a representative sample, as follows:

1. Sample items shall be selected in such a way as to comprise a simple random sample of each relevant population; and

2. In connection with the application of certain agreed-upon procedures to items that require sampling procedures, sample sizes shall be determined using one of the following options:

   Option 1. Determine the sample size using a 10% Margin of Error, a 40% Estimated Attribute Error Rate, and a 95% Confidence Level.

   Option 2. The auditor may use some other form of sample selection and/or some other method to determine the sample size, provided that the resulting sample affords equal or better strength of inference and freedom from bias (as compared with paragraph (2) (a) of this section), and that the auditor summarizes the substitute methods and clearly demonstrates their equivalence in the final report on the audit.

The agreed-upon procedures report required under Section 9.3.6 is to include the certificate of board and an exhibit, as shown below, reporting staff and financial resources relating to state compensatory education. The exhibit, "Full-time Equivalent Staff and Financial Resources by Campus for the Compensatory, Intensive, and Accelerated Instruction Program under Section 42.152, Texas Education Code, According to District/Campus Improvement Plans," is to report amounts in relation to information contained in district/campus improvement plans. To assist the auditor in completing the agreed-upon procedures, the LEA should prepare an exhibit, as
shown in Appendix 2, reporting staff and financial resources relating to SCE. The exhibit (Exhibit F), “Full-time Equivalent Staff and Financial Resources by Campus for the Compensatory, Intensive, and Accelerated Instruction Program under Section 42.152, Texas Education Code, According to District/Campus Improvement Plans,” is to report amounts in relation to information contained in district/campus improvement plans. The independent auditor is to test the attribution of amounts accounted for in the General Fund (also any amounts attributed to services provided by shared services arrangements) that are reported in connection with supplemental FTEs and supplemental financial resources for State Compensatory Education (plus gross direct costs for disciplinary alternative education) for the five program classifications, as provided in Appendix 2 – Full-time Equivalent Staff and Financial Resources.

Note: Gross direct costs for basic services are reported. Direct costs for basic services reported in this area count towards the 55% minimum expenditure requirement under Section 42.152, TEC; however, the amount of costs for direct basic services that count towards the 55% compliance rule is limited to 18% of the state compensatory education allotment.

9.4.2 Required Special Report on Applying Agreed-Upon Procedures for State Compensatory Education

House Bill 3459, 78th Legislature (2003) directed the commissioner to develop electronic audit and reporting systems to identify school districts that are at high risk of having used compensatory education funds other than in compliance with Subsection 42.152(c), Texas Education Code, or of having inadequately reported compensatory education expenditures. Based upon an analysis of risk factors, the commissioner will direct certain school districts to have a local audit of state compensatory education expenditures. The agreed-upon procedures report will enumerate procedures that were applied by the independent auditor and the auditor’s findings for the following areas: (1) Budgetary process; (2) State Compensatory Education allotment; (3) Allowable expenditures; (4) District/campus improvement plans; (5) Participation by eligible students; and (6) Reporting; and include the Full Time Equivalent Staff and Resources form. This special report is separate from the LEA’s annual financial and compliance report. (This section only applies if a school district or charter school is required to obtain a local audit under Section 42.152 of the Texas Education Code.)
School districts and charter schools that are directed to have a local audit will engage a certified public accountant to apply the agreed-upon procedures in accordance with standards for attestation engagements described in Statements on Standards for Attestation Engagements, of the American Institute of Certified Public Accountants (at the school district’s or charter school’s cost).

For those school districts and charter schools that are required to obtain a local audit, the Agreed Upon Procedures report for the State Compensatory Education is to be submitted in both paper format and the specified electronic file type, (in Adobe Acrobat® pdf format). The audit will be submitted to the TEA within 150 days after notification by TEA.

The following is an illustration of an agreed-upon procedures report on management’s assertion about an entity’s compliance with specified requirements in which the procedures and findings are enumerated rather than referenced. (AICPA Statements on Standards for Attestation Engagements)

Independent Accountant’s Report

On Applying Agreed-Upon Procedures

January 15, 2010

Board of Trustees

Anywhere Independent School District

10 Main Street

Anywhere, Texas 79999

Members of the Board of Trustees:

We have performed the procedures enumerated below, which were agreed to by Anywhere ISD, solely to assist the users in evaluating management’s assertion about Anywhere ISD’s compliance with state compensatory education requirements during the fiscal year ended August 31, 2002. Management asserted compliance with the requirements for state compensatory education in Section 42.152, Texas Education Code and Module Nine, Compensatory Education Guidelines, Financial Accounting Treatments, and an Auditing and Reporting System, of the Financial Accountability System Resource Guide. This agreed-upon procedures engagement was performed in accordance with attestation
standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the *Anywhere ISD*. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Procedures Performed:

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<th>Reporting of Expenditures and Student Records</th>
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**Findings and Questioned Costs:**

We found the following non-compliance with the requirements tested:

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We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management’s assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

[Signature]

[Date]
9.5 Sanctions and District Interventions

The range of possible Agency sanctions and/or other oversight actions are as follows:

- Informal monitoring
- Recommended training
- Recommended assistance from outside consultants
- Financial penalties
- Accreditation actions

A decision by Agency staff to take one or more of the above actions will depend upon the facts in each situation. The preferred level of action by Agency staff in most situations will be informal monitoring and, if necessary, recommendation(s) for training and/or obtaining assistance from outside consultant(s), such as the regional education service center.

Agency staff may determine that accreditation and/or financial penalties may be necessary. Severe actions such as these may be unavoidable in those instances wherein a district may not demonstrate the capacity to develop pertinent skills within its organization and/or obtain those skills from outside consultants.
Appendix 1 - Definitions

**Academic Content Standards:** The Texas Essential Knowledge and Skills (TEKS) form the state’s academic content standards and serve as the basis for its student assessment program.

**Academic Excellence Indicator System (AEIS):** Information used to rate and acknowledge districts and campuses or to provide a comprehensive profile of their characteristics and performance is compiled into the Academic Excellence Indicator System (AEIS). This is a comprehensive system: both performance and profile information is available for all districts and schools.

Three types of performance indicators are used in the system: (1) Base Indicators are identified in statute and are used to determine accountability ratings; (2) Additional Indicators are used to acknowledge high performance on other statutorily-defined indicators; and (3) Report-Only Indicators are reported on annual campus-, district-, and state-level reports. They may be identified by statute, identified by the commissioner, or adopted by the State Board of Education.

The AEIS is used for all aspects of the integrated accountability system that has evolved for the Texas public schools. In addition to being used to determine accountability ratings, AEIS is utilized to determine additional acknowledgments and campus-level performance awards as well as to produce a variety of reports.

**Accelerated Instruction:** Accelerated Instruction is a restructuring model designed to improve the education of students at risk of dropping out of school by using “acceleration” techniques. The goal is to speed up the learning of students so they will be able to perform at grade level. Accelerated Instruction is based on intervention that raises expectations for students at risk of dropping out of school and moves decision-making about curriculum, instruction, and organization of schools to the campus level. The focus is on fostering family involvement in education, staff development, assessment-driven practices, and high expectations. The model is based on the constructs of Henry Levin’s Accelerated Schools Model.

**Categorical Program:** A categorical program is a grant program which may be used for specific purposes or narrowly defined activities. A categorical program may be contrasted with a block grant program, in which funds can be used for a variety of activities within a broad functional area. Four examples of categorical programs in the Elementary and Secondary Education Act, as amended, are Title I, Part A--Improving Basic Programs Operated by Local Education Agencies; Title I, Part B--Even Start Family Literacy Programs; Title I, Part C--Education of Migratory Children; and Title I, Part D--Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At Risk of Dropping Out.

**Chapter 1:** see Title I, Part A.
**Comparability:** Federal law [P.L. 103-382, §1120A(c)] contains a provision for comparability of services, designed to ensure that Title I, Part A campuses are provided services with state and local funds that are at a minimum comparable to services provided on non-Title I, Part A campuses. The purpose of this requirement is to ensure that Title I, Part A campuses receive the same level of services from state and local monies as other campuses. School districts must develop procedures to ensure compliance with the federal comparability of services requirement and must implement these procedures annually.

**Compensatory Education (State):** State Compensatory Education, as defined in TEC Section 42.152 (c), is a program(s) and/or service(s) designed to supplement the regular education program for students at risk of dropping out of school. The purpose of state compensatory education is to increase the achievement and reduce the dropout rate of identified students. The state criteria for identifying students at risk of academic failure or dropping out of school are contained in TEC Section 29.081.

**Comprehensive Needs Assessment (CNA):** A needs assessment is a comprehensive evaluation plan of a school’s strengths and weaknesses. The concept of needs assessment is to build on the school’s strengths and improve areas of weakness. Educators are expected to use data from the needs assessment to develop their campus improvement plan which includes specific targets and strategies designed by the school stakeholders to improve the school and student achievement.

**Discretionary Program:** A discretionary program permits the grantor agency to use discretion in selecting applications for funding and/or determining the use of funds within the applicable statute. A discretionary grant program may or may not be competitive, depending on the authorizing language of the grant program and/or the discretion of the grantor agency’s management priorities.

**Division of Program Monitoring and Interventions:** The major function of this division is to support the accomplishment of the state’s goals for public education by reviewing, monitoring, acknowledging, sanctioning, and intervening in school districts and campuses to ensure excellence in education for all students. Currently, the major areas of responsibility are: accountability monitoring and interventions; program monitoring and interventions, including data validation monitoring and investigation; and administration of certain court orders and/or consent decrees, including those related to Civil Action 5281 and the residential facilities (RF) Monitoring system.

**Educationally Disadvantaged Students:** As applicable to federal programs, educationally disadvantaged students are those students whose educational attainment is below the level that is appropriate for children of their age. State law (TEC §5.001) defines “educationally disadvantaged” students as those eligible to participate in the national free or reduced-price lunch program established under 42 U.S.C. Section 1751 et seq.

**Education Flexibility Partnership Demonstration Program (Ed-Flex):** Ed-Flex is the short name for the federal Education Flexibility Partnership Demonstration Program. This program delegates states the authority to waive various federal regulations if waiving those regulations will result in improved student performance. This means that Texas educators
have the freedom to design and implement federal programs in ways that will meet the needs of their students and communities.

Texas is one of several states that have been approved as an Ed-Flex state. As an Ed-Flex state, the Commissioner of Education has the authority to waive many provisions of federal law. Waivers may be requested by districts or for individual campuses within a district. Statewide waivers may apply to any district or campus in the state that wishes to utilize the waiver. All proposed waivers are reviewed by the Texas Ed-Flex Committee, and the committee’s recommendations are forwarded to the commissioner of education. This committee is composed by Texas educators and other interested citizens.

**Elementary and Secondary Education Act (ESEA):** The federal Elementary and Secondary Education Act of 1965 was authorized as part of President Lyndon B. Johnson’s War on Poverty. The intent of this Act was to strengthen and improve educational quality and educational opportunities in the nation’s elementary and secondary schools.

**Elementary and Secondary Education Act, as amended:** The Elementary and Secondary Education Act of 1965 was amended by the Improving America’s Schools Act of 1994.

**Entitlement Program:** An entitlement program is a governmental program specified by law to provide benefits to members of a specific group based on a formula or specific requirements in statute.

**Formative evaluation** – Evaluation conducted while a creative process is under way, designed and used to promote growth and improvement in a student’s performance or in a program’s development. Examples include (but are not limited to): pre/post tests, portfolios, benchmark tests, quizzes, teacher observations.

**Improving America’s Schools Act (IASA), Public Law 103-382:** The Improving America’s Schools Act of 1994 reauthorized the Elementary and Secondary Education Act of 1965 from July 1995 through June 2000. IASA encourages educators to align various reform efforts and to create comprehensive solutions for schools and districts in order to meet students’ needs.

**Local Educational Agency (LEA):** A local educational agency is defined as a public board of education or other public authority legally constituted within a state for either administrative control of, direction of, or to perform service functions for public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a state.

**No Child Left Behind Act of 2001:** The federal law that authorizes funding and contains the current requirements for Title 1 and other federal educational programs. On January 8, 2002, President Bush signed into law the *No Child Left Behind Act of 2001*. The Act has been heralded as the most sweeping reform of the Elementary and Secondary Education Act (ESEA) since ESEA was enacted in 1965. It expands the federal role in K–12 education and was written to help close the achievement gap between disadvantaged and minority students and their peers. It is based on four basic principles: stronger
accountability for results, increased flexibility and local control, expanded options for parents, and an emphasis on teaching methods that have been proven to work.

**“Pull-Out” Program:** “Pull-out” programs provide services to eligible children in a setting away from the regular classroom.

**Regular Education Program:** State law (TEC §28.002) outlines the required curriculum for each school district that serves grades K-12 as: (1) a foundation curriculum that includes: (a) English language arts; (b) mathematics; (c) science; and (d) social studies, consisting of Texas, United States, and world history, government, and geography; and (2) an enrichment curriculum that includes: (a) to the extent possible, languages other than English; (b) health with emphasis on the importance of proper nutrition and exercise; (c) physical education; (d) fine arts; (e) economics, with an emphasis on the free enterprise system and its benefits; (f) career and technology education; and (g) technology applications.

Under TEC §28.002 (f), school districts may also offer courses for local credit in addition to those in the required curriculum. The State Board of Education approves courses for credit for high school graduation under this subsection.

**Schoolwide Program:** Under Title I, Part A of the federal Elementary and Secondary Education Act as amended, a campus that has at least 40 percent of its students from low income families may use its Title I, Part A allocation to upgrade its entire educational program. The LEA must be able to show that the Title I, Part A funds allocated to a schoolwide campus are supplemental to state and local funds.

**Scientifically Based Research:** No Child Left Behind Act of 2001 defines Scientifically Based Research as follows:

- Research that involves the application of rigorous, systematic, and objective procedures to obtain reliable and valid knowledge relevant to education activities and programs; and
- Includes research that employs systematic, empirical methods that draw on observation or experiment;
- Relies on measurements or observational methods that provide reliable and valid data across evaluators and observers, across multiple measurements and observations, and across studies by the same or different investigators.
- Is evaluated using experimental or quasi-experimental designs.
- Ensures that experimental studies are presented in sufficient detail and clarity to allow for replication or, at a minimum, offer the opportunity to build systematically on their findings; and
- Has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.

