



LEGISLATIVE BUDGET BOARD

Hempstead Independent School District

Management and Performance Review



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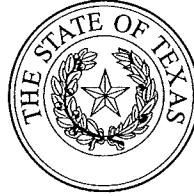
OCTOBER 2015

Hempstead Independent School District

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**Legislative Budget Board Staff
Resources for Learning, LLC**

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October 30, 2015

Dr. Angela Gutsch
Superintendent
Hempstead Independent School District

Dear Dr. Gutsch:

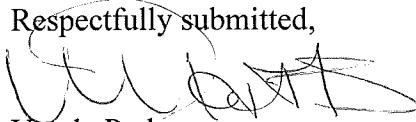
The attached report reviews the management and performance of Hempstead Independent School District's (ISD) educational, financial, and operational functions.

The report's recommendations will help Hempstead ISD improve its overall performance as it provides services to students, staff, and community members. The report also highlights model practices and programs being provided by Hempstead ISD.

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

The Legislative Budget Board engaged Resources for Learning to conduct and produce this review, with LBB staff working in a contract oversight role.

The report is available on the LBB website at <http://www.lbb.state.tx.us>.

Respectfully submitted,

Ursula Parks
Director
Legislative Budget Board

/thh

cc: Ricky Pearce
Scott Bush
Connie Wawarofsky
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Matthew Menke
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EXECUTIVE SUMMARY

The Texas Legislature created the Texas School Performance Review (TSPR) in 1990 to “periodically review the effectiveness and efficiency of the budgets and operations of school districts as stated in Texas Government Code, Section 322.016. The Legislative Budget Board’s (LBB) School Performance Review team conducts comprehensive and targeted reviews of school districts’ and charter schools’ educational, financial, and operational services and programs. The review team produces reports that identify accomplishments, findings, and recommendations based upon the analysis of data and onsite study of each district’s operations. A comprehensive review examines 12 functional areas and recommends ways to cut costs, increase revenues, reduce overhead, streamline operations, and improve the delivery of educational, financial, and operational services. School districts are typically selected for management and performance reviews based on a risk analysis of multiple educational and financial indicators.

To gain an understanding of the school district’s operations prior to conducting the onsite review, the LBB review team requests data from both the district and multiple state agencies, including the Texas Education Agency, the Texas Department of Agriculture, and the Texas School Safety Center. In addition, LBB staff may implement other methods for obtaining feedback on district operations, including surveys of parents, community members, and district and campus staff. While onsite in the district, information is gathered through multiple interviews and focus groups with district and campus administrators, staff, and board members.

Hempstead Independent School District (Hempstead ISD) is located in Hempstead, the county seat of Waller County, on U.S. Highway 290/Texas Highway 6 and Austin Street, approximately 50 miles west of Houston. The district is served by Regional Education Service Center IV (Region 4), located in Houston. The state legislators for the district are Senator Lois W. Kolkhorst and Representative Cecil Bell, Jr.

The district has four instructional campuses, including Hempstead High School, Hempstead Middle School, Hempstead Elementary School, and Hempstead Early Childhood School. The district enrollment for all schools in school year 2013–14 was 1,551 students. The student population was 56.5 percent Hispanic, 25.5 percent African

American, 16.0 percent White, 1.4 percent two or more races, and 0.6 percent Asian/Pacific Islander. The district identified 77.7 percent of students as economically disadvantaged (more than the state average of 60.2 percent), 23.2 percent of students as English language learners (more than the state average of 17.5 percent) and approximately 66.9 percent of students as at risk (more than the state average of 49.9 percent).

EDUCATIONAL OVERVIEW

Hempstead ISD has a history of variable academic achievement. In accordance with the state accountability system, the district ratings were Met Standard for school year 2012–13 and Improvement Required for school year 2013–14. In school year 2013–14, the most recent state accountability data available at the time of the review, Hempstead Elementary School and Hempstead Middle School received accountability ratings of Met Standard, and Hempstead High School received a rating of Improvement Required. **Figure 1** shows state accountability ratings for the past five years for the district and the individual campuses in accordance with the previous system (Exemplary, Recognized, Acceptable, or Academically Unacceptable) and the revised system implemented in school year 2012–13 (Met Standard, Improvement Required, or Not Rated).

Figure 2 shows a comparison of various academic measures for Hempstead ISD to the average of other school districts in Region 4 and the state. Hempstead ISD’s academic performance is lower than regional and state averages on all academic indicators shown.

The Texas Education Agency (TEA) awards an accreditation status to public school districts each year. The accreditation status is based on the academic accountability rating and financial ratings from the School Financial Integrity Rating System of Texas (FIRST). Hempstead ISD was accredited in school year 2013–14. However, TEA downgraded the district’s accreditation rating to Accredited–Warned for school year 2014–15.

FINANCIAL OVERVIEW

In tax year 2013, Hempstead ISD’s final property wealth per student was \$283,915. This district property wealth is less than, and thus not subject to, the state’s primary equalized

FIGURE 1
HEMPSTEAD ISD STATE ACCOUNTABILITY RATINGS
SCHOOL YEARS 2009–10 TO 2013–14

YEAR	DISTRICT	ELEMENTARY SCHOOL	MIDDLE SCHOOL	HIGH SCHOOL	ASSESSMENT INSTRUMENT
2009–10	Recognized	Recognized	Recognized	Acceptable	TAKS
2010–11	Acceptable	Recognized	Unacceptable	Unacceptable	TAKS
2011–12	N/A	N/A	N/A	N/A	N/A
2012–13	Met Standard	Met Standard	Met Standard	Met Standard	STAAR
2013–14	Improvement Required	Met Standard	Met Standard	Improvement Required	STAAR

NOTES: Accountability ratings were not issued in school year 2011–12 with the implementation of new state assessments. Hempstead Early Childhood School is paired with Hempstead Elementary School for accountability purposes.

Acceptable=Academically Acceptable; Unacceptable=Academically Unacceptable.

TAKS=Texas Assessment of Knowledge and Skills; STAAR=State of Texas Assessments of Academic Readiness.

SOURCES: Texas Education Agency, Academic Excellence Indicator System Report, school years 2009–10 to 2011–12; Texas Academic Performance Report, school years 2012–13 to 2013–14.

wealth level (EWL) of \$495,000. When a district's property wealth level is more than the EWL, the state "recaptures" a portion of wealthy school districts' local tax revenue to assist in financing public education in other districts. This primary EWL applies to a district's tax rates up to \$1.00 per \$100 of valuation. The state's school finance system has a secondary EWL that applies to certain enrichment tax effort of more than \$1.00.

In fiscal year 2014, Hempstead ISD's total actual operating expenditures were approximately \$14,127,991. Hempstead ISD's per pupil actual operating expenditures in fiscal year 2014 were \$9,109, compared to the state average of \$8,692. In fiscal year 2014, Hempstead ISD spent approximately 54 percent of total actual operating expenditures on instruction, compared to the state average of approximately 57 percent. The instructional expenditures percentage was calculated using the district's total actual operating expenditures that funded direct instructional activities, including Function 11 (Instruction), Function 12 (Instructional Resources and Media Sources), Function 13 (Curriculum Development and Instructional Staff Development), and Function 31 (Guidance, Counseling, and Evaluation Services).

ACCOMPLISHMENT

The LBB's school performance review team identified a noteworthy accomplishment during its onsite review based upon the district's best practices.

PUBLIC RELATIONS OFFICER

Hempstead ISD has a public relations officer who ensures that positive, accurate, and timely information about the

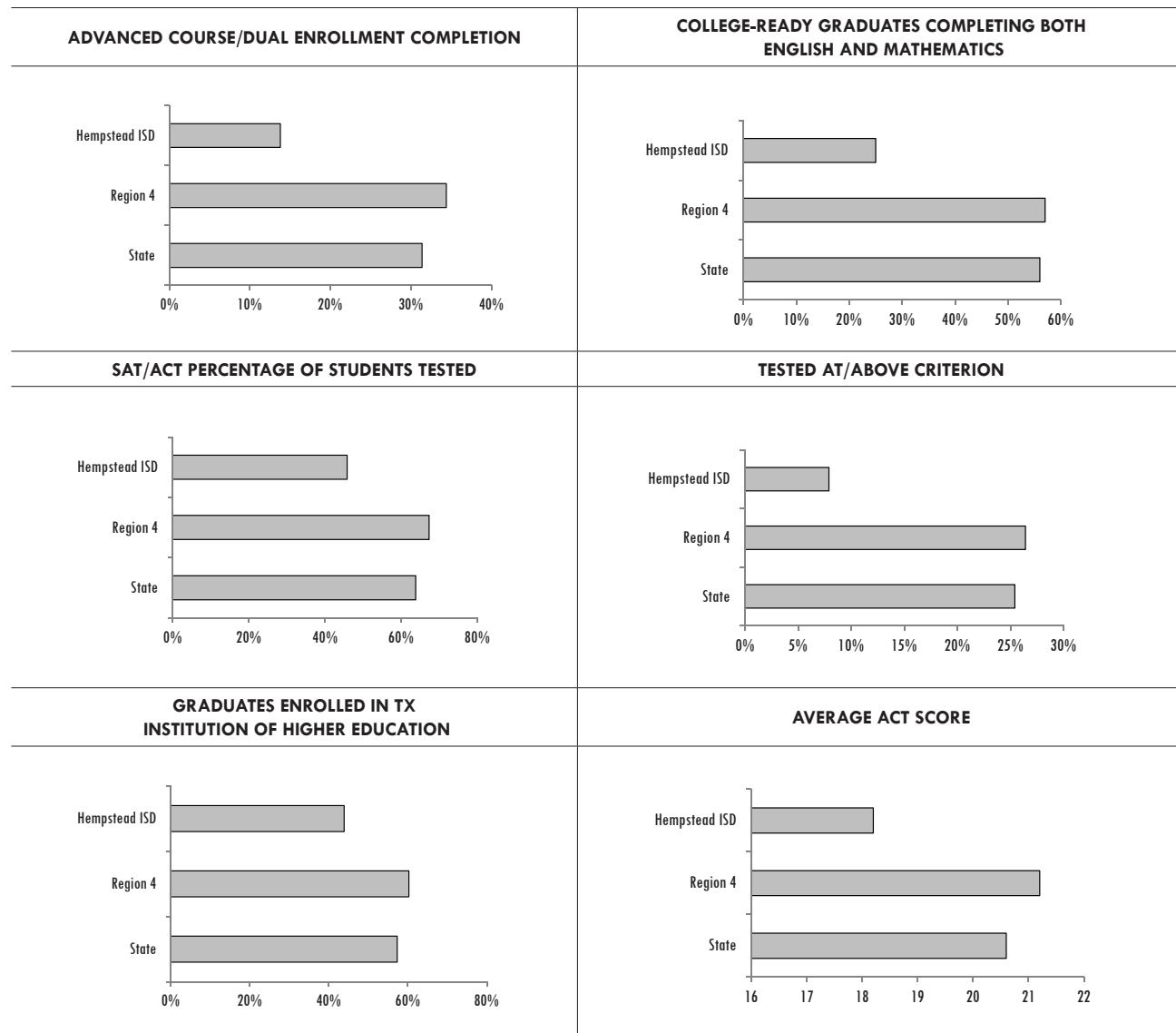
district is released to the public. The mission of this position is to highlight the positive events and accomplishments occurring in Hempstead ISD. The public relations officer regularly submits articles and photographs of events and accomplishments of Hempstead ISD students to the local newspaper and newspapers in surrounding areas. The public relations officer updates the campus and district websites, displays messages on the electronic signs located outside the district administration building and the elementary school, and lists accomplishments of students in programs distributed at athletic events. The public relations officer also serves as a point of contact for local and outlying media.

The district benefitted from having a public relations officer in school year 2013–14 due to many personnel changes. According to interviews with district staff, the administrative changes and the uncertainty regarding the district's future caused a number of teachers to leave Hempstead ISD at the end of that school year, and the community began to lose trust in the district. However, community members reported they still support the district and its efforts to provide quality education for its students, due in large part to the positive information regularly reported by the public relations officer.

FINDINGS AND RECOMMENDATIONS

The LBB's school performance review team identified significant findings and recommendations based upon the analysis of data and onsite review of the district's operations. Some of the recommendations provided in the review are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted

FIGURE 2
HEMPSTEAD ISD STUDENT ACADEMIC MEASURES COMPARED TO REGION 4 AND STATE
SCHOOL YEAR 2013–14



NOTES:

- (1) To be considered college-ready, a graduate must have met or exceeded the college-ready criteria on the Texas Assessment of Knowledge and Skills exit-level test, or the SAT or ACT college admissions tests.
- (2) Criterion refers to the scores on the SAT and ACT college admissions tests. For college admissions tests, the criterion scores are at least 24 on the ACT (composite) and at least 1110 on the SAT (total).

SOURCE: Texas Education Agency, Texas Academic Performance Report 2013–14.

best practices, and should be reviewed by the school district to determine the level of priority, appropriate timeline, and method of implementation.

ORGANIZATIONAL STRUCTURE

Hempstead ISD's organizational structure does not support effective and efficient operations throughout the district. The

district's reporting structure for educational services, central administration, and financial management is not optimally organized, resulting in administrative inefficiency and ineffectiveness in daily operations and communications. For example, Hempstead ISD's superintendent supervises and evaluates 13 direct reports encompassing six functional areas of operations, including educational service delivery,

technology, human resources, athletics, safety and security, and public relations. An effective span of control, or the number of staff a supervisor can effectively manage, is six to eight direct reports. With the district's structure, the superintendent is at risk of spending a significant amount of time managing staff, which diminishes the amount of time available for district planning.

Furthermore, no position within the central office administration is responsible for providing districtwide leadership for Hempstead ISD's instructional program. The organizational structure of the instructional function results in an isolated culture, with fragmented decision making and a lack of coordinated effort among instructional support positions. Curriculum and instruction responsibilities are assigned to multiple staff that report independently to the superintendent.

The financial functions of the district are also not functionally aligned within the organizational reporting structure. The director of finance reports directly to the Board of Trustees, a conflict with the requirements of the Texas Education Code (TEC), Section 11.201(d), which designates the superintendent as being solely responsible for organizing and supervising the district's administrative operations.

In addition, Hempstead ISD has not adequately segregated the duties of Business Office staff. Primary responsibilities of Hempstead ISD's Business Office include budget, tax payments, payroll and employee benefits, accounting, and purchasing. Each of the Business Office employees also has full access to human resources, payroll, and accounts payable modules in the district's financial system, Texas Enterprise Information System (TxEIS). Granting individuals access to both the payroll and human resources modules weakens the district's internal controls and increases the risk of fraud. Furthermore, the director of finance enters vendors, enters invoices for payment, and processes payments. Without separating these accounts payable functions, an employee could use district funds to make unauthorized purchases.

Recommendations to assist the district's organizational structure include:

- modify the district's organizational structure to align instructional and financial/operational functions and reduce the superintendent's span of control; and
- review the duties of each Business Office employee and structure responsibilities to ensure that critical tasks are segregated where appropriate.

CURRICULUM AND INSTRUCTION

Hempstead ISD lacks methods for implementing a cohesive curriculum program with aligned instructional materials and evaluation tools to monitor student performance.

The district lacks a process for adopting, effectively implementing, reviewing, and revising curriculum and instructional materials to ensure vertical and horizontal alignment. Prior to the beginning of school year 2014–15, Hempstead ISD's previous administration discontinued use of some components of the district's curriculum management system, and now the district uses only the scope and sequence to guide instruction. As a result, the district lacks a standard curriculum that is used by all teachers to ensure effective alignment of instruction from grade to grade (vertical alignment) and across a single grade level (horizontal alignment).

In addition, the district does not use a consistent process by which all teachers have access to information about available instructional materials and other supplemental resources needed for their classrooms. Some teachers in the elementary and middle schools have access to state-adopted instructional materials for foundation subjects and use the teachers' guides that accompany these materials. However, staff reported that supplemental instructional materials are rare, and teachers often use their own funds to purchase the materials without a thorough vetting for alignment with the State Board of Education's Texas Essential Knowledge and Skills.

Hempstead ISD also lacks a process to effectively evaluate, monitor, improve, and promote student achievement. To gauge student academic progress, Hempstead ISD administers benchmark assessments at the beginning and middle of the school year. The benchmark tests consist of items taken from STAAR assessments administered in previous school years. However, few staff members use the benchmark data for planning instruction or selecting students for targeted interventions. Much of the benchmark data is not valid because the district has not yet covered most of the content included in the released exams, and many of the benchmark tests administered in school year 2014–15 were incomplete. The district's failure to regularly administer appropriate formative assessments limits teachers' ability to identify and meet students' needs.

Recommendations to assist the district with curriculum and instruction include:

- establish a process for regularly reviewing and revising the district's curriculum, instructional practices, and

instructional resources that includes stakeholder input; and

- develop a process for using regular formative assessments to identify areas of unsatisfactory student performance and implement targeted strategies to address these areas to improve academic performance.

BUDGET AND FINANCIAL OVERSIGHT

Hempstead ISD lacks a structured budget process and effective and efficient financial oversight. For example, Hempstead ISD does not have a coordinated budget development and management process. For fiscal year 2015, the director of finance was not involved in the planning and preparation of the budget. The district contracted with an external consultant who allocated resources independently, without collaboration with the superintendent, directors, and campus administrators. The consultant used the fiscal year 2014 budget as a guide to complete a budget for fiscal year 2015 and did not consider district or campus goals in the process. Further, the district did not use a budget calendar to guide the budget development process.

Previously, budget managers had access to the district's financial system. However, since the district implemented a new financial system in September 2014, budget managers have not been trained how to access accounts. As a result, budget managers are unable to effectively monitor campus budgets. Most campus and department administrators must submit oral or written requests to the Business Office to determine the funds remaining in their budgets. The lack of a budgeting process has resulted in poor budgeting oversight.

Hempstead ISD also lacks effective oversight of financial processes. For example, the district does not have a reliable method to forecast cash flow. Most school districts prepare cash flow forecasts to determine the availability of funds for meeting financial obligations. Hempstead ISD's director of finance submits financial reports to the board each month that include information regarding tax collection status, bank account balances, investment summaries, and accounts payable check issuances. However, these reports do not include a projection of cash flow. Without an accurate method to forecast general fund cash flow, the district may not be able to determine whether sufficient cash is available to meet anticipated needs. If the district were to experience a significant change in cash position and face an unexpected shortage of funds, payment obligations would not be met, and the district's bond rating could be adversely affected.

Related to cash flow, the district does not monitor the general fund balance closely or incorporate a fund balance projection report in the financial information that is presented monthly to the Board of Trustees. The director of finance stated that the district does not have a process for forecasting fund balances, nor does it have requirements in place to govern expectations for the general fund balance. The district's fund balance is approximately \$220,000 less than the optimal fund balance recommended by TEA. A low fund balance puts the district at risk of not being able to meet payment obligations if the state delays Foundation School Program payments.

Additionally, Hempstead ISD does not have a process for managing contracts. All contract management occurs at the department level. Each director manages the contracts for programs or services in that department. No district-level position is responsible for organizing and managing contracts across the district. Expectations are not defined on how departments should manage the contracts. As a result, each department handles this function differently. For example, the district has multiple contracts providing the same services including the district's website, energy savings services, and data management systems.

Finally, Hempstead ISD lacks management controls to effectively monitor the financial performance of the Food Services Department. Hempstead ISD contracts with Chartwells, a food service management company (FSMC), to operate the district's child nutrition program (CNP) in the district. However, the district does not monitor financial statements to evaluate the financial performance of the FSMC. According to the terms of the FSMC contract, the FSMC guarantees the district's CNP will break even for the school year. If the annual operating statement shows a loss, the FSMC must pay the district the difference, not to exceed an amount specified in the contract. For school years 2010–11 to 2013–14, the CNP reported a negative year-end fund balance. However, of the four completed contract years, only in school year 2010–11 did the FSMC pay the guarantee of return to the district required by the contract. Evidence does not exist to show the district performed an analysis of the FSMC's financial performance and the applicable conditions to determine if the FSMC owed the district a guarantee obligation for the other school years.

Recommendations to assist the district with budget and financial oversight include:

- develop budget guidelines and prepare a budget calendar to guide the budget development process;
- develop a cash flow projection report that estimates district revenues and expenditures by year and month for a rolling fiscal year and present it to the Board of Trustees with the monthly financial reports;
- establish a fund balance policy;
- develop written procedures for managing school district contracts and train key district personnel on effective contract monitoring and management; and
- develop and implement a process for monitoring the financial performance of the district's Food Services Department.

PLANNING

Hempstead ISD lacks effective district and campus planning processes and planning for other functions, including technology, facilities, energy management, and emergency operations. For example, Hempstead ISD lacks a process to ensure that the district meets state planning requirements. TEC, Section 11.252, requires every school district to develop a district improvement plan (DIP). At the time of the onsite review, the district had not completed a DIP for school years 2013–14 or 2014–15. In addition, the district educational improvement committee (DEIC), which should assist the superintendent with development of the DIP, did not regularly meet to develop the plan. A 2013–14 DIP was submitted to the superintendent, but it was never approved by the board because the superintendent did not place the item on the board agenda. The 2014–15 DIP had not been completed and submitted to the board. Without a board-approved DIP, the district does not have its established goals and objectives to work toward during each year.

In addition, TEC, Section 11.253, requires each campus to develop annual campus improvement plans (CIP). The 2014–15 CIPs were developed, but the 2011–12 CIPs were the most recent plans posted to each of the campus websites, resulting in parents and community residents not being informed about the academic goals and strategies of each campus.

For technology, the district lacks an effective process for developing a technology plan and ensuring that technology needs are met. The district's board and TEA have both approved the 2014–15 to 2016–17 technology plan, but the district did not follow TEA's principles for developing the

plan. For example, the director of technology developed the plan and did not consult with the technology committee, and the plan's budget is not consistent with the district's technology budget. Without having a committee prepare the technology plan and incorporating goals, action plans, timelines, performance and success measures, and designating personnel responsible for implementing and monitoring the goals, project milestones, and budgets, the plan does not provide a management instrument that helps drive technology decisions and allow districts to maintain eligibility for various state and federal programs.

With its facilities planning, the district lacks a process to analyze, plan, and implement facility maintenance and improvements across the district. No evidence showed that the district conducts regular audits and inspections of school facilities, and it has not conducted a districtwide facility needs assessment to assess facility conditions and evaluate the future capital needs of existing facilities. The district does not have a long-range facility master plan to guide construction projects or equipment replacement. Despite the lack of a needs assessment or master plan, Hempstead ISD has completed multiple capital improvement projects during the past 10 years, including building additions, major renovations, and major maintenance work, but district staff could not identify a clear process the district used to determine the need for each of those projects.

Hempstead ISD has not developed a formal energy management program. The district entered into two energy savings contracts that were not guided by district goals, implementation strategies, and expected outcomes. One energy savings performance contract addressed improvements to select heating/ventilation/air conditioning (HVAC) units and lighting retrofits. The contract requires the vendor to provide reports to the district to demonstrate the reduction in energy consumption, but the district has not received these reports. However, the district does not comply with the contract, because programmable thermostats are used and staff are allowed to set the temperatures. The district entered into a second energy savings performance contract to address improvements to select interior lighting, HVAC direct digital controls, and further equipment scheduling and setbacks. Interviews with district staff indicated that the board approved the contract without fully understanding the terms and conditions. Hempstead ISD has not moved forward with the scope of work, and at the time of the onsite review, the district was engaged in litigation to withdraw from the contract. Without an energy management plan in place,

Hempstead ISD could not identify strategic actions to support the district's annual reduction in energy usage and could fail to meet the statutorily required reduction of energy consumption. Furthermore, the absence of an energy management plan increases the risk that the district could engage in future energy management contracts that do not consider the district's goals and objectives.

The district lacks a process for managing, monitoring, and implementing emergency operations procedures. The district's crisis management procedures do not cover all potential emergency situations, nor do the procedures provide training guidelines for ongoing education. The procedures identify actions and responses required by individual staff in certain crisis situations, but they do not include a hazard assessment, which is a systematic identification and analysis of existing and potential hazards at a school. TEC, Section 37.108, requires each school district to adopt and implement a multihazard emergency operations plan for use in the district's facilities. The plan should address mitigation, preparedness, response, and recovery. Staff is unaware of the existing safety and security policies and procedures identified in the district's crisis management procedures. The district has an interlocal agreement with the local city police, but the district has not engaged with local first responders to develop a plan of action for emergency events and has not provided floor plans, site plans, and other general facility information to the city to manage and coordinate responses in the event of an emergency at a district facility.

Recommendations to improve the district's planning processes include:

- develop and implement processes and procedures for districtwide improvement planning;
- review and redraft the technology plan to ensure all district technology needs are addressed;
- establish a comprehensive, long-range facility master plan committee of stakeholders to identify long-range needs and develop a plan for addressing those needs;
- develop and implement a comprehensive energy management plan; and
- develop districtwide and facility-based emergency documents, including an up-to-date emergency operations plan.

PROCEDURES

Hempstead ISD has not focused on development of districtwide procedures, including those for its overall operations or for other functions such as human resources, business and financial services, technology, or transportation.

The district lacks a standardized, districtwide process for documenting and communicating operational procedures. In school year 2011–12, the district began developing an Administrative Procedures Manual, and it contains some information for a few areas, but it is not inclusive of all functional areas, not organized by topic or dated, and not coded to the board policy related to each topic. Hempstead ISD maintained some handbooks, including campus student handbooks, an employee handbook, and a Technology Contingency Recovery Plan, but in all other areas, staff reported they conduct daily operations based on an unwritten interpretation of what is believed to be past practice or an informal understanding of current law and board policies. The lack of a comprehensive administrative procedures manual or individual department manuals could result in inconsistent, inefficient, and possibly noncompliant district operations. In addition, the district risks loss of institutional knowledge with its high employee turnover, because some longtime employees are the sole personnel who are knowledgeable of certain processes and resources, making it difficult for the individuals in these positions to effectively implement their job duties and best serve the needs of students and faculty. In some areas, this lack of procedures has resulted in the district hiring consultants to assist with implementing the function.

The lack of written procedures, in conjunction with staff turnover, has also resulted in inefficient implementation of districtwide systems. For example, in school year 2014–15, Hempstead ISD experienced multiple problems when performing a migration of data from the student and business information system Skyward to TxEIS. The data migration was problematic because new and untrained staff members lacked the institutional knowledge and written guidance to properly carry out the data migration.

Hempstead ISD's Human Resources Department lacks comprehensive, formally disseminated written procedures and regulations to ensure human resources functions are effectively and consistently implemented and are in compliance with federal and state laws and district policies. The district's Administrative Procedures Manual was posted online in Eduphoria, a software system the district uses to archive teacher evaluations, test data, lesson plans, and other

important district documents. However, with the staff turnover, the district neglected to inform new campus and central office leadership of the existence of the procedures or fully implement them. Consequently, the district's hiring practices are inconsistent, including the membership requirements of the campus interview committees and the training of interview committee participants. Another inconsistent HR practice is the district's lack of compliance in using the required nondiscrimination language in hiring documents.

The district's Business Office lacks written procedures to ensure continuity of fiscal operations. With staff turnover, the district was without a Business Office department leader for nine months, so the superintendent, the Public Education Information Management System coordinator, and two external financial consultants conducted the departmental functions. No written procedures were available for any of the daily tasks, and, as a result, the staff did not complete several critical business tasks that affected financial operations. The district did not reconcile its bank statements, resulting in numerous items that the bank posted, but the Business Office did not record. As a result, the district overstated the balance in Hempstead ISD's general fund by more than \$4 million during fiscal year 2013 due to unprocessed banking adjustments and debt service fund transfers. The district failed to pay bills and process invoices in a timely manner, resulting in delinquency and termination notices from vendors. Due to a payroll processing error, the district did not post direct deposits to employee checking accounts, so the Business Office printed paychecks for all employees, resulting in some employees not being able to meet their financial obligations in a timely manner. The district also neglected to timely prepare and submit its required fiscal year 2013 Annual Financial Report. As a result, Hempstead ISD received a suspended rating in School FIRST. The suspended School FIRST rating contributed to the district's school year 2014–15 accreditation position being downgraded by TEA to Accredited–Warned.

Hempstead ISD's Technology Department lacks documented standards, policies, or procedures to guide the implementation of technology-related responsibilities. For example, teachers use their personal cell phones to communicate to the campus offices because many classroom phones are not working. Processes to ensure that students and staff have valid user IDs are not in place, so students use guest or teacher accounts to log into the network to get their work done. Directions for placing work orders through the Eduphoria help desk are

available, but most staff indicated that they did not know the online work order system was available, so a majority of users send an email or place a phone call. The Technology Department staff does not enter these emails or calls into the technology work order system. Criteria to guide technology equipment purchases do not exist. Some technology is purchased without the knowledge of the department, which has caused network compatibility conflicts. Without procedures, the Technology Department performs tasks in an inconsistent, ad hoc manner that has negatively affected the bandwidth of the network, interfered with student access, delayed work order processing and completion, obstructed network continuity, and hindered the validation of technology resources. Tracking technology equipment is difficult and limits the district's ability to trace damaged or lost equipment.

The Transportation Department lacks written policies and procedures to ensure effective and efficient operations. The department lacks information to guide transportation staff in the performance of their duties, and the only information available to transportation staff is the Texas Department of Public Safety's commercial vehicle guidelines and several memorandums. The district provides little information to students and parents regarding transportation operations. The student handbooks for all schools only contain information that pertains to behavior and the district's authority regarding suspensions from the bus. Additionally, the website that Hempstead ISD maintains for the Transportation Department is blank. According to interviews with district staff, parents primarily find out information about district transportation by calling the front offices at the campuses. The lack of written policies and procedures for the Transportation Department could result in confusion among school bus drivers, aides, district office staff, campus administration and staff, students, parents, and community members. Stakeholders do not have guidance that defines roles and responsibilities, defines service-level expectations, and ensures the safety of students.

Recommendations to assist the district with developing procedures include:

- develop a process for reviewing and implementing a comprehensive, functional administrative procedures manual;
- review, continue to develop, and implement written procedures and regulations to guide human resources functions;

- develop written procedures to govern the operation of the Business Office to ensure financial responsibilities are implemented and maintained;
- develop technology-related standard operating procedures and communicate procedures to technology stakeholders; and
- develop district policies and procedures for transportation staff, students, and other stakeholder departments.

The subsequent chapters in this report contain a summary of the district's accomplishments, findings, and numbered recommendations. Detailed explanations for accomplishments and recommendations follow the summary and include fiscal impacts.

The following figure summarizes the fiscal impact of all 67 recommendations in the performance review. It shows a breakdown of how much the implementation of the recommendation will cost or save during the following five years. It also shows the combined total spent or saved.

FISCAL IMPACT

	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
Gross Savings	\$131,627	\$131,627	\$131,627	\$131,627	\$131,627	\$658,135	\$2,000
Gross Costs	(\$120)	(\$220)	(\$220)	(\$220)	(\$220)	(\$1,000)	(\$898,422)
Total	\$131,507	\$131,407	\$131,407	\$131,407	\$131,407	\$657,135	(\$896,422)

CHAPTER 1: DISTRICT ORGANIZATION AND MANAGEMENT

An independent school district's governance structure, staff management, and planning process provide the foundation for effective and efficient education of students. Each school district in Texas is governed by an elected seven-member Board of Trustees. The board focuses on decision-making, planning, and providing resources for achieving goals. The board sets goals, objectives, and policies and approves plans and funding necessary for school district operations. The superintendent is responsible for implementing policy, managing district operations, recommending staffing levels, and allocating the resources to implement district priorities. The board and superintendent collaborate as a leadership team to meet district stakeholder needs.

Hempstead Independent School District (ISD) is located in Hempstead, Texas, the county seat of Waller County, on Highway US-290/Highway 6 and Austin Street, approximately 50 miles west of Houston, Texas. The area was originally organized by Dr. Richard Peebles and James McDade when they organized a town company in 1856. The town became the Waller county seat in May 1873. The first public school opened in 1881. The 2010 U.S. Census reported that Hempstead, which encompasses approximately 518 square miles, had a population of 5,770.

In school year 2013–14, Hempstead ISD served approximately 1,551 students at four schools: one early childhood school, one elementary school, one middle school and one high school. The student population is 56.5 percent

Hispanic, 25.5 percent African American, 16.0 percent White, 1.4 percent two or more ethnicities, and 0.6 percent Asian/Pacific Islander. Economically disadvantaged students comprise 77.7 percent of the student population, which is above the state average of 60.2 percent. English language learners comprise 23.2 percent of the student population compared to the state average of 17.5 percent. Approximately 67 percent of Hempstead ISD students are at-risk, compared to the state average of 49.9 percent.

Hempstead ISD state accountability ratings improved from Academically Unacceptable in school year 2008–09 to Met Standard in school year 2012–13; however, in school year 2013–14, the district earned an Improvement Required rating. The 2013–14 State of Texas Assessments of Academic Readiness (STAAR) results indicate Hempstead ISD exceeded the state average only in grade 3 reading, with 81 percent of students meeting standard compared to the state average of 76 percent. In all other categories, Hempstead ISD trailed the state, from being below the state average for meeting standard by 1 percent in grade 7 writing to being 38 percent below the state average for meeting standard in grade 8 science. Hempstead ISD trailed the state results by double digits in multiple subjects across various grade levels, with deficit ranges from 11 to 27 percentage points.

A seven-member board elected by position in accordance with Board Policy BBB (LEGAL) governs Hempstead ISD. **Figure 1–1** shows the members of Hempstead ISD's board,

FIGURE 1–1
HEMPSTEAD ISD BOARD OF TRUSTEES
SCHOOL YEAR 2014–15

POSITION	TITLE	ELECTED	TERM	TERM EXPIRES
1: Sharlonda Rutledge	Board President	May 2013	3 Years	May 2016
2: Matthew Menke	Board Trustee	May 2013	3 Years	May 2016
3: Tina Johnson	Board Trustee	May 2013	3 Years	May 2016
4: Scott Bush	Board Vice-President	May 2014	3 Years	May 2017
5: Jennifer Schmidt (1)	Board Secretary	May 2014	1 Year	May 2015
6: Jeannie Manuel (1)	Board Trustee	May 2012	3 Years	May 2015
7: Connie Wawarofsky	Board Trustee	May 2014	3 Years	May 2017

NOTE:

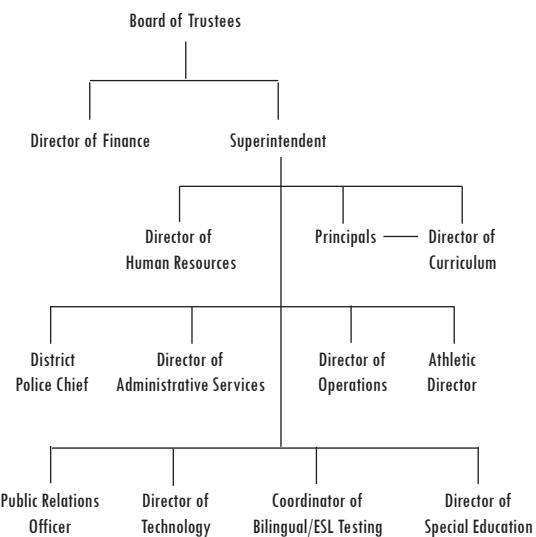
(1) Since the onsite review, there were elections in Positions 5 and 6, resulting in the election of Ricky Pearce to position 5 and Odis Steyer, III to position 6.

SOURCE: Hempstead ISD, January 2015.

their respective titles, dates of election, term expiration, and length of service as of the time of the review. At the time of the review, the longest tenured board member had served 34 months. Three board members served 22 months, and another three board members served 11 months. Since the onsite review, the May 2015 election resulted in the election of two new board members for three-year terms. The board meets monthly for a regular meeting and as needed for special called meetings, including board training.

Figure 1–2 shows Hempstead ISD's district organization chart for school year 2014–15.

FIGURE 1–2
HEMPSTEAD ISD DISTRICT ORGANIZATION
SCHOOL YEAR 2014–15



SOURCE: Hempstead ISD, January 2015.

The superintendent oversees the management of the district's daily operations as required by the Texas Education Code (TEC), Section 211.201. During the onsite review, the district employed an interim superintendent, who served from June 2014 through March 2015. The district filled the superintendent vacancy in April 2015. The director of finance reports directly to the board as a result of a board decision to reorganize the district. Prior to this decision, the director of finance reported to the superintendent.

According to Hempstead ISD's organization chart for school year 2014–15, the director of human resources (also the acting interim superintendent at the time of the review), the director of curriculum, the director of technology, the director of special education, the director of operations, and

the director of administrative services all report directly to the superintendent. In addition, the athletic director, the district police chief, the coordinator of bilingual/English as a Second Language (ESL) testing, and the public relations officer also report directly to the superintendent. Campus principals report to both the director of curriculum and the superintendent.

FINDINGS

- ◆ Hempstead ISD lacks a process to ensure that the district meets state planning requirements.
- ◆ Hempstead ISD does not have an effective and efficient organizational structure relative to reporting responsibilities and the superintendent's span of control.
- ◆ Hempstead ISD's board lacks a method to hold board members accountable for attendance at board meetings.
- ◆ Hempstead ISD lacks a standardized, districtwide process for documenting and communicating operational procedures.
- ◆ Hempstead ISD's board and superintendent do not clearly understand their roles and responsibilities.

RECOMMENDATIONS

- ◆ **Recommendation 1:** Develop and implement processes and procedures for districtwide improvement planning.
- ◆ **Recommendation 2:** Modify the district's organizational structure to align instructional and financial/operational functions and reduce the superintendent's span of control.
- ◆ **Recommendation 3:** Amend board operating procedures to include a commitment of regular attendance for all board meetings.
- ◆ **Recommendation 4:** Develop a process for reviewing and implementing a comprehensive, functional administrative procedures manual.
- ◆ **Recommendation 5:** Develop an outline of the roles of the Board of Trustees and superintendent to serve as resource for decision making.

DETAILED FINDINGS

STRATEGIC PLAN (REC. 1)

Hempstead ISD lacks a process to ensure that the district meets state planning requirements.

Interviews with Hempstead ISD board members, district staff and community members indicate the district does not have a districtwide planning process. Texas Education Code (TEC), Section 11.252, requires every school district to develop a district improvement plan (DIP). The DIP is a plan that is developed, evaluated, and revised annually, in accordance with district policy, by the superintendent with the assistance of a district-level committee. The purpose of the DIP is to help district and campus staff continuously improve student performance and attain state standards for academic excellence. The DIP specifies goals and strategies for the district during the current school year.

Hempstead ISD, however, does not have a process to develop an annual DIP. At the time of the onsite review, Hempstead ISD had not completed a DIP for school years 2013–14 or 2014–15. The district does have a district site-based decision making committee, referred to as the district educational improvement committee (DEIC), to assist the superintendent with development of the DIP. However, the district does not have any archived agendas to document that regular DEIC meetings were held for school years 2013–14 or 2014–15. In addition, the district does not have a written process or timeline that requires the DEIC committee to participate in the development of the DIP. Hempstead ISD staff were unable to describe a consistent process for the development of the DIP.

Members of the DEIC stated that the 2013–14 DIP was submitted to the superintendent but was never approved by the board because the superintendent did not place the item on the board agenda. Since the time of the onsite review, the district posted a 2013–14 DIP on its website. However, the posted DIP does not comply with TEC requirements. The DIP lists its authors as the public relations officer and an administrative assistant. TEC, Section 11.252, requires the superintendent and a district-level committee to develop the DIP. It is unclear if the posted 2013–14 DIP was approved by the board.

Typically, districts submit their DIP to the board for approval in the first quarter of each school year so that the district has a set of established goals and objectives to work towards during that year. Interviews with Hempstead ISD staff indicate that the development of the 2014–15 DIP is still in

progress and, as of the time of the review, had not been submitted for board approval.

In addition, TEC, Section 11.253, requires each campus in a school district to develop annual campus improvement plans (CIP). The CIP is a one-year plan that sets each campus's educational objectives and specifies how resources and time will be allocated in the school year to meet the objectives. At the time of the review, the only planning documents approved by the Hempstead ISD board were the CIPs. According to board minutes, the board approved the 2014–15 CIPs for Hempstead Elementary School and Hempstead Middle School in November 2014. The board approved the CIP for Hempstead High School in January 2015. However, each of the campus websites show the CIP from school year 2011–12 as the most recent. There is no evidence that the campuses distribute their CIPs to all staff or that all campus staff are aware of the content of the CIP. Additionally, because the campuses do not post their current CIPs to their websites, parents or community residents are not informed about the academic goals and strategies of each campus.

Without a detailed districtwide planning process to produce annual district and campus improvement plans, Hempstead ISD risks noncompliance with state law. In addition, the lack of a districtwide planning process leads to a lack of direction in the district, both instructionally and operationally. An effective districtwide planning process allows the district to focus on identified areas of student need for the upcoming school year and establish the steps necessary to meet improvement goals. This planning process is especially important for Hempstead ISD due to the district's Improvement Required (IR) state accountability rating for school year 2013–14. When a district is designated as IR, it is subject to the Texas Accountability Intervention System. One requirement of this system is for the district to produce a targeted improvement plan that must address all performance measures of the accountability system for which the district did not meet performance. A district must complete the targeted improvement plan in addition to the DIP. If Hempstead ISD does not have mechanisms in place to establish districtwide performance goals and objectives through an annual DIP, the district could struggle with the dual requirement of also producing a targeted improvement plan. Additionally, if Hempstead ISD receives an IR state accountability rating for two consecutive school years, the accreditation status of the district could be lowered, and it could be subject to additional interventions and sanctions under TEC, Section 39.102, and/or TEC, Section 39.109.

Many districts use their regional education service centers (ESCs) to assist in the development of their campus and district improvement plans. ESCs provide technical assistance to school districts and information regarding best practices and model programs. In addition, TEA's Financial Accountability System Resource Guide (FASRG) provides an overview of the requirements for a district's DIP and CIPs. The FASRG outlines the importance of the improvement planning process and the roles of the superintendent, board, and site-based committees in the process.

Hempstead ISD should develop and implement processes and procedures for districtwide improvement planning. The district should begin by establishing procedures for creating the annual DIP and CIPs. The superintendent should work with other central office administrators to create procedures for the DEIC to assist with the development of the DIP. The district should develop criteria for selecting and maintaining campus-level site-based decision making committees to develop the CIPs. The district should also establish procedures that define the respective roles and responsibilities of committee members related to planning and decision-making at the district and campus levels.

Hempstead ISD should refer to TEA guidance on developing the DIP and the CIP to ensure that the district's improvement plans meet are consistent with state law. The district should provide training to district staff and district- and campus-level committee members on the site-based decision-making process.

The district should also create schedules for developing the DIP and the CIPs that ensure that the plans are completed and submitted to the board for approval no later than November of each school year. The superintendent should present the planning processes and procedures to the board and build into board meetings scheduled times to address the progress of creating the DIP and CIPs and, once the plans are developed, the progress of the district in meeting the goals laid out in these plans.

This recommendation could be implemented with existing resources.

ORGANIZATIONAL STRUCTURE (REC. 2)

Hempstead ISD does not have an effective and efficient organizational structure relative to reporting responsibilities and the superintendent's span of control.

Hempstead ISD's board reorganized the district administrative reporting structure in November 2014 as

shown in **Figure 1–2**. With this structure, the superintendent is at risk of spending a significant amount of time managing staff, which diminishes the amount of time available for district planning.

Hempstead ISD's superintendent reports to the Board of Trustees and oversees the management of the district's daily operations. In addition, the superintendent supervises and evaluates 13 direct reports. These include three principals, the director of administrative services, the director of human resources, the athletic director, the director of curriculum, the director of operations, the director of special education, the coordinator of bilingual/ESL testing, the director of technology, the district police chief, and the public relations officer. The superintendent supervises six different functional areas of operations, including educational service delivery, technology, human resources, athletics, safety and security, and public relations.

Given the breadth of the responsibilities of this position, it is challenging for the superintendent to effectively supervise all of these direct reports. Daily operational reporting requirements, even for a smaller district like Hempstead ISD, can be significant with this reporting structure. While an effective span of control or the number of staff a supervisor can effectively manage varies by organization, a general rule for an executive is six to eight direct reports.

Superintendents typically are responsible for a large number of district functions such as: setting the vision and goals; working with the board; being involved in the community; managing finances; serving as an instructional leader; and delegating daily activities that accomplish instructional and operational requirements. An effective span of control allows time for the chief executive to focus on critical strategic initiatives that contribute to the overall success of the district.

The district's reporting structure for educational services, administration, and financial management is also not optimally organized resulting in administrative inefficiency and ineffectiveness in day-to-day operations and communications.

No position within the central office administration is responsible for providing districtwide leadership for Hempstead ISD's instructional program. The organizational structure of the instructional function creates an isolated culture, with fragmented decision-making and a lack of coordinated effort among instructional support positions. Curriculum and instruction responsibilities are assigned to multiple staff that report independently to the superintendent.

Responsibilities for this function are divided among the director of curriculum, the director of special education, the coordinator of bilingual/ESL testing and the director of administrative services.

The director of administrative services is responsible for a variety of unrelated programs. The director's responsibilities include several educational programs and committees, including the gifted and talented program, the DEIC, and the health advisory committee. The director is also responsible for oversight of federal programs and the career and technology education Perkins Grant, both of which are financial in nature. The district also dually assigns responsibility for federal programs to the director of curriculum. In addition, the director of administrative services is also responsible for pregnancy-related services, homeless services and the Safe and Drug-Free Schools program.

The financial and operational functions of the district are not functionally aligned within the current organizational reporting structure. The director of finance reports directly to the board, a conflict with the requirements of TEC, Section 11.201(d), which designates the superintendent as being solely responsible for organizing and supervising the district's administrative operations. An organizational structure in which the board supervises the director of finance undermines the role of the superintendent in the daily operations of the district administration because the superintendent cannot exercise direct supervision of a key administrative function.

Sinton ISD divides responsibilities and reporting structure under the superintendent's office by allocating operational and instructional responsibilities between a deputy superintendent and an assistant superintendent for curriculum/support services, while keeping direct oversight of the principals and the athletic director with the superintendent. Other districts divide responsibilities between two to three assistant superintendents or directors with the following combined functional areas: Business Services, Curriculum/Support Services, Human Resources/Student Services, or Technology and Support Operations/Special Programs Services.

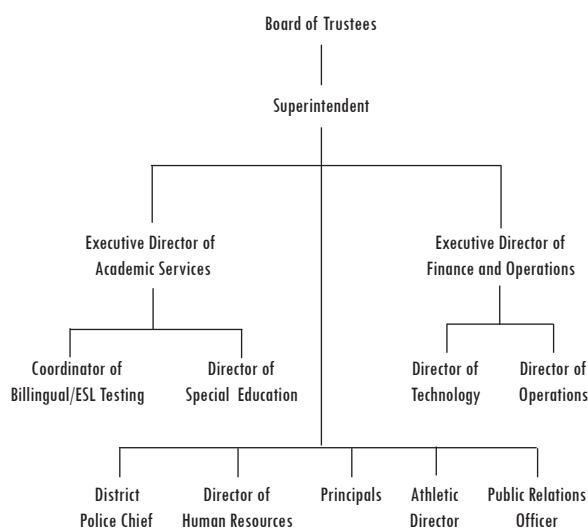
Hempstead ISD should modify the district's organizational structure to align instructional and financial/operational functions and reduce the superintendent's span of control. The superintendent should reorganize the district administrative organizational reporting structure to align

with the requirements in TEC, Section 11.201(d). The district should reorganize the administrative organizational reporting structure to align all employees under supervisors who are readily available for collaboration. This reorganization would reduce the inefficiency of the current administrative organizational reporting structure and would improve operational productivity and effectiveness. The superintendent should review the administrative policies and procedures as well as the roles and responsibilities of all administrative positions and the current administrative organizational structure to develop a more coherent, efficient and effective administrative organizational structure.

The superintendent should reorganize the central office administration by eliminating three administrative positions: the director of administrative services, the director of curriculum, and the director of finance. The superintendent should create two new positions: the executive director of academic services and the executive director of finance and operations. The coordinator of bilingual/ESL testing and the director of special education should report to the executive director of academic services. The executive director of academic services should be responsible for all curriculum and instruction functions, including state and federal accountability. The director of operations and the director of technology should report to the executive director of finance and operations. The executive director of finance and operations should be responsible for all financial functions including the district budget, payroll, accounting and purchasing. This position should also oversee the district's operational functions including food services, transportation, maintenance and custodial services, facilities and construction, fixed assets, and technology. The public relations officer, the district police chief, the director of human resources, the school principals and the athletic director should continue to report directly to the superintendent. **Figure 1-3** shows the recommended organization.

The fiscal impact assumes the district eliminates the following three administrative positions: the director of administrative services, the director of curriculum and the director of finance. This would result in a reduction in salaries and benefits of \$212,238 (\$79,334 + \$67,758 + \$65,146). The fiscal impact also assumes the district would create two executive director positions at an estimated cost of \$155,642 based on the average salaries and benefits of the three administrative positions that were eliminated plus 10 percent to compensate the executive director positions for the

FIGURE 1–3
HEMPSTEAD ISD RECOMMENDED ORGANIZATION



SOURCE: Legislative Budget Board, School Review Team, January 2015.

additional responsibilities assigned to them ($\$70,746$ average $\times 1.10 = \$77,821 \times 2$ positions = $\$155,642$). The reorganization would result in annual net savings of $\$56,596$ ($\$212,238 - \$155,642$).

BOARD MEMBER ATTENDANCE (REC. 3)

Hempstead ISD's board lacks a method to hold board members accountable for attendance at board meetings.

TEC, Section 11.151(b), requires a school district's board to govern and oversee the management of the district and its campuses. One of the primary methods that school boards use to accomplish this goal is to hold regular school board meetings. These meetings allow the board to remain informed regarding district activities and provide a public forum for the board to engage in district-related decision making, problem solving, planning, and evaluation. Board members must be present at board meetings to meet their duly elected obligations because individual members have no legal standing regarding board decisions unless they are present at board meetings and vote on board agenda items recommended by the superintendent.

However, Hempstead ISD's board members are repeatedly absent from school board meetings, and the board's operating procedures lack guidance regarding attendance at regular and special-called board meetings. The review team examined minutes for 40 board meetings held from January 2014 to March 2015. **Figure 1–4** shows data on Hempstead ISD's board member attendance.

FIGURE 1–4
HEMPSTEAD ISD BOARD ATTENDANCE
JANUARY 2014 TO MARCH 2015

BOARD MEMBER	MEETINGS		
	MEMBER COULD HAVE ATTENDED	MEMBER ARRIVED LATE, LEFT EARLY, OR DID NOT ATTEND (1)	DELINQUENT ATTENDANCE (PERCENTAGE OF TOTAL)
A	40	8	20%
B	15	3	20%
C	15	7	47%
D	40	1	3%
E	40	6	15%
F	15	8	53%
G	40	17	43%
H	25	3	12%
I	25	0	0%
J	25	12	48%

NOTES: The figure shows more than seven board members due to the election of new members during the time period examined. (1) Arrived late = after the scheduled start of the meeting; Left early = before the meeting officially adjourned.

SOURCES: Hempstead ISD, January 2015; Legislative Budget Board, School Review Team, January 2015.

From January 2014 to March 2015, board members were absent from board meetings 49 times. Acting board members at the time of the review account for 36 of these absences. One board member was absent six consecutive times from October 2014 to March 2015. During interviews with the review team, this board member indicated they were absent because of a personal disagreement with the board majority. One board member was absent five consecutive times during this same period. All seven members attended only nine of the 40 Hempstead ISD board meetings held during the period evaluated by the review team. Moreover, four board meetings had only four members present, and 12 board meetings had only five members present. According to Board Policy BBE (LEGAL), the board may only act in meetings at which a quorum of the board is present and voting.

The lack of regular attendance at board meetings diminishes board members' ability to make informed decisions about the superintendent's recommendations regarding district needs. Given the "Improvement Required" accountability status of both the district and the high school as well as concerns regarding the superintendent search, district finances, personnel, planning, and technology issues, irregular board member attendance limits board members' understanding of conditions in the district and the board's ability to address those issues effectively.

Hempstead ISD should amend board operating procedures to include a commitment of regular attendance for all board meetings. The superintendent should consult with the district's legal counsel and the Texas Association of School Boards (TASB) to develop language to amend the board's operating procedures. After consideration of the draft language, the board should discuss and take action amending the board procedures to address board member attendance at board meetings. The board operating procedures should require that an individual board member's attendance be included in the board minutes. The board secretary should be responsible for monitoring, recording and reporting board member attendance.

This recommendation could be implemented with existing resources.

ADMINISTRATIVE PROCEDURES MANUAL (REC. 4)

Hempstead ISD lacks a standardized, districtwide process for documenting and communicating operational procedures.

Hempstead ISD Board Policy BP (LEGAL) states that it is the duty of the superintendent to "develop or cause to be developed appropriate administrative regulations to implement policies adopted by the board." However, the district does not have a comprehensive written set of procedures in the form of administrative procedures manuals based on state law and school board policy for each functional area. In school year 2011–12, the former deputy superintendent/director of HR began developing an Administrative Procedures Manual for the district. However, the deputy superintendent/director of HR resigned from the district in July 2013 before completing the administrative procedures. The Administrative Procedures Manual contains several pages of procedures related to student attendance, emergency response, applicant selection and interviews, travel expense reimbursement, student transfers, no pass no play, administrator absences, and reports to the board. The procedures, however, are not inclusive of all functional areas, organized by topic or dated, nor are they coded to the board policy related to each topic. There is also no evidence that the manual was reviewed and/or revised by the superintendent nor distributed or implemented for staff use.

At the time of the onsite review, Hempstead ISD maintained some handbooks, including campus student handbooks, an employee handbook, and a Technology Contingency Recovery Plan. In all other areas, staff reported they conduct daily operations based on an unwritten interpretation of what is believed to be past practice or an informal

understanding of current law and board policies. Hempstead ISD functions such as business operations, human resources, transportation, facilities, and safety and security do not have written procedures manuals to guide day-to-day operational activities.

The lack of a comprehensive administrative procedures manual or individual department manuals could result in inconsistent, inefficient, and possibly non-compliant district operations. In addition, the district risks loss of institutional knowledge with employee turnover, since, as some staff reported, some long-time employees are the sole personnel who are knowledgeable of certain processes and resources.

Loss of institutional knowledge has become an issue in Hempstead ISD as the district has experienced substantial administrative turnover. At the time of the onsite review, the principals of the middle school and high school were both new to their positions and also new to the district. Both principals were appointed to their respective positions in July 2014. In addition, the district has filled several key central office leadership positions within the 18 months prior to the onsite review, including the interim superintendent position, the director of technology, the district police chief and the director of finance.

Without any written procedures manuals, it is very difficult for the individuals in these positions to effectively carry out their job duties and best serve the needs of students and faculty. For example, the Business Office experienced staff turnover in the summer of 2014, but did not have written procedures to guide new staff in the performance of key functions of this department. To compensate for the new staff members' inexperience, the district hired two financial consultants at a daily rate of \$400 plus mileage, meals, and lodging. These consultants were contracted to provide guidance for business office staff and other district staff. A review of financial consultant contracts indicate they provide the following services:

- assistance to the director of finance to manage the district's general business operations;
- assistance with preparation of financial records for the purpose of completing the annual independent audit;
- training and support to the director of finance; and
- support to the superintendent, board, and the district for general district business operations.

The lack of written procedures, in conjunction with staff turnover, has also resulted in inefficient implementation of districtwide systems. For example, in school year 2014–15, Hempstead ISD experienced multiple problems when performing a migration of data from the student and business information system Skyward to the Texas Enterprise Information System (TxEIS). Interviews with Hempstead ISD and Regional Education Service Center IV (Region 4) staff indicated that the data migration was problematic because new and untrained staff members lacked the institutional knowledge as well as written guidance to properly carry out the data migration.

A comprehensive, functional administrative procedures manual provides school district business office employees daily operational guidelines to maximize efficiency and ensure the retention of institutional knowledge.

The Illinois Association of School Boards (IASB) defines an administrative procedures manual project as an effort to create processes and procedures to support the day-to-day implementation of legal and local policies and practices in all functions of the organization. The IASB suggests that an organization examine the following standards for administrative procedures manuals:

- the district has available in its administrative offices a copy of an administrative procedures manual implementing current board policy, state or federal law, and important day-to-day district practices;
- the manual includes all districtwide administrative procedures;
- the manual is coded with an easily identifiable coding system;
- each section of the manual has a table of contents;
- each procedure is clear and concise;
- each procedure is coded to correspond to the board policy it implements; and
- effective dates are clearly stated at the end of each procedure.

Hempstead ISD should develop a process for reviewing and implementing a comprehensive, functional administrative procedures manual. The superintendent should identify a central office administrator to gather written documentation from district administrators and department heads related to essential procedures and practices in each of their functional

areas. Administrators and department heads should be asked to review and identify areas in which established procedures are outdated or do not exist and should be tasked with writing and updating procedures for all critical functions performed by their department. The assigned central office administrator should compile the new and updated procedures in the Administrative Procedures Manual that was begun in school year 2011–12. The completed Administrative Procedures Manual should be published online. Printed copies should be made available to campuses and departments. Responsibilities for updating the manual as procedures change or new ones are developed, approved, deleted, or modified should also be assigned. Each administrator should annually review their relevant sections of the manual.

This recommendation could be implemented with existing resources.

ROLES AND RESPONSIBILITIES (REC. 5)

Hempstead ISD's board and superintendent do not clearly understand their roles and responsibilities.

According to interviews and an examination of documents conducted during the onsite review, board members do not appear to understand the distinctions between the role of the superintendent and the role of the board as it relates to managing district operations and the superintendent. This lack of understanding is evidenced by the actions of the board in creating and approving an organization chart that requires the director of finance to report directly to the board. According to board minutes, the board approved this organization chart at the November 17, 2014 meeting. In interviews with the review team, board members reported that they required the director of finance to report directly to the board because they were concerned that the interim superintendent did not have the knowledge or experience in finance to supervise the position. This action is inconsistent with the requirement of TEC, Section 11.201, which specifies that it is the responsibility of the superintendent to organize “the district’s central administration” and to “assign and evaluate” all personnel in the district. The superintendent has sole responsibility for the creation of the organization chart and there is no requirement, either in the TEC or local board policy, that it must be approved by the board.

Board members' lack of clarity regarding their role was further evidenced during a review team interview in which one board member stated that the board would change “the

reporting responsibility back to the superintendent when a new superintendent has been hired.”

The board’s lack of understanding does not appear to result from a lack of training. A review of board training records maintained by the TASB indicates that all of Hempstead ISD’s board members have received some training that outlines the board’s roles and responsibilities. The entire board and the superintendent, as the district’s leadership team, jointly attended annual Team of Eight trainings. A part of this training discusses the role and authority of the board. Texas Administrative Code (TAC), Section 61.1, requires new board members to attend training that provides an orientation of the Texas Education Code. A substantial portion of this training also outlines the roles of both the board and the superintendent.

Lack of understanding of roles and responsibilities by the board and superintendent could instigate a contentious atmosphere and a perception of lack of teamwork on the part of the board and superintendent by staff and other stakeholders. It could also create a perception of board micromanagement and decrease staff confidence in the superintendent as the district leader. This perception is a risk to the sense of teamwork among district leaders.

Superintendent of Schools is a New York-based organization that offers professional support services to superintendents, administrators and school boards. The superintendent toolbox located on the organization’s website (superintendentofschools.com) provides a template for clarifying the roles of the board and the superintendent. This tool is designed to serve as a basis of dialogue between the superintendent and board to clarify roles and responsibilities and work towards “better understanding and a harmonious relationship.” The template includes a concise outline of the roles of the board and the superintendent in various areas of school governance including:

- Standards of Governance;
- Administration and Personnel;
- Fiscal Management;
- Educational Program; and
- School Community Relations.

Hempstead ISD should develop an outline of the roles of the board and superintendent to serve as resource for decision making. The board, along with the superintendent, could use

the template for clarifying the board and superintendent roles provided by superintendentofschools.com as a basis for developing this document. The board and superintendent should meet to revise the template as needed to ensure that it is consistent with the TEC. Board members should use the outline as a reference during board meetings to ensure that any decisions made are consistent with their span of responsibility. The district should make copies of the outline available to the public in open board meetings and on the district’s website.

This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE TIME (COSTS) OR SAVINGS
CHAPTER 1: DISTRICT ORGANIZATION AND MANAGEMENT							
1. Develop and implement processes and procedures for districtwide improvement planning.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Modify the district's organizational structure to align instructional and financial/operational functions and reduce the superintendent's span of control.	\$56,596	\$56,596	\$56,596	\$56,596	\$56,596	\$282,980	\$0
3. Amend board operating procedures to include a commitment of regular attendance for all board meetings.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Create a process for reviewing and implementing a comprehensive, functional administrative procedures manual.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Develop an outline of the roles of the Board of Trustees and superintendent to serve as resource for decision making.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$56,596	\$56,596	\$56,596	\$56,596	\$56,596	\$282,980	\$0

CHAPTER 2. EDUCATIONAL SERVICE DELIVERY

An independent school district's educational service delivery function is responsible for providing instructional services to Texas students based on state standards and assessments. A school district should identify students' educational needs, provide instruction, and measure academic performance. Educational service delivery can encompass a variety of student groups and requires adherence to state and federal regulations related to standards, assessments, and program requirements.

Managing educational services is dependent on a district's organizational structure. Larger districts typically have multiple staff dedicated to educational functions, while smaller districts have staff assigned to multiple education-related tasks. Educational service delivery identifies district and campus priorities, establishes high expectations for students, and addresses student behavior. The system should provide instructional support services such as teacher training, technology support, and curriculum resources. To adhere to state and federal requirements, an educational program must evaluate student achievement across all content areas, grade levels, and demographic groups.

Hempstead Independent School District (ISD) consists of one early childhood school, one elementary school, one middle school, and one high school. The district enrollment for all schools in school year 2013–14 was 1,551 students. **Figure 2–1** shows the percentage of students by racial/ethnic groups and other demographics. The student population is 56.5 percent Hispanic, 25.5 percent African American, 16.0 percent White, 1.4 percent two or more races, and

FIGURE 2–1
HEMPSTEAD ISD STUDENT DEMOGRAPHICS
SCHOOL YEAR 2013–14

ETHNICITY	DISTRICT	STATE
Hispanic	56.5%	51.8%
African American	25.5%	12.7%
White	16.0%	29.4%
Two or More Races	1.4%	1.9%
Asian/Pacific Islander	0.6%	3.8%
Economically Disadvantaged	77.7%	60.2%
English Language Learners	23.2%	17.5%
At Risk	66.9%	49.9%

SOURCE: Texas Education Agency, Texas Academic Performance Reports (TAPR), 2013–14.

0.6 percent Asian/Pacific Islander. Approximately 77.7 percent of students are economically disadvantaged, above the state average of 60.2 percent. The district has identified 23.2 percent of students as English language learners (ELL), which is above the state average of 17.5 percent. Approximately 66.9 percent of students are at risk, which is also above the state average of 49.9 percent.

Figure 2–2 shows the state accountability ratings for Hempstead ISD and its campuses for school years 2010–11, 2012–13, and 2013–14. While the elementary and middle schools are performing adequately at this time, the high school is rated Improvement Required by the Texas Education Agency (TEA), and its poor academic performance has affected the district's accountability rating.

FIGURE 2–2
HEMPSTEAD ISD DISTRICT AND CAMPUS ACCOUNTABILITY RATINGS
SCHOOL YEARS 2010–11 TO 2013–14

DISTRICT/CAMPUS	2010–11	2011–12	2012–13	2013–14
Hempstead ISD (All Grades)	Academically Acceptable	N/A	Met Standard	Improvement Required
Hempstead Elementary School	Recognized	N/A	Met Standard	Met Standard
Hempstead Middle School	Academically Unacceptable	N/A	Met Standard	Met Standard
Hempstead High School	Academically Unacceptable	N/A	Met Standard	Improvement Required

NOTE: The Texas Education Agency did not assign accountability ratings for school year 2011–12.

SOURCES: Texas Education Agency, Academic Excellence Indicator System (AEIS), 2010–11; TAPR , 2012–13 to 2013–14.

The district's curriculum and instructional areas are fragmented, and report independently to the superintendent. This includes the director of special education, the coordinator of bilingual/English as a Second Language (ESL) testing, the director of administrative services, the director of curriculum and instruction, and the director of technology. There is a Curriculum Department, but this department only consists of the director of curriculum and instruction and an administrative assistant that is shared with the Human Resources Department. **Figure 2–3** shows the Hempstead ISD's curriculum and instruction organization chart.

ACCOMPLISHMENT

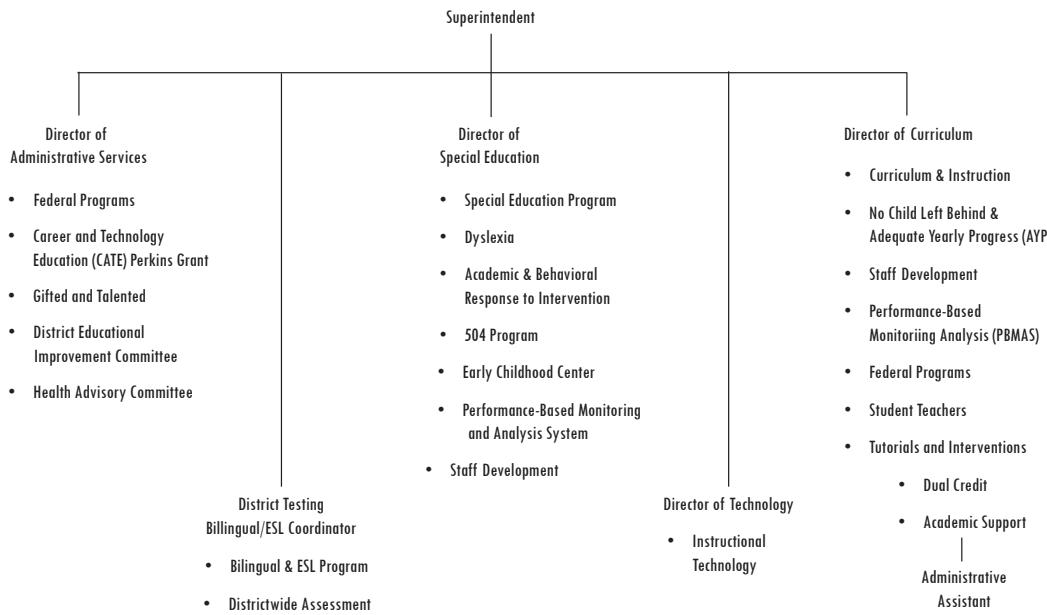
- ◆ Hempstead ISD operates a program that offers special education students internship and job opportunities in the community.

FINDINGS

- ◆ Hempstead ISD lacks a process for adopting, effectively implementing, reviewing, and revising curriculum and instructional materials to ensure vertical and horizontal alignment.

- ◆ Hempstead ISD lacks the infrastructure necessary for teachers to effectively use technology for classroom administration, lesson planning, instruction and assessment.
- ◆ Hempstead ISD does not have a process to effectively evaluate, monitor, improve and promote student achievement.
- ◆ Hempstead ISD lacks a consistent approach to assist struggling middle and high school students in reading and mathematics.
- ◆ Hempstead ISD does not adequately meet the needs of gifted/talented and high-performing students.
- ◆ Hempstead ISD lacks a process for evaluating the district's bilingual programs to determine if the instruction provided and resources used are consistent with program objectives and meet students' academic and language-development needs.
- ◆ Hempstead ISD does not have a structured management process that maximizes cooperative teaching in an inclusion setting and that sets clear roles and responsibilities for special education teachers, counselors, and diagnosticians.

FIGURE 2–3
HEMPSTEAD ISD CURRICULUM AND INSTRUCTION ORGANIZATION CHART
SCHOOL YEAR 2014–15



SOURCE: Hempstead ISD, January 2015.

RECOMMENDATIONS

- ◆ **Recommendation 6:** Establish a process for regularly reviewing and revising the district's curriculum, instructional practices and instructional resources that includes stakeholder input.
- ◆ **Recommendation 7:** Develop a coordinated process to regularly evaluate the district's instructional technology needs and ensure that the district is effectively investing in and maintaining its infrastructure to meet technology standards.
- ◆ **Recommendation 8:** Develop a process for using regular formative assessments to identify areas of unsatisfactory student performance and implement targeted strategies to address these areas to improve academic performance.
- ◆ **Recommendation 9:** Conduct an internal assessment to evaluate the district's intervention program and develop a Response to Intervention program that will provide timely assistance to struggling students.
- ◆ **Recommendation 10:** Create a written plan for the gifted/talented program and advanced academics that is based on identified needs and is implemented and updated annually.
- ◆ **Recommendation 11:** Evaluate the district's special language services and create and regularly reassess a plan to improve the effectiveness of the district's special language programs.
- ◆ **Recommendation 12:** Clarify roles and responsibilities of all personnel involved in the special education program, conduct a needs assessment to determine immediate, short-term, and long-term needs for professional development among special education staff, and identify potential resources for implementing the training.

DETAILED ACCOMPLISHMENT

STUDENT INTERNSHIPS

Hempstead ISD operates a program that offers special education students internship and job opportunities in the community. The director of special education and high school counselors review transcripts and determine which students are age 18 or older. Staff then evaluate the students'

disabilities to determine if they could perform the necessary roles and responsibilities that are required for specific jobs. The district initiated this program to support students who were not excelling academically and were inclined to be on a vocational track. The goal of this program is to enable these students to graduate with job skills so they can transition into a career after high school graduation. Hempstead ISD contacted local businesses to ascertain interest in creating partnerships in which students could work and gain on-the-job training at no cost to the business. The students who are selected for internships work at local businesses, such as restaurants, grocery stores, and convenience stores. Some of the internships have led to paid jobs for these Hempstead ISD students. In school year 2014–15, eight students participated in the program.

DETAILED FINDINGS

CURRICULUM MANAGEMENT AND RESOURCES (REC. 6)

Hempstead ISD lacks a process for adopting, effectively implementing, reviewing, and revising curriculum and instructional materials to ensure vertical and horizontal alignment.

Prior to school year 2014–15, Hempstead ISD used TEKS Resource System (TRS), which includes scope and sequence documents and other resources that provide guidance to teachers in instruction, assessment, vertical alignment (i.e., grade to grade), and horizontal alignment (i.e., within each grade level). TRS is the successor of CSCOPE, a curriculum management system developed by a consortium of education service centers. A major difference between the two curriculum programs is that CSCOPE also provided accompanying lesson plans that addressed the TEKS. TRS does not include lesson plans.

Hempstead ISD's implementation of TRS does not ensure the district's curriculum and instruction materials are effectively aligned. According to interview and focus group participants, Regional Education Service Center VI (Region 6) conducted a districtwide training session on TRS two years ago. Since the training, however, a significant number of teachers have left the district. Prior to the beginning of school year 2014–15, Hempstead ISD's previous administration discontinued use of some components of TRS, and now the district uses only the scope and sequence to guide instruction. When the review team asked why the district decided to stop using all components of TRS except the scope and sequence, the focus group and interview participants were unable to provide a reason.

As a result of using only the scope and sequence document to guide instruction, Hempstead ISD lacks a curriculum management system that is used by all teachers to ensure effective alignment of instruction from grade to grade and across a single grade level. Such a management system enables teachers to ensure instruction is vertically aligned. For example, when mathematics curriculum is aligned concepts taught in a lower grade are expanded upon as a student goes into higher-grade levels. In addition, although the district asks teachers to use the TRS scope and sequence to schedule instruction throughout the school year, interview and focus group participants explained that teachers at the same grade level are at different points in the curriculum and are teaching different content using different instructional materials. As a result, instruction is not horizontally aligned with teachers in one grade level teaching the same concepts at the same time.

The district does not use a consistent process by which all teachers have access to information about available instructional materials and other supplemental resources needed for their classrooms. Some teachers in the elementary and middle schools have access to state-adopted instructional materials for foundation subjects and use the teachers' guides that accompany these materials. However, staff reported that supplemental instructional materials are rare, and teachers often use their own funds to purchase the materials. Some teachers use their own resources without a thorough vetting for alignment with the TEKS. Several teachers explained that the Internet is a primary source of instructional materials for their classrooms. Other participants in interviews and focus groups explained that they borrow instructional materials from other school districts because they do not have materials to use in their classrooms.

Teachers write their lesson plans according to the scope and sequence and enter them into Eduphoria, the data management system Hempstead ISD uses for lesson planning, monitoring student performance, and other administrative support functions. Some teachers provide their principals or department chairs with printed copies of their lesson plans because they have not received Eduphoria training. In addition, participants in focus groups and interviews explained that the district has suffered with bandwidth problems making the use of the system difficult at times. Principals at the elementary and middle schools check the lesson plans for alignment to the TEKS and the English Language Proficiency Standards and give feedback to the teachers on their plans. Department chairs at the high school check teachers' lesson plans. Teachers at all levels must also address technology applications TEKS in their lesson plans.

