

## **STATE COMPENSATORY EDUCATION: OVERVIEW**

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 of State Compensatory Education (SCE) is to reduce 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 (Section 29.081, Texas Education Code and 77 (R) SB702 Enrolled- Bill Text).

State Compensatory Education funds were authorized by legislature to provide financial support for programs and/or services designed by school districts to increase the achievement of students at risk of dropping out of school. State law, Section 29.081 Texas Education Code (see 77(R) SB702 Enrolled- Bill Text), requires districts to use student performance data from the state's legislatively mandated assessment and any other achievement tests administered under Subchapter B, Chapter 39, of the Texas Education Code, including end-of-course tests and 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.

### **Compensatory Education: State Criteria for Identification of 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, 3, 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 during a semester in the preceding or current school year or is at 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 37.008 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.

### **Compensatory Education: Local Criteria for Identification of Students At Risk of Dropping Out of School**

In addition to serving students at risk of dropping out of school defined by state criteria, a school district may serve students who met local eligibility criteria if the local criteria has been adopted by the board of trustees of a school district. 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 district during the preceding school year.

A district must be able to explain that children identified under local criteria were added to a listing of children that were identified under Texas Education Code, Section 29.081. This means that the state compensatory education allotment may not be used to serve students on a particular campus under local criteria, if a district has not identified and students on the same campus that meet any of the criteria under Texas Education Code, Section 29.081.

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.

In the Houston ISD the following local criteria also identify students who are considered at risk of dropping out of school:

1. Students who are identified as dyslexic under general education;
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.

### **Compensatory Education: State Compensatory Education Programs and Resources**

As districts design state compensatory education programs and/or services, resources must be identified in the campus and/or district improvement plan in summary level detail by campus or organization. In addition to the state compensatory education allotment, districts may also identify other state or local funds to help support the designated state compensatory education programs and/or services.

SCE funds may be used only to meet the costs of providing:

- Supplemental compensatory, intensive, or accelerated instructional programs and services, as defined by TEC 29.081; or
- A Disciplinary Alternative Education Program (DAEP) established under TEC §37.008;  
or

## State Compensatory Education Programs and Services Guide

- Costs associated with placing students in a juvenile justice alternative education program established under Section 37.011; or
- Support to a Title I, Part A Schoolwide Program at a campus which is at least 40% low income; or
- Mentoring programs for at-risk students; or
- Supplemental services to the Dyslexia Program.

In meeting the costs of providing a compensatory, intensive, or accelerated instruction program, a district's compensatory education allotment shall be used for costs supplementary to the regular education program. Supplemental costs include such costs as:

- Costs for program and student evaluation;
- Instructional materials and equipment and other supplies required for quality instruction;
- Supplemental staff expenses;
- Salary for teachers of at-risk students;
- Smaller class size; and,
- Individual instruction

The Texas Education Code requires each school district (including charter schools) to have a district and campus improvement plan. 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 districtwide. **A district/campus improvement plan is required by law and is the primary record supporting expenditures attributed to the State Compensatory Education Program.**

In determining the appropriate accelerated, intensive compensatory programs and/or services, districts 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. The district must design the State Compensatory Education Program based on the identified needs of students at risk of dropping out of school.

In addressing the needs of students at risk of dropping out of school, the district and/or campus improvement plan, as appropriate, must include the following:

- Total amount of state compensatory education funds allocated for resources and staff
- Comprehensive needs assessment
- Identified strategies
- Supplemental financial resources for state compensatory education
- Supplemental Full Time Equivalent (FTEs) for state compensatory education
- Measurable performance objectives
- Timelines for monitoring strategies
- Formative and summative evaluation criteria

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.

### **Compensatory Education: Funding of Compensatory Education Programs**

Funding allocated for state compensatory education programs and/or services is based on the number of educationally disadvantaged students in the district. The number of educationally disadvantaged students is determined by averaging the best six months' student enrollment that qualify in the national school lunch program for free- or reduced-price lunches for the preceding 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 or who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside. 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 Section 29.081 of the Texas Education Code (see 77(R) SB702 Enrolled-Bill Text) because the student is pregnant or a parent.