**Students at Risk of Dropping Out of School:** The criteria used to identify students at risk of dropping out of school are defined in Section 29.081, Texas Education Code. See 9.2.3.1 for specific criteria.
**Summative Evaluation**: An evaluation designed to present conclusions about the merit or worth of a student’s performance. Examples include (but are not limited to): End-of-unit tests, state assessments, final exams.

**Supplant**: A supplant occurs when the state or local education agency does not supplement state or local funds with federal funds or state compensatory education funds to provide services above and beyond what the state or local education agency is required to offer with non-federal funds or funds targeted for the regular education program.

**Supplement not Supplant**: As required by federal statute, a state or local education agency shall use federal funds only to supplement the amount of funds and services that would, in the absence of such federal funds, be made available from non-federal sources for the education of students.

**Targeted Assistance Program**: Under Title I, Part A of the federal Elementary and Secondary Education Act, as amended, a campus that is eligible to receive Title I, Part A funds but does not meet the poverty threshold to qualify as a schoolwide program (or meets the poverty threshold, but chooses not to operate a schoolwide program) may operate a Title I, Part A program that targets students who are identified as failing or most at risk of failing to meet the state’s academic content and performance standards. Title I, Part A funds on a targeted assistance campus must be supplemental and used to provide supplemental services only to the students in the greatest need who meet the Title I, Part A eligibility criteria.

**Texas Administrative Code (19 TAC)**: Title 19 of the Texas Administrative Code contains the State Board of Education rules.

**Texas Assessment of Knowledge and Skills (TAKS)**: a primary and secondary education standardized test used in Texas to assess student attainment of math, English, science, reading, and social science skills required under Texas education standards. It replaced the previous state test called the Texas Assessment of Academic Skills (TAAS) and assesses the statewide curriculum, the Texas Essential Knowledge and Skills (TEKS). TAKS is a standards-based test, which means it measures how well students are mastering specific skills defined for each grade by the state of Texas.

**TAKS–Alt**: a state assessment designed for students with significant cognitive disabilities to meet the federal requirements mandated under the No Child Left Behind Act of 2001.

**Texas Education Code (TEC)**: The Texas Education Code is state law pertaining to public education, as passed by the Texas Legislature.

**Texas Essential Knowledge and Skills (TEKS)**: The TEKS are Texas’ statewide curriculum elements. These academic content standards represent an update of the state’s Essential Elements. The TEKS were adopted by the Texas State Board of Education at its July 1997 meeting. The TEKS represent the essential knowledge and skills that all students will need to know and be able to do to succeed in the work force of the 21st century.
Title I - Title I is the largest federally funded education program in the nation. Recently re-authorized by The No Child Left Behind Act of 2001, Title I funding helps local school systems provide equal educational opportunities for low-performing students with economic need. The purpose of this title is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and state academic assessments. Any school with 35% or more students on free or reduced lunch is eligible for Title I funds.

Title I, Part A - Improving Basic Programs Operated by Local Education Agencies (LEA) provides supplemental funding to state and LEAs for resources to help schools with high concentrations of students from low-income families provide a high-quality education that will enable all children to meet the state’s student performance standards. Title I, Part A supports schools in implementing either a school-wide program or a targeted assistance program. These programs must use effective methods and instructional strategies that are grounded in scientifically based research.
Appendix 2 – Sample Forms

**SCE At-Risk Student Profile**

This report can be used to maintain student records verifying the at-risk classification. Records must include the reason(s) the student was identified, when the student was identified, the supplemental services provided, and the date and documentation substantiating the reason for exiting the program. Additionally, the at-risk classification records must indicate periodic review and verification.

**Full-time Equivalent Staff and Financial Resources** by Campus for the Compensatory, Intensive, and Accelerated Instruction Program under TEC Section 42.152 According to District/Campus Improvement Plans  (pdf)

This report is used for reporting staff and financial resources relating to SCE in relation to information contained in district/campus improvement plans. The independent auditor is to test the attribution of amounts accounted for in the General Fund (also any amounts attributed to services provided by shared services arrangements) that are reported in connection with supplemental FTEs and supplemental financial resources for SCE (plus gross direct costs for disciplinary alternative education) for the five program classifications, and include the form in the report.

**State Compensatory Education PowerPoint presentations**

From time to time, PowerPoint presentations related to State Compensatory Education are posted to the School Financial Audits website under the Other School Financial Audits Topics heading.
Certificate of Board

Charter School version

Anywhere Charter Holder
(Federal Employer Identification Number: 12-3456789)
Certificate of Board

We, the undersigned, certify that the attached agreed-upon procedures report of Anywhere Charter Holder was reviewed and (check one) ______ approved _____ disapproved for the year ended August 31, 20BB, at a meeting of the governing body of the charter holder on the _____ day of ______________, 20BB.

_________________________________________  _________________________________________
Signature of Board Secretary                Signature of Board President

NOTE: If the governing body of the charter holder does not approve the independent auditor’s report, it must forward a written statement discussing the reason(s) for not approving the report.
CERTIFICATE OF BOARD

________________________________  ___________________  ____________

Name of School District  County  Co.-District Number

We, the undersigned, certify that the attached agreed-upon procedures report of the above-named school district was reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 20BB, at a meeting of the Board of Trustees of such school district on the _____ day of _____________, 20BB.

________________________________  ______________________

Signature of Board Secretary  Signature of Board President

NOTE: If the Board of Trustees does not approve the independent auditor’s report, it must forward a written statement discussing the reason(s) for not approving the report.
List of Acronyms

AEIS - Academic Excellence Indicator System

D/CIPs – District and campus improvement plans

ESC – Education Service Center

ESL - English as a second language


FTE - Full-time equivalent

GAAP - Generally accepted accounting principles

GASB - Governmental Accounting Standards Board

HB - House Bill

LBB - Legislative Budget Board

LEA – Local Educational Agency, also known as a school district or a school system (includes charter schools).
LEP - Limited English proficient

NCLB – No Child Left Behind

PEIMS - Public Education Information Management System

SAT - Scholastic Assessment Test

SB - Senate Bill

SBOE - State Board of Education

SAO – State Auditor’s Office

SCE – State Compensatory Education

TAC – Texas Administrative Code

TAKS - Texas Assessment of Knowledge and Skills

TEC – Texas Education Code
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Texas Education Agency. *AEIS Guidelines and Glossary.* Austin, TX, published annually.

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SUPPLEMENTING THE DYSLEXIA PROGRAM
With
STATE COMPENSATORY EDUCATION (SCE) FUNDS

Questions and Answers

Q1. May SCE funds be used to meet a state-mandated program?
   A1. No. SCE funds supplement the regular education program for students identified as at risk of dropping out of school.

Q2. Is the dyslexia program part of the regular education program?
   A2. Once it has been determined that a student has dyslexia, the school district or charter school shall provide an appropriate instructional program for the student.
      ▪ In accordance with the program approved by the State Board of Education, the board of trustees of each school district shall provide for the treatment of any student determined to have dyslexia or a related disorder. STATE MANDATED PROGRAM (TEC 38.003)

Q3. May SCE funds be used to supplement the dyslexia program?
   A3. Yes. SCE funds may supplement a basic program for identified at risk students.

Q4. How does one determine if a dyslexic student is at risk of dropping out of school?
   A4. The determination cannot be due to the disability. A dyslexic student would be classified at risk of dropping out of school if he or she met one of the state eligibility criteria. For example, if this student is also homeless, the student would be considered at risk of dropping out of school based on being homeless, not the learning disability.

Q5. What is House Bill 1691?
   A5. Amended § 42.152 of the Texas Education Code to allow charges to the SCE allotment (in proportion to the percentage of students that meet the criteria in § 29.081 (d) or for programs that serve students that are enrolled in accelerated reading programs under § 28.006 (g) or that are enrolled in a program for treatment of students who have dyslexia or a related disorder as required by § 38.003.

Q6. What does “fund in proportion to the percentage of students served by the program that meet the criteria in § 29.081 (d) or (g),” mean?
   A6. This means that only the portion of SCE funds used to supplement the dyslexia program for identified at risk students may be charged to SCE. Any other funds used to supplement this program for students who meet either state or local criteria would have to come out of local funds or another fund source.
Q7. Is Dyslexia a state criterion for being at risk of dropping out of school?

A7. No. However, students who are identified as dyslexic under general education are now considered at risk of dropping out of school according to local Houston ISD at-risk criteria. The Board of Education adopted the change in Board Policy to include local criteria at the October 8, 2009 Board of Education meeting.

Q8. What does this mean as far as paying for our Dyslexia Program out of State Compensatory Education funds?

A8. Using State Compensatory Education Funds must still be supplemental. The use of funds does not change because of the addition of local criteria. However, students who might be Dyslexic but do not meet any of the state criteria can now benefit from any supplemental funds which might be used to support the Dyslexia program.

Q9. Do the students identified under the new local criteria for being at risk of dropping out of school need to be reported to PEIMS and coded in the at-risk panel in Chancery?

A9. No. Students identified using local criteria are not reported through PEIMS. However, campuses must maintain the list of Dyslexic students on their campus for documentation.
State Compensatory Education

2012–2013
AN EVALUATION OF STATE COMPENSATORY EDUCATION
2012–2013

Executive Summary

Program Description
The State Compensatory Education (SCE) program is designed to reduce dropout rates and increase academic performance of students identified as being at-risk of dropping out of school. SCE operates as a funding source to supplement instructional services and offer academic support to students who meet the SCE at-risk criteria established by the state. Funds allocated under SCE law are to be channeled toward programs and services that eliminate disparities in performance on assessment instruments administered under Subchapter B, Chapter 39. Further, programs designated for SCE funding should reduce disparities in the rates of high school completion between students who are at-risk of dropping out of school and all other students. The Stanford 10 and Aprenda 3 served as the assessment measures for grades 1 and 2, the State of Texas Assessments of Academic Readiness (STAAR) served as the state assessment measures for grades 3 through 8, STAAR End-of-Course (EOC) served as the state assessment measures for grades 9 and 10, and the Texas Assessment of Knowledge and Skills (TAKS) served as the state assessment measure for grade 11 for the 2012–2013 school year. In order for SCE funds to be allocated to a campus, the campus must not only meet the state criteria for percent of students at-risk of dropping out of school, but the services provided to students must also be described in the district and/or campus improvement plan.

As defined by law, SCE programs and/or services are designed to supplement the regular education program that districts offer to students and funds must provide additional support for at-risk students. Supplemental costs include 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 sizes, and individualized instruction (TEC §42.152(c)).

Program Cost and Funding Source
The annual budget for SCE programs in HISD for the 2012–2013 academic year was $110,990,982. This figure included $53,621,542 of supplemental campus-based funds. These amounts are budgeted amounts and not final expenditures for 2012–2013.

Highlights
• Of the 203,354 students attending HISD, 115,416 students (57 percent) were identified as being at-risk according to SCE criteria. More males were identified as at-risk than females (60 percent vs. 54 percent, respectively).
• The ethnic composition of at-risk students was 74 percent Hispanic, followed by 19 percent African American, four percent White, two percent Asian/Pacific Islander, and less than one percent American Indian. Eighty-eight (88) percent of at-risk students were economically disadvantaged.
• Districtwide, on the 2013 English language STAAR, the gaps in the percentage of students meeting the satisfactory standard between not at-risk and at-risk students were 29 percentage points in reading, 19 percentage points in mathematics, 25 percentage points in writing, 30 percentage points
in science, and 39 percentage points in social studies. The gaps decreased in all subjects from 2012 to 2013.

- Districtwide, on the 2013 STAAR EOC, the gaps in the percent of not at-risk and at-risk students who met the satisfactory standard ranged from 24 percentage points in Geometry to 53 percentage points in English II Writing. The gaps in Algebra I, Geometry, and Biology increased from 2012 to 2013 while the gaps in English I Reading, English I Writing, and World Geography decreased.

- Districtwide, there were total gap reductions between at-risk and not-at-risk students from 2012 to 2013 in ELA and science TAKS passing rates. The gap increased in mathematics and stayed the same in social studies.

- For the class of 2012, 86.9 percent of not at-risk students and 78.7 percent of at-risk students graduated from HISD. The completion rate (which includes graduates, continuers and GED recipients) for not at-risk students was 91.1 percent and the at-risk rate was 87.3 percent. The gaps between the two groups increased from 2011 to 2012 for both graduation and completion rates.

- When comparing gaps in the percentage of students scoring at or above the 50th percentile on the Stanford 10 between at-risk and not at-risk students in the first and second grades districtwide, not-at-risk students outperformed at-risk students by 27 to 41 percentage points. Districtwide, the largest gap was on the reading section (41 percentage points).

- Districtwide performance on the Aprenda 3, among students in the first and second grades, indicated that not at-risk students outscored at-risk students on all sections by three to ten percentage points. Districtwide, the largest gap in the percentage of students scoring at or above the 50th percentile on the Aprenda 3 was on the mathematics section (10 percentage points).

- In general, the 2013 English STAAR, STAAR EOC, and TAKS results indicate that passing rates of students who received and/or participated in various SCE programs and services did not exceed the passing rates of all at-risk students in the district, with the following exceptions: JJAEP students on the English STAAR Reading, Beechnut students on the TAKS Science, and students who received pregnancy-related services on the STAAR Reading and English I Writing EOC exams.

**Recommendations**

1. From 2011–2012 to 2012–2013, performance gaps between at-risk and not at-risk students increased on the Algebra I EOC, Geometry EOC, and TAKS math exams, which indicates that schools should focus on mathematics instruction for at-risk students in high school.

2. Although performance gaps may not have increased from 2011–2012 to 2012–2013 in the subject areas of reading and writing, large gaps between at-risk and not-at-risk students were seen on the English I Reading EOC (46 percentage points), English I Writing EOC (45 points), English II Writing EOC (53 points), and the Stanford reading exam (41 points). These results show that schools still need to focus on reading and writing instruction for at-risk students.