Hempstead ISD does not provide many opportunities for horizontal and vertical alignment planning. Teachers inconsistently meet in small groups (such as by grade level or department), but the purpose for small-group meetings is often not curriculum and instruction. In a focus group conducted by the review team, principals explained that the high school has department meetings planned by the professional service provider assigned to the district by Texas Education Agency (TEA). At the elementary and middle schools, grade level meetings usually involve training. District staff reported that there are few discussions in grade level meetings related to horizontal and vertical alignment, student performance, or long- and short-range goals.

Information about curriculum development and management on the school district's website does not articulate how the Board of Trustees is involved in matters related to curriculum review, evaluation, or revision. The district has adopted legal policies related to curriculum that reflect the wording in the Texas Education Code (TEC), Section 28.002(g). These include Board Policies EGA (LEGAL), Curriculum Development-Innovative and Magnet Programs; EHA (LEGAL), Curriculum Design-Basic Instructional Program; and EHB (LEGAL), Curriculum Design-Special Programs. TEC, Section 28.002, relates to a school district's use of the TEKS as a curriculum framework and encourages school districts to go beyond the requirements established by law and State Board of Education rule. TEC, Section 28.002(g), states that the board must be involved in the purchase of any major curriculum including the adoption of a curriculum management system. According to the law, the board should meet to consider the cost of any major curriculum initiative, including any alternatives that were considered. While Hempstead ISD has adopted the legal policies established by state law, the board does not have a more specific local policy related to input and feedback on the curriculum from key stakeholders in the district.

Hempstead ISD has not evaluated the TRS curriculum or the district's implementation of TRS to determine whether a high level of rigor exists in instruction. In interviews with the review team, campus staff expressed concern that the curriculum did not incorporate the necessary elements of rigor to encourage higher-order thinking among students. As of the time of the review, Hempstead ISD had no plans for a curriculum review or update according to information provided staff members.

Without a comprehensive system for curriculum management that provides guidance in scheduling, using resources, and

assessing student performance, Hempstead ISD could continue to have an instructional program that is inconsistent and that lacks vertical and horizontal alignment. In addition, without formal opportunities for teachers to review available TEKS-aligned instructional resources, teachers could continue to use instructional materials that have not been reviewed for alignment to the TEKS. In addition, the district's failure to schedule collaborative teacher planning time in schools' calendars could result in continuing challenges with regard to vertically and horizontally aligning instruction.

A 2009 Legislative Budget Board Government Effectiveness and Efficiency Report entitled Improve State Oversight and Support of School District Curriculum Management Systems identified numerous issues that school districts must consider when deciding whether to purchase a curriculum management system or undergo an internal curriculum development process. Among the chief considerations is cost. The report acknowledges that larger districts often have more financial resources to invest in an internal curriculum development process. In addition, larger districts often have curriculum departments with staff who can lead the development process. Smaller districts, with limited resources, must assess their financial and human resources, study the costs of an internal development process, evaluate the available commercial curriculum management systems, investigate the availability of curriculum management support through the educational service centers, and consider the advantages and disadvantages of each of these options.

Trinity ISD established a decision making process that considered input from stakeholders within the district and from the community prior to deciding to develop their curriculum internally. Trinity ISD posted its strategic plan on its website and made its scope and sequence available so that the public can view the TEKS that teachers are addressing at any given time during the school year.

Hempstead ISD should establish a process for regularly reviewing and revising the district's curriculum, instructional practices and instructional resources that includes stakeholder input. The superintendent should appoint a committee that includes representation from all school district stakeholders, including the board, school district administration, school faculty, and community members. The committee should systematically examine all aspects of Hempstead ISD's curriculum and instruction with an emphasis on solutions for strengthening the alignment among curriculum, instruction, and instructional resources. The committee

should review board policies related to curriculum development and consider presenting modifications for board approval that would increase the board's involvement in discussions related to best instructional practices. The review process should include a survey of teachers that solicits their input on the need for specific changes in school district practices that affect instruction, such as requiring more grade-level meetings and providing more opportunities for planning to ensure vertical and horizontal alignment. The committee should also consider curriculum options that are available, including the costs of an internal curriculum revision or development compared to other options, such as purchasing a comprehensive curriculum management system or identifying other resources for curriculum management support. The review committee should also establish a process to assess the need for instructional materials across the district and recommend methods by which the district can effectively evaluate products to determine their alignment with TEKS as well as other instructional goals of the district. The results of this study should include recommended changes to the district's curriculum, start-up and continuation costs for several curriculum options, initial and ongoing teacher training, and a timeline for implementing the revisions.

The superintendent should establish a timeline for the committee's completion and submission of the review and recommendations to the board. The superintendent should also establish a schedule for conducting regular reviews of the district's curriculum.

This recommendation could be implemented with existing resources.

INSTRUCTIONAL TECHNOLOGY USE AND ACCESS (REC. 7)

Hempstead ISD lacks the infrastructure necessary for teachers to effectively use technology for classroom administration, lesson planning, instruction and assessment.

Hempstead ISD developed a document entitled Long Range Goals 2011–15 to record the district's goals for this five-year period. The document states that the district...

“must ensure that all our students are prepared to succeed in a global economy that requires the highest levels of technological preparation. Therefore, we are committed to develop and implement the appropriate technological infrastructure and instruction that will provide our students the highest level of preparation in the area of technology.”

However, Hempstead ISD does not have the necessary technological infrastructure to ensure that students are prepared for success. Inadequate technology infrastructure impairs the district's ability to effectively implement credit recovery, English as a second language (ESL), technology TEKS, and teacher preparation.

Lack of technology infrastructure impacts the district's credit recovery program, which is administered entirely online. Students in the credit recovery program use computers in the high school library to log in to their online accounts and access lessons. However, according to teachers, students participating in the credit recovery program do not always have the login information necessary to access the coursework software and are often not able to log in to the program. Additionally, the computers used for the program are at least nine years old. Students can access the coursework from home if they own a computer and have Internet access; however, students must take all tests at the campus.

The district purchased a software application for students participating in the ESL program that has an auditory component. However, ESL students are unable to use the program because the computer speakers and headphone sets do not work, and/or the cords on the headphones are not long enough to connect to the computer.

Hempstead ISD teachers cannot adequately teach the technology applications TEKS requires for each grade level due to lack of access and equipment. Technology courses are offered through the Career and Technology Education (CTE) program. District staff indicated that there are operational computers to support technology classes taught through the CTE program. However, because this equipment was purchased using funds from federal Carl D. Perkins grants, it is designated solely for use in CTE courses. Technology is not integrated into core subject courses or courses outside of the CTE program. When teachers were asked how students conducted research for research papers, they responded that students do not do online research. In interviews with the review team, teachers also reported that the district's lack of technology infrastructure inhibits their ability to assess student performance. For example, grade 8 students were not able to take the technology end-of-course (EOC) examination in school year 2013–14 because the necessary bandwidth was not available.

Teachers also have limited access to computers for lesson planning. The district purchased Eduphoria, a software application that teachers can use to develop and upload

lesson plans, access current lesson plans, or search through past lesson plans. Teachers can also enter TEKS associated with their lessons into their plans, which can ensure the classroom instruction covers the required TEKS. However, there is not enough bandwidth in the district for the teachers to effectively use these features of Eduphoria. In addition, the TEKS have not been updated in the Eduphoria system for all grade levels (for example, the mathematics TEKS in the elementary grades changed in school year 2014–15), so they cannot be assigned to lesson plans correctly. Principals report they cannot access the lesson plans in Eduphoria to ensure teachers are including the necessary curriculum components, to provide feedback to teachers, or to evaluate the administration of curriculum due to the district's limited bandwidth and failure to update the TEKS.

Teachers also lack necessary technology components, such as printers, to assist in planning and preparing for instruction. For example, in one hallway at the elementary campus, only two of 11 printers were working at the time of the onsite review.

Teachers also lack adequate technology training. Hempstead ISD adopted a new computer program (TxEIS) at the beginning of school year 2014–15. Teachers primarily access TxEIS for the grade book function, which they use to enter student scores and monitor students' grades. The district provided teachers with a half-day of training in a presentation slide format. During the training, teachers were not able to access the program nor see it working in real time. The district did not provide any additional training for staff after the program was operational and fully accessible. In review team interviews, teachers reported the training they received was not adequate for them to effectively use the system, and they expressed a need for follow-up training. In addition to limited TxEIS training, one principal stated that teachers and administrators had not been trained sufficiently to maximize the use of Eduphoria for lesson planning.

Technology is a critical component of a 21st century classroom. Hempstead ISD's failure to provide an adequate technology infrastructure limits teachers' ability to prepare for and provide instruction that effectively integrates technology in the classroom. In addition, the lack of opportunities to use and apply technology in the educational environment limits students' ability to master the skills necessary for college and career readiness.

In 2010, the U.S. Department of Education Office of Educational Technology issued *Transforming American*

Education Learning: Powered by Technology as part of the National Educational Technology Plan. This report contains detailed information to assist districts in ensuring they have adequate technology-based learning and assessment systems in place.

Beaumont ISD has demonstrated a strong commitment to improving the district's technological infrastructure and meeting the technology needs of their students and staff. The district has effectively implemented and maintained an efficient network infrastructure consisting of wired and wireless components using hub and spoke architecture. The district has also used various funding sources to improve network circuits and services, Internet access services, and wireless products. Beaumont ISD reevaluates network infrastructure needs annually and includes money in the budget to meet identified needs.

Beaumont ISD has also demonstrated a strong commitment to technology through its investment in state-of-the art technological tools to enhance classroom and administrative effectiveness. Most classrooms in Beaumont ISD have been equipped with some form of technology tool such as digital white boards, digital document cameras, or digital projectors. These tools enhance the classroom teaching and learning process. The district's administrative staff and principals use tablet computers to capture and conveniently share information during routine classroom walkthrough evaluations. Beaumont ISD invests in technology infrastructure upgrades that support integration of technology into the teaching curriculum. The district has also invested in administrative and instructional software to provide administrators and teachers with access to the latest educational programs.

The TEA Long-Range Plan for Technology (LRPT), 2006–2020, provides recommendations for Texas schools so that by 2020:

- All learners engage in individualized, real-world learning experiences supported by ubiquitous access to modern digital tools, robust anywhere/anytime connectivity, and dynamic, diverse learning communities.
- All learners access, evaluate, manage and use information in a variety of media formats from a wide array of sources.
- All learners create knowledge, apply it across subject areas and creative endeavors, and purposefully

communicate that knowledge, and the results of its use, to diverse audiences.

- Learning experiences take place in authentic settings and require collaboration and management of complex processes.
- These experiences involve critical thinking, social responsibility, complex decision making and sophisticated problem solving.

The Texas Teacher School Technology and Readiness (STaR) Chart is an assessment tool developed around the four key areas of the LRPT:

- Teaching and Learning;
- Educator Preparation and Development;
- Leadership Administration and Instructional Support; and
- Infrastructure for Technology.

The STaR Chart is a self-assessment tool designed to help teachers, campuses, and districts evaluate their progress toward meeting the goals of the LRPT, as well as meeting the goals of the district. Prior to school year 2014–15, TEA required districts to update their STaR Charts annually. Updating the STaR Chart involves identifying levels of progress in each of the four key areas. While TEA no longer requires districts to update their STaR Chart annually, this resource is still available as a technology evaluation tool to school districts. Districts can continue to access and update the STaR Chart to identify areas in which they have improved and areas in need of attention.

Hempstead ISD should develop a coordinated process to regularly evaluate the district's instructional technology needs and ensure that the district is effectively investing in and maintaining its infrastructure to meet technology standards. The district should assign the director of technology to serve as a coordinator to oversee progress towards meeting the technology standards in all four areas of the STaR Chart. Although it is no longer a TEA requirement, the director of technology should update the STaR Chart annually and use it for the following purposes:

- assist teachers and administrators in determining professional development needs based on a current educational technology profile;

- provide documentation on the state of the district's technology needs;
- determine funding priorities based on teacher and classroom needs; and
- help conceptualize the campus or district vision of technology.

The director of technology should work closely with the director of curriculum to ensure that the technology provided meets academic and instructional needs of the district. Together, the director of technology and the director of curriculum should develop a survey to identify the programs and technology applications that require further training of teachers. The director of technology should coordinate with the director of curriculum and the human resources director to ensure that the district provides training to address the professional development needs identified by the teacher survey and the STaR Chart.

This recommendation could be implemented with existing resources.

STUDENT ACADEMIC PERFORMANCE (REC. 8)

Hempstead ISD does not have a process to effectively evaluate, monitor, improve and promote student achievement.

Hempstead ISD's Long Range Goals 2011–15 state, "Every year, all students enrolled in Hempstead ISD will demonstrate significant academic gains, as measured by the state accountability system and the district will succeed in narrowing the academic achievement gap." However, students at Hempstead ISD are not demonstrating significant academic gains. The district earned an "Improvement Required" state accountability rating in school year 2013–14, after earning a "Met Standard" rating in school year 2012–13. The district failed to meet Postsecondary Readiness standards in school year 2013–14, and students performed below state averages on college preparation tests.

Hempstead ISD High School earned an "Improvement Required" state accountability rating for school year 2013–14. When asked by the review team about strategies that have been implemented to ensure students will meet standards on the State of Texas Assessments of Academic Readiness (STAAR), campus staff and administrators indicated there was no plan to ensure students will meet performance standards. There was also a concern that the district will again fail to meet accountability standards in school year 2014–15.

Figure 2–4 shows Hempstead ISD's state accountability ratings from school years 2008–09 to 2013–14.

FIGURE 2–4
HEMPSTEAD ISD ACCOUNTABILITY RATINGS
SCHOOL YEARS 2008–09 TO 2013–14

School Year	Accountability Rating
2013–14	Improvement Required
2012–13	Met Standard
2011–12	*No state accountability ratings awarded
2010–11	Academically Acceptable
2009–10	Recognized
2008–09	Academically Unacceptable

SOURCES: Texas Education Agency, Academic Excellence Indicator System (AEIS), 2008–09 to 2010–11; Texas Academic Performance Report (TAPR), 2012–13 to 2013–14.

In addition, the number of high school students taking the American College Testing (ACT) or SAT in Hempstead ISD is below the state average. **Figure 2–5** shows the Hempstead ISD's college preparation test results compared to the state average.

Figure 2–5 shows the number of Hempstead ISD students taking the ACT or SAT decreased every school year from the class of 2009 to the class of 2013 with the exception of the class of 2010. In addition, the district's average ACT and SAT scores are below state averages every year during this five-year period. At the time of the onsite review, the district does not offer any courses or resources to prepare students for the ACT or SAT tests.

To gauge student academic progress, Hempstead ISD administers benchmark assessments at the beginning and middle of the school year. The benchmark tests consist of items taken from STAAR assessments administered in previous school years. The district analyzes the benchmark data using an analysis tool available online.

According to information provided in interviews with the review team, few staff members use the benchmark data for planning instruction or selecting students for targeted interventions. District staff also explained that much of the benchmark data is not valid since the district has not yet covered most of the content included in the released exams at the time they are administered. In addition, many of the benchmark tests administered in school year 2014–15 were incomplete. For example, passages were missing from the writing portion of the benchmark tests, making the results unusable. The math portion of the test was based on the

FIGURE 2–5
HEMPSTEAD ISD AND TEXAS COLLEGE PREPARATION TEST RESULTS
CLASSES OF 2009 TO 2013

CLASS OF	PERCENTAGE TESTED ACT/SAT		AVERAGE ACT SCORE		AVERAGE SAT SCORE	
	HEMPSTEAD ISD	STATE	HEMPSTEAD ISD	STATE	HEMPSTEAD ISD	STATE
2013	45.8	63.8%	18.2	20.6	1273	1422
2012	50.9	66.9%	17.1	20.5	1224	1422
2011	52.7	68.9%	15.7	20.5	813	976
2010	71.2	62.6%	17.3	20.5	793	985
2009	58.8	61.5%	17.5	20.5	844	985

Sources: Texas Education Agency, AEIS, 2008–09 to 2010–11; TAPR, 2012–13 to 2013–14.

TEKS from school year 2013–14, and did not reflect the updated math TEKS for school year 2014–15.

Although campus administrators reported receiving results from benchmark tests, teachers indicated they could not access test results because the student rosters were not up-to-date in Eduphoria. When asked how they accessed data, teachers responded that they asked the students whether they passed the benchmark. At the high school, there is mandatory tutoring in place a few weeks before the STAAR test to help students who need assistance. Tutoring is offered at the middle school level, but it is not mandatory because the district cannot afford to provide transportation for students staying after school.

Due to the “Improvement Required” accountability rating Hempstead High School received in school year 2013–2014, TEA requires the school to perform interventions as part of the Texas Accountability Intervention System (TAIS). If measures are not taken to improve the campus’s academic performance, TEA will require Hempstead High School to perform additional interventions and may designate the campus as a Priority School. Texas Priority Schools include Tier I or Tier II School Improvement Grant schools, schools with graduation rates less than 60 percent, and the lowest achieving schools, ranked by the difference between school performance and proficiency targets. Priority schools must undergo intensive, targeted, and guided state and Education Service Center (ESC) interventions that require them to engage in a continuous improvement process and address and correct areas of campus low performance.

Hempstead ISD’s failure to regularly administer appropriate formative assessments limits teachers’ ability to identify students’ needs. Relying on students to inform their teachers if they failed an assessment limits teachers’ ability to disaggregate student performance data to accurately gauge

academic knowledge and identify areas in which additional instruction is needed. This results in classrooms that lack academic rigor. Academic rigor involves providing appropriate support to students so that they can learn at high levels. In a rigorous classroom, teachers develop lessons that move students to more challenging work while simultaneously providing ongoing support to students while they learn.

The National High School Alliance (NHSA) has a tool to test whether districts are pursuing policies and practices that are focused on improving rigor for all students. Funded by the Bill and Melinda Gates Foundation, the NHSA is a partnership of over 50 leading organizations that share a vision for a nationwide commitment to fostering high academic achievement, closing achievement gaps, and promoting civic and personal growth among all youth in our high schools and communities.

The Rigor/Relevance Framework (www.leadered.com) is a tool developed by the International Center for Leadership in Education to examine curriculum, instruction, and assessment along the two dimensions of higher standards and student achievement. It can be used in the development of both instruction and assessment. In addition, teachers can use the framework to monitor their progress in adding rigor and relevance to their instruction, and to select appropriate instructional strategies for differentiating instruction and facilitating higher achievement goals.

In 2010, the Assessment and Accountability Comprehensive Center (AACC) produced a policy brief discussing the role and criteria for selecting benchmark assessments. Their definition of benchmark assessments indicates it is an exam between a state and formative, classroom assessment. Benchmarks are “administered periodically throughout the school year, at specified times during a curriculum sequence, to evaluate students’ knowledge and skills relative to an

explicit set of longer-term learning goals.” The report is available at www.cse.ucla.edu.

Hempstead ISD should develop a process for using regular formative assessments to identify areas of unsatisfactory student performance and implement targeted strategies to address these areas to improve academic performance. The district should develop standardized processes for:

- Benchmark testing - The director of curriculum should work with campus administrators to develop and administer appropriate and reliable benchmark tests to gauge student academic progress. The director of curriculum and the campus principals should refer to AACC’s policy brief to guide them in developing benchmark tests. The campus administrators, selected teachers and the director of curriculum should use question banks developed by district teachers or seek other affordable test banks to create benchmark tests. Benchmark tests should be administered at various times throughout the school year to provide timely information regarding student mastery of academic concepts. Each benchmark should only cover the TEKS that have been taught prior to the test administration so that teachers can use it as a tool to measure student progress and inform instructional decisions. State-released STAAR tests and EOC tests from prior years should not be used as benchmark measures.
- Data Disaggregation - Once benchmark tests have been administered, campus administrators should analyze the results to determine areas of academic strength and weakness. Data should be disaggregated by student groups and by grade level to determine areas of need. Campus administrators should then hold grade-level or department meetings to discuss test results and create a plan of action to address deficiencies in specific areas of student achievement. Campus administrators should work with the director of curriculum to ensure areas of weakness identified in the DIP are included in the campuses’ plans of action. Finally, campus administrators should implement the plans and evaluate them on a regular basis throughout the school year to ensure students are making progress toward meeting state standards.
- Increasing rigor - Rigor has been defined as creating an environment in which each student is expected to learn at high levels, each student is supported so

he or she can learn at high levels, and each student demonstrates learning at high levels. Teachers can only establish a rigorous classroom when a culture of high expectations is established and support is provided for students to truly demonstrate understanding. Hempstead ISD campus administrators and teachers should use the Rigor/Relevance Framework to monitor their progress in providing more rigorous instruction.

The director of curriculum, along with campus administrators, should use tools such as the rigor/relevance framework to ensure instruction and assessments have high levels of rigor. Additional training for staff and administrators may be necessary to ensure rigor is understood and adopted in all levels of instruction.

Regional Education Service Center IV (Region 4) provides a Framework for Increasing Rigor in the Classroom training that includes Continuing Professional Education credits. This training is appropriate for campus administrators and is available locally. The cost for this training is \$95 per person. Each of the three campus administrators should attend this training and provide information from the training to others in the district. The fiscal impact assumes a one-time cost for the three campus administrators to attend training. The total one-time cost of this training is \$285 (\$95 x 3).

RESPONSE TO INTERVENTION (REC. 9)

Hempstead ISD lacks a consistent approach to assist struggling middle and high school students in reading and mathematics.

Response to Intervention (RtI) is a systematic approach for providing high-quality instruction/intervention matched to student needs. The goal of RtI is to close achievement gaps for all students by preventing smaller learning problems from becoming insurmountable gaps. To achieve this, teachers closely monitor student progress and change instruction based on data collected from on-going assessment. In 2012, Hempstead ISD submitted a needs assessment to TEA as a component of TEA’s accountability monitoring process. TEA required the district to conduct the needs assessment after Hempstead Middle School and Hempstead High School both received accountability ratings of “Academically Unacceptable” in school year 2010–11. The needs assessment stated that the district had an RtI program at that time but noted that the district’s RtI process needed to be “clarified and/or intensified.” It further stated that the district was looking at ways to correct the problem. According to focus

group and interview participants, the district currently has a formal RtI program, but it is limited to the elementary school. Interventions at the middle school and high school occur according to the teachers' discretion and do not follow the structured three-tiered RtI model. Focus group and interview participants confirmed the lack of availability of RtI at the middle and high school campuses. In addition, the district does not have an RtI handbook or guidelines for teachers.

At the elementary school, teachers refer to their interventions with struggling students as Tier 1, 2, and 3 interventions, the nomenclature used in RtI programs. Tier 1 and Tier 2 interventions occur in the classroom. The elementary school has reading and mathematics interventionists who pull students out of other classes for 40 to 45 minutes for Tier 3 intensive interventions. Instructional software resources available for Tier 3 interventions include iStation for grade three through five reading, and Think through Math for grades three and above. Students only have access to the English version of this software even though Spanish versions of both programs are available. Both programs are provided at no charge to districts as part of Texas Students Using Curriculum Content to Ensure Sustained Success (SUCCESS) program. The elementary campus also has a student intervention coordinator to assist teachers in working with students who require support. Some elementary students also participate in after-school tutorials. Although the elementary school uses an RtI-type process with different tiers of interventions that depend on students' needs, the campus does not have formal procedures for identifying students to receive interventions or for determining the most appropriate interventions for each student. In addition, information from focus group and interview participants indicates that the selection of resources for students in need of intervention is limited to the mathematics and reading software programs in use in the computer lab.

According to information from focus group and interview participants, the RtI process starts to break down at the middle school and high school levels. The middle school and high school do not have tiered RtI processes, nor does the district provide teachers with guidelines on appropriate interventions. At the high school, the selection of students to participate in interventions as well as the materials used to provide interventions are left to the discretion of individual teachers. Middle school and high school interventions consist primarily of after-school tutorials led by classroom teachers. The district does not have a separate budget or personnel for

the after-school tutorials. According to district staff, some teachers understand that middle and high school students need intervention, but they do not feel prepared to provide it. Unlike the elementary school, the middle school and high school do not have student intervention coordinators to assist teachers with struggling students; nor do they have mathematics and reading interventionists whose primary responsibility is to work with students who are struggling academically in these subjects.

At the middle school and high school, teachers study test data and determine the type of intervention to use. Middle and high school teachers conduct interventions without the direction of an RtI handbook, formal guidelines, or assistance from central or campus administration. Since the district does not have a formal intervention process, RtI or otherwise, unless a teacher chooses to intervene and provide extra instruction and support, middle and high school students may not receive the additional learning opportunities they need to be successful.

If students go years without receiving the assistance and instruction they need, their knowledge and capabilities can become so limited that it is difficult for the students to learn the skills necessary to perform work appropriate for the students' grade level. The lack of a formal identification and intervention process, without coordination between the elementary, middle, and high schools also results in a disconnected and potentially ineffective intervention process. Students entering middle school and high school in need of additional support could not receive structured academic assistance and reinforcement comparable to that provided to them in elementary school.

RtI programs have identification criteria that are specific and used consistently to determine the types of interventions that are most appropriate for each student and each particular tier. Strong programs document the interventions teachers provide and the student responses to the interventions. The interventions are generally research-based, and campuses with RtI programs engage regularly in discussions about the interventions and the students' responses. RtI programs are usually campus-based but receive support and direction from central administration.

Numerous resources are available to assist school districts in complying with the requirements for RtI programs described in the federal No Child Left Behind Act and the Individuals with Disabilities Education Act. San Antonio ISD includes free resources that school districts could use for professional

development and for improving their existing RtI programs. Examples of these resources include explanations of RtI, its goals, and a description of the three-tier intervention model. The website also includes descriptions of RtI in Spanish and staff training resources. The district's website provides links to resources that include instructional strategies and interventions.

The University of Texas at Austin Meadows Center for Preventing Educational Risk provides practitioners with resources to assist in implementing a campus-based program, conducting a needs assessment, developing an action plan, promoting teacher collaboration, designing differentiated instruction and intervention, and answering parents' questions.

TEA's website includes resources related to RtI such as links to materials developed by the National Association of State Directors of Special Education and the Council of Administrators in Special Education. These organizations designed these materials specifically for school districts wishing to develop or improve their RtI programs. Hempstead ISD also subscribes to the Edivate professional learning system. Edivate provides videos, lesson plans, and other resources for teachers in specialized areas of professional development.

Hempstead ISD should conduct an internal assessment to evaluate the district's intervention program and develop an RtI program that will provide timely assistance to struggling students. The superintendent should appoint a team of representatives from each campus to conduct this assessment. The team should include the elementary school interventionists, a special education teacher from each campus, a general education teacher from each campus, a counselor, and the district educational diagnosticians. Initially the group should conduct an analysis of current district practices compared to recognized RtI programs, using resources such as those available on the websites of San Antonio ISD, the Meadows Center for Preventing Educational Risk, and TEA. The team should assess the methodologies used by the interventionists at the elementary school and the content and delivery of the tutorials used at the middle school and high schools.

The team should analyze whether existing resources are sufficient to meet the needs of students receiving interventions. For example, this analysis should consider issues such as resources to assist English Language Learners who require support in mathematics and reading.

A product of this activity should be a chart that compares the district's current intervention practices and resources with those that the team considers components of an effective program. The team should then use this chart to outline a plan to close the gap between the district's current processes and those identified as best practices. The team should develop a list of methods and criteria for identifying students for intervention; categorize interventions according to the three tiers described in best practice resources, document the interventions, specify the type and duration of the intervention, and document the students' responses to interventions.

The team should develop a district RtI handbook to provide information about the district's RtI program to be used in new teacher orientation and professional development available through resources that the district now uses, such as Edivate. The team or its chairperson should present all findings to the superintendent with recommended next steps.

This recommendation could be implemented with existing resources.

GIFTED/TALENTED STUDENTS AND ADVANCED ACADEMICS (REC. 10)

Hempstead ISD does not adequately meet the needs of gifted/talented (G/T) and high-performing students.

The Texas Education Code, Section 29.122 states "Using criteria established by the State Board of Education, each school district shall adopt a process for identifying and serving gifted/talented students in the district and shall establish a program for those students in each grade level." Hempstead ISD's Board Policy EHBB (LOCAL) cites the procedures that the district should use for nominations and referrals to the G/T program, screening and identification, parental consent, assessments, selection, and notification. The local policy provides the district with guidance on furloughing or exiting students from the program. While Hempstead ISD has established a G/T program and a process for identifying gifted students at the elementary school, there is no evidence that the district provides any G/T services to students at the middle school or high school.

Documents provided by the district indicate that the district uses a variety of measures to identify students for the elementary G/T program. These include the Renzulli-Hartman scales, the Screening Assessment for Gifted Elementary Students (SAGES) II, Naglieri Nonverbal Ability

Test (NNAT), and the Profile of Creative Abilities, all of which measure students' aptitudes, creativity, and behaviors. The district added STAAR scores to the other measures to identify students for the grade 3–5 G/T program. The district did not provide specific information on whether they use comparable measures for middle school and high school students. During onsite interviews, Hempstead ISD staff at the middle and high schools indicated that they were not aware of any process for identifying gifted students who were not already identified in elementary grades. Some staff stated that they such a process does not exist.

Figure 2–6 shows G/T program measures compared to its peer districts, and shows that Hempstead ISD identifies over twice as many gifted students as any of its peers and more than both the regional and state averages.

FIGURE 2–6
HEMPSTEAD ISD AND PEER DISTRICT GIFTED/TALENTED PROGRAMS
SCHOOL YEAR 2013–14

DISTRICT	STUDENTS	TEACHERS	PERCENTAGE OF STUDENT POPULATION IDENTIFIED AS GIFTED & TALENTED
Hempstead ISD	141	0.0	9.1%
Mexia ISD	67	0.5	3.4%
Royal ISD	75	0.0	3.4%
Yoakum ISD	66	0.7	4.1%
Region 4	N/A	N/A	7.7%
State	N/A	N/A	7.6%

SOURCE: Texas Education Agency, TAPR, 2013–14.

Hempstead ISD staff indicated that the elementary school provides gifted students with a pull-out program from a G/T teacher once a week for approximately 50 minutes. However, **Figure 2–6** shows that in school year 2013–14 the district reported that they do not have G/T teachers. The district purchased tablet computers to give elementary students in the G/T classroom access to social media and research, but it is not clear if these are currently in use as part of the program. Onsite interviews and focus group participants were not aware of any supplemental programs in use in the elementary school's G/T program.

The most recent campus improvement plan (CIP) for Hempstead Middle School provided to the review team is from school year 2011–12. This CIP states that “advanced classes in math and reading are offered for gifted and talented

students.” However, the middle school does not have a G/T program and does not provide services for G/T students. Staff indicated this was partially due to a lack of teachers qualified to teach G/T courses. Hempstead ISD staff also said that the district does not provide any incentive or encouragement for teachers to become G/T certified.

Likewise, the high school provides few services to G/T students. There are three Advanced Placement (AP) courses offered at Hempstead High School: a Career and Technology Education course, Music Theory, and Band. All three courses are taught by AP-certified teachers. The high school does not have a college dual credit program, a G/T program or specific classes or resources geared toward G/T students.

Hempstead ISD's Board Policy EHBB (LOCAL) requires that the district evaluate the G/T program annually. However, the district has not conducted an evaluation of its G/T program.

TEC, Section 29.123 requires that the State Board of Education (SBOE) periodically update a state plan for the education of G/T students to guide school districts in establishing and improving services for identified students. The state plan forms the basis of G/T services and accountability. The plan offers an outline for services without prohibitive regulation. Districts are accountable for services as described in the “in compliance” column of the state plan where performance measures are included for five aspects of G/T service design. **Figure 2–7** shows the regulations established in the Texas State Plan for the Education of G/T Students that school districts must follow compared to the G/T related activities at Hempstead ISD

TEA provides a variety of resources to assist districts and schools in creating and implementing successful G/T and advanced academic programs on their website. These resources include the following:

- Reading Strategies for Advanced Primary Readers;
- The Texas Performance Standards Project (TPSP);
- Equity in G/T
- Texas AP/IB Incentive Program
- The Gifted/Talented Teacher Toolkit.

The National Association for Gifted Children (NAGC) also has developed the Pre-K–12 Gifted Education Programming Standards. These standards provide guidance for the development and delivery of comprehensive programs and

services for G/T students. NAGC provides additional resources, such as an assessment and planning tool for aligning G/T programs and services to K–12 standards, and

a guide to plan and implement high-quality standards in G/T programs. These resources (www.nagc.org) can be used to guide the development and implementation of a comprehensive G/T program.

FIGURE 2–7
TEXAS STATE PLAN FOR THE EDUCATION OF G/T STUDENTS REGULATION COMPARED TO HEMPSTEAD ISD G/T ACTIVITIES
SCHOOL YEAR 2014–15

STATE PLAN REQUIREMENT	HEMPSTEAD ISD ACTIVITIES
Student Assessment	
Written policies on student identification for gifted/talented services are approved by the district board of trustees and disseminated to all parents.	No written policy and no evidence of the testing procedures being disseminated to all parents.
Students in grades K–12 shall be assessed and, if identified, provided gifted/talented services.	No assessment of students outside of elementary and no G/T services are provided for gifted students at the middle school or high school.
In grades 1 to 12, qualitative and quantitative data are collected through three (3) or more measures and used to determine whether or not a student needs gifted/talented services.	Not performed at the middle school or high school.
Final determination of students' need for gifted/talented services is made by a committee of at least three (3) local district or campus educators who have received training in the nature and needs of gifted/talented students and who have met and reviewed the individual student data.	According to the district's 2013–14 Texas Academic Performance Report (TAPR), Hempstead ISD reported they had no district or campus educators who had received the 30-hour training necessary to serve G/T students, as required by Texas Administrative Code (TAC), Section 89.2.
Service Design	
Identified gifted/talented students are assured an array of learning opportunities that are commensurate with their abilities and that emphasize content in the four (4) foundation curricular areas. Services are available during the school day as well as the entire school year. Parents are informed of these options.	No services provided for G/T students at the middle school or high school. No information provided to parents regarding the G/T services provided by the district.
Gifted/talented students are ensured opportunities to work together as a group, work with other students, and work independently during the school day as well as the entire school year as a direct result of gifted/talented service option.	No services provided for G/T students at the middle school or high school.
Curriculum and Instruction	
Provisions to improve services to gifted/talented students are included in district and campus improvement plan.	The most recent campus improvement plans (CIP) provided to the review team for the middle school and high school were from school year 2011–12. The 2011–12 middle school CIP, states that they will provide services for G/T students; however, no services are provided. The 2011–12 high school CIP does not mention gifted students or gifted education.
	The most recent district improvement plan (DIP) available to the review team is from school year 2013–14. The 2013–14 DIP does not mention gifted students or gifted education.
Professional Development	
A minimum of thirty (30) clock hours of professional development that includes nature and needs of gifted/talented students, identification and assessment of gifted/talented students' needs, and curriculum and instruction for gifted/talented students is required for teachers who provide instruction and services that are a part of the district's defined gifted/talented services. Teachers are required to have completed the thirty (30) hours of professional development prior to their assignment to the district's gifted/talented services.	According to the district's 2013–14 TAPR, Hempstead ISD reported they had no district or campus educators who had received the 30-hour training necessary to serve G/T students, as required by TAC, Section 89.2.

SOURCES: State Board of Education, Texas State Plan for the Education of G/T Students 2009; Legislative Budget Board, School Review Team January 2015.

Hempstead ISD should develop a written plan for the G/T program and advanced academics that is based on identified needs and is implemented and updated annually. The first step should be for the director of curriculum to assemble a G/T program development committee. The committee should include selected teachers, campus administrators, a counselor, and parents of students identified as gifted and talented. The committee should complete these activities:

- review the requirements listed in the Texas State Plan for the Education of G/T Students;
- develop a G/T program model for the district, including program standards, objectives, assessment and screening procedures, a plan for professional development, and an evaluation plan;
- solicit stakeholder input on the model;
- revise the model based on stakeholder input;
- submit the plan to the board for adoption; and
- implement the model;

Once the model is established, the committee should develop and implement an annual G/T program evaluation process. The district should ensure that existing teachers are qualified to teach G/T courses by providing professional development opportunities for existing teachers to become G/T qualified or recruiting new teachers with appropriate qualifications.

This recommendation could be implemented with existing resources.

BILINGUAL EDUCATION AND ENGLISH AS A SECOND LANGUAGE PROGRAMS (REC. 11)

Hempstead ISD lacks a process for evaluating the district's bilingual programs to determine if the instruction provided and resources used are consistent with program objectives and meet students' academic and language-development needs.

Information provided by Hempstead ISD staff states that the district serves English language learners (ELL) with two special language programs. The district uses a transitional bilingual/early exit program in pre-K to grade 5 for Spanish-speaking students enrolled in the bilingual education program. TEC, Section 29.006(b)(1)(A), defines transitional bilingual/early exit program as a "bilingual program that serves students identified as students of limited English proficiency in both English and Spanish and transfers a

student to English-only instruction not earlier than two or later than five years after the student enrolls in school."

ELLs in pre-K to grade 5 who are not in the bilingual education program are served in a mainstream instructional classroom or in a self-contained classroom with a certified English as a second language (ESL) teacher. The students in the self-contained ESL classroom receive instruction in the core subjects in English with language acquisition supports. In grades 6 to 12, the district operates an ESL pull out program model. TEC, Section 29.066(b)(2)(B) defines the ESL/pull-out program as an "English program that serves students identified as students of limited English proficiency in English only by providing a part-time teacher certified under Section 29.061(c) to provide English language arts instruction exclusively, while the students remain in a mainstream instructional arrangement in the remaining content areas."

In school year 2013–14, the district served ELLs in each of the following classifications:

- Elementary bilingual;
- Elementary ESL;
- Secondary ESL/pull out; and
- Parent denials.

The 2013–14 Texas Academic Performance Report (TAPR) district profile indicates that Hempstead ISD served 319 ELL students in the bilingual education and ESL programs and had 11.4 bilingual and ESL teachers on staff. Actual financial data from school year 2012–13 indicates that Hempstead ISD spent the smallest percentage of its total instructional program budget on bilingual and ESL programs compared to each of its three peer districts, Yoakum ISD, Mexia ISD, and Royal ISD. **Figure 2–8** shows Hempstead ISD's bilingual/ESL student, teacher, and expenditure data compared to its peer districts.

In 2012, at Hempstead ISD's request, Region 4 conducted an evaluation of the bilingual education and ESL programs. Several of the findings in the evaluation report are significant and pertain primarily to the elementary school bilingual education program. The findings include the following:

- the administration is supportive, wants to do what is right, but does not understand the complexities of implementing a bilingual program;

- this school year (2012–13) is the first year that Spanish was to be the language of instruction in the bilingual education program starting in pre-K;
- in bilingual classrooms, teachers are teaching mostly in English and provide Spanish support when needed;
- not all teachers are on the same page as far as the bilingual education program is concerned; and
- teachers reported they would like professional development on reading comprehension strategies, ESL strategies, interventions for ELLs, and incorporating English Language Proficiency Standards (ELPS) in daily instruction.

FIGURE 2–8
HEMPSTEAD ISD BILINGUAL EDUCATION/ENGLISH AS A SECOND LANGUAGE PROGRAM DATA COMPARED TO PEER DISTRICTS
SCHOOL YEAR 2013–14

DISTRICT	STUDENTS	TEACHERS	PERCENTAGE OF PROGRAM BUDGET
Hempstead ISD	319	11.4	1.5%
Yoakum ISD	238	9.6	2.2%
Mexia ISD	269	0.9	2.3%
Royal ISD	720	30.5	10.8%

SOURCES: Texas Education Agency, TAPR, 2013–14; Actual Financial Report, 2012–13.

Teachers expressed many of these same concerns now in interviews and focus groups with the review team. In review team interviews, staff reported that the district's expectations regarding the language of instruction in the elementary bilingual program are still not clearly articulated. Staff stated that mixed messages about the intent of the program cause them to be unsure about whether they should teach the core content in Spanish or English.

Information collected in review team focus groups and interviews confirmed that English is the primary language of instruction in the elementary bilingual education classrooms. Teachers explained that they do not know whether they should dedicate a specific percentage of instructional time to teaching content in Spanish. Teachers also explained that some bilingual students are not able to receive the full benefit of additional instruction provided to them during Tier 3 RtI interventions because instruction is delivered in English only. Tier 3 interventions are provided to students struggling most to master essential knowledge and skills.

An evaluation of the resources available in the elementary bilingual education programs shows that the district has not aligned its desired outcomes, instructional methodologies, and the language of instruction appropriately to ensure that the bilingual program is successful. In review team interviews, some bilingual teachers reported not having any English or Spanish state-adopted instructional materials for language arts and reading. Others reported receiving Spanish language state-adopted instructional materials for science. However, since the primary language of instruction in most bilingual education classrooms is English, the Spanish language instructional materials are of minimal benefit. Other teachers reported having too many textbooks in Spanish when they were predominantly teaching bilingual students in English. Some teachers reported that they make copies of state-adopted instructional materials borrowed from other teachers because they do not have copies for their classrooms.

Furthermore, not all bilingual education teachers have equal access to technology in their classrooms. Available technology in elementary classrooms ranges from no computers to one or two computers with access to functional technology products, such as smart boards. The district does not have any software applications available in Spanish for bilingual students. In interviews and focus groups conducted by the review team, bilingual teachers reported that they do not have any input into the district's selection and purchase of instructional materials and technology.

Hempstead ISD's Board Policy EHBE (LEGAL) regarding bilingual education and ESL states...

The District's bilingual education program shall be a full-time program of dual-language instruction that provides for learning basic skills in the primary language of the students enrolled in the program and for carefully structured and sequenced mastery of English language skills. The amount of instruction in each language within the bilingual education program shall be commensurate with the students' level of proficiency in each language and their level of academic achievement.

Hempstead ISD does not have local policies related to the specific organization of the bilingual instructional program. In interviews and focus groups with the review team, staff emphasized that the board policies do not provide sufficient direction to those responsible for implementing the bilingual program. Furthermore, the district's website does not include information for parents regarding the instructional program for students in the bilingual education program, the primary

language of instruction, exit criteria, and options for the parents regarding their students' participation in the bilingual education program.

Information from interviews and focus groups as well as the 2012 evaluation report, indicate that the goals of the bilingual education program in Hempstead ISD are not understood by all educators in the program. The information from the interviews and focus groups also indicate that available instructional materials and technology for the bilingual education classrooms are often not aligned with teacher instruction or sufficient to meet student needs. According to interviews, teaching staff and administrators interpret Board Policy EHBE (LEGAL) requirement for "instruction that provides for learning basic skills in the primary language of the students" inconsistently, resulting in the use of a variety of teaching methodologies and resources without careful coordination of instructional strategies, language of instruction, and instructional resources. Continued operation of the bilingual education program without clear guidelines for language use and instructional resources could result in an inadequate instruction that fails to develop students' reading, writing, listening and speaking skills in their native language. Students' mastery of these skills in their primary language has been demonstrated to significantly affect their ability to successfully learn and have academic success in English.

The website of the National Association for Bilingual Education (NABE) provides a succinct overview of how bilingual education programs work. "How Does Bilingual Education Work?" provides descriptions of different program models including transitional, developmental, and two-way bilingual education programs. The overview further describes how different models of bilingual education programs differ with regard to how students transition to mainstream, all-English instruction. Sometimes the transition is an early exit to all-English instruction, from one to three years, or gradual, from five to six years. Sometimes teachers in bilingual education teach only ELLs and other bilingual education teachers teach a combination of students who are learning English, others who are proficient in English, and others whose native language is not English or Spanish. In some bilingual education programs, some students learn content in the subject areas completely in their native language while learning English in a gradually more intensive ESL program. Other programs teach mostly in English with support in the native language, using translations and tutoring.

The information from NABE acknowledges that "...simply using two languages in the classroom is no panacea. Bad teaching is bad teaching in any language. What is important is how the languages are used." NABE provides a series of questions for districts, including:

- What are the program's goals- a 'quick exit' to the mainstream or the development of fluent bilingualism and biliteracy?
- Are teachers well trained to meet the needs of English language learners?
- Does the school provide adequate resources, materials, and support services?
- Are parents involved in their children's education?
- Is the program supported by the local school board and district administrators?

In 2001 and 2002, the Intercultural Development Research Association conducted a national study to identify the characteristics that contribute to high academic performance in bilingual education programs. The study examined 10 school districts and described indicators of successful bilingual education programs. The indicators included leadership; vision and goals; school climate; linkages between central administration and school-level staff; school organization and accountability; professional development; parent involvement; staff accountability and student assessment; staff selection and recognition; and community involvement. The following summary describes the findings according to each of the characteristics studied:

- Leadership — Each school had strong leadership with characteristics shared by the principals. Among the shared characteristics of principals was a total commitment to an excellent bilingual education program. Principals had open and frequent communication with staff. Principals were well aware of the rationale for the bilingual education program.
- Vision and Goals — The schools had clear and very visible goals that were evident throughout the schools. The school leadership set clear expectations for the students and the teaching staff. Teachers, the administration, and sometimes parents were involved in establishing the vision and goals for the program.

- School Climate — All the administration and teaching staff felt responsibility for creating and maintaining a safe school atmosphere.
- Linkages — Teachers and school administrators did not feel isolated from central administration staff. The roles and responsibilities of central office staff and those of school staff were clear.
- School Organization and Accountability — The bilingual education programs were integral components of the schools' curriculum. Faculty and staff held themselves accountable for the success of all students.
- Professional Development — Staff considered planning and grade level meetings as important ways of conducting their own professional development. Teachers who had opportunities to go outside of the district for professional development gave presentations and workshops for other teachers on staff.
- Parental Involvement — Parents were strong advocates of the bilingual education program and were welcomed into the school as partners engaged in meaningful activities within the school. Some businesses near schools granted parents flex time to enable them to participate in school activities held during the school day.
- Staff Accountability and Student Assessment — The schools studied used multiple assessments. Administrators set clear and rigorous standards and achievement levels. Schools used assessments in the native language when appropriate.
- Staff Selection and Recognition — Schools selected teachers for their bilingual education programs based on academic background, experience in bilingual education, proficiency in the target languages, enthusiasm, commitment, and openness to change and innovation. Schools recognized teachers for students' successes.
- Community Involvement — Members of the community shared school facilities and schools built relationships with businesses and community members. Many senior citizens and retired individuals participated in activities with the students.

In 2006, TEA published "Best Practices for English Language Learners," which presents specific classroom instructional strategies for bilingual educators. The Institute for Second Language Achievement, authors of the study, recommends strategies for creating positive classroom climates, heterogeneous grouping, language level grouping, balanced literacy approaches, higher order thinking skills, language development, literacy development, sheltered instruction, guided writing, using manipulatives, and formative and summative assessments. Manipulatives are objects and tools designed to help a learner understand a mathematical concept through tactile manipulation.

Other districts have programs that Hempstead could emulate. Tomball ISD has information on its website that describes the bilingual education model that the district uses, including its goals, what parents need to know, and periodic updates on the teachers in the program and activities designed to keep ELL students motivated as they increase their English language proficiency.

Hempstead ISD should evaluate the district's special language services, and develop and regularly reassess a plan to improve the effectiveness of the district's special language programs. The elementary principal and the coordinator of bilingual/ESL testing should lead this effort. The elementary principal and the coordinator of bilingual/ESL (coordinator) testing should study the 2012 evaluation report by Region 4 with emphasis on the report's comments and recommendations. During their study of the report, they should determine which recommendations are still viable.

The elementary principal and the coordinator should survey each elementary teacher, including those in general education, regarding their perceptions of the goals of the bilingual education program. They should then survey each teacher in the bilingual education program and take a physical inventory of the instructional materials and technology resources available in their classrooms, and redistribute resources as needed.

Next, the elementary principal and the coordinator should conduct classroom observations of each bilingual education teacher to determine the percentage of time devoted to teaching academic content in Spanish. The observations should note whether bilingual teachers use Spanish as a support for English, such as translations of non-academic activities, or as the primary language of instruction. If resources are too limited to visit each bilingual classroom, teachers could respond to a well-designed survey that

measures duration of instruction in Spanish and English for each subject taught during the day.

The elementary principal and the coordinator should then study the entry and exit dates of students in the bilingual education program to determine whether they are remaining in the program for the appropriate length of time or whether exit could be earlier or later. The elementary school principal and the coordinator should share the survey results and the student entry and exit dates with the board for review. Considering this information along with the results of the survey of language usage and teacher observations, the board should examine the extent to which the district's program models for bilingual education and ESL are still the most appropriate for its students. The board should consider developing local policies that articulate the goals and instructional strategies the district could use in the bilingual education program and make efforts for bilingual education to be an integral part of the district's curriculum.

The elementary principal and the coordinator should then consider available resources for professional development in bilingual education strategies, and the Sheltered Instruction Observation Protocol and develop a plan for informing new teachers with program goals and expectations.

A group of district stakeholders including the elementary school principal, the coordinator of bilingual/ESL testing, the director of curriculum, and bilingual teachers should monitor the results on a regular basis, and annually reevaluate the plan.

This recommendation could be implemented with existing resources.

SPECIAL EDUCATION (REC. 12)

Hempstead ISD does not have a structured management process that maximizes cooperative teaching in an inclusion setting and that sets clear roles and responsibilities for special education teachers, counselors, and diagnosticians.

Hempstead ISD uses a full inclusion model for teaching students who receive special education services. Inclusion refers to the practice of educating students with disabilities in the general education classroom. The inclusion model generally uses certified special education teachers and paraprofessionals in the general education classroom to provide individualized and small group instruction to students who require this level of attention. Exceptions to this practice include students with severe physical or

behavioral issues that prevent them from participating in the general education classroom.

Hempstead ISD's special education program has had a number of successes, including lowering the participation rate and addressing overrepresentation of African-American students in the program. The director has been successful in acquiring some assistive technology and appropriate instructional resources for teachers and students and has used the Instructional Materials Allotment to purchase tablets for the program. In addition to the special education teaching staff at the elementary, middle, and high school campuses, the district retains the services of a licensed professional counselor, employs diagnosticians, and assigns counselors to the campuses.

The 2013–14 TAPR for Hempstead ISD shows a special education enrollment of 134 students and 14.4 special education teachers. The 2012–13 actual financial data indicates that Hempstead ISD spent 16.4 percent of its instructional program budget on the special education program. **Figure 2–9** shows Hempstead ISD's student, teacher, and financial data in comparison to its peer school districts.

FIGURE 2–9
HEMPSTEAD ISD AND PEER DISTRICTS SPECIAL EDUCATION
SCHOOL YEAR 2012–13

DISTRICT	STUDENTS	TEACHERS	PERCENTAGE OF PROGRAM BUDGET
Hempstead ISD	134	14.4	16.4 %
Yoakum ISD	169	13.1	14.8%
Mexia ISD	217	25.1	16.5%
Royal ISD	181	11.8	15.7%

SOURCES: Texas Education Agency, TAPR, 2013–14; Actual Financial Report, 2012–13.

In 2011, Region 4 conducted an evaluation of the Hempstead ISD special education program. The evaluators included the following comments in their report:

- In all classes observed, the general education teacher was the teacher of record, and the special education teacher appeared to be (or was treated as) a guest in the classroom. The general education teacher took the lead in instruction, and the special education teacher monitored the students.

- There appeared to be no parity between the classroom teachers (general and special education). One teacher led, and the other assisted students individually or in small groups. It did not appear that two fully certified teachers were being used efficiently and effectively in each class.
- All three administrators shared that all staff needed additional training in inclusion, more “tools” to assist students (intervention strategies), role training, coaching, more statewide assessment resources and training, better communication between department and campuses/staff, training on individual education plans specifically goals and objectives, and better support for new staff.
- Campus staff shared the following concerns/ comments: more communication, training, and coordinated planning are needed and roles need to be defined.

Review team interviews with district staff confirmed that some of the issues included in the evaluation comments continue to exist in the special education program at the time of the onsite review. For example, staff indicated that the district needs to provide additional opportunities for professional development; clarify; the roles of all personnel who work with students in the special education program; and enhance the role of the special education teachers in the cooperative teaching setting. Staff expressed a need for training in differentiated instruction and in identifying specific needs of students in special education, including the need for training regarding accommodations cited in Section 504 of the federal Rehabilitation Act. Staff also expressed concern that there was no specific new teacher training in special education to supplement the professional development sessions that the school district conducts at the beginning of the school year.

Interviewees and focus group participants discussed the need for role clarification at campuses where counselors, the principal, special education teachers, diagnosticians, the director of special education, general education teachers, and the licensed professional counselor all interact on behalf of the students. In general, they noted some inconsistency in the roles of specific staff members and recommended that the district clarify the roles of all personnel involved in the special education program, indicate chains of command, and list the individuals responsible for addressing specific situations.

Participants discussed the need to strengthen the cooperative teaching arrangements with the general education and special education teachers. In Hempstead ISD, the general education teacher prepares the lesson plans and shares them with the special education teachers. Special education teachers, however, do not have teaching responsibilities when they are present in a general education classroom that includes students in the special education program. Their role is to be present and to assist the general education teacher with classroom tasks. Primarily, however, the special education cooperative teacher monitors the classroom activities and does not take an active teaching role in the classroom.

Special education programs require extensive monitoring for compliance with state and federal laws. For example, school districts are required to educate students in the least restrictive environment, including students with disabilities as identified in Section 504. Some focus group and interview participants expressed a need for professional development in this area. The least restrictive environment laws offer school districts the opportunity for teachers to engage in cooperative teaching activities that enhance the classroom environment for all students in the mainstream classroom, including the students from the special education program. District staff expressed a need for additional training in cooperative teaching. Cooperative teaching provides opportunities for both the general education teacher and the special education teacher to expand their inventory of instructional strategies to address the academic needs of a wide range of students. Some focus group and interview participants also expressed a need for professional development that addressed differentiated instruction.

If the concerns identified by district staff are not addressed, Hempstead ISD's special education program could continue with inconsistent roles and responsibilities of the numerous individuals involved in the program. These inconsistencies could affect the quality of instruction and support provided to the district's special education students. In addition, the program could continue to have teaching staff with unaddressed professional development needs regarding cooperative teaching, differentiated instruction and Section 504 issues.

School districts have many resources available covering a wide range of topics. Many of the resources are products of TEA and Education Service Centers (ESC). Regional Education Service Center VII (Region 7) produced a resource to assist educators with differentiated instruction that includes information on differentiating instruction for G/T

students, economically disadvantaged students, students with disabilities, students with Section 504 accommodations, students in the general education classroom, and ELLs. The resource includes sample lesson plans that demonstrate methods for differentiating instruction. In addition, the resource includes information on using data to improve instruction. In 2013, Regional Education Service Center X (Region 10) produced a slide presentation on differentiated instruction, focusing on teaching students with dyslexia. The information, produced for a summer institute, incorporates information from TEA and the Texas Statewide Decentralized Multicultural and Diverse Learners Network. The institute provided participants with basic information about differentiated instruction, multiple intelligences, assessment in a differentiated classroom, and differences in learning styles.

In 2010, the Vaughn Gross Center for Reading and Language Arts at The University of Texas at Austin and TEA collaborated to produce a resource for teachers on differentiating instruction. School districts could find and use many resources developed by the Meadows Center for Preventing Educational Risk.

Co-Teaching. A How-To Guide: Guidelines for Co-Teaching in Texas is a collaborative project of TEA and the Statewide Access to the General Curriculum Network at Regional Education Service Center XX (Region 20). This resource includes practical information about co-teaching, including definitions and vocabulary used with co-teaching activities. It also includes six co-teaching approaches such as one teaching, one observing; station teaching; parallel teaching; alternative teaching; teaming; and one teaching, one assisting. This resource includes strategies for how administrators can establish districtwide cooperative teaching and how individual school administrators can implement cooperative teaching on their campuses or improve their cooperative teaching effectiveness. The resource, available on the Region 20 website, also includes information for classroom teachers on planning and implementing an effective cooperative teaching program.

Hempstead ISD should clarify roles and responsibilities of all personnel involved in the special education program, conduct a needs assessment to determine immediate, short-term, and long-term needs for professional development among special education staff, and identify potential resources for implementing the training. The superintendent should identify members of a workgroup to identify each staff involved in the special education program, including

teachers, diagnosticians, counselors, the licensed professional counselor and principals. The workgroup should define the roles of each position involved in the special education program so roles will be clear to the public and staff. The director of special education should disseminate the information and lead a districtwide discussion to clarify the roles with every staff member, including those in the general education classroom and in central administration. The district should share this information with parents through mail, email, or posting on the district's website. The district should view the role clarification activity as a first step in a continuous examination of staff roles in the special education program. As roles and staff members change, the district should make the appropriate modifications.

To address professional development needs, the superintendent should consult with the director of special education and the director of curriculum to determine who has participated in 504 training, cooperative teaching, and differentiated instruction, and review the resources they acquired through these trainings. The directors should research some of the professional development resources developed by TEA and the ESCs to determine if the district could use them to train staff and avoid paying for travel or fees.

For new teacher orientation, the director of special education should identify a first- or second-year special education teacher and a more experienced special education teacher to use their experiences to assist in new teacher orientation. This orientation would supplement the broader orientation that the district provides at the beginning of the school year and the campus-specific information that principals provide. The teacher-led orientation would include such topics as who to consult for specific instructional strategies or resources and how to leverage paraprofessionals' experiences as well as those of parents who participate in campus activities. This practice would provide new teachers with advice from recent experiences as well as from experiences over a longer period. This would help to make the transition into the campus and the classroom less stressful for the new teacher.

This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules, or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE TIME (COSTS) OR SAVINGS
CHAPTER 2: EDUCATIONAL SERVICE DELIVERY							
6. Establish a process for regularly reviewing and revising the district's curriculum, instructional practices and instructional resources that includes stakeholder input.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Develop a coordinated process to regularly evaluate the district's instructional technology needs and ensure that the district is effectively investing in and maintaining its infrastructure to meet technology standards.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Develop a process for using regular formative assessments to identify areas of unsatisfactory student performance and implement targeted strategies to address these areas to improve academic performance.	\$0	\$0	\$0	\$0	\$0	\$0	(\$285)
9. Conduct an internal assessment to evaluate the district's intervention program and develop an RtI program that will provide timely assistance to struggling students.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Create a written plan for the gifted/talented program and advanced academics that is based on identified needs and is implemented and updated annually.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11. Evaluate the district's special language services and create and regularly reassess a plan to improve the effectiveness of the district's special language programs.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12. Clarify roles and responsibilities of all personnel involved in the special education program, conduct a needs assessment to determine immediate, short-term, and long-term needs for professional development among special education staff, and identify potential resources for implementing the training.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	(\$285)

CHAPTER 3. HUMAN RESOURCES MANAGEMENT

An independent school district's human resources function is responsible for the management of staff. This function is critical because compensation and benefits account for approximately 80 percent of the average Texas school district's total budget. Human resource management is dependent on the organizational structure of the district. Larger districts may have staff dedicated to human resource management, while smaller districts assign staff these responsibilities as a secondary assignment.

Human resource management includes: compensation and benefits; recruitment, hiring, and retention; administrative planning and duties; records management; staff relations and grievances; and staff evaluations. These functions are defined by either compliance-based or strategic-based responsibilities. Compliance-based responsibilities include assuring an organization is following federal, state, and local labor laws in areas such as benefits, compensation and hours worked, records management, mandatory leave, discrimination, medical privacy, safety, termination, and eligibility to work. Strategic-based responsibilities include recruiting and retention, compensation and benefits, and staff relations.

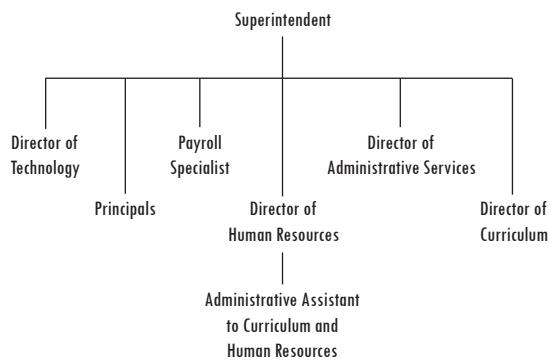
The Hempstead Independent School District's (ISD) Human Resources (HR) Department consists of a director of human resources and an administrative assistant to curriculum and human resources, who is shared with the director of curriculum. The director of HR manages the department, coordinates substitute training, recommends new-hire salaries, ensures new-hire paperwork is complete, administers the district's health insurance and workers' compensation programs, and ensures criminal history background checks are completed for new hires. The position's other responsibilities include administering family medical leave and overseeing compliance with the Equal Employment Opportunity Commission's (EEOC) guidelines.

The director of administrative services works collaboratively with the HR Department to serve as the grievance hearing officer, assist with new-employee training, ensure professional staff meet federal No Child Left Behind (NCLB) highly qualified requirements, and train new teachers in the Professional Development and Appraisal System (PDAS). The payroll specialist assists with the district's benefits and leave administration. The payroll specialist also collects all new-hire paperwork and verifies years of service. The director

of technology registers new substitutes in the absence tracking system and trains employees in district software programs that manage substitutes, leave, performance evaluations, and employee data management systems. The director of curriculum oversees staff development for the district, including new-hire orientation.

At the campus level, principals and assistant principals contribute to the HR hiring function by selecting applicants for interview, establishing campus interview committees, checking references, ensuring applicants meet minimum requirements, and submitting hiring recommendations to the director of HR for processing. Campus administrators also participate in recruitment trips with the director of HR. **Figure 3-1** shows human resources duties that are shared among district staff.

**FIGURE 3-1
HEMPSTEAD ISD ORGANIZATION FOR HUMAN
RESOURCES DUTIES
SCHOOL YEAR 2013-14**



SOURCE: Hempstead ISD, January 2015.

In school year 2013–14, Hempstead ISD employed 216.1 full-time equivalent employees, of which 116.6 were teachers who taught at the district's four schools. The district's schools include the Early Childhood School, Hempstead Elementary School, Hempstead Middle School, and Hempstead High School. **Figure 3-2** shows Hempstead ISD's actual payroll expenditures as a percentage of all funds for school year 2013–14 compared to three peer districts. Peer districts are Texas school districts similar to Hempstead ISD that are used for comparison purposes. The peer districts compared to Hempstead ISD are Mexia, Royal, and Yoakum ISDs.

As shown in **Figure 3–2**, in school year 2013–14, Hempstead ISD had the lowest number of staff compared to its peer districts. However, the district's payroll as a percentage of total expenditures was the second highest, less than that of Mexia ISD.

Figure 3–3 shows average base salaries by employee type for Hempstead ISD and the peer districts. Hempstead ISD's

average base salaries for total teaching staff, professional staff, other noninstructional staff, and support staff is the highest among its peer districts. Hempstead ISD's average salaries are the second highest, after Royal ISD, for educational aides, auxiliary staff, and total personnel. Hempstead ISD's average salaries for administrative staff and principal salaries are the third highest among the peer districts.

FIGURE 3–2
HEMPSTEAD ISD'S ACTUAL PAYROLL EXPENDITURES AS A PERCENTAGE OF ALL FUNDS, COMPARED TO PEER DISTRICTS
SCHOOL YEAR 2013–14

CATEGORY	HEMPSTEAD ISD	MEXIA ISD	ROYAL ISD	YOAKUM ISD
Total Expenditures	\$16,308,200	\$18,893,033	\$25,903,111	\$19,992,162
Payroll Expenditures	\$10,860,334	\$14,647,557	\$14,206,910	\$11,719,885
Payroll Percentage	66.6%	77.5%	54.9%	58.6%
Total Staff	216.1	325.2	270.3	273.6
Total Students	1,551	1,977	2,174	1,615

SOURCE: Texas Education Agency, Texas Academic Performance Report; Actual Financial Data, 2013–14.

FIGURE 3–3
HEMPSTEAD ISD AVERAGE BASE SALARIES FOR ADMINISTRATIVE, INSTRUCTIONAL, AND SUPPORT PERSONNEL, COMPARED TO PEER DISTRICTS
SCHOOL YEAR 2013–14

EMPLOYEE TYPE	HEMPSTEAD ISD	MEXIA ISD	ROYAL ISD	YOAKUM ISD
Total Personnel	\$39,390	\$36,030	\$41,772	\$31,795
Total Teaching Staff	\$46,655	\$45,483	\$45,292	\$40,174
Pre-K	\$49,128	\$41,250	\$49,236	—
Kindergarten	\$44,197	\$40,756	\$44,285	\$53,286
Elementary (Grades 1–6)	\$53,144	\$45,282	\$47,091	\$49,387
Secondary (Grades 7–12)	\$46,238	\$45,331	\$49,394	\$42,209
Support Staff	\$55,450	\$50,365	\$51,084	\$44,141
Librarian	\$48,016	\$53,251	\$28,420	\$49,966
Other Noninstructional District Staff	\$59,022	\$55,844	\$52,961	\$38,626
Administrative Staff	\$69,300	\$73,680	\$67,806	\$74,879
Principal	\$68,431	\$67,468	\$81,617	\$71,857
Superintendent	\$102,700	\$120,328	\$116,720	\$105,575
Total Professional Staff	\$49,140	\$47,916	\$48,230	\$42,500
Educational Aide	\$18,357	\$16,488	\$20,462	\$17,199
Auxiliary Staff	\$22,902	\$22,440	\$27,398	\$18,083

SOURCE: Texas Education Agency, Public Education Information Management System, Standard Reports, 2013–14.

FINDINGS

- ◆ Hempstead ISD's Human Resources Department lacks comprehensive, formally disseminated written procedures and regulations to ensure human resources functions are effectively and consistently implemented and are in compliance with federal and state laws and district policies.
- ◆ Hempstead ISD lacks a method to ensure personnel records are consistently managed and maintained in compliance with federal and state laws.
- ◆ Hempstead ISD does not manage the district's compensation plan to ensure internal pay system controls, equal pay for equal services, and that district pay is competitive with comparable external job markets.
- ◆ Hempstead ISD lacks a consistent method to accurately track hours worked and calculate overtime compensation for nonexempt employees in compliance with the federal Fair Labor Standards Act.
- ◆ Hempstead ISD does not fully implement fundamental features of its human resources software programs or train new staff in their use so that human resources functions are consistent, effective, and efficient.
- ◆ Hempstead ISD does not adequately describe the education and work experience requirements in its job descriptions or follow established hiring procedures to ensure the district hires qualified applicants.

RECOMMENDATIONS

- ◆ **Recommendation 13:** Review, continue to develop, and implement written procedures and regulations to guide human resources functions.
- ◆ **Recommendation 14:** Provide personnel records management training to district employees who oversee and assist in establishing and maintaining personnel files.
- ◆ **Recommendation 15:** Use established procedures and guidelines to manage the district's compensation plan in accordance with best practice.
- ◆ **Recommendation 16:** Use consistent work-time records to collect nonexempt employees' work time and overtime information to ensure compliance with the federal Fair Labor Standards Act.

- ◆ **Recommendation 17:** Develop training protocols to assist staff in maximizing the use of the district's human resources software.
- ◆ **Recommendation 18:** Implement the hiring procedures in the district's Administrative Procedures Manual and revise job descriptions to delineate expected qualifications and required job experience.

DETAILED FINDINGS

HUMAN RESOURCES MANAGEMENT (REC. 13)

Hempstead ISD's Human Resources Department lacks comprehensive, formally disseminated written procedures and regulations to ensure human resources functions are effectively and consistently implemented and are in compliance with federal and state laws and district policies.

In school year 2011–12, the former deputy superintendent/director of HR began developing an Administrative Procedures Manual. The Hempstead ISD Administrative Procedures Manual, last updated in March 2012, is a guide for implementing many processes and procedures for multiple departments in the district. The deputy superintendent/director of HR resigned from the district in July 2013 before completing the administrative procedures. However, before leaving the district, she posted the manual online in Eduphoria, a software system the district uses to archive teacher evaluations, test data, lesson plans, and other important district documents. Having the Administrative Procedures Manual posted in Eduphoria gave district personnel access to the procedures. Review team interviews with district staff indicated that the administrative assistant to curriculum and HR and some other central office staff knew that these procedures existed. The district still partially follows certain elements of the interview process described in the procedures.

The Administrative Procedures Manual outlines many HR functions, such as the application, selection, and interview processes; travel reimbursement procedures; administrator absence procedures; and procedures for reporting to the Board of Trustees. The manual explains how district vacancies should be posted and outlines the proper procedures for conducting interviews for various positions. For example, the manual explains that campus principals have the discretion to choose the teacher applicants they interview, and that principals are to conduct interviews using interview committees. The procedures explain that the HR Department

will train the interview committee in using proper questioning techniques. The Administrative Procedures Manual outlines that, at the campus level, applicants may have to demonstrate a lesson, parent communication skills, or other additional requirements that the HR Department deems necessary.

During the deputy superintendent/director of human resources' tenure, the district administration also used best practice models to develop a process for systematically establishing regulations. A regulation is a procedure that follows a more formal process in its development. Regulations are directly tied to an existing district legal or local board policy. A regulation outlines the procedure the district will follow in implementing a policy.

The regulation process is outlined as a flow chart in the Administrative Procedures Manual. The process calls for developing a draft regulation, allowing for stakeholder vetting, presenting the draft regulation to the board for approval, and final posting of the regulation to Eduphoria. The regulation development plan also includes a communication process to inform district leaders of new or revised regulations.

According to interviews with administrative staff, high turnover occurred in many district leadership positions during and after school year 2013–14. The district neglected to inform new campus and central office leadership of the existence of the procedures or fully implement them. Review team interviews with district personnel, including principals, confirmed that Hempstead ISD leadership did not know that the procedures existed. Consequently, although the district had developed specific written operational procedures that address many HR functions, the district did not disseminate these guidelines to new leadership and staff.

Consequently, although the district has specific written procedures for hiring and regulations in support of board policy, interviews with campus leadership indicated that the district's hiring practices are inconsistent and conducted without the benefit of the written procedures. Additionally, district personnel who have HR duties appear to be unaware that their duties include training interview committee participants in proper interview protocols. Review team interviews with principals regarding their interview process did not indicate that they understood the membership requirements of the campus interview committees, or that the district could require interviewees to demonstrate their professional skills as part of the interview process.

Another inconsistent HR practice concerns the district's lack of compliance in using exact nondiscrimination language in

the footer of the district's hiring documents. The U.S. Code of Federal Regulations (CFR), Title 34, Sections 100.6(d), 106.9, 104.8, 110.25, and 108.9, mandates that public schools receiving federal funds include in their documents language that states that the district does not discriminate on the basis of race, color, national origin, sex, disability, or age, and that it provides equal access to the Boy Scouts and other designated youth groups. Additionally, school districts must identify the title, address, and telephone number of the person serving as district officer for compliance with Title IX of the federal Education Amendments of 1972. The administrative assistant to curriculum and human resources serves in this capacity and coordinates the district's U.S. Department of Education's Office for Civil Rights (OCR) compliance efforts. It is the Title IX officer's responsibility to ensure Hempstead ISD is compliant with the federal code.

A review of district postings and other application and hiring documents indicates that the district does not consistently include the exact two-part nondiscrimination statement that the OCR requires as footer language in district documents.

Functions such as maintaining personnel records, staff development, benefits administration, compensation, performance management, and grievances involve complex processes driven by federal and state laws. Without using step-by-step procedures to guide their implementation, the district is without consistent, cohesive practices that ensure compliance with federal and state laws and district policy.

Figure 3–4 shows an analysis of some HR functions in Hempstead ISD that lack consistent implementation, oversight, and management compared to industry-standard practices.

Failure to provide written procedures to district administrators and supervisors leads to inconsistencies in both the hiring process and HR management. This practice also results in a risk for the district. For example, the use of interview committees that consist of untrained administrators and teachers could lead to allegations that the district uses discriminatory practices, which could result in EEOC investigations.

At the time of the onsite review, Hempstead ISD had a best practice model available in the Administrative Procedures Manual and regulation development flowchart. The Administrative Procedures Manual describes procedures in a clear step-by-step format with references to legal and local policy. The manual is a guide for developing additional written procedures for human resources functions, as needed.

