

TRANSMITTAL LETTER

June 24, 2003

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Thomas R. Craddick, Speaker of the House
Commissioner Felipe T. Alanis, Ph.D.

Fellow Texans:

I am pleased to present my performance review of the Marlin Independent School District (MISD).

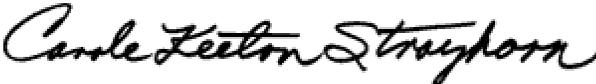
This review is intended to help MISD hold the line on costs, streamline operations, and improve services to ensure that more of every education dollar goes directly into the classroom with the teachers and children, where it belongs. To aid in this task, I contracted with Government Resource Associates, LLC.

I have made a number of recommendations to improve MISD's efficiency. I also have highlighted a number of "best practices" in district operations-model programs and services provided by the district's administrators, teachers, and staff. This report outlines 50 detailed recommendations that could save MISD more than \$3.8 million over the next five years, while reinvesting nearly \$2 million to improve educational services and other operations. Net savings are estimated to reach more than \$1.8 million that the district can redirect to the classroom.

I am grateful for the cooperation of MISD's board, staff, parents, and community members. I commend them for their dedication to improving the educational opportunities for our most precious resource in MISD? the children.

I am also pleased to announce that the report is available on my *Window on State Government* Web site at <http://www.window.state.tx.us/tspr/marlin/>.

Sincerely,



Carole Keeton Strayhorn
Texas Comptroller

c: Senate Committee on Education
House Committee on Public Education
The Honorable Kip Averitt, CPA, State Senator, District 22
The Honorable James R. Dunnam, State Representative, District 57

EXECUTIVE SUMMARY

Executive Summary Overview

Summary of Costs and Savings by Recommendation (Exhibit 4)

In September 2002, Comptroller Carole Keeton Strayhorn announced her intent to conduct a review of the Marlin Independent School District (MISD) as part of a countywide review of school districts in Falls County including the Marlin, Rosebud-Lott, Chilton and Westphalia ISDs.

Work began on the MISD review in October 2002. Based upon eight months of work, this report identifies MISD's exemplary programs and suggests concrete ways to improve district management and operations. If fully implemented, the Comptroller's 50 recommendations could result in net savings of more than \$1.8 million over the next five years.

Improving the Texas School Performance Review

Soon after taking office in January 1999, Texas Comptroller Carole Keeton Strayhorn consulted school district officials, parents and teachers from across Texas and carefully examined past reviews and progress reports to make the TSPR more valuable to the state's school districts. With the perspective of a former teacher and school board president, the Comptroller has vowed to use TSPR to increase local school districts' accountability to the communities they serve.

Recognizing that only 51 cents of every education dollar is spent on instruction, Comptroller Strayhorn's goal is to drive more of every education dollar directly into the classroom. Comptroller Strayhorn also has ordered TSPR staff to share best practices and exemplary programs quickly and systematically with all the state's school districts and with anyone else who requests such information. Comptroller Strayhorn has directed TSPR to serve as a clearinghouse of the best ideas in Texas public education.

Under Comptroller Strayhorn's approach, consultants and the TSPR team will work with districts to:

- ensure students and teachers receive the support and resources necessary to succeed;
- identify innovative ways to address the district's core management challenges;
- ensure administrative duties are performed efficiently, without duplication, and in a way that fosters education;
- develop strategies to ensure the district's processes and programs are continuously assessed and improved;

- challenge any process, procedure, program or policy that impedes instruction and recommend ways to reduce or eliminate obstacles; and
- put goods and services to the "Yellow Pages Test": government should do no job if a business in the Yellow Pages can do that job better and at a lower cost.

Finally, Comptroller Strayhorn has opened her door to Texans who share her optimism about the potential for public education. Suggestions to improve Texas schools or the school reviews are welcome at any time. The Comptroller believes public schools deserve all the attention and assistance they can get.

For more information, contact TSPR by calling toll-free 1-800-531-5441, extension 5-3676, or see the Comptroller's Web site at www.window.state.tx.us.

TSPR in MISD

TSPR began its performance review of MISD on October 28, 2002. The Comptroller selected MISD because the district has had a negative fund balance in two of the last three years and because the Texas Education Agency (TEA) rated the district's only elementary school as "Low Performing" in 2000-01 and 2001-02. Because of Marlin Elementary School's continued low performing status, on November 18, 2002, TEA assigned an academic monitor to the school as allowed by the Texas Education Code chapter 39, section 131. An academic monitor provides instructional assistance to the designated school and instructional administration guidance to the district's superintendent, board and school leadership. The monitor works with the elementary school principal and superintendent and continuously monitors student performance data and issues reports to TEA keeping the commissioner of Education apprised of the district's progress.

The Comptroller contracted with Government Resource Associates, Inc., a Fort Worth-based firm, for \$79,900 to assist in the review.

The review team interviewed district employees, school board members, parents, business leaders and community members and conducted a three-hour public forum at the high school cafeteria on October 28 between 4 p.m. and 7 p.m. To obtain additional comments, the review team conducted four focus group sessions, two with teachers and one each with community members and business leaders. The Comptroller's office also received numerous letters, e-mails and phone calls from parents, teachers, staff and community members.

To ensure that all stakeholder groups had an opportunity for input, TSPR sent surveys to students, parents, teachers, school and central administrators and support staff. The team received 173 responses from one administrator or support staff, two principals and assistant principals, 37 teachers, 40 parents and 93 students. Details from the public forum and teacher, parent and student surveys appear in **Appendices A** through **D**. Though a separate appendix was not created for the administrator and support staff function due to the response rate, any comments received were incorporated into the public forum section of the report.

The review team also consulted two TEA databases of comparative educational information, the Academic Excellence Indicator System (AEIS) and the Public Education Information Management System (PEIMS). Throughout the report process, district officials, staff and administrators cooperated and provided necessary data to support or enhance information received from TEA. Numbers reflected in this report are based on a combination of data from TEA and district sources.

MISD selected peer districts for comparisons based on similarities in student enrollment, student performance and community and student demographics. The districts selected included Gladewater, Hearne and Jefferson ISDs. TSPR also compared MISD to district averages in TEA's Regional Education Service Center XII (Region 12), to which MISD belongs, and the state as a whole.

During its eight-month review, TSPR developed recommendations to improve operations and save taxpayers more than \$3.8 million by 2007-08. Cumulative net savings from all recommendations (savings minus recommended investments or expenditures) would reach more than \$1.8 million by 2007-08.

A detailed list of costs and savings by recommendation appears in **Exhibit 4**. Many TSPR recommendations would not have a direct financial impact but would improve the district's overall operations.

Acknowledgements

The Comptroller and Government Resource Associates, Inc., wish to express their appreciation to the MISD Board of Trustees, the superintendent, Dr. Letha Hopkins, as well as the many district employees, students, parents, business leaders and community residents for their assistance and input during the review.

MISD in Profile

Centrally located in Falls County, MISD is located more than 30 miles from Waco. MISD students attend pre-kindergarten through grade 12 in an elementary school, a middle school, a high school and two alternative centers.

MISD's 2002-03 total budgeted expenditures exceeded \$10 million, or \$6,098 per student. MISD students are 17.8 percent Anglo, 23.6 percent Hispanic, 58.3 percent African American and 0.3 percent Other. Nearly 74 percent of its students are classified as economically disadvantaged, compared to the state's average of 51.9 percent.

In 2001-02, 61.8 percent of students passed all sections of the Texas Assessment of Academic Skills (TAAS) compared to the state average of 85.3 percent, placing it among the bottom five districts in the state. In reading, 73.9 percent of students passed the TAAS; 77.2 percent in mathematics; and 70.9 percent in writing. In 2002-03, MISD's preliminary third-grade passing Texas Assessment of Knowledge and Skills (TAKS) scores are 51 percent compared to the state average of 89.2 percent. In 2002-03, MISD spent 47 percent of its dollars on classroom instruction, below the state average of 51 percent.

The elementary school has experienced administrative instability, with frequent changes in principals and a high turnover in teachers. Consequently, MISD employs a high rate of beginning teachers as compared to state and regional averages. TEA rates the district as a whole as Academically Acceptable.

MISD's TAAS passing rates from 1997-98 through 2001-02 are represented in **Exhibit 1**.

Exhibit 1
Percent of Students Passing TAAS, All Tests Taken
Grades 3-8 and 10
MISD, Peer Districts, Region 12 and the State
1997-98 through 2001-02

District	1997-98	1998-99*	1999-2000**	2000-01	2001-02
Gladewater	82.0%	79.0%	78.0%	82.3%	85.9%
MISD	63.5%	62.4%	61.0%	58.7%	61.8%
Hearne	61.0%	61.9%	58.8%	57.3%	56.1%
Jefferson	76.6%	76.4%	79.4%	79.3%	80.2%
Region 12	73.5%	79.5%	81.2%	82.5%	85.2%

State	73.1%	78.3%	79.9%	82.1%	85.3%
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Source: TEA, AEIS, 1997-98 through 2001-02.

*Includes special education and grade 3 and 4 Spanish TAAS.

**Includes special education and grade 3-6 Spanish TAAS.

Exhibit 2 details the student enrollment and demographic characteristics of the MISD and its peer school districts.

Exhibit 2
Enrollment and Demographic Characteristics
MISD, Peer Districts, Region 12 and the State
1998-99 and 2002-03

District				2002-03 Ethnic Group (Percent)				
	1998-99 Student Enrollment	2002-03 Student Enrollment	Five-Year Percent Change Over/(Under)	African American	Hispanic	Anglo	Other	Economically Disadvantaged Percent
Gladewater	2,236	2,221	(0.7%)	20.6%	6.5%	71.8%	1.1%	52.1%
MISD	1,674	1,526	(8.8%)	58.3%	23.6%	17.8%	0.3%	73.7%
Jefferson	1,523	1,418	(6.9%)	44.1%	1.8%	53.8%	0.3%	63.1%
Hearne	1,339	1,159	(13.4%)	56.1%	30.3%	13.0%	0.6%	84.0%
Region 12	132,851	139,468	4.9%	23.2%	22.0%	52.6%	2.2%	49.9%
State	3,945,367	4,239,911	7.5%	14.3%	42.7%	39.8%	3.2%	51.9%

Source: TEA, AEIS, 1998-99 and PEIMS, 2002-03.

TSPR found many exemplary programs and practices in MISD that can be shared with other districts around the state. The district, however, also faces a number of challenges including:

- improving academic performance;
- strengthening leadership and planning;
- increasing financial accountability; and
- controlling operating expenditures.

Key Findings and Recommendations

Improve Academic Performance

Reconstitute the elementary school. TEA has rated Marlin Elementary School as Low Performing for two consecutive years. It has higher retention rates in kindergarten through grade five and lower preliminary third-grade TAKS passing scores and lower TAAS scores for students in third and fourth grades than the region, all its peers and the state. Reconstituting the elementary school, by requiring school administrators and teachers to reapply for their positions and only hiring back those that are best qualified to meet the needs of students, MISD can improve the educational environment for the district's students and ensure parents, students and community members that administrators and teachers are accountable for student performance.

Implement school staffing allocation formulas for paraprofessionals. MISD does not effectively allocate staff based on student performance goals or use student enrollment or allocation formulas for staffing decisions. MISD aide staffing levels vary significantly from educational standards. At the elementary school level, educational aides exceed South Association of Colleges and Schools recommendations by 14 positions. By adopting a school staffing allocation formula, MISD could reduce its excess number of aides and use the money to recruit and retain qualified teachers. Savings from this recommendation would be more than \$125,000 annually.

Increase the MISD teacher pay scale to reflect regional competitiveness and enhance the district's ability to attract and retain highly qualified, experienced teachers. MISD's teacher pay scale is significantly below state and regional averages. As a result, the district has been experiencing a more than 30 percent turnover rate, twice the state average, and has a proportionately larger percentage of beginning teachers than Region 12 and the state. By raising teacher salaries, MISD can attract and retain qualified, experienced teachers and improve the district's academic performance. This recommendation would cost the district \$124,300 annually.

Develop curriculum guides for all subjects and grade levels. MISD lacks a districtwide curriculum plan and does not have curriculum guides at all grade levels and for all courses. Although the district has some incomplete math curriculum guides at the middle and secondary levels, the elementary school does not have a formal curriculum aligned with the Texas Essential Knowledge and Skills (TEKS) and the TAKS. By developing and updating curriculum guides according to a schedule, the district should be able to promote content consistency across grade levels and subject areas, ensure teachers present required information to students and enhance student performance. This recommendation will cost the district \$24,020 annually.

Use a standard benchmarking and monitoring process to develop strategies that will increase student performance. MISD is not consistently analyzing student test results and using those results to develop intervention strategies to improve students' academic performance. The district's overall TAAS passing rates of 61.8 percent is far below the state's 85.3 percent passing rate and the regional 85.2 percent passing rate for all tests taken. By specifically analyzing student performance data, the district will be able to identify content areas and demographic groups in need of immediate remediation, develop strategies to address those deficiencies and include targeted instructional areas in long- and short-term planning efforts to increase student performance. This recommendation will require a one-time cost of slightly more than \$24,000 and an annual cost after that of \$2,370.

Strengthen Leadership and Planning

Create a comprehensive five-year strategic plan linked to the budget to provide focus for instructional and non-instructional areas of the district's operations. MISD's planning efforts, which lack focus and are short-term in nature, are not used to evaluate operations and do not include strategic goals. Although the district has a District Improvement Plan (DIP), Campus Improvement Plans (CIPs) and a technology plan, the district does not tie the plans together or to the budget. The CIPs, in particular, lack critical information. Additionally, operational areas such as transportation and food service are not addressed by these plans. A comprehensive strategic plan would establish goals, organize school and department planning efforts and tie the budget to the plan to meet long-term district goals.

Reorganize the central administration to align all departments into instructional and business functions. The superintendent has too many direct reports, diluting her ability to provide strategic leadership. By reorganizing the staff reporting structure, reducing the number of direct reports and hiring an experienced finance director and curriculum director, the superintendent can focus on the district's key goals and improve MISD's financial and academic performance. The annual cost of this recommendation would be \$61,800.

Establish a facilities planning committee, conduct a formal needs assessment and develop a long-range facilities master plan. MISD does not have a long-range facilities master plan or a planning committee to set priorities and determine funding for capital improvement projects and coordinate projects to future enrollment. The director of Operations and his staff's current planning efforts are limited to an informal needs assessment projections. The district built new elementary and middle schools in 2000 and increased the number of square feet of space per

student even though enrollment has declined in recent years. The district continues to maintain the old middle school, which is only partially used, and remodeled Marlin High School in 2002, but failed to fix the leaking roof. By creating a facilities planning committee composed of community leaders and key district employees, the district should be better able to identify facility needs and coordinate projects with enrollment projections.

Increase Financial Accountability

Adopt a fund balance policy and management plan. The district reported negative fund balances for debt service in 1998-99 and for the general fund for 1999-2000 and 2000-01. The district relies on the external auditor to calculate the ending fund balance for the district each fiscal year, which is too late for the board to change spending patterns. Adopting a policy that contains goals for an optimum fund balance and requiring a fiscal impact statement to the fund balance as a result of various choices, the board can prevent future deficits and improve its overall decision-making process.

Develop a process to ensure that TEA-required transportation reports are filed on time and correctly. MISD lacks procedures that would ensure staff file TEA-required transportation reports on time and accurately, and to provide oversight and analysis of its transportation funding. TSPR discovered that the district had not filed the appropriate TEA Transportation Route Services Report and Operations Report for 2001-02 by the July 1 due date. As a result of this oversight, the district could have lost an estimated \$198,000 in reimbursements. At TSPR's urging the report was filed, but for the future the district must develop a process for filing accurate transportation reports by TEA-established deadlines and hold individuals accountable for obtaining appropriated reimbursements.

Control Operating Expenditures

Develop and adopt a formal bus replacement plan and strategy. Seventy-five percent of the district's buses are more than 10 years old and eight buses are more than 15 years old. The odometer on three buses exceeds 250,000 miles. Standard replacement programs use 10 to 15 years and 150,000 miles as benchmarks for the average life of a bus. The superintendent has a goal of replacing one bus per year, but the district did not purchase any between 1996 and 2001 and purchased only one bus in 2002. A formal replacement plan and strategy would require the district to budget \$100,000 for bus replacements annually (or approximately two buses per year), but would eliminate the strain on the budget caused when an unusually large number of buses have to be acquired in any one year.

Create a Food Service Department improvement plan with performance goals and measures. While the number of meals served remains roughly the same, Food Service costs are decreasing and revenues are increasing. The district, which has a fund balance in excess of the three months of operating expenditures allowed by federal law, cannot explain the reason for decreased expenditures, increased revenues or the excess fund balance. While on the surface this situation sounds positive, the district is at risk of losing some of its federal reimbursements. Further, because the reasons for the decreases cannot be explained, expenditures may be miscoded or underreported, thereby resulting in future shortfalls when corrections are made. Creating a department improvement plan would assign accountability to individuals for monitoring performance and set up a system of more detailed analysis of Food Service accounting records.

Increase the number of students identified as eligible for free and reduced-price meal benefits. The district does not have a plan to aggressively identify all eligible students for free and reduced-price meal benefits. Although MISD has identified 80.1 percent of its students as economically disadvantaged at the elementary level, identification drops to 53.5 percent at the high school level, indicating that not all secondary students are being identified. Family identification practices and incentives for applying can help the district identify all of the services for eligible students and result in an additional \$80,000 in compensatory funding, since the number of students identified for free and reduced-priced meals is used to calculate the amount of funding sent to districts to meet the needs of students at-risk of dropping out of school.

Exemplary Programs and Practices

TSPR identified many "best practices" in MISD. Through commendations in every chapter, the report highlights model programs, operations and services provided by MISD administrators, teachers and staff. The Comptroller encourages other school districts throughout Texas to examine these exemplary programs and services to see if they could be adapted to meet local needs. TSPR's commendations include the following:

- ***MISD's middle school enhances curricular communication through team meetings.*** Recognizing a need for a smooth transition between the middle school and the high school curriculum, MISD's middle school initiated teacher subject-area team meetings in 2002-03 to begin a vertical alignment process in language arts, math and science within the school and with the high school. By establishing a vertical alignment process, the district promotes student success and ensures that students in grades 6, 7 and 8 receive the basic knowledge necessary to

successfully transition to the next academic level within the middle school and then the secondary level.

- ***MISD sought funding alternatives to complete needed facilities repairs.*** MISD applied for and received more than \$500,000 through the federally-funded School Repair and Renovation Grant Program. With limited financial resources, the district could not have funded the building improvements through its operating budget. The grant allowed MISD to make significant repairs and improvements primarily to Marlin High School.
- ***MISD has an accurate fixed-asset inventory and a process to keep the listing current.*** Implementation of Government Accounting Standards Board 34 for 2001-02 required all districts to comply with new and stricter policies to safeguard fixed-asset inventories. MISD recognized its existing process would not comply with the new rules and hired a firm to perform an asset inventory using the new capitalization policy of \$5,000. By commissioning a physical inventory and establishing procedures to maintain the integrity of the inventory, MISD has created an ongoing process to efficiently and accurately maintain its fixed-asset inventory.
- ***The Transportation Department successfully uses a number of employment alternatives to staff bus driver positions.*** The director of Transportation allows split shifts and job-sharing opportunities for bus drivers who have other obligations. For example, one bus driver will drive a morning route, while another will drive the same route in the afternoon. Using employees who have other district duties provides the department with reliable drivers and provides employees with additional income. Providing job-sharing opportunities allows employees the time to pursue personal or professional development while allowing the district to retain quality individuals.

Savings and Investment Requirements

Many of TSPR's recommendations would result in savings and increased revenue that could be used to improve classroom instruction. The savings opportunities identified in this report are conservative and should be considered minimums (**Exhibit 3**).

Exhibit 3
Summary of Net Savings
TSPR Review of Marlin Independent School District

Year	Total
2003-04 Initial Annual Net Savings	\$332,377
2004-05 Additional Annual Net Savings	\$371,207
2005-06 Additional Annual Net Savings	\$371,207
2006-07 Additional Annual Net Savings	\$420,141
2007-08 Additional Annual Net Savings	\$420,141
One Time Net (Costs) Savings	(\$53,724)
TOTAL SAVINGS PROJECTED FOR 2003-08	\$1,861,349

A detailed list of costs and savings by recommendation appears in **Exhibit 4**. The page number for each recommendation is listed in the summary chart for reference purposes. Detailed implementation strategies, timelines and the estimates of fiscal impact follow each recommendation in this report. The implementation section associated with each recommendation highlights the actions necessary to achieve the proposed results. Some items should be implemented immediately, some over the next year or two and some over several years.

TSPR recommends the MISD board ask district administrators to review the recommendations, develop an implementation plan and monitor its progress. As always, TSPR is available to help implement its proposals.

EXECUTIVE SUMMARY

Exhibit 4 Summary of Costs and Savings by Recommendation

	Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08	Total 5-Year (Costs) or Savings	One- Time (Costs) or Savings
Chapter 1: District Organization and Management								
1	Implement ongoing policy analysis, revision and implementation procedures to ensure that local instructional policies reflect the district's strategic vision. p. 22	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Create a five-year strategic plan and continually monitor progress toward implementation. p. 25	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Implement a system of checks and balances to ensure the accuracy of data reported to the State. p. 27	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Reorganize central administration and functionally align business and academic	(\$61,800)	(\$61,800)	(\$61,800)	(\$61,800)	(\$61,800)	(\$309,000)	\$0

	formal five-year curriculum development, update and training cycle. p. 60							
11	Revise and update the Campus Improvement Plans to include detailed action plans and budgeted funds for identified areas of need. p. 63	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Develop retention policies and strategies to reduce the number of students being held back in a grade. p. 65	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Develop and implement a comprehensive staff development plan that incorporates the goals of the District Improvement Plan and Campus Improvement Plans. p. 67	(\$54,400)	(\$16,200)	(\$16,200)	(\$16,200)	(\$16,200)	(\$119,200)	\$0
14	Use a standard benchmarking and monitoring process to identify student and teacher needs and to improve student performance. p. 71	\$0	(\$2,370)	(\$2,370)	(\$2,370)	(\$2,370)	(\$9,480)	(\$24,724)

15	Create a district policy requiring graduation under the state's recommended program and revise course offerings and procedures accordingly. p. 73	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Create student participation targets for advanced courses and advanced placement tests and enhance related student guidance programs. p. 77	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Review the referral and identification of gifted and talented students and the program delivery to ensure adherence to the <i>Texas State Plan for the Education of Gifted/Talented Students</i> .p. 82	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Devise procedures that identify learning needs and support instructional modifications within the least restrictive environment. p. 85	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Collaborate with the community to	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	prioritizes those needs based on safety and educational criteria. p. 113							
24	Improve the existing work order system and use labor and cost data to prepare accurate cost estimates for work. p. 117	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Develop and implement a regular training program for maintenance staff to improve effectiveness and productivity. p. 118	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$20,000)	\$0
Total-Chapter 4		(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$20,000)	(\$25,000)
Chapter 5: Financial Management								
26	Hire an experienced part-time grant writer.p. 132	\$378,200	\$378,200	\$378,200	\$378,200	\$378,000	\$1,891,000	\$0
27	File reimbursement reports for all grants in a timely manner. p. 134	\$31,009	\$31,009	\$31,009	\$31,009	\$31,009	\$155,045	\$0
28	Calculate the earned state funding as information changes, report each change to the Board of Trustees with an explanation for	\$0	\$0	\$0	\$0	\$0	\$0	\$0

39	Prepare and provide informative financial reports of Food Service operations to the board.p. 187	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40	Establish a plan to reduce the excess fund balance to the required levels. p. 189	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41	Create a procedure for cash control and management.p. 190	\$0	\$0	\$0	\$0	\$0	\$0	\$0
42	Develop a cost-allocation process to recover the cost of services provided to the Food Service Department.p. 191	\$11,423	\$11,423	\$11,423	\$11,423	\$11,423	\$57,115	\$0
43	Develop an effective food service staff development plan with appropriate incentives for staff participation. p. 193	(\$1,352)	(\$1,352)	(\$1,352)	(\$1,352)	(\$1,352)	(\$6,760)	\$0
44	Increase federal funding by identifying all students who qualified for free and reduced-price meals. p. 196	\$80,468	\$80,468	\$80,468	\$80,468	\$80,468	\$402,340	\$0
45	Prevent snack food sales during meal periods at the middle school	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	and require the director of Food Service to approve Food of Minimal Nutritional Value items sales. p. 199							
Total-Chapter 6		\$115,492	\$115,492	\$115,492	\$115,492	\$115,492	\$577,460	\$0
Chapter 7: Transportation								
46	Establish a system to periodically review bus drivers' files to ensure that all certification and licenses are current. p. 211	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	Develop a process to ensure timely and correct submission of transportation reports.p. 214	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48	Negotiate with Falls County Special Education Cooperative member districts to establish student transfer points and develop reimbursement agreements.p. 216	\$11,245	\$11,245	\$11,245	\$11,245	\$11,245	\$56,225	\$0
49	Develop and adopt a formal bus replacement plan and strategy. p. 219	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$500,000)	\$0
50	Improve vehicle maintenance tracking and establish regular	\$0	\$0	\$0	\$0	\$0	\$0	\$0

preventive maintenance cycles.p. 220								
Total-Chapter 7	(\$88,755)	(\$88,755)	(\$88,755)	(\$88,755)	(\$88,755)	(\$443,775)	\$0	
Total Savings	\$744,049	\$747,049	\$747,049	\$795,983	\$795,983	\$3,830,113	\$0	
Total Costs	(\$411,672)	(\$375,842)	(\$375,842)	(\$375,842)	(\$375,842)	(\$1,915,040)	(\$53,724)	
Net Savings	\$332,377	\$371,207	\$371,207	\$420,141	\$420,141	\$1,915,073	(\$53,724)	

Total Gross Savings	\$3,830,113
Total Gross Costs	(\$1,968,764)
Net Savings	\$1,861,349

Chapter 1

DISTRICT ORGANIZATION AND MANAGEMENT

This chapter reviews the organization and management of the Marlin Independent School District (MISD) in the following sections:

- A. Governance
- B. Planning and Evaluation
- C. District Management
- D. Computers and Technology
- E. Safety and Security
- F. Community Involvement

The organization and management of a school district requires cooperation between the elected board members and district staff. The board's role focuses on setting goals and objectives for the district in both instructional and operational areas; determining the policies that will govern the district; approving the plans to implement those policies; and providing the funds necessary to implement the plans.

The superintendent, as the chief executive officer of the district, recommends the staffing levels and the amount of resources necessary to operate and accomplish the board's goals and objectives. The superintendent also reports management information to the board and ensures that the district is held accountable for meeting its performance goals. District managers and staff manage the day-to-day implementation of the policies and plans approved by the board and recommend modifications to ensure the district operates efficiently and effectively.

BACKGROUND

The county seat of Falls County, Marlin is located at the intersection of State highways 6 and 7, four miles east of the Brazos River near Waco. The town of Marlin was established in 1834 to honor John Marlin, a pioneer patriot. In 1892, local well drillers discovered an abundant source of hot mineral water which boosted Marlin's popularity as a healing center. In the early to mid 1900s, Marlin became Central Texas's mecca for individuals suffering from a long list of illnesses and diseases. The Veteran's Administration still operates an outpatient clinic within the immediate area. In 1900, a fire destroyed the public school building and in 1923, after the new facility was constructed, MISD was established.

The Texas Legislature created the regional education service centers in 1967 to provide area services such as cooperative purchasing, computer support and training to Texas school districts. Regional Education Service

Center XII (Region 12), which is located in Waco, serves Marlin. MISD takes advantage of several Region 12 services, including teacher training services and technology support services.

For this school performance review, the review team used two Texas Education Agency (TEA) databases to compare educational and financial information: the Academic Excellence Indicator System (AEIS) and the Public Education Information Management System (PEIMS). MISD selected three peer districts for comparison purposes: Gladewater, Hearne and Jefferson ISDs.

MISD's enrollment of 1,526 students in 2002-03 was down slightly from a high of 1,674 in 1998-99. The district serves its students in one high school, one middle school and one elementary school. The district operates two alternative schools, the Alternative Education Program (AEP) and The Learning Center. The district participates in programs for vocational education and special education through the Falls County Cooperative. **Exhibit 1-1** shows student enrollment over time.

Exhibit 1-1
MISD Student Enrollment
1998-99 through 2002-03

Entity	1998-99	1999-2000	2000-01	2001-02	2002-03
Total	1,674	1,646	1,637	1,621	1,526
High School	456	428	462	461	455
The Learning Center	--	--	--	18	13
McLennan County Challenge Academy	--	--	--	7	10
Junior High	503	--	--	--	--
Intermediate	--	--	--	--	--
Middle	--	528	393	399	360
Elementary	715	690	782	736	688

Source: TEA, AEIS, 1998-99 through 2001-02 and PEIMS, 2002-03.

Notes: Dashes indicate school not in use at that time. Enrollment changes in elementary and middle school from 1999-2001 due to school reconfiguration.

MISD is made up of a majority minority student population. MISD's student population consists of 58.3 percent African American; 23.6 percent Hispanic; 17.8 percent Anglo with 0.3 percent classified as Other (**Exhibit 1-2**). At 72.9 percent, the district has a higher percentage of economically disadvantaged students than the state average of 50.5 percent.

Exhibit 1-2
MISD Student Ethnicity
1997-98 through 2002-03

Year	African American	Hispanic	Anglo	Asian/ Pacific Island
1997-98	54.9%	18.2%	26.8%	0.1%
1998-99	55.2%	18.6%	25.9%	0.2%
1999-2000	56.6%	19.2%	24.0%	0.2%
2000-01	55.4%	20.2%	24.3%	0.2%
2001-02	56.9%	21.8%	21.0%	0.2%
2002-03	58.3%	23.6%	17.8%	0.3%

Source: TEA, AEIS, 1997-98 through 2001-02 and PEIMS, 2002-03.

Chapter 1

A. GOVERNANCE

Section 11.151 of the Texas Education Code (TEC) provides for an elected board of trustees to administer the district. District residents elect school board members either at-large or from single-member districts.

As a legal agent of the State of Texas, the board derives its legal status from the Texas Constitution and state laws. School boards must operate in accordance with applicable state and federal statutes, regulations interpreting statutes and controlling court decisions. Under Section 11.151 of the Texas Education Code, each board must:

- govern and oversee the management of the district's schools;
- adopt such rules, regulations and bylaws as the board may deem proper;
- approve a district-developed plan for site-based decision-making and provide for its needs;
- select tax officials, as appropriate to the district's need;
- prepare and adopt a budget for the next succeeding fiscal year and file a report of disbursements and receipts for the preceding fiscal year;
- have district fiscal accounts audited at district expense by a Texas certified or public accountant holding a permit from the Texas State Board of Public Accountancy following the close of each fiscal year;
- publish an annual report describing the district's educational performance, including campus performance objectives and the progress of each school toward those objectives;
- receive bequests and donations or other money coming legally into its hands in the name of the district;
- select depository for district funds;
- order elections, canvass the returns, declare results and issue certificates of election as required by law;
- dispose of property no longer necessary for the operation of the school district;
- acquire and hold real and personal property in the name of the district; and
- hold all powers and duties not specifically delegated by statute to the Texas Education Agency or the State Board of Education.

A seven-member school board consisting of five district and two at-large seats governs MISD. The board meets each third Tuesday of the month at the MISD Administration Building beginning at 7 p.m. The board does not

have formal committees but forms ad-hoc committees on an as-needed basis. Although the standard board agenda includes a public comment period, a review of board minutes indicates that the public generally does not take advantage of this forum. The district posts minutes of board meetings as far back as August 19, 1997 on the MISD homepage, accessible at www.esc12.net/marlinisd. Minutes prior to August 19, 1997 are available in the district office.

Exhibit 1-3 lists the board members, positions, term expiration dates, date first elected and occupation.

**Exhibit 1-3
MISD Board of Trustees
2002-03**

Board Member	Position	Term Expires	Member Since	Occupation
Lowanda Washington	President	May 2006	1994	Law Librarian
Danny Vickers	Vice-President	May 2005	1999	Planned Parenthood CHPs Program Coordinator
Byrleen Terry	Secretary	May 2005	August 2000 (Special Election)	Bank Manager
Terry Douglas	Member	May 2004	2003	Planner
David Lawson	Member	May 2006	2003	Investment Planner
Roger Nutt	Member	May 2004	2001	Self-employed
Sonja Washington	Member	May 2005	2002	Planned Parenthood

Source: MISD, Superintendent's Office.

Under TEC, Section 11.159, school district's board members are required to receive at least 16 hours of continuing education during their first year of service and eight hours following their first year. The board obtains this training from the Texas Association of School Administrators (TASA), Texas Association of School Boards (TASB) and Region 12 (**Exhibit 1-4**).

Exhibit 1-4
Overview of Continuing Education Requirements
for School Board Members

Type of Continuing Education	First Year Board Member	Experienced Board Member
Local District Orientation	Required within 60 days of election or appointment; No specified length	Not required
Orientation to the Texas Education Code	3 hours	Not required
Update to the Texas Education Code	Incorporated into Orientation to the Texas Education Code	After legislative session: of sufficient length to address major changes
Team-building Session/Assessment of Continuing Education Needs of the Board-Superintendent Team	At least 3 hours	At least 3 hours
Additional Continuing Education, based on assessed need and Framework for School Board Development	At least 10 hours	At least 5 hours
Total Minimum Number of Hours	16 hours, plus local district orientation	8 hours, plus update

Source: Texas Administrative Code, Title 19, Part II, Section 61.1.

Exhibit 1-5 lists the continuing education hours for all MISD board members from 2000-01 through 2001-02. Official continuing education hours are posted in the board meeting minutes. All but one board member completed the required training hours during this two-year period.

Exhibit 1-5
MISD Board of Trustees
Continuing Education Hours
2000-01 through 2001-02

Board Member	2000-01	2001-02
Lowanda Washington	23.75	18.75

Danny Vickers	20.0	5.0
Byrleen Terry	27.5	13.0
Rose Morin**	7.25	20.0
Roger Nutt*	3.0	19.0
David Lawson***	N/A	N/A
Terry Douglas***	N/A	N/A
Sonja Washington	N/A	19.5

Source: TASB, Board Member Continuing Education Report, September 6, 2002.

*Roger Nutt's term began in May 2001.

**Rose Morin's term ended in May 2003.

***Newly elected members whose term began in May 2003.

FINDING

MISD subscribes to TASB online policy services. TASB's "Policy On Line" service enables MISD to publish its policy manual on the Internet to allow "read only" access. The electronic document is secure and TASB's Policy Service, as directed by MISD, can only make changes to the policy manual. Users navigate the district's policy manual by accessing a MISD-specific table of contents that lists every policy of the district. This list appears in alphabetical order. To see a specific policy, the user merely "clicks" on the list. A search engine enables users to look for a word or phrase, with search results showing a list of policies and titles containing the word or phrase, which can be selected with a "click" as well.

MISD issues all board policies with the assistance of TASB, and these policies follow certain conventions including the notation of separate (LEGAL) and (LOCAL) policies. Policies are included because they are required by law or by the TEA; are recommended by TASB as essential to effective district governance and management; or because the board wishes to make a statement in a particular policy area. Policies cover the areas of basic district foundations, local governance, business and support services, personnel, instruction, students and community and governmental relations. TASB issues policy updates on a regular basis for local review.

COMMENDATION

MISD uses the Internet and TASB online policy service to maintain an updated policy manual, which it provides administrators, teachers, parents, students and the community online access.

FINDING

MISD does not have sufficient local, board-approved instructional policies to provide strategic guidance to the district's instructional program and support operations. Boards use local policies to tailor specific policies to district needs.

Existing policies for curriculum development and design are adopted from the state level in the form of policies designated as (LEGAL) versus (LOCAL). This separation of (LEGAL) and (LOCAL) helps users distinguish between the requirements of school law and the policy determinations of the local board. To fully understand policies, the policy manual user should consider both the (LEGAL) and the (LOCAL) policies. For example, the following MISD curriculum and instruction policies are not localized or tailored to meet the needs of MISD's staff or students: EGA (LEGAL) Curriculum Development: Innovative and Magnet Programs, EHA (LEGAL) Curriculum Design: Basic Instructional Program and EHB (LEGAL) Curriculum Design: Special Programs.

For example, the Texas Education Code 28.025 (b) states, "The District shall ensure that each student entering the ninth grade in the 2004-05 school year and thereafter enrolls in the courses necessary to complete the curriculum requirements identified by the State Board for the Recommended or Advanced High School Program unless the student, the student's parent or other person standing in parental relation to the student, and a school counselor or school administrator agree that the student should be permitted to take courses under the Minimum High School Program." The district's curriculum and instruction policies do not offer any guidance on implementing this standard within the district. In fact, the *Basic Foundation* section of board policy includes only AF (EXHIBIT), a state document updated in 1995.

The district administrators said that TASB conducted a thorough review of district policy, but the district did not provide documentation confirming the date or scope of this review.

Local policies serve as vehicles for a school board to guide school improvement efforts. Many opportunities exist for local boards to strengthen and influence local operations through careful review of local policies in critical areas.

Recommendation 1:

Implement ongoing policy analysis, revision and implementation procedures to ensure that local instructional policies reflect the district's strategic vision.

The board needs to identify its expectations for curriculum development, curriculum design, basic instructional program, grouping for instruction so that consistency and continuity within the district is achieved.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board appoints a policy review committee.	July 2003
2.	The committee reviews local policies for control and direction of the instructional program.	July 2003
3.	The committee reviews other district's policies, identifies gaps and creates additional local policies for the board's consideration.	August 2003
4.	The committee creates new policies and revises existing polices.	August 2003
5.	The board reviews and votes to adopt new local policies.	September 2003
6.	The board instructs superintendent to train staff on newly adopted policies.	September 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1

B. PLANNING AND EVALUATION

Effective school districts meet the needs of the communities they serve. Population diversity, the economic and ethnic backgrounds of the students, special service requirements, adequacy of facilities, staffing resources and instructional priorities of the community contribute to shaping the unique organization of each school.

Effective school district management depends on proper planning processes. Proper strategic planning establishes a mission and identifies goals and objectives, sets priorities, identifies ways to complete the mission and determines performance measures and benchmarks to achieve goals and objectives. In its purest sense, strategic planning anticipates the effect of decisions, indicates the possible financial consequences of alternatives, focuses on educational programs and methods of support and links student achievement to the cost of education. It provides the essential foundation for program evaluation.

A district uses several key planning and operational tools to put a strategic plan in place. A district improvement plan (DIP) serves as the instructional component of the district strategic plan. Campus improvement plans (CIPs) provide the site-based tactics used to implement the DIP. Local board policies guide management and instructional decision-making. Finally, formal procedures ensure strategies are consistently and effectively implemented and budgets control utilization of financial resources to achieve district objectives. These components work together and constitute a critical management structure within a public school district.

TEC Section 11.251 requires boards of trustees of Texas school districts to ensure that their district's DIP and CIPs are developed, reviewed and revised annually. The goals of the plans should be to improve the performance of students in the district. State law requires a site-based model for decision-making in Texas school districts. The TEC specifies many requirements for site-based decision-making (SBDM):

- the district must develop, annually review and revise a DIP and CIPs;
- district and campus performance objectives that, at minimum, support state goals and objectives must be approved annually;
- administrative procedures or policies must clearly define the respective roles and responsibilities of the superintendent, central office staff, principals, teachers and district-level committee

- members in the areas of planning, budgeting, curriculum, staffing patterns, staff development and school organization;
- district and school-based decision-making committees must be actively involved in establishing administrative procedures;
 - the district must put into place systematic communication measures to obtain broad-based community, parental and staff input and to provide information to those persons regarding the recommendations of the district-level committee; and
 - administrators must regularly consult with the district-level committee on the planning, operations, supervision and evaluation of the district's educational program.

Campus improvement committees serve as the foundation for the model. Each committee develops unique mission statements for each school consistent with the district's mission and designs and implements programs and activities to meet school and community needs. They also advise principals on planning, needs assessment, goal setting, budgeting, curriculum, staffing patterns, staff and parent development and school organization and management. The committees consult and advise principals on CIPs, approve staff development plans and develop the CIP with the DIP using acceptable quality standards and best practices.

SBDM provides a mechanism for teachers, parents and community members to assist central and school administrators in improving student performance. Additionally, schools must have adequate resources and flexibility to develop programs tailored to meet the unique needs of the students they serve.

Fundamentally, SBDM enhances the sense of community in the district and at each school where all concerned stakeholders come together to understand, plan and implement educational programs that best meet the academic and social development needs of their students. SBDM creates and sustains learning and caring communities in which all adults feel respected and all children feel valued and motivated to learn and achieve.

FINDING

MISD's planning efforts are short-term, lack focus, are not used as an evaluative tool and do not include strategic goals or strategies for non-instructional areas of the district's operations. Although the district has several planning documents, many are incomplete and are not linked to the district budget and do not take a long-term approach toward addressing the district's challenges.

The district and campus improvement plans have broad goals but lack strategies to link them together or provide sufficient detail to ensure

implementation. For example, MISD's DIP omits key components such as timelines or implementation dates for the strategies or objectives presented in the plans. The district does not tie the DIP and CIPs directly to other district operations such as the food service, facilities or transportation functions.

Financial concerns also challenge MISD's ability to accurately predict revenues and its fluctuating fund balance. MISD operated with a negative fund balance in 1999-2000 and 2000-01. Currently, the district's fund balance falls substantially below the state's optimal target.

Other district operations lack a formal plan, or the existing plans miss key elements. The district long-range technology plan covers 2002-03 through 2004-05 and contains a number of the components of a technology plan. However, it is not clear how this plan links to the DIP, CIPs or the district budget. Current facility planning efforts are confined to an informal facility assessment, yet many of the district's unused buildings are in disrepair. Also, the district does not have a formal plan for personnel management including a lack of staffing formulas or a recruitment plan.

Without clear, measurable objectives in a districtwide plan, MISD is not able to evaluate the effectiveness of its programs. This may explain the low performance of its elementary school and poor ratings on its TEA accreditation reports. Without a formal strategic plan, no road map shows where the district currently stands or where stakeholders would like it to go. A strategic plan incorporates all the pertinent plans in the district into a comprehensive, long-range plan. This plan establishes goals and overall direction for the district. It takes community concerns into consideration and examines factors such as declining enrollment and student demographics. An effective five-year strategic plan also prioritizes the district's goals and objectives and determines specific courses of action. This would include both timelines and needed resources to ensure the district could complete its goals.

The Elgin ISD (EISD) board and superintendent implemented a planning process that addressed strategic planning and district improvement planning in an integrated approach. The process began with a formal strategic planning process in which the board approved eight strategic goals for the district. These goals represented the priorities identified by board members, district staff and responses to a questionnaire submitted to 5,000 families in the Elgin community. The board and superintendent developed a vision statement, a set of core values, a mission statement, eight strategic goals and a series of expected student outcomes. Based on these strategic goals and student expectations, the EISD district advisory committee (a representative group of teachers, parents, principals, administrators and community members) developed specific activities,

strategies and outcomes to respond to each goal and summarize them in an updated DIP.

Recommendation 2:

Create a five-year strategic plan and continually monitor progress toward implementation.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board sets long-range goals for the district.	July 2003
2.	The board forms a strategic planning oversight committee consisting of administrators, board members, principals, teachers, parent, members of site-based committees, community leaders and business leaders.	August 2003
3.	The superintendent designates an administrator to chair the committee.	August 2003
4.	The board directs the superintendent to develop a strategic plan for the district from goals and objectives set by the board.	August 2003
5.	The superintendent presents the goals and objectives to the chair of the strategic planning oversight committee.	August 2003
6.	The chair of the committee creates functional work teams to address the goals and objectives defined by the board and superintendent.	September 2003
7.	The work teams develop actions plans, timelines and performance measures for the strategic plan.	September - December 2003
8.	The strategic planning oversight committee prepares an initial draft of the strategic plan.	January 2004
9.	The strategic planning oversight committee presents the initial draft of the strategic plan to the superintendent and the board for review and comments.	February - May 2004
10.	The work teams revise the initial draft to include the board's comments and present the strategic plan to the community for public input.	May - July 2004
11.	The strategic planning oversight committee includes substantive comments received from the community into the draft and finalizes the strategic plan.	July - August 2004
12.	The superintendent and board approve the strategic plan as presented by the strategic planning oversight	September 2004

	committee.	
13.	The superintendent and board monitor and update the strategic plan.	September 2004 and each year thereafter

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

MISD does not have a system of checks and balances in place to ensure the accuracy of information reported to the Public Education Information Management System (PEIMS). PEIMS submissions made throughout the year serve as the district's reporting vehicle for the state's legislatively mandated accountability system.

During the review process it came to the review team's attention that previous PEIMS submissions regarding teacher salaries were inconsistent with actual district salary levels. **Exhibit 1-6** depicts a comparison between the salary schedule the district provided to the review team and the salaries provided to TEA during the district's PEIMS submission.

Exhibit 1-6
Variance between Reported and Actual
Teacher Salaries
2002-03

	Beginning	1-5 Years	6-10 Years	11-20 Years	Over 20 Years
MISD (Reported)	\$30,253	\$28,626	\$33,704	\$41,328	\$43,114
MISD (Actual)	\$25,240	\$27,342	\$32,722	\$38,948	\$41,800
Variance	\$5,013	\$1,284	\$982	\$2,380	\$1,314

Source: TEA, PEIMS 2002-03 and MISD, Salary Schedule, 2002-03.

The district was not consistent in reporting student population figures from campus and district PEIMS submissions. In 2001-02, the total students reported from the district was 1,621, which was in conflict with the 1,637 total student number from the aggregate campus figure.

School districts' accountability ratings and funding are closely tied to the PEIMS data provided by the district. Peer district comparisons are made to determine if costs are in or out of line. Correct PEIMS data submissions are essential not only for funding purposes, but for the state's accountability system. PEIMS errors can result in costly funding errors and even loss of accreditation.

In most districts, the PEIMS submission process involves capturing and checking the data for accuracy before sending it to TEA. District PEIMS personnel routinely obtain authorizations from higher district authority to check data submissions for accuracy. Several people checking data for accuracy are more likely to catch errors involving simple mathematics, transpositions or irregularities of some kind.

Eagle Pass ISD (EPISD) implemented a detailed system of checks and balances that includes a published calendar of events for PEIMS submissions, extensive annual training, internal preliminary reports generated every six weeks with required signatures by principals, department heads and program administrators, scheduled data review meetings and software safeguards prohibiting data changes after each six-week report verification. Every six weeks the staff must physically review and approve preliminary PEIMS reports including student, staff and program information. The same staff are then held accountable for data accuracy and are required to sign a final report at the end of each year stating that their cumulative reports were physically reviewed and authorized.

EPISD administrators say that this process has helped the district ensure both accuracy and accountability for data submissions. The district also has been able to ensure that the board along with campus administrators have an accurate portrait of budgeted funds for current year expenditures along with actual expenditures for previous years.

Recommendation 3:

Implement a system of checks and balances to ensure the accuracy of data reported to the State.

Checks and balances should be put in place to continually monitor the quality of the data reported to TEA. The business manager should review all staffing, financial and instruction related data before it is submitted to TEA. The superintendent/principal should also check the information before the final PEIMS submission is logged by the secretary and formally reported. Using multiple personnel to ensure the verification of PEIMS data will help minimize the risk of reporting inaccurate information to PEIMS. A thorough internal review of all policies and procedures

covering PEIMS data collection should be undertaken and steps implemented to ensure that employees take responsibility for the accuracy of the data.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent reviews the current PEIMS submission process including all personnel who report or enter data.	August 2003
2.	The superintendent develops a detailed procedure for collecting correct PEIMS data and ensures appropriate personnel review and verify the data prior to submission to TEA.	August - September 2003
3.	The superintendent trains each person involved in the submission process on what is required before each PEIMS submission.	September 2003
4.	The superintendent and business manager monitor, check and sign-off on the PEIMS report prior to submission.	October 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1

C. DISTRICT MANAGEMENT

While a district's board of trustees sets policy, the superintendent implements the policy and manages the district in the most effective and efficient manner possible. The goal of administration should be to facilitate and support the instruction of students by ensuring that every possible dollar and resource is directed to the classroom. As specified by TEC Section 11.201, the superintendent:

- plans, operates, supervises and evaluates the educational programs, services and facilities of the district and conducts annual staff performance appraisals;
- assigns and evaluates all district personnel;
- terminates or suspends staff members or the non-renewal of staff members' term contracts;
- manages daily management of district operations;
- prepares district budgets;
- prepares policy recommendations for the board and implements adopted policies;
- develops appropriate administrative regulations to implement board policies;
- provides leadership in improving student performance; and
- organizes the district's central administration.

The superintendent organizes the central office to serve schools and assist in meeting state standards.

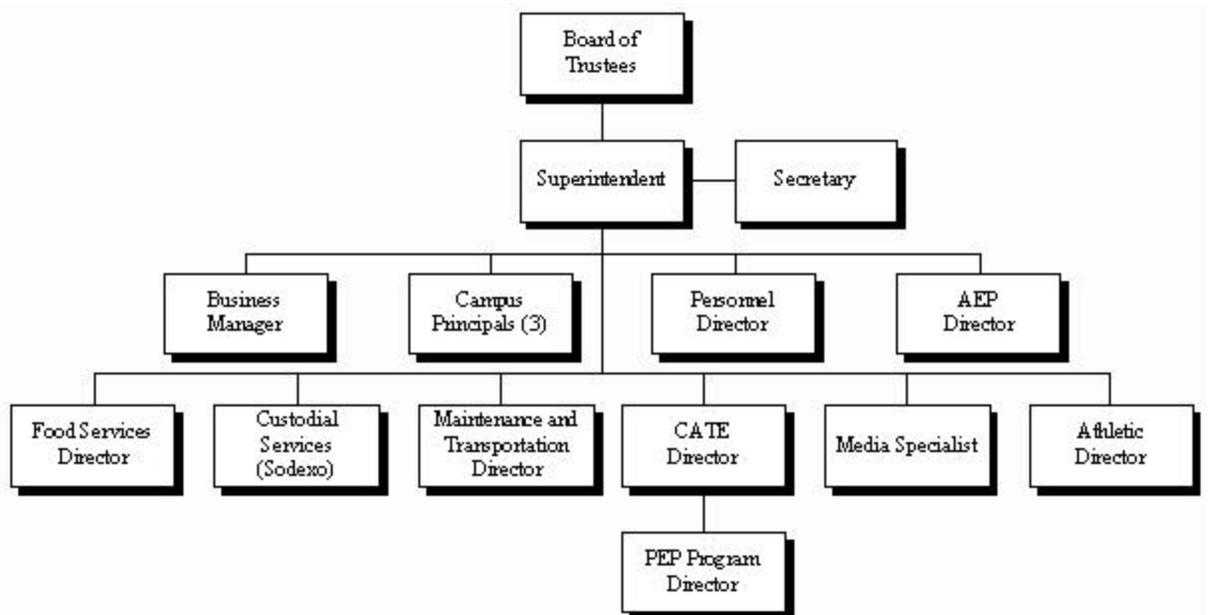
The superintendent serves as the administrative leader for policy implementation and daily district operations. The MISD board promoted the current superintendent from high school principal to interim superintendent on July 1, 1999 and hired her as superintendent on January 18, 2000.

FINDING

MISD's current organization is not functionally aligned. No position other than the superintendent oversees the curriculum and instructional functions, and the business functions are fragmented. The superintendent supervises 12 administration staff. With the exception of the Business manager, all of these reports oversee a single function or school. The superintendent also sits on the board of the Falls County Special Education Cooperative, which delivers special education services to MISD and other districts within Falls and McLennan counties. The following

organizational chart depicts the superintendent's direct reports (**Exhibit 1-8**).

Exhibit 1-8
MISD Central Administration Organization
2002-03



Source: MISD, Superintendent's Office.

This organizational structure requires the superintendent's involvement in many routine transactions and decisions. For example, the superintendent personally reviews all purchase requests within the district. The superintendent also personally instituted the reading program at the elementary school and is managing its implementation. In addition, she is involved in writing curriculum materials for use at the elementary campus.

In a proactive approach to decentralize some of her responsibility, the superintendent is currently interviewing for the proposed position of assistant superintendent of Operations. The new position is targeted to be filled for 2003-04.

While it is not uncommon in smaller districts for a superintendent to wear many hats, with more than 1,500 students and an \$11 million annual budget, MISD is in the upper one-half of Texas school districts in size. Maintaining a high number of non-executive-level direct reports prevents the superintendent from engaging in strategic instructional leadership and creates inefficiency in daily business operations. Successful districtwide instructional leadership requires consistent direction and availability of

human resources at the central and school levels. Successful leadership of administrative operations requires similar focus.

By combining the leadership roles and responsibilities associated with different facets of the district's daily business and hiring or placing highly qualified administrative personnel over both the business and the educational areas, districts are able to manage the programs under their guidance. In many districts, a financial and operational expert with public accountant certification oversees the district's finances, transportation, food service, maintenance and custodial operations. Also, school districts often hire a highly qualified employee who has extensive educational experience to oversee and direct districtwide curriculum and instruction and program evaluation.

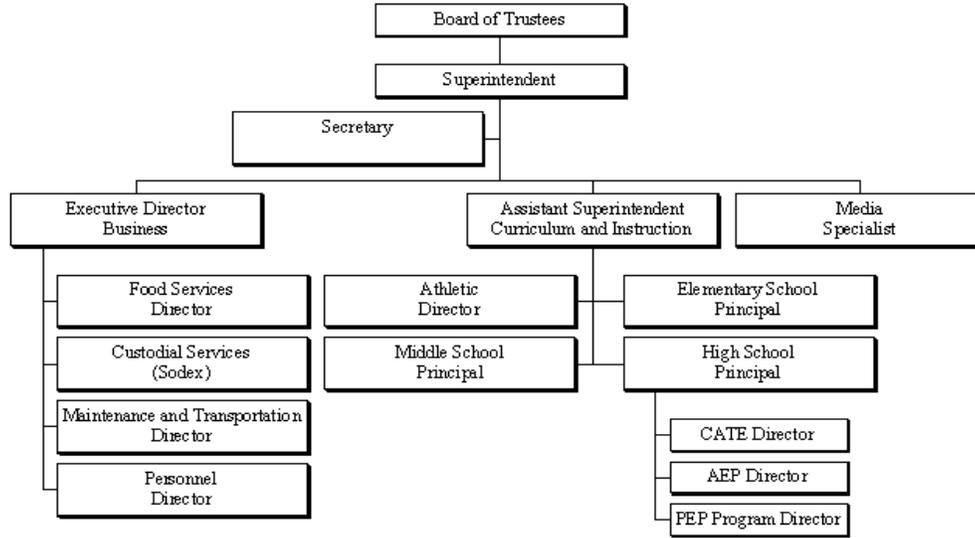
Elgin ISD, for example, has aligned its managerial oversight functions into three areas including an executive director for Academic Services, Business and Financial Services and Administrative functions.

Recommendation 4:

Reorganize central administration and functionally align business and academic functions of the district.

Exhibit 1-9 presents the proposed central administrative organization. This organizational structure introduces two new positions: executive director, Business and associate superintendent, Curriculum and Instruction. It also reorganizes existing reporting relationships. Implementing this structure will reduce the span of control managed by the superintendent, increase the time available for the superintendent to provide instructional leadership, increase executive-level instructional support resources and focus business management under qualified, executive-level leadership.

**Exhibit 1-9
MISD Example Organization**



Source: Government Resource Associates, 2003.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent reviews the recommended organization with input from the Personnel director and the principals.	Immediately
2.	The superintendent requests board approval for the reorganization, including adding new positions.	Immediately
3.	The board approves the reorganization; the superintendent informs all staff of the changes and begins implementation.	July 2003
4.	The superintendent asks the Personnel director to prepare and submit job descriptions for the newly created positions of executive director, Business and assistant superintendent, Curriculum and Instruction.	Immediately
5.	The Personnel director posts the new job positions and accepts resumes.	July 2003
6.	The superintendent conducts interviews and hires individuals to fill the new positions.	July 2003
7.	The new personnel assume their responsibilities and existing personnel assume their management responsibilities in the new structure.	August 2003

FISCAL IMPACT

Salaries for the one new positions are estimated at \$61,800 per year (\$60,000 base salary + \$1,800 fixed benefits) for the assistant superintendent, Curriculum and Instruction and since the Executive Director of Business position has already been budgeted for by the district as the assistant superintendent of Operations, the position will not effect this fiscal impact.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Reorganize central administration.	(\$61,800)	(\$61,800)	(\$61,800)	(\$61,800)	(\$61,800)

Chapter 1

D. COMPUTERS AND TECHNOLOGY

MISD's information technology (IT) group supports both administrative functions and classroom instructional programs. The IT group supports the following functions:

- the district's information technology infrastructure including implementation, support and administration of the district's wide area network (WAN);
- support for local area networks (LANs) in schools and administrative offices;
- maintenance of the district's Internet Web site;
- operation of help desk for technical support services;
- computer maintenance and repair;
- computer education and training; and
- support for PEIMS and other state and federal reporting requirements.

MISD has 441 personal computers distributed in the following manner: one per administrator (11) and professional staff (65), one classroom computer per teacher (122) and the remainder for students (243). Based on an enrollment of 1,526, this represents a student-to-computer ratio of 3.4:1.

Exhibit 1-10 summarizes the locations of MISD's computer inventory.

Exhibit 1-10
MISD Computer Inventory Summary
2002-03

	Computers	Servers
High School	79	1
Middle School	126	1
Elementary School	132	1
AEP	21	0
Learning Center	21	1
Career and Technology Center	51	2
Administrative	11	1

Total	441	7
--------------	------------	----------

Source: MISD, Career and Technology Center director.

MISD has received significant funding from State Telecommunications Infrastructure Fund (TIF) and Technology Integration in Education (TIE) E-Rate grants. These grants pay for technological improvements and advanced technology infrastructure and training (**Exhibit 1-11**).

Exhibit 1-11
Use of Technology Grant Funds Received by MISD
1998-1999 through 2002-03

Type of Grant	1998-99	1999-2000	2000-01	2001-02	2002-03	Use
TIF Grant	\$96,459					Internet Connectivity - Assessment
TIF Grant	\$100,000					Internet Connectivity
TIF Grant		\$40,000				Technology Advancement 2 - Single
TIF Grant			\$100,000			Technology Advancement 5 - Collaborative
TIF Grant					\$50,000	PS10C
TIF Grant					\$35,000	PS11C
TIE Grant				\$17,586		Salary and Benefits
TIE Grant				\$7,046		Contract Services
TIE Grant				\$91,759		Computers and Supplies
E-Rate Grant		\$38,793				Telecomm Services
E-Rate Grant			\$18,444			Internal Connections

E-Rate Grant			\$7,801			Internet Access
E-Rate Grant			\$46,410			Telecomm Services
E-Rate Grant				\$4,080		Internet Access
E-Rate Grant				\$49,621		Telecomm Services
E-Rate Grant					\$37,449	Internal Connections
E-Rate Grant					\$8,670	Internet Access
E-Rate Grant					\$46,527	Telecomm Services
Total	\$196,459	\$78,793	\$172,655	\$170,092	\$177,646	\$795,645 Grand Total

Source: MISD, Business Manager, Universal Service Administrative Company - Automated Search of Commitments.

Note: Blank spaces in the exhibit represent that a grant of that type was not secured during the given school year.

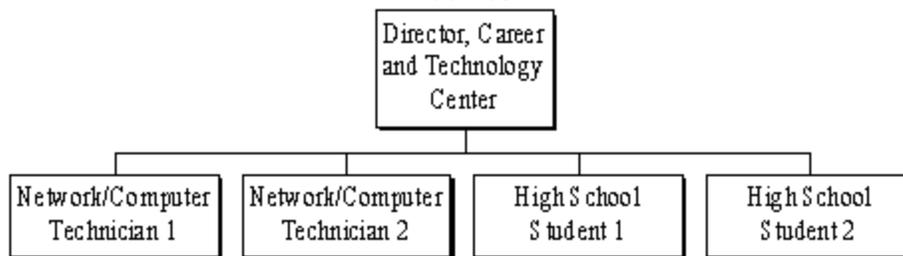
A school district's WAN provides its users with electronic mail and Internet access and connects its LANs. A LAN connects all users within a single building. LAN users are connected to other district users through a WAN connection. A LAN also provides a bridge to the Internet through a T1 line connected to an internet service provider. A T1 line is a dedicated phone line supporting data rates of 1.544 Mbits per second, enabling individuals to reach information and people inside and outside the district. A firewall protects a WAN preventing unauthorized users outside the district from accessing information or people inside the district. Districts with this type of networked system have established the infrastructure to use present and future telecommunications capabilities.

MISD built its computer network infrastructure over the last three years. Each campus has its own dedicated application server supplying network-based applications to the users in that school, as well as dedicated servers at administration and the Learning Center. Two dedicated servers, centrally located in the technology department at the vocational center,

handle e-mail and central file storage, as well as redundant backup of distributed servers. Only a few software applications run on the network.

MISD does not have a separate stand alone IT department. Instead the district organizes its IT support function within the Career and Technology Center. The director of the Career and Technology Center is the MISD's technology coordinator, responsible both for the operation of the center and IT support functions. A secretary, two network/computer technicians and two high school students support the director (**Exhibit 1-12**).