3. Historically, students have performed well on the social studies portion of the TAKS, but on the STAAR, performance on the social studies portion has been lower compared to other subject areas. The gap on the STAAR social studies test was also the largest among all other subject areas at 39 points between at-risk and not-at-risk students. Schools need to investigate and address the reasons for students performing poorly in social studies.
Administrative Response

The State Compensatory Education Department has reviewed the 2012–2013 State Compensatory Education evaluation report that assessed the implementation of the State Compensatory Education programs in the Houston Independent School District (HISD). The evaluation met the department’s expectations in terms of providing budgetary, implementation, and outcome data for the three (3) centralized programs. These programs include (1) the district Disciplinary Alternative Education Programs (DAEPs); (2) The evaluation includes Pregnancy Related Services; and, (3) all campus-based State Compensatory Education Programs and Services. The district DAEPs are Beechnut Academy, Juvenile Justice Alternative Education Program, and the Elementary Disciplinary Alternative Education Program. The evaluation included three specific recommendations which address achievement gaps between at-risk students and not at-risk students. These recommendations will be reviewed with upper administration for potential improvement in the program’s strategies.
DISTRICTWIDE
AT-RISK TAKS PERFORMANCE
AND
COMPLETION RATE INDICATORS
Results

Demographic Characteristics: At-Risk Students

- Of the 203,354 students attending HISD at the fall snapshot for the 2012–2013 school year, 115,416 students (57 percent) were identified as being at-risk according to SCE criteria (see Table 1).

- The majority of students attending HISD in 2012–2013 identified themselves as Hispanic. Hispanic students accounted for the largest number of at-risk students (85,803). Students who identified themselves as African American made up the next largest group, and 22,038 were at-risk. White students made up the third most populous group where 4,205 were at-risk (see Table 1).

- In 2012–2013, more male (60 percent) than female (54 percent) students were identified as at-risk (see Table 1).

- Thirty-three percent of non-economically disadvantaged students were identified as at-risk while 63 percent of economically disadvantaged students were identified as at-risk (see Table 1).

- The highest percentage of students identified as at-risk were in prekindergarten with 92 percent (see Figure 1, page 9). This is expected since at-risk criteria are similar to prekindergarten eligibility criteria.

<table>
<thead>
<tr>
<th>Table 1. Districtwide Not At Risk and At Risk Student Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Ethnicity</td>
</tr>
<tr>
<td>African American</td>
</tr>
<tr>
<td>American Indian</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
</tr>
<tr>
<td>Hispanic</td>
</tr>
<tr>
<td>White</td>
</tr>
<tr>
<td>Two or More</td>
</tr>
<tr>
<td>Economically Disadvantaged Status</td>
</tr>
<tr>
<td>Not Economically Disadvantaged</td>
</tr>
<tr>
<td>Economically Disadvantaged</td>
</tr>
</tbody>
</table>
Figure 1. Districtwide not at-risk and at-risk student distribution by grade, 2012–2013

<table>
<thead>
<tr>
<th>Grade</th>
<th>At Risk</th>
<th>Not At Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE</td>
<td>1,247</td>
<td>348</td>
</tr>
<tr>
<td>PK</td>
<td>6,021</td>
<td>14,976</td>
</tr>
<tr>
<td>KG</td>
<td>5,861</td>
<td>11,455</td>
</tr>
<tr>
<td>1</td>
<td>8,126</td>
<td>11,243</td>
</tr>
<tr>
<td>2</td>
<td>8,144</td>
<td>9,004</td>
</tr>
<tr>
<td>3</td>
<td>8,354</td>
<td>9,814</td>
</tr>
<tr>
<td>4</td>
<td>8,682</td>
<td>9,564</td>
</tr>
<tr>
<td>5</td>
<td>8,784</td>
<td>9,684</td>
</tr>
<tr>
<td>6</td>
<td>6,965</td>
<td>8,635</td>
</tr>
<tr>
<td>7</td>
<td>7,070</td>
<td>8,504</td>
</tr>
<tr>
<td>8</td>
<td>3,583</td>
<td>6,065</td>
</tr>
<tr>
<td>9</td>
<td>4,371</td>
<td>5,594</td>
</tr>
<tr>
<td>10</td>
<td>4,942</td>
<td>5,912</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**STAAR Performance**

- Overall, on the English language STAAR, the gap in the percentage of students meeting the satisfactory standard between not at-risk students and at-risk students was at least nine percentage points on all tests and at all grade levels (see page 28).

- Not at-risk students outperformed at-risk students districtwide on the English STAAR by a margin of 19 to 39 percentage points: the gap was 29 percentage points for reading, 19 percentage points for mathematics, 25 percentage points for writing, 30 percentage points for science, and 39 percentage points for social studies. Gaps decreased in all subjects from 2012 to 2013 (see Figure 2, page 10).

- On the Spanish language STAAR, not at-risk students performed better than at-risk students on all tests and at most grade levels. The gaps were five percentage points in reading, 16 points in mathematics, and three points in writing. Gaps decreased in all subjects from 2012 to 2013 (see Figure 3, page 10).
Figure 2. Districtwide English STAAR percent of students who met level II satisfactory standard for not at-risk and at-risk students, 2012–2013

Figure 3. Spanish STAAR percent of students who met level II satisfactory standard for not at-risk and at-risk students, 2012–2013
STAAR EOC Performance

- Overall, performance on the STAAR EOCs decreased from 2012 to 2013. In 2013, the largest gap in the percent of not at-risk and at-risk students who met the satisfactory standard was 53 percentage points in English II Writing, followed by 46 percentage points in English I Reading, 45 percentage points in English I Writing, 41 percentage points in World History, 39 percentage points in World Geography, 36 percentage points in English II Reading, 34 percentage points in Algebra I, 29 percentage points in Chemistry, 26 percentage points in Biology, and 24 percentage points in Geometry. The gaps in Algebra I, Geometry, and Biology increased from 2012 to 2013 while the gaps in English I Reading, English I Writing, and World Geography decreased (see Figure 4).

Figure 4. STAAR EOC percent of students who met level II satisfactory standard for not at-risk and at-risk students, 2012–2013

11th Grade TAKS Performance

- Districtwide in 2013, not at-risk students outperformed at-risk students in each content area by three to 15 percentage points: the gap was 11 percentage points for English/language arts, 15 percentage points for mathematics, eight percentage points for science, and three percentage points for social studies (see page 29).

- Districtwide, there were total gap reductions between at-risk and not at-risk students from 2012 to 2013 in ELA and science. The gap in mathematics increased and stayed the same in social studies (see Figure 5, page 12).
Overall, graduation and completion rates of not at-risk students increased from 2011 to 2012, while at-risk students’ graduation and completion rates decreased from 2011 to 2012 (see page 30).

For the Class of 2012, 86.9 percent of not at-risk students and 78.7 percent of at-risk students graduated from HISD four years after starting ninth grade (see page 29).

The completion rate for not at-risk students was 91.1 percent and the at-risk rate was 87.3 percent (see page 29).

The gaps in the graduation and completion rates increased from 2011 to 2012 (see Figure 6).

Figure 6. Districtwide completion rates for not at-risk and at-risk students in the class of 2012 and the class of 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>ELA Not At-Risk</th>
<th>ELA At-Risk</th>
<th>Mathematics Not At-Risk</th>
<th>Mathematics At-Risk</th>
<th>Science Not At-Risk</th>
<th>Science At-Risk</th>
<th>Social Studies Not At-Risk</th>
<th>Social Studies At-Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>99</td>
<td>98</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2012</td>
<td>88</td>
<td>86</td>
<td>87</td>
<td>85</td>
<td>80</td>
<td>83</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2013</td>
<td>98</td>
<td>87</td>
<td>82</td>
<td>60</td>
<td>83</td>
<td>90</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

- Overall, graduation and completion rates of not at-risk students increased from 2011 to 2012, while at-risk students’ graduation and completion rates decreased from 2011 to 2012 (see page 30).
- For the Class of 2012, 86.9 percent of not at-risk students and 78.7 percent of at-risk students graduated from HISD four years after starting ninth grade (see page 29).
- The completion rate for not at-risk students was 91.1 percent and the at-risk rate was 87.3 percent (see page 29).
- The gaps in the graduation and completion rates increased from 2011 to 2012 (see Figure 6).
Stanford 10 and Aprenda 3 Performance

- In 2013 among non-Special Education students, on the Stanford 10 in grades 1 and 2, not at-risk students outperformed at-risk students by 27–41 percentage points (see page 30).

- Districtwide, the largest gap was on the reading section of the Stanford 10 (41 percentage points), followed by the language (36 points), mathematics (30 points), and environment (27 points) sections (see Figure 7).

- From 2012 to 2013, the districtwide performance gap between not at-risk and at-risk students decreased in reading, mathematics, and environment while the gap stayed the same in language (see page 30).

- Districtwide performance on the 2013 Aprenda 3 among non-Special Education students in the first and second grades indicated that not at-risk students outscored at-risk students on all sections by 3–10 percentage points (see page 30).

- Districtwide, the largest gap in scores on the Aprenda 3 was on the mathematics section (10 percentage points), followed by the language (7 points), environment (6 points), and reading (3 points) sections (see Figure 8, page 14).

- The gap in performance on the Aprenda 3 between at-risk and not at-risk students decreased in reading and environment, increased in mathematics, and stayed the same in language from 2012 to 2013 (see page 30).

Figure 7. Percent at or above the 50th percentile on the Stanford 10 for not at-risk and at-risk students in grades 1–2, 2011–2013
For specific SCE programs, the following findings are relevant.

- In general, the 2013 English STAAR, STAAR EOC, and TAKS results indicate that passing rates of students who received and/or participated in various SCE programs and services did not exceed the passing rates of all at-risk students in the district, with the following exception: Beechnut students on the TAKS Science, JJAEP students on the English STAAR Grade 3–8 Reading, and students who received pregnancy-related services on the STAAR Grade 3–8 Reading and EOC English I Writing (see pages 17–25).

- The Excess Cost Model was implemented to reduce class sizes through the provision of additional instructional positions. Program effectiveness was measured through attendance rates, completion rates, and TAKS performance. Districtwide attendance rates have stayed the same at 95.7 percent in 2011–2012 and 2012–2013. Graduation and completion rates decreased for at-risk students from 2011 to 2012. The overall passing rates of not at-risk students exceeded those of at-risk students on all tests of the STAAR Grade 3–8, STAAR EOC, and TAKS, and at all grade levels (see pages 24–25).

Detailed findings at the school office and campus level are presented beginning on page 28 of this report. In particular, TAKS results and completion rates are presented at the district, school office, and school levels. Results are presented for at-risk and not at-risk students by grade at all levels. The next section of the report also provides detailed information about the SCE-funded disciplinary alternative education programs and centers and pregnancy-related services.
Discussion

Overall, the findings from the State Compensatory Education Report indicated that at-risk students underperform their not at-risk counterparts in every measure so continued support for students at-risk of dropping out of school is necessary in order to improve their performance and close the achievement gap between at-risk and not at-risk students. At-risk students represent a large and important proportion of the students in HISD. Gaps in student achievement between at-risk and not at-risk students remain large. Although gap reductions from 2012 to 2013 occurred in all the English and Spanish STAAR Grade 3–8 subject tests, improvements were incremental. There were small gap reductions on the STAAR EOC English I Reading and Writing tests and World Geography tests, but gaps between at-risk and not at-risk students increased from 2012 to 2013 on the Algebra I, Geometry, and Biology tests. Similarly, graduation rates for at-risk students continue to lag behind those of not at-risk students.

HISD is implementing programs to address student achievement and graduation rates. The district continues to focus on recruiting highly qualified teachers and supporting them with on-going professional development. Additional emphasis in high school is provided to help students complete credits for graduation.

The SCE-funded programs in HISD serve students who are considered at-risk. Enrollment in each program is inconsistent and relatively short-term, making it difficult to draw conclusions and attribute any performance patterns to programs that are transient. However, that does not necessarily mean these programs are ineffective. For instance, the support provided from Pregnancy-Related Services likely prevents young women who use these services from dropping out of school, a result that would not be indicated in their test performance.
References


Beechnut Academy (#303)

Program Description

This program is a privately managed Disciplinary Alternative Education Program (DAEP) for middle and high school students with behavioral problems. Its primary purpose is to provide a continuum of academic and social services for students who have been removed from a regular education program for serious violations of the Code of Student Conduct. The academic goal of Beechnut Academy is to provide an academic program comparable with the program offered at the student's home school. The program utilizes individualized computer-program-assisted instruction as well as teacher-directed instruction. A student is approved and accepted into the program for a minimum of 30 days and a maximum of 180 days of successful attendance. Upon successful completion of the program, students return to their regular school settings. The expected outcomes include development of grade-appropriate academic and social skills necessary to be successful upon returning to the home school campuses.

<table>
<thead>
<tr>
<th>Student Demographics</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Served*</td>
<td>2,203</td>
<td>1,844</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>30%</td>
<td>29%</td>
</tr>
<tr>
<td>Male</td>
<td>70%</td>
<td>71%</td>
</tr>
<tr>
<td>Race/Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>African American</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>American Indian</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>57%</td>
<td>57%</td>
</tr>
<tr>
<td>White</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Two or More</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>At-Risk</td>
<td>89%</td>
<td>95%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staffing/Funds</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>Contract</td>
<td>Contract</td>
</tr>
<tr>
<td>Allocation</td>
<td>$12,663,344</td>
<td>$11,985,518</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>School Improvement Plan</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The utilization of SCE funds was documented.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Student Outcomes</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance Rate</td>
<td>76.0%</td>
<td>79.5%</td>
</tr>
</tbody>
</table>

*Source: PEIMS ADA Resubmission

<table>
<thead>
<tr>
<th>English STAAR Percent Met Satisfactory Standard, 2012 and 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STAAR End-of-Course Percent Met Satisfactory Standard, 2012 and 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Algebra I</td>
</tr>
<tr>
<td>Biology</td>
</tr>
<tr>
<td>English I Reading</td>
</tr>
<tr>
<td>English I Writing</td>
</tr>
<tr>
<td>World Geography</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TAKS Percent Passing, 2012 and 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
</tbody>
</table>
Executive Summary

Beechnut Academy offered educational instruction and support services to a total of 1,844 students over the 2012–2013 school year. The majority of students were male (71 percent). The racial/ethnic composition of students consisted mostly of Hispanic (57 percent) and African American (40 percent) students. Ninety-five percent of the students served were classified as at-risk according to SCE criteria.


Program effectiveness was measured using the attendance rate, and test performance data on the STAAR, EOC, and TAKS tests. The attendance rate increased from 76.0 percent in 2012 to 79.5 percent in 2013. Performance increased from 2012 to 2013 on the English language STAAR in every subject except writing. On the STAAR EOC, performance increased from 2012 to 2013 in Biology but decreased in Algebra I, English I Reading and Writing and World Geography. Performance from students at Beechnut Academy still lags behind that at the district level.