FIGURE 3–4
HEMPSTEAD ISD HUMAN RESOURCES ACTIVITIES COMPARED TO INDUSTRY STANDARDS
SCHOOL YEAR 2014–15

TASK	INDUSTRY STANDARD	HEMPSTEAD PRACTICE
Recruitment	Recruitment strategies/goals based on needs	Strategic plans do not exist to increase staff diversity and meet the needs of limited-English-proficient students
Job Posting	Post jobs on district and professional websites	Jobs posted on district website and TASANET, a website listing job vacancies in the education field maintained by the Texas Association of School Administrators
Compliance with U.S. Office for Civil Rights (OCR) Requirements	Job postings and hire documents meet OCR requirement of nondiscrimination language in document footer	Not all hire documents have required OCR notice of nondiscrimination in document footers
Hiring Process	<p>Define procedure for selecting interview committee members</p> <p>Procedure exists for supervisor to inform HR department of vacancies for prompt posting</p> <p>Hiring timeline exists from time of posting to recommendation of finalist</p> <p>Define screening process in choosing applicants who meet qualifications</p> <p>Train members of interview committee regarding interview protocols that meet U.S. Equal Employment Opportunity Commission guidelines</p> <p>Determine number of required reference checks and provide guidance for the process and method to record results</p>	<p>Written procedures exist but are not distributed or implemented</p> <p>No written process for supervisor to inform HR Department of vacancies; some postings delayed</p> <p>Written procedures do not address specific timelines</p> <p>Written procedures do not articulate screening process</p> <p>Written procedures are not distributed or implemented</p> <p>Written procedures are not provided to supervisors; evidence of completion of reference checks is inconsistent</p>
Personnel Records	<p>Collect and file all federally and state-required documents</p> <p>Highly qualified status paperwork is completed, and the document is filed as required by federal No Child Left Behind Act</p> <p>Criminal history background check receipt is filed for each employee</p> <p>Employee records are organized in personnel file</p> <p>Personnel files are stored in locked, fireproof cabinets</p>	<p>Required federal and state documents are not consistently filed</p> <p>Highly qualified status documentation is not consistently filed</p> <p>Criminal history background check receipts are not consistently filed</p> <p>Documents not consistently collected</p> <p>Personnel files are filed in locked, fireproof cabinets</p>
Job Description Management	Job descriptions are fully developed and specific to the district	Job descriptions lack information regarding required experience, and some are template-model versions
Performance Evaluation Management	<p>All district employees' job performance is evaluated and filed</p> <p>A check-off system exists to ensure all employees are evaluated</p>	<p>Teachers are appraised, and appraisals are electronically filed using Eduphoria software. Nonexempt employees' evaluations are not consistently filed in personnel file</p> <p>Check-off system does not exist to inform supervisors that all evaluations are complete</p>
Supervisors and Staff Trained in HR Best Practice	HR training is planned so that district stays abreast of best practice	No evidence of an HR training calendar to ensure ongoing HR training

FIGURE 3–4 (CONTINUED)
HEMPSTEAD ISD HUMAN RESOURCES ACTIVITIES COMPARED TO INDUSTRY STANDARDS
SCHOOL YEAR 2014–15

TASK	INDUSTRY STANDARD	HEMPSTEAD PRACTICE
Training of New Employees in HR District Software	HR department maintains a training calendar so that new supervisors are trained in district HR software	Training calendars do not exist
New Employee Orientation	Provide new employee orientation and training on policies	Training is completed at the beginning of the year; campus principal provides training to employees hired thereafter
Employee Benefits	Administer employee benefits according to best practice	District fails to effectively inform employees of benefits

SOURCES: Legislative Budget Board School Review Team, January 2015; Texas Association of School Boards.

The regulations flow chart provides district personnel with step-by-step instructions for developing regulations. Further, the written guidance accompanying the flow chart requires the district to upload all regulations to the Eduphoria software system. The requirement to archive these documents electronically helps ensure that the written regulations are institutionalized and readily available to all staff.

According to the director of HR, the district has memberships in the Texas Association of School Boards (TASB), the Texas Association of School Personnel Administrators (TASPA), and the Texas Association of School Business Officials (TASBO). These organizations offer best practice models and are available to assist school districts with expert advice in the development of procedures and regulations.

Hempstead ISD should review, continue to develop, and implement written procedures and regulations to guide human resources functions. The director of HR, along with district staff responsible for HR functions, should review and assess the HR procedures in the Administrative Procedures Manual for accuracy and completeness. Staff should update the procedures and develop additional written procedures and regulations as needed. The district should consider writing its procedures as regulations for a more efficient method of establishing guidelines. The district can upload approved regulations to the district's Eduphoria software so that these documents are electronically available to all staff, ensuring consistency and smooth transitions when staff changes occur in the district.

The director of HR should ensure procedures and regulations include all HR functions, such as compensation and benefits; recruitment, hiring and retention; records management; staff relations and grievances; and staff evaluations. The director of HR should also provide notice and, if needed, training for staff when new procedures are added to the Administrative

Procedures Manual or when new regulations are uploaded to Eduphoria. Written procedures and regulations will guide Hempstead ISD's HR practice so that the district is in compliance with laws, such as the federal Fair Labor Standards Act (FLSA), EEOC guidelines, OCR, and NCLB guidelines.

In addition, the director of HR should develop an annual HR Department calendar so that staff meet responsibility timelines, such as recruitment activities, evaluation deadlines, and contract issuance. TASB provides a sample HR activities calendar to its subscribers, which shows important HR activities to perform by month. The director of HR should use these calendars to keep the department abreast of required duties by month.

To comply with the nondiscrimination notices that the OCR requires, the director of HR should ensure that pertinent district documents contain the full mandated OCR statement as a footer in publications, such as handbooks, notices, all hire documents, written memoranda, or communications to students, parents, employees, and applicants. These documents should also include the title, address, and telephone number of the district's Title IX coordinator.

This recommendation could be implemented with existing resources.

RECORDS MANAGEMENT (REC. 14)

Hempstead ISD lacks a method to ensure personnel records are consistently managed and maintained in compliance with federal and state laws.

The administrative assistant to curriculum and human resources is responsible for establishing, organizing, and maintaining personnel files. The district maintains the personnel files in fireproof cabinets in the director of

administrative services' office, which once housed the HR Department. When authorized personnel need to view a personnel file, they use a checkout procedure established by district staff.

District staff use a new-hire checklist to guide placement of documents when creating a new personnel file. However, the new-hire checklist provides only a partial list of the documents that should be included in personnel files. The district new-hire checklist describes the staff's onboarding responsibilities rather than providing specific, comprehensive guidance regarding document collection. For example, the new-hire checklist provides routing information for a variety of duties, such as establishing a new email account or adding new employees to the payroll system.

The review team inspected approximately 40 randomly selected personnel files and found that the district does not consistently collect and file required federal and state documentation. Further, HR training records indicate that the director of HR and the administrative assistant to curriculum and human resources lack formal training in personnel file management, which may contribute to record collection inconsistencies.

HR staff inconsistently collected the following required federal and state documents:

- certifications and licenses;
- highly qualified teacher documentation;
- social security non-coverage notices;
- fingerprint receipts;
- official transcripts; and
- assignment records.

Other documents that staff gathered inconsistently are:

- job performance evaluations for employees other than teachers;
- recommendations for hire or personnel action forms;
- reference check information;
- emergency contact information; and
- acknowledgement forms for receipt of specific documents (e.g., employment policies, employee handbook, or acceptable use of technology policy).

The director of administrative services verifies the highly qualified (HQ) status of teachers and paraprofessionals and completes required worksheets documenting the method used for determining HQ status. The review team observed that these HQ worksheets are also inconsistently placed in the personnel files.

Furthermore, district personnel do not consistently collect the criminal history background check receipt that provides evidence that candidates for employment have completed the fingerprinting process, as required by the Texas Education Code, Chapter 29, Subchapter C, and are eligible for hire. By collecting the criminal history background check receipt and filing it in the personnel file, the school district ensures that it has completed the background check on each prospective employee.

Some personnel files examined by the review team contained conflicting workers' compensation notices. For example, on the same day, August 4, 2014, one employee signed two different workers' compensation notices when completing new-hire paperwork. One notice informed the employee that he had coverage for workers' compensation through the district's workers' compensation provider, which was an accurate notice. The other notice informed him that he could elect to waive district coverage for workers' compensation in favor of seeking the employee's common-law right to recover damages for personal injury. The Texas Workers' Compensation Labor Code, Section 504.018 (b), states that employees of a political subdivision are conclusively considered to have accepted the compensation provision instead of the common-law right to recover damages for personal injury in the course of employment.

Additionally, two personnel files that the review team checked contain personal medical information, which should not be included. The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the federal Americans with Disabilities Act (ADA) require that personal medical information be filed in a separate confidential file. Placing these forms in the personnel files is an infraction of the HIPAA and ADA guidelines that require that districts protect personal health information.

As a result of the HR Department's lack of training, district personnel inconsistently collect and maintain required federal and state documents. This inconsistency could lead to non-compliance with federal and state requirements that are monitored by the district's external auditors. External auditors annually review and report on school districts'

financial information. Part of this audit requires a review of randomly selected employee files.

Failure to collect and file the criminal history background check receipt has resulted in potential safety risks for district students and staff. For example, district staff indicated that an employee reported to the work site as a substitute before the district verified that the fingerprint process had been completed and that the applicant was eligible for hire. This employee worked in the district for almost one month before the administrative assistant to curriculum and human resources discovered the omission in early October 2014. The new-hire checklist indicates that the district had completed the criminal history background check on September 9, 2014, which may have been recorded in error. The personnel file contains a memo to the superintendent from the administrative assistant informing her of the mistake. Eventually, the substitute was cleared to work in the district. Without requiring new hires to present their criminal history background check receipt, the district could not be certain that the recommended new hire had completed the process and was eligible for employment.

In addition, keeping an employee's medical history in the personnel file could result in the district's culpability for not protecting its employees' private health information, an inconsistency with HIPAA. This oversight could result in infractions for any persons determined to have been negligent.

Hempstead ISD is a member of several professional organizations that provide checklists aligned with industry standards for use in establishing and maintaining employee personnel files. These checklists are designed to ensure that record collection is consistent with federal and state laws. TASB offers sample checklists that specifically identify the mandated federal and state documents districts must place in employee personnel files. These checklists also provide information on documents that staff must collect before employment and during the employment process.

San Elizario ISD has developed a process to ensure that personnel records are consistently maintained and include all federal and state mandated documents. Using comprehensive checklists, the staff collects and organizes personnel documents in the personnel files. Attaching the checklist to each file allows one to quickly locate needed documents and determine if a file is complete. This school district also uses color-coded tabs to categorize documents in each individual

employee file. Using color-coded tabs helps personnel staff minimize the possibility that documents are misfiled.

Hempstead ISD should provide personnel records management training to district employees who oversee and assist in establishing and maintaining personnel files. Staff should maximize the district's memberships in TASB, TASPA, and TASBO to attend records management trainings offered by these organizations. These organizations provide training through webinars to assist staff in establishing, collecting, and maintaining records so that personnel responsible for hiring documents understand federal and state record requirements, including HIPAA and ADA health privacy requirements. The websites of these organizations also offer model forms that the district could use to assist in consistently collecting and filing documents.

After receiving training, HR personnel should use model checklists that identify the documents that the district should collect for each employee according to federal and state laws to develop comprehensive checklists that will guide and facilitate the records management function. Staff should develop a checklist of district documents that are required by Hempstead ISD. The director of HR should develop a list of those documents that will be kept in separate files and identify the location of the files such as:

- Employment Eligibility Verification Forms (U.S. Citizenship and Immigration Services Form I-9);
- criminal history record information (the receipt may be kept in the personnel file);
- post-offer employment physicals for bus drivers;
- alcohol and drug screening tests;
- medical information;
- investigation/legal or attorney paperwork; and
- benefit enrollment forms.

The HR Department and payroll personnel should develop a list of documents that the Business Office should keep in its payroll files, such as:

- withholding forms;
- copy of Social Security card; and
- leave administration information.

HR Department personnel should conduct an audit of the district's personnel files to determine what is missing or is not needed, and collect documents to ensure that all personnel files are complete and contain the required records. The director of HR should consider some best practice models in organizing each file. The district uses dividers in each file. Using color tabs could help organize the files. HR Department personnel should place file checklists at the front of each file for easy reference.

This recommendation could be implemented with existing resources.

COMPENSATION PROCEDURES (REC. 15)

Hempstead ISD does not manage the district's compensation plan to ensure internal pay system controls, equal pay for equal services, and that district pay is competitive with comparable external job markets.

In 2008, Hempstead ISD contracted with TASB to perform a market study and design a compensation plan for the professional/administrative and auxiliary employee groups. School districts often work with professional organizations such as TASB, TASPA, or TASBO to assist them with their compensation structures. Additionally, districts may seek guidance in establishing compensation plans for noninstructional employees whose placement on the teacher step scale is not appropriate.

The Texas Education Code, Section 21.402, establishes a salary step compensation structure for teachers based on years of creditable teaching service. School districts adapt this model scale to develop specific compensation plans for teachers. The compensation structure enables teachers to move along the plan's steps as they gain annual experience. School districts often award an annual step-pay increase to teachers when they have completed a year of creditable experience. If a district's budget allows, districts often add extra compensation in addition to the step increase.

When Hempstead ISD contracted for a compensation study, with TASB's assistance, it identified 10 peer school districts to serve as external pay-equity comparison groups. As a result of the compensation study, TASB developed a compensation model for the district with pay structures based on job value; the model offers built-in compensation controls through the use of minimum, midpoint, and maximum control points.

According to review team interviews, Hempstead ISD provides teachers a step-pay increase each year correlating to their years of experience. Hempstead ISD teachers received a

step-pay increase plus a 3 percent of midpoint pay increase in school year 2009–10. In school year 2012–13, teachers did not receive a step increase but were given a one-time amount of \$750 each. In school year 2013–14, the district moved teachers up two steps, and teachers received a coinciding pay increase.

The district's compensation plan, which was adopted and has been used since 2008, is divided into two pay categories: the administrative/professional and auxiliary pay groups. Each pay group lists district jobs by pay levels that are arranged and numbered by level of responsibility, with jobs requiring the most responsibility assigned to the highest numbered pay-grade level. Within each pay grade are minimum, midpoint, and maximum control points that ensure appropriate pay differences between pay-grade levels.

When TASB consultants complete a school district compensation study, the organization provides districts with procedural guidelines that they could choose to implement. These guidelines help districts customize their compensation practices to meet their changing needs. For example, these guidelines provide formulas and procedures for:

- determining actions to take in reclassifying jobs;
- determining pay for temporary assignments;
- providing for general pay increases based on the percentage of midpoint of each pay grade; or
- providing detailed information for managing employee movement through each of the pay grades as employees receive promotions or other changes in pay.

However, interviews with district personnel indicate that staff are unaware of and do not use the TASB procedural guidelines to manage their compensation plan. For example, in school year 2013–14, the district leadership determined salaries for newly hired central office administrative personnel without following any guidelines and without accounting for internal equity. Consequently, the district paid some new hires with less job experience more than incumbents with more experience.

To rectify these internal pay-equity issues, in August 2014, the district adjusted the salaries of some underpaid central office administrators to correspond to relevant job experience; however, the district did not adjust administrators' salaries who were overpaid according to their specific job experience. The district did not seek guidance from professional

compensation experts about adjusting the plan's structure, such as pay-range control points, to coincide with the pay adjustments of some of its employees.

Additionally, the auxiliary pay scales indicate that the administration assigned years of service to correlate with the minimum, midpoint, and maximum pay-range designations to assist in determining new-hire starting salaries. These years of service determinations are handwritten on the scale. For example, the district has designated the scale's minimum control point to equal 1–10 years of experience, the midpoint control correlates to 11–20 years, and the maximum control point represents 21 or more years of experience. Assigning years of service to correlating pay grade control points is not a function of this type of compensation plan.

Hempstead ISD uses a stipend allocation plan to compensate employees who work extra-duty athletic assignments. The district publicizes the stipend amounts in a list by gender and athletic activity. The stipend list is divided into two columns according to gender. Coaching assignments, such as football, basketball and baseball, are listed in the male column. The female column includes softball and volleyball, in addition to other sports, such as track and basketball. A close review of the stipend allocation list indicates that, for the most part, coaching stipend amounts for comparable athletic coaching assignments are the same, with the exception of the junior varsity basketball coaches. A junior varsity coach for the boys' team receives \$2,200, while a coach in the same position for the girls' team earns \$1,900.

Compensation plan designs such as the one developed for Hempstead ISD require regular structural adjustments to maintain internal and external pay values. Comparing the original compensation scales in the TASB compensation plan to the auxiliary pay scale used by Hempstead ISD at the time of the onsite review indicates that the district has not adjusted the minimum, midpoint, or maximum pay-control points since 2008, which may cause salary compression. The district may not be in alignment with comparable external job market levels, which might cause the district to set new-hire salaries above the pay of incumbents with more experience to recruit candidates.

Unless guided by industry-standard best practices, these types of compensation actions could lead to allegations of discrimination if an employee with more experience receives less pay than a new employee that is in the same pay grade and has similar job duties.

Furthermore, Hempstead ISD's practice of assigning different stipend pay to coaches that coach the same male and female high school sport exposes the district to allegations of disparate pay practices if the coaches are members of a protected class. Protected classes are defined in the federal Civil Rights Act of 1964 and the federal Age Discrimination in Employment Act (ADEA) of 1967. According to these laws, employers cannot discriminate on the basis of race, sex, color, religion, national origin, or age. In the case of the junior varsity basketball coaches, the pay, as published on the Hempstead ISD stipend pay schedule, is not equal. The coach for the boys' team receives more pay than the coach for the girls' team. If protected classes are not equitably compensated, violations of federal labor laws, such as FLSA, Title VII of the Civil Rights Act prohibiting employment discrimination, the federal Equal Pay Act of 1963, and ADEA, may result in litigation and penalties.

Canutillo ISD contracted with TASB to conduct a compensation study because the district had identified pay inequities in its auxiliary and paraprofessional employee groups. Because the district historically placed the auxiliary and paraprofessionals group on a step system similar to the teacher pay scale, some paraprofessionals with 30 years of experience were earning close to the salary of a beginning teacher. After the study was completed and the board adopted a new compensation plan, TASB provided the district with procedural guidelines so that the district's HR professionals could administer and maintain the compensation program. After completing the compensation study, TASB consultants guided the district through challenging compensation scenarios to enable the district to resolve its pay issues without compromising the internal equity of the pay system and to maintain competitiveness with external job markets.

Hempstead ISD should use established procedures and guidelines to manage the district's compensation plan in accordance with best practice. The director of HR should consult with TASB compensation experts to seek guidance in addressing internal inequities that could exist in the district's compensation plan. In addition, to protect its investment in the compensation plan, Hempstead ISD should customize TASB's suggested administrative procedures for use in administering and maintaining its compensation program. Using these administrative procedures will ensure that the district's compensation actions are equitable, consistent, and in compliance with best practice standards.

The district should revise the athletic coaches' stipend list so that coaches coaching the same high school sport receive

equal pay. In addition, Hempstead ISD should annually review the athletic stipend schedule to ensure that the district is paying athletic coaches equitably for the sport they coach in compliance with federal pay laws, such as the Equal Pay Act, which requires that persons should receive equal pay for equal work regardless of sex, and Title IX, which protects students in educational programs, including athletics, from discrimination.

These recommendations could be implemented with existing resources.

TIMEKEEPING AND OVERTIME COMPLIANCE (REC. 16)

Hempstead ISD lacks a consistent method to accurately track hours worked and calculate overtime compensation for nonexempt employees in compliance with the federal Fair Labor Standards Act.

Hempstead ISD uses paper time sheets rather than time clocks to record nonexempt employees' work time. Nonexempt employees are employees who, because of the type of duties performed, the usual level of decision-making authority, and the method of compensation, are subject to all FLSA provisions, including the payment of overtime. Nonexempt employees are typically required to account for hours and fractional hours worked. Nonexempt employees must be compensated for all overtime hours worked at the premium (time-and-one-half) rate of pay. Although the FLSA does not require school districts to use time clocks, the act requires that time records identify the daily and weekly hours worked for each pay period, and overtime hours accrued. According to district interviews, paraprofessionals and employees who have access to computers could elect to track their time on an electronic timesheet that automatically calculates the time worked. This electronic timesheet identifies the day of the week, time in and out, overtime increments, and straight time, actual time worked with no overtime, for the pay period.

Other employees, who might not have access to computers, use handwritten time records that do not contain the required FLSA elements and do not offer the accuracy of spreadsheet calculations. For example, bus drivers and at least one central office nonexempt employee record blocks of time worked. These time records identify the work weeks but not the specific time in and out or any overtime hours worked. The FLSA requires bus drivers to record their hours worked daily by the work week.

An analysis of the district's time records shows that the majority of hourly employees are not recording exact start and end times each day of the workweek. For example, the majority of the district's time sheets for employees whose start time is 8:00 a.m. show that employees began work at exactly 8:00 a.m. each day of the week and each week of the pay period. This type of timekeeping does not reflect the actual hours and minutes that nonexempt employees work, as required by the FLSA. The time sheets would show variances of time across the district. The FLSA states that when time cards reflect the same time in and out day after day, this might be a red flag that employees are not following FLSA guidelines.

Review team discussions with staff who work with time and attendance records indicate that these employees have not been trained in the FLSA and may not understand the school district's responsibility for accurately recording nonexempt employees' work time. Furthermore, Hempstead ISD does not provide training, written procedures, or regulations to personnel responsible for calculating compensatory time and overtime compensation to assure accurate compensation calculations in compliance with federal law. For example, analysis of March 2014 work time records indicates that an employee submitted a record of overtime worked from February 3, 2014, to May 19, 2014, for a total of 105.35 hours. A review of the record found mathematical errors in calculating the amount of overtime hours worked. The notes on the record authorizing payment indicate that the district may not have reconciled the inaccurate time calculations before payment of overtime.

The same overtime record shows that the district could have paid the employee an hourly extra-duty rate. The U.S. Department of Labor (DOL) warns school districts that paying nonexempt employees by stipend or a flat rate is not recommended because the rate could be inadequate for overtime compensation or not meet minimum wage requirements. Instead, the FLSA guidelines recommend using a weighted average of the employee's primary job's regular pay rate and the extra-duty rate to determine the amount the district should use to pay for the overtime.

In another instance, a February 2014 time sheet shows that an employee worked 3.25 hours of overtime. However, a note on the time sheet states that the district authorized payment for only 3.0 hours of overtime. Consequently, the district may have not compensated the employee for the correct amount for the overtime worked.

The district could be failing to comply with Board Policy DEA (LOCAL), regarding compensation and benefits, which states that a nonexempt employee who works overtime without prior approval from the supervisor is subject to disciplinary action but shall be compensated for the overtime worked in accordance with the Fair Labor Standards Act. A March 2014 pay record contains a letter from the superintendent to an hourly employee who had not received payment for overtime that the employee had submitted on the December time sheet. In the March 20, 2014, letter, the superintendent informs the employee that the 23 hours of overtime will be paid, but, in the future, if the employee does not get preapproval from the supervisor to work overtime, the district will not pay any overtime accrued. The superintendent's comment regarding future nonpayment for unauthorized overtime contradicts board policy and FLSA requirements.

The lack of keeping accurate time records and erroneously calculating overtime compensation for nonexempt employees who work at Hempstead ISD potentially violates the FLSA, which is enforced by the DOL. District failure to accurately pay employees for time worked results in a potential risk for the district if the DOL reviews district practices. The DOL has the authority to levy penalties to school districts if the DOL finds that the district has violated provisions of the FLSA.

The district can find information on the Fair Labor Standards Act on the DOL website: www.dol.gov/compliance/laws/comp-flsa.

TASB and TASBO offer webinar trainings regarding overtime administration. The trainings outline industry standards to guide school districts in the administration of overtime and compensatory time. Additionally, publications, such as TASB's The Administrator's Guide to the Fair Labor Standards Act, are available that explain all the provisions of the FLSA.

Hempstead ISD should use consistent work-time records to collect nonexempt employees' work time and overtime information to ensure compliance with the federal Fair Labor Standards Act. Hempstead ISD human resources staff, in coordination with Business Office personnel, should develop written procedures to guide the time and attendance function of the school district. HR Department staff should develop a uniform time sheet to ensure that timekeeping records are consistent across the district.

HR Department staff should attend FLSA training. The director of HR should then charge an FLSA-trained central office employee with the responsibility of regularly monitoring the district's time and attendance records. The employee charged with this duty should monitor the compensatory/overtime hours that employees accrue so that they are accurately and timely compensated. The director of HR should assign a second trained employee to check overtime calculations to ensure accuracy. The HR Department should ensure all supervisors and nonexempt employees know their compensatory time balances each pay period.

Hempstead ISD should initiate an FLSA training program to include the training of pertinent district personnel. For example, all supervisors, including campus and central office administrators and their staff, should receive comprehensive training in the FLSA annually. In addition, the district should provide training to all nonexempt employees and issue a statement of acknowledgement that requires employee signatures to validate that employees understand the provisions of the FLSA, and that they understand that all time worked must be recorded for payment. District supervisors should assume the responsibility of enforcing FLSA standards when they oversee and validate district time records.

Additionally, Hempstead ISD should consider implementing a time clock system that is compatible with its business and student software system, the Texas Enterprise Information System (TxEIS). Weighing the advantages of purchasing a time clock system for about 150 nonexempt employees might prove cost-effective compared to the present method of using inconsistent manual mathematical computations.

This recommendation could be implemented with existing resources.

SOFTWARE IMPLEMENTATION AND TRAINING (REC. 17)

Hempstead ISD does not fully implement fundamental features of its human resources software programs or train new staff in their use so that human resources functions are consistent, effective, and efficient.

Hempstead ISD's HR Department uses the following software to automate its day-to-day functions:

- Aesop Substitute and Absence Management System;
- Eduphoria School Objects; and
- TxEIS.

These systems allow districts to automate HR processes and manage large amounts of data to execute personnel-related actions. However, review team interviews with staff indicate that the district does not fully implement many of the fundamental features of these software systems. Additionally, the district does not provide regular training on HR software systems as part of new employee onboarding processes. In review team interviews, staff indicated that training in the HR software systems is inconsistent. Most of the new administrative hires and support personnel have not had training in Aesop, Eduphoria, or TxEIS.

Currently, the district uses Aesop primarily for tracking teacher absences and procuring substitutes. The Aesop system provides many more features than just substitute calling. In interviews with the review team, staff indicated that the district has not trained most of the employees and supervisors in using Aesop's full capabilities. Hempstead ISD uses AESOP to track teacher absences. However, the district does not use the system to track the absences of all employees. Without using Aesop for all employees, manual tracking and entry of employee leave could result in a less efficient and accurate method of leave accounting.

The district has invested in the Eduphoria software system and uses it to track principals' PDAS appraisals of teachers. The district uses Eduphoria to register personnel for staff development, verify the training hours staff have completed, and electronically issue completion certificates to teachers.

However, the Eduphoria software system has the capability of generating job performance evaluations for all district employees, including the administrative staff. In interviews conducted by the review team, staff reported that the district routinely evaluates its non-teacher groups using paper evaluations. However, a review of district personnel files found that evaluations for non-teaching staff were not consistently filed. When the review team asked why some evaluations were missing, staff stated that the evaluations could still be at the campuses. The lack of accounting for each annually completed written evaluation of a principal, nurse, supervisor, counselor, or other full-time, certified professional employee in a systematic and organized manner leaves the district at risk of not following Board Policy DNB (LEGAL), regarding personnel positions. The policy requires a written annual evaluation of the superintendent and each principal, supervisor, counselor, nurse, or other full-time employee at least annually or at more frequent intervals.

In July 2014, Hempstead ISD purchased TxEIS, an information system used to automate a district's business functions, manage student information, and facilitate collection of required data for state reporting to the Texas Education Agency's Public Education Information Management System (PEIMS). However, according to district interviews, implementation and training of employees in the use of this system is not consistent.

District interviews indicate that HR Department staff do not understand the TxEIS HR module capabilities. For example, the district is not using the Position Management System that is part of the TxEIS system's HR module. The Position Management System allows districts to electronically account for their position inventory. The position inventory informs the district of how many positions are approved for each campus and department, including central office. The Position Management System also allows the district to run accurate staffing reports for use in the budget process each year. Without using the complete TxEIS HR module, staff cannot access employee data, such as emergency contact information, or contract information via computer and rely on information kept in hard-copy files or spreadsheets.

Failure to fully implement software systems could result in inaccurate data recording and inefficient use of staff time. For example, not using all of Aesop's capabilities requires campus staff to manually enter leave information based on a paper form that is completed by an employee requesting leave. This process could lead to errors and is inefficient. Employees could call in or electronically record their absence in Aesop; but the district continues to require a clerk to record absences and calculate leave balances. Additionally, the district is not able to run absence reports by campus or department and analyze leave data and cost implications of employee absence rates because it is not using Aesop's automated system.

Failure to use Eduphoria's full range of capabilities restricts Hempstead ISD's ability to ensure that all staff are evaluated annually, to account for completed evaluations, and to archive evaluations electronically. Failure to maximize use of the software makes it more difficult for the district to maintain noninstructional staff's performance evaluations in a centralized location available to authorized personnel. If a supervisor requests copies of past evaluations, HR personnel must locate paper evaluations at the campuses or district operational offices, such as Transportation or Maintenance Department offices.

Many school districts in Texas fully use the software systems that Hempstead ISD has implemented. For example, Socorro ISD uses the Aesop system to track the absences of all its employees. Reports are run for campus principals so they can manage employee absenteeism rates. Further, the leadership of the district holds the principals accountable for the attendance rates of students and their staff. Absence reasons are specifically included in the Aesop system so that the district can disaggregate absence data to determine how often teachers are out of the classroom to attend staff development, for example, or are absent because of duty-related activities.

Socorro ISD uses Eduphoria to develop evaluation instruments for all staff. Using Eduphoria in this manner allows supervisors to electronically evaluate employees, hold conferences, gather electronic signatures from employees, and archive the evaluation. Electronic lists can be generated showing who has been evaluated. This practice saves paper and reduces time spent locating evaluations and filing them in personnel files.

Milsap ISD uses TxEIS's Position Management Information System to automate and manage its position inventory. This system's use eliminates the need to maintain spreadsheets of filled and vacant positions throughout the district, and it allows the finance and HR offices to generate reports when forecasting staffing costs.

Hempstead ISD should develop training protocols to assist staff in maximizing the use of the district's human resources software. The director of HR and the director of technology should collaboratively develop a training calendar to ensure that employees are timely trained in the HR software the district uses. The training goals for the district could include the use of the following:

- Aesop: track and manage employee absences, provide instant absence approvals, generate reports to track absence reasons, and analyze substitute costs to the district;
- Eduphoria: execute and archive electronic evaluations for nonteaching staff; and
- TxEIS: manage the district's position inventory information, maintain an electronic history of position assignments, and maintain service record information.

This recommendation could be implemented with existing resources.

HIRING PRACTICES AND REQUIREMENTS IN JOB DESCRIPTIONS (REC. 18)

Hempstead ISD does not adequately describe the education and work experience requirements in its job descriptions or follow established hiring procedures to ensure the district hires qualified applicants.

Hempstead ISD's organization chart shows that the district employs seven administrators as directors. However, an analysis of the job descriptions for these positions indicates that education requirements are not consistent at the director level. For example, three positions require a master's degree, and four positions require a bachelor's degree. In addition, none of the leadership job descriptions identify the required work experience to ensure that job applicants have the necessary high-level skills to perform the responsibilities of the respective positions.

In its job descriptions, the district requires master's degrees for the director of administrative services, director of curriculum, and the director of special education. Administrators who are in the positions of director of human resources, director of finance, and director of technology also hold master's degrees, but their job descriptions only require a minimum of a bachelor's degree. These administrative positions are as critical to fulfilling the school district's mission as the other directorships, but the descriptions do not reflect the equal expectation of holding the minimum education requirement of a master's degree. This disparity could expose the district to allegations of disparate treatment if there is a discrepancy in the compensation levels of these personnel, for example. Additionally, none of the director-level job descriptions articulate the number of required years of experience. The lack of determining the years of experience and the type of experience needed to perform a job makes it challenging for the district to identify the applicant who has the work experience and skills to perform the job's responsibilities.

Furthermore, district interviews indicate that Hempstead ISD personnel are not fully complying with established hiring procedures when hiring administrative personnel. For example, the district uses an informal practice of recruiting applicants who have interviewed for district jobs to fill other posted jobs in the district. According to interviews, district officials have approached applicants that have been interviewed and have asked them to apply for other jobs in the district. Sometimes these applicants have had the appropriate credentials and work experience, but other times they have not. In some instances, job applicants applied for

campus leadership or teaching positions, but after the interview, district officials asked them to apply for another specific district vacancy. In the three cases that this practice has occurred, the district hired all the applicants that were asked to apply for the suggested jobs.

In another example, a district employee applied for a campus leadership position and was interviewed and selected for another leadership position at the central office without having the necessary qualifications. To support the director promoted to this job, the district hired consultants to ensure the job's complex responsibilities could be performed.

One reason school districts develop and use job descriptions is to ensure that the district recruits highly qualified applicants for the positions they post. The job description is the foundation that articulates the district's core values and promulgates the district's mission. Comprehensive job descriptions specify the district's expectations for the minimum educational level, the skills needed to perform the job effectively, and the job experience the district deems important so that the applicant understands and can fulfill the responsibilities inherent in the job.

Further, job descriptions play an important role in helping districts meet the EEOC hiring expectations. The EEOC's guidelines recommend that employers advertise their employment opportunities through a wide venue, screen applicants by using established criteria, and provide applicants with opportunities to interview so that the employer, without bias, can select the best candidate for the position.

When an administration does not methodically develop job competencies in job descriptions or skips important procedures for hiring, the district fails to search for and hire applicants who have experience and skills and are the best choice for executing their responsibilities. This practice often leads to costly employee turnover because employees cannot perform the duties and responsibilities for which they were hired. For example, in school year 2013–14, of the seven existing directorships, the district hired five new directors. Hempstead High School had four principals during school year 2013–14. At the time of the onsite review, all three campus principals were new to their positions. According to interviews with district personnel, some of the incumbents who no longer work with the district left because of job performance deficiencies.

In addition, failure to follow standardized hiring procedures could lead to allegations of disparate treatment because of the perception that the district has selected a candidate to fill a

position before allowing a pool of applicants the equal opportunity to interview. Specifically, the EEOC identifies barriers to equal opportunity hiring as using questionable recruitment practices that do not seek to find all qualified applicants for the position, or practices that rely on informal networks or word of mouth to find applicants for positions.

The EEOC provides best practice solutions to human resources professionals in their recruitment, hiring, and promotion practices. HR professionals should perform all hiring practices in a manner to ensure that they are providing equal employment opportunities for all interested applicants by posting jobs in a variety of public venues. Developing sound job descriptions with carefully identified qualifications and detailed work experience assists in objectively selecting applicants for interview. Consistently following best practice hiring processes could ensure that the district attracts, interviews, and selects the best candidates for its job openings.

Hempstead ISD should implement the hiring procedures in the Administrative Procedures Manual and revise job descriptions to delineate expected qualifications and required job experience. The director of HR should consider the following steps to ensure full compliance with EEOC expectations for the hiring process:

- strengthen existing hiring procedures to include hiring administrative level positions;
- revise administrative-level job descriptions so that education and job experience requirements accurately reflect the district's profile of a successful candidate for employment;
- describe processes to ensure job vacancies are timely posted allowing sufficient time to fill positions;
- follow consistent interview protocols for all job interviews in the district;
- establish a process by which job descriptions are reviewed and revised each time a job is posted;
- provide EEOC training to all personnel involved in the hiring process and provide retraining on a scheduled basis; and
- use hiring process checklists each time the district needs to fill a position; these checklists are available from human resources organizations that the district uses.

This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules, or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 3. HUMAN RESOURCES MANAGEMENT							
13. Review, continue to develop, and implement written procedures and regulations to guide human resources functions.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14. Provide personnel records management training to district employees who oversee and assist in establishing and maintaining personnel files.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15. Use established procedures and guidelines to manage the district's compensation plan in accordance with best practice.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16. Use consistent work-time records to collect nonexempt employees' work time and overtime information to ensure compliance with the federal Fair Labor Standards Act.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17. Develop training protocols to assist staff in maximizing the use of the district's human resources software.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18. Implement the hiring procedures in the district's Administrative Procedures Manual and revise job descriptions to delineate expected qualifications and required job experience.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CHAPTER 4. FINANCIAL MANAGEMENT

An independent school district's financial management function administers a district's financial resources and plans for its priorities. Administration may include budget preparation, accounting and payroll, administrative technology, tax appraisal and collection, and auditing. Planning may include aligning a district's budget with its district and campus priorities, allocating resources, and developing a schedule with milestones.

Financial management is dependent on a district's organizational structure. Larger districts typically have staff dedicated to financial functions, while smaller districts have staff with multiple responsibilities. Budget preparation and administration are critical to overall district operations. Financial management includes budget development and adoption, oversight of expenditure of funds, and involvement of campus and community stakeholders in the budget process. Managing accounting and payroll includes developing internal controls and safeguards, reporting of account balances, and scheduling disbursements to maximize funds. Management of this area includes segregation of duties, use of school administration software systems, and providing staff training. Texas state law requires all school districts to have an external auditor review the district's compliance with established standards and practices. The audit provides an Annual Financial and Compliance Report (AFR), an examination of the expenditure of federal funds, and a report to management on internal accounting controls.

Hempstead ISD's Business Office has experienced staff turnover and reassignment of responsibilities. In October 2013, the business manager position at Hempstead Independent School District (ISD) was vacant, and the only remaining position in the Business Office was the Public Education Information Management System (PEIMS) coordinator. PEIMS is the Texas Education Agency's (TEA) data collection system. During school year 2013–14, the superintendent assumed leadership of financial operations and enlisted the assistance of the PEIMS coordinator and two external consultants to perform daily business tasks. In July 2014, after the district hired an interim superintendent, the district changed the business manager position to a director of finance position, filled the director of finance position, and added a payroll specialist position to the Business Office. The district also hired two new consultants that replaced those from the previous year. With this restructure, the district reassigned fiscal duties performed by the PEIMS coordinator to the new staff. **Figure 4–1** shows how several business functions transitioned from the PEIMS coordinator to the director of finance and payroll specialist.

**FIGURE 4–1
HEMPSTEAD ISD BUSINESS OFFICE STAFF RESPONSIBILITIES
(2)
SCHOOL YEARS 2013–14 AND 2014–15**

OCTOBER 2013 TO JULY 2014	JULY 2014 TO PRESENT
PEIMS COORDINATOR (1)	DIRECTOR OF FINANCE
<ul style="list-style-type: none">• Deposits from athletic events• Cash for facility usage• Tax payments• Invoice and paying bills• Employee benefits/insurance verification and reconciliation• Processing payroll• Distribution of credit cards	<ul style="list-style-type: none">• Deposits from athletic events• Cash for facility usage• Tax payments• Invoices and paying bills• Distribution of credit cards
	PAYROLL SPECIALIST
	<ul style="list-style-type: none">• Employee benefits/insurance verification and reconciliation• Processing payroll

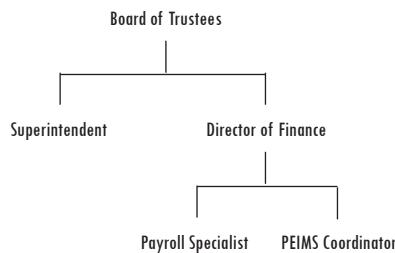
Notes:

- (1) The Public Education Information Management System (PEIMS) coordinator continues to perform her normal duties in the area of PEIMS, but no longer performs the extra duties she was assigned when the district lacked a director of finance.
- (2) This chart does not reflect all of the responsibilities of the Business Office.

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015.

The director of finance previously served Hempstead ISD for 12 years at the campus level, most recently as a teacher and coach at the middle school. The payroll specialist was new to the district and to school business. The PEIMS coordinator is the most tenured employee in the department, with more than 30 years in the same position. **Figure 4–2** shows the organizational structure of the Business Office.

**FIGURE 4–2
HEMPSTEAD ISD BUSINESS OFFICE ORGANIZATION
SCHOOL YEAR 2014–15**



SOURCES: Hempstead ISD, January 2015.

On September 1, 2014, all accounting operations were transitioned from the Skyward financial system to the Texas Enterprise Information System (TxEIS) financial system.

For fiscal year 2015, Hempstead ISD adopted a general fund budget of \$13.8 million. Revenue includes 60.6 percent funding from the state, 38 percent from local sources, and 1.2 percent from federal funding. Property tax collections are the main source of the district's local revenue. In May 2012, voters approved an increase of \$0.13 in the maintenance and operations tax rate to \$1.17. In the same year, the district decreased the interest and sinking, or debt service tax rate, by the same amount, so taxpayers did not realize an overall change. **Figure 4–3** shows the tax rates from the last five years.

FIGURE 4–3
HEMPSTEAD ISD TAX RATES
FISCAL YEARS 2010 TO 2014

FISCAL YEAR	MAINTENANCE AND OPERATIONS	DEBT SERVICE	TOTAL
2010	\$1.04	\$0.34	\$1.38
2011	\$1.04	\$0.34	\$1.38
2012	\$1.04	\$0.34	\$1.38
2013	\$1.17	\$0.21	\$1.38
2014	\$1.17	\$0.21	\$1.38

SOURCE: Hempstead ISD Annual Financial Statements, fiscal years 2010 to 2014.

Hempstead ISD budgets the majority of expenditures in instruction, facilities maintenance and operations, and general administration. These three categories make up 49.2 percent, 12.3 percent, and 6.8 percent of total budgeted expenditures, respectively. **Figure 4–4** shows the last five years of general fund budget activity.

The district's low balance in the general fund garnered attention from TEA's Division of Financial Compliance in fiscal years 2011 and 2012. TEA recommended that the balance be monitored because it was less than 10 percent of the general fund's operating expenditures in both years. The district has realized significant increases in its fund balance in the past two years. At the close of fiscal year 2014, revenues exceeded expenditures by \$726,390, and the fund balance increased 47 percent from the previous year's balance. **Figure 4–5** shows the district's fund balance for the five previous fiscal years.

Texas school districts receive two financial accountability ratings. The first is known as the School Financial Integrity Rating System of Texas (School FIRST). This rating is intended to

indicate the quality of a district's financial management practices. Hempstead ISD's School FIRST rating for school year 2013–14 was suspended because the district did not complete an AFR. The second financial accountability rating, the Texas Comptroller of Public Account's Financial Allocation Study for Texas (FAST), combines academic progress and spending at school districts to determine success in combining cost-effective spending with the achievement of measurable student academic progress. The FAST rating is an average of the composite academic progress percentile and the district's spending index. Districts with the lowest spending, relative to similar districts, and the most academic progress receive the highest scores. In spite of Hempstead ISD's suspended School FIRST rating, the district's FAST rating showed a very low spending index, and the district received three of five stars for the overall rating.

Figure 4–6 shows Hempstead ISD's School FIRST and FAST ratings compared to peer districts. Peer districts are Texas school districts similar to Hempstead ISD that are used for comparison purposes. Hempstead ISD's low spending index elevates the district's FAST rating to the second highest in this group, though student performance is the lowest of the group.

FINDINGS

- ◆ Hempstead ISD's Business Office lacks written procedures to ensure continuity of fiscal operations.
- ◆ Hempstead ISD does not have a coordinated budget development and management process.
- ◆ Hempstead ISD has not established a consistent cycle for processing payments to vendors.
- ◆ Hempstead ISD does not monitor the general fund balance closely or incorporate a fund balance projection report in the financial information that is presented monthly to the Board of Trustees.
- ◆ Hempstead ISD has not adequately segregated the duties of Business Office personnel.
- ◆ Hempstead ISD does not have an effective process for controlling expenditures.
- ◆ Hempstead ISD lacks a process to sufficiently monitor the usage and the number of credit cards in the district.

RECOMMENDATIONS

- ◆ **Recommendation 19: Develop written procedures to govern the operation of the Business Office to ensure financial responsibilities are implemented and maintained.**

- ◆ Recommendation 20: Develop budget guidelines and prepare a budget calendar to guide the budget development process.
- ◆ Recommendation 21: Develop a schedule for processing vendor payments that includes predetermined check cycle dates and deadlines for the receipt of invoices and other documentation.
- ◆ Recommendation 22: Establish a fund balance policy.
- ◆ Recommendation 23: Review the duties of each Business Office employee and structure responsibilities to ensure that critical tasks are segregated where appropriate.
- ◆ Recommendation 24: Monitor budgets and prepare budget amendments before expenditures exceed appropriations at a functional level.
- ◆ Recommendation 25: Determine which credit card accounts should remain open and implement procedures for administering district cards.

FIGURE 4-4
HEMPSTEAD ISD GENERAL FUND BUDGET OVERVIEW
FISCAL YEARS 2011 TO 2015

CATEGORIES	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL (1)	2015 BUDGETED
REVENUE					
Local	\$4,417,702	\$4,581,535	\$5,338,090	\$5,650,754	\$5,258,351
State	\$7,197,604	\$6,974,986	\$7,742,336	\$8,443,116	\$8,363,911
Federal	\$99,446	\$209,541	\$289,404	\$278,716	\$170,000
TOTAL Revenue	\$11,714,752	\$11,666,062	\$13,369,830	\$14,372,586	\$13,802,262
PEIMS Function Code and EXPENDITURES					
11 Instruction	\$6,775,529	\$6,965,687	\$6,704,707	\$6,801,519	\$6,502,941
12 Library and Media Services	\$241,904	\$142,749	\$158,352	\$160,884	\$170,831
13 Curriculum and Staff Development	\$68,692	\$74,593	\$86,348	\$128,522	\$149,623
21 Instructional Leadership	\$132,973	\$154,903	\$163,492	\$143,457	\$170,937
23 School Leadership	\$787,214	\$767,069	\$757,288	\$852,558	\$853,540
31 Guidance and Counseling Services	\$237,900	\$288,052	\$341,735	\$416,756	\$425,821
33 Health Services	\$97,823	\$109,042	\$104,840	\$85,432	\$113,395
34 Student Transportation	\$463,230	\$479,196	\$926,309	\$579,185	\$601,525
36 Co-curricular Activities	\$622,198	\$608,816	\$649,258	\$537,900	\$641,206
41 General Administration	\$514,270	\$542,380	\$763,420	\$1,090,188	\$902,873
51 Facilities Maintenance and Operations	\$1,398,733	\$2,349,007	\$1,439,073	\$1,407,060	\$1,621,424
52 Security and Monitoring	\$169,403	\$166,534	\$203,778	\$182,177	\$191,030
53 Data Processing Services	\$119,317	\$141,187	\$116,812	\$153,236	\$206,197
61 Community Service	\$28,605	\$26,934	\$19,315	\$20,367	\$32,011
71 Principal on Long-term Debt	\$91,886	\$206,108	\$300,742	\$429,271	\$518,420
72 Interest on Long-term Debt	\$13,124	\$82,312	\$74,687	\$73,768	
99 Other Intergovernmental Charges	\$111,964	\$110,174	\$139,501	\$123,432	123,000
TOTAL Expenditures	\$11,874,765	\$13,214,743	\$13,704,944	\$13,185,712	\$13,224,774

NOTES: PEIMS=Texas Education Agency's Public Education Information Management System.

(1) The difference in the revenues and expenditures is offset by \$39,516 in loan proceeds and \$500,000 in transfers to debt service, with the total net change equal to \$726,390.

SOURCES: Hempstead ISD Annual Financial Statements, fiscal years 2011 to 2014; Hempstead ISD Adopted Budget, fiscal year 2015.

FIGURE 4–5
HEMPSTEAD ISD FUND BALANCE
GENERAL FUND FISCAL YEARS 2010 TO 2014

FISCAL YEAR	GENERAL FUND
2010	\$989,733
2011	\$729,789
2012	\$890,996
2013	\$1,541,042
2014	\$2,267,432

SOURCE: Hempstead ISD Annual Financial Reports, fiscal years 2010 to 2014.

DETAILED FINDINGS

BUSINESS OFFICE CONTINUITY (REC. 19)

Hempstead ISD's Business Office lacks written procedures to ensure continuity of fiscal operations.

Through October 2013, the Business Office at Hempstead ISD included a business manager and PEIMS coordinator. In school year 2013–14, the superintendent relieved the business manager of her duties, and the Business Office did not have a full-time leader for nine months. During that time, the superintendent oversaw fiscal operations, but hands-on business tasks were performed by the PEIMS coordinator, who had assisted the previous business manager with some of those tasks, and by external consultants through June 2014. The business manager did not leave written procedures for any of the daily tasks that she performed.

After the district relieved the former business manager of her duties, the district did not complete several critical business tasks, which affected financial operations. The Business Office did not reconcile its bank statements, resulting in numerous items that the bank posted but the Business Office did not record. As a result, the district overstated the balance in Hempstead ISD's general fund by more than \$4 million

during fiscal year 2013, due to unprocessed banking adjustments and debt service fund transfers. The district also failed to pay bills and process invoices in a timely manner. The district received delinquency and termination notices from vendors. For example, in June 2014, the district had a past due amount of \$2,120 with the telephone service provider.

Due to a payroll processing error in January 2014, the district did not post direct deposits to employee checking accounts, so the Business Office printed manual paychecks for all employees. This paycheck delay resulted in some employees not being able to meet their own financial obligations in a timely manner.

Before school year 2014–15, the superintendent restructured the Business Office. She changed the business manager title to the director of finance, and filled the position. She added a payroll specialist position to the department in August 2014. To supplement Business Office staff, the superintendent retained two financial consultants to train and assist employees. External assistance has been a staple of the Business Office, and the district still heavily relies on the expertise provided by these vendors to maintain effective fiscal operations. The external consultants provide direction to the district for the financial activities that need to be performed based on their experience, because the district does not have established financial procedures.

Another crucial task that the district neglected was the preparation and submission of the AFR for fiscal year 2013. Because of a lack of written procedures for the Business Office, the district may not have been in compliance with state laws in fiscal year 2013. The Texas Education Code, Section 44.008, requires a financial audit annually for each school district. According to the Education Code, each year, a school district, charter school, or education service center must perform the following:

FIGURE 4–6
HEMPSTEAD ISD SCHOOL FIRST AND FAST RATINGS COMPARED TO PEER DISTRICTS
SCHOOL YEAR 2013–14

DISTRICT	FIRST RATING	SPENDING INDEX	ACCOUNTABILITY RATING	FAST RATING (OUT OF 5 STARS)
Hempstead ISD	Suspended	Very low	Improvement Required	3.0
Mexia ISD	Superior Achievement	High	Met standard	1.5
Royal ISD	Superior Achievement	Very low	Met standard	3.5
Yoakum ISD	Superior Achievement	Low	Met standard	2.5

SOURCES: Texas Education Agency, School Financial Integrity Rating System of Texas (School FIRST) ratings, school year 2013–14; Texas Comptroller of Public Accounts Financial Allocation Study for Texas (FAST) report, 2014.

- prepare annual financial statements;
- have annual financial statements audited by a licensed independent certified public accountant firm; and
- submit the resulting audited AFR and additional data to TEA for review in electronic format no later than the 150th day after the end of the fiscal year.

Hempstead ISD's annual financial audit for fiscal year 2013 was due on January 28, 2014, but the district did not complete this report until July 1, 2014. Submission of the AFR is a required indicator for School FIRST, and as a result of not completing the report, the district received a suspended rating. The Texas Education Code, Section 39.0824, requires school districts assigned the lowest rating to submit a corrective action plan to the commissioner to address the financial weaknesses of the district or school. At the time of the onsite review, the district had not submitted a corrective action plan.

The suspended School FIRST rating contributed to the district's accreditation position being downgraded by TEA to Accredited–Warned for school year 2014–15. This status means the district has deficiencies in academic and/or financial performance that, if not addressed, could lead to probation or revocation of its accreditation status. The accreditation status remains in effect until the next school year, and in the meantime, the district is required to take the following action in accordance with the Texas Administrative Code, Section 97.1055:

- notify the parents of students enrolled in the district and property owners in the district.
- include in the notice information about the accreditation status, the implications of such status, and the steps the district is taking to address the areas of deficiency identified by the commissioner.
- the notice must:
 - appear on the home page of the district's website, with a link to the notification, not later than 30 calendar days after the accreditation status is assigned, and remain until the district is assigned the Accredited status; and
 - appear in a newspaper of general circulation in the district for three consecutive days as follows:

- from Sunday through Tuesday of the second week following assignment of the status; or
 - if the newspaper is not published from Sunday through Tuesday, then for three consecutive issues of the newspaper beginning the second week following assignment of the status; or
 - be sent by first class mail addressed individually to each parent of a student enrolled in the district and each property owner in the district, not later than 30 calendar days after the status is assigned; or
 - be presented as a discussion item in a public meeting of the Board of Trustees conducted at a time and location that allows parents of students enrolled in the district and property owners in the district to attend and provide public comment, not later than 30 calendar days after the status is assigned.
- the following must be sent to the TEA via certified mail, return receipt requested:
 - the universal resource locator (URL) for the link required on the district's website; and
 - copies of the required notice showing dates of publication, or a paid invoice showing the notice content and its dates of publication; or
 - copies of the required notice and copies of all mailing lists and postage receipts; or
 - copies of the required notice and copies of the board meeting notice and minutes for the board meeting in which the notice was presented and publicly discussed.

At the time of the onsite review, the district had not taken any of these actions. Lack of standardized written procedures to guide the Business Office could result in the district continuing to rely on consultants to guide the activities of the director of finance, payroll specialist, and PEIMS coordinator.

The Business Office is responsible for financial accounting for all school district funds, and without procedures, effectively managing those funds could become challenging. Joshua ISD has developed a business procedures manual that includes guidelines and procedures that its Business Office

uses in adhering to state law, board policy, administrative directives, and good business practices. The document provides guidance for several critical accounting areas, including:

- accounting methods for revenues and disbursements;
- the district's financial system;
- annual financial audit, including:
 - selection of the auditor;
 - documents the Business Office makes available to the auditor; and
 - filing the audit report with TEA;
- budget, including:
 - calendar;
 - development process; and
 - formula;
- cash and investments;
- depository contracts;
- records retention; and
- requests for budget, changes, and amendments.

Hempstead ISD should develop written procedures to govern the operation of the Business Office to ensure financial responsibilities are implemented and maintained. The director of finance should identify necessary duties to effectively manage the district's Business Office, including the following:

- reconcile bank statements;
- maintain a fixed-assets accounting system;
- prepare financial reports for the board and the annual financial audit;
- direct, plan, present, and monitor the district budget;
- monitor investments and cash flow;
- maintain the payroll system and process payroll accordingly; and
- submit payment for invoices in a timely manner.

The director of finance should compile a schedule of critical tasks, with the assistance of the district's finance consultants, who could provide knowledge and expertise in this area.

Upon the completion of this schedule, the district should establish detailed standard operating procedures for each critical task noted. These procedures should be compiled in a Business Office operations procedures manual.

This recommendation could be implemented with existing resources.

BUDGETING (REC. 20)

Hempstead ISD does not have a coordinated budget development and management process.

Hempstead ISD's fiscal year is September 1 to August 31. As required by state law, on August 28, 2014, the board adopted a balanced general fund fiscal year 2015 budget of \$13.8 million, a food service budget of \$707,285, and a debt service budget of \$1 million for fiscal year 2015. The district did not use a budget calendar to guide the budget development process. Additionally, the director of finance, whose position was filled in July 2014, was not involved in the planning and preparation of the budget. Instead, the district contracted with an external consultant who, according to district personnel, allocated resources independently, without collaboration with the superintendent, directors, and campus administrators. The consultant used the fiscal year 2014 budget as a guide to complete a budget for fiscal year 2015 and did not consider district or campus goals in his process.

Several staff members expressed concerns that, even before the fiscal year 2015 budget, budget development did not include all budget managers, nor did budget developers take advantage of staff input. A survey issued to district staff by the review team revealed that only 25 percent of campus staff and 36 percent of central office staff agree that site-based budgeting is used effectively in the district. Only 19 percent of campus staff and 21 percent of central office staff agree that funds are allocated fairly. **Figure 4–7** and **Figure 4–8** show campus and central office responses, respectively.

The Business Office prepares the budget and manages expenditures within the district's financial system. In the past, budget managers had access to the financial system. However, since the district implemented a new financial system, TxEIS, in September 2014, the district has not trained all budget managers in how to access accounts. As a result, the director of finance provided printed allocation reports to campuses and departments in September 2014. To monitor budget activity, most campus and department administrators still submit verbal or written requests to the Business Office to provide a ledger activity printout when needed. The district

FIGURE 4–7
HEMPSTEAD ISD CAMPUS STAFF SURVEY
2014

QUESTION	STRONGLY AGREE	AGREE	NO OPINION	DISAGREE	STRONGLY DISAGREE	TOTAL	AVERAGE RATING
Site-based budgeting is used effectively.	0	12	28	5	3	48	3.0
Percentage	0.0%	25.0%	58.3%	10.4%	6.3%		
Funds are allocated fairly.	0	9	27	10	2	48	2.9
Percentage	0.0%	18.8%	56.3%	20.8%	4.2%		

SOURCE: Legislative Budget Board Campus Staff Survey, December 2014.

FIGURE 4–8
HEMPSTEAD ISD CENTRAL OFFICE STAFF SURVEY
2014

QUESTION	STRONGLY AGREE	AGREE	NO OPINION	DISAGREE	STRONGLY DISAGREE	TOTAL	AVERAGE RATING
Site-based budgeting is used effectively.	0	5	9	0	0	14	3.4
Percentage	0.0%	35.7%	64.3%	0.0%	0.0%		
Funds are allocated fairly.	0	3	9	2	0	14	3.1
Percentage	0.0%	21.4%	64.3%	14.3%	0.0%		

NOTE: Percentages may not add to 100 percent due to rounding.

SOURCE: Legislative Budget Board Central Office Staff Survey, December 2014.

does not have a formal process in place to monitor these requests.

The lack of a budgeting process has resulted in poor budgeting oversight. Since the adoption of the budget for fiscal year 2015, the district already has submitted a substantial budget amendment for board approval in December 2014.

By not considering district and campus goals when allocating appropriations, campus administrators have not been able to align expenditures to meet all strategies included in the campus improvement plans. Campus administrators stated that they accepted the fiscal year 2015 budget that the district provided to them and would try to operate within those parameters in lieu of submitting amendments. This lack of flexibility could make it difficult to meet new needs that arise during the school year.

Because the budget is an important tool to control and evaluate a school district's resources, TEA has dedicated a module in the Financial Accountability System Resource Guide (FASRG) to budgeting. The guide provides extensive information regarding the entire budgeting process.

Individuals and groups expected to participate in site-based budgeting are as follows:

- campus level:
 - campus staff;
 - resource Planning Groups (or equivalents): campus resource planning groups composed of campus staff and/or special program administrators (nominated by school principals);
 - campus improvement committees (CIC): campus resource planning groups composed of elected campus staff, community members and parents; and
 - principals (school budget managers).
- district level:
 - peer review committees (PRC) (or equivalents): budget review groups composed of the director of curriculum and instruction and school principals and/or special program administrators;

- budget review teams (BRT) (or equivalents); budget review groups composed of some combination of key district office personnel;
- special program administrators (or equivalents; could be at school level);
- director of personnel/human resources (or equivalent);
- director of curriculum and instruction (or equivalent);
- assistant superintendents of administration and finance/business (or equivalents);
- superintendent; and
- board.

The FASRG suggests that, during the budget planning process, input from district- and campus-level planning and decision-making committees be considered along with general educational goals, specific program goals, and alternatives for achieving program goals.

TEA provides guidance for budget guidelines to be distributed to campuses and departments. The agency has published a sample budget calendar that shows activities, completion dates, and the position responsible for each activity, which could be used by a district with an August 31 fiscal year-end date to steer the budget development process. The following three steps are best practices used to prepare a new budget calendar:

- determine the level of detail needed;
- identify all the activities which must be included in the calendar and arrange them in chronological order; and
- assign completion dates to each activity on the calendar.

Figure 4–9 shows an example of a budget calendar that is aligned with the best practices outlined in the FASRG.

Hempstead ISD should develop budget guidelines and prepare a budget calendar to guide the budget development process. The director of finance should review the budgeting module in the FASRG to become familiar with all areas of the budgeting process. Using that knowledge, the district could develop written guidelines that establish procedures for budget planning, preparation, and monitoring. The director of finance should provide training to the campus and department budget managers. Once trained, each level of the district's organization should be responsible for

monitoring those budget items for which it is responsible, and district administrators should monitor the budget for the entire district. The Business Office should use expenditure and encumbrance reports to assess the budget compliance of programs and funds. In addition, the director of finance should prepare a detailed budget calendar and share it with stakeholders, including board members.

This recommendation could be implemented with existing resources.

ACCOUNTS PAYABLE CHECK CYCLE (REC. 21)

Hempstead ISD has not established a consistent cycle for processing payments to vendors.

When vendor invoices and reimbursement requisitions arrive in the district, they are sent to the Business Office for payment. The director of finance is primarily responsible for entering payment requests into the accounts payable module of TxEIS, and the PEIMS coordinator assists when needed. When the Business Office receives an invoice, the director of finance, payroll specialist, or PEIMS Coordinator confirms the items on the invoice have been received by the correct campus or department. Using the purchase order number and vendor number, one of the three positions locates the transaction in the TxEIS financial system and compares the purchase order to the invoice. If the numbers match, the director of finance inputs the invoice number and identifies the purchase order for payment in the next check cycle.

The director of finance processes invoices and payment requests upon receipt. After the superintendent approves vendor payments, the director of finance prints checks, which either the payroll specialist or PEIMS coordinator verifies and mails. The day and frequency of check cycles vary, but the Business Office usually prints checks at least once a week. **Figure 4–10** shows the dates of check cycles for fiscal year 2014 and the first four months of fiscal year 2015. Check cycles vary from a low of three to a high of nine during a given month, and the dates vary significantly from month to month.

As **Figure 4–10** shows, no milestone days are established for vendor check issuance, which has led to random and inefficient check cycles. With this variation, Business Office staff cannot establish a routine, and employees do not have a reliable estimate of when requests will be processed.

Additionally, as a result of the lack of consistency with vendor payments, the district failed to pay some vendors in a timely manner during the previous school year. Athletic coaches

FIGURE 4–9
HEMPSTEAD ISD PROPOSED BUDGET CALENDAR

TARGET DATE	ACTIVITY/PROCESS	RESPONSIBILITY
February	Budget process approved	Superintendent
	Projected enrollments developed	Director of finance
March	Budget process outlined to principals and staff	Superintendent and director of finance
	Beginning of campus budget preparation	Principals/staff
	Beginning of special program and support service budget preparation	Director of curriculum and instruction, director of administrative services, director of special education, and district testing coordinator
April	Completion of campus budgets	Principals
	Campus Improvement Committee (CIC) advisory review	CICs
	Campus budgets forwarded to Peer Review Committee (PRC)	Principals
	Completion of special program and support service budgets	Director of curriculum and instruction, director of administrative services, director of special education, and district testing coordinator
	Initiate PRC review of campus budgets and nonallocated requests	PRC chair
	Complete PRC review of campus budgets	PRC
	Complete prioritization of nonallocated requests	PRC
	Initiate Budget Review Team (BRT) review of campus budgets and nonallocated requests	BRT chair
May	Complete BRT review of campus budgets and nonallocated requests	BRT
	Review projected revenue estimates	Superintendent and director of finance
	Initiate superintendent's review of preliminary district budget	Superintendent
	Review personnel staffing and proposed salary schedule	Superintendent and director of human resources
	Review of building maintenance, renovation, and construction schedules	Superintendent and director of operations
June	Complete superintendent's review of preliminary district budget, personnel requirements, facility requirements, and projected revenue	Superintendent, director of finance, director of human resources, and director of operations
	Complete first draft of district budget	Director of finance
	Review first draft of district budget	Superintendent
	Budget workshop	Superintendent and board
	Administrative budget meeting	Input from public
July	Budget workshop	Superintendent and board
	Complete final budget draft	Superintendent and director of finance
August	Preliminary public budget hearing	Board, superintendent, and director of finance
	Official public budget hearing	Board, superintendent, and director of finance
	Budget adopted	Board

SOURCES: Legislative Budget Board School Review Team, January 2015; Texas Education Agency's Financial Accountability System Resource Guide, Budgeting.

FIGURE 4–10
HEMPSTEAD ISD ACCOUNTS PAYABLE CHECK DATES
SEPTEMBER 2013 TO DECEMBER 2014

MONTH	CHECK DATES	CHECK CYCLES
September 2013	4, 6, 9, 13, 19, 20, 26, 27	8
October 2013	2, 4, 11, 14, 15, 17	6
November 2013	4, 11, 12, 19, 20, 25, 26	7
December 2013	6, 10, 12, 18, 19	5
January 2014	14, 24, 31	3
February 2014	6, 7, 12, 14, 17, 21, 28	7
March 2014	6, 7, 19, 25, 26	5
April 2014	1, 2, 16, 17, 23, 25	6
May 2014	1, 7, 9, 12, 13, 14, 16, 20, 28	9
June 2014	2, 4, 23	3
July 2014	8, 15, 17, 21, 23, 24, 30	7
August 2014	5, 7, 27	3
September 2014	9, 5, 10, 18, 23, 26, 29	7
October 2014	1, 6, 14, 17, 20, 24, 31	7
November 2014	7, 13, 14, 21	4
December 2014	9, 18, 19	3

SOURCE: Hempstead ISD Vendor Payment Check Reports, 2013 to 2014.

expressed concern that, although there has been some improvement this year, relationships were tarnished with several vendors.

To guide the accounts payable process, most school districts develop a schedule or calendar for accounts payable. Spring ISD has an accounts payable calendar that specifies the day of the week checks will be issued and sets a deadline for the receipt of invoices and other documentation. **Figure 4–11** shows the check schedule for Spring ISD's accounts payable department.

FIGURE 4–11
SPRING ISD'S ACCOUNTS PAYABLE CALENDAR
OCTOBER 2014

Day	Deadline	Action
Monday	12:00 p.m.	All invoices, purchase orders, or other documentation must be received.
Wednesday		Checks are processed.
Thursday	1:00 p.m.	Checks are released for mailing/distribution.

SOURCE: Spring ISD Finance Office guidelines, October 2014.

Hempstead ISD should develop a schedule for processing vendor payments that includes predetermined check cycle dates and deadlines for the receipt of invoices and other documentation. The director of finance should review previous check issuance dates, and, based on the Business Office's workload, determine which day of the week is best to issue vendor checks. When the check issuance day has been set, the director of finance should establish a reasonable cutoff date for receipt of invoices. Finally, the director of finance should develop an accounts payable schedule, disseminate it to employees, and post it on the district's website.

This recommendation could be implemented with existing resources.

FUND BALANCE (REC. 22)

Hempstead ISD does not monitor the general fund balance closely or incorporate a fund balance projection report in the financial information that is presented monthly to the Board of Trustees.

The district's external auditors include a statement of changes in fund equity as an exhibit in the annual financial audit each fiscal year. This exhibit is the only review of fund balance the district conducts each year. The director of finance stated that the district does not have a process for forecasting fund balances nor does it have requirements in place to govern expectations for the general fund balance.

The district's equity in the general fund represents the amount of revenue over expenditures; it is of primary significance because this is the fund through which the district finances most of its functions. Districts typically use the fund balance to meet payroll and pay other operating costs during August and September, months when state funding payments are delayed. A sufficient fund balance keeps the district operating with adequate cash flow until tax collections begin in October. The financial information presented to the board each month does not include information regarding the fund balance.

The Governmental Accounting Standards Board, an independent organization that standardizes state and local accounting and financial reporting, established the five categories of the fund balance that designate how funds could be expended. They include the following:

- nonspendable: amounts that are not in spendable form or are required to be maintained intact;

- restricted: amounts that could be spent only for specific purposes because of local, state, or federal laws, or externally imposed conditions by grantors or creditors;
- committed: amounts constrained to specific purposes by the board;
- assigned: amounts the district intends to use for a specific purpose; and
- unassigned: amounts that are available for any purpose.

Hempstead ISD's entire fund balance is unassigned because the board and director of finance have not designated any funds for specific initiatives. **Figure 4–12** shows Hempstead ISD's general fund balance for the last five fiscal years and the projected general fund optimum fund balance. Although the district has been working to increase the balance, the district's fund balance has been below the optimum amount for the past five fiscal years. The fund balance was at a low of \$729,789 in fiscal year 2011, but it reached \$2.3 million in fiscal year 2014. The district has not established a fund balance policy regarding the amount expected to be maintained in the fund balance.

As a result, in a review of the AFR, the TEA Division of Financial Compliance noted a low fund balance for fiscal years 2011 and 2012. TEA advised Hempstead ISD to monitor expenditures carefully and take action to prevent future potential deficits.

A low fund balance puts the district at risk of not being able to meet payment obligations if the state delays Foundation School Program (FSP) payments. Hempstead ISD's fund balance brings into question whether the district could

address revenue shortfalls or unanticipated expenditures when needed. Without adequate reserves, the district is not positioned to address potential funding issues, and credit rating agencies, which regularly monitor the size of governmental fund balances, may not have a sufficient degree of assurance that debt service payments would be made.

School districts accumulate fund balances to cover cash flow deficits, demonstrate financial stability, and establish a financial reserve to meet unexpected expenses. TEA recommends that fund balance forecasts are developed periodically for the general fund to ensure that a school district is in compliance with fund balance requirements. TEA has set a rule of thumb to compute districts' optimum fund balances; the optimum fund balance is the estimated amount to cover cash-flow deficits in the general fund for the fall period in the following fiscal year, plus estimated average monthly cash disbursements of the general fund for the nine months following the fiscal year. Although districts are no longer penalized for failure to maintain an optimum fund balance, decreasing or low general fund unreserved fund balance is a critical indicator used to identify districts with circumstances that could lead to financial insolvency. FASRG includes a fund balance projection report available for use in TEA's Financial Accounting and Reporting Appendices.

Some districts adopt board policies to ensure fund balances are maintained at an appropriate level. Keller ISD has established Board Policy CE (LOCAL), regarding the annual operating budget, that directs district staff to calculate and maintain a committed fund balance from 17 percent to 20 percent of the district's initial adopted operating budget each year. Any changes to this mandate must be approved by the board.

FIGURE 4–12
HEMPSTEAD ISD GENERAL FUND BALANCE BY FISCAL YEAR
FISCAL YEARS 2010 TO 2014

YEAR	GENERAL FUND	CHANGE IN FUND BALANCE	PERCENTAGE CHANGE FROM PREVIOUS YEAR	OPTIMUM FUND BALANCE (1)	EXCESS (DEFICIT) FUND BALANCE
2010	\$989,733	(\$333,740)	-25%	\$2,491,217	(\$1,501,484)
2011	\$729,789	(\$259,944)	-26%	\$2,491,217	(\$1,761,428)
2012	\$890,996	\$161,207	22%	\$2,491,217	(\$1,600,221)
2013	\$1,541,042	\$714,556 (2)	73%	\$2,491,217	(\$950,175)
2014	\$2,267,432	\$726,390	47%	\$2,491,217	(\$223,785)

NOTES:

(1) The optimum fund balance was an optional calculation beginning with the 2011 fiscal year. This schedule was not prepared by the external auditors for the 2013 and 2014 fiscal years, so the optimum fund balance has been estimated.

(2) In fiscal year 2013, the amount includes a \$64,510 prior period adjustment.

SOURCE: Hempstead ISD Annual Financial Reports, fiscal years 2010 to 2014.

Hempstead ISD should establish a fund balance policy. The director of finance should use templates of reports in the financial system to obtain monthly fiscal data and complete the fund balance forecast report prepared by TEA. The board should consider establishing a policy to provide additional guidance regarding fund balance expectations. To establish an effective policy, the director of finance should compute the optimum fund balance for the past 10 years, and compare that balance to actual revenues and expenditures to determine an acceptable percentage of the budget that could be set aside to address potential cash shortfalls. After this percentage has been established, the board should determine whether a policy should address how the fund balance should be spent, and how the five categories of fund balance should be governed.

This recommendation could be implemented with existing resources.

SEGREGATION OF DUTIES (REC. 23)

Hempstead ISD has not adequately segregated the duties of Business Office personnel.

Primary responsibilities of Hempstead ISD's Business Office include budget, tax payments, payroll and employee benefits, accounting, and purchasing. **Figure 4-13** shows that the major duties in the department are divided among the director of finance, the payroll specialist, and the PEIMS coordinator.

Each of the Business Office employees has full access to human resources, payroll, and accounts payable modules in the district's TxEIS financial system, even though they may not use each function consistently.

Segregation of duties provides an important and effective internal control for school districts. This involves separation of the initiation, approval, recording, and reconciling responsibilities for transactions. Due to the short tenure of the district's Business Office staff and the extent of each employee's system access, duties are not properly segregated in some areas. For example, the director of finance creates vendors, enters invoices for payment, and processes payments. Without separating these accounts-payable functions, an employee could use district funds to make unauthorized purchases.

The payroll specialist can enter a new employee, add the employee's salary data and time worked, process payroll, and reconcile the payroll accounts. The lack of segregation of the duties in regard to modifying employee pay rates, entering hours worked, running payroll checks, and distributing checks allows an employee to potentially add a nonexistent position to the payroll register without approval from any other Business Office staff; the employee could then collect a salary for this nonexistent position.

FIGURE 4-13
HEMPSTEAD ISD BUSINESS OFFICE RESPONSIBILITIES
SCHOOL YEAR 2014-15

DIRECTOR OF FINANCE (GENERAL OVERSIGHT OF FISCAL OPERATIONS)	PAYROLL SPECIALIST (ALL ASPECTS OF THE PAYROLL CYCLE)	PEIMS COORDINATOR (MANAGEMENT OF PEIMS DATA)
Oversight of fiscal operations	Add employee salary information	Review PEIMS data
Prepare deposits	Enter time sheets	Submit PEIMS reports
Prepare monthly financial reports	Enter employee leave	Process teacher retirement reports
Add vendors	Reconcile employee benefits	Assist with initiating vendors
Approve requisition requests	Process payments to companies for employee deductions	Assist with entering vendor invoices
Enter vendor invoices	Reconcile payroll accounts	
Processes vendor payments	Inactivate employees	
Reconcile bank accounts		
Monitor investments		
Submit federal funding reimbursement requests		
Prepare budget amendments		

NOTE: PEIMS=Texas Education Agency's Public Education Information Management System.
SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015.

