



Regional Education Service Center Spending: A Need for Clarity

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Key Points

- Regional Education Service Centers (RESCs) offer limited transparency regarding how their money is spent and how their programs support Texas schools.
- RESCs have the capacity to generate their own revenues through contracting with school districts and private entities.
- RESCs should be subject to tighter oversight from TEA and more transparent to parents and voters.

Introduction

Texas' Regional Education Service Center (RESC's) network was statutorily established by the Texas Legislature in 1967. Per their original charter, "ESCs are established by the legislature for the purpose of: 1) Assisting schools in improving student performance; 2) Enabling schools to operate more efficiently and economically; and, 3) Implementing initiatives assigned by the Texas Legislature or the Commissioner of Education."¹

Over the last 40 plus years, these centers have grown into something of an industry unto themselves. Various operations in the Texas education system, such as curriculum production and the running of the Texas Virtual School Network, now fall under their control, largely independent from the Texas Education Agency.²

An examination of how the Centers receive and spend their revenue shows that they have the capacity to generate their own income.³ Additionally, the operations of the Centers lack transparency enabling Texas taxpayers and officials to see how the public funds are spent. Therefore, Texas should significantly strengthen the transparency measures RESCs must comply with, both from the bottom up (transparency with taxpayers and parents) and the top down, which is to say making their reporting requirements to the Texas Education Agency more stringent, and, in turn, the agency's sway over the centers stronger.

Regional Education Service Center Funding

RESC funding is a mixture of state, local, and federal funding:

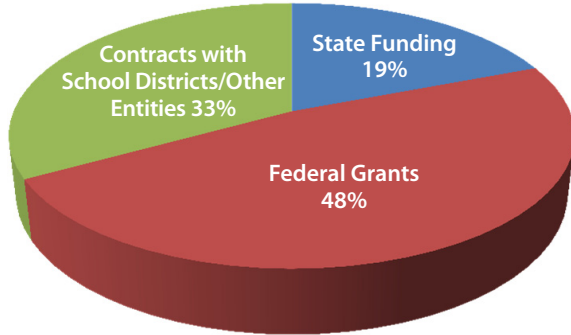
RESCs receive funding from state, federal, and local sources. State funding can be broken into Texas Education Agency (TEA) grants and formula funding distributed by TEA as directed by Rider 39 in TEA's bill pattern. Federal funding includes funds associated with various programs, the largest being Head Start (early childhood school readiness). Local funds are received by RESCs for products sold or services provided on a fee basis to local school districts.⁴

On average, the RESCs receive around 19.5 percent of their funding directly from the state. Federal grants total out to 48.6 percent of their funding, and funds generated locally through contracts with school districts equate to 33.7 percent of their funding. While each of the 20 centers is funded at slightly different levels through each of those streams, it is unilaterally true that state funding comprises the smallest percentage of the centers' funds.⁵ (*See graph on next page*).

A distinction between RESCs and school districts is their capacity to contract with private entities to generate income. That gives them a revenue stream unavailable to traditional Texas schools, which receive all of their funding from state funds, federal funds, or local tax revenue. It is difficult, though, to determine how much of an RESC's revenue is generated via such sources.⁶

continued

RESC Funding Sources



Source: Legislative Budget Board

Regional Education Service Center Spending: A Transparency Problem

Specific spending practices at Regional Education Service Centers vary greatly, as different regions feature different demographic make-ups. For example, Region 4, which essentially comprises the Houston area, serves 1,088,033 students, 1,414 campuses and 69,107 teachers. In contrast, Region 9, which is located in the Wichita Falls area, serves 38,354 students, 124 campuses, and 3,150 teachers.⁷

What is true for all centers examined is that while it is easy to determine the amount of money each center spends, and what programs they provide, it is extremely difficult to determine which programs cost what, and whom they benefit. For the sake of this brief, the available information for Region 12, in the Waco area, will be examined, as it represents a mid-sized or “average” RESC.

Region 12 at a Glance

The Region 12 RESC serves 156,002 students, spread across 368 campuses. It employs 11,479 teachers. Spending per student in the region, measured in operating or “classroom” cost only (as opposed to total costs factoring in elements such as transportation, facilities, and other non-classroom expenditures), averages at \$8,911 annually.⁸

The Region 12 RESC provides a number of “support services” to districts in the area, including (but not limited to) curriculum/instructional support, technology support, alternative certification, and business/finance support for schools in the area. According to the Region 12 website, it also coordinates several federal programs, including career

and technical education, college and career readiness, and No Child Left Behind compliance issues.⁹

While the services available both to school districts and the community are clearly outlined, the RESC offers limited transparency on both how much funding is being spent or generated by each individual program, as well as who, if anyone, is taking advantage of the available resources.

Some of this information can be gleaned from an examination of Region 12’s online check register, a required posting under current transparency laws. For example, in June of 2013 (the most recently available financial data), the Region 12 RESC spent \$997,920 dollars.¹⁰ Some of that spending is fairly explicit. Region 12 cut a number of checks to specific school districts for specific programs. An instance of this would be the \$25,574 check it cut to Temple ISD for Texas Gear Up.

It is not immediately clear what Texas Gear Up is from looking at the check register, but it is fairly easy to find out that it is a federal grant directed at helping students prepare for and select a college that suits their professional goals.¹¹ Whether Gear Up is useful for Temple ISD is less certain; a 2008 report from the U.S. Department of Education on the early returns of Gear Up showed mixed results regarding its impact on several student demographics.¹² Just the same, it does represent a case where RESC expenditure’s purpose (in this case a distribution of federal grant money) is extremely clear. However, the specifics of other funding—employee travel, expenditures termed miscellaneous costs, and checks paid to school districts for items such as “non-employee stipends”—are far less clear.