Exhibit 1-12
MISD Career and Technology Center Organization
2002-03



Source: MISD, Career and Technology Center director.

One of the network/computer technicians works full-time for the district. The second technician teaches one class per week and works three days per week for MISD. The technician works two days per week for Chilton ISD. The students, who are enrolled in the computer technology program, help setup personal computers, load software and perform minor repairs.

FINDING

MISD uses microwave technology for wireless network connections to the Learning Center, Falls County Co-op and AEP buildings. These facilities have a small number of users and do not have mission critical applications that rely on their network connection. Microwave data transmission is susceptible to weather-related outages but is far less expensive than dedicated T1 lines. The district assessed the business need and weighed it against the technology and determined that microwave technology was adequate to meet the needs at these facilities and costs less than a T1 line.

COMMENDATION

MISD Career and Technology Center assessed the technology cost versus the operational necessity of the system to find a less-expensive solution that adequately meets the communications need.

FINDING

MISD has received funding from TEA, TIF grants and E-Rate grants to build a district WAN and LAN infrastructure and purchase 441 personal computers over the last three years. The district has also benefited from a federal TIE grant as part of a cooperative effort in which Coolidge ISD is the financial agent and coordinated by Groesbeck ISD. Other school districts that participated in this grant included: Mexia, Mart and Wortham. In addition to hardware and software purchases, these funds have also been used to provide computer training to district teachers and staff. Total expenditures over the last three years equal \$902,198, with 68 percent from grants and 32 percent coming from the TEA Technology Allotment.

COMMENDATION

The MISD Career and Technology Center has worked to identify and secure available outside funding.

FINDING

MISD does not have a dedicated IT coordinator position to direct and oversee the district's technology operations. The director of Career and Technology oversees the district's IT department management and coordination functions. The director also manages vocational education programs.

The director, who took over in January 2002, has resolved network issues that have previously been recurring problems for the district. Working with limited funding, the director has used part-time staff and one full-time network/computer technician. MISD contracts with external hardware and software vendors to implement most of the district's technology projects.

Lack of a full-time dedicated technology coordinator negatively impacts responsiveness to customers, disrupts continuity of staff working to resolve problems and increases the amount of shared responsibility for tasks that reduce accountability.

Full-time dedicated staff in many districts assume responsibility for a problem from beginning to end resulting in better customer service and improved employee satisfaction from a sense of accomplishment when completing tasks. Full-time staff in these districts also improve the district's ability to work with hardware and software vendors by assigning a single point of contact that is available when needed.

Many districts use a technology coordinator to:

- oversee daily operation of the technology department;
- coordinate instructional technology systems;
- guide the selection of technology equipment;
- facilitate the incorporation of existing technology;
- provide enhanced instructional resources and materials to teachers;
- design methods to streamline district processes;
- collaborate with others to develop and support the district technology infrastructure and implementation;
- monitor various school improvement plans; and
- conduct evaluations to determine which goals and objectives of the technology plan are met.

According to Computer Economics 2001 Information Systems and E-Business Spending Survey for State and Local Government, the top quartile of government organizations supports 62.8 workers for each IT employee. A number of factors impact this ratio such as the level of contract labor used, the complexity of IT support required and sophistication of the end users. MISD contracts out most of its technology implementation services and software support, operates a PC based network with low complexity and supports a novice user group. Based on this assessment, MISD can expect to support more than 62.8 workers per IT employee. The current staff of 2.5 full-time equivalent positions supports 441 computers for a ratio for 176.4 to 1.

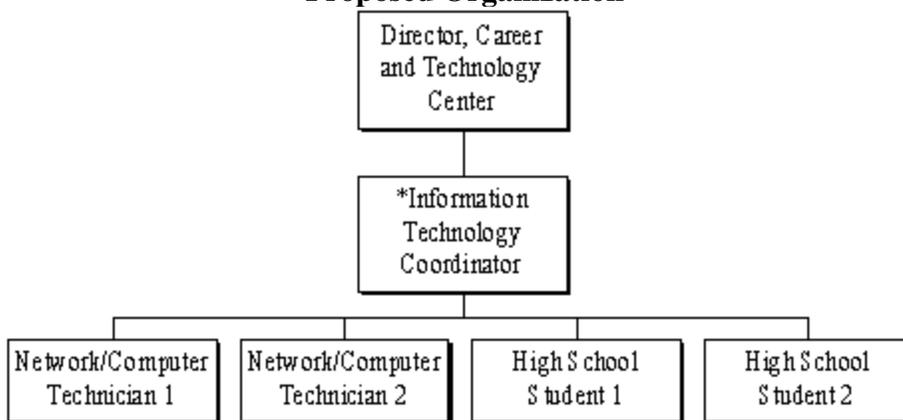
Recommendation 5:

Create an information technology coordinator position.

Exhibit 1-13 shows the proposed organization of the technology department.

Exhibit 1-13
MISD Technology Department

Proposed Organization



Source: MISD, Career and Technology Center director, and Government Resource Associates.

*Denotes new position.

Adding one position will lower the ratio to 126 to 1, which is still low staffing but more in line with peer districts. As the network system and users become more sophisticated, MISD should consider adding additional support positions in the future to improve IT support.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent gains school board approval to hire and fund an Information Technology coordinator.	Immediately
2.	The director of the Career and Technology Center, Business manager and Personnel director create a job description and salary range for an Information Technology coordinator and put money in the 2003-04 budget for the position.	Immediately
3.	The Personnel director initiates a search for qualified candidates for the position.	July 2003
4.	The superintendent interviews qualified candidates and recommends a candidate for the position to the board.	July 2003
5.	The board votes to approve the candidate.	August 2003
6.	The newly hired Information Technology coordinator begins work in the district.	August 2003

FISCAL IMPACT

This fiscal impact assumes the district will employ an IT coordinator position for \$41,800 per year (\$40,000 base salary + \$1,800 fixed benefits).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Create an information technology coordinator position.	(\$41,800)	(\$41,800)	(\$41,800)	(\$41,800)	(\$41,800)

FINDING

MISD does not have a disaster recovery plan.

IT staff has system backup and recovery procedures used to backup each server and also backup each server from the central server. This allows recovery from a loss at a remote site but does not address loss of the central site or catastrophic, districtwide loss.

A catastrophic event such as a tornado could destroy all of the district network servers and leave the district without mission critical information. In addition, the district would not be able to continue normal school operations without a large capital outlay to buy and install new systems. The district could retrieve some of the loss of information through state reporting systems. Although loss of equipment can be expensive, even more expensive is the time and effort required to recreate lost information. Information not available from state reporting systems would require manual recreation from printed copies if available, from memory if not. This process is involved, labor intensive and slow.

Glen Rose ISD has developed a comprehensive disaster recovery plan for handling the loss of its information systems. The district's disaster recovery plan includes emergency contacts for the Technology Department staff, the district and technology vendors. The plan contains protocols for both partial and complete recoveries to ensure that the technology staff is knowledgeable in every aspect of recovery and restoration. The plan outlines designated alternate sites dependent upon the type of outage that occurs. The plan also includes system redundancy and fault protection protocols as well as a tape backup plan. Many other districts include technology services in existing shared service arrangement.

Recommendation 6:

Develop a disaster recovery plan.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of the Career and Technology Center works with the technology staff and vendors of software and hardware to assess the susceptible components of the system which are to be protected by a system for recovery of lost information.	July 2003
2.	The director of the Career and Technology Center formulates a plan which includes protocols for both partial and complete recoveries, system redundancy and fault protection as well as a tape backup plan.	July 2003
3.	The director of the Career and Technology Center consults with peers from districts in current shared service agreements to find opportunities for technology sharing.	August 2003
4.	This plan is reviewed by the technology staff of all districts involved and submitted to the superintendents for approval.	September 2003
5.	The superintendent submits the plan to the other superintendents and school boards for review and approval.	September 2003
6.	The technology staff implement the plan.	October 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1

E. SAFETY AND SECURITY

School districts are expected to provide an environment conducive to learning that is safe and secure for both staff and students. To effectively accomplish this, school districts develop policies, procedures and programs to address issues of crisis control, student discipline, individual and facility safety and violence prevention. Providing a safe learning environment requires developing comprehensive policies and procedures that address areas of prevention, intervention, enforcement and crisis response in cooperation with others. This is an effort that requires the cooperation of parents, the community, law enforcement and municipal and county government. Discipline management and alternative education programs are key tools in this endeavor. Failure to address any of these areas weakens the safety and security of the school district and impairs the education process.

Community crime affects the safety and security of neighborhoods, businesses and school districts. In addition, truant students can impact the neighborhood through criminal mischief and other misbehavior. To gauge the level of crime and violence in the immediate district area, the review team obtained crime data from the Texas Department of Public Safety.

MISD is located within Falls County in central Texas. The crime rate for the city of Marlin has dropped 35.7 percent, while the Falls County rate has risen 27.7 percent. While the total for the area is higher than the state average (**Exhibit 1-14**), the total rate for the whole area has fallen while the state average has risen.

Exhibit 1-14
Crime Rates
Falls County and State Average
1999 through 2001

Crime Rate Per 100,000	1999	2000	2001	Incident Change from 1999	Percent Change Increase/ (Decrease) from 1999
Falls County	1,231.0	1,034.3	1,571.4	340.4	27.7%
City of Marlin	7,568.0	6,273.7	4,868.7	(2,699.3)	(35.7%)
State of Texas	5,035.2	4,952.4	5,152.3	117.1	2.3%

Source: Texas Department of Public Safety, Uniform Crime Reports, 1999-2001.

In its publication, *Keeping Texas Children Safe*, the TSPR notes that the most effective districts have a safety plan that includes prevention, intervention and enforcement strategies. School districts applying the steps shown in **Exhibit 1-15** in a comprehensive system achieve significant results.

Exhibit 1-15
Keeping Children Safe in School
January 2000

Strategy	Steps to Take
Prevention	<ul style="list-style-type: none">• Know your goals and objectives: where your district is going and what you want to accomplish.• Establish clear expectations for students, parents, teachers and administrators.• Address warning signs before they turn into trouble.
Intervention	<ul style="list-style-type: none">• Look for trouble before it finds you.• Recognize trouble when you see it.• Have individuals in the right place and at the right time to intervene.• Have a plan of action appropriate for the occasion and practice it.
Enforcement	<ul style="list-style-type: none">• Leave no room for double standards.• Ensure that discipline management extends inside and outside the classroom.• Alternative programs are not just a matter of compliance with the law; they are many students' last chance at success.

Source: TSPR, *Keeping Texas Children Safe in Schools*, January 2000.

State law requires school districts to develop DIPs and CIPs to guide instruction. CIPs frequently include goals for safety and discipline management.

Districts must adopt a student code of conduct with the advice of a district-level committee. Students who engage in serious misconduct must be removed from regular education settings and placed in disciplinary alternative education programs (DAEPs).

In counties with a population of 125,000 or more, school districts, the juvenile board and juvenile justice systems must establish a Juvenile Justice Alternative Education Program (JJAEP). The JJAEP falls under the jurisdiction of the Texas Juvenile Probation Commission and provides for the education of incarcerated youths and youths on probation.

In addition, federal legislators support Safe and Drug Free Schools (SDFS) by providing funding to state and local governments. This funding promotes the development of programs that prevent violence in and around schools. The SDFS program consists of a state grants program and a national program. The authorization for the program is found in Title IV of the federal No Child Left Behind Act of 2001. Texas schools receive Title IV funds, and each district decides the most effective way to apply the money. Districts must report violent incident rates to the state. TEA serves as the fiscal agent distributing the SDFS monies to the participating districts.

The 1998 U.S. Department of Justice report, *Security Concepts and Operational Issues*, observes that security operations often require a balance among effectiveness, affordability and acceptability. Frequently, schools do not have the funding for an aggressive and complete security program. Schools can provide effective security operations without applying every security approach at every school. Effective security operation designs are based on whom or what needs protection as well as the type of security threat and facility constraints.

FINDING

The district safety and security plan does not document the specific responsibilities of district staff or provide coordination between or among district staff and local law-enforcement organizations. Many staff members share safety and security responsibilities at MISD. The superintendent expects these staff members, from custodial workers to bus drivers, to respond to security issues at whatever location they reside. As a proactive effort to correct this problem the district recently hired a part-time police officer to coordinate security efforts in the district.

MISD staff said that disciplinary problems were increasing districtwide. Disciplinary incidents within the district increased 21 percent from 1999-2000 through 2001-02. On an average, disciplinary incidents occur on more than a one incident per student basis when comparing total incidents to MISD's student enrollment (**Exhibit 1-16** and **1-17**).

Exhibit 1-16 Disciplinary Incident Report Totals

**MISD, Peer Districts and Falls County ISDs
1999-2000 through 2001-02**

District	2001-02 Enrollment	1999-2000				2000-01				2001-02			
		Elem.	Middle/ Jr. High	High School	Total	Elem.	Middle/Jr. High	High School	Total	Elem.	Middle/Jr. High	High School	Total
MISD	1,621	453	560	336	1,349	503	597	536	1,636	290	709	637	1,636
Hearne	1,119	172	173	99	444	170	309	384	863	297	147	308	752
Jefferson	1,437	47	194	266	507	124	277	396	797	100	169	375	644
Gladewater	2,127	200	403	305	908	185	522	345	1,052	187	569	355	1,111
Rosebud- Lott	968	38	189	155	382	76	259	193	528	35	304	0	339
Chilton	382	8	67	50	125	30	35	60	125	33	107	172	312

Source: TEA, PEIMS, 1999-2000 through 2001-02.

Note 1: 2003-03 data was not available as of May 2003.

Note 2: Westphalia ISD had no reported incidents for 1999-2000 through 2001-02.

**Exhibit 1-17
Disciplinary Incident Report Percent Change and Ratios
MISD, Peer Districts and Falls County ISDs
1999-2000 through 2001-02**

District	Total Disciplinary Incidents 1999-2000	Total Disciplinary Incidents 2000-01	Total Disciplinary Incidents 2001-02	Percent Change 1999- 2000 through 2001-02	2001-02 Enrollment	2001-02 Ratio of Student To Incident
MISD	1,349	1,636	1,636	21%	1,621	1:1.01
Chilton	125	125	312	150%	382	1:0.82
Hearne	444	863	752	69%	1,119	1:0.67
Gladewater	908	1,052	1,111	22%	2,127	1:0.52
Jefferson	507	797	644	27%	1,437	1:0.45
Rosebud- Lott	382	528	339	(11%)	968	1:0.35

Source: TEA, PEIMS, 1999-2000 through 2001-02.
 Note: 2002-03 data was not available as of May 2003.

San Angelo ISD developed numerous programs to improve the safety and security of its staff and students. In 1998, the superintendent, concerned about district vulnerability, asked the executive director of General Administrative Services to establish and chair a community-wide safety committee to study and recommend district safety improvements. The committee consists of representatives from the community, district administration, board, area emergency services, social services professionals, the clergy and students. The committee is large, with nearly 50 members, to ensure that there will always be a sizable number of members present at meetings. The group meets at least once a month to exchange ideas about how to increase protection and expand safety awareness within the school. Such sharing not only provides the school district the opportunity to tap its community resources for advice and assistance, but it exposes the community to needs that emerge within the school, as they surface, rather than after it is too late. The intention is prevention, based on the conviction that sharing information among stakeholders and tackling potential problems as a group will unite the school and community in a common mission.

Recommendation 7:

Document specific responsibilities of district staff in the safety and security plan.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent forms a committee and contacts parents, police and community leaders for committee members.	August 2003
2.	The superintendent holds an initial meeting to set schedules and focus for updating the plan.	September 2003
3.	The superintendent and committee members develop district documents for each staff member's responsibilities for safety and security.	October 2003
4.	The superintendent presents the documents to the board for approval.	November 2003
5.	The superintendent ensures regularly scheduled committee meetings to address safety and security issues are held.	Monthly

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1

F. COMMUNITY INVOLVEMENT

Community involvement activities enable parents, local businesses, community leaders, non-parent taxpayers, employees and students to better understand the challenges and opportunities facing a school district. Media communication with all school district stakeholders on a regular basis builds positive relationships and vital support from the local community. Strong community involvement programs can enhance the quality of an educational program and expand the resources of a school district.

Realizing that parental involvement helps improve student achievement, Federal Title I grants are awarded to districts to provide comprehensive parental involvement programs. Grant regulations require that school districts provide educational classes and volunteer opportunities that allow parents to support, assist and become involved in the education of their children.

Collaborative partnerships with businesses and organizations can expand the resources of a district and encourage the community to become involved in the schools.

Internal and external communication involves exchanging information between the district and all community members. Internal communication concerns the distribution of information within the district; external communication concerns the interaction of the district with parents, local businesses and the community as a whole. Effective interactive communication methods provide information to the community about district programs, events and student performance as well as allowing for community members to voice their issues and concerns to district administrators.

FINDING

MISD does not have a coordinated program to increase parent/community involvement in the district. MISD has created various publications which list some of the services and programs that the district provides. MISD also has a Web site with a school calendar which primarily focuses on athletic events. Neither of these community outreach tools has been effective in increasing districtwide parental involvement in education.

The district's communications are limited mostly to attendance at athletic events. Some parental meetings are conducted at schools but generally

have low parent turnout according to district staff. Though MISD has varied efforts underway in MISD to elevate parent interest in the educational program, parents and staff said that academics are not a priority within the community.

Under federal Public Law 103-382, school districts receiving Title I funds are mandated to follow federal regulations requiring a comprehensive parental involvement program including services such as literacy training and volunteer opportunities that help parents support the education of their children.

Districts that recognize the importance of parental involvement meet the needs of the diverse communities by ensuring parent's continuing engagement in their children's education. When schools are actively seeking to motivate parents to become more involved in the school, communication with parents through newsletters, phone calls and other methods increase the likelihood of academic success districtwide. Districts that provide resource materials, educational presentations and other training tools gain a key component in increasing student achievement levels, improving attendance and fostering more positive attitudes and behaviors. Many of these districts promote organizations like a Parent/Teacher Organization or Association to further parental involvement in the schools.

Recommendation 8:

Create a comprehensive plan for parental involvement for the district that includes a calendar of events and activities to encourage parental participation.

When parents are not informed of activities of common interest, parent involvement in students' academic lives tends to be limited to individually initiated events or contacts.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent appoints a committee of staff, parents and community members to develop a calendar of events which will include community participation.	July 2003
2.	Teachers and counselors plan various back-to-school and orientation programs for parental visits to the schools early in the year.	August 2003
3.	Parental support groups, like a Parent/Teacher Organization or Association, assist in presenting a variety of community meetings and school events.	September 2003

4.	The superintendent, central administrators and campus administrators monitor program impact and adjust strategies as necessary to increase and sustain parental involvement.	September 2003 and Ongoing
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FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 2

EDUCATIONAL SERVICE DELIVERY

This chapter reviews the Marlin Independent School District (MISD) educational service delivery system in the following sections:

- A. Instructional Program Delivery
- B. Student Performance
- C. Special Programs

An effective school district has an educational service delivery system that is accountable for student achievement and uses human and financial resources in a planned and coordinated manner. To adequately meet the needs of its students, a district must have well-designed and well-managed processes for directing instructors, maintaining a curriculum, evaluating and monitoring the success of its educational programs and providing adequate funding to support its academic programs.

BACKGROUND

Located in Falls County, MISD served 1,526 students in 2002-03 in three facilities, Marlin Elementary School, Marlin Middle School and Marlin High School. The district also serves students in an alternative education program (AEP), the Learning Center and a disciplinary alternative education program, the McLennan County Challenge Academy. MISD also operates a disciplinary alternative education program at each school that is called On Campus Suspension (OCS). The district also serves as the fiscal agent and the host site for an AEP that serves secondary school students, as well as students from Chilton and Mart ISD's who attend on a contract basis. **Exhibit 2-1** lists MISD's schools, grades served and student enrollments for 2002-03.

Exhibit 2-1
MISD Schools, Grades Served and Student Enrollment
2002-03

Campus	Grades Served	Enrollment
Marlin Elementary School	EC - 5	688
Marlin Middle School	6-8	360
Marlin High School	9-12	455
The Learning Center	8-12	13

McLennan County Challenge Academy	8-12	10
Total Enrollment		1,526

Source: TEA, PEIMS, 2002-03.
Note: EC is early childhood education.

The Regional Education Service Center XII (Region 12) located in Waco serves MISD. The district selected Gladewater, Jefferson and Hearne ISDs to serve as peers for comparative purposes.

This report uses data from the Texas Education Agency (TEA) on state-mandated student achievement test scores, results of the Texas Assessment of Knowledge and Skills (TAKS), Texas Assessment of Academic Skills (TAAS) and other student performance measures, such as the Scholastic Achievement Test (SAT). TEA's Academic Excellence Indicator System (AEIS) reports provide demographic, student performance, staffing and financial data for each school district and school. AEIS reports summarize the more comprehensive Public Education Information Management System (PEIMS) data reported by school districts annually. These reports are sent to each school and district and are available on TEA's Web site at www.tea.state.tx.us. The latest AEIS and PEIMS data are for the 2001-02 and 2002-03, respectively.

Exhibit 2-2 presents demographic information for MISD, its peer districts, Region 12 and the state. of the 1,526 students MISD served in 2002-03, 58.3 percent were African American, 23.6 percent were Hispanic and 17.8 percent were Anglo. In contrast to the state's five-year enrollment growth trend of 7.5 percent from 1998-99 through 2002-03, MISD's enrollment dropped more than 8 percent and selected peer districts all experienced decreases in student enrollment.

Exhibit 2-2
Enrollment and Demographic Characteristics
MISD, Peer Districts, Region 12 and State
1998-99 and 2002-03

District	1998-99 Student Enrollment	2002-03 Student Enrollment	Five Year Percent Change Over/ (Under)	2002-03 Ethnic Group (Percent)				
				African American	Hispanic	Anglo	Other	Economically Disadvantaged Percent
Gladewater	2,236	2,221	(0.7%)	20.6%	6.5%	71.8%	1.1%	52.1%

MISD	1,674	1,526	(8.8%)	58.3%	23.65%	17.8%	0.3%	73.7%
Jefferson	1,523	1,418	(6.9%)	44.1%	1.8%	53.8%	0.3%	63.1%
Hearne	1,339	1,159	(13.4%)	56.1%	30.3%	13.0%	0.6%	84.0%
Region 12	132,851	139,468	5.0%	23.2%	22.0%	52.6%	2.2%	49.9%
State	3,945,367	4,239,911	7.5%	14.3%	42.7%	39.8%	3.2%	51.9%

Source: TEA, AEIS, 1998-99 and PEIMS, 2002-03.

Exhibit 2-3 shows that in 2002-03, MISD identified 1,124 of its students as economically disadvantaged or 73.7 percent. MISD ranked second only to Hearne ISD and significantly higher than the percentages for Region 12 (49.9 percent) and the state (51.9 percent). Economically disadvantaged students are eligible for free or reduced-price meals. Region 12 and the state experienced growth during this five-year period although all but one of the peer districts experienced an increase in the number and percentage of students identified as economically disadvantaged.

Exhibit 2-3
Economically Disadvantaged Students
MISD, Peer Districts, Region 12 and State
1998-99 and 2002-03

District	1998-99 Number of Economically Disadvantaged Students	1998-99 Percent of Total Students Economically Disadvantaged	2002-03 Number of Economically Disadvantaged Students	2002-03 Percent of Total Students Economically Disadvantaged	Percent Change from 1998-99 through 2002-03
Hearne	961	71.8%	973	84.0%	1.25%
MISD	1,077	64.3%	1,124	73.7%	4.36%
Jefferson	906	59.5%	895	63.1%	(1.21%)
Gladewater	1033	46.2%	1158	52.1%	12.10%
Region 12	63,511	47.8%	69,599	49.9%	9.59%
State	1,914,547	48.5%	2,200,000	51.9%	14.91%

Source: TEA, AEIS, 1998-99 and PEIMS, 2002-03.

The district's average attendance rate for 2000-01 was 95.5 percent. MISD's attendance rates decreased slightly from 1998-99 through 2000-01. Although the district average equaled the state average in 2000-01,

MISD's attendance rate was the lowest among the peer districts (**Exhibit 2-4**). Both attendance and dropout rates are reported for the year prior to the published TEA reporting date; hence 2000-01 figures are reported in TEA's 2001-02 data.

Exhibit 2-4
Student Attendance Rate
MISD, Peer Districts, Region 12 and State
1998-99 through 2000-01

District	1998-99	1999-2000	2000-01
MISD	96.5%	95.8%	95.5%
Gladewater	96.0%	96.1%	96.1%
Hearne	96.6%	96.0%	96.4%
Jefferson	96.0%	96.5%	97.1%
Region 12	95.8%	96.0%	95.8%
State	95.4%	95.6%	95.5%

Source: TEA, AEIS, 1999-2000 through 2001-02.

Note: AEIS reports attendance rates for the year prior to the reporting year.

TEA assigns annual accountability ratings to each district and school based primarily upon statewide assessment scores and dropout rates.

The accountability system includes five categories for districts: *Exemplary, Recognized, Academically Acceptable, Academically Unacceptable* and *Unacceptable: Data Quality*. For schools, the categories are: *Exemplary, Recognized, Academically Acceptable* and *Low Performing*. The rating category *Suspended: Data Inquiry* is assigned to districts when serious data reporting errors affect one or more of the base indicators used to determine accountability ratings. In 2002, MISD received a rating of *Academically Acceptable*. Marlin Elementary School has received a *Low Performing* rating for the past two years.

Exhibit 2-5 presents a summary of the ratings that TEA can apply to schools and districts.

Exhibit 2-5
TEA Accountability Ratings
2000-01

Rating	Applicability/Explanation
Exemplary	District and school
Recognized	District and school
Academically Acceptable	District
Academically Unacceptable	District
Low-Performing	School
Alternative Education (AE: Commended, AE: Acceptable, AE: Needs Peer Review or AE: Not Rated)	Schools that applied and were identified as eligible to be evaluated under alternative education procedures.
Charter School	At the district level, open-enrollment charter schools receive the label Charter School. At the school level, they are given one of the four school ratings listed above, based on the regular accountability system. First year charter schools are not rated.
Not rated	These schools include those that do not serve students within the grade 1 to grade 12 span, such as pre-kindergarten centers and early education through kindergarten schools.
Academically Unacceptable: Special Accreditation Investigation	Special Accreditation Investigations may be conducted when excessive numbers of absences or exemptions of students eligible to be tested on state assessment instruments are determined; in response to complaints related to alleged violations of civil rights or other legal requirements; in response to compliance reviews of financial accounting practices and state and federal program requirements; when extraordinary numbers of students are placed in alternative education programs; and in response to allegations involving conflict between members of the board of trustees or between the board and the district administration.
Suspended: Data Inquiry	These districts and campuses have their ratings suspended due to serious errors in the reporting of PEIMS data that affect one or more of the base indicators used for assigning accountability ratings. The errors were of such magnitude that the results were deemed to be unsuitable for ratings

	purposes.
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Source: TEA, AEIS, 2000-01.

In 2003, to receive an *Exemplary* rating, at least 90 percent of all students, as well as 90 percent of each student group (African American, Hispanic, Anglo and economically disadvantaged) must pass the TAKS reading, writing and mathematics tests. To achieve a *Recognized* rating, 80 percent of all students and each student group must pass the TAKS reading, writing and mathematics tests. To be rated *Academically Acceptable*, 50 percent of each student group must pass TAKS. Scores for students with disabilities and from the TAKS Spanish version of reading and mathematics in grades three through six are included in the accountability calculations. Failure to meet testing standards is the primary reason that schools receive a Low-Performing rating. Prior to spring 2003, all accountability ratings were based on the TAAS as the state's assessment instrument.

As illustrated in **Exhibit 2-6**, TEA rated MISD as *Academically Acceptable* in the Accountability Rating System from 1998 through 2002. These overall ratings compare to peer ratings with the exception of Gladewater ISD, which received a *Recognized* rating in 2002.

Exhibit 2-6
Accountability Ratings
MISD and Peer Districts
1997-98 through 2001-02

District	1997-98	1998-99	1999-2000	2000-01	2001-02
Gladewater	<i>Academically Acceptable</i>	<i>Academically Acceptable</i>	<i>Academically Acceptable</i>	<i>Academically Acceptable</i>	<i>Recognized</i>
MISD	<i>Academically Acceptable</i>				
Hearne	<i>Academically Acceptable</i>				
Jefferson	<i>Academically Acceptable</i>				

Source: TEA, AEIS, 1997-98 through 2001-02.

Exhibit 2-7 presents school accountability ratings for MISD from 1997-98 through 2001-02. During this time, Marlin Elementary received a *Low Performing* rating in both 2000-01 and 2001-02 and Marlin High School

received a *Recognized* rating in 1999-2000. TEA did not rate Marlin Elementary in 1998-99 because of the consolidation of three elementary-level campuses into the current single school. Prior to 1998-99, Marlin Elementary consisted of three separate campuses: Elementary (grades EE-2), Middle (grades 3-4) and Intermediate (grades 5-6). All three were rated as *Academically Acceptable*.

Exhibit 2-7
MISD's Accountability Ratings by School
1997-98 through 2001-02

Campus	1997-98	1998-99	1999-2000	2000-01	2001-02
Marlin Elementary*	<i>Acceptable</i>	<i>Not rated</i>	<i>Acceptable</i>	<i>Low Performing</i>	<i>Low Performing</i>
Marlin Middle School	<i>Acceptable</i>	<i>Acceptable</i>	<i>Acceptable</i>	<i>Acceptable</i>	<i>Acceptable</i>
Marlin High School	<i>Acceptable</i>	<i>Acceptable</i>	<i>Recognized</i>	<i>Acceptable</i>	<i>Acceptable</i>

Source: TEA AEIS, 1997-98 through 2001-02.

**In 1997-98, Marlin Elementary consisted of three separate campuses: Elementary (grades EE-2), Middle (grades 3-4) and Intermediate (grades 5-6). All three were rated Acceptable. Marlin Elementary was not rated in 1998-99 because of school consolidation.*

Because of Marlin Elementary School's continued *Low Performing* status, on November 18, 2002, TEA assigned an academic monitor to the district as allowed by the Texas Education Code chapter 39 section 131. An academic monitor provides both instructional assistance to designated schools and instructional administration guidance to the district's superintendent, board and school leadership. The monitor regularly works with the elementary school principal and the superintendent, continuously monitors districtwide student performance data and issues reports to TEA keeping the Commissioner of Education apprised of the district's progress or lack thereof. In a proactive move, the superintendent elevated the middle school principal to the board approved position of assistant superintendent of School Improvement. This position currently oversees the elementary school.

Exhibit 2-8 presents MISD's student enrollment in special programs compared to state, regional and peer rates. MISD has the lowest gifted and talented student enrollment compared to peers, the region and the state.

**Exhibit 2-8
Student Enrollment by Programs
MISD, Peer Districts, Region 12 and State
2002-03**

District	Special Education Percent Enrollment	Gifted and Talented Education Percent Enrollment	Career and Technology Education Percent Enrollment	Bilingual/English as a Second Language Percent Enrollment
Hearne	14.7%	6.1%	17.4%	9.7%
MISD	16.3%	3.4%	27.9%	4.3%
Jefferson	18.1%	5.8%	32.4%	0.4%
Gladewater	19.3%	6.2%	23.7%	1.4%
Region 12	15.0%	6.9%	19.8%	4.6%
State	11.6%	7.8%	19.8%	13.5%

Source: TEA, PEIMS, 2002-03.

MISD also provides counseling services to students at the elementary, middle and high school levels. The counselor at the elementary school is new, and the high school guidance counselor also serves as the district's assessment coordinator, school registrar and SAT/ACT coordinator.

The district offers other initiatives and programs including The Learning Center, an off campus academic alternative program, an Early Childhood program operated in cooperation with Head Start and the Pregnancy Education and Parenting program. The superintendent said that Title I funds are used to lower class sizes, to provide some educational aides and to deliver some professional development training. Accelerated Reading Instruction (ARI) funds are used in conjunction with Title I funds to provide three reading specialists at the elementary school to tutor small groups of students. ARI funds also pay for reading consultants to deliver reading and writing training to elementary students. The district uses Optional Extended Year Program (OEYP) funds to provide after school tutoring to students in grades 3 through 8.

Chapter 2

A. INSTRUCTIONAL PROGRAM DELIVERY (PART 1)

An effective instructional delivery system needs appropriate human and fiscal resources and depends on management and support from the district's central office. Administrators must ensure that the resources allocated to instructional programs produce improvements in student performance. This entails continual monitoring and evaluation of personnel, programs, professional training and support, as well as a process that accurately evaluates student achievement across all content areas and grade levels.

School administrative and instructional teams must also be qualified and active in planning and implementing the curriculum. Student performance on the statewide assessment instrument, the primary factor in determining a district's accountability rating, depends on effective instruction.

FINDING

Recognizing a need for a smooth transition between the middle school and the high school curriculum, MISD Middle School teachers started subject area team meetings in 2002-03 to ensure vertical alignment in language arts, math and science within the school and with the high school. The teachers meet several times a year after school to discuss subject area lessons to ensure that the information presented in one grade level is sufficient to progressively support the new information in the next grade level or course. The vertical alignment process promotes student success by guaranteeing that students in grades 6, 7 and 8 receive the basic knowledge necessary to successfully transition to the next academic level within the middle school and then the secondary level. Teachers share "gray binders" which contain, in some instances, copies of the Texas Essential Knowledge and Skills (TEKS) objectives provided by TEA, as well as any instructional materials individual teachers use to teach a class.

COMMENDATION

The MISD middle and high schools use vertical alignment teams to promote instructional continuity across secondary grade levels.

FINDING

In response to language arts deficiencies identified at the elementary level, MISD's elementary school initiated balanced literacy training for teachers in grades K-2 and writing training for teachers in grades 3-5. The

superintendent researched and hired consultants to provide instructional strategies and hands-on training to assist teachers in the elementary grades. This effort is designed to add consistency to the delivery of language arts curriculum and alignment of instruction within grade configurations. The superintendent said MISD focuses districtwide on literacy development at all grade levels and in all subjects and the integration of the six language arts TEKS strands of reading, writing, listening, speaking, presenting and viewing.

COMMENDATION

MISD supports teacher and student development in language arts instruction through training.

FINDING

TEA has rated Marlin Elementary School as *Low Performing* for 2000-01 and 2001-02. The school has both low statewide assessment passing rates and high retention rates for kindergarten through grade 5. **Exhibit 2-9** details the TAAS results for Marlin Elementary School for 1999-2000 through 2001-02 by grade level and demographics. Grade 3 TAAS passing rates fall significantly below the state average in all three years and are reported by the district to be 51 percent as compared to the state's 89.2 percent on the spring 2003 TAKS administration.

Exhibit 2-9
Marlin Elementary School
TAAS Results by Grade Level and Demographics
1999-2000 through 2001-02

Grade	1999-2000			2000-01			2001-02		
	African American	Hispanic	Anglo	African American	Hispanic	Anglo	African American	Hispanic	Anglo
Grade 3	33.9%	36.4%	61.1%	9.5%	17.6%	50.0%	13.8%	36.4%	64.3%
Grade 4	39.2%	37.0%	52.6%	48.3%	45.0%	65.0%	32.2%	29.4%	76.9%
Grade 5	66.2%	65.0%	88.9%	64.3%	48.3%	65.0%	64.0%	85.0%	94.1%
Grade 6	55.6%	80.0%	84.6%	65.2%	61.9%	85.7%	73.6%	73.3%	80.0%

Source: TEA, AEIS, 1999-2000 through 2001-02.

The retention rates at the elementary level exceed those of the peer districts, as well as state and regional averages. The greatest retention disparities appear at the elementary level, with a 21.4 percent retention

rate at grade 3 far exceeding the regional average of 2.9 percent and the state average at 2.5 percent. This equates to more than one in five children failing the third grade (**Exhibit 2-10**).

Exhibit 2-10
Elementary Retention Rates by Grade
MISD, Peer Districts, Region 12 and State
2001-02

Grade Level	MISD	Jefferson	Gladewater	Hearne	Region 12	State
K	5.0%	1.2%	0.8%	0.0%	3.5%	2.6%
1	12.2%	5.6%	4.9%	11.0%	5.8%	5.8%
2	5.6%	1.3%	2.6%	2.5%	3.1%	3.5%
3	21.4%	0.0%	1.1%	1.3%	2.9%	2.5%
4	7.3%	0.0%	0.7%	1.3%	1.7%	1.4%
5	2.4%	1.0%	3.0%	0.0%	1.0%	0.8%

Source: TEA, AEIS, 2001-02.

Statewide assessment passing data and retention rates demonstrate that MISD's elementary students are not progressing through the instructional program at expected rates or performing at standard state levels. These results indicate an immediate need to better understand individual student performance and to use results to design effective academic intervention strategies, particularly at the elementary level.

In May 2003, the TEA monitor, also known as an intervention team specialist, assigned to Marlin Elementary School reported that, while noting some improvements in the district's academic efforts, such as filling a vacant elementary school counselor position, the low TAKS scores of 51 percent for the third grade students indicated an immediate need to change the leadership at the elementary level. Additionally, from May 1 through May 9, the elementary school's principal was prohibited from supervising the school due to the expiration of his out-of-state permit. The district had to wait until after May 9 for the availability of the principal's results on the required EXCET or state-mandated licensure exams. As of June 4, 2003 the district's Web site lists the new assistant superintendent of School Improvement as the campus leader.

In May 1998, the U.S. Department of Education published *Turning Around Low Performing Schools: A Guide for State and Local Leaders*. The guide can be found on the Internet at www.ed.gov/pubs. The guide explains strategies that some states and districts have used to help turn

around low-performing schools. According to the report, "high-performing schools align curriculum, classroom practices and professional development with high academic standards for all students. These schools also build a sense of teamwork among staff, work in partnership with parents and the community and use performance data to inform choices and create a cycle of continuous improvement."

To build the capacity of schools to improve student achievement, the guide suggests priorities be set at the district level including:

- ensuring strong leadership at the school;
- promoting policies that encourage teacher commitment to reform;
- using resources strategically;
- helping schools use performance data to drive improvement;
- working in partnership with the community; and
- providing incentives for change and support for innovation.

The guide also discusses interventions used to overhaul chronically low-performing schools. Interventions vary from school redesign to reconstitution, a last resort. The guide explains "reconstitution involves closing a school and reopening it with new school leaders and usually with new teachers and staff." According to the Department of Education, an intervention cannot succeed unless those who work in the school cooperate and are committed to turning the school around.

Galena Park ISD (GPISD), a district with a 65.8 percent economically disadvantaged population and an 86 percent minority student enrollment, developed and implemented a long-range plan supported by the board, superintendent, staff and community to significantly improve overall student performance. The district improved from an *Academically Acceptable* rating in 1996-97 to an *Exemplary* rating in 2001-02. The district conducted a thorough needs assessment including a curriculum management audit; allocated funds for additional staff and program enhancements; and developed detailed improvement plans and strategies to hold teachers, principals and central administrators directly accountable for improving student performance. The district adopted and subsequently met the TAAS Ten Step Improvement Plan requiring every school to achieve a *Recognized* or *Exemplary* rating within three years of implementation. Each school developed an individual plan that included necessary training and program needs as well as targeted student performance gains. Additionally, GPISD reviewed administrative and staff assignments based upon student performance and made necessary personnel changes.

The American Association of School Administrators (AASA) argues that one of the most effective strategies for turning around low-performing

campuses is assigning the best principals and teachers to those schools. AASA maintains that teacher and administrator quality matters, and it matters most for students who are not performing well in school. Research shows that students at low-performing schools make significant performance gains when instructed by effective teachers. The impact of teacher effectiveness is also cumulative, affecting students' academic performance even after they move to the next grade level. Effective principals create a school climate that supports effective teaching and promotes learning for all students.

The Educational Testing Service reports that students whose teachers majored or minored in the academic subject in which they provide instruction performed better on National Assessment of Educational Progress mathematics and science examinations by 40 percent. This study concludes that the impact of teacher quality on student learning far outweighs any benefits of smaller class sizes. MISD's class sizes (**Exhibit 2-11**) are at or below regional and state averages at every grade level except first grade and in every subject area.

Exhibit 2-11
Elementary and Secondary Class Size Averages
MISD, Peer Districts, Region 12 and State
2001-02

Grade Level	MISD	Jefferson	Gladewater	Hearne	Region 12	State
K	15.8	16.2	17.4	19.2	18.6	18.9
1	19.0	18.2	15.0	12.6	17.4	18.1
2	16.8	16.4	17.9	13.3	17.9	18.5
3	18.2	16.5	20.7	12.7	18.1	18.9
4	16.2	19.8	16.0	11.8	19.0	19.5
5	19.8	19.0	19.5	12.7	19.9	22.2
6	16.9	17.8	17.3	14.4	20.0	22.3
Mixed Grade	6.0	N/A	N/A	N/A	28.7	24.7
English Language	16.6	16.3	17.0	13.0	18.1	20.2
Foreign Language	20.3	18.7	19.3	14.8	18.4	21.2
Math	15.4	17.1	16.4	13.1	17.8	20.4
Science	18.1	17.5	17.5	14.1	19.6	21.6
Social Studies	18.2	17.5	19.0	15.2	20.7	22.6

Source: TEA, AEIS, 2001-02.

Many school systems assign their least effective, less prepared teachers to low-performing, high poverty schools. Marlin Elementary School also has a high teacher turnover rate (36.6 percent), and in 2001-02, 54.1 percent of the school's 46.5 teachers were beginning teachers or teachers with one to five years of experience.

The 1995 Legislature adopted a Public Education Grant (PEG) program allowing students to transfer out of a failing school to another school. In 2001-02, out of 141,239 students eligible for this option, fewer than 200 actually transferred. Part of the problem stems from other districts refusing to accept students from the PEG program. TEA published a list of schools which students could transfer from for 2002-03 on August 23, 2002, after many schools, including Marlin Elementary, had already begun classes for the year.

The No Child Left Behind Act (NCLB) was signed into law on January 8, 2002. The new law, which authorizes appropriations through 2007-08, may represent the most sweeping reforms in education since the original Elementary and Secondary Education Act of 1965. A complete copy of the text of NCLB is available on the U.S. Department of Education's Web site. The guiding tenets of NCLB are concentrated in four major areas: accountability for student achievement; focus on what works; flexibility; and parental involvement.

According to the NCLB Act schools that continue to fail for two more years after initial identification as "needing improvement" must choose to make at least one of five corrective actions. Reconstitution is one of these choices.

State and federal legislation has propelled a number of jurisdictions to enact a firm but effective reform to address the problem of students in failing schools: "reconstitution," or the replacement of the school's staff. Reconstitution requires all or part of a school's administrators and teachers to resign and reapply for their jobs with the school district. Research confirms that the results of such measures are well worth the effort. The state's Commissioner of Education was authorized to reconstitute schools in 1993, and in fall 2002, requested two schools, Sam Houston Elementary in Dallas ISD and Tornillo Middle School in Tornillo ISD to submit plans to reconstitute the identified schools. These plans included review of current contracts, professional licenses and certificates. Several Texas school districts have also voluntarily reconstituted one or more of their schools.

Many districts that make the decision to completely overhaul a school create school intervention teams. These teams develop guidelines and

plans that detail what must be accomplished to transform individual failing schools, since the right interventions are essential whether or not a school is reconstituted. Ron Wolk, a member of the Pew Forum on Standards-Based Reform, (Education Week, November, 1998) argues that school districts, not just local schools, must be willing to change policies and practices that contribute to the problem, such as the practice of assigning the newest teachers to the most difficult schools. To produce the right intervention strategies, Wolk suggests focusing on three critical questions.

- What are the definitions of "failure" and "success?"
- What interventions are most likely to transform a failing school into a successful school?
- What is in the best interest of the children in the school?

Since 1995 Fort Worth ISD has reconstituted seven of its schools. TAAS scores among the reconstituted schools rose an average of 12 percentage points in the first year and 67 percentage points by the sixth year after reconstitution. In 2001, two of these seven reconstituted schools attained *Exemplary* status from TEA, three were *Recognized* and two were rated *Acceptable*.

Corpus Christi ISD voluntarily reconstituted or "disestablished" its Wynn Seale Middle School in 1995. After the school changed its name to the Academy of Fine Arts, it improved its scores dramatically. In the first year after reconstitution, TAAS scores for students at the school improved from 29 percent to 50 percent passing. By 2001, the passing rate reached 69 percent.

Austin's Blackshear Elementary School credits a reconstitution for its dramatic turnaround from a school at risk of a state takeover to one with a TEA *Recognized* rating in a two-year period. Additionally, the TEA monitor suggested that the superintendent contact Oak Hill Elementary school in Austin ISD, also recognized for its intervention strategies implemented to turn around low student performance. As of June 2, 2003, the district had not contacted that school. Oak Hill's principal is willing to provide assistance and information to MISD.

Recommendation 9:

Reconstitute the elementary school and implement a districtwide accountability plan.

The district should immediately gain board approval to reconstitute the elementary school. The reconstitution process should include a review of all teaching certifications, degrees, professional licenses and contracts as well as retention rates and student assessment rates for reapplying

teachers, administrators and new applicants. The district should also create a district school intervention team to develop a specific plan that considers a variety of intervention strategies to overhaul the elementary school. The district should also make use of the technical assistance available through Region 12, which can provide advice in areas such as staffing and resource allocation.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent immediately seeks approval from the board to reconstitute the elementary.	Immediately
2.	The board approves the request, and the superintendent immediately establishes a school intervention team inclusive of at minimum the superintendent, two teachers, the guidance counselor, and a principal to develop a reconstitution plan that includes intervention strategies and a review of all current contracts, professional licenses and certificates.	Immediately
3.	The superintendent performs a literature review and develops a list of current successful reconstitution practices from across the country and provides this information to the school intervention team.	July - August 2003
4.	The superintendent contacts Region 12 for staffing and intervention strategies and Austin ISD's Oak Hill Elementary School's principal to arrange for a visit to that Blue Ribbon School to obtain information on strategies used to turn around a low performing school	August 2003
5.	The superintendent contacts Galena Park ISD for information regarding accountability that ties student performance to teachers and administrators' job performance and successful intervention strategies employed by the district.	September 2003
6.	The superintendent contacts teacher associations to obtain teacher concerns and suggestions on a school intervention and reconstitution policies.	September 2003
7.	The superintendent develops a school intervention/reconstitution policy and a detailed plan listing MISD's intervention approach including an accountability element, successful intervention strategies used by other districts, review criteria for current administrators and teachers' contracts and job descriptions and an overall intervention/reconstitution program assessment.	October - November 2003

8.	The superintendent presents the intervention/reconstitution policy and plan to the board for review and approval.	December 2003
9.	The board approves the policy and the plan and the superintendent implements them.	December 2003 and Ongoing
10.	The superintendent ensures the accountability plan is implemented and reports progress to the board, staff and parents on a quarterly basis.	January 2003 and Ongoing Quarterly

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

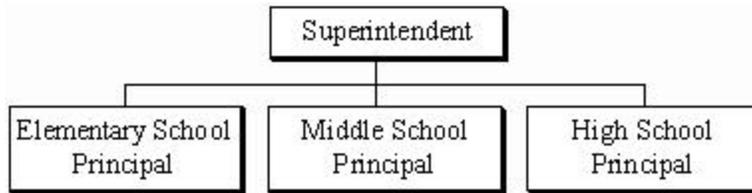
MISD does not have a districtwide curriculum plan and does not have curriculum guides at all grade levels and for all courses. The elementary school does not have formal curriculum and materials that align with the TEKS and TAKS. Some math curriculum guides exist at the middle and secondary levels but do not contain curriculum objective sequencing, comprehensive references to instructional resources and district-identified instructional best practices.

The middle school uses "gray binders" that contain TEKS objectives and some student performance activities from the TAKS information booklets for math courses. The middle school principal said she is coordinating school efforts to develop gray binders including TEKS objectives and TAKS-aligned student activities for language arts and science. However, during interviews, the principal also said that efforts to write the gray binders are "scattered at best." Middle school math teachers shared the algebra gray binder with high school math teachers for use at the secondary level.

Some administrators and teachers said the lack of a clearly defined curriculum has hampered their ability to improve student performance. Additionally, no curriculum vertical alignment exists between the elementary and secondary levels to ensure that students receive the necessary information in one grade level to effectively transition to the next.

Exhibit 2-12 presents MISD's curriculum and instruction organization for 2002-03. The superintendent is the only central administrator coordinating curriculum oversight. The three principals work at the school level and cooperate with the superintendent to direct all aspects of the district's curriculum and instruction.

Exhibit 2-12
MISD Curriculum and Instruction Organization
2002-03



Source: MISD, Superintendent's Office, November 2002.

While the elementary, middle and high school principals and individual teachers have made various efforts to address the students' curriculum needs, the district does not have a unified approach or process to link the subject matter and information taught at each grade level and transition from the elementary to the middle school.

The superintendent also presented information to the board in fall 2002 outlining an effort to obtain curriculum guides from Tatum ISD as part of an arrangement involving the sale of WADA. Constant administration and teacher turnover at the elementary level also hinders efforts regarding curriculum and instruction. Marlin Elementary School has had four different principals from 1998-99 through 2002-03. Staff members interviewed cited low morale, confusion and multiple curriculum initiatives never fully implemented as problems.

Ingram ISD (IISD) uses a computer-based curriculum development and management system, Curriculum Designer, to develop and update detailed curriculum guides for grades kindergarten through 12. The district ensures the guides are used to direct all instruction and have districtwide support through board-approved curriculum policy mandating locally developed or adapted curriculum guides for all grade levels and subjects. IISD details specific content, skills, attitudes and processes to be taught and aligns all instruction with state guidelines, federal mandates and state and locally adopted standardized tests. Additionally, IISD performed a curriculum audit in 1998-99 to identify areas of need. The district maintains established subject area vertical alignment teams. Teams of teachers meet on a regularly scheduled basis by grade level and by content area to commonly plan for six-week instructional periods. Many of these same teachers participate on teams that update curriculum guides during summer months. District administrators and teachers confirm that use of detailed curriculum guides has streamlined instruction and enhanced student performance.

Other districts obtain help from outside consultants, or assistance from their Regional Education Service Centers, to develop curriculum guides or

to provide training to teachers who then develop and update curriculum guides during summer months for a stipend.

Chapter 2

A. INSTRUCTIONAL PROGRAM DELIVERY (PART 2)

Many districts using an effective plan for curriculum development and management also provide direction for the district's curriculum and instructional delivery through specific inclusion in their annual District Improvement Plans (DIP) and Campus Improvement Plans (CIPs). A district's plan generally follows a timeline establishing procedures to develop, revise, delete, enrich and evaluate written curriculum in all areas. In addition, these plans coordinate with other district processes such as professional development, textbook adoption, budget development and districtwide short- and long-range planning. These districts also report that comprehensive guides are a valuable resource to parents because they detail the information that their children are learning, increasing parental involvement in the instructional process. Most of these districts also implement a standard curriculum management process to keep the curriculum updated, maintain alignment between grade levels and subject areas and assign accountability to campus and district administrators ensuring implementation.

Recommendation 10:

Develop curriculum guides for all grade levels and subject areas and implement a formal five-year curriculum development, update and training cycle.

The district should initially concentrate curriculum review, development and revision efforts at the elementary level during the first year and progress to include all grades and courses offered districtwide through the secondary level. The district should also immediately include curriculum efforts and associated costs in the District Improvement Plan and Campus Improvement Plans.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent contacts Region 12 for information on curriculum guide development and training.	Completed
2.	The superintendent contacts other districts with successful curriculum guides and outside consultants for curriculum development and training information.	July 2003
3.	The superintendent creates a curriculum project team and includes school principals to oversee curriculum	July 2003

	development districtwide.	
4.	The project team reviews curriculum guide samples, meets with staff from Region 12 and reviews any consultant samples to determine requirements for districtwide development, including steps to develop the curriculum, provide necessary training for teachers and obtain other required resources.	July - August 2003
5.	The superintendent ensures that curriculum review, development, update and training efforts and all associated costs are detailed and included in the annual District Improvement Plan and Campus Improvement Plans.	August 2003
6.	The project team meets with all instructional leaders in the district and develops an implementation plan with action steps, timing and responsibilities and a five-year calendar for curriculum review, development and revision.	September - October 2003
7.	The curriculum project team presents the implementation plan and the calendar to the superintendent and the board for review and approval.	October 2003
8.	The superintendent obtains any necessary resources including training and consultant services and initiates the curriculum implementation plan.	November 2003 and Ongoing
9.	The project team meets with principals to ensure that all teachers are using updated or newly created curriculum guides according to the curriculum development schedule.	December 2003 and Ongoing Annually
10.	The curriculum project team and principals annually evaluate districtwide curriculum efforts, make necessary adjustments, include the schedule in the District Improvement Plan and Campus Improvement Plans and report progress to the superintendent and the board.	May 2004 and Ongoing Annually

FISCAL IMPACT

This fiscal impact conservatively assumes that the district will obtain services from Region 12 or outside consultants at a cost of \$3,050 per day to initially provide training to develop curriculum guides for the elementary school for grades pre-K through 5 in the four core subject areas of Language Arts, mathematics, science and social studies during the first year of the curriculum review, development and update schedule. This equates to seven curriculum levels in the four subject areas for a total of 28 guides (7 grade levels x 4 subject areas = 28 elementary guides). At a daily cost of \$3,050 per consultant, two consultants should effectively

provide training to a team of four master teachers regarding curriculum guide development for the first year of implementation. Teachers will receive compensation at a daily rate of \$224 per day. This rate is based upon the district's highest average salary for a teacher, \$41,800, with 20 or more years of teaching experience. The daily rate is obtained by dividing \$41,800 by 187 workdays ($\$41,800 / 187 = \223.5 rounded to \$224). This equates to \$896 per day for four teachers ($\$224 \times 4 = \896). Training should be provided on curriculum development for two days at a total cost of \$6,100 ($\$3,050 \times 2$).

This fiscal impact also assumes that four master teachers will collaboratively develop the initial 28 curriculum guides needed at the elementary school during a four-week period, or 20 days (4 x 5 days per week = 20 days). The cost for these teacher stipends equates to \$17,920 (20 days x \$896 per day). The total fiscal impact for the first year equals \$24,020 including a \$6,100 cost of training plus teacher stipends of \$17,920. Each additional year thereafter conservatively assumes a similar investment of \$24,020 for curriculum development, revision and update efforts.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Develop curriculum guides for all grade levels and subject areas and implement a formal five-year curriculum development, update and training cycle.	(\$24,020)	(\$24,020)	(\$24,020)	(\$24,020)	(\$24,020)

FINDING

The district's CIPs have not been updated for 2002-03 or contain incomplete information. Additionally, the MISD DIP and CIPs lack specific strategies for serving at-risk students and detailed identification of required budgetary appropriations for use of SCE funds. While the DIP and CIPs state that the district and its schools will provide programs/activities to serve identified students, only tutoring is specifically noted. The elementary CIP has not been updated for 2002-03 by the site-based decision-making committee (SBDM) and does not include specific strategies to address student performance needs and supporting compensatory education expenditures. The most recent elementary school CIP for 2000-01 does not contain a systemic approach to address TEKS/TAKS implementation and associated teacher training. It also fails to address teacher turnover and does not address beginning teacher mentoring and support.

During interviews, district staff said that parents and community involvement in SBDM meetings is limited. There is one member of the business community on the elementary SBMC committee that does not attend meetings according to staff. Additionally, there is no parent representative on that committee as required by law. Currently, all SBDM teams consist of teachers and the principal from each school. The superintendent said that the SBDM teams were scheduled to meet from eight to 10 times during 2002-03; however, according to reports from the TEA monitor, several scheduled meetings during spring 2003 were not kept.

TEA's *Financial Accounting Resource System Guide* (FASRG) has guidelines requiring each school to develop and approve an annual CIP including explanation of specific programs and related budgeted funds. All of the district's SBDM teams met in spring 2002 prior to the TAAS administration. The committees, however, did not meet again until November and December 2002. None of the SBDM committees met prior to the start of the academic year.

Administrators and staff also said that the district does not fully integrate compensatory education programs and tutorial services with the regular education curriculum. In January 2003, no staff member managed the compensatory education or Title I programs. Consequently, the Business manager arranged a meeting with the former Business manager to discuss compensatory education accounting as it had been previously performed and to receive informal training.

Marlin elementary school's CIP, based on a template from Region 12, is substantially incomplete. The CIP contains incomplete sentences and lacks sufficient detail to focus school attention on specifically identified areas of need including designated compensatory education funds. Because the district has not developed clear plans outlining the mission of each SBDM team, there is little school-level control of the strategies and activities in each school.

Additionally, the CIPs have not addressed the low scores of minority and economically disadvantaged students for 1998-99 through 2001-02. During this period, minority students scored more than 20 percentage points below Anglo students on the all tests taken portion of the TAAS (**Exhibit 2-13**).

Exhibit 2-13
TAAS All Tests Taken Passing Percentages
By MISD Student Demographics
1997-98 through 2001-02

Student Demographic Groups	1997-98	1998-99	1999-2000	2000-01	2001-02
All Students	63.5%	62.4%	61.0%	58.7%	61.8%
African American	48.8%	50.9%	51.2%	50.4%	54.2%
Hispanic	68.4%	59.3%	61.4%	56.4%	60.7%
Anglo	84.2%	85.0%	81.6%	81.4%	86.6%
Economically Disadvantaged	55.5%	54.7%	53.3%	50.4%	53.7%

Source: TEA, AEIS, 1997-98 through 2001-02.

In 2002-03, the state required districts to perform and submit results from an external audit of compensatory education funds. Many districts hold schools accountable for improvement in student performance by including specific information to this effect in annual CIPs. These districts use statewide assessment data to identify student groups for intervention strategies and incorporate those strategies, projected academic performance goals and budgeted funds in annual CIPs.

Dripping Springs ISD (DSISD) includes parents, teachers, campus administrators and professional staff members on site-based decision-making teams as required by law. The teams develop specific strategies for students at risk of failure as identified by TAAS results and school performance. The district then attaches specific budgeted funds for software, tutoring sessions, decreased student-to-teacher ratios and additional instructional materials as well as a detailed method of program assessment in each annual CIP. If students do not reach anticipated performance levels, the site-based decision-making committee recommends programmatic changes to address continued student need. By specifically including such detail in their annual CIPs, DSISD has been able to identify and address the needs of one demographic group that has kept the entire district from reaching an *Exemplary* rating.

Recommendation 11:

Revise and update the Campus Improvement Plans to include detailed action plans and budgeted funds for identified areas of need.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and school principals analyze the district's academic performance and identify specific areas in need of improvement to include in the district's Campus Improvement Plans.	July 2003
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2.	The superintendent and principals review the compositions, calendars, agendas and minutes of the campus planning committees, which consist of district staff, principals, teachers and citizens, for compliance with policy BQB (LOCAL) and make procedural adjustments as necessary to involve the full committee in campus improvement planning.	July 2003
3.	The site-based decision-making committees develop long-range goals for campus performance based on district performance goals.	August 2003
4.	The SBDM committees formulate goals to match the District Improvement Plan along with objectives and implementation strategies in the development of their Campus Improvement Plans.	August - September 2003
5.	The SBDM committees submit the Campus Improvement Plans to the superintendent for review and approval.	August 2003
6.	The superintendent presents the Campus Improvement Plans to the board for review and adoption.	September 2003
7.	The superintendent monitors academic performance, documents changes and reports to the committee and board.	October 2003 and Ongoing Monthly
8.	The committees assist the principals in reviewing and updating the campus plans and implementation strategies annually to reflect the accomplishment of objectives.	Ongoing Annually

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

MISD does not address student retention rates in the DIP, CIPs or board policies. The district holds back or retains a higher percent of students in the elementary grades from kindergarten through grade 5 than both the state and the regional retention averages at those grades. (**Exhibit 2-14**). The retention rates at the elementary level are also higher than those in the peer districts. In 2001-02, there was a 21.4 percent retention rate at the third grade level, which is more than seven times the regional average of 2.9 percent and more than eight times the state average of 2.5 percent. Elementary teachers also said during a focus group session that retention practices are inconsistent. The campus improvement committee was supposed to begin looking at the issue of retention in 2001-02; however, nothing was ever resolved or reported to the district.

Exhibit 2-14
Retention Rates by Grade
MISD, Peer Districts, Region 12 and State
2001-02

Grade Level	MISD	Jefferson	Gladewater	Hearne	Region 12	State
K	5.0%	1.2%	0.8%	0.0%	3.5%	2.6%
1	12.2%	5.6%	4.9%	11.0%	5.8%	5.8%
2	5.6%	1.3%	2.6%	2.5%	3.1%	3.5%
3	21.4%	0.0%	1.1%	1.3%	2.9%	2.5%
4	7.3%	0.0%	0.7%	1.3%	1.7%	1.4%
5	2.4%	1.0%	3.0%	0.0%	1.0%	0.8%
6	0.0%	0.0%	0.0%	1.3%	2.3%	1.5%
7	0.9%	0.0%	0.9%	1.4%	3.0%	2.5%
8	1.0%	0.9%	0.0%	0.0%	2.5%	1.9%

Source: TEA, AEIS, 2001-02.