Yale University's auditing department recommends that, to ensure segregation of duties, no one person should have full control of the following areas:

- initiation;
- authorization/approval;
- record;
- reconciliation;
- custody of assets; and
- review.

Ideally, a district does not assign one employee responsibilities in more than one of the above areas to ensure proper segregation of duties. In the accounts-payable cycle, the employee who approves invoices for payment would typically not be responsible for inputting the invoices in the system. In addition, an employee who is responsible for adding to or changing the vendor master file would usually not be able to authorize or record vendor payments.

Segregation of duties could appear challenging to districts with small business offices and limited personnel. When duties cannot be separated, oversight controls, such as supervisory review or physical inspection, could compensate for the risk.

Hempstead ISD should review the duties of each Business Office employee and structure responsibilities to ensure that critical tasks are segregated where appropriate. The director of finance should document all Business Office staff duties and identify any areas where one in which the approval, recordkeeping, custody, and reconciliation of transactions are assigned to one employee. The restructuring of responsibilities should include proper controls for processing accounts payable and payroll. One Business Office employee should be assigned the task of adding vendors, while another one inputs invoices. The payroll specialist could continue entering employee pay data, but the director of finance should enter initial salary information and reconcile the payroll account.

This recommendation could be implemented with existing resources.

EXPENDITURE CONTROL (REC. 24)

Hempstead ISD does not have an effective process for controlling expenditures.

Hempstead ISD uses an account code structure segmented into fund, function, object, organization, fiscal year, and program intent code in accordance with TEA requirements. Most budget managers are assigned to corresponding organization codes, although some oversee funds included in certain program codes.

Through August 2014, the district used the Skyward financial software to account for funds. In September 2014, the district transitioned to the TxEIS financial system. Both systems record expenses using a line item approach and display individual account balances. An expenditure report could be generated at any time to monitor balances and identify deficient accounts. However, most budget managers have not been given access to the TxEIS system or provided training on the system's capabilities.

The district requires the completion of purchase orders for procurement of goods. When a campus or department enters a requisition into the accounting system, the system automatically checks the account for availability of funds. If the account balance is insufficient to cover the expense, the employee that initiates the requisition could still submit it to the Business Office for approval. The director of finance reviews all requisitions for approval and has the ability to process the purchase order and encumber the funds regardless of the amount of funds in the account.

Hempstead ISD uses credit cards for travel and the purchase of gas and consumables. When an employee uses a credit card, the purchase amount does not immediately post to the account and subtract from the balance. The director of finance charges the expenditure to the stated account when she pays the credit card statement, without regard to the amount of available funds.

At each regularly scheduled monthly board meeting, the director of finance reports on the district's finances. The director of finance also prepares periodic budget amendments for large variances and displays them in a budget-amendment maintenance report that lists the original budget, amended amount, amended budget, and balance for each account that was amended. The report displays detailed line item changes, but it does not group amounts by function and does not include a summary analysis of budgeted amounts to actual expenditures by fund and function. This monthly report also does not include an analysis or comparison of revenue and expenditure information by functional category.

The district does not have systems in place to monitor expenditures; therefore, the district may not be complying with the Texas Education Code, Sections 44.002 to 44.006, or TEA legal requirements stated in the FASRG budgeting module. According to FASRG's budgeting module, section 2.6.2, a school district must amend the official budget before exceeding a functional expenditure category in the total district budget. Expenditure requests which require an increase in total budgeted appropriations must be approved by the board through a formal budget amendment before the end of the fiscal year. Contrary to TEA requirements, during fiscal year 2013 and fiscal year 2014, Hempstead ISD expenditures exceeded the board-approved budgeted amount in the general fund in seven and three functional areas, respectively. In fiscal year 2013, the district budgeted \$755,261 for function 41, general administration expenditures, but actual expenditures were \$763,420 at year-end. In fiscal year 2014, the same category had a budget of \$902,873, while actual expenditures were \$1,090,188. In both years, no budget amendments were presented to the board for approval. **Figure 4-14** shows the differences among the budgeted amounts and actual expenditures in categories where the actual expenditures exceeded the final budget.

TEA states that as funds are expended, districts typically monitor the budget periodically. This monitoring includes each budget manager's examination of the accounts for which they are responsible. This examination requires that budget managers have access to the district's accounting

system to generate expenditure and encumbrance information at least on a monthly basis.

District administrators could best monitor the budget for the entire district. Expenditure and encumbrance reports are used to prepare annualized budget summaries, and most districts present budget-to-actual comparisons to the board monthly. This consistent monitoring allows districts to identify any categories in need of revision so that a budget amendment could be prepared and promptly presented for approval.

Hempstead ISD should monitor budgets and prepare budget amendments before expenditures exceed appropriations at a functional level. Budget managers should be given access to the expenditure accounts under their control and trained in how to generate budget expenditure reports. The superintendent and director of finance should communicate to administrators that budget monitoring is required, and the administrators should communicate any variations from the proposed budget to the director of finance.

The district should discontinue the practice of processing requisitions without sufficient funds in the account. Before any purchase order is approved, the requisitioning department should initiate a fund transfer, which is processed by the Business Office.

The director of finance should analyze and compare expenditures to budgeted amounts for each functional category monthly, and should include a budget-to-actual

FIGURE 4-14
HEMPSTEAD ISD BUDGET CATEGORIES WITH NEGATIVE VARIANCES
FISCAL YEARS 2013 TO 2014

CATEGORY	FINAL BUDGETED AMOUNT	ACTUAL EXPENDITURES	VARIANCE
FISCAL YEAR 2013			
13. Curriculum and instructional staff development	\$79,581	\$86,348	(\$6,767)
21. Instructional leadership	\$161,551	\$163,492	(\$1,941)
41. General administration	\$755,261	\$763,420	(\$8,159)
52. Security and monitoring services	\$175,891	\$203,778	(\$27,887)
53. Data processing services	\$115,572	\$116,812	(\$1,240)
73. Debt issuance costs and fees	N/A	\$16,529	(\$16,529)
99. Other governmental charges	\$110,103	\$139,501	(\$29,398)
FISCAL YEAR 2014			
11. Instruction	\$6,380,567	\$6,801,519	(\$420,952)
41. General administration	\$902,873	\$1,090,188	(\$187,315)
99. Other governmental	\$123,000	\$123,432	(\$432)

SOURCE: Hempstead ISD Annual Financial Reports, fiscal years 2013 and 2014.

comparison report in the monthly financial information presented to the board. When a budget amendment is required, the director of finance should prepare and include it in the information to be presented to the board. The director of finance should include the original budget amount, the amount of the amendment, and the amended budget by fund and function. The board should formally consider adoption of the budget amendment.

This recommendation could be implemented with existing resources.

CREDIT CARDS (REC. 25)

Hempstead ISD lacks a process to sufficiently monitor the usage and the number of credit cards in the district.

Hempstead ISD uses credit cards for travel expenses and to purchase gas and some supplies. This service has been established for the convenience of employees to establish a more efficient method for conducting district business. **Figure 4–15** shows that, as of January 28, 2015, the district had 32 credit cards with nine merchants.

FIGURE 4–15
HEMPSTEAD ISD CREDIT CARDS
2015

VENDOR	CREDIT CARDS
Bank cards	
CitiBank	5
Visa Business	2
Gas cards	
Shell	8
Exxon	4
Store cards	
Wal-Mart	6
Tractor Supply	3
Home Depot	2
New Holland	1
Northern Tool and Equipment	1

SOURCE: Hempstead ISD, January 2015.

All credit cards, except one, are stored in a locked safe located in the Business Office until needed. Due to the frequency of student travel, the athletic director is the only individual allowed to possess a district Citibank credit card at all times. When an employee needs to use a credit card, he or she must pick it up from the Business Office. To be issued a gas card or bank card, the employee must have permission from the

superintendent. The employee is supposed to turn in an itemized receipt that shows all items purchased on the card when he or she returns the credit card. The Business Office releases Wal-Mart cards to employees after a purchase order has been processed. The employee must bring back the store receipt to support the purchase. These procedures are not documented, and cardholders do not sign a form or other document acknowledging expectations of credit card use.

Various district employees made purchases with credit cards between September 2013 and August 2014. Business Office staff only monitor activity for the cards which are used frequently, and for which a monthly statement is received. The Business Office also reviews transaction documentation for these frequently used cards. The director of finance has not verified activity or credit status with the four merchants whose accounts have not been used in more than a year.

The Business Office receives credit card statements each month and remits payment to the merchant based on the amount due. The director of finance reviews the statement detail, but this has not historically been the case. Before the position was filled, this task went undone, and employees did not always remit receipts to support the credit card charges.

The review team examined all Citibank credit card statements for the period of September 2013 to August 2014, and none of the statements had complete documentation for all charges. Although all purchases are supposed to be supported by a receipt that shows the items purchased, some employees submitted transaction credit card slips that only show the final amount charged. In a few cases, employees did not turn in any receipts, and the propriety of several of the unsupported charges could be questioned. For example, a charge was made at a live music venue in Katy on April 11, 2014. No recorded school business occurred at that location on that date. A transaction at an animal hospital in Houston occurred on June 6, 2014. Hempstead ISD could not produce evidence to support the necessity of that expense.

Figure 4–16 shows how Hempstead ISD's controls related to credit cards compare to best practices.

The lack of credit card procedures has resulted in unclear expectations for credit card use in the district. Because of the absence of procedures for acceptable purchases, documentation requirements, and monitoring transactions, the district does not properly monitor credit cards, which could allow employees to make unauthorized charges. Failure to monitor credit cards could result in district funds being diverted for personal gain. Also, by not monitoring all

FIGURE 4–16
HEMPSTEAD ISD PURCHASING CARD CONTROLS COMPARED TO BEST PRACTICE
SCHOOL YEAR 2014–15

CONTROL	HEMPSTEAD ISD
Keep all cards in a secure location	Cards are maintained in the safe in the Business Office
Issue cards only for the time period needed	Employees pick up cards and return after purchase has been made
Review bills and watch for red flags	Statements are reviewed, but this document does not specify which cardholder is responsible for the charges
Establish a reconciliation process and timetable	Receipts are submitted upon return, but itemized receipts are not required
Establish a way of recouping inappropriate charges	A process is not in place
Incorporate procedures for card cancellation of lost or stolen cards, or upon employee termination	No procedures have been established
Follow up on any identified discrepancies	A process is not in place
Verify that items purchased were actually received	A process is not in place

SOURCES: Office of the New York State Comptroller: Local Government and School Accountability, 2015; Hempstead ISD, January 2015.

accounts, fraudulent charges on dormant accounts could go unnoticed, and the district could be held liable for charges that are not disputed.

Lockhart ISD uses credit cards in a manner similar to Hempstead ISD. However, that district has included procedures for credit card use in the Business Office procedures manual. The procedures state that district credit cards may only be used for official business, and the card must be returned to the appropriate location after use. All purchases made with credit cards require a purchase order that lists what items are to be purchased before conducting the transaction, even if the vendor does not require a purchase order. Cash register receipts with the purchase order referenced are required when returning the credit card.

Lockhart ISD's procedures manual also includes a section detailing the types of transactions that are not allowable. The school district will not pay for purchases made unless a purchase order was issued first. If the employee fails to obtain valid authorization or approval for supplies, equipment, or services, the transaction could be at the employee's expense, and the employee could be subject to disciplinary action.

Hempstead ISD should determine which credit card accounts should remain open and implement procedures for administering district cards. The director of finance should call the merchants for all the credit cards on hand to ensure all cards are in the district's possession. Then, those accounts that are not in use should be closed and the credit cards shredded in the presence of another individual. The director of finance should also establish written procedures for the

remaining credit cards. These procedures should include information regarding the following:

- responsibilities and expectations;
- controls for credit cards, including:
 - transaction limits;
 - guidelines for acceptable and unacceptable purchases;
 - restricted vendors;
 - receipts; and
 - sales and use tax; and
- violations and consequences.

This information should be documented in the Business Office procedures manual, shared with all employees, and implemented immediately.

This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 4. FINANCIAL MANAGEMENT							
19. Develop written procedures to govern the operation of the Business Office to ensure financial responsibilities are implemented and maintained.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20. Develop budget guidelines and prepare a budget calendar to guide the budget development process.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21. Develop a schedule for processing vendor payments that includes predetermined check cycle dates and deadlines for the receipt of invoices and other documentation.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22. Establish a fund balance policy.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23. Review the duties of each Business Office employee and structure responsibilities to ensure that critical tasks are segregated where appropriate.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24. Monitor budgets and prepare budget amendments before expenditures exceed appropriations at a functional level.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25. Determine which credit card accounts should remain open and implement procedures for administering district cards.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CHAPTER 5. PURCHASING AND INSTRUCTIONAL MATERIALS

An independent school district's purchasing function is responsible for providing quality materials, supplies, and equipment in a timely, cost-effective manner. Purchasing includes identification and purchase of supplies, equipment, and services needed by the district, as well as the storage and distribution of goods.

School districts in Texas are required to follow federal and state laws and procedures applicable to purchasing. The purpose of competitive bidding requirements found in the Texas Education Code (TEC), Section 44.031, is to stimulate competition, prevent favoritism, and secure the best goods and services needed for district operations at the lowest possible price. The Texas Education Agency (TEA) developed a comprehensive purchasing module in the Financial Accountability System Resource Guide (FASRG), which is available as a resource for district purchasing.

Hempstead Independent School District (ISD) has five Board of Trustees policies related to purchasing. Policy category CH, Purchasing and Acquisition, has a legal policy and a local policy. Board Policy CH (LEGAL) stipulates that all purchases of more than \$50,000 must be made through one or more of the following ways: competitive bidding, sealed proposals, request for proposals, interlocal contract, reverse auction procedure, or the formation of a political subdivision. There are some exceptions to this policy, including the purchase of produce or vehicle fuel during a 12-month period. Board Policy CH (LOCAL) requires the superintendent to bring to the board any proposed budgeted purchases of goods and services valued at \$15,000 or more. Other legal board policies regarding the purchasing function include CHE, Vendor Relations; CHF, Payment Procedures; CHG, Real Property and Improvements; and CHH, Financing Personal Property Purchases. Hempstead ISD is a member of the Texas Association of School Boards (TASB) cooperative purchasing network and the Regional Education Service Center IV (Region 4) cooperative purchasing network. Hempstead ISD manages the initiation of purchase requisitions and purchase orders with the Texas Enterprise Information System (TxEIS).

FINDINGS

- ◆ Hempstead ISD's purchasing process is fragmented and does not provide staff with clearly defined roles and responsibilities.

- ◆ Hempstead ISD does not have formal procedures for selecting vendors and evaluating their performance.
- ◆ Hempstead ISD lacks a process for considering and purchasing instructional materials and other eligible products using the state's Instructional Materials Allotment.
- ◆ Hempstead ISD does not have a process for managing contracts.

RECOMMENDATIONS

- ◆ **Recommendation 26:** Develop a written manual with uniform guidelines for the purchasing function that clearly delineate the roles, responsibilities, and lines of communication for district staff.
- ◆ **Recommendation 27:** Develop and maintain a district-approved vendor list and a process for evaluating the quality of goods and services provided.
- ◆ **Recommendation 28:** Implement a team approach for using the state's Instructional Materials Allotment and establish a transparent method of selecting instructional materials and technology that includes key district stakeholders.
- ◆ **Recommendation 29:** Develop written procedures for managing school district contracts and train key district personnel on effective contract monitoring and management.

DETAILED FINDINGS

POLICIES AND PROCEDURES (REC. 26)

Hempstead ISD's purchasing process is fragmented and does not provide staff with clearly defined roles and responsibilities.

The district does not have written procedures for the purchasing process, except for a paragraph about purchasing procedures in the employee handbook. The employee handbook only explains that all purchases require an approved purchase order, and employees are prohibited from purchasing items for personal use through the Business Office. No district guidelines are in place for creating

purchase requisitions and purchase orders, acquiring approvals to purchase resources, or entering data into TxEIS, the district's data management system. **Figure 5–1** shows the purchasing guidelines for school districts as recommended in TEA's FASRG, compared to Hempstead ISD's written procedures.

In interviews with the review team, Hempstead ISD staff reported that the district has a centralized purchase approval process in which the superintendent or the director of finance approves all purchases of less than \$15,000. However, the district's purchase requisition process is decentralized. Districts often use a decentralized process to allow campus purchasing clerks, principals, department heads, and others to create purchase requisitions. **Figure 5–2** shows various purchasing functions and the staff members who could perform those functions.

Hempstead ISD staff indicated that the district's purchasing process was inconsistent. For example, at some campuses, a purchase requisition could be submitted from the campus purchasing clerk directly to the director of finance for approval. On other campuses, the purchasing clerk must submit the requisition to the principal for approval first. Also, in some cases, the director of finance reviews purchase requisitions and approves or denies the purchase. However, in other instances, the director of finance reviews a purchase requisition and then sends it to the superintendent to approve or deny the purchase. No consistent methodology determines how the purchasing process occurs.

In interviews with the review team, district staff indicated that the purchasing function is fragmented, with many different employees having the ability to initiate and approve

FIGURE 5–1
HEMPSTEAD ISD WRITTEN PURCHASING PROCEDURES COMPARED TO FASRG RECOMMENDATIONS
SCHOOL YEAR 2014–15

FASRG-RECOMMENDED PURCHASING MANUAL CONTENT	HEMPSTEAD ISD WRITTEN PROCEDURES
Purchasing goals and objectives	Not addressed
Statutes, regulations, and board policies	The district has both legal and local board policies addressing the purchasing function
Purchasing authority	Not addressed
Requisition and purchase order processing	Not addressed
Competitive procurement requirements and procedures	Not addressed
Vendor selection and relations	Not addressed
Receiving	Not addressed
Distribution	Not addressed
Disposal of obsolete and surplus property	Not addressed
Request for payment vouchers	Not addressed
Repair and service of equipment	Not addressed

SOURCES: Legislative Budget Board School Review Team, January 2015; Texas Education Agency's Financial Accountability System Resource Guide (FASRG), Purchasing Module 3.

FIGURE 5–2
HEMPSTEAD ISD PURCHASE REQUISITIONS AND ORDERS
SCHOOL YEAR 2014–15

REQUEST PURCHASE	INITIATE PURCHASE REQUISITION	APPROVE PURCHASE REQUISITION	INITIATE PURCHASE ORDER	APPROVE PURCHASE ORDER
Any staff member may request a purchase, including teachers, staff, directors, administrative assistants, and principals.	Administrative assistants; purchasing clerks, department directors; other executive staff.	Principals, department directors, director of finance, other executive staff, superintendent	Director of finance	Director of finance, superintendent.

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015.

purchase requisitions. Little communication occurs among the employees responsible for purchasing materials and equipment. As a result, staff are often unaware of resources ordered by other district employees. For example, there have been instances in which computers and software arrived on a campus without the knowledge of the director of technology or the director of operations. In those instances, the high school purchased the computers with federal funding that was specifically for career and technology education classes. The director of administrative services approved the purchases, the director of finance initiated a purchase order, and the superintendent gave final approval for the purchase. The administrative assistant to the director of operations is supposed to receive most orders, and the Technology Department is supposed to tag and inventory all technology. However, neither of those processes occurred; computers were delivered to the high school campus without the knowledge of the director of operations or the director of technology.

Furthermore, the lack of streamlined purchasing procedures results in the district's purchasing function operating on an ad-hoc basis. Because the purchasing process is not written, employees are told what to do by others who have knowledge about the process. However, this results in a process that could be prone to inconsistencies. Also, some individuals with authority to initiate purchases reported ordering items without knowing if the budget had sufficient funds for the purchase. As a result of this lack of guidance and coordination, the district often makes purchases based on availability of funds rather than on instructional needs. The director of finance and superintendent decide on whether to approve purchases based on the availability of funds in the budget.

District staff also expressed confusion regarding when the district must present a proposed purchase to the board for approval and when the district must use a bidding method to make a purchase. For example, Board Policy CH (LOCAL) states that all purchases of more than \$15,000 must be approved by the board. However, several participants in interviews and focus groups stated that the threshold for taking a proposed purchase to the board was \$50,000. Board Policy CH (LEGAL) states that purchases of more than \$50,000 must involve competitive bidding or other methods that bring the best value for the district, so district staff may have confused the thresholds for the two policies. One example of the discrepancy between Board Policy CH (LOCAL) and the purchasing actions of the district is the recent installation of broadband towers in the district.

According to the information provided by the district, the board did not approve the total cost of installation because it was less than \$50,000. However, based on the contract documentation, the review team concluded that the purchases were more than the \$15,000 threshold described in Board Policy CH (LOCAL), the basis for board approval. With monthly costs of \$6,000, the total cost of purchase would be more than \$50,000. Also, the district did not conduct a competitive bidding process to select the best vendor to make this installation.

In interviews with the review team, staff also acknowledged that a prolonged absence of an employee could result in problems because no other staff members in the department or at the campus may have purchasing experience. Other staff members discussed the difficulties with the transition from Skyward, the previous data management system, to TxEIS. Staff members received a brief training on using TxEIS when the school district acquired the system. In interviews with the review team, Hempstead ISD staff mentioned that, while most have learned to use the TxEIS system properly, some campus-level employees have yet to use the system for initiating purchase requisitions due to what they consider a lack of sufficient training in its use. Instead, the employees request that other campus-level staff initiate the purchase requisition in TxEIS.

According to responses on the review team's survey, 44 percent of campus staff respondents disagreed or strongly disagreed with the statement, "Purchasing processes are not cumbersome for the requestor, so I get what I need when I need it." At the district level, 36 percent of staff respondents disagreed or strongly disagreed with this statement. This response shows that many employees throughout the district are not satisfied with the purchasing process.

The lack of a clearly defined purchasing process causes Hempstead ISD to operate without properly disaggregated staff roles and sufficient oversight over the purchasing function. The district's lack of clearly segregated responsibilities and lines of communication could perpetuate the redundancies in the purchasing process, and the district could remain uninformed regarding the flow of assets into the district. Furthermore, without a well-developed purchasing process, those charged with initiating purchase requisitions for their campuses or departments could do so at the risk of overlooking a required board policy or statute.

Module 3 of the FASRG focuses on the purchasing process within school districts and provides examples of roles and

responsibilities for small, medium, and large school districts. Section 3.3.1, User Interface, describes the need for written instructions for staff that perform purchasing functions. The FASRG also describes the use of purchasing manuals, which explain a school district's purchasing policies and procedures. Manuals assist campus level and department level personnel in the purchasing of supplies and services. The manuals include all district rules, board policies, and statutes related to purchasing.

Katy ISD has developed a purchasing manual for the district, which is accessible on the district's website. This manual includes all applicable legal and local policies, and notes who has the authority to make purchases in the district. It also contains procedures for how purchases are made, which include:

- Purchases up to \$500 may be made in the most expeditious manner possible to meet the needs of the schools and departments. Although encouraged to utilize vendors within the system, new vendors may be entered as needed.
- For purchases \$501 to \$5,000, schools and departments must include a written quotation with the requisition. All should seek assistance from the Purchasing Department to obtain lists of interested vendors.
- Purchases \$5,001 to \$49,999, three written quotes are required. The requisition would not be processed until written documentation of the quotes is provided. The Purchasing Department maintains lists of vendors who have expressed interest in doing business with the district. All are recommended to seek assistance from the Purchasing Department in obtaining information on potential vendors.
- For any purchases of more than \$50,000, the Purchasing Department would be contacted so that a formal competitive procedure could be followed in the procurement process. The Purchasing Department will assist the campus or department in following the statute requirements for competitive procurements and in preparing the contract recommendations for board consideration. The Purchasing Department maintains lists of potential vendors for this purpose. The Purchasing Department could assist the campus or department by identifying any potential problems or pitfalls that might occur with the procurement.

Hempstead ISD should develop a written manual with uniform guidelines for the purchasing function that clearly delineate the roles, responsibilities, and lines of communication for district staff. The superintendent should meet with the director of finance, director of operations, director of special education, director of administrative services, director of curriculum and instruction, director of technology, coordinator of bilingual/ESL testing, and campus principals to discuss the purchasing process and methods to improve it. The first step should be to focus on improving communications within this group about purchasing needs in and across their areas of responsibility. Next, the superintendent should appoint a staff member to conduct a district survey of individuals who initiate purchase requests, those who initiate the purchase requisitions, and those who approve purchase requisitions and purchase orders. The purpose of the survey is to obtain feedback regarding the current purchasing process, identify specific problems, relate specific positive and/or negative experiences, and solicit input on how the district could improve the purchasing process.

The director of finance should identify staff with purchasing responsibilities to collaborate on the development of the written policies and procedures for purchasing. This group should study FASRG and extract key elements from the requirements stated in the document. This group could contact other school districts' purchasing personnel and discuss the process they used to develop their purchasing manuals, including the use of specific procedures depending on the cost of the item purchased.

The superintendent should consult with the board and solicit members' input regarding the content of the new district purchasing manual. After compiling the manual, the superintendent should seek approval from the board, if appropriate. Finally, the director of finance should develop a training module, train all district and campus staff involved in purchasing, and provide them with a copy of the purchasing manual.

This recommendation could be implemented with existing resources.

APPROVED VENDOR LISTS (REC. 27)

Hempstead ISD does not have formal procedures for selecting vendors and evaluating their performance.

The district had approximately 2,500 vendors available to purchase from, and paid 594 vendors during school

year 2013–14. If a department or campus chooses to purchase a product or a service, the desired vendor is selected in no specific manner. The Business Office does not require vendors to complete and provide an application to be a vendor. No process is available for new vendors to share their information with the district for consideration. In interviews with the review team, staff noted that the district often purchases from local vendors that principals and other school personnel know.

Once the department has selected the item and desired vendor, a designated employee approves the purchase requisition. For a new vendor, the requesting department adds the vendor's information into the TxEIS purchasing module and then initiates the purchase requisition. The requesting department has the authority in TxEIS to create a new vendor without system approval from the Business Office. Without such approval, no internal controls are in place regarding the creation of a new vendor, which brings the risk that the vendor may not actually exist.

A review of a sample of vendor payments for school year 2014–15 indicates that Hempstead ISD conducts business with a large number of vendors, including national and local vendors. Some of the purchases from local vendors were for food, uniforms, truck and auto parts, office supplies, hardware equipment, and other miscellaneous items. Examples of out-of-area vendors include publishing companies Pearson and Ballard and Tighe, and the law firm of Walsh, Gallegos, Treviño, Russo & Kyle, P.C. For more costly items, the director of operations seeks at least three bids before proceeding with the purchase. No cost threshold is set that the director of operations uses to decide when he would pursue a bidding process for a purchase.

In interviews with the review team, staff noted that the district does not use an approved vendor list and does not have procedures to evaluate the vendors' performance and the quality of their products. Without a clear vendor application and evaluation process, vendors are not informed that the district would consider all applications, nor are they informed that their continued inclusion on the list would be subject to satisfactory performance and quality of the goods or services they provide. Without an approved vendor list, the district risks showing favoritism to certain vendors. It also risks not getting the best prices on items when district staff only considers one vendor's prices on items.

FASRG, Section 3.2.2.1, suggests that school districts compile an approved vendor list. The guide explains that the

list often includes the names of vendors and the goods or services they provide. In addition, the guide suggests that the district have in place a process for vendors to apply to become approved vendors. The list could be updated regularly relative to changes in goods or service by the vendors, poor performance, or other criteria that the district establishes for evaluating vendors. The guide includes suggestions for vendor award criteria based on TEC, Section 44.031. These criteria include, but are not limited to, the following:

- the purchase price;
- the reputation of the vendor and of the goods and services offered;
- the quality of the goods and services;
- the extent to which the goods and services meet the needs of the district;
- the past relationship between the vendor and the district;
- the impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses;
- the total long-term cost to the district to acquire goods or services from the vendor; and
- any other relevant factors specifically listed in the request for bids or proposals; factors could include vendor response time and compatibility of goods/ products purchased with those already in use in the district.

Hempstead ISD should develop and maintain a district-approved vendor list and a process for evaluating the quality of goods and services provided. The district should provide public notice via its website that the purchasing process will include an approved vendor list. The district should develop an application, using FASRG as a resource. The application process should include the criteria by which the vendors will be approved and evaluated. The district should also inform vendors of the conditions in which they could remain on the approved list.

The process involved in creating, approving, and paying vendors should be segregated. The district should assign a different employee for each of those tasks to avoid the creation and payment of fictitious vendors. In addition, the district should periodically review the approved vendor list.

The Business Office should remove any vendors that do not exist or would not be used.

The district should also keep track of performance and service quality from its vendors. If a problem occurs with a vendor, the Business Office should contact that vendor and document the conversation. If the vendor's performance is ultimately determined to be substandard, the Business Office should remove that vendor from the approved vendor list.

This recommendation could be implemented with existing resources.

INSTRUCTIONAL MATERIALS ALLOTMENT AND PURCHASES (REC. 28)

Hempstead ISD lacks a process for considering and purchasing instructional materials and other eligible products using the state's Instructional Materials Allotment.

TEC, Chapter 31, authorizes TEA to provide the Instructional Materials Allotment (IMA) for each school district to be used as the funding source to order state-adopted instructional materials, nonadopted instructional materials, and software that advances student learning. School districts could also use the IMA to purchase devices, computers, and other technology, and for training in the use of instructional materials and other resources. TEA provides the IMA to each district annually in the form of credits. TEA bases the total amount of the allotment on the number of students in each district, with some exceptions for fast-growing districts. To use the IMA, school districts submit requisitions for state-adopted products through the Educational Materials System (EMAT), the online instructional materials system operated by TEA. The system places the orders with the publishers, and the district receives the materials directly from the publishers or publishers' distribution centers. School districts may also use the IMA to purchase nonadopted instructional materials and technology and request a disbursement of funds through EMAT to the district for the purchases. The IMA does not lapse, so school districts can carry balances from year to year.

Hempstead ISD has several policies related to instructional materials and expenditures from the IMA. Board Policy CMD (LEGAL), Regulation, Equipment, and Supplies Management, describes the delegation of duties to an instructional materials coordinator, who is responsible for placing requisitions and requests for disbursement through EMAT. The policy also includes a description of students' responsibilities with regard to lost instructional materials and

cites the methods by which school districts can use the funds. The more specific Board Policy EFAA (LOCAL), regarding the selection and adoption of instructional materials, provides an overview of the process for considering expenditures from the IMA. The policy states that the district shall "establish a team, as needed, to select instructional materials and technological equipment to be purchased with the district's instructional materials allotment. The team shall make selections based upon district instructional needs and in accordance with administrative regulations." The policy elaborates further regarding the responsibilities of the team in making certain that all instructional materials purchased with the IMA address the state educational standards, the Texas Essential Knowledge and Skills (TEKS), but it does not specify the staff that are included on the team.

For the 2014–15 biennium, Hempstead ISD's IMA was \$246,144, split into approximately 50 percent per fiscal year, \$123,105 for fiscal year 2014, and \$123,039 for fiscal year 2015. According to the information provided by the school district and available on TEA's website, Hempstead ISD did not request disbursements for all of its instructional materials and technology purchases during this biennium. The district expended a total of \$33,918 from the IMA in school year 2013–14, and \$183,679 in school year 2014–15. For the biennium, the district spent a total of \$217,597 from the total allotment of \$246,144, failing to spend \$28,547 of its allotment during that period.

Hempstead ISD orders instructional materials for its teachers and students using several methods, according to discussions with staff. Principals assess the need for instructional materials on their campuses and request materials through the director of curriculum and instruction. The director of administrative services stated that she studies the instructional materials that are scheduled for adoption by the State Board of Education, and she places orders through the instructional materials coordinator if the funds are available. The instructional materials coordinator, who is also the high school librarian, places the orders using EMAT. The instructional materials coordinator does not play a role in determining expenditures from the IMA and serves an administrative function only in placing orders through EMAT. Staff members can also order instructional materials by making requests on an individual basis, according to the director of curriculum and instruction. For example, the coordinator of bilingual/ESL testing can communicate needs to the director of administrative services, who then instructs the instructional materials coordinator to place the orders. In

interviews with the review team, district staff stated that they do not know whether Hempstead ISD had ever convened an instructional materials team, as mandated in Board Policy EFAA (LOCAL). The director of special education stated that she knew that the IMA existed and was able to take advantage of the funds for specific needs of the special education program. Only a few participants in interviews knew that the school district has an instructional materials coordinator.

Some district staff expressed concerns that they had requested new state-adopted science instructional materials for school year 2014–15 and never received them. Additionally, while new science and mathematics materials arrived on schedule at the elementary school, at the middle school, some new instructional materials did not arrive until late October 2014. Bilingual and ESL teachers expressed concern that they received Spanish-language science materials that were not useful, because most of the instruction in the prekindergarten through grade five bilingual education and ESL programs is in English. Principals at the Hempstead ISD campuses expressed concerns about the age of some of their textbooks and stated that they do not use them because of their age.

According to responses on the review team's staff survey, 46 percent of campus staff respondents disagreed or strongly disagreed with the statement, "Students are issued textbooks in good shape and in a timely manner." Also, 29 percent of district staff disagreed or strongly disagreed with this statement. This response shows that many throughout the district are not satisfied with the textbook procurement and distribution process.

Hempstead ISD's process for ordering instructional materials using the IMA is not an inclusive process that allows key stakeholders in the district to have a voice in how the funds are used, as recommended in Board Policy EFAA (LOCAL). This lack of input into the process results in teachers receiving inappropriate instructional materials, late delivery of instructional materials, and in a few cases, no delivery of requested materials. This lack also results in teachers using different instructional resources in different classrooms, resulting in inconsistent educational delivery. In addition, TEC, Section 31.004, Certification of Provision of Instructional Materials, requires that all instructional materials purchased with the IMA cover the TEKS. By selecting instructional materials without a thorough examination of the extent to which they align with the TEKS, the district is not fully complying with the statute.

In 2011, as part of TEC, Chapter 31, TEA developed a series of instructional tutorials that recommended a process to consider expenditures from the IMA. The process involved selecting IMA teams, including a decision team, a fiscal team, a technology team, and an instructional team. The decision team would include representatives of the Business Office, the superintendent's office, and the principals. This team would be responsible for taking a broad view of the district's instructional materials needs, considering students, teachers, district goals, and instructional strategies. Principals would represent the teachers' needs, following discussions with each teacher. The fiscal team would include the Business Office and the principals, and it would be responsible for tracking the expenditures and making decisions such as whether the district should allocate a portion of the IMA to each campus. The fiscal team would also consider requests and recommend purchases to the decision team. The technology team's responsibilities would include a broad view of the district's technology needs and would make recommendations to the decision team. The instructional team would include the director of curriculum and instruction, teachers, and the instructional materials coordinator. This team would also recommend purchases to the decision team. A process such as this represents all sectors of the district and results in a consistent approach to considering instructional materials.

Hempstead ISD should implement a team approach for using the state's Instructional Materials Allotment and establish a transparent method of selecting instructional materials and technology that includes key district stakeholders. The superintendent should establish the teams with any modifications needed to address specific needs of the district. A representative of the decision team should locate the training tutorials developed by TEA in 2011. All members of each team should review the training tutorials and consider the inventory of instructional materials now in the district to see which materials are still viable. The teams should discuss whether nonadopted instructional materials purchased through the disbursement process address the TEKS properly as required by law. The teams should review the recent adoptions of instructional materials to determine which instructional materials are best suited for the district. The teams should consider the language of instruction used in the bilingual education classrooms and solicit teachers' input into whether Spanish or English materials are most appropriate. Teams should consider State Board of Education adoptions, and should budget from the IMA accordingly. The decision team should consider all recommendations

with the stipulation that the combination of instructional materials purchased address the TEKS. The teams' membership could change from year to year based on adoptions and based on staffing changes within the district.

This recommendation could be implemented with existing resources.

CONTRACT MANAGEMENT (REC. 29)

Hempstead ISD does not have a process for managing contracts.

All management of contracts at Hempstead ISD occurs at the department level. Each director manages the contracts for programs or services in that department. No district level position is responsible for organizing and managing the various contracts across the district. Expectations are not defined on how departments should manage the contracts. As a result, each department handles contract management differently.

Focus group and interview participants provided information about some of Hempstead ISD's contracts. In several cases, the review team noted concerns, such as duplication of services with overlapping contracts, contracts implemented without careful planning, failure to monitor conditions of contracts, failure to monitor warranties, and failure to oversee and evaluate the services provided by third-party contractors.

Hempstead ISD used Skyward as its data management system until the previous superintendent recommended switching to TxEIS, another data management system. The district did not conduct a needs assessment to determine if switching from Skyward to TxEIS was in the best interests of the district. The board approved the superintendent's recommendation. Because of a number of complications with implementing the new system and training staff members in its use, the implementation of TxEIS was not completed by the expiration of the Skyward contract. Because of this incomplete implementation, the district had to pay fees for concurrent use of both data management systems.

The district has two active websites, one through netStartEnterprise and one through SharpSchools. The former superintendent wanted to change to SharpSchools as the website provider, and the board approved the change in March 2014. The district did not conduct a needs assessment to determine if the new website provider was in the best interests of the district. According to some interview and focus group participants, the public is not certain which website has the most current information, because both

websites are accessible. At the time of the onsite review, the previous web hosting provider had not been notified by the Technology Department to remove the dormant district website.

In 2014, Hempstead ISD engaged in discussions with Chevron regarding energy needs in the district, at the direction of the previous superintendent. The district did not conduct a needs assessment or analysis of long-term energy consumption trends before engaging in discussions with the energy vendor. As a result, rather than the district asking the vendor to help with specific needs, the district relied on the vendor to provide what it thought the district needed. Ultimately, the district signed a contract with Chevron that was approved by the board. District staff explained to the review team that district representatives did not carefully review the terms of this contract, which included terms such as a payback period of 15 years and the procurement of a \$1 million loan that were not planned. The review team also found that the Operations Department is not complying with certain provisions of the contract, such as setting the thermostats at specific temperatures.

Although Hempstead ISD maintains records of its construction and maintenance projects, the review team found that district staff members were not pursuing repair work for those projects using applicable warranties. Examples identified by the review team included repairs on the roofing at the middle school, repairs to the heating and air conditioning units at the high school, and roofing repairs at the high school library. The review team noted that district staff members are not aware of all system and product warranties that apply to construction and maintenance projects.

The district has a food service management contract with Chartwells to provide meals for Hempstead ISD's students. During the onsite review, the review team noted that the district relies on the food service management company to handle most tasks associated with the child nutrition program. Some of these tasks include supervising the free-and reduced-price meal application process and ensuring that information from the food service management company is provided to the director of finance each month. The district uses the information from Chartwells to claim reimbursements from the Texas Department of Agriculture. The district does not monitor the vendor's performance of tasks to ensure that they are accurate. This lack of oversight may have led to a number of disparities, such as claims for reimbursement for meals that did not meet nutritional

standards, failure to use appropriate documentation procedures, and failure to appropriately monitor the profit and loss status of the food service operation. Despite the fact that the food service management company is contracted by the district to provide food service operations, it is the district's responsibility to ensure that the vendor is accurately performing these duties as required in the contract.

Without contract management procedures, Hempstead ISD risks a continuation of issues, such as overlapping contracts and contracts being executed without proper planning. In addition, because the district does not have a specific position to oversee contracts across the district, the district continues to risk overlooking warranty conditions and other contractual conditions that could result in unnecessary expenditures on repairs and replacements, and the failure to assure the public that the district is using its funds wisely.

In 2009, the Legislative Budget Board's Texas State Government Effectiveness and Efficiency Report (GEER) described problems associated with the lack of processes to monitor and manage school district contracts. Examples include entering into contracts that are unfavorable to the school district and having undefined roles for district personnel in monitoring contract compliance. The report also includes the benefits of training key district personnel regarding effective contract monitoring and management. According to the report, best practices in contract monitoring and management include having comprehensive written procedures for the management of district contracts. Effective contract management also includes recording information regarding all district contracts in a standardized format, such as terms and conditions, critical dates during implementation, and having district personnel responsible for overseeing each contract.

Hempstead ISD should develop written procedures for managing school district contracts and train key district personnel on effective contract monitoring and management. The superintendent, the director of finance, and the director of operations should initiate the process of developing the district's written procedures for managing its contracts. The procedures should follow the GEER's suggested school district purchasing and contracting processes and could be a component within a broader district purchasing manual. The procedures should include maintaining a master list of all district contracts, the terms and conditions for each contract, critical dates, and notes related to any problems in the implementation or completion of the contracts. The contract information should include the method by which the district

acquired the goods or services, such as competitive bidding or request for proposal, and the name and title of each position responsible for overseeing a contract. Each staff position responsible for monitoring a contract should maintain a copy of the contract with the associated information and use a district-approved, standardized form to record monitoring activities, problems noted, and issues related to delivery of goods or services.

Upon completion and approval of the written procedures for managing contracts, the superintendent, the director of finance, and the director of operations should develop a training module for all staff responsible for monitoring and managing school district contracts. This training module could be a component within a broader training module pertaining to purchasing procedures for the district.

This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 5. PURCHASING AND INSTRUCTIONAL MATERIALS							
26. Develop a written manual with uniform guidelines for the purchasing function that clearly delineate the roles, responsibilities, and lines of communication for district staff.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27. Develop and maintain a district-approved vendor list and a process for evaluating the quality of goods and services provided.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28. Implement a team approach for using the state's Instructional Materials Allotment and establish a transparent method of selecting instructional materials and technology that includes key district stakeholders.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29. Develop written procedures for managing school district contracts and train key district personnel on effective contract monitoring and management.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CHAPTER 6. ASSET AND RISK MANAGEMENT

An independent school district's asset and risk management function controls costs by ensuring that it is adequately protected against significant losses with the lowest possible insurance premiums. This protection includes the identification of risks and methods to minimize their impact. Risks can include investments, liabilities, capital assets, and insurance.

Managing assets and risks is dependent on the organizational structure of the district. Larger districts typically have staff dedicated to asset and risk management, while smaller districts assign staff these responsibilities as a secondary assignment. Managing investments includes identifying those with maximum interest-earning potential while safeguarding funds and ensuring liquidity to meet fluctuating cash flow demands. Forecasting and managing revenue includes efficient tax collections to allow a district to meet its cash flow needs, earn the highest possible interest, and estimate state and federal funding. Capital asset management should identify a district's property (e.g., buildings, vehicles, equipment) and protect it from theft and obsolescence. Insurance programs cover employees' health, workers' compensation, and district liability.

Oversight of Hempstead ISD's asset and risk management activities primarily rests with the director of finance. The payroll specialist and Public Education Information Management System (PEIMS, the Texas Education Agency's data management system) coordinator are housed in the Business Office and assist the director of finance. The director of finance is new to the position and school business operations in school year 2014–15, so the district retained two consultants in August 2014 to support the director of finance. These consultants perform many tasks, including bank reconciliations, activity fund oversight, and investment monitoring. Prosperity Bank serves as the depository for the district's seven cash and three activity fund accounts. The director of finance completes bank reconciliations for the district accounts with assistance from the external consultants. Campus administrative assistants prepare activity fund account reconciliations.

Each of the three campuses maintains activity fund accounts, using a decentralized approach. Each campus uses an activity fund accounting system that is separate from the district's financial system, and accounting transactions are initiated,

processed, and recorded at each campus. Campus personnel prepare and submit deposits to the bank. Each campus processes invoices and generates checks.

Hempstead ISD's investments are held at Prosperity Bank and with the Lone Star and TexStar investment pools. The director of finance monitors the balances in these accounts and provides statements to the Board of Trustees each month. The board designated the director of finance, the payroll specialist, and the public relations officer as investment officers in December 2014. These individuals are still working on obtaining the necessary training to meet state law.

The district maintains property and casualty, workers' compensation, and automobile insurance with the Texas Association of School Boards (TASB) Risk Management Fund. All student athletes are covered in a districtwide insurance policy through Universal Fidelity Life.

Hempstead ISD offers employee insurance through the Teacher Retirement System of Texas (TRS) Active Care. The district also offers group rates on dental, life, cancer, vision, and disability coverage. In September 2014, Hempstead ISD switched to Financial Benefits Services as the third-party administrator to provide online enrollment and consulting services for employee benefits.

FINDINGS

- ◆ Hempstead ISD does not provide cash handling training and has not established expectations or provided guidance for cash management.
- ◆ Hempstead ISD does not have a reliable method for forecasting cash flow.
- ◆ Hempstead ISD lacks structured inventory control procedures.
- ◆ Hempstead ISD does not have an organized approach for monitoring activity funds.
- ◆ Hempstead ISD is not fully complying with investment requirements.

RECOMMENDATIONS

- ◆ **Recommendation 30: Develop written procedures and provide training for district employees that handle cash.**
- ◆ **Recommendation 31: Develop a cash flow projection report that estimates district revenues and expenditures by year and month for a rolling fiscal year and present it to the Board of Trustees with the monthly financial reports.**
- ◆ **Recommendation 32: Establish inventory control guidelines that detail responsibility for custody and proper use of fixed assets and identify information that should be maintained on the district's inventory listing.**
- ◆ **Recommendation 33: Develop written procedures to govern the administration of activity funds and assign the task of preparing activity fund bank reconciliations to the district's Business Office.**
- ◆ **Recommendation 34: Present the district investment policy to the Board of Trustees and external vendors for review and modify the investment report to include the required information.**

DETAILED FINDINGS

CASH HANDLING (REC. 30)

Hempstead ISD does not provide cash handling training and has not established expectations or provided guidance for cash management.

Numerous district employees handle cash for various reasons. **Figure 6–1** shows several staff positions that handle cash on a consistent basis.

Teachers and administrative assistants frequently receive cash from students. When a teacher or a student gives money to an administrative assistant, the administrative assistant provides a written receipt to the individual who released the funds, and the proceeds are placed in the safe. At all campuses, the campus administrative assistant and principal have access to the safe, and either position may transport deposits to the bank. However, the district does not have guidelines in place limiting the amount of money or length of time funds can remain in the safe, so the frequency of deposits is at the discretion of campus personnel.

Food service staff collects cash daily for food sales. The food service lead verifies cashiers' tills after each shift and then compares the revenue to the point-of-sale system. The food service lead takes the money to the Business Office every day and places it in the safe. The director of finance prepares the deposit and takes it to the bank four to five times per week.

At the beginning of football, volleyball, and basketball seasons, the athletic director picks up a change fund from the bank for gate boxes and places the money in a locked file cabinet that is only accessible by the athletic director and athletic administrative assistant between uses. To prepare ticket sales boxes for each event, the athletic director places the designated change fund and tickets for adults and students in the till. Each ticket is numbered, but these numbers are not recorded or used for reconciliation purposes. When the gate workers take possession of the till, they do not verify the start-up change for accuracy. After Friday night football games, the ticket seller counts the gate receipts, takes the money collected to the bank and places it in the night deposit for safekeeping. On Monday morning, the director of operations or the director of finance retrieves the funds from the bank and brings the money to the administration building to be recounted, and the director of finance prepares the deposit. The ticket sellers at volleyball and basketball events count money collected, and the athletic director immediately takes the money to the bank for deposit. The district does not have a position that reconciles the remaining tickets to money collected at any time.

The district does not have documented expectations for how cash could be secured or how frequently deposits should be made. Therefore, cash could not be properly secured at all times, as evidenced by Athletic Department cash being stored in locked file cabinets. Also, campuses do not have a consistent pattern of depositing, and based on the frequency and pattern of deposits, funds could be held at the campus for an extended period of time. For example, the elementary campus made only six deposits from September 1, 2014, to December 31, 2014. The high school made four deposits that totaled \$10,587 in November 2014 and two deposits that totaled \$5,330 in December 2014. It is unlikely that this money was collected within a few days before the deposits. Holding funds for a long time increases the risk of kiting, a form of fraud involving making use of nonexistent funds in a checking or other bank account, and other forms of misappropriation. In a kiting scheme, money could be taken and then replaced before anyone realizes the funds are

FIGURE 6–1
HEMPSTEAD ISD CASH HANDLING BY STAFF POSITIONS
SCHOOL YEAR 2014–15

POSITION	REASON FOR HANDLING CASH	DISPOSITION OF FUNDS
Teachers/Librarians	Student fees, fund-raisers	To campus administrative assistant
Campus Administrative Assistant	Student fees, fund-raisers	Takes to bank
Campus Administrators	Oversight of campus funds	Takes to bank
Food Service Cashiers/Lead	Cafeteria food sales	Takes to bank
Director of Facilities	Facility usage fees Gate receipts (football games)	Takes to director of finance Takes to bank and picks up from bank
Athletic Director	Prepares gate boxes Gate receipts (volleyball games, basketball games)	Distributes gate boxes to ticket sellers Takes to bank
Director of Finance	Gate receipts Any district cash acceptance	Takes to bank, counts, and then takes back to bank Takes to bank

SOURCE: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015.

missing. If money is stolen, it could go unnoticed for months and make it more difficult to determine when the misappropriation occurred.

Because procedures have not been established for handling cash at athletic events, gate sales revenue for sporting events could be inaccurate. The district determines gate revenue by counting the funds in the tills instead of reconciling to the number of tickets sold. Adult tickets and student tickets are sold at different prices, but revenue generated from adult ticket sales is not distinguished from revenue for student tickets. The lack of a reconciliation process, coupled with the inability to distinguish the number of tickets sold at each price level, could adversely affect the accuracy of revenue. Ticket sellers in charge of the till could easily conceal a theft, and there would not be any evidence to determine the amount of funds missing. Also, the University Interscholastic League has established a football fee schedule that determines varsity game officials' pay based on gross gate receipts. Because this compensation depends on revenue generated from ticket sales, any error in arriving at revenue could result in some game officials not being correctly compensated.

District employees who handle cash do so with little or no training, and in the absence of detailed district guidance, campuses and departments have established individualized cash handling processes. This lack of consistency among practices heightens the risk for lost or stolen funds. When campus leadership changes, processes could be modified and necessary checks and balances could be overlooked.

Additionally, employees who have not been provided proper training could provide incorrect guidance to colleagues and further weaken the control structure.

Figure 6–2 shows Hempstead ISD's cash management procedures compared to best practice.

FIGURE 6–2
HEMPSTEAD ISD'S CASH MANAGEMENT PROCEDURES
COMPARED TO BEST PRACTICE
SCHOOL YEAR 2014–15

BEST PRACTICE	HEMPSTEAD ISD
Funds deposited at least every three days	Funds deposited on no consistent schedule
All funds stored in locked safe	Some funds stored in safes, and other funds stored in locking file cabinet
Gate revenue determined by ticket reconciliation	Gate revenue determined by counting money
Cash handling training provided annually to all employees	Training not provided

SOURCE: Legislative Budget Board School Review Team, January 2015.

School districts that effectively manage cash provide timely and appropriate training to staff, and have written guidelines in place that encompass all areas in which the district is exposed to cash. The Texas Association of School Business Officials (TASBO) offers an online training session specifically addressing cash management. The webinar

addresses best practices related to various cash management scenarios. Best practices training for cash management include:

- receipting and depositing funds: funds are properly secured while on campus and deposited at least every three days;
- reconciling bank statements: bank reconciliations are prepared no later than the 15th day of the succeeding month;
- disbursing funds: check stock are properly secured, and proper approval is documented for all expenses; and
- managing petty cash accounts: itemized receipts are maintained for all petty cash expenses, and the funds are reconciled at least monthly.

Barbers Hill ISD has developed a finance manual that includes operating procedures for activity funds, fund-raising, petty cash, and athletic gate receipts. The document contains extensive details regarding ideal processes for each of these areas and has sample forms that could be used to aid in implementing new practices.

Hempstead ISD should develop written procedures and provide training for district employees that handle cash. To effectively implement this recommendation, the Business Office should identify every position that has cash management responsibilities and assess the weakness in cash handling in each area. Barbers Hill ISD has already developed procedures in cash management, so the director of finance should consider seeking guidance from a counterpart in that district. Also, Business Office staff should take advantage of training opportunities provided by TASBO to build upon current knowledge. TASBO webinars cost \$70 for TASBO members.

The district should form a committee to provide input regarding cash handling procedures to ensure that the procedures are feasible and that the process has buy-in from staff that have cash management responsibilities. This committee should include a cross section of elementary, middle, and high school cash handlers, and food service, athletic, and central office employees who handle cash. The committee should provide recommendations regarding the information to include in the cash handling procedures. At a minimum, the procedures should address the following topics:

- cash handling responsibilities, including:
 - acknowledgement of responsibilities form; and
 - ethical behavior expectations;
- receipting cash, including:
 - employees authorized to receive cash; and
 - documentation that should be developed and retained;
- securing cash, including:
 - approved locations for cash storage; and
 - employees authorized to access the cash storage receptacle;
- depositing cash, including:
 - frequency of deposits; and
 - employees authorized to take deposits to bank;
- petty cash, including:
 - appropriate expenditures;
 - required documentation; and
 - reconciling and replenishing the fund; and
- athletic gate receipts, including:
 - gate box preparation and custodianship;
 - ticket sales reconciliation; and
 - deposit preparation.

After the procedures have been created, Business Office staff should develop an internal training program for all campus and departmental employees who handle cash. The training should also be provided to new staff, and an annual refresher course should be required for everyone with applicable responsibilities.

TASBO webinars cost \$70 for members. Because the director of finance and the payroll specialist are TASBO members, the fiscal impact assumes a one-time cost of \$140 for training (\$70 + \$70 = \$140).

CASH FLOW FORECASTING (REC. 31)

Hempstead ISD does not have a reliable method for forecasting cash flow.

Cash flow forecasting is the act of determining the amount of money available for any given time period. The process involves estimating the amount of revenue expected from all sources, as well as projecting expenditures. The director of finance submits financial reports to the board each month that include information regarding tax collection status, bank account balances, investment summaries, and accounts payable check issuances. However, these reports do not include a projection of cash flow. Most school districts prepare cash flow forecasts to determine the availability of funds for meeting financial obligations. However, the director of finance relies on the Texas Education Agency's (TEA) Summary of Finance statement to estimate the amount of cash to be received during the year, and previous year budget activity to estimate annual cash outflows. The director of finance also reviews current and previous year revenue and expenditures and compares them to estimate future revenue and expenditures, when necessary. The director of finance uses both of these methods informally, and she does not document them.

Without an accurate method to forecast general fund cash flow, the district may not be able to determine whether sufficient cash is available to meet anticipated needs. If the district were to experience a significant change in cash position and face an unexpected shortage of funds, payment obligations would not be met, and the district's bond rating could be adversely affected. A low bond rating brings into question the creditworthiness of the district, which could increase the interest rate on bonds sold and affect the district's ability to refund current bonds.

Cash forecasting is an important tool for management to use in ensuring the district will not experience a fiscal crisis from a cash shortage. Accurate cash forecasting enables a school district to anticipate potential cash shortages and take proactive steps to protect the district.

TEA has established guidelines for cash forecasts and suggests that projections be developed for the fiscal year monthly or more frequently, depending on payroll periods. Effective cash flow forecasting considers, at a minimum, the timing of federal and state aid payments, local property tax levies and collections, internal earnings, and disbursements. Bond proceeds and short-term loan disbursements could also be included, if applicable. **Figure 6–3** shows a sample cash flow projection report that could be used for the general fund.

Hempstead ISD should develop a cash flow projection report that estimates district revenues and expenditures by year and

month for a rolling fiscal year and present it to the Board of Trustees with the monthly financial reports. The director of finance should obtain the cash flow projection template provided by TEA. Once familiar with the components, the director of finance should estimate major revenues. TEA sends a schedule of payments report to each district, so the district could input state aid using this document. The district could project other state and federal cash receipts based on historic information. Hempstead ISD could estimate local revenue from property taxes using property values and historical tax collection rates provided by the taxing authority. The district could estimate any other significant revenue using historic information.

Next, Hempstead ISD should estimate and analyze expenditures. Payroll costs, which include salaries, payroll taxes, employee insurance benefits, and TRS payments, are the largest expenses for districts, and these costs could be forecast using historical data. The district should analyze and project other expenses, such as contracted services, supplies, and travel based on actual anticipated activity.

After the month-to-month cash flow projection for the entire year has been completed, the director of finance should share it with the superintendent, directors, and campus administrators, and include it in the monthly financial reports that she presents to the board. The director of finance should review and update the report each month.

This recommendation could be implemented with existing resources.

INVENTORY CONTROL (REC. 32)

Hempstead ISD lacks structured inventory control procedures.

Hempstead ISD maintains an inventory of capital (or fixed) assets with a cost of more than \$5,000, and electronic or highly mobile items that the district chooses to monitor. Hempstead ISD has two official inventory listings—one for capital assets, and the other for computers. The Business Office maintains the fixed-asset listing in a spreadsheet and uses it to support the net balance of capital assets reported in the annual financial report. The director of finance submitted the school year 2013–14 schedule to the external auditors for the annual audit; however, one of the Business Office's external consultants prepared the schedule, and the director of finance was unaware of any procedures used or physical inventories conducted to support the accuracy of the schedule.

FIGURE 6–3
SAMPLE CASH FLOW PROJECTION REPORT
2015

GENERAL FUND		(Actual and/or Projected)	
		September	October
<i>Beginning Cash Balance in Bank</i>			
	\$	0	0
RECEIPTS			
Tax Collections - Current	\$	0	0
Tax Collections - Delinquent	\$	0	0
Penalties & Interest	\$	0	0
Other Local Revenue	\$	0	0
State Revenue - Available School Fund	\$	0	0
State Revenue - Foundation	\$	0	0
Other State Revenue	\$	0	0
Federal Indirect	\$	0	0
Total Revenue	\$	0	0
DISBURSEMENTS			
Payroll Net Checks	\$	0	0
TRS Deposit	\$	0	0
IRS Deposit	\$	0	0
Deduction Checks	\$	0	0
Total Payroll	\$	0	0
Cash to TEA	\$	0	0
Expenditures other than payroll	\$	0	0
Total Expenditures	\$	0	0
Net Change in Cash	\$	0	0
<i>Ending Cash Balance in bank</i>	\$	0	0
Other Uses / Transfers			
Cash Transferred to Debt Service	\$	0	0
Transfer to WC	\$	0	0
Transfers (to) Texpool	\$	0	0
Total Other Uses / Transfers		0	0
CDs			
<i>Beginning Cash Balance in Bank</i>	\$	0	0
Interest Income	\$	0	0
Investments	\$	0	0
Ending Balance	\$	0	0
Total Cash & Investments Available	\$	0	0

SOURCE: Texas Education Agency, Financial Solvency Review, January 2015.

The Business Office maintains a subsidiary record of capital assets that includes fixed assets, such as buildings and land, and moveable capital assets, such as lawnmowers and welders. To maximize control of capital assets, especially those that are mobile, the ledger contains certain information regarding purchases. However, the ledger used by the district lacks several elements that allow for proper identification of each asset. **Figure 6–4** shows a comparison of industry standard information to that used at Hempstead ISD.

FIGURE 6–4
**HEMPSTEAD ISD FIXED ASSETS INVENTORY SCHEDULE
COMPARED TO INDUSTRY STANDARDS**
SCHOOL YEAR 2014–15

INDUSTRY STANDARD	HEMPSTEAD ISD
Item purchased	Yes
Date of purchase	Yes
Purchase price	Yes
Life expectancy	Yes
Location number	No
Inventory number	Yes
Fund from which purchased	No

SOURCES: Texas Education Agency, *Financial Accountability System Resource Guide*, Financial Accounting and Reporting, 2015; Hempstead ISD's fixed assets inventory listing, January 2015.

The Technology Department maintains an inventory of computers in the district using an Excel spreadsheet. The director of technology stated that all district computers issued by the Technology Department are tagged with a label that has a district-assigned number used for tracking purposes. The Technology Department staff maintains a computer inventory list that includes a district-assigned number for each item, but the inventory list does not include a serial number or other manufacturer identifier for each item. If the district-assigned label is removed from the computer, there is not a reliable method in place to trace the item to the inventory list.

The Career and Technical Education (CTE) Department at the high school is permitted to purchase computers and other technology equipment, but the Technology Department does not maintain an inventory of these items. The computers are shipped directly to the high school, and the CTE teacher is responsible for maintaining an inventory of those items.

Assets are procured through a purchase order and shipped to the location identified on the requisition. The district has a central receiving location at the administration building; however, not all items are funneled through this site. As a

result, not all assets are identified in inventory and tagged. The review team observed stacks of computer equipment in a storage room at the administration building. Some had supplier-provided bar codes and service tag numbers, but none had inventory tags.

When the review team asked district and campus administrators and department directors about inventory control procedures, most were not fully aware of how the district monitors assets. Both campus and central office staff stated that Technology Department staff tag desktops and laptops with a bar code, and that Technology Department staff were responsible for tracking computers and technology equipment through physical verification. However, those who had been employed with the district for less than two years could not recall a physical inventory of computers being conducted by the Technology Department at any time.

When asked about documentation to support physical inventories of assets, neither the Business Office nor the Technology Department staff members could provide records. The director of finance acknowledged a lack of involvement in monitoring inventory, and the district's financial consultants did as well.

Additionally, the district does not have a process in place governing the disposal of fixed and moveable assets. Board Policy CI (LOCAL), regarding school properties disposal, states that the superintendent has the discretion to dispose of assets that are deemed to have no value, but it does not specify how the assets should be disposed. When the review team questioned Business Office and Technology Department staff about procedures for the retirement of items, none of them knew how assets were removed from inventory and disposed.

The lack of inventory procedures has led to technology equipment not being tagged and recorded. As a result, inventory records may not accurately represent district assets. Portable devices could easily be removed from district premises and not returned without the district ever realizing the assets are missing. Without a physical inventory, district records would not capture missing or stolen inventory.

Also, because the district does not maintain a list that includes the funding source for each item, assets purchased with federal funding may not be properly discarded, and the district could be subject to sanctions from the U.S. Department of Education. Sanctions could include the repayment of funds or loss of future allocations.

Adequate procedures for identifying, maintaining, and disposing of inventory are critical to protecting school property. TEA's Financial Accountability System Resource Guide (FASRG), Section 1.2.4.7, suggests that detailed records be maintained for capital assets, furniture, and equipment. Regardless of how a district maintains the ledger, the FASRG suggests including a strong description of the item to provide a positive identification, cost and purchase data, and location of the item. The same guidance suggests that all moveable assets be marked with a permanent code to permit positive identification, and that the inventory listing is reconciled to general ledger accounts to balance total additions and deletions.

Lackland ISD has established an effective procedure for tracking fixed assets. **Figure 6–5** shows the procedures that Lackland ISD has developed for fixed assets tracking.

FIGURE 6–5
LACKLAND ISD FIXED ASSET TRACKING PROCEDURES
OCTOBER 2014

CONTROL AREA	DESCRIPTION
Functions	Inventory database
Transfer Form	Procedures for transferring items
Monthly Reconciliation	Reconcile new inventory recorded in ledger to fixed assets records
Annual Reconciliation	Annual physical verification and reconciliation
Disposal	Allowable disposal methods
Federally Funded Assets: Use	Appropriate use
Federally Funded Assets: Disposal	Disposal procedures and allowable methods

SOURCE: Lackland ISD, Fixed Assets Tracking Procedures, October 2014.

Hempstead ISD should establish inventory control guidelines that detail responsibility for custody and proper use of fixed assets and identify information that should be maintained on the district's inventory listing. To begin, Business Office and Technology Department staff should reconcile all purchases to the computer inventory and fixed assets listing. Then district staff should perform a comprehensive physical inventory of fixed assets and computers. This inventory should include reconciling any differences of assets recorded but not found, and those physically present but not included in the asset listing. The Business Office and Technology Department staff should record serial numbers for all items,

and ensure a district identification marking is visibly displayed on all moveable assets.

After an accurate account of assets is assured, Business Office staff, in conjunction with the Technology Department, should develop written guidelines to govern the inventory control process. Board Policy CI (LOCAL) could be modified to specify allowable disposal methods of fixed assets, to consider return on value and environmental considerations.

This recommendation could be implemented with existing resources.

ACTIVITY FUNDS (REC. 33)

Hempstead ISD does not have an organized approach for monitoring activity funds.

Hempstead ISD campuses have activity funds to manage monies generated in support of student activities. Two classifications of activity funds exist: student activity funds, which are held on behalf of the students or support student organizations, and campus activity funds, which belong to the school as a whole to support campuswide initiatives. The distinction among the two is based on who is responsible for making financial decisions. When students determine the purpose of using funds, the account is set up as a student activity account; otherwise, the funds are accounted for in a campus account. Hempstead ISD's Board Policy CFD (LOCAL) governs activity funds management. **Figure 6–6** shows the activity fund accounts for each campus.

FIGURE 6–6
HEMPSTEAD ISD ACTIVITY FUND ACCOUNTS CASH
BALANCES
DECEMBER 31, 2014

CAMPUS	ACCOUNT BALANCE	CAMPUS ACCOUNTS	STUDENT ACCOUNTS
Elementary School	\$25,134	5	0
Junior High School	\$13,160	10	7
High School	\$61,385	16	13

SOURCE: Hempstead ISD financial records, January 2015.

Each school is considered a trustee of the funds, and all accounts are administered using a decentralized method in which the campus accounts for and controls the activity on-site. **Figure 6–7** shows the advantages and disadvantages of using a decentralized approach.

FIGURE 6–7
SCHOOL DISTRICT DECENTRALIZED ACTIVITY FUNDS
2015

ADVANTAGES	DISADVANTAGES
More controls for schools	Does not allow for strong internal control
Limited delays in information and reporting to campus staff	More difficult to ensure compliance with district policies and procedures Lack of consistency in the way matters are handled
	Less control of cash management operations
	No direct access for performing internal and external audits

SOURCE: Texas Education Agency, *Financial Accountability System Resource Guide*, Section 5.5, January 2015.

Each campus is responsible for establishing and maintaining the bank accounts and uses Quicken software to manage the financial activity of the funds. The campus principals oversee activity funds on the campuses, including approving disbursements before payment and reviewing account activity. The campus administrative assistants handle all financial transactions, including collecting funds, preparing deposits, and issuing checks for disbursements. The administrative assistants are also responsible for reconciling the activity fund bank accounts monthly.

Business Office staff receives activity fund balances to include in the report to the board each month. However, the Business Office does not provide any oversight or support to campuses in managing activity funds. Because the Business Office has limited oversight of activity fund transactions, some key controls for establishing and maintaining activity funds have not been established. The district does not have written policies and procedures to govern activity fund accounting, so campuses have latitude in how to spend funds. This lack of oversight means inappropriate disbursements could be processed, and activity fund expenditures could be misappropriated.

Significant amounts of activity fund cash receipts are collected as currency, not checks, so adequate segregation of duties is important. Three critical areas for internal control purposes include signing checks, maintaining fund accounting records, and reconciling bank statements. The district's campus administrative assistants perform all three functions. This practice allows unintentional mistakes to occur and could cause fraudulent activity to go undetected.

The National Center for Education Statistics issues a handbook, *Financial Accounting for State and Local School Systems*, each year to aid state and local education entities in fiscal responsibilities. In addition, United ISD has documented activity fund management in a procedures manual. This manual provides guidance for administering activity funds and a quick reference guide for allowable expenditures. **Figure 6–8** shows the contents of the manual.

FIGURE 6–8
UNITED ISD'S STUDENT ACTIVITY FUNDS PROCEDURES
MANUAL
SCHOOL YEAR 2013–14

CATEGORY	TOPICS
Policies and Procedures	Responsibilities of District Staff Auditing of Activity Funds Investing Activity Funds
Basic Records and Filing Guidelines	Basic Records Filing Guidelines Accounting Software
Bank Accounts	Depository Institution Authorized Signers
Payments from the Activity Fund	Check Request Form Supporting Documentation Voiding Checks Transfers Between Accounts
Deposits	Collection of Funds Receipts of Funds Deposit Procedures Returned Checks
Fund-raisers	Application for Fund-raising Activity Accounting for the Fund-raiser
Accounting Practices	Record Retention Sponsor End-of-Year Checkout Bank Reconciliations
Sales Tax	Taxable vs. Nontaxable Sales Collecting and Reporting of Sales Tax

SOURCE: United ISD, Student Activity Funds Procedures Manual, prepared by the Accounting Department, August 2013.

Hempstead ISD should develop written procedures to govern the administration of activity funds and assign the task of preparing activity fund bank reconciliations to the district's Business Office. Business Office staff should develop written procedures relating to activity funds and distribute them to campus administrators, administrative assistants, and activity sponsors. The activity fund account guidelines should include, at minimum, procedures for the following:

- administering activity funds;
- assigning responsibility for activity funds;
- depositing and receipts;
- issuing checks and disbursements;
- reconciling and bank statements;
- transferring funds between activity accounts;
- retaining records; and
- vending machine revenue.

Segregation of duties requires that more than one person be involved in satisfying accounting procedures. Therefore, the Business Office should identify, describe, and monitor the duties of the campus administrative assistants in relation to separating key processes. The district should reassign the bank reconciliation activity from the campuses to the Business Office. The recommended written procedures for bank statements and reconciliations should include a process for campus administrative assistants to provide necessary reconciliation information to the Business Office. This information should include check registers, deposit logs, trial balance reports, and journal entries support. The director of finance could contact the district's depository bank and request that all campus activity fund bank correspondence and statements be sent to the central office. This approach ensures that campuses are not responsible for handling returned checks and bank statements.

This recommendation could be implemented with existing resources.

INVESTMENTS (REC. 34)

Hempstead ISD is not fully complying with investment requirements.

School districts must comply with the Texas Government Code (TGC), Chapter 2256, which is known as the Public Funds Investment Act (PFIA). This law specifies policy guidance and allowable investments for school districts. In

September 2011, Hempstead ISD's board implemented Board Policy CDA (LOCAL), which regards investments revenue, as a written investment policy. The policy includes the following components required in the PFIA:

- emphasize primarily safety of principal and liquidity;
- address investment diversification, yield, maturity, and the quality and capability of investment management; and
- include the following:
 - types of authorized investments in which the investing entity's funds could be invested;
 - maximum allowable stated maturity of any individual investment owned by the entity;
 - maximum of dollar-weighted average maturity allowed based on the stated maturity date for the portfolio, for pooled fund groups;
 - methods to monitor the market price of investments acquired with public funds;
 - requirement of settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
 - procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

No written record exists of an annual review of these strategies by the board since Board Policy CDA (LOCAL) was established in 2011. Also, the district had no documentation available to suggest that business organizations who engage in investment transactions with Hempstead ISD have received and reviewed the investment policy. The PFIA mandates each of these actions.

Another requirement of the PFIA is the appointment of one or more officers to oversee the investment of district funds. The previous director of finance was the only investment officer in the district. When the position was vacated in October 2013, there was no record of an assigned investment officer until the board designated three positions as investment officers in December 2014, including the director of finance, the payroll clerk, and the public relations officer. The recently appointed investment officers are required to obtain 10 hours of investment-related training within 12 months of assuming the role. At the time of the onsite review,

these individuals were in the process of completing the required training.

The district participates in the TexStar and Lone Star investment pools, and it invests in mutual funds at Prosperity Bank. The PFIA mandates that a report of all investments be presented to the board at least quarterly. However, during the time when the district was without a director of finance, the district did not present the report to the board. The district submitted the quarterly investment report in September 2013, and it was not presented again until August 2014. The director of finance now presents the report each month.

The district may not be in compliance with the PFIA in several areas. The requirement of an annual review of the policy by the board has not occurred, and the external business policy certification is delinquent. Also, the report that the director of finance presents to the board each month does not include all required information. **Figure 6–9** shows a comparison of Hempstead ISD's investment report to the requirements in TGC, Section 2256.023.

FIGURE 6–9
HEMPSTEAD ISD'S INVESTMENT REPORT COMPARED TO THE TEXAS GOVERNMENT CODE, CHAPTER 2256, REQUIREMENTS DECEMBER 2014

STATUTE	HEMPSTEAD ISD
Describe in detail the investment position of the entity	No
Be prepared jointly by all investment officers	No
Be signed by each investment officer	No
Contain a summary statement of each pooled fund group that states:	
Beginning market value for the reporting period	Yes
Ending market value for the period	Yes
Fully accrued interest for the reporting period	Yes
State the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested	No
State the account or fund or pooled group fund in the district as it relates to:	
The investment strategy expressed in the district's investment policy	Yes
Relevant provision of the code	Yes

SOURCE: The Texas Government Code, Section 2256.023; Hempstead ISD investment reports, December 2014.

The district's investment report does not meet the PFIA requirements, so board members and community constituents are not fully aware of the district's investment position. This lack of information hinders the transparency effort that the PFIA was designed to achieve.

