

## **Executive Summary**

In accordance with educational requirements set forth by the 80th and 81st sessions of the Texas Legislature, the Texas Education Agency (TEA), in collaboration with the Texas Higher Education Coordinating Board (THECB) and Texas educators, has developed a new and more rigorous assessment system that will provide the foundation for a new accountability system for Texas public education. One of the most significant changes is in the area of assessment with the phasing out of the Texas Assessment of Knowledge and Skills (TAKS) and the phasing in of the State of Texas Assessments of Academic Readiness (STAAR™). The changes planned can be best understood by examining how new assessment and accountability systems will focus on increasing college and career readiness of the state's graduating high school students and making Texas students more competitive with other students both nationally and internationally.

The most significant changes will occur in the 2011–2012 school year. The changes, primarily in response to the passage of Senate Bill 1031 (80th Texas Legislature, 2007) and House Bill 3 (HB 3, 81st Texas Legislature, 2009), include

- increasing the rigor and relevance of both standards and assessments;
- creating and assessing postsecondary readiness standards;
- establishing campus and district accountability based on higher college- and career-readiness performance standards on STAAR, and on distinctions earned by campuses demonstrating achievement in areas not measured by the STAAR program as well as on academic performance; and
- establishing new time lines for interventions and sanctions while also expanding school closure and alternative management options.

The following report provides details on the implementation plans and progress made to date. The report has sections covering the development of the new STAAR assessment program; the development of new performance ratings for Texas public schools; federal requirements for assessment and accountability; accreditation, sanctions and interventions; and financial accountability. Although HB 3 and this transition plan focus on assessment and accountability, two appendices include summaries of actions taken across other provisions of the bill. A Rulemaking Schedule summarizes State Board of Education and commissioner of education rulemaking required by HB 3. A Status of Implementation table summarizes the implementation status of the bill.

## **Assessment Program**

### **Assessment Transition and Change**

In 1979, Texas launched a statewide student assessment program to bring common standards to the measurement of students' academic achievement. From the early Texas Assessment of Basic Skills

(TABS) to the current TAKS, Texas has steadily increased the rigor, expanded the scope, and raised the performance standards measured on its assessments.

In response to changes in federal and state legislation, the Texas assessment program has also broadened in recent years to better assess the state's diverse student population. Since the inception of TAKS in 2003, the assessment program has evolved to include linguistically accommodated testing for eligible English language learners, English language proficiency measures through the K–12 Texas English Language Proficiency Assessment System (TELPAS), and two separate assessments for students receiving special education services (the Texas Assessment of Knowledge and Skills–Modified [TAKS–M] and the Texas Assessment of Knowledge and Skills–Alternate [TAKS–Alt]), as well as an accommodated form of the general assessment. In addition, new measures of student progress have been included.

Starting with operational testing in the 2011–2012 school year, the state's newest assessment program, STAAR, will again raise the bar for Texas education. STAAR will represent a more unified, comprehensive assessment program that will incorporate more rigorous college and career readiness standards.

With the creation of the STAAR assessment program, the Texas Legislature continued its efforts to improve the state's education system using statewide assessments. One of the most aggressive, and important, education goals for the state is set forth in HB 3—by the 2019–2020 school year, Texas is to become one of the top 10 states for graduating college-ready students.

Toward this end, TEA set broad goals for the new STAAR assessment program that include the following:

- The performance expectations on STAAR will be established such that they raise the bar on student performance to a level where graduating students are postsecondary ready.
- The focus of student performance at high school will shift to twelve end-of-course (EOC) assessments, and those twelve assessments where appropriate will be linked to college and career readiness.
- In reading and mathematics, the grades 3–8 tests will be linked from grade to grade to the college- and career-readiness performance standards for the Algebra II and English III assessments.
- Individual student reports will provide comprehensive, concise results that are easily understood by students and parents. Assessment results will be available to a wide variety of individuals (as appropriate) through the data portal mandated by HB 3.

The most significant changes that TEA will implement under the STAAR program are summarized below.

## ***General Changes***

- The state’s assessment program for grades 3–8 will change from TAKS to the new more rigorous STAAR program.
- High school, grade-based testing represented by TAKS will be replaced with course-based EOC assessments in Algebra I, geometry, Algebra II, world geography, world history, U.S. history, biology, chemistry, physics, and English I, II, and III under STAAR.
- During the 2010–2011 school year, a new data portal will give students, parents, and educators access to authorized information on student achievement.

## ***Rigor***

- Content standards for the Texas Essential Knowledge and Skills (TEKS), which is the source for the state’s K–12 instructional curricula as well as the basis for the state assessment program, have been strengthened to include college- and career-readiness content standards.
- New test blueprints (the number of items on the test for each reporting category) will emphasize the assessment of the content standards that best prepare students for the next grade or course.
- Assessments will increase in length at most grades and subjects, and overall test difficulty will be increased by including more rigorous items.
- The rigor of items will be increased by assessing skills at a greater depth and level of cognitive complexity. In this way, the tests will be better able to measure the growth of higher-achieving students.
- In science and mathematics, the number of open-ended (griddable) items on most tests will increase to allow students more opportunity to derive an answer independently without being influenced by answer choices provided with the questions.
- Performance standards will be set so that they require a higher level of student performance than is required on the current TAKS assessments.
- To validate the level of rigor, student performance on STAAR assessments will be compared with results on standardized national and international assessments.
- In order to graduate, a student must achieve a cumulative score that is at least equal to the product of the number of STAAR EOC assessments taken in each foundation content area (English language arts, mathematics, science, and social studies) and a scale score that indicates satisfactory performance.
- The STAAR EOC assessment scores will account for 15% of a student’s final grade in the associated course.

## ***Postsecondary Readiness***

- College- and career-readiness content standards have been fully incorporated into the TEKS, and these TEKS will be assessed on the new STAAR EOC assessments. This will help ensure that

students are prepared for their freshman year of college without the need for remediation and are prepared to enter the workforce.