Based on these findings, it is recommended that the program administration continue efforts to improve the attendance rate and focus on all subject areas that are tested by identifying instructional approaches that are more effective for students with behavioral issues.
Juvenile Justice Alternate Education Program (#320)

Program Description

Juvenile Justice Alternate Education Program (JJAEP) is a program for middle and high school students who have been placed by the courts in detention and residential facilities managed by the Harris County Juvenile Probation Department. Its primary purpose is to provide a continuum of academic and transition services for middle and high school students who have been removed from a regular education program for serious criminal activity or serious misconduct.

The focus of JJAEP is to promote academic growth and behavioral skills that will allow students to transition back into school upon the completion of their sentences. Additional services such as probation-related requirements, mentoring, counseling, mental health services, substance abuse intervention, health services, and prevention-related services are available. JJAEP also provides after-school programs as well as summer school. JJAEP is funded by the Texas Juvenile Probation Commission, local school districts, and state and federal grants. The expected outcomes include development of grade-appropriate academic and social skills necessary to be successful upon returning to the home school campuses.

<table>
<thead>
<tr>
<th>Student Demographics</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Served*</td>
<td>15</td>
<td>53</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>87%</td>
<td>11%</td>
</tr>
<tr>
<td>Male</td>
<td>13%</td>
<td>89%</td>
</tr>
<tr>
<td>Race/Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>African American</td>
<td>27%</td>
<td>42%</td>
</tr>
<tr>
<td>American Indian</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>73%</td>
<td>55%</td>
</tr>
<tr>
<td>White</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Two or More</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>At-Risk</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staffing/Funds</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>Contract</td>
<td>Contract</td>
</tr>
<tr>
<td>Allocation</td>
<td>$984,270</td>
<td>$1,497,203</td>
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School Improvement Plan

The utilization of SCE funds was documented.

Student Outcomes

<table>
<thead>
<tr>
<th>Attendance Rate</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>87.9%</td>
<td>84.9%</td>
<td></td>
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</table>

English STAAR Percent Met Satisfactory Standard, 2012 and 2013

<table>
<thead>
<tr>
<th>Grade</th>
<th>N Tested</th>
<th>Percent</th>
<th>N Tested</th>
<th>Percent</th>
<th>N Tested</th>
<th>Percent</th>
<th>N Tested</th>
<th>Percent</th>
<th>N Tested</th>
<th>Percent</th>
<th>N Tested</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>1</td>
<td>*</td>
<td>1</td>
<td>*</td>
<td>0</td>
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<td></td>
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<td>7</td>
<td>2</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>8</td>
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<tr>
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<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</table>

STAAR End-of-Course Percent Met Satisfactory Standard, 2012 and 2013

<table>
<thead>
<tr>
<th>Subject</th>
<th>2012 N Tested</th>
<th>Percent</th>
<th>2013 N Tested</th>
<th>Percent</th>
<th>2012 N Tested</th>
<th>Percent</th>
<th>2013 N Tested</th>
<th>Percent</th>
<th>2012 N Tested</th>
<th>Percent</th>
<th>2013 N Tested</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algebra I</td>
<td>6</td>
<td>33</td>
<td>7</td>
<td>29</td>
<td>6</td>
<td>33</td>
<td>7</td>
<td>29</td>
<td>1</td>
<td>*</td>
<td>1</td>
<td>*</td>
</tr>
<tr>
<td>Biology</td>
<td>4</td>
<td>*</td>
<td>6</td>
<td>33</td>
<td>1</td>
<td>*</td>
<td>33</td>
<td>Chemistry</td>
<td>33</td>
<td>Chemistry</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>English I Reading</td>
<td>6</td>
<td>17</td>
<td>2</td>
<td>*</td>
<td>3</td>
<td>*</td>
<td>English II Reading</td>
<td>3</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>English I Writing</td>
<td>6</td>
<td>33</td>
<td>4</td>
<td>*</td>
<td>3</td>
<td>*</td>
<td>English II Writing</td>
<td>3</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Geography</td>
<td>6</td>
<td>17</td>
<td>7</td>
<td>14</td>
<td>World History</td>
<td>2</td>
<td>*</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TAKS Percent Passing, 2012 and 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Grade</th>
<th>English/Language Arts N Tested</th>
<th>Percentage</th>
<th>Mathematics N Tested</th>
<th>Percentage</th>
<th>Science N Tested</th>
<th>Percentage</th>
<th>Social Studies N Tested</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11</td>
<td>2</td>
<td>*</td>
<td>1</td>
<td>*</td>
<td>1</td>
<td>*</td>
<td>1</td>
<td>*</td>
</tr>
<tr>
<td>2013</td>
<td>11</td>
<td>3</td>
<td>*</td>
<td>4</td>
<td>*</td>
<td>4</td>
<td>*</td>
<td>4</td>
<td>*</td>
</tr>
</tbody>
</table>

*Fewer than 5 students tested
JJAEP (cont.)

Executive Summary

JJAEP offered educational instruction and support services to a total of 53 students during the 2012–2013 school year. The majority of students were male (89 percent), and the racial/ethnic composition of the students was mostly Hispanic (55 percent) and African American (42 percent). All of the students served were considered at-risk according to SCE criteria.

The budget allocation for JJAEP increased from $984,270 in 2011–2012 to $1,497,203 in 2012–2013.

Program effectiveness was measured using the attendance rate and test performance data on the STAAR, EOC, and TAKS tests. The attendance rate decreased from 87.9 percent in 2012 to 84.9 percent in 2013. Due to the small number of tests taken by students, trends in performance were not analyzed.

Based on these findings, it is recommended that the program administration continue efforts to improve the attendance rate and continue to introduce instructional strategies that reflect best practices for improving academic performance.
Elementary Disciplinary Alternative Education Program (#466)

Program Description

Elementary Disciplinary Alternative Education Program (EL DAEP) is a Disciplinary Alternative Education Program (DAEP) for elementary school students. The Texas Education Code prohibits children under the age of ten years old from being expelled so students are placed in EL DAEP. Initial placement is for fifteen days. The program’s primary purpose is to provide a structured, rigorous, and individualized behavior and academic curriculum for elementary school students who have been removed from a regular education program for serious criminal activity or misconduct.

<table>
<thead>
<tr>
<th>Student Demographics</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Served*</td>
<td>44</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>10%</td>
</tr>
<tr>
<td>Male</td>
<td>90%</td>
</tr>
<tr>
<td>Race/Ethnicity</td>
<td></td>
</tr>
<tr>
<td>African American</td>
<td>60%</td>
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<tr>
<td>American Indian</td>
<td>0%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>2%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>36%</td>
</tr>
<tr>
<td>White</td>
<td>0%</td>
</tr>
<tr>
<td>Two or More</td>
<td>2%</td>
</tr>
<tr>
<td>At-Risk</td>
<td>89%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staffing/Funds</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td></td>
</tr>
<tr>
<td>Allocation</td>
<td>$491,395</td>
</tr>
</tbody>
</table>

School Improvement Plan

The utilization of SCE funds was documented.

Student Outcomes

 Attendance Rate 2012–2013

<table>
<thead>
<tr>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>89.7%</td>
</tr>
</tbody>
</table>

Executive Summary

EL DAEP offered educational instruction and support services to a total of 44 students during the 2012–2013 school year. Ninety percent of the students were male, 60 percent were African American, 36 percent were Hispanic, and 89 percent were classified as at-risk according to SCE criteria.

The budget allocation for EL DAEP was $491,395.

Program effectiveness was measured using the attendance rate and STAAR performance test data. Since the EL DAEP program began during the 2012–2013 school year, there are no previous data for comparison. However, the percent meeting the satisfactory standard at EL DAEP was lower at all grade levels than that at the district level.

Based on these findings, it is recommended that the program administration implement practices that will raise student performance to meet or exceed that at the overall district level.
Pregnancy-Related Services (#634)

Program Description

Pregnancy-Related Services (PRS) are support services for pregnant students to help them adjust to pregnancy and parenting, and to remain in school during the pregnancy and postpartum periods. The program is offered at all high schools and all middle schools that have referrals. Any pregnant high school student is eligible for services under the PRS Program. Services include: counseling, career guidance, school and other health-related services, transportation, referrals to external agencies, education on child development, parenting and job-readiness training, child care, case management, service coordination, and specialized counseling. Additionally, Compensatory Education Home Instruction (CEHI) is provided during the prenatal and postpartum periods. The CEHI component allows teachers to provide academic services to students at home or at the hospital, when students are unable to attend school. CEHI consists of at least four hours per week of instruction by a certified teacher.

<table>
<thead>
<tr>
<th>Student Demographics</th>
<th>Program Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Types of Referrals</td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td>10</td>
</tr>
<tr>
<td>Child Care</td>
<td>35</td>
</tr>
<tr>
<td>Social Services</td>
<td>6</td>
</tr>
<tr>
<td>GED</td>
<td>2</td>
</tr>
<tr>
<td>Mental Health</td>
<td>1</td>
</tr>
<tr>
<td>Dental</td>
<td>0</td>
</tr>
<tr>
<td>Dropout Prevention</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
</tr>
<tr>
<td>Students Receiving CEHI</td>
<td>341</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staffing/Funds</th>
<th>School Improvement Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>Contract</td>
</tr>
<tr>
<td>Allocation</td>
<td>$868,186</td>
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</tbody>
</table>

*Source: PEIMS ADA Resubmission

<table>
<thead>
<tr>
<th>English STAAR Percent Met Satisfactory Standard, 2012 and 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Grade</td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STAAR End-of-Course Percent Met Satisfactory Standard, 2012 and 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Subject</td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>Algebra I</td>
</tr>
<tr>
<td>Biology</td>
</tr>
<tr>
<td>English I Reading</td>
</tr>
<tr>
<td>English I Writing</td>
</tr>
<tr>
<td>World Geography</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TAKS Percent Passing, 2011–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
</tbody>
</table>

*Fewer than 5 students tested
Pregnancy-Related Services (cont.)

Executive Summary

During the 2012–2013 school year, 578 students received pregnancy-related services. The racial/ethnic composition was dominated by Hispanic students (73 percent) and African American students (25 percent). Ninety-one percent of these students were considered at-risk according to SCE criteria.


Program effectiveness was measured with test performance data on the STAAR, EOC, and TAKS. English language STAAR performance increased from 2012 to 2013 in reading and math but decreased in science and social studies. EOC performance increased in all subject areas that were tested in 2012 and 2013. However, performance on these tests for students receiving pregnancy-related services still lags behind that at the district level.

Based on these results, program administrators should continue to implement best instructional practices for improving academic performance.
Excess Cost Model (#999)

Program Description

HISD used SCE funds to help supplement the regular educational program by reducing class sizes. District recommended student to teacher ratios are as follows:

- Grades PK-4  22:1 (State Requirement)
- Grade 5      26:1
- Grades 6-8   28:1
- Grades 9-12  30:1

The district determines the appropriate level of funding for each campus based on the following formulae:

**Elementary Campuses**

\[
\text{Number of students by grade level ÷ recommended class size} = \text{standard number of teachers required.}
\]

**Secondary Campuses**

\[
\left(\frac{\text{Total number of students in a subject area ÷ recommended class size}}{\text{standard number of classes (6)}}\right) = \text{standard number of teachers required.}
\]

The standard number of teachers required is compared to the actual number of teachers for that subject area. The value in excess of the standard requirement is considered excess cost and coded accordingly to the appropriate IA code.

### Student Demographics

<table>
<thead>
<tr>
<th>Gender</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>203,066</td>
<td>203,354</td>
</tr>
<tr>
<td>Male</td>
<td>108,992</td>
<td>99,992</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>American Indian</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>62%</td>
<td>63%</td>
</tr>
<tr>
<td>White</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Two or More</td>
<td>&lt;1%</td>
<td>1%</td>
</tr>
<tr>
<td>At-Risk</td>
<td>62%</td>
<td>57%</td>
</tr>
</tbody>
</table>

### Staffing/Funds

<table>
<thead>
<tr>
<th>FTEs</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation</td>
<td>$34,278,108</td>
<td>$42,944,670</td>
</tr>
</tbody>
</table>

### District Improvement Plan

The utilization of SCE funds was documented in the 2012–2013 District Improvement Plan.

### Student Outcomes

<table>
<thead>
<tr>
<th>Attendance Rate</th>
<th>2011–2012</th>
<th>2012–2013</th>
</tr>
</thead>
<tbody>
<tr>
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*Source: PEIMS ADA Resubmission

Executive Summary

As part of a districtwide initiative, the Excess Cost Model was implemented in order to reduce class sizes below the district’s class-size guidelines by providing additional instructional positions. For the 2012–2013 school year, a total of 203,354 students were served. The budget allocation for the 2012–2013 school year was $42,944,670. In 2012–2013, the racial/ethnic composition for the district consisted of 25 percent African American, four percent Asian/Pacific Islander, 63 percent Hispanic, less than one percent Native American, and eight percent White students. Regarding gender, 51 percent of the students were male and 49 percent were female. Districtwide, 57 percent of students were identified as at risk.

Program effectiveness was measured using the following outcome indicators: attendance rates, completion rates, STAAR, STAAR EOC, and TAKS performance. Attendance rates and completion rates were collected over a two-year period so that the presence or absence of progress on these indicators could be ascertained. TAKS data were collected for a three-year period. As shown on the outcomes portion of this page, the districtwide attendance rate remained at 95.7 percent from 2011–2012 to 2012–2013.
Analysis of districtwide results reveal that, overall, the performance of not at-risk students exceeded those of at-risk students on all tests of the STAAR, STAAR EOC, and TAKS, Stanford, and Aprenda in 2013 and at all grade levels. The performance gap on the STAAR exam between at-risk and not at-risk students was the highest in social studies (39 percentage points), followed by science (30 points), reading (29 points), writing (25 points), and mathematics (19 points). Although the gaps decreased in all subjects from 2011–2012 to 2012–2013, there is still much room for improvement.

On most subjects of the 2013 STAAR EOC exams, the gap in performance between at-risk and not at-risk students was quite large. Performance was lower in 2013 for all students in Algebra I, Geometry, Biology, English I Reading and Writing, English II Writing, and World Geography. In addition to these subject areas, the 2013 performance gaps in Algebra I, English I Reading and Writing, English II Reading and Writing, World Geography, and World History were especially large (greater than 30 percentage points).