School districts must comply with the PFIA, and to aid in compliance efforts, the Legislative Budget Board (LBB) has published guidelines and other information about investments. The document, Banks to Bonds: A Practical Path to Sound School District Investing, can be found on LBB's website. The report includes guidance for 10 key topics:

- comply with state and federal laws;
- establish sound policies;
- adopt administrative procedures and controls;
- know how much you have to invest through cash flow forecasting;
- learn how to manage risk;
- manage bond issuances to maximize interest earned and minimize interest paid;
- develop a strategy for earning the best rates;
- monitor your investments and deposits;
- negotiate deposit contracts that maximize returns; and
- use the experts when you need them.

The Texas Association of College and University Auditors (TACUA) produced a checklist for entities to use as a guide to aid in ensuring compliance with the PFIA requirements. The document is in questionnaire form and includes an evaluation of all areas of TGC, Chapter 2256, for which action is necessary. The checklist can be found on the association's website.

Hempstead ISD should present the district investment policy to the Board of Trustees and external vendors for review and modify the investment report to include the required information. The investment officers should become familiar with the PFIA by completing the required training and reviewing Banks to Bonds: A Practical Path to Sound School District Investing. The officers could then review the investment policy to obtain an understanding of the fiscal strategies stated in the document and compare these strategies to the items in the TACUA checklist. Then, the investment officers should present the policy to the board, and the board

should adopt a written instrument stating that the policy and strategy have been reviewed. The director of finance should contact the external business organizations that engage in investment transactions with the district and obtain a written statement from each entity acknowledging the receipt and review of the district's investment policy. Finally, the director

of finance should examine and revise the investment report to include the missing components shown in **Figure 6–9**.

This recommendation could be implemented using existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 6. ASSET AND RISK MANAGEMENT							
30. Develop written procedures and provide training for district employees that handle cash.	\$0	\$0	\$0	\$0	\$0	\$0	(\$140)
31. Develop a cash flow projection report that estimates district revenues and expenditures by year and month for a rolling fiscal year and present it to the Board of Trustees with the monthly financial reports.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32. Establish inventory control guidelines that detail responsibility for custody and proper use of fixed assets and identify information that should be maintained on the district's inventory listing.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33. Develop written procedures to govern the administration of activity funds and assign the task of preparing activity fund bank reconciliations to the district's Business Office.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34. Present the district investment policy to the Board of Trustees and external vendors for review and modify the investment report to include the required information.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	(\$140)

CHAPTER 7. COMPUTERS AND TECHNOLOGY

An independent school district's technology management affects the operational, instructional, and financial functions of a school district. Technology management requires planning and budgeting, inventory control, technical infrastructures, application support, and purchasing. Managing technology is dependent on a district's organizational structure. Larger districts typically have staff dedicated to administrative or instructional technology responsibilities, while smaller districts may have staff responsible for both functions.

Administrative technology includes systems that support a district's operational, instructional, and financial functions (e.g., financial management, human resources, payroll, student attendance, grades, and Public Education Information Management System (PEIMS) reporting). Administrative technology improves a district's operational efficiency through faster processing, increased access to information, integrated systems, and communication networks. Instructional technology includes the use of technology as a part of the teaching and learning process (e.g., integration of technology in the classroom, virtual learning, and electronic instructional materials). Instructional technology supports curriculum delivery, classroom instruction, and student learning.

Texas state law requires school districts to prepare improvement plans that include the integration of technology with instructional and administrative programs. A plan defines goals, objectives, and actions for technology projects; assigns responsibility for implementation steps; and establishes deadlines. The state provides a tool for planning and assessing school technology and readiness, which identifies performance measures for teaching and learning, educator preparedness, administration, support services, and infrastructure.

A school district's technology department affects a variety of school district roles, and the major effect is student access to working technology tools. Additionally, teachers must have the technology equipment to assist students to learn effectively and live productively in an increasingly global and digital world.

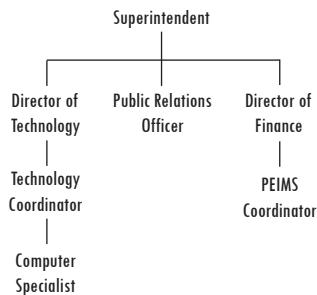
Hempstead Independent School District's (ISD) Technology Department is responsible for supporting both instructional and administrative systems. The district's wireless Worldwide Interoperability for Microwave Access (WiMAX) network was constructed in 2010 for campus-to-campus connection. The WiMAX system consists of a tower and receiver, and the tower station connects to the Internet via a wired connection. All other district facilities are connected to the district wide-area-network via fiber lines.

At the beginning of school year 2014–15, the district changed its business and student information system from Skyward to the Texas Enterprise Information System (TxEIS). TxEIS is a comprehensive information system that is state-sponsored and is complemented by a component of PEIMS, the Texas Education Agency's data management system, that performs all state-mandated data extracts. The TxEIS Data Center has two facilities: one in Regional Education Service Center XI (Region 11) in Fort Worth and the other in Regional Education Service Center XX (Region 20) in San Antonio. The TxEIS Data Center is also supported by Regional Education Service Center IV (Region 4) in Houston for the districts in its region.

Hempstead ISD's Technology Department is led by a director of technology who reports to the superintendent. The Technology Department also has a technology coordinator position and a computer specialist position that report to the director of technology. The district's website is managed by the public relations officer, who reports directly to the superintendent. The district does not have a dedicated position responsible for instructional technology. Hempstead ISD's PEIMS coordinator reports to the director of finance and is responsible for coordinating the submission of student, personnel, and financial data to the Texas Education Agency (TEA).

Figure 7–1 shows the Hempstead ISD Technology Department, public relations, and PEIMS organization for school year 2014–15.

FIGURE 7–1
HEMPSTEAD ISD TECHNOLOGY DEPARTMENT, PUBLIC RELATIONS, AND PEIMS ORGANIZATION
SCHOOL YEAR 2014–15



SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015.

FINDINGS

- ◆ Hempstead ISD lacks an effective process for developing a technology plan and ensuring that technology needs are met.
- ◆ Hempstead ISD lacks a comprehensive replacement plan for technology-related equipment, which has resulted in aging resources for student and staff use.
- ◆ Hempstead ISD's Technology Department functions are not efficiently or effectively organized or managed.
- ◆ Hempstead ISD did not make an efficient switch from Skyward to the Texas Enterprise Information System and has not fully deployed TxEIS.
- ◆ Hempstead ISD's website lacks up-to-date information, does not comply with state law, and does not serve as a gateway for visitors to explore the services that the school district provides.
- ◆ Hempstead ISD's Technology Department lacks an effective disaster preparedness and recovery plan for the restoration of critical technology systems in case of a site disaster.
- ◆ Hempstead ISD's Technology Department lacks documented standards, policies, or procedures to guide the implementation of technology-related responsibilities.
- ◆ Hempstead ISD lacks a process to maximize E-Rate as a technology funding source.

RECOMMENDATIONS

- ◆ Recommendation 35: Review and redraft the technology plan to ensure all district technology needs are addressed.
- ◆ Recommendation 36: Draft a replacement plan that addresses aging technology-related equipment, Texas Essential Knowledge and Skills, and technology application standards.
- ◆ Recommendation 37: Evaluate the staffing needs for the Technology Department.
- ◆ Recommendation 38: Prioritize efforts to make full use of the Texas Enterprise Information System.
- ◆ Recommendation 39: Adopt one district website that complies with state law and contains up-to-date information.
- ◆ Recommendation 40: Prepare a network disaster preparedness and recovery plan that enables the district to sustain operations in the event the network suffers a fault or is rendered inoperable.
- ◆ Recommendation 41: Develop technology-related standard operating procedures and communicate procedures to technology stakeholders.
- ◆ Recommendation 42: Follow all processes and guidelines for applying for E-Rate funding.

DETAILED FINDINGS

TECHNOLOGY PLANNING (REC. 35)

Hempstead ISD lacks an effective process for developing a technology plan and ensuring that technology needs are met.

School districts develop technology plans to assess and evaluate their technology; determine areas of need; set goals, objectives, and strategies to meet those needs; and to estimate the cost of achieving objectives. Hempstead ISD's technology plan has been approved by the Hempstead ISD Board of Trustees (board) and TEA. Although the district's technology plan for school years 2014–15 to 2016–17 was approved by TEA and the board, the district failed to follow TEA principles to develop its technology plan. **Figure 7–2** shows TEA's technology plan components and an evaluation of the contents of and processes used to develop Hempstead ISD's technology plan.

FIGURE 7–2
EVALUATION OF HEMPSTEAD ISD'S TECHNOLOGY PLAN COMPONENTS
SCHOOL YEARS 2014–15 TO 2016–17

**TEXAS EDUCATION AGENCY (TEA) TECHNOLOGY
PLAN COMPONENTS**

Introduction

HEMPSTEAD ISD'S TECHNOLOGY PLAN

The district made an error in the calculation of technology expenditure per pupil.

Needs Assessment

The district made an error in computer/student ratio and computer/teacher ratio due to aged equipment in classrooms that are not in working condition.

The district did not use a committee approach when drafting the technology plan for school years 2014–15 to 2016–17.

Goals, Objectives, and Strategies

The district did not use the online self-assessment survey instrument provided by Texas Education Agency (School Technology and Readiness (STaR) Chart).

Budget

The district did not use a formal written needs assessment to identify functioning technology for students, staff, and librarians. Information regarding the technology competency level of students and staff is not available.

Evaluation

The district included four goals and included objectives and strategies for achieving those goals.

Appendix

The district included a yearly budget for the technology plan.

The district included the evaluation process and method.

Although not required, the district did not include a link on its website to the technology plan for availability to students, parents, and staff.

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD Technology Plan 2014–17, January 2015.

Although the district's technology plan identifies members of the technology planning committee as mandated by TEA, onsite interviews indicated that committee members were not familiar with the latest district technology plan or parts of the plan. Additionally, the director of technology stated she developed the technology plan with the help of the former director of technology. She did not consult with anyone else in the district when formulating this plan. Because the district has a technology plan that did not involve input from key stakeholders, the plan misrepresents the district, contains many inaccuracies, and lacks certain key components. These inaccuracies and missing components include:

- incorrect expenditure per pupil;
- incorrect computer/student ratio and computer/teacher ratio;
- lack of committee input in the formulation of the plan;
- lack of technology training;
- lack of review of TEA's Texas School Technology and Readiness (STaR) Chart to assist in technology needs;

- stated goals and objectives in the plan are not being addressed;
- incorrect budget information (general funds being used versus stated state and federal funding)
- stated yearly evaluations have not been accomplished; and
- lack of transparency (technology plan is not visible to students, staff, and community).

Although Hempstead ISD's technology plan mentions technology needs with a focus on expanding the network, telecommunications, and wireless access points, the district has not identified the technology needs of district users. The statement "purchase additional computers for classrooms" appears in the technology plan, but it is not supported by district funding for school years 2013–14 or 2014–15.

The STaR Chart gauges progress in meeting the recommendations in TEA's Long-Range Plan for Technology, 2006–20. Schools use the STaR Charts to plan for and document progress in providing digital learning environments for students and educators. Hempstead ISD completed the STaR Chart for school year 2013–14. In December 2014,

TEA made the completion of StaR Charts optional instead of mandatory for districts. STA R Charts provide a structured means for determining user needs. However, Hempstead ISD did not evaluate the 2013–14 STA R Chart results or conduct a needs assessment before developing its technology plan.

The STA R Chart focuses on four key components: teaching and learning; educator preparation and development; leadership, administration, and instructional support; and infrastructure for technology. Each component is measured by four levels of progress: early tech, developing tech, advanced tech, or target tech. **Figure 7–3** shows the STA R Chart components, focus areas, and levels of progress that teachers and campuses use to score themselves on each component.

Figure 7–4 shows an analysis of Hempstead ISD's STA R Chart campus ratings for school year 2013–14, the district's total ratings, and state average ratings. Hempstead ISD falls short of the state average score in several measured components, with most campuses falling in the Developing Tech category. This category is defined as meeting 50 percent of focus area requirements. However, **Figure 7–4** also shows three outlier stages, including an advanced tech rating for teaching and learning at the middle school, a target tech rating for infrastructure for technology at the middle school, and an advanced tech rating for infrastructure for technology at the high school. These ratings mean that the middle school is able to address 75 percent of the focus area for the content in teaching and learning, and that the middle school is meeting 100 percent of the requirements for the infrastructure and technology focus area. In addition, the high school is meeting 75 percent of the requirements for the infrastructure for technology focus area. However, according to onsite interviews, students at the middle school do not have access to reliable digital content or online learning experiences. Additionally, neither the high school nor the middle school meets TEA's stated goal for district of a 1:1 ratio of computers to students. Both campuses also have limited Internet access and speed, lack adequate computers in each classroom that are connected to the Internet, do not receive excellent technical support, and have inadequate distance learning capability. The responses on the school year 2013–14 STA R Chart are not consistent with information from interviews, surveys, or observations during the onsite fieldwork.

The Technology Department's budget for school year 2014–15 is inconsistent with what was presented in the

technology plan. Hempstead ISD has several issues related to budgeting for technology. The district profile section of the district technology plan shows a technology budget totaling more than \$1.1 million for 1,524 total students in school year 2014–15. The section also shows total expenditure per pupil as \$939; however, based on the district's budget and the indicated student enrollment, the total expenditure per pupil is actually \$747. Additionally, the director of finance indicated that the overall budget information reflected in the latest technology plan is not consistent with the department's budget, and the director questions the future budget information.

Technology plans should be prepared by a committee and incorporate goals, action plans, timelines, performance and success measures, and designate personnel responsible for implementing and monitoring the goals, project milestones, and budgets. Effective technology plans draw information from a number of sources, such as the needs assessment, STA R Chart, input from teachers and community members, review of district technology inventory, budget planning, student and staff proficiency levels in technology, and technology purchases. The development of a technology plan provides a management instrument that helps drive technology decisions and allows districts to maintain eligibility for various state and federal programs when:

- evaluating current technology;
- identifying areas of need;
- determining goals, objectives, and strategies to meet those needs; and
- allocating funds to meet goals and objectives.

Several districts provide examples of effective technology plans. Humble ISD's technology plan is comprehensive and details the district's needs, which were identified through a needs assessment, along with explicit goals and timelines for incorporating technology into learning and lesson plans. The plan also incorporates student usage of technology tools, technology competency and literacy requirements, professional development, administrative technology, and technology replacement strategies. Seminole ISD's technology plan also incorporates proficiency standards along with professional development. In addition, Part 2 of the National Center for Education Statistics' (NCES) Forum Unified Education Technology Suite focuses on determining an organization's technology needs, which could aid in developing the technology plan.

FIGURE 7–3
TEXAS SCHOOL TECHNOLOGY AND READINESS CHART COMPONENTS, FOCUS AREAS, AND SCORING

COMPONENT	FOCUS AREAS	SCORES INDICATING LEVELS OF PROGRESS
Teaching and Learning	Patterns of classroom use Frequency/design of instructional setting using digital content Content area connections Technology application pursuant to the Texas Administrative Code, Chapter 126 Texas Essential Knowledge and Skills (TEKS) implementation Student mastery of TEKS for technology applications Online learning	Early Tech (6–8 points) Developing Tech (9–14 points) Advanced Tech (15–20 points) Target Tech (21–24 points)
Educator Preparation and Development	Professional development experiences Models of professional development Capabilities of educators Technology professional development participation Levels of understanding and patterns of use Capabilities of educators with online learning	Early Tech (6–8 points) Developing Tech (9–14 points) Advanced Tech (15–20 points) Target Tech (21–24 points)
Leadership, Administration, and Support	Leadership and vision Planning Instructional support Communication and collaboration Budget Leadership and support for online learning	Early Tech (6–8 points) Developing Tech (9–14 points) Advanced Tech (15–20 points) Target Tech (21–24 points)
Infrastructure for Technology	Students per computers Internet access connectivity/speed Classroom technology Technical support Local Area Network/Wide Area Network Distance learning capability	Early Tech (6–8 points) Developing Tech (9–14 points) Advanced Tech (15–20 points) Target Tech (21–24 points)

SOURCES: Legislative Budget Board School Review Team, January 2015; Texas Education Agency, School Technology and Readiness (STaR) Chart.

FIGURE 7–4
HEMPSTEAD ISD AVERAGE SCHOOL TECHNOLOGY AND READINESS CHART RATINGS
SCHOOL YEAR 2013–14

CAMPUS	TEACHING AND LEARNING	EDUCATOR PREPARATION AND DEVELOPMENT	LEADERSHIP, ADMINISTRATION, AND SUPPORT	INFRASTRUCTURE FOR TECHNOLOGY
Early Childhood	Developing Tech (12)	Developing Tech (11)	Developing Tech (13)	Developing Tech (10)
Elementary	Developing Tech (14)	Developing Tech (12)	Developing Tech (12)	Developing Tech (12)
Middle School	Advanced Tech (16)	Developing Tech (11)	Developing Tech (13)	Target Tech (23)
High School	Developing Tech (12)	Developing Tech (12)	Developing Tech (13)	Advanced Tech (15)
District Total	Developing Tech (14)	Developing Tech (12)	Developing Tech (13)	Advanced Tech (15)
State Average	Advanced Tech (15)	Developing Tech (14)	Advanced Tech (16)	Advanced Tech (17)

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD Campuses School Technology and Readiness (STaR) Chart Summaries, 2013–14.

Hempstead ISD should review and redraft the technology plan to ensure all district technology needs are addressed. Hempstead ISD should use the current plan as the foundation to make the needed adjustments. In developing the new technology plan, the district should:

- enlist new members as part of the technology committee; an active and involved planning committee evaluates each section of the technology plan;
- review the school year 2013–14 STaR Chart results and use the information to assist in the development of the technology plan;
- prepare a needs assessment using the NCES guide; and
- prioritize the district’s network infrastructure needs, including bandwidth (the network’s data transfer rate) and network electronics.

This recommendation could be implemented with existing resources.

AGING RESOURCES (REC. 36)

Hempstead ISD lacks a comprehensive replacement plan for technology-related equipment, which has resulted in aging resources for student and staff use.

Hempstead ISD does not have a written or informal process for replacing outdated technology. The district operates multiple versions of operating systems and application software on older computers and technology equipment. Desktop computers and laptops use a Microsoft Windows operating system, but at least five different operating systems

are in use (Windows XP, Windows Vista, Windows 7, Windows 8, and Windows 8.1). The oldest operating system in use in the district, Windows XP, was used by Microsoft in 2001 to 2005, while Microsoft’s Windows Vista was used in 2006 to 2008. Microsoft released Windows 7 in 2009, Windows 8 in 2012, and Windows 8.1 in 2013. Microsoft stopped supporting Windows XP in April 2014. Hempstead ISD also has laptops that run on Chrome OS and tablet computers that run a version of the Apple Inc. Operating System (iOS). Administrator and Career and Technology computer units are newer and use newer versions of operating systems and software applications. Application software on desktop units has a range of versions from 2007 through 2013. In review team interviews, staff members stated that they have received messages such as “software license has expired.” Technology staff members acknowledged the lapse in software licenses, but stated that the issue had been recently addressed.

Outdated technology affects the district’s ability to conduct online student assessment testing. Many of the State of Texas Assessments of Academic Readiness (STAAR) tests for elementary, middle, and high school are now administered as online testing programs. These include STAAR L (linguistically accommodated English version of STAAR for grades three to eight) and end-of-course exams in mathematics, science, and social studies; STAAR A (provides embedded supports designed to assist students with disabilities); and Texas English Language Proficiency Assessment System (TELPAS) to assess the progress of students with limited English proficiency. TEA may authorize a paper administration in unavoidable circumstances in which students cannot access an online assessment. Hempstead ISD performs online testing for small groups of

students, such as for the TELPAS. The district conducts very little benchmark testing via computer. Due to limited technology access and impaired Internet service, only a few students could be accommodated for online testing at one time.

At the time of the onsite review, Hempstead ISD was unable to provide verifiable inventories for either hardware or software. This makes it difficult to ensure that computers, laptops, and tablets are configured securely on the district network. According to technology staff, the district has not completed inventories for two years. Non-inventoried technology assets expose the district to losses. A non-inventoried asset could be removed from campuses and not be detected unless someone reported the item missing. Board Policy CMD (LEGAL), regarding equipment and supplies management, requires an annual inventory of technological equipment purchased with the state's Instructional Materials Allotment funding. Those inventories are kept by the campuses, but are not part of the formal inventory of the Technology Department.

During the onsite review, the review team observed obsolete and nonworking computers, laptops, tablets, and printers that were not on the district-provided inventory list. The review team also observed that a vast number of unused technology items, in particular, printer cartridges, were stored in various areas across the district. The oversupply of spare printer cartridges is a result of an administrative decision to remove printers from classrooms and acquire large network copier/printers for each campus and administration. This replacement was initiated to limit the expense of printer cartridges.

Outmoded technologies have resulted in a number of issues. Peripherals, such as the interactive whiteboards in the classrooms, are not being used because computers are slow or are not operational. Students at Hempstead ISD do not have opportunities to use specialized software, collaborate with others via distance learning, participate in online web quests, or assemble digital portfolios due to technology limitations. Office personnel, teachers, and librarians said that it often takes an extraordinarily long time for web pages to load. Newer technologies, such as laptops and tablets, are unable to connect to the network, do not have specialized software installed, and may sit in classrooms unused. Teachers and librarians lack access to online instructional materials and statewide library databases for research. In addition, student access is limited. Students have issues with individualized password access to use software and portals the district has

purchased. Librarians are concerned that the Follett Destiny application, a library automation system that includes circulation, cataloging, and searching capabilities, is not fully operational in classrooms. If the Technology Department does not work with the Finance Department to ensure that money is budgeted to replace the outmoded technology in the district, none of these issues will be solved.

The January 2013 Legislative Budget Board issue brief *Review of Replacement Schedules for Information Technology Equipment* outlines risks and hidden costs associated with keeping computers older than four to four-and-a-half years. Those considerations include the following:

- the computers cost 59 percent more to support;
- the computers take up to 50 percent longer to perform some tasks;
- 53 percent more security breaches occur with older computers;
- the computers use 50 percent more energy; and
- the computers are seldom subject to warranty.

Personal computers, laptops, and tablets are everyday tools that students and staff rely upon on a daily basis. The rate of change in technology causes these tools to become obsolete in a short period. Because technology changes rapidly, the budgeting for maintenance and replacement of such items could be a challenge.

The Texas Department of Information Resources (DIR) issued a report, *PC Life Cycles: Guidelines for Establishing Life Cycles for Personal Computers*, February 2013, to assist state users with strategies to plan for and manage their personal computing resources. This report is available online at www.dir.texas.gov. According to DIR, laptop computers have a life cycle of three to four years, and desktop computers have a life cycle of four to five years. These conditions are only viable when little or no change is made in the hardware and software environment. However, usually after these periods, technology has changed so much that the equipment is functionally obsolete. According to DIR, "There are no absolute life cycle numbers. The industry standard life cycles may not be a good fit for all state agencies." Agencies use "a formal process to identify weaknesses in PC management procedures, develop user profiles for equipment, and consider technological advances ... to develop a PC life cycle best suited to needs of a particular agency. PC acquisition will require ongoing expenditures, but establishing a needs-based

plan for managing the expenditures will assist in stabilizing PC costs." Regardless of how long the computer life cycle is, organizations cannot operate computers on the same network with different operating systems and application versions. The more variations in computer images the district needs to support, the more complex and expensive that support becomes.

Hempstead ISD should draft a replacement plan that addresses aging technology-related equipment, Texas Essential Knowledge and Skills (TEKS), and technology application standards. The district should confirm that enough student computers have adequate capability for online testing. Students should be free from log-in challenges, slow load times between testing questions, service interruptions because of overloaded computer servers, and slow network speeds.

The district should repurpose machines where possible and begin replacing computers that are outdated and not worth fixing. Hempstead ISD should validate inventory counts for hardware and software throughout the district. The hardware inventory should be conducted by campus and classroom and for each department. Verification of software license counts and valid installation keys are needed to ensure that the district is not in violation of conditions set forth in each software license agreement.

Finally, the district should remove obsolete computers, laptops, and other technology that was observed on classroom floors, in communication closets, on classroom countertops, and in the administration storage area. The district should ensure that any equipment to be discarded or repurposed have all its files deleted. To be confident of effective file removal, each hard disk should be erased completely by technology staff, a process referred to as degaussing. Sensitive information from individual student data, financial records, or other private files should be protected.

These steps will assist the Technology Department in knowing what equipment is working and available for student and teacher use. Hempstead ISD should then use this information to develop a replacement plan to address district needs. The plan should include the amount of funding needed yearly to meet student needs and on alternating years for teacher needs. The director of technology should work with the director of finance to ensure technology needs are considered when the district budget is prepared. This recommendation could be implemented with existing resources.

TECHNOLOGY DEPARTMENT FUNCTIONALITY (REC. 37)

Hempstead ISD's Technology Department functions are not efficiently or effectively organized or managed.

The Technology Department is led by the director of technology and supported by a technology coordinator and a computer specialist. The district does not have a position dedicated specifically to instructional technology. Staff members have job descriptions; however, it is unclear that the job responsibilities are appropriate for each position, and that staff's abilities and experience are consistent with the expectations cited in the job descriptions. **Figure 7-5** shows an analysis of Hempstead ISD's Technology Department management practices compared to best practices. The best practices indicate that, in most districts, the director of technology manages the key technology functions; but in Hempstead ISD, the computer specialist handles most of the functions.

The Technology Department has not completed key tasks and was not involved in completing other tasks that should be their responsibility. For instance, the Technology Department has no input in its budget, does not provide guidelines to district and campus employees for purchasing technology items that are compatible with the district's network, does not provide training for teachers on new technology, and has not developed a technology portion of a disaster recovery plan.

As a result of the issues with staffing and division of labor, the Technology Department is not meeting the needs of stakeholders across the district. During onsite interviews, district staff indicated that there is a lack of timely network support and computer repair services and a lack of initial training on how to use technology tools. District staff also mentioned that computers are not updated and often do not function, and smart boards also do not work consistently. Teachers reported long wait times for computer repairs, having to use guest account access for students instead of their personal accounts, and having difficulty accessing the network as points of frustration.

The Michigan Technology Staffing Guidelines provide industry standards and benchmarks for technology staffing in school districts. The guidelines consider the amount of equipment to be maintained; the number of software applications that are installed and maintained on each computer; and the number of staff required to handle telephone, video, and other technologies. **Figure 7-6** shows the calculations for Hempstead ISD Technology Department staffing levels based on the Michigan guidelines.

FIGURE 7–5
HEMPSTEAD ISD'S TECHNOLOGY DEPARTMENT ACTIVITIES BY TASK, COMPARED TO BEST PRACTICES
SCHOOL YEAR 2014–15

TASK	BEST PRACTICES	HEMPSTEAD ISD
Technology planning	A technology committee is responsible for drafting a technology plan. The plan contains goals and objectives that will be accomplished by the district in years to come.	The technology plan was prepared solely by the director of technology, and district goals and objectives related to technology are not practiced.
School Technology and Readiness (STaR) Chart	The director of technology is responsible for STaR Chart groundwork, training, and assurance of campus submission.	The public relations officer is responsible for the STaR Chart and coordinates with teachers and campuses to submit their assessments.
E-Rate	The director of technology is responsible for E-Rate submission and inquiries. Before submitting the E-Rate application, the director of technology reviews the STaR Chart results to determine technology needs and consults with the directors of finance, operations, and special education; campus principals; and administration.	The director of technology submitted the E-Rate application in 2014. At the time of the onsite review, the technology coordinator was preparing the 2015 submission; no coordination or consultation with department heads or campus administrators is conducted before E-Rate submission; STaR Chart results are not reviewed to assess district technology needs.
Budgeting	The director of technology must be able to compile cost estimates used in the budgeting process and provide expertise in developing bids for purchase, distribution, maintenance, and installation of hardware, software, and other technology peripherals and materials used for instructional programs.	Budgeting is performed by the Business Office with little or no input from the Technology Department.
Standard operating procedures	The director of technology is responsible for writing, interpreting, and disseminating departmental procedures; drafting of the procedures is a technology team effort.	Written procedures do not exist; no procedures are in place for purchases made at department or campus level; no network standards are in place.
Acquisition of technologies	The director of technology provides districtwide purchasing guidelines that involve administrative and instructional purchases; guidelines include standards for compliance with district operating system requirements and specific software requirements.	The Technology Department provides no written purchasing guidelines for purchasing hardware or software compliant with the district network.
On-call duty	Technology department staff share responsibility for responding to phone calls for technology-related issues; the director of technology assigns each employee rotating on-call duty.	The computer specialist responds to all emergency phone calls.
Wide area network (WAN)/Local area network (LAN)	The director of technology and technology coordinator have expertise and are responsible for the WAN and LAN and all associated needs of those networks.	The computer specialist is solely responsible for WAN/LAN and the associated network needs; the technology coordinator does not have experience with this network environment.
Install, maintain, and repair hardware and software	Deployment of hardware and software for instructional and administrative use are duties assigned to the technology coordinator, the computer specialist, and, in small districts, the director of technology.	Installation, maintenance, and repair have been the sole responsibility of the computer specialist.
Security of network	The director of technology is responsible for all aspects of network security, including configuration of network peripherals, assigning privileges in active directories, providing guidance and direction in system backup procedures, and constructing valid and needed protocols for network filtering.	Responsibility for network security has been assigned to the computer specialist; the technology coordinator does not have experience with this network environment; the director of technology has limited understanding of the network and security requirements.

FIGURE 7–5 (CONTINUED)
HEMPSTEAD ISD'S TECHNOLOGY DEPARTMENT ACTIVITIES BY TASK, COMPARED TO BEST PRACTICES
SCHOOL YEAR 2014–15

TASK	BEST PRACTICES	HEMPSTEAD ISD
Inventory processing	The director of technology is responsible for inventory procedures for hardware and software; technology department staff members are assigned inventory tasks; the director of technology, in conjunction with the business office, should institute procedures to identify all technology-related equipment, where it is located, and what funding was used.	The district was unable to provide an inventory with all technology items, locations, and funding; district staff stated that inventories had not been performed in two years.
Data extracts	Technology department staff are able to extract data elements as needed from a variety of sources.	No one in the Technology Department is able to perform these duties.
Online testing	The director of technology is responsible for ensuring that online testing requirements are met.	The computer specialist is solely responsible for online testing.
Website	A staff member in the technology department has the website responsibilities of development, updates, and posting requirements; departmental and teacher pages on the district website are handled directly by that individual; the director of technology oversees the process and ensures timely updates, up-to-date information, and that state statutory requirements are met.	The public relations officer is solely responsible for updates to the district website; the website is not in compliance with state statutory requirements.
Help desk and onsite assistance	Help desk software assists technology department staff in providing onsite assistance; being able to provide teachers, staff members, and administrators with timely help is the responsibility of the technology department as a whole. Accurate records of time and materials required to perform repairs and services must be maintained by the technology department.	Responsibility for service calls has been assigned solely to the computer specialist; the technology coordinator did not have experience with the network environment; the Technology Department is not using the help desk software that is available. Records to validate work order repairs and services were not available.
Library media services	The director of technology must know the requirements of library software applications, digital readers, online databases, etc., to provide adequate assistance in setup; staff members may be assigned tasks to facilitate library setup at campuses.	Responsibility for the Follett Destiny library system has been assigned to the computer specialist; the technology coordinator did not have experience with the network environment; the director of technology has limited understanding of the library system and its requirements.
Disaster recovery	The director of technology is responsible for drafting a disaster recovery plan. A committee made up of the Public Education Information Management System coordinator, public relations officer, campus administrators, and directors of operations, administrative services, finance, and food service should assist in formulating the disaster recovery plan.	The district does not have a disaster recovery plan.

SOURCES: Legislative Budget Board School Review Team; Hempstead ISD, January 2015.

FIGURE 7–6
HEMPSTEAD ISD CALCULATED TECHNOLOGY STAFFING NEEDS BASED ON INDUSTRY GUIDELINES
2015

STAFFING AREA GUIDELINE	CALCULATION ASSUMPTIONS USED/FORMULA	STAFFING LEVEL GUIDELINES
Computer support = (number of workstations, laptops, tablets, and peripherals in use full-time) / 500	Workstations: 353 Laptops: 240 Tablets: 90 Printers: approximately 10 (none in classrooms) Calculation: $(693/500) = 1.386$	1.4
Support provided outside Technology Department	Assumes that technical assistance and troubleshooting from technology-experienced teachers provide equivalent of 1.0 staff in this area	0.0
Subtotals for Computer Support		1.4
User Support = number of users/1000	High-end users (daily use 50% to 100%): 23 • $(12.9+5.3+5.0 \text{ professional staff} = 23.2)$	0.4
Users are prorated based on determination of their frequency of use	Medium users (daily use 10% to 50%): 634 • $(1551/3 = 517 \text{ students} + 117 \text{ teachers} = 634)$	
High end: 1 multiplier	Occasional users (10% or less): 76 • $(23 \text{ educational aides} + 53 \text{ auxiliary staff} = 76)$	
Medium: 0.5 multiplier	Calculation: $[(23+.5(634)+.25(76))/1000 = 0.359]$	
Occasional: 0.25 multiplier		
Support provided outside Technology Department	Assumes that technical assistance and troubleshooting from technology-experienced teachers provide equivalent of 1.0 staff in this area	0.0
Subtotals for Software Applications Support		0.4
TOTAL SUPPORT		1.8

SOURCES: Legislative Budget Board, Texas State Government Effectiveness and Efficiency Report, January 2009; Michigan Technology Staffing Guidelines; Hempstead ISD Technology Plan 2014–15; Texas Academic Performance Report, 2013–14.

Based on industry guidelines, the calculated Technology Department staffing needs for Hempstead ISD are 1.8 positions. At the time of the onsite review, the district had three staff members in the Technology Department. Several variables in the district, including the abundance of aging resources that require extra resources to stay operational, could affect the actual number of employees needed to adequately handle technology-related tasks. The district did not have any staffing guidelines at the time of the onsite review.

Hempstead ISD should evaluate the staffing needs for the Technology Department. The district should determine its needs, including expertise in information technology and the ability to manage aging resources, and review the qualifications of staff based on the district's needs. After determining the appropriate staffing needs, the district

should review the job descriptions for each position to ensure that they accurately describe the work performed and qualification requirements for each position.

This recommendation could be implemented with existing resources.

TxEIS MANAGEMENT INFORMATION SOLUTIONS (REC. 38)

Hempstead ISD did not make an efficient switch from Skyward to the Texas Enterprise Information System and has not fully deployed TxEIS.

Before school year 2014–15, Hempstead ISD used Skyward administrative software for its data needs. In review team interviews, staff indicated that the previous superintendent requested a change to the TxEIS system because she was familiar with it. Based on this recommendation, the board approved a decision to transition from Skyward to TxEIS on

May 19, 2014. TxEIS is a comprehensive, web-based enterprise information system that facilitates communication among parents, students, and teachers using any device with an Internet connection. TxEIS is supplemented by a PEIMS component that performs all state-mandated extracts. Aesop, an automated substitute placement and absence management system, and TalentEd Recruit and Hire, used for employment availabilities and applications, are also included within TxEIS and used by the district.

The district did not conduct a needs assessment to determine what data needs were unaddressed by Skyward and how TxEIS would interact with other computer systems in the district. The district also did not execute a conversion agreement to extract all the needed data files from the Skyward system. As a result, staff members from finance, human resources, and special education have to manually enter historical information from Skyward into the TxEIS system.

Although Region 4's Department of Management Information Solutions provided the district with a step-by-step implementation process for TxEIS, the district did not assign an experienced project manager to oversee proper implementation. High turnover among district staff also negatively affected the implementation of TxEIS. The district has experienced a significant change in personnel since school year 2013–14, which affected various positions and related tasks in human resources, technology, and business and finance. Personnel changes also occurred in PEIMS clerks at campuses and district administration. The changes resulted in inexperienced personnel with duties and tasks trying to implement a new enterprise system. According to onsite interviews, the Technology Department has not been an effective source of assistance during implementation of the TxEIS system.

The district was provided with Region 4's standard project management protocols, which are used when the TxEIS enterprise system is purchased by a district or charter school. Due to Hempstead ISD's failure to meet project expectations outlined in the project management protocols, the district has incurred excessive delays in implementing the system to its fullest capability. **Figure 7–7** shows project expectations compared to Hempstead ISD's implementation.

Most of the issues arising from the conversion were caused by the district's inability to migrate data from Skyward to TxEIS, train staff on the use of TxEIS, and provide a reliable network. During the onsite review, staff members throughout

the district voiced disappointment about the implementation of the TxEIS system and the inadequate technical assistance from the Technology Department. Problems noted by district staff include:

- The purchase was not appropriately timed, and staff members were provided little time to enter information into the new system for the new school year. One staff member commented that the entry for personnel files lasted through the month of September 2014, and additional historical information is still being entered;
- The district did not allow enough time for training and the change in personnel and non-attendance has hindered training;
- The lack of conversion files resulted in one of the district consultants having to work with the legacy system provider to extract data readied for import into personnel files to issue Internal Revenue Service W–2 forms for 2014. Also, previous years of information data held on legacy server is not readily available;
- The changeover from Skyward to TxEIS resulted in critical information missing from 504 students in the Special Education Department module;
- The transition to a new system was not planned advantageously. It is costly to maintain two solution management systems at the same time. The Skyward system yearly license from September 1, 2014, to August 31, 2015, was \$39,814. The TxEIS yearly license for the same period was \$34,799. Because of delays in fully implementing TxEIS, the district was forced to pay for both Skyward and TxEIS during much of school year 2014–15. After negotiations, the Skyward system contract ended February 28, 2015, resulting in a cost to the district of approximately half of the original contract, or \$19,914; and
- The security of the TxEIS enterprise system is at risk. The director of human resources and the director of finance do not know who has access to various applications or screens.

Figure 7–8 shows TxEIS module usages as of January 2015. Even though the district uses some of the TxEIS modules, the modules are not used to the fullest extent. Teachers, nurses, and campus administrators have implemented the student application. For example, the district uses ^{tx}Gradebook for grading, attendance, and discipline referrals.

FIGURE 7–7
HEMPSTEAD ISD TEXAS ENTERPRISE INFORMATION SYSTEM IMPLEMENTATION COMPARED TO BEST PRACTICES
2015

BEST PRACTICES	HEMPSTEAD ISD
Assign a knowledgeable project manager	Did not assign a knowledgeable project manager.
Address system requirements	District's network infrastructure is fragile and has numerous periods of network failure.
	On occasions, personnel have traveled to the Region 4 center to use equipment there to do their work.
Discuss details of needed data for migration	District did not provide conversion data from legacy (previously used) system in a timely manner.
	As late as mid-February 2015, district was converting data from legacy system.
	District failed to provide a capable staff member to assist with extracting data from the legacy system.
Negotiate live operating date	Failed to delay live operating date set for early August 2014.
Verify data migration	Much of the data was keyed by district personnel.
Parallel testing	Not performed due to lack of data migration issues; data not available.
Setup of security	Completed by Region 4 with input from district.
	Administration is not sure who has access to each module.
Audit testing	Has not been accomplished.
Perform follow-up training	Region 4 provides online manuals, onsite training, WebEx for training via web and video conferencing, and quarterly user meetings.
	District personnel are provided with numerous onsite presentations, some attended by district consultants.
	District personnel not attending user and quarterly meetings.

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015; Regional Education Service Center IV (Region 4) in Houston, February 2015.

However, the district does not use features for producing classroom seating charts with student photos, issuing interim progress reports, and generating various reports (e.g., University Interscholastic League reports and rubric charts).

As a result of the quick decision to switch to TxEIS and the short time frame for its implementation, central office staff has not had the opportunity to explore the business application and have not received additional training. Teachers stated they are frustrated by the lack of training, which has hindered them from using the program effectively and to its fullest capacity.

General industry practice for project management is based on task planning and implementation steps. Project management improves organizational success and provides standards. The Project Management Institute (PMI) is the largest professional organization that provides project management training. PMI has documented a seven-step guide for developing a project-implementation schedule entitled How to Build a Solid Schedule. The seven steps are:

- realize the importance of the schedule;
- identify the team members;
- build the schedule around deliverables;
- include regular milestones;
- expect that the schedule will change;
- have a process for managing change; and
- watch for “hangers,” which are described as roadblocks to success.

FIGURE 7–8
HEMPSTEAD ISD'S USAGE OF TEXAS ENTERPRISE INFORMATION SYSTEM (TxEIS) MODULES
JANUARY 2015

MANAGEMENT SOLUTION	MODULE	USAGE AND COMMENT
Student Applications	Attendance	Yes, at campuses
	Discipline	Yes, at campuses
	Gradebook	Yes, by teachers; basic entry of attendance. View access is available by teachers at all campuses
	Graduation Plan	Not yet; beginning school year 2015–16
	Health Assessment	Yes, at all campuses by nurses
	Records	Yes, at all campuses with view-only access
	Registration	Not yet; beginning school year 2015–16
	Scheduling	Not yet; beginning school year 2015–16
	Special Education	Yes, information entered at central office; not yet at campuses
txSuite	Test Scores	Not yet; as soon as end-of-course exams begin
	User-Defined Reports	Yes, some reports; but district is not aware of accessible options
	^{tx} Gradebook	Yes, by teachers; basic entry of attendance. View access is available by teachers at all campuses
Business Applications	^{tx} Connect	Yes, parent portal available if users are signed up
	^{tx} MyZone	No, student portal; not in use
	Accounts Receivable	75% usage
	Asset Management	0% usage
	Bank Reconciliation	15% usage
	Budget	15% usage; a limited number of budget managers have been able to view budget activity; most rely on printed budget reports
	Budget Amendment Requests	75% usage
	Employee Access/Self-Service	75% usage
	Human Resources	60% usage: HR module not fully utilized; HR data entered to TxEIS; certification entered to TxEIS; 90% of Hempstead ISD staff enrolled in direct deposit
Public Education Information Management System	Requisition–Purchasing	75% usage districtwide: 100% campuses; 70% usage departments Technology and Bilingual departments: confirmed not using
	User-Defined Reports	50% usage: some reports, but district is not aware of accessible options
	Warehouse	75% usage
	PEIMS	100% usage: compliant

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015; Region 4, February 2015.

Hempstead ISD should prioritize efforts to make full use of the Texas Enterprise Information System. Implementation steps should include:

- assign a project manager to oversee TxEIS implementation; the project manager should work closely with department directors and Region 4 staff to help move the project forward;
- build a schedule with deliverables and milestones, working closely with Region 4;
- prioritize module implementation;
- decide what legacy data is needed versus what should be user-entered, including:
 - provide time for staff members to attend professional development;
 - encourage use of online manuals and WebEx for training via web and video conferencing ;
 - encourage attendance at quarterly meetings and user meetings: Region 4 holds user and quarterly meetings to provide TxEIS system users training on newly implemented system features, debrief users on troubled areas, and brainstorm wish list requests;
 - develop a resource link for staff on the district's website where TxEIS user manuals are housed; and
 - require attendance for TxEIS-related professional development as part of the annual evaluation; and
- revisit system security for each module, including:
 - ensure directors of human resources and finance oversee access security for their respective areas;
 - remove the authorities of unauthorized individuals, including the Technology Department staff; and
 - verify audit trails.

Because training is already part of the yearly support commitment negotiated with Region 4, the recommendation could be implemented with existing resources.

WEBSITE (REC. 39)

Hempstead ISD's website lacks up-to-date information, does not comply with state law, and does not serve as a

gateway for visitors to explore the services that the school district provides.

The district previously used netStartEnterprise software services to host its website. The former superintendent requested a change in web hosting firms. District staff are not sure why the previous superintendent chose to make the switch. The board approved a change to SharpSchool web services for hosting the district website in March 2014. Despite the board approving the change, at the time of the onsite review, the previous web hosting provider had not been notified to remove the dormant district website. As a result, the district has two live websites. The public relations officer is updating one of the two live district websites; however, required information is missing. In addition, no process is prescribed to submit information to the public relations officer for updating the website.

The SharpSchool website provides information about Hempstead ISD's administration, calendars, campuses, departments, news, and resources. Viewers are welcomed to a homepage that includes links to employment opportunities, a staff directory, district sports events, and weather updates. A number of issues ensued when the district moved to SharpSchool. Technology Department staff handled the loading of information from netStartEnterprise to SharpSchool. However, staff transferred information from the previous web hosting site into SharpSchool without updating the information.

The public relations officer was charged with updating the netStartEnterprise website. However, according to interviews with the district, the former superintendent was more comfortable having the director of technology update the new SharpSchool website. After the former superintendent left, the interim superintendent decided to again assign the public relations officer to update the SharpSchool website, citing her experience using the district's website as a public relations tool. This turnover in responsibilities resulted in inconsistencies with the website and confusion among employees about who is responsible for the website. In addition, the district updates information on the SharpSchool website by case and only if the information is made available to the public relations officer.

A review of the district's website revealed many deficiencies, including:

- teacher web-page building is available, but is not being used;

- library services do not appear on any campus page;
- links tested by the review team that have not been repaired include:
 - administration link:
 - * financial information: message “This page can’t be displayed”;
 - * National School Boards Association: message “The page you requested does not exist. For your convenience, a search was performed using the query default.aspx”;
 - calendars link:
 - * testing calendar: no information with testing dates; testing calendar available in the band link calendars and in the resources link calendar links;
 - campuses link:
 - * Hempstead Early Childhood Campus: message “This page can’t be displayed”;
 - * Hempstead Elementary School: message “This page can’t be displayed”;
 - * Hempstead Middle School: message “This page can’t be displayed”;
 - * Hempstead High School: message “This page can’t be displayed”;
 - * Follett Destiny library management system link is missing from each campus;
 - departments link:
 - * Business Office: check registers show typo 2014–2014;
 - * curriculum: no information regarding director and contact information;
 - * operations: maintenance and transportation show no contact information;
 - * special programs: no information; not shown on organizational chart;
 - * special services: no information; not shown on organizational chart;
- * technology: teacher web page guidelines; teacher web pages now available: none published; message states “Please contact me...”: “me” is not defined; and
- resources link:
 - * district bell schedules: message “This page can’t be displayed”;
 - * employee benefits: message “This page can’t be displayed”;
 - * other links: message “This page can’t be displayed”; and
 - * parent resources: Lunch Money Now online payment system: message “Session Expired”; lunch menu link to Lunch Money Now: message “Session Expired”; Texas College and Career: homepage message “Thank you for visiting TexasCollegeAndCareer.org! Unfortunately this site is no longer available.”

The U.S. Code, Title 20, Section 6316(c)10, the Texas Education Code (TEC), the Texas Government Code (TGC), and the Texas Local Government Code (TLGC) have specific requirements as to what is posted on district websites. **Figure 7–9** shows a summary of federally and state-required website postings and Hempstead ISD’s status. A number of the requirements are either not available on the website or have not been updated. Typically, updates are conducted daily for ad hoc requests such as football game scores or student events. Many of the requirements are posted at the beginning of each school year and not later updated. The current webmaster, the public relations officer, is the only person who updates the website.

The effectiveness of the district website as a communication tool is limited. Parents do not have the latest information on immunization requirements, physical activity policy by campus, and district/campus improvement plans. Students lack information about college credit programs, dates for college placement tests, and graduations plans. Staff lack updated information on the group health coverage. Public stakeholders do not have the latest information on accreditation status, TEA’s Academic Excellence Indicator System report, bill of rights for property owners, and tax rate trends.

FIGURE 7–9
HEMPSTEAD ISD'S REQUIRED DISTRICT WEBSITE POSTINGS
FEBRUARY 2015

HEMPSTEAD ISD	REQUIREMENT	
	TEC, §28.004(k): Physical activity policies by campus level, health advisory council information, parent notification that physical fitness assessment results are available on request, vending machine and food service guidelines, and penalties for tobacco product use	TEC, §§39.106, 39.107: Improvement plan for low-performing campuses hearings
	TEC, §28.010(b): Availability of college credit courses	TGC, §402.031: Bill of rights for property owners whose property may be acquired by governmental or private entities through the use of eminent domain authority
	TEC, §29.0112: Transition and employment guide for special education students	TGC, §551: Online message board
Not available	TEC, §29.916: Dates of the PSAT/NMSQT and any college advanced-placement tests that will be administered and instructions for participation by a home-schooled pupil	FASRG, Module 7.3.6 Submission Requirements and Publication: Annual financial and compliance report
	TEC, §38.019: English and Spanish lists of immunization requirements and recommendations, list of health clinics in the district that offer influenza vaccine, and link to the Texas Department of State Health Services website for procedures for claiming an exemption from requirements in TEC, §38.001	FASRG, Module 7.3.7 State Compensatory Education Audit: Evaluation of state compensatory education
	TEC, §39.052: Notice of accreditation-warned or accreditation-probation status	Hempstead ISD Board Policy BDF (LEGAL), Board Internal Organization, Citizen Advisory Committees: Statement for public inspection by School Health Advisory Council
	TEC, §22.004(d): Group health coverage plan and report, required if self-funded health insurance plan	TGC, §2265.001(b): Costs and metered amounts for electricity, water, and natural gas for district
	TEC, §28.02121(b): Graduation plans	TTC, §26.05(b): Proposed maintenance and operations tax rate
	TEC, §39.106(e-1)(2): Targeted improvement plan	TTC, §26.16: Tax rate trend information
Updating required	TEC, §39.362: <ul style="list-style-type: none"> • Academic Excellence Indicator System report • Performance rating of the district • Definitions and explanation of each performance rating described by TEC, §39.072(a) • School report card The U.S. Code, Title 20, §6316(c)(10): Notice of corrective action for federal No Child Left Behind-related requirements—Hempstead ISD's last notice posted Feb. 7, 2013	FASRG, Module 7.3.7 State Compensatory Education Audit: <ul style="list-style-type: none"> • Campus improvement plans • District improvement plan
Only if required	TEC, §11.1512: Public information requests, required when a board member requests 200 or more pages of material in a 90-day period. The number of requests and total costs of these requests to the school district is to be reported.	Federal Funding Accountability and Transparency Act: Federal grant awards (other than awards passed through Texas Education Agency)
Currently not required	The Texas Election Code, §254.04011: Campaign finance reports (board members)	TGC, §2155.062(d): Reverse auction scheduled Internet location

FIGURE 7–9 (CONTINUED)
HEMPSTEAD ISD'S REQUIRED DISTRICT WEBSITE POSTINGS
FEBRUARY 2015

HEMPSTEAD ISD	REQUIREMENT
	TEC, §11.1513(d)(1)(B): Vacancy position postings—10-day notice for vacant position requiring license or certificate
	TEC, §11.163(d): Posting of vacancies
	TEC, §21.204(a)–(d): Board's employment policy
Posted	
	TEC, §39.084: Adopted budget, to remain posted for three years
	TEC, §44.0041: Summary proposed budget
	TLGC, §176.009: Conflicts disclosure statements and questionnaires
	TAC, §109.1005(b)(2)(A): Superintendent's contract
	TGC, §551.056:
	• Notice of board meetings
	• Required if the board meeting notice does not include the agenda
	Accountability (optional): Check register and aggregate payroll amount

NOTES:

(1) PSAT/NMSQT=Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test.

(2) The Texas Education Code, Section 11.163, was redesignated to TEC, Section 11.1513, by the Eightieth Legislature, 2007.

Sources: Legislative Budget Board School Review Team, January 2015; the Texas Education Code (TEC); the Texas Local Government Code (TLGC); the U.S. Code, Title 20; the Texas Administrative Code (TAC), Title 19; the Texas Government Code (TGC); the Texas Tax Code (TTC); Texas Education Agency's Financial Accountability System Resource Guide (FASRG), Update 14; Texas Association of School Business Officials, November 21, 2014.

Best practice dictates that when a website is established, certain initial steps are taken, such as:

- ensuring the previous website is removed;
- loading of all required information;
- training of full website for the webmaster;
- training for teachers for their classroom website;
- establishing links for library systems; and
- setting up any practice testing websites and instructional games links are established.

Updating of the website is then conducted on a daily basis or as needed.

Canutillo ISD maintains an inviting website that is easy to navigate, meets state law, and publicizes the school district's successes. The home page includes navigation tabs for topics including About Us, School Board, Bond, Leadership, Departments, Staff Directory, Policies, and Quick Links. All pages contain a link to return to the home page, and no stray pages exist.

Hempstead ISD should maintain a district website that complies with state law and contains up-to-date information. The public relations officer, with assistance from the

Technology Department as needed, should complete the following steps to bring the website up to standards:

- contact the former web hosting company and have the unused district website removed;
- prioritize and complete the necessary state requirements for website postings and needed updates;
- formulate a process to ensure all critical information is updated in a timely manner;
- establish a link from each campus site to the Follett Destiny application, which should allow users to search Destiny's online catalog, library resources that includes electronic databases, web sites, and research tools;
- train district and campus staff regarding web page content and procedures; and
- work with the Curriculum Department to engage teachers in publishing their web pages.

This recommendation could be implemented with existing resources.

DISASTER RECOVERY AND PREPAREDNESS PLAN (REC. 40)

Hempstead ISD's Technology Department lacks an effective disaster preparedness and recovery plan for the restoration of critical technology systems and files in case of a site disaster.

Hempstead ISD has a Contingency Recovery Plan dated February 2003. The document was formatted with the district's name; however it is merely a template that lacks information regarding the district's current network. District staff could not confirm the source of the original template. The Contingency Recovery Plan contains references to fire suppression equipment and flooring with wall-to-wall carpeting; however, none of these things exist in the district at this time. During the onsite review, the review team observed the following:

- no evidence that the legacy server is backed up since TxEIS went into live usage in September 2014;
- staff report that emails have been lost on numerous occasions;
- no oversight or training for backing up files; staff and administrators are responsible for backing up their daily working computer files on a portable storage drive, and student files are backed up by their teachers;
- no written procedures for server backup, although the district relies on TxEIS to back up financial and student files;
- no written procedures to indicate when the overwrite process for the security cameras occurs;
- no clearly defined backup procedures for the Follett Destiny library application; and
- technology staff is able to bypass network sign-on and enter system administrative passwords.

The school district does not have written documentation of backup, storage, and destruction of student, teacher, and staff files. Backup appears to be conducted sporadically and inconsistently. In onsite interviews, some teachers mentioned that they back up their files to a jump drive, but none of the central office employees interviewed said that they backed up their files. Backup procedures for users are left to the individual, and no effort is made to notify or train staff on how to back up files to external drive units. Not all staff members are aware of the need to back up personal files.

Hempstead ISD does not have written documentation on the backup procedures for the security cameras and Follett Destiny library service. In addition, no evidence shows that the legacy server, which holds historical data for student and business services, is backed up. TxEIS has a backup of both student and business applications through Region 4 backup centers.

The district has at least two servers with redundant array of independent disks (RAID) and backup storage capacity. However, the district does not use these to their full capacity. In general, a RAID-enabled system uses two or more hard disks to improve the performance or provide some level of fault tolerance for a server. Fault tolerance provides a safety catch for failed hardware by ensuring that the machine with the failed component, usually a hard drive, could still operate. Fault tolerance lessens interruptions in productivity and decreases the chance of data loss. However, these are being used as servers only, without protection of data loss.

Poor security at Hempstead ISD increases the risk of not having a file backup. Communication closets are used for storage, contain debris, and were abnormally warm due to lack of temperature monitoring. Other security issues include key access by multiple district personnel to the communication closets, uninterruptible power supplies (UPS) that are not clearly identified as supporting necessary electronics, and no clean agent fire extinguishers. A UPS provides emergency power to connected electronics when main power fails. The district does not have off-site storage for backup archives.

Backup procedures are critical to a school district network. The loss of files for students, teachers and administrators is costly and time-consuming to rebuild. The backup issue has resulted in laborious rebuilds of lost e-mails of district staff on at least two occasions during school year 2014–15. The district is not prepared to defend itself against hacking and has not readied a mirror site as a default should a disastrous event occur. A mirror site holds the same files as the main website, in case files need to be retrieved.

Without a plan, the district's technology network is at risk from possible fire, flooding, hazardous materials, high winds, power interruption, severe thunderstorms, tornados, or winter storms. In 2012, the Consortium of School Networking published Disaster Recovery Planning, which defined detailed steps in case of a disaster in a school district. **Figure 7–10** identifies four fundamental steps needed for a disaster recovery plan.

FIGURE 7–10
FUNDAMENTAL STEPS OF A DISASTER RECOVERY PLAN
2012

STEP	DETAILS
Mitigation and Prevention	Identify preventable and unavoidable disasters and what could be done to eliminate or reduce the likelihood of disaster and/or risks.
Preparedness	Consider the worst-case scenarios and develop a comprehensive plan to coordinate an effective response to a given disaster.
Response	Effectiveness of the response of the execution of the preparedness plan and overall management and handling of a disaster.
Recovery	Defining the efficient and timely restoration of mission-critical operations and processes includes access to vital data and information and stabilizing the teaching and learning environment.

SOURCE: Consortium of School Networking, K–12 Disaster Recovery Planning Workshop, 2012.

Another source of information is Canutillo ISD. This district has developed backup and resumption guidelines to assist in disaster recovery. Canutillo ISD's guidelines were developed by a disaster recovery committee and include:

- administration and school board awareness;
- risk analysis;
- system priorities;
- recovery requirements;
- recovery operations;
- training;
- testing the plan; and
- reviewing and updating the plan yearly.

Hempstead ISD should prepare a network disaster preparedness and recovery plan that enables the district to sustain operations in the event the network suffers a fault or is rendered inoperable. The development of a disaster recovery and preparedness plan begins by establishing a committee. The committee membership should include members of the Technology Department, the principal for each campus, the director of operations, the director of administrative services, the director of human resources, and the public relations officer. The plan should identify external risks, campus and facility risks, data system risks, departmental risks, and desk-level risks. The district should use the 2003 Contingency Recovery Plan as a model. Hempstead ISD should take steps to evaluate the district's network design and functionality.

When defining backup procedures, the district should identify what should be backed up, how often, by whom,

and using what type of storage media. The backup environment should follow a backup, archive, and restore format. The district should evaluate backup procedures for:

- library services, e-mail, security cameras, and teacher and student data;
- administrative users (superintendent, all department heads, public relations, and administrative staff);
- TxEIS; and the
- legacy server;
 - houses critical legacy information for a number of years and should be archived;
 - prepare backup media on another server that could be accessed by business and human resources staff;
- provide a secure environment by doing the following:
 - identify who has key access to the communication closets;
 - clean debris and remove mops and boxes that clutter the communication closet sites;
 - inspect overloaded electrical outlets in all classrooms and offices; some had fans and heaters on the same circuit as computers;
 - purchase clean agent fire extinguishers and conduct yearly inspections;
 - purchase temperature control units for communication closets;
 - purchase UPS units for communication closets (five in the first year, five in the second year);

- purchase cable management material; and
- rent an off-site safety deposit box for storage of archived data

The district should identify who has key access to communication closets, clean debris in the communication closets, and inspect overloaded electrical outlets in classrooms and offices with existing resources. One-time fiscal impact costs would include adding 10 clean agent fire extinguishers at an estimated cost of \$300 per unit ($(\$300 \times 10 \text{ units}) = \$3,000$); adding 10 temperature-control devices at an estimated cost of \$200 per unit ($(\$200 \times 10 \text{ units}) = \$2,000$); purchasing 10 UPS units at an estimated cost of \$500 per unit ($(\$500 \times 10 \text{ units}) = \$5,000$); and adding cable management materials, including ties, wire looms, raceways, heat-shrink tubing, and cable wraps (\$1,000). These additions result in a total one-time fiscal impact of \$11,000 ($\$3,000 + \$2,000 + \$5,000 + \$1,000$).

Annual fiscal impact costs include renting a safety deposit box and yearly fire extinguisher inspections. The estimated annual fee to rent an off-site 10-inch-by10inch safety deposit box at a local bank is \$120. The estimated annual cost, beginning in the second year, 2016–17, for inspections of all 10 clean agent fire extinguishers is \$100, based on an estimated servicing fee of \$50 per visit and an estimated fee of \$5 per extinguisher inspected on a total of 10 units ($\$50 + (\$5 \times 10 \text{ units}) = \100). The total annual costs would be \$220 ($\$120 + \100).

POLICIES AND PROCEDURES (REC. 41)

Hempstead ISD's Technology Department lacks documented standards, policies, or procedures to guide the implementation of technology-related responsibilities.

Technology staff indicated that the department does not have written policies and procedures. For specific issues, the district either lacks policies or procedures, or those that exist are either outdated or not followed. These include:

- The guidelines regarding the use of personal devices are outdated in the district Acceptable Use Policy (AUP);
- No procedures are in place to enter or update student and staff IDs in the active directory on a timely basis. Teachers and librarians often use “guest” IDs to allow students to work on assignments;

- Directions on the use of the work order system are available on the district's website, but the use of the work order system is not required. Few staff members are aware of the Eduphoria educational software company's help desk portal and choose to use e-mail or a phone call to get technical assistance. Many staff said that repairs on technology equipment are not completed in a timely manner;
- Guidelines for purchasing hardware and software are not available. Campuses and departments are ordering equipment without the knowledge of the Technology Department;
- Procedures to account for hardware and software resources are non-existent. During the onsite review, numerous computers were seen on classroom floors, storage rooms, and elsewhere;
- Processes to guarantee that students and staff have valid IDs are not in place; and
- Procedures to authenticate technology inventories are not available in the district. Technology staff was preparing district inventory lists during the onsite review. Even when submitted to the review team, numerous items were not on the inventory list.

According to onsite interviews, staff does not view the Technology Department as an efficient source for information, and many technology-related issues exist in the district. For instance, the district AUP is outdated. Interviews with staff members mentioned that they were typically not allowed to use their cell phones or personal devices in the district. However, staff said they believe that if equipment in the classroom was not working, they are allowed to bring in their devices to work in the classroom or office. Also, the only devices used by teachers to communicate to the campus offices are their personal cell phones, because many classroom phones are not working. This practice is in conflict with the district's AUP which states that “Employees/Members of the Public are not allowed to use personal devices (including, but not limited to, PDAs, laptops, cell phones) to access the Hempstead ISD network unless prior approval is granted by the campus Principal, Superintendent, and the Hempstead ISD Instructional Technology Specialist.”

Processes to ensure that students and staff have valid user IDs are not in place. Only high school students in the district are assigned user IDs, but those IDs were not functioning at the time of the onsite review. Teachers and librarians stated that

students use guest accounts or their teacher account to log into the network to get their work done.

Directions for placing work orders through the Eduphoria help desk are available; however, a majority of users prefer to e-mail or place a phone call. Interviews with district staff indicated that staff do not know the online work order system is available, and they believe it is more convenient to call or e-mail. None of these requests are entered into the technology work order system. Work order statistics showed 181 work orders from August 2013 to January 2015. That would mean that only 8.23 work orders a month are submitted. In addition, all the work orders are still in an “open” status, which indicates the work orders are not updated by Technology Department staff.

Criteria to guide campuses and departments technology equipment orders are non-existent. Some technology is purchased without the knowledge of the Technology Department, which in turn has caused network compatibility issues. The Technology Department often becomes aware of new purchases only when the computer specialist is asked to set-up the equipment and prepares it for the Internet. Without hardware and software standards, the district is unable to provide district staff product specifications that meet network capability.

The lack of department standard policies and procedures has been detrimental to the school district. Without the benefit of standard procedures, the Technology Department performs tasks in an inconsistent, ad hoc manner that has negatively affected the bandwidth of the network, interfered with student access, delayed work order processing and completion, obstructed network continuity, and hindered the validation of technology resources. Tracking technology equipment is difficult and limits the district’s ability to trace damaged or lost equipment.

Written policies and procedures provide clear direction not only for the Technology Department but also for district staff. Mexia ISD uses a Technology Procedures Manual as a handbook for technology requests, user accounts, guest accounts, technology purchasing procedures and supply items. Fabens ISD has posted its standard operating procedures (SOP) manual on the district website. The SOP document contains e-mail guidelines, help desk information, asset inventory management guidelines, equipment repurposing guidelines, equipment checkout guidelines, and hardware and software purchasing guidelines. Humble ISD has a Technology Management Plan that provides descriptions

of personnel and processes, including planning process, acquisition review committee, instructional technology, network administration, and network and desktop support.

Hempstead ISD should develop technology-related standard operating procedures and communicate procedures to technology stakeholders. The Technology Department should identify technology functions and activities that require procedures, guidelines, or standards. As procedures are developed and presented to administration for approval by the director of technology, the next step is to publicize the information on the Technology Department website. SOPs should be reviewed and updated annually.

Initially, the department should focus on the following:

- Revisit the AUP policy. Consider the use of portable devices in the classroom by students and staff. If equipment in the classroom is not working, students and staff should be permitted to use their devices to ensure that learning is not hindered. Remove the policy wording where the instructional technology specialist appears, since this is not a district position;
- Write a process to ensure that all students and staff have valid sign-on IDs. Ensure all IDs are in an active directory, are able to be used, and that guest IDs are used minimally. The district should provide students internet access via individual sign-on accounts. The implementation of student e-mail accounts would allow students to receive assignments from teachers and begin to perform skills required in the TEKS;
- Issue step-by-step directions to use Eduphoria Helpdesk and train staff members in the use. Keeping equipment workable for the district network should move the department from being reactive to proactive;
- Draft acquisition guidelines to ensure purchases of hardware and software do not compromise the district’s network. Work with campuses and departments to develop the guidelines. Provide users with a standard set of options that are capable of working on the network. Seek options for best pricing; and
- Develop procedures to inventory technology tools (computers, laptops, monitors, wireless access points, printers, cameras, whiteboards, etc.). The department should ensure that the process of tagging and maintaining a technology inventory can be

confirmed. The tagging should include a structure that includes asset number, asset description, location of asset, purchase order number, funding source, ordering department, received date, manufacturer, model, serial number, purchase order number, and purchase price.

This recommendation could be implemented with existing resources.

E-RATE FUNDING (REC. 42)

Hempstead ISD lacks a process to maximize E-Rate as a technology funding source.

The district does not have guidelines to evaluate E-Rate applications before filing a discount request. E-Rate is the commonly used name for the Schools and Libraries Division (SLD) of the Universal Service Fund, which is administered by the Universal Service Administrative Company in accordance with the Federal Communications Commission's direction. The program provides discounts to assist most schools and libraries in the United States in obtaining affordable telecommunications and internet access. A school district can request funding discounts in four categories of service: telecommunications services, Internet access, internal connections, and basic maintenance of internal connections.

Historically, Hempstead ISD has used E-rate to fund telecommunication services. The level of discount a district receives through E-Rate is based on the percentage of students eligible for participation in the National School Lunch Program or other federally approved alternative measures. Hempstead ISD's discount range is 87 percent of the costs of eligible services.

An examination of the district's E-Rate filings since 2009 shows that a majority of requests have been for Internet access, telecommunications, and basic maintenance of internal connections. In 2009, the district filed and received \$527,473 to fund internal connection from E-Rate. Hempstead ISD filed for assistance with internal connections in 2012 for \$8,158, which was not funded due to the overall program's funding demand cap. Internal connections are components used by a network (routers, switches, hubs, and cabling). Other internal connection products or services are eligible in accordance with certain conditions; those include servers for e-mail, domain name servers, and Dynamic Host Configuration Protocol (DHCP) servers.

The lack of E-Rate guidelines has led to untimely upgrades of the district's network infrastructure. The last known upgrade

was through the 2009 E-Rate funding. Although the district has added servers, wireless nodes, and voice over Internet protocol (VoIP) phones, the network has not been upgraded to handle these additional requirements.

Requests for E-Rate funding did not adequately take into consideration the district's technology needs and limitations. The district's E-Rate request in the 2014 filing for Jive Communications VOIP telephones in the amount of \$70,164 added to the already labored network. The district has old equipment, which is not efficiently accessing the network; students and teachers have had issues with Internet access due to bandwidth issues. During the onsite review, the review team noticed two telephones on teachers' desks. The VOIP set was not operable, and the older landline phones were not operable in all classrooms. To make the VOIP telephones fully operational, the district added communication towers outside of the E-Rate cycle. Costs include, but are not limited to: setup of the towers, transmission costs, and maintenance. First, the district contracted with LBC Media to install three self-supported broadband and communication towers at a total cost of \$49,629. The district then signed a 12-month contract with LBC Media in January 2015, for \$6,000 per month for a 100 megabit per second (Mbps) microwave circuit supplied to the towers for data and VoIP services. The yearly cost for the microwave circuit is \$72,000. Having set this venture outside of the E-Rate cycle and not bidding the services was inefficient and costly to the district. Based on the district's 87 percent discount rate, the district pays the remaining 13 percent. Without the district applying for E-Rate discount funding based on these costs, with a qualified vendor and qualified services, the missed opportunity for savings was \$43,177 ($\$49,629 \times 13\% = \$6,452$) for the towers and \$62,640 ($\$72,000 \times 13\% = \$9,360$) for the yearly microwave service. Without being approved through E-Rate processing, the district missed an opportunity for saving a total of \$105,817 the first year [$(\$49,629 - \$6,452 = \$43,177) + (\$72,000 - \$9,360 = \$62,640)$]. Subsequent years' savings based on first-year costs would have been \$250,560 if submitted, qualified, and approved under E-Rate guidelines ($\$62,640 \times 4\text{ years} = \$250,560$).

Hempstead ISD should follow all processes and guidelines for applying for E-Rate funding. The district should work within E-Rate cycles to secure discount funding. This includes:

- identify goals and objectives based on the current technology plan;

- review form preparation and online filing requirements;
 - view eligible services published yearly by the SLD;
 - identify eligible goods and services needed for the current cycle;
 - ensure a competitive bidding process, using a Request for Proposal or other method;
 - file for internal connections to upgrade dated electronics; and
 - file for telecommunications, Internet access, and basic maintenance of internal connections, as needed.
- This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 7. COMPUTERS AND TECHNOLOGY							
35. Review and redraft the technology plan to ensure all district technology needs are addressed.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36. Draft a replacement technology plan that addresses aging technology-related equipment, Texas Essential Knowledge and Skills, and technology application standards.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37. Evaluate the staffing needs for the Technology Department.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
38. Prioritize efforts to make full use of the Texas Enterprise Information System.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
39. Adopt one district website that complies with state law and contains up-to-date information.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40. Prepare a network disaster preparedness and recovery plan that enables the district to sustain operations in the event the network suffers a fault or is rendered inoperable.	(\$120)	(\$220)	(\$220)	(\$220)	(\$220)	(\$1,000)	(\$11,000)
41. Develop technology-related standard operating procedures and communicate procedures to technology stakeholders.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
42. Follow all processes and guidelines for applying for E-Rate funding.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	(\$120)	(\$220)	(\$220)	(\$220)	(\$220)	(\$1,000)	(\$11,000)

CHAPTER 8. FACILITIES AND SAFETY AND SECURITY

An independent school district's facilities program is responsible for providing safe and clean learning environments. A school district's facilities include campuses, buildings, grounds, athletic facilities, portable buildings, and supplement facilities (e.g., storage, warehouses). Facilities management includes planning for facilities use, construction of projects, and maintenance of infrastructure (e.g., electrical, plumbing, irrigation, heating and cooling).

Managing facilities is dependent on a district's organizational structure. Larger districts typically have staff dedicated to support facilities management, while smaller districts may have staff with dual roles. For example, staff may be responsible for custodial and grounds keeping tasks. Facilities planning establishes district priorities, allocates resources and funds, and identifies milestones. Planning is based on student enrollment, campus and building capacity, the condition of facilities, curriculum needs, and state regulations. Management of construction and maintenance projects should include contract management, cost control, and a project schedule with defined milestones. Facilities maintenance requires a program for planned maintenance of facilities and equipment, and routine cleaning of facilities to ensure a safe environment for students and staff.

An independent school district's safety and security function identifies vulnerabilities and includes strategies to minimize risks to ensure a protected learning environment for students and staff. This protection includes a balanced approach of prevention, intervention, enforcement, and recovery. Risks can include environmental disasters, physical hazards, security threats, emergencies, and human-caused crises. Managing safety and security initiatives is dependent on a district's organizational structure. Larger districts typically have staff dedicated to safety and security, while smaller districts assign staff tasks as a secondary assignment. Safety and security includes ensuring the physical security of both a school and its occupants. A comprehensive approach to planning for physical security considers school locking systems; monitoring systems; equipment and asset protection; visibility of areas and grounds; police/school resource officers; and emergency operations. Emergency and disaster-related procedures must include fire protection, environmental

disasters, communication systems, crisis management, and contingency planning. The identification of physical hazards must consider playground safety, and overall building and grounds safety. Environmental factors, such as indoor air quality, mold, asbestos, water management, and waste management, also affect the safety of school facilities.

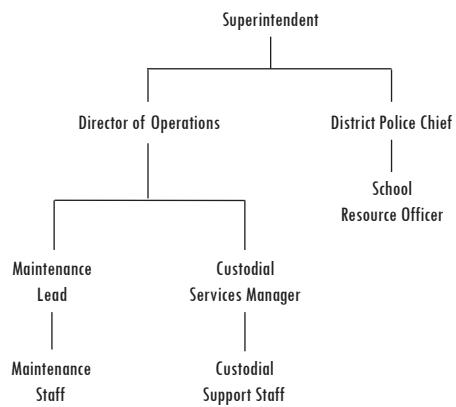
The Texas Education Code (TEC) requires schools, to "provide safe and disciplined environments conducive to learning." To achieve this objective, safety and security operations go hand-in-hand with education, as districts are responsible for protecting students, teachers, and school property while also providing a positive learning environment. Working together, district leaders, campus principals, facility managers, transportation supervisors, and safety and security staff identify risks and develop plans to mitigate threats.