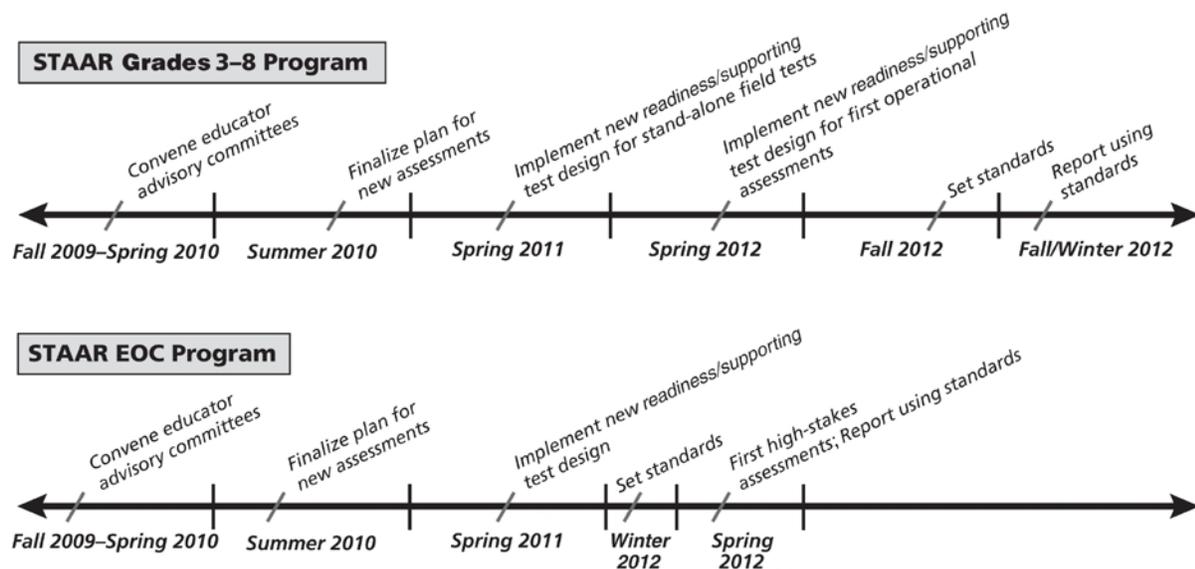
- Performance standards will be set using empirical data gathered from studies that link performance from year to year, starting in high school and continuing down through grade 3, and from specific courses to college readiness. Performance standards will be reviewed at least once every three years and, if necessary, adjusted so that the assessments maintain a high level of rigor.

### **Measures of Progress**

- Measures of student progress will be developed and implemented as STAAR assessments are developed and implemented. Progress measures will be based on the new, more rigorous standards for STAAR assessments. Progress measures will be phased in over several years as data for the new program become available.
- Progress measures will be designed to provide an early-warning indicator for students who are not on track to meet the passing standard, may not be successful in the next grade or course, may not be ready for advanced courses in mathematics and English in high school, or may not be postsecondary ready in mathematics and English.

### **Timeline for STAAR Development and Implementation**

A general timeline for the development and implementation of the STAAR assessment program is shown below.



As the timeline indicates, there are many milestones that must be achieved to implement the new STAAR program. Behind each of the milestones are numerous smaller supporting steps that also must be completed.

Additionally, as with any assessment program, especially one the size of the Texas program, making significant changes poses a wide range of challenges. The STAAR transition will inevitably bring unforeseen challenges during the implementation as well. TEA has and will continue to involve a wide range of stakeholders in the development and implementation of the STAAR program. Despite the many challenges, both TEA and THECB are confident that the changes to the Texas assessment program will serve as a critical yardstick for assessing increased college and career readiness of students graduating with a high school diploma.

## **New Process for STAAR Test Design and Standard Setting**

### ***STAAR Test Design***

One of the primary goals of the STAAR program is to increase the rigor of the assessments so that students have the academic knowledge and skills they need to meet the challenges of the 21st century. STAAR will assess skills at a greater depth and higher level of cognitive complexity and will include not only more items, but a greater number of rigorous items per test.

In addition, the test design for STAAR will provide a more clearly articulated assessment program that focuses on fewer skills and addresses those skills in a deeper way.

**More focus.** In an effort to structure STAAR assessments so that they are more focused, TEA has made a distinction between “readiness” and “supporting” standards from the TEKS content standards eligible for assessment. TEA has defined a set of readiness standards for each grade or course that are necessary both for success in the current grade or course and for preparedness in the next grade or course. These readiness standards will be emphasized annually in the STAAR assessments. The content standards that were deemed to be supporting are still an important part of instruction and are eligible for assessment. However, the supporting standards may not all be tested each year.

**More clarity.** TEA will provide educators with information about each assessment to clearly identify readiness and supporting standards, communicate the relationship between the TEKS and the STAAR assessment program, explain the role of readiness and supporting standards on the tests, and provide sample items from the new assessments.

**More depth.** In order for STAAR to focus on preparedness for student success in subsequent grades and courses, and ultimately in college and/or a career, the tests will assess skills in a deeper way than TAKS through the inclusion of items measuring higher cognitive complexity.

### ***STAAR Standard Setting***

Following the development of the new STAAR test design, standard-setting advisory panels composed of diverse groups of stakeholders, i.e., business leaders, superintendents, regional service center representatives, will set performance standards. These panels will provide TEA, the commissioner of education, and the commissioner of higher education (for English III and Algebra II) with

recommendations for establishing cut scores and for matching the cut scores with the policy definitions that relate to performance on each assessment. The performance standards will be developed to comply with legislative requirements, including those in HB 3, for setting several performance standards for each STAAR EOC assessment. In addition, validity of the STAAR assessments is integral to meeting the long-range educational goals as well as for the overall defensibility of the assessment program. To provide evidence of the validity of the STAAR assessments, empirical studies will be conducted in various stages of the standard-setting process.

## **Process for Setting College- and Career-Readiness Standards**

The College- and Career-Readiness Standards (CCRS) that were adopted by the state of Texas have been incorporated into the K–12 content standards, the TEKS. In the time since the CCRS were adopted, TEA and THECB have worked closely to develop a plan for the college- and career-readiness component of STAAR EOC assessments.

One part of the college- and career-readiness component is the establishment of performance standards for STAAR Algebra II and English III assessments. TEA and THECB will conduct validity studies, convene committees to recommend cut scores, implement the performance standards, and then periodically review the performance standards. The thoroughness of the studies and research, as well as the checks and balances incorporated into the process, will provide a reliable and objective measure of college and career readiness.

TEA and THECB will continue to collaborate to improve the assessment of the college and career readiness of graduating high school students. This important undertaking must be explainable to parents, community and business leaders, and educators, represent reasonable expectations for students, and challenge everyone in the state to strive for higher standards that will better prepare Texas students for the future.

## **Plans for Development and Implementation of STAAR Modified and STAAR Alternate**

The Texas student assessment program includes as many students as possible in the general assessments while providing options for alternate assessments for eligible students receiving special education services whose academic achievement and progress cannot be measured appropriately with the general assessments. The alternate assessments for eligible students who receive special education services will include STAAR Modified and STAAR Alternate and will reflect the general STAAR program. STAAR Modified assessments will be developed for all content areas for grades 3–8 that are part of the general STAAR program and for nine of the twelve STAAR EOC assessments (English I, II, and III, Algebra I, geometry, biology, world geography, world history, and U.S. history). Modified assessments are not being developed for Algebra II, chemistry, or physics as these courses are not required on the Minimum High School Program (MHSP) and all students taking STAAR Modified assessments are automatically on the MHSP because they are receiving modified instruction.

The STAAR Modified assessments will cover the same content as the general STAAR assessments but will be modified in format and test design. The modified assessments are designed for eligible students receiving special education services who can make academic progress even though they may not reach grade-level achievement standards in the same time frame as their non-disabled peers. Performance standards will be set so that they require a higher level of student performance than is required on the current TAKS–Modified (TAKS–M) assessments. Each STAAR Modified assessment will consist primarily of multiple-choice questions addressing the content of the assessed curriculum for the grade-level subject. Item modification guidelines specify how to modify test questions from the general assessment in a way that preserves the integrity of the knowledge or skill being assessed.