As of January 28, 2003, the district offered tutoring sessions to students. Student mentoring had been performed at the elementary levels of K-3 in 2001-02, but this did not occur in fall 2002 or early 2003. The superintendent told the TEA monitor that she plans to offer a tutoring program to students during 2003-04 as well as summer school from June 4-27, 2003. The National Dropout Prevention Center (NDPC), TEA and the National Education Center have studied retention issues. In its spring 2000 newsletter, the NDPC reports, "The evidence of retention practices' negative effect on students' emotional development, social behavior, academic achievement, and dropout continues to be overwhelming." According to the Intercultural Development Research Association, 64 out of 65 studies on retention conducted from 1990 to 1997 found retention to be at best ineffective and at worst harmful to students. Retention is strongly associated with dropping out of school in later years.

A 1994 TEA report, *First Impressions*, developed by the Task Force on Early Childhood and Elementary Education urged Texas educators to eliminate retention practices. TEA reports that the percentage of first-grade retentions in Texas dropped from 10 percent in 1992 to 5.8 percent in 2001.

While many educators agree retaining students can produce negative long-term consequences, promoting students who cannot master their

schoolwork also can produce long-term negative effects. The passage of the 1999 social promotion law (TEC section 28.0211) requires educators to establish strong accelerated programs for students who have been retained. Most students who cannot read by the third grade have a difficult time catching up to their peers. TEA's Task Force on Early Childhood and Elementary Education recommends that schools identify student needs early in the school year. The task force also recommends that schools use multiple assessments to ensure they identify students early in their schooling and subsequently provide them with the necessary resources to succeed in later years. Additionally, the task force recommends the use of portfolios and checklists to show students' academic progress over time.

Many districts have specific board policy addressing retention to ensure that all teachers and school administrators use the same criterion when deciding whether or not to retain a student in a particular grade. These district policies often specifically address the number of courses that a student must either pass or fail. Additionally, some districts addressing schoolwide retention issues include reduction efforts and associated costs in annual Campus Improvement Plans. Many of these districts consistently offer tutoring programs on an on-going basis particularly to students who have been retained or who are receiving low scores on the statewide assessment instrument. Additionally, summer school is another consistent offering by these districts for both students retained in a particular grade and for those needing to improve their assessment scores.

Recommendation 12:

Develop retention policies and strategies to reduce the number of students being held back in a grade.

MISD should establish a committee that includes central administrators and teachers from the elementary, middle and high schools to research strategies aimed at reducing the number of students retained in a grade and developing a clearly defined retention policy to implement districtwide. Strategies should include preparation of students and staff for the transition from elementary to middle school and from middle to high school. The committee should also develop topics and a schedule for vertical grade-level meetings between elementary and middle school and middle and high school teachers as well as associated professional development.

The district should consider incorporating study skills sessions including time management and organizational skills into the grade 5 curriculum. The sessions should gradually increase student accountability through the year, increasing expectations regarding late or redone work or extra credit and conduct cumulative and comprehensive tests in all subject areas. In

addressing the transition from elementary school to middle school, the committee should also examine the district's promotion practices from third to fourth grade and fifth to sixth grade and the failure of a large number of elementary students to advance to the next grade level. Detailed information and specific amounts of money budgeted for strategies and training should also be included in annual CIPs.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent instructs principals to establish a committee including lead teachers at the elementary, middle and high school to meet and review districtwide, school and individual teacher retention rates throughout all grade levels.	September - October 2003
2.	The superintendent in collaboration with the established retention committee drafts district policy regarding retention and promotion and presents it to the board for approval.	October - November 2003
3.	The board reviews, adjusts and approves the retention policy.	December 2003
4.	Principals contact Region 12 and TEA for assistance identifying districts with successful retention prevention strategies and programs and present the information to the retention committee for review.	December 2003 - January 2004
5.	The retention committee develops detailed strategies to reduce retention rates and presents the information to the superintendent for approval and districtwide use.	January - March 2004
6.	The superintendent approves the strategies and directs the principals to ensure the strategies are initiated and included in detail in the following year's Campus Improvement Plans.	April 2004
7.	The superintendent directs principals to analyze student performance on an annual basis and campus accountability for implementation of the districtwide retention prevention strategies and submit a report to the superintendent and the board.	May 2004 and Annually Thereafter

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

MISD's teacher training and professional support efforts do not address the goals and objectives identified in the DIP and CIPs or assist efforts to retain experienced teachers.

The superintendent and individual principals coordinate professional development and teacher support efforts. The district uses Region 12's TEKS/TAKS training services and hires reading consultants to instruct elementary teachers on balanced literacy teaching techniques. The district also provides a districtwide-mentoring program for new teachers. Through the mentoring system, one retired teacher conducts training and serves as a new teacher mentor for the entire district. Each school also has teacher mentors on staff.

Kerrville ISD (KISD) uses an innovative and cost-effective staff development model involving study groups. Small groups perform action-based research to solve a school concern and improve student academic performance. The issues or problems that study groups address are linked to their CIP and to the campus needs assessment. KISD study groups typically focus on campus climate, student achievement, improving homework results, designing instructional strategies, improving teacher communication with students and parents and curriculum alignment. KISD has implemented both school-based and districtwide study groups.

By customizing staff development in response to TAAS results and to the needs of individual teachers, Smithville ISD (SISD) improved teacher skills and student performance. The district's director of Curriculum and Technology conducted extensive analyses of TAAS data and trained teachers and principals to disaggregate and analyze their school and classroom data. Teachers, principals and the director used the data analysis to create staff development curricula. Customized instruction allowed teachers to focus on specific skills to help improve student performance. To assist in these efforts, the district purchased a computer, software, a scanner and scantron sheets to evaluate student and program effectiveness data.

Many districts ensure that teacher training and support programs are in place before school starts and are coordinated with budgeting, procurement and staff development calendars. CIPs in these districts document training objectives and associated funds to provide a basis for school accountability and student performance outcomes. These districts also ensure that their CIPs include district goals and that the district supports staff development and support. Additionally, evaluations of current programs are included in the development process used to determine professional development needs for teachers, professionals and administrators in many of these districts.

Often, these districts use the services of the Regional Education Service Centers or outside consultants to provide training in such areas as accelerated instruction in the core areas or other areas specific to both districtwide and campus needs.

Recommendation 13:

Develop and implement a comprehensive staff development plan that incorporates the goals of the District Improvement Plan and Campus Improvement Plans.

The district should concentrate training efforts at the elementary level during the first year of implementation but should provide training districtwide to all teachers and professionals according to identified areas of need.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent reviews all existing programs for effectiveness to include in evaluations of professional development needs.	July 2003
2.	The superintendent directs the school principals to meet with lead teachers at each school to review and prioritize teacher training needs as presented in the Campus Improvement Plan.	August 2003
3.	The principals, administrators and lead teachers analyze the results of state assessment data, Texas Assessment of Knowledge and Skills (TAKS) for 2002-03, as well as any additional assessment information to identify potential areas for staff development.	September - October 2003
4.	The superintendent assists principals and teachers in identifying appropriate staff development programs and associated costs offered by Region 12, district staff or through out-of-district trainers or consultants.	September 2003
5.	The school principals work with school administrators and lead teachers to develop individual teacher and schoolwide staff development plans based on needs assessment.	October 2003
6.	The school principals present the elementary staff development plan and associated costs to the superintendent and board for approval.	October 2003
7.	The school principals appropriately secure any outside training and ensure teachers receive training according to individual and schoolwide staff development plans.	November 2003 and Ongoing

8.	The principals monitor the customized staff development program and provide a report on the progress to the superintendent.	December 2003 and Ongoing
9.	The school principals and superintendent track program impact on the performance of teachers and students and report the results to the board.	June 2004 and Ongoing

FISCAL IMPACT

This fiscal impact assumes that the district will obtain professional development services in the first year particularly at the elementary level for two one-day training sessions at a conservative cost of \$3,050 per day per consultant or outside provider for schoolwide training sessions plus a \$40 per person materials fee for each session. This equates to [2 days x (2 consultants x \$3,050 = \$6,100) = \$12,200] plus [2 training sessions x (50 elementary teachers and administrators x \$40 = \$2,000) = \$4,000]. Totals for two initial days of schoolwide training and associated materials fees conservatively equal \$16,200.

Two two-day follow-up training sessions in the first year are conservatively projected at \$5,800 for each consultant or outside provider at a cost of \$23,200 [2 days x (2 consultants x \$5,800 = \$11,600) = \$23,200] with a \$150 per person materials fee for 50 elementary teachers and administrators at a cost of \$7,500 (50 x \$150 = \$7,500) for each session or a total of \$15,000 (2 training sessions x \$7,500). Totals for two follow-up schoolwide training sessions and associated materials fees conservatively equal \$38,200.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Develop and implement a comprehensive staff development plan that incorporates the goals of the District Improvement Plan and Campus Improvement Plans.	(\$54,400)	(\$16,200)	(\$16,200)	(\$16,200)	(\$16,200)

Additionally, this fiscal impact assumes that the district will budget a minimum of \$16,200 each year thereafter for professional development.

Chapter 2

B. STUDENT PERFORMANCE

State and federal laws require school districts' leadership teams to design and implement a successful instructional delivery system. Although Texas had its own accountability system prior to the enactment of the federal No Child Left Behind Act of 2002, now every public school that receives federal funds must develop and implement an accountability system. The system must measure and report student achievement on tests.

A district or school may conduct additional testing, but at a minimum, it must test students on the TAAS or TAKS at the time chosen by TEA. Results are reported to each district, school and to the general public and an accreditation rating is assigned to each school as well as the district based on students' achievement on the statewide accountability test.

FINDING

MISD does not consistently disaggregate and analyze student testing information and use results to develop intervention strategies and improve students' academic performance. The district does not have sufficient central administration staffing to support uniform, ongoing student performance data analysis at the school level or any long- and short-range planning processes that use data to improve student achievement.

Elementary administrators said that they did not have Texas Essential Knowledge and Skills (TEKS) benchmarks in place prior to the beginning of school in 2002-03 but distributed them to elementary teachers during the third week of the first six weeks of school. In fact, the principal and assistant principal were still identifying the most current TEKS benchmarks during the review team visit in October 2002. The review team also observed a faculty meeting in which teachers expressed confusion regarding TEKS implementation in the classroom.

As illustrated in **Exhibit 2-15**, MISD's percent of all students passing all TAAS tests (61.8 percent) is third when compared to selected peer districts. MISD also scored lower than state and regional averages by 23.5 percentage points in 2001-02.

Exhibit 2-15
Percent of Students Passing TAAS, All Tests Taken (Grades 3-8 and 10)
MISD, Peer Districts, Region 12 and State
1997-98 through 2001-02

District	1997-98	1998-99*	1999-2000**	2000-01	2001-02
Gladewater	82.0%	79.0%	78.0%	82.3%	85.9%
MISD	63.5%	62.4%	61.0%	58.7%	61.8%
Hearne	61.0%	61.9%	58.8%	57.3%	56.1%
Jefferson	76.6%	76.4%	79.4%	79.3%	80.2%
Region 12	73.5%	79.5%	81.2%	82.5%	85.2%
State	73.1%	78.3%	79.9%	82.1%	85.3%

Source: TEA, AEIS, 1997-98 through 2001-02.

*Includes special education and grades 3 and 4 Spanish TAAS.

**Includes special education and grades 3-6 Spanish TAAS.

With the exception of sixth grade math, MISD falls below state and regional TAAS performance averages at all levels and in all subject areas (**Exhibit 2-16**). However, the variances between MISD's performance and state and regional averages are most pronounced at the third grade level. MISD's third grade reading results (39.4 percent) were lower than regional results by 47.9 percentage points and state results by 48.6 percentage points. Third grade math results were 47 percentage points below the regional rate of 85.1 percent and 49.3 percentage points below the state's 87.4 percent passing average. Third grade results for all tests taken were 24.6 percent as compared to 80.2 percent for the region and 82.3 percent for the state.

Exhibit 2-16
Percent of Students Passing TAAS (English version)
MISD, Region 12 and State
1996-97 and 2001-02

Grade Level	Reading		Mathematics		Writing		Science		Social Studies		All Tests Taken	
	1996-97	2001-02	1996-97	2001-02	1996-97	2001-02	1996-97	2001-02	1996-97	2001-02	1996-97	2001-02
Grade 3												
Marlin	79.6%	39.4%	82.6%	38.1%							72.7%	24.6%
Region 12	80.5%	87.3%	81.1%	85.1%							72.4%	80.2%
State	81.5%	88.0%	81.7%	87.4%							74.2%	82.3%

Grade 4												
Marlin	88.0%	65.5%	91.5%	67.4%	89.7%	53.5%					80.7%	38.2%
Region 12	80.3%	91.9%	81.6%	93.7%	85.0%	88.5%					69.3%	82.9%
State	82.5%	92.5%	82.6%	94.1%	87.1%	89.8%					72.0%	84.7%
Grade 5												
Marlin	42.9%	81.2%	40.2%	86.2%							32.1%	74.7%
Region 12	83.7%	93.0%	85.0%	96.1%							77.6%	91.4%
State	84.8%	92.7%	86.2%	96.2%							79.2%	91.3%
Grade 6												
Marlin	65.3%	75.0%	64.5%	94.9%							52.6%	73.7%
Region 12	84.0%	87.4%	80.4%	92.8%							75.5%	84.6%
State	84.6%	88.2%	81.8%	93.8%							76.8%	86.0%
Grade 7												
Marlin	64.9%	84.8%	69.7%	85.7%							58.4%	77.9%
Region 12	85.2%	93.1%	80.0%	94.3%							75.8%	90.0%
State	84.5%	91.3%	79.7%	92.2%							75.1%	87.6%
Grade 8												
Marlin	68.6%	90.8%	61.2%	89.1%	78.6%	72.4%	77.4%	84.7%	58.8%	56.8%	42.0%	49.5%
Region 12	84.7%	95.5%	78.0%	93.7%	81.1%	85.6%	86.1%	93.1%	69.7%	83.2%	58.7%	71.8%
State	83.9%	94.3%	76.3%	92.9%	80.7%	85.3%	84.6%	93.0%	67.4%	83.7%	57.3%	73.4%
Grade 10												
Marlin	78.2%	90.6%	64.6%	89.0%	94.9%	85.1%					58.5%	81.4%
Region 12	86.3%	94.3%	72.5%	91.9%	89.5%	91.4%					68.3%	85.5%
State	86.1%	94.5%	72.6%	92.2%	88.5%	91.3%					67.8%	85.7%

Source: TEA, AEIS, 1996-97 and 2001-02.

Third and fourth grade are the only two grade levels in which test scores actually declined from 1996-97 through 2001-02. All other grade levels indicate varying levels of improvement over the same time period from 1996-97 through 2001-02. For example, the differences between MISD's grade 10 TAAS results (81.4 percent) and state (85.7 percent) and regional (85.5 percent) averages in 2001-02 are much smaller than those for the

grades 3 and 4 students. In 2001-02, MISD's grade 10 reading results lagged behind regional results by 3.7 percentage points and state results by 3.9 percentage points. Grade 10 math results of 89 percent in 2001-02 were only 2.9 percentage points below the regional average of 91.9 percent and 3.2 percentage points below the state's rate. Overall, grade 10 results were slightly below both regional and state averages by 4.1 and 4.3 percentage points respectively.

Many effective districts and schools analyze student and school data to identify trends in the instructional program and to examine the value of specific programs. Teachers compare strengths and weaknesses in students' skills and monitor gains and losses over time to modify classroom instruction and materials. Administrators allocate resources based on instructional needs. In Texas, site-based decision-making committees are mandated to approve a CIP. The CIPs also include specific strategies identified by a school to address the individual needs of its students.

Recommendation 14:

Use a standard benchmarking and monitoring process to identify student and teacher needs and to improve student performance.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent reviews student TAAS, benchmark and course data by school to identify areas that require improvement.	July 2003 and Ongoing
2.	The superintendent meets with principals each six weeks to discuss districtwide and school-specific areas that should be targeted for improvement. The superintendent highlights progress made and areas that should be targeted for improvement.	August 2003 and Ongoing
3.	Each principal studies the 2001-02 student achievement data to identify performance of students by each teacher in the school and compares it to each teacher's performance in past years.	August 2003 and Ongoing
4.	Principals meet with faculty each six weeks to discuss school-level benchmark and course data. Principals highlight progress made and discuss areas that should be improved.	September 2003 and Ongoing
5.	Teachers review student TAAS/TAKS scores, benchmark scores and grades to identify overall curriculum areas to improve and if needed, to reteach. Teachers also identify at-risk and low	September 2003 and

	performing students and develop strategies to address individual student needs.	Ongoing
6.	The principals meet with individual teachers who have high failure rates on TAAS, benchmark tests or grades to develop an improvement plan that includes specific teaching strategies to improve student achievement.	October 2003 and Ongoing
7.	The superintendent and principals look for ways to award teachers and students for improvements in student achievement.	October 2003 and Ongoing

FISCAL IMPACT

Scanners for program and student performance data disaggregation are available for \$550 and scanning sheets for \$80 per lot of 50 over 200 in the initial year of purchase and \$79 per lot of 50 thereafter. This fiscal impact assumes that the district will purchase two scanners (2 x \$550 = \$1,100) and 1,300 (26 x 50) additional scanning sheets (26 x \$80 = \$2,080) as a one-time cost of \$3,180 (\$1,100 + \$2,080) in the first year of implementation and 1,500 scanning sheets (30 x 50) at an annual cost of \$2,370 thereafter (30 x \$79). Additional fees to conservatively cover the purchase of software, library and support materials totaling \$21,544 are also included as a one-time cost.

One time costs for scanners (2 x \$550 = \$1,100), initial extra scanning sheets (\$2,080) and software, library and material fees (\$21,544) equal \$24,724 for the first year's implementation costs. Costs for 2004-05 through 2007-08 include only the cost of additional scantron sheets of \$2,370 per year.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Purchase two scanners, additional scantron sheets, software and support materials for data disaggregation.	(\$24,724)	\$0	\$0	\$0	\$0
Purchase annual additional scantron sheets for data disaggregation.	(\$0)	(\$2,370)	(\$2,370)	(\$2,370)	(\$2,370)
Total (Cost)/Savings	(\$24,724)	(\$2,370)	(\$2,370)	(\$2,370)	(\$2,370)

FINDING

Although MISD increased social studies and science course graduation requirements, the district is not requiring students scheduled to graduate in 2004-05 and beyond to follow the state's Recommended High School Program. MISD's policies, course guide and class enrollment do not address or comply with regulations governing graduation requirements in 2004-05. In 2001-02, 65.9 percent of MISD's students graduated under the state's minimum high school program (22 minimum credits) and 34.1 percent graduated under the recommended program (**Exhibit 2-17**). The regional average for minimum program graduates in 2001-02 was 53.1 percent, and the state average was 48.9 percent.

Exhibit 2-17
Percent of Students Graduating by Program Type
MISD, Peer Districts, Region 12 and State
2001-02

District	Minimum High School Program	Recommended High School Program
MISD	65.9%	34.1%
Jefferson	63.0%	37.0%
Hearne	55.4%	44.6%
Gladewater	50.7%	49.3%
Region 12	53.1%	46.9%
State	48.9%	51.1%

Source: TEA, PEIMS, 2001-02.

As required by Senate Bill 103, the district has implemented new graduation plans for students entering ninth grade in and after 2001-02. Texas awards diplomas to students for completing three graduation plans, the minimum, regular and distinguished. The State Board of Education approved amendments to the Texas Administrative Code (TAC) governing curriculum requirements in July 2000. The TAC defines the recommended high school program as consisting of a minimum of 24 credits specified in the core academic areas of English, mathematics, science, social studies as well as economics, physical education, health, fine arts and technology.

TEA distributes documents to promote the Recommended High School Program (RHSP) and the Distinguished Achievement Program (DAP), as well as explain the rules on electives and provide options for parents and students to consider in selecting electives.

The TAC revisions did not change the number of credits required to graduate but were designed to ensure that every student received adequate instruction in the areas assessed in the 11th grade TAKS exit-level test to be administered in 2002-03. The TAKS test will assess student proficiency in English language arts, including at least English III and writing; mathematics, including at least Algebra I and geometry; social studies, including early American history and U.S. history; and science, including at least biology and integrated chemistry and physics. To meet state standards, all students must achieve higher levels than previously required by the TAAS passing scores.

In anticipation of the state's changing recommendations, many districts drafted and approved board policy prior to 2002-03 governing student graduation requirements. These districts ensured that all guidance counselors, teachers and principals disseminated information to staff, students, guidance personnel and parents to ensure they were all aware of the state's new requirement. Additionally, many districts assigned specific accountability to an administrator to ensure that necessary changes were made if programs proved ineffective in assisting students to meet this requirement. Additionally, many of these districts ensured that teachers had the appropriate certifications to meet increased course requirements in affected areas such as science and social studies and developed appropriate plans to increase student participation in advanced courses in middle and junior high school to promote success in high school courses and on the more rigorous TAKS exit-level exams.

Recommendation 15:

Create a district policy requiring graduation under the state's recommended program and revise course offerings and procedures accordingly.

The district should review teacher certification in the areas of science and social studies simultaneously when reviewing and making adjustment to high school course offerings to meet the state's recommended program graduation requirements. The district should also increase the number of required graduation credits from 22 to 24 to enhance and encourage student success.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent reviews existing graduation requirements and drafts revised policies setting expectations for students to pursue the recommended high school graduation plan.	July 2003
2.	The sunerintendent. secondarv school administrators and	July 2003

	counselors assess the current course enrollments against new expectations, and anticipate needed increases, reductions and additions in subject/course offerings.	
3.	The superintendent and the secondary school principal reviews the certifications of current teachers and project certification areas that need to be increased or reduced to accommodate changes in course selection trends.	July 2003
4.	The superintendent presents revised policies to the board for approval.	August 2003
5.	The superintendent, secondary school administrators and counselors develop a plan for aggressively recruiting students to participate in advanced core and elective courses beginning in middle school.	August 2003
6.	Secondary school administrators and counselors implement curriculum adjustments and student recruitment plans at the school level.	August 2003
7.	Secondary school administrators and counselors evaluate student participation and success levels, update strategies to ensure student participation as required and report progress to the superintendent.	September 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The number of secondary students taking and passing advanced placement and college entrance examinations falls below state and regional averages. **Exhibit 2-18** presents the percentage of MISD students completing advanced courses compared to state and regional averages. In 2001-02, MISD's advanced placement course participation rate was half the regional percentage and lagged behind the state average by 11.2 percentage points.

Exhibit 2-18
Percent of Students Completing Advanced Placement Courses
MISD, Peer Districts, Region 12 and State
1999-2000 through 2001-02

	1999-2000	2000-01	2001-02
MISD	6.9%	5.0%	8.1%

Jefferson	10.9%	14.6%	11.9%
Gladewater	17.1%	17.1%	17.1%
Hearne	7.3%	10.4%	17.3%
Region 12	16.0%	16.6%	16.1%
State	20.1%	20.1%	19.3%

Source: TEA, AEIS, 1999-2000 through 2001-02.

Exhibit 2-19 shows that, when compared to its selected peer districts, MISD had the smallest percent of students completing advanced courses and had the second lowest percent taking AP tests. In 2001-02, 8 percent of MISD students who took advanced courses also took the associated advanced placement test, compared with 10 percent for Region 12 and 14.3 percent for the state. MISD's scores on advanced placement tests were significantly lower than state and regional averages, with 25 percent of MISD test scores exceeding the criterion test score compared to 40.3 percent for Region 12 and 50.1 percent for the state. MISD's percentage of scores exceeding the criterion did exceed two out of the three peer districts, with Hearne and Jefferson recording lower percentages at 5 percent and 3.2 percent respectively.

Exhibit 2-19
Advanced Placement Course Completion and
Advanced Placement Examination Participation and Passing Rates
MISD, Peer Districts, Region 12 and State
2001-02

District	Percent of Students Completing Advanced Courses 2001-02	Percent of AP Students Tested 2001-02	Percent of all AP Scores Exceeding Criterion 2001-02	Percent of AP Examinees with Scores Exceeding Criterion 2001-02
MISD	8.1%	8.0%	25.0%	25.0%
Hearne	17.3%	21.7%	5.0%	7.7%
Jefferson	11.9%	13.5%	3.2%	4.8%
Gladewater	17.1%	7.3%	40.9%	52.9%
Region 12	16.2%	10.0%	40.3%	43.3%
State	19.3%	14.3%	50.1%	54.0%

Source: TEA, AEIS, 2001-02.

MISD high school completion rates ranked third among MISD's peer districts at 79 percent and were lower than region (83.1 percent) and state (81.1 percent) averages (**Exhibit 2-20**). Of the 21 percent of MISD students who did not graduate in 2001, 3 percent obtained a GED, 9 percent continued in high school while the remaining 9 percent dropped out of school. MISD's GED percentage was lower than state and regional averages, while the percent of students continuing high school and the percent dropping out of school were almost 3 percentage points higher than state and regional averages.

Exhibit 2-20
High School Student Completion Rate
MISD, Peer Districts, Region 12 and State
Class of 2001

School	Percent Graduating	Percent Obtaining GED	Percent Continuing HS	Percent Dropping Out of School
Gladewater	83.8%	3.0%	8.4%	4.8%
Jefferson	82.7%	1.9%	4.8%	10.6%
MISD	79.0%	3.0%	9.0%	9.0%
Hearne	59.8%	5.2%	5.2%	29.9%
Region12	83.1%	5.9%	4.9%	6.1%
State	81.1%	4.8%	7.9%	6.2%

Source: TEA, AEIS, 2001-02.

Note: Figures in the chart represent completion rates from the graduating class of 2001; the data is reported in the 2001-02 AEIS report.

While the percentage of MISD students taking the Scholastic Achievement Test (SAT) and the American College Test (ACT), two common college entrance examinations, compares to peer district, state and regional averages, MISD student scores are the next to lowest of the group.

The ACT includes questions concerning English, mathematics, reading and science reasoning, with scores ranging from 1 to 36 on each component. The ACT composite score is the average of the four component scores. The SAT includes a verbal and a mathematics

component. Scores range from 200 to 800 for each test component. The combined total is the reported score and ranges up to a maximum of 1600. TEA has set the scores of 21 on the ACT and 1110 on the SAT as the minimum criterion for student scores to be acknowledged in the district's accountability rating. In 2001-02, the national average score for the ACT is 22, and Texas ranks as one of the top five states in numbers of ACT-tested high school graduates.

As illustrated in **Exhibit 2-21**, 59.2percent of MISD students took college entrance examinations in 2002; however, only 7.1 percent of students who took these tests met or exceeded minimum TEA criteria. MISD ranked next to last on this measure when compared to the peer districts and substantially lagged behind state and regional averages. The state's average SAT score of 987 (26.9 percent) for students in the Class of 2001 is more than 100 points greater than MISD's average score of 870 (7.1 percent) and more than three times MISD's percent of students meeting established passing requirements.

Exhibit 2-21
College Entrance Examination Scores
MISD, Peer Districts, Region 12 and State
Class of 2001

District	Percent of Students Taking Examinations	Percent of Students Meeting the Criterion	Average SAT Score	Average ACT Score
Hearne	66.0%	3.0%	768	15.8
MISD	59.2%	7.1%	870	16.8
Jefferson	58.4%	11.1%	989	19.4
Gladewater	57.4%	15.4%	924	19.6
Region 12	59.5%	24.3%	981	20.2
State Average	62.9%	26.9%	987	20.2

Source: TEA, AEIS, 2001-02.

Another measure of graduate academic achievement is the TAAS/Texas Academic Skills Program (TASP) Equivalency test. This indicator shows the percent of 2001 graduates who did well enough on the exit-level TAAS to have a 75 percent chance of passing the TASP test. The TASP test measures reading, writing and mathematics proficiency. It is required of all persons entering Texas public institutions of higher education for the first time. The Texas Higher Education Coordinating Board administers

the TASP, which has been updated to reflect the state's transition to the TAKS during spring 2003.

The percentage of MISD graduates taking and passing this test has been consistently below the state and regional averages from 1998-99 through 2000-01 as shown in **Exhibit 2-22**.

Exhibit 2-22
Student TAAS/TASP Equivalency Passing Rates
MISD, Peer Districts, Region 12 and State
1998-99 through 2000-01

District	1998-99	1999-2000	2000-01
MISD	40.0%	42.5%	54.5%
Gladewater	48.4%	51.8%	58.1%
Hearne	38.7%	41.7%	44.4%
Jefferson	N/A	53.3%	62.0%
Region 12	54.7%	59.4%	66.5%
State	53.5%	58.5%	66.6%

Source: TEA, AEIS, 1998-99 through 2000-01.

Note: Data not available.

In 1993 the Legislature passed the Texas Advanced Placement Incentive program to award campuses, teachers and students for high performance on AP exams. The state incentive program gives \$100 awards to schools for each student who scores a three or above on an AP examination. The TEC specifically states these are "school awards" and "a school shall give priority to academic enhancement purposes in using an award received under the program." After districts receive funds, TEA sends school principals a survey to determine how the awards are used to improve academic services. The state also reimburses districts for up to \$450 in expenses for training a certified AP teacher at AP summer institutes if the teacher teaches an AP class the following year. In summer 2002, the state extended this grant to include certified AP teachers in grades 9 and 10 who teach pre-AP courses the following year.

Through a partnership with the O'Donnell Foundation, Cedar Hill ISD used a \$41,000 grant for technology and the AP program. The grant funded an incentive program that provided monetary awards directly to students scoring three or better on an AP exam and monetary awards to

teachers based upon the number of their students scoring a three or better on an AP exam.

Hamilton ISD (HISD) increased the number of advanced placement courses offered, encouraged enrollment in the advanced classes, provided extra- and co-curricular activities and improved student attendance. As a result, HISD students achieved high scores on TAAS and national standardized tests such as the SAT, ACT and advanced placement tests. HISD student performance on the TAAS exceeded the region and state in both reading and math at the grade 10 level. HISD students surpassed regional and state average SAT and ACT scores during 2000-01 and 2001-02.

In addition, HISD had a greater percentage of students taking advanced courses and a dropout rate below the state average. Approximately 85 percent of the students participate in at least one extra- or co-curricular activity, such as band, sports, debate or drama. HISD student school attendance is high. The district increased the number of subjects in which a student can take an advanced placement test and has had a greater percentage of students taking the AP tests than any of its peer districts, the region or the state. Student AP exam scores of "3" or higher, which are used by colleges and universities for credit, has increased to 76.2 percent. HISD administrators said that increasing the number of subjects in which a student can take advanced placement tests has enabled more students to take the classes and the placement exams for college credit.

Recommendation 16:

Create student participation targets for advanced courses and advanced placement tests and enhance related student guidance programs.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent, secondary school administrators and counselors review disaggregated current enrollment in advanced course offerings, including SAT/ACT preparation and advanced placement for numbers and success rates as measured on SAT/ACT and AP tests.	September - October 2003
2.	The superintendent and high school principal review cooperative agreements with area colleges and junior colleges and initiate discussions on ways to increase student enrollment and success in current AP offerings.	October 2003
3.	The superintendent consults with Region 12 to identify additional ways to build numbers of students completing	October 2003

	advanced courses and achieving success on advanced measures.	
4.	The superintendent and the high school principal contact TEA to ensure that MISD is fully participating in the Texas Advanced Placement Incentive program.	November 2003
5.	The superintendent and counselors work with the district's high school site-based decision-making committee to develop a special program to prepare eighth and ninth graders for success on the PSAT test and in pre-AP/AP classes.	December 2003
6.	The superintendent, Personnel director and high school principal develop a plan for aggressively recruiting and training teachers to teach advanced courses.	January 2004
7.	The superintendent, secondary school administrators and counselors develop a plan for aggressively recruiting students to participate in advanced courses beginning in middle school.	January - May 2004
8.	Secondary school administrators and counselors implement curriculum and student recruitment plans at the campus level.	August 2004
9.	The superintendent instructs secondary school administrators and counselors to evaluate student participation levels, make any necessary changes in the strategies and report the results to the superintendent annually.	August 2004 and Annually Thereafter

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 2

C. SPECIAL PROGRAMS

The diversity of students in Texas schools continues to increase. Students have different backgrounds, languages, interests, aptitudes, learning styles, needs and abilities. School districts offer educational programs and services other than the regular education curriculum to meet the needs of all students.

MISD includes special programs for gifted and talented, special education, career and technology and bilingual students. **Exhibit 2-23** presents student enrollment information for MISD's special programs, its peer districts and the state in 2002-03.

Exhibit 2-23
Student Enrollment by Programs
MISD, Peer Districts, Region 12 and State
2002-03

District	Special Education Percent Enrollment	Gifted and Talented Education Percent Enrollment	Career and Technology Education Percent Enrollment	Bilingual/English as a Second Language Percent Enrollment
Hearne	14.7%	6.1%	17.4%	9.7%
MISD	16.3%	3.4%	27.9%	4.3%
Jefferson	18.1%	5.8%	32.4%	0.4%
Gladewater	19.3%	6.2%	23.7%	1.4%
Region 12	15.0%	6.9%	19.8%	4.6%
State	11.6%	7.8%	19.8%	13.5%

Source: TEA, PEIMS, 2002-03.

TEC Chapter 29 requires all school districts with an enrollment of at least 20 limited English proficient (LEP) students in the same grade level to offer a bilingual/English as a Second Language (ESL) program. An LEP student is defined as one whose primary language is not English and whose English language proficiency limits his or her participation in an English language academic environment.

According to AEIS data, 40 percent of MISD's Spanish-speaking students remained at the "beginning" level in 2001 on the Reading Test of Proficiency in English.

Compensatory Education

Districts in Texas are required to use compensatory education funds to provide special support for students at-risk of dropping out and students who are not performing at grade level. TEA distributes Title I funds based on the number of economically disadvantaged students in a school. Economically disadvantaged students are typically those who are eligible for free or reduced priced lunch or breakfast. The students served, however, are selected based on educational need, not economic status. The law allows a school to be designated as a Title I, Part A, schoolwide program if 50 percent or more of students at the school, or in the attendance zone, are low income. MISD is designated districtwide as a Title I, Part A program. In 2001-02, 72.9 percent of MISD students were classified as economically disadvantaged.

Texas began to fund compensatory education programs in 1975. In 1997, Section 42.152 of the Texas Education Code was amended to include reporting and auditing systems covering the appropriate use of compensatory education allotment funds. Senate Bill 1873 requires state compensatory education (SCE) funds, like federal Title I funds, to be supplemental in nature. These funds are to be added to the regular program but cannot take the place or supplant regular funds. SCE fund rules allow a great deal of flexibility in identifying students and creating successful programs. Senate Bill 702 changed the state criteria for identifying students at risk of dropping out of school and required districts to use student performance for designing and implementing appropriate compensatory, intensive or accelerated instructional programs so these students will perform at grade level at the end of the following school year. This allows districts to use local criteria for identifying at-risk students but these criteria have to be board approved.

Senate Bill 702 also requires each district to evaluate and document the effectiveness of the state compensatory education program in reducing any disparity in performance and restricts the amount of SCE funds that a district can use to fund basic services for disciplinary alternative education programs not to exceed 18 percent of the total amount of SCE funds allotted to the district. Senate Bill 702 requires that districts integrate SCE budgetary appropriations into the district and campus planning process, identify in their district and campus improvement plans the designated funding source, the amount of SCE funds budgeted and the number of full-time equivalent (FTE) staff funded by SCE appropriations. These changes were effective at the beginning of 2001-02. In January 2003, all

Texas districts submitted their first compensatory education program external audits to TEA for required review.

FINDING

MISD combines a variety of software, hardware and learning style strategies to offer an innovative credit recovery program at the high school. A credit recovery program is a way for students to catch up to their peers if they have fallen behind in the number of courses and subsequent credits earned. A high school teacher administers the program and associated computer lab. With the approval of the principal and counselor, any student may register for the self-paced class and earn credits toward graduation through accelerated learning software in a variety of subject areas. The class is designed to enhance student performance and encourage perfect attendance as evidenced by use of learning style strategies and unconventional rules such as allowing students to work while eating. By incorporating technology, individualized programs and a variety of instructional strategies, MISD enables students to recover credits while enhancing student attendance.

COMMENDATION

MISD offers an innovative credit recovery program at the high school level.

Gifted and Talented Education

Districts are required to have a systematic process for identifying gifted and talented (G/T) students. TEA issues guidelines for the identification of gifted and talented students in an effort to ensure all of these students receive a quality education. Texas state law requires all school districts to identify and provide services for gifted and talented students. In 1990, the State Board of Education (SBOE) adopted its *Texas State Plan for the Education of Gifted/Talented Students*, a guide for meeting the law's requirements. In 1996, the SBOE updated the plan to incorporate TEC Section 29.123 requirements, which form a basis for ensuring accountability for gifted and talented student services.

FINDING

MISD has a lower percentage of students enrolled in its Gifted and Talented programs (3.4 percent) than the state (7.8 percent), region 12 (6.9 percent) and all of its peers. The district also budgets a low percentage of funds (.9 percent) to support the program. Districtwide screening efforts and adherence to required professional training hours are inconsistent from school to school. Board policies EHBB (LEGAL) and EHBB

(LOCAL) call for a district G/T referral process, but the district did not provide a documented G/T plan or procedures. At the elementary level in 2001-02, 12 students were screened and served in a pull-out fashion in grades K-5. During teacher focus groups, elementary teachers reported no new referrals for the G/T program in fall 2002. However, according to TEA data, the district served six elementary students and 56 secondary students in 2002-03. At the secondary level, the district offers a limited number of advanced courses serving G/T students.

In 2001-02, MISD enrolled 3.7 percent of its students in G/T programs and budgeted .7 percent of its funds toward G/T expenditures. In 2002-03, student participation fell to 3.4 percent while budgeted expenditures increased slightly to .9 percent. **Exhibit 2-24** compares MISD's G/T student participation, dedicated G/T teachers and budgeted expenditures to those of the state, region and peer districts.

Exhibit 2-24
Gifted/Talented Students, Teachers and Budgeted Expenditures
MISD, Peer Districts, Region 12 and State
2002-03

District	G/T Students		G/T Teachers		G/T Budgeted Instructional Expenditures	
	Number of Students	Percent	Number of Full-Time Equivalent	Percent*	Amount Per Student	Percent**
MISD	52	3.4%	1.0	0.8%	\$861	0.9%
Hearne	71	6.1%	1.5	1.4%	\$359	0.5%
Jefferson	82	5.8%	0.3	0.2%	\$443	0.8%
Gladewater	137	6.2%	0.0	0.0%	\$140	0.2%
Region 12	9,646	6.9%	184.8	1.8%	N/A	N/A
State	332,551	7.8%	6,662.0	2.3%	N/A	N/A

Source: TEA, PEIMS, 2002-03.

*Expressed in Full-Time Equivalents.

**G/T expenditures as percent of total budgeted instructional program expenditures (functions 11, 95).

N/A denotes unavailable data.

The *Texas State Plan for the Education of Gifted/Talented Students* provides a basis for program accountability for G/T services. It outlines five areas of program performance: student assessment, program design, curriculum and instruction, professional development and family-community involvement. It provides three levels of performance measures; acceptable, recognized and exemplary to guide districts in program development. The acceptable performance measure includes actions required by state law or rule. The plan establishes criteria that no more than 5 percent of the district's students in average daily attendance are eligible for an annual gifted and talented student allotment.

By adhering to the state's plan for G/T students and providing gifted and talented training for teachers, staff and parents, Crystal City ISD (CCISD) improved the quality of instruction and the educational opportunities available for gifted and talented students. In July 2000, CCISD held a week long Gifted and Talented Institute attended by more than 25 staff members and 10 parents. CCISD's gifted and talented coordinator reviewed identification processes, rules and regulations.

Consultants presented all-day sessions on: the nature and needs of gifted students; differentiated curriculum, creative thinking, problem solving; depth and complexity; creative thinking for teachers; parents of gifted and talented students; and how to be scholarly. Several CCISD high school pre-AP and AP teachers attended a five-day College Board Advanced Placement (AP) Summer Institute in July 2000 and additional staff members were scheduled to attend pre-AP and AP workshops during 2000-01. CCISD counselors also attended college board conferences and attended sessions including building a successful AP program, AP student selection and retention, AP's effect on the entire curriculum and strengthening the curriculum through AP vertical teams.

Dripping Springs ISD (DSISD) prepares Gifted and Talented students to attain significantly higher than average scores on Advanced Placement exams by designating all pre-AP and AP classes as G/T courses and allowing open enrollment for any student who wishes to register. The district also encourages G/T students to enroll in G/T electives such as debate, humanities and/or the G/T independent study course. G/T students also have the opportunity to enroll in dual credit courses at Austin Community College (ACC), correspondence courses or the district's G/T summer academy. All pre-AP and AP teachers are also certified as G/T teachers.

Most districts use the *Texas State Plan for the Education of Gifted/Talented Students* as the basis for programs offered to gifted and talented students and as a basis for developing and adhering to referral and identification criteria.

Recommendation 17:

Review the referral and identification of gifted and talented students and the program delivery to ensure adherence to the *Texas State Plan for the Education of Gifted/Talented Students*.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent contacts Region 12 or TEA for assistance in reviewing the G/T referral, identification, and service program and policy.	July 2003
2.	The superintendent contacts districts such as Dripping Springs ISD for information on successful G/T programs, referral and identification processes.	July 2003
3.	The superintendent and principals gather input from parents, teachers, counselors, administrators and students regarding the district's referral and identification process and G/T services.	July 2003
4.	The superintendent, with the assistance of principals and a TEA or Region 12 representative, develops a written plan to increase participation of students in the G/T program and to train teachers in meeting all students' needs.	July 2003
5.	The superintendent drafts a procedures manual for compliance with EHBB (LEGAL) and compliance with (or revision of) EHBB (LOCAL).	July 2003
6.	The superintendent gives a report to the board including recommendations for policy adjustments.	August 2003
7.	The Board of Education reviews the G/T referral identification and service program and policy and makes policy changes as necessary.	August 2003
8.	The superintendent and principals monitor the G/T program and maintain disaggregated data on identified students.	September 2003 and Ongoing
9.	The superintendent provides a report to the board on an annual basis.	May 2004 and Annually Thereafter

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Special Education

The federal Individuals with Disabilities Education Act (IDEA) requires districts to provide free and appropriate public education for all children with disabilities regardless of the severity of their disabilities. This education must be provided in the least restrictive environment. The act also requires that students with disabilities be included in state and district assessment programs. Based on these findings, IDEA directs districts to develop an individual educational plan (IEP) for each child receiving special education services. The IEP must include input from regular education teachers and parallel educational plans for children with disabilities in regular education classrooms.

The Falls County Education Co-op serves six area districts including Marlin, Mart, Reisel, Chilton, Rosebud-Lott and Westphalia with special services for identified students. Its staff includes a director and assistant director, as well as diagnosticians, a counselor, a social worker and highly specialized teachers. Programs include the McLennan Sundries and Gifts Workshop in which older special education students make and sell items like jewelry, soap and candles. Some teachers have been assigned through the Co-op to the elementary, middle and high schools for assignments that include Behavior Adjustment Class (BAC), Life Skills and Resource services.

FINDING

The district identifies more students for special education than state averages but budgets the same percentage for special education expenditures as the state. MISD also does not evaluate its special education program for effectiveness and does not have a pre-referral process. TEA has also cited MISD for violation of the 125 percent rule, which indicates that the number of students served in restricted settings for more than one half day exceeds state standards. Federal mandates and state law require that services for students with disabilities be provided in the least restrictive environment.

According to district staff, there is no pre-referral process for special education nor documented pre-referral interventions. Students Exhibiting classroom challenges are not referred to any school or district support team in charge of developing instructional strategies for individual students prior to a special education referral. The district also does not document student referrals to special education by demographics.

Exhibit 2-25 documents MISD's Special Education student enrollment and expenditures as compared to the peer districts, region and the state for 2002-03.

Exhibit 2-25
Special Education Students and Budgeted Expenditures
MISD, Peer Districts, Region 12 and State
2002-03

District	Number of Special Education Students	Percent of Special Education Students	Special Education Budgeted Expenditures	Percent of Budgeted Instructional Expenditures	Per Student Special Education Expenditures
MISD	248	16.3%	\$701,508	14.6%	\$2,829
Hearne	170	14.7%	\$598,800	12.6%	\$3,522
Jefferson	257	18.1%	\$621,511	13.0%	\$2,418
Gladewater	428	19.3%	\$1,694,431	20.4%	\$3,959
Region 12	20,892	15.0%	N/A	N/A	N/A
State	492,973	11.6%	N/A	N/A	N/A

Source: TEA, PEIMS, 2002-03.

Exhibit 2-26 describes the student enrollment and percentage of teachers in the special education program for MISD and the state from 1998-99 through 2002-03.

Exhibit 2-26
Special Education Students and Teachers
MISD and State
1998-99 through 2002-03

Special Education	1998-99	1999-2000	2000-01	2001-02	2002-03
MISD Student Enrollment Percentage	18.0%	15.8%	16.4%	16.7%	16.3%
State Student Enrollment Percentage	12.1%	12.1%	11.9%	11.7%	11.6%
MISD Special Education Teacher Percentage	10.8%	14.0%	12.6%	11.3%	13.1%
State Special Education Teacher Percentage	9.5%	9.6%	9.9%	10.0%	10.2%

Source: TEA, AEIS, 1998-99 through 2001-02 and PEIMS, 2002-03.

Crystal City ISD (CCISD) uses a three-stage pre-referral intervention process to ensure intervention strategies are used prior to initial referral to the special education program. This also helps the district ensure that students are not unnecessarily referred to special education. In the first stage of the district's process, classroom teachers recognizing problems with a student's behavior or academic performance review the student's record, compile work samples and complete an observation checklist. Teachers then contact the student's parent to discuss the collected information. The teacher and parent collaboratively agree upon pre-referral interventions to help alleviate the student's challenges. If the strategies are unsuccessful, the teacher meets with a school assistance team (SAT) to review student information. The SAT consists of two teachers, a counselor and an administrator who then recommend additional intervention strategies. If unsuccessful, the SAT further reviews student performance data and either makes additional intervention suggestions, contacts the student's parents or finally makes a referral to the special education program. By using this pre-referral process, CCISD administrators significantly reduced the number of overall referrals to the special education program by 55 percent in 1999-2000. CCISD addresses student challenges with appropriate re-referral interventions and uses student performance data prior to initial special education referral as a means of accurately identifying students for special education and monitoring the overall percentage of students served.

Recommendation 18:

Devise procedures that identify learning needs and support instructional modifications within the least restrictive environment.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Special Education writes a proposal for a pre-referral intervention process and submits it to the superintendent and board for approval.	September 2003
2.	The superintendent and board approve the pre-referral intervention program.	October 2003
3.	The director of Special Education works with principals to train teachers in the pre-referral intervention process and inform parents of the process.	November 2003
4.	The superintendent directs the director of Special Education to assemble a multidisciplinary team for each school that includes support specialists and school resource staff to review student information and recommend support services and strategies for use in the classroom for students participating in the pre-	November 2003 - February 2004

	referral process.	
5.	School counselors and principals monitor and document the multidisciplinary teams' activities.	September 2003 and Ongoing
6.	School principals track the number of pre-referral and special education referrals and communicate the information to the director of Special Education.	October 2003 and Ongoing
7.	The director of Special Education provides data to the superintendent on the impact of the pre-referral program on total referrals to the special education program.	October 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Career and Technology Education

TEC Section 29.181 requires school districts to provide a curriculum that affords each student the opportunity to "master the basic skills and knowledge necessary for managing the dual roles of family members and wage earner and gaining entry-level employment in high-skill, high-wage jobs or continuing the student's education at the post-secondary level."

SBOE rules require school districts to offer school-to-career education courses selected from at least three of eight career and technology educational areas: agricultural science and technology; business education; career orientation; health science technology; home economics; industrial technology; marketing; and trade and industrial. Career and technology education (CATE) gives students an opportunity to make informed occupational choices and develop marketable skills. The CATE curriculum is designed primarily for students who do not intend to enroll in college.

The Technology coordinator manages the CATE program in MISD as part of his overall responsibilities. **Exhibit 2-27** presents CATE program information including the number of teachers, the student-to-teacher ratio, student enrollment and budgeted funds.

Exhibit 2-27
Career and Technology Students, Teachers and Budgeted Expenditures
MISD, Peer Districts, Region 12 and State
2002-03

District	Number of Teachers*	Student/Teacher Ratio	Student Enrollment		CATE Budgeted Expenditures	
			Number	Percent	Expenditures	Percent of Instructional Budget
MISD	8.8	48:3	425	27.9%	\$398,324	8.3%
Hearne	3.6	56:1	202	17.4%	\$176,200	3.7%
Jefferson	7.7	59:7	460	32.4%	\$249,543	5.2%
Gladewater	9.5	55:5	527	23.7%	\$477,593	5.7%
Region 12	486.2	56:7	27,551	19.8%	N/A	N/A
State	12,001.9	70:1	841,438	19.8%	N/A	N/A

Source: TEA, PEIMS, 2002-03.

*Expressed in Full-Time Equivalents (FTEs).

FINDING

The district does not include business and community members when updating career and technology offerings and either omits or does not adequately address regional employment opportunities such as nursing and criminal justice administration. The district offers career and technology courses including small engine repair, cosmetology, building trades, agriculture and computer technology. The district previously offered a course in nursing but dropped the course in 1999-2000 because of a lack of staff. The high school assistant principal said that he would like to see the nursing course offered again to respond to community needs.

Elgin ISD developed unique CATE courses such as agricultural biotechnology, animal bio-med science, intergenerational professions and the Cisco lab to meet not only the needs of non-college bound students but to address critical workforce needs as well. Elgin ISD also offers work-based education programs that allow students to receive credit toward graduation requirements while employed. The work-based education programs include five areas: administrative procedures, agriculture, careers in education, home economics and trades and industry.

Midland ISD assessed the needs of employers in the city and surrounding areas served by the district to design and implement a competency-based vocational education program that emphasizes on-the-job training of cooperative education rather than the trades and industrial approach of

specific skills training. The programs focus on skills, which can be adapted to rapidly changing technology and will not be rendered obsolete.

Recommendation 19:

Collaborate with the community to offer training that meets students' needs while also addressing area work force needs.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and director of Career and Technology programs review state requirements and evaluate the district's current programs for compliance with these requirements.	July 2003
2.	The superintendent forms a districtwide advisory committee to determine if the district's Career and Technology programs are adequately meeting the needs of the community/regional employers and of MISD students.	July 2003
3.	The superintendent and director of Career and Technology programs write a plan to create, modify, and/or phase out programs in the district's curriculum based on state requirements and the demand of local/regional business community and employers.	August 2003
4.	The superintendent and director of Career and Technology programs identify resources required to implement the updated Career and Technology program.	August 2003
5.	The superintendent presents the updated Career and Technology program to the board and gains approval.	August 2003
6.	The superintendent, director of Career and Technology programs, and secondary campus personnel implement the updated Career and Technology program.	September 2003 and Ongoing
7.	The superintendent and director of Career and Technology programs evaluate the effectiveness of the curriculum and make necessary improvements.	January 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 3

HUMAN RESOURCES MANAGEMENT

This chapter reviews the Marlin Independent School District's (MISD) human resources management in the following sections:

- A. Organization and Management
- B. Hiring, Recruitment, Retention and Staff Development

Effective personnel management functions and practices are critical to the success of a school district. To ensure educational achievement and advancement of its students, a district must attract, hire and retain qualified and talented employees to teach its students and manage district operations. In addition, personnel costs typically consume 80 percent of the average school district budget.

BACKGROUND

Human resources department personnel generally:

- recruit and retain employees;
- oversee the interview, selection and processing of new employees;
- handle promotions, transfers and resignations;
- determine and maintain compensation schedules;
- maintain complete employee records;
- develop and update job descriptions;
- manage the employee evaluation process;
- handle employee complaints and grievances;
- develop human resource policies; and
- ensure compliance related to state and federal laws and regulations.

Some districts maintain payroll, staff development and benefits departments within the human resources department, some districts separate these departments and some districts coordinate these departments with other departments.

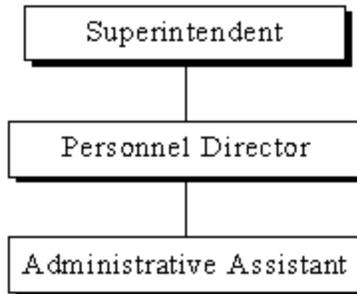
MISD's Personnel Department manages most of these responsibilities and coordinates payroll and staff development with other district departments.

Chapter 3

A. ORGANIZATION AND MANAGEMENT

MISD's Personnel Department consists of the Personnel director and one administrative assistant, who also serves as the central office receptionist. The Personnel director works in coordination with the superintendent on all aspects of personnel management, including recruitment and hiring activities, processing employment status changes, coordinating benefits and maintaining employee records. The department also administers payroll. **Exhibit 3-1** presents the structure of the department as of November 2002.

Exhibit 3-1
MISD's Personnel Department Organization



Source: MISD Personnel office, November 2002.

MISD budgeted more than \$7.2 million, or 70.4 percent of its total 2002-03 budget, on payroll costs. **Exhibit 3-2** details payroll costs in comparison to other budgeted expenditures. Managing staff, salaries and benefits has a profound impact on funds available for other programs.

Exhibit 3-2
MISD Budgeted Expenditures by Object Group
2002-03

Expenditure Category	Budgeted Amount	Percent of Total
Payroll Costs	\$7,213,432	70.4%
Contracted Services	\$995,433	9.7%
Supplies and Materials	\$881,706	8.6%
Capital Expenses	\$116,782	1.1%

Other Expenses	\$279,259	2.7%
Debt Service	\$759,731	7.4%
Total	\$10,246,343	100.0%

Source: Texas Education Agency (TEA), Public Education Information System (PEIMS), 2002-03.

In 2002-03, the Personnel Department supported 249 full-time equivalent (FTE) employees. The more efficiently a district controls payroll costs, the more flexibility a district has to distribute funds to necessary programs.

Exhibit 3-3 presents the number of total staff for each staffing category from 1998-99 through 2002-03. Since 1998-99, MISD's total staff count has decreased by about 10 to 249 FTE positions. During this period, auxiliary staff increased 10.7 percent. The number of educational aides increased from 26.4 in 1998-99 to 30.9 in 2002-03. As a percentage of total staff, teachers, professional support, school administrators and central administrators have decreased, while educational aides and auxiliary staff have increased.

Exhibit 3-3
MISD Number of FTE Employees
1998-99 through 2002-03

Classification of Staff	1998-99		1999-2000		2000-01		2001-02		2002-03	
	Number	Percent								
Teachers	135.5	52.3%	127.2	50.8%	125.9	48.3%	122.4	47.9%	124.3	49.9%
Professional Support	14.2	5.5%	9.3	3.7%	13.9	5.3%	9.0	3.5%	8.5	3.4%
Campus Administrators	10.0	3.9%	8.0	3.2%	8.9	3.4%	9.0	3.5%	9.0	3.6%
Central Administrators	3.0	1.2%	4.0	1.6%	2.0	0.8%	2.0	0.8%	2.0	0.8%
Educational Aides	26.4	10.2%	36.3	14.5%	44.3	17.0%	35.6	13.9%	30.9	12.4%
Auxiliary Staff	70.0	27.0%	65.7	26.2%	66.1	25.3%	77.5	30.3%	74.3	29.8%
Total Staff	259.2	100.0%	250.5	100.0%	261.1	100.0%	255.5	100.0%	249.0	100.0%

Source: TEA, Academic Excellence Indicator System (AEIS), 1998-99 through 2001-02 and PEIMS 2002-03.

Note: Totals may not reflect 100 percent due to rounding.

Of the 124.3 teachers currently employed by MISD, 14 are paid with Title I Funds. The only MISD positions funded through Title I are teachers.

Exhibit 3-4 presents the staff distribution for MISD, peer districts, state and Region 12.

**Exhibit 3-4
Staff Distribution
MISD and Peer Districts
2002-03**

Professional Staff	Hearne	Jefferson	Gladewater	MISD	Region 12	State
Teachers	50.6%	49.0%	47.3%	49.9%	49.0%	50.5%
Professional Support	4.3%	5.7%	4.6%	3.4%	6.6%	7.5%
Campus Administration	2.9%	1.8%	2.7%	3.6%	3.1%	2.7%
Central Administration	1.9%	1.7%	1.2%	0.8%	1.1%	1.0%
Educational Aides	15.8%	14.5%	17.9%	12.4%	12.9%	10.3%
Auxiliary Staff	24.5%	27.3%	26.4%	29.8%	27.4%	28.0%

Source: TEA, PEIMS, 2002-03.

MISD's percentage of educational aides is about 2 percent higher than the state average and the lowest of its peer group. Teachers represent 49.9 percent of the overall workforce.

FINDING

The district lowers personnel administration costs by using Texas Association of School Boards (TASB) personnel and legal services to update its job descriptions and employee-related policies and to maintain its policies online.

Texas school districts use TASB services, which are subscription based, to keep policies, job descriptions and other personnel-related materials up-to-

date. Participating districts receive periodic updates to standard policy information reflecting relevant changes to state law. TASB also maintains policies for these districts online, providing immediate access. Participation in these services allows the district to operate with a small personnel staff while staying current in these important aspects of personnel management.

COMMENDATION

MISD lowers personnel administration costs by taking advantage of subscription-based TASB personnel and legal services to maintain job descriptions and employee-related policies.

FINDING

Data indicates that MISD does not use school enrollment and allocation formulas when making staffing decisions. Student-to-teacher data suggest the district has lowered class sizes as an informal and undocumented strategy to improve student performance.

Exhibit 3-5 presents elementary and secondary class size averages for MISD, peer districts, Region 12 and state averages. With the exception of first grade, the district consistently maintains lower average class sizes than state averages at all grade levels and subject areas. As a result, MISD's number of students per teacher is 12.3, while the state average of students per teacher of 14.7.

**Exhibit 3-5
Elementary and Secondary Class Size Averages
MISD, Peer Districts, Region 12 and the State
2001-02**

Grade Level	MISD	Jefferson	Gladewater	Hearne	Region 12	State	MISD minus State
K	15.8	16.2	17.4	19.2	18.6	18.9	(3.1)
1	19.0	18.2	15.0	12.6	17.4	18.1	0.9
2	16.8	16.4	17.9	13.3	17.9	18.5	(1.7)
3	18.2	16.5	20.7	12.7	18.1	18.9	(0.7)
4	16.2	19.8	16.0	11.8	19.0	19.5	(3.3)
5	19.8	19.0	19.5	12.7	19.9	22.2	(2.4)
6	16.9	17.8	17.3	14.4	20.0	22.3	(5.4)

English Language	16.6	16.3	17.0	13.0	18.1	20.2	(3.6)
Foreign Language	20.3	18.7	19.3	14.8	18.4	21.2	(0.9)
Mathematics	15.4	17.1	16.4	13.1	17.8	20.4	(5.0)
Science	18.1	17.5	17.5	14.1	19.6	21.6	(3.5)
Social Studies	18.2	17.5	19.0	15.2	20.7	22.6	(4.4)

Source: TEA, AEIS, 2001-02.

To further investigate changes in average class size, **Exhibit 3-6** presents multiple years elementary and secondary class size averages for the district.

Exhibit 3-6
MISD Elementary and Secondary Class Size Averages
1997-98 through 2001-02

Grade Level	1997-98*	1998-99**	1999-2000	2000-01	2001-02	Percent Change from 1999-2000	Percent Change from 1997-98***
K	---	---	17.4	18.4	15.8	(9.2%)	---
1	---	---	21.2	18.2	19.0	(10.4%)	---
2	---	---	17.5	19.3	16.8	(4.0%)	---
3	---	---	19.0	18.1	18.2	(4.2%)	---
4	---	---	21.1	18.2	16.2	(23.2%)	---
5	---	---	19.4	21.9	19.8	2.1%	---
6	---	---	15.4	19.1	16.9	9.7%	---
K-6 Average	16.8	18.6	21.8	22.2	20.5	(6.3%)	21.7%
English Language	18.6	17.6	16.1	14.6	16.6	3.1%	(10.8%)
Foreign Language	16.3	13.6	14.7	18.1	20.3	38.1%	24.5%
Mathematics	16.8	16.0	15.2	18.5	15.4	1.3%	(8.3%)

							to 2002-03
Student Enrollment	1,662	1,674	1,646	1,637	1,621	1,526	(8.2%)
Teachers	142.7	135.5	127.2	125.9	122.4	124.3	(12.9%)
Educational Aides	38.9	26.4	36.3	44.3	35.6	30.9	(20.6%)
School Administration	10.0	10.0	8.0	8.9	9.0	9.0	(10.0%)
Central Administration	3.0	3.0	4.0	2.0	2.0	2.0	(33.3%)
Ratios							
Student-to-Teacher Ratio	11.6	12.4	12.9	13.0	13.2	12.3	5.4%
Student-to-Educational Aide Ratio	42.7	63.4	45.3	37.0	45.5	49.4	15.6%
Student-to-School Administrator Ratio	166.2	167.4	205.8	183.9	180.1	169.6	2.0%
Student-to-Central Administrator Ratio	554.0	558.0	411.5	818.5	810.5	763.0	37.7%

Source: TEA, AEIS, 1997-98 through 2001-02 and PEIMS, 2002-03.

The district's student-to-teacher ratio has increased by about 5 percent since 1997-98 but remains below statewide averages. In response to the smaller number of educators, all of the student-to-educator ratios have risen since 1997-98; the number of students for each central administrator has increased by almost 40 percent.