In general, there has been no significant improvement in TAKS performance over the last three years. The gap in performance between at-risk and not at-risk students in mathematics is consistently larger than the gaps in other subjects. Programs focusing on the performance of at-risk students in mathematics would likely prove beneficial.

While the graduation and completion rates for not at-risk students increased from 2011 to 2012, the rates decreased for at-risk students. Academic intervention for at-risk students must begin early in order to put them on track for graduation.

Based upon these findings, it is recommended that the district’s and schools’ administrative staffs focus on instructional strategies to increase student achievement for at-risk students in all subject areas.
State Compensatory Education
Frequently Asked Questions
(Revised 10/1/13)

1. Is funding for state compensatory education based upon the number of students at risk of dropping out of school?

   No. Funding is based on:
   - the number of students reported on the free- or reduced-price lunch count from the average of the district’s best six-months’ enrollment from the previous school year or in the manner provided by commissioner’s rule, if no campus in the district participated in the national school lunch program of free or reduced-price lunches during the preceding school year (HB 2879, 77th Legislature);
   - an annual allotment for students who reside in a residential placement facility in a district in which the student’s parent or legal guardian does not reside; and
   - an annual allotment for pregnant students or students who are parents that attend school full time and participate in a program under Section 29.081 of Texas Education Code (TEC).
   - an annual allotment for military dependent students [42.152(c)]

2. What are the campus eligibility criteria?

   In order for SCE funds to be allocated to a campus, the campus must have students who meet the state criteria for students at risk of dropping out of school and services provided to these students must be described in the district and/or campus improvement plan, as appropriate.

3. What are the state eligibility criteria for identifying students at risk of dropping out of school?

   A student at risk of dropping out of school includes each student who is under 21 years of age 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.

4. What is the purpose of State Compensatory Education (SCE)?

SCE 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. As a goal, the SCE program seeks to provide a challenging and meaningful instructional program to close the achievement gap between children at risk of dropping out of school and their peers.


5. May SCE funds be used to implement a state mandated program?

No, SCE funds are supplemental funds and cannot be used to meet state mandated rules, programs or positions. This rule also applies when SCE funds are used on a Title I, Part A schoolwide campus. SCE funds supplement the regular education program for students identified as at risk of dropping out of school.

Example: SCE funds cannot be used to meet the State mandated class size rule regarding 22 to 1 as required in Texas Education Code (TEC) Section 25.112 and Financial Accountability System Resource Guide, Section 9.2.4.1

6. May SCE funds be used to implement a state mandated program on a Title I, Part A schoolwide campus?

No. Refer to information above.

7. When a district allocates SCE funds to their campuses, may any campus receive SCE funds?

The allocation of SCE funds should be based on “need” and each campus receiving SCE funds must have students who meet the TEC criteria for students in at-risk situations.

Financial Accountability System Resource Guide, Section 9.2.1

8. Must identified at risk students on Title I, Part A schoolwide campus (at or above 40% low-income) be reported to PEIMS?

Yes. Students who meet any of the 13 state eligibility criteria are reported to PEIMS.

9. Must the program intent of the SCE program be met in a schoolwide program?

Yes, SCE is a state mandated program. Keep in mind: state law provides flexibility with the use of SCE funds on Title I, Part A campuses at which at least 40 percent of the students are educationally disadvantaged. SCE funds used to support a Title I, Part A educational program must be part of the campus budget and all SCE expenditures must be tracked back to the SCE fund code, and all generally, accepted accounting principles must be followed. As with Title I funds, SCE funds used to upgrade the educational program must also meet the same guidelines required of the No Child Left Behind Act of 2001 (Public Law 107-110), (abbreviated in print as NCLB) in that SCE funds may only be used to incorporate instructional strategies that scientifically-based research has shown are effective with teaching low-achieving students.

Please keep in mind, State law does not create a schoolwide SCE program. Instead, in TEC 42.152(c), districts are allowed to use SCE funds “to support a [schoolwide] program eligible under Title I of the Elementary and Secondary Education Act of 1965.” Note the use of the term “support.” This means that the district may use SCE
funds to act with (i.e., coordinate) Title I, Part A to implement the schoolwide program. However, **the district will still need to adhere to the fiscal requirements stipulated in TEC 42.152 and the program requirements mandated in TEC 29, Subchapter C.**

10. **Is a student enrolled in the free-or reduced-price lunch program automatically considered to be in an at-risk situation?**

   **No.** Students must meet the state criteria or documented local criteria for identifying students in at-risk situations.

11. **Are Title I students automatically considered to be at risk of dropping out of school?**

    **No,** not according to state criteria.

12. **May SCE funds be used to supplement Title I, Part A districtwide positions or activities?**

    Flexibility with SCE funds **does not extend to Title I, Part A, districtwide program activities funded through the central office, regardless of whether all campuses in a district are Title I, Part A schoolwide. Please note:** There are only Title I, Part A schoolwide campuses not Title I, Part A schoolwide districts.

13. **May SCE funds be used to supplement Title I, Part A targeted assistance program?**

    SCE funds may be used to support a Title I, Part A identified program on a targeted assistance campus where the poverty percentage is 40% or greater. Students served in a Title I, Part A program must meet the Title I eligibility criteria, as clearly specified in the campus improvement plan. (Eligible children are children identified by the school as failing, or most at risk of failing, to meet the State’s challenging student academic achievement standards on the basis of multiple, educationally related, objective criteria established by the district and supplemented by the school, except that children from preschool through Grade 2 shall be selected solely on the basis of such criteria as teacher judgment, interviews with parents, and developmentally appropriate measures.) Like the use of SCE funds on a Title I, Part A schoolwide campus, students are not required to meet the SCE eligibility criteria to use SCE funds to support the Title I, Part A Program.

14. **Should students only be identified at one time during the year, typically just before PEIMS data are submitted in October?**

    **No.** Identification should be conducted (for the student’s benefit) at any time during the year in order to identify those students who are eligible for services under the SCE program. For example, if a student becomes homeless in the month of March, this student should be identified and served accordingly even though this student was identified after the district’s PEIMS snapshot report. How often a district reviews their student’s at risk classification is their own decision; however, the earlier the student is identified, the earlier the student may benefit from the SCE program. Refer to the Financial Accountability System Resource Guide, Section 9.2.5.

15. **How does one determine if a student with disabilities is also classified as a student at risk of dropping out of school?**

    The at-risk situation cannot be due to a disability. The student with a disability would be in an at-risk situation if the student met one of the listed criteria, not due to the disability.

16. **Are dyslexic children automatically considered to be at risk of dropping out of school?**

    **No,** not according to state criteria.

17. **Are all homebound students automatically considered to be at risk of dropping out of school?**

    **No,** not according to state criteria.
18. **May SCE funds be used to identify 504 students?**

   **No,** 504 students do not meet the state at risk criteria.

19. **Are students who are classified as 504 students automatically considered to be at risk of dropping out of school?**

   **No,** not according to state criteria. This is a state mandated program. State mandated programs cannot be funded with SCE funds. More information can be found at [http://www2.ed.gov/about/offices/list/ocr/504faq.html](http://www2.ed.gov/about/offices/list/ocr/504faq.html)

20. **May SCE funds be used for a 504 Coordinator?**

   **No,** not according to state criteria. This is a state mandated program. State mandated programs cannot be funded with SCE funds. More information can be found at [http://www2.ed.gov/about/offices/list/ocr/504faq.html](http://www2.ed.gov/about/offices/list/ocr/504faq.html)

21. **May SCE funds be used to serve students over the age of 20?**

   **YES,** Starting with the 2014-2015 school year, House Bill 5 created a change to the At-Risk definition by raising the maximum at-risk student age from 20 to 25.

22. **Once a student is identified as at risk of dropping out of school, is the student always considered to be at risk of dropping out of school?**

   Once a student is not advanced from one grade level to the next or if the student previously dropped out of school, the student remains at risk of dropping out of school for the remainder of his/her public education.

23. **If a student failed two or more foundation subjects during the preceding year (fall semester) but passed the same subjects during the spring semester, is this student at risk during the current year?**

   Yes, according to state criteria.

24. **If a student is currently failing two or more foundation subjects, should this student be identified at risk?**

   Yes, according to state law. Early identification should enable the student to receive timely services and allow the student to pass foundation subjects during the semester.

25. **Are students in a prekindergarten program automatically considered to be at risk of dropping out of school?**

   **No,** not according to state criteria.

26. **If the student has successfully exited the Limited English Proficient (LEP) program and is now being monitored by the campus, is the student still considered an at risk student?**

   **No,** not according to state criteria.

27. **What is the definition of a Foster Group Home?**

   A “foster group home” means a child-care facility that provides care for seven (7) to twelve (12) children for 24 hours a day. However, any foster child meets the state criteria for at risk of dropping out of school because all foster children are under the custody or care of the Department of Family and Protective Services.

28. **Are homeless students automatically considered to be at risk of dropping out of school?**

   **Yes.**
29. Are students who live with their grandparents or any other relative, automatically considered homeless and thereby identified as at-risk students?

**No.** Homelessness depends on the student’s living conditions. (Refer to the McKinney-Vento Homeless Assistance Act of 2001, Sec. 725) [http://www.utdanacenter.org/theo/](http://www.utdanacenter.org/theo/) This FAQ provides answers to frequently asked questions on the McKinney-Vento Homeless Assistance Act:

30. Are students placed in a disciplinary alternative education program (DAEP) classified as at risk of dropping out of school?

**Yes,** if students placed in the program meet the DAEP requirements stated in Chapter 37.006, TEC.

31. Is the Reading Proficiency Test in English (RPTE) used for identifying students at risk of dropping out of school?

**No.** The purpose of the RPTE is to measure LEP students’ academic progress in reading until they are ready to be assessed with STAAR in English. LEP students due to their limited English proficiency automatically meet the state criteria for students at risk of dropping out of school.

32. Must a district administer a norm-referenced assessment?

**No.**

33. For Pre-K through grade 3; how is “satisfactory performance” determined on a readiness or assessment instrument?

This is a district decision; the district determines “satisfactory” performance.

34. What type of readiness tests may be used for determining eligibility?

This is a local decision. Several types of readiness tests are available and each one has certain strengths that may best fit certain target situations when assessing students. It is a local decision if the district wants to develop a readiness test or purchase a commercially made test.

35. Should only one subject, such as reading, be tested and used as the readiness test?

The Texas Education Code, Section 29.018 defines the State criteria used to identify students at risk of dropping out of school. The criterion that pertains to the readiness test, reads as follows, “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.”

Basically, a readiness test is a testing instrument designed to measure skills believed to be related to school learning tasks and to be predictive of school success and when used properly, readiness test can provide information about designing instructional programs to further children's learning. A common definition of school readiness looks at the competencies children should have when they enter early grades, including academic and cognitive skills, language and literacy abilities, and social-emotional functioning, which are vital to later school success. Therefore, a readiness test should measure more than reading, otherwise, children who need early intervention in an area other than reading will also benefit from additional assistance.

For the most part, readiness tests provide information on the current state of children’s development and knowledge, but they do not necessarily predict school success two or three years into the future. For that reason, scores should be used for programming **for the current year only.**

It is important to remember that the purpose of the a readiness test is to evaluate a child’s knowledge and skill level at the beginning of the school year (in this case, Pre-K through 3rd grade) in order to identify areas that may
need supplemental assistance, and formulate a plan to help the student succeed in the coming year. Readiness tests should be useful tools for both teachers and parents.

36. Must the readiness test be administered during the current school year?

Yes. Districts should administer the readiness test as early in the year as possible in order to identify those students who are eligible for services under the SCE program. It is recommended that students who enroll during the school year be assessed within 30 days after enrolling. For purposes of evaluation, districts are encouraged, when appropriate, to use the same instrument district wide.

37. Can the PEIMS early reading indicator be used to identify at risk students for prekindergarten through 3rd grade.

Yes, districts may use the early reading indicator but only in conjunction with assessment scores from other core areas. We recommend that the early reading indicator be used only as a tool rather than part of an assessment but it is up to your district to determine the official assessment. We recommend that the district develop their own assessment that covers all core areas so that an at-risk student will trigger any needed assistance in any area in which a student is not deemed “satisfactory”. The assessment must be part of a district policy that defines what is and is not deemed “satisfactory” performance. The assessment policy must be district wide and cannot vary from campus to campus.

38. If a student does not perform satisfactorily on one or more (any portion) of the STAAR assessment instruments, is the student considered to be at risk of dropping out of school?

Yes. This includes all the State of Texas Assessments of Academic Readiness (STAAR®) subject areas.

39. At what point is a student who does not perform satisfactorily on an assessment instrument under Subchapter B, Chapter 39 no longer at risk of dropping out of school?

This occurs once the student performs on the instrument or other appropriate instrument in the same or comparable subject area, at a level equal to at least 110% of the level satisfactory performance on that instrument.

40. Will districts need to consider the Texas Projection Measure (TPM) when calculating the 110 percent calculation for satisfactory performance on a state assessment?

No. Currently, the state law indicates that a student is considered at risk of dropping out of school if the student 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. However, the calculation is subject to change dependent of future changes to state law.

Note: The TEA does not maintain the 110 percent calculation for any public school. It is the district’s responsibility to complete the 110 percent calculation. The district should consult its regional education service center for assistance.

41. If a 3rd grade student does not perform satisfactorily on the third grade reading state assessment but passes the second or third administration, is the student considered to be at risk of dropping out of school?

If a student fails the 3rd grade reading state assessment, but passes below 110% on the second or third administration, the student remains classified at risk of dropping out of school.

42. If a district decides to give another appropriate test, what test is considered appropriate for determining the 110% requirement, and is there a time frame for giving this test?
What test is administered, when it is administered, and how it is calculated for showing a level equal to at least 110% of the level of satisfactory performance on that instrument is a district decision. Documentation, however, must be maintained to show how the 110% level of satisfactory performance was calculated.

43. At what point is a student who does not perform satisfactorily on a state assessment no longer considered at risk of dropping out of school?

A special education student that does not perform at the level of progress established by the Admission, Review, and Dismissal (ARD) Committee is considered at risk of dropping out of school. The ARD Committee will decide when the student has met the assessment goal for exiting the student from being at risk of dropping out of school based on a state assessment.