STAAR Alternate will be based on alternate academic achievement standards and will be designed for students with significant cognitive disabilities receiving special education services who meet the participation requirements for the program. This assessment will not be a traditional paper or multiple-choice test. Instead, it will require teachers to observe students as they complete state-developed assessment tasks linked to the grade-level TEKS. Teachers will then evaluate student performance based on the dimensions of the STAAR Alternate rubric and submit results through an online instrument. The new STAAR Alternate assessments will reflect the same increased rigor and focus of the general and modified assessments.

## **English Language Learners and the STAAR Program**

The number of English language learners (ELLs) in Texas public schools has risen steadily during the past decade from about 570,000 in 2000–2001 to more than 800,000, or about 1 in 6 students, by the 2009–2010 school year. ELLs are a diverse group of students who know English to varying degrees when they enter U.S. schools and may have widely differing educational and sociocultural backgrounds. Both state and federal regulations require ELLs to be taught and tested over the same grade-level academic skills as other students.

For the STAAR program, TEA will develop Spanish versions of STAAR in grades 3–5 in accordance with state statute. Spanish versions of STAAR will be operational in spring 2012. In addition, plans include development of online versions of STAAR with built-in, standardized linguistic accommodations for eligible ELLs in grades 3–8 and high school. TELPAS will continue to measure the progress ELLs make in learning English.

## **Plan for Measurement of Student Progress**

In 2006, Texas expanded its reporting of student performance to include a measure of student progress when legislation from HB 1 (79th Texas Legislature, Third Called Session, 2005) required the commissioner of education to determine a method for measuring annual improvement in student achievement. With the passage of HB 3, Texas became the first state in the nation to require that accountability standards be tied to a measure of college readiness. Texas also was the first state to adopt a projection measure that was transparent, open to public review, and able to be replicated by districts.

The STAAR program will implement the latest legislative requirements for student progress. With the implementation of the STAAR program, Texas will consider three student progress measures. These measures will examine the likelihood that students (1) are on track to meet performance standards in a subsequent year, (2) are prepared for advanced courses, and (3) are projected to meet college- and career-readiness performance standards. Additionally, the three types of measures Texas currently uses to track student progress on the TAKS test—the vertical scale, the Texas Projection Measure (TPM), and the TAKS–Alternate growth model—will change to support the demands of the new STAAR assessment program.

The following table outlines the general steps and time line for implementing and reporting measures of student progress for the STAAR program. A number of different types of growth measures will be examined to meet state and federal requirements for STAAR reporting and for using a growth measure for state and federal accountability.

### **Timeline for Implementing and Reporting Measures of Student Progress for STAAR Assessments**

<b>Step</b>	<b>Timeline</b>
Identify the most appropriate student progress measures for the STAAR program	November 2010–May 2011
Empirically evaluate the identified measures	June 2011–October 2011
Obtain advisory group and expert advice	November 2011–August 2012
Reevaluate plans for measures of student progress after spring 2012 STAAR administrations (review of proposed measures and empirical data; additional advisory group and expert advice may also be gathered at this time)	Summer 2012
Approval of the new measures of student progress	Fall 2012
Implement and report first new measures of student progress for the STAAR program	First implementation no later than 2012–2013

## **Plan for Implementing New Graduation Requirements**

### ***Phase-in of STAAR Graduation Requirements***

State legislation phases out the current high school TAKS assessments and replaces them with EOC assessments beginning in the 2011–2012 school year. Students first enrolled in grade 9 or below in the 2011–2012 school year will be required to take the STAAR EOC assessments as part of their graduation requirement and will no longer take high school TAKS. The following table illustrates the plan for the phase-out of high school TAKS and the phase-in of EOC assessments.

## Phase-out of TAKS and Phase-in of EOC

	2009–2010	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015
Grade 9	TAKS	TAKS	EOC	EOC	EOC	EOC
Grade 10	TAKS	TAKS	TAKS	EOC	EOC	EOC
Grade 11	TAKS	TAKS	TAKS	TAKS	EOC	EOC
Grade 12	TAKS*	TAKS*	TAKS*	TAKS*	TAKS*	EOC or TAKS*

\* Out-of-school testers and Grade 12 retesters.

## ***Graduation Programs and Assessment Requirements***

With the implementation of the STAAR EOC program, in order to graduate, a student must achieve a cumulative score that is at least equal to the product of the number of EOC assessments taken in each foundation content area (English language arts, mathematics, science, and social studies) and a scale score that indicates satisfactory performance. In addition, the student’s graduation program determines which assessments the student will take and how well the student must perform on those assessments. The assessment requirements based on the three graduation programs are summarized below.

- For students on the Minimum High School Program (MHSP), the cumulative score requirement is based on the number of courses taken for which an EOC assessment exists.
- For the Recommended High School Program (RHSP), students must meet the satisfactory performance standard on the Algebra II and English III assessments in addition to the cumulative score requirement.
- For the Distinguished Achievement Program (DAP), students must meet the college readiness performance standard on the Algebra II and English III assessments in addition to the cumulative score requirement.

## **Transition from TAKS to STAAR—Associated Changes in Scope and Cost**

The size, complexity, and scope of the current assessment program have expanded significantly since TAKS was first implemented in 2003, and consequently the cost of the program has increased as well. Since the implementation of TAKS, the student population for grades 3–11 has grown by approximately 320,000 students, an increase of more than 11%. It is anticipated that the number of students will continue to grow as it has in the past. The increases in scope and student population growth will of necessity escalate costs over the current assessment program. In addition to increased costs at the state level for the student assessment program, costs will also increase at the school district level to implement STAAR locally. Current legislation includes the following requirements that will increase the cost of the program:

- The number of tests developed and administered will increase from TAKS to STAAR.
- The number of tests required for graduation, and thus eligible for retesting, will triple for most students when the STAAR program is implemented.
- Legislatively mandated studies are required for STAAR.

- Standards for STAAR are required to be reviewed at least once every three years.
- Student assessment results were provided mostly on paper, with some online delivery, for TAKS. For STAAR, all reports will be provided online through the student assessment data portal, which is being implemented for use by students, parents, teachers, school districts, and institutions of higher education.

## Accountability System

The 2011 ratings will be the last ratings under the current academic accountability system. A new accountability system based on STAAR grades 3–8 and STAAR EOC assessments will be developed during the 2011–2012 school year and implemented in 2013. The focus of HB 3 is the state-defined academic accountability ratings and distinction designations. However, state-defined accountability is part of an integrated accountability system for Texas public schools and school districts. Changes to the state assessment program and accountability ratings will be reflected throughout the larger system of public school accountability. As shown in the table at the end of the executive summary, three major components of the integrated accountability system will use STAAR assessment results to evaluate campuses and/or school districts – state accountability ratings, federal AYP status, and the performance-based monitoring analysis system (PBMAS). State accountability ratings and federal AYP status feed into multiple other processes that identify campuses and/or districts for interventions, sanctions, or rewards. Consequently, decisions made during the state accountability development process will extend beyond the state accountability ratings. The following goals are guiding development of the new state-defined accountability system.