Hempstead Independent School District (ISD) maintains three campuses that contain four schools. These schools include one early childhood school, one elementary school, one middle school, and one high school. The early childhood school and the elementary school are located on the same campus. Hempstead ISD also supports additional facilities that include an administration building, a football stadium, and several unoccupied portable buildings. The square footage of Hempstead ISD's buildings totals more than 350,000 square feet. The district supports maintenance operations with three staff, grounds maintenance with three staff, and custodial operations with 15 staff. A head staff member leads the maintenance and grounds staff, and a custodial services manager leads the custodial staff.

Hempstead ISD supports the safety and security of its facilities with three dedicated school resource officer positions. One officer is the chief of police for the district and reports directly to the superintendent. Before school year 2014–15, the chief of police reported to the director of operations. During the onsite review, a school resource officer position had recently been vacated, and the district was searching for a qualified applicant to fill a third school resource officer position.

Figure 8–1 shows the organization of the maintenance, custodial, and security functions within the Operations Department.

FIGURE 8–1
HEMPSTEAD ISD OPERATIONS DEPARTMENT
ORGANIZATION
SCHOOL YEAR 2014–15



SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015.

Hempstead ISD's annual maintenance, grounds, and custodial budgets align with peer district costs. Peer districts are Texas school districts similar to Hempstead ISD that are used for comparison purposes. The peer districts compared to Hempstead ISD are Mexia, Royal, and Yoakum ISDs. **Figure 8–2** shows a comparison between Hempstead ISD and peer district facilities maintenance and operations costs.

The district's most recent bond program was for \$9.4 million in 2006. This bond program provided additions to the middle school and high school campuses, renovations to all three educational campuses, including roofing, heating, ventilation, and air conditioning (HVAC) improvements, and other major maintenance items. In 2010, Hempstead ISD implemented an energy savings performance contract to support the reduction of annual energy usage through HVAC and lighting improvements, and to replace the district's oldest HVAC units.

Figure 8–3 shows a comparison of Hempstead ISD's safety and security costs to the safety and security costs of the peer districts.

FIGURE 8–2
HEMPSTEAD ISD FACILITIES MAINTENANCE AND OPERATIONS COSTS COMPARED TO PEER DISTRICTS
SCHOOL YEAR 2012–13

DISTRICT	GENERAL FUND	FACILITIES MAINTENANCE AND OPERATIONS	PERCENTAGE OF TOTAL BUDGET	STUDENTS	COST PER STUDENT
Hempstead ISD	\$13,341,017	\$1,421,736	10.7%	1,525	\$932
Mexia ISD	\$16,295,093	\$2,367,879	14.5%	2,054	\$1,153
Royal ISD	\$17,047,595	\$1,514,985	8.9%	2,088	\$726
Yoakum ISD	\$14,678,028	\$1,549,521	10.6%	1,613	\$961

SOURCE: Texas Education Agency, Public Education Information Management System, school year 2012–13.

FIGURE 8–3
HEMPSTEAD ISD SAFETY AND SECURITY OPERATIONS COSTS COMPARED TO PEER DISTRICTS
SCHOOL YEAR 2012–13

DISTRICT	GENERAL FUND	SAFETY / SECURITY OPERATIONS	PERCENTAGE OF TOTAL BUDGET	STUDENTS	COST PER STUDENT
Hempstead ISD	\$13,341,017	\$173,632	1.3%	1,525	\$114
Mexia ISD	\$16,295,093	\$148,333	0.9%	2,054	\$72
Royal ISD	\$17,047,595	\$120,221	0.7%	2,088	\$58
Yoakum ISD	\$14,678,028	\$11,198	0.1%	1,613	\$7

SOURCE: Texas Education Agency, Public Education Information Management System, school year 2012–13.

Hempstead ISD's safety and security costs are greater than those of the peer districts. Hempstead ISD's safety and security costs also represent a greater percentage of the district's total budget.

FINDINGS

- ◆ Hempstead ISD lacks a process to analyze, plan, and implement facility maintenance and improvements across the district.
- ◆ Hempstead ISD is not tracking and using the system and product warranties provided by manufacturers and installers.
- ◆ Hempstead ISD has not developed a formal energy management program.
- ◆ Hempstead ISD is not using a formal work order system to support financial planning, employee performance measurement, or long-term facility planning.
- ◆ Hempstead ISD facilities are not in compliance with applicable building codes.
- ◆ Hempstead ISD does not have effective safety and security processes related to campus access, visitor management, and use of video surveillance systems.
- ◆ Hempstead ISD lacks a process for managing, monitoring, and implementing emergency operations procedures.

RECOMMENDATIONS

- ◆ **Recommendation 43:** Establish a comprehensive, long-range facility master plan committee of stakeholders to identify long-range needs and develop a plan for addressing those needs.
- ◆ **Recommendation 44:** Develop a process for tracking and using system and product warranties.

- ◆ **Recommendation 45:** Develop and implement a comprehensive energy management plan.
- ◆ **Recommendation 46:** Develop and implement a formal work order system to request, prioritize, and track work orders.
- ◆ **Recommendation 47:** Implement corrective action to address building deficiencies that have a high effect on the life safety systems.
- ◆ **Recommendation 48:** Implement procedures to improve visitor management controls, secure access to campuses, and make effective use of the video surveillance system.
- ◆ **Recommendation 49:** Develop districtwide and facility-based emergency documents including an up-to-date emergency operations plan.

FACILITIES PLANNING (REC. 43)

Hempstead ISD lacks a process to analyze, plan, and implement facility maintenance and improvements across the district. The district supports three educational campuses, extracurricular support buildings, administrative offices, and a transportation facility. **Figure 8–4** shows the dates for the original construction and major renovations or additions.

During the onsite review, no evidence showed that the district conducts regular audits and inspections of school facilities. Furthermore, Hempstead ISD has not conducted a districtwide facility needs assessment to assess facility conditions and evaluate the future capital needs of existing facilities. The district does not have a long-range facility master plan to guide construction projects or equipment replacement. Despite the lack of a needs assessment or master plan, Hempstead ISD has completed multiple capital improvement projects during the past 10 years, including building additions, major renovations, and major maintenance work. **Figure 8–5** shows the most recent capital improvement projects and the value of the improvements.

FIGURE 8–4
HEMPSTEAD ISD SCHOOL CONSTRUCTION, RENOVATIONS, AND ADDITIONS
2015

FACILITY	ORIGINAL CONSTRUCTION	ADDITIONS OR MAJOR RENOVATIONS
Elementary Campus	1934	1955, 1962, 1984, 1993, 2003, 2007
Middle School	1997	2009
High School	1971	2004, 2007
Administration Building	1963	2004, 2007

NOTE: Hempstead Elementary School and Hempstead Early Childhood School are located on the elementary campus.
SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD.

Each capital improvement project contained multiple focus areas, including HVAC, roofing, building additions, and environment improvements. According to the 2006 bond brochure, the proposed projects funded by the sale of the bonds included renovations to the elementary, middle, and high school campuses. At the elementary school, projects included improvements to the bus loading area, a new metal roof, a new gym and cafeteria building, new music and social studies classrooms, and new computer and science labs. At the middle school, a new wing was added with six classrooms. At the high school, projects included installation of lights at the baseball and softball fields, and renovations to the auditorium, career and technology center, and the weight room.

During onsite interviews, district staff could not identify a clear process the district used to determine the need for each capital improvement project identified in **Figure 8–5**. Furthermore, no evidence shows that the district performed a needs assessment before undertaking each project. In preparation for the bond program, the district hired an architect to conduct a facilities survey; however the architect did not conduct a comprehensive facility needs assessment. Instead, the facilities survey targeted very specific items to identify immediate needs, such as repairs to damaged facilities, and upgrades to resolve code compliance issues. The facilities survey did not identify any long-term planning needs, such as replacement of aging building systems. Hempstead ISD has several critical building systems supporting the facilities that are near the end of their anticipated life expectancy. For example, the middle school is 18 years old, and its built-up roofing system is approaching its 20-year life expectancy. According to district staff, the roofing system at the middle school leaked on several occasions. No evidence exists that Hempstead ISD is planning for a roof replacement project to address the roof or any other aging systems.

The two recent energy savings contracts addressed energy efficiency rather than facility needs. Hempstead ISD implemented the first contract in 2010 to reduce annual energy usage through improvements to HVAC and lighting systems. The district signed the second contract in 2014 to address improvements to select interior lighting and install HVAC direct digital controls. No evidence exists of the planning and development efforts for either of these contracts. Evidence of planning efforts for energy services contracts could include a study/presentation by the district that shows the district's current energy usage, required reduction in energy usage, and a comparison to other school districts' facilities before engaging a contractor.

For both projects, the district's decisions to make improvements appear to have been driven by a consultant's ability to perform services rather than informed by the district's needs as defined by an energy management plan. TEC, Section 44.902, requires school districts to establish long-range energy plans to reduce annual electric consumption by 5 percent beginning with the 2008 state fiscal year and consume electricity in subsequent fiscal years in accordance with the district's energy plan. Hempstead ISD has not established a long-range energy plan, and the district hired the energy performance contractors without an analysis of what energy efficiency improvements would be most effective. Instead, the professional service providers directly contacted the district to market their services, and the district hired them without a competitive bidding process.

Without an understanding of the facilities or a long-range facility plan, catastrophic failure of the building systems could occur, requiring emergency funding or the initiation of nonplanned capital improvement projects. For example, if HVAC systems are not replaced at the end of their useful

FIGURE 8–5
HEMPSTEAD ISD CAPITAL IMPROVEMENT PROJECTS

PROJECT	YEAR OF CONTRACT	VALUE OF IMPROVEMENT(S)
Bond Program	2006	\$9,400,000
Energy Savings Contract	2010	\$1,298,284
High School Re-roofing	2013	\$630,684
Energy Savings Contract	2014	\$770,700

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD.

lives, failures could start to occur, and the district could be forced to replace multiple units. The failure of a roof system leads to water infiltration into the building. Eventually, these leaks could result in mold growth that endangers occupant health or could cause structural degradation of the steel superstructure. In either case, the cost for replacement of the roofing system could be compounded to address the consequential damages.

The 2003 *Planning Guide for Maintaining School Facilities* published by the National Forum on Education Statistics and similar resources are available to assist school districts with the development of an effective districtwide facility needs assessment process. These plans serve to protect a school district's most costly assets and to ensure that the needs of the educational programs are met. Regular inspection of school facilities ensures that the current condition of district buildings, systems, and the site is clearly understood and documented. An annual audit provides multiple benefits, including the following:

- ensures that failures or faults to a building's components or systems are caught in time for repairs to be made in lieu of a total replacement, serving to reduce or control maintenance costs;
- helps to establish preventive maintenance protocols and schedules; and
- provides the basis for long-range planning.

A comprehensive facilities master plan supports long-term planning efforts and supports educational and curriculum needs. Some benefits of facilities master plans include:

- providing a baseline element for decision making across the district;
- ensuring that present and long-range educational programming needs could be met;
- providing a conduit for input from all stakeholders, including the community, parents, students, and staff;
- ensuring that the district's requirements and goals are clearly communicated; and
- providing the starting point for the development of bond proposals needed to fund facility improvements in support of educational initiatives.

Hempstead ISD should establish a comprehensive, long-range facility master plan committee of stakeholders to identify long-range needs and develop a plan for addressing those needs. To implement this recommendation, Hempstead ISD should evaluate each major building system and its anticipated life expectancy, and develop a long-range facility maintenance program to plan for replacement thereof at the end of the systems' useful lives. To effectively develop a facilities master plan, Hempstead ISD should adopt a formal facility master planning process. This process is necessary to ensure that the district could maintain its facilities within available funding and to a level that supports an effective educational program. Using input from the building principals, the custodial and maintenance staff, the superintendent, and the maintenance and transportation supervisors, the district should begin the process of determining future improvements. Key steps and considerations in developing the facilities master plan include the following:

- identify a committee of stakeholders to be involved in the planning process; this committee could include the superintendent, maintenance and custodial staff, local campus staff, parents, community stakeholders, students, and Board of Trustees members;
- conduct a comprehensive districtwide facilities assessment to determine the current status of buildings and systems and identify current and future needs;
- review and analyze deferred maintenance work to validate its current necessity;
- identify current needs for safety, accessibility, and energy improvements;
- determine the training necessary to ensure that maintenance staff members could implement and support planned improvements;
- establish facility priorities to maintain the district's facility investments and educational programming priorities to provide learning environments that meet the district's changing curriculum;
- implement a method of tracking maintenance requests and work, and use that data to inform decision making and to gain stakeholder support;
- identify funding sources for the work; and

- implement a process for the ongoing monitoring of the plan.

This recommendation could be implemented with existing resources.

SYSTEM AND PRODUCT WARRANTIES (REC. 44)

Hempstead ISD is not tracking and using the system and product warranties provided by manufacturers and installers. When a project is completed, the director of operations or the head maintenance staff member keeps the warranty and contract documentation. The district does not have a specific process to handle repairs for products and systems subject to warranty. The district relies on the maintenance staff's knowledge of the products and systems to know when a warranty is in place. During the past 10 years, Hempstead ISD has implemented four major capital improvement projects, which included components covered by warranties. **Figure 8–6** shows standard warranties that manufacturers and contractors provide for the systems and services Hempstead ISD purchased in its capital improvement projects.

A warranty is a promise, made in connection with the sale of a product by a supplier or installation by a contractor, which guarantees that the material and/or workmanship meet a certain standard of performance during a specified time. Warranties for systems and products are provided through the manufacturer with self-defined terms and conditions. Some products, like electronics, carry a 60- to 90-day warranty, and other products could have multiple warranties. For example, for HVAC equipment, the entire unit is covered for one year, and the compressor is covered for a total of five years. A written warranty is often provided and/or required by the requirements set in the construction contract documents.

The owner of the new product or supply receives an operations and maintenance (O&M) manual, at the time of the original agreement or after substantial completion of the project, which contains written warranty information. The opportunity to make claims in accordance with a warranty most often start from the substantial completion of a project through the warranty's duration.

Although Hempstead ISD maintains records of its construction and maintenance projects, including original contracts, no evidence was found that the district maintains contract document plans, specifications, or O&M manuals. O&M manuals include the operating and maintenance brochures from the manufacturers and copies of executed warranties.

Furthermore, Hempstead ISD does not maintain an active tracking system of substantial completion dates for construction and maintenance projects. Substantial completion, as defined by the American Institute of Architects (AIA), is the stage in the progress of the work when the work or designated portion thereof is sufficiently complete, in accordance with the contract documents, so that the owner can occupy or utilize the work for its intended use. Substantial completion dates are important for tracking warranties because the substantial completion date is usually the beginning of the warranty period. Interviews with district operations and maintenance personnel indicate recent or needed repairs are not being pursued through the applicable warranty program and/or are not being conducted in accordance with the warranty's requirements. For example, in 2009, a six-classroom addition was built adjoining the existing middle school facility. Campus staff has noted a recurring leak where the two buildings adjoin. At the time of the onsite review, the district was seeking proposals from a third-party roofing company to complete repairs and had not

FIGURE 8–6
STANDARD SYSTEM AND PRODUCT WARRANTIES

SYSTEM OR PRODUCT	WARRANTY TERM	WARRANTOR	REQUIREMENT
Roofing System	20 years	Roofing Manufacturer	Manufacturer's Certificate
HVAC System	1 year	Unit Manufacturer	Manufacturer's Certificate
HVAC System Compressor	5 years	Compressor Manufacturer	Manufacturer's Certificate
General Construction	1 year	General Contractor	American Institute of Architects General Conditions of the Contract
Technical Design Solution	10 years	Professional Design Liability	Statute of Limitations: The Texas Civil Practice and Remedies Code

NOTE: HVAC=heating, ventilation, and air conditioning.

SOURCES: American Institute of Architects general conditions document A201; the Texas Civil Practice and Remedies Code, Section 16.008.

contacted the roofing manufacturer, original roofing installer, or general contractor. Roofing systems carry a 20-year warranty, and repairs are required to be completed by the manufacturer's certified installer to maintain the warranty.

In 2010, the district executed an energy savings contract for installation of roofing and HVAC units at the high school. Following a period of construction, substantial completion of the project was during the summer of 2011. Warranties cover the entire HVAC unit for one year, and the compressor is covered for five years. However, review team interviews with district staff indicated that maintenance staff has conducted maintenance on the systems, including some compressor replacements that could be covered by the warranty.

In addition, the district constructed a library addition at the northeast corner of the high school in 2007. The design includes a rotunda with the entry and circulation desk areas. Staff has consistently noted that significant visual leaks have been observed between the rotunda and main roof area of the addition. District maintenance personnel note this area has been worked on multiple times by the installing contractor. However, the district has not investigated the possibility that the recurring leak is due to a fault with the original technical design solution and therefore the responsibility of the architect, not the installing contractor. In each of these cases, the district staff was unaware of applicable product or system warranties, or understood them to be expired.

Figure 8–7 shows a comparison of best practices for tracking and using system and product warranties and Hempstead ISD's practices.

Warranties ensure that a minimum level of quality is provided, and when the product or system fails, it is replaced by providers at their expense. If the district does not track and maintain applicable warranties, the warranties can become invalidated or negated. The results are a loss of taxpayer investment in facilities and the potential for a district to pay for maintenance or replacement that is the responsibility of other parties.

The *Texas Educational Facilities Construction Project Closeout Manual for K–12* identifies best practices for tracking and using system warranties as activities that occur during and after a construction project's completion. These activities include clearly communicating or defining the terms and conditions of the warranty, maintaining an active account of products and systems, and coordinating maintenance and

operation efforts. Key elements of the process of tracking and using system warranties include the following:

- establishing a substantial completion date;
- using formal closeout procedures;
- conducting a warranty walk;
- maintaining O&M manuals; and
- coordinating O&M efforts.

Hempstead ISD should develop a process for tracking and using system and product warranties. The district should identify key project information for recently completed work, including project substantial completion dates, warranties and guarantees, and maintenance and operations manuals to track and coordinate operations and maintenance efforts in compliance with applicable warranties. To implement this recommendation, Hempstead ISD should undertake the following processes:

- Identify a construction project champion: The district should identify a project champion to protect the district's interests from the onset of a project's design phase through the construction administration and closeout phases. This individual could be the director of operations, head of maintenance, or a third party project management firm. At the end of the construction project, the project champion should transfer the closeout information to the operations and maintenance staff;
- Define a substantial completion date: At the end of the construction phase, a district and/or design professional should help identify when the district has beneficial use of the facility, which will define the date of substantial completion. Upon agreement of the date, the AIA document G704—Certificate of Substantial Completion or other similar form should be signed and accompany a list identifying any construction deficiencies that should be corrected to achieve the project's final completion. The substantial date should form the commencement of all applicable warranty periods;
- Engage in a formal closeout procedure: Project closeout is a critical step in the construction process, in which the school district and vendors complete their contractual obligations with each other. The process involves documentation of project

FIGURE 8–7
HEMPSTEAD ISD COMPARED TO BEST PRACTICE FOR SYSTEM AND PRODUCT WARRANTIES
2015

BEST PRACTICE	HEMPSTEAD ISD
Define a substantial completion date to identify the formal commencement of applicable warranty periods	The district did not provide formal documentation or record of substantial completion dates to the review team.
Engage in a formal closeout procedure and include the following key deliverables:	The review team did not find evidence of these items.
<ul style="list-style-type: none"> • release of liens • warranties and guaranties • material affidavits • operation and maintenance • record drawings, including site irrigation drawings • conformance documentation and testing/commission • turnover items • project financial reconciliation • insurance • training and demonstrations • substantial completion checklist 	
Conduct a warranty walk before the end of applicable warranty periods to review the material and workmanship of installed items	The review team did not find evidence that warranty walks have occurred.
Maintain operations and maintenance manuals for each project that include the following information:	The review team did not find evidence of these items.
<ul style="list-style-type: none"> • product, system, or equipment manufacturer and model numbers • equipment operation procedures • maintenance schedules and maintenance reminder signals • service and parts contact information 	
Coordinate operations and maintenance efforts with the manufacturer's operational procedures and applicable warranty requirements	No process was identified in writing or orally.
SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD; Associated General Contractors Houston Chapter, and Council of Educational Facilities Planners International Gulf Coast Chapter, Texas Educational Facilities Construction Project Closeout Manual for K–12, 2012.	

completion, notation of any issues or work still to be resolved, and specifications for the continued operation and maintenance of the completed project. To support continuing maintenance of the building, closeout provides all required warranties, a final list of subcontractors, maintenance manuals, preventive maintenance schedules, training manuals, and as-built drawings and documents that show all concealed conditions, which maintenance staff may need for conducting ongoing maintenance, repairs, and renovations. During future projects, the district should follow the Texas Educational Facilities Construction Project Closeout Manual for K–12 which outlines the following key deliverables:

- release of liens;

- warranties and guaranties;
- material affidavits;
- operation and maintenance;
- record drawings, including site irrigation drawings;
- conformance documentation and testing/commissioning;
- turnover items;
- project financial reconciliation;
- insurance;
- training and demonstrations; and

- substantial completion checklist;
- Conduct a warranty walk: The district should conduct a warranty walk one month before the end of applicable warranty periods. This inspection could allow the district and/or design professional to review the material and workmanship of installed items. The one-month period could allow the general or subcontractor to implement the repair before the end of the warranty period;
- Maintain Operations and Maintenance (O&M) Manuals: The district should maintain O&M manuals specific to each project. The quantity and type of information vary depending on the scope of the project. The district should ensure that O&M manuals are provided in a timely manner and in all cases before the district takes responsibility for operating and maintaining equipment. At the completion of the project, the champion should provide district operations and maintenance staff with the manuals to identify unique elements of the project. At a minimum, an O&M manual should provide the following data:
 - product, system, or equipment manufacturer and model number should be clearly identified in the documentation;
 - equipment operational procedures should be included, along with wiring diagrams, control sequences, safety precautions, failure warning signals, and other information needed to safely operate the equipment;
 - maintenance schedules and maintenance reminder signals should be clearly identified in the manual; and
 - service and parts contact information should be provided for the local representative and the manufacturer; and
- Coordinate operations and maintenance efforts: The district should ensure that all maintenance work is tracked and conducted in accordance with the manufacturer's operational procedures and applicable warranty requirements. The district should maintain an active log of system warranties, review O&M manuals, or use an electronic asset management system. Whenever possible, district staff should make

claims on applicable warranties to ensure maintenance is conducted by certified staff and companies.

This recommendation could be implemented with existing resources.

ENERGY MANAGEMENT (REC. 45)

Hempstead ISD has not developed a formal energy management plan.

Texas school districts are required to develop energy management strategies to reduce their overall consumption of energy. TEC, Section 44.902, states that "the board of trustees of a school district shall establish a long-range energy plan to reduce the district's annual electric consumption by 5 percent beginning with the 2008 state fiscal year and consume electricity in subsequent fiscal years in accordance with the district's energy plan." In addition to this basic mandate, the plan should include:

- strategies for achieving energy efficiency that result in net savings for the district, or could be achieved without financial cost to the district; and
- for each strategy, the initial, short-term capital costs and lifetime costs and savings that could result from implementation of the strategy.

An effective energy management plan develops strategies for using the minimum amount of energy while continuing to provide a desired level of comfort to building occupants. These strategies include the education of building staff, enhancements to or automation of building controls, proper maintenance of existing equipment, and installation of energy efficient equipment as systems are replaced. Hempstead ISD has not developed a formal, long-range energy plan that includes these strategies or identifies strategic actions to support the district's annual reduction in energy usage, in accordance with the statute. The district entered into two energy savings contracts that were not guided by district goals, implementation strategies, and expected outcomes.

In December 2010, Hempstead ISD implemented an energy savings performance contract to address improvements to select HVAC units and lighting retrofits. According to the contract, the energy improvements of the HVAC and lighting systems would result in an annual energy savings of \$88,576, and the operation of this equipment in accordance with prescribed schedules and temperatures would result in an annual operational and cost avoidance savings of \$75,000.

The contract states that annual energy savings and the annual operational and cost avoidance savings would result in an annual total savings of \$163,576. According to the contract, the district is responsible for providing all utility bills to the vendor, and the vendor must provide a report back to the district to demonstrate the reduction in energy consumption.

The energy savings performance contract requires the district to operate the HVAC and lighting systems in accordance with standard commercial practices and the operating schedules, strategies, and conditions consistent with baseline conditions. **Figure 8–8** shows the performance requirements of the energy service contract.

FIGURE 8–8
HEMPSTEAD ISD ENERGY SAVINGS PERFORMANCE CONTRACT REQUIREMENTS DECEMBER 2010

LIGHTING RETROFITS	HOURS PER YEAR	HOURS PER DAY
Classrooms	2,400	12.8 (1)
Gymnasiums	3,000	16 (1)
Outside Lighting	3,650	10 (2)
Corridors and Exits	8,750	24 (2)
HVAC	SET POINTS	HOURS OF OPERATION
Cooling	74 degrees to 78 degrees	5 A.M. to 7 P.M. Monday to Friday
Heating	68 degrees to 72 degrees	5 A.M. to 7 P.M. Monday to Friday

NOTES:

(1) Hours per day are based on 187 total days of operation.

(2) Hours per day are based on 365 total days of operation.

SOURCE: Hempstead ISD, 2010 Energy Savings Performance Contract.

During the onsite review, the review team observed that the district does not operate the energy management devices in accordance with these requirements. District staff use programmable thermostats and allow teachers and administrators to set the temperatures of their classrooms and offices. The review team observed that thermostats in several locations were set below the cooling set points identified by the energy savings performance contract.

District staff is unaware of how the district determined the need for an energy savings performance contract, and the review team did not find evidence that the district used a procurement process for these services. The review team also could not determine if the district achieved the savings identified in the contract, because the district has not received

annual reports from the contractor. The contract requires the contractor to provide reporting in accordance with the International Performance Measurement and Verification Protocol (IPMVP) reports comparing the baseline conditions to the retrofit conditions to demonstrate the actual savings achieved. Furthermore, the review team was unable to determine the district's utility costs during the last five years or determine whether Hempstead ISD has met the statutory 5 percent reduction requirement. Hempstead ISD does not post its usage online, as required by law.

In February 2014, the district entered into a second energy savings performance contract to address improvements to select interior lighting, HVAC direct digital controls, and further equipment scheduling and setbacks. Items identified within the 2014 contract replace items replaced in the 2010 energy performance contract, including lighting fixtures and HVAC controls. In addition, according to a report produced by the contractor, the total program costs would be \$1,072,300 within 15 years; however, the district would only realize a net savings of \$500 per year, or \$7,500 total net project savings within 15 years. Interviews with district staff indicated that this contractor was engaged through the previous superintendent without a competitive bidding process, and that the board approved the contract without fully understanding the terms and conditions. Hempstead ISD has not moved forward with the scope of work, and no annual reports have been generated. At the time of the onsite review, the district was engaged in litigation to withdraw from the contract.

Without an energy management plan in place, Hempstead ISD could not identify strategic actions to support the district's annual reduction in energy usage and could fail to meet the statutorily required reduction of energy consumption. Furthermore, the absence of an energy management plan increases the risk that the district could engage in future energy management contracts that do not consider the district's goals and objectives.

A useful resource for managing energy costs is the 2004 guidebook, School Operations and Maintenance: Best Practices for Controlling Energy Costs, prepared by Princeton Energy Resources International, H Powell Energy Associates, and the Alliance to Save Energy. This resource describes the steps necessary to establish goals, funding sources, implementation strategies, and expected outcomes. Another resource is the Guide to Operating and Maintaining EnergySmart Schools, published by the U.S. Department of

Energy, with descriptions of systems and maintenance activities that can reduce energy consumption.

Hempstead ISD should develop and implement a comprehensive energy management plan. To implement this recommendation, the director of operations should develop an energy management plan that includes a mission statement and specific energy conservation and building management guidelines. These guidelines should include policies for classroom temperatures and communication and enforcement strategies. The energy management plan should also include the following components:

- an evaluation of installed controls to ensure that current systems are functioning correctly; as part of this evaluation, the district should check independent motion detectors for controlling lights and HVAC systems, night and weekend set-back controls, and conduct preventative maintenance tasks such as fixing leaks to reduce water consumption;
- the performance of energy surveys to identify solutions for systems or operational practices that are wasting energy;
- policies for the closing of windows and doors, and the controlling of exhaust fans to reduce the cost of heating and cooling;
- a schedule for the regular cleaning, maintenance, and filter changes of HVAC equipment to ensure indoor air quality and extend the life of the equipment;
- standards for routine maintenance that require the use of energy efficient equipment; for example, all re-lamping or fixture replacements should be based on high-efficiency fluorescent or light-emitting diode (LED) technology; and
- an incremental plan to increase staff awareness; for example, district staff should be encouraged to locate equipment with high-energy use, such as coffee pots and refrigerators, in common rooms instead of keeping personal equipment in classrooms and offices.

To develop the energy management plan, the district could seek the assistance of the Texas State Energy Conservation Office (SECO). SECO offers support to local districts, including:

- preliminary energy assessments;

- energy management training;
- comprehensive energy planning;
- technical support in designing energy-efficient facilities; and
- energy awareness projects conducted by students.

This recommendation could be implemented with existing resources.

WORK ORDER SYSTEM (REC. 46)

Hempstead ISD is not using a formal work order system to support financial planning, employee performance measurement, or long-term facility planning.

Before 2014, Hempstead ISD used Skyward software solutions to support the district's maintenance program, and Skyward enabled the Operations Department to track and implement work order requests submitted by district staff. However, before school year 2014–15, the district migrated to the Texas Enterprise Information System (TxEIS) software, and that functionality was lost. Since that transition, Hempstead ISD responds to maintenance requests through ad-hoc measures, including triplicate request forms, phone calls, emails, or direct contact with the maintenance staff.

The triplicate request forms show the reason the maintenance was requested, a field to mark the request as completed, and a signature from maintenance staff. The request forms do not include information to detail the work performed or corrective action taken. The request forms also do not provide any indication of a supervisor's review of the work. Hempstead ISD does not leverage the work order requests to identify potential larger facility issues, track employee productivity, implement a preventive maintenance plan, or schedule annual or semiannual custodial projects. According to interviews with district staff, the work order process can take longer than it should.

Without a formal work order system, the district is unable to capture data to analyze costs or measure employee performance. The present work order system does not provide the necessary information to make data-driven decisions to guide long-term maintenance and operations planning. The absence of this data prevents the district from identifying high-need campuses, building areas with systemic problems, or tracking staff's ability to address identified issues.

According to the Best Practices Maintenance Plan for School Buildings, published in 2006 by the Idaho Department of Education, the best practice for school districts is to use work order systems to process maintenance work, whether the job originates as a problem communicated by building users or as part of planned maintenance projects. A work order system provides uniformity in planning maintenance jobs and helps to prioritize job requests that maintenance personnel typically face. Using work orders for upcoming preventive maintenance tasks helps ensure that this work is not abandoned among multiple maintenance jobs.

A bulletin published by the University of Tennessee Municipal Technical Advisory Service, describes a properly designed work order system. Such a system requires manager pre-approval of work requests, and captures labor, material, and equipment costs by job. Work orders begin with a request for repairs or maintenance that is funneled to the appropriate personnel authorized to approve work orders. After authorization, the work request is recorded as a work order, then signed by the manager. A well-structured work order form contains a space for the manager's directions, including specific instructions or recommendations, and is a multipart document with a copy for the manager and copies for the work supervisors for assignment, purchasing, and accounting. After the manager signs the work order, the work supervisor receives each work order and assigns personnel to the jobs. The work order could have a written description of the request for assistance and the location. Then, the date of completion is noted on the work order along with any description of how the job was completed. The manager could retain supervisory control by reviewing uncompleted work orders or the work-in-progress file. When the job is completed, the work order is closed and filed separately from the open work orders. Closed or completed work orders could be filed and cross-referenced for later review, such as when preparing the following year's budget.

After authorization, a copy of the work order is sent to the finance department. The finance department codes the work order so that all the accrued costs of labor, materials, equipment, and overhead are charged to the proper departments. The finance department could produce monthly work order reports. These reports list all labor, materials, equipment, and overhead costs for every job work order number. Work order reports provide management with a lot of timely information. At a glance, a manager could see who worked on what jobs; the amount and type of materials used; the equipment used; and which jobs were completed.

In this way, more sophisticated work order systems provide information for equipment needs and measure worker productivity.

Many districts use automated or electronic work order systems to retain and manage their maintenance information. An electronic system allows for instant or real-time data analysis as well as allowing for tracking multiple key evaluation factors. The system also supports the annual budget process because it allows managers to compare budgeted to actual costs and evaluate department performance. Information on maintenance histories could help determine equipment's expected remaining life spans. Trend data on maintenance and repair costs provide useful information for estimating budget items.

Hempstead ISD should develop and implement a formal work order system to request, prioritize, and track work orders. The director of operations should conduct a cost benefit analysis to determine if purchasing an electronic system is cost-effective, or if the district should improve its manual work order process. In either case, the director of operations should ensure that work orders contain manager preapproval and authorization of work requests, a written description of work requests and the locations, and specific instructions. Work orders should show a date of completion, a description of how the job was completed, and labor, material, and equipment costs.

The director of operations should develop a process for reviewing open work orders to monitor progress, and develop a process to review monthly work order reports to evaluate employee performance and determine equipment needs. The director of operations should evaluate the existing and future building needs, and should work with the director of finance, director of curriculum, and the superintendent to prioritize and align projects with Hempstead ISD goals. Through this process, the district could identify projects that could be accomplished within the annual budgeting process, and identify projects that could need greater financial support. The director of operations should incorporate the information compiled from this process into the work order system to provide Hempstead ISD with the tools for monthly, annual, and long-term decisions and oversight.

This recommendation could be implemented with existing resources.

BUILDING CODES (REC. 47)

Hempstead ISD facilities are not in compliance with applicable building codes.

The Texas Administrative Code (TAC), Section 61.1036, requires that buildings constructed by a school district comply with locally adopted building codes or the latest family of International Codes as published by the International Code Council (ICC). Building codes provide prescriptive requirements for the design and installation of building systems to safeguard the public health and safety. These systems include but are not limited to building construction types, egress requirements, fire alarm, and fire suppression systems.

The ICC has developed model codes and standards known as the International Building Code (IBC). Chapter 10 of the IBC defines egress path requirements including length, width, and construction requirements. According to the IBC, there must be an accessible means of egress from all portions of a building to provide a continuous and unobstructed path of travel from any point within a building to a public way. A public way is an open space leading to a street or sidewalk. In addition, IBC, Section 1017.3 requires that “exits access shall be arranged such that there are no dead ends in corridors more than 20 feet in length.” At Hempstead High School, the district uses horizontal accordion-style gates to limit access to the facility during community use or after-hours activities. The gates can prevent individuals visiting the gymnasium from accessing the rest of the school. However, when closed, these gates create barriers to free egress and create a dead-end corridor.

Across all district campuses, Hempstead ISD uses locking bars to physically restrain doors from opening. This device prevents an individual from opening a door from the outside, even with a key. The locking bars require an individual to remove the device from inside the facility. These devices are in violation of IBC, Section 1008.1.8, which requires that “egress doors shall be readily openable from the egress side without the use of a key or special knowledge or effort.” An individual, especially a child, may not be able to operate locking bars and open the door. The device could also prohibit first responders from entering a building during an emergency situation.

IBC, Chapter 34, guides the code requirements for renovations or additions to existing buildings. Section 3403.1 specifically states:

Additions or alterations to any building or structure shall comply with the requirements of the code for new construction. Additions or alterations shall not be made to an existing building or structure that will cause the existing building or structure to be in violation of any provisions of this code. An existing building plus additions shall comply with the height and area provisions of IBC, Chapter 5. Portions of the structure not altered and not affected by the alteration are not required to comply with the code requirements for a new structure.

The review team did not find evidence that the district has a planning process to ensure additions and renovations comply with building codes. During the onsite review, the review team observed violations of IBC, Section 3403.1. For example, the 2004 gymnasium addition is subject to this provision; however, the gymnasium addition is approximately 24,000 square feet, which exceeds the allowable area of 14,250 square feet as defined by IBC, Table 503, with applicable area increases. Furthermore, IBC, Section 903.2.1.4, requires that buildings that exceed 12,000 square feet or contain more than 300 occupants must have an automatic sprinkler system that complies with the National Fire Protection Association (NFPA) 13 standard for system installation; however, the gymnasium addition does not have an automatic sprinkler system.

TAC, Section 61.1036, requires the installation of a fire alarm system to be in all educational facilities. The fire alarms are required to be tested semiannually and annually and to be actively monitored. At the elementary school, the campus principal noted that the fire alarm system consistently generates an audible alarm that indicates an error on the system. The district’s corrective action has been to restart the fire alarm system by turning it off and on, or to entirely turn off the power to the fire alarm for an extended period of time. This procedure violates the code requirement for an active fire alarm system and provides evidence that the district does not implement testing, inspection, and repair procedures. Furthermore, the district indicated that it does not pay for a monitoring service, which is in violation of the code requirements.

Failure to comply with building codes increases the risk of loss of life or building assets. Furthermore, failure to comply with applicable codes could cause the local authority having jurisdiction (e.g., building inspector or fire department) to terminate the certificate of occupancy until the deficiencies are corrected.

Building codes provide best practices for protecting the health, safety, and welfare of the public. A major aspect of the codes is to provide life safety measurements to minimize the loss of life and protect the life of first responders. The ICC and the NFPA have produced a series of building codes that provide prescriptive approaches to all elements of building design, maintenance, and regular testing procedures. In addition, before construction, the Texas Education Agency requires districts to conduct a third-party review of the plans.

Hempstead ISD should implement corrective action to address building deficiencies that have a high effect on the life safety systems. The district should immediately remove locking bars preventing free egress. The district should conduct a facility assessment to include a building code and egress analysis. A qualified architect or life safety engineer should conduct an onsite review to examine the field condition, review existing plan information, and analyze the applicable code requirements. The district, along with the design professional, should organize and prioritize the mitigation of the identified deficiencies and take temporary measures to maximize the life safety elements of the building. The district should use the results of the assessment to correct deficiencies to installed structures and systems.

The director of operations should ensure that the fire alarm at the elementary school is inspected. If the fire alarm panel has failed, the district should install a new alarm system. The district should also install a fire suppression system at the high school.

The fiscal impact assumes that Hempstead ISD will hire an architect to assess building codes, purchase a new fire alarm system for the elementary school, and purchase a new fire suppression system for the high school gymnasium. The cost of the facility assessment is dependent upon the number of hours required to assess the district's facilities. This review may take an estimated 160 hours for an assessment of the entire district. The project would result in a one-time cost of \$17,600 (160 hours x \$110/hour). The estimated cost for new fire alarm installation is \$6.44 per square foot, which results in an estimated total project cost of \$729,762 (113,317 square feet x \$6.44 per square foot) for the elementary school. The estimated total project costs for a new fire suppression system in the high school gymnasium is \$135,360 (24,000 square feet x \$5.64 per square foot). Conducting a facilities assessment and installing fire alarm and fire suppression system result in a one-time cost of \$882,722 (\$17,600 + \$729,762 + \$135,360 = \$882,722).

The final total cost for implementation may vary due to several factors. First, the report produced from the analysis of the building codes and egress systems would outline recommendations for Hempstead ISD to act upon. Some of these items could be completed by the district's staff, while other items could require a design professional and general contractor to implement.

Second, installing a fire alarm at the elementary school and fire suppression system at the high school facility could require the services of a design professional to conduct due diligence and develop contract documents for bidding. A general contractor could bid and install the work identified in the contract documents for the two systems. The identified maximum total project costs for each respective system includes funds for design, construction, permitting, testing, and project contingency. Upon commencement of the design work, alternative solutions or value engineering options could be identified, reducing the total project costs. Other than the one-time impact cited above, the fiscal impact does not assume any other additional costs.

SAFETY AND SECURITY MEASURES (REC. 48)

Hempstead ISD does not have effective safety and security processes related to campus access, visitor management, and use of video surveillance systems.

CAMPUS ACCESS

During onsite interviews, district staff reported that the campuses are too easily accessible to the public, and known drug dealers have gained access to a campus in the past. Each of the three campuses contains multiple buildings that serve the educational needs of the students. At each campus, students are required to walk between the buildings. Doors that serve these paths of travel are left unlocked, which allows potential access for visitors. The elementary school campus has a continuous fence around the property; however, at the time of the onsite review, the vehicular gate accessing the food service drive was not closed, allowing direct access to the playground area. In addition, the service door to the elementary school kitchen was unlocked, and the review team observed a parent gain unobstructed access to the kitchen. Leaving this door unlocked could allow visitors to directly access the cafeteria.

The middle school and high school campuses present greater challenges, because they share the same site and share some facilities. Students access a shared cafeteria and fine arts building that are located between the two main buildings,

and middle school students enter the high school campus to receive instruction in higher-level educational classes. The main thoroughfare to access these facilities fronts a shared middle and high school parking lot, and it does not have a physical security means, for example, vegetation or fencing. The student resource officer identified this area as a concern and noted that interactions have occurred between students and unregistered visitors. Hempstead ISD does not have plans to mitigate this concern.

Campus principals noted that they have instructed teachers to lock their classroom doors during instruction, which is a best practices policy. However, during site visits, the review team observed that approximately 10 percent of the classroom doors were ajar or unlocked.

VISITOR MANAGEMENT

Visitor control processes at Hempstead ISD are inconsistent and do not comply with industry best practices. Each campus at Hempstead ISD uses a manual check-in system that requires visitors to complete a sign-in sheet that identifies date of visit, the individual's name, check-in/check-out times, and the reason for the visit. Visitors are then required to display a visitor's sticker on their person. This process relies solely on the diligence of the on-site administrative staff and the visitor. Further, at all facilities, a visitor does not have to enter the buildings at the administrative office area, and therefore could bypass the check-in system. The visitor control process does not include verifying visitors' identity with photo identification card. Hempstead ISD had an electronic badging system in place before 2014. This system had the capability to track visitors and conduct screenings for registered sex offenders, restraining orders, custody issues, suspended or expelled students, and known gang members. However, according to staff, the district does not use the system any longer due to technology challenges.

At the elementary school, it is not possible to view approaching visitors until they enter the school door. Once visitors enter the facility, a 10-foot expanse of glass provides the only visual observation for the campus secretary. An individual could easily bypass the office unobserved and access classrooms. At the middle school, the front door is not clearly identifiable and is difficult to find. During the onsite review, an individual was not immediately present at the middle school front office to check in visitors. At the high school, the entrance provides adequate visual observation of approaching visitors; it is possible to view individuals through a mirrored glass wall as they approach the front door from

the parking lot. However, upon entering the facility, an individual could immediately bypass the office area. At each campus, visitors could easily circumvent check-in procedures.

VIDEO SURVEILLANCE

A video surveillance system is installed at the middle and high school campuses. Although these campuses contain an adequate number of cameras to provide extensive coverage inside and outside of the facilities, the district does not actively monitor the video surveillance system. District staff members noted that the video surveillance system is not operational most of the time. Further, staff indicated the recording devices have little storage capacity, limiting the available backlog of video surveillance. The bus video surveillance system has similar issues with noncontinuous coverage. School resource officers noted several incidents where recordings were not available due to technical difficulties. Interviews with district staff indicated that approximately six security incidents occurred in the recent past. In some of the incidents, the district was not able to retrieve surveillance footage.

When an incident occurs, Hempstead ISD does not have a consistent process for gathering and reviewing the recorded video surveillance information. For building surveillance, staff must contact the Technology Department to get access to the content. The student resource officer then reviews the material. District principals do not have access to either live or recorded video surveillance. For bus surveillance, the director of transportation retrieves the video stored locally on the bus. The director of transportation reviews and edits the video surveillance to highlight the specific incident. The director of transportation then transfers the edited video to the campus principal. For both building and bus surveillance, no requirement guides multiple staff members to review the material to provide a check-and-balance system and to ensure multiple parties review potentially contentious materials.

The risks posed by these inadequate security measures are increased due to the limited availability of telephones in classrooms. The district's phone system was recently updated from a private branch exchange-style system to a Voice over Internet Protocol system. The campuses also use the phone system as the paging/announcement system. During the onsite review in January 2015, both phone systems were active at the campuses. However, the review team noted that several classrooms did not have access to a phone system at all, requiring a teacher to use a personal cell phone or access an adjacent classroom's phone. This situation limits the

teacher's abilities to immediately request assistance and to hear announcements, putting that teacher and the students at risk during an emergency situation.

Failure to implement safety and security best practices could hinder Hempstead ISD's ability to handle emergencies. Current practices could cause the effects of emergencies to be exacerbated in severity, duration, and fiscal impacts. Without a proper visitor control system, unwanted visitors could enter a campus unnoticed, increasing the opportunity for a crisis situation. Inadequate site security related to perimeter control and exterior door access could facilitate potential interactions between unapproved visitors and students; these interactions could increase a school's risk of a possibly dangerous situation. Without a working video surveillance system, the district lacks the capacity to deter, observe, and identify parties responsible for emergency events.

Galena Park ISD has developed a comprehensive safety program to increase awareness and reduce the risk of unauthorized persons on district property. The district developed a comprehensive, districtwide program to secure its schools from unauthorized visitors, and it designated one open and monitored campus entrance near the main office and within view of the receptionist and office staff. The district affixed all buildings with signs clearly directing visitors to the office. Campuses issue visitor tags or building passes, and visitors are signed out when leaving the facility or grounds. Staff members are trained to identify appropriate visitor passes and to escort visitors who do not have them to the front office. Uniforms identify students at the elementary and middle schools, and teachers wear or carry photo identification cards. Auxiliary staff such as maintenance workers also wear district uniforms, and employee vehicles require parking lot tags.

Taft ISD restricts access to the front entrance of the district's elementary school by requiring an employee access card or for the receptionist to electronically unlock the door to visitors. The district maintains security cameras to record all employees, students, and visitors entering the front doors to the administration area. A magnetic locked door and intercom system secures the front doors of the school. Visitors must use the intercom system to obtain access into the front entrance. This feature is an effective security measure in restricting access to the elementary students and staff.

Manor ISD maintains an electronic visitor registration system to record, track, and monitor visitors to school

campuses throughout the district. The system enhances school security by reading visitors' driver licenses and comparing information to a sex offender database for 48 states including Texas. If there is no match, then a visitor badge is printed that includes the visitor's photo and name, time, and date. Manor ISD's Visitor Management Procedural Guide also requires that every campus visitor's information is scanned into the visitor registration system, including parents, volunteers, vendors, board members, substitute teachers, employees who do not have a badge available, and former students.

Hempstead ISD should implement procedures to improve visitor management controls, secure access to campuses, and make effective use of the video surveillance system. To enhance school security, the district should require visitors to sign-in with photo ID. The district should limit the number of unlocked entrances to each school. Other doors besides the main public entrance should remain locked. If feasible, the visitor entrance should be limited to a single door that is observable from the main office. Visitor instructions and direction signs should be posted in clear view on exterior doors. These signs should inform visitors to report to the main office and provide directions to the visitor entrance.

To support effective use of the video surveillance system, Hempstead ISD should provide training for school resource officers to navigate and use the surveillance system. The district should provide training for additional district staff, such as campus principals, director of operations, director of transportation, and other departments that have desktop monitoring capabilities and mobile devices. The chief of police, along with the director of operations and the director of transportation, should develop procedures for monitoring security camera and surveillance system video that includes written documentation of daily monitoring activities.

The director of operations should work with the Technology Department to ensure a single telephone system is active at each campus and within each classroom, supporting calls and announcements. Furthermore, the Technology Department should ensure an adequate quality of service feature is present on the network to maintain quality phone conversations.

This recommendation could be implemented with existing resources.

EMERGENCY OPERATIONS PLAN (REC. 49)

Hempstead ISD lacks a process for managing, monitoring, and implementing emergency operations procedures.

Hempstead ISD has not identified a formal procedure for initial and ongoing safety and security training for staff districtwide. In 2002, the chief of police developed a plan titled “Crisis Management Procedures for Faculty and Staff”; however, the plan does not adequately cover all potential emergency situations, nor does it provide training guidelines for ongoing education. The plan does not include a hazard assessment, which is a systematic identification and analysis of existing and potential hazards at a school.

The plan identifies actions and responses required by individual faculty and staff in certain crisis situations. For example, the plan addresses use of hazardous materials, including direct contact exposure, indirect contact exposure, cleanup and disposal, and emergency personnel notification procedures. However, the plan does not address an outside airborne threat, requirements for the HVAC system, processes for evacuation, and how to ensure complete students and staff accounting during an incident. The plan was updated in 2012 and 2014 to provide new contact information; however, the basic content of the plan remains unchanged from its inception. The district recently developed a document titled “Crisis Response Plan”; however, this document addresses the sudden death of a student and does not have other topics.

TEC, Section 37.108, requires each school district to adopt and implement a multihazard emergency operations plan for use in the district’s facilities. TEC, Section 37.108 requires each district’s emergency operations plan address mitigation, preparedness, response, and recovery. The plan should contain provisions for several key components. **Figure 8–9** shows a comparison between state requirements for topics covered in an emergency operations plan and topics covered in Hempstead ISD documents.

Interviews with Hempstead ISD’s administration, school resource officers, and campus principals indicated that staff are unaware of the existing safety and security policies and procedures identified in the “Crisis Management Procedures for Faculty and Staff.” At the beginning of the school year, all staff receive annual training that addresses sexual harassment and child abuse reporting. However, providing training to address other areas of safety and security concerns is a campus-based decision. Emergency preparedness drills, which may include monthly fire drills and sporadic lockdown and inclement weather drills, are administered at the discretion of the campus principals. Hempstead ISD is not planning or taking proactive measures to plan, drill, and train for a variety of emergencies, according to onsite interviews with district staff. The absence of formal procedures has caused a breakdown in information shared with district and campus administrators. Staff is generally unaware of specific processes and procedures. Using this ad hoc approach could result in gaps in security and safety

FIGURE 8–9
HEMPSTEAD ISD CRISIS PREPAREDNESS DOCUMENTS COMPARED TO STATE EMERGENCY OPERATIONS PLAN REQUIREMENTS
2015

REQUIREMENT	HEMPSTEAD ISD
District employee training in responding to an emergency	Not addressed within 2014 “Crisis Management Procedures for Faculty and Staff.”
Mandatory school drills and exercises to prepare district students and employees for responding to an emergency	Not addressed within 2014 “Crisis Management Procedures for Faculty and Staff.”
Measures to ensure coordination with the Texas Department of State Health Services and local emergency management agencies, law enforcement, health departments, and fire departments in the event of an emergency	Not addressed within 2014 “Crisis Management Procedures for Faculty and Staff.”
Implementation of a safety and security audit as required by TEC, §37.108 (b)	The district has conducted a recent safety and security audit; however, procedures for completing safety and security audits are not addressed within 2014 “Crisis Management Procedures for Faculty and Staff.”
A policy for responding to a train derailment near a district school if the district school is located within 1,000 yards of a railroad track, as measured from any point on the school’s real property boundary line	Not addressed within 2014 “Crisis Management Procedures for Faculty and Staff.”

SOURCES: Legislative Budget Board School Review Team, January 2015; the Texas Education Code, Section 37.108.

measures, confusion during a crisis situation, or the inability to adequately respond to large-scale or new threats.

Hempstead ISD employs two full-time school resource officers and one part-time hall monitor. At the time of the onsite review, the district had an unfilled position for a third full-time school resource officer. School resource officers are required to complete annual continuing education classes to maintain their credentials; however, the courses are provided based on availability of funds rather than on trends in school safety and security. The district does not provide safety and security staff with specific training to support continuing education efforts in a focused manner.

According to the Hempstead Police Department, an interlocal agreement with the district is not officially in place. The city and district have developed a verbal agreement for first-responder actions to address day-to-day needs; however, this understanding primarily relates to hours of operation and after-hours patrolling of facilities. Local first responders have not been engaged to develop a plan of action for emergency events. Floor plans, site plans, and other general facility information have not been provided to the city for use by local and regional first responders to manage and coordinate responses in the event of an emergency at a district facility.

School districts continually face natural and human-made emergencies that vary in severity, duration, and fiscal impacts. The district's lack of an emergency operations plan leaves staff uninformed and untrained in the best practices to employ during an emergency, which could result in the escalation of consequences. Failure to provide floor plans, site plans, and other general facility information may negatively affect first responders' ability to respond to emergencies in the most effective and expeditious manner. For example, in an active shooter scenario, floor plans would provide first responders an accurate map of school facilities and plan appropriate action based on the location of the events.

Emergency operations plans help to ensure student and staff safety, reduce the loss of life and property, and maintain positive learning environments for students. Regional Education Service Center XV (Region 15) offers a guideline and template for developing a comprehensive emergency operations plan. The Texas School Safety Center additionally offers a School-Based Emergency Management Toolkit to support a multihazard emergency operations plan, regular training, drilling, and exercising, coordination with state and

local partners, ongoing safety and security assessments, and the establishment of a district safety and security committee.

Hempstead ISD should develop districtwide and facility-based emergency documents including an up-to-date emergency operations plan. The district should provide school resource officers with training focused on the school-based law enforcement industry and best practices for safety and security.

To implement this recommendation, Hempstead ISD should identify a staff position as the district's safety and security lead to champion each of the steps identified below. The superintendent should assign this responsibility to the district chief of police. The chief of police, along with the superintendent, should implement the following key steps:

- Develop an emergency operations plan: The district should develop an emergency operations plan to serve as a framework of the district's approach for managing emergencies and disasters of all types. The plan should contain a hazard assessment and policies and procedures that outline the appropriate response(s) to any type of emergency that could occur, whether it is caused by natural, technological, and/or human-made events. The emergency operations plan should contain common language and structure and provide conceptual framework for flexible and coordinated multiagency response. The plan should be mapped to the specific district and campus hazards and resources;
- Develop training, drilling, and exercising plans: The district should conduct emergency preparedness training to address five situations, and should indicate the frequency of drills. The five situations should include evacuation, reverse evacuation, lockdown, shelter in place, and severe weather responses; and
- Formulate a Memorandum of Understanding interlocal agreement with local emergency response personnel: Involvement with local emergency personnel could support the collaboration between the agencies and jurisdictions, addressing assistance requirements, personnel support, equipment usage, and identification of specialized expertise.

This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 8. FACILITIES AND SAFETY AND SECURITY							
43. Establish a comprehensive, long-range facility master plan committee of stakeholders to identify long-range needs and develop a plan for addressing those needs.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44. Develop a process for tracking and using system and product warranties.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45. Develop and implement a comprehensive energy management plan.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46. Develop and implement a formal work order system to request, prioritize, and track work orders.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47. Implement corrective actions to address building deficiencies that have a high effect on the life safety systems.	\$0	\$0	\$0	\$0	\$0	\$0	(\$882,722)
48. Implement procedures to improve visitor management controls, secure access to campuses, and make effective use of the video surveillance system.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
49. Develop districtwide and facility-based emergency documents including an up-to-date emergency operations plan.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	(\$882,722)

CHAPTER 9. COMMUNITY INVOLVEMENT

An independent school district's community involvement function requires communicating with and engaging stakeholders in district decisions and operations. District stakeholders include students, staff, guardians, residents, and businesses. Stakeholders must be aware of issues facing the district, support its priorities, and respond to its challenges. Communication tools include public meetings, the district's website, campus-to-home communications, extracurricular activities, and local media.

A successful community involvement program addresses both the unique characteristics of the school district and the community. A critical component of school improvement and accountability systems is a high level of community involvement. Community members and volunteers provide valuable resources that can enrich and enhance the educational system. In turn, community members directly benefit from the supply of an informed citizenry, an educated workforce, and future community leaders.

Hempstead, Texas, is a diverse community, located in a rural area about 50 miles from Houston. Hempstead covers approximately 5.5 square miles and is in Waller County. According to the 2010 U.S. Census, the city has 5,770 residents, 1,551 of which were students in Hempstead Independent School District (ISD) in school year 2013–14. The median income of Hempstead residents from 2009 to 2013 was \$35,842. In comparison, the median income of Texas residents was \$51,900 during this period. Eighteen percent of Hempstead residents have a college degree, compared to 26 percent of Texas residents.

Figure 9–1 shows the reported ages of Hempstead residents. Hempstead is a young community, with the largest percentage of its population age 19 years or younger, and the second largest percentage from ages 20 to 34 years. The median age of Hempstead residents is 27.9 years.

Figure 9–2 shows the demographics of Hempstead. The highest portion of Hempstead residents reported their ethnicity as Black or African American (38 percent), followed by residents who identified as Hispanic (37 percent) and residents who identified as White (23 percent).

Figure 9–3 shows data for the households with children in Hempstead. Out of 731 total households with children, 53

FIGURE 9–1
HEMPSTEAD POPULATION
2010

AGE	POPULATION	PERCENTAGE
19 years or younger	1,966	34%
20–34 years	1,443	25%
35–49 years	1,006	17%
50–64 years	824	14%
65 and older	531	9%

NOTE: Percentages may not total 100 percent due to rounding.
SOURCE: U.S. Census Bureau, 2010.

FIGURE 9–2
HEMPSTEAD ETHNICITY
2010

ETHNICITY	POPULATION	PERCENTAGE
Black/African American	2,195	38%
Hispanic	2,158	37%
White	1,299	23%
American Indian/Alaska Native	33	0.6%
Asian	33	0.6%
Native Hawaiian and Other Pacific Islander	3	0.1%
Other Race	8	0.1%

NOTE: Percentages may not total 100 percent due to rounding.
SOURCE: U.S. Census Bureau, 2010.

FIGURE 9–3
HEMPSTEAD HOUSEHOLDS WITH CHILDREN
2010

DESCRIPTION	HOUSEHOLDS	PERCENTAGE
Married couple- families with children age 18 years or younger	386	53%
Female householder, no spouse present, with children age 18 years or younger	281	38%
Male householder, no spouse present, with children age 18 years or younger	64	9%

NOTE: Percentages may not total 100 percent due to rounding.
SOURCE: U.S. Census Bureau, 2010.

percent reported living in a “traditional” household, with married couple-families. Of the 47 percent of respondents that reported living in a “nontraditional” household, 38 percent indicated they were single mothers, and 9 percent indicated they were single fathers.

In interviews with the review team, community members and school staff described multiple challenges for Hempstead ISD students. Both urban and rural areas lie within the district’s boundaries. Some students come from affluent families who own farms with large acreage, while other students come from multiple-family homes in less affluent areas of town. Many Hempstead ISD students come from nontraditional families. According to staff members, many students are classified as homeless in the district. Although they are not without a place to live, these students move often, typically live with other family members or friends, and have no permanent addresses. In interviews with the review team, multiple community members stated that many students are living with extended family members because their parents cannot care for them.

In review team interviews, community members expressed support for the district. According to community members, the district recently experienced difficulties due, in part, to changes in administration. Hempstead ISD hired a new superintendent for school year 2013–14. The superintendent made many changes in administrative staff before being placed on administrative leave. During the onsite review, the district had an interim superintendent, and since the onsite review, the superintendent position was filled in April 2015. With these changes, most administrative staff are new to their positions. For example, the principals at the elementary, middle, and high schools are all new to their positions in school year 2014–15. However, community members expressed the belief that the district is rebuilding after a difficult year and indicated they feel the district is now moving in the right direction.

ACCOMPLISHMENT

- ◆ Hempstead ISD has a public relations officer who ensures that positive, accurate, and timely information about the district is released to the public.

FINDINGS

- ◆ Hempstead ISD does not have a plan in place to ensure federal Title I parental involvement requirements are met.

- ◆ Hempstead ISD lacks a process for effectively engaging community members, businesses, and organizations in supporting district activities.
- ◆ Hempstead ISD does not have a system in place to communicate effectively with Spanish-speaking parents and community members.

RECOMMENDATIONS

- ◆ **Recommendation 50:** Evaluate and revise the district’s Parental Involvement Plan to meet federal requirements for parental involvement.
- ◆ **Recommendation 51:** Establish a community outreach committee to form and oversee district partnerships with community members or local businesses and organizations.
- ◆ **Recommendation 52:** Develop board policies that allow Spanish speakers to fully participate in district board meetings and have access to board minutes in Spanish and establish procedures to ensure equitable communication with non-English-speaking parents.

DETAILED ACCOMPLISHMENT

PUBLIC RELATIONS OFFICER

Hempstead ISD has a public relations officer who ensures that positive, accurate, and timely information about the district is released to the public. Hempstead ISD began to focus on its public image in January 2004 after receiving negative attention on a national television program. The superintendent at the time did not feel the media reflected the true nature of the district and enlisted a teacher to perform part-time public relations duties. The mission of this position was to highlight the positive events and accomplishments occurring in Hempstead ISD. A full-time public relations officer position was established in school year 2006–07. The responsibilities of this position were expanded to include oversight of the district website. The teacher assigned the part-time public relations duties was given the full-time position, and remained in the position at the time of the onsite review.

The public relations officer maintains a relationship with a local newspaper, The Hotline Press. The public relations officer regularly submits articles and photographs of events and accomplishments of Hempstead ISD students to the local newspaper and newspapers in surrounding areas,

including The Waller Times, The Waller County News Citizen and The Times Tribune (Brookshire). The public relations officer updates the campus and district websites, displays messages on the electronic signs located outside the district administration building and the elementary school, and lists accomplishments of students in programs distributed at athletic events. The public relations officer also serves as a point of contact for local and outlying media.

Hempstead ISD includes a goal that addresses the public relations officer in the District Improvement Plan (DIP):

Performance Objective 6C: Gather information about the district's image through a community/parent survey and a staff survey. Continue to report positive events, awards, and achievements to the public.

Action Steps:

- Report events/results to the district public information officer: Events and results will be reported to the district public information officer in a timely manner.
- Report positive events to the local newspaper and papers of larger circulation: Positive events will be reported to the public information officer for submission to the news media for publication.
- Create a survey to solicit input from the community regarding school perception: Create a survey that can be completed online regarding the public's perception of the school district and have the community complete it.

All of the above action steps are regularly performed by the public relations officer. The survey is conducted annually, and the results are used to gather parent and community input on the school calendar. Inclusion of the public relations officer in the DIP indicates that this role is a critical part of Hempstead ISD's mission and vision for the district. The district benefitted from having a public relations officer in school year 2013–14 due to the many personnel changes. According to interviews with district staff, the administrative changes and the uncertainty regarding the district's future caused a number of teachers to leave Hempstead ISD at the end of that school year, and the community began to lose trust in the district. However, community members reported they still support the district and its efforts to provide quality education for its students, due in large part to the positive information regularly reported by the public relations officer.

DETAILED FINDINGS

STATE AND FEDERAL NONCOMPLIANCE (REC. 50)

Hempstead ISD does not have a plan in place to ensure federal Title I parental involvement requirements are met.

All three campuses in Hempstead ISD are classified as Title I campuses. The federal Elementary and Secondary Education Act, Title I, Part A, as reauthorized pursuant to the federal No Child Left Behind Act of 2001, provides financial assistance to local educational agencies (LEA), such as school districts and charter schools, and schools with high percentages of children from low-income families. These supplemental funds are provided to help ensure that all children meet challenging state academic standards. Schools in which children from low-income families make up at least 40 percent of enrollment are eligible to receive Title I funds. Hempstead ISD is a schoolwide Title I district, using these supplemental funds to improve the educational program of each school and serve all students. Hempstead ISD received \$414,561 of federal Title I funding in fiscal year 2014.

To receive the grant, school districts must submit a plan to address multiple focus areas, including parental involvement, among others. Title I requirements state that districts and schools must develop a Parental Involvement Plan (PIP) in consultation with parents. The PIP must describe how the district will:

- involve parents in the joint development of the plan and the process of school review and improvement;
- provide the coordination, technical assistance, and other support necessary to assist participating schools in planning and implementing effective parent involvement activities to improve student academic achievement and school performance;
- build the schools' and parents' capacity for strong parental involvement;
- coordinate and integrate parental involvement strategies with parental involvement strategies through other programs, such as Head Start, Reading First, Early Reading First, Even Start, Parents as Teachers, Home Instruction Program for Preschool Youngsters, and state-run preschool programs;
- conduct, with the involvement of parents, an annual evaluation of the content and effectiveness

of the parental involvement policy in improving the academic quality of the schools served, including identifying barriers to greater participation by parents in activities, with particular attention to parents who are economically disadvantaged, are disabled, have limited English proficiency, have limited literacy, or are of any racial or ethnic minority background; and use the findings of this evaluation to design strategies for more effective parental involvement, and to revise, if necessary, the parental involvement policies; and

- involve parents in the activities of the schools served.

None of the district's campuses have a fully developed PIP. Although a PIP is posted on the Hempstead ISD website, it does not contain specific activities or an implementation plan and is not being used by the district or campuses. In interviews with the review team, district staff stated they are unaware of when the document was developed or by whom.

In addition, Hempstead ISD staff members were not aware of any recent evaluations of the PIP. The PIP references the Texas Assessment of Knowledge and Skills (TAKS) test rather than the State of Texas Assessments of Academic Readiness (STAAR) test, which was implemented during school year 2011–12. This reference indicates that the PIP has not been updated for at least two years.

Figure 9–4 shows an analysis of the PIP posted on Hempstead ISD's website at the time of the onsite review.

In addition to the PIP, each Title I school is required to develop a school-parent compact. A school-parent compact is a written agreement between a school and students' parents that identifies the activities that the parents, the school staff, and the students will undertake to share the responsibility for improved academic achievement. The school and parents must jointly develop the school-parent compact. None of the Hempstead ISD campuses have developed a school-parent compact.

FIGURE 9–4
HEMPSTEAD ISD PARENTAL INVOLVEMENT PLAN ANALYSIS
SCHOOL YEAR 2014–15

GOAL 1: THE HEMPSTEAD INDEPENDENT SCHOOL DISTRICT WILL TAKE THE FOLLOWING ACTIONS TO INVOLVE PARENTS IN THE JOINT DEVELOPMENT OF ITS DISTRICT PARENTAL INVOLVEMENT PLAN (PIP):

ACTIONS	MET	ANALYSIS
Hold parent meetings on federal Title I regulations	Yes	Parents are informed of Title I regulations at an open house held at the beginning of the school year
Meet with campus site-based committees to develop campus-parent involvement policies	No	No campus-parent involvement policies have been established in at least the past two school years
Meet with district site-based committee to develop district-level parent involvement policies	No	No district-parent involvement policies have been established in at least the past two school years
Send surveys out to parents to solicit parent feedback in developing and evaluating policies	No	Parents are not surveyed regarding parental involvement activities
Conduct an annual evaluation of parent involvement policies	No	No evaluation has been conducted

GOAL 2: THE HEMPSTEAD INDEPENDENT SCHOOL DISTRICT WILL PROVIDE THE FOLLOWING NECESSARY COORDINATION, TECHNICAL ASSISTANCE, AND OTHER SUPPORT TO ASSIST TITLE I SCHOOLS IN PLANNING AND IMPLEMENTING EFFECTIVE PARENTAL INVOLVEMENT ACTIVITIES TO IMPROVE STUDENT ACADEMIC ACHIEVEMENT AND SCHOOL PERFORMANCE:

ACTIONS	MET	ANALYSIS
Hold individual parent conferences on student needs and discuss previous Texas Assessment of Knowledge and Skills (TAKS) test results, class schedules, and benchmark results	No	Conferences are not held to discuss test results (Note: TAKS was replaced by the State of Texas Assessments of Academic Readiness during school year 2011–12)
Have Texas Essential Knowledge and Skills objective review classes	No	No classes are offered
Provide information which parents can use to help their children	No	Informational pamphlets previously were given to parents, but have not been distributed for several years
Provide report cards, progress reports, and newsletters on a regular basis	Yes (limited)	Report cards are issued and sent to parents

FIGURE 9–4 (CONTINUED)**HEMPSTEAD ISD PARENTAL INVOLVEMENT PLAN ANALYSIS
SCHOOL YEAR 2014–15****GOAL 3: THE SCHOOL DISTRICT WILL, WITH THE ASSISTANCE OF ITS TITLE I SCHOOLS, PROVIDE ASSISTANCE TO PARENTS OF CHILDREN SERVED BY THE SCHOOL DISTRICT OR SCHOOL, AS APPROPRIATE, IN UNDERSTANDING TOPICS SUCH AS THE FOLLOWING:**

ACTIONS	MET	ANALYSIS
The state's academic content standards	No	This information is not given to parents
The state's student academic achievement standards	Yes	Information is provided to parents in student handbooks
The state and local academic assessments, including alternate assessments	No	Information about state assessments is provided to parents in student handbooks, but information about local assessments is not provided
The requirements of Title I	Yes	Information is provided to parents at open house meetings at the beginning of the school year and is posted at the high school
How to monitor their child's progress	No	This information is not given to parents
How to work with educators	No	This information is not given to parents

GOAL 4: THE SCHOOL DISTRICT WILL, WITH THE ASSISTANCE OF ITS TITLE I SCHOOLS AND PARENTS, EDUCATE ITS TEACHERS, PUPIL SERVICES PERSONNEL, PRINCIPALS, AND OTHER STAFF, ON HOW TO REACH OUT TO COMMUNICATE AND WORK WITH PARENTS AS EQUAL PARTNERS, IN THE VALUE AND UTILITY OF CONTRIBUTIONS OF PARENTS, AND IN HOW TO IMPLEMENT AND COORDINATE PARENT PROGRAMS AND BUILD TIES BETWEEN PARENTS AND SCHOOLS, BY:

ACTIONS	MET	ANALYSIS
Developing parent involvement policies	No	None of the campuses have a PIP in place, and the district PIP is at least two years old and is not being used
Providing a parent liaison	Yes (elementary campus only)	The elementary school has a designated parent liaison
Staff development regarding the cultural diversity within the school district	Yes	Staff development for cultural diversity was conducted at the beginning of school year 2014–15

GOAL 5: THE SCHOOL DISTRICT WILL, TO THE EXTENT FEASIBLE AND APPROPRIATE, COORDINATE AND INTEGRATE PARENTAL INVOLVEMENT PROGRAMS AND ACTIVITIES WITH HEAD START, READING FIRST, 21ST CENTURY GRANT, AND OTHER PROGRAMS THAT ENCOURAGE AND SUPPORT PARENTS IN FULLY PARTICIPATING IN THE EDUCATION OF THEIR CHILD(REN) BY:

ACTIONS	MET	ANALYSIS
Parent Teacher Organization (PTO)	Yes (elementary campus only)	The elementary school has a PTO
Booster clubs for various campus organizations	Yes	Athletic, band, and baseball booster clubs
Volunteer programs and field trips	No; Yes	No volunteer program in place; field trips occur on each campus
Offer adult education classes when feasible	No	Adult education classes are not offered by the district
Campus open house	Yes	Each campus reported holding an open house at the beginning of the school year

FIGURE 9–4 (CONTINUED)
HEMPSTEAD ISD PARENTAL INVOLVEMENT PLAN ANALYSIS
SCHOOL YEAR 2014–15

Hold a flexible number of parent involvement meetings at varied times	No	Parent involvement activities have been held during the daytime only
Assembly programs, concerts/plays, and awards and installation ceremonies	Yes	Concerts, plays, and assemblies are occurring
Campus and district site-based decision-making committee meetings	No	Hempstead ISD staff have typically filled the role of parents on campus and district site-based decision-making committees because of a lack of parental participation

GOAL 6: THE SCHOOL DISTRICT WILL TAKE THE FOLLOWING ACTIONS TO ENSURE THAT TITLE I INFORMATION RELATED TO THE SCHOOL AND PARENT PROGRAMS, MEETINGS, AND OTHER ACTIVITIES, IS SENT TO THE PARENTS OF PARTICIPATING CHILDREN IN AN UNDERSTANDABLE AND UNIFORM FORMAT, INCLUDING ALTERNATIVE FORMATS UPON REQUEST, AND, TO THE EXTENT PRACTICABLE, IN A LANGUAGE THE PARENTS CAN UNDERSTAND:

ACTIONS	MET	ANALYSIS
Parent notification letter(s) are sent home with students or mailed in a timely manner	Yes	Letters are sent at the beginning of the school year
Parent notifications will be sent in a language understandable to parents	Yes	The Title I notification letter is presented in English and Spanish
An interpreter will be provided for our Spanish-speaking parents as requested	Yes	Spanish-speaking staff are available to translate at each campus

GOAL 7: THE HEMPSTEAD INDEPENDENT SCHOOL DISTRICT WILL COORDINATE AND INTEGRATE PARENTAL INVOLVEMENT STRATEGIES UNDER TITLE I WITH PARENTS REGARDING THE FOLLOWING PROGRAMS:

ACTIONS	MET	ANALYSIS
Reading First: Provide two meetings annually for parents of elementary students to learn about the reading program and ways they can help their children; and provide early childhood screening in order to identify students with disabilities between the ages of three to five who may receive services in the district	N/A	Reading First is no longer in place
The Hempstead Independent School District will take the following actions to conduct, with the involvement of parents, an annual evaluation of the content effectiveness of this parental involvement policy in improving the quality of its Title I schools	No	No evaluation has been conducted or is planned
The school district will use the findings of the evaluation about its parental involvement policy and activities to design strategies for more effective parental involvement, and revise its parental involvement policies	No	No evaluation has been conducted or is planned

SOURCES: Legislative Budget Board, School Review Team, January 2015; Hempstead ISD Parental Involvement Plan, date unknown.