44. How did House Bill 2703 change the compensatory education definition of “student at risk of dropping out of school”?

Beginning with the 2009-2010 school year, the bill added a provision to TEC Section 29.018(d)(1) that changed the compensatory education definition of “student at risk of dropping out of school” by excluding a student who did not advance from prekindergarten or kindergarten to the next grade level only as a result of the request of the student’s parents. Therefore, school personnel need to ensure that all requests for retention are carefully maintained for auditing purposes.

45. Is a student considered to be at risk of dropping out of school if the student was placed in the next grade but was not promoted to the next grade based upon academic performance?

No. Placement in the next grade is considered as “advancement” to the next grade.

46. Are school districts allowed to use local criteria for identifying at risk students?

Yes. In addition to serving students who meet the state at risk criteria, school districts may serve (§29.081, TEC) students who meet local eligibility criteria if the local criteria have been adopted by the board of trustees of a school district. However, the number of students receiving SCE services under local criteria during a school year may not exceed 10% of the number of students who met the State criteria under §29.081 and who were served in the SCE program in the preceding school year.

Example: If a district served 500 students in school year 2009-2010 that met the state eligibility criteria, the district can serve 50 students in 2010-2011 that meet the local eligibility criteria established by the local board of trustees for school year 2007-2008.

A district must be able to document that students identified under local eligibility criteria were added to a listing of students who were identified under TEC, §29.081. To achieve and maintain compliance, all information must be current.

47. Are students who meet the local criteria reported to the Public Education Information Management System (PEIMS) PEIMS?

No. Only students who meet the state eligibility criteria are reported to PEIMS.

48. Which subjects are part of the foundation curriculum?

The foundation curriculum includes the following subjects:
- English language arts;
- Mathematics;
- Science;
- Social studies, consisting of Texas, United States, and world history, government, and geography

49. **Who must be included in the planning of the SCE program?**

Program planning and decision-making MUST include the principal, superintendent, and site-based decision-making committee.

50. **How often do district and campus improvement plans need to be updated?**

Each school year, the principal of each school campus, with the assistance of the campus-level committee, shall develop, review, and revise the campus improvement plan for the purpose of improving student performance for all student populations.

Texas Education Code, Section 11.253

51. **May SCE funds be used to pay staff to develop, review, and revise campus improvement plans?**

No. SCE funds are supplemental funds and cannot be used to meet state mandated rules. As noted in the Texas Education Code, Sec. 11.251, “The board of trustees of each independent school district shall ensure that a district improvement plan and improvement plans for each campus are developed, reviewed, and revised annually for the purpose of improving the performance of all students.”

52. **How does a charter school document the SCE requirements?**

A charter school that receives SCE funding must develop an academic campus plan describing the program that meets the identified needs of students who meet the state student eligibility criteria for students at risk of dropping out of school. Refer to the Financial Accountability System Resource Guide, Section 9.2.3.

53. **Must FTEs funded by SCE be included in the district/campus improvement plan or charter instructional plan?**

Yes. At a minimum, payroll costs attributed to state compensatory education must be shown at the summary level (total number of FTEs) in the district and/or campus improvement plan or charter instructional plan, as appropriate. In addition, personnel paid with SCE funds must have payroll documentation, such as a class schedule (should include number of students and number of minutes), job description, or time and effort to support charges.

Auditable documentation must also be maintained to substantiate the cost of all SCE funded FTEs, supplemental contracts and extra-duty pay. Refer to the Financial Accountability System Resource Guide, Section 9.2.3

54. **Must FTEs funded by SCE maintain a signed job description?**

Yes. An integral component of an adequate financial management system is the development and maintenance of records documenting the duties and responsibilities of personnel and the employee’s acknowledgement of their understanding of their duties and responsibilities.

Accordingly, the following is being acknowledged:
- That the duties contained on the job description are the responsibility of the employee.
- That the information contained on the job description is accurate.
- That the signer (the employee) has full knowledge of and can support listed activities, if requested.

55. **May SCE funds pay the salary of a counselor?**

SCE funds may be used to hire a supplemental counselor whose primary responsibility is to work with students at risk of dropping out of school. Time and effort must be on file if the position is not 100% SCE funded. The SCE funds may not be used to fund counselors responsible for guidance, assessment, and administrative activities that
benfit the overall regular education instructional program. The district must demonstrate that guidance or counseling services paid for by SCE funds are provided to at-risk students and are supplemental to other available guidance and counseling services. NOTE: The Texas Education Code, Section 33.006(b)(1)(A) denotes the primary duties required of school counselors – serving at-risk students is one of the duties listed.

56. May SCE (52% direct cost) funds pay the salary of a school psychologist?

**No.** This position does not relate specifically to the SCE program and does not meet the intent and purpose of the program.

57. May SCE (52% direct cost) funds pay the salary of a superintendent, a school principal, or an assistant principal?

**No:** Administrative staff may only be paid from the SCE 48% indirect cost amount as indicated in Title 19, Texas Administrative Code (TAC), Section 105.11. View the [Title 19 Texas Administrative Code (TAC) §105.11](https://www.texas.gov/Agencies/Texas-Courts-Of-Last-Resort/Texas-Attorney-General/Statutes/) for additional information regarding indirect cost.

58. May SCE (52% direct cost) funds pay the salary of an attendance clerk?

**No.** This position does not meet the intent and purpose of the program. Maintaining attendance information is required by every school district in accordance with the Texas Education Code, Section 42.

SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school.

59. May SCE (52% direct cost) funds pay the gifted and talented (GT) program?

**No.** Funding the gifted and talented program does not meet the intent and purpose of the SCE program. Identifying and/or serving gifted and talented students in the district and establishing a program for these students is required by every school district in accordance with the Texas Education Code, Section §29.122.

60. May SCE funds pay the salary of a parent/involvement liaison or a community liaison?

**No.** Expenditures that are for activities or purposes other than regular public education may not be paid from the 55 percent SCE direct cost allocation. SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school.

61. May SCE funds pay the salary of a secretary/clerk who is assigned to a SCE-funded campus staff person?

A secretary/clerk that supports professional staff assigned to specific SCE programs or activities may be paid from the 52 percent SCE direct cost allocation. The actual percentage of the staff person’s salary is based on the percent of time devoted to SCE. SCE funds must be used to provide direct services to students. Administrative staff working with SCE at the central office may only be paid from the SCE 48% indirect cost amount.

62. May SCE funds be used to hire staff to work with other programs such as special education or career and technology?

SCE funds may be used to hire a supplemental positions whose primary responsibility is to work with students at risk of dropping out of school; however, **SCE funds may not be used supplement the district’s basic fund allotment.** SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school. Therefore, all direct instructional costs must relate specifically to the SCE program and must be adequately documented.

Special education programs and career and technology programs are not programs specifically designed to meet the needs of state identified at-risk students. **SCE expenditures should directly relate supplemental instructional services that assist in improving the student’s ability to meet the state’s student performance standards.**
63. **May SCE funds be used to pay for construction costs or to purchase a portable building?**

   These costs may not be charged to the 52% SCE direct cost allocation. The 52% must be used for direct services to improve instruction, reduce the dropout rate, and increase academic performance for students identified as at risk of dropping out of school.

64. **May a schoolwide campus bypass the Title I requirement for “highly qualified staff” by funding uncertified core subject teachers with SCE funds?**

   **No.** An LEA must ensure that any teacher who is hired after the first day of the 2002-2003 school year is highly qualified as defined in 34CFR Section 200.56. All teachers of core academic subjects, whether or not they work in a program supported with Title I, Part A funds, must be highly qualified by the end of the 2006-2007 school year in accordance to P.L. 107-110, Sections 200.56 and 200.58.

65. **May the SCE funds be used to elevate teacher and principal quality through recruitment, hiring and retention strategies and to increase the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools with SCE funds?**

   **No.** The use of SCE funds to pay for any of the above-mentioned objectives does not meet the statutory purpose of SCE program. LEA may use Title II, Part A funds to fund these objectives.

66. **May the SCE funds be used to pay the costs of State tests required of new teachers to determine whether they have subject-matter competence or to assist them in meeting State certification requirements?**

   **No,** funding the cost of State tests required of new teachers and assisting them in meeting State certification requirements does not meet the statutory purpose of SCE program. However, the LEA may use Title II, Part A funds to administer State certification exams required of new teachers (and available to existing teachers) to determine whether they have subject matter competency, and to assist them in meeting Texas certification requirements, e.g., by paying for the costs of additional required courses.

67. **Is an In-School Suspension (ISS) Program a DAEP?**

   **No.** An ISS Program is a disciplinary strategy used by a district or campus; it does not meet the DAEP requirements stated in TEC, Chapter 37; therefore, ISS may not be funded with SCE.

68. **Is the In-School Suspension (ISS) Program coded to program intent code 24 or 11?**

   ISS would be coded to program intent code 11. Only activities that supplement the regular education program for students at risk of dropping out of school would be coded to program intent code 24. Refer to section 1.4.15.4 Compliance Monitoring - Program Intent Codes in the Financial Accountability System Resource Guide.

69. **Is it allowable to fund the base level services at the Juvenile Justice Alternative Education Program (JJAEP) with SCE funds (funds other than indirect cost)?**

   **No.** Statute only allows SCE funds to be used on a DAEP operated under Section 37.008; JJAEPs are operated under TEC, Section 37.011. The DAEP is a placement for students removed from the regular classroom under Section 37.002 or Section 37.006; the JJAEP is a placement for students expelled under Section 37.007.

   Some school districts contract with the county to run a DAEP, which may be located in the same facility as the local JJAEP. If the school district’s DAEP is contracted with the county, the district may use SCE funds for the DAEP only. The district may use SCE funds to pay the costs associated with placing students in a JJAEP, but not to fund base level services.
Consequently, a school district may not provide direct SCE funding for expelled students in a JJAEP operated under the guidelines indicated in the Texas Education Code, Section 37.011. If the district were to allocate funds to the JJAEP, it would have to use Function Code 95 [indirect cost] to account for JJAEP expenditures.

70. **May SCE fund non-disciplinary Alternative Education Programs?**

All direct costs attributed to “a program specifically designed to serve students at risk of dropping out of school, as defined by TEC Section 29.081” are eligible to be charged to the SCE allotment.

“A program specifically designed to serve students at risk of dropping out of school, as defined by TEC §29.081,” represents a temporary special program placement or setting, such as a non-disciplinary alternative education program, that provides special instruction or services for the period of time that the student is classified as at risk of dropping out of school. The district and campus improvement plans are to describe how students are entered and exited from the temporary special program placements or settings, and the direct costs attributed to these placements or settings are eligible to be charged to the SCE allotment.

71. **May SCE fund Disciplinary Alternative Education Programs?**

Yes, SCE funds may be used to fund a disciplinary alternative education program established under Section 37.008, to pay the costs associated with placing students in a juvenile justice alternative education program established under Section 37.011, or to support a Title I, Part A program.

Texas Education Code, Section 42.152( c )

72. **May the DAEP be located on a regular school campus?**

Yes. Additionally, if the DAEP is located at the regular campus, this program must be identified and described in the regular campus’ campus improvement plan. If the DAEP is located on a separate campus, the DAEP must have its own campus improvement plan.

73. **May SCE funds be used to pay for study hall or study period?**

**No.** SCE funds may only be used for costs of programs and/or services that are supplemental to the regular education program and are designed for students at risk of dropping out of school.

Study hall, or study period, is a term for a class period during the school day, wherein the students are not scheduled in an academic class. A study hall generally has assigned rooms and teachers or teacher’s aides, who monitor the students. Students typically use this time towards completing homework or use this time to catch up on missing assignments or study for a test or quiz that they have the following day. Programs must be supplemental and specifically designed to serve students at risk of dropping out of school, as defined by TEC Section 29.081.

74. **May SCE funds be used to pay for construction costs, administration costs or transportation costs?**

These charges (Title 19 Texas Administrative Code (TAC) Chapter 105, Subchapter B) may not be charged to the 52% SCE direct cost allocation. The 52% must be used for direct services to improve instruction, reduce the dropout rate, and increase academic performance for students identified as at risk of dropping out of school. Financial Accountability System Resource Guide, Section 9.2.4

75. **May SCE (52% direct cost) fund Pre-K?**

Districts reporting Pre-K programs receive Foundation School Program (FSP) funding for half day of Pre-K through the regular program. SCE funds may only be used to supplement this regular education program. This means SCE funds may only be used to extend Pre-K half-day to full-day for the same students who meet the state and/or local
elibility criteria for at risk of dropping out of school. Costs cannot be charged to the SCE allotment for providing services to ineligible Pre-K students.

76. **May SCE (52% direct cost) funds be used to fund a PRE-K program for students who do not meet the at-risk criteria?**

   No. SCE funds may only be used for costs of programs and/or services that are supplemental to the regular education program that are designed for students who meet the state and/or local eligibility criteria. Refer to question 47 for additional guidance on “local” criteria.

77. **May SCE (52% direct cost) funds be used to fund “other” duties, such as lunch duty, hall duty, or bus duty, assigned to supplemental educational aides?**

   No. SCE funds may only be used for costs of programs and/or services that are supplemental to the regular education program that are designed for students at risk of dropping out of school.

   The term regular education program applies to basic instructional services to which all students are entitled. Therefore, services must be part of the delivery of academic instruction supplemental to the regular program.

   Documentation should be maintained outlining the duties of each educational aide employed at the LEA (regardless of funding source). For each educational aide funded with SCE dollars, the LEA should (1) explain how the educational aide’s duties increase the opportunities for at risk students to meet the state’s academic achievement standards and (2) identify how the duties meet the guidelines of listed in the Texas Education Code, Section 42.152.

   Examples of allowable duties for educational aides:
   - One to one tutoring
   - Assist classroom management
   - Provide computer lab assistance
   - Provide instructional support under direct supervision of a teacher.

78. **May SCE (52% direct cost) be used to fund curriculum development for at-risk programs?**

   No. SCE is a state mandated program and SCE funds may only supplement the regular education program. The purpose of the SCE program is to improve student performance through direct instructional services to students at risk of dropping out of school. The development portion of this has NO at-risk student contact.

79. **May SCE (52% direct cost) fully fund the dyslexia program?**

   No, this program is a state mandated program and SCE funds may only supplement the regular education program for students identified as at risk of dropping out of school. Texas Education Code, Section 42.152(c-1)(2)

80. **May SCE (52% direct cost) fully fund the bilingual program?**

   No. this program is a state mandated program (TEC §29.051) and SCE funds may only supplement the regular education program for students identified as at risk of dropping out of school.