- 1) Focus of district/campus performance changes from minimum standards to standards based on postsecondary readiness.
- 2) Rigor of college readiness standards continues to increment to ensure that Texas performs among the top ten states in postsecondary readiness by 2020.
- 3) Recognized and exemplary distinction ratings are based on higher levels of student performance on college readiness standards rather than higher percentages of students performing at the satisfactory level.
- 4) Campuses earn distinctions for achieving the top quartile in terms of overall individual student progress and closing performance gaps among student groups.
- 5) Campuses earn distinctions on broader indicators of excellence beyond results based on state assessments.
- 6) Aggregate reports provide detailed academic and financial information that is relevant, meaningful, and easily accessible to the public.
- 7) State and federal accountability requirements are aligned to the greatest extent possible.

**1993 through 2011.** Texas led the nation in the introduction of statewide accountability systems as a foundation for public education reform. In 1993, the Texas Legislature enacted statutes that mandated the

creation of the Texas public school accountability system to rate school districts and evaluate campuses. A viable and effective accountability system could be developed in Texas because the state already had the necessary supporting infrastructure in place comprised of a student-level data collection system; a state-mandated curriculum; and a statewide assessment tied to the curriculum, the TAAS.

A new accountability system was designed in 2004 following introduction of a new state assessment program, the TAKS. This change coincided with the 2002 reauthorization of the Elementary and Secondary Education Act (ESEA), which extended federal accountability requirements that previously applied only to Title I campuses and districts to all campuses and districts. Designing a future accountability system that met the demands of implementing and reporting TAKS results, a longitudinal completion rate, and other state requirements; and met the demands of the new federal requirements presented new challenges. One of the challenges was keeping the performance improvement of low-performing students a priority while improving the performance of top-performing students who compete with top-performing students in the nation. Additionally, new state accountability requirements expanded the system in one direction with more subjects and grades while federal accountability requirements expanded the system in another direction with more student groups.

**Increasing Rigor.** A primary feature of the state-defined rating system from 1993 through 2011 is annually increasing rigor by raising the standards progressively over time, including new assessments as they become available, and incorporating more students in the district and campus evaluations. HB 3 made significant changes to parts of Chapter 39. Public School System Accountability in the Texas Education Code (TEC) that will continue the trend toward greater rigor. These changes will shift the focus of the state accountability system from meeting satisfactory standards on the state assessments to meeting both satisfactory and college-ready standards on new STAAR assessments that are linked to postsecondary readiness.

## **Accountability System for 2013 and Beyond**

Statute specifies the following indicators be used in determining accountability ratings beginning in 2013 or 2014:

- Student performance on the STAAR grades 3–8 and EOC assessments. This is measured against both student passing standards and college-readiness standards. Student progress is also factored in to allow more students to be included as meeting or progressing towards meeting these standards.
- Dropout Rates (including district completion rates) for grades 9 through 12.
- High School Graduation Rates.

Additional features of the system are:

- Required Improvement over the prior year (required); or
- Average performance of the last 3 years (required); or

- Performance on 85% of the measures meets the standard (optional).

**Assessments Used for Accountability.** TEC §39.053(c) requires the use of assessments under §39.023(a), (c), and (l) [STAAR grade 3–8 English, EOC, and grade 3–5 Spanish] in determining acceptable and unacceptable performance. However, TEC §39.202(1) requires the use of assessments under §39.023(a), (b), (c), and (l) [STAAR modified and alternate assessments in addition to grade 3–8 English, EOC, and grade 3–5 Spanish] in determining ratings of recognized and exemplary. In 2011, the TAKS–M and TAKS–Alt assessments were included in the base indicator used for the state accountability ratings. How the modified and alternate assessments for STAAR will be used in the indicators for ratings and distinction designation will be addressed during the accountability development process.

In 2011, the ELL Progress Measure was incorporated in the state accountability system to evaluate progress towards reading proficiency in English for current and monitored limited English proficient (LEP) students. The commissioner shall determine how the STAAR and TELPAS assessment results for ELLs will be used to determine ratings in the new accountability system.

**Dropout, Completion, and Graduation Rates.** State and federal statute require TEA to use the National Center for Education Statistics (NCES) dropout definition for both state and federal accountability. However, beginning with the annual dropout rate for 2010–2011, and completion rates for the class of 2011, state statute requires that six groups of students be removed from the NCES dropout definition used for state accountability. Although the numbers of students, campuses, and districts affected is relatively small, these state exclusions complicate the development of indicators that can be used in both state and federal accountability systems. Other decisions that will be made as part of the accountability development process are who should be evaluated in the graduation and completion rate cohorts, who counts as a completer, and how many years to track students.

**Assignment of Rating Standards.** TEC §39.053(f) requires that the commissioner annually define the state accountability standard for the current year for student achievement indicators and also project the state standards for each indicator for the following two years. This section of statute also directs the commissioner to raise the standard for the percent college-ready indicator so that Texas ranks in the top ten among states nationally by 2019–2020 on two measures—the percent college-ready and the percent graduating under the recommended or advanced high school program, with no gaps by race, ethnicity, or socioeconomic status.

**Additional Features.** Required improvement will be a feature of the new accountability system. How required improvement is defined and where standards are set will determine how much improvement is considered acceptable for campuses and school districts that do not meet annual accountability standards. As with other accountability standards, the objective is to set required improvement standards that are both rigorous and attainable. A second feature, average performance for the last 3 years, will complicate setting required improvement standards because average performance can result in an acceptable performance rating when current year performance is below the acceptable performance standard and performance is declining. A third feature ensures that districts and campuses meet the accountability standards on at least 85% of the assessments and dropout measures. The commissioner shall determine

how to apply the 85% provision to the indicators, and whether to also apply it to the high school graduation indicator.

**Student Groups.** Evaluation of student group performance has been a constant in the Texas accountability system since its inception and is credited with high performance of Texas minority and economically disadvantaged students on national assessments. The new accountability system must include evaluation of student groups based on race/ethnicity and socioeconomic status. Student groups in the new accountability rating system will be based on the new federal race/ethnicity definitions that were collected in the Public Education Information Management System (PEIMS) for the first time in the 2009–2010 school year. Accountability advisory groups will recommend possible changes to student groups to be evaluated for 2013 and beyond. Consideration will be given to options that expand the number of student groups evaluated, options that limit the number of student groups evaluated for any one indicator or the number of indicators for which student group performance is evaluated, options for student groups based on characteristics other than race/ethnicity or socioeconomic status, and options for addressing overlapping membership in student groups.