More explicitly, it is not clear how the money the centers distribute (or receive) is of benefit to Texas classrooms. Between state, local, and federal dollars, the Region 12 RESC received almost \$24 million in revenues during the 2010-2011 school year.¹³ How is that money bettering our schools? This is a question that simply listing expenditures cannot answer for parents and voters.

Education Service Center Curriculum Controversy

One of the services RESCs provide for school districts, particularly rural school districts with limited resources, is curriculum development. However, in recent months, their

activity in this arena has proven controversial. Few education issues garnered the attention that CSCOPE, an RESC developed curriculum for Texas schools, did during the 83rd Texas Legislature.

CSCOPE development was a collaborative curriculum development effort across all 20 of the state's RESCs. Theoretically designed as a cost effective way for school districts to cover all the TEKS (Texas Essential Knowledge and Skills), CSCOPE was being used in 877 schools at its peak or, put another way, about 35 percent of Texas' 5 million students.¹⁴

CSCOPE has proven controversial for two primary reasons. The first is a series of early lesson plans, including one depicting the Boston Tea Party as an act of terror, which many Texas parents found objectionable. The second, in what could be seen as a recurring theme, was a lack of transparency. During CSCOPE's early years, many of the lesson plans were not available to the public.

The public pushback against CSCOPE was intense enough to merit legislation—specifically, SB 1406—that stopped the use of its lesson plans in Texas public schools.¹⁵ However, because many schools continue to implement elements of CSCOPE in their lessons, the curriculum remains under scrutiny.

The transparency issue with CSCOPE once again circles back to the question of whether the RESCs are using the resources at their disposal to better Texas schools. Thousands of Texas parents were unhappy with their efforts on CSCOPE. Though the centers seem to have taken steps to alleviate the concerns of Texas parents, the very fact that this controversy existed in the first place is symptomatic of an entity in need of greater scrutiny.

Recommendations:

Increase RESC Transparency to Parents and Voters

RESCs make their check registers accessible to the public, but as previously mentioned, as much does not fully illustrate the degree to which school districts are taking advantage of their services. Therefore, no more than two clicks from their front page, each service center should be required to provide the following:

- A list of programs and grants administered at that RESC.

- Which school districts participate in each program or grant.
- How much money is moving between the RESC and the districts for a given program or grant.
- Itemized revenues the RESC receives from districts and private entities.

These requirements will paint a much clearer picture for parents and voters how the RESCs use their money, which districts are taking advantage of those programs, and how well the RESCs can generate their own income.

Tighten State Oversight on RESCs

As well as making their spending practices transparent for Texas parents, a closer relationship with the Texas Education Agency would foster top-down accountability to match the bottom up variety denoted in the recommendation above.

Currently, per the Texas Education Code, RESCs are required to file annual reports of their finances to the office of the Commissioner. They are also required to report on academic performance of schools in their district. There are also provisions for several “optional” levels of involvement from the Texas Education Agency, if the Commissioner finds those reports unsatisfactory. The optional accountability measures are as follows:

- Conducting an on-site investigation of the center.
- Requiring the center to send notice of each deficiency to each school district and campus in the center's region or served by the center the previous year.
- Requiring the center to prepare for the commissioner's approval a plan to address each area of deficiency.
- Appointing a master to oversee the operations of the center.
- Replacing the executive director or board of directors.
- In the case of deficient performance in two consecutive years, closing the center.¹⁶

Optional requirements one through three should be made mandatory for each center on an annual basis. This will paint a much clearer picture of how they are benefitting the schools they provide services for, and hold them accountable for any potential short comings in their performance. Optional requirements four through six should remain optional should an RESC fail to meet standards set by the office of the commissioner.

Conclusion

Regional Education Service Centers represent a unique and somewhat troubling layer of bureaucracy within the Texas public school system. It is not clear how the money they receive and spend is benefitting Texas students. Tighter transparency measures should be applied to the RESCs so that is clearer both to taxpayers and the Texas Education Agency what the centers do with their money, and how much the state should truly be investing in them. ★

Endnotes

- ¹ About the ESCs, Texas System of Regional Education Service Centers.
- ² Texas Education Code, Chapter 8: Regional Education Service Centers.
- ³ Ibid.
- ⁴ *Regional Education Service Centers: An Issue Brief from the Legislative Budget Board Staff*, Legislative Budget Board (Sept. 2012).
- ⁵ Ibid.
- ⁶ *School Finance 101*, Texas Education Agency (Jan. 2013).
- ⁷ ESC Information, Texas Education Agency.
- ⁸ Ibid.
- ⁹ Services, Education Service Center Region 12.
- ¹⁰ Region 12 Check Register.
- ¹¹ Gaining Early Awareness and Readiness for Undergraduate Programs (Gear Up), U.S. Department of Education.
- ¹² Early Outcomes of the Gear Up Program: Final Report, U.S. Department of Education (2008).
- ¹³ *Regional Education Service Centers: An Issue Brief from the Legislative Budget Board Staff*, Legislative Budget Board (Sept. 2012).
- ¹⁴ Will Weissert, "Debate Again Thrusts CSCOPE into Texas Spotlight", *Austin American-Statesman* (24 Aug. 2013).
- ¹⁵ Ibid.
- ¹⁶ Texas Education Code, Chapter 8: Regional Education Service Centers.