The Southern Association of Colleges and Schools (SACS) accredits more than 12,000 public and private educational institutions, from pre-kindergarten through the university level, in 11 states of the Southeastern U.S. and Latin America. SACS's mission is the improvement of education in the South through accreditation. SACS offers proven methods and tools for creating excellence in learning. SACS offers staffing accreditation standards as one of its tools.

The Checklist of Standards for the Accreditation of Elementary Schools, 2002-03, states the following standard for elementary school classroom paraprofessionals on page 5: "Note: Paraprofessionals who assist teachers in the classroom may be used in computing class averages, but are not to

exceed ten percent of total teaching positions. Each full-time paraprofessional shall be considered to equal .5 of a full-time teacher." SACS standards and formulas are set to promote excellence in the classroom by optimizing resource allocation. The SACS formula gives credit towards the excellence standard for paraprofessional counts equal to 10 percent of the certified elementary classroom teacher count. According to the Associate Executive Director of the Commission on Elementary and Middle Schools, in optimizing the resources available to an elementary school, it is reasonable to redirect resources to other areas once the "excellence standard" has been met in a specific area. **Exhibit 3-8** presents 2002-03 MISD elementary school teacher, teaching assistant and support personnel staffing counts and the corresponding SACS standard for paraprofessionals.

Exhibit 3-8
MISD Elementary Classroom Staff Counts and
SACS Standards for Elementary Paraprofessionals
2002-03

MISD Description	Elementary School Staff Counts
Number of teachers	38
Number of teaching assistants (educational aides)	18
Number of support personnel	14
Applying SACS standard	
SAC paraprofessional staff target (10% of teachers)	4
MISD paraprofessional staff count above SACS standard	14

Source: SACS High School Accreditation Standards, 2000; TEA, PEIMS, 2002-03.

MISD's elementary school currently has a teaching assistant count that is more than four times the SACS paraprofessional staff standard for excellence. In addition, 14 support personnel also assist the elementary classroom staff.

Exhibit 3-9 shows the number of aides by area of assignment.

Exhibit 3-9
Aides by Area of Assignment

Number	Area of
--------	---------

of Aides	Assignment
2	Librarian
2	PPCD
2	Computer Lab
6	Grade level (Kindergarten, First, Second, Third, Fourth, Fifth, 3-4-5)
1	Workroom
1	Resource
1	Dyslexia
1	Life Skills
1	Reading Lab
1	Unassigned

Source: MISD Personnel director and superintendent.

Grape Creek ISD (GCISD) controls the amount of classroom resources and has taken steps to increase the level of support to schools. The number of employees in the district has increased slightly since 1997-98, from 146.8 FTEs in 1997-98 to 153.4 FTEs in 2000-01, a net increase of 6.6 FTEs. During the same time period, student enrollment increased from 929 to 1,151, a net increase of 222 students. In 1998-99, the district initiated periodic reviews of all staffing levels and began assessing each school and the district's teaching and administrative requirements. As a result, the district eliminated several administrative positions. Additionally, the district filled several vacant administrative positions at a lower salary level.

Recommendation 20:

Implement a staff allocation formula for paraprofessionals and staff schools accordingly.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent instructs the Personnel director to review the elementary school paraprofessional staff allocation formula, and to apply the formula to MISD's elementary paraprofessional staffing level for teaching assistants and non-certified support staff.	July 2003
2.	The Personnel director applies these formulas to determine target staffing levels and identifies any variances between targets and actual	July 2003

	staffing.	
3.	The Personnel director works directly with school administrators to hire, reassign or eliminate paraprofessional personnel as required.	July 2003

FISCAL IMPACT

The current teacher staffing levels are appropriate due to the low performing elementary school and the district's unique student population. Referencing **Exhibit 3-9**, MISD exceeds the SACS recommended paraprofessional staffing standard count by 14 (18 - 4 = 14). However, a more conservative number would be nine aides, which would reduce aides by 50 percent.

Assuming all aides have ten years of service, which corresponds to an annual salary of \$12,155 plus annual benefits of \$1,800 the district would save \$13,955 per aide reduction ($\$12,155 + \$1,800 = \$13,955$). According to the district's Personnel director, applying the aide salary for 10 years of experience is conservative because actual average teacher's aide tenure is higher. The district will conservatively save \$125,595, ($9 \times \$13,955 = \$125,595$) for use in other aspects of the instructional program.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Implement a staff allocation formula for paraprofessionals and staff schools accordingly.	\$125,595	\$125,595	\$125,595	\$125,595	\$125,595

Chapter 3

B. HIRING, RECRUITMENT, RETENTION AND STAFF DEVELOPMENT

As student enrollment increases and more teachers retire, Texas faces a critical teacher shortage. More than 1,000 Texas school districts compete for teachers from an ever-shrinking pool. Because teacher recruitment has become a high stakes venture for districts, incentives for teachers have been on the rise. Some strategies employed by Texas school districts have included:

- hiring bonuses/competitive salaries;
- employee referral incentives;
- relocation or moving fees;
- housing;
- reduced-rate mortgages and low-interest loans;
- tuition reimbursement and student loan assistance; and
- professional recruiters.

As recruitment becomes increasingly competitive and the supply of teachers shrinks, districts are placing greater emphasis on retaining staff. Retention can reduce the effort and resources necessary for recruitment. **Exhibit 3-10** presents five major reasons employees leave and five of the most effective initiatives for retaining employees.

Exhibit 3-10
Threats to Retention and Initiatives for Retaining Employees

Threats to Employee Retention (in order of percentage being offered and general effectiveness)	Most Effective Initiatives for Retaining Employees (in order of importance to employees)
Higher salaries of competitors	Health care
Dissatisfaction with career development	New hire orientation
Not being appreciated	Open communications policy
Job burnout	Salary increases
Conflicts with supervisors or co-workers	Emphasis on career development

Source: Society for Human Resource Management, Retention Practice Mini-Survey, 1997.

Staff development is important for all facets of the district. Staff development and training expose employees to new or better ways to complete tasks or tackle problems. Creating a more efficient work force has obvious benefits to the employer including increased productivity. Recognizing new ideas and encouraging development are also great ways to build loyalty among staff and retain the employees already on the payroll.

FINDING

MISD's teacher pay scale limits the district's ability to attract and retain highly qualified, experienced teachers.

Exhibit 3-11 presents average actual MISD teacher pay disaggregated by level of teacher experience for 2001-02. This exhibit illustrates that MISD teacher pay levels are below state and regional averages at all levels of teacher experience but are particularly low at the beginning and over 20 years levels. On the average, MISD teacher salaries lag Region 12 by \$1,060 and the State by \$2,221. MISD falls in the middle of its peer group for average teacher salary. According to the Personnel director, the board sets teachers salaries at the state minimum plus \$1,000.

Exhibit 3-11
Average Teacher Salaries by Years of Experience
MISD, Peer Districts, Area Districts, Region 12 and State
2002-03

District	Beginning	1-5 Years	6-10 Years	11-20 Years	Over 20 Years	Average Salary
Killeen	\$34,052	\$35,146	\$37,989	\$46,034	\$53,663	\$41,377
Temple	\$30,390	\$30,975	\$33,275	\$39,700	\$44,057	\$35,679
Waco	\$28,829	\$29,661	\$33,713	\$40,854	\$46,575	\$35,926
Hearne	\$30,812	\$28,244	\$33,101	\$40,574	\$45,922	\$35,731
Midway	*	\$31,472	\$33,086	\$39,890	\$40,265	\$28,943
MISD	\$25,240	\$27,342	\$32,722	\$38,948	\$41,800	\$33,210
Jefferson	\$24,239	\$26,022	\$32,653	\$39,001	\$41,927	\$32,768
La Vega	\$26,956	\$29,440	\$34,143	\$40,036	\$43,904	\$34,896

Gladewater	\$23,709	\$26,440	\$33,311	\$39,201	\$42,359	\$33,004
Region 12	\$27,026	\$28,532	\$33,203	\$39,027	\$43,566	\$34,271
State	\$28,543	\$29,776	\$34,252	\$40,057	\$44,530	\$35,431
Difference between MISD and Region 12 and State salaries	Beginning	1-5 Years	6-10 Years	11-20 Years	Over 20 Years	Average
MISD - Region 12	(\$1,786)	(\$1,190)	(\$481)	(\$79)	(\$1,766)	(\$1,060)
MISD - State	(\$3,303)	(\$2,434)	(\$1,530)	(\$1,109)	(\$2,730)	(\$2,221)

Source: TEA, PEIMS, 2002-03; MISD Salary Schedule, 2002-03.

*No beginning teacher salary data available because Midway ISD doesn't have any beginning teachers.

As a result of its teacher pay scale, MISD has an extraordinarily high proportion of new teachers, with 34 percent of its faculty consisting of beginning-level teachers (**Exhibit 3-12**). This is more than twice the percentage of the closest peer district (Hearne) and is about four times the state and regional average percentage. Conversely, MISD lags behind selected peer districts and the state and regional average percentages for most other teacher experience levels except teachers with more than 20 years of experience.

Exhibit 3-12
Teachers by Years of Experience
MISD, Peer Districts, Region 12 and the State
2002-03

Experience	MISD	Hearne	Gladewater	Jefferson	Region 12	State
Beginning Teachers	34.0%	15.0%	4.5%	4.1%	8.1%	7.4%
1-5 Years	18.3%	29.8%	22.6%	16.4%	27.1%	28.2%
6-10 Years	10.0%	8.3%	18.7%	21.3%	19.2%	18.4%
11-20 Years	17.4%	25.6%	33.0%	26.2%	25.4%	24.6%
More than 20	20.4%	21.2%	21.3%	32.0%	20.3%	21.4%

Years						
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Source: TEA, PEIMS, 2002-03.

Exhibit 3-13 presents faculty credentials for MISD, its peer districts and state and regional averages. In 2002-03, 82.4 percent of MISD teachers had a bachelor's degree, compared to 82.7 percent of Region 12 teachers with a bachelor's degree and 76 percent of teachers statewide. MISD ranked lowest among its peer districts with 14.5 percent of teachers with a master's degree, compared to 16 percent of Region 12 teachers with a master's degree and 22.2 percent of teachers statewide.

**Exhibit 3-13
Teacher Degrees
MISD, Peer Districts, Region 12 and the State
2002-03**

Education Level	MISD	Hearne	Gladewater	Jefferson	Region 12	State
No Degree	3.1%	0.5%	1.3%	0.0%	1.0%	1.3%
Bachelor	82.4%	73.1%	77.4%	78.0%	82.7%	76.0%
Master	14.5%	26.4%	21.3%	22.0%	16.0%	22.2%
Doctorate	0.0%	0.0%	0.0%	0.0%	0.2%	0.5%

Source: TEA, PEIMS, 2002-03.

MISD also experiences an extremely high teacher turnover rate that has significantly increased over the past several years. At 36.6 percent in 2001-02, MISD's teacher turnover rate ranked the highest among its peer group and more than twice the state and regional average turnover percentages (**Exhibit 3-14**). Data indicate that the district replaces many of these teachers with beginning-level teachers. For example, the elementary school lost 19 teachers at the end of the 2001-02 school year. The district eliminated one position because of fluctuating school enrollment, filled 15 positions with beginning-level teachers and filled three positions with experienced teachers. These facts suggest that average tenure and education level of MISD teachers will continue to decline.

**Exhibit 3-14
Teacher Turnover Rates
MISD, Peer Districts, Region 12 and the State
1997-98 through 2001-02**

District	1997-98	1998-99	1999-2000	2000-01	2001-02
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MISD	27.2%	31.7%	30.2%	31.0%	36.6%
Hearne	31.9%	30.5%	32.1%	27.5%	34.9%
Jefferson	10.5%	11.4%	11.9%	15.2%	21.3%
Gladewater	11.7%	12.1%	12.9%	18.3%	9.4%
Region 12	15.8%	17.9%	16.5%	18.1%	17.9%
State	13.3%	15.5%	15.0%	16.0%	15.7%

Source: TEA, AEIS, 1997-98 through 2001-02.

Many factors contribute to the academic outcomes students ultimately achieve within a school district. These include expectations for student achievement, the quality of instructional curriculum and facilities and parental involvement. However, one of the most important factors centers on the creation and maintenance of a stable, highly qualified, experienced faculty. MISD's faculty, which is relatively inexperienced, less credentialed and less stable than average within the region and the state, represents a significant handicap to the district's ability to help students achieve their academic potential.

Bastrop ISD (BISD) sought to combat teacher turnover by adopting higher teachers' salaries. BISD lost 62 teachers in 1996-97, 89 in 1997-98 and 84 in 1998-99. A major factor contributing to high turnover was teacher salaries. Principals explained that new teachers come to BISD, work several years and then leave for a district with higher pay. According to the assistant superintendent of Human Resources, the coordinator of Human Resources and the principals, many of the new teachers live in the Austin area. Bastrop does not have many of the attractions that Austin has, prompting many teachers to live there, where they eventually take teaching jobs.

Most of the teachers leaving the district had one to five years of experience. Teachers with this level of experience comprise the largest percentage of teachers at BISD. Since 1996-97, teachers with one to five years of experience have made up more than one-third of all BISD teachers. However, this group had the lowest average salary in comparison to area districts. In 1996-97, 21.9 percent of all BISD teachers with one to five years of experience left the district. For 1997-98, the turnover in that group rose to 26.6 percent, and for 1998-99, the turnover was 26.4 percent.

To address this situation, BISD increased teacher salaries across the board, adopting the highest salaries for all teachers in the Central Texas area. As a result, the district reduced teacher turnover during the 1999-2000 school

year from 84 teachers in the previous year to a lost of 55 teachers, a 35 percent reduction. In addition, the district decreased the turnover rate among teachers with one to five years of experience from 26.4 percent to 17.9 percent.

Recommendation 21:

Increase the MISD teacher pay scale to reflect regional competitiveness and enhance the district's ability to attract and retain highly qualified, experienced teachers.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Personnel director drafts an amended teacher pay scale based on regional salary averages, validates financial impact of implementation on the district and presents this information to the superintendent.	July 2003
2.	The superintendent presents the recommended pay scale to the board for adoption.	August 2003
3.	The Personnel director applies the new teacher pay scale to existing MISD teacher positions and implements revised pay standards.	August 2003
4.	The Personnel director monitors regional teacher pay standards and presents updates as necessary to the superintendent to ensure MISD teacher pay remains competitive.	Ongoing

FISCAL IMPACT

To effectively address MISD's teacher retention problem, the proposed salary increase would be set at \$1,000. The fiscal impact is calculated by multiplying the \$1,000 increase in salary by the number of teachers. Assuming MISD has the same numbers of teachers it had at the beginning of 2002-03, 124.3 teachers would receive the across-the-board pay increase at an annual cost of \$124,300 ($\$1,000 \times 124.3 = \$124,300$). Benefit adjustments are not needed in the calculation because the district has a fixed benefit rate.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Increase the MISD teacher pay scale to reflect regional competitiveness and enhance the	(\$124,300)	(\$124,300)	(\$124,300)	(\$124,300)	(\$124,300)

district's ability to attract and retain highly qualified, experienced teachers.					
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Chapter 4

FACILITIES USE AND MANAGEMENT

This chapter reviews the facilities use and management of the Marlin Independent School District (MISD) in the following sections:

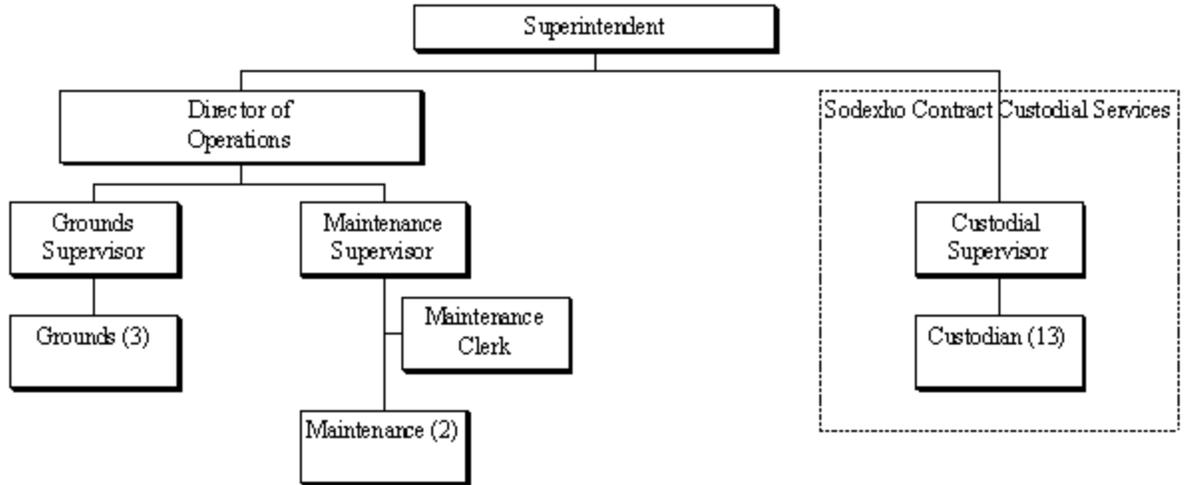
- A. Facilities Planning
- B. Maintenance and Custodial Operations

Effective facilities management ensures that a district has adequate space in facilities that are designed, constructed and maintained to enhance education programs and comply with local, state and federal regulations. The program must effectively integrate facilities planning with other aspects of school planning. The most effective and efficient school facility operations and maintenance programs involve facilities managers in strategic planning, design and construction. In addition, maintenance and operations departments should operate under clearly defined policies and procedures.

BACKGROUND

The director of Operations oversees building and grounds maintenance. MISD contracts with Sodexo Marriott Management, Inc. (Sodexo) to perform custodial services. The initial Sodexo contract, signed in October 1997, included building, custodial and grounds maintenance. In an effort to reduce costs, the district amended the contract in October 1998 to eliminate building and grounds maintenance. Since that time, MISD's maintenance staff has been responsible for building and grounds maintenance, and Sodexo has provided custodial services. The current custodial contract includes: management services provided by a Sodexo general manager, a vehicle for the Sodexo manager, Sodexo training, management software and Sodexo's national discount pricing for supplies. The custodians are district employees. **Exhibit 4-1** shows the organizational structure of MISD's Maintenance and Operations Department. Sodexo's general manager reports directly to the superintendent.

**Exhibit 4-1
MISD Maintenance and Operations Department Organization**



Source: MISD, Director of Maintenance, 2002.

District educational facilities include a high school, a middle school, an elementary school complex and other buildings that house alternative education placement, the Learning Center for self-paced learning and the Pregnancy Education and Parenting Program. The district also has an administration building, a bus barn and other buildings.

Prior to 1997, the district maintained four buildings at two locations near each other that housed its primary through middle school classes and a separate campus for its high school. On September 4, 1997, a fire destroyed the primary school. The district made temporary arrangements for its primary students while it constructed a replacement school. The district purchased land near the high school and built a middle school and an elementary school complex with an adjoining kitchen.

The district occupies and maintains 406,822 square feet of facilities and owns another 109,830 square feet of space for lease or sale. **Exhibit 4-2** lists all MISD's facilities.

**Exhibit 4-2
MISD Facilities
2002-03**

Facility	Year Built	Square Footage	Current Enrollment	Square Feet per Student		
Campus Facilities						
High School Main Building	1972	102,380				
High School Vocational Building	1974	34,560				
High School Band Hall	1975	9,792				
High School Field House	1972	7,038				
Total High School		153,770			455	338
Elementary School	2000	78,231			688	114
Middle School	2000	71,839	360	200		
AEP Building	1961	9,677				
PPCD Building	1988	3,796				
PEP Building	1991	3,588				
TLC (Old Admin. Office)	1956	2,744				
Total Other Campus Facilities		19,805	23	861		
Total Campus Facilities		323,645	1,526	212		
Other Facilities						
Administration	1915	10,368				
Bus Barn	1940	41,945				
Grounds Barn	1944	27,822				
Custodial/Storage (Old MS Band Hall)	1956	3,042				
Total Other Facilities		83,177			1,526	54.51
Total Facilities Maintained		406,822	1,526	266.60		
Facilities Leased or Pending Sale - Not Maintained by MISD						

Old Middle School Gym	1936	30,635		
Old 6th Grade Building	1954	4,350		
Old Bus Shop	1955	1,840		
Old Intermediate Main Building*	1951	15,762		
Old Intermediate Resource Building*	1952	1,020		
Old Intermediate Library*	1975	2,400		
Old Intermediate Cafeteria*	1951	3,696		
Old Intermediate AEP*	1952	2,800		
Old Middle School Main	1952	30,635		
Old Middle School Woodshop	1921	4,819		
Old Middle School Auditorium	1921	6,634		
1/2 AEP Building	1961	5,239		
Total Facilities Leased		109,830		
Total All Facilities Owned and Leased		516,652		

Source: MISD Maintenance and Operations Department.

*Sale Pending.

In addition to buildings, the district, the city of Marlin and Falls County jointly own 30 lots obtained through tax foreclosures. Since MISD has the majority interest in the lots, the lot titles are listed in the district's name and are maintained by the district.

From 1997-98 through 2001-02, MISD's Maintenance and Operating expenditures decreased by 11.2 percent, which represents a decrease in maintenance expenditures of 8.9 percent per student (**Exhibit 4-3**).

Exhibit 4-3
MISD Maintenance and Operating Actual Expenditures
1997-98 through 2001-02

Object	1997-98	1998-99	1999-2000	2000-01	2001-02	Percent Change
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							2001-02
Marlin	Enrollment	1,662	1,674	1,646	1,637	1,621	(2.5%)
	Per Student	\$674	\$635	\$599	\$723	\$614	(8.9%)
Gladewater	Enrollment	2,167	2,236	2,144	2,073	2,127	(1.8%)
	Per Student	\$1,561	\$729	\$602	\$689	\$1,203	(22.9%)
Hearne	Enrollment	1,387	1,339	1,292	1,192	1,119	(19.3%)
	Per Student	\$763	\$662	\$744	\$817	\$935	(22.6%)
Jefferson	Enrollment	1,590	1,523	1,521	1,516	1,437	(9.6%)
	Per Student	\$387	\$426	\$426	\$503	\$483	(25.0%)

Source: TEA, PEIMS 1997-98 through 2001-02.

Chapter 4

A. FACILITIES PLANNING

Districts must plan for facilities to create an environment that supports educational programs. Planning for facilities based on student enrollment, programmatic needs and legislative requirements are essential to provide for student needs without overcrowding, using substandard facilities or requiring costly portable alternatives. Districts with declining enrollment must further evaluate the cost and benefit of maintaining older buildings that are underutilized or not used at all.

A school district's long-range facilities master plan combines district policies, as well as information and statistical data, which provides a basis for planning educational facilities to meet the community's changing needs. A facilities master plan becomes the district's policy statement for allocating resources and offers potential alternatives for improving facilities.

Effective school facilities master planning incorporates the following elements:

- **Facility Capacity:** Districts establish the capacity of each school facility by setting standards that govern student/teacher ratios and the amount of square feet required per student in a classroom. These standards deal with the minimum size of core facilities - gyms, cafeterias and libraries - so that schools do not overload these facilities or overuse portable classrooms.
- **Facility Inventory:** An accurate facility inventory helps manage the school facility use. Each school inventory should identify the use and size of each room. This enables planners to accurately set the capacity of each school. Modifications to schools should be noted in the inventory so it can be kept current.
- **Enrollment Projections:** Effective planning requires accurate enrollment projections. The district should make these projections for at least five years. Accurate projections require planners to examine neighborhood demographics and track new construction activity in the district. Many school planners work in coordination with county and city planners to track growth patterns.
- **Attendance Zones:** While using portable classrooms can temporarily alleviate overcrowding because of enrollment fluctuations, they can become a deficit to the educational program if overused. Therefore, an effective enrollment management plan calls for adjustments in attendance zones whenever they prove necessary. Attendance zones specify which school students attend

based on their geographical area or zone. While such adjustments often prove unpopular with parents and students because of a possible school reassignment determined by the re-zoning, they ensure that all students have appropriate access to school facilities.

- Capital Improvement Master Plan: Effective planning requires the district to anticipate its future needs and balance these needs against resources. A capital master plan charts future improvements to school facilities and identifies funding sources for them. The planning process, which should involve the community, should identify district goals and objectives and prioritize projects based on those goals and objectives.

The Texas Association of School Administrators (TASA) provides facility-planning services, including:

- demographic analysis;
- enrollment forecasts;
- extensive evaluation of the condition and educational functionality of existing buildings and sites;
- capacity analysis of district education facilities, reflecting the district's instructional program;
- evaluation of each campus and facility to determine its best use, based on local programs and state staffing and space requirements;
- determination of technology capabilities within existing facilities; and
- evaluation of the district's compliance with state and federal mandates.

A facilities master plan identifies each major repair or renovation needed at each facility. The plan considers external factors such as community needs as well as internal factors such as financing alternatives. It establishes a priority for each project, a timeframe for the work and estimates for the cost of each project.

FINDING

MISD does not have a long-range facilities master plan or a planning committee that sets priorities for capital improvement projects, determines a funding approach or ties the approach to future enrollment.

Current planning efforts are limited to an informal needs assessment developed by the director of Maintenance and his staff. The assessment does not consider district enrollment declines or the costs of ongoing maintenance needs. In the absence of a plan, the district makes facility improvements without regard to consequences. For example, in 2000, MISD built the new elementary and middle schools, increasing the amount

of space per student. Student enrollment has declined since the building's construction. In addition, the district continues to maintain the old middle school (105,288 square feet) and the old intermediate school (28,078 square feet) even though only 22,300 square feet of the buildings are in use.

In 1995, the district replaced the roof of Marlin High School, which was built in 1972. The director of Maintenance said despite additional repair efforts, the roof has continued to leak for the past six years. During the summer of 2002, the district used funds from a TEA School Repair and Renovation grant to replace all ceiling insulation and tiles and install new carpet and floor tile at the high school. Because the department did not correct the leaking roof prior to making the improvements, much of the replaced ceiling tile has been ruined by water leaks. The carpet and flooring continues to get wet when the roof leaks. During the site visit, the TSPR review team observed large trashcans sitting in the halls to catch water from roof leaks after a rain. The custodial supervisor said his staff has to perform non-scheduled work to keep the flooring from being ruined after almost every rain.

The district houses the Alternative Education Program in part of the old elementary school building, which was built in 1961 and is in poor condition. At the time of the site visit, the vacant portion of the building had been renovated so the district could rent the space to the Head Start Program. The renovation, paid for by Head Start, did not include repairing an existing foundation problem that has created a separation of the exterior brick from the building and cracks in the interior walls. The director of Maintenance said the renovation will be of no use if the foundation is not stabilized. The district's 2002-03 budget does not include funds to repair the foundation, which the director of Maintenance estimates would cost \$50,000.

Effective school districts use plans to manage their ongoing facility maintenance and construction programs. Mount Pleasant ISD (MPISD), for example, effectively manages renovation by periodically evaluating each facility's maintenance and construction needs. By planning and evaluating its facilities, MPISD identified potential code violations, ensured compliance with the Americans with Disabilities Act (ADA) and established educational space guidelines for classrooms and common areas such as cafeterias and libraries, using minimum state standards as a starting point.

MPISD used two contract sources to conduct its facilities needs assessments, a local architect and the Texas Association of School Boards (TASB). The district used the assessment data to prioritize renovation and

maintenance schedules and develop budgets based on estimated cost by facility and project type.

Recommendation 22:

Establish a facilities planning committee, conduct a needs assessment and develop a long-range facilities master plan.

MISD should create a permanent facilities planning committee with a rotating volunteer membership consisting of community members, district staff and teachers to develop a long-range facilities master plan. The committee membership should be broad-based to provide multiple perspectives and skills to assist the district with documenting facility needs. As part of the long-range facilities master plan development, the committee should consult with an external architect to review the condition of existing facilities, develop enrollment projections for 10 years, establish criteria for educational and facilities standards and review the grade level campus placement. The committee should use the district and campus improvement plans, enrollment projections and the facility needs assessment to develop a 10-year facilities master plan. The committee should review and assess the plan annually.

The plan should address classroom availability in existing buildings without current grade alignment limitations. In addition, the plan should address the needs of special programs such as the Alternative Education Program and The Learning Center to ensure that each student has access to adequate facilities. This plan should also include cost assessments for maintenance of existing facilities and plans for permanently closing or disposing of unused buildings.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent identifies district staff and citizens to serve on the facilities committee and recommends the list to the board for approval.	July 2003
2.	The superintendent schedules and chairs the initial meeting.	August 2003
3.	The committee establishes a meeting schedule, establishes parameters for a needs assessment study.	August 2003
4.	The director of Maintenance and business manager develop specifications for a facilities needs assessment study, advertises for proposers and contracts with the top proposer.	August 2003 - September 2003
5.	The committee receives the facilities needs assessment.	October 2003

6.	The committee prepares a priority list of facilities needs and conducts meetings to gather feedback from parents and community residents.	November 2003
7.	The committee includes the community input in its recommendations and combines the priorities into a recommended master plan.	December 2003
8.	The director of Maintenance and the business manager provide cost estimates for each item, determine funding sources and recommend a schedule for implementing the plan.	January 2003
9.	The board reviews and approves the plan.	February 2003
10.	The director of Maintenance implements the plan and presents quarterly updates to the board.	March 2004 Ongoing
11.	The facility-planning committee meets annually to review and update the plan and provides recommendations for projects to be funded.	March 2005 and Annually Thereafter

FISCAL IMPACT

The estimated one-time cost for an external architect to conduct facilities assessments and help prepare estimates for capital budgets is \$25,000. The other facilities planning activities can be implemented with existing resources.

Recommendation	2003-04	2004-05	2004-06	2006-07	2007-08
Establish a facilities planning committee, conduct a needs assessment and develop a long-range facilities master plan.	(\$25,000)	\$0	\$0	\$0	\$0

FINDING

The Maintenance and Operations Department does not have a formal plan to coordinate facility maintenance efforts or assist in achieving department-related initiatives in the district improvement plan (DIP) and campus improvement plans (CIP). The site-based decision-making committees do not have formal input into their school's maintenance, custodial or grounds services. Site-based decision-making includes the authority and responsibility for actions taken at each school. In MISD, principals are responsible for ensuring that building and grounds maintenance and custodial work fulfill the needs of their specific campus. The custodial supervisor meets weekly with each school principal. The

director of Maintenance and the maintenance supervisor are available for discussions with principals, but do not have regularly scheduled meetings. Although the building and grounds maintenance and custodial operations plan summer work projects based on their own observations and school requests, the plans are not integrated into the DIP or the CIPs.

As shown in **Exhibit 4-5**, the DIP and the CIPs for the three MISD campuses address the same three initiatives relating to facilities maintenance and operations. This does not indicate that the district conducts a real needs assessment annually, nor does it indicate that campus staff has truly identified facility needs to enhance educational program delivery or campus safety initiatives.

Exhibit 4-5
Campus Improvement Plans
Initiatives Related to Operations

Campus	District Initiative	Person Responsible	Resource
Marlin Elementary	annual upkeep	maintenance supervisor	Budget
	building security	office staff; All staff	Visitor tags
	intercom system	principal	None
Marlin Middle School	annual upkeep	maintenance staff, coaches, principal, superintendent	None
	building security	maintenance staff, custodians, office staff	T. Overpeck, Region 12
	intercom system	maintenance staff	None
Marlin High School	annual upkeep	administrative office	Contracted construction company
	building security	none assigned	None
	intercom system	none assigned	None

Source: MISD Campus Improvement Plans, 2002-03.

Districts that have effective maintenance and operations departments include custodial, building maintenance and grounds staff in their CIP planning phase and specifically identify facilities personnel as a person responsible or as a resource. As a result, the maintenance and operations department can then specifically include funds in their budget to fulfill the initiatives. Many maintenance and operations departments that provide outstanding service to their customers go a step further and create a department improvement or master maintenance plan that supports the DIP and the CIPs.

Recommendation 23:

Develop a master maintenance plan that identifies critical maintenance needs and prioritizes those needs based on safety and educational criteria.

The district should develop a master maintenance plan that coordinates the activities of building maintenance, grounds maintenance and custodial services. The plan should also coordinate the facility needs addressed in the DIP and CIPs. The director of Maintenance, maintenance supervisor and custodial supervisor should assist with the development of the DIP and CIPs to identify facility issues. The maintenance staff should then develop a maintenance plan and budget request that includes the funding needed to fulfill the maintenance issues.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Maintenance and custodial supervisor meet with each school principal to identify facility issues for inclusion in the District Improvement Plan and Campus Improvement Plans.	July 2003
2.	The director of Maintenance and custodial supervisor develop a master maintenance plan that coordinates department activities and includes the facility issues identified for the DIP and CIPs.	August 2003
3.	The director of Maintenance and custodial supervisor develop budgets that includes funds needed for the maintenance issues identified in the DIP and CIPs and presents the budgets to the superintendent for approval.	August 2003
4.	The director of Maintenance and custodial supervisor modify their plans as necessary to match the approved budgets.	September 2003
5.	The director of Maintenance and custodial supervisor monitor their plans and provide updates to the superintendent.	October 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 4

B. MAINTENANCE AND CUSTODIAL OPERATIONS

The Maintenance and Operations Department includes a director of Operations, one supervisor, two maintenance workers and a maintenance clerk who also works for the Transportation Department. Four employees serve on the grounds crew, which performs district landscaping and grass mowing.

The maintenance area has a comprehensive handbook that includes:

- a mission statement;
- preventive maintenance schedules;
- work order procedures;
- corrective maintenance procedures;
- daily, weekly and monthly scheduling;
- job descriptions; and
- safety practices.

MISD's custodial staff report to the contracted Sodexho's onsite/general manager who reports to the superintendent. The Sodexho area manager visits the district every two weeks, and the regional manager usually visits the district every month. The onsite/general manager meets informally with principals once a week to see if they have any custodial related problems. The current reporting arrangement makes the onsite/general manager responsible for understanding, communicating and satisfying the principals' needs.

Custodial staff receive monthly safety training and attend an annual operational meeting with a Sodexho field expert. The onsite/general manager provides training on asbestos awareness, bathroom cleaning techniques, proper use of chemicals, first aid use and custodial tasks in both English and Spanish. The training manual includes pictures and diagrams.

Custodial operations use the "task cleaning" approach to custodial services, which means each custodian receives a set of tasks to repeat throughout each room of the school. Sodexho standards provide one custodian per 24,000 to 25,000 square feet, while the Association of School Business Officials recommends 20,000 square feet per custodian. The MISD ratio equals one custodian for every 23,369 square feet.

There are two lead custodians, one for the high school complex and one for the middle school and elementary school complex. While not

supervisors, these lead custodians have the experience and training to provide operational support to the staff and to make daily operational decisions. When the onsite/general manager travels outside of the district, he provides one of the custodians with a cell phone so that he can be contacted in an emergency situation. The district Personnel Department makes hiring and other personnel decisions based on the onsite/general manager's recommendations. Although custodians are district employees, they are supervised and managed by the Sodexo onsite/general manager. The review team surveys, which were distributed to district administrative and support staff, teachers, parents and students, included three questions related to facilities maintenance:

- Buildings are properly maintained in a timely manner;
- Repairs are made in a timely manner; and
- Emergency maintenance is handled promptly.

Responses to the three questions were generally favorable. The question relating to business maintenance received answers of agree or strongly agree from 45.9 percent of the teachers and 72.5 percent of the parents who responded to the survey. The question relating to repairs had the least favorable response from teachers: 54.1 percent who responded answered either disagree or strongly disagree. Parents gave a 57.5 percent agree or strongly agree response to the repair question and a 67.5 percent agree or strongly agree response to the emergency maintenance questions. Students rated all 3 unfavorably. The results are presented in **Exhibit 4-6**.

Exhibit 4-6
Survey Results for Maintenance Specific Questions

Survey Questions	Respondent	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Buildings are properly maintained	Teachers	2.7%	43.2%	18.9%	24.3%	10.8%
	Parents	22.5%	50.0%	15.0%	12.5%	0.0%
	Students	0.0%	21.5%	9.7%	34.4%	34.4%
Repairs are made in a timely manner	Teachers	2.7%	27.0%	16.2%	43.2%	10.8%
	Parents	15.0%	42.5%	25.0%	15.0%	2.5%
	Students	0.0%	8.7%	6.5%	29.3%	55.4%
Emergency maintenance	Teachers	10.8%	43.2%	18.9%	24.3%	2.7%
	Parents	17.5%	50.0%	25.0%	2.5%	5.0%
	Students	1.1%	28.3%	15.2%	22.8%	32.6%

Source: Survey results from MISD teachers and parents.

FINDING

MISD received a \$505,265 grant through the federally funded School Repair and Renovation Grant Program administered through TEA in 2001. The district spent \$242,028 in 2001-02 and plans to spend the remainder in 2002-03. The grant is funding significant repairs and improvements, primarily to Marlin High School (**Exhibit 4-7**).

Exhibit 4-7 Grant Funded Tasks 2001-02 through 2002-03

Grant Funding	Task
Renovation	<ul style="list-style-type: none">• Replace carpet• Replace floor tile• Wheel chair ramp (The Learning Center)• Wheel chair lift (auditorium)• New insulation for all ceilings• New ceiling tiles for all ceilings• Security cameras• New grease trap and plumbing for kitchen• Elevator installation
Repairs	<ul style="list-style-type: none">• Clean and treat all air conditioner ducts, blowers, coils and grills

Source: MISD Maintenance and Operations Department.

With MISD's limited financial resources, the district could not have funded the building improvements through its operating budget. The grant allowed MISD to make significant repairs and improvements.

COMMENDATION

MISD sought funding alternatives to complete needed facilities upgrades.

FINDING

The Maintenance and Operations Department does not have a comprehensive work order system. The maintenance supervisor has begun

developing an automated spreadsheet that contains a description and location of work requested and the date the request was made. The spreadsheet, as designed, will not fulfill the purpose of a comprehensive work order system because it does not provide labor and material cost data for work performed with all data, which is a necessary component of a useful work order system.

The maintenance clerk enters all scheduled work, including routine daily tasks, in the spreadsheet. **Exhibit 4-8** shows actual entries made in the spreadsheet to illustrate the information captured for work performed on April 8, 2002.

Exhibit 4-8
MISD Maintenance and Operations Department
Work Order Spreadsheet

Date	Campus	Location	Requested Work	Completed	Complete
4/8/02	Admin	Boardroom	Replace bulb in boardroom	JM	Y
4/8/02	ME	B123	There is a leak on the floor and in the ceiling next to the wall.	RJ	Y
4/8/02	ME	Kitchen	Coolers on elementary side serving line are freezing the food.	DC	Y
4/8/02	MHS	AEP	Replace bulbs.	JM	Y
4/8/02	MHS	L - 18	Clear air conditioning filter. Black soot around vent.	DC	Y
4/8/02	MJH	Library	Repair door latch on library door.	JM	Y
4/8/02	MJH	Library	Repair loose desk leg.	JM	Y
4/8/02	MJH	Office	Lube office locks.	JM	Y

Source: MISD Maintenance and Operations Department, Work Order Database.

District staff request building and grounds maintenance assistance by submitting a work order request to the Maintenance and Operations Department by interoffice mail, fax or telephone call. The maintenance clerk enters the work order request into the spreadsheet. After reviewing the regularly scheduled work and the work order requests, the maintenance supervisor determines available staff and supplies and then

assigns each task to a worker. When a work order is completed, the worker submits the time required for completion and the date completed. The maintenance clerk enters the completion date in the spreadsheet. The spreadsheet can be sorted by request date, school, room location, requested work description, completed by or completion status.

Effective school maintenance operations maintain comprehensive work order systems that provide timely and accurate information enabling staff to plan and manage daily operations. Many districts use the assistance of their technology department in the development of comprehensive work order systems. A work order system collects information that provides preventive maintenance schedules, building and equipment maintenance costs, staff resources required to complete tasks and related costs. Analysis of this information ensures quick response to school needs, minimizes downtime, reduces costs, extends equipment life and provides a method to monitor service levels and obtain feedback for improvement.

Without an automated work order system, it is difficult for a district to track work order status, monitor staff productivity, document the individual repair costs and prioritize work assignments. By accumulating and analyzing data, such as material cost, employee productivity and the amount of time to complete work, maintenance directors can establish performance standards for maintenance operations. Performance standards define and document the time required to complete various jobs, expected quality levels and the cost of completed jobs.

Recommendation 24:

Improve the existing work order system and use labor and cost data to prepare accurate cost estimates for work.

The director of Career and Technology should refine the spreadsheet to function as a complete work order system. The work order logs should be automated to enable the director of Operations and the maintenance supervisor to easily prioritize and track work orders and to help prepare cost estimates for maintenance requests. The automated work order system will enable the director of Operations to establish performance standards and assess thresholds for contracting specific projects such as large paint, carpentry and plumbing projects to outside contractors.

Once fully implemented the system will enable the director of Operations to establish performance standards for jobs such as replacing air-conditioning filters, installing flooring or completing roofing jobs. With predetermined performance standards, the work of Maintenance employees can be monitored to ensure the delivery of quality and cost-effective services. The director of Operations should also prepare quarterly

reports to keep the superintendent informed on the status of workloads and maintenance issues.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Operations works with the director of Career and Technology to refine the design of the spreadsheet so that it can be used as a work order system.	July 2003
2.	The director of Career and Technology completes the refinement of the work order system.	August 2003
3.	The director of Operations uses reports from the automated work order logs to analyze data, such as labor and material costs and work backlog.	September 2003
4.	The director of Operations develops and monitors performance standards to improve the department's productivity.	October 2003 and Ongoing
5.	The director of Operations provides the superintendent with reports detailing the Maintenance and Operations Department's operations.	February 2004 and Quarterly Thereafter

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

MISD does not have a formal training program for its maintenance and grounds staff, and there are few opportunities for staff to attend maintenance-related classes. According to several central administrators and teachers, MISD's maintenance staff is not adequately trained to perform preventive and emergency maintenance repairs, which impairs the staff's ability to properly maintain the district's facilities. In a meeting with district officials on February 19, 2003, staff said that they have attended training in specific areas such as EPA certification and fiber optics, but could not provide documentation that indicates an established program exists.

An effective maintenance-training program includes instruction in the following topical areas:

- technical maintenance techniques;
- effective work scheduling;
- interdepartmental communication skills;
- customer communication skills;

- professional skill development for each trade;
- work habits;
- time management;
- quality control; and
- safety initiatives.

Without a training program to improve maintenance staff skills and receive updates on changes to building and fire codes, the district risks allowing staff who are not properly trained to perform work on district facilities. A strong training program trains staff on acceptable techniques and code requirements before they perform maintenance work.

Recommendation 25:

Develop and implement a regular training program for maintenance staff to improve effectiveness and productivity.

The director of Operations and maintenance supervisor should develop a training program for maintenance staff. The program should have annual goals and objectives and include sufficient funding so each employee can attend at least one course annually.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Operations develops a training program curriculum, schedule and budget for the superintendent's approval.	July 2003
2.	The superintendent submits the training program and budget to the board for approval.	August 2003
3.	The director of Operations initiates the training program.	September 2003

FISCAL IMPACT

The cost to implement this recommendation will require fees for seminars and trainers. An average annual cost of \$500 per staff member would require \$4,000 annually (8 staff x \$500 = \$4,000).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Develop and implement a regular training program for maintenance staff to improve effectiveness and productivity.	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)

Chapter 5

FINANCIAL MANAGEMENT

This chapter reviews the financial management, asset and risk management and purchasing functions of Marlin Independent School District (MISD) in the following sections:

- A. Organization and Management
- B. Budgeting and Budget Monitoring
- C. Fund Balance
- D. Tax Collection
- E. Cash Management
- F. Risk Management
- G. Fixed Asset Management
- H. Bond Issuance and Indebtedness
- I. Purchasing

Sound school district financial management involves the effective use of limited resources to support student achievement. Districts must maximize available resources and must account for the use of these resources accurately. The planning and budgeting process must support district goals. Proper accounting must reduce the risk of lost assets and ensure their appropriate use. The district must provide its board and administrators with timely, accurate and useful reports concerning its financial condition.

Texas school districts have a fiduciary responsibility to protect publicly financed assets provided to educate children. An effective asset and risk management program aims to control costs by ensuring that the district is adequately protected against all significant losses with the lowest possible insurance premiums. This includes the identification and measurement of risk and techniques to minimize the impact of risk. Fixed asset management accounts for district property efficiently and accurately and safeguards it against theft and obsolescence. The district's insurance programs for employees' health, workers' compensation and district assets should be sound and cost effective to protect the district from financial losses.

BACKGROUND

The most current financial data available for all districts are the 2001-02 budgetary reports from a database maintained by the Texas Education Agency (TEA), the Academic Excellence Indicator System (AEIS). AEIS provides beginning of the year budget data for the general fund, Food Service fund and debt service fund. All other funds are excluded because

they are not legally required to have an officially adopted budget. School districts may have significant budget amendments during the year and may have actual results that differ significantly from the final budget. Budget comparisons from the AEIS reports are presented for comparisons of district expectations, with the knowledge that ending results may be different.

The TEA-administered Public Education Information Management System (PEIMS) contains the 2001-02 reports for the most current actual data and 2002-03 reports for budget data available on all districts for comparison of actual revenues and expenditures. The PEIMS has the audited financial data for each district and includes all funds. MISD's Audited Financial Report for 2001-02 also supplies financial information for some of the comparisons of district data. School districts' financial operations must comply with a variety of federal, state and local laws and regulations, as compiled in the TEA *Financial Accountability System Resource Guide* (FASRG).

The 77th Legislature (2001) enacted SB 218, which requires the implementation of a financial accountability rating system. In compliance with this mandate, TEA has established the School Financial Integrity Rating System of Texas (School FIRST). The School FIRST rating system begins a transitional implementation in 2002-03 with preliminary and final paper reports to each district and its regional education service center. Upon full implementation of the rating system in 2003-04, each board of trustees will publish an annual report describing the financial management performance of the district.

School FIRST seeks to achieve improved performance in the management of school districts' financial resources. The rating system will assess the quality of financial management in Texas public schools, as well as measure the extent to which districts direct financial resources for instructional purposes. Other objectives reflect the implementation of a rating system that fairly and equitably evaluates the quality of financial management decisions. After full implementation of the rating system, the district's ratings will be openly reported to the general public and to other interested persons and entities.

Districts' ratings are based on the districts' numerical scores expressed as the count of indicators that show "No" answers. The rating system contains 21 indicators assigned equal points. **Exhibit 5-1** shows the ratings and scores.

Exhibit 5-1
MISD School FIRST
Rating Criteria

Rating	Score (Number of "No" Answers)
Superior Achievement	0 - 2
Above Standard Achievement	3 - 4
Standard Achievement	5 - 6
Substandard Achievement	7 OR No to One Default Indicator
Suspended - Data Quality	Serious data quality issues

Source: TEA, School FIRST.

In addition to the point score, failure to meet the criteria for any one of three critical indicators, or failure to meet the criteria of both of two additional criteria will result in an automatic rating of "Substandard Achievement." **Exhibit 5-2** details the five critical indicators.

**Exhibit 5-2
MISD School FIRST
Critical Criteria Indicators**

Criteria Number	Criteria Description	Result of a "No" answer
1	Was total fund balance less reserved fund balance greater than zero in the General Fund?	Automatic Substandard Rating
2	Were there NO disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?	Automatic Substandard Rating
3	Was the annual financial report filed within one month after the deadline depending on the district's fiscal year end?	Automatic Substandard Rating
4	Was there an unqualified opinion in the annual financial report?	4 AND 5 Automatic Substandard Rating
5	Did the annual financial report NOT disclose any instance(s) of material weakness in internal controls?	4 AND 5 Automatic Substandard Rating

Source: TEA, School FIRST.

Sanctions will be applied to districts that receive a "Substandard Achievement" rating. Additional sanctions could apply if issues arise relating to data quality. Sanctions could result in the assignment of a

financial monitor or master by the TEA Accountability Department in accordance with Chapter 39 of the Education Code. Additional sanctions could involve an accreditation investigation that might result in specific requirements for improvements in financial management.

The most recent complete information available for Marlin ISD is for 2000-01. If the School FIRST rating had been applied to that year, the district would have answered "no" to four of the 21 questions and received an Above Standard Achievement rating, except that they answered "no" to the deficit fund balance criteria (Indicator number 1) and instead would have received an automatic Substandard Achievement rating. Specifically, the district would have answered "no" to Indicator numbers 1, 12, 14 and 18 as shown in **Exhibit 5-3**.

Exhibit 5-3
Indicators with "NO" Responses and District Rating
MISD School FIRST Worksheet Applied for 2000-01

Indicator Number	Indicator Description	MISD Measure
1	Was the total fund balance less reserved fund balance greater than zero in the general fund?	(\$93,816)
12	Was the aggregate of budgeted expenditures and other uses less than the aggregate of budgeted total revenues and other resources plus beginning fund balance in general fund?	6.00
14	Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivable) in the general fund greater than or equal to 1:1?	0.69
18	Was the total fund balance in the general fund more than 50 percent and less than 150 percent of optimum according to the fund balance and cash flow calculation worksheet in the annual financial report?	\$1,009,989
MISD Rating		Substandard Achievement

Source: TEA, School FIRST Rating Worksheet for 2000-01.

The indicators with "no" responses indicate areas for improvement in fund balance, budget and cash management related to MISD's general fund.

Texas school districts receive local, state and federal revenue as shown in **Exhibit 5-4**. Of MISD's total 2001-02 actual revenues, 27.6 percent came from local revenues. Property taxes serve as the most important source of local revenues. Local property tax rates may include a portion dedicated to maintenance and operations (M&O), which supports the district's general operating needs, and an interest and sinking (I&S) portion, which supports the district's debt service. In 2001-02, MISD levied an M&O tax of \$1.354 and an I&S tax of \$0.057 per \$100 of assessed valuation. Other local sources include interest from time deposits, food service sales and athletic revenues.

MISD's state funds made up 54.3 percent of total revenues for 2001-02. State funding is based on formulas approved by the Legislature. The major factor in the funding formulas involves average daily attendance (ADA). The formulas also contain additional funding for programs designed to benefit educationally disadvantaged students. As a special allotment, MISD receives state funding to assist with bond payments for facility renovations and acquisition.

MISD's federal funds accounted for 18.1 percent of the total 2001-02 revenue. Federal funds are normally granted for a specific program or target groups of students. The money may not be used for normal operating expenditures and usually reimburse the district for funds already spent. In addition, most federal grants require the funding to be used to supplement existing programs.

Exhibit 5-4
MISD Revenues by Source - All Funds
2001-02

Description	Actual 2001-02	Percent by Source
Local and Intermediate	\$3,600,869	27.6%
State	\$7,070,772	54.3%
Federal	\$2,353,139	18.1%
Total	\$13,024,780	100.0%

Source: MISD, Audited Annual Financial Report, 2001-02.

Revenue estimates change annually based on the funding source. Property values, the tax rate and the school district efforts for generating other revenues affect local revenues. The Legislature influences state funding formulas and special allocations, although the district can have impact by applying for special programs funding. Districts receive federal funding almost entirely through grant application requests. **Exhibit 5-5** presents a

four-year comparison of revenues by funding source and the percentage increase from 1998-99 to 2001-02.

Exhibit 5-5
MISD Revenues by Source - All Funds
1998-99 through 2001-02

Description	1998-99	1999-2000	2000-01	2001-02	Percent Change
Local and Intermediate	\$4,523,854	\$3,478,374	\$3,673,095	\$3,600,869	(20.4%)
State	\$6,279,640	\$7,290,330	\$7,494,021	\$7,070,772	12.6%
Federal	\$1,741,178	\$1,696,990	\$1,902,259	\$2,353,139	35.1%
Total	\$12,544,672	\$12,465,694	\$13,069,375	\$13,024,780	3.8%

Source: TEA, PEIMS, 1998-99 through 2000-01; MISD, Audited Annual Financial Report, 2001-02.

Local revenues decreased 20.4 percent and federal revenues increased 35.1 percent to produce total 2001-02 revenue increases of 3.8 percent over 1998-99 total revenues. The district also received a one-time revenue in 1998-99 of \$794,291 and in 1999-2000 of \$99,331 relating to insurance recovery from the destruction by fire of the elementary school. In a later year, the district moved most of this revenue to the construction fund for replacing buildings. **Exhibit 5-6** shows MISD's revenues excluding local revenue from an insurance recovery.

Exhibit 5-6
MISD Revenues by Source - All Funds
Excluding Insurance Recovery
1998-99 through 2001-02

Description	1998-99	1999-2000	2000-01	2001-02	Percent Change
Local and Intermediate	\$3,729,563	\$3,379,043	\$3,673,095	\$3,600,869	(3.5%)
State	\$6,279,640	\$7,290,330	\$7,494,021	\$7,070,772	12.6%
Federal	\$1,741,178	\$1,696,990	\$1,902,259	\$2,353,139	35.1%
Total	\$11,750,381	\$12,366,363	\$13,069,375	\$13,024,780	10.8%

Source: TEA, PEIMS, 1998-99 through 2000-01; MISD, Audited Annual Financial Report, 2001-02.

MISD's total revenue increased 10.8 percent from 1998-99 through 2001-02. While federal and state revenue increased 35.1 percent and 12.6 percent respectively, local revenue decreased \$128,694 or 3.5 percent.

School district fund accounts are organized on the basis of fund and account groups, each of which is considered a separate accounting entity. The account groups follow the governmental resources allocated for implementing specific activities in accordance with laws, regulations or other requirements. The fund types are described in **Exhibit 5-7**.

Exhibit 5-7
MISD Financial Statements
Description of Fund Types
2001-02

Fund Type	Purpose
General Fund	Used to account for financial resources used for any legal purpose associated with the public elementary and secondary education within the jurisdiction of the district.
Food Service Fund	Used to account for resources restricted to the specific purposes of the National School Lunch Program and the School Breakfast Program.
Special Revenue Funds (including Capital Projects Funds)	Used to account for resources restricted to specific purposes and for proceeds from long-term debt financing related to authorized capital asset acquisitions.
Debt Service Fund	Used to account for tax revenues and other resources for the payment of long-term debts for which a tax rate has been dedicated.

Source: MISD, Audited Annual Financial Report, 2001-02.

TEA categorizes revenue based on the level of control a district has over the funding. While actions within the district primarily determine local revenues, other entities' actions impact state and federal revenues. **Exhibit 5-8** shows more detail about the source of income by each fund type for actual revenues from 1998-99 through 2001-02.

Exhibit 5-8
MISD Actual Revenues by Fund Type and Source - All Funds

**Excluding Insurance Recovery
1998-99 through 2001-02**

Fund Type	Source	Actual 1998-99	Actual 1999-2000	Actual 2000-01	Actual 2001-02	Percent Change 1998-99 to 2001-02
General Fund	Local	\$1,904,024	\$1,933,961	\$2,156,838	\$2,163,708	13.6%
	State	\$6,058,290	\$6,606,201	\$7,147,980	\$6,578,178	8.6%
	Federal	\$16,615	\$21,765	\$20,686	\$25,560	53.8%
Food Service Fund	Local	\$177,803	\$143,996	\$122,316	\$122,960	(30.8%)
	State	\$7,000	\$7,429	\$7,345	\$7,863	12.3%
	Federal	\$502,987	\$540,673	\$558,992	\$572,852	13.9%
Special Revenue Funds	Local	\$1,263,222	\$1,038,810	\$1,218,256	\$1,228,094	(2.8%)
	State	\$214,350	\$230,194	\$172,365	\$253,729	18.4%
	Federal	\$1,221,576	\$1,134,552	\$1,322,581	\$1,754,727	43.6%
Debt Service Fund	Local	\$150,143	\$176,352	\$130,775	\$86,107	(42.7%)
	State	\$0	\$164,512	\$166,331	\$231,002	---
	Federal	\$0	\$0	\$0	\$0	---
All Funds	Total	\$11,516,010	\$11,998,445	\$13,024,465	\$13,024,780	13.1%

Source: TEA, PEIMS, 1997-98 through 2000-01; MISD, Audited Annual Financial Report, 2001-02.

Note: The dashes (---) in the percent change column indicate the numbers are not comparable.

A review of the funding source for each fund type shows why revenues are changing and the percent change from 1998-99 to 2001-02. While the summary level (**Exhibit 5-6**) shows a decrease in local funding of 3.4 percent, the decrease results from a:

- 13.6 percent increase in the general fund from increased tax revenue;

- 30.8 percent decrease in the Food Service fund because a higher percentage of students are eligible for free or reduced meals, meaning fewer students pay the full price for meals;
- 2.8 percent decrease in the special revenue funds because of lower interest income; and
- 42.7 percent decrease in the debt service fund tax revenues because MISD was able to gain a state funded grant to assist with payment of long-term debt obligations.

Exhibit 5-9 compares MISD's budgeted revenues for 2002-03 by source with those of its peer districts.

**Exhibit 5-9
Budgeted Revenues by Source
MISD and Peer Districts
2002-03**

District	Local Tax	Other Local	State	Federal	Total
Gladewater	\$5,673,475	\$567,010	\$8,721,802	\$561,200	\$15,523,487
MISD	\$2,303,558	\$376,787	\$7,275,994	\$565,283	\$10,521,622
Jefferson	\$5,296,000	\$325,000	\$3,443,000	\$574,000	\$9,638,000
Hearne	\$3,140,000	\$180,000	\$5,088,915	\$385,000	\$8,793,915

Source: TEA, PEIMS, 2002-03.

Exhibit 5-10 presents student enrollment, percentage of economically disadvantaged students, property value per student, budgeted revenue per student and budgeted expenditures per student for MISD and its peer districts.

**Exhibit 5-10
District Statistics
MISD, Peer Districts, Region 12 and State
2002-03**

District	Student Enrollment	Percent Economically Disadvantaged Students	Property Value per Student	Budgeted Revenues per Student	Budgeted Expenditures per Student
Hearne	1,159	84.0%	\$189,375	\$7,588	\$7,561
Gladewater	2,221	52.1%	\$163,934	\$6,989	\$6,933

MISD	1,526	73.7%	\$106,138	\$6,895	\$6,715
Jefferson	1,418	63.1%	\$281,559	\$6,797	\$7,281
Region 12	139,468	49.9%	N/A	N/A	N/A
State	4,239,911	51.9%	N/A	N/A	N/A

Source: TEA, PEIMS, 2002-03.

Note: 2002-03 data for slots with N/A are not available.

The percentage of MISD revenue funded by property tax is mirrored by the lowest property value per student of the peer groups since a lower property value will generate less tax revenue per cent of tax rate. However, with state funding, total budgeted revenues per pupil place MISD third of the peer districts. The budgeted expenditures per pupil for MISD are the lowest of the peer group.

Exhibit 5-11 provides a comparison of budgeted expenditures for MISD, peer districts, Region 12 and statewide averages, but presents the budget for each function as a percentage of the total budgeted expenditures. MISD budgeted 47 percent for direct classroom instruction expenditures, less than all of its peers except Jefferson.

Exhibit 5-11
Percentage of Budgeted Expenditures by Function
MISD and Peer Districts
2002-03

Function	MISD	Gladewater	Hearne	Jefferson
Instruction	47.0%	54.0%	54.2%	46.1%
Instructional Related Services	1.4%	2.7%	2.2%	2.5%
Instructional Leadership	1.6%	0.7%	1.4%	1.0%
School Leadership	6.3%	4.5%	5.4%	5.2%
Support Services - Student	2.7%	3.1%	2.4%	3.2%
Student Transportation	4.0%	3.6%	2.3%	4.8%
Food Services	6.5%	5.7%	6.1%	5.6%
Co curricular/Extracurricular	3.6%	3.5%	3.2%	3.9%
Central Administration	5.5%	4.5%	7.0%	5.4%
Plant Maintenance and Operations	11.9%	10.3%	12.2%	7.4%

Security and Monitoring	0.1%	0.2%	0.0%	0.2%
Data Processing Services	0.3%	2.0%	0.6%	1.1%
Other*	9.2%	5.4%	3.1%	13.7%
Total Budgeted Expenditures	100.0%	100.0%	100.0%	100.0%

Source: TEA, PEIMS, 2002-03.

*Other includes any operating expenditures not listed above and all non-operational expenditures such as debt service, capital outlay and community and parental involvement services.

*Note: Totals may not add to 100 percent due to rounding.

Beginning in 2001-02, the district changed the fiscal year end from August 31 to June 30 of each year, so the district's 2001-02 annual financial statement covers only 10 months in this transition year except where 12 months of data were required by TEA. However, in order to accurately compare MISD's budgeted and actual expenditures for 2001-02, a PEIMS data comparison for 2001-02 is shown in **Exhibit 5-12**.

Exhibit 5-12
MISD Budgeted and Actual Expenditures by Function with Variances
2001-02

Function	PEIMS Reported Budget	Percent of Total	Actual Expenditures	Percent of Total	Under (Over) Budget Variance	Percent Under (Over) Budgeted to Actual Variance
Instruction	\$4,973,349	46.8%	\$5,995,488	50.3%	(\$1,022,139)	(20.6%)
Instructional Related Services	\$170,109	1.6%	\$183,170	1.5%	(\$13,061)	(7.7%)
Instructional Leadership	\$184,875	1.7%	\$405,808	3.4%	(\$220,933)	(119.5%)
School Leadership	\$600,153	5.6%	\$643,129	5.4%	(\$42,976)	(7.2%)
Student	\$288,622	2.7%	\$685,672	5.8%	(\$397,050)	(137.6%)

Support Services						
Student Transportation	\$459,439	4.3%	\$360,518	3.0%	\$98,921	21.5%
Food Services	\$569,042	5.4%	\$540,587	4.5%	\$28,455	5.0%
Co-curricular/ Extracurricular	\$381,387	3.6%	\$332,368	2.8%	\$49,019	12.9%
Central Administration	\$593,159	5.6%	\$511,748	4.3%	\$81,411	13.7%
Plant Maintenance and Operations	\$1,285,499	12.1%	\$987,036	8.3%	\$298,463	23.2%
Security and Monitoring	\$15,747	0.1%	\$28,483	0.2%	(\$12,736)	(80.9%)
Data Processing Services	\$70,077	0.7%	\$69,310	0.6%	\$767	1.1%
Other*	\$1,044,045	9.8%	\$1,164,613	9.8%	(\$120,568)	(11.5%)
Budgeted and Actual Expenditures	\$10,635,503	100.0%	\$11,907,930	100.0%	(\$1,272,427)	(12.0%)

Source: TEA, PEIMS, 2001-02.