   Texas Education Code, Section 38.003 and Texas Education Code, Section 42.156

81. **Is the purchase of snacks and allowable cost with SCE funds?**

   Consistent with TEC 42.152(c), the use of SCE funds for food, including snacks or meals is not an allowable cost.

82. **TEC, §38.017 requires schools to make an automated external defibrillator (AED) available at each campus. May SCE fund be used to purchase the defibrillators?**
No. SCE funds are supplemental funds and cannot be used to meet state mandated rules, programs or positions. This rule also applies when SCE funds are used on a Title I, Part A schoolwide campus. SCE funds supplement the regular education program for students identified as at risk of dropping out of school.

83. **May SCE (52% direct cost) fund a crime prevention program or fund (Truant) Safety Resource Officers?**

No. The purpose of SCE is to prevent students from dropping out of school and to improve student academic performance for students at risk of dropping out of school. A crime prevention program is for ensuring student safety not for preventing students from dropping out of school. The same would apply to funding security cameras/monitors and safety resource officers.

84. **May SCE (52% direct cost) fund court-related children--liaison officers?**

No. The Texas Education Code, Section mandates this duty and State Compensatory Education funds cannot be used to meet state mandated rules, programs or positions. The law states that each school district shall appoint at least one educator to act as liaison officer for court-related children who are enrolled in the district. The liaison officer shall provide counseling and services for each court-related child and the child’s parents to establish or reestablish normal attendance and progress of the child in the school.

It is the responsibility of the liaison officer appointed in accordance with the Texas Education Code, Section 37.014, to assist students and teachers to ensure that students are provided the opportunity to complete all missed assignments.

85. **May SCE (52% direct cost) fund a dog handler’s position or be used to hire/contract/purchase or care for a drug dog?**

No. The purpose of SCE is to prevent students from dropping out of school and to improve student academic performance for students at risk of dropping out of school. Drug dogs are used for ensuring student safety and drug prevention not for preventing students from dropping out of school.

86. **May SCE (52% direct cost) funds be used to promote the district’s safe, drug-free, gang-free, bully-free, and healthy environment?**

No. The use of SCE funds to promote the district’s safe, drug-free, gang-free and healthy environment is not consistent with the legislatively-established purposes of the funds (TEC §42.152). The SCE services must be part of delivery of academic instruction supplemental to the regular program.

**NOTE:** (The Federal Partners in Bullying Prevention Steering Committee has partnered with the Interagency Working Group on Youth Programs to share information the federal government has prepared to help prevent and address bullying in communities. [http://www.findyouthinfo.gov/feature-article/federal-collaboration](http://www.findyouthinfo.gov/feature-article/federal-collaboration).)

87. **May SCE (52% direct cost) funds be used to purchase a service which permits district staff to quickly send mass notifications to parents, students, student organizations, and employees in any language and at any device? (Some districts refer to this service as a Parent Alert System.)**

The purpose of the SCE program is to improve the performance of students at risk of dropping out of school through direct instructional services. The use of SCE funds for this type of service is not consistent with the legislatively established purposes of the funds (TEC §42.152). These funds must be used for programs and/or services designed to supplement the regular education program for students identified as at risk of dropping out of school. As a goal, the SCE program seeks to provide a challenging and meaningful instructional program to close the achievement gap between children at risk of dropping out of school and their peers. This answer remains the same if SCE funds are used on a Title I, Part A schoolwide campus because SCE may only be used to upgrade the educational program for students primarily those in greatest need of receiving services to pass the state academic assessment.
88. **May SCE (52% direct cost) funds be used to purchase gifts or prizes or to pay for entertainment expenses?**

**No.** The purpose of SCE is to prevent students from dropping out of school and to improve student academic performance for students at risk of dropping out of school.

SCE funds may only be used for costs of programs and/or services that are supplemental to the regular education program and are designed for students at risk of dropping out of school. The term regular education program applies to basic instructional services to which all students are entitled.

89. **May the 52% of SCE funds allocated to the campuses be used to provide teacher bonus, raises or incentive pay or “across the board” pay?**

**No.** These charges **may not be charged to the 52% SCE direct cost allocation.** The 52% must be used for direct services to improve instruction, reduce the dropout rate, and increase academic performance for students identified as at risk of dropping out of school.

90. **May SCE (52% direct cost) funds be used to finance the cost of an additional planning period for teachers?**

**No.** The services must be part of delivery of academic instruction supplemental to the regular program. These funds are to be used for programs and/or services designed to supplement the regular education program for students identified as at risk of dropping out of school.

91. **May SCE (52% direct cost) funds be used to operate an on-going day care for teen-age parents?**

**No.** A district’s SCE program should be aligned with the TEC, Section 29.081 which requires the district to design and implement appropriate compensatory, intensive, or accelerated instructional services for students in the district’s schools that enable the students to be performing at grade level at the conclusion of the next regular school term.

Thus, SCE expenditures should directly relate to the student’s ability to learn the curriculum in order to perform at grade level. In addition to supplemental instructional programs, supplemental support services such as counseling may also contribute to improving student achievement. Consequently, direct SCE expenditures that provide general support for the parent such as diapers, wipes, car seats, and other baby products, job placement services, on-going day care, transportation for teenage parents and children to the site and to health care and social services appointments, etc. would not qualify.

92. **May SCE (52% direct cost) funds be used to operate an after school care program (latch-key program) for children?**

**No.** The services must be part of delivery of academic instruction supplemental to the regular program. In contrast, programs such after school tutoring for students at risk of dropping out of school would qualify.

93. **May SCE (52% direct cost) funds be used to supplement the Communities in Schools program?**

In accordance with TEC §42.152(c), a district shall use its SCE allotment to fund supplemental programs and services designed to eliminate any disparity in STAAR performance or disparity in the rates of high school completion between students at risk of dropping out of school, as defined in TEC Section 29.081, and all other students. Specifically, SCE funds may be used to meet the costs of providing a compensatory, intensive, or accelerated instruction program under TEC §29.081 or an alternative education program established under TEC §37.008 or to support a Title I program. One may observe that TEC §42.152(c) further states that in meeting the costs of providing a compensatory, intensive, or accelerated instruction program pursuant to TEC Section 29.081, the district shall use its SCE allotment for costs supplementary to the regular education program.

This includes costs for program and student evaluation, instructional materials and equipment and other supplies required for quality instruction, supplemental staff expenses, and salary for teachers of at-risk students, smaller class size, and individualized instruction. **Thus, in order for a district to use its SCE allotment for a Communities in**
Schools (CIS) program or any other strategy or activity that intended to address students at risk of dropping out of school, the district must design its SCE program based on the identified needs of students at risk of dropping out of school.

In determining the appropriate compensatory, intensive, or accelerated instructional programs and/or services for students at risk of dropping out of school, districts must use student performance data from the STAAR and other appropriate assessment instruments and achievement tests administered under Subchapter B, Chapter 39 of the TEC. In addressing the needs of students at risk of dropping out of school, the SCE program must be based upon the results of the district’s comprehensive needs assessment and be described in the campus improvement plan if the SCE program is implemented at the campus level or be described in the district improvement plan if the SCE program is implemented district wide. In this context, the district must demonstrate that the use of SCE funds for a CIS program specifically addresses the identified needs of students at risk of dropping out of school. Because the CIS program provides services (e.g., abstinence or eating disorder under supportive guidance and counseling, tax preparation assistance under parental and family involvement, baby sitter/CPR certification classes or vocational training under career awareness/employment) that may not necessarily constitute a compensatory, intensive, or accelerated instruction program, it is incumbent upon the district to ensure that its participation in the CIS program and the services that it receives do in fact address the identified needs of students at risk of dropping out of school. Accordingly, the district’s use of the SCE allotment for CIS services must be adequately documented in the applicable DIP or CIPs.

94. **May SCE (52% direct cost) funds be used to provide services to a private school in the district’s boundaries?**

   **No.** Students served with SCE funds must be students of the school district who meet the eligibility criteria as stated in Section 29.081 of the Texas Education Code.

95. **How may SCE (52% direct cost) funds be used to fund a mentoring program for at risk students?**

   Senate Bill 16 of the 78th Legislature also amended Subchapter C, Chapter 29, of the Texas Education Code by adding Section 29.089, relating to mentoring services. According to Section 29.089, programs that provide mentoring services to students at risk of dropping out of school, as defined by Section 29.081, are also eligible to be charged to the state compensatory education allotment. Before the LEA provides a mentoring program, adequate planning and research must be conducted to determine what types of programs are capable of achieving the many goals, including improved academic performance and attendance in mentored youth. It is imperative that programs implement proven, research-based best practices if they are to achieve their desired outcome. As with all other services provided for students at risk of dropping out of school, a needs assessment must be conducted to aide in the development of the programs’ scope of services. The analysis of the results of the assessment should provide the foundation that is critical in designing a program that can be integrated into raising the academic success of students at risk of dropping out of school.

   Activities offered by the mentoring programs may include homework completion and assistance, supplemental academic classes, academic games and activities, computer-assisted instruction and educational games, one-on-one tutoring, and reading, writing, and vocabulary activities. The **What Works Clearinghouse** (WWC) releases new intervention reports, topic reports, practice guides and quick reviews throughout the year. Use the **What’s New** archive to browse releases from the past year. [http://ies.ed.gov/ncee/wwc/whatsnew/index.asp?Date=6/1/2009](http://ies.ed.gov/ncee/wwc/whatsnew/index.asp?Date=6/1/2009)

   Note: Prior to implementing the mentoring program, the LEA should have established policies and procedures which include the screening of all potential mentors including background checks; training and support for mentors and program staff on an ongoing basis; activities for mentors and students; and established procedures for supervising and monitoring of mentoring relationships.

96. **May SCE (52% direct cost) funds be used to fund the cost of the development and implementation of personal graduation plans?**

   **No,** SCE funds are supplemental funds and cannot be used to meet state mandated rules, programs or positions.
Senate Bill 1108, passed (during the 78th Texas Legislature, Regular Session, 2003), a mandate that a school principal designate a guidance counselor, teacher, or other appropriate individual to develop and implement a personal graduation plan for each student in junior high, middle school, or high school who did not perform satisfactorily on an assessment instrument administered under Texas Education Code, Chapter 39, Subchapter B, or who is not likely to receive a high school diploma before the fifth school year following the student’s enrollment in grade 9 (as determined by the district) (TEC §28.0212). [Refer to TEA Correspondence dated October 23, 2003.]

http://ritter.tea.state.tx.us/taa/stanprog102303.html

97. May SCE (52% direct cost) funds be used to fund the cost of dual enrollment courses for which students receive both high school and college credit?

No. Expenditures for activities or purposes other than regular public education may not be paid from the 55 percent SCE direct cost allocation. SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school. However, in accordance with the Texas Education Code, §39.234(a), the high school allotment funds may be spent on this activity.

98. May SCE funds (direct cost - 52%) be used to fund or supplement the following:

- Banquets, award ceremonies, celebrations, door prizes, prom dresses, pep rallies or food costs?
- Trophies used for “student of the month”, A/B honor roll, “A” honor roll and all end of year events?
- Drug dogs, drug testing, drug treatment, red ribbons, PA systems, security mirrors/monitors, cameras, drug/gang/bulling prevention, health fairs, or defibrillators?
- Furniture, door mats, murals, banners, display cases, clinic/nurse supplies, school nurses, rock climbing walls, bike racks or custom or outdoor signs?
- Library equipment, library supplies or yearly campus library budget; laminating machines; library books unrelated to the SCE program?
- Gifts, promotional items, memorabilia, or souvenirs for staff, students, parents, administrators, coaches, board members or community (such as T-shirts, caps, tote bags, key chains, imprinted pens)?
- Meals, snacks, bottled water, or food costs? Meals for parents? Meals for board members?
- Athletics, PE teachers, PE aides, PE, playground equipment or gym equipment, sport uniforms or megaphones?
- “Supplemental” positions or duties not associated to intensive instruction, such as crossing guards, nurses, librarians, counselors, parent/community liaisons, psychologists, central office personnel, assistant principals?
- Staff development unrelated to the SCE program? Visiting teachers?
- Family/Adult literacy programs, Parent Involvement/Family/Community/Youth Centers? GED/ adult basic instruction? Testing of gifted and talented students, special education students or other programs unrelated to the SCE program?
- Backpacks, student handbooks, student ID badges, yearbooks, school newspaper or campus marquee?
- Entertainment, recreation, reward trips, social events or proms?
- Reward trips, or trips to amusement parks, restaurants, swimming pools or theater?
- UIL, music, fine arts, cheerleading or athletic events?
- Lawn maintenance, pest control? Fire alarm inspections? Plant maintenance?
- Custodial Staff, Supplies/Equipment/Uniforms?
- Stipends- such as UIL, department head, subject area, LEP, and sports?

No. The services must be part of delivery of academic instruction supplemental to the regular program and be reflected in the comprehensive needs assessment. In contrast, programs such as after school tutoring for students at risk of dropping out of school would qualify. Additionally, all costs must be reasonable and necessary. NOTE: This answer also applies to using SCE funds on a Title I, Part A schoolwide program.

99. May SCE (52% direct cost) funds be used to purchase incentives?
Although not specifically addressed in the Financial Accountability System Resource Guide or the Texas Education Code, incentives are allowable only when reasonable in cost and when necessary to accomplish program objectives as noted in the campus improvement plan.

Program incentives and awards are an important part of conducting program activities. However, schools should examine closely the type of incentives or awards given to students for program participation in order to ensure the award or incentive does not appear to be a gift because gifts, or items that appear to be gifts, are prohibited by the state constitution.

Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or inexpensive instructionally related items such as pens/pencils to be used in the classroom.

When faced with the question of whether certain positions, programs, strategies or activities may possibly be funded with SCE dollars, the district must keep in mind that purpose of the SCE program is to improve student performance through direct instructional services to students at risk of dropping out of school. The more removed services are from the student, the more the resources are diluted and the more difficult it becomes for the school district to defend and evaluate the use of the SCE funds and justify the effectiveness of the program in improving student performance. All expenditures using SCE funds must be reasonable and necessary. It helps to determine if the expenditure is reasonable by picturing the district having to justify the expenditure to an auditor. Accordingly, school personnel need to ensure that all requests for incentives meet the guidelines listed above to refrain from having an audit concern and being required to repay funds for inappropriate expenditures.