Local educational agencies may receive Title I funds only if the agency implements programs, activities, and procedures for parental involvement. If Hempstead ISD fails to meet Title I parental involvement requirements, the Texas Education Agency may withhold Title I funds or reduce funding amounts in future school years.

Anne Henderson and Karen Mapp synthesized parental involvement research in their report, *A New Wave of Evidence: The Impact of School, Family, and Community Connections on Student Achievement*, 2002. Their research concluded that “the evidence is consistent, positive, and convincing; families have a major influence on their children’s

achievement in school and through life. When schools, families, and community groups work together to support learning, children tend to do better in school, stay in school longer, and like school more.”

The studies Henderson, et al., reviewed found that students with involved parents, no matter what their income or background, are more likely to:

- earn high grades and test scores, and enroll in higher-level programs;
- pass their classes, earn credits, and be promoted;

- attend school regularly; and
- graduate and go on to postsecondary education.

Consequently, Hempstead ISD's failure to implement Title I parental involvement requirements could also have an adverse effect on student academic achievement.

The SEDL National Center for Family and Community Connections with Schools designed a toolkit for districts to assist in the development and implementation of a PIP. In this toolkit, SEDL provides detailed explanations of the Title I, Part A, parental involvement provisions and 33 tools to assist state departments of education, districts, and schools in meeting these requirements. The explanations and the tools are intended to help educators increase parental involvement and provide opportunities for parents to engage in and support their children's academic achievement. This free resource for districts can be found online at www.sedl.org/connections/toolkit/.

Hempstead ISD should evaluate and revise the district's Parental Involvement Plan to meet federal requirements for parental involvement. The district should develop the PIP in consultation with teachers, principals, administrators, other appropriate school personnel, and parents of children in district schools.

Hempstead ISD campuses should also develop school-parent compacts in accordance with Title I requirements. The district PIP should describe how the school could develop a school-parent compact jointly with parents. The compact should outline the activities that the parents, school, staff, and students could undertake to build and develop a partnership to help the students achieve the state's high academic standards. The compact should describe:

- the district's responsibility to provide high-quality curriculum and instruction in a supportive learning environment;
- the parents' responsibility for supporting children's learning, such as monitoring attendance, homework completion, and television watching; volunteering at school; participating in decisions about their children's education; and positive use of time outside of school; and
- the importance of ongoing parent-teacher communication, including a plan for the elementary school to offer at least one annual parent-teacher conference to discuss the school-parent compact,

and plans for all schools to report children's progress frequently to parents and communicate how parents can contact staff, volunteer in their children's classrooms, and observe classroom activities.

Additionally, the district should work with campus administrators to develop PIPs for each campus that specify goals for parent involvement and strategies for meeting these goals. Additional information on developing PIP and school-parent compacts can be found online at www2.ed.gov/legislation/ESEA>Title_I/parinv2.html.

As new practices are implemented, benefits for parents, students, staff, the schools, and the district as a whole should be evaluated on an ongoing basis. School principals, in coordination with the public relations officer, should annually develop and administer surveys of parents and school staff regarding participation in and satisfaction with parental involvement activities to ensure the activities are beneficial for participants. Hempstead ISD and the campuses should remain open to suggestions from parents about how their involvement can be improved and should use the feedback to inform future plans and improvements.

This recommendation could be implemented with existing resources.

COMMUNITY OUTREACH (REC. 51)

Hempstead ISD lacks a process for effectively engaging community members, businesses, and organizations in supporting district activities.

Hempstead ISD has very few partnerships with local businesses and organizations to support and enhance student education. Special education administrators established the district-business partnerships in place at the time of the onsite review. These partnerships allow eligible special education students to participate in internships at various local businesses to attain job skills. Three local businesses participate in the partnership, and eight special education students are interning at these businesses.

Historically, the district had various partnerships with local business. However, these programs are no longer in place. For example, the district participated in a program with a restaurant in which students could read a specific number of books to receive free food. Additionally, the district previously was awarded federal and state grants. Many of these grants required the district to form relationships with community businesses and organizations. The Reading First grant awarded to Hempstead ISD in 2003–04 required school

districts to form a reading and literacy partnership with a representative of a community-based organization to work with children to improve their reading skills. It is likely that once these grants ended, the partnerships ended as well, due to the district's lack of a plan to maintain these relationships.

Hempstead ISD fails to promote opportunities for parents and community members to participate in and support school activities and organizations. Hempstead ISD has some opportunities for parental involvement through organizations such as the parent-teacher organization (PTO) at the elementary school, and booster, band booster, and baseball booster clubs at the high school; however, these organizations have low membership numbers. For example, for the past three years, only three members have been involved in the PTO, all of whom are in leadership positions.

Campus administrators acknowledged the limited opportunities for parents to get involved at the campuses. The high school has a Bobcats and Brunch program that meets monthly and allows community and business members in attendance to provide input and ask questions of campus administrators, but it is not well-attended. The booster club hosts local tournaments for volleyball and basketball to encourage parent and community participation, but these have not been well-attended.

In addition, no system is in place to recruit, train, or recognize volunteers at Hempstead ISD. Middle and high school staff reported a lack of available volunteers on campus. However, in review team interviews, community members stated they are willing to assist the district and schools, but they do not have an understanding of the needs of the campuses or how to get involved. If an individual wishes to serve as a volunteer, the district completes a criminal history background check, but there is no orientation process or systematic process to determine what duties each volunteer should have. The district lacks a method to track volunteer hours, which would benefit volunteers who need to acquire a certain number of hours to meet requirements for college or career programs.

A local church works with the elementary campus to provide after-school tutoring to students. This program is voluntary, is established and run by the church, and is housed at the elementary school. According to district staff, this collaboration came about when the church's pastor approached the campus and requested the use of the school's facility for the tutoring program. Students attending the tutoring sessions do so voluntarily, and the elementary school does not select or recommend students for tutoring. The

church provides the volunteers and tutors, and no district staff is involved with the program.

The district organized a block party in school year 2013–14. One community organization member described the party as a successful event at which the community, families, and schools came together. The block party allowed students and school staff to have a positive experience outside of the formal classroom environment and provided an opportunity to form closer relationships. The community member stated, "I think the best thing is that a lot of parents and teachers get stressed. If we can do more stuff to get everybody, like the block party, to loosen up and have fun, get spirits up, and let kids see teachers having fun, it's more fun when students can see them outside school. I think that would bring a little less stress to everybody."

As part of the DIP Strategic Goal 6, the district includes performance objectives to improve community involvement:

Performance Objective 6F: Collaborate with community organizations. Work with the City of Hempstead, parent-teacher organization, booster clubs, Lions Club, HEART, Agriculture Extension, PeeWee organizations, ministerial alliance, local churches, Child Protective Services, local family support, health services and counseling organizations, local law enforcement agencies, etc., to keep them informed of the needs of our students and families.

However, no action steps are associated with this objective, and no plan is in place to form these collaborations. The public relations officer, tasked with reaching out to community organizations, has not had sufficient time to devote to outreach efforts. These time constraints are due to a recent high volume of media attention that had to be addressed, and time spent overhauling the district website. The primary focus of district outreach efforts is to request financial support and donations from local businesses, not to seek collaborations for supporting student learning. The district has left responsibility of community outreach to enhance student learning to campus administrators, who are all new in their positions and have been focused on establishing procedures for improving academics.

Meaningful community involvement plays an important role in student success. Well-implemented school and community partnership programs can result in numerous benefits to students. Many of the student achievement benefits of community involvement overlap with those of parental involvement, largely because the more people invested in a

student's academic success, the more likely the student is to succeed. Community involvement in schools can lead to:

- increased student attendance;
- higher achievement and report-card grades;
- a sense of greater security;
- fewer behavioral problems; and
- an increase in positive attitudes about school and homework.

Communities can enhance student learning when they are involved with school activities and initiatives. Community members become more invested in students, and students are more likely to succeed when school districts and community members partner together to support education. Having strong community involvement in schools also helps students learn about their community and the value of becoming involved community members.

When local businesses are engaged in schools, students are exposed to a broader learning environment and get the opportunity to see that learning can occur outside of the classroom. Participating in business partnerships also allows students to see academic concepts being practically applied in a professional setting. In addition, students can benefit from forming relationships with local businesses, and may turn those relationships into internship or job opportunities.

By not providing opportunities for community members, businesses, and organizations to collaborate with the district and support student education and activities, Hempstead ISD is denying its students a valuable asset that enhances students' learning experiences and benefits academic performance.

The Coalition for Community Schools is an alliance of more than 170 national, state, and local organizations engaged in: community development and community building; education; family support and human services; government; health and mental health services; policy, training, and advocacy; philanthropy; school facilities planning; youth development; and local, state, and national networks of community schools. The Coalition's mission is to mobilize the assets of schools, families, and communities to establish a united movement for community schools.

In 2006, the Coalition published *Community and Family Engagement: Principals Describe What Works*. This report focuses on how to establish successful partnerships between

schools and communities, and details six keys to community engagement:

1. Know Where You Are Going: Create a vision of what your school should look like and develop a plan for how to get there. Begin by seeking input from school staff, families, partners, and community residents. Any vision must incorporate the diverse interests of all members of the school and community. Make sure that the vision's goals and objectives are broadly owned.
2. Share Leadership: Invite those partners from the community who share your school's vision to also share resources, expertise, and accountability for targeted objectives. Work deliberately with staff, families, and the community to reach established goals.
3. Reach Out: Learn about the community and become a visible presence in it. Listen to what families say they want—not just what others think they need. Respond honestly. Make changes that advance the school's vision.
4. Don't Ignore the Elephant in the Room: Acknowledge and address issues of race and class and define diversity as a strength. Create opportunities for honest conversations about differences from the earliest stages of vision building. Distinguish between assumptions and facts.
5. Tell Your School's Story: Know how to make your school's vision come alive. Use stories and data to engage all kinds of community groups in conversations about why public education matters and what they can do to help. Create the political will to support school efforts.
6. Stay on Course: Only engage in partnerships that are demonstrably aligned with your school's vision, goals, and objectives. Regularly assess your progress. Focus on long-term sustainability.

The report highlights a success story from Foy H. Moody High School in Corpus Christi. The principal of the school wanted to build a vision that reflected the voices of the whole community and clearly articulated the community's role in school success. Instead of making assumptions, he asked everyone—teachers, students, families, central office staff, members of the Board of Trustees, and local shopkeepers the same question: "If you could change just one thing in this school, what would it be?" The answer was to expect more from students and give them more opportunities to achieve excellence. With support and involvement from teacher leaders and community members, Moody High School planners developed a comprehensive set of initiatives. They

emphasized the following characteristics: greater opportunities, expectations, and supports for students; alternative schedules that allow students to take more credits; improved guidance programming; more emphasis on honors courses; and greater community input. A committee composed of university professors, doctors and hospital representatives, health-care staff, students, family members, and others designed a rigorous health sciences program and created mechanisms to ensure that students could meet the challenge. Today, the health sciences magnet program enrolls approximately 280 students and has graduated its first class. Sixty percent of its students come from the local neighborhood. The remainder comes from all over the city, attracted by the unique opportunities Moody High School provides. Ninety-seven percent of students in the first graduating class were college-bound.

Hempstead ISD should establish a community outreach committee to form and oversee district partnerships with community members or local businesses and organizations. The public relations officer should lead the community outreach committee, and the principals should designate staff from each campus to serve as committee members. The committee should evaluate the needs of the district and the resources available in the community. The committee should also decide with which businesses and organizations to pursue collaborations. The committee should then develop a community outreach plan.

The community outreach plan should include strategies for contacting and establishing partnerships with local businesses and organizations. The plan should also address methods for recruiting, training, and recognizing volunteers. For example, districts sometimes overlook inviting parents to volunteer. By doing this, the district lets parents know that they are wanted, needed, and welcomed.

The community outreach committee should also identify barriers to parental involvement and develop strategies for overcoming these obstacles. Many families in Hempstead ISD are nontraditional, which can contribute additional challenges for successful parent participation in groups or activities. The community outreach committee should assess the needs of families in the community to find out what programs and activities can best meet those needs. For example, a workshop on good parenting skills that is conducted in English and Spanish could be successful in Hempstead, which has many young families and single parents. Providing a broad range of activities would enable the district to reach out to the diverse families in Hempstead.

Another way that Hempstead ISD schools could improve communication with parents and the community is through PTOs. The elementary campus has a PTO. The high and middle schools should also establish PTOs at their campuses to promote parent involvement and serve as an additional resource to manage volunteers.

This recommendation could be implemented with existing resources.

LANGUAGE DIVERSITY (REC. 52)

Hempstead ISD does not have a system in place to communicate effectively with Spanish-speaking parents and community members.

According to 2010 U.S. Census data, the Hispanic population is the second largest in Hempstead (37 percent), second only to the African American population (38 percent). Almost one-quarter (23 percent) of Hempstead ISD students are English Language Learners. However, the district only publishes information in the local newspaper, in school programs, and on the signs outside of the administration building and elementary school in English.

The district also lacks a designated process for translating documents into Spanish at the district and campus levels. Campus administrators indicated they typically ask someone in the front office who speaks Spanish to translate documents to send home to parents. If front office personnel are not available, they sometimes ask a teacher to translate documents.

Hempstead ISD's DIP includes a performance objective within Strategic Objective/Goal 6:

Performance Objective 6D: Send notifications and important information home in both English and Spanish.

Action Steps:

- Translate all correspondence going home to parents.
- All written communication to parents from the school will be in both English and Spanish.

However, the district does not fully meet this objective. The district sends some information home to parents in both English and Spanish. For example, Title I notices and some forms sent by the district or campus administration are printed in both English and Spanish. However, the district does not consistently send information home in a bilingual

format. In interviews with the review team, administrators stated that most, but not all, documents sent home to parents are in both English and Spanish. However, teachers reported they often send communication home that is only in English because they do not know how to translate it and do not know who to ask for translation.

District staff and members of the board stated the board minutes are easily accessible on the district website for community members. However, the minutes are not translated into Spanish and, consequently, are not accessible for Spanish-speaking parents and community members. No policy provides for a translator at public board meetings or translation of board minutes into Spanish. Board members indicated they do not have a translator present at board meetings, but they have not yet had an instance where someone was not available to translate. However, it is possible for a Spanish-speaking attendee to not know there is an option for translation available, since this is not something typically provided by the board. Additionally, board members do not inquire if anyone in attendance at public meetings requires translation.

Not providing Spanish-speaking parents written communication in their home language can isolate these parents. Parents whose first language is other than English may be apprehensive about attending district and school functions due to the existing language barrier. Failure to send these families information about district and school functions and volunteer opportunities in their home language could further marginalize Spanish-speaking parents, which could result in low participation rates among this demographic.

The practice of sending teacher communication home to parents only in English can also affect student academic performance. Many times teachers send letters home to parents to inform them that their child is not completing assignments; that the student is exhibiting unacceptable behavior; or is at risk of failing a subject and requires additional tutoring to pass. Parents of these students may not be made aware of academic and behavioral problems if teachers are communicating their concerns to them in English. This practice makes it more difficult for Spanish-speaking parents to understand the nature of the problem their student is experiencing and take action to help their child improve.

Failure to provide for a translator at public board meetings or translation of board minutes into Spanish leads to a lack of equality in the information available to parents and

community members. In addition, this practice does not promote transparency and trust among all members of the community.

The Bridging Refugee Youth and Children's Services website has a list of resources available to assist in translation (oral and written) for schools and interpreters. The resources can be found online at www.brycs.org/clearinghouse/Highlighted-Resources-Interpretation-and-Translation-in-the-Schools.cfm.

The Massachusetts Office of Equity has developed multiple resources for health organizations for providing translation services to non-English speakers. Particularly useful for Hempstead ISD is the Translation Quality Assurance Form to ensure accurate translation. The form consists of a checklist that can be used to ensure that accuracy and appropriateness for culture and audience are addressed when documents are translated into another language. An example is posted online at www.mass.gov/eohhs/docs/dph/helth-equity/translation-qa-form.pdf.

Hempstead ISD should develop board policies that allow Spanish speakers to fully participate in district board meetings and have access to board minutes in Spanish and establish procedures to ensure equitable communication with non-English-speaking parents. The district should establish a board policy requiring a Spanish-English interpreter be available at all public board meetings. The board should make the availability of the interpreter known to all attendees. In addition, the district should translate all board minutes into Spanish and post them to the website along with the English version so that Spanish-speaking community members have equal access to this information.

Hempstead ISD should establish an administrative procedure regarding written information that is to be sent home to parents to ensure consistency among all information being sent from the district and campuses. A procedure for written translation of documents should include the following:

- what information must be translated;
- how to request translation;
- what time frame is necessary for translation;
- who is qualified to translate documents;
- how quality control will be ensured for translation of documents; and

- who the designated, qualified translators are at each campus and at the district.

The district should also establish an administrative procedure regarding verbal translation to ensure qualified staff is communicating critical information effectively. This procedure should include the following:

- who is qualified to provide translation at each campus and at the district;
- in what instances translation is required; and
- how to request translation services.

This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 9. COMMUNITY INVOLVEMENT							
50. Evaluate and revise the district's Parental Involvement Plan to meet federal requirements for parental involvement.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
51. Establish a community outreach committee to form and oversee district partnerships with community members or local businesses and organizations.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
52. Develop board policies that allow Spanish speakers to fully participate in district board meetings and have access to board minutes in Spanish and establish procedures to ensure equitable communication with non-English-speaking parents.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CHAPTER 10. FOOD SERVICE

An independent school district's food service operation provides meals to its students and staff. The district may provide meals through the federally funded Child Nutrition Programs (CNP), which include the School Breakfast and National School Lunch programs. The School Breakfast Program is a federal entitlement program administered at the state level by the Texas Department of Agriculture (TDA). Participating schools receive cash assistance for breakfasts served that comply with program requirements. Districts receive different amounts of reimbursement based on the number of breakfasts served in each of the benefit categories: free, reduced-price, and paid. Texas state law requires schools to participate in the breakfast program if at least 10 percent of their students are eligible to receive free or reduced-price meals. The National School Lunch Program serves low-cost or free lunches to students. Like the breakfast program, lunches must comply with federal nutrition guidelines and are reimbursable to schools based on the number of meals served within the benefit categories. A district's food service operations may also offer catering services as a way to supplement the food services budget or provide training for students interested in pursuing a career in the food service industry.

Food service operation is dependent on the organizational structure of the district. The three primary models of organizing food service operations are self-management, contracted management, and contracted consulting. Using the self-management model, a district operates its food services department without assistance from an outside entity. Using a contracted management model, a district contracts with a food service management company to manage either all or a portion of its operations. In this arrangement, a district may rely on the company to provide all or some staff, or may use district staff for its operations. Using a consulting model, a district contracts with a food service consulting company to provide guidance on food service operations (e.g., menus, sales and marketing plans, and ordering processes based on industry standards). In this arrangement, district staff would operate the food services department.

Hempstead Independent School District (ISD) participates in the National School Lunch Program (NSLP), the School Breakfast Program (SBP), and the Seamless Summer Option

(SSO). The goal of these programs is to provide students with wholesome, nutritious meals that are in compliance with all local, state, and federal regulations. TDA administers CNPs through agreements with districts as contracting entities (CE). To ensure that school districts implement CNPs in accordance with state and federal requirements, TDA conducts Administrative Reviews (AR) of participating school districts. The AR is a standardized review process developed by the U.S. Department of Agriculture (USDA) that includes a comprehensive on-site and off-site evaluation of districts. During the course of an AR, TDA would evaluate program operations to determine whether the CE meets program requirements. In the event that TDA identifies noncompliance or errors, TDA would provide the CE with technical assistance, secure needed corrective action, assess fiscal action, and when applicable, recover improperly paid funds.

The Texas Education Code (TEC), Section 33.901, states that school campuses participating in the SBP in which 80 percent or more of the students qualify for free and reduced-price meals must offer free breakfast to each student starting in school year 2014–15. School districts that offer free breakfast to all students count and claim reimbursable meals according to each student's eligibility category, even though no student is charged for breakfast. In school year 2014–15, Hempstead ISD implemented free breakfast at the early childhood campus and elementary school because these schools were subject to the free breakfast requirement based on their numbers of students who qualified for free and reduced-price meals. Since the time of on-site review, the district received a letter from TDA stating that the middle school would meet the criteria for implementing free breakfast in school year 2015–16.

In school year 2010–11, Hempstead ISD contracted with Chartwells, a food service management company (FSMC), to operate the CNP in the district. The food service operation consists of the director of dining services and 16 food service workers, who are all FSMC employees. The food service workers report directly to the director of dining services. The director of operations is an employee of Hempstead ISD and acts as a liaison among the FSMC and the superintendent. **Figure 10–1** shows the district's reporting structure for the food service operation.

FIGURE 10–1
HEMPSTEAD ISD FOOD SERVICES DEPARTMENT
ORGANIZATION
SCHOOL YEAR 2014–15



SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015.

The Food Services Department is funded by federal reimbursement for free, reduced-price, and full-price meals, state matching funds, local revenue from the sale of meals, and a la carte sales. Hempstead ISD food service does not provide any other services, such as catering or vending.

Hempstead ISD has three campuses and two cafeterias. The early childhood school and the elementary school are located on one campus and share one cafeteria. The middle and high schools share the other cafeteria. All food preparation is on-site and served in the two cafeterias. Custodial staff is responsible for cleaning the dining rooms. All campuses are closed; however, parents are allowed to bring outside food to their children. Many students bring lunch from home.

The food service operating budget for school year 2013–14 includes \$756,811 in revenue and \$777,768 in expenditures, with expenditures exceeding revenue by nearly \$21,000.

During January 2015, the average daily participation (ADP) in the NSLP was 65 percent of 1,551 enrolled students, and the ADP in the SBP was 30 percent. During the same month, 81 percent of students enrolled in the district qualified for free and reduced-price meals.

FINDINGS

- ◆ Hempstead ISD lacks comprehensive oversight to closely monitor food services operations to ensure the district is in compliance with all state and federal regulations.
- ◆ Hempstead ISD lacks management controls to effectively monitor the financial performance of the Food Services Department.

- ◆ Hempstead ISD lacks a process to verify the number of free, reduced-price, and full-price meals claimed for reimbursement.
- ◆ Hempstead ISD does not have a process to hold the food service management company accountable to ensure that breakfast and lunch meals are served and documented in compliance with federal meal pattern requirements.
- ◆ Hempstead ISD does not monitor the food service management company to ensure that food service staff consistently follow standardized recipes and accurately maintain food service records.
- ◆ Hempstead ISD has not properly implemented the Offer versus Serve provision of the federal National School Lunch and School Breakfast programs in all district schools and all age and grade levels.
- ◆ Hempstead ISD lacks a process to identify and document all students that are categorically eligible for free meals through direct certification.
- ◆ Hempstead ISD does not ensure that the food service management company promotes maximum participation in the child nutrition programs.
- ◆ Hempstead ISD has not implemented the nutrition education component of the Board of Trustees-approved wellness policy, as required by federal law.

RECOMMENDATIONS

- ◆ **Recommendation 53:** Develop a comprehensive plan to closely monitor the district's Food Services Department operations to ensure compliance with program regulations through periodic on-site monitoring reviews.
- ◆ **Recommendation 54:** Develop and implement a process for monitoring the financial performance of the district's Food Services Department.
- ◆ **Recommendation 55:** Develop a process to verify that the number of free, reduced-price, and full-price meals submitted for reimbursement correspond to the district's actual meal count numbers.
- ◆ **Recommendation 56:** Monitor menu planning and meal service to ensure that meals served meet all USDA meal pattern requirements.

- ◆ **Recommendation 57:** Develop a process to ensure that food service employees are consistently using standardized recipes, recording accurate and complete information on the food production records, and keeping appropriate documentation to remain compliant with meal pattern requirements.
- ◆ **Recommendation 58:** Monitor the district's contracted food service management company to ensure Offer versus Serve is implemented effectively for breakfast and lunch at all grade levels.
- ◆ **Recommendation 59:** Develop a process for the extension of benefits to other district students in a household with a student identified as categorically eligible for free meals through direct certification.
- ◆ **Recommendation 60:** Ensure that the district's contracted food service management company develops strategies for increasing participation in the School Breakfast Program and the National School Lunch Program.
- ◆ **Recommendation 61:** Implement the provisions of the Board of Trustees-approved wellness policy that address nutrition education, monitoring and periodic assessment, and public updates.

DETAILED FINDINGS

OVERSIGHT OF FOOD SERVICE PROGRAM (REC. 53)

Hempstead ISD lacks comprehensive oversight to closely monitor food services operations to ensure the district is in compliance with all state and federal regulations.

According to the USDA, in accordance with their agreements with a state agency, school food authorities (SFA) are responsible for operating the school nutrition programs in schools within their jurisdiction. To assist in carrying out this responsibility, an SFA may contract with an FSMC to manage the food service operation in one or more of its schools. Since school year 2010–11, Hempstead ISD has contracted with an FSMC to operate the CNP in the district. **Figure 10-2** shows the terms and conditions of Hempstead ISD's contract with the FSMC for school year 2014–15, as they relate to program operations and the responsibilities of each entity.

During the on-site review, the review team observed that the district places significant reliance on the FSMC to oversee many aspects of the CNP. The director of operations is the

liaison between the superintendent and the FSMC, and is responsible for overseeing the CNP. The director of operations is responsible for overseeing the free and reduced-price meal application process, verifying eligibility, and gathering information from the FSMC. This information includes daily meal records that the director of operations receives from the FSMC and forwards to the Business Office for reimbursement each month. In addition, the director of operations makes weekly site visits to the cafeterias. During these visits, the director of operations observes the students during meal times and interacts with food service staff. However, the weekly visits do not include a review of the operations or monitoring of program requirements. Hempstead ISD does not have procedures in place to verify or validate the meal count information that the FSMC submits to the district, even though the district uses this meal count information to file the claim for reimbursement from TDA. The district does not conduct any self-assessments to evaluate whether the CNP is in compliance with USDA and TDA requirements. The district trusts that the FSMC completes all requirements under the terms and conditions of the contract as necessary. However, the review team observed that the district's failure to monitor the FSMC could have led to noncompliance with regulatory requirements. Examples of noncompliance include:

- claiming federal reimbursement for meals (breakfasts and lunches) served in both cafeterias that do not meet meal pattern requirements;
- failing to use standardized recipes and maintain accurate food production records as documentation of the meals served and claimed for reimbursement;
- failing to properly implement Offer versus Serve; and
- failing to ensure the FSMC maintains and provides accurate records needed by the district to submit its claim for reimbursement.

Although districts are permitted to contract with an FSMC to manage the school food service operation, districts are not permitted to delegate certain duties to the FSMC. Districts, not FSMCs, are responsible for:

- observing the limitations on the use of the district's nonprofit food service revenue account (this includes using the child nutrition account funds to pay only allowable costs billed by the FSMC);
- determining students' eligibility for free and reduced-price meals;

FIGURE 10–2
HEMPSTEAD ISD CONTRACT TERMS WITH FOOD SERVICE MANAGEMENT COMPANY (FSMC)
SCHOOL YEAR 2014–15

TERMS AND CONDITIONS	FSMC	HEMPSTEAD ISD
Operation of the following programs in conformance with the agreement with Texas Department of Agriculture:		
National School Lunch Program	X	
School Breakfast Program	X	
Summer Food Service Program	X	
Fresh Fruit and Vegetable Program	X	
A la Carte	X	
Signature Authority (application, free and reduced-price policy statement and monthly claim for reimbursement)		X
Responsibility for free and reduced-price applications, maintenance of eligibility roster, and verification		X
Maintain control and overall financial responsibility for the food service program		X
Promote nutrition education, health, and wellness policies	X	
Retain all records necessary, in accordance with regulations	X	
Supervise the food service operation to ensure compliance		X
Advisory Board consisting of students, teachers and parents to assist in menu planning	X	X
	(participate)	(establish)

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015.

- ensuring that only reimbursable meals are included on the claim for reimbursement, regardless of the total number of meals billed for by the FSMC;
- retaining financial responsibility for payment of the storage and distribution of USDA foods;
- ensuring income and expenses do not accrue to the FSMC; and
- monitoring the FSMC's food service operation through periodic on-site visits.

If Hempstead ISD does not provide oversight of the food service operations, the district risks violations of state and federal regulations that govern CNPs. If TDA determines that the district is not fully complying, TDA has the authority to identify an over-claim of federal reimbursement, and the district risks losing reimbursement funds.

The USDA provides specific guidelines related to monitoring and recordkeeping responsibilities of districts that contract with FSMCs. According to USDA guidelines, school districts are responsible for monitoring the operation of the FSMC

through periodic on-site visits to ensure that the FSMC complies with the contract and any other federal, state, and local rules and regulations. Districts maintain documentation of district monitoring activities, any corrective action required, and whether or not corrective action was taken. **Figure 10–3** shows the district's responsibilities for monitoring contracted CNPs and indicates the extent to which Hempstead ISD is performing these monitoring activities.

TDA provides a School Nutrition Program (SNP) Self-Assessment Review Form, which is available at www.squaremeals.org. TDA uses the term SNP in lieu of the term CNP used by the USDA. The Self-Assessment Review Form is an optional form for the district to use and provides suggestions for additional activities to be included in the monitoring process.

Hempstead ISD should develop a comprehensive plan to closely monitor the district's Food Services Department operations to ensure compliance with program regulations through periodic on-site monitoring reviews. To accomplish this, the district should develop a plan with a time frame

FIGURE 10–3
DISTRICT MONITORING RESPONSIBILITIES FOR CONTRACTED CHILD NUTRITION PROGRAMS
SCHOOL YEAR 2014–15

MONITORING AND RECORDKEEPING RESPONSIBILITIES	HEMPSTEAD ISD DOCUMENTATION
Monitor cycle menus and adherence to meal pattern requirements.	No documentation of oversight. Some menus met requirements, and some menus did not meet requirements.
Monitor claim documentation: records by school, to support the claim for reimbursement (meal/meal counts and any other data on the claim for which the FSMC is responsible).	Partially performing. No evidence that claim reimbursement monitoring is being performed.
Cost records: records that include source documentation supporting changes for contractually approved costs for cost-based contracts.	Included in documentation provided by FSMC.
Meal count records: meal count records for meals not covered by the claim for reimbursement, e.g., adult meals.	Partially performing. The district does not follow up to ensure the counts reflect the number of meals served and claimed.
Monitor revenue records: revenue records by source, type, and category of meal or food service, e.g., a la carte sales, reduced-price and full-price NSLP and SBP meals, vending machine sales.	Included in documentation provided by FSMC.
Evaluate and monitor outside food service activities.	No documentation of oversight.
Evaluate and monitor the FSMC meal preparation facilities.	No documentation of oversight.
USDA-donated foods: conduct a reconciliation at least annually to ensure FSMC has credited the SFA for the value of all donated foods received for use in the SFA's food service in the school year.	No documentation of oversight.
Conduct on-site school reviews and monitor the following:	
Compliance with civil rights.	The district has oversight and documentation available.
Adherence to the SFA's approved free and reduced-price meal policy statement.	The district has oversight and documentation available.
Compliance with Offer versus Serve requirements of the federal NSLP and SBP.	No documentation of oversight.
Compliance with competitive foods requirements of the NSLP regulations in all schools by all parties.	Performing.
Compliance with all policies established by the SFA.	No oversight documented; Board of Trustees-approved wellness policy was not implemented.

NOTES: FSMC=food service management company; SFA=school food authorities; NSLP=National School Lunch Program; SBP= School Breakfast Program.

SOURCES: Legislative Budget Board School Review Team, January 2015; U.S. Department of Agriculture (USDA), Contracting with Food Service Management Companies: Guidance for School Food Authorities, April 2009; Hempstead ISD, January 2015.

indicating monitoring tasks necessary to guide the district's oversight of activities of the FSMC and its employees. The following should be part of the plan:

- develop a procedure for analyzing and validating all documentation provided by the FSMC to support the number of meals claimed for reimbursement; this procedure could include a review of the monthly meal count report that supports the number of meals claimed by the FSMC;
- develop a checklist with a timeline indicating monitoring tasks to be accomplished in an effort to

guide the activities of the FSMC and its employees; suggested tasks could include:

- monitoring to ensure that all meals being served and claimed for reimbursement meet the meal pattern requirements for the NSLP and SBP daily and weekly at both cafeterias;
- ensuring that food service employees receive training and written procedures for following standardized recipes and maintaining accurate documentation to support the district's claim for reimbursable meals and monitoring for

- compliance with those procedures by a district employee;
- ensuring that Offer versus Serve is implemented properly in all schools at both breakfast and lunch; and
- conducting random and routine on-site visits to dining rooms during meal service to monitor tray waste, discuss any findings with students, aides, and staff, and work with the director of dining services to make necessary changes.
- perform an assessment of each site serving lunch before February 1 of each school year, in accordance with USDA requirements. The NSLP Onsite Monitoring Form is used for this self-assessment.

This recommendation could be implemented with existing resources.

MONITORING FINANCIAL PERFORMANCE (REC. 54)

Hempstead ISD lacks management controls to effectively monitor the financial performance of the Food Services Department.

Hempstead ISD does not monitor financial statements to evaluate the financial performance of the FSMC. Although the FSMC provides Hempstead ISD with financial reports that include information regarding net sales, food costs, labor costs, miscellaneous costs, and the net profit and loss

statements, interviews with district staff indicate confusion exists as to who receives and monitors financial information. During the on-site review, Hempstead ISD staff provided inconsistent information concerning which individuals are responsible for evaluating the profit and loss status of the Food Services Department. According to the director of operations, the director of finance and the superintendent are responsible for financial monitoring; however, the director of finance was uncertain as to who is supposed to conduct this evaluation.

By failing to monitor the financial performance of the CNP, Hempstead ISD may not have collected payments from the FSMC owed to the district in accordance with a provision in the contract called the FSMC Guaranty. According to the terms of the FSMC Guaranty, the FSMC guarantees the district's CNP will break-even for the school year. If the annual operating statement shows a loss, the FSMC must pay the district the difference, not to exceed an amount specified in the contract. In accordance with the contract, the FSMC can only be held responsible for the guarantee of return if certain conditions are met. **Figure 10–4** shows the ten conditions and assumptions for the FSMC Guaranty.

If the conditions are not met during the school year, the FSMC guarantee obligation is reduced by an amount equivalent to any increased cost or loss of revenue attributable to the changes in the conditions. For example, as shown in **Figure 10–4**, the FSMC assumes that the average student enrollment in Hempstead ISD shall be no less than 1,491

FIGURE 10–4
FOOD SERVICE MANAGEMENT COMPANY (FSMC) CONDITIONS AND ASSUMPTIONS FOR GUARANTEED RETURN
SCHOOL YEAR 2014–15

- | | |
|---|---|
| 1.) Reimbursement rates for the National School Lunch Program meals shall increase a minimum of 3 percent from prior school year rates. | 6.) The level of wages, salaries, and fringe benefits shall not exceed those proposed and listed in the original proposal. |
| 2.) The value of government-donated commodities and/or cash in lieu thereof shall not be less than the value of government-donated commodities and/or cash in lieu thereof received during the prior school year. | 7.) The selling prices of Menu Pattern Meals and a la carte selections will be no less than those included in the original proposal. |
| 3.) The number of days meals are served during the school year shall be no less than 175 days. | 8.) The Local Education Agency's (LEA) direct cost in the Texas Department of Agriculture's budget is not to exceed \$34,447. |
| 4.) The number of serving periods, locations, serving times, and types of service shall not change materially. | 9.) The LEA and FSMC shall mutually agree on the annual operating budget and determine the appropriate program financial performance in year five of this Agreement. Changes in the LEA cost experience will be used to determine the program financial performance to include but not limited to LEA direct cost and labor cost. |
| 5.) The average student enrollment for the term of the contract period shall be no less than 1,491 students. | 10.) Service will not be interrupted as a result of fire, work stoppage, strike, or school closing. |

SOURCE: Hempstead ISD, January 2015.

students. If the student enrollment drops below 1,491 in the school year, then the FSMC no longer guarantees the district that it would pay the full amount the food services operation lost due to the drop in student enrollment. However, the contract does not define the method of reduction of the guarantee obligation.

The district does not have formal procedures in place to monitor the profit and loss status of its CNP on an ongoing basis. The review team found no evidence that the district reviewed annual operating statements to determine if the FSMC owed the district money, in accordance with the FSMC Guaranty provision of the contract.

Furthermore, a review of the Hempstead ISD Budgetary Comparison Schedules for school years 2010–11 to 2013–14 shows an annual negative variance between the beginning and ending fund balance. However, during discussions with the director of operations and with the FSMC General Manager, out of the four completed contract years, only in school year 2010–11, did the FSMC pay the guarantee of return to the district required by the contract. Evidence does not exist to show the district performed an analysis of the FSMC's financial performance and the applicable conditions to determine if the FSMC owed the district a guarantee obligation for school years 2011–12, 2012–13, and 2013–14. **Figure 10–5** shows the district's beginning and ending food services fund balance for school years 2010–11 to 2013–14.

Without a process to monitor the financial statements of the CNP, the district is unable to properly assess the financial and operational performance of the FSMC. Failure to

determine if the FSMC owes the district a guarantee obligation could result in a loss of food service funds that the district is entitled to as part of the contract with the FSMC.

Insufficient financial monitoring of the FSMC could cause the district to be cited by TDA. During an AR, TDA would evaluate whether the district retains overall control of school nutrition programs. Part of this evaluation is to determine if the district retains control of the nonprofit school food service account and overall financial responsibility for the CNP. If TDA finds and documents deficiencies in these areas, TDA could issue the district a corrective action plan that outlines the actions the district should take and documentation the district should provide to demonstrate that all findings are resolved.

According to the National Food Service Management Institute (NFSMI), successful financial management of a CNP requires careful review and analysis of financial data. For financial data to be purposeful and useful, it must be easily understood, reliable, relevant, and timely. Understanding and monitoring financial data could help decision makers determine the profitability and efficiency of a CNP and identify areas for improvement.

Districts use several types of analyses to generate performance indicators for evaluating the effective financial management of a CNP. Performance indicators could be stated in dollars, percentages, or ratios to facilitate the analysis process. NFSMI Task Force members identified the following performance indicators for “taking the financial pulse” of school food service programs:

FIGURE 10–5
HEMPSTEAD ISD BUDGETARY COMPARISON SCHEDULE OF BEGINNING AND ENDING FOOD SERVICES FUND BALANCES AND FOOD SERVICE MANAGEMENT COMPANY GUARANTEES
SCHOOL YEARS 2010–11 TO 2013–14

YEAR	BEGINNING FUND BALANCE	ENDING FUND BALANCE	DIFFERENCE	GUARANTEED RETURN FROM FSMC	COMMENTS
2010–11	\$73,632	\$24,563	(\$49,069)	\$33,000	FSMC paid more than the guarantee amount and returned \$49,069 to the district.
2011–12	\$73,632	\$55,045	(\$18,587)	\$25,000	No guarantee payment made to the district.
2012–13	\$55,045	\$20,032	(\$35,013)	\$25,000	Difference was due to district accounting errors; FSMC was not liable for guarantee payment.
2013–14	\$20,032	(\$925)	(\$20,957)	\$25,000	No guarantee payment made to the district.

NOTE: In school year 2012–13, the fund balance actually increased by \$38,693 during the school year. Due to the district understating its accounts payable, \$73,706 was deducted from the fund, resulting in the ending fund balance of \$20,032.

SOURCES: Hempstead ISD Budgetary Comparison Schedule of National School Breakfast and Lunch programs for years ending August 31, 2011, August 31, 2012, August 31, 2013, and August 31, 2014; Hempstead ISD/Food Service Management Company (FSMC) Contract 2010–11, Amendment 1, Amendment 2, and Amendment 3.

- financial position (statement of revenue and expenditures, balance sheet, budget variances, fund balance);
- percentage of cost by category to total revenue (operating ratios);
- meal cost (plate cost, food cost per meal, labor cost per meal, commodity value per meal);
- participation rate (by program and eligibility category); and
- productivity (meals per labor hour, revenue to variable costs).

Bastrop ISD contracts with an FSMC to support its food service operations. By using sound fiscal management, the Bastrop ISD Nutrition Services Department maintains financial accountability. The food service manager prepares budgets, studies costs of food and services, accounts for revenue received, prepares a balance sheet, and shows profit and losses in reporting statements. The system used allows for the food service manager to monitor expenditures on a scheduled basis.

Hempstead ISD should develop and implement a process for monitoring the financial performance of the district's Food Services Department. To develop this process, the director of operations and the Business Office should develop a written plan that identifies the tasks that should be implemented to effectively monitor the financial performance of the CNP. At minimum, the plan should require the district to collect and review key financial performance indicators, and should provide a time frame for the performance of monitoring tasks to ensure financial information is reviewed on an ongoing basis. The plan should provide steps for the review of the following performance indicators:

- financial position (statement of revenue and expenditures, balance sheet, budget variances, fund balance);
- percentage of cost by category to total revenue (operating ratios);
- meal cost (plate cost, food cost per meal, labor cost per meal, commodity value per meal);
- participation rate (by program and eligibility category); and

- productivity (meals per labor hour, revenue to variable costs);

The plan should identify the monitoring tasks necessary to ensure that the district receives the break-even guarantee when applicable. The following could be part of the plan:

- identify a district employee to monitor the profit and loss status of the food service operation during the school year to identify any concerns during the year and address as needed;
- review the Hempstead ISD Budgetary Comparison Schedule of National School Breakfast and School Lunch Programs end-of-year audit report and compare to the FSMC Guaranty of return as stated in the contract and amendments to identify if the financial return was achieved;
- discuss the findings from this review with the FSMC; if the financial return was not met by the FSMC, discuss the conditions and assumptions outlined in the contract and amendments; identify whether the FSMC obligation should be adjusted; the surplus guarantee for each term shall be mutually agreed upon by both parties as outlined in the contract and amendments; and
- document the results of the final agreement with the FSMC and keep on file for review.

This recommendation could be implemented with existing resources. Because the district was unable to provide documentation to substantiate whether the FSMC obligation should be adjusted, the fiscal impact does not assume a cost savings that could be available to the district.

VERIFICATION OF REIMBURSEMENT CLAIM (REC. 55)

Hempstead ISD lacks a process to verify the number of free, reduced-price, and full-price meals claimed for reimbursement.

When a school district submits claims for reimbursement, the school district is responsible for:

- ensuring that the reimbursement claim is based on an accurate number of meals served to eligible students in each of the three categories—free, reduced-price, and paid meals; and

- ensuring that the cashier or other staff member is knowledgeable and skilled in recognizing a reimbursable meal.

The USDA has identified several processes that districts are required to perform to improve the accuracy and accountability of reimbursement claims. The processes, referred to as Accuclaim, include the performance of daily and monthly edit checks of meals claimed for reimbursement. Districts are required to complete an on-site monitoring review form for each school, each year before February 1 and keep the form on file. Proper implementation of the Accuclaim regulations ensure that the school district has an accurate system of counting and claiming; this implementation helps to prevent the necessity for an upward adjustment for not claiming enough meals or a downward adjustment for claiming too many meals on the reimbursement claim. The Daily Record/Accuclaim Form and Attendance Factor Calculator is a form that school districts can use to ensure accuracy by comparing the reported number of meals served to the site's ADP, and the function provides a tool for the site to compare the number of meals served to the site's daily reimbursement claims. School districts may use this form or a form of their own design that contains the same elements.

Hempstead ISD uses Systems Design food and nutrition management system as its counting and claiming system. Systems Design generates an Accuclaim report as part of the daily record of meals served to students. The Accuclaim report indicates the number of free and reduced-price students eligible each day, the number claimed, and the percentage of participation. Districts are required to use the information on the Accuclaim report to compare the percentage of free and reduced-price meals claimed to the number of students eligible to participate in the programs at each site. This report is not used by the district to identify potential claiming inaccuracies before submitting the claim for reimbursement. For example, if the percentage of participation exceeds the average daily attendance for a particular day, the district is not ensuring that it does not claim more meals for reimbursement than students in attendance.

According to the contract with the FSMC, the district is responsible for submitting the monthly claim for reimbursement to TDA. In addition, the district is responsible for ensuring that only reimbursable meals are included on the claim for reimbursement, regardless of the total number of meals billed for by the FSMC. Documentation, including

records by school, must be maintained to support the claim for reimbursement.

The previous software system used by the district did not provide accurate information for the meal count process, and the district identified possible discrepancies in the number of meals claimed for reimbursement. At the beginning of school year 2014–15, the district purchased Systems Design for its counting and claiming needs and for the free and reduced-price application software. Although the district indicated a perception that the new system provides more accurate numbers of reimbursable meals from the school sites, the director of operations indicated that manual count checks have not been taken and compared to the meal count report in Systems Design to verify the number claimed. One of the most common AR findings is that districts do not correctly use lunch counts by category in the claim for reimbursement.

The director of dining services expressed trust in the district's counting and claiming system. The FSMC uses the information from Systems Design to verify the accuracy of its invoices to the district for management and administrative fees. Although this report is available to the district, no evidence shows that Hempstead ISD uses the report to verify the number of meals claimed for reimbursement. The director of operations was not aware of Accuclaim; however, the director of dining services stated Accuclaim checks are performed by the district.

When the district provided the reimbursement claim information for the month of January 2015 to the review team, the only supporting documentation that was included was attendance records for the month. The review team examined these documents and noted a difference between the Meal Count/Accuclaim Report and the Claim for Reimbursement. The district submitted incorrect meal counts for the early childhood school and the elementary school. The counts submitted to TDA were reversed for the two schools. **Figure 10–6** shows the differences.

Figure 10–6 shows the reimbursement claim totals for the district are correct; however, the individual school claims for Hempstead Early Childhood School and Hempstead Elementary School are incorrect. This error substantiates the lack of controls and processes by the district to ensure that the reimbursement claim is correctly submitted to TDA.

In addition, the number of approved free and reduced-price students in the TEA's Public Education Information Management System (PEIMS) is different from the number of free and reduced-price students used on the district's

FIGURE 10–6
HEMPSTEAD ISD REIMBURSEMENT CLAIM COMPARED TO THE MEAL COUNT/ACCUCLAIM REPORT NUMBERS FOR MEALS SERVED JANUARY 2015

SCHOOL BREAKFAST PROGRAM		REIMBURSEMENT CLAIM			ACCUCLAIM—MEAL COUNTS		
CAMPUS	FREE	REDUCED-PRICE	PAID	FREE	REDUCED-PRICE	PAID	
Early Childhood	1969	305	118	3320	268	337	
Elementary	3320	268	337	1969	305	118	
NATIONAL SCHOOL LUNCH PROGRAM		REIMBURSEMENT CLAIM			ACCUCLAIM—MEAL COUNTS		
CAMPUS	FREE	REDUCED-PRICE	PAID	FREE	REDUCED-PRICE	PAID	
Early Childhood	3371	468	364	5263	598	527	
Elementary	5263	598	527	3371	468	364	

SOURCES: Hempstead ISD Reimbursement Claim Details for January 2015; Meal Count/Accuclaim Report, January 2015.

reimbursement claim for January 2015. The numbers of eligible students used on the reimbursement claim were higher than the numbers in PEIMS. **Figure 10–7** shows the differences between the free and reduced-price-eligible student numbers provided by the district based on its PEIMS data and the free and reduced-price-eligible student numbers used on the claim for reimbursement.

The numbers of eligible students and those students claimed for reimbursement should be the same or slightly different depending on the date and time of the report. However, **Figure 10–7** shows that the percentage of students claimed for reimbursement was 82 percent, and the percentage of eligible students based on district PEIMS data was 69 percent. The significant difference between these two numbers indicates inaccuracies in either the PEIMS or reimbursement claim systems.

The review team was unable to determine if the district maintains all the required information to support reimbursement claims. The district is required to keep the daily meal count report and attendance report. The district provided the attendance report information, but the daily

meal count report was not part of the supporting documentation for the reimbursement claim provided by the district.

If Hempstead ISD does not verify that the number of free, reduced-price, and full-price meals submitted by the FSMC to the district for the reimbursement claim corresponds to the actual meal count numbers in the counting and claiming system, the result could be an incorrect reimbursement claim submitted to TDA. In addition, if the free and reduced-price-eligible student counts are not resolved, the errors could affect funding, and students might not receive benefits to which they are entitled. These differences could not only affect the CNP; district funding for other programs could be affected as well.

During an AR, the goal for monitoring meal count and claiming is to assure the processes that the SFA uses to count, consolidate, and claim meals for the SBP and NSLP fully comply with program requirements. For example:

- counting and claiming system(s) in use for the SBP and NSLP provide accurate counts of reimbursable meals, by category;

FIGURE 10–7
HEMPSTEAD ISD ELIGIBILITY NUMBERS COMPARED TO THE ELIGIBILITY NUMBERS USED IN REIMBURSEMENT CLAIM JANUARY 2015

DATA SOURCE	ELIGIBLE FREE	PERCENTAGE FREE	ELIGIBLE REDUCED-PRICE	PERCENTAGE REDUCED	PAID	PERCENTAGE PAID
District PEIMS Data	927	61%	121	8%	472	31%
Reimbursement Claim	1096	72%	154	10%	279	18%

SOURCES: Hempstead ISD; Hempstead ISD Reimbursement Claim, January 2015.

- reimbursable meals are correctly counted, consolidated, and recorded at each school and at the district; and
- counting and claiming system yields an accurate claim for reimbursement.

School districts are required to have a meal counting and claiming process that includes a mechanism, whether manual or electronic, for counting meals and consolidating meal totals at each school within the district. The mechanism must include an internal control system that validates the total meal counts before the submission of the claim for reimbursement to TDA.

School districts are responsible for:

- ensuring that the reimbursement claim is based on an accurate number of meals served to eligible students in each of the three categories—free, reduced-price, and paid meals; and
- ensuring that proper implementation of the Accuclaim regulations, which include edit checks that show the district has an accurate system of counting and claiming and that help to prevent the necessity for claim adjustments.

In addition, school districts are required to develop an effective system of retaining and maintaining records relating to counting and claiming meals. The Texas Administrative Code, Section 7.125, requires public schools to maintain records for five years. These records include:

- daily records for coding and counting procedures for meals served by eligibility category;
- daily participation report that ensures that correct meal counts by eligibility category could be easily read, edited, and consolidated into an accurate monthly claim for reimbursement;
- all documents that support claims submitted; and
- edit check forms.

Hempstead ISD should develop a process to verify that the number of free, reduced-price, and full-price meals submitted for reimbursement correspond to the district's actual meal count numbers. The director of operations should coordinate with the Business Office to develop a plan with a time frame that outlines the tasks necessary to guide the process of

preparing the reimbursement claim using valid information. The following tasks could be part of the plan.

The PEIMS coordinator should ensure that free and reduced-price student eligibility for CNP programs are correctly identified when transferred to the PEIMS data system for student benefits and identification for other district programs.

The director of operations should identify specific information needed from the FSMC, which it should maintain and provide the district to prepare the reimbursement claim. This information should include a copy of the daily record containing the Accuclaim information for each campus.

The district should identify an employee in the Business Office to review the information and data provided by the FSMC and verify that the information is correct. To perform this review, the Business Office employee should take the following steps:

- review the Accuclaim section of the Daily Record provided by FSMC for each campus by:
 - comparing the reported number of meals served to each site's ADP; and
 - comparing the number of meals served to the site's daily reimbursement claims, making adjustments if needed;
- review all data for accuracy and completeness after preparing the information to be used for the claim for reimbursement before filing the claim for reimbursement each month;
- ensure the district's authorized representative submits the district's claim for reimbursement through TX-UNPS; and
- retain and maintain all records relating to counting and claiming meals and the claim for reimbursement including:
 - daily records;
 - edit check forms; and
 - all other documents that support claims submitted.

This recommendation could be implemented with existing resources.

MEAL PATTERN REQUIREMENTS (REC. 56)

Hempstead ISD does not have a process to hold the FSMC accountable to ensure that breakfast and lunch meals are served and documented in compliance with federal meal pattern requirements.

The USDA has established nutrition standards for the NSLP and SBP. These standards list the required components to be served by CNPs for each age/grade group. Components must meet requirements for both daily and weekly servings.

The meal pattern for breakfast consists of three components: fruit, grains, and milk.

The meal pattern for lunch consists of five components: fruit, vegetables (with five vegetable subgroups), grains, meat or meat alternate, and milk.

During the on-site review, the review team analyzed the breakfast and lunch offerings at each campus. The menu for the middle and high schools breakfast on January 27, 2015, was a choice of sunrise burrito or cereal with string cheese, milk, and a choice of fresh fruit or juice. Since students had to make a choice between the fresh fruit or the juice, they were only offered one-half of the required fruit component. Because the requirement for breakfast is 1 cup fruit, this menu offered an insufficient fruit component. Therefore, the menu would not qualify for reimbursement. The schools served and claimed 124 breakfasts for that day. **Figure 10–8** shows the value of the overclaim for 124 breakfasts offering an insufficient portion of fruit component.

The lunch menu on January 27, 2015, for the middle and high schools was different for each of the two serving lines. One line offered a choice of beef stroganoff, cheeseburger, or box salad. The box salad only offered one grain component and one-half cup fruit. This line also offered lettuce and tomato, corn cobettes, green peas, carrot sticks and

cucumber coins and cherry tomatoes, choice of fresh fruit, and a choice of milk. The other line offered a choice of pepperoni pizza or enchiladas, a half-cup of green peas, a choice of fresh fruit, and a choice of milk. The choice of fruit in each line equaled to one-half cup of fruit. Because the requirement for high school lunch is one cup of fruit, these menus offered an insufficient fruit component. Additionally, as the requirement for high school is one cup vegetable and three-fourths cup vegetable for middle school, the menu offered on this line provided insufficient vegetable component. Therefore, the menu would not qualify for reimbursement. The school served and claimed 169 lunches for high school and claimed 134 lunches on the second line for middle school that day. **Figure 10–9** shows the value of the overclaim.

The menu for breakfast at the early childhood and elementary cafeteria on January 28, 2015, provided a choice of yogurt or cereal, toast, milk, and a choice of fresh fruit or juice. The fresh fruit and juice each provided one-half cup of the fruit component. Because the requirement for breakfast is one cup fruit, this menu offered an insufficient fruit component. Therefore, the menu did not qualify for reimbursement. The cafeteria served and claimed 383 breakfasts for that day. **Figure 10–10** shows the value of the overclaim.

If Hempstead ISD does not review the menus served to ensure that they meet the meal pattern requirements of a reimbursable meal, the district is at risk of potentially losing funds. During TDA's AR, the reviewer determines if the lunches and breakfasts claimed for reimbursement by the district contain food items or components for the appropriate age or grade group, as required by program regulations. Specific areas that are examined for performance standards of meal pattern and nutritional quality are as follows:

- menus (day of review and review week);

FIGURE 10–8
HEMPSTEAD ISD VALUE OF OVERCLAIM FOR BREAKFASTS OFFERING INSUFFICIENT FRUIT AT MIDDLE AND HIGH SCHOOL CAFETERIA JANUARY 27, 2015

MEAL TYPE	CLAIMED	REIMBURSEMENT	TOTAL CLAIM FOR NONREIMBURSABLE MEALS
Free	106	\$1.93	\$204.58
Reduced price	8	\$1.63	\$13.04
Full price	10	\$0.28	\$2.80
Daily Totals	124		\$220.42

SOURCES: Hempstead ISD Daily Record of Meals Claimed, January 27, 2015; U.S. Department of Agriculture School Breakfast Program reimbursement rates.

FIGURE 10–9

**HEMPSTEAD ISD VALUE OF OVERCLAIM FOR LUNCHES OFFERING INSUFFICIENT FRUIT AND INSUFFICIENT VEGETABLE ON SECOND LINE AT MIDDLE AND HIGH SCHOOL CAFETERIA
JANUARY 27, 2015**

MEAL TYPE	CLAIMED	REIMBURSEMENT (1)	TOTAL CLAIM FOR NONREIMBURSABLE MEALS
Free	243	\$3.06	\$743.58
Reduced price	22	\$2.66	\$58.52
Full price	38	\$0.36	\$13.68
Daily Totals	303		\$815.78

NOTE: Includes additional \$0.06 Performance-Based Reimbursement (Lunch).

SOURCES: Hempstead ISD Daily Record of Meals Claimed, January 27, 2015; U.S. Department of Agriculture National School Lunch Program reimbursement rates.

- food production records;
- standardized recipes; and
- related materials (Child Nutrition labels, food receipts, product analysis).

Meals served on the day of an AR that do not meet the minimum meal pattern requirements could be disallowed or reclaimed by TDA. Additional overclaims could be assessed if a school's food production records for previously served menus indicate meals were missing required components or offered insufficient portion sizes. An overclaim is the portion of the district's claim for reimbursement that exceeds the federal financial assistance that is properly paid.

The district's Food Services Department operates a four-week cycle menu for the middle and high school cafeteria. **Figure 10–8** and **Figure 10–9** identify a \$220.42 overclaim for 124 nonreimbursable breakfasts, and an \$815.78 overclaim for 303 nonreimbursable lunches for the middle and high school site. If this same error was repeated each time the menu cycle was served, the annual overclaim would be \$9,066.75 (\$1036.20 per day overclaim x 8.75 repeated menu cycles annually).

Hempstead ISD's Food Services Department operates a five-week cycle menu for the early childhood and elementary cafeteria. **Figure 10–10** shows a \$685.04 overclaim for 383 nonreimbursable breakfasts for the early childhood and elementary site. If this same error was repeated each time the menu cycle was served, the annual overclaim would be \$4,795.28 (\$685.04 per day overclaim x 7 repeated menu cycles annually).

According to the USDA publication Contracting with Food Service Management Companies: Guidance for School Food Authorities, school districts could monitor FSMC adherence to meal pattern requirements through periodic on-site visits to ensure that the FSMC complies with the contract and any other applicable federal, state, and local rules and regulations. Best practices dictate that a school district maintains documentation of monitoring activities and whether or not corrective action was taken.

Hempstead ISD should monitor menu planning and meal service to ensure that meals served meet all USDA meal pattern requirements for the district. To implement this recommendation, the director of operations should establish a process for monitoring breakfast and lunch menu planning.

FIGURE 10–10

**HEMPSTEAD ISD VALUE OF OVERCLAIM FOR BREAKFASTS OFFERING INSUFFICIENT FRUIT AT EARLY CHILDHOOD AND ELEMENTARY SCHOOL CAFETERIA
JANUARY 28, 2015**

MEAL TYPE	CLAIMED	REIMBURSEMENT	TOTAL CLAIM FOR NONREIMBURSABLE MEALS
Free	324	\$1.93	\$625.32
Reduced price	32	\$1.63	\$52.16
Full price	27	\$0.28	\$7.56
Daily Totals	383		\$685.04

Sources: Hempstead ISD Daily Record of Meals Claimed, January 28, 2015; U.S. Department of Agriculture School Breakfast Program reimbursement rates.

This monitoring process should include a review of the menu cycle at least once per year and when the cycle changes, to determine that all meal pattern requirements are being met. In addition, the director of operations should conduct site visits to evaluate the meals served to ensure that meals meet the meal pattern requirements. The district has the contractual right to request a refund for any meals that do not meet the minimum requirements of the meal pattern.

TDA has provided a Food-Based Menu Portion Planning template, which is available online at www.squaremeals.org. This document is located in the forms section. The template provides a format that could be used to ensure that all meal pattern requirements are met.

The director of operations should attend training to develop a greater understanding of the meal patterns for breakfast and lunch. Each summer and often throughout the year, the Texas education service centers offer a variety of workshops and training classes that include menu planning and meeting meal pattern requirements. Hempstead ISD could take advantage of these classes by contacting Regional Education Service Center IV (Region 4) or checking TDA's website for summer workshop schedules.

This recommendation could be implemented with existing resources.

FOOD PRODUCTION RECORDS, STANDARDIZED RECIPES, AND PRODUCT DOCUMENTATION (REC. 57)

Hempstead ISD does not monitor the food service management company to ensure that food service staff consistently follow standardized recipes and accurately maintain food service records.

Food service records necessary to support that the meals served and claimed for reimbursement meet meal pattern requirements include standardized recipes and food production records. School districts are required to maintain other food service records to support claims for reimbursement, including Child Nutrition (CN) labels or signed, dated product analysis sheets containing weights of contributing ingredients, and a certification statement regarding the contribution of the creditable meat or meat alternate for purchased-prepared menu items.

Hempstead ISD does not regularly request documentation from the FSMC to show that food production records and standardized recipes are being maintained. While on-site, the review team observed that food service staff did not use standardized recipes during meal preparation. Several food

service staff commented that they know what they are supposed to make without the benefit of a recipe, and they prepare the scheduled meals according to their experience. When the review team reviewed the recipe file, few recipes were in the book, and none were included for the meals prepared on the days of review. The director of dining services stated that staff may not have all the recipes or information for required documentation, and that the FSMC is working on providing standardized recipes to the school sites.

The review team found that the district's food production records were missing required information and, in many cases, lacked the documentation necessary to support that a reimbursable meal was served to students. During on-site interviews, food service staff said that they have not received adequate training regarding the documentation required in the food production record. The food service staff uses blank food production record forms that do not contain information regarding menu items, meal contribution, and portion size. Food service staff stated that they often guessed on what information should be documented on the food production record. **Figure 10–11** shows inconsistencies noted during a review of the district's food production records.

CN labels, nutrition facts labels, and product formulation statements verify the contribution of purchased-prepared foods such as chicken nuggets, pizza, and beef patties. These foods are manufactured products that must have supporting documentation to determine that they are compliant with the meal pattern.

CN labels are guaranteed to contain the contributions listed on the CN label when the product is manufactured according to the directions. Nutrition facts labels provide nutritional information based on the USDA recommended daily dietary values. While some products do not carry a CN label, a district could determine the contribution by using a product formulation statement. This document provides product information regarding the product's potential crediting contribution toward meal pattern. These statements are written, designed, signed and certified, and distributed by the individual manufacturer. The USDA does not review or approve product formulation statements; therefore, the statements made by the manufacturer are not guaranteed to be accurate.

During the on-site review, the review team observed that food service staff did not use or keep information from CN labels, nutrition facts labels, or product formulation statements. Food service staff responsible for documenting

FIGURE 10-11
HEMPSTEAD ISD FOOD PRODUCTION RECORD INCONSISTENCIES
JANUARY 2015

EARLY CHILDHOOD CAMPUS AND ELEMENTARY SCHOOL	
MENU ITEM	DOCUMENTATION
Daily juice offering at breakfast	Documentation is incorrect. Food production record stated that one cup of fruit was provided; however, the juice offered was a four-ounce carton that provided only one-half cup of fruit, which is an insufficient amount for fruit at breakfast for all age and grade groups.
Pizza	No grain documented for this food item, which could be missing component without further documentation available.
Corn dog	No grain documented for this food item, which could be missing component without further documentation available.
Chicken nuggets	No grain documented for this food item, which could be missing component without further documentation available.
Orange and banana	Documentation is incorrect, based on the USDA <i>Food Buying Guide for Child Nutrition Programs</i> (FBG); documented that these items provide one cup each of fruit, but actually they only contribute one-half cup of fruit, based on portion size.
Crispito	No grain documented for this food item, which could be missing component without further documentation available.
Daily meals served for breakfast and lunch	No documentation regarding student meals, adult meals, or total meals served.
MIDDLE AND HIGH SCHOOLS	
MENU ITEM	DOCUMENTATION
Daily juice offering at breakfast	Documentation is incorrect. Food production record stated that one cup of fruit was provided; however, the juice offered was a four-ounce carton that provided only one-half cup of fruit, which is an insufficient amount for fruit at breakfast for all age and grade groups.
Daily vegetable offering on pizza serving line	Documentation is incorrect. Vegetable requirement is insufficient for both age and grade groups; one-half cup is offered, but requirement for middle school is three-fourths cup and for high school is one cup.
Daily fruit offering on both serving lines	Fruit requirement is insufficient for high school; the requirement is one cup. When oranges are offered, they only provide one-half cup portion, according to the FBG.
Meat/meat alternate	Multiple days when nothing is recorded for Total Amount Prepared, which could be missing component without further documentation available.
Grain	Multiple days when nothing is recorded for Meal Contribution or Total Amount Prepared, which could be missing component without further documentation available.
Daily meals served for breakfast and lunch	No documentation regarding student meals, adult meals, or total meals served.

Sources: Legislative Budget Board School Review Team, January 2015; Hempstead ISD Daily Food Production Records for the week of January 20–23, 2015, for early childhood, elementary, middle, and high school sites.

information on the food production records stated that they often guessed the nutrition information for food products if they could not find a label.

The practice of not using standardized recipes could result in undesired changes in the end product, the nutrient content, the yield, and the contribution to the meal pattern. Not only does Hempstead ISD's Food Services Department fail to meet CNP requirements; the district also does not receive the additional benefits that could occur due to the use of standardized recipes. The use of standardized recipes improves

many aspects of CNP operations. In addition to providing required documentation, standardized recipes simplify purchasing procedures, reduce the amount of unnecessary inventory, and provide consistent and accurate information for food cost control. Employees may feel more satisfied and confident because they eliminate guesswork, decrease the chance of producing poor food products, and prevent shortages of servings during meal service.

Recipes that individual cooks have committed to memory do not provide documentation of the contribution of the

product that was served. Food production records are the district's primary supporting documentation that demonstrates that the meals served and claimed for reimbursement met meal pattern requirements and are eligible for reimbursement. If Hempstead ISD does not properly maintain supporting documentation to show that the meals served and claimed comply with meal pattern requirements, reimbursement funds and the nutritional integrity of the Food Services Department could be at risk.

During TDA's AR, the reviewer could analyze weekly and monthly menus, production records, recipes, food receipts, CN labels, and product formulation statements to determine if meals contained the required components, and if the components were in the right quantities. If a cafeteria's production records indicate that meals contained insufficient or missing components, or if the records lack enough information to determine compliance, TDA could determine that breakfasts and lunches claimed for reimbursement did not adhere to meal pattern requirements. Such a determination could result in a loss of reimbursement funds to the district; TDA could potentially take fiscal action based on the severity and longevity of the identified finding.

Figure 10–12 shows the potential overclaim at the middle and high school cafeteria as a result of errors in menu planning, food production, and/or recordkeeping for the week of January 19–23, 2015.

Figure 10–13 shows the potential overclaim at the early childhood and elementary school cafeteria as a result of errors in menu planning, food production, and/or record keeping for the week of January 19–23, 2015.

The potential overclaim as a result of errors in menu planning, food production, and/or service and in recordkeeping for both Hempstead ISD cafeterias during this period could be \$13,325.72.

Appropriate documentation and records are essential to demonstrate that reimbursable meals meet the meal pattern requirements. Best practices dictate that school districts with FSMC contracts take steps to ensure the FSMC maintains sufficient documentation to support reimbursement claims. This documentation includes:

- standardized recipe and preparation techniques that are used during planning, and serving reimbursable meals that are constant in measurement and preparation;
- meals planned, the quantity prepared, the number served, and the amount of leftover food; and
- CN label or product formulation statement documenting the ingredient quantities of each purchased-prepared item contributing to the meat or meat alternate component of the reimbursable meal.

Standardized recipes ensure product quality, accurately predict the number of yield portions, and provide consistency that could result in customer satisfaction. In addition, standardized recipes are a way to document and ensure that nutritional values per serving are valid and consistent in identifying contributions of the menu item to the meal pattern. The following is an excerpt from the TDA Administrator's Reference Manual, March 2014:

FIGURE 10–12
HEMPSTEAD ISD POTENTIAL WEEKLY OVERCLAIM FOR INCOMPLETE OR MISSING FOOD PRODUCTION RECORDS AT THE MIDDLE AND HIGH SCHOOLS CAFETERIA
WEEK OF JANUARY 19–23, 2015

CATEGORY	BREAKFAST			LUNCH			POTENTIAL RECLAIM
	MEALS CLAIMED	REIMBURSEMENT	TOTAL REVENUE	MEALS CLAIMED	REIMBURSEMENT	TOTAL REVENUE	
Free	365	\$1.93	\$704.45	1,235	\$3.06	\$3,779.10	
Reduced-price	20	\$1.63	\$32.60	138	\$2.66	\$367.08	
Paid	26	\$0.28	\$7.28	221	\$0.36	\$79.56	
Total	411		\$744.33	1,594		\$4,225.74	\$4,970.07

SOURCES: Hempstead ISD Daily Record of Meals Claimed, January 19–23, 2015, food production records; U.S. Department of Agriculture School Breakfast Program and National School Lunch Program reimbursement rates.

FIGURE 10–13
HEMPSTEAD ISD POTENTIAL WEEKLY OVERCLAIM FOR INCOMPLETE OR MISSING FOOD PRODUCTION RECORDS AT THE
EARLY CHILDHOOD AND ELEMENTARY SCHOOL CAFETERIA
WEEK OF JANUARY 19–23, 2015

CATEGORY	BREAKFAST			LUNCH			POTENTIAL RECLAIM
	MEALS CLAIMED	REIMBURSEMENT	TOTAL REVENUE	MEALS CLAIMED	REIMBURSEMENT	TOTAL REVENUE	
Free	1201	\$1.93	\$2,317.93	1,694	\$3.06	\$5,183.64	
Reduced-price	132	\$1.63	\$215.16	208	\$2.66	\$553.28	
Paid	95	\$0.28	\$26.60	164	\$0.36	\$59.04	
Total	1428		\$2,559.69	2,066		\$5,795.96	\$8,355.65

SOURCES: Hempstead ISD Daily Record of Meals Claimed, January 19–23, 2015, food production records; U.S. Department of Agriculture School Breakfast Program and National School Lunch Program reimbursement rates.

Standardized recipes and preparation techniques must be used when planning and serving reimbursable meals. To qualify as a standardized recipe, a recipe must have an established and specified yield, portion size, and quantity. In addition, the ingredients must be constant in measurement and preparation.

Standardized recipes developed by USDA are available at www.fns.usda.gov/usda-recipes-schools. Examples of standardized recipes are included in the USDA Quantity Recipes for Schools and the Tool Kit for Healthy School Meals. The ESC Child Nutrition staff has copies of these resources. CEs could use local or state standardized recipes. If a CE uses its own recipes, the recipes must be added to its local database of recipes.

Figure 10–14 shows food production documentation for reimbursable meals as identified by TDA in the Administrator's Reference Manual available on www.squaremeals.org.

According to the TDA's Administrator's Reference Manual, March 2014, CEs are to use the following guidance in maintaining production records:

- records must show how the meals offered contribute to the required food components and food quantities for each age or grade group every day including, but not limited to:
 - a complete record of menu substitutions; and
 - an itemized list of vegetable subgroups offered; and
- production records are organized daily in an easily accessible format with cumulative accounting weekly or monthly, as appropriate, and ready for review on request.

Complete and accurate food production records for all meals claimed for reimbursement demonstrate how the food items offered contribute to the required components of the meal

FIGURE 10–14
REQUIRED FOOD PRODUCTION DOCUMENTATION FOR TEXAS DEPARTMENT OF AGRICULTURE REIMBURSABLE MEALS
2015

FOOD PRODUCTION RECORD FORM	INVOICES OR RECEIPTS FOR FOOD PRODUCTS PURCHASED
Menus for meals served	Documentation on meal pattern contribution that includes: <ul style="list-style-type: none"> • Child Nutrition labels • Nutrition facts • USDA Food Fact sheets
Records indicating food substitutions that include: <ul style="list-style-type: none"> • Food item replaced • Substituted food item • Reason for substitution 	Product formulation statements

SOURCE: Texas Department of Agriculture Administrator's Reference Manual, May 2015.

pattern for each age or grade group. Food production records and standardized recipes are used in conjunction with the FBG. In a well-developed production system, standardized recipes and food production records are used together to plan, prepare, serve, and document the meal served and claimed for reimbursement.

Districts have the option of developing their own food production records or using the TDA food production records, which are available online at www.squaremeals.org in the forms section. TDA could use these documents during the AR to determine that meals claimed for reimbursement contain food items or components as required by program regulations.

The required information on a food production record includes:

- date of service;
- portion sizes for all food items by age or grade group and meal type;
- list of food items that is itemized, with the contribution amounts by age or grade group and meal type by component for reimbursable meals and items offered on salad or other food bars, quick lines, sack meals, or field trips;
- number of planned servings by age or grade group and meal type;
- amount of food prepared by age or grade group and meal type;
- number of meals served;
- amount of leftovers by food item; and
- indication of offer versus serve information, if applicable.