**Rating Labels.** Accountability ratings will assign districts and campuses to one of two rating categories —“Unacceptable” and “Acceptable.” Higher rating categories of “Recognized” and “Exemplary” are part of the distinction designations. This means the “Recognized” and “Exemplary” ratings are not achieved through higher performance on the same indicators used for the “Acceptable” rating but rather for meeting higher college- and career-readiness performance standards. Only districts and campuses with an “Acceptable” performance rating are eligible for distinction designations. Consequently, the assignment of accountability ratings can proceed in one of two ways. One option is to adhere to two rating categories with additional distinction ratings, e.g., “Acceptable with Recognized Distinction.” The other option is to treat the “Recognized” and “Exemplary” distinction designations as additional rating categories.

**Distinction Designations.** Texas has a long history of recognizing high performance by students in academics beyond those required to receive an acceptable accountability rating and this will continue with campus distinction designations for campuses in the top 25% in annual improvement, campuses in the top 25% of those demonstrating ability to close performance gaps, and campuses that meet criteria for academic performance in ELA, mathematics, science, or social studies. Under HB 3, schools will also be rewarded for performance in four new areas: fine arts, physical education, 21st Century Workforce Development program, and second language acquisition program. The criteria and standards for the distinctions for academic performance in ELA, mathematics, science, or social studies, and performance in the four new areas will depend on advice and guidance from committees comprised of individuals who practice as professionals in the content area relevant to the distinction designation, educators and other individuals with subject matter expertise in the content area, and community leaders, including leaders from the business community.

### ***Other Accountability Requirements***

**Campuses With Additional Campus Improvement Plan (CIP) Requirements.** HB 3 continues to require identification of campuses meeting current year standards for acceptable performance that do

not meet accountability standards for the subsequent year. These campuses are subject to additional campus improvement plan (CIP) requirements.

**Public Education Grant (PEG) Campuses.** TEC, Chapter 29, Subchapter G, §§29.201 – 29.205, requires that TEA identify campuses at which 50% or more of the students did not pass the state assessments in any two of the preceding three years or did not meet standards for acceptable performance in any of the three preceding years. Students on these campuses are eligible to transfer to another campus. Parents must be notified of eligibility no later than February 1 for the upcoming school year. A plan for transitioning PEG identification from TAKS to STAAR will be developed. An issue that will be considered in developing the PEG transition plan is that PEG requirements do not align with either state accountability interventions or federal AYP school choice provisions.

### ***Accountability Development***

TEA has already begun the process of developing a new state accountability system for Texas, based on the legislative mandates in HB 3. Accountability ratings are suspended for 2012 while student performance standards are set on the new STAAR assessments and the new accountability system is developed. During the development of the new accountability system, the commissioner of education will rely extensively on the detailed review, study, and advice of educators, parents, and business and community leaders in establishing accountability criteria and setting standards. The intent of the upcoming accountability development process is to design a new accountability system rather than to modify the current system to align with the new provisions of HB 3. Advisory committees will reevaluate every aspect of the accountability system. The resulting accountability system may look very different from the current state accountability system.

2011	This year will focus primarily on the final year of the current accountability system. Staff will continue work on the new system for 2013. Activities related to the development of the system for 2013 and beyond are noted to the right as "HB 3."	2011 or HB 3
Early March	Educator Focus Group on Accountability meets to review and make recommendations for 2011 accountability. Focus group will also review transition plan requirements for 2012 and beyond.	Both
Late March	The Commissioner's Accountability Advisory Committee (CAAC) meets to review and comment on the recommendations for the 2011 accountability system.	2011
Early April	The commissioner of education releases final decisions for the 2011 accountability system.	2011
July 29	Ratings are released for last time under current system.	2011
September	Staff analyzes available data and compiles materials for first HB 3 advisory group meeting.	HB 3
Late October	Initial HB 3 advisory committee meeting. <ul style="list-style-type: none"> <li>• Members receive a HB 3 orientation and review guidance for framework of new system.</li> <li>• Review options for HB 3 early indicator reports.</li> </ul>	HB 3
2012	2012 will be devoted to development of the new accountability system.	
January	TEA staff analyzes EOC performance data.	

February	<p>Second HB 3 advisory committee meeting.</p> <ul style="list-style-type: none"> <li>• First opportunity to provide data analyses of EOC data;</li> <li>• Review options for accountability and finalize framework;</li> <li>• Review options for graduation/completion/dropout rate indicators.</li> </ul>
May/June	<p>Third HB 3 advisory committee meeting.</p> <ul style="list-style-type: none"> <li>• Review of additional features;</li> <li>• Finalize recommendations on indicators;</li> <li>• Review further analyses of 2011 EOC results.</li> </ul>
June	Class of 2011 completion rates available, with HB 3 exclusions on one year of cohort.
September	Modeling can start with partial results: EOC from 2012 is available with standards; STAAR 3–8 is also available from 2012, but with no standards applied.
October	<p>Fourth HB 3 advisory committee meeting.</p> <ul style="list-style-type: none"> <li>• Review distinction designation indicators;</li> <li>• Analyze various accountability standards based on modeling of 2012 EOC and Grades 3–8 results (prior to standard setting).</li> </ul>
December	Standards for STAAR 3–8 are available. Modeling and analysis begins.

2013	Year of new ratings release.
February	<p>Fifth HB 3 advisory committee meeting.</p> <ul style="list-style-type: none"> <li>• Finalize recommendations on 2013 accountability standards based on modeling of 2012 EOC and Grades 3–8 results (with standards);</li> <li>• Finalize recommendations on 2013 system features;</li> <li>• Finalize recommendations on projected standards for 2014 and 2015.</li> </ul>
March	Commissioner releases final decisions for 2013 ratings
March	Rulemaking process begins to have standards and procedures for the 2013 accountability system adopted as part of Texas Administrative Code.
April/May	Key chapters of <i>2013 Accountability Manual</i> released.
Early June	Confidential completion and dropout data released to districts.
June 15	If possible, notification reports will be issued to districts for campuses rated as AU in 2011 that are anticipated to be rated as unacceptable in 2013.
August 8	Release of district and campus performance ratings based on percent proficient indicator. Distinction designations are assigned to campuses.
Early September	Appeals window closes
Late September	Appeals Panel meets to consider appeals
Early October	Commissioner determines final ratings; ratings updated.
Late October	List of campuses with additional CIP requirements released

2014	2014 will have additions to the accountability system.
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February/March	Annual meeting of HB3 advisory committee. <ul style="list-style-type: none"> <li>• Review 2013 system;</li> <li>• Finalize recommendations on 2014 accountability standards;</li> <li>• Review and finalize 2014 system features;</li> <li>• Finalize recommendations on 2015 accountability standards;</li> <li>• Finalize recommendations on projected standards for 2016.</li> </ul>
March/April	Commissioner releases final decisions for 2014 ratings.
April/May	Key chapters of <i>2014 Accountability Manual</i> released.
Early June	Confidential completion and dropout data released to districts.
June 15	Notification reports issued to districts for campuses rated as unacceptable in 2013 that are anticipated to be rated as unacceptable in 2014.
August 8	Release of district and campus performance ratings based on percent proficient and percent college-ready indicators. Distinction designations are assigned to districts and campuses.
Early September	Appeals window closes
Late September	Appeals Panel meets to consider appeals
Early October	Commissioner determines final ratings; ratings updated.
Late October	List of campuses with additional CIP requirements released

