

TRANSMITTAL LETTER

August 27, 2003

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Thomas R. Craddick, Speaker of the House
Chief Deputy Commissioner Robert Scott

Fellow Texans:

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

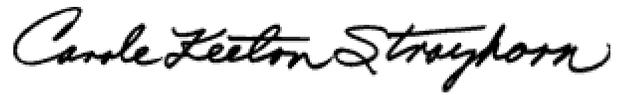
This review is intended to help LISD hold the line on costs, streamline operations, and improve services to ensure that more of every education dollar goes directly into the classroom with the teachers and children, where it belongs. To aid in this task, I contracted with INFOSYS Development Group, Inc.

I have made a number of recommendations to improve LISD'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 67 detailed recommendations that could save LISD nearly \$1.8 million over the next five years, while reinvesting more than \$228,000 to improve educational services and other operations. Net savings are estimated to reach more than \$1.5 million that the district can redirect to the classroom.

I am grateful for the cooperation of LISD's board, staff, parents, and community members. I commend them for their dedication to improving the educational opportunities for our most precious resource in LISD-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/llano/>.

Sincerely,



Carole Keeton Strayhorn
Texas Comptroller

c: Senate Committee on Education
House Committee on Public Education
The Honorable Troy Fraser, State Senator, District 24
The Honorable Harvey Hilderbran, State Representative, District 53

EXECUTIVE SUMMARY

Executive Summary Overview

Summary of Costs and Savings by Recommendation

In April 2003, Texas Comptroller Carole Keeton Strayhorn began a review of the Llano Independent School District (LISD). Based upon five months of work, this report identifies LISD's exemplary programs and suggests concrete ways to improve district operations. If fully implemented, the Comptroller's 67 recommendations could result in net savings of more than \$1.5 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 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 Llano ISD

Comptroller Strayhorn selected Llano ISD for a review in January 2003 and began onsite work in April 2003. The Comptroller's office selected INFOSYS Development Group, Inc., a Houston-based firm to assist the agency with the review at a cost of \$80,080.

The review team interviewed district employees and board members and conducted two public forums on April 7, 2003, one at Llano High School in Llano and one at Packsaddle Elementary School in Kingsland.

To ensure all stakeholder groups had an opportunity to give their views, TSPR sent surveys to students, parents, teachers, principals and assistant principals and district administrative and support staff.

A total of 385 people returned the written surveys. Ninety-three district administrative and support staff, four principals and assistant principals, 106 teachers, 101 parents and 81 students completed the surveys as part of the review. Details from the public forums and surveys appear in **Appendices A through F**.

The review team also consulted two Texas Education Agency (TEA) databases of comparative educational information, the Academic Excellence Indicator System (AEIS) and the Public Education Information Management System (PEIMS).

LISD selected peer districts for comparisons based on similarities in student enrollment, student performance and community and student demographics: Barbers Hill, Glen Rose, Ingram and Wimberley ISDs. TSPR also compared LISD to district averages in TEA's Regional Education Service Center XIII (Region 13), to which Llano ISD belongs, and to the state as a whole.

During its five-month review, TSPR developed 67 recommendations to improve operations and save taxpayers nearly \$1.8 million by 2007-08. Cumulative net savings from all recommendations (savings minus recommended investments or expenditures) could reach more than \$1.5 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 could improve the district's overall operations.

Acknowledgements

The Comptroller's office and INFOSYS Development Group, Inc. wish to express appreciation to the LISD Board of Trustees, acting superintendent Dennis Hill, district employees, students, parents and community residents for their assistance and input during the review.

Llano ISD

LISD is located in Llano County about 70 miles west of Austin. In 2002-03, LISD had 1,890 students enrolled in one high school, one middle school, one junior high school and two elementary schools.

LISD's 2002-03 budget is more than \$18.4 million. The district employs 327 staff with 173 full-time teachers. LISD's students are 84.8 percent Anglo, 13.4 percent Hispanic, 0.5 percent African American and 1.3 percent other. About 41.5 percent of the district's students are economically disadvantaged, compared to the state average of 51.9 percent.

Exhibit 1 details the demographic characteristics of LISD and its peer districts.

**Exhibit 1
Demographic Characteristics
LISD and Peer Districts
2002-03**

District	Student Enrollment	African American	Hispanic	Anglo	Other	Economically Disadvantaged
Barbers Hill	2,945	2.8%	11.7%	84.9%	0.6%	18.5%
Llano	1,890	0.5%	13.4%	84.8%	1.3%	41.5%
Wimberley	1,812	1.3%	10.8%	87.0%	1.0%	17.4%

Glen Rose	1,678	0.2%	21.1%	77.1%	1.6%	39.9%
Ingram	1,510	1.5%	26.3%	71.5%	1.8%	53.0%
State	4,239,911	14.3%	42.7%	39.8%	3.2%	51.9%

Source: TEA, PEIMS, 2002-03.

LISD served 1,890 students during 2002-03, an increase of 19.8 percent since 1998-99 (**Exhibit 2**).

Exhibit 2
LISD Student Enrollment History
1998-99 through 2002-03

School Year	Actual Student Enrollment	Percent Change from 1998-99*
1998-99	1,578	N/A
1999-2000	1,651	4.6%
2000-01	1,682	1.9%
2001-02	1,817	8.0%
2002-03	1,890	4.0%

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

*Percentages are rounded off.