Hempstead ISD should develop a process to ensure that district food service employees are consistently using standardized recipes, recording accurate and complete information on the food production records, and keeping appropriate documentation to remain compliant with meal pattern requirements. To accomplish this, the director of operations should monitor FSMC staff to ensure that the FSMC obtains or develops a standardized recipe for every meal preparation and makes these recipes available at each cafeteria site. The director of operations should also ensure that FSMC staff use the recipes during the preparation

process. If a recipe must be adjusted, any changes should be reviewed by the director of dining services and the director of operations to ensure that the meal contribution would not be altered and that changes are consistently recorded for all campuses.

The director of operations should also monitor and ensure that FSMC staff is trained in the importance of recording all foods on the food production record and how to record food contributions and other required information. This information could include identifying when different portions of the records are completed. Some of the information on the food production record could be completed before giving the form to food service staff to reduce the likelihood of not having consistent and correct information on the food production record. Some of this information would include: menu items, meal contribution, and portion size. On the day of production, staff should record the number planned and the amount of food prepared in purchase units (e.g., pounds of ground beef, cans of peaches, or one case at 96 servings). At the end of the production day, the amount of each leftover food should be recorded on the food production record. The district should then routinely monitor completed food production records to ensure that all required information is recorded daily.

The director of operations should ensure that the FSMC retains a file of CN labels and product formulation statements to document the contribution of all purchased-prepared meat or meat alternate menu items to demonstrate that the meals served and claimed for reimbursement meet the requirements of the SBP and NSLP meal patterns. TDA recommends the following practices for retaining CN labeling documentation or records:

- establish a procedure for designated food service staff to safely remove CN labels from boxes; only one CN label is needed for the same CN labeled product purchased by the CE;
- file CN labels in a designated binder for future reference and check CN labels of reordered products against the CN label on file to ensure the filed label is up-to-date; and
- file digital photos or electronically scanned labels with SNP documentation or records that could be easily retrieved for future reference.

This recommendation could be implemented with existing resources.

OFFER VERSUS SERVE (REC. 58)

Hempstead ISD has not properly implemented the Offer versus Serve provision of the federal National School Lunch and School Breakfast programs in all district schools and all age and grade levels.

Offer versus Serve (OVS) is a concept that applies to menu planning and the meal service. OVS allows students to decline some of the food offered in a reimbursable breakfast or lunch. The goal of OVS is to reduce food waste and to permit students to choose foods they want to eat. Federal law requires that OVS be used at the high school level at lunch; however, Hempstead ISD has chosen to implement OVS for all meals at all grade levels. NSLP regulations require that schools identify near or at the beginning of serving lines what foods constitute unit-priced reimbursable meals. Schools using OVS are required to identify what a student must select to have a reimbursable meal in accordance with OVS.

However, the menu planner has discretion to determine the variety of items offered for a reimbursable meal under OVS. Because students could choose fewer selections under OVS, USDA guidance is provided on what constitutes a reimbursable breakfast and lunch. A reimbursable breakfast is composed of four items: grain (one or two servings); meat or meat alternate (referred to as grain alternate) is optional once the minimum daily grain requirement is met; fruit offered (one cup offered; minimum of one-half cup could be selected); and milk.

A student could refuse one of the breakfast items (except one half-cup of fruit) and still have selected a reimbursable meal. A reimbursable lunch as offered is composed of five items: meat or meat alternate; vegetable; fruit; grain; and milk.

The meal must contain three of the five offered items. One of the choices selected must be at least a one-half-cup serving of a fruit or vegetable item or a one-half-cup total serving of both fruit and vegetable. Anyone responsible for identifying that a student has selected a reimbursable meal at the point of service must be knowledgeable about meal pattern requirements.

According to Hempstead ISD's contract with the FSMC, the FSMC is responsible for implementing all school nutrition programs in accordance with TDA and USDA requirements. Therefore, the FSMC is responsible for the proper implementation of OVS, and Hempstead ISD is responsible for monitoring the FSMC to ensure the FSMC implements OVS in accordance with program regulations.

Hempstead ISD's director of dining services stated that OVS is implemented for all age and grade groups at both serving sites. In addition, all staff indicated that they were implementing OVS. Signage identifying what students should select to meet the OVS requirement was available at both sites. However, during meal observations at both serving sites, the review team observed that OVS was not correctly implemented. Students were required to take all food items that were offered instead of choosing items they actually intended to consume. As a result, plate waste was very high, which negates one of the goals of OVS. At the middle and high school site, unopened cheese sticks were not eaten at breakfast, and milk was not consumed during both breakfast and lunch. The early childhood and elementary site also had plate waste, especially at lunch when nearly all of the broccoli and carrots were not eaten by students.

Meals that contain fewer than three different food components are not reimbursable. Under OVS, meals with less than one-half cup of fruits or vegetables are not reimbursable. TDA could disallow or reclaim meals with less than one-half cup of fruits or vegetables. If errors are identified, TDA could identify corrective action and provide technical assistance as needed.

According to best practices, schools reduce waste by providing students with acceptable menu items that the students want to eat, and encourage all students to refuse foods they do not intend to eat by effectively implementing OVS. According to TDA's Administrator's Reference Manual, March 2014, the following guidelines apply to OVS:

- OVS is not required for any age or grade group in the breakfast requirement, but schools could choose to offer OVS;
- OVS is a requirement in the NSLP for senior high students (age and grade group nine through 12) and is an option for lower-grade schools;
- CEs must prepare enough servings for each student to take the full-required amount for the age or grade group for a food item;
- a student's reimbursable meal is determined by how each item is menued;
- offering choices within components does not necessarily constitute OVS;

- for breakfast, a student must select three items for a reimbursable meal, and one selection must be at least one-half cup of fruit or vegetable; and
- for lunch, a student could refuse one or two of the five food components that he or she does not intend to eat and still receive a reimbursable meal; one of the three components selected must be one-half cup of fruits or vegetables.

Hempstead ISD should monitor the district's contracted FSMC to ensure Offer versus Serve is implemented effectively for breakfast and lunch at all grade levels.

To implement this recommendation, the director of operations should visit the cafeterias weekly or monthly to review the OVS process and ensure that program requirements are met.

During the periodic reviews, the director of operations should observe point-of-sale counts on each cafeteria line to ensure that students are not required to take unnecessary components that they do not intend to eat. Service of foods on the serving line should make it convenient for students to refuse food items, such as individually plating menu items that are less likely to be consumed, rather than serving them on the tray.

Students, parents, and teachers should be aware of what is included in school meals. The district should provide this information to parents and teachers to reinforce nutrition education messages at home and in the classroom. Students should be aware of what is included in school meals so that they know how to select a reimbursable meal. The district's on-site monitoring should include verification that signage and menus provide clear information about allowable choices. This information would help students easily build a reimbursable meal and reduce problems at the point of service, such as students forgetting a required food item and having to go back and get it, which often slows down the serving line.

To effectively implement OVS, all employees who are responsible for serving and counting reimbursable meals should be trained to recognize a reimbursable meal in accordance with the requirements of OVS. Each summer and often throughout the year, the ESCs offer a variety of workshops and training classes that explain OVS and meeting meal pattern requirements. Hempstead ISD could take advantage of these classes by contacting Region 4 or checking

TDAs website for summer workshop schedules at www.squaremeals.org.

This recommendation could be implemented with existing resources.

DIRECT CERTIFICATION IDENTIFICATION (REC. 59)

Hempstead ISD lacks a process to identify and document all students that are categorically eligible for free meals through direct certification.

All schools participating in the NSLP and SBP must make free and reduced-price meals available to eligible students. Students are enrolled in the NSLP and SBP in two ways. Parents apply for the programs by submitting information about their total household income through an application the school district provides. Alternatively, some students are automatically enrolled through a process known as direct certification. Direct certification is a process conducted by the states and by local educational agencies (LEA) to certify eligible children for free meals without the need for household applications. Students who are participants in the federal Supplemental Nutrition Assistance Program (SNAP) or the federal Temporary Assistance for Needy Families (TANF) program are eligible for direct certification. Additionally, if any member of the household receives benefits from an assistance program, categorical eligibility for free meals is extended to all students in the household. Districts are required to send to each household that is certified through direct certification a written notice of eligibility that advises the household that:

- the household children are eligible for free meals for the entire year;
- no further action is required;
- if a child in the household is not listed on the notification letter, to contact the school; and
- the household contacts the school if they do not want their children to receive free benefits.

Eligible students should receive benefits immediately, and the district could assume consent if refusal has not been received from the household within a certain number of days, as determined by the district. To identify students who are eligible for direct certification, state agencies obtain lists of families enrolled in the SNAP or TANF programs and match those lists with the names of students enrolled in the schools. In Texas, TDA coordinates with the Texas Health

and Human Services Commission and the Texas Education Agency (TEA) to match information from SNAP and TANF to student information from PEIMS. TDA creates a direct certification list based on the match compiled during this process, and makes the direct certification information available to districts and charter schools via TX-UNPS, the data transfer system used by districts and TDA.

All school districts are required to use the direct certification list to identify categorically eligible students. Due to errors in the matching process, some students who are eligible for direct certification are not identified through the electronic matching process. For example, if a student's name is spelled differently in PEIMS than it is spelled in SNAP program information, the student would not be added to the direct certification list. To ensure that any categorically eligible students are not missed due to such errors, school districts are required to compare the direct certification list to their student records to identify any students who could be members of the same household as a student on the direct certification list.

Although Hempstead ISD contracts with an FSMC, the district remains responsible for determining eligibility of students for free and reduced-price meals. According to district staff, the district downloads a direct certification list each month from TX-UNPS and inputs these students into the Systems Design free and reduced-price meal program. According to interviews with district staff, there is not a process to identify additional students that are eligible to receive an extension of benefits based on siblings or household members that had been identified on the direct certification list. A review of the direct certification documentation did not show any additional students added to the list, and no other documentation was provided by the district. The director of operations stated the district had previously been able to locate additional students using the previous data system, Skyward; however, since the district transferred to the Texas Enterprise Information System during school year 2014–15, it does not have a process to identify additional students.

If Hempstead ISD does not identify and extend benefits to those students that qualify, some students would not receive meal benefits to which they are entitled. In addition, the district could forgo funding for food services and other programs. State compensatory and federal Title I funding is allocated to a school district based on the district's number of economically disadvantaged students, which is defined as students identified as eligible for free or reduced-price school

meals. These funds provide additional services to students at risk of dropping out of school. While not all economically disadvantaged students are considered at risk, the number of economically disadvantaged students closely correlates with the number of at-risk students. Therefore, the U.S. Department of Education uses this figure as criteria to determine Title I funding for a school district. Without a process to identify students eligible for free or reduced-price meals through direct certification, eligible students would not receive the additional needed services. This oversight could result in negative consequences for at-risk students.

Best practices dictate that school districts employ a process for the extension of benefits to other students in a household that contains a student who is already directly certified. To identify additional students eligible for direct certification, districts identify students on the direct certification list and perform a household comparison or address search to identify other household members that are part of the direct certification household. Those students are then added to the direct certification list. By using the direct certification process to identify students who are eligible for free and reduced-price meals and by increasing both lunch and breakfast participation, Tyler ISD identified an additional 529 students eligible for the free and reduced-price lunch program. An added benefit was the allocation of additional state compensatory funds for the district due to the identification of qualifying students who had not been counted in the past.

Figure 10–15 shows the TDA guidelines for the extension of direct certification benefits.

CEs must keep all documentation pertaining to the determination of eligibility for students to support the CE's eligibility determination for students. Examples of documents to maintain include notices of eligibility through direct certification and any notes about attempts to contact households. TEA requires that school districts keep direct certification records for a minimum of five years after the end of the fiscal year to which they pertain.

Hempstead ISD should develop a process for the extension of benefits to other district students in a household with a student identified as categorically eligible through direct certification.

To implement this recommendation, the director of operations should undertake the following steps:

FIGURE 10–15**TEXAS DEPARTMENT OF AGRICULTURE GUIDELINES FOR EXTENSION OF DIRECT CERTIFICATION BENEFITS
JULY 2014**

Contracting entities (CE) try to identify children in a household to whom an extension of benefits may apply. For example, district records could be used to locate other children residing at the same address as a child whose name is on the direct certification list.

CEs document why a child is added to a direct certification list. CEs tie the names of children added to the list due to an extension of benefits back to the original child's name (residing in the same household) on the direct certification list.

Children who are extended benefits because another child in the household receives benefits from the federal Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) may retain the same eligibility if he or she moves to another household. However, in this scenario, this child's extended benefits do not extend to the children living in the new household.

SOURCE: Texas Department of Agriculture, Eligibility Guidance, Instructor Manual, July 2014.

When children who receive SNAP or TANF move to a different household, the children living in the new household are eligible to receive meal benefits through an extension of benefits.

It is very important for CEs using manual or electronic systems for certification and benefit issuance to ensure that the system accurately designates meal benefits for each individual child.

- identify a district employee to be responsible for identification and documentation requirements for direct certification and extension of benefits;
- develop a procedure for identifying students in a household to whom extension of benefits apply, which could include:
 - using district records to locate other students residing at the same address as a child whose name is on the direct certification list;
 - using household composition information to identify siblings;
 - identifying students with shared contact numbers or contact individuals;
 - utilizing interactions with adults in the household; and
 - using computer matching systems or other methods; and
- develop a checklist identifying documentation requirements that should be maintained to substantiate eligibility. The checklist should include the following steps:
 - identify why the student is being added to the direct certification list;
 - tie the names of students added to the direct certification list due to an extension of benefits

- back to the original student's name on the direct certification list;
- list the period for benefits (date when added); and
- keep all documentation pertaining to the determination of eligibility for students to support the district's eligibility determinations for students.

This recommendation could be implemented with existing resources.

DISTRICTWIDE PROGRAM PARTICIPATION (REC. 60)

Hempstead ISD does not ensure that the FSMC promotes maximum participation in the child nutrition programs.

According to Hempstead ISD's contract with the FSMC, "the FSMC shall promote maximum participation in the Programs." Participation in the NSLP and SBP is low at some of Hempstead ISD's campuses. **Figure 10–16** shows the percentage of average daily participation (ADP) of students in the SBP and NSLP compared to the average daily attendance (ADA) of students based on eligibility for free, reduced-price, and full-price meal benefits by campus.

As shown in **Figure 10–16**, 29.8 percent of Hempstead ISD students participated in the SBP in January 2015. The elementary school had the highest percentage of student participation in the SBP at 47.4 percent, and the high school had the lowest, with only 12.0 percent of students participating. Additionally, 64.5 percent of Hempstead ISD students participated in the NSLP during this period. The

FIGURE 10-16
HEMPSTEAD ISD BREAKFAST AND LUNCH PARTICIPATION PERCENTAGES BY CATEGORY
JANUARY 2015

BREAKFAST		FREE			REDUCED PRICE			FULL PRICE			
CAMPUS	ADA ELIGIBLE	ADP	ADP%	ADA ELIGIBLE	ADP	ADP%	ADA ELIGIBLE	ADP	ADP%	TOTAL ADP%	
High	246	41	16.7%	39	2	5.1%	108	4	3.7%	12.0%	
Middle	249	50	20.1%	35	4	11.4%	73	3	4.1%	16.0%	
Elementary	360	184	51.1%	44	15	34.1%	56	19	33.9%	47.4%	
Early Childhood	241	109	45.2%	36	17	47.2%	42	7	16.7%	41.7%	
District Total	1,096	384	35.0%	154	38	24.7%	279	33	11.8%	29.8%	
LUNCH		FREE			REDUCED PRICE			FULL PRICE			
CAMPUS	ADA ELIGIBLE	ADP	ADP%	ADA ELIGIBLE	ADP	ADP%	ADA ELIGIBLE	ADP	ADP%	TOTAL ADP%	
High	246	128	52.0%	39	14	35.9%	108	24	22.2%	42.2%	
Middle	249	177	71.1%	35	22	62.9%	73	34	46.6%	65.3%	
Elementary	360	292	81.1%	44	33	75.0%	56	29	51.8%	77.0%	
Early Childhood	241	187	77.6%	36	26	72.2%	42	20	47.6%	73.0%	
District Total	1,096	784	71.5%	154	95	61.7%	279	107	38.4%	64.5%	

Notes: ADA=average daily attendance; ADP=average daily participation.

Source: Hempstead ISD individual monthly claim record of meals served, January 2015.

elementary school had the highest percentage of student participation in the NSLP at 77.0 percent, and the high school had the lowest with 42.2 percent of students participating.

All Hempstead ISD campuses are closed; however, many of the high school seniors are allowed to leave campus after their last class is over, which is often their lunch period. Allowing seniors to leave after their final class could contribute to the high school's low participation rate of 42.2 percent in the NSLP. Participation in the SBP is substantially higher at the early childhood and elementary site due to the implementation of free breakfast during school year 2014–15. Free breakfast was implemented at the early childhood and elementary schools pursuant to TEC, Section 33.901, which mandates that schools participating in the SBP in which 80 percent or more of the students qualify for free and reduced-price meals must offer free breakfast to each student starting in school year 2014–15. According to the director of dining services, the district middle school will qualify for this program during school year 2015–16.

Part of the reason for low participation could be due to students' and parents' perceptions of the food taste and quality. During the on-site review, high and middle school

students said that the food is bland and that meals do not contain enough food. Students expressed a desire for more variety on the menu. Elementary students said that they did not like the vegetables, and many opt to bring their lunch from home because they do not like the food served in the cafeteria. Interviews with campus administrators indicated that students have concerns about food options and quality. Additionally, 76.9 percent of the respondents to a review team survey of Hempstead ISD parents disagreed or strongly disagreed with the statement "the cafeteria's food looks and tastes good." Similarly, 60.4 percent of respondents to the review team's campus staff survey disagreed or strongly disagreed with the same statement.

According to TDA's report to the Eightieth Legislature, 2007, the statewide participation rate in the SBP is 30.0 percent, and the statewide participation rate in the NSLP is 65.0 percent. Overall, although the 29.8 percent of Hempstead ISD's eligible students eating district breakfasts and the 64.5 percent of the eligible students eating district lunches are close to the state averages, the ADP at some individual campuses is low compared to the state average. Hempstead ISD has not made efforts to expand participation at campuses with low participation.

If Hempstead ISD does not ensure that the FSMC promotes maximum student participation in the child nutrition programs, a significant number of students would not receive the nutritional benefits made available through the SBP and NSLP. According to the national organization Food Research and Action Center, studies conclude that participation in school breakfast is associated with improved math grades, attendance, and punctuality. Students who eat breakfast show improved cognitive function, attention, and memory. Research shows that children who eat breakfast at school, closer to class and test-taking time, perform better on standardized tests than those who skip breakfast or eat breakfast at home. They found that school breakfast participation is associated with a lower body mass index (an indicator of excess body fat), lower probability of being overweight, and lower probability of obesity. Similarly, the NSLP has continued to grow as an integral part of the local education program. Educator comments, as identified by the USDA Food and Nutrition Service, further assert that children who do not eat properly are very hard to discipline. Conversely, students who receive a nutritious lunch have shown a marked improvement in attitude.

In addition, by failing to maximize participation at the campus level, the district forgoes potential revenues from reimbursement claims for eligible students who are not participating. Hempstead ISD does not receive the full amount of potential federal and state revenues to support the food service operation.

Best practices dictate that the district remove barriers to student participation in the SBP and NSLP so that students receive the nutritional benefits of the child nutrition programs. To increase meal participation, effective food service departments prepare nutritious food that is appetizing and well-liked by students. Elgin ISD developed menus that not only meet the nutritional needs of students but are served as a marketing tool for the department to attract customers. Elgin ISD daily provides students and teachers with a variety of menu selections that include fresh fruits and healthy choices. The food is well-prepared and served in a comfortable atmosphere.

Hamilton ISD received funds from additional sources by increasing student participation in the breakfast and lunch programs. A higher rate of participation among students who qualified for free or reduced-price lunch made the district eligible for additional state compensatory funds. A change of schedule for entering the cafeteria reduced the amount of time that students waited to be served and ultimately increased student participation. By improving customer service and

food selections and establishing a more appealing cafeteria atmosphere for students, Del Valle ISD increased student participation in its CNP. These efforts included updating menus with new selections and establishing a new food court. The district increased its federal reimbursements and ensured that students received adequate nutrition as accorded by the NSLP and SBP.

Hempstead ISD should ensure that the district's contracted FSMC develops strategies for increasing participation in the SBP and the NSLP. The director of operations should coordinate with the FSMC to identify methods for making the selection of each type of meal profitable to the district. Thus, increases in participation would not only financially benefit program operations, but would benefit the nutritional well-being of the students as well. Some strategies that might increase SBP participation include the following:

- Advertise the availability of the free breakfast program at the early childhood and elementary sites, and the middle school as it becomes eligible, throughout the school year: This strategy would be especially important in school year 2015–16 as the middle school qualifies for this program. Information could be shared on the district's website and via brochures and menus that are provided to students and parents;
- Provide breakfast in the classroom: Students could eat breakfast at their desks during the first few minutes of class, usually while the teacher attends to morning administration duties. Breakfast meals could be delivered to each classroom by food service staff or picked up by students on the way to class. It is important to note that while breakfast in the classroom increases participation, it could restrict food variety and increase food waste and labor required to prepare breakfast and deliver to the classroom;
- Provide grab-and-go breakfasts: Breakfasts could be individually packaged and distributed from the cafeteria line, carts, or kiosks at other locations on the campus. Students could eat outside the cafeteria, in class, or in common areas, such as bus drop-off points, before or between classes;
- Implement second-chance breakfast: Students could be allowed time after their first-period class for breakfast. Breakfast could be served from the cafeteria or carts in the hallway after first period, allowing students who arrive late or are not hungry first thing in the morning to receive a healthy breakfast; and

- Revise menus: Based on survey feedback from parents and staff, menus should be modified to incorporate favorite foods that the students enjoy to increase the number of students who participate. The FSMC could involve the students in menu planning activities to allow them to feel involved.

Strategies that might increase NSLP participation include the following:

- Monitor plate waste and make appropriate menu adjustments as required: When students have the opportunity to suggest changes in the lunch program, districts could appropriately adjust food quality to focus on taste and freshness, an increased variety of foods offered, and student and staff food preferences;
- Use marketing skills and knowledge of the FSMC to market programs: Students are a potential source of innovative ideas. Provide opportunities to interact with the students as customers, share information, learn from them, and promote their ownership in the program. Surveys, focus groups, and advisory councils could be effective methods of soliciting feedback from students and others;
- Ensure that all items on the menu are available to all students: If the same group of students, typically the last students served, continuously do not have the same selection as the students served earlier, students are more likely to either not eat or bring lunch from home;
- Involve students and the community in ways to decorate the cafeterias: Students could brainstorm and implement ways to provide an inviting environment in their respective cafeterias. In addition to providing a more appealing setting, students would experience a greater sense of school pride as a result of their contributions; and
- Increase efforts to certify eligible children: Because more than half of school lunch participants are receiving free or reduced-price meals, efforts to certify eligible children to receive these meals are the key to increasing participation. The district could follow up with nonresponsive households, advertise and promote the process for assisting parents to complete the application before school starting, and provide assistance for those households with limited English-speaking abilities.

If the district works with the FSMC to implement some of the strategies identified, it could achieve a districtwide participation increase. **Figure 10–17** shows the more than \$300 potential daily gains based on current versus projected revenue for breakfast and lunch at Hempstead High School when ADP for breakfast is increased to 50 percent and ADP for lunch is increased to 60 percent.

Figure 10–18 shows the potential \$177 daily gains based on actual versus projected revenue for breakfast and lunch at Hempstead Middle School when ADP for breakfast is increased to 50 percent.

Increased participation would result in increased costs, taking the form of FSMC administrative and management fees per meal. However, the projected revenue would exceed the costs associated with these fees. **Figure 10–19** shows actual versus projected FSMC fees for breakfast and lunch at Hempstead High School when ADP for breakfast is increased to 50 percent and ADP for lunch is increased to 60 percent, and current versus projected FSMC fees for breakfast at Hempstead Middle School when ADP for breakfast is increased to 50 percent.

As **Figure 10–17** shows, there is an opportunity to increase food services operation funding at the high school by \$301.50 daily if breakfast participation was increased to 50 percent of ADP and lunch participation was increased to 60 percent ADP. This increase results in a projected annual increase in revenue of \$52,762.50 (\$301.50 daily increase in revenue x 175 days in a school year) at the high school. **Figure 10–18** shows there is an opportunity to increase food service funding at the middle school by \$177.09 daily if breakfast participation was increased to 50 percent of ADP. This increase results in a projected annual increase in revenue of \$30,990.75 (\$177.09 daily increase in revenue x 175 days in a school year) at the middle school.

The fiscal impact assumes that the district would increase breakfast participation to 50 percent of ADP at the middle school, and increase lunch participation to 60 percent of ADP at both the middle and high schools. The increase in meal participation at both schools would result in a total projected annual revenue increase of \$83,753.25 (\$52,762.50 at the high school + \$30,990.75 at the middle school). This same increase in ADP at both campuses would result in a projected increase in FSMC fees of \$8,691 (\$49.66 daily x 175 days in the school year). The fiscal impact assumes an annual gain of \$75,062.25 (\$83,753.25 - \$8,691) to the Food Services Department.

FIGURE 10–17

HEMPSTEAD HIGH SCHOOL ACTUAL VERSUS PROJECTED REVENUE FOR BREAKFAST AND LUNCH WHEN AVERAGE DAILY PARTICIPATION (ADP) INCREASES TO 50 PERCENT FOR BREAKFAST AND 60 PERCENT FOR LUNCH, JANUARY 2015

BREAKFAST		ADP AT 12.0% OF ENROLLMENT			PROJECTED 50% ADP		
CATEGORY	APPROVED	ADP	REVENUE PER MEAL	TOTAL REVENUE	50% ADP	TOTAL REVENUE	INCREASED DAILY REVENUE
Free	246	41	\$1.93	\$79.13	123	\$237.39	\$158.26
Reduced Price	39	2	\$1.63	\$3.26	20	\$32.60	\$29.34
Full Price	108	4	\$0.28	\$1.12	54	\$15.12	\$14.00
Total	393	47		\$83.51	197	\$285.11	\$201.60

LUNCH		ADP AT 42.2% OF ENROLLMENT			PROJECTED 60% ADP		
CATEGORY	APPROVED	ADP	REVENUE PER MEAL	TOTAL REVENUE	60% ADP	TOTAL REVENUE	INCREASED DAILY REVENUE
Free	246	128	\$3.06	\$391.68	148	\$452.88	\$61.20
Reduced Price	39	14	\$2.66	\$37.24	23	\$61.18	\$23.94
Full Price	108	24	\$0.36	\$8.64	65	\$23.40	\$14.76
Total	393	166		\$437.74	236	\$537.46	\$99.90

Total Breakfast and Lunch Increased Revenue

\$301.50

Source: Hempstead ISD, January 2015.

FIGURE 10–18

HEMPSTEAD MIDDLE SCHOOL ACTUAL VERSUS PROJECTED REVENUE FOR BREAKFAST WHEN AVERAGE DAILY PARTICIPATION (ADP) INCREASES TO 50 PERCENT FOR BREAKFAST, JANUARY 2015

BREAKFAST		ADP AT 16.0% OF ENROLLMENT			PROJECTED 50% ADP		
CATEGORY	APPROVED	ADP	REVENUE PER MEAL	TOTAL REVENUE	50% ADP	TOTAL REVENUE	INCREASED DAILY REVENUE
Free	249	50	\$1.93	\$96.50	125	\$241.25	\$144.75
Reduced Price	35	4	\$1.63	\$6.52	18	\$29.34	\$22.82
Full Price	73	3	\$0.28	\$0.84	37	\$10.36	\$9.52
Total	357	57		\$103.86	180	\$280.95	\$177.09

SOURCE: Hempstead ISD, January 2015.

FIGURE 10–19

HEMPSTEAD HIGH SCHOOL AND HEMPSTEAD MIDDLE SCHOOL ACTUAL VERSUS PROJECTED FOOD SERVICE MANAGEMENT COMPANY (FSMC) FEES WITH INCREASED AVERAGE DAILY PARTICIPATION (ADP), JANUARY 2015

MEAL	ACTUAL			PROJECTED		
	PER MEAL FSMC FEE	ADP	FSMC FEE	ADP	FSMC FEE	INCREASE IN FSMC FEES
Breakfast (High and Middle Schools)	\$0.1448	104	\$15.06	377	\$54.59	\$39.53
Lunch (High School only)	\$0.1448	166	\$24.04	236	\$34.17	\$10.13
FSMC Fees			\$39.10		\$88.76	\$49.66
Increased Revenues						\$478.59
Profit or (Loss)						\$428.93

SOURCES: Hempstead ISD individual monthly claim record of meals served, January 2015; Hempstead ISD FSMC Contract, 2010–11, Amendment 4.

WELLNESS POLICY (REC. 61)

Hempstead ISD has not implemented the nutrition education component of the Board of Trustees-approved wellness policy, as required by federal law.

In 2004, the U.S. Congress passed the Child Nutrition and the Special Supplemental Nutrition Program for Women, Infants, and Children Reauthorization Act, which requires school districts that participate in the CNPs to have a written local wellness policy. Although many school districts include plans for implementation in their local wellness policies, they were not required to report on wellness policy compliance and implementation. The Healthy, Hunger-Free Kids Act of 2010 strengthens wellness policies by emphasizing ongoing implementation and assessment.

Hempstead ISD has a wellness policy, Board Policy FFA (LOCAL), regarding student welfare, wellness, and health services, that was developed by the School Health Advisory Council (SHAC) and approved by the board on March 23, 2011. A SHAC is a group of individuals appointed by the school district to provide advice regarding coordinated school health programming and its effect on student health and learning. TEC, Section 28.004, requires that the majority of SHAC members be parents of students enrolled in the district who are not employed by the district. The board may appoint other individuals such as teachers, administrators, district students, health care professionals, law enforcement and nonprofit health organizations. Goals identified in the district's wellness policy state that:

- students shall receive nutrition education that fosters the adoption and maintenance of healthy eating behaviors; and
- the food service staff, teachers, and other school personnel shall coordinate the promotion of nutrition messages in the cafeteria, classroom, and other appropriate settings.

According to Board Policy FFA (LOCAL), "the superintendent shall oversee the implementation of this policy and shall develop administrative procedures for periodically measuring the implementation of the wellness policy." Federal law requires districts to inform and update the public, including parents, students, and others in the community, about the content and implementation of the local wellness policies. Districts are required to periodically make available to the public an assessment of the local wellness policy, including:

- the extent to which schools and facilities are in compliance with the local wellness policy;
- the extent to which the district's local wellness policy compares to model local school wellness policies; and
- the progress made in attaining the goals of the local wellness policy.

Although the board has adopted a wellness policy, the district has not implemented the policy as required by federal law. During the on-site review, interviews with principals, administrators, and the director of dining services indicated that the district does not have any initiatives to promote nutrition education in the classroom or the cafeteria. The director of dining services stated that the FSMC has not been asked to perform any duties related to nutrition education. Further, the review team did not find any evidence that efforts had been made to conduct a periodic assessment or update the public regarding the implementation of the policy.

The San Elizario ISD Nutrition Services Department actively promotes nutrition education through recognized health programs and community initiatives. The Coordinated Approach to Child Health (CATCH) is a TEA-approved school health program that promotes physical activity, healthy food choices, and the prevention of tobacco use by elementary school children. The program builds an alliance of parents, teachers, child nutrition personnel, school staff, and community partners to teach children and their families how to be healthy for a lifetime. The four CATCH components are Go for Health Classroom Curriculum, CATCH Physical Education, Eat Smart School Nutrition Guide, and Family Home Team Activities. The CATCH components reinforce positive, healthy behaviors throughout a child's day and make it clear that good health and learning go together.

Many school districts across the country participate in the Healthier U.S. School Challenge, which is a voluntary certification initiative that recognizes those schools enrolled in Team Nutrition that have established healthier school environments through the promotion of nutrition and physical activity.

Hempstead ISD should implement the provisions of the Board of Trustees-approved wellness policy that address nutrition education, monitoring and periodic assessment, and public updates. The superintendent should identify a district employee to coordinate compliance and oversight of

the district's wellness policy. This employee should develop a process for implementing the requirements related to the policy. The following should be part of the process:

- periodically measure the extent to which campuses comply with the local wellness policy, including, but not limited to nutrition education, physical activity, and school-based activities;
- develop a plan for measuring the progress made in attaining the goals of the local wellness policy;
- implement the requirement for informing and updating the public about the content and implementation of the local wellness policy, which could include:
 - developing or disseminating printed or electronic materials to the households of the students and other members of the community at the beginning of the school year; and
 - posting the local wellness policy and an assessment of its implementation on the district's website; and
- document all activities and assessment of implementation of the wellness policy.

This recommendation could be implemented with existing resources.

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 10. FOOD SERVICE							
53. Develop a comprehensive plan to closely monitor the district's Food Services Department operations to ensure compliance with program regulations through periodic on-site monitoring reviews.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
54. Develop and implement a process for monitoring the financial performance of the district's Food Services Department.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
55. Develop a process to verify that the number of free, reduced-price, and full-price meals submitted for reimbursement correspond to the district's actual meal count numbers.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56. Monitor menu planning and meal service to ensure that meals served meet all USDA meal pattern requirements for the district.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
57. Develop a process to ensure that district food service employees are consistently using standardized recipes, recording accurate and complete information on the food production records, and keeping appropriate documentation to remain compliant with meal pattern requirements.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
58. Monitor the district's contracted food service management company to ensure Offer versus Serve is implemented effectively for breakfast and lunch at all grade levels.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
59. Develop a process for the extension of benefits to other district students in a household with a student identified as categorically eligible through direct certification.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60. Ensure that the district's food service management company develops strategies for increasing participation in the School Breakfast Program and the National School Lunch Program.	\$75,062	\$75,062	\$75,062	\$75,062	\$75,062	\$375,310	\$0
61. Implement the provisions of the Board of Trustees-approved wellness policy that address nutrition education, monitoring and periodic assessment, and public updates.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$75,062	\$75,062	\$75,062	\$75,062	\$75,062	\$375,310	\$0

CHAPTER 11. TRANSPORTATION

An independent school district's transportation function transports students to and from school and other school-related activities. This function is regulated by federal and Texas state laws related to funding, vehicle type, driver education, and safety issues. Districts implement these regulations, budget and allocate resources, and establish operational procedures for bell schedules, bus routes, and transportation fleet maintenance.

Managing transportation operations is dependent on the organizational structure of the district. Districts may either contract for or self-manage their transportation departments. Using a contracted management model, districts rely on the company to provide supervision of its transportation department. In this arrangement, a district may rely on the company to provide all or some staff, or may use district staff for its operations. Using the self-management model, a district operates its transportation department without assistance from an outside entity. Managing transportation operations requires planning; state reporting and funding; training and safety; and vehicle maintenance and procurement. Primary transportation expenditures include capital investments in vehicle fleets and annual costs of maintenance and operations. State transportation funding relies on a district's annual submission of certain transportation reports to the Texas Education Agency (TEA), which is determined by a formula that includes the number and type of students transported.

Hempstead Independent School District (ISD) provided regular and special services transportation for approximately 845 students across all grade levels in school year 2013–14. Students are transported to four schools at three campuses on 12 regular education routes and two special services routes. The school bell times are set to allow for routing the buses to serve all three campuses, which enables all ages to ride a single bus route. This scheduling is accomplished by setting the elementary bells at slightly different times from the secondary schools. Because of the rural geography within the district attendance area, routes are designed to serve a particular section of farm roads in the district area. For example, several buses serve the northern part of the district, while others serve the downtown area and the southern area of the district.

The Transportation Department is responsible for serving the routes to and from school each day, and for coordinating transportation for athletics and extracurricular trips. The Transportation Department maintains four buses exclusively for trips and requires coaches to drive their teams to the games. The coaches of athletics teams are trained by the transportation staff, and are required to maintain commercial driver licenses with the state of Texas.

The staff of the Transportation Department includes the director of transportation, one mechanic, one dispatcher, 14 bus drivers and two bus monitors. The director of transportation reports to the director of operations. The assistant to the director of operations sometimes assists with answering telephone questions regarding transportation functions. All transportation staff are stationed at the transportation maintenance facility. The facility is adjacent to the high school campus. The maintenance garage portion of the facility has three garage bays for working on the district's fleet of route buses, trip buses, and other district vehicles. Inventory storage and office space for administrative and mechanical staff is located behind the bays. The transportation staff perform most repairs, and all fueling, routing, and other administrative activities for the department are conducted at the maintenance facility.

According to the TEA School Transportation Route Services and Operations reports for school year 2013–14, the district operates 26 buses to transport 845 students with a total annual mileage of 135,903 for regular and special services combined. At the time of the review, Hempstead ISD was operating 23 buses. Of these 23 buses, 5 buses serve as spares, and 18 buses make up the district's active fleet. Of the 18 active buses, 12 are used to drive daily regular routes, two are used to drive daily special services routes, and four are used for trips. The total operating costs for the Transportation Department in school year 2013–14 were reported to be \$621,369. During the same year, Hempstead ISD received \$97,397, or 16 percent of total operating costs, in state funding for transportation.

The key measures of cost effectiveness for a student transportation operation include the annual cost per transported student, annual cost per bus, the daily cost per bus, and the number of buses per 100 students transported.

Figure 11–1 shows some of the key measures of cost effectiveness for Hempstead ISD.

FIGURE 11–1
HEMPSTEAD ISD KEY MEASURES OF TRANSPORTATION COST EFFECTIVENESS SCHOOL YEAR 2013–14

MEASURE	METRIC
Annual cost per transported student	\$735
Annual cost per bus	\$23,899
Daily cost per bus	\$133
Buses per 100 students transported	3.08

SOURCES: Legislative Budget Board School Review Team, January 2015; Texas Education Agency School Transportation Operations and School Transportation Route Services reports, 2013–14; Hempstead ISD, January 2015.

These measures for cost effectiveness allow for a comparison among Hempstead ISD, peer districts, and industry standards. Peer districts are Texas school districts similar to Hempstead ISD that are used for comparison purposes. The peer districts compared to Hempstead ISD are Mexia, Royal, and Yoakum ISDs. All three peer districts contain small towns and rural areas that pose distance challenges for route buses. **Figure 11–2** shows the key measures of the peer districts' transportation services compared to Hempstead ISD.

Cost per bus is a key indicator of the efficiency and effectiveness of a student transportation operation. In school year 2013–14, Hempstead ISD's daily cost per bus was \$133.

The daily cost per bus was calculated by dividing the total number of buses (26) into the total operating costs (\$621,369), then dividing by the number of school days (180). Hempstead ISD's daily cost per bus measured favorably against the peer district average daily cost per bus of \$141.

Another key operational metric used in the transportation industry is the number of buses required to transport 100 students. The metric is a composite measure that considers the use of available seating capacity and the reuse of buses through a multilayered bell schedule. Highly efficient operations require 1.0 to 1.3 buses per 100 students. Hempstead ISD uses 3.08 buses to transport 100 students. This metric is higher than the industry standard for efficient operations; however, it is lower than the peer district average of 4.14 buses per 100 students transported.

A comparison of the district's cost per transported student to those of the peer districts indicates that Hempstead ISD operates at a lower cost than the peer districts on a per-student basis. Hempstead has an annual cost of \$735 per transported student, which is 27 percent lower than the peer districts' average of \$1,000. Hempstead ISD's average annual cost per bus, \$23,899, is 6 percent less than the peer average of \$25,338. The discrepancy between the respective savings for cost per student and cost per bus is likely due to the fact that Hempstead operates a higher ratio of buses per transported student when compared to its peer districts. For example, Royal ISD operates 32 buses compared to Hempstead's 26, but transports more than double the amount of students.

FIGURE 11–2
HEMPSTEAD ISD AND PEER DISTRICTS COST PER BUS SCHOOL YEAR 2013–14

DISTRICT	TOTAL BUSES	TOTAL STUDENT RIDERS	COST PER STUDENT RIDER	ANNUAL COST PER BUS BASED ON TOTAL BUSES	BUSES PER 100 STUDENTS TRANSPORTED	AVERAGE STUDENTS PER BUS	DAILY COST PER BUS
Yoakum	27	392	\$1,660	\$24,099	6.89	14.5	\$134
Royal	32	1715	\$582	\$31,208	1.87	53.6	\$173
Mexia	27	739	\$757	\$20,707	3.65	27.4	\$115
Peer District Average	29	949	\$1,000	\$25,338	4.14	32.7	\$141
Hempstead	26	845	\$735	\$23,899	3.08	32.5	\$133
Hempstead Average Over (Under) Peer Districts	(3)	(104)	(\$265)	(\$1439)	(1.06)	0.2	(\$8)

NOTE: The cost per bus is based on total buses reported in use including spares and is not reflective of the actual cost per route bus.

SOURCES: Legislative Budget Board School Review Team, January, 2015; Texas Education Agency School Transportation Operations and School Transportation Route Services reports, 2013–14; Hempstead ISD, January 2015.

Transportation funding for regular program students is allotted using the preceding school year's linear density and cost per mile. The Texas Education Code (TEC), Section 42.155, defines regular program students as students who reside two or more miles from their school of regular attendance. Cost per mile is based on data submitted in the School Transportation Route Services Report and the School Transportation Operations Report. Linear density of bus routes is determined based on the number of regular riders carried per mile of regular bus routes during the school year. The amount of state funding that a district receives for transportation is based on the lower of the actual cost per mile based on expenditures and total mileage, or the maximum amount determined in one of the seven density groupings established by TEA. **Figure 11–3** shows the linear density groups and maximum allotment per mile used by TEA beginning in school year 2010–11.

FIGURE 11–3
TEXAS EDUCATION AGENCY TRANSPORTATION LINEAR DENSITY GROUPS
SCHOOL YEAR 2010–11

LINEAR DENSITY GROUP	MAXIMUM ALLOTMENT PER MILE
2.40 and above	\$1.43
1.65 to 2.399	\$1.25
1.15 to 1.649	\$1.11
0.90 to 1.149	\$0.97
0.65 to 0.899	\$0.88
0.40 to 0.649	\$0.79
Up to 0.399	\$0.68

SOURCE: Texas Education Agency, School Transportation Allotment Handbook, Effective School Year 2010–11.

In school year 2013–14, Hempstead ISD's cost per mile was \$4.57 for regular program students, and its linear density was 1.30. Given that per-mile costs were greater than the maximum allotment rate, the district was allotted \$1.11 per mile for regular program riders. Based on the calculated annual mileage of 87,745 for regular service and the liner density rate allotment of \$1.11, the district received an allotment of \$97,397 in school year 2013–14.

FINDINGS

- ◆ Hempstead ISD does not have a method to manage bus driver absences.
- ◆ Hempstead ISD lacks consistent processes to promote effective communication among transportation stakeholders.
- ◆ Hempstead ISD's fleet management, procurement, and replacement strategy does not ensure the district maintains an appropriately sized fleet for its transportation needs.
- ◆ Hempstead ISD's Transportation Department lacks written policies and procedures to ensure effective and efficient operations.
- ◆ Hempstead ISD does not maximize opportunities to inform and prepare students, parents, and staff for school bus emergency situations.
- ◆ Hempstead ISD lacks a centralized records management process to consistently document and track data related to maintenance and repairs, fleet management, accident reports, and student information.

RECOMMENDATIONS

- ◆ **Recommendation 62:** Establish two driver positions to serve as on-call substitutes, and cross-train support service staff to maintain an available pool of spare drivers.
- ◆ **Recommendation 63:** Develop and implement a communications plan for the district's Transportation Department that includes access to an updated radio system and protocols for dispatch procedures.
- ◆ **Recommendation 64:** Eliminate the district's reserved use of trip buses and revise the procurement and replacement strategy.
- ◆ **Recommendation 65:** Develop district policies and procedures for transportation staff, students, and other stakeholder departments.

- ◆ **Recommendation 66: Develop and implement written procedures for scheduling and performing districtwide bus emergency evacuation drills.**
- ◆ **Recommendation 67: Develop a consistent recordkeeping system for the district's Transportation Department that improves processes for planning routes and schedules, procurement, inventory, preventive maintenance, and staffing.**

DETAILED FINDINGS

DEPARTMENTAL STAFFING (REC. 62)

Hempstead ISD does not have a method to manage bus driver absences.

Hempstead ISD's Transportation Department employs a director of transportation, which is a full-time equivalent (FTE) position. In addition to a director, the department has one FTE mechanic and one FTE dispatcher. The dispatcher performs other administrative tasks for the Transportation Department in addition to dispatch duties. The district employs 14 bus drivers and two bus monitors, who are guaranteed a minimum of four hours of work per school day.

The Transportation Department has 14 routes. The routes typically are filled to capacity, with an average ridership of 69 students per active route bus. Ridership is calculated by dividing the total number of regular service students (826) by the total number of regular service routes (12). Hempstead ISD only employs 14 bus drivers to cover the 14 routes, which results in a staffing shortage if drivers are absent. Interviews with district staff indicated that recruiting and retaining bus drivers is difficult due to the availability of higher-wage positions in larger districts nearby.

Hempstead ISD advertises during the summer to recruit new drivers. Before the onsite review, the district increased wages for transportation staff. The starting bus driver hourly wage was raised from \$12.25 per hour to \$14.35 per hour. In addition, drivers were guaranteed a minimum of four hours of work per day. However, despite increased wages, interviews with district staff indicated that the department continues to have difficulty hiring and retaining drivers, resulting in high driver turnover.

As a result of the staffing shortage, the Transportation Department handles absences in ways that compromise customer service and department productivity. When a driver is absent, the Transportation Department often places

the students from the absent driver's bus onto another bus. This reassignment requires the driver of the bus receiving the additional students to combine routes. This practice, known as doubling, creates confusion, overcrowding, and can cause students to be late. Another way the department handles bus driver absences is to assign a Transportation Department staff member to cover the absent driver's route. When this assignment occurs, productivity is lost because the employees are removed from their regularly assigned duties. For example, when the dispatcher is required to drive a bus route to cover a bus driver absence, no employee is available to perform dispatching responsibilities, which include fielding phone calls from the public, communicating with the fleet operators, relaying emergency information from various outside sources, and coordinating extracurricular trips. Additionally, assigning Transportation Department staff to drive bus routes causes those staff to incur overtime, because their workday is extended to drive an early morning or late afternoon route. The director of transportation and the mechanic drive a bus route on a near-daily basis, and interviews with district staff suggested that the Transportation Department staff frequently work overtime.

Common strategies in the transportation industry to ensure that a pool of spare drivers is available include the use of on-call substitutes, permanent substitutes, and cross-training. While the maintenance of a ready pool of on-call substitutes is an effective strategy for managing driver absences, this method requires ongoing effort to maintain up-to-date contact information on trained drivers to ensure that at least some qualified drivers are available. Permanent substitutes would be required to report on a daily basis and would be paid regardless of whether there is an absence requiring a substitute driver. However, the use of permanent substitutes ensures that district staff are readily available for substitution without conflicting with other employment responsibilities outside of the district.

Cross-training is a strategy that smaller school districts often use to help manage driver absences. With this strategy, support service staff (i.e., school custodians, maintenance workers, and food service staff) are required to obtain and maintain a commercial driver license with a school bus and passenger endorsement. Cross-training could make the driver and substitute driver positions more appealing by providing a consistent schedule and additional hours. While this strategy could be effective, it must be structured so that it does not interfere with the responsibilities of the employee's primary position.

Hempstead ISD should establish two bus driver positions to serve as on-call substitutes, and cross-train support service staff to maintain an available pool of spare drivers. To implement this recommendation, the Human Resources Department should coordinate with the Operations Department to conduct an internal study. The study should investigate whether interest exists among employees throughout the district in becoming a substitute driver as part of their current duties. Compensation or other incentives could be determined by the Human Resources and Operations departments. Analysis of job descriptions, overtime, downtime, and seasonal work assignments could be a part of the study to determine if any departments are overstaffed. Interviews and observations could be the main sources of information for this study. This study could help establish whether two spare driver positions should be filled with new employees, or if job responsibilities could be shared among district employees. Additionally, it could help identify areas where other operations employees might need assistance, or are able to assist the Transportation Department. This cooperation could help establish additional job responsibilities for spare drivers when they are not actively driving a route.

In addition, Hempstead ISD should provide cross-training to support service employees (i.e., school custodians, maintenance workers, and food service staff), and require identified staff to obtain and maintain a commercial driver license with a school bus and passenger endorsement. As a result, the Transportation Department would have trained and readily available district staff that could be reassigned immediately in the event of a driver shortage to ensure that students are able to be transported in a timely and safe manner.

The fiscal impact assumes that the district establishes two bus driver positions to serve as on-call substitute drivers in the event of driver absences. These employees would only be paid to perform substitute driving duties in the event of a driver absence; therefore, the district would not incur additional costs. This recommendation could be implemented with existing resources.

COMMUNICATIONS (REC. 63)

Hempstead ISD lacks consistent processes to promote effective communication among transportation stakeholders.

The district employs one dispatcher, whose responsibilities include administrative work, routing, driving, and managing phones, in addition to the typical dispatching responsibilities.

Dispatching responsibilities include fielding phone calls from the public, communicating with the fleet operators, relaying emergency information from various outside sources, assigning responsibilities due to absences or schedule changes, and coordinating extracurricular trips. The diversity of responsibilities is appropriate for a district of this size. However, driving activities performed by the dispatcher inhibit the dispatching operation. Dispatching is compromised due to the driver shortage.

All communications among transportation staff are conducted by cell phone, which further complicates the dispatch operation. The cell phones are equipped with push-to-talk technology that allows them to operate like two-way radios; however, staff is unable to communicate with multiple users or groups simultaneously.

The public has limited means for contacting the Transportation Department. The student handbook states that the public should contact their school if their child is not riding the bus. Parents must call the front offices at the campuses to find out information related to transportation, and the dispatcher, the assistant to the director of operations, and school personnel all field public transportation inquiries. However, the student handbook does not list a phone number for the Transportation Department. According to interviews with district staff, the land line for the Transportation Department is frequently not functioning. School personnel at the campuses or the central administration building who receive transportation-related inquiries from the public do not have a means to directly call the Transportation Department. Instead, staff must try to reach transportation staff via cell phone. This practice is problematic because Transportation Department staff are often called away from their duties to drive a bus route and are not always available to answer their cell phones.

The lack of consistent processes for communication in the Transportation Department results in ineffective and sporadic communication internally among district staff, and externally between the district and the public. The absence of a dedicated, full-time dispatcher who is responsible for all phone calls and other communication results in a complicated system of contact information. When the dispatcher is driving, the organizational structure is compromised and adds confusion to the communications process. Such confusion could be particularly dangerous in the event of emergency situations. Parents are directed to contact the schools, but interviews with district staff suggested that, at times, the schools cannot assist with the requested

information. This breakdown of communication is likely due to the fact that most transportation activity, including staffing changes, route adjustments, or programmatic schedule changes, are decisions made by the Transportation Department. However communication among the Transportation Department and other departments and campuses is not always consistent or effective.

The absence of a radio system that provides continually monitored communications creates a safety issue for the drivers and passengers. In addition, the Transportation Department's practice of communicating through cell phones is dangerous and is not fully complying with the Texas Transportation Code, Section 545.425, which states, "An operator may not use a wireless communication device while operating a passenger bus with a minor passenger on the bus unless the passenger bus is stopped."

Hempstead ISD should develop and implement a communications plan for the district's Transportation Department that includes access to an updated radio system and protocols for dispatch procedures. The district should investigate the steps and costs necessary to install a two-way radio system with global positioning system (GPS) components included. The district should require that one dispatcher is responsible for this radio and GPS network during peak times. The district should provide a single number that the public phones for transportation inquiries during these peak times. It is possible to have this number routed to several different employees, depending on who is responsible for answering the phone at any given time.

The district should document the communications plan in writing. The transportation and operations managers are the key personnel that should be responsible for developing this plan, because they are most aware of the district's needs. Information to be included in this plan includes staffing and procedures for various scenarios. This plan should include the following topics:

- scheduling for dispatch operations to ensure constant responsibility for radio monitoring;
- relevant phone numbers to school sites, administrators, emergency contacts, and coaches who drive buses;
- relevant phone numbers for parents to call about particular issues; and
- protocol for radio communications.

After the needs are assessed and documented in the plan, a request for proposals (RFP) should be developed and released. Proper channels for research on how to craft the RFP would be to contact departments where a radio system is already in place. Locally, these contacts would include emergency management agencies, departments of transportation, or local trucking operations. The district should then procure services and equipment related to the communications update, and follow training procedures provided by the bidder. Effective immediately, the designated dispatch personnel should be removed from driving responsibilities.

The fiscal impact assumes that the district implements a radio system and purchases individual radios for each driver. The district would need to procure 19 individual units, which cost an estimated \$225 per unit. This quantity is based on the 14 route drivers, mechanic, supervisor, and one operations staff position at the administration office. A 10 percent spare ratio is applied, resulting in the total number of units to 19. The recommendation results in a one-time cost of \$4,275 (\$225 per unit x 19 units).

ASSET MANAGEMENT (REC. 64)

Hempstead ISD's fleet management, procurement, and replacement strategy does not ensure the district maintains an appropriately sized fleet for its transportation needs.

The district has a fleet of 23 buses that are used to service 14 daily routes. Nine buses are idle at any given time throughout the day. The procurement method in recent years has been to purchase five buses every five years, and pay for them over that same five-year duration. This process allows the district to acquire five buses at once.

Figure 11–4 shows the breakdown of the fleet into four categories.

As shown in **Figure 11–4**, there is a large disparity among individual buses in terms of total mileage. This disparity is due to the manner in which the bus routes are structured. Hempstead ISD contains rural geography within the district attendance area, and routes are designed to serve a particular section of farm roads in the attendance area. For example, several buses serve the northern part of the district, while others serve the downtown area and the southern area of the district. The highest annual average of miles traveled by an active route bus is 15,470 miles, and the bus on the shortest route only travels 4,690 annually. Interviews with district staff suggest that mileage is taken into consideration when

FIGURE 11–4
HEMPSTEAD ISD FLEET
SCHOOL YEAR 2014–15

BUS TYPE	QUANTITY	AVERAGE AGE	AVERAGE MILEAGE
Regular Route	12	10.2 years	105,075 miles
Special Services Route	2	9.0 years	105,189 miles
Trip	4	2.0 years	16,033 miles
Spare	5	18.4 years	174,494 miles
Total Fleet	23	10.4 years	117,989 miles

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD Fleet Summary Sheet, 2014–15.

route paths are assigned to buses. This consideration balances the mileage over a bus's lifespan. For example, a bus could perform a shorter route one year, then be reassigned to a route with higher mileage the following year.

Hempstead ISD reserves the four newest buses for trips. This practice is followed because the newest buses are the least prone to any mechanical failure, and trips occur after hours when staffing is not available to assist in the event of a breakdown. Trips require buses to travel longer distances than a typical route, due to the athletic travel demands of the rural area. Because the trip buses are used exclusively for athletics trips, they have a much lower usage than the daily route buses over the course of a school year.

The procurement method adds five new buses to the fleet at the same time. The new buses are mostly idle in the first few years due to their assignment to athletics trips. The result is a fleet that is older and larger on average than recommended. Additionally, the wide disparity of route distances has resulted in high average bus life-to-date mileage that is skewed upward by assets that far exceed the recommended total mileage for a bus.

The *School Bus Fleet* publication releases fleet information regularly. The publication's most recent survey, conducted in March 2013, reported an average fleet age of 9.3 years for participants, while Hempstead ISD operates a 10.4-year-old fleet on average. Additionally, the publication reported an average mileage of 65,000, which is almost half of Hempstead ISD's average mileage of 117,989.

It is common in the school bus industry to target a spare bus ratio of approximately 10 percent to 12 percent. This standard is calculated using the following equation:

$$\text{Total Bus Fleet} - \text{Active Route Buses} = \text{Spare Total}$$

$$\text{Spare Total} / \text{Active Route Buses} = \text{Spare Ratio}$$

Following the above formula, Hempstead ISD operates a spare ratio of 64 percent. The Hempstead ISD spare ratio is markedly higher than the industry standard. However, using percentages to gauge small fleets is not always the most effective measurement.

Hempstead ISD should eliminate the district's reserved use of trip buses and revise the procurement and replacement strategy. The district should incorporate trip buses into regular route service. Procurement of new buses should occur after five years past the most recent bus purchase. In addition, the district should reduce the procurement schedule to one bus per year instead of five.

The district should gather information required to make decisions regarding the fleet. This data includes information regarding route mileage, route timing, athletics schedules, extracurricular trip schedules, and maintenance information as it pertains to the health of the fleet. Data should be maintained and analyzed by the director of transportation. This data should be analyzed in a way that reveals true demands of the system, and decisions about the fleet and procurement of additional fleet should be made annually. This analysis should enable the district to develop a revised count of true spare buses, and conduct the removal of true trip buses.

Following this analysis, the district could make a decision to remove assets from the total fleet. Older buses, high-mileage buses, and buses that consistently have mechanical problems should be removed first. Although the industry standard is a spare ratio of 10 percent to 12 percent, Hempstead ISD could retain a slightly higher ratio due to the small overall size of the fleet. For 14 route buses, the recommended spare quantity would be four or five buses. Based on the average age of the fleet, the district should begin purchasing one new bus per year in school year 2019–20. Adding one bus per year spreads the model years out so that no single group of buses expires all at once. Additionally, approaching procurement on an annual basis enables the district to adapt to varying needs.

The fiscal impact assumes that the district sells four buses and reduces the fleet size to 19 buses. This reduction would enable the district to have 14 route buses and five spares, which results in a 36 percent spare ratio. Based on their current mileage and age information, the oldest buses have

exceeded their useful lifespan and could be sold for \$500 per bus. The sale of the buses would result in a one-time gain of \$2,000 from scrap sales (4 buses x \$500 = \$2,000).

No fiscal impact is assumed for the recommendation to adjust the procurement schedule from purchasing five buses every five years to purchasing one bus every year. This recommendation would not incur costs because, although the procurement schedule would change, the payment schedule would remain the same as the district's practice has been to purchase five buses at once and pay for them in installments during that five-year period. The purchase of one bus per year would have the same fiscal impact on the budget as the purchase of five buses financed during a five-year period.

EMPLOYEE AND STUDENT MANUALS (REC. 65)

Hempstead ISD's Transportation Department lacks written policies and procedures to ensure effective and efficient operations.

The Transportation Department has developed neither an employee manual nor any written procedures to guide transportation staff in the performance of their duties. The only written policies and procedures available to transportation staff are the guidelines in the Texas Commercial Motor Vehicle Drivers Handbook, published by the Texas Department of Public Safety (DPS). This publication, and several memorandums that originate in various stakeholder departments at Hempstead ISD, form the rules and procedures that transportation staff follow. The handbook includes topics such as bus operation, emergencies, and student behavior in a summary format, but it does not contain details specific to Hempstead ISD. The information from the Texas Commercial Motor Vehicle Drivers Handbook, combined with the knowledge shared by the personnel responsible for training, forms the training program that new drivers receive. **Figure 11–5** shows a comparison of the topics covered in a model employee handbook to the topics covered in Hempstead ISD's written documentation.

Hempstead ISD provides little information to students and parents regarding transportation operations. The student handbooks for all schools only contain information that pertains to behavior and the district's authority regarding suspensions from the bus. Additionally, the website that Hempstead ISD maintains for the Transportation Department is blank. According to interviews with district

staff, parents primarily find out information about district transportation by calling the front offices at the campuses.

Although the leadership in the Transportation Department has a great deal of experience and institutional knowledge, no controls are in place to ensure that the department retains this knowledge and continues to operate efficiently and effectively in the event of attrition or turnover among senior staff. Additionally, the lack of written policies and procedures for the Transportation Department could result in confusion among transportation stakeholders. Stakeholders include school bus drivers, aides, district office staff, school administration and staff, students, parents, and community members. Without transportation policies and procedures, stakeholders do not have guidance that defines roles and responsibilities, defines service-level expectations, and ensures the safety of students. Due to the lack of written policies and procedures, transportation operations are at risk of failing to meet industry standards for service and safety.

Many school districts maintain a procedure or policy document that is specific to the needs of the district's transportation department. The School District of Palm Beach County, Florida, maintains such a document. This document provides staff with detailed policies and procedures that address transportation operations beyond local and state mandates.

Additionally, student handbooks typically include pertinent information regarding transportation. Student handbooks should be included on each campus's website and the district's transportation website. Dallas ISD maintains a website exclusively for the Transportation Department so that students, staff, and the public are able to view relevant information at any time. Information available on the Dallas ISD website includes school bus route information, eligibility requirements for students, safety information regarding the bus ride and activity at the stop, enrollment procedures, instructions for how to obtain an assigned bus route and stop, standards for behavior on the bus, evacuation procedures, and accident reporting. The Dallas ISD transportation website is located at www.dallasisd.org.

The Virginia Beach, Virginia, public school system website links to a school bus safety section about tips for students on buses, at bus stops, and while walking to school. The page includes a diagram illustrating the danger zone around a school bus that indicates the areas where students need to be the most careful when the bus arrives and departs. The inclusion of this information on the district's website delivers

FIGURE 11–5
HEMPSTEAD ISD TRANSPORTATION DOCUMENTATION ANALYSIS
SCHOOL YEAR 2014–15

TOPIC	SUBTOPIC	HEMPSTEAD ISD	COMMENTS
Operations	Qualifications and Selection Process	Not Documented	
	Duties and Responsibilities	Partially Documented	Included in district's employee handbook, but not transportation-specific.
	School Bus Schedules	Adequately Documented	The district maintains turn-by-turn directions and timing for routes.
	Driving Performance	Adequately Documented	Training is administered, and annual performance is measured
	Defensive Driving Procedures	Partially Documented	Included in the <i>Texas Commercial Vehicle Drivers Handbook</i>
	Railroad Crossings	Partially Documented	Included in the <i>Texas Commercial Vehicle Drivers Handbook</i>
Students	Emergency Warning and Evacuation Procedures	Not Documented	
	Student Management Procedures	Partially Documented	Included in the <i>Texas Commercial Vehicle Drivers Handbook</i>
	Responsibilities of Parents	Not Documented	
	Responsibilities of Schools Regarding Transportation	Partially Documented	Included in school handbooks
Best Practices	Procedures for Safe Unloading and Loading of Students	Partially Documented	Schools determine loading and unloading procedures for their sites; however, these procedures are not documented for stops
	Transportation Accident Reporting	Partially Documented	Accident report forms are available
	Employee Working Conditions	Not Documented	
Job Overview	Routes, Field Trips, Activity Assignments	Partially Documented	Extracurricular trip assignment rotation is established.
	Bus Drivers	Partially Documented	Provided by Human Resources Department
	Bus Attendants	Partially Documented	Provided by Human Resources Department
Special Needs Students	Behavior Management	Not Documented	
	Equipment Operation	Not Documented	
	Child Safety Restraint Systems	Not Documented	

SOURCES: Legislative Budget Board School Review Team, January 2015; Hempstead ISD, January 2015; Texas Department of Public Safety, *Texas Commercial Vehicle Drivers Handbook*, 2014.

safety information to parents and students in an easily accessible manner. The information is located at www.vbschools.com.

Hempstead ISD should develop district policies and procedures for transportation staff, students, and other stakeholder departments. This documentation should take shape in two formats. First, the director of transportation should develop an employee manual for the Transportation Department that includes policies and procedures for the

operation of the department and addresses the topics shown in **Figure 11–5**. This document should be written with an employee of the Transportation Department as the intended user, but it could be included as a portion of the districtwide employee manual or a district administrative procedures manual. Hempstead ISD should expand the student handbook to include information regarding bus routes, eligibility requirements for students, safety information, enrollment procedures, instructions for how to obtain an

assigned bus route and stop, standards for behavior on the bus, and evacuation procedures. The intended users for the student handbook are all district stakeholders and the public. Both the transportation employee manual and the student handbook are public information and should be posted to the website, along with all other public information related to the Transportation Department.

This recommendation could be implemented with existing resources.

EVACUATION DRILLS (REC. 66)

Hempstead ISD does not maximize opportunities to inform and prepare students, parents, and staff for school bus emergency situations.

Interviews with district staff indicate that although school bus emergency drills have been performed in the past, drills are not conducted on a regular basis. The Transportation Department does not have a schedule for bus drills, and it does not have records on file to show completion of past drills. Hempstead ISD provides transportation to students for athletic events and extracurricular trips on district-owned buses. Students on these trips might not normally ride a school bus to and from school, and thus, might not have received safety information provided to regular bus riders. Likewise, the district might not have provided training to non-transportation staff who chaperone trips on the trip buses.

The lack of regular emergency evacuation drills leaves students and staff unprepared for emergency situations. In the event of an accident or a fire, stakeholders lack knowledge regarding the following emergency procedures:

- knowing when to evacuate;
- knowing what exit point to utilize, whether it be front, window, roof, or rear exit;
- understanding of how to operate the exit points;
- knowing what to do in the event of driver incapacitation; and
- knowing to move more than 100 feet away from the bus.

Texas law provides guidance regarding the conducting of emergency evacuation drills. Although the law does not require mandatory school bus emergency evacuation drills, for districts that opt to conduct them, the Texas Education

Code, Section 34.0021, School Bus Emergency Evacuation Training, states:

- school districts may conduct a training session for students and teachers concerning procedures for evacuating a school bus during an emergency;
- a school district that chooses to conduct a training session is encouraged to conduct the school bus emergency evacuation training session in the fall of the school year; the school district is encouraged to structure the training session so that the session applies to school bus passengers, a portion of the session occurs on a school bus, and the session lasts for at least one hour;
- the school bus emergency evacuation training must be based on the recommendations of the most recent edition of the National School Transportation Specifications and Procedures, as adopted by the National Congress on School Transportation, or a similar school transportation safety manual;
- immediately before each field trip involving transportation by school bus, a school district is encouraged to review school bus emergency evacuation procedures with the school bus passengers, including a demonstration of the school bus emergency exits and the safe manner to exit; and
- school districts must present certification that the training was completed to DPS within 30 days of completion.

DPS provides form SBT-7 on its website, located at www.txdps.state.tx.us. Districts must complete and submit the SBT-7 form to the agency within 30 days upon completion of evacuation drills.

Brandywine School District is Wilmington, Delaware, provides an example of a plan to provide school bus emergency evacuation training and drills. The district provides employees with a bus drivers and attendants handbook, which describes who is involved in emergency evacuations and the responsibilities of each person. The plan includes a description of emergency equipment and its location on the bus. The plan indicates that an explanation of evacuation procedures is provided for riders before each athletic and extracurricular bus trip.

The effectiveness of emergency evacuation drills was illustrated in a 2014 school bus fire in Polk County, Florida.

The Polk County school board requires two emergency evacuation drills a year. As a result of emergency evacuation training, a bus driver was able to quickly respond to odors of gas and smoke, and the driver safely evacuated all the students.

Hempstead ISD should develop and implement written procedures for scheduling and performing districtwide bus emergency evacuation drills. The procedures should be developed by the director of transportation and approved by the superintendent and the Board of Trustees. The director of transportation should coordinate with school administrators to facilitate the drills at each campus. The written procedures should outline steps that include the following instructions:

- schedule the drills in the fall of the school year, and structure the session so that it applies specifically to bus passengers;
- share and coordinate information with school administrators from each school site;
- conduct a portion of the session on a school bus;
- structure the drill to last at least one hour;
- perform actual evacuations via front and rear doors with students on school grounds, with observation by school staff; and
- demonstrate the operation of emergency window exits, emergency roof hatch exit, and front service and rear emergency doors.

This recommendation could be implemented with existing resources.

DATA MANAGEMENT (REC. 67)

Hempstead ISD lacks a centralized records management process to consistently document and track data related to maintenance and repairs, fleet management, accident reports, and student information.

Most of the information systems involved in the district's transportation operation are outdated. Many of the recordkeeping processes are conducted using paper records and are archived in an unorganized space at the transportation maintenance facility. These records include work orders, fuel purchases, fueling records and quantities, and route manifest information such as stops, students, and areas served. Other information is scattered throughout a number of piecemeal systems. This information includes the following:

- description of bus routes, bus route assignment, and bus stops;
- directions for drivers, listing of the locations of stops, and estimated time at each stop;
- manifest of assigned students, number of students assigned, records of students, and description for bus driver, students, and parents;
- fleet information for the route, such as bus capacity and bus identification;
- special programs that require transportation;
- special services information related to individualized education plan;
- location in both address format and geographic coordinates; and
- information pertaining to maintenance activities, preventive maintenance logs, fueling records for all district vehicles, and work orders.

The Transportation Department has not documented its processes, and the processes rely on the quantity of experience and institutional knowledge shared by Transportation Department staff. Interviews with district stakeholders indicate that sharing of information is minimal, and that the district lacks data management, which inhibits the department from providing better service to the public.

A result of inconsistent recordkeeping is inefficient operations and confusion for transportation stakeholders. For example, a school campus could have one list of routes that it uses for tracking the dismissal process. This information might be out of date, or might change daily depending on decisions made by the Transportation Department. Failure to maintain information in a digital format accessible to all district departments could result in inconsistencies. The lack of shared digital information inhibits transportation planning efforts. Data management crucial to transportation planning includes tracking vehicle repair costs, mileage, and working hours; however, the data as it exists cannot be easily reformatted into reports for decision makers with regard to procurement planning, parts inventory, or routing and scheduling.

Many school districts use information systems to manage routing and scheduling. Wimberley ISD worked with its local county planning and geographic information system department to help plan bus routes. Establishing the street

maps with resident address locations lays the foundation for streamlined routing data.

After routing and scheduling are entered into a software program, most software providers include fleet management, preventive maintenance scheduling, and staff management modules. The Idaho School Transportation Best Practices cites the ability of a district to provide technological and computer support for transportation functions as one of its best practices. The types of databases cited in the documentation include vehicle maintenance histories, fuel disbursements, parts inventories, routing, scheduling, and mapping.

Hempstead ISD should develop a consistent recordkeeping system for the district's Transportation Department that improves processes for planning routes and schedules, procurement, inventory, preventive maintenance, and staffing. The director of transportation should first determine the types of data that need to be collected to meet the planning needs of the Transportation Department, and the data needed to fulfill TEA reporting requirements.

Next, the director of transportation should coordinate with the director of operations to determine the type of information system in which transportation data should be maintained. The use of common productivity software, such as Microsoft Excel, is preferable to the current practice of manual calculation and recording. Using software for the data entry and calculations helps to ensure the accuracy of reports and aids in the identification of discrepancies.

After an information system is selected, the director of transportation should ensure that transportation staff is trained on how to enter data accurately and consistently. Database tools should be designed to reduce the manual calculation of data, and an internal review should be performed for reports before submission to TEA.

If the district decides to purchase school bus data management software, the first step is to request proposals from companies specializing in this type of software. Many industry leaders provide competitive pricing and services based on the district's needs and scope of services. The director of transportation and the director of operations should establish and present the software needs to the superintendent and board before the RFP is released. Hempstead ISD should consider beginning with the routing and scheduling component of the software first, because it requires key data such as fleet, students, stops, routes, and mapping information to be established. After establishing this

component's needs, the district could expand into fleet management and repair maintenance, with the guidance of the software provider.

This recommendation does not assume a fiscal impact because the district must determine its software needs before costs can be estimated. If Hempstead ISD chooses to use common productivity software such as Microsoft Excel, the recommendation could be implemented with existing resources. If the district chooses to purchase school bus management software, the cost would depend upon the software purchased, training requested, and ongoing maintenance contracts. Most software companies are competitively priced to match the size of the fleet. With this in mind, Hempstead ISD would qualify for the lower end of pricing; however, certain costs are constant. The average price for installation and training for the software is \$175 per hour. For two days of training, and one day of installation, the cost is estimated to be \$4,200 ((2 workdays of training + 1 workday of installation = 24 total hours) x \$175 per hour = \$4,200).

An average cost for school bus data management software is \$30,000 for a 50-vehicle fleet. Using the 23-bus fleet that Hempstead ISD maintains, that cost could be \$15,000 for the software.

The cost of ongoing maintenance and support varies according to district need. If the district were to pay for one-half workday of training each month that the school is in session, the cost would be \$6,300 annually (4 hours of support per month x 9-month school year x \$175 per hour = \$6,300).

FISCAL IMPACT

Some of the recommendations provided in this report are based on state or federal laws, rules, or regulations, and should be promptly addressed. Other recommendations are based on comparisons to state or industry standards, or accepted best practices, and should be reviewed to determine the level of priority, appropriate timeline, and method of implementation.

RECOMMENDATION	2015–16	2016–17	2017–18	2018–19	2019–20	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
CHAPTER 11. TRANSPORTATION							
62. Establish two bus driver positions to serve as on-call substitutes, and cross-train support service staff to maintain an available pool of spare drivers.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
63. Develop and implement a communications plan for the district's Transportation Department that includes access to an updated radio system and protocols for dispatch procedures.	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,275)
64. Eliminate the district's reserved use of trip buses and revise the procurement and replacement strategy.	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000
65. Develop district policies and procedures for transportation staff, students, and other stakeholder departments.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
66. Develop and implement written procedures for scheduling and performing districtwide bus emergency evacuation drills.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
67. Develop a consistent recordkeeping system for the district's Transportation Department that improves processes for planning routes and schedules, procurement, inventory, preventive maintenance, and staffing.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,275)