**Accountability System Overall Design.** The overall design of the accountability system is determined by the way performance indicators are defined and how performance on those indicators is evaluated for ratings. An “all or nothing” design requires districts and campuses to meet accountability standards on each performance measure. Failure to meet one standard results in a lower rating, targeting the lowest-performing subject, student group, or other measure. A performance index combines performance across measures in such a way that performance on all measures is included but stronger performance in some areas compensates to some extent for weaker performance in other areas. Contribution of measures in the index can be weighted to reflect state goals. The resulting rating reflects overall performance. Decisions about combining performance results, evaluating student groups, and alignment with AYP will determine the number of measures on which districts and campuses must meet accountability standards.

Another consideration in defining performance indicators is the opportunity to incorporate additional longitudinal measures into the accountability ratings. Since 2004 the longitudinal completion rate has been a base indicator for state accountability ratings. The dropout indicator has been an annual dropout rate, but a longitudinal dropout rate, an annual dropout rate, or both could be used in the future. The new STAAR EOC assessment program, with a graduation requirement that students must achieve a cumulative score on up to twelve EOC tests as they progress through high school, lends itself to a longitudinal assessment measure. Use of longitudinal assessment indicators, and using different assessment indicators for high schools than those used for elementary and middle schools, represent a potential new direction for Texas public school accountability.

**Defining School District and Campus Performance.** There are four models for aggregating student performance into measures and campus and district performance – Performance Model, Growth

Model, Performance With Growth Model, and Improvement Model. Most accountability systems have some features of two or more models, although one model tends to dominate the overall design. Models are combined to give districts and campuses more than one way to demonstrate acceptable performance. The new Texas accountability system defined in statute combines features of the Performance With Growth Model and Improvement Model.

The assessment indicators defined in TEC §39.053(c)(1) require that the performance rating be based on the percentage of students who either perform satisfactorily on the assessment or meet student progress requirements for the satisfactory standard. Beginning with the performance ratings assigned in 2014, ratings also are based on the percentage of students who either meet the college readiness standard or meet student progress requirements for the college readiness standard. A Performance With Growth Model incorporates student progress into assessment performance measures. Campuses and districts demonstrate acceptable performance by meeting annual accountability standards on the assessment indicators that incorporate student progress. Annual accountability standards are set based on initial performance on the new STAAR assessments, representing where we are rather than where we want to be.

Under an Improvement Model, annual accountability standards are set high to represent long-term goals that most districts and campuses do not meet initially. Most campuses and districts demonstrate acceptable performance by demonstrating required improvement rather than meeting accountability standards. Where annual accountability standards are set will determine whether the Performance With Growth Model or Improvement Model dominates in the new accountability system.

**Options for Alternative Education Accountability Procedures.** In the 2009–2010 school year, Texas had a total of 689 alternative education campuses (AEC) of which 460 were evaluated under alternative education accountability (AEA) procedures. These AECs provide non-traditional learning environments that are responsive to the unique needs of students, offer options to enhance student achievement, and ensure that at-risk students demonstrate satisfactory performance on the state assessments and meet graduation requirements. Some characteristics of AECs affect many components of the accountability system. They are smaller on average than regular campuses and have higher student mobility rates, which complicate evaluation of AEC performance data. Some AECs provide education services to students in residential programs. The state accountability system has the option of including AEA procedures designed specifically to evaluate AECs. Options that will be explored during the development of the new accountability system include bringing all AECs under standard accountability procedures, using the same indicators but with different standards for AECs, or developing separate AEA indicators and standards.

**Alignment of State and Federal Accountability Systems.** Development of a new state accountability system presents an ideal opportunity to align state and federal accountability provisions that Texas school districts and campuses must meet. The new STAAR assessment program will require that a new AYP system be developed alongside the new state-defined accountability system. Some approaches to aligning the two systems that will be explored are including the same indicators in both systems even if those indicators are defined differently and evaluated for different student groups, using the performance designation from one system as an additional indicator in the other system, defining the

indicators in both systems to meet both state and federal requirements to the extent possible, and integrating the two systems so that a designation of Meets AYP is equivalent to a state rating of acceptable performance.

The primary difference between state and federal statute in indicator definitions for reading/ELA and mathematics performance is the assessment performance level evaluated. The new state accountability system must include evaluation of student performance at the college-ready level while federal statute is keyed to performance at the proficient level, which is defined as the Met the Standard student passing standard on the TAKS. This difference may change with reauthorization of ESEA, which is expected to focus on career- and college-readiness.

Another difference in the two systems is that new state legislation excludes certain students from state accountability indicators, exclusions that are not allowed for AYP, and likely will not be allowed in the future. Although the numbers of students, campuses, and districts affected is relatively small, these state exclusions complicate the development of indicators that can be used in both accountability systems.

The Performance-Based Monitoring system is a complementary system to the state and federal accountability ratings, and it can be used to some extent as a system safeguard to those two systems. Approaches to greater integration and coordination across the systems that will be considered are to directly use Performance-Based Monitoring Analysis System (PBMAS) and Data Validation results in the determination of district accreditation statuses, greater use of accountability rating changes based on PBMAS and Data Validation findings, incorporating review of PBMAS and Data Validation findings into the initial assignment of accountability ratings, including selected safeguard indicators (e.g., test participation data) in the accountability system, and defining accountability indicators in ways that incorporate more safeguards. Two issues that must be addressed with any of these approaches are consequences for campuses of district performance on system safeguards and application of system safeguards in AEA procedures.

**Timeline.** The new accountability rating system will be phased in over several years. The first ratings issued in 2013 are to be based on satisfactory performance on the STAAR assessments. TEC §39.054 requires campus and district performance ratings to be issued by August 8 each year and campuses and districts with repeated unacceptable ratings to be notified by June 15 each year. The June 15 notification requirement may not be possible in the initial rating cycle in 2013, since final standards and criteria may not be able to be adopted in commissioner rule by June 15, 2013. The phase-in will include decisions about how to implement the three-year average performance provision in 2013 when only two years of test results are available.

The 2014 ratings are to be based on college-ready performance on the STAAR as well as satisfactory performance. Distinction designations for which performance on the college-ready indicator is an eligibility requirement will be introduced in 2014. Distinction designations in new areas may be phased in as new data are collected.

## ***Performance Reports***

HB 3 modified and reorganized all performance reporting requirements into Chapter 39, Subchapter J. Parent and Educator Reports. While HB 3 did not significantly change the reporting requirements that existed in prior statute, these aggregate reports will be designed to provide detailed academic and financial information that is relevant, meaningful, and easily accessible to the public. Statute specifies the following regarding reports.