Overall, MISD spent 12 percent, or nearly \$1.3 million, more than it budgeted for 2001-02, with the largest percentage exceeding the budget in student support services and the largest dollars exceeding the budget in instruction.

Chapter 5

A. ORGANIZATION AND MANAGEMENT

MISD reported an average daily attendance of 1,499 for 2001-02, which classifies under state funding guidelines as a small district. In smaller districts, the administrators and administration staff tend to have multiple jobs and responsibilities. The Business Office consists of the Business manager; one clerk for accounts payable, purchasing and budget; and one payroll clerk. In a larger district, the Business manager would plan, supervise and review actions. In MISD, the Business manager supervises some tasks but serves as the primary backup or relief person for other tasks. **Exhibit 5-13** illustrates the daily responsibilities of MISD's Business manager. The Business manager reports to the superintendent, the only other individual responsible for district financial decisions.

Exhibit 5-13
Business Manager Assigned Duties
2002-03

Task	Responsibility	Supervision	Backup
General Ledger Control	X	X	
Cash Receipts Data Entry	X	X	
Budget Compilation	X	X	
Expenditure Budget Control		X	X
Revenue Budget Control	X	X	
State/Federal Reimbursement Reports	X	X	
Purchase Order Approval		X	X
Payroll		X	X
PEIMS Coordinator	X	X	
External Audit Lead	X	X	
Bidding Law Compliance	X	X	
Bidding Documents	X	X	
Bidding Process	X	X	

Source: MISD, Business Manager.

In 1999, the Regional Education Service Center X (Region 10) completed a study under a grant from TEA titled *Components and Competencies for School Business and Support Services*. The Texas Association of School Business Officials (TASBO) adopted the study as the foundation for the certification programs of Texas school business officials. The study lists 10 components of a school district's business and support services. Under each component are many competencies related to the component, which describe the areas of management-level knowledge that should be available to the district. While not a job description, the study provides a basis for evaluating the abilities required in the district. In a small district, the abilities must be available in a single person, or that person must have access to other professionals.

FINDING

The district does not routinely contract with grant writers or otherwise aggressively pursue grant opportunities. MISD also does not employ or designate any employee as a grant writer. The district occasionally contracts with a grant writer to apply for standard special program grants through federal and state sources; however, it does not actively or routinely pursue the lesser known competitive state and federal grants or private grants. For 2001-02, MISD contracted with a grant writer at a cost of \$5,000 for a competitive federal School Repair and Renovation Grant and received \$500,000 in grant funds. In addition, the district received \$170,902 in 2001-02 and \$177,646 in 2002-03 in non-competitive technology grant funds-grant funds that are available to all school districts on receipt of a completed application. MISD did not pursue competitive grant funding opportunities in 2002-03.

The lack of alternative funding sources prevents MISD from expanding its spending for educational programs.

In addition to the standard federal and state grants, many public and private grants exist to address specific programs. Some examples of competitive grants that have not been pursued by MISD are:

- Improving Teaching and Learning (all subjects);
- Texas Dropout Grant (limited subjects);
- Investment Capital Fund Grant (all subjects);
- Enhancing Education Through Technology, E2T2 or TARGET, and
- 9th Grade Initiative Grants/Success Initiative.

According to grant writers who have successfully obtained more than \$55 million in grant funds for school districts over the last two years, it is not uncommon to receive at least \$100,000 in funding from any of the above-

named grants, at a cost of \$5,000 per grant application. The usual grant writing periods are September through October, December through January, and April through May.

Many Texas school districts have also benefited from a non-profit educational foundation. The foundation raises money and then present grants to classroom teachers and other district employees based on grant applications. Some districts significantly increase their federal and state grants, while others extend even to private foundation grants.

Recommendation 26:

Hire an experienced part-time grant writer.

Since a high percentage of MISD's students are economically disadvantaged or belong to language and ethnic minority groups, the district should actively seek additional federal, state and private funding to support innovative programs, staff development and research to assist these children with special needs. The grant writer should research and apply for competitive state and federal grants as well as grants from private foundations and businesses. Since MISD receives a gain from the sale of WADA, those funds may also be used to apply for matching grants that meet the WADA gain criteria.

A local grant writer will be more in touch with MISD's unique needs. This person can network with local business and community members to determine what kind of local grants might be available to the district as well as investigate and pursue state and federal programs. The district should establish a performance measure for the grant writer, so that they bring in more grant dollars than those currently being received, and in excess of their salary.

IMPLEMENTATION STRATEGIES AND TIMELINES

1.	The superintendent determines the need for increased grant funding to support programs and develops a plan to address needs.	July 2003
2.	The superintendent obtains board approval and funds needed for the grant writer's salary and program costs to be included in the 2002-03 district budget.	August 2003
3.	The business manager, working with senior administrators, hires the grant writer.	September 2003
4.	The grant writer develops a plan to obtain additional grant funding and works with appropriated administrators to	November 2003

	prepare effective grant proposals.	
5.	The superintendent monitors results and reports annually to the board to ensure that more money is received.	January 2004 and Ongoing

FISCAL IMPACT

Hire a part-time grant writer for \$20,000 and benefits of \$1,800. Considering the students' low performance scores and the number of economically disadvantaged students, the grant writer should conservatively be able to generate additional revenues of \$400,000 annually resulting in a net annual increase of \$378,200 (\$400,000 - \$21,800 = \$378,200) starting in 2003-04.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Hire an experienced part-time grant writer.	\$378,200	\$378,200	\$378,200	\$378,200	\$378,200

FINDING

MISD does not ensure that the district receives reimbursement funds for federal and state grants in a timely manner. The Business manager files most of the state and federal reimbursement claim reports. During 2001-02, she only filed one reimbursement claim during the year for most of the funds. During 2002-03, she plans to file one claim per quarter. Most federal and state special grants require the district to pay payroll or other items and then seek reimbursement. Most grants allow electronic filing of reimbursement requests, have no limit on frequency of reimbursement claims and electronically deposit funds to the district's bank account within three business days.

The federal aid to MISD for 2001-02 was about \$2.3 million. The district receives all of the federal grants on a reimbursement basis and about \$1.6 million requires a reimbursement claim report. The annual audited financial statements show \$941,069 owed to MISD's special revenue funds from other governments at the end of the year. Although the monthly amounts would actually vary greatly throughout the year, **Exhibit 5-14** shows the potential earnings on average monthly expenditures of \$160,000 over 10 months. The exhibit includes one reimbursement request in June and the remainder not claimed until July, at the interest rate of 3.82 percent provided in MISD's depository contract.

Exhibit 5-14
Interest Income Lost on Federal Fund Reimbursements
2001-02

Month	Estimated Expenditures	Estimated Reimbursement	Cumulative Outstanding Claim	At 3.82% Yield
September 2001	\$160,000	none at this time	\$160,000	\$509
October 2001	\$160,000	none at this time	\$320,000	\$1,019
November 2001	\$160,000	none at this time	\$480,000	\$1,528
December 2001	\$160,000	none at this time	\$640,000	\$2,037
January 2002	\$160,000	none at this time	\$800,000	\$2,547
February 2002	\$160,000	none at this time	\$960,000	\$3,056
March 2002	\$160,000	none at this time	\$1,120,000	\$3,565
April 2002	\$160,000	none at this time	\$1,280,000	\$4,075
May 2002	\$160,000	none at this time	\$1,440,000	\$4,584
June 2002	\$160,000	\$658,931	\$941,069	\$2,996
July 2002		\$941,069	\$0	\$5,093
Total	\$1,600,000	\$1,600,000		\$31,009

Source: MISD, Audited Annual Financial Report, 2001-02; MISD depository agreement.

MISD lost \$31,009 of interest earnings because it did not file reimbursement reports in a timely manner. The amount lost would have been interest income into the general fund and could have paid for an additional teacher's salary for a year.

Many districts file for reimbursement after each payroll date and after running account payables. Generally no limitation on the number of reimbursements that may be filed exists, only that the expenditures have been paid.

Recommendation 27:

File reimbursement reports for all grants in a timely manner.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Business manager reviews all federal and state grants to determine reimbursement requirements.	July 2003
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2.	The Business manager prints a report for each reimbursable fund that shows expenditures for the month.	July 2003 and Ongoing
3.	The Business manager files the reimbursement reports and creates a listing of expected electronic deposits.	August 2003 and Ongoing
4.	The Business manager checks the electronic deposits against the expected listing and investigates any payments that have not been received within a reasonable amount of time.	August 2003 and Ongoing

FISCAL IMPACT

MISD lost \$31,009 of interest income in 2001-02. Assuming MISD improves its timeliness in filing reimbursement reports, the district could conservatively earn an additional \$31,009 annually, which would be interest income into the general fund.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
File reimbursement reports for all grants in a timely manner.	\$31,009	\$31,009	\$31,009	\$31,009	\$31,009

Chapter 5

B. BUDGETING AND BUDGET MONITORING

MISD uses a zero-based budgeting process in which all requested expenditures are justified prior to board submission. The district does not use standard staffing formulas or standard allocation formulas. The schools and departments create their budgets within the categories established through the TEA accounting code structure. After the requests are compiled, representatives from the schools and departments meet in a collaborative effort to trim the budget requests.

The Business manager coordinates the revenue budget. She gathers information from the tax office and from the TEA templates for calculating state aid. The Business manager and superintendent meet to review the revenue projections.

After the board adopts the budget, the Business Office enters the authorized budget into the financial management software. The software provides encumbrance accounting, which means that when purchase orders are made, the amounts are reserved against the budget. When paid, the original reserve is released, and the actual expenditure amount is deducted from the budget.

The Business Office provides regular monthly reports to the board and all budget centers showing the original budget, expenditures to date and remaining budget. When necessary, the board approves budget amendments.

FINDING

MISD overstated its budget for state entitlement and allotment revenues in 2001-02 by more than \$1.4 million. The district did not amend the budget or take other measures to recognize the variance. The total budget for state revenue was \$7.9 million, 71.9 percent of the district's revenue budget. Of that amount, the largest portion, \$7.4 million is for formula funding and special allocations, which amounts to 67.4 percent of the revenue budget. Per the audited financial statements and comparison to the reports from TEA, the district was due payments of \$6 million. The shortfall equates to a 19 percent error.

The Business manager said she recalculates the state funding every six weeks from the online template provided by TEA. Although the external auditor's annual financial statement had not yet been delivered, the Business manager thought the district had been close to the budgeted

amount until TEA was unable to fund the district based on 98 percent of the prior year average daily attendance (ADA). As a result, TEA funded at 96.5 percent of the prior year ADA. The superintendent said the ever-changing funding formulas are complicated. The superintendent said one of the board members agreed after the third or fourth report from TEA with a different number that the funding formulas make it difficult to budget.

Although the funding and allocation formulas for state revenue are complicated, for the past eight years, TEA has provided districts an Excel template worksheet, Summary of Finances (SOF), that automates the calculations. The challenge still remains to produce and track good estimates for the students and property taxes. Through the Excel sheet, every number on the SOF is provided to TEA, and the district has that number long before TEA issues a new estimate.

The SOF process begins in the summer prior to a legislative session. The district is asked to provide projections of students ADA, WADA and tax collections for the next two years. If the district does not respond, TEA calculates projections for the district. TEA provides the projections to the Legislature for planning estimates and the Legislature sets funding levels for the next biennium. Based on the state funding amounts and any new funding laws applied, TEA calculates the Legislative Planning Estimate (LPE) payment amount for each district for the next two years. With certain minor exceptions, the district will be paid the LPE amount over the two years. During the year, the district provides TEA with specific student and tax collection information.

Other reports required for filing with TEA provide additional information that affects the funding formulas. After each major information submission, TEA issues a revised SOF with the TEA estimate of the district status (overpaid or underpaid). At the end of the State of Texas fiscal year, TEA makes a calculation for the "near final" summary of finances. By the end of August each year, the district has reported most of the student data and required reports. Still missing are the audited tax collection amounts and any extended year services amounts. At this point, TEA calculates a "settle-up" amount. If TEA owes the district additional money, it sends a payment in October. If the district owes money back to the state, TEA withholds the amount from current year payments in allocable amounts over the next year. **Exhibit 5-15** presents the progression of the Summary of Finances notifications from TEA for 2001-02.

Exhibit 5-15
State Funding Revenue Summary of Finance Reports
Comparative Data for 2001-02

	Preliminary SOF	2nd Preliminary SOF	3rd Preliminary SOF	Initial Near Final SOF
Report Date	July 10, 2001	September 10, 2001	March 8, 2002	September 9, 2002
Total Refined ADA	1,461.751	1,461.751	1,526.507	1,499.970
TIER I AID				
Regular Block Grant	\$3,871,635	\$3,871,635	\$3,956,047	\$3,900,733
Special Education Block Grant	\$1,101,050	\$1,101,050	\$1,020,214	\$1,019,405
Career & Technology Block Grant	\$353,607	\$353,607	\$368,865	\$398,934
Gifted and Talented Block Grant	\$26,308	\$26,308	\$25,809	\$25,021
Compensatory Education Block Grant	\$753,834	\$753,840	\$687,184	\$692,617
Bilingual Education Block Grant	\$27,831	\$27,831	\$23,555	\$28,275
Transportation	\$145,060	\$197,587	\$197,587	\$0
Total Tier I	\$6,279,325	\$6,331,858	\$6,279,261	\$6,064,985
Less Local Share	(\$1,151,078)	(\$1,151,078)	(\$1,151,078)	(\$1,151,078)
State Share	\$5,128,247	\$5,180,780	\$5,128,183	\$4,913,907
Tier II Aid	\$1,498,716	\$1,500,597	\$1,419,925	\$1,414,949
Technology Allotment	\$43,853	\$43,853	\$45,795	\$44,999
Existing Debt Allotment	\$230,682	\$230,682	\$234,149	\$232,765
Instructional Facilities Allotment	\$288,358	\$288,358	\$288,358	\$288,358

Other Programs	\$47,645	\$22,522	\$23,379	\$24,536
Subtotal	\$2,109,254	\$2,086,012	\$2,011,606	\$2,005,607
Total State Aid	\$7,237,501	\$7,266,792	\$7,139,789	\$6,919,514
Change in State Aid	\$162,851	\$29,291	(\$127,003)	(\$220,275)

Source: TEA, SOF Reports, 2001-02.

MISD has the available information in advance of every SOF revision. **Exhibit 5-16** shows that for every change in the estimated state funding prior to implementation, either MISD provided the information to TEA prior to the change or TEA advised MISD of the formula change.

Exhibit 5-16
Explanation of Changes in State Funding Revenue
2001-02

SOF Report	Net Change in Funding	Reason for Change
Preliminary SOF	\$162,851	The district reported the final information required to finalize the existing debt allotment
2nd Preliminary SOF	\$29,291	The district filed the final 2000-01 transportation report.
3rd Preliminary SOF	(\$127,003)	The district submitted the audited financial statements for 2000-01.
Initial Near Final SOF	\$12,769	The district submitted the final PEIMS student data for 2001-02.
	(\$197,587)	The district failed to submit the transportation report for 2001-02.
	(\$9,919)	TEA reduced the safe harbor for declining enrollment from 98 percent to 96.5 percent.*

Source: TEA, SOF Reports, 2001-02.

*Safe harbor is a common term for the temporary ADA adjustment applied to districts with declining enrollment that meet certain criteria.

Two unusual situations existed for MISD. The district did not file its annual transportation report by the July 1, 2002 due date. As a result, TEA decreased state funding by \$197,587. Because the district does not formally review the SOF reports, they failed to notice the reduction. At the exit interview in November, the review team advised the superintendent of the missing report and the upcoming final submission date of December 1, 2002. As a result, the district filed the missing report and TEA was able to reinstate funding of \$198,535, which the district received in December 2002.

The other unusual situation was mainly due to passage of Chapter 42, Subchapter A, Section 42.005 by the 77th Legislature as a temporary measure to help school districts with annual declining enrollment of 2 percent or more stabilize state aid contributions. This formula only affects the ADA funding percentage of school districts with 2 percent or more annual enrollment decline, is based on the previous year's ADA and specifically excludes open-enrollment charter schools. The district's Business manager thought the formula change under this legislation, sometimes referred to as safe harbor for declining enrollment, caused a significant difference in the funding amount. Conversely, for MISD in 2001-02, only about 5 percent (\$9,919) of the final state aid reduction was due to applying the lower percentage (98 to 96.5 percent) resulting from the ADA safe harbor for declining enrollment formula. The district assumed that the Initial Near Final SOF state aid reduction of almost \$200,000 was due to the lower percentage of state aid when the actual cause was the district's failed transportation report submittal.

The district has the ability to calculate state aid changes due to Section 42.005 by using the TEA-provided SOF template. Section 42.005 takes effect whenever the ADA count declines by 2 percent or more from the previous year's final count. For qualifying districts, Section 42.005 permits funding not to exceed 98 percent of the actual final ADA of the previous school year. Funding from this temporary measure is limited by the amount appropriated by the Legislature for this purpose. All qualifying districts are funded on the basis of the same overall percentage of the preceding year's actual average ADA counts. The Legislature delegated the authority to the TEA commissioner to compute and distribute the qualifying districts' state aid.

In addition to changes in the current year state funding amount, prior year overpaid or underpaid amounts affect the amount of cash sent by TEA to districts. **Exhibit 5-17** presents a summary of the Initial "Near Final" SOF dated September 2, 2002. The chart compares the amounts paid to MISD, the amount earned by MISD and the "Settle-Up" status. The chart continues with the amount budgeted and the ending budget variance.

Exhibit 5-17
State Funding Summary
2001-02

Funding Source	Amount Paid by TEA	Amount Earned by MISD	Settle-Up Status	Amount Budgeted by MISD	Budget Variance
Foundation Funds	\$6,254,433	\$5,989,574	(\$264,859)	\$6,486,279	(\$496,705)
Prior Year Adjustment (9/2/01)	(\$870,284)	(\$870,284)	\$0	\$0	(\$870,284)
Prior Year Adjustment (11/28/01)	(\$22,653)	(\$22,653)	\$0	\$0	(\$22,653)
Per Capita Revenue	\$363,818	\$363,818	\$0	\$385,285	(\$21,467)
Instructional Facilities Allotment Revenue	\$288,358	\$288,358	\$0	\$295,858	(\$7,500)
Technology Revenue	\$45,663	\$44,999	(\$664)	\$45,239	(\$240)
Existing Debt Allotment	\$234,149	\$232,765	(\$1,384)	\$230,682	\$2,083
Total State SOF Funding	\$6,293,484	\$6,026,577	(\$266,907)	\$7,443,343	(\$1,416,766)

Source: TEA, SOF Reports, 2001-02; Budget, AEIS, 2001-02.

As of September 2, 2002, the district owed \$266,907 to TEA. As required, TEA was scheduled to deduct this amount from MISD's 2002-03 payments; however, the district budget variance for the state formula revenues was \$1.4 million. The district failed to amend the revenue budget when it was advised of the prior year final adjustments and as current year funding changed. As a result, MISD's ending fund balance for 2001-02 was \$1.4 million less than the board expected.

Many districts calculate the state funding earned each six weeks, just as MISD does. But other districts then review any other pertinent information submitted to TEA and compare their calculation to the actual SOF and payment schedule. The districts reserve funds they have calculated as

overpaid and regularly report to their board on the status. The assistant superintendent of Finance for Pasadena ISD compares his calculations to the TEA SOF and has been instrumental in finding minor errors in the TEA calculation model. The Texas Association of School Boards and TASBO regularly present seminars for board members and school officials on the state funding process. TEA also offers direct, in-person assistance through specialists that reside at the regional education service centers.

When TEA recognized an increasing number of public and charter schools experiencing financial management difficulties, it created the School Finance Specialist Initiative. During 2001-02 and 2002-03, TEA allocated funding for each regional education service center for the employment, training and support of a school finance specialist. The specialist is trained in school finance and has access to TEA resources. Region 12 has two specialists who meet with superintendents and business managers at their districts to provide assistance. Their services are free of charge. The school finance specialists are trained to provide the following services:

- School FIRST training for school boards
- onsite support of state funding calculations;
- develop or review Chapter 42 purchase agreements; and
- truth in taxation calculations.

Recommendation 28:

Calculate the earned state funding as information changes, report each change to the Board of Trustees with an explanation for the change and reserve overpaid amounts with each change.

The failure to accurately project state funding could have a profound impact on the financial condition of MISD at the end of 2002-03. Therefore, the review team recommends immediate implementation of this recommendation.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Business manager completes the online state funding calculation, compares the results to the most recent Summary of finance report and reviews the Foundation School Program payment ledger.	Immediately
2.	The Business manager and superintendent meet with the Region 12 school finance specialist to review the status of current year state funding and develop a presentation for the board.	July 2003

3.	The superintendent presents the results of the state funding review to the board for approval, with an action item to reserve funds for overpaid funds or to approve a budget amendment to reflect an expected deficit.	July 2003 and Ongoing
4.	The superintendent presents periodic updates to board, as approved, on the Summary of Finance report changes and recommended budget adjustments.	August 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

MISD has overstated the budget for property tax revenues for three of the past four years. Because it makes up such a large percentage of the district revenue income, budgeting properly and conservatively for property taxes is critical. Property tax revenue provides 18.9 percent of the 2001-02 MISD budgeted revenues and is the most unpredictable revenue to budget. For the debt service fund, property tax revenue provides 26 percent of the revenue needed to pay long-term debt obligations.

MISD sets two tax rates, the M&O rate and the I&S rate, for a combined tax rate. I&S taxes must be deposited and used only in the debt service fund. M&O taxes are deposited into the general fund and may be used for any legal purpose. In budgeting, the district multiplies the proposed rate for each tax times the values projected for the tax roll and then applies a percentage it expects to collect during the current year. **Exhibit 5-18** shows the budgeted collections and the actual collections by fund for 1998-99 through 2001-02.

Exhibit 5-18
Budgeted and Actual Property Tax Collections - by Fund
1998-99 through 2001-02

Fund	Description	1998-99	1999-2000	2000-01	2001-02 *
General Fund - M&O Taxes	Budget	\$1,762,606	\$1,706,733	\$1,877,755	\$2,004,446
	Actual	\$1,602,472	\$1,621,737	\$1,801,251	\$2,016,749
	Variance	(\$160,134)	(\$84,996)	(\$76,504)	\$12,303
	Percent Variance	(9.1%)	(5.0%)	(4.1%)	0.6%
Debt Service	Budget	\$57,269	\$180,953	\$130,895	\$81,883

Fund - I&S Taxes	Actual	\$229,809	\$175,266	\$130,756	\$89,606
	Variance	\$172,540	(\$5,687)	(\$139)	\$7,723
	Percent Variance	301.3%	(3.1%)	(0.1%)	9.4%

Source: TEA, PEIMS, 1998-99 through 2000-01; MISD, Audited Financial Report, 2001-02.

* Tax penalty and interest of \$124,051 is allocated between the M & O (\$118,774) and I & S (\$7,595) actual collections.

The more than 300 percent variance in the debt service fund for 1998-99 is atypical from the other results. MISD budgeted tax revenues and set a tax rate that would provide funding for the full costs associated with a new bond issuance. After MISD set the I&S tax rates, it received a state grant through TEA that partially funded the debt. The additional collections brought the debt service fund balance from a deficit balance of \$2,270 to a positive balance of \$44,484. Although MISD may have intended to levy an I&S tax rate that would replenish fund balance, communications to the district patron through the budget process did not reflect that intention.

The other variances indicate two problems with the method the district uses to budget tax revenue. The tax budget variance for both the general and debt service funds have decreased from 1998-99 to 2001-02 and show a positive variance for 2001-02. Usually, the debt service fund tax budget variance would be over-budgeted by the same percentage because the district would use the same tax base and collection rate to project the M&O and I&S revenues, which resulted in the same projected percentages for taxes due and paid. However, the percentage differences between the two funds are significantly different in each of the four years.

The board sets the two tax rates each year. Once the rates are set, MISD does not have the legal authority to adjust the rate up or down and does not have the authority to change the split between the two tax rates. While the actual results for 2001-02 are much closer than in years past, the split between two tax rates still shows a significant difference. Because the tax rate was not set correctly, the district over-funded the debt service fund and will not be able to use those tax dollars for classroom costs.

A common industry standard and indicator 6 of the School FIRST rating is the tax collection rate. The rate is calculated by dividing total collections (current and delinquent) by the current year tax levy, which can result in a

percentage greater than 100 percent. As a standard, the School FIRST indicator requires a tax collection rate greater than 96 percent.

A different ratio often used for budgeting purposes is the percentage of current year taxes collected and the percentage of delinquent taxes collected. A trend analysis for these two ratios provides the basis for determining a budgeted revenue amount. **Exhibit 5-19** presents the collection rates for current year taxes and delinquent taxes and tax collection rates for the past four years.

Exhibit 5-19
Historical Collection Rates
1998-99 through 2001-02

	1998-99	1999-2000	2000-01	2001-02
Current Year Levy	\$1,847,076	\$1,844,092	\$1,900,804	\$2,083,660
Current Year Collections	\$1,704,469	\$1,680,333	\$1,743,194	\$1,898,423
Current Year Collection Rate	92.2%	91.1%	91.7%	91.1%
Delinquent Levy	\$598,132	\$629,245	\$698,157	\$734,941
Delinquent Collections	\$68,833	\$64,943	\$90,056	\$83,881
Delinquent Collection Rate	11.5%	10.3%	12.9%	11.4%
Current Year Levy	\$1,847,076	\$1,844,092	\$1,900,804	\$2,083,660
Total Collections	\$1,773,302	\$1,745,276	\$1,833,250	\$1,982,304
Tax Collection Rate	96.0%	94.6%	96.4%	95.1%

Source: MISD, Audited Annual Financial Reports, 1998-99 through 2001-02.

MISD has an interlocal agreement with Falls County for the collection of property taxes. The tax collector maintains or is able to produce very detailed information about the levy and collection of taxes for MISD.

Reviews of the historical trends in collections provide an early warning for fluctuations in the property tax values. Reviews of the current year monthly collections compared to prior year monthly percentage collections provide an early warning for current year revenue deficiencies.

Districts that budget effectively for tax revenue base the budget on historical trends of the collection rates. In addition, districts project a monthly revenue stream from taxes and compare the monthly collections to the projected cash flow. If the monthly variance shows the district will

have a cash flow deficit, it can adjust expenditures to ensure that fund balance is not reduced. If the district has an unexpected windfall of revenue, it can make plans for the one-time amount by either projecting an increase to fund balance or budgeting additional expenditures. Because tax collections will be either the first or second largest source of income to the district, it regularly reports to the board on the status of tax collections.

Recommendation 29:

Create historical collection percentages that are applied to the current-year tax levy for budgeting purposes and provide regular information to the board.

The district should contact the Falls County Tax Assessor-Collector for assistance to determine if the required reporting already exists for MISD or for one of the other entities within the interlocal agreement. Failure to accurately project tax revenue can have a profound impact on the financial condition of MISD. Therefore, the review team recommends immediate implementation of the recommendation.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board requests a monthly report for the status of tax collections.	Immediately
2.	The Business manager reviews three years of historical information to create a projected cash flow for 2002-03.	July 2003
3.	The Business manager charts the actual collections received in 2002-03 through the current month, compares to the projected cash flow and investigates any major variances.	July 2003
4.	The Business manager and superintendent review the information to create a standard board report.	July 2003
5.	The superintendent presents the monthly report and variance analysis to the board with recommendations to amend the budget as required.	July 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 5

C. FUND BALANCE

Government entities report equity in governmental and trust funds as fund balance. Fund balances operate similar to savings accounts and are the difference between governmental fund assets and liabilities reported on the balance sheet. Fund balance in the general fund is particularly significant since the fund finances most functions and includes the majority of state aid and local maintenance taxes.

Not all governmental fund balances can be used for expenditures. Reserved fund balance is the portion of fund equity that is not available for appropriation or has been legally separated for specific purposes. Generally, reservations are based on third-party restrictions. "Reserved for Retirement of Long-Term Debt" is a common reservation because the tax dollars raised under the debt service tax rate may not be used for other purposes. The designated fund balance represents tentative plans for the future use of financial resources. Designations require board action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time. The remainder of the fund balance remains undesignated and unreserved and serves as a measure of funds available to finance monthly operating expenditures.

TEA's FASRG provides a computation of the optimum fund balance for a district's general fund. TEA recommends that the optimum general fund balance be equal to the total reserved fund balance, total designated fund balance, an amount to cover fall cash flow deficits and one month of

average cash disbursements for the nine months following the fiscal year. The "Fund Balance and Cash Flow Calculation Worksheet" is a required Exhibit in a district's annual financial report. However, because the worksheet contains estimations, the exhibit is clearly marked "unaudited."

The School FIRST rating system contains four separate indicators related to the fund balance of the general fund, including critical indicator number one that asks if the district has a positive undesignated and unreserved fund balance. A negative fund balance requires an automatic rating of substandard achievement.

Fund balance is just as important in the debt service fund because there are few alternative sources of revenue. The debt service fund receives taxes from a dedicated tax rate set by the district and the interest income earned on the segregated money. Some districts, like MISD, obtain state funding through special allotments. If a financial problem occurs in the community

that prevents the district from collecting taxes as expected, the district will not have sufficient cash to pay the semi-annual bond interest or principal payments. Fund balance then becomes an important buffer for unforeseen reduced tax collections.

Exhibit 5-20 shows MISD's fund equity balances for the general fund and the debt service fund for the past five years.

Exhibit 5-20
MISD Historical Fund Equity Balances
1997-98 through 2001-02

Description	1997-98	1998-99	1999-2000	2000-01	2001-02
General Fund					
Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0
Designated for Construction	\$66,124	\$185,000	\$0	\$0	\$0
Designated for Self-Insurance	\$405,412	\$138,595	\$133,210	\$134,989	\$0
Unreserved, Undesignated Fund Balance	\$767,736	\$809,825	(\$189,158)	(\$228,805)	\$458,021
Total Fund Equity	\$1,239,272	\$1,133,420	(\$55,948)	(\$93,816)	\$458,021
Debt Service Fund					
Reserved for Retirement of Long-Term Debt	(\$2,270)	\$44,484	\$80,573	\$80,455	\$174,061

Source: MISD, Audited Annual Financial Reports, 1997-98 through 2001-02.

The adopted budget establishes the expectations of the board for fund balance to increase, decrease or remain static. The actual change in fund balance will be determined by the variances from the adopted budget. When actual expenditures exceed actual revenues, the fund balance will decrease, even if the district has stayed within the expenditure budget.

The expectations of the board in adopting the annual budget and the efficiency of the administration in meeting the expectation of the budgeted change in fund balance affects the yearly change in fund balance. The administration needs to inform the board and the public of circumstances that may prevent the district from meeting the board expectation. As items

impact the budget projections, a school board generally approves changes to the official budget.

In 2001-02, the district moved from a negative fund balance of \$228,805 to a positive fund balance of \$458,021. The Business manager and the superintendent said they were surprised by the amount of change and did not know why fund balance had changed. The superintendent also said she had made an effort to contain expenditures. The external auditor said he thought the change in fiscal year had gained MISD about \$300,000 in fund balance, but the remainder of the change resulted from controlling expenditures.

Exhibit 5-21 shows the progression of the MISD's general fund balances from 1998-99 through 2001-02.

Exhibit 5-21
Change in Unreserved, Undesignated Fund Balance
MISD General Fund
1998-99 through 2001-02

Description	1998-99	1999-2000	2000-01	2001-02
Beginning Balance	\$767,736	\$809,825	(\$189,158)	(\$228,805)
Budgeted Change	(\$92,189)	(\$8,107)	\$166,331	\$0
Net Variance in Revenue	(\$373,876)	(\$446,072)	(\$463,880)	(\$1,537,352)
Net Variance in Expenditures	\$209,161	(\$574,404)	\$259,683	\$1,802,474
Net Variance in Other Resources/Uses	\$151,052	(\$623,593)	\$0	\$286,715
Change in Reserves of Fund Balance	\$147,941	\$653,193	(\$1,781)	\$134,989
Net Change	\$42,089	(\$998,983)	(\$39,647)	\$686,826
Ending Balance	\$809,825	(\$189,158)	(\$228,805)	\$458,021

Source: MISD, Audited Annual Financial Reports, 1998-99 through 2001-02.

FINDING

The MISD board does not require a fiscal note on initiatives requiring board approval. Each year, the MISD board decides issues that financially impact the district. In the past 18 months, the board changed the fiscal year, entered an agreement to sell weighted average daily attendance (WADA) credits to another district and accepted a federal school repair and renovation grant without benefit of a feasibility study or fiscal impact

statement. The Business Office was not asked to determine the costs and benefits for any of these projects.

The board changed the fiscal year-end for the district from August 31 to June 30 of each year. When the review team requested the district's analysis of change, the Business Office did not have one. The Business manager and the superintendent said the auditors told them it would be a good idea to change the fiscal year-end to coincide with filing dates for federal grant award periods. Neither the Business manager nor superintendent knew how the change in fiscal year-end would affect fund balance. The external auditors were not asked and did not perform a feasibility analysis on the change.

In budgeting for a change in year-end, a district would have several adjustments to the normal budget process including:

- budget for 10 months of fixed costs and utility costs - not 12 months;
- budget for 12 months of teacher salary because the total amount has been earned, but not yet paid at June 30;
- do not budget for the year-end accrual of teacher salary;
- budget for 10 months of salary for 12-month employees;
- adjust the debt service budget for the amounts due in August; and
- adjust delinquent tax collections for 10 months of collection.

State revenue, however, will have minimal adjustments because a district earns most of the funding by student attendance.

The district budgeted for a full 12 months of expenditures and did not issue an amendment prior to year-end to reflect the reduced expenditures from 10 months. The Business manager said TEA required the district to budget for 12 months in the transition year. TEA's FASRG section 2.10.2 discusses change in fiscal year. While the district will project the budgeted and actual amounts to 12 months for TEA reporting to provide year-to-year comparability, financial data "prepared for the board of trustees for legal budget adoption purposes will be on a 10-month basis." Because the district did not correctly budget the activities for the year, it was unable to predict the ending fund balance, basing the 2002-03 year budget on faulty data.

The board accepted an agreement with Tatum ISD (TISD) to equalize wealth for 2002-03. Under the agreement, Tatum ISD purchases WADA from MISD at an amount per WADA at the TISD wealth per student rate. As a result, MISD's state revenue is reduced by the number of WADA sold at the MISD wealth per student rate. The net difference between the amounts TISD will pay and what MISD would have earned from state

funding equals the gain from the sale of WADA. The commissioner of education will not accept this agreement unless a financial advantage exists to the selling district. However, the district does have a financial risk if it does not actively track the agreement's progress.

The state forwards funding to the district until February of the agreement year. MISD will owe the state money at the end of the year and needs adequate cash to pay the reimbursement. The superintendent and the Business manager said they would address this issue by ensuring the district did not overspend the budget. The district fund balance will be reduced if the district does not meet revenue projections or if additional reservations of fund balance are required, which means watching the expenditure budget alone will not ensure the district has adequate cash and fund balance to repay the amounts owed the state.

Under the terms of the agreement, MISD must use a portion of the gain from the WADA sale for specific programs. The remainder of the gain must be used for instructional technology. The superintendent said she is keeping a list of technology expenditures that qualify. By paying for budgeted expenditures with the gain, the district will not spend the money intended for the technology purchase, increasing the fund balance. The district often funds technology purchases in MISD through state entitlements and other grants.

In many districts, the board requires that every agenda item include a fiscal impact statement. Every decision made by the board has some fiscal impact, even if the cost is only to print and distribute the information. Other decisions, like the preceding ones relating to MISD, have a major impact on the district's fund balance and could contain hidden costs. The fiscal impact statement formalizes the review process to quantify the change and clearly communicates the results to the board and the public.

Recommendation 30:

Require a complete fiscal note for every project or financial decision that requires board approval.

Each fiscal note should include different assumptions to reflect a range of possible outcomes. A best-case scenario, a worst-case scenario and an expected or break-even outcome would give the board sufficient information to evaluate the risks in order to make an informed decision.

Each note should also include multi-year (based on the length of the decision's impact) projections of revenues and expenditures. Projected expenditures should be divided between fixed costs (plant and equipment) and variable costs (salaries and supplies), as variable costs will fluctuate

under various assumptions. Graphs should be used to communicate the financial outcomes of each scenario in terms that can be grasped by the board.

If the current staff is capable of completing a specific fiscal note, the district will not incur additional staff. For projects beyond the abilities of current staff, the district will need to include the cost of a feasibility study in the initial determination of the value of the proposed project or decision.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent drafts a board policy to require a fiscal note for every project or financial decision requiring board approval.	July 2003
2.	The superintendent presents the draft board policy to require a fiscal note for every project or financial decision requiring board approval to the board, for approval.	August 2003
3.	The Business manager researches services available through the Region 12 staff and services available from consultants.	August 2003
4.	The superintendent requests a fiscal note for every project or financial decision, as needed.	As Needed
5.	The Business manager completes the fiscal note and submits it to the board.	As Needed

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

MISD's Board of Trustees has not adopted a board policy to monitor fund balance with safeguards to prevent the reduction of fund balance below stated goals. MISD reported negative unreserved, undesignated fund balances for the debt service fund in 1998-99 and for the general fund in 1999-2000 and 2000-01. If the district had reserved fund balance for the future use of insurance proceeds, fund balance for the general fund would also have been close to negative in 1997-98 and negative in 1998-99 as shown in **Exhibit 5-22**.

Exhibit 5-22
Change in Unreserved, Undesignated Fund Balance
MISD General Fund
1998-99 through 2001-02

Description	1998-99	1999-2000	2000-01	2001-02
Unreserved, Undesignated Fund Balance	\$809,825	(\$189,158)	(\$228,805)	\$458,021
Reserve for Use of Insurance Proceeds	(\$794,291)	(\$104,801)	(\$104,801)	(\$104,801)
Restated Fund Balance	\$15,534	(\$293,959)	(\$333,606)	\$353,220

Source: MISD, Audited Annual Financial Reports, 1998-99 through 2001-02.

In each year, the district collected less revenue than it budgeted. Although for 1999-2000, the actual expenditures exceeded budgeted expenditures, in all other years actual expenditures were less than the budget amounts. In the audited financial reports for 1998-99 and 1999-2000, the external auditor cited the district for exceeding the expenditure budget in various functional areas. The auditor's explanation for the continued finding was: "new bookkeeper not familiar with accruals." The external auditor is not required to cite, and did not cite, the district for failing to meet the revenue budget.

The superintendent and other district employees told members of the review team the fund balance became negative because the district overspent on new school construction. When any unreserved, undesignated fund balance of a district is reported as a negative amount, TEA requires a written response regarding the district's plans to replenish the negative balance. In March 2001 and again in January 2002, the superintendent indicated to TEA that part of the problem with fund balance resulted from a transfer to the capital projects fund to finish construction of a new school building. The superintendent said the prior administration signed a contract for \$5.7 million but issued bonds equaling \$4.5 million. While this statement is true, the district used interest income and insurance proceeds to make up the difference. **Exhibit 5-23** shows the sources and uses of the construction fund.

Exhibit 5-23
MISD Capital Projects
Sources and Uses of Funds
1996-97 through 2000-01

Sources and Uses	Fiscal Year	Middle School Capital Projects Fund	Elementary School Special Revenue Fund
Sources			
Beginning balance	1996-97	\$28,296	\$0

Bond proceeds	1996-97	\$4,460,000	\$6,389,225
Interest revenue	1996-97	\$33,339	\$0
Interest revenue	1997-98	\$27,736	\$0
Interest revenue	1998-99	\$150,143	\$258,290
Interest revenue	1999-2000	\$85,924	\$43,229
Interest revenue	2000-01	\$44,910	\$11,608
State revenue (IFA)	1999-2000	\$281,994	\$0
Insurance proceeds	1999-2000	\$788,821	\$0
Total Sources		\$5,901,163	\$6,702,352
Uses			
Expenditures	1998-99	(\$1,381,941)	(\$4,088,210)
Reimburse General Fund	1998-99	\$0	(\$175,990)
Expenditures	1999-2000	(\$4,385,611)	(\$2,239,992)
Expenditures	2000-01	95,239	(\$77,036)
Total Uses		(\$5,672,313)	(\$6,581,228)
Ending Balance	2000-01	\$228,850	\$121,124

Source: TEA, PEIMS and MISD Audited Annual Financial Reports, 1996-97 through 2000-01.

The analysis of sources and uses shows the district did not fund either construction project from normal general fund revenues and, in fact, reimbursed \$175,990 from the elementary school project to the general fund for expenditures made on behalf of the project. MISD received a one-time revenue in 1998-99 of \$794,291 and in 1999-2000 of \$99,331 relating to insurance recovery from the fire destruction of the elementary school for a total of \$893,622. In 1999-2000, the district transferred \$788,821 of this amount to the middle school project. Since the district did not reserve fund balance or transfer the revenue to a separate fund in 1998-99 or 1999-2000, the new administration did not recognize the revenue amount transferred related to the fire. This action left \$104,801 of insurance proceeds in the general fund. Although no requirement exists that a district use insurance proceeds to replace assets, the public might question why the district retained funds for the regular operation of schools and not used them to replace furniture and equipment at the new schools.

Attorney General Opinion O-4412 (1942) states debts that create a deficiency in the fund for the current year are against the law. This opinion also cites examples from case law and previous attorney general opinions. As no current law overrules this opinion, TEA considers deficits of fund balance to be contrary to law. TEA calculates a deficit fund balance as the unreserved, undesignated fund balance, net of deferred tax revenue. The TEA calculation of MISD fund balance for 1998-99 through 2001-02 is shown in **Exhibit 5-24**.

Exhibit 5-24
Unreserved, Undesignated Fund Balance Net of Deferred Taxes
MISD General Fund
1998-99 through 2001-02

Description	1998-99	1999-2000	2000-01	2001-02
Unreserved, Undesignated Fund Balance	\$809,825	(\$189,158)	(\$228,805)	\$458,021
Add Deferred Taxes	\$457,870	\$500,968	\$511,081	\$666,565
TEA Calculation of Fund Balance	\$1,267,695	\$311,810	\$282,276	\$1,124,586

Source: MISD, Audited Annual Financial Reports, 1998-99 through 2001-02.

MISD has not technically reported an unlawful deficit fund balance. However, TEA recognizes that any reported deficit may signal a lack of fiduciary responsibility and may impair the district's ability to comply with the Prompt Payment Act. The Prompt Payment Act requires governmental entities to pay vendors within 30 days or automatically include interest in the payment.

The superintendent said because the district is not confident in projecting fund balance, it tends to be conservative by relying on the external auditor to calculate the district's ending fund balance, including reserves and designations. The superintendent said that beginning in 2000-01, she planned to increase fund balance by about \$100,000 per year until the fund balance exceeded \$1 million. The adopted budget for 2000-01 did reflect the planned increase, but the district did not meet the budget projections. The adopted budget for 2001-02 did not reflect a planned increase to fund balance. At the end of the fiscal year, external auditors review a district's financial statements, but at this point the board does not have the ability to change the direction of the district's spending.

Because MISD cannot accurately budget or predict ending fund balance, the board is potentially liable for committing an unlawful act but would not know its position until it was too late to reverse the action.

The Carroll ISD (Southlake) has the following TASB-drafted board policy regarding the required fund balance level:

"The district shall retain a fund balance of at least 45 days of operating expenditures at all times. In the event the fund balance should fall below an amount equal to 55 days of operating expenses in any year, the board shall determine and implement measures that will increase the fund balance, if appropriate, to ensure the standard of 45 days of operating expenditures for the next school year.

As the district's budget increases, the total dollar amount of the fund balance available for operating expenses shall also increase."

The board policy clearly states the target goal of 45 days of operating expenditures, requires a measurement method of 55 days of operating expenses and requires a plan for board action if the amount falls below the measurement amount. In addition, the board goal clearly states the expectation that the total dollars of fund balance will increase as the total yearly expenditures for the district increases, which sets the expectation of budgeting each year for revenues in excess of expenditures. The district presents monthly reports to the board illustrating the current status of the budget, any expected deviations from the budget and the expected ending fund balance.

Recommendation 31:

Adopt a board-approved policy to address fund balance.

The board should adopt a fund balance policy that sets goals for replenishing the fund balance, a method for periodically measuring the fund balance and a plan to assist the district if replenishment of the fund balance falls below the goals the board set.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board requires the superintendent to recommend a fund balance policy.	July 2003
2.	The superintendent and Business manager review model policies and determine the financial requirements to meet the target fund balance.	July 2003
3.	The superintendent presents the model policy to the board.	August 2003

	and the board reviews and adopts the policy.	
4.	The Business manager, superintendent and board create a long-range financial plan to fulfill the fund balance requirements.	September - November 2003
5.	The superintendent presents quarterly reports to the board on the current status of fund balance and the progress toward meeting the targeted fund balance.	December 2003 and Ongoing
6.	The board reviews the fund balance policy prior to adoption of the annual budget to determine if the fund balance goals are still applicable to the district's current financial condition.	May 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The board does not require regular financial statements in its board agenda packets, which prevents administrators and board members from fully understanding the district's financial condition. In addition to the TEA requirement to maintain a positive fund balance, districts must have the cash available to pay monthly expenditures.

Financial statements provide key elements in depicting the financial strengths or weaknesses of the district and the gains or losses arising from its transactions. In addition, the organized, consistent and timely issuance of these statements provides some indication of the orderliness of the underlying accounting system essential for the protection of the net resources of the district.

MISD's board receives a budget variance report by fund indicating how each fund compares with the board-approved budget. The board also receives a list of all the checks paid by the district since the last board meeting. The reports submitted to the board are not financial statements. Financial statements provide management and the board members with a summary of the district's financial position with monthly and year-to-date operating results, rather than just variances. For financial accounting purposes, MISD uses the Regional Service Center Computer Cooperative Finance System (RSCCC), supported by Region 12. RSCCC has report writing capability.

Without complete and accurate financial statements, it is difficult for the board to monitor its progress in rebuilding the fund balance or to make

rational decisions regarding the financial impact of proposals brought to it for consideration.

Many districts present full financial statements on a quarterly or monthly basis to inform the board of the district's financial condition. A monthly cash flow projection compared to the actual year-to-date projection in chart form also offers another useful tool. A cash flow chart provides the board a visual representation of the district's performance in relation to the adopted budget and areas in danger of not meeting the budget revenue or expenditure. Since financial considerations are complicated and may require a significant amount of time for presentation and review, many districts create a finance or audit subcommittee, which may include members other than board members. The subcommittee reviews financial matters in-depth and reports its findings to the board.

Recommendation 32:

Generate a complete set of monthly financial statements that are designed to be simple to read and understand for the board members and appropriate administrative staff.

Monthly financial statements will not only help the board make quicker, more effective decisions, they will also help the board and management better understand the district's financial position and the fund balance's condition. Region 12 RSCCC facilitates the implementation of this recommendation. If the board does not appoint a finance subcommittee, the superintendent may find it useful to convene a group of citizens and district employees to help review the presentations for understanding and accuracy.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board and district administrators meet and discuss what financial data should be included in a monthly financial statement.	July 2003
2.	The board requires the superintendent to present interim financial statements.	August 2003
3.	The board reviews the concept of a finance subcommittee and determines its usefulness to MISD's Board of Trustees.	August 2003
4.	The Business manager works with Region 12 to produce the reports automatically from the RSCCC system after month-end processing.	August - November 2003
5.	The Business manager and superintendent review the reports for unusual items or possible errors and practice presentation	November 2003

	of the reports.	
6.	The superintendent presents the monthly reports to the board and recommends any budgetary action indicated from the review.	November 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 5

D. TAX COLLECTION

Assessing and collecting school district property taxes is an important function involving different entities with distinct responsibilities. School districts develop and adopt their tax rate while county appraisal districts appraise the value of property within the district. The tax rate a school district adopts consists of two components: a maintenance and operations (M&O) component for meeting operating costs and an interest and sinking (I&S) debt service component to cover the costs of indebtedness. The combined rate is applied to the assessed property value to compute the district's total tax levy.

MISD's 2001-02 assessed tax rate was \$1.4111 per \$100 of assessed property value, with a taxable property value of \$148.6 million. The assessed tax rate is composed of \$1.354 for M&O and \$0.057 dedicated for I&S. Property values are important determinates of school funding, not only at the local level, but at the state level as well. There is an inverse relationship between local property wealth and state aid. The greater the property wealth of the district, the lower the amount of state aid. **Exhibit 5-25** presents the taxable property value, property value per student and tax rates for MISD and the peer groups for 2001-02.

**Exhibit 5-25
Property Tax
MISD, Peer Districts, Region 12 and State
2001-02**

District	Assessed Value	Tax Base per Student	Tax Rate*		
			M&O	I&S	Total
Jefferson	\$410,022,580	\$285,332	\$1.171	\$0.156	\$1.327
Hearne	\$216,325,818	\$193,321	\$1.460	\$0.00	\$1.460
Gladewater	\$368,969,604	\$173,469	\$1.389	\$0.061	\$1.450
MISD	\$148,604,586	\$91,675	\$1.354	\$0.057	\$1.411
Region 12	\$19,982,130,925	\$147,743	\$1.375	\$0.088	\$1.463
State	\$960,394,653,634	\$234,607	\$1.391	\$0.094	\$1.485

Source: TEA, AEIS, 2001-02.

**Rounded to the nearest hundredth.*

MISD had the lowest 2001-02 tax rate among its peer districts, except for Jefferson ISD and the Region 12 and state averages. MISD's property value per student is also lower than that of the state, Region 12 and the peer districts. Since MISD has a low property value per student, it receives a higher state allocation per student. However, property tax revenue still serves as the second largest source of revenue to the district.

FINDING

MISD has an interlocal agreement with Falls County for its tax assessor-collector to act as the tax assessor-collector for the district. Falls County performs tax appraisal and/or collection functions for 13 entities. The county calculates a percent of total of the number of parcels and the value of the tax levy for each entity. Based on the lower of the percent of parcels or the percent of tax levy, the county calculates a dollar amount per entity that will generate the revenue needed to fund the current year budget of the Tax-Assessor Collector's office. For 2001-02, MISD paid \$1.00 per parcel for a total cost of \$8,689. **Exhibit 5-26** shows the actual and budgeted expenditures for MISD and peer districts' tax appraisal and collection functions.

Exhibit 5-26
Tax Appraisal and Collection Budgeted and Actual Expenditures
MISD and Peer Districts
2001-02

District	Budgeted Expenditures	Actual Expenditures
Jefferson	\$295,000	\$294,933
Gladewater	\$156,923	\$139,109
Hearne	\$142,600	\$92,542
MISD	\$75,000	\$42,360

Source: TEA, PEIMS, 2001-02; Jefferson, Gladewater, Hearne and MISD, Audited Financial Reports, Exhibit J-2, 2001-02.

MISD spent slightly more than \$42,000 for its tax appraisal and collection functions in 2001-02, as compared with peer districts expenditures that were two to seven times higher. While Gladewater and Hearne have partial or full in-house tax appraisal and collection functions, Jefferson ISD contracts outside of the district.

COMMENDATION

MISD spends less for its tax appraisal and collection functions by contracting with the Falls County tax assessor-collector.

Chapter 5

E. CASH MANAGEMENT

As of September 30, 2002, the district had more than 76 percent of its cash in local accounts. These funds were covered under a depository contract, based on compensating balances with a contractually stated annual yield of 3.82 percent. According to the Business manager, the depository contract was released for bid but only one local bank sent a proposal. The bank provided the district with two options: a fee for service proposal or a fixed interest rate based on compensating balances. The district chose the compensating balances proposal under a term that expires in August 2003. The depository agreement states that the standard five and nine day holds will apply to deposited checks to ensure collection of funds. The Business manager did not know if the bank actually held the availability of funds when the check came from another governmental agency. **Exhibit 5-27** illustrates the various bank accounts held by the district in its local accounts, the type of account and the balances as of the stated dates.

Exhibit 5-27
MISD Cash and Investment Account Balances
September 2002 through October 2002

Bank/Account	Type	As of Date	Balance
Citizens/Local Maintenance	NOW/interest bearing	10/31/2002	\$1,079,135
Citizens/Middle I&S	NOW/interest bearing	10/31/2002	\$232,370
Citizens/Clearing	Zero-balance		\$0
Citizens/Payroll	Zero-balance		\$0
Citizens/Elementary Activity	NOW/interest bearing	9/30/2002	\$18,036
Citizens/MS Activity	NOW/interest bearing	9/30/2002	\$26,666
Citizens/HS Activity	NOW/interest bearing	9/30/2002	\$38,634
Citizens/Area Voc	NOW/interest bearing	9/30/2002	\$9,859
TexPool/Local Maintenance	Pool/interest bearing	9/30/2002	\$230,544

Source: MISD, Business Office, bank statements and investment reports, September 2002 and October 2002.

Prior to April 2002, the district did not provide regular investment reports to the board. The Business manager now presents a monthly report to the

board that states the balance in each MISD cash or investment account as of the last day of the month. **Exhibit 5-28** illustrates the investment activity report by month from April 2002 to September 2002.

Exhibit 5-28
MISD Monthly Investment Report
April 2002 through September 2002

Account	April	May	June	July	August	September	Average Balance
Local Maintenance	\$1,321,879	\$1,307,019	\$982,488	\$1,634,804	\$427,067	\$744,821	\$1,069,680
Middle School Interest and Sinking	\$116	\$117	\$58,026	\$58,211	\$230,969	\$231,633	\$96,512
Elementary Activity Fund	\$22,904	\$38,696	\$25,823	\$22,373	\$22,071	\$18,036	\$24,984
Middle School Activity Fund	\$34,511	\$32,176	\$32,368	\$31,251	\$31,193	\$26,666	\$31,361
High School Activity fund	\$39,473	\$41,219	\$42,074	\$37,861	\$38,031	\$38,634	\$39,549
Career and Technology Activity Fund	\$10,130	\$9,361	*	\$8,981	\$9,135	\$9,859	\$9,493
Total Cash	\$1,429,013	\$1,428,588	\$1,140,779	\$1,793,481	\$758,466	\$1,069,649	\$1,269,996
Texpool	\$227,911	\$228,912	\$229,257	\$229,825	\$230,190	\$230,544	\$229,440
Total Cash and Investments	\$1,656,924	\$1,657,500	\$1,370,036	\$2,023,306	\$988,656	\$1,300,193	\$1,499,436

Source: MISD, Cash presentations.

**Data was not presented by MISD on cash report.*

Collateral reports provided by the district showed that the funds on hand at the bank were adequately covered by pledged securities. The external audit report also confirmed that sufficient collateral was on hand at the time reviewed. The Business Office does not regularly review the reports to ensure adequate coverage and relies on the annual external audit procedures to validate the reports.

The Public Funds Investment Act (PFIA) governs the allowable investments for all Texas governmental entities. PFIA requires districts to:

- have written policies and investment strategies reviewed annually by the board;
- conduct an annual review of management controls;
- designate investment officers who are required to have specific training; and
- submit a quarterly written report of investment transactions for the period.

The board adopted TASB policy CDA (Legal), which meets the requirements of the PFIA for written policies. The board also adopted policy CDA (Local) that establishes the investment strategies for each fund category and requires the external auditor to perform an annual review of internal controls over investments. The local policy also requires the investment officer to present a comprehensive annual report to the board.

The district has designated the Business manager and the superintendent as investment officers for the district. Investment officers must attend a 10-hour initial training session from an approved source. As in the case of MISD, if the district contracts with another investing entity to invest the district's funds, the investment officers must attend an additional four hours of appropriate training in a two-year period. The Business manager said both investment officers have met the training requirements of the state law.

MISD maintains most of its money in accounts at the depository bank. The district has a single account at Texpool, an investment pool allowed under its investment policies. The Texpool account has very limited activity and, as of September 2002, had a balance of \$230,544.

The MISD Board of Trustees also serves as the board of the Public Facilities Corporation (PFC), which was established to sell bonds for Marlin Elementary building construction. The PFC is a lease-purchase arrangement that allows MISD to lease the building from the PFC until all debt is extinguished, at which time the building becomes the property of MISD and the PFC is dissolved. LaSalle National Bank in Chicago,

Illinois, maintains the PFC-owned funds. The PFC is not shown as a discreetly presented component unit of MISD, and the investments held by the PFC are not reported to MISD's Board of Trustees.

FINDING

MISD does not present complete quarterly and annual investment reports as required by the PFIA and board policy. The monthly investment report, which substitutes for a quarterly report, does not include investments held by the PFC. The June 2002 monthly investment report, which substitutes for the annual portfolio report, does not include a performance evaluation as required by board policy and does not include investments held by the PFC.

The Governmental Accounting Standard Board (GASB) establishes standards for defining and reporting on the financial entity that are followed by TEA in establishing the required accounting methods for Texas school districts. GASB statement No. 14 addresses the financial reporting entity. The third component of the reporting entity includes "other organizations for which the nature and significance of their relationship with the reporting entity's financial statements would cause the reporting entity's financial statements to be misleading or incomplete."

MISD reports the debt of the PFC as its own debt, the debt service of the PFC as its own debt service and reports the cash and investments held by the PFC in a special revenue fund. However, PFC cash and investments are not reported on MISD's investment reports. If the PFC were reported as a component unit in the financial statements, the PFC would have its own investment policy and its own reporting requirements. Since the PFC is included in the reporting for MISD, the investments must be reported to the board. At September 30, 2002, the unreported investment balance equaled \$123,979.

MISD board policy requires the district to prepare a comprehensive annual report that includes a performance evaluation comparing the district's earnings to the performance of specific investments. In addition, the policy requires that the annual report include a review of activities and total yield for the past 12 months; suggests strategies and improvements to enhance the program; and proposes an investment plan for the ensuing year. The annual report did not include any of these required elements and also did not include investments held by the PFC.

The board is responsible to the public for ensuring that district investments comply with the PFIA. Without adequate and correct reporting from the district, the board is not fulfilling its duty.

TASBO offers approved training classes for investment officers. The organization's course ACT203A titled "The Basics of Investing School Funds" includes a sample of quarterly and annual reporting documents that provides all elements required by a district's board policy. Most other approved investment training courses also include samples of recommended reporting documents.

Recommendation 33:

Revise the monthly and annual reports provided to the board to include all investments and a review of the portfolio performance.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Business manager reviews documentation from the 10-hour initial investment training class for sample reports or seeks samples from other sources.	July 2003
2.	The Business manager reviews reports from LaSalle Bank to understand the investment activities related to the PFC and to confirm compliance with the PFIA and board policy.	July 2003
3.	The Business manager revises the monthly board report to include the PFC investments.	August 2003
4.	The Business manager revises the annual board report to include all elements required by board policy.	June 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 5

F. RISK MANAGEMENT

The district uses TASB as its primary insurance underwriter for property liability, general liability and workers' compensation. The Business manager handles all claims for the district. **Exhibit 5-29** shows the type and description of the MISD insurance policies.

**Exhibit 5-29
Insurance Policies
2002-03**

Underwriter	Type	Effective Dates	Premium	Description
TASB	Professional Legal Liability	4/21/02-3/5/03	\$8,254	\$1 million per occurrence and annual aggregate; \$10,000 deductible.
TASB	Property Liability	3/5/02-3/5/03	\$44,120	\$24.6 million blanket replacement includes wind, hail, and hurricane coverage with a \$10,000 deductible, \$1,000 deductible per occurrence.
TASB	Miscellaneous Liability	3/5/02-3/5/03	\$1,632	A/V equipment to \$12,762 limit; EDP equipment to \$668,530 limit.
TASB	General Liability for the Public Facilities Corporation (PFC)	3/5/02-3/5/03	\$105	PFC general liability of \$1million general aggregate and per occurrence; excess umbrella of \$4 million per occurrence and general aggregate.
TASB	General Liability for personal injury and employee	3/5/02-3/5/03	\$3,408	General liability of \$1 million, \$5 million limits.

	benefits			
TASB	Fleet Liability	3/5/02-3/5/03	\$18,719	\$250 deductible per vehicle and per occurrence; \$500,000 combined single limit; comprehensive and collision included.
TASB	Workers' Compensation	9/1/02-9/1/03	\$38,000	Payroll of more than \$8 million, net rate for all classes of \$0.00471 for 293 employees.
TASB	Unemployment	10/1/02-10/1/03	\$10,706	Gross wages of more than \$8 million; rate of \$0.001334.

Source: MISD, Business Office.

The district also carries student and athletic insurance through Brazos Valley Insurance Group.