In 2001-02, 95.6 percent of the district's students passed the Texas Assessment of Academic Skills (TAAS), compared to the state average of 85.3 percent. The district's passing rates in Math (98.7), Reading (96.4) and Writing (98.9) are well above state averages. In the recently released results of the Texas Assessment of Knowledge and Skills (TAKS), which is the test replacing the TAAS, LISD students in grade 3 through grade 11 exceeded the statewide averages in all tests except grade 5 Reading and grade 11 English/Languages Arts. The district has been rated Recognized each of the last five years, with four of its five campuses rated Exemplary for 2001-02.

In January 2003, following a series of controversies and allegations of wrongdoing, the LISD board requested an audit from the Texas Association of School Business Officials (TASBO). Based on investigations by the Llano County District Attorney's Office that resulted in indictments by the grand jury, the board placed Superintendent Jack

Patton on administrative leave in February 2003. At an April 2003 meeting, the board proposed termination of his contract and sent him written notice outlining numerous allegations of misconduct. Mr. Patton has appealed the proposed termination to TEA. Mr. Patton is scheduled for an August trial on two indictments for open records violations and has a September trial to answer felony indictments for tampering with government records.

In an attempt to balance its budget, LISD declared financial exigency in April 2003 and implemented a reduction in force (RIF) for 2003-04 to save the district almost \$1.5 million annually. In May 2003, the board adopted a plan to close the middle school and move grade 5 students to the elementary schools and grade 6 to the junior high. As a result, TSPR's challenge was to identify ways to ensure that these initiatives were sustainable and that the district continue to provide high quality educational programs despite these budgetary cuts.

To accomplish this, TSPR found that LISD faces four key challenges:

- Improving board oversight of district operations;
- Increasing financial accountability;
- Documenting policies and procedures; and
- Planning for the future.

Improve Board Oversight of District Operations

Ensure that all board members meet their annual training requirement and have adequate information to make informed decisions. LISD's board relinquished much of the control of district operations to the superintendent now on administrative leave, which resulted in a series of controversial decisions that continue to financially impact the district. No board members have completed the continuing education hours required for 2003. In addition, the board members' meeting packets lack sufficient detail or summary information for the members to make informed decisions. With adequate training and comprehensive, detailed information, board members can assume the role and responsibility for which they were elected - governance of the district.

Require detailed budget documents based on realistic projections. The 2002-03 budget presented to the board does not provide the necessary data in order to assess the impact of the proposed budget on the district's financial condition. The budget included anticipated revenues from borrowing \$2 million to have cash available to pay expenses, but the line item was not explained, nor was there any discussion of the impact this loan would have on the district in subsequent years. The documents also failed to inform the board or community that even with unrealistically

high estimates for revenues and low estimated expenditures, the \$2 million loan still would not provide sufficient cash to pay district expenses for the entire year. Requiring budget documents that fully explain the district's proposed budget and the impact on future year budgets will help ensure that board members are informed and prepared to make sound financial decisions.

Increase Financial Accountability

Implement a new organization that supports accountability and strengthens performance. LISD's organization does not support accountability. The assistant superintendent must divide his time between the operational area and curriculum and instruction, which results in less attention being directed toward either area. The director of Business/Finance oversees the district's financial management but often serves in more of a bookkeeping role than a key financial management advisor. By focusing the assistant superintendent on the instructional areas and creating a new position of assistant superintendent for Business Operations to oversee operations and be the fiscal management force in the district, the district can strengthen both its educational and financial performance.

Establish a plan to achieve and maintain a targeted general fund balance. LISD's general fund balance was more than \$17,000 at the end of 2001-02, and the fund balance by the end of 2002-03 will be negative. Preparing a general fund balance plan that includes a targeted fund balance that meets TEA's optimum fund balance recommendations and guidelines will enable board members to restore the district's fund balance to an acceptable level.

Meet with the Texas Education Agency and the partner districts to determine how LISD should address and correct any past and future wealth equalization issues. Since 1999-2000 LISD has partnered with Panther Creek Consolidated ISD and Coleman ISD, two property-poor districts, to equalize wealth. In agreements submitted to TEA, at least 50 percent of the partner districts' gain from their sale of weighted average daily attendance (WADA) credits to LISD were to be used for a 30-day extended year program for all eligible grade K-8 students in the partner districts. In reality, LISD set up a technology consortium whereby LISD received approximately 20 percent of the net gain from the partner districts. TEA brought this irregularity to the attention of the superintendent and TEA was assured in November 2000 that this practice would stop. There is some evidence however that the practice continued until last fiscal year. By meeting with TEA and the partner districts, LISD can address and correct any prior or future agreements to ensure that all parties are fairly treated.

Document Policies and Procedures

Assemble all district operating procedures into a comprehensive procedures manual consistent with the district policies. The current procedures manual does not address the day-to-day operations of the district, such as the handling of accounts payable, accounts receivable, hiring, exit interviews, school bus maintenance and advance approval for travel. In the absence of these procedures, personnel can circumvent the system and are not being held accountable for their actions. By formally documenting all procedures for operating the district, employees will have an undisputable set of instructions for conducting district business.

Develop cash management policies and procedures to strengthen internal controls. The district does not have strong internal controls over its cash management. LISD has no written policies or procedures that clearly define roles and responsibilities or segregate duties among individuals who handle cash and prepare deposits from those who perform entries into the accounting system and reconcile bank statements. For example, the assistant Business/Finance officer prepares deposits in addition to performing bank reconciliations. By separating its asset maintenance and bookkeeping functions, district assets can be properly safeguarded from unauthorized use and the reliability of accounting information improved.

Revamp the district's contract awarding and monitoring processes. LISD does not