**Report to District: Comparisons for Annual Performance Assessment (§39.302).** *(This is new, but similar to legislation from 2007)* The agency, through the testing contractor, shall provide annual improvement information on assessments to districts.

**Report to Parents (§39.303).** *(New)* The testing contractor shall provide to each parent or guardian student-level assessment information such as is currently reported on the Confidential Student Reports.

**Teacher Report Card (§39.304).** *(New)* Districts are required to use Comparisons for Annual Performance Assessments (§39.302) to prepare a report for teachers at the beginning of the school year, to let them know how their students performed on assessments.

**Campus Report Card (§39.305).** The language in statute describing this report is similar to the language used in prior statute to describe the current school/campus report cards. During the interim year of no ratings, the performance on STAAR grades 3–8 will not be available because the passing standards will not be set in time. Options will be considered for providing an abbreviated version of Campus Report Cards and Performance Reports (discussed below) during this transition year. The possibility of consolidating the campus report cards and/or the performance reports with the No Child Left Behind (NCLB) Report Card will be considered for the 2012–2013 school year and beyond.

**Performance Report (§39.306).** The language in statute describing performance reports is similar to the language used in prior statute to describe the Academic Excellence Indicator System (AEIS) reports. The agency will produce and disseminate these reports annually. Indicators for the performance report are stipulated in §39.301 and §39.306, including references to indicators that are described in sections elsewhere in statute.

As new indicators or additional assessments are planned for inclusion in the current state accountability rating system, the AEIS reports have included “preview indicators” that provide current year results reformulated to reflect the future indicator. These “preview indicators” are typically reported for two years before use of the indicator in ratings system in the third year. During the development of the new performance reports, options will be explored to address how best to “preview” performance on future indicators that are based on higher student performance standards or include additional assessments.

**Comprehensive Annual Report (§39.322).** *(The legislation is substantially the same as that which existed prior to HB 3.)* Texas Education Code requires that the Comprehensive Annual Report on Texas Public Schools be released to the legislature by December 1 each year. The 2012 Comprehensive Annual Report on Texas Public Schools will reflect the 2011–2012 school year and is scheduled to be published December 1, 2012. The 2011–2012 STAAR results for grades 3–8 will not be available in time for a

December 1 publication date, since the student performance standards for these assessments will not be finalized until late fall 2012. Chapter 2, which summarizes student performance on the state assessments, and Chapter 3, which summarizes performance of students at risk of dropping out of school, are the only chapters of the report that rely exclusively on assessment results. In other chapters, student assessment results are not discussed at all or represent only a component of the discussion. Grade 3–8 STAAR results will be published on the agency website in spring 2013. The 2012 Comprehensive Annual Report on Texas Public Schools will maintain the December 1, 2012, publication date by providing a link to the anticipated website location of the grade 3–8 STAAR results made available in spring 2013.

## Federal Requirements

As part of the transition to the STAAR assessment program and the new state accountability system, TEA must meet assessment and accountability provisions of Title I of the ESEA, as amended by the NCLB. In addition, state monitoring of federally funded programs will be conducted.

**Plan for Peer Review for Use in Adequate Yearly Progress.** The United States Department of Education (USDE) is required by statute to use a peer review process to assist in approving state achievement standards and assessment systems required under Title I. If a state's assessment system is not approved by USDE, conditions can be placed on the state's Title I grant award or the funds can be withheld. Each time a state develops a new assessment program or makes significant changes to an existing program, the state must resubmit its assessment program for peer review.

As the STAAR program becomes operational in 2012 and is subsequently used in federal AYP calculations, TEA will compile and submit data, analyses, and technical information in accordance with federal statutes and regulations.

**Adequate Yearly Progress.** At the beginning of the accountability development process a transition plan for 2012 AYP determinations will be submitted to USDE for approval. A larger proposal for approval of AYP determinations for 2013 and beyond under the STAAR assessment program will be submitted following the accountability development process.

**Performance-Based Monitoring Analysis System.** The PBMAS evaluations will be conducted in 2012. Thirty of the 49 PBMAS program-specific indicators are based on data other than TAKS results. As such, a significant portion of the 2012 PBMAS will resemble the previous years. Options for including assessment participation and performance data in 2012 PBMAS will be considered during the development cycle that begins fall 2011.

## Interventions and Sanctions

During the 79th Texas Legislature, Third Called Session, 2006, House Bill (HB) 1 was passed, which amended the Texas Education Code (TEC), Chapter 39, Public School System Accountability. The HB 1 changes addressed the accreditation of school districts; sanctions and interventions for school districts,

charter schools, and campuses; and the review by the State Office of Administrative Hearings of certain sanctions. As a result, the Texas Education Agency adopted rules to implement these changes. HB 3 renumbered and revised sections of the statute that describe accreditation status assignment, special accreditation investigations, and accreditation interventions and sanctions. Furthermore, HB 3 established the requirement that a financial solvency review be conducted for districts, the results of which may have an impact on a district's assigned accreditation status. Specifically, HB 3 reorganized TEC, Chapter 39 as follows.

Subchapter C. Accreditation

Subchapter D. Financial Accountability

Subchapter E. Accreditation Interventions and Sanctions

HB 3 established accreditation status requirements in TEC §39.051 and §39.052 and made certain revisions to TEC §39.056 and §39.057 to address on-site investigations and special accreditation investigations of school districts. TEC §39.052(d) allows a district's accreditation status to be raised or lowered based on the district's performance or lowered based on the performance of one or more campuses within the district that is below adopted standards. TEC §39.056 addresses potential changes to district accreditation status assignment, district and campus accountability ratings, and campus distinction designations as a result of an on-site investigation, and TEC §39.057 specifies several new reasons for conducting a special accreditation investigation. The commissioner adopted rules, effective on July 28, 2010, to address the new HB 3 provisions. The changes to TEC §§39.051, 39.052, 39.056, and 39.057, which were adopted in Subchapter C of Chapter 39, become effective with the 2011–2012 school year. Therefore, the first accreditation statuses which may be impacted by these HB 3 changes and the adopted rules will be assigned in spring 2012 for the 2011–2012 school year.

The new TEC §39.0822 and §39.0823 direct the commissioner to develop a review process to anticipate the future financial solvency of each school district, including open-enrollment charter schools, and to take specific actions should a district trigger a financial solvency alert. The commissioner adopted rules at 19 TAC §97.1055, effective on July 28, 2010, to state how the statutory requirements related to a financial solvency review and projected deficit affect accreditation statuses.

TEC §39.116(a) notes that, during the period of transition to the accreditation system established under HB 3, to be implemented in August 2013, the commissioner may suspend the assignment of accreditation statuses for one year. The agency proposes to assign accreditation statuses to districts for 2012–2013 and has adopted rules to establish a framework for accreditation status assignment during the transition period. Specifically, the commissioner adopted rules at 19 TAC §97.1055(a)(8)–(9), effective July 28, 2010, to implement HB 3 accreditation status requirements and establish rules for determining consecutive years for the purposes of accreditation status assignment.