100. Why do auditors inspect the time of expenditures?

Auditors always scrutinize the time of expense. For example, if a district expends funds at the end of the school year (i.e., field trips, electronic equipment, supplies); auditors will question how the delayed expense raised academic standards? If it is noted that large purchases or large expenses were made at the end of the school year, it appears that the district/campus did not carefully plan how these funds were to be spent to benefit the needs of the students. Therefore, districts are advised to carefully plan the use of SCE funds and maintain auditable to substantiate the cost of all SCE funded activities.

101. May State Compensatory Education Funds be used to pay the salary for a school social worker?

Yes. SCE funds may be used to pay the salary for a school social worker. In accordance with TEC §29.081, SCE funds may be used for costs of a school social worker to assist a school with preventing students from dropping out of school and to improve academic performance for students at risk of dropping out of school. When the Campus Improvement Plan documents a need for school social worker services based on a campus needs assessment, school districts may employ social workers as supplemental staff to the regular education program in accordance with TEC §42.152. School social workers may be employed with SCE funds on a campus or in an alternative setting, such as a credit recovery program, to address identified student needs including social, emotional or societal factors that impact a student’s academic success. SCE-funded school social worker services must be provided in coordination with academic instruction in order to improve student achievement for at-risk students who are struggling to succeed in school, including serving former dropouts who return to complete an academic program.

A social worker is licensed by the Texas State Board of Social Work Examiners and is bound by a professional Code of Ethics. A school social worker may provide supplemental social worker services in order to increase the capacity of at-risk students to benefit from the instructional program, to help students meet state academic standards and to assist the school with implementing research-based strategies to improve student achievement such as:

• working collaboratively with faculty on a student support team addressing social and emotional needs of at-risk students;
• connecting students with community mental health and behavioral health services, and providing related supportive services, to remove barriers to academic success;
• providing direct individual and group counseling or crisis intervention services based on identified student needs which impact student performance;
conducting related consultation with instructional staff regarding student strengths and needs in the academic program; 
conducting home visitations to engage parents in improving at-risk student academic achievement; 
coordinating with community organizations to access evidence-based resources for at-risk students such as adult advocates, academic support services, mentoring, tutoring or services to improve social skills in the classroom; and, 
Implementing related evidence-based strategies designed to prevent at risk students from dropping out of school that are documented in a campus needs assessment and campus plan.

School social workers are supplemental and are not state mandated roles in schools. The primary responsibility of the school social worker must be to provide direct services to students at-risk of dropping out of school. Care must be taken to ensure that school social workers do not perform administrative duties in the school building. School social workers may participate in campus needs assessment for at-risk students, direct program planning and development activities that supplement the instructional program for at-risk students.

School social workers funded with 100% SCE funds may not perform functions which are unallowable with the 52% direct cost category for the SCE program, such as lunch duty, hall duty, bus duty, or testing. They may not function in the role of the school guidance counselor related to guidance, assessment or administrative activities that benefit the overall regular education instructional program in accordance with the primary school counselor duties in TEC Chapter 33. School social workers may not function in the role of the parent liaison, the community liaison, the truant officer, safety officer or court liaison required by TEC Chapter 37 or any another legislatively mandated duty with SCE 52% funds.

Aligned with state auditing requirements for all other SCE funded positions, a job description is required for school social workers. The position description must indicate that the SCE funded school social worker has the primary duty of working with students at-risk of dropping out of school. The district must demonstrate that school social worker services paid for by SCE funds are provided to at-risk students and are supplemental to other available guidance and counseling services, such as with a personnel activity report. Time and effort must be on file if the position is not 100% SCE funded. Auditable supporting documentation for payroll is required in accordance with the TEA Financial Accountability System Resource Guide.

102. With the revisions to HB 3 can school districts still use SCE funds for accelerated instruction?
Yes.

103. Is TEC 29.081, Compensatory, Intensive and Accelerated Instruction, only applicable to LEAs that are receiving State Compensatory funds?
No, a program serving students at-risk of dropping out is mandated by law whether or not you receive SCE funds.

104. When are the SCE District and Campus Improvement Plans (D/CIPs) due to the agency?
The D/CIPs should be submitted no later than the 150th day after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2. This will not necessarily fall on the same date each year.

105. For the at-risk criteria that states “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” how would you define the term resided? What documentation should we require?
The term “resided” is defined as staying overnight at any of the facilities listed. Even one night is sufficient criteria to list the student as at-risk for the following two years.
Districts must have a report from a facility or note from a counselor or social worker on letterhead states the admission/release dates of the student.
106. **Is the residential placement facility, including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home that the student resided in required to be in the district boundaries?**

   No, the location of a facility does not affect a student’s at risk status. If a student resides or resided in one of the facilities listed above during the current or preceding school year, the student is at risk and that at risk status is valid for two years after the date of their release from the facility.

   Districts must have a report from a facility or note from a counselor or social worker on letterhead states the admission/release dates of the student.

107. **Under House Bill 5 high school students are now required to pass five State of Texas Assessments of Academic Readiness (STAAR®) end-of-course exams to meet the new graduation requirements. There are exams that are no longer being required, however, some students were classified as at-risk based on their failure on the assessments that are no longer in use. Are the students that failed assessments that are no longer offered still at-risk under TEC §29.081(d)(3)?**

   A student who was identified as at risk based on this category last year should continue to be identified as at risk this school year, but the at risk status should be removed at the end of this school year.

   The LEA should also determine whether the student meets any of the other criteria under TEC §29.081(d). An LEA should also review local eligibility criteria adopted by the board of trustees in accordance with TEC §29.081(g) to determine whether the student is eligible for services/supports.

**ADDITIONAL INFORMATION**

When faced with the question of whether a certain position, program or activity may possibly be funded with SCE dollars, keep the following in mind:

- The purpose of the SCE program is to improve student performance through direct instructional services to students at risk of dropping out of school.
- The more removed services are from the student, the more the resources are diluted and the more difficult it becomes for the school district to defend the use of the SCE funds and justify the effectiveness of the program in improving student performance.
- LEA’s are prohibited from using FSP SCE resource allocations for students at risk of dropping out of school to supplant resource allocations for the regular education program.

**Ensure that positions funded with SCE:**

- provide direct instruction/services to at-risk students tied to foundation curriculum;
- are supplemental to the basic instructional program; and are indentified in the district and campus improvement plan and meet a need indentified in the comprehensive needs assessment.

**Keep in mind:**

- Any program activity, program personnel, or program materials required by federal law, state law or State Board of Education rule may not be funded with SCE funds.
- SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school. Simply because a district may need more of a certain position or a position may appear “supplemental” to the district’s budget does not mean that this position is supplemental to the SCE program.
- LEAs are required to evaluate the effectiveness of their designated SCE program and include the results of this evaluation in the district improvement plan or the charter school instructional plan. Accurately determine which funded strategies are successful at raising academic standards.
SCE resources must be redirected when evaluations indicate that programs and/or services are unsuccessful in producing desired results for students at risk of dropping out of school.

All costs must be reasonable and necessary.

Additional SCE Questions:
- **SCE Program, student identification & the 110% calculation** – consult with your ESC SCE contact
- **D/CIPs** – contact your ESC SCE contact
- **SCE audits** – contact the Division of Financial Compliance at 512-463-9095
- **D/CIPs submission** – contact Paul Moreno in the Division of Financial Audits at 512-463-9095
- **SCE Funding Allocations** – contact the Division of State Funding at 512-463-9238
- **Questions regarding the SCE program** – contact your SCE ESC contact or the Division of Financial Compliance at 512-463-9095.
- **Questions regarding the Title I program** – consult with your ESC Title I contact or the NCLB Division at 512-463-9374

Additional WEB Links
- **Summary of Finances** – [www.tea.state.tx.us/school.finance/funding/sofweb3.html](http://www.tea.state.tx.us/school.finance/funding/sofweb3.html)
- **NCLB Program Coordination** – [www.tea.state.tx.us/nclb/](http://www.tea.state.tx.us/nclb/)
- **Texas Education Code** – [http://www.statutes.legis.state.tx.us/](http://www.statutes.legis.state.tx.us/)
- **Texas Homeless Education Office** – [www.utdanacenter.org/theo/](http://www.utdanacenter.org/theo/)
- **Dropout Prevention Site** – [http://www.tea.state.tx.us/dpc/hse/](http://www.tea.state.tx.us/dpc/hse/)
- **TEA** – [www.tea.state.tx.us/](http://www.tea.state.tx.us/)
- **Regional Education Service Centers (ESCs)** – [www.tea.state.tx.us/ESC/](http://www.tea.state.tx.us/ESC/)
- **TEA MAILING LIST WEBPAGE** & select **FINANCIAL COMPLIANCE** from the dropdown menu, [http://miller.tea.state.tx.us/list/](http://miller.tea.state.tx.us/list/)

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Campus Improvement Plan/Charter School Instructional Plan Information –
In addressing the needs of students at risk of dropping out of school, the state compensatory education program must be addressed in the comprehensive needs assessment and be described in the campus improvement plan if the program is implemented at the campus level or be described in the district improvement plan if the state compensatory education program is implemented district wide. The **district/campus improvement plan or charter instructional plan**, as appropriate, **must** also include the following:

- **Comprehensive needs assessment** – conducted to identify the strengths and weaknesses of existing programs, practices, procedures, and activities; ensures the use of resources is carefully planned, supplemental and cost effective
- **Total amount of state compensatory education funds allocated for resources and staff**
- **Identified strategies** – specific strategies aligned with the comprehensive needs assessment
- **Supplemental financial resources for state compensatory education** – indication of the approximate dollar amounts for activities and/or strategies
- **Supplemental FTEs for state compensatory education** – shown for SCE activities involving personnel at both the district and campus level
- **Measurable performance objectives** – based on needs assessment data and stated in terms of what the student is expected to do, and stated in terms of measurable and/or observable behavior to ensure that the plan is resulting in academic improvement
• **Timelines for monitoring strategies and reaching goals** – specific schedule for data collection during the school year. This should be written in incremental units such as every three weeks, every month, (not August though May or “ongoing”), each semester, etc.

• **Formative and summative evaluation criteria** – Formative evaluation is the assessment of progress during instruction for purposes of determining whether students are learning or whether the instruction needs to be modified. Formative evaluation answers the question *Is the student learning, and if not, what needs to be changed?* The purpose of formative evaluation is to inform instruction and enable intervention when a student is not progressing. This evaluation strategy is especially important for at-risk students. For many teachers, progress monitoring is summative, not formative. Summative evaluation takes place *after* instruction. Summative evaluation answers the question *Has the student learned?* The purpose of summative evaluation is to judge or grade the success of the strategy.

The plans for evaluating and monitoring improvement efforts are a critical component of the district comprehensive needs assessment. Inferences about the effectiveness of strategies and interventions can accurately be made, if it has been determined with a reasonable degree of certainty, that strategies have been implemented as designed. By analyzing what is working and what is not working to improve student achievement, LEAs can focus resources on the strategies and goals that will most likely impact student achievement.

*Refer to next page for additional information.*
A strategy is a plan of action designed to achieve a particular goal. Planned methods or techniques for facilitating and enhancing learning. The activities/strategies should be specific.

A specific strategy builds in the criteria you will use to evaluate your success. The activities/strategies should be evaluated (formatively) at increments during the school year. Note: August—May is not an increment.

| Identified Strategies are aligned with the comprehensive needs assessment – strategies developed to meet identified needs |
| SUPPLEMENTAL FINANCIAL RESOURCES | SUPPLEMENTAL FULL-TIME EQUIVALENT (FTEs)* |
| MEASURABLE PERFORMANCE OBJECTIVES – based on identified need |
| TIMELINES FOR MONITORING STRATEGIES – for completing the activity |
| FORMATIVE EVALUATION – informs both teachers and students about student understanding at a point when timely adjustments can be made. |
| SUMMATIVE EVALUATION – has the finalized need been met? What was analyzed to measure the results? |

**SUPPLEMENTAL FINANCIAL RESOURCES**

- **What is the funding source?**

**SUPPLEMENTAL FULL-TIME EQUIVALENT (FTEs)**

- **FTEs must be shown for SCE activities involving personnel at both the district and campus level.**
  - **Indicate how each position is supplemental to the basic instructional program.**
  - **Indicate HOW these specified positions are supplemental and how the intended benefit will be measured for effectiveness.**

- **The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule, Title 19, Texas Administrative Code (TAC), Section 109.25.**

**MEASURABLE PERFORMANCE OBJECTIVES – based on identified need**

- **Measurable student performance objectives based on the needs assessment data.**
  - **Objectives stated in terms of what the student, learner will do, rather than what the campus, or instructor will do.**
  - **Measurable goals do not contain words that cannot be measured such as demonstrate, understand, comprehend, improve, etc.**
  - **How will you know if a child or has improved or comprehends material? You will measure it by observing a behavior, thus the behavior should be stated in the goal.**

**TIMELINES FOR MONITORING STRATEGIES – for completing the activity**

- **Schedule for data collection during the school year.**
  - **Timelines should indicate when progress toward the objective will be monitored.**
  - **This should be written in incremental units such as every three weeks, every month, (not August though May or “ongoing”) each semester, etc.**

**FORMATIVE EVALUATION – informs both teachers and students about student understanding at a point when timely adjustments can be made.**

- **Used to control, assure or improve the quality of performance or delivery.**
  - **Includes periodic measures that are utilized during the actual implementation of the interventions or strategies.**
  - **Examples: weekly check of lesson plans, weekly and/or six weeks evaluation of student projects and/or subject grades, regular inspection of attendance records, examination of semester passing rates, etc.**

**SUMMATIVE EVALUATION – has the finalized need been met? What was analyzed to measure the results?**

- **Summative evaluations provide overall effects & program accountability.**
  - **These measures summarize the cumulative results for the year; is a method of judging the worth of a program at the end of the program activities.**
  - **Analysis of the outcome is conducted concerned with the final judgment of success.**
  - **Examples: summaries of annual performance reports, summaries of parent surveys, summaries of staff development evaluations, pass/failure rates, attendance/drop summary reports, etc.**

**NOTE:** The more we know about individual students as they engage in the learning process, the better we can adjust instruction to ensure that all students continue to achieve by moving forward in their learning.