FINDING

MISD purchases a workers' compensation insurance plan from TASB, but does not use a majority of the risk management services included in the plan. TASB sells workers' compensation insurance to about 400 districts statewide. MISD has purchased TASB's workers' compensation insurance since 1981. The district purchased TASB's Fully-Funded insurance plan workers' compensation policies until 1994, when TASB added an Aggregate-Deductible workers' compensation plan to its offerings.

MISD has purchased Aggregate-Deductible plan policies since 1994 because these policies share the risk between TASB and the district, unlike Fully-Funded plan policies where TASB holds all of the risk. Sharing the insurance risk means that MISD pays a higher deductible than under the Fully-Funded plan, but is able to keep deductible dollars not spent on claims, giving district management a greater incentive to reduce claim losses. TASB's Fully-Funded insurance plans do not offer the ability for recouping any of the deductible.

The district has a file with a list generated by TASB of claims by occupation code and a copy was provided to the review team. When a MISD employee is injured, the district's claim process calls for the employee to report the injury to his/her direct supervisor, who prepares an injury report and forwards the report to the central office. Central office

staff submit the report electronically or by U.S. mail to the TASB workers' compensation representative assigned to the district. The district has a confidential password to access TASB's interactive Web site and has 24-hour access for claim filings, claim histories and other related information and communications.

MISD pays two types of fees for workers' compensation insurance: a contribution, which includes overhead, claim administration and loss prevention services, and an annual deductible. For 2002-03, MISD purchased a policy with a \$38,000 contribution fee and a deductible of \$148,934. The contribution is paid in equal quarterly payments and the deductible is paid out as claims are filed, through monthly billings from TASB. **Exhibit 5-30** presents a summary of workers' compensation claims and deductibles for 1999-2000 through 2002-03 (partial year).

Exhibit 5-30
MISD Workers' Compensation Claim & Deductible Summary
1999-2000 through 2002-03*

Year	Total Paid	Total Reserve	Total Claims	Number of Claims	Number of Claims Remaining Open	Aggregate Funding Deductible	Total Claims as a Percent of Deductible
1999-2000	\$65,047	\$0	\$65,047	25	0	\$146,788	44.3%
2000-01	\$79,901	\$11,388	\$91,289	31	1	\$149,923	60.9%
2001-02	\$18,966	\$0	\$18,966	20	0	\$131,978	14.4%
2002-03**	\$19,244	\$46,085	\$65,329	14	9	\$148,934	43.9%

Source: Interviews with TASB Underwriter and Loss Prevention Staff.

**All information as of April 30, 2003.*

***Only 8 months of 2002-03; September 1, 2002 through April 30, 2003.*

The district anticipates total claims in 2002-03 will exceed \$65,000. Many districts use risk management services to reduce workers' compensation claims by improving on a job safety or identifying if particular classifications of workers are more likely to be injured than other workers.

According to TASB's Loss Prevention director, who is familiar with MISD's workers' compensation history, a reasonable annual target for MISD total claims is \$40,000.

MISD has an accident prevention plan, which originated from TASB's loss prevention consultants as part of the district's 1999-2000 mandatory participation in the Texas Workers' Compensation Commission's (TWCC) Hazardous Employer program. According to TASB's Loss Prevention director, MISD is supposed to review and update the plan whenever changes in any of the processes described in the plan occur. The district did not produce an accident prevention plan or any updates on file in the district when requested.

In addition, MISD's assigned TASB Loss Prevention consultant visits the district semi-annually, as part of the loss prevention services offered by TASB and paid for in the district's contribution fee. TASB's loss prevention consultants also monitor claim activity monthly. Loss prevention consultants are available free of charge to the district by telephone or in person throughout the year. TASB's most recent report of contact with the district was a semi-annual visit on January 29, 2003. At the visit, MISD's assigned loss prevention consultant recommended training for custodial and maintenance workers on back injury prevention and slips, trips and falls. To date, the district has not contacted TASB to schedule the recommended free training.

TASB has also offered a Loss Prevention Grant program to school districts that purchase its workers' compensation insurance-the 2003-04 awards will be the sixth program offering for a total of \$1 million awarded. The program is designed to give school districts up to \$3,000 each for loss prevention equipment and supplies, such as safety shoes, safety glasses, mechanical lifting equipment and personnel lifts to reach high ceilings. To date, MISD has not submitted the brief, on-line application for the safety program funds.

Recommendation 34:

Apply for loss prevention grant funds annually and reduce workers' compensation total claim and deductible costs.

MISD should designate an existing district employee to be the safety coordinator. This employee would oversee claims management at the district and be the liaison with TASB's loss prevention consultant assigned to MISD. Together, MISD's liaison and TASB's loss prevention consultant would develop action and monitoring plans for reducing total claims, schedule loss prevention training for district employees and apply for loss prevention grant funds. The district's liaison would also maintain and

update the district's accident prevention plan, with the help of the TASB's loss prevention consultants.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent designates an existing staff member to be the district's safety coordinator and assigns the duties of safety coordinator.	July 2003
2.	The safety coordinator works with TASB to gain an understanding of the reports and available safety programs and how to apply for Loss Prevention Grant funds.	July 2003
3.	The safety coordinator and TASB loss prevention consultant develop action plans and maintain the district's accident prevention plan to incorporate safety training into a staff development plan for all employees.	August - September 2003 and Ongoing
4.	The safety coordinator and TASB loss prevention consultant work together to design a periodic workers' compensation claim status reports for the superintendent.	September 2003
5.	The safety coordinator submits the claim status report design to the superintendent for approval.	October 2003
6.	The superintendent approves the report design and receives periodic claim status reports from the safety coordinator.	October 2003 and Ongoing
7.	The superintendent presents the claim status reports to the board as required.	October 2003 and Ongoing

FISCAL IMPACT

According to TASB's loss prevention director, a reasonable annual target for MISD total claims is \$40,000. For the first eight months of 2002-03, MISD has received total claims of \$65,329. Assuming MISD can meet the \$40,000 target for 2003-04 and average \$40,000 per year in total claims for future years, the district will save \$25,329 per year on workers' compensation claims ($\$65,329 - \$40,000 = \$25,329$). This annual claims (deductible) savings is conservative because it assumes that MISD will not have any additional claim expenses for the last four months of 2002-03.

In addition, TASB offers grants for up to \$3,000 per district per year for loss prevention equipment, such as safety shoes, safety glasses, mechanical lifting equipment and personnel lifts to change light bulbs in high places like gym ceilings. MISD has already missed the deadline for 2003-04 submissions. However, starting in 2004-05, MISD can submit annual grant applications for loss prevention equipment and supplies.

Assuming MISD submits and receives \$3,000 in funding each year starting in 2004-05, the annual savings to the district would increase by \$3,000, to \$28,329 ($\$25,329 + \$3,000 = \$28,329$).

TASB computes deductibles based on a three-year rolling average of actual claim history. Assuming MISD can achieve the target annual claims level of \$40,000 for three years, 2003-04 through 2005-06, starting in 2006-07 the district's deductible will conservatively decrease from \$148,934 to about two and one-half times the \$40,000 claims level, or \$100,000 ($\$40,000 \times 2.5 = \$100,000$). So, the district would realize additional savings on the reduction of its annual deductible of \$48,934 ($\$148,934 - \$100,000 = \$48,934$). Total savings for 2006-07 and ongoing would be \$77,263 ($\$28,329 + \$48,934 = \$77,263$).

In light of the additional duties as safety coordinator, the district should pay the safety coordinator an annual stipend of \$1,500. The stipend has been subtracted from the annual savings.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Apply for loss prevention grant funds annually and reduce workers' compensation total claim and deductible costs.	\$23,829	\$26,829	\$26,829	\$75,763	\$75,763

Chapter 5

G. FIXED ASSET MANAGEMENT

TEA's FARSG defines fixed assets as purchased or donated items that are tangible in nature, have a useful life longer than one year, have a unit value of \$5,000 or more and may be reasonably identified and controlled through a physical inventory system. Districts record these purchases as an addition in the general fixed asset group of accounts and items that are disposed of during the year as a deletion.

MISD's audited annual financial report issued for the fiscal year ending June 2002 was the first required to follow new standards of the GASB Statement 34 (GASB 34). Historically, public entities did not report depreciation of fixed assets in their general, tax-supported funds. Among other requirements, GASB 34 requires the district to calculate and report depreciation for all assets and to allocate the depreciation expense to the district's functional units. This reporting change required all school districts to review their inventory of assets for accuracy and to determine the remaining useful life for each asset. The district reports the depreciation in the Statement of Net Assets presented in the financial statements, but does not report depreciation in the portion of the statements reported as governmental funds. The district maintains its general ledger in a manner to support the governmental funds presentations and issues adjustments to report the net assets presentation. **Exhibit 5-31** illustrates the assets according to the audit report for the latest fiscal year.

Exhibit 5-31
MISD Fixed Assets
2001-02

Description	Beginning Balance 9/1/01	Additions	Deletions	Ending Balance 6/30/02
Land	\$229,129	\$0	\$0	\$229,129
Construction in progress	\$0	\$242,028	\$0	\$242,028
Total Non-Depreciable Assets	\$229,129	\$242,028	\$0	\$471,157
Buildings and improvements	\$14,904,316	\$8,201	\$0	\$14,912,517
Furniture, fixtures and	\$667,027	\$282,365	\$0	\$949,392

equipment				
Vehicles	\$959,699	\$99,021	\$0	\$1,058,720
Total Depreciable Assets	\$16,531,042	\$389,587	\$0	\$16,920,629
Accumulated depreciation	(\$3,143,022)	(\$420,131)	\$0	(\$3,563,153)
Total Net Depreciable Assets	\$13,388,020	(\$30,544)	\$0	\$13,357,476
Net Governmental Activities Capital Assets	\$13,617,149	\$211,484	\$0	\$13,828,633

Source: MISD, Audited Financial Report, 2001-02.

In 2002, MISD commissioned an independent review of fixed assets to verify the existence, location and historical cost of all assets with a cost per unit of \$5,000 or more. The Business manager provided a fixed asset inventory of equipment that totaled nearly \$1.5 million and was dated September 5, 2002, as shown in **Exhibit 5-32**.

Exhibit 5-32
MISD Equipment Inventory
as of September 5, 2002

Type	Amount
Vehicles	\$1,136,309
Office, computer and electronic equipment	\$262,250
Band instruments and equipment	\$42,682
Kitchen equipment	\$34,871
Other equipment	\$12,175
Total Fixed Assets Inventory	\$1,488,287

Source: MISD, Fixed Asset Inventory, September 2002.

The Business manager adds and deletes information to the equipment inventory during the year and has a process to verify assets as they are purchased. The external auditors calculate the yearly depreciation expense and propose the adjustments necessary to provide reporting for the statement of net assets. This adjustment process is consistent with other adjustments required to present financial statements on a net asset basis and a governmental funds basis. The external auditor said MISD's fixed asset inventory listing substantiated the amounts reported in the financial

statements. The September 5, 2002 inventory shows a decrease in the equipment and vehicles totals reported in the financial statements, which indicates the reduction in capitalization policy that will be reflected the financial statements for 2002-03.

FINDING

MISD has a current fixed asset listing and a process for identifying items classified as fixed assets that will maintain the accuracy of the listing. The district recognized its existing process did not supply the necessary information to comply with GASB 34 requirements and took action to improve the process. The district hired a firm to perform an asset inventory and revised its records to reflect the new capitalization policy of \$5,000. The review team conducted a sample of fixed assets, including buses and kitchen equipment and found no material discrepancies.

The accounts payable clerk reviews all capital asset purchases and provides relevant information to the Business manager, who adds the item to the fixed asset listing. Any items the district sells or disposes of in another manner are also reported to the Business manager, who deletes the item from the fixed asset listing. The district will periodically check the listing against school records to identify any lost or stolen items. At the end of the year, the external auditor reviews the account codes for capital purchases and for sale of equipment and verifies the totals to the additions and deletions to fixed assets. Any missed items can be corrected at that time. With the change in the capitalization policy from \$500 to \$5,000, the district has significantly fewer items to maintain on the listing and will be better able to maintain an accurate listing.

Compliance with the GASB 34 reporting requirements for fixed assets can be a time-consuming project, but is necessary for proper reporting and to safeguard assets. By commissioning a physical inventory and establishing procedures to maintain the integrity of the inventory, MISD will save time in future years.

COMMENDATION

MISD has an accurate fixed asset inventory and a process for keeping the listing current.

Chapter 5

H. BOND ISSUANCE AND INDEBTEDNESS

Bonds and other long-term debt allow districts to finance large costs over a period of years. Unlimited tax school building bonds must be authorized by the voters and then issued by a vote of the board. These bonds are funded by an I&S tax rate, which is not subject to the rollback provisions for taxes. Once the voters have authorized bonds through a bond election, the board may sell the bonds at any time and levy any tax required to pay the yearly payments up to the maximum currently allowed rate of 50 cents.

The board may approve other types of long-term debt without direct voter authorization, but these types of debt may only be funded through the M&O tax rate or other sources. The board has strict legal limitations on the amount of increase it can authorize in the M&O tax rate without directly consulting the voters. If the board approves a tax rate in excess of the rollback calculation, a rollback election is automatically required in which the voters decide to accept the tax rate as set by the board or return the tax rate to the prior year level. Since M&O taxes are used to fund the regular school operations, districts usually try to authorize debt that can be paid from the I&S tax rate.

MISD has two outstanding bonded debt obligations that funded building construction, a capital lease for band instruments and a note that funded roof repair. **Exhibit 5-33** shows the long-term indebtedness of MISD with the funding source, interest rates, original issue amount and remaining outstanding debt at the end of 2001-02.

Exhibit 5-33
MISD General Long-Term Debt Account Group
2001-02

Description	Funding Source	Interest Rate	Original Issue	Amount Outstanding at June 30, 2002
General Obligation Bond: Unlimited Tax School Building Bonds 1998	I&S Taxes	4.6% to 5.0%	\$4,500,000	\$4,140,000

Revenue Bonds: PFC School Facility Lease Revenue Bonds 1999	M&O Taxes	5.85%	\$4,500,000	\$3,975,000
Capital Leases: Band Instruments 2002	M&O Taxes	0%	\$75,641	\$50,427
Notes: Certificates of Ownership 1997	M&O Taxes	4.5%	\$420,100	\$180,000
Total			\$9,495,741	\$8,345,427

Source: MISD, Audited Financial Report, 2001-02.

Only the bonds that paid for construction of Marlin Middle School are funded through the I&S tax rate. The revenue bonds issued in 1999 were non-voted obligations issued through a lease-purchase arrangement that paid for the construction of Marlin Elementary School. The district makes payments each year from the general fund in an amount that will fund repayment of debt issued by the PFC authorized and directed by MISD. When the debt is fully paid, the property reverts to MISD. MISD entered into this form of debt because it allowed the district to immediately begin construction of the building destroyed by fire and to take advantage of a state funding program that shares part of the debt burden.

Exhibit 5-34 shows the total principal and interest payments for all debt combined and also the yearly requirements for debt service payments funded through the I&S tax rate and debt service paid from the general fund and funded through the M&O tax rate.

Exhibit 5-34
MISD Debt Service Fund
Outstanding Debt Service Requirements
2001-02

Year	All Debt Obligations		Total Requirements	Funded by I&S	Funded by M&O
	Principal	Interest			
2003	\$360,214	\$412,717	\$772,931	\$310,790	\$461,902
2004	\$380,213	\$393,457	\$773,670	\$314,153	\$460,123
2005	\$375,000	\$375,055	\$750,055	\$317,906	\$432,490
2006	\$400,000	\$356,759	\$756,759	\$326,565	\$429,440
2007 to 2018	\$6,830,000	\$2,313,723	\$9,143,723	\$4,559,238	\$4,584,485

Total	\$8,345,427	\$3,851,711	\$12,197,138	\$5,828,652	\$6,368,440
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Source: MISD, Audited Annual Financial Report, 2001-02.

The general fund, through the M&O tax rate, will fund a larger portion of total debt each year than the debt service fund.

The district uses a financial advisor to assist the district in determining the appropriate financing instruments to fund financing needs. According to the financial advisors, SWS Securities, Inc, the district has evaluated refinancing options but these do not appear to offer economic savings at this time. The advisors said that negative arbitrage and the lack of a present value gain prevent the district from taking advantage of this option.

FINDING

MISD secured state funding to pay a portion of the debt issued for construction of instructional facilities. In 1997, the Legislature created the Instructional Facilities Allotment (IFA) to fund instructional facilities, primarily for districts like MISD that did not have the funds to build or renovate their buildings. TEA administers the program. To qualify for the IFA, a district must meet certain wealth per student requirements, which TEA annually adjusts. A district also must pass a local bond issue in any amount, of which the portion not funded by the IFA must be paid back with local funds.

MISD has secured state funding assistance through either the existing debt allotment (EDA) and IFA for each of the bonded debts. Although the district must show the entire payment as expenditure, it will receive revenue to partially offset the cost. The net cost of debt for 2001-02 is shown in **Exhibit 5-35**.

Exhibit 5-35
MISD Debt Service Payments and State Revenue
2001-02

Description	Debt Service Fund	General Fund
Debt Service Expenditure	(\$223,503)	(\$336,904)
State Allotment - EDA	\$232,765	\$0
State Allotment - IFA	\$0	\$288,358
Net District Expenditure	\$9,262	(\$48,546)

Debt Service Due August 2002	(\$89,583)	(\$116,269)
Adjusted Net District Expenditure	(\$80,321)	(\$164,815)
Percent of Debt paid by State Allotment	74.3%	63.6%

Source: MISD, Audited Annual Financial Report, 2001-02; TEA, State Allotment, SOF, 2001-02.

Because MISD changed its fiscal year to June 30, the reported state funds revenue paid MISD more than the total costs expended in the debt service fund in 2001-02, allowing the district to apply the approximately \$84,000 it collected in tax revenue toward increasing the fund balance of the debt service fund. On a cash flow basis, the fund balance increase will be immediately used in August 2002 when an additional debt service payment is due. But the EDA paid 74.3 percent of the debt service requirements.

The IFA pays about 75 percent of the bonded debt in the general fund. When combined with other general fund debt, the state allotment pays 63.6 percent of the amount due. Although paying debt from the general fund challenges MISD in setting an appropriate tax rate, the financing decision allowed MISD to take advantage of the state allotment.

Exhibit 5-36 compares MISD's budgeted total debt service cost per student to selected peers. This exhibit is comparable between districts because the data combines debt service from all funds.

Exhibit 5-36
Budgeted Debt Service Cost per Student
MISD and Peer Districts
2002-03

District	Debt Service	Enrollment	Debt Service Per Student
Jefferson	\$875,219	1,418	\$617
MISD	\$759,731	1,526	\$498
Gladewater	\$745,480	2,221	\$336
Hearne	\$0	1,159	\$0

Source: TEA, PEIMS, 2002-03.

COMMENDATION

MISD secured state funding to pay a portion of the debt issued to construct instructional facilities.

Chapter 5

I. PURCHASING

An effective purchasing system requires several essential components. It starts with a good organization staffed with well-trained people. Roles and related responsibilities must be clearly defined and be adapted to meet the unique operating environment of the organization. Although purchasing organization structures may vary, most provide similar functions. An administrative role in purchasing typically:

- approves purchase orders and service contracts, including competitive procurement specifications and tabulations;
- assists in the development and modification of purchasing policies and procedures, as well as implements such policies and procedures;
- resolves problems encountered with purchasing;
- establishes and monitors good working relationships with vendors;
- communicates with vendors (for example, pre-competitive procurement conferences and competitive procurement openings) and approves vendor communication with schools and departments;
- ensures district staff awareness of relevant purchasing statutes, regulations and board policies through either formal or informal training programs; and
- remains current on purchasing statutes, regulations and practices by attending various purchasing-related courses, seminars or workshops and by reading current purchasing periodicals and books.

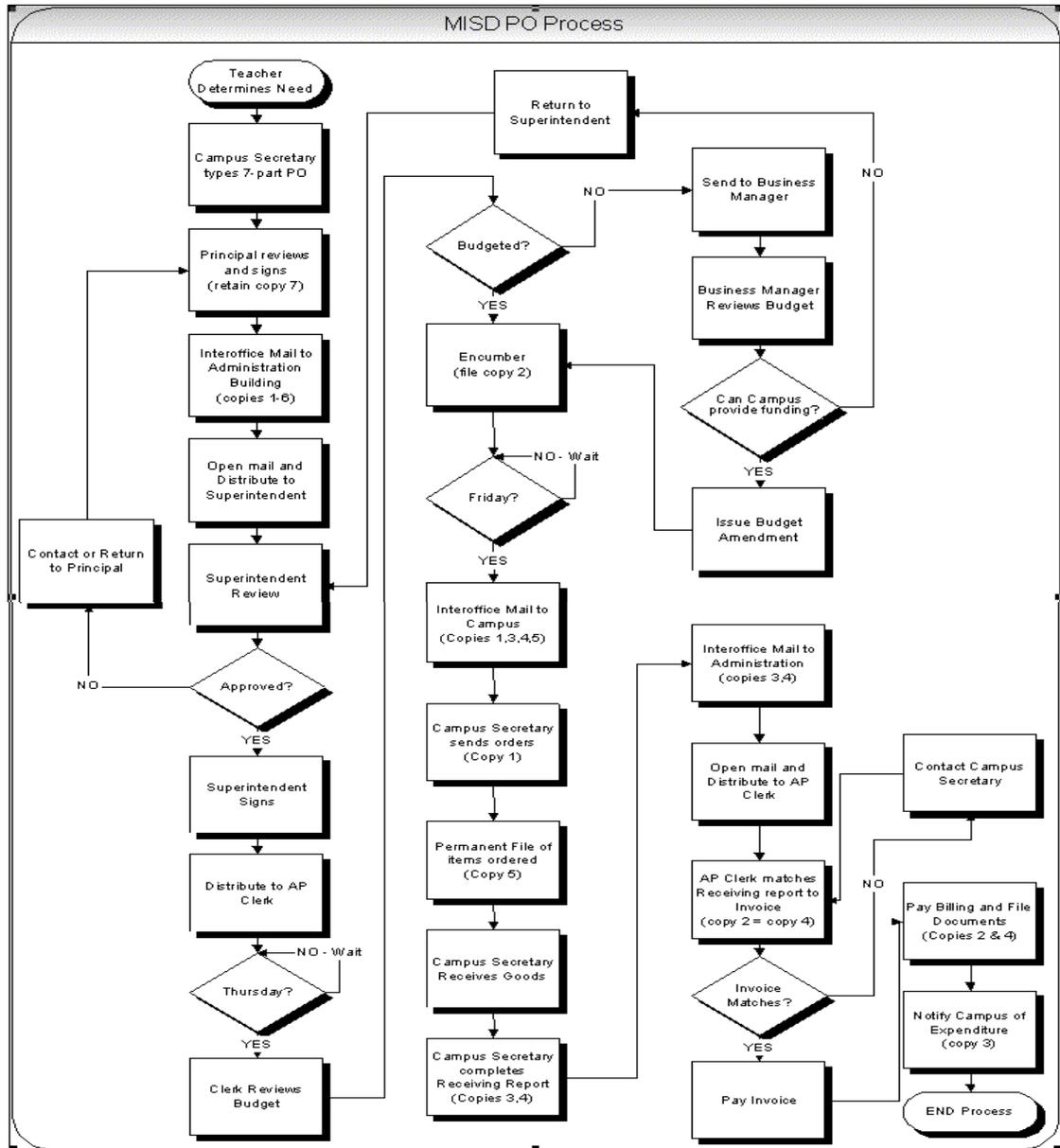
Since MISD is a small school district with limited staff, the Business manager assumes the role of purchasing agent. The Business manager prepares competitive procurement specifications, evaluates competitive procurement tabulations, maintains a vendor list, supervises the processing of purchase orders and evaluates vendor performance.

MISD board policy CH (Legal) includes the legal requirements of the Texas Education Code (TEC) in addition to other methods of purchasing allowed by the Texas Government Code. MISD board policy CH (Local) delegates the board's authority to the superintendent (or designee) to determine the purchasing method and to make budgeted purchases. The board retains the legal requirement to approve purchases of \$25,000 or more. By custom, not board policy, the superintendent asks permission from the board before advertising for bids.

During a 12-month period, for purchases with a value of at least \$10,000 but less than \$25,000 in the aggregate, the district may follow any bid or proposal method allowed or follow the less restrictive vendor list procedures. The vendor list procedure requires the district to advertise for the purchase product type and to establish a list of all responding vendors. When the district purchases an item from the product type, the authorized person must receive and document three quotes from vendors on the vendor list.

MISD has a decentralized purchasing process. The district requires purchase orders for all purchases, regardless of the amount of the purchase. Principals and department managers approve purchase orders before submitting the orders to the superintendent. **Exhibit 5-37** provides a flow chart of the purchase order process.

Exhibit 5-37
MISD Purchase Order Process
2002-03



Source: MISD, Business Office interview.

Every purchase in the district must follow the same process. For illustration purposes, a school purchase of a teaching supply would have the following steps. The teacher determines the need for an item and presents the request to the school secretary. The school secretary report types a seven-part carbon paper purchase order (PO) and presents it to the principal for signature. The PO is delivered through interoffice mail to the Business Office and then forwarded to the superintendent for approval. After the superintendent approves the PO, the accounts payable clerk checks for available funds and (if funds are available) posts the PO into the encumbrance system. If budgeted funds are not available, the PO is

returned to the superintendent for action. The district processes purchase orders weekly on Thursday. The Business Office attempts to meet a schedule that POs received in the central office by Wednesday are in the interoffice mail back to the school by Friday. The schools usually contact vendors directly. Purchases are received at the individual schools and a receiving report is sent to accounts payable. The accounts payable clerk matches the receiving report to the vendor billing and pays the invoice. After payment, the accounts payable clerk sends verification back to the school verifying the final disposition and payment amount of the purchase order.

FINDING

MISD has implemented just-in-time delivery of supplies and materials. The district has storage facilities at both cafeterias, which makes it possible to order bulk quantities of food at lower costs. The district also has a small inventory of maintenance repair parts. It does not operate a central warehouse facility for the storage of other supplies or materials. The district orders items as the need arises. Items are delivered directly to the request originator. This practice avoids the personnel, maintenance and utilities costs associated with the operation of a warehouse facility.

COMMENDATION

MISD has implemented just-in-time delivery with supplies and materials delivered directly to schools.

FINDING

MISD's PO processing procedure is not efficient. MISD's Business Office processed approximately 1,100 purchase orders for 2001-02. The superintendent signs all POs and the district only processes POs once a week. While the process helps the Business Office and superintendent schedule purchasing into their workweek, it does not help schools purchase what they need, when they need it. The district owns an older version of the RSCCC software to track encumbered funds after approving purchases. MISD's current software does not have online purchasing capability. The district has agreed to be a Region 12 test site for the newest version of the RSCCC software, which is scheduled for delivery summer 2003. The new version will allow online processing of purchase orders.

Each PO passes from one person to the next nine times before goods are received and the bill paid. The Falls County Co-op circumvents the PO process by issuing a purchase order and requesting a check to purchase a gift card from the local discount store. After the Co-op uses the gift card, it

returns receipts to the accounts payable clerk to equal the gift card amount.

The Maintenance supervisor described the difficult process to obtain a small repair part for an emergency repair. The supervisor is required to take the time to follow the entire procedure, except the supervisor drives from the school to the Maintenance office to get the typed PO, then to the administration building to find the superintendent.

Having the superintendent review each PO takes time away from her role as the educational leader.

The most efficient and effective methods of purchasing recognize the value of staff time spent in processing and scrutinizing the PO and assigning authorization levels based on the risk level associated with the purchase. Some of the purchasing methods successfully used by other districts include the following:

- school purchase orders not requiring central administration approval;
- imprest funds (petty cash);
- emergency purchase orders issued to responsible personnel not to exceed a specific amount;
- open purchase orders for a specific time period, not to exceed a specific amount; and
- procurement cards.

Limitations on the amounts or types of purchases allowed vary widely between districts, but are based on where, when and how much the district spends in supplies.

Recommendation 35:

Simplify the purchasing process by eliminating unnecessary or duplicative steps.

The district will need time to review current purchasing patterns and to investigate internal controls appropriate for it. MISD will also need to investigate how the new financial reporting software will affect the purchasing process.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Business manager prepares an analysis of purchases by vendor, cross-matched to the purchasing campus or department to determine average order sizes and routine merchandise.	July - August 2003
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2.	The Business manager and superintendent review the analysis to determine appropriate maximum authority levels and product authority levels.	September 2003
3.	The Business manager researches internal controls required for successful implementation of campus authorized purchases and reviews the controls with the superintendent.	September 2003
4.	The Business manager writes a procedure for school approval of purchases and trains the accounts payable clerk, school staff and department staff on the changed procedure.	October 2003
5.	The superintendent implements the change in authorization levels.	October 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

MISD does not take full advantage of purchasing cooperatives. The district does not use purchasing cooperatives for general supplies. The district purchased one bus through the Texas Building and Procurement Commission, and the Food Service Department purchases through the Hillsboro ISD Purchasing Cooperative for food service items. MISD Food Service also participates in the Region 10 purchasing cooperative in Falls County. The Food Service director could not provide estimates of the savings but said the district saves significantly through the cooperative. Excluding Food Service, the district spent \$575,274 on general supplies in 2000-01. The district accepted bids for instructional supplies, but makes other purchases at retail price.

The Texas Local Government Purchasing Cooperative created Buy Board. The Buy Board cooperative bids standard school district supplies and equipment and adds the convenience of ordering through the Internet. As members of the cooperative request other types of items, the Buy Board solicits bids and adds the commodity to its listing. A 1997 survey conducted by the National Institute of Governmental Purchasing reveals that 86 percent of cooperative members save at least 10 percent on their cooperative purchases.

Government purchasing cooperatives offer small districts the advantages of volume discounts and fulfills the state bidding requirements, which allow the district to purchase merchandise more efficiently. Although many cooperatives buy only specialty items like food or copy paper, other cooperatives offer a wide range of goods.

Recommendation 36:

Join and use government-sponsored cooperatives to reduce the cost of making purchases.

Joining the Buy Board would help MISD reduce general supply costs. The district should investigate other purchasing cooperative opportunities.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Business manager investigates Buy Board and other purchasing cooperatives and makes a recommendation on use to the superintendent.	July 2003
2.	The superintendent presents the interlocal agreement to the board for approval.	July 2003
3.	The Business manager writes the procedures for purchasing from the cooperative and trains personnel.	July - August 2003
4.	The Business manager implements purchasing through the cooperative.	August 2003

FISCAL IMPACT

The annual membership fee to join Buy Board is \$200. If MISD realizes a 10 percent savings on general supplies, the district would save \$57,527 ($\$575,274 \times 0.10 = \$57,527$), less the \$200 annual membership fee ($\$57,527 - \$200 = \$57,327$), for a net annual savings of \$57,327. The district would also save some minor advertising costs and would free staff time now spent on issuing bids.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Join and use government-sponsored cooperatives to reduce the cost of making purchases.	\$57,327	\$57,327	\$57,327	\$57,327	\$57,327

Chapter 6

FOOD SERVICES

This chapter reviews the Marlin Independent School District (MISD) food service operation in the following sections:

- A. Organization and Planning
- B. Financial Management and Reporting
- C. Staffing and Training
- D. Meal Participation

An effective school food service program provides students with affordable, appealing and nutritionally balanced breakfasts and lunches in a safe, clean and accessible environment. Successfully managed school food service programs provide customer satisfaction and contain costs while complying with applicable federal, state and local regulations and policies.

The Texas School Food Service Association (TSFSA), a professional organization for school food service employees, identified 10 Standards of Excellence for evaluating school food service programs. The standards encompass areas ranging from planning, financial management and control to nutrition, sanitation and professional development. TSFSA states that an effective program should:

- identify and meet current and future needs through organization, planning, direction and control;
- maintain financial accountability through established procedures;
- meet the nutritional needs of students and promote the development of sound nutritional practices;
- ensure that procurement practices meet established standards;
- provide appetizing, nutritious meals through effective, efficient systems management;
- maintain a safe and sanitary environment;
- encourage student participation;
- provide an environment that enhances employee productivity, growth, development and morale;
- promote a positive image to the public; and
- measure success in fulfilling regulatory requirements.

BACKGROUND

MISD participates in the National School Lunch Program (NSLP), School Breakfast Program (SBP) and Summer Feeding programs, administered by the Texas Education Agency (TEA) for all participating Texas schools.

MISD contracts annually with TEA through the School Lunch and Breakfast Agreement to participate in these programs.

MISD provides food service for three onsite campuses and three satellite campuses. From 1999-2000 through 2001-02, the average daily attendance (ADA) for students of the district decreased by 4.9 percent. During the same time period, the number of lunch meals served increased by 8.1 percent and the number of breakfast meals served resulted in a minimal change. **Exhibit 6-1** shows the number of meals served and the average daily attendance of the district.

Exhibit 6-1
MISD Food Service Department Meals Served
1999-2000 through 2001-02

Meals	1999-2000	2000-01	2001-02	Percent Change 1999-2000 through 2001-02
Lunches	210,937	214,874	228,020	8.1%
Breakfast	124,090	120,666	124,138	0.04%
Average Daily Attendance	1,364.881	1,346.510	1,298.513	(4.9%)

Source: TEA, Child Nutrition Programs District Profiles, 1999-2000 through 2001-02 (meals served) and TEA, Summary of Finances, 1999-2000 through 2001-02, (ADA).

The Food Service Department charges different prices for student and adult meals based on the age levels at the schools. **Exhibit 6-2** shows the meal prices for full-price and reduced-price meals for 2002-03.

Exhibit 6-2
MISD Meal Prices
2002-03

Description	Elementary School Student	Middle School Student	High School Student	Adult
Full-Price Breakfast	\$0.60	\$0.60	\$0.60	\$1.00
Reduced-Price Breakfast	\$0.30	\$0.30	\$0.30	N/A
Full-Price Lunch	\$1.00	\$1.30	\$1.50	\$2.25
Reduced-Price Lunch	\$0.40	\$0.40	\$0.40	N/A

Source: MISD, published meal prices.

Districts participating in the NSLP and SBP must provide detailed reporting of the total number of meals served and of student eligibility. In May 2002, the Food Service Department purchased the NutriKids point-of-sale (POS) system for school cafeterias. A POS system is an automated meal counting mechanism that tracks the number of students served, meals purchased and a la carte items sold.

The review team used databases administered by TEA, the Academic Excellence Indicator System (AEIS) and the Public Education Information Management System (PEIMS) for the most current data available for each comparison. The AEIS contains student enrollment and budgeted revenues and expenditures for 2001-02. PEIMS provides the actual expenditures for years prior to and including 2000-01. School districts may have significant budget amendments during the year and the comparison of actual results provides better information for a trend analysis. MISD also completed the Audited Annual Financial Statements for 2001-02, which provides the actual revenues, expenditures and fund balances for that year. MISD provided budget information and meal prices for 2002-03.

Funding sources for MISD's food service operations include federal cash reimbursements, federal commodities, meal payments, interest earnings and state reimbursements. The largest source of funding comes from federal reimbursements for the number of meals served to students. The percentage of federal revenue to total revenue increased from 73.1 percent in 1998-99 to 82 percent in 2001-02, as shown in **Exhibit 6-3**.

Exhibit 6-3
MISD Food Service Department Revenue
1998-99 through 2002-03

Year	Federal Revenue	State Revenue	Local Revenue	Total Revenue	Percent Federal Revenue
1998-99	\$502,986	\$7,000	\$177,803	\$687,789	73.1%
1999-2000	\$540,673	\$7,429	\$143,996	\$692,098	78.1%
2000-01	\$558,992	\$7,345	\$122,316	\$688,653	81.2%
2001-02	\$542,200	\$7,400	\$111,465	\$661,065	82.0%
2002-03 (budget)	\$549,483	\$0	\$101,000	\$650,483	84.5%

Source: MISD, audited Annual Financial Reports, 1998-99 through 2001-02 and MISD adopted budget 2002-03.

For 2000-01, the most recent year with comparable data MISD ranks second among selected peer districts in percentage of revenue funded from federal sources (**Exhibit 6-4**).

Exhibit 6-4
Food Service Department Actual Revenue
MISD and Peer Districts
2000-01

District	Federal Revenue	State Revenue	Local Revenue	Total Revenue	Percent Federal Revenue
Hearne	\$355,699	\$5,547	\$38,650	\$399,896	88.9%
MISD	\$513,356	\$7,345	\$122,316	\$643,017	79.8%
Jefferson	\$346,232	\$5,538	\$176,180	\$527,950	65.6%
Gladewater	\$398,735	\$7,909	\$245,654	\$652,298	61.1%

Source: TEA, PEIMS, 2000-01.

*Note: Exhibit shows latest data available from TEA.

School districts that choose to participate in the NSLP and SBP receive cash subsidies and donated commodities from the U.S. Department of Agriculture (USDA) for each eligible meal they serve. In return, they must serve lunches that meet federal nutrition requirements and must offer free or reduced-price lunches to eligible children. If the percentage of economically disadvantaged students exceeds 60 percent, the district becomes eligible for an additional per meal funding under the Severe Need Program. The combination of federal funding and student payments provides more income per meal for students identified as economically disadvantaged than for students paying full price. The combined student paid price plus the federal reimbursement is shown in **Exhibit 6-5** for MISD.

Exhibit 6-5
MISD Combined Revenue per Meal Type
2002-03

Eligibility and Meal	Student Price	Federal Payment	Severe Need	Total Revenue	Percent Additional
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			Additional Payment	per Meal	Revenue over Full Price Meal
Full-price breakfast	\$0.60	\$0.22	N/A	\$0.82	71%
Reduced-price breakfast	\$0.30	\$0.87	\$0.23	\$1.40	N/A
Free breakfast	N/A	\$1.17	\$0.23	\$1.40	N/A
Full-price lunch/elementary	\$1.00	\$0.20	\$0.02	\$1.22	77%
Full-price lunch/middle school	\$1.30	\$0.20	\$0.02	\$1.52	42%
Full-price lunch/high school	\$1.50	\$0.20	\$0.02	\$1.72	26%
Reduced-price lunch	\$0.40	\$1.74	\$0.02	\$2.16	N/A
Free lunch	N/A	\$2.14	\$0.02	\$2.16	N/A

Source: MISD, Published Meal Prices for 2002-03 and USDA Published Reimbursement Rates, July 2002.

A breakfast meal for a student qualified for free or reduced-price benefits generates 71 percent more revenue for breakfast than a full-price meal. For lunch meals, the percentage is between 26 and 77 percent, based on the grade level. In addition to the revenue impact, in an economically disadvantaged community, the school food service program provides a major source of the daily nutrition for students. It becomes especially important to offer nutritious food students are willing to eat.

The peer districts selected for comparisons with MISD averaged 66.4 percent economically disadvantaged students as a percentage of total enrollment. MISD ranked second in the peer group at 73.7 percent, exceeding the 49.9 percent average of others served by Regional Educational Service Center XII (Region 12) and the state average of 51.9 percent. **Exhibit 6-6** shows the percentage of economically disadvantaged students to total enrollment for MISD, peer districts and averages for Region 12 and the state.

Exhibit 6-6
Economically Disadvantaged Students
MISD, Peer Districts, Region 12 and State
2002-03

District	Economically Disadvantaged Students	Total Students	Economically Disadvantaged Students as Percentage of Total
Hearne	973	1,159	84.0
MISD	1,124	1,526	73.7
Jefferson	895	1,418	63.1
Gladewater	1158	2,221	52.1
Peer Average	1009	1,599	66.4
Region 12	69,599	139,468	49.9
State	2,200,000	4,239,911	51.9

Source: TEA, PEIMS, 2002-03.

The percentage of MISD students eligible for free and reduced-price meals has increased from 64.3 percent in 1998-99 to 73.7 percent in 2002-03 (**Exhibit 6-7**).

Exhibit 6-7
MISD Economically Disadvantaged Students
1998-99 through 2002-03

Year	Enrollment	Economically Disadvantaged	Percent Economically Disadvantaged
1998-99	1,674	1,077	64.3%
1999-2000	1,646	1,030	62.6%
2000-01	1,637	1,136	69.4%
2001-02	1,621	1,181	72.9%
2002-03	1,526	1,124	73.7%

Source: TEA, AEIS, 1998-99 through 2001-02 and PEIMS, 2002-03.

Chapter 6

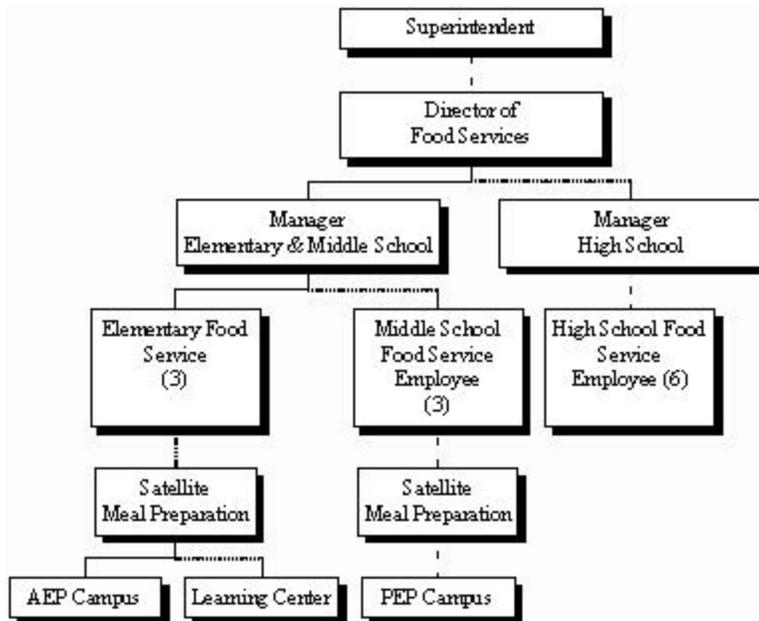
A. ORGANIZATION AND PLANNING

Effectively managing food service operations requires:

- board-approved departmental goals and objectives;
- sound planning and budget development to meet the goals and objectives;
- objective measurement methods to quantify progress; and
- financial and production information systems that provide accurate and timely information.

The director of the MISD Food Service Department reports to the superintendent. The department employs two managers who operate two kitchens and report to the director. Using eight hours as the standard full-time employee, the department has 16 employees for 12.4 full-time equivalent (FTE) positions (**Exhibit 6-8**).

Exhibit 6-8
MISD Food Services Department Organization
2002-03



Source: MISD, Food Service Department.

The middle school and elementary school cafeterias share a kitchen facility. The combined elementary and middle school kitchen prepares meals for breakfast and lunch for students attending the Alternative

Education Program (AEP), the Learning Center and Pregnancy Education and Parenting (PEP) Program satellite locations.

The Food Service Department must provide accurate and meaningful information to the board regarding the operations of the department. Standard measurements of financial management for food service operations include:

- meals per labor hour (MPLH);
- cost per meal served;
- menu pre-costing and post-costing;
- interim profit and loss statements;
- cost as a percentage of meal cost separated by food, labor, indirect costs and overhead costs;
- participation rates; and
- customer satisfaction.

FINDING

The MISD Food Service Department does not have a department improvement plan based on goals or objectives. In MISD the fund balance is increasing and exceeds the federal-mandated fund balance limit. The district cannot explain why expenditures are decreasing, why revenues are increasing or why the fund balance has changed.

Since 1998-99, MISD's Food Service Department revenues have exceeded expenditures. While revenues have remained even, expenditures have decreased 15.8 percent. As a result, MISD experienced an increase in revenues over expenditures of 42.4 percent. **Exhibit 6-9** shows the annual revenues and expenditures by category from 1998-99 through 2000-01.

Exhibit 6-9
MISD Food Service Department
Actual Revenue and Expenditures
1998-99 through 2000-01

Revenues Categories	1998-99	1999-2000	2000-01	Dollar Change 1998-99 to 2000-01	Percent Change 1998-99 to 2000-01
Local	\$177,791	\$143,854	\$122,237	(\$55,554)	(31.2%)
State	\$7,000	\$7,429	\$7,345	\$345	4.9%
Federal	\$492,545	\$526,963	\$545,204	\$52,659	10.7%

Total Revenues	\$677,336	\$678,246	\$674,786	(\$2,550)	(0.4%)
Expenditures Categories					
Payroll	\$202,573	\$185,132	\$199,558	(\$3,015)	(1.5%)
Contracted Service	\$108,036	\$129,362	\$71,381	(\$36,655)	(33.9%)
Food	\$284,491	\$263,658	\$215,958	(\$68,533)	(24.1%)
Non-food Supplies	\$42,235	\$39,337	\$27,251	(\$14,984)	(35.5%)
Commodities	\$28,484	\$33,734	\$52,449	\$23,965	84.1%
Office Supplies	\$2,292	\$1,118	\$1,484	(\$808)	(35.3%)
Other Operating Costs	\$0	\$64	\$271	\$271	-----
Capital Outlay	\$6,771	\$25,407	\$0	(\$6,771)	-----
Total Expenditures	\$674,882	\$677,812	\$568,352	(\$106,530)	(15.8%)
Net Results	\$2,454	\$434	\$106,434	\$109,080	41.4%

Source: TEA, PEIMS Actual, 1998-99 through 2000-01.

Note: The dashes (---) indicate a percentage change is not comparable for the category.

Despite a declining student enrollment, MISD has maintained total revenues and reduced expenditures to result in a \$103,980 increase in net results from 1998-99 through 2000-01. The audited MISD Annual Financial Report for 2001-02 shows revenues of \$703,675 and expenditures of \$545,276 with an increase to fund balance of \$158,399. This was a 48.8 percent increase over the net results of the prior year. However, in 2001-02, the district changed the fiscal year from August 31 to June 30. Since the food service for the new school year began on August 19, 2002, there are about two weeks of expenditures and revenues that would not be comparable with the prior year. The district has not quantified the fiscal effect of the 10-month year reported for 2001-02.

A declining enrollment could explain decreased expenditures. Examination of the reported expenditures shows the district has decreased both total costs and costs per pupil as shown in **Exhibit 6-10**. The Food Service director does not review expenditure changes and did not have an explanation for the decreases during 2000-01 and 2001-02. A staff member said that the number of breakfast choices at the high school were reduced over the last several years.

Exhibit 6-10
MISD Per Student Expenditures
1998-99 through 2002-03

Year	Expenditures	Pupils	Per Pupil Expenditures	Percent Change in Per Pupil Expenditures from Previous Year
1998-99	\$674,882	1,674	\$403	N/A
1999-2000	\$677,813	1,646	\$412	2.1%
2000-01	\$568,352	1,637	\$347	(15.7%)
2001-02	\$545,276	1,621	\$336	(3.1%)
2002-03 (budget)	\$776,394	1,519	\$511	51.9%

Source: MISD, Audited Annual Financial Reports, 1998-99 through 2001-02, MISD, official budget 2002-03, TEA, AEIS, 1998-99 through 2001-02, MISD, Published Enrollment 2002-03.

The Food Service Department's budget is kept at the same level as the prior year's budget, with added cost increases (**Exhibit 6-11**).

Exhibit 6-11
MISD Food Service Department
Expenditures to Budget
1998-99 through 2000-03

Year	Budgeted Expenditures	Actual Expenditures	Dollar Variance	Percent Variance
1998-99	\$674,853	\$674,882	(\$29)	0.0%
1999-2000	\$694,185	\$677,813	\$16,372	2.3%
2000-01	\$693,865	\$568,352	\$125,513	18.1%
2001-02	\$700,665	\$545,276	\$155,389	22.2%
2002-03 (budget)	\$776,394	-----	-----	-----

Source: MISD, Audited Annual Financial Reports 1998-99 through 2001-02, MISD, budget 2002-03.

Note: The dashes (---) indicate a column is not applicable for that type of eligibility and meal.

If a school district's food service operations are not self-supporting, the operations must be subsidized from the general operating fund, which diverts funding from instructional activities. However, to qualify for federal funding, the program must be a not-for-profit operation.

Federal regulations stipulate that a school district may not have a fund balance exceeding three months' average food service operating expenditures. In addition, these balances must be used exclusively for allowable child nutrition program purposes. **Exhibit 6-12** illustrates MISD's ending fund balance from 1998-99 through 2001-02 along with the allowed three-month fund balance limit. The average shown is calculated by dividing the yearly expenditures by 12 months and multiplying by three. By using actual expenditures by month and removing expenditures for the summer feeding program, the district can calculate a more accurate allowable fund balance limit.

Exhibit 6-12
MISD Food Service Department
Revenue and Expenditures
1998-99 through 2001-02

Description	1998-99	1999-2000	2000-01	2001-02
Revenues	\$677,336	\$678,246	\$674,786	\$703,675
Expenditures	\$674,853	\$677,811	\$568,350	\$545,276
Net Profit/Loss	\$2,483	\$435	\$106,436	\$158,399
Other Resources	\$222	\$0	\$0	\$0
Beginning Fund Balance	\$52,471	\$55,176	\$55,612	\$162,048
Ending Fund Balance	\$55,176	\$55,612	\$162,048	\$320,447
3 Months Average Expenditures	\$168,713	\$169,453	\$142,088	\$136,319

Source: MISD, Audited Annual Financial Reports, 1998-99 through 2001-02.

Without goals and objectives, a department is not accountable for its operations. While it may seem advantageous to the district that the Food Services Department has a positive fund balance, without an explanation or knowledge of how this condition was reached, the district is at risk of losing some federal reimbursement. Further because the reason for the anomalies cannot be explained, expenditures could be miscoded or underreported thereby resulting in shortfalls when corrections are made.

A comprehensive strategic planning process helps direct an organization and provides benchmarks for determining whether the department successfully meets goals. An inclusive planning process boosts the morale of cafeteria workers by informing them of how job goals relate to department and district goals.

Recommendation 37:

Create a Food Service Department improvement plan with performance goals and measures.

A culture of strategic planning requires time to develop, but the groundwork for creating that culture can be set by giving individual employees a sense of how their work relates to the Food Service Department's overall goals. After the department develops the goals for the department improvement plan, the director should work with the cafeteria managers to set cafeteria performance goals. In turn, the cafeteria managers should work with their employees to determine the best methods to meet the performance goals. These goals should be included in the performance evaluation of each employee to ensure that targets are met and appropriate employee training is planned to help achieve the goals.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Food Service works with the superintendent to develop the department improvement plan.	July 2003
2.	The director of Food Service works with the cafeteria managers to develop goals and reporting measurements that support the department improvement plan.	August 2003
3.	The director of Food Service works with each cafeteria manager to set criteria for performance goals.	August - October 2003
4.	The director of Food Service presents the plan to the superintendent and the board for approval.	November 2003
5.	The director of Food Service and cafeteria managers implement the plans for improving productivity.	January - May 2004
6.	The director of Food Service reports to the superintendent and board of trustees.	Annual

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The MISD Food Service Department does not calculate or use the recommended industry standards for meals per labor hour (MPLH) to determine staffing levels. MPLH analysis is a recognized standard used by school districts, hospitals and restaurants to measure productivity and control labor costs. School districts can use MPLH to identify appropriate staffing levels and contain labor costs.

The calculation of meals per labor hour compares the number of labor hours used to prepare and serve a meal to the number of meal equivalents served. The basis for equivalent meals is a standard student lunch tray. Breakfast meals and a la carte items require less labor time for preparation than a lunch. As an industry standard, three breakfast meals count as one meal equivalent and \$3 of a la carte sales count as one meal equivalent.

The cafeteria can be further categorized by classifying the preparation method as the conventional system or the convenience system. With the conventional method, meals are prepared from raw vegetables and from scratch. The convenience system uses the maximum amount of processed food and disposable items. The convenience system generally produces a higher MPLH ratio, but it does not provide the maximum nutritional value. The MISD Food Service Department does not categorize its preparation method; however, the review team observed preparation methods and menus that indicate classification as the convenience system.

Exhibit 6-13 outlines the MPLH industry standards used to evaluate the MISD staffing levels. When the MPLH rate is lower than the recommended rate, either the number of meals served is low or the number of hours worked is high. The number of hours worked is a function of two variables: the number of staff employed and the hours worked per worker. The district can control both variables.

**Exhibit 6-13
Recommended Meals Per Labor Hour**

Number of Equivalents	Meals Per Labor Hour (MPLH)			
	Conventional System		Convenience System	
	Low Productivity	High Productivity	Low Productivity	High Productivity
Up to 100	8	10	10	12
101-150	9	11	11	13
151-200	10-11	12	12	14
201-250	12	14	14	15

251-300	13	15	15	16
301-400	14	16	16	18
401-500	14	17	18	19
501-600	15	17	18	19
601-700	16	18	19	20
701-800	17	19	20	22
801-900	18	20	21	23
901 up	19	21	22	23

Source: School Food Service Management for the 21st Century, 5th Edition.

For the number of meals served in the district, the Low Productivity Convenience System indicates the district would be producing at the rate of 20 MPLH if operating at industry standard. Based on a full-time equivalent (FTE) employee of eight hours per day for 180 days, the Food Service Department was overstaffed by 2.4 employees during 2001-02(Exhibit 6-14).

Exhibit 6-14
MISD Meals per Labor Hour Comparison to Industry Standards
2000-01 through 2001-02

Year	Meal Equivalents	Labor Hours	MPLH Rate	Recommended MPLH Rate	Excess Hours	Excess FTE
2000-01	312,576	17,910	17.5	20	2,281	1.6
2001-02	290,311	17,910	16.2	20	3,395	2.4

Source: Meal Equivalents - MISD, Revenue report; Labor Hours-MISD, director of Food Service, 2000-01 through 2001-02.

Comal ISD Food Service Department eliminated seven full-time positions in August 2000 through attrition. The Comal ISD Food Service coordinator plans to continuously monitor MPLH and look for additional ways to improve productivity. As a result of the changes, Comal ISD estimates that it will save \$575,000 over five years.

Recommendation 38:

Implement industry staffing standards and adjust staffing levels accordingly.

The district can achieve MPLH standards through a combination of labor reductions and increased meals served. To assist in determining staffing needs, the district should perform a task analysis to determine needs, and schedule staff only when needed. Based on the analysis, the district should develop a plan to align productivity with industry standards by reducing the number of hours worked for some or all cafeteria staff or by lowering staffing levels through attrition or termination.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent implements a hiring freeze for cafeteria staff positions.	July 2003
2.	The director of Food Service works with cafeteria managers to identify specific MPLH goals to be achieved by each school with performance goals for each cafeteria.	August 2003
3.	The director of Food Service works with cafeteria managers to develop a plan to increase productivity and reduce labor costs to meet MPLH standards.	August 2003
4.	The director of Food Service presents the plan to the superintendent and the board for approval.	August 2003
5.	The director of Food Service and cafeteria managers implement the plans for improving productivity.	September 2003 to December 2003
6.	The director of Food Service and cafeteria managers analyze each school's MPLH monthly to evaluate productivity.	September 2003 to December 2003
7.	The director of Food Service incorporates achievement of MPLH goals into cafeteria managers' evaluations.	January 2004
8.	The director of Food Service reports the results of the plan to the superintendent and board, and modifies the plan as needed.	Annually

FISCAL IMPACT

Reducing staffing levels by 2.4 FTEs to achieve industry standards would result in annual savings of \$24,953. All salary costs are based on average pay for cafeteria positions, excluding cafeteria managers and assistant manager. The average hourly rate is \$6.23 with 18 percent added for benefits equates to a loaded hourly rate of \$7.35.

Eliminate 3,395 cafeteria hours:	Annual Savings
Hourly Salary Rate	\$6.23
Variable benefits rate	1.18
Hourly Rate	\$7.35
Hours Eliminated	3,395
Total annual salary and benefits	\$24,953

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Implement industry meals-per-labor-hour standards and adjust staffing levels accordingly.	\$24,953	\$24,953	\$24,953	\$24,953	\$24,953

Chapter 6

B. FINANCIAL MANAGEMENT AND REPORTING

In general, food service operations are expected to be self-sufficient and to run like a business. Successful management of a school food service operation requires knowledge of the school board's financial goals and objectives; thorough planning and budget development to meet board goals and objectives; and a financial accounting system that provides managers with accurate and timely financial information to assist in managing revenues and expenditures.

The MISD Food Service Department operated profitably and accumulated a fund balance of \$320,048 for the period ending June 30, 2002. This fund balance represents an increase from 1997-98 year of \$267,976 or 510.7 percent, as shown in **Exhibit 6-15**. The budget for the 2002-03 proposes a balanced budget, which would not change the fund balance.

Exhibit 6-15
MISD Food Service Department Fund Balance
1997-98 through 2002-03

Year	Fund Balance	Percent Increase from Prior Year	Percent Increase from 1997-98
1997-98	\$52,471	-----	----
1998-99	\$55,176	5.1%	5.1%
1999-2000	\$55,611	.7%	5.9%
2000-01	\$162,048	191.4%	208.8%
2001-02	\$320,447	97.7%	510.7%
2002-03 (budget)	\$320,447	0.0%	----

Source: MISD, Audited Annual Financial Reports, 1997-98 through 2001-02; MISD, adopted budget 2002-03.

FINDING

The MISD Food Service Department does not calculate and submit monthly financial reports to the business manager, superintendent or the

board. The business office maintains the accounting information on the district financial software and provides a monthly expenditure report that shows the current status against the adopted budget. The department does not perform further analysis of the report and does not review revenue reports.

Before the board can make informed decisions about the program, it needs quantitative historical, current and projected information. A food service operation should provide its governing board the current sales information, current status of operations, the current measurement against the budget for both revenue and expenditures and any expected changes to the ending fund balance.

Companies normally provide quarterly or monthly financial reports to management that include sales figures, profit and loss statements, budget-to-actual statements and end-of-year projections. The food service department of a school district should have comparable information. Federal reimbursement reports track the sales information. The business office already supplies the current month's expenditures and comparison to budget. The district financial software also provides revenues and comparison to budget in a standard report from the business office.

Midway ISD, a neighboring district in Region 12, provides semi-annual reports to its board that include:

- revenues and expenditures to date compared with budgeted revenues and expenditure;
- participation rates per school;
- revenues by source, including any change in the trend;
- net income per campus and for the district in total;
- narrative explanation for any unusual or unexpected items; and
- reaffirmation of the expected ending fund balance.

Recommendation 39:

Prepare and provide informative financial reports of Food Service operations to the board.

The Food Service Department has access to the information required for reporting. The director will need help initially to develop the report format, but should be able to continue the process. At a minimum, the report should contain:

- revenues and expenditures to date;
- projection of final revenue and expenditures based on the current information and comparison with the budget;

- meal participation rates with explanations for any material increases or decreases; and
- an estimation of the ending fund balance.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Food Service works with the business manager to develop appropriate reports.	September 2003
2.	The director of Food Service generates reports based on September 2003 activity and reviews with the business manager.	October 2003
3.	The director of Food Service presents the September 2003 reports to the superintendent for review and critique.	October 2003
4.	The director of Food Service generates monthly reports to verify the accuracy of the data.	November 2003 to December 2003
5.	The superintendent presents the monthly report to the board.	January 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

MISD's Food Service Department fund balance exceeds the federal three-months operating expenditure limit. Under federal regulations, programs funded through the NSLP must operate on a not-for-profit basis. The district may not maintain a fund balance in excess of three months of normal operating expenses. MISD maintains its Food Service Department as a separate special revenue fund entitled National School Breakfast and Lunch Program with the TEA-mandated fund code number 240.

The fund balance as of June 20, 2002 exceeds the estimated maximum allowed by \$184,128 as shown in **Exhibit 6-16**.

Exhibit 6-16
MISD Food Service Department
Fund Balance
1998-99 through 2001-02

Description	1998-99	1999-2000	2000-01	2001-02
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Revenues	\$677,336	\$678,246	\$674,786	\$703,675
Expenditures	\$674,853	\$677,811	\$568,350	\$545,276
Net Profit/Loss	\$2,483	\$435	\$106,436	\$158,399
Other Resources	\$222	\$0	\$0	\$0
Beginning Fund Balance	\$52,471	\$55,176	\$55,612	\$162,048
Ending Fund Balance	\$55,176	\$55,612	\$162,048	\$320,447
3 Months Average Expenditures	\$168,713	\$169,453	\$142,088	\$136,319
Excess Fund Balance	\$0	\$0	\$19,960	\$184,128

Source: MISD, Audited Annual Financial Report, 1998-99 through 2001-02.

The district has been out of compliance with a federal regulation for the past two audits. The Food Service Department is unaware of the net results of its operations and does not know the accumulated fund balance for Food Service. The director said she relies on the superintendent to tell her when she needs to adjust meal prices and does not know of any special items in the 2002-03 budget that would reduce fund balance. The business manager did not realize problems existed with the Food Service fund balance.

The external audit did not cite the district in either year. In selection of major federal programs for review, the audit did not identify the USDA programs for the audit of 2000-01 and therefore did not test compliance with federal requirements in that year. For the audit of 2001-02 federal programs, the SBP and NSLP programs were tested under the major fund rotational review.

A Food Service fund balance in excess of three months operating expenditures can result in loss of funds to the district. The district would have to pay back the excess funds to TEA.

Most districts carefully monitor the fund balance of their food service departments and take corrective action when necessary by establishing a plan for use of excess fund balance.

Recommendation 40:

Establish a plan to reduce the excess fund balance to the required levels.

Non-compliance with a federal regulation can lead to a required refund of federal funds. MISD should implement compliance measures to protect it

from refunding federal funds. The district should notify the independent auditors of this finding. The independent audit company should incorporate the information into its work papers for the 2001-02 audit. That current auditor's work papers will be reviewed in preparation for the audit of 2002-03, even if the district does not select the current auditor for the next audit.