### **Compensatory Education: Supplement/Not Supplant**

SCE funds, other than the indirect cost allotment that may not exceed 15 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 Public Law 130-382 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 only supplement the costs of the regular education program. They 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. **Districts are prohibited from using Foundation School Program (FSP) compensatory education resource allocations for students at risk of dropping out of school to supplant resource allocations for regular education program.**

1. A foundation curriculum that includes:

- English language arts
- Mathematics
- Science
- Social studies, consisting of Texas, United States, and World history, Government, and Geography

2. An enrichment curriculum that includes:

- To the extent possible, languages other than English
- Health
- Physical Education
- Fine Arts
- Economics, with an emphasis on the free enterprise system and its benefits
- Career and Technology Education
- Technology Applications

Where regular education program allocations at certain campuses within a district are deficient compared to the 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. The Texas Education Agency (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 made in some districts to further assess qualitative and quantitative questions about SCE Programs.

### **Alternative Education Programs**

The costs of alternative education programs (nondisciplinary) are eligible to be charged to the compensatory education allotment, limited to services provided to students at risk of dropping out of school. However, a school district is permitted to use 18 percent of the district's SCE allotment to provide the base line program for the Disciplinary Alternative Education Program (DAEP). Any additional SCE funds used at the DAEP must be used to provide supplemental services and programs. The DAEP base line program and the supplemental program/services must be described in the campus/district improvement plan, as appropriate.

An appropriate state waiver is required to use more than 18 percent for the base line program at a DAEP. 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 Section 37.008, the commissioner may waive the 18 percent limitation. The district 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.

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 SCE 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% of the students are educationally disadvantaged. SCE funds used to support 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 strategies that scientifically-based research has shown are effective with teaching low-achieving students.

SCE funds may be used on the 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 is 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 will be described and evaluated in the schoolwide campus improvement plan.

Although activities conducted with SCE funds may be used to support the Title I program, the campus must continue to receive its fair share of state and local funds for conducting the regular education program, and the intent 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, Plan 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 about 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 districtwide program activities funded through the central office, regardless of whether all campuses in a district are Title I, Part A schoolwide.

### **Compensatory Education: Evaluation of State Compensatory Education Programs**

Districts 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. 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.

### **Risk Assessment Processes and Identification of Schools Requiring a Local Audit**

The risk assessment system implements one component of the electronic reporting and auditing system, in accordance with House Bill 3459, 78th Legislature (2003). The electronic reporting and auditing 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 will be supplemented by four types of electronic documents for the previous school year, which explain various strategies for state compensatory education programs that are associated with data that has historically been reported through PEIMS, are districts and campus improvement plans from school districts, instructional plans from charter schools, and local evaluations by school districts and charter schools of state compensatory education strategies, activities and programs.

The additional reporting requirements will not apply to those school districts and charter schools whose state compensatory education allotment (as reported under the District Planning Estimate (DPE) column on the Summary of Finances) was less than \$150,000 for the previous fiscal year, unless the school district or charter school had one or more low performing campuses under the academic accountability rating system for the previous school year. Submission of local evaluations of state compensatory education strategies, activities and programs (local evaluations are required under Texas Education Code Section 11.252 (d)) will only apply to school districts and charter schools that had one or more low performing campuses or if the percentage of students at risk of dropping out of school for the previous school year was greater than 59%.

The risk assessment system 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 for the previous school year. A risk assessment will be done by TEA staff for all school districts and charter schools that had one or more low performing campuses in the previous school year or whose FSP state compensatory education allotment for the previous fiscal year was more than \$149,999.

## State Compensatory Education Programs and Services Guide

Regarding the electronic reporting requirements in this section, a school district will forward a copy of the district improvement plan , and two campus improvements plans 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), in an Adobe Acrobat® pdf format on electronic format. Additionally, campus improvement plans must also be submitted electronically for all campuses that received low performing academic accountability ratings for the previous school year. A charter school will file a copy of its instructional plan in an Adobe Acrobat® pdf format electronic format. The electronic filing requirements in this section regarding improvement and instructional plans do not apply to a school district or charter school that published these documents on the Internet (the school district or charter school may instead submit the URL address(es) for the Internet site(s) where these documents may be accessed by the public and the TEA). A school district or a charter school that had any low performing campuses or that reported more than 59% at risk students for the previous school year must also submit an electronic copy (in an Adobe Acrobat® pdf format) or the local evaluation of state compensatory education strategies, activities and programs. All documents must be sent in the pdf format and transmitted in their entirety via the TEA Secure Environment (TEASE).