HB 3 renumbered and revised sections of the statute that describe accreditation interventions and sanctions for districts and campuses. In regard to districts, TEC §39.107(c) addresses district-level support to low-performing campuses as an additional reason for which a monitor, conservator, management team, or board of managers may be assigned to a district. Additionally, the renumbered and revised TEC §39.102(a)(11) allows the commissioner to immediately order interventions and sanctions for

districts failing to meet dropout and completion standards. HB 3 eliminated certain campus interventions and sanctions, revised procedures for addressing campuses at risk of future unacceptable performance, provided for certain additional campus intervention options, revised certain procedures related to campus interventions and improvement efforts, revised the timeline for implementation of certain campus interventions, and added provisions to support the alignment of certain state and federal interventions and sanctions.

Some significant changes to campus interventions established by HB 3 include additional responsibilities for boards of trustees and campus intervention teams. Specifically, TEC §39.106 and §39.107 were revised to require boards of trustees to be involved in public hearings and take action related to approval of targeted improvement plans and revised plans. Additionally, if the commissioner orders the repurposing of a campus, TEC §39.107 requires that a campus repurposing plan be submitted to the board of trustees for approval. Other amendments to TEC §39.107 and the deletion of TEC §39.116, Initiative for Retaining Quality Educators (as previously numbered) expand the campus intervention team's role in determining whether certain campus principals will be retained as part of required campus reconstitution.

The HB 3 amendments to TEC §39.107 also address the “ultimate” sanctions of repurposing, alternative management, or closure of campuses and the timelines for ordering those sanctions. While the commissioner continues to be required to order campus reconstitution after a campus has been identified as unacceptable for two consecutive school years, TEC §39.107(e) was revised to state that an “ultimate” sanction is required for a campus that is considered to have unacceptable performance for three consecutive school years (as opposed to two) after the campus is reconstituted. Therefore, an additional year is added to the timeline under which the commissioner is required to order an “ultimate” campus sanction. HB 3 also established repurposing as an additional “ultimate” sanction that may be ordered by the commissioner. TEC §39.107(e-1) allows the commissioner, under specified circumstances, to waive the requirement to order an “ultimate” sanction for not more than one school year. Additionally, TEC §39.107(d) was added to allow the commissioner to order repurposing, alternative management, or closure of a multi-year unacceptable campus if the commissioner determines that the campus is not fully implementing its updated targeted improvement plan or if the students enrolled at the campus are failing to demonstrate substantial improvement in the areas targeted by the updated plan.

TEC §39.103(c) was added in HB 3 to state that the commissioner may accept as being in compliance with Subchapter E any substantially similar intervention measures implemented by a campus in response to federal accountability requirements. The agency, in coordination with the Texas Center for District and School Support authorized under Rider 93 of the General Appropriations Act of the 81<sup>st</sup> Texas Legislature, has identified those campuses subject to interventions in both the state and federal accountability systems and is implementing strategies to align intervention requirements and, to the extent possible, eliminate duplicative intervention efforts.

The agency adopted rules, effective on July 28, 2010, to address the statutory changes related to accreditation sanctions for districts and campuses. The agency currently is implementing, as applicable, the new TEC, Chapter 39, Subchapter E, requirements for district and campus sanctions in accordance with the statute and adopted rules.

TEC §39.116(e) states that, during the 2011–2012 and 2012–2013 school years, the commissioner shall continue to implement interventions and sanctions for districts and campuses identified as having unacceptable performance in the 2010–2011 school year and may increase or decrease the level of interventions and sanctions based on an evaluation of the district’s or campus’s performance.

## **Financial Accountability**

During the 77th Texas Legislature, 2001, legislation was passed, that added new school district financial accountability requirements under TEC, Chapter 39, Public School System Accountability, Subchapter I, Financial Accountability. The addition addressed the requirement of the agency, with the consultation of the comptroller’s office, to develop and implement a financial accountability rating system for school districts. HB 3 renumbered and revised sections of the statute that describe the state’s system of financial accountability and added new sections of statute that establish requirements for the comptroller to review district resource allocation practices, for the agency to conduct a financial solvency review for districts and project any related deficits for the school district general fund, and for districts to post adopted budgets on district websites. Furthermore, HB 3 made the state’s systems of financial accountability applicable to charter schools.

HB 3 required certain changes to the Financial Integrity Rating System of Texas (FIRST) financial accountability rating system and added TEC §39.082(c), which prohibits the financial accountability rating system from including any indicator or performance measure that requires a school district to spend at least 65 percent, or any other specified percentage, of district funds for instructional purposes and prohibits the agency from lowering a financial accountability rating for failure to spend a specified percentage of operating funds for instructional purposes. Additionally, TEC §12.104(b)(2)(L) and §39.082 make the state’s systems of financial accountability applicable to charter schools and require the agency to develop and implement a separate financial accountability rating system for open-enrollment charter schools.

Revisions to 19 TAC Chapter 109, Subchapter AA, were adopted in response to HB 3. Specifically, the agency adopted rules, effective May 31, 2010, to revise FIRST and eliminate the 65 percent indicators as performance measures and add charter financial accountability requirements through FIRST for open-enrollment charters (often referenced as Charter FIRST). The agency amended version 14 of the *Financial Accountability System Resource Guide* (FASRG) to address other statutory changes. Additionally, the agency is taking steps to expand the financial accountability indicators for charter schools through a subsequent rule adoption.

The new TEC §39.0822 and §39.0823 direct the commissioner to develop a review process to anticipate the future financial solvency of each school district, including open-enrollment charter schools, and to take specific actions should a district trigger a financial solvency alert. The agency is developing a review process to anticipate the future financial solvency of school districts and open-enrollment charter schools through an analysis of revenues and expenditures for the preceding and current school year and as projected for the following two school years. TEC §39.0823(c) requires the agency to take specific action regarding a district’s accreditation status when a district is projected to have a deficit for the general fund

within the following three school years and when related planning requirements are not met. The agency has proposed a new rule division at 19 TAC Chapter 109, Subchapter AA, to address HB 3 financial solvency review requirements. These rules are expected to be adopted with an effective date of December 2010. The first financial solvency review is projected to be calculated by the agency in spring 2011. The commissioner adopted rules at 19 TAC §97.1055 to state how the statutory requirements related to a financial solvency review and projected deficit will affect accreditation statuses.

**Equivalence for Internal References.** In conjunction with the transition plan, Section 68 of HB 3 requires the commissioner of education to provide an equivalence for each performance rating or performance indicator superseded by HB 3. All internal references were updated in HB 3 and no further amendments are needed. Separate legislation added two references to Chapter 39 that need updating: TEC §§45.061(d) and 45.261(d) added references to Subchapter E, Chapter 39, that should now be Subchapter G.

# Integrated Academic Accountability System for Texas Public Schools