MISD's excess fund balance for 2001-02 is immediately subject to refund if the district does not receive a waiver from TEA. Even though the external auditor did not report a compliance finding, MISD is required to report the excess fund balance and request a waiver from TEA.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Food Service works with the Business manager to develop a financial plan for the Food Service Department that includes the appropriate fund balance reserve for authorized future uses.	Immediately
2.	The director of Food Service and the business manager present the plan to the superintendent.	July 2003
3.	The superintendent presents the plan to the board as an information item.	July 2003
4.	The superintendent requests a waiver of excess fund balance to TEA.	July 2003
5.	The superintendent presents the results of waiver request to the board and requests a budget amendment based on the response from TEA.	August 2003
6.	The business manager conveys the results of the board meeting to the external auditor for incorporation into their working papers.	August 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The MISD Food Service Department and Business Office do not have procedures for securing cash drawers, ensuring cash is reconciled or making reports to the Business Office. The food service department of a school district handles more cash transactions on a daily basis than any other department, which requires strict internal controls. Each cafeteria line has a terminal for the NutriKids POS system and a cash drawer. The

software generates a cash report at the end of the serving day for each drawer. The cafeteria manager counts the cash and checks and prepares the deposit slip. The cafeteria managers or the director transport the deposit to the bank each day. The following day, the department forwards the validated deposit slip to the business office for posting through cash receipts. During onsite work, the review team visited the high school cafeteria mid-morning and noted an unattended cash drawer.

The lack of internal controls and lack of financial reporting from the department leaves the district susceptible to theft.

Separation of duties provides the most effective method of internal controls. The department maintains the cash drawer under lock when not in use and in possession of the cashier at all other times. The cashier takes the money during the serving time and counts the till at the end of the day. A second person recounts the till. Then a third person compares meal counts with the cash received and prepares the deposit slip. Finally, the person who posts to cash receipts validates the independent counts against the actual deposit. As further security, the department prepares revenue analysis to determine that the amount of cash deposited is reasonable for the specific cafeteria.

A small school district does not have the number of employees necessary for full separation of duties. However, the NutriKids system provides built-in security by means of the daily cash report. Districts that effectively use their POS systems provide the daily cash report to a separate person or to the business office for independent comparisons of cash deposits.

Recommendation 41:

Create a procedure for cash control and management.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Food Service works with the business manager to develop a procedure for the internal control of cash deposits.	July 2003
2.	The director of Food Service trains the cafeteria managers, the assistant manager and cashiers on the procedure.	August 2003
3.	The cafeteria managers implement the cash deposits procedure.	August 2003
4.	The director of Food Service periodically observes the procedure to verify compliance.	September 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The MISD Food Service Department does not pay its share of department operating costs and overhead. The accounts payable clerk charges a portion of the monthly bills for water, electricity, gas and telephone service to the Food Service Department, but the formulas have not been reviewed in several years. No other district costs are charged to the Food Service Department.

The *Administrator's Reference Manual, 2002* published by TEA presents a listing of expenditures that can be made from a food service fund. The district could pay direct maintenance and custodial services, pest control services, computer support services and connectivity costs from the food service fund, but does not.

The MISD Maintenance Department does not charge the Food Service Department for repair services. The MISD Custodial Department provides services to the department, including garbage removal and cleaning of eating areas. The Food Service Department compensates the custodians by providing free meals. The MISD Technology staff provides support for the department's NutriKids system and will soon provide e-mail accounts and Internet connectivity. The finance office provides payroll and accounts payable processing and files the financial reports with TEA.

Services that are not directly listed as an allowable cost may still be reimbursable if approved by TEA. The directors of the AEP and PEP centers pick up and deliver breakfast meals while the district delivers lunch meals through the district mail route. Taxpayer dollars pay these employees, not Food Service Department funds.

The MISD Food Service Fund had a fund balance in excess of federal guidelines at the end of 2001-02 and must prepare a plan to decrease the fund balance amount. But profits derived from Food Service operations can only be used for Food Service operations.

By not allocating operations cost such as maintenance and janitorial services to the Food Service Department's operating expenditures, the department overstates its profit and fund balance. Since the general fund has been used in the past to pay for these costs, general fund expenditures have been overstated and fewer funds have been available for classroom use.

Tyler ISD has developed a cost allocation system enabling the district to recover costs for utilities, custodial and maintenance services resulting from its food service operations. Custodial and utility costs were developed on a per-square-foot ratio, and costs were transferred from the general operating budget to the food service budget.

Recommendation 42:

Develop a cost-allocation process to recover the costs of services provided to the Food Service Department.

The district has an opportunity to retroactively apply the cost allocations to expenditures in 2002-03, which could increase the ending fund balance of the general fund and decrease the excess fund balance of the Food Service fund.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Food Service works with the business manager to find expenditures that may be reimbursed to the general fund.	July 2003
2.	The business manager creates a cost-allocation process for charging costs to the Food Service Department and reviews the process with the director of Food Service.	July 2003
3.	The director of Food Service and the business manager present the cost-allocation process to the superintendent for review.	July 2003
4.	The business manager calculates allocations for all 2002-03 expenditures using the cost-allocation process.	July 2003
5.	The superintendent presents the allocation process to the board as an information item and if required, requests budget changes for the increased expenditures in the Food Service fund and increased revenues in the general fund.	August 2003
6.	The business manager implements the monthly cost-allocation process.	August 2003 and Ongoing

FISCAL IMPACT

A review of services provided by other departments will reveal many reimbursable costs. At a minimum, the Food Service Department should reimburse the general fund for custodial costs. The average hourly rate for custodians is \$5.66 with 18 percent added for benefits for part-time employees this equates to a loaded hourly rate of \$6.68. The standard custodial job description provides 9.5 hours per day in the cafeteria areas

of the three schools. Multiplying by 180 school days, the district may be able to request reimbursement for 1,710 hours of custodial service.

Although this will be a transfer of funds as opposed to a district savings, the reimbursement will provide funds not currently available for direct classroom use.

Reimburse 1,710 custodial hours:	Annual Savings
Hourly Salary Rate	\$5.66
Variable benefits rate (part-time employee)	1.18
Hourly Rate	\$6.68
Hours Eliminated	1,710
Total annual salary and benefits	\$11,423

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Develop a cost-allocation process to recover the costs of services provided to the Food Service Department.	\$11,423	\$11,423	\$11,423	\$11,423	\$11,423

Chapter 6

C. STAFFING AND TRAINING

The Food Service Department operates two kitchens that serve three on-site campuses and three off-site campuses. Meals for the AEP campus, the PEP campus and The Learning Center campus are prepared at the elementary/middle school kitchen and are delivered by district personnel.

The seventh standard of the TSFSA Standards of Excellence states, "School food service provides an environment which enhances employee productivity, growth, development and morale." Employees must be trained in the mechanics of their job. Effective training supplements the basic instruction by including productivity methods, safety and sanitary issues, customer satisfaction concerns and recognition of the nutritional value of student choices.

Training relevant to food service operations is available to Texas school districts through many sources, including the Texas School Food Service Association, the Texas Association of School Business Officials and the regional education service center Child Nutrition departments.

FINDING

The MISD Food Service Department provides new employees with on-the-job training for their assigned tasks. The kitchen manager supplies additional training and cross training as the need arises. The department does not provide formal in-service training or advancement opportunity training. The Food Service director encourages employees to attend training opportunities through Region 12 programs; however, the department does not reward employees for increased training or require training as a condition of employment.

Killeen ISD (KISD) enhanced the job performance and job satisfaction of its Food Service personnel by offering in-service training. The training programs, which were conducted before the beginning of each school year and again during the school year, covered a variety of topics for different groups of Food Service employees. KISD's cafeteria managers attended 15 hours of manager development training; managers and cooks received 7.5 hours of managerial and professional development; and cashiers attended four hours of cashier training. New cooks participated in eight hours of training in safety and sanitation and two hours of training in hazardous chemicals. Managers and cooks took eight hours of networking training. Managers, cashiers and cooks attended four hours of Bell County health training. Directors, supervisors and Region 12 Food Service employees

took eight hours of training in production records. Directors, supervisors, the child nutrition manager and secretaries participated in three hours of NuMenus training. Managers and cashiers took two to three hours of cashier system training and four hours of computer training. In addition, Food Service staff participated in eight hours of professional training attended by all district personnel.

Recommendation 43:

Develop an effective food service staff development plan with appropriate incentives for staff participation.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Food Service works with the director of personnel to develop a training plan for all department employees, including a compensation plan that provides payment for hours spent in training or salary incentive for attaining specific levels of training.	July 2003
2.	The director of Food Service includes the costs associated with training in the proposed budget.	July 2003
3.	The director of Food Service establishes a specific training schedule for each employee and provides the schedule to the cafeteria managers.	August 2003
4.	The cafeteria manager implements the training schedule and reports the progress of each employee in the annual employee evaluations.	September 2003
5.	The director of Food Service and cafeteria managers review the effectiveness of the training provided and revise the plan for the coming year.	Annually

FISCAL IMPACT

One training and compensation plan would provide eight hours of training at the district and pay the employees for the time. The regional education service centers through TEA provide training resources. Region 12 charges \$350 per day for a consultant to come to the district. The cost for eight hours of pay for the current number of employees at their pay rate for 2002-03 would be \$849 and benefits at 18 percent would add an additional \$153. If the district chose this style of training and employee compensation, the cost would be \$1,352 annually.

Recommendation	2003-04	2005-05	2005-06	2006-07	2007-08
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Develop an effective staff development plan with appropriate incentives for staff participation	(\$1,352)	(\$1,352)	(\$1,352)	(\$1,352)	(\$1,352)
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Chapter 6

D. MEAL PARTICIPATION

The Texas Comptroller of Public Accounts published "Food for Thought: Ideas for Improving School Food Service Operations." The publication succinctly addresses the issues involved with identifying students who are eligible for free and reduced-price lunches.

"Identifying those students eligible for free and reduced-price meals through the National School Lunch and Breakfast Program is a tedious and time-consuming process. Some parents are reluctant to fill out the necessary forms. With some parents it is a matter of pride; with others it is a matter of literacy. Some students are hesitant to participate in the program, especially at the secondary levels, because it is not "cool" to be identified as poor. Principals are often so overloaded with paperwork of all kinds, it is sometimes difficult to find time to pay much attention to these forms."

The NSLP and SBP are intended to provide nutritious meals for all students at an affordable cost and to compensate the district for all eligible meals served. However, in addition to the food service department revenue generation, the counts of eligible students directly affect educational funding. The federal government provides supplementary programs under the Compensatory Education and Title I funding that are directly tied to eligible student counts. Also the Telecommunications Infrastructure Funding (TIF) grant legislation provides reductions of costs for telephone and computer connection charges for school districts and community libraries. The funding amount for these programs ties directly to counts of economically disadvantaged students. The TIF amount also increases in relation to the percentage of students. The food service department of a school district has the ability to directly affect the funding for educational and technology services.

The most successful programs will assist parents in completing the forms, involve the campus in the process and aggressively advertise the benefits to district funding as well as benefits to the students.

FINDING

MISD does not have a plan for aggressively identifying students eligible for free or reduced-price meals, which limits the amount of federal revenues available for classroom use. The district sends applications for free or reduced-price meals home with students at the beginning of the school year. Completed applications are sent to the principal's office for

review. After the campus secretary reviews the application for completeness and accuracy, the principal reviews and signs each application. Later, the Food Service director also reviews the applications for completeness and accuracy. MISD uses direct certification, which qualifies a family without completing an application if they are pre-certified as eligible through the federal Temporary Assistance for Needy Families assistance program. MISD also provides a family application, so the parents can complete a form and qualify all siblings in the same household at once.

Because older students hesitate to be identified as poor, most districts see a decline in the percentage of students identified in middle school and high school. The most current information available showing students by grade level for MISD and the peer districts is for 2000-01. **Exhibit 6-17** illustrates the percentage of students by grade level identified as economically disadvantaged.

Exhibit 6-17
Percentage of Economically Disadvantaged Students
MISD

Grade Level	Description	2001-01	2001-02	2002-03*
Early Childhood/ Kindergarten	Total Students	154	145	153
	Identified Students	118	130	130
	Percent Identified	76.6%	89.7%	85.5%
Elementary	Total Students	628	591	535
	Identified Students	503	494	440
	Percent Identified	80.1%	83.6%	82.2%
Middle School	Total Students	393	405	363
	Identified Students	268	288	275
	Percent Identified	68.2%	71.1%	75.8%
High School	Total Students	462	480	475
	Identified Students	247	269	279
	Percent Identified	53.5%	56.0%	58.7%

District Total	Percent Identified	69.4%	72.9%	73.7%

Source: TEA, PEIMS, 2000-01 and 2001-02.

*Note: As 2002-03 are not certified end-year numbers the review team evaluated using numbers from 2001-02.

Of the 1,621 students enrolled in 2001-02, the MISD percentage of total eligible students rose from 69.4 percent in 2000-01 to 72.9 percent in 2001-02. However, the statistics for MISD drop from a high of 80.1 percent eligible in the elementary grades to 53.5 percent eligible in the high school grades. Typically, across school districts, the same percentage of high school students and middle school students are eligible for free or reduced-price meals even if they are not identified. This means the number of students actually eligible for identification as economically disadvantaged in MISD is likely close to 80 percent.

By not identifying every eligible student, even if the student chooses not to take advantage of the free or reduced-price of the meal, the district loses available revenue provided through the state for Compensatory Education. In 2001-02, MISD received state Compensatory Education funding of \$592 per identified student.

Some districts have software for student records that links students by family. Then when one student application is granted, the district can quickly verify that all students from the same family have been listed on the application. Although for smaller districts like MISD, the automatic student verification may not be available, a systematic review of the approved application cross-referenced to student listings provide the same increases in eligible students. Other districts provide incentive awards and advertising campaigns to increase identification of eligible students.

Recommendation 44:

Increase federal funding by identifying all students who qualified for free and reduced-price meals.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Food Service works with the cafeteria managers and principals to determine ideas for increasing the number of students identified as economically disadvantaged.	July 2003
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2.	The director of Food Service works with the campus secretaries to determine the best method for cross-referencing siblings.	July 2003
3.	The director of Food Service reviews the current listing of students to determine which siblings were not identified in 2002-03.	July 2003
4.	The director of Food Service, with the help of school principals, implements a campaign to increase identification of economically disadvantaged students.	August 2003 to September 2003
5.	The director of Food Service reviews the percentages of identified students by grade level to evaluate the success of the campaign.	Annually

FISCAL IMPACT

The federal Compensatory Education Program and the Title I program are funded based on the number of students identified as economically disadvantaged. Increasing the percentage of qualified students from 72.9 percent to 80 percent would bring a 7.1 percent increase in those funds.

For 2001-02, MISD received \$698,876 in Compensatory Education Program funds and \$434,480 in Title I funds. An increase of 7.1 percent would bring an additional \$80,468 in funds for classroom use.

Recommendation	2003-04	2005-05	2005-06	2006-07	2007-08
Increase federal funding by identifying all students who qualified for free and reduced-price meals.	\$80,468	\$80,468	\$80,468	\$80,468	\$80,468

FINDING

The Food Service Department does not have the authority to regulate items for sale in vending machines near or in school cafeterias to ensure they meet federal requirements. The middle school at MISD sells snack items in the hallway leading to the cafeteria every day during the lunch periods. The items sold include carbonated sodas, juice-based drinks, candy and snack chips. During a lunch period, the review team observed several students bringing soft drinks, chips and candy into the cafeteria. Those students did not eat any other foods during the lunch period. Proceeds from the snack sales benefit the campus activity fund. Federal regulations prohibit the sale of foods of minimal nutritional value (FMNV)

in the food service area during meal periods. **Exhibit 6-18** identifies the foods considered FMNV.

Exhibit 6-18
Foods of Minimal Nutritional Value

Description
Soda Water - any carbonated beverage. No product shall be excluded from this definition because it contains discrete nutrients added to the food such as vitamins, minerals and protein.
Water Ices - any frozen, sweetened water such as "...sicles" and flavored ice, with the exception of products that contain fruit or fruit juice.
<p>Certain Candies - any processed foods made predominantly from sweeteners or artificial sweeteners with a variety of minor ingredients that characterize the following types:</p> <ul style="list-style-type: none"> • <i>Hard candy</i> - a product made predominantly from sugar (sucrose) and corn syrup that may be flavored and colored, is characterized by a hard, brittle texture and includes such items as sour balls, lollipops, fruit balls, candy sticks, starlight mints, after dinner mints, jaw breakers, sugar wafers, rock candy, cinnamon candies, breath mints and cough drops. • <i>Jellies and gums</i> - a mixture of carbohydrates that are combined to form a stable gelatinous system of jellylike character and are generally flavored and colored, and include gum drops, jelly beans, jellied and fruit-flavored slices. • <i>Marshmallow candies</i> - an aerated confection composed of sugar, corn syrup, invert sugar, 20 percent water and gelatin or egg white to which flavors and colors may be added. • <i>Fondant</i> - a product consisting of microscopic-sized sugar crystals that are separated by a thin film of sugar and/or invert sugar in solution such as candy corn, soft mints. • <i>Licorice</i> - a product made predominantly from sugar and corn syrup that is flavored with an extract made from licorice root. • <i>Spun candy</i> - a product that is made from sugar that has been boiled at high temperature and spun at a high speed in a special machine. • <i>Candy coated popcorn</i> - popcorn that is coated with a mixture made predominantly from sugar and corn syrup.

Source: TEA, Child Nutrition Programs Division, Administrator's Reference Manual 2002.

In April 2002, TEA distributed a FMNV policy change letter, based on a USDA January 2001 policy memorandum. The policy re-defines the term "food service area" and clarifies the term "eating area." MISD does not have a school board policy defining its "food service" area. School districts were also advised in the letter "USDA has directed state agencies to aggressively enforce these requirements." The elements necessary for compliance with FMNV are shown in **Exhibit 6-19**.

Exhibit 6-19
Foods of Minimal Nutritional Value
Compliance Elements

1.	<p>Schools must properly designate the food service area for the purpose of restricting the service of FMNV.</p> <ul style="list-style-type: none"> • The "food service area" is defined as any area on school premises where program meals (breakfast and lunch) are both served and eaten, as well as any areas in which program meals are either served or eaten. This includes "eating areas" that are completely separate from the "serving lines" such as hallways, outdoor commons, etc. • Schools may not design, or designate, their food service area in such a way as to encourage or facilitate the choice or purchase of FMNV as a ready substitute for, or in addition to, program meals. • "Meal periods" are defined to include both the time of serving and the time the student spends eating the meal.
2.	<p>Schools must prevent access to FMNV.</p> <ul style="list-style-type: none"> • Schools must not serve or provide access to FMNV during meal service periods in the area(s) where reimbursable meals are served and/or eaten. • Schools must price a reimbursable meal as a unit. Any FMNV provided with a reimbursable meal "at no additional charge" is in fact being sold as part of the meal and therefore violates the prohibition against selling FMNV in the food service area during meal periods.
3.	<p>Schools must assess how the school food service funds are being used.</p> <ul style="list-style-type: none"> • Purchases of FMNV for service in the food service area during meal periods are <u>not</u> an allowable cost. Minor quantities of FMNV (for decorating or garnishing) are allowable costs. • If food service funds are used to purchase FMNV for sale outside the meal period(s) or outside the food service area(s) during meal periods, then funds must be deposited in the food service account in a sufficient amount to cover all direct and indirect costs relating to the purchase

and service of the FMNV. Records documenting the recovery of these costs must be maintained and available for review.

Source: TEA, Child Nutrition Programs Division, Administrator's Reference Manual, 2002.

When violations of this policy are noted TEA must require both corrective action and restoration to the school food service account of improperly used or lost funds. USDA recommends that corrective action include disallowing reimbursement for all meals served by a school on the day a violation was observed. The lost income suffered by the food service must come from a source other than the school food service account. A corrective action plan will be required and will be diligently monitored to ensure continued compliance.

Without the ability to monitor and ensure that foods sold in vending machines meet FMNV requirements, the district may lose or be required to refund federal reimbursement funds. In addition, the district would be required to reimburse the Food Service Department fund from general operating funds for any money refunded to the federal government.

Many school districts establish vending machine policies and procedures to ensure that compliance with FMNV requirements. Bastrop ISD (BISD) established procedures requiring all vending machine companies to work through the BISD Child Nutrition Services Department. The Child Nutrition Services director implemented tight restrictions on vending machine placement and closely monitors vending sales during serving periods to ensure compliance with federal requirements. The Texas Association of School Boards (TASB) has a model policy CO (Legal) that addresses the sale of FMNV items.

Recommendation 45:

Prevent snack food sales during meal periods at the middle school and require the director of Food Service to approve Food of Minimal Nutritional Value items sales.

The district should establish procedures to ensure that all district vending machines and food sales meet FMNV requirements. The procedures should identify the roles and responsibilities for principals and for the director of Food Service to ensure compliance with all FMNV requirements. The director of Food Service should have final approval of all food items sold in the district, before the purchases are made and should determine when machines operate or sales of edible items occur.

The procedure should also identify the source of funds to replace food service reimbursements if a violation occurs.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent reviews the TASB model board policy regarding the sale of foods of minimal nutritional value.	July 2003
2.	The board reviews and adopts the policy.	July 2003
3.	The director of Food Service works with principals to develop districtwide procedures for vending machines and other sales of food that support the board policy.	July 2003
4.	The director of Food Service presents the procedures to the superintendent for approval.	July 2003
5.	The director of Food Service and the principals implement the procedures.	August 2003
6.	The cafeteria managers at each school monitor the vending machines and other food sales and report compliance issues to the director of Food Service for resolution.	August 2003 and Ongoing
7.	The director of Food Service addresses and resolves issues as needed.	August 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 7

TRANSPORTATION

This chapter reviews the Marlin Independent School District (MISD) transportation services in the following sections:

- A. Organization and Staffing
- B. Operations
- C. Vehicle Maintenance

The primary goal of every school district's transportation department is to transport students to and from school and approved extracurricular activities in a timely, safe and efficient manner. Texas' 35,000 school buses travel more than 380 million miles a year, transporting nearly 1.4 million children every day. The annual statewide cost for public school bus transportation is nearly \$834 million.

BACKGROUND

Chapter 34 of the Texas Education Code (TEC) authorizes, but does not require, Texas school districts to provide transportation for students in the general population to and from home, school and career and technology training locations and extracurricular activities. The federal Individuals with Disabilities Education Act (IDEA) requires a school district to provide transportation for students with disabilities, if the district also provides transportation for students in the general population or if students with disabilities require transportation to special education services.

The TEC authorizes each school district board to establish and operate or contract with a commercial transportation company to provide an economical public school transportation system and determine the allotment of state Foundation School Program funds for eligible student transportation or "route services." The Texas Legislature sets funding rules and the Texas Education Agency (TEA) administers the program. TEA requires each school district eligible to receive state reimbursement to provide two annual school transportation reports, the *Route Services Report* and the *Operations Report*. The *Route Services Report* documents reimbursable miles traveled and number of riders by program and subprogram. The *Operations Report* assigns all costs and miles to either regular or special programs. Effective with 2001-02 reporting, these reports must be submitted through a new Web-based Foundation School Program payments system.

TEA allows reimbursements for eligible students participating in four categories of programs: regular, special, career and technology and private programs.

The first category covers students residing two or more miles from school or within a defined hazardous route. The second category concerns special program students, who have special needs that meet federal and state disability requirements. TEA restricts these eligible route services to transporting only special needs students within standard or auxiliary special program routes. The third category includes career and technology programs, covering both regular and special program routes. The fourth category, private programs, provides reimbursement for eligible students for transportation provided by a parent or public transportation.

TEA provides reimbursements for regular programs at a standard per-mile rate, based on each district's linear density. TEA defines linear density as the ratio of the average number of regular program students transported daily on standard routes to the number of route miles traveled daily for those standard routes. TEA uses this ratio to assign each school district to one of seven linear density groups. A district's prior year linear density rate serves as the basis for calculating current year reimbursement.

Exhibit 7-1 shows the linear density groups and the related reimbursement rate per mile.

Exhibit 7-1
TEA Linear Density Groups
2001-02

Linear Density Group	Allotment Per Mile
2.40 or more	\$1.43
1.65 to 2.40	\$1.25
1.15 to 1.65	\$1.11
0.90 to 1.15	\$0.97
0.65 to 0.90	\$0.88
0.40 to 0.65	\$0.79
0.40 or less	\$0.68

Source: Texas Education Agency (TEA), *Handbook on School Transportation Allotments*, revised May 2002.

Exhibit 7-2 shows the standard number of riders and mileage for MISD and each of the peer districts, along with their corresponding linear density for 2001-02.

**Exhibit 7-2
Transportation Mileage and Ridership
MISD and Peer Districts
2001-02**

District	Standard Number of Riders	Standard Mileage	Linear Density
Jefferson	147,600	315,144	0.468
Hearne	25,200	58,265	0.433
MISD	61,740	99,180	0.623
Gladewater	190,980	176,400	1.083

Source: TEA, *School Transportation Route Services Reports*, 2001-02.

Exhibit 7-3 illustrates the change in linear density for MISD and its peer districts from 1998-99 to 2001-02. Although MISD's 2001-02 linear density fell within the 88 cent range for 2002-03, the district had to use the 79 cent range for reimbursements in 2001-02 because TEA's guidelines use the prior year's linear density rate for current year reimbursements. For 2002-03, the district received the 88 cent rate for reimbursements.

**Exhibit 7-3
Linear Density
MISD and Peer Districts
1998-99 through 2001-02**

District	1998-99	1999-2000	2000-01	2001-02	2001-02 Allotment Rates per Mile
Jefferson	0.516	0.483	0.453	0.468	\$0.79
Hearne	0.445	0.398	0.468	0.433	\$0.79
MISD	0.676	0.567	0.754	0.623	\$0.88

Gladewater	1.013	1.095	1.088	1.083	\$0.97
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Source: TEA, School Transportation Route Services Reports, 1998-99 through 2001-02.

Reimbursement rates for special program students are also based on the prior year's cost per mile, but limited to \$1.08 per mile. **Exhibit 7-4** shows the 2001-02 reimbursement rates for special program miles for MISD and its peer districts.

Exhibit 7-4
Special Program Riders, Miles and Reimbursement Rates
MISD and Peer Districts
2001-02

District	Special Daily Riders	Special Miles	Reimbursement Rate per Mile
Jefferson	5	20,520	\$0.15
Gladewater	25	19,260	\$0.28
MISD	113	144,174	\$0.63
Hearne	19	5,530	\$1.08

Source: TEA, School Transportation Route Services Reports, 2001-02.

Through a county cooperative services agreement, MISD provides special education services for surrounding districts and transportation for many of the students who reside in the other districts. As a result, the number of special miles MISD drives exceeds that of its peer districts. The district's transportation miles and costs reported have fluctuated greatly. The director of Transportation attributes the fluctuations to attempts to improve its accounting and reporting to make data reported more accurate and timely.

The district's transportation operating costs increased 30.2 percent between 1998-99 and 2001-02. Contracted services and supplies cost for bus maintenance increased by \$54,127 or 75.6 percent from 1998-99 through 2001-02. **Exhibit 7-5** compares MISD's transportation costs with its peer districts for 1998-99 through 2001-02.

Exhibit 7-5
Annual Operating and Total Costs
MISD and Peer Districts
1998-99 through 2001-02

	1998-99	1999-2000	2000-01	2001-02	Percent Change Between 1998-99 and 2001-02
Operating Costs					
MISD	\$258,358	\$285,910	\$349,791	\$336,268	30.2%
Jefferson	\$387,471	\$357,007	\$429,105	\$422,353	9.0%
Gladewater	\$457,249	\$516,500	\$489,875	N/A	N/A
Hearne	\$162,727	\$141,764	\$172,164	\$200,787	23.4%
Total Costs					
MISD	\$258,358	\$309,810	\$349,791	\$411,442	59.3%
Hearne	\$231,574	\$193,476	\$284,440	\$292,040	26.1%
Gladewater	\$566,445	\$574,210	\$572,944	N/A	N/A
Jefferson	\$510,372	\$476,370	\$537,195	\$579,528	13.6%

Source: TEA, School Transportation Operating Reports, 1998-99 through 2001-02.

Note: Operating costs do not include capital and debt costs.

N/A - Data Not Available.

MISD's total transportation cost per mile for 2001-02 was 37.3 percent less than the average cost of its peer districts. Between 1998-99 and 2001-02, MISD's total transportation cost per mile increased 47.3 percent, compared with a 42.7 percent peer average. **Exhibit 7-6** shows total transportation costs per mile for MISD and its peer districts for 1998-99 through 2001-02.

Exhibit 7-6
MISD and Peer Districts Total Costs per Mile
1998-99 through 2001-02

	1998-99	1999-2000	2000-01	2001-02	Percent Change Between 1998-99 and 2001-02
MISD	\$0.91	\$1.07	\$1.19	\$1.34	47.3%

Hearne	\$2.19	\$1.93	\$2.77	\$2.94	34.2%
Gladewater	\$1.34	\$1.51	\$1.68	N/A	N/A
Jefferson	\$0.98	\$0.97	\$1.18	\$1.35	37.8%
Average for Peers	\$1.50	\$1.47	\$1.88	\$2.14	42.7%
Marlin's cost below Peer Average	39.3%	27.2%	36.7%	37.3%	N/A

Source: TEA, School Transportation Route Services Reports, 1998-99 through 2001-02.
N/A - Data Not Available.

Exhibit 7-7 shows MISD receives reimbursement from the state for 34 percent of its regular transportation operating costs and 72 percent of its special program operating costs. When compared with peer districts, MISD receives the lowest percentage reimbursement for its regular program costs, but the highest percentage for special program costs.

Exhibit 7-7
Regular and Special Program Costs
MISD and Peer Districts
2001-02

District	Regular Program			Special Program		
	Operations Cost	State Reimbursement	Percent State	Operations Cost	State Reimbursement	Percent State
Hearne	\$275,914	\$46,029	16.7%	\$16,126	\$5,972	37.0%
Jefferson	\$568,012	\$248,964	43.8%	\$11,516	\$3,078	26.7%
Gladewater	N/A	N/A	N/A	N/A	N/A	N/A
MISD	\$285,235	\$97,069	34.0%	\$126,207	\$90,830	72.0%

Source: TEA, School Transportation Operations Reports and School Transportation Route Services Reports, 2001-02.

Exhibit 7-8 compares MISD's regular and special program riders, buses, odometer miles and riders per bus with that of its peer districts for 2001-02.

Exhibit 7-8
Riders, Buses, Odometer Miles and Riders Per Bus

**MISD and Peer Districts
2001-02**

District	Regular				Special			
	Daily Riders	Total Odometer Miles	Total Buses	Riders per Bus	Daily Riders	Total Odometer Miles	Total Buses	Riders per Bus
Jefferson	820	31,514	31	26	5	20,520	2	3
Gladewater	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MISD	343	99,180	17	20	113	144,174	8	14
Hearne	140	58,265	18	8	19	5,530	1	19

Source: TEA, School Transportation Operations Reports and School Transportation Route Services Reports, 2001-02.

The Texas School Performance Review (TSPR) survey had several questions relating to transportation issues. Surveys returned by parents showed that:

- 65 percent were satisfied with the safety of the school bus zone;
- 60 percent were satisfied with the length of the bus ride;
- 60 percent were satisfied with the ability of the student to be seated before the bus takes off; and
- 62.5 percent were satisfied with the bus arriving and departing on time.

However, 12.5 percent of parents were concerned about discipline on the buses. In addition, TSPR survey and focus group comments indicated concerns regarding the condition of the buses, bus routes, communication and discipline.

Chapter 7

A. ORGANIZATION AND STAFFING

The director of Transportation, who reports to the superintendent, manages MISD's transportation services. The Transportation Department has 21 bus drivers, excluding back-up drivers: four are full-time employees of the Transportation Department, seven are full-time MISD employees with positions elsewhere in the district, and 10 are part-time drivers. These 21 drivers run 12 regular routes and nine special education routes in the mornings and afternoons. Three of the drivers also run 10 mid-day routes. The director of Transportation and MISD coaches serve as back-up bus drivers.

The district has three categories of bus drivers for compensation purposes: full-time Transportation Department employees, who drive bus routes but have other primary duties, such as vehicle maintenance or mail delivery; employees who work elsewhere in the district and are paid supplemental rates for bus driving duties; and Transportation Department bus drivers who are paid a standard rate based on the estimated time required for their routes. In their role as bus drivers, these employees all report to the director of Transportation.

As part of his annual evaluation of full-time bus drivers, the director of Transportation said that he reviews each bus driver's absenteeism and any complaints filed. The director also rides with each driver on his or her route. The director of Transportation and department employees said that there are few written policies; most policies and procedures are verbally communicated.

The district employs nine bus monitors who work elsewhere in the district. Monitors are only assigned to special education routes and are paid from special education funds, which are not included in Transportation Department costs.

Although MISD posts positions for bus drivers through the personnel office, the director of Transportation said he prefers to hire people from the community. Before hiring drivers, the district requires background checks and drug tests. Each driver must have a class C drivers' license. The district provides training for its bus drivers through the Regional Education Service Center XII (Region 12). The training includes instruction on safety and child handling, including guidance on how to manage special education students. All bus drivers must attend the driving school conducted by Region 12 every three years in order to maintain their

state certification. In addition, drivers are required to have annual physical exams.

Exhibit 7-9 lists the 21 MISD employees assigned to bus routes.

**Exhibit 7-9
MISD Bus Drivers
2001-02**

Job	Status
Full-time in Transportation/Operations:	
Mechanic	Full-time mechanic, driver
Mechanic Helper	Full-time helper, driver
Mechanic Helper	Full-time helper, driver
Helper	Full-time driver, mail route
Works elsewhere in District:	
Special Aide	Part-time driver
Receptionist	Part-time driver
PEP	Part-time driver
Learning Center	Part-time driver
Aide	Part-time driver
VoTech	Part-time driver
Aide	Part-time driver
Fixed rate, based on route:	
Driver	Route SE-2
Driver	Route SE-4
Driver	Route SE-9
Driver	Route 47 and midday routes
Driver	Route 5
Driver	Route CA-8
Driver	Route 9
Driver	Several Routes
Driver	Route 46

Driver	Route 1A
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Source: MISD's director of Transportation.

The district pays bus drivers \$8.10 per hour for a nine-month cycle, distributed over 12 months. Drivers who work elsewhere in the district receive supplements that bring their pay to the bus drivers' rate.

FINDING

The Transportation Department uses a variety of staffing alternatives to meet its bus driver needs. The director of Transportation allows split shifts and job sharing opportunities for bus drivers who have other obligations. For example, one bus driver will drive a morning route, while another bus driver will drive the same route in the afternoon. Using employees who have other district duties provides the department with reliable drivers, while affording employees with additional income. Job-sharing opportunities allow employees time to pursue personal or professional development, and allow the district to retain quality individuals.

COMMENDATION

The Transportation Department allows job sharing and split shifts, which enables a higher retention of employees and helps the district's recruiting efforts.

FINDING

MISD's files that document bus drivers' certifications and licenses are incomplete or outdated. The review team checked a list of 35 regular drivers and back-up drivers to actual records of their certifications and licenses. The team found that most drivers' files do not contain the required documents. **Exhibit 7-10** shows the status of bus driver records for required certifications and licenses.

**Exhibit 7-10
MISD Bus Driver Certification and License Records
2001-02**

Records for Employee Certifications and Driver's Licenses	Number of employees
Contains both current certification and driver's license	6
Contains only current certification	16
Contains only current driver's license	6

Source: MISD, Transportation Department.

The seven drivers without either a current driver's license or certification on file include five regular drivers, two are full-time transportation staff members, a coach and a band staff member.

TEC Section 521.022 requires that all bus driver records be updated annually:

"A person may not operate a school bus for the transportation of students unless the person's driving record is acceptable according to minimum standards adopted by the department. A check of the person's driving record shall be made with the department annually."

The lack of current employee certifications and licenses exposes the district to safety and risk concerns. In a meeting with district officials on February 19, 2003, the director of Transportation said that copies of current licenses and certifications for all drivers had been obtained.

Elgin ISD, which has a student enrollment of about 3,000, maintains its bus driver records and documents that each driver completes his or her original driver certification, as well as the required refresher training courses. The Elgin ISD Transportation Department also maintains all documentation related to drivers' drug testing and attendance records.

Recommendation 46:

Establish a system to periodically review bus drivers' files to ensure that all certifications and licenses are current.

The director of Transportation should develop a checklist of the documents required for each driver's folder. A copy of this checklist should be placed in the front of each folder and a review of each folder should be conducted to identify which documents may be missing or out of date. The director of Transportation should ensure that copies of missing documents are obtained from all drivers. A tickler file or spreadsheet should be developed to indicate the expiration dates of all drivers' licenses and certifications to remind the director when updated documents are needed for the driver's files.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Transportation develops a checklist of all documents required in drivers' folders and reviews all folders to identify missing or expired licenses and certifications.	July 2003
2.	The director of Transportation requires all drivers with missing documents to submit copies of current licenses and certifications.	August 2003
3.	The director of Transportation develops a tickler file or spreadsheet to indicate the dates when driver's licenses and certifications expire.	September 2003
4.	The director of Transportation develops a process for monitoring the tickler file or spreadsheet to ensure he receives current copies of licenses and certifications.	September 2003
5.	The director of Transportation reviews the tickler file or spreadsheet at the beginning of each month and takes any actions necessary to update the files.	October 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 7

B. OPERATIONS

The district's transportation operating costs increased from \$258,358 in 1998-99 to \$336,268 in 2001-02. For this same period, the district's transportation mileage increased from 169,000 miles in 1998-99 to 307,000 miles in 2001-02. The director of Transportation attributed much of this increase to the location of the new school, since district enrollment has been stable or declining. The district's cost per mile was \$1.34 for 2001-02.

For 1999-2000 through 2001-02, 50 to 60 percent of total miles traveled were for special education routes. This percentage exceeds MISD's peer districts, mainly because MISD participates in the Falls Education Cooperative (Co-op), which includes Marlin, Chilton, Rosebud-Lott, Westphalia, Riesel and Mart ISDs. MISD serves as the fiscal agent and the primary transportation provider for the Co-op.

Exhibit 7-11 shows regular and special program transportation costs and miles as percentages for MISD and its peer districts for 2001-02.

Exhibit 7-11
Regular and Special Program Transportation Costs and Miles
MISD and Peer Districts
2001-02

Type of Route	MISD	Gladewater	Hearne	Jefferson
Regular transportation cost as percent of total district transportation cost.	69.3%	N/A	94.5%	98.0%
Regular miles as percent of total district miles.	40.8%	N/A	91.3%	9.4%
Special transportation cost as percent of total district transportation cost.	30.7%	N/A	5.5%	2.0%
Special transportation miles as percent of total district	59.2%	N/A	8.7%	6.1%

Source: TEA, School Transportation Route Services Report, 2001-02.

From 1998-99 to 2000-01, the linear density of the district has increased from 0.676 to 0.88. The director of Transportation said he has been trying to improve the district's accounting and reporting for transportation miles

and costs. Some of the improvements and corrections have resulted in large fluctuations and variations in the historical trends. For 2002-03, the district reorganized its transportation routes. According to the director of Transportation, the revised routes reduced the need for one bus and reduced overall miles traveled by 20 to 25 miles per day.

Prior to the change, bus drivers would pick up all in-town students at each school and drop them near their respective homes. Bus drivers now make either two or three trips, first with elementary and middle school students, then with high school students. A bus driver runs the route twice, making only one stop to drop students off. The review team observed on one route the bus dropped off 12 children, with many of them walking eight to nine blocks to home.

Exhibit 7-12 lists the routes, mileage and timing of each MISD bus route for 2002-03.

**Exhibit 7-12
MISD Bus Routes, Mileage and Timing
2002-03**

Route #	One-way mileage	Start Time	End Time	Comments
Regular Routes				
1	15.5	7:00	7:45	
1A	10.3	7:00	7:50	
4	12.2	7:05	7:53	Runs Twice
5	45.3	6:20	7:33	
7	35.4	6:35	7:42	
9	N/A	PM	PM	HS - pm
11	N/A	PM	PM	HS - pm
15	31.7	6:45	7:45	
45	46.5	6:10	7:41	Runs Twice
46	7.9	7:00	7:45	Runs Twice
47	11.8	7:00	7:48	
T-1	12.5	7:00	7:49	Runs Twice
Special Routes				
SE-1	49.5	6:00	7:48	Rosebud-Lott

SE-2	77.9	6:00	8:09	Chilton (twice)
SE-3	22.8	6:45	7:40	Marlin
SE-4	76.2	6:00	7:48	Westphalia
SE-6	3.5	7:00	7:22	
SE-9	56.7	6:00	7:52	Mart
SE-13	20.6	6:30	7:00	
SE-14	24	6:30	7:05	
SE-15	20.7	7:00	7:40	
Midday Routes				
SE-1-WS	3.3	7:55	8:19	Vocational
		8:15		Workshop
SE-2-WS	3.3	8:45	9:10	Vocational
		9:05		Workshop
SE-3-WS	3.3	9:55	10:20	Vocational
		10:05		Workshop
SE-4-WS	3.3	10:55	11:18	Vocational
SE-5-WS	3.3	11:30	12:06	Vocational
SE-6-WS	2.8	1:56	2:15	Workshop
LC-1-SE	55.5	12:00	1:35	Vocational/TLC
LC-3-SE	2.6	4:30	4:45	
CT-1-SE	38.1	11:30	12:19	Vocational/R-L
PEP	12.3	N/A	N/A	

Source: MISD, Transportation Department route sheets, 2002-03.

All regular and special routes have planned arrival times that range between 7 a.m. to 8 a.m., allowing for school start times. The ridership numbers for these routes in 2002-03 was not available.

The district uses an automated route scheduling software titled StreetFinder. The director of Transportation plots each route using the software, but because many routes span the county, a large number of routes overlap. The director of Transportation personally rides each route to ensure reasonable schedules and to time the routes. By timing the routes, he can establish a standard with which to base part-time drivers'

pay. The director of Transportation also said that all in-town routes met the requirements for designation as hazardous routes. Each of the routes within the two-mile radius crosses railroad tracks or a major state highway, so they are eligible for state reimbursements.

FINDING

The district lacks procedures for ensuring timely and accurate filing of transportation reports and to maximize transportation revenues. MISD submitted various transportation and financial reports to TEA either late or with errors. The district also lacks oversight and analysis of its transportation funding.

MISD did not file its Transportation Route Services Report and Operations Report for 2001-02 by TEA's July 1 deadline. The report had still not been filed as of November 2002. The director of Transportation said that initially he had difficulty submitting the data through TEA's online system. As a result, he said TEA requested that the district submit the report by fax. TEA rejected the report at least twice because of problems or questions about the submitted information.

MISD's business manager was unaware until the review team notified the district that the 2001-02 transportation reports had not been filed. As a result, reimbursements of an estimated \$198,000 were not included in the district's 2001-02 financial reports. A direct result of the omission of the reimbursements in the 2001-02 financial reports, the district did not include the reimbursements that the district will be eligible for in the district's 2002-03 budget. If the 2001-02 report had not been filed accurately before December 1, 2002, the district could have lost the estimated \$198,000. Although the district recovered the funds for 2001-02, it lost interest income that could have been earned if the report had been filed on time.

In addition, prior year reports contained inconsistencies. The 2000-01 Operations Report contained errors on the number of regular school buses reported. The district reported only one bus for regular routes, but 23 buses for special program routes. On the same report, when listing the number of buses by age ranges, the district reported 16 buses for regular routes and eight buses for special routes, creating an inconsistency in the data submitted. The district reported similar inconsistencies on the 1998-99 report.

The district continues to revise its cost information and its allocation between special routes and regular routes. Because the district does not have formal cost accounting and reporting procedures for the various transportation programs, the district does not know the actual costs of

each. In January 2003, the director of Transportation adjusted the budgeted costs of regular salaries and special education salaries and prorated the costs based on mileage. He estimated a budget adjustment of about \$10,000 from regular programs to special education programs that had not been captured. This revision will help increase the special education and state reimbursements. However, the district's lack of a methodology for accurately accounting for transportation costs and an analysis process prior to submitting reports makes it difficult to determine if the district is receiving accurate reimbursement from the state.

By submitting timely and accurate transportation reports, a district ensures that it receives all state reimbursements for which it is entitled. Delays in submitting reports or submitting inaccurate reports prevents a district from receiving reimbursements on time and earning interest on the funds.

Recommendation 47:

Develop a process to ensure timely and correct submission of transportation reports.

The business manager and the director of Transportation should develop a procedure for accurately allocating transportation salaries and costs between regular and special education routes to ensure the proper and consistent reporting of costs and hold individuals accountable for obtaining appropriate reimbursements. The director of Transportation should ensure that all reports are completed and submitted on time. If online submission continues to be a problem, the director of Transportation should resolve the problems with TEA or devise an alternative submission process. The business manager should create a calendar or tickler file for various financial reports due dates that includes the person responsible for the report. The business manager should also verify report completion dates.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Transportation and the business manager discuss the district's transportation reporting requirements.	July 2003
2.	The director of Transportation and the business manager develop and document a methodology for collecting and reporting transportation information.	August 2003
3.	The business manager develops a schedule that shows when transportation reports are due to the TEA and when they should be sent to the Business Office for a quality review before being submitted to TEA.	September 2003

4.	The superintendent approves the methodology and reporting process.	September 2003
5.	The director of Transportation prepares the reports in a timely manner and the business manager reviews the reports for accuracy and submits them to TEA by the due dates.	October 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district transports Falls Education Co-op students without receiving adequate reimbursement from the participating members. MISD picks up students in the surrounding communities of Mart, Chilton, Westphalia, Rosebud and Lott. The special education bus routes include several stops within each member district, although some of those districts also run routes to Marlin. On some routes buses travel 70 miles to pick up eight to 10 students.

The Shared Services Agreement for the Co-op does not specifically address transportation costs, other than to state that each member district will provide insurance coverage on district vehicles used in the transportation of children. The agreement states that each member district is responsible for funding its own special education programs and for sharing the Co-op's operating costs. A funding formula is provided to determine each district's share of the Co-op costs, generally based on pro-rated IDEA students.

About 29 percent of the district's transportation costs relate to special routes, for which the district receives less state reimbursement per mile than regular routes. Although MISD does receive Medicaid reimbursement, its current reporting of costs reflects a low rate of 59 cents per mile in 2001-02, increasing to 63 cents per mile in 2002-03.

MISD attempted to recover a portion of the cost of transporting other district's students by borrowing a bus from Riesel ISD in 1987. As noted in the district's bus inventory, two 1977 special education buses are due for replacement, which will cost the district about \$50,000 each.

Some districts with similarly large geographic transportation areas transfer special education students between buses at central locations. By collecting students in one area and transferring them to a bus that will take them to school, these transfer points allow more efficient operations. Transfers maximize bus capacity, consolidate trips and limit long routes.

MISD uses transfers in a limited manner. The review team rode a bus that picked up a student on the way to Mart, transferred that student to another Mart ISD bus and then picked up other Mart ISD students to transport back to MISD. However, in the amount of time it took to collect the remaining seven students and start back to Marlin, the MISD bus met the other Mart ISD bus already returning from its trip to MISD. The buses crossed paths well outside MISD boundaries.

Some districts recover the total cost of transporting other district students and also incur savings. Robstown ISD works with Alice ISD to transport children to Corpus Christi for a savings of almost 25 percent.

MISD uses its buses to transport students from other districts on routes that total 520.6 miles per day. This amounts to 93,708 miles a year for which MISD is not reimbursed. **Exhibit 7-13** lists the routes and miles driven on routes that transport students of other districts.

Exhibit 7-13
MISD Routes Outside of District Boundaries
2002-03

Route	Location	Miles Driven
SE-1	Rosebud-Lott	99.0
SE-2	Chilton and Westphalia	155.8
SE-4	Riesel	152.4
SE-9	Mart	113.4
Total		520.6

Source: MISD, Transportation Department.

Districts that negotiate transfer points with neighboring districts reduce special education miles driven in those districts.

Recommendation 48:

Negotiate with Falls County Special Education Cooperative member districts to establish student transfer points and develop reimbursement agreements.

The district should negotiate with the Co-op member districts to establish transfer points that are mutually beneficial to each district. For districts that MISD continues to transport students for, the MISD should negotiate

an agreement that reimburses MISD for costs exceeding the amount of state reimbursement MISD receives for transporting the students.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Transportation prepares an analysis of bus routes and miles that benefit Co-op member districts.	July 2003
2.	The director of Transportation prepares a report that details the use of district buses for Co-op member districts and submits it to the superintendent for review and approval.	August 2003
3.	The director of Transportation and the superintendent meet with each Co-op district for which MISD provides transportation and negotiates transfer points or agreements to reimburse MISD for the cost of transporting the students.	September 2003
4.	The director of Transportation revises routes to include transfer points.	October 2003
5.	The director of Transportation and the business manager meet and develop a process for tracking and collecting reimbursements from Co-op districts.	November 2003

FISCAL IMPACT

At a minimum, the district will receive reimbursements from Co-op member districts or reduce operating costs by establishing transfer points for the 93,708 annual miles (520.6 times 180 days) MISD buses are used to transport other district students. The costs to MISD that exceeds the state reimbursement totals \$56,225 (\$1.19 actual cost per mile less 59 cents state reimbursement x 93,708 miles). Assuming the district will either reduce miles driven or receive reimbursement for 20 percent of the 93,708 miles, the annual increased revenue or reduced costs will be \$11,245 (\$56,225 x 20 percent).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Negotiate with Falls County Special Education Cooperative member districts to establish student transfer points and develop reimbursement agreements.	\$11,245	\$11,245	\$11,245	\$11,245	\$11,245

Chapter 7

C. VEHICLE MAINTENANCE

MISD has 25 buses and a number of other small vans and vehicles. The district's fleet of buses includes models that date back to 1977 and includes five spare buses. Routine vehicle maintenance is performed by the district's only certified mechanic or maintenance workers, who also serve as drivers. MISD contracts large repair jobs, such as transmission work and bodywork, to private repair shops.

A parts room serves both vehicle maintenance and buildings/grounds maintenance. The parts room attendant uses Quickbooks as an inventory tracking system. The parts room attendant orders vehicle parts when requested by a mechanic and maintains vehicle parts separately from buildings/grounds maintenance parts.

FINDING

The district does not have an adequate bus replacement policy. Seventy-five percent of the district's buses are more than 10 years old and eight buses are more than 15 years old. Three bus odometers exceed 250,000 miles. The district last purchased a new bus in 2002.

Standard replacement programs use 10 to 15 years and 150,000 miles as benchmarks for the average life of a bus. MISD drivers said that their maintenance efforts keep the buses running. They believe that a bus can last 300,000 miles with proper maintenance. **Exhibit 7-14** shows MISD's inventory of buses by model year and average miles driven.

Exhibit 7-14
MISD Bus Inventory By Model Year
May 2002

Model Year	Number of Buses	Average Mileage per bus as of May 2002
1977	2	255,000
1984	1	109,000
1986*	1	149,000
1987*	4	169,420

1989	3	137,308
1990	1	182,935
1991*	2	160,183
1992	4	113,815
1993	1	127,754
1994	1	81,522
1995*	4	80,175
2002*	1	New
Total Fleet	25	
Average Mileage		133,907

Source: MISD Transportation Department Report, May 2002.

* Indicates a spare bus.

At 72 percent, MISD has the highest percentage of buses that are more than 10 years old among the peer districts. The next oldest fleet is Jefferson ISD's, with 53 percent (**Exhibit 7-15**).

Exhibit 7-15
Percent of Buses More Than 10 Years Old
MISD and Peer Districts

	1998-99	1999-2000	2000-01	2001-02
MISD	40%	46%	72%	72%
Jefferson	41%	44%	53%	48%
Gladewater	33%	37%	43%	N/A
Hearne	0%	0%	11%	21%

Source: MISD, Transportation Department Reports, 1998-99 through 2001-02
N/A - Data Not Available.

Older buses generally cost more to maintain, according to the National Association of State Directors of Pupil Transportation Services. Two studies by the association in California and Washington identified that "after 12 years of use, the annual operating cost of school buses begins to increase significantly and continued to increase each year thereafter."

The district's buses are driven an average of 14,080 miles per year. Although the superintendent has a goal of replacing one bus per year, the district did not purchase any between 1996 and 2001. Based on the average of 14,080 miles, in order for MISD to maintain a fleet of buses with less than 200,000 miles it will need to replace buses every 12 to 15 years. With a fleet of 25 buses this would average about two buses per year, twice the superintendent's goal. If the district chose to replace all buses 15 years old or older (1977 to 1990 models), it would need to replace 11 buses. The average school bus costs about \$50,000.

School districts that develop a bus replacement policy and purchase buses on an established schedule normally maintain an adequate fleet of buses without having to purchase a large number of buses in any single year. An adequate replacement plan enables districts to budget for replacements without unduly straining the budget.

Recommendation 49:

Develop and adopt a formal bus replacement plan and strategy.

The director of Transportation should analyze the district's bus fleet, taking into consideration the age, mileage and condition of each bus. After conducting the analysis, the director should send a replacement plan and strategy to the superintendent to improve the district's aging fleet of buses over the next six to eight years.

Establishing a 15-year replacement cycle would require the district to purchase approximately two buses per year. Until the age at replacement is regularly 12 to 15 years, the district should pursue bus rotation methods to ensure that older buses are driven the least, so that they will remain operational until they can be scheduled for replacement.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Transportation prepares an analysis of the district's bus fleet, including a six- to eight-year replacement strategy.	July 2003
2.	The superintendent reviews the replacement strategy and submits it to the board for approval.	July 2003
3.	The director of Transportation includes the cost of the appropriate number of replacement buses in each annual budget submittal.	July 2003 and Annually
4.	The board approves the requested funding amounts necessary to purchase the replacement buses.	August 2003 and Annually

5.	The director of Transportation prepares and submits a purchase request to business manager for the purchase of replacement buses each year.	September 2003 and Annually
6.	The business manager purchases the replacement buses.	October 2003 and Annually

FISCAL IMPACT

A total annual cost to the district of \$100,000 each year assumes the purchase of two buses each year at a cost of \$50,000 each.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Develop and adopt an adequate bus replacement plan and strategy.	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)

FINDING

The district does not track preventive maintenance performed on district vehicles or analyze service data. When TSPR requested maintenance data by vehicle and by type of service, the district manually compiled its current records into lists including type of cost, such as parts, filter and fluids, as well as the date of service. The mechanic keeps a written log of work performed on each vehicle by date, type of work and the mileage at the time of service. While useful information is collected, it cannot be easily analyzed.

Bus records provided to TSPR were only available going back to 2002; so complete life cycle cost analysis is not possible. The mechanic reported that it costs the district as much to keep the buses running as it would to replace them. In addition, he said that he can no longer find parts for the two 1977 buses.

A focus group discussion with the drivers revealed more concern regarding the condition of bus interiors than concern about the condition of bus engines. Drivers said funds had been approved for interior repairs, but were frozen before repairs could be made. Visual inspection of the buses by the review team revealed ripped seats and unusable driver armrests which, although mostly cosmetic, indicate the overall condition of the buses.

Some districts track vehicle maintenance data by bus and by type of service provided. The districts establish a preventive maintenance

schedule for the buses to help prevent major repairs. They also maintain a database that can be analyzed to identify trends and specific types of problems that need to be addressed to improve the maintenance of their buses.

Recommendation 50:

Improve vehicle maintenance tracking and establish regular preventive maintenance cycles.

The director of Transportation should establish a schedule and document periodic safety inspections, such as brakes and wipers, for the bus fleet. A database should be created that documents all services and repairs performed on buses. A regular analysis of this information will help MISD reduce unnecessary service repairs that can be avoided through improved preventive maintenance.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Transportation meets with the director of Technology and discusses the data needs for a preventive maintenance tracking system and develops an approach for creating such a system.	July 2003
2.	The director of Transportation develops the tracking system and the procedures necessary to make it operational.	August 2003
3.	The director of Transportation meets with all bus drivers and discusses the system and the bus drivers' responsibilities.	September 2003
4.	The director of Transportation produces monthly reports from the system and analyzes the data to improve the preventive maintenance of the bus fleet.	October 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Appendix A

PUBLIC FORUM COMMENTS

As part of the review process, the review team held a public forum to obtain input. During the public forum held at MISD's high school cafeteria on October 28, from 4pm to 7pm, parents, teachers, staff and community members participated by writing personal comments about the 12 major review areas, and in some cases, by talking in person to review team members. The following comments convey the public forum participants' perception of Marlin Independent School District and do not necessarily reflect the findings in the report or opinion of the Comptroller or review team. The narrative comments are the actual comments received for each review area.

District Organization and Management

- Parent believes the change has come about due to 1-year contracts with teachers. Every year there is a new teacher and new principals. Teachers without certification are the biggest problem. It has gotten worse and worse over the past three years, in the elementary and high school. Middle school is okay. The principal has been there a very long time. Board members do what the superintendent says. When running [for election] they say things, but once they get in [elected] it's different. Parent talks to teacher and offers phone numbers and says 'don't hesitate to call.' But, kids get repercussion if parents get involved and follow up on discipline, mainly occurs in high school:
 - They need to hire more teachers
 - Parent illustrated how her daughter had been given a test that was coded for answers [by using symbols to match correct answers]. The daughter checked with her friends and concluded that the athletes were the ones who had been given the coded tests. The daughter was offended when she saw the code because she thought it was for 'resource' students.
 - Principal is an excellent principal. She listens. She does not automatically side with the teacher. She gets the students to say what they think is an appropriate consequence of behavior. The middle school is good. She makes the students learn.
- School board members are intimidated by the superintendent. They do not know how to make decisions. They need to take diversity courses. The superintendent is not fair; best interest is not for all children. All we need is for her to do is to be fair, firm and

consistent. First, start with our children, then the parents, and then deal with those BAD teachers. Save our children.

- I feel our superintendent is not doing her job. She let go a great elementary principal and hired someone else. Our school board does nothing to handle any situations to improve our schools.
- Our superintendent has been asked and questioned several times concerning her intent towards our children. She has been addressed several times by organizations concerning staffing (e.g. uncertified staff, child molestation, abusive staff, and contract issue the nonrenewal) she never responds. The corruption in this school district starts at the top. TEA has been to this district two consecutive years, for the same reason (low performing). The department of justice has (unclear writing?) letter concerning the AEP process and racial abuse to our children. The superintendent does not reflect the student body, therefore she cannot relate to the majority of our children.
- The custodial staff is very hard working. The maintenance department is prompt with repairs, especially safety concerns.
- Board governance is POOR. Superintendent is POOR. Need to be replaced. School management is unfair. Strategic planning is unfair. Decision-making is not good at all.
- There appears to be much in-fighting in the school board and it does not seem to get to the nature of this community's problems. Even with the finances of this school district, it would seem that this board could work towards the betterment of the community.
- If you go to the superintendent with a problem, she is going to stand behind her staff. I have never heard of her helping out a parent.
- These were in list format and rewritten in sentence format: I have kids at three schools. The middle school is a family. High school is so-so. More emphasis is on reading; it's too early to tell results. We get tired of hearing 'there's no money'. If we're broke, where is it? The school board members vote yes for everything. They get the packet an hour before the meeting. Why do you ask kids to do what you won't do - turning in items when due? We've got to make learning exciting. There's no structure in the elementary. This is broken, needs to be fixed. We want to be part of the solution, not the problem. There is no consistency in discipline. This is not a poverty issue. The kids are labeled and district is labeled. There is no support from administration for discipline. They have no clue about our kids. The elementary school is not a family. The kids did not go on field trips and nobody could answer where the money was. A parent was told they could not come to the school. Some teachers don't care. Administration needs to change to somebody who cares. School board members without children should not be

on board. They should screen new teachers better, not just whoever comes. They emphasize athletes; they ignore education.

Education Service Delivery

- Parent has two students in elementary and three students in high school. Some are her children, the ones in elementary are her custodial nieces in second and third grades. [Parent] believes that teachers are more into behavior than curriculum. She has met with the assistant principal, principal, and superintendent on matters related to her third grade student. She says that in second grade, the lowest score her niece received was a 79. On this year's progress report after three weeks, the niece received all 50s and one 64. She has had no homework. The parent spoke with the principal and teacher and wanted to know what was going on. When the six-week report came out, it had practically the same grades - all 50s and one 74. The parent then spoke with the superintendent. She asked for a transfer to a new teacher. She was told they have 500 other students and can't transfer. Parent knows of others that have transferred to another teacher. This teacher is the only third grade teacher not giving homework. On October 21, another progress report came out with the same grades. The parent spoke to the student and asked why she was having problems. The student says she doesn't understand and told the parent that the teacher says to read the explanation. The parent has a sister-in-law with another third grader in a different class and noted that her work is totally different and that she brings work home daily. The parent knows of five other students' parents trying to handle the same thing. All got 50s and one passing grade on their report cards. Health is always the one passed. All of these students received good grades last year in second grade. The superintendent said there was a big difference between second and third grades. The parent did not think it should go from all B's and one C to all 50s and one 64.
- Interview with same parent as above, on discipline: [Parent] reports that student has come home for about three weeks saying 'I've been hit'. She reports it to the teacher and the teacher says 'if you hit back, I'll send you to the office'. Parent told student to go to the principal. The teacher would not let her go. On last Wednesday, the teacher called and reported that the student wadded up a work paper and threw it in the trash. Teacher reported that the student had an attitude. Parent asked if it could be related to getting hit. The teacher said that other students are being hit by same person. Teacher indicated that the student is taking medication and it's not working. The teacher asked the parent to explain to student to be patient until it gets adjusted. On Thursday,

the parent called the assistant principal and explained the phone call. He [AP] explained that all kids get hit. The parent replied how do you explain to a third grader that it's ok for you to get hit, but not ok to hit back? He [AP] said he'd take care of it. Parent has not heard.

- My child has attended for six years and I have always felt that he is not getting the education at Marlin. He is a straight A student but I do not feel he is being challenged. He has not been offered gifted and talented programs. I would like to transfer him out to another school district but no districts around Marlin are taking transfers. Why do I pay taxes here, but the school system is so bad that board members do not even send their kids here? Marlin needs an overhaul starting at the TOP! More families are moving from Marlin and others will not move here due to the schools. Look at the ratio of white children leaving Marlin to attend private or other schools. I guarantee every white child would leave if they had another school to go to. My child would be gone today if I had another choice, but I do not and that's not fair. Please help us to improve this school so my child will have a chance for the best education.
- Our children are losing three years of reading and writing due to concentration on their behavior. There is not a set curriculum in place or it's not being followed. Children are making passing grades in the classroom, but are failing the basics on the TAAS.
- They have poor performance on the TAAS, because they waited until the last minute and tried to drill stuff into the kids head. They let them bring home a copy of paper from the computer, with nothing to go by or explaining how to do it. Teach them how to read, please.
- Upon moving into the MISD, it became apparent to me that the elementary school (which is unaccredited) was not an acceptable alternative for educating my three children, ages 6, 8, and 10. As I attempted to transfer them to another district without changing residence, I soon learned that Marlin transfers were flooding surrounding districts and those districts were not accepting transfers from Marlin or expressed powerful hesitation in accepting all three of my children. Why is the Marlin exodus of students so high? I have questioned/surveyed parents and staff. There is a complete lack of discipline and therefore academics suffer. A teacher cannot be battling discipline issues every minute of every class and expect to meet academic goals. For school administration and the school board officials to think the solution is more administrative positions and specialists to randomly visit is a fallacy. More teachers are needed and the class sizes need to be reduced. For board members to look the other way is unjust. The majority of primary school population is non-Caucasian, but that

doesn't lessen the severity of the problem. Looking the other way is an acute form of discrimination. All children, and the children in this district, matter. Because of these issues, I have been forced to seek out a private school alternative for my children, but this doesn't solve the MISD problem. Student performance will continue to lag behind state-set standards unless true, tangible changes can be made with reasonable student-teacher ratios and discipline policies that are enforced and supported by all levels of administration and board members. I recognize that my observations are philosophical in nature; however, unless radical changes are made, MISD student population will continue to 'vote' with its feet - by leaving.

- The three-week evaluation was sent home on a Monday or Tuesday of this month. My child's teacher called me on a Saturday or Sunday to tell me that my child's grade would be low because she hadn't turned in some homework and that she would get the work together so she can make it up. When she got the homework, it was over 35 pages, some front and back. Just about five pages was homework the other was class room work. I would like to understand why it took that long for the teacher to notice that my child's grades were not there. My child said she turned in all her work. But the teacher says maybe she didn't write her name on the work. But that's not like my child not to write her name and I know she did the homework because that's the first thing she does when she comes in from school. Also, I don't think the teachers should take points off grades if they think a child is talking, because it just might not be the child they think is talking and they get 10 points off a grade. I also feel that when you don't agree with something a teacher does or says to your child, if you talk to the teacher or the persons over them about it, your child is in for a bad ride the rest of the school year. I have a five year old who is in kindergarten. Her teacher wants them to wait until she is finished talking before they ask to go to the bathroom. Well, my child wet herself waiting for the teacher to finish talking. They are just five; some of their rules are meant for older kids not K.
- MISD is not meeting its curriculum. Children are passing to higher grades and are then finding out later that he or she can not read or spell. If administration took the time out to care when it came to hiring teachers, this school could be better. We have been dealing with problems from MISD for the last three years and if it doesn't get better by May of 2003, then a lot of people are going to be moving due to too many problems and not enough teachers and school board members allowing these things to continue happening. Save our children, help our children, all children are not TYC material. Stop judging, stereotyping, and ignoring the problem. The children are not getting taught what they need to

know due to discipline problems and people not caring... starting from administration

Community Involvement

- The following in bullet format from an interview with parent:
There is lots of parental input, but they do it their way, so what's the use? Parents get discouraged. Parents go to board meetings and ask to get on the agenda, but never are. (Ex: a grievance a parent took to school board, where they went into closed session and the parent didn't get to appear. They didn't hear the decision until they read in the Democrat local paper.) It doesn't do any good to go, once the superintendent has made her decision. It is fighting a losing battle. This parent's high school kids don't want to come to school and want to go back to Chilton (where they had been before as transfers). A parent group meets every Monday at 6:00pm. One person takes notes/issues/concerns to school board. They started last year, about the fall 2001.
- There is a need for parent involvement before the kids ever get to school. There is a problem with discipline in the classroom that is a result, I feel, of a lack of discipline at home. It is a cultural thing with the large minority population we have. I wish someone had an idea on how to solve it.
- There is not enough parent involvement. Some parents are never involved with their children until they are in trouble. Most parents are involved and are always nearby to support their child and the teacher, but most of the time some parents are the last to know anything. It is very difficult at times to have a parent-teacher relationship due to favoritism and once again, being fair and consistent. Communications are fair; it all depends on who the teacher is and who the parent is. This community does have a lot of good teachers. On the other hand, we still have teachers and are getting teachers who are bad for our children. Parents need to be more involved with teachers and their children.
- Squeaky wheels are always the loudest. Most of our parents are pleased with the job our teachers are doing.
- Sometimes we don't know, so if we don't know, how are we going to be involved? They let some people know and some people they don't. This is a prejudice town!
- It is difficult to form a teacher-parent relationship when teachers are only committed to a one-year contract. Teacher turnover is way too high.
- District could benefit from more support and involvement with area businesses.
- It seems that an unfair amount of parents are either unwilling or unable to become involved with their children's progress which

makes it difficult on the teachers, as well as other parents. I have no ready answer for this, other than to make times more convenient so that more parents are able to become involved. As far as communications, most problems are not addressed on a timely basis, and simply written off as a communications problem.

Personnel Management

- They don't recruit who they hire. They hire anybody. Very poor!
- Marlin ISD is one of the most plagued districts in Texas according to state generated statistics. So, MISD solution is to hire first year on inexperienced teachers on a regular basis and pay them the minimum requirement. How does the district expect to solve the monumental issues with this type of activity? You get what you pay for. Hire more experienced teachers, lower the student-teacher ratio and make a difference. Education is accomplished in the classroom, not simply by building a nice structure. Use more funds on good, 'passionate about teaching' personnel.
- We have a high turnover here at MISD. We have new teachers, year after year. There has to be a problem if the teachers can't stay here.
- Big teacher turnover. Inexperienced teachers. No structure in hiring. Staff development needs to be adjusted. No structure in recruiting teachers, hiring, and staffing. Nothing will ever change if this continues to happen. In dealing with children, you have to have patience, understanding, and most of all be fair, firm and consistent. Save our children from this wrongdoing of administration.
- I feel Marlin gets the left over teachers; teachers here are so frustrated with all the problems that our children are suffering because of it. Teachers are having a hard time handling discipline problems and they do not have any help from parents. Need a pay raise for teachers and not superintendent.

Facilities and Management

- Marlin has a great new elementary and junior high building. The high school should be the next to get a new building.

Asset and Risk Management

- Bids for certain school projects are handpicked by the superintendent and are given to unqualified contractors. MISD has lost too much money in lawsuits and court fees, due to discrimination against children and teachers.

Financial Management

- Every child in high school does not have books. Books are on order. About six kids have a book in the Parenting class.
- Where does our tax dollar go? Not to teacher or employee pay. Teachers at Marlin do not get paid enough for what they put up with. I pay school taxes. A lot do not due to the fact that a lot of Marlin residents do not own anything. My child does not receive the education he deserves for the taxes we pay.
- School tax is too high. Need to do something about the school taxes.

Purchasing and Warehousing

- We need new textbooks.

Food Services

- Interview: Hair found in food. Fingernails found in food. If a teacher is not with the student, the servers will not replace the food. They tell them to eat it or throw it in the trash.
- Our children have had plate lunches taken from them and thrown in the trash for talking. Food portions for children are not enough. The staff tries to run a boot camp atmosphere, so no talking, finger over the mouths and absolutely nothing but eating.
- Teachers pay full price for meals. Portions are the same as students.
- My kids are coming home telling me that they do not want to eat at school because they find hair and finger nails in their food. They have been getting bad milk. The teachers will get them another tray.
- Cafeteria has some health issues, since the county is monitored by the state, it would seem that the guidelines would be much more strict!
- Teachers pay. Better foods for the students and more portions of food for the children.
- My son eats lunch every day in the cafeteria. I pay for his lunches, we do not get free or reduced lunches. His comments on the food are that he does not get enough and it tastes bad. I feel the nutritional value needs to be evaluated. More fruits and vegetables, less starches and carbs.

Computers and Technology

- The teaching and computer technology is difficult for some A students. They need to explain more or give the eighth grade more time their first year on computer and technology.
- Marlin offers a computer class but that is the only technology. Why do other schools have so many more choices?

Transportation

- My son rides a bus home everyday and I have had no problems with the driver or the buses. I feel buses are old and need updating. I do not feel buses should be picking up kids inside the city limits that costs the school district.
- There are several of out-dated school buses. The purchase of a \$70,000 bus for the band use is a bit excessive and should have been used to replace buses that are costing the MISD money lost in man power and replacement parts. The issue to do away with inter-city bus routes was voted out and should have never been an issue.
- School buses have been around for decades. Most kids are from single working parents and can not get to school. Taking away riding the bus hurt some of our children.
- There seems to be problems with the controls that are currently in place not being adhered to and enforced by either the bus drivers or the persons in control of the bus drivers. Apparent and flagrant violations of road rules, and student controls are not being addressed. I have no knowledge of maintenance issues but this also seems to be a concern in some areas.
- All bus routes changed this year. Before [her] kids were picked up at the 2-mile mark. This year, they stopped the route. Kids had to walk half a mile to catch the bus. [Parent] talked to transportation supervisor. He made arrangements for another bus to pick them up closer to home. The first week, they had problems. The bus wasn't taking the correct route. Kids were not getting home until 4:30 p.m. Parent spoke with transportation supervisor again to ask about one hour from 3:30 p.m. dismissal. He said he knew other parents had same concern about driver. [Parent] spoke with him [transportation supervisor] two more times about the same problem. He said the only way to solve the problem was to fire the driver and he would have to drive the route and he didn't want to do that. Two weeks went by, things were getting better. Then [parent] learned that bus driver was threatening the kids. Parent said that kids reported the driver hit several students. Parent reported that the bus driver put her 8-year old daughter out at high school, saying that the student threw something at her. The driver said she called the parent who was not home. When the 9-year old sibling got home, the parent learned what had happened. She talked with the superintendent and explained all the discussion

with the transportation supervisor. Parent explained threats and what bus driver had said to kids - the threats. Parent asked Superintendent about video tape. Superintendent said she would get back on Oct 17th (next day) by noon. Parent still has not heard. She came in on Oct 18th to speak with principal. He had reviewed tape with police and said the 8-year old did not throw anything, but was mouthing back to bus driver. Audio on tape did reveal bus driver threatened and cursed. Superintendent said parent could not review tape due to confidentiality of other students. Bus driver quit the day it happened (Oct 16th). Parent did not understand why when a student threatens a teacher, the police are called, but what hasn't anything been done. Police has seen and brought back to principal. Principal asked why parent was not pressing charges. Parent said she was waiting to hear from super. Parent believes that once the bus routes were changed, it affected the kids who were used to another person. Bus driver had control of his bus, but they moved him to another route. Background checks should be done on all drivers. If they had, this person would not have been allowed to drive. Parent said she knows driver very well and her history.

- Same parent, in her written comment related to above: Superintendent, spoke with her on October 16, 2002 about bus driver cursing at student on the bus. Superintendent gave her word that on October 17, 2002, that I would hear from her on the issue on hand. This is October 28, 2002. The superintendent has not got back with me on this issue.

Safety and Security

- My concerns are all at the elementary and middle school area, where the problem is with disruptive students, making it difficult for the children that have the want-to and ability are held back by the ones that are not monitored, and have no reason to even attempt to learn the curriculum. My only answer to this problem would be to put individual monitors (even volunteers) in random classes to try and identify the problem classes and get it corrected.
- Our school district has a big discipline problem. Teachers cannot handle the children. Teachers cannot discipline fairly due to parent involvement. Our problems with discipline are due to lack of parent involvement at home. Marlin has a lot of unemployed, drug users, and theft and it is reflected in the children. I often fear for his safety at school.
- Discipline begins here... at school, alone and only in some kids' lives. There is no other structured system of discipline within the child's everyday sphere of life. Our law enforcement resources are very willing to help us at any time.

- Too involved with discipline and not a lot of learning in the classroom. Too much AEP, kicking children out of the classroom. They said children are our future. If kids are our future, why are they making it so hard for them to stay in school? They need a better place to go, not AEP. AEP is worse than TYC, especially hard on blacks and Spanish children. On law enforcement, they call the law to the school before they call the parents. They handcuff them. They do it to elementary school children too. I don't think that is the way the law enforcement is supposed to work. Because they have kids, too - well some of them do.
- Student discipline policies are not fair, firm and consistent. What applies for some children does not apply for all children. Some staff focus more on discipline than on education. However, it takes a community to raise a child. First home, church. Second school teachers, etc. --- Children are not safe due to staff grabbing and having bodily contact with the children, putting the children down (such as 'you won't amount to anything when you grow up'), challenging and provoking the children, and then when the children retaliate, staff then want that child or children punished, when in fact the staff provoked the child in the first place. --- Relations with local law enforcement are used at the school to intimidate the children and are called to this campus for minor incidents that teachers and administration can handle (such as something another child said when the teacher did not witness the incident). --- AEP is unfairly exercised. It is used to punish kids for first time incidents, children that have been marked, and it is racially distributed. This process moves kids off-site or out of classrooms and into alternative rooms with lower standard for learning, etc. (labs and hands-on assignment).
- Currently, in this work of uncertainty, it is sad that one is afraid to allow his or her children to go to MISD. Growing up in difficult enough without a student feeling threatened at school by his peers. Children will always have their 'groups', but what are the policies to eliminate the 'chaos' one feels when he or she enters the hallways at MISD. I cannot allow my children to be at such high risk - no child should be exposed to feeling that help isn't available or that a teacher is so overwhelmed he or she can't help me. What is the system for discipline? Do the students understand it? Is it enforced? Are the children relatively safe? (100 percent security is impossible)
- When you have kids who the staff know are problem makers, and they hit and fight other kids and the teachers see them doing it but say nothing until the other kids return the licks. They make the kids who are trying to do right and not have discipline problems act out. Because they feel if the teachers are not going to say

anything to the other child and not help them, then they just have to help themselves.

- Interview with teacher, who grew up here and came back.
- Teacher turnover - a lot in high school this last year (low pay for hours and workload). It can be overwhelming for new graduate.
- Elementary school lacked backing from leadership - this has been rectified.
- New testing training - concerned with younger children coming out of social/home environment no conducive to new program
- Students show up everyday without books, paper, pencils, etc.
- Parents that get involved are positive - however other parents are non-existent
- Frustration - feels like the wheels are turning but not going anywhere.
- Dedicated staff - especially at the high school.
- More and more (seeing? unknown word) students going to college
- PEP program has been successful
- Alternative program is working well. Sees a need for more special/alternative education programs
- Parenting classes are needed
- They offered eight periods this year - hardly enough elective classes to fill the schedule. Austin - still hasn't delivered books after nine weeks, so Marlin ISD bought them from the publisher. Science books are outdated - adopted up to eight years. This is a big problem in areas such as science where there are changes. The parenting books - went four years before books were bought. Another positive, USTC McLennon CC provides college credit for some of the science classes at the high school. Would like to see more of this. ---
- Not having gang problems - no metal detectors at high school (is this current or ideal?)
- They have had a number of success stories - students overcoming socio-economic issue to go on to college.
- Insurance options too expensive for new teachers. This has caused some to leave for districts that can afford to pay the benefit.

Appendix B

TEACHER SURVEY RESULTS

Totals may not add to 100 percent due to rounding.

n=37

Demographic Data

1. Gender (Optional)	Male	Female				
		21.9%	78.1%			
2. Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other	
		76.7%	20.0%	3.3%	0.0%	0.0%
3. How long have you been employed by Marlin ISD?	1-5 years	6-10 years	11-15 years	16-20 years	20+ years	
		50.0%	25.0%	8.3%	2.8%	11.1%
4. What grades do you teach this year?	Pre-Kindergarten	Kindergarten	First	Second	Third	
		5.9%	14.7%	2.9%	8.8%	11.8%
	Fourth	Fifth	Sixth	Seventh	Eighth	
		2.9%	2.9%	11.8%	17.7%	8.8%
	Ninth	Tenth	Eleventh	Twelfth		
		35.3%	35.3%	35.3%	32.4%	

A. District Organization and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1	The school board allows sufficient time for public input at meetings.	5.6%	47.2%	36.1%	8.3%	0.0%
2	School board members listen to the opinions and desires of others.	5.6%	52.8%	27.8%	13.9%	0.0%
3	School board members work well with the superintendent.	13.9%	50.0%	30.6%	5.6%	0.0%

4	The school board has a good image in the community.	2.8%	52.8%	30.6%	11.1%	2.8%
5	The superintendent is a respected and effective instructional leader.	13.9%	58.3%	8.33%	11.1%	8.3%
6	The superintendent is a respected and effective business manager.	16.7%	52.8%	8.3%	11.1%	11.1%
7	Central administration is efficient.	13.9%	58.3%	8.3%	8.3%	11.1%
8	Central administration supports the educational process.	8.3%	63.9%	13.9%	8.3%	5.6%
9	The morale of central administration staff is good.	11.1%	41.7%	30.6%	13.9%	2.8%

B. Educational Service Delivery and Performance Measurement

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
10	Education is the main priority in our school district.	29.7%	37.8%	8.1%	18.9%	5.4%
11	Teachers are given an opportunity to suggest programs and materials that they believe are most effective.	11.1%	63.9%	11.1%	11.1%	2.8%
12	The needs of the college-bound student are being met.	2.8%	41.7%	33.3%	13.9%	8.3%
13	The needs of the work-bound student are being met.	8.3%	41.7%	36.1%	11.1%	2.8%
14	The district provides curriculum guides for all grades and subjects.	13.9%	52.8%	5.6%	19.4%	8.3%
15	The curriculum guides are appropriately aligned and	11.1%	38.9%	16.7%	19.4%	11.1%

	coordinated.					
16	The district's curriculum guides clearly outline what to teach and how to teach it.	8.3%	30.6%	27.8%	19.4%	13.9%
17	The district has effective educational programs for the following:					
	a) Reading	5.6%	63.9%	13.9%	11.1%	5.6%
	b) Writing	5.6%	55.6%	19.4%	13.9%	5.6%
	c) Mathematics	5.4%	56.8%	13.5%	10.8%	13.5%
	d) Science	2.9%	52.8%	13.9%	22.2%	8.3%
	e) English or Language Arts	5.6%	58.3%	19.4%	11.1%	5.6%
	f) Computer Instruction	2.7%	56.8%	18.9%	16.2%	5.4%
	g) Social Studies (history or geography)	2.7%	51.4%	21.6%	16.2%	8.1%
	h) Fine Arts	2.7%	46.0%	29.7%	18.9%	2.7%
	i) Physical Education	10.8%	56.8%	18.9%	10.8%	2.7%
	j) Business Education	2.7%	29.7%	54.1%	8.1%	5.4%
	k) Vocational (Career and Technology) Education	5.4%	37.8%	43.2%	10.8%	2.7%
	l) Foreign Language	5.4%	40.5%	48.7%	2.7%	2.7%
18	The district has effective special programs for the following:					
	a) Library Service	5.6%	61.1%	11.1%	11.1%	11.1%
	b) Honors/Gifted and Talented Education	2.8%	41.7%	27.8%	22.2%	5.6%
	c) Special Education	24.3%	59.5%	10.8%	5.4%	0.0%
	d) Head Start and Even Start programs	5.4%	54.1%	37.8%	0.0%	2.7%
	e) Dyslexia program	5.4%	48.7%	35.1%	8.1%	2.7%
	f) Student mentoring	2.7%	27.0%	48.7%	13.5%	8.1%

	program					
	g) Advanced placement program	8.1%	27.0%	46.0%	13.5%	5.4%
	h) Literacy program	8.1%	48.7%	37.8%	0.0%	5.4%
	i) Summer school programs	13.5%	29.7%	40.5%	10.8%	5.4%
	j) Business Education	8.1%	51.4%	27.0%	10.8%	2.7%
	k) Vocational (Career and Technology Education	13.9%	58.3%	22.2%	0.0%	5.6%
	l) Foreign Language	5.6%	58.3%	33.3%	2.8%	0.0%
	m) Career counseling program	2.7%	24.3%	59.5%	10.8%	2.7%
	o) College counseling program	2.7%	24.3%	59.5%	10.8%	2.7%
	p) Drop out prevention program	8.3%	22.2%	52.8%	8.3%	8.3%
19	Parents are immediately notified if a child is absent from school.	5.4%	32.4%	37.8%	18.9%	5.4%
20	Teacher turnover is low.	5.5%	2.8%	8.3%	30.6%	52.8%
21	Highly qualified teachers fill job openings.	2.0%	21.6%	24.3%	37.8%	13.5%
22	Teacher openings are filled quickly.	2.8%	16.7%	36.1%	30.6%	13.9%
23	Teachers are rewarded for superior performance.	0.0%	11.1%	22.2%	36.1%	30.6%
24	Teachers are counseled about less than satisfactory performance.	8.1%	35.1%	35.1%	16.2%	5.4%
25	Teachers are knowledgeable in the subject areas they teach.	13.5%	56.8%	10.8%	16.2%	2.7%
26	All schools have equal access to educational materials such as computers, television monitors. science labs and	2.7%	59.5%	16.2%	16.2%	5.4%

	art classes.					
27	The student-to-teacher ratio is reasonable.	8.1%	59.5%	10.8%	16.2%	5.4%
28	Classrooms are seldom left unattended.	18.9%	64.9%	8.1%	8.1%	0.0%

C. Personnel

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
29	District salaries are competitive with similar positions in the job market.	2.7%	18.9%	8.11%	51.4%	18.9%
30	The district has a good and timely program for orienting new employees.	5.4%	62.2%	13.5%	13.5%	5.4%
31	Temporary workers are rarely used.	5.4%	24.3%	37.8%	24.3%	8.1%
32	The district successfully projects future staffing needs.	0.0%	24.3%	35.1%	29.7%	10.8%
33	The district has an effective employee recruitment program.	0.0%	32.4%	40.5%	21.6%	5.4%
34	The district operates an effective staff development program.	8.1%	51.4%	21.6%	13.5%	5.4%
35	District employees receive annual personnel evaluations.	24.3%	67.6%	8.1%	0.0%	0.0%
36	The district rewards competence and experience and spells out qualifications such as seniority and skill levels needed for promotion.	2.7%	16.2%	43.2%	21.6%	16.2%
37	Employees who perform below the standard of expectation are counseled	2.7%	37.8%	40.5%	16.2%	2.7%

	appropriately and timely.					
38	The district has a fair and timely grievance process.	2.7%	40.5%	40.5%	10.8%	5.4%
39	The district's health insurance package meets my needs.	10.8%	67.6%	16.2%	5.4%	0.0%

D. Community Involvement

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
40	The district regularly communicates with parents.	11.1%	66.7%	11.1%	8.3%	2.8%
41	The local television and radio stations regularly report school news and menus.	5.4%	21.6%	32.4%	27.0%	13.5%
42	Schools have plenty of volunteers to help student and school programs.	0.0%	13.5%	21.6%	40.5%	24.3%
43	District facilities are open for community use.	5.4%	35.1%	40.5%	16.2%	2.7%

E. Facilities Use and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
44	The district plans facilities far enough in the future to support enrollment growth.	5.4%	37.8%	35.1%	16.2%	5.4%
45	Parents, citizens, students, faculty, staff and the board provide input into facility planning.	8.1%	29.7%	35.1%	21.6%	5.4%
46	The architect and construction managers are selected objectively and impersonally.	5.4%	10.8%	59.5%	13.5%	10.8%

47	The quality of new construction is excellent.	2.7%	29.7%	29.73%	27.0%	10.8%
48	Schools are clean.	5.4%	54.1%	5.4%	29.7%	5.4%
49	Buildings are properly maintained in a timely manner.	2.7%	43.2%	18.9%	24.3%	10.8%
50	Repairs are made in a timely manner.	2.7%	27.0%	16.2%	43.2%	10.8%
51	Emergency maintenance is handled promptly.	10.8%	43.2%	18.9%	24.3%	2.7%

F. Financial Management

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
52	Site-based budgeting is used effectively to extend the involvement of principals and teachers.	10.8%	29.7%	27.0%	24.3%	8.1%
53	Campus administrators are well trained in fiscal management techniques.	2.7%	35.1%	46.0%	10.8%	5.4%
54	Financial resources are allocated fairly and equitably at my school.	2.8%	36.1%	44.4%	11.11%	5.6%

G. Purchasing and Warehousing

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
55	Purchasing gets me what I need when I need it.	5.4%	35.1%	24.3%	27.0%	8.1%
56	Purchasing acquires the highest quality materials and equipment at the lowest cost.	5.4%	35.1%	40.5%	16.2%	2.7%
57	Purchasing processes are not cumbersome for the requestor.	8.3%	36.1%	25.0%	27.8%	2.8%

58	Vendors are selected competitively.	8.1%	29.7%	51.4%	8.1%	2.7%
59	The district provides teachers and administrators an easy-to-use standard list of supplies and equipment.	8.3%	36.1%	27.8%	22.2%	2.8%
60	Students are issued textbooks in a timely manner.	2.8%	72.2%	11.1%	5.6%	8.3%
61	Textbooks are in good shape.	5.4%	59.5%	13.5%	21.6%	0.0%
62	The school library meets the student needs for books and other resources.	8.1%	59.5%	18.9%	8.1%	5.4%

H. Food Services

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
63	The cafeteria's food looks and tastes good.	2.7%	24.3%	21.6%	18.9%	32.4%
64	Food is served warm.	5.4%	62.2%	10.8%	10.8%	10.8%
65	Students eat lunch at the appropriate time of day.	2.7%	81.1%	10.8%	2.7%	2.7%
66	Students wait in food lines no longer than 10 minutes.	5.4%	67.6%	13.5%	8.1%	5.4%
67	Discipline and order are maintained in the school cafeteria.	8.1%	56.8%	10.8%	16.2%	8.1%
68	Cafeteria staff is helpful and friendly.	8.1%	56.8%	10.8%	18.9%	5.4%
69	Cafeteria facilities are sanitary and neat.	5.4%	75.7%	16.2%	2.7%	0.0%

I. Safety and Security

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
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70	School disturbances are infrequent.	10.8%	54.1%	5.4%	13.5%	16.2%
71	Gangs are not a problem in this district.	8.1%	35.1%	32.4%	18.9%	5.4%
72	Drugs are not a problem in this district.	2.8%	16.7%	25.0%	38.9%	16.7%
73	Vandalism is not a problem in this district.	5.4%	21.6%	13.5%	51.4%	8.1%
74	Security personnel have a good working relationship with principals and teachers.	2.7%	35.1%	48.7%	8.1%	5.4%
75	Security personnel are respected and liked by the students they serve.	2.7%	29.7%	54.1%	8.1%	5.4%
76	A good working arrangement exists between local law enforcement and the district.	8.1%	54.1%	13.5%	10.8%	13.5%
77	Students receive fair and equitable discipline for misconduct.	5.4%	56.8%	8.1%	21.6%	8.1%
78	Safety hazards do not exist on school grounds.	2.7%	54.1%	21.6%	16.2%	5.4%

J. Computers and Technology

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
79	Students regularly use computers.	10.8%	67.6%	8.1%	13.5%	0.0%
80	Students have regular access to computer equipment and software in the classroom.	2.7%	51.4%	2.7%	37.8%	5.4%
81	Teachers know how to use computers in the classroom.	2.7%	78.4%	8.1%	10.8%	0.0%

82	Computers are new enough to be useful for student instruction.	5.4%	59.5%	8.1%	18.9%	8.1%
83	The district meets student needs in classes in computer fundamentals.	0.0%	54.1%	18.9%	24.3%	2.7%
84	The district meets student needs in classes in advanced computer skills.	0.0%	32.4%	32.4%	24.3%	10.8%
85	Teachers and students have easy access to the Internet.	16.2%	62.2%	8.1%	10.8%	2.7%

Appendix B

NARRATIVE COMMENTS

The following comments convey the teachers' perception of Marlin Independent School District and do not reflect the findings or opinions of the Comptroller or review team. The narrative comments are verbatim.

- I feel Marlin ISD High School does a very good job educating our students. Students are products of their environments and some environments leave lots to be desired. We have good students - most are eager to learn and need the positive interaction they get from our teachers. Teacher turn over is a concern. Lack of suitable pay is usually a major factor and better benefits. We have very minor behavior problems, compared to larger school systems. I have greatly enjoyed the working relations and support the administration has continued to provide. We aren't without needs money and equipment, but Marlin is a great place to work and get an education. More and more graduates are going to and graduating from colleges. Our dropout rate is high, but I have seen lots of students return to our learning center and complete credits and graduate. There is lots of room for improvements but we are getting there. I would love to see Family and Consumer Science Classes (i.e., parenting preparations, individual and Family Life required for all graduating students. I need larger classrooms and more computers, but I have strong bond with most all my students. I have 70 (dues paid) FCCLA members (FCCLA - Family Career and Community Leaders of America). Last year we donated 500+ community services hours and \$300.00 to TYC students at MOAU unit. Also gathered and donated 4000 pounds of food to the Marlin Food Bank. Our students/members will attend the State Fair of Texas - "Leadership Institute for Youth" on September 28 - all 70 members.
- Bad Teacher Morale No real curriculum.
- In Marlin I am convinced that we have students that can learn and qualified teacher. The teachers don't (stay) teach very long in other words for some reasons we have a turn over. In most cases if there are turnovers teachers usually don't get involved or care enough to really teach or care about the students because they know that in the next year if not before they will be leaving. Parents should also be contacted concerning the performance of their child(ren). Classroom assistance in the Pre-K3rd would help.
- I don't think there are "major" problems with Marlin ISD. I think the problem is that the community does not put the education of the children first. They just don't care. As far as staff concerns

there hasn't been enough good staff development to bring the "old" teachers up to current research. The district has been lax in correcting this, and the respect of all at the campus level. Teachers in lower levels need more resources. There should be more money allocated in PK-3, and hands-on resources should be available as needed, and purchased if not on demand of the curriculum. I purchase most of the items in my class.

- It is very difficult to answer some of these questions since I am a new employee. However, it is VERY apparent that this district has a strong desire and willingness to make changes that will improve the educational process here. Efforts are already under way to make Marlin ISD a top-performing district.
- Marlin is working on improving. The elementary staff is concerned about their students. The students have music once a week. I wish there were more Fine Arts opportunities for the students on the elementary level. The district needs to set up and buy science equipment on the elementary level. I am concerned about the nutritional value of the students lunch.
- I am very hopeful that we are on the right track with the reading program that is being implemented. We are already seeing positive results. Discipline is an issue also, our new principal is working diligently trying to resolve this so our students will have a very positive learning environment.
- Marlin is a good school district I can only speak mainly for the middle school. We work well together and provide the best education we can.
- Every teacher on the Marlin Elementary Campus has to pull lunch duty. We are not given another time during the day for this. The district is requiring teachers to do P.E. during recess which has to be 30 minutes long each time. Many teachers are not physically able to do this.
- Marlin ISD is making changes to improve educational quality. I am pleased with the support I receive from administration in handling discipline problems. Marlin ISD would benefit greatly from additional funds to promote teacher retention - i.e., bonus raises above state levels, and give ability to compete with other districts. Teacher turnover is extremely high due to discipline problems and lack of parental support in discipline and lack of parental involvement. How do you make them care?
- There are great things happening at Marlin ISD. However; with the good, comes the bad. I strongly feel that the administrators are not hiring top quality teachers and staff. The teacher turnover rate is way too high. Most teachers who teach in the district live outside of Marlin and have no ties with community happenings. Very few faculty support the teams, especially the girl's teams, and they

rarely get involved with students outside the classroom. They don't invest enough in our kids. Thank you for this opportunity!

- I believe that we have too many students falling through the cracks. We have yet to attain an effective remediation program for our low performing student. I also think that this is the primary reason for our yearly turnover rate. Discipline also contributes to this problem.
- There are too many students who are receiving passing grades when they are unable to read or write. It is an injustice to these students to allow this to happen. Discipline is huge problem. Many teachers are unable to teach one subject a day because they spend too much time on getting their class under control. We have a student handbook that outlines the consequences for a behavior. Unfortunately, many of the students are given harsher punishments or easier punishments for the same behavior depending on the student's parents. This causes frustration in the staff and continues or worsens behavior.
- We are working hard to improve student performance.
- Education is not the top priority; it is athletics in this school. All processes are geared toward helping the student-athlete effectively. Most teachers on this campus are doubtful of administrative support when dealing with upset parents. Therefore, confrontation is avoided at all costs. This allows many students to disrupt the education of those few trying to learn. <stronger discipline=more effective teaching>.
- The district is working very hard to make numerous improvements and meet new objectives and goals. Teacher turnover is a concern that is being addressed.

Appendix C

STUDENT SURVEY RESULTS

Totals may not add to 100 percent due to rounding.

n = 93

Demographic Data

1. Gender (Optional)	Male	Female				
		53.8%	46.2%			
2. Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other	
		29.2%	46.1%	19.1%	0.0%	5.6%
3. Classification	Junior	Senior				
		46.2%	53.8%			

A. Educational Service Delivery and Performance Measurements

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1	The needs of college-bound students are being met.	3.2%	36.6%	20.4%	34.4%	5.2%
2	The needs of the work-bound students are being met.	3.4%	41.6%	24.7%	23.6%	6.7%
3	The district has effective educational programs for the following:					
	a) Reading	7.5%	50.5%	15.1%	25.8%	1.1%
	b) Writing	16.1%	41.9%	16.1%	23.7%	2.2%
	c) Mathematics	10.0%	44.4%	12.2%	24.4%	8.9%
	d) Science	20.4%	57.0%	6.5%	12.9%	3.2%
	e) English or Language Arts	20.0%	60.0%	10.0%	8.9%	1.1%
	f) Computer Instruction	13.2%	47.3%	17.6%	17.6%	4.4%
	g) Social Studies (history or geography)	12.0%	46.0%	13.0%	20.7%	8.7%

	h) Fine Arts	17.6%	44.0%	22.0%	14.3%	2.2%
	i) Physical Education	19.4%	48.4%	22.6%	8.6%	1.1%
	j) Business Education	7.5%	26.9%	32.3%	25.8%	7.5%
	k) Vocational (Career and Technology) Education	16.1%	45.2%	21.5%	12.9%	4.3%
	l) Foreign Language	15.6%	50.0%	14.4%	15.6%	4.4%
4	The district has effective special programs for the following:					
	a) Library Service	5.5%	23.1%	20.9%	31.9%	18.7%
	b) Honors/Gifted and Talented Education	9.8%	32.6%	31.5%	15.2%	10.9%
	c) Special Education	19.6%	40.2%	32.6%	4.4%	3.3%
	d) Student mentoring program	0.0%	7.7%	38.5%	33.0%	21.0%
	e) Advanced placement program	9.9%	44.0%	20.9%	14.3%	11.0%
	f) Career counseling program	7.6%	25.0%	28.3%	27.2%	12.0%
	g) College counseling program	8.6%	29.0%	21.5%	25.8%	15.1%
5	Students have access, when needed, to a school nurse.	14.0%	46.2%	5.4%	24.7%	9.7%
6	Classrooms are seldom left unattended.	4.4%	51.1%	11.1%	25.6%	7.8%
7	The district provides a high quality education.	2.2%	17.4%	26.1%	38.0%	16.3%
8	The district has high quality teachers.	2.2%	25.3%	17.6%	26.4%	28.6%

B. Facilities Use and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
9	Schools are clean.	1.1%	31.2%	8.6%	36.6%	22.6%

10	Buildings are properly maintained in a timely manner.	0.0%	21.5%	9.7%	34.4%	34.4%
11	Repairs are made in a timely manner.	0.0%	8.7%	6.5%	29.4%	55.4%
12	Emergency maintenance is handled timely.	1.1%	28.3%	15.2%	22.8%	32.6%

C. Purchasing and Warehousing

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
13	There are enough textbooks in all my classes.	5.5%	37.4%	9.9%	37.4%	9.9%
14	Students are issued textbooks in a timely manner.	5.6%	63.3%	11.1%	15.6%	4.4%
15	Textbooks are in good shape.	2.2%	25.0%	12.0%	31.5%	29.4%
16	The school library meets the student needs for books and other resources.	4.4%	42.2%	11.1%	21.1%	21.1%

D. Food Services

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
17	The school breakfast program is available to all children	20.7%	58.7%	15.2%	1.1%	4.4%
18	The cafeteria's food looks and tastes good.	2.8%	9.8%	14.1%	26.1%	47.8%
19	Food is served warm.	7.7%	42.9%	12.1%	26.4%	11.0%
20	Students have enough time to eat.	1.1%	26.4%	4.4%	30.8%	37.4%
21	Students eat lunch at the appropriate time of day.	8.8%	70.3%	12.1%	3.3%	5.1%
22	Students wait in food lines	3.3%	30.0%	6.7%	32.2%	27.8%

	no longer than 10 minutes.					
23	Discipline and order are maintained in the school cafeteria.	7.9%	50.6%	18.0%	15.7%	7.9%
24	Cafeteria staff is helpful and friendly.	36.7%	45.6%	6.7%	7.8%	3.3%
25	Cafeteria facilities are sanitary and neat.	16.7%	53.3%	14.4%	13.3%	2.2%

E. Transportation

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
26	I regularly ride the bus.	0.0%	10.0%	32.22%	15.6%	42.2%
27	The bus driver maintains discipline on the bus.	0.0%	13.5%	68.5%	9.0%	9.0%
28	The length of my bus ride is reasonable.	0.0%	14.6%	76.4%	4.5%	4.5%
29	The drop-off zone at the school is safe.	6.8%	29.5%	54.5%	5.7%	3.4%
30	The bus stop near my house is safe.	4.6%	15.0%	70.1%	3.5%	6.9%
31	The bus stop is within walking distance from our home.	5.8%	15.0%	71.3%	3.5%	4.6%
32	Buses arrive and leave on time.	3.4%	17.1%	64.8%	8.0%	6.8%
33	Buses arrive early enough for students to eat breakfast at school.	6.8%	28.4%	62.5%	1.1%	1.1%
34	Buses seldom break down.	2.3%	13.6%	56.8%	11.4%	15.9%
35	Buses are clean.	1.1%	6.8%	51.1%	20.5%	20.5%
36	Bus drivers allow students to sit down before taking off.	11.2%	20.2%	52.8%	6.7%	9.0%

F. Safety and Security

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
37	I feel safe and secure at school.	7.6%	45.7%	7.6%	22.8%	16.3%
38	School disturbances are infrequent.	5.6%	43.3%	24.4%	14.4%	12.2%
39	Gangs are not a problem in this district.	28.6%	37.4%	13.2%	12.1%	8.8%
40	Drugs are not a problem in this district.	5.4%	23.9%	17.4%	26.1%	27.2%
41	Vandalism is not a problem in this district.	3.3%	22.0%	11.0%	35.2%	28.6%
42	Security personnel have a good working relationship with principals and teachers.	3.3%	12.2%	53.3%	8.9%	22.2%
43	Security personnel are respected and liked by the students they serve.	1.1%	13.5%	52.8%	12.4%	20.2%
44	A good working arrangement exists between local law enforcement and the district.	5.6%	32.2%	32.2%	15.6%	14.4%
45	Students receive fair and equitable discipline for misconduct.	0.0%	29.2%	14.6%	15.7%	40.5%
46	Safety hazards do not exist on school grounds.	3.4%	24.7%	29.2%	29.2%	13.5%

G. Computers and Technology

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
47	Students have regular access to computer equipment and software in the classroom.	3.3%	22.8%	5.4%	34.8%	33.7%
48	Teachers know how to use	3.3%	38.5%	18.7%	28.6%	11.0%

	computers in the classroom.					
49	Computers are new enough to be useful for student instruction.	5.4%	42.4%	20.7%	20.7%	10.9%
50	The district offers enough classes in computer fundamentals.	6.5%	32.6%	14.1%	27.2%	19.6%
51	The district meets student needs in advanced computer skills.	3.3%	22.0%	23.1%	33.0%	18.7%
52	Teachers and students have easy access to the Internet.	11.0%	45.1%	12.1%	13.2%	18.7%

Appendix C

VERBATIM

The following comments convey the students' perception of Marlin Independent School District and do not reflect the findings or opinion of the Comptroller or review team. The narrative comments are the actual comments received.

- Stop hiring sub's as full time teachers. The hallway is a hazard to all. If majority of the students don't pass a class (Algebra) it's not the student's lack of effort it is the method of the teacher.
- We have cameras that we don't need because no one does anything in the hall. With the money they used to buy the cameras they could of used it to get a new 11th grade History teacher and fix the leaks in our roof.

Appendix D

PARENT SURVEY RESULTS

Totals may not add to 100 percent due to rounding.

n = 40

Demographic Data

1. Gender (Optional)	Male	Female			
	27.8%	72.2%			
2. Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other
	17.1%	62.9%	11.4%	0.0%	8.6%
3. How long have you lived in Marlin ISD?	1-5 years	6-10 years	11 years or more		
	13.2%	13.2%	73.6%		
4. What grade level(s) does your child(ren) attend?	Pre-Kindergarten	Kindergarten	First	Second	Third
	7.50%	20.0%	5.0%	2.5%	12.5%
	Fourth	Fifth	Sixth	Seventh	Eighth
	10.0%	12.5%	2.5%	27.5%	15.0%
	Ninth	Tenth	Eleventh	Twelfth	
	12.5%	7.5%	5.0%	17.5%	

A. District Organization and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1	The school board allows sufficient time for public input at meetings.	10.3%	33.3%	41.0%	10.3%	5.1%
2	School board members listen to the opinions and desires of others.	10.0%	35.0%	27.5%	17.5%	10.0%
3	The superintendent is a respected and effective instructional leader.	18.0%	38.4%	15.4%	12.8%	15.4%

4	The superintendent is a respected and effective business manager.	15.0%	37.5%	17.5%	2.5%	27.5%
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B. Educational Service Delivery and Performance Measurement

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
5	The district provides a high quality of services.	7.5%	30.0%	17.5%	32.5%	12.5%
6	Teachers are given an opportunity to suggest programs and materials that they believe are most effective.	10.0%	37.5%	25.0%	20.0%	7.5%
7	The needs of the college-bound student are being met.	10.3%	17.9%	30.8%	17.9%	23.1%
8	The needs of the work-bound student are being met.	5.1%	38.5%	33.3%	17.9%	5.1%
9	The district has effective educational programs for the following:					
	a) Reading	23.1%	43.6%	5.1%	15.4%	12.8%
	b) Writing	21.0%	47.4%	7.9%	10.5%	13.2%
	c) Mathematics	18.4%	50.0%	0.0%	15.8%	15.8%
	d) Science	18.9%	43.2%	8.1%	16.2%	13.5%
	e) English or Language Arts	17.9%	48.7%	10.3%	12.8%	10.3%
	f) Computer Instruction	15.8%	44.7%	21.0%	15.8%	2.6%
	g) Social Studies (history or geography)	15.4%	41.0%	15.4%	15.4%	12.8%
	h) Fine Arts	10.3%	46.1%	23.1%	10.3%	10.3%
	i) Physical Education	20.5%	53.8%	5.1%	12.8%	7.7%
	j) Business Education	7.7%	35.9%	28.2%	17.9%	10.3%

	k) Vocational (Career and Technology) Education	10.5%	44.7%	23.7%	15.8%	5.3%
	l) Foreign Language	10.3%	35.9%	25.6%	15.4%	10.3%
10	The district has effective special programs for the following:					
	a) Library Service	12.8%	56.4%	28.2%	2.6%	0.0%
	b) Honors/Gifted and Talented Education	12.8%	38.5%	30.8%	5.1%	12.8%
	c) Special Education	30.0%	42.5%	15.0%	0.0%	12.5%
	d) Head Start and Even Start programs	20.5%	46.1%	17.9%	10.3%	5.1%
	e) Dyslexia program	12.8%	12.8%	43.6%	12.8%	17.9%
	f) Student mentoring program	16.2%	10.8%	40.5%	16.2%	16.2%
	g) Advanced placement program	10.3%	23.1%	33.3%	12.8%	20.5%
	h) Literacy program	7.7%	25.6%	41.0%	12.8%	12.8%
	i) Programs for students at risk of dropping out of school	10.0%	12.5%	25.0%	32.5%	20.0%
	j) Summer school programs	20.0%	50.0%	10.0%	17.5%	2.5%
	k) Alternative education programs	13.2%	36.8%	28.9%	7.9%	13.2%
	l) "English as a second language" program	5.0%	37.5%	42.5%	5.0%	10.0%
	m) Career counseling program	5.0%	35.0%	32.5%	15.0%	12.5%
	n) College counseling program	5.0%	30.0%	30.0%	22.5%	12.5%
	o) Counseling the parents of students	7.5%	20.0%	20.0%	22.5%	30.0%
	p) Drop out prevention program	5.0%	15.0%	27.5%	27.5%	25.0%

11	Parents are immediately notified if a child is absent from school.	25.0%	17.5%	10.0%	30.0%	17.5%
12	Teacher turnover is low.	12.5%	15.0%	27.5%	10.0%	35.0%
13	Highly qualified teachers fill job openings.	10.0%	17.5%	17.5%	22.5%	32.5%
14	A substitute teacher rarely teaches my child.	10.3%	30.8%	12.8%	28.2%	17.9%
15	Teachers are knowledgeable in the subject areas they teach	10.0%	42.5%	12.5%	30.0%	5.0%
16	All schools have equal access to educational materials such as computers, television monitors, science labs and art classes.	17.5%	37.5%	22.5%	10.0%	12.5%
17	Students have access, when needed, to a school nurse.	27.5%	62.5%	2.5%	7.50%	0.0%
18	Classrooms are seldom left unattended.	17.5%	40.0%	22.5%	20.0%	0.0%
19	The district provides a high quality education.	15.0%	27.5%	10.0%	22.5%	25.0%
20	The district has a high quality of teachers.	7.5%	32.5%	12.5%	27.5%	20.0%

C. Community Involvement

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
21	The district regularly communicates with parents.	15.4%	25.6%	10.3%	30.8%	17.9%
22	District facilities are open for community use.	12.5%	27.5%	25.0%	22.5%	12.5%
23	Schools have plenty of volunteers to help student and school programs.	2.5%	22.5%	15.0%	35.0%	25.0%

D. Facilities Use and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
24	Parents, citizens, students, faculty, staff and the board provide input into facility planning.	15.0%	17.5%	35.0%	22.5%	10.0%
25	Schools are clean.	30.0%	55.0%	10.0%	5.0%	0.0%
26	Buildings are properly maintained in a timely manner.	22.5%	50.0%	15.0%	12.5%	0.0%
27	Repairs are made in a timely manner.	15.0%	42.5%	25.0%	15.0%	2.5%
28	The district uses very few portable buildings.	23.1%	51.3%	25.6%	0.0%	0.0%
29	Emergency maintenance is handled expeditiously.	17.5%	50.0%	25.0%	2.5%	5.0%

E. Asset and Risk Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
30	My property tax bill is reasonable for the educational services delivered.	5.0%	25.0%	27.5%	22.5%	20.0%
31	Board members and administrators do a good job explaining the use of tax dollars.	2.5%	15.0%	32.5%	20.0%	30.0%

F. Financial Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
32	Site-based budgeting is used effectively to extend the involvement of principals and teachers.	2.6%	23.7%	57.9%	5.3%	10.5%

33	Campus administrators are well trained in fiscal management techniques.	7.5%	17.5%	50.0%	12.5%	12.5%
34	The district's financial reports are easy to understand and read.	5.0%	17.5%	50.0%	10.0%	17.5%
35	Financial reports are made available to community members when asked.	7.5%	17.5%	50.0%	10.0%	15.0%

G. Financial Management

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
36	Students are issued textbooks in a timely manner.	25.0%	50.0%	10.0%	10.0%	5.0%
37	Textbooks are in good shape.	22.5%	37.5%	5.0%	25.0%	10.0%
38	The school library meets student needs for books and other resources.	28.2%	43.6%	15.4%	12.8%	0.0%

H. Food Services

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
39	My child regularly purchases his/her meal from the cafeteria.	40.0%	47.5%	7.5%	2.5%	2.5%
40	The school breakfast program is available to all children.	40.0%	47.5%	5.0%	7.5%	0.0%
41	The cafeteria's food looks and tastes good.	20.0%	20.0%	27.5%	20.0%	12.5%
42	Food is served warm.	25.0%	32.5%	30.0%	5.0%	7.5%
43	Students have enough time to eat.	22.5%	42.5%	7.5%	15.0%	12.5%

44	Students eat lunch at the appropriate time of day.	22.5%	55.0%	0.0%	15.0%	7.5%
45	Students wait in food lines no longer than 10 minutes.	20.0%	27.5%	35.0%	7.5%	10.0%
46	Discipline and order are maintained in the school cafeteria.	22.5%	40.0%	17.5%	10.0%	10.0%
47	Cafeteria staff is helpful and friendly.	20.0%	42.5%	15.0%	10.0%	12.5%
48	Cafeteria facilities are sanitary and neat.	27.5%	47.5%	15.0%	5.0%	5.0%

I. Transportation

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
49	My child regularly rides the bus.	25.0%	22.5%	10.0%	25.0%	17.5%
50	The bus driver maintains discipline on the bus.	20.0%	32.5%	35.0%	2.5%	10.0%
51	The length of the student's bus ride is reasonable.	17.5%	42.5%	30.0%	7.5%	2.5%
52	The drop-off zone at the school is safe.	20.0%	45.0%	27.5%	5.0%	2.5%
53	The bus stop near my house is safe.	25.0%	22.5%	32.5%	12.5%	7.5%
54	The bus stop is within walking distance from our home.	22.5%	35.0%	32.5%	5.0%	5.0%
55	Buses arrive and depart on time.	25.0%	37.5%	32.5%	5.0%	0.0%
56	Buses arrive early enough for students to eat breakfast at school.	22.5%	35.0%	32.5%	5.0%	5.0%
57	Buses seldom break down.	20.0%	22.5%	47.5%	7.5%	2.5%
58	Buses are clean.	12.8%	23.1%	53.8%	7.7%	2.6%
59	Bus drivers allow students	22.5%	37.5%	32.5%	7.5%	0.0%

	to sit down before taking off.					
60	The district has a simple method to request buses for special events.	17.5%	35.0%	37.5%	5.0%	5.0%

J. Safety and Security

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
61	Students feel safe and secure at school.	17.5%	55.0%	5.0%	15.0%	7.5%
62	School disturbances are infrequent.	12.5%	55.0%	12.5%	10.0%	10.0%
63	Gangs are not a problem in this district.	20.0%	60.0%	10.0%	5.0%	5.0%
64	Drugs are not a problem in this district.	27.5%	32.5%	12.5%	15.0%	12.5%
65	Vandalism is not a problem in this district.	20.0%	42.5%	7.5%	15.0%	15.0%
66	Security personnel have a good working relationship with principals and teachers.	12.8%	28.2%	38.5%	5.1%	15.4%
67	Security personnel are respected and liked by the students they serve.	12.5%	25.0%	45.0%	10.0%	7.5%
68	A good working arrangement exists between local law enforcement and the district.	23.1%	51.3%	10.3%	12.8%	2.6%
69	Students receive fair and equitable discipline for misconduct.	23.1%	30.8%	5.1%	20.5%	20.5%
70	Safety hazards do not exist on school grounds.	10.3%	38.5%	30.8%	17.9%	2.6%

K. Computers and Technology

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
71	Teachers know how to teach computer science and other technology-related courses.	20.0%	47.5%	25.0%	5.0%	2.5%
72	Computers are new enough to be useful to teach students.	17.5%	57.5%	15.0%	7.5%	2.5%
73	The district meets student needs in classes in computer fundamentals.	20.0%	37.5%	25.0%	15.0%	2.5%
74	The district meets student needs in advanced computer skills.	15.0%	40.0%	30.0%	7.5%	7.5%
75	Students have easy access to the Internet.	12.5%	40.0%	37.5%	2.5%	7.5%

Appendix D

VERBATIM

The following comments convey the parents' perception of Marlin Independent School District and do not reflect the findings or opinion of the Comptroller or review team. The narrative comments are the actual comments received.

- I like the program where the kids work after school, it's really made my son work hard on his grades. I appreciate the district giving him a chance because he enjoys school and work now.
- Marlin ISD is very poor on education for the children. I feel that the superintendent focuses on the children's disciplinary status more than them getting an education. Seems to me that she has gotten the teachers and staff more interested in trying to raise the kids than teaching them. Seems to me that the superintendent has her degree in the wrong field. Her main interest is on the behavior of the children than their education. And she has instilled in the principal and teacher the same thing. So our school system is more of a disciplinary school than an educational school. I feel if we had another superintendent the problem would be solved in the education of the children. I have 3 children to finish at Marlin ISD and I never had a problem with the way that they were taught or with their education. They were under another superintendent. And his focus was on the children's education instead of their behavior and they did get an education. The behavior was turned over to the parents. And we had no problems with Marlin ISD. But now we have a 10 year old in school and we think he is in a center for behavior youth than a school for public children. So what I'm really saying is the superintendent is Marlin ISD's biggest problem. I feel that Marlin ISD needs to focus more on the kids' education than their discipline. Marlin ISD's main focus is on the children disciplinary problem than their academics. The school is run more like a prison system or a TYC facility than a school system. The superintendent is mainly focused on the children behavior than teaching them. I feel we need a new superintendent and then all the problems will be solved and the school would be run like a school instead of a prison.
- I think we need more qualified teachers for our schools.
- I was so glad to get a survey in the mail. First of all, this summer the Marlin ISD changed all of the bus routes, they did not let anyone know of this till the first day of school. The bus stop for my children is not close to the house, it's one-mile down the road where I cannot see my children get on the bus. Some children at

another bus stop have to walk 13 blocks to the bus stop. I asked them at school the first day and they said they had to cutback, that's insane for those children to walk that far. So my children don't ride the bus anymore and a lot of other children don't either. I have talked to the superintendent on other things and she told me, that that was the way it will be. She can do anything she wants. This was on the phone when I called her. So I don't call, it doesn't do any good. There are a lot of parents that don't like what's going on. Please check into this.

- The problem I have with Marlin ISD is my child is in the third grade and I tell him to bring home his books. He brings home his English book and his reading book but never his spelling book. I ask for the spelling book and he says his teacher wouldn't let him bring home the book. We as parents need to see the books because kids bring home papers without complete directions. My child that's in kindergarten was found sleeping while the teacher was reading to the other kids. I asked why she is sleeping. The teacher said she is probably sleeping because she didn't get enough rest. I asked the teacher if she tried to wake her up, but she said no. There is more to be told. That's just a few things. I would like for them to be moved to another school. But where can they go? I live in Marlin; a private school would be great, but would Marlin ISD help pay for it?
- I can say a lot about this district because I went to school at MISD and graduated here also. My parent has been a teacher here for years and now my children attend. I'll just say if we can get some of the teachers to care and be concerned and want to help them, the kids will do better.
- Marlin does not have enough certified teachers. Sometimes Marlin has subs teach classes all year long. Also does not notify parents of children missing class or not turning in assignments. Also, some subjects do not have enough textbooks.
- Teachers are more concerned about student behavior than trying to teach or trying to get students to learn. Students can't learn anything in AEP or OLS. So they are going to want to go to those classes; figure out another way, please. Before teachers do anything about your child they (teacher) need to call the parent first, not just send notes home, thinking that parent received that note. (We were small at one time.) Overall, the school district tries.
- Marlin schools should be personally visited by your staff. Words cannot express the unprofessional substandard procedures allowed here. Students are not learning. Discipline is improperly administered consistently. Discrimination and racism are practiced against the majority of black and Hispanic students left there. Those who can afford to remove their children have done so. This school is a travesty and a joke and a misuse of taxpayer dollars.

- We need help! Please help us.
- Letter attached to the survey addressed to Carole Keeton Strayhorn:

In Marlin ISD, I believe the problems can be addressed, confronted and solved. I feel the teachers are spending more time disciplining students instead of teaching. It is my feeling that students who are not a problem are lagging behind because of other students who are disruptive. Is there a way the students who want to learn can be placed in a more structured class with less disciplinary problems?

In the community, families are moving out of Marlin or are sending their children to other school districts. In speaking to some of these parents, the primary reason for them moving their children to other districts is the low academic levels of the schools. The taxes were raised so we could build a new school but the parents of school age children are not benefiting from the new school. I am a parent of three children. I have a daughter in college, a son in junior high at Marlin ISD, and a daughter who is a preschooler. My preschooler goes to a private school and I am unsure what I will do in the future because of the low academic level in Marlin Primary School. I believe the school district has had enough time to solve this problem. My son is an A-B student at Marlin Junior High and is involved in school activities. I would like to continue to send him to Marlin ISD but I am not sure if this would be the best for him in the future. My daughter who attends college graduated from Marlin ISD in 2001. Marlin ISD is not preparing our children for secondary education. I would be glad to speak to anyone concerning this matter. Thank you for being aware of the problems.

- The Hispanic students that attend Marlin ISD suffer a lot of racism and much discrimination. The new director doesn't like Hispanics. We are in a free country and everyone is equal. The students and teachers need to get together. There is no respect between the students and the teachers. There is vandalism and drugs. If you were to investigate, you could clean it up and it would be a nice school.
- It took an act of congress to get my child moved out of the class she was in last year. She had a lot of problems - she felt like the teacher was picking on her. The principal and assistant principal were not helpful in this matter. I almost took my kids out of this school district. The superintendent had to step in; I don't think I should have had to call her in this matter.
- I would just like to say that the special classes here are no good because once your child is put in a special class here to catch him up, they never catch up with their level and they are always left behind and can never return to regular level. They leave them in special classes until they graduate from high school passing them

from year to year and they don't know how to read on a 4th grade level when they graduate.

- I am not aware of some of the questions on this survey. To my knowledge, the school does not have a computer-trained teacher, some of the teachers do not even have the knowledge of math. They (the teachers) do not care enough to help the students. You have some teachers that look at (skin) this is not fair. The assistant principal is not a principal, - he needs to be out. The superintendent is very seldom in her office when a problem arises. You cannot go in and look at paper work that is for the public - it has to be approved and that usually takes about 2-4 weeks. Thank you.
- This is my daughter's first year at Marlin ISD. She likes her teacher and the other kids in her class. So far we have had only minor problems like "this person said they didn't like me," 5 year old typical behavior. There is one teacher that needs to relax on how he talks to the children after school. They are in elementary school not juvenile boot camp. Other parents would not approve of his style either.
- I think MISD needs help.
- To start off with, the kids don't respect anybody, including the teachers. The students are aggressive and discriminative to other students that are of the Latin race. You already know Hispanic people receive much discrimination on the part of students, teachers, the director and the sub-director in high school. Please check the schools so they can benefit the students and the workers. A lot of drugs are being passed. A lot of people think that Marlin is a calm town, but in reality, living here is quite different. The sub-director of the high school is the most racist and please do something for the Hispanic community. We know that somebody is going to come in and check the school to make sure there is fair treatment for everybody.
- The school is overall a good school. Last year we had too many substitute teachers. Discipline could be better. There is not enough control over kids by teachers. Black kids do not have a good grade point average for college.
- Marlin ISD has a systemic problem which evidences itself primarily at the elementary level. There is an extreme problem with employee turnover as evidenced by having five principals in the past six years. Teacher turnover appears to be approximately 50 percent per year. There has been no consistent curriculum or behavior management strategies to help the teachers that attempt to meet students needs. It would be beneficial if high paid reading specialists actually worked with students.
- I feel at a disadvantage filling out this survey because of most of the questions asked in this survey. I have no knowledge of the information, even the questions puzzled my children because most

of them are not aware of this information. I'm really not aware of any of this curriculum offered unless my kids get in trouble at school.

- I'm new at this, these are my grandchildren and as far as I know they are doing good.
- I don't like it when the school makes my child pay for books because of a mark that was already there from years back. Another thing is we cannot drink the water in Marlin. The school does not have a good supply of water for the children to drink. My children take bottled water from home to drink. They are not ready for emergencies. If you can help the school to get more water for the children, please help. The water lines will take about four months to fix. The children need water, its too hot.
- Marlin has an O.K. school, but it does not have enough teachers or aides. My child is a straight A student, so I guess it is not too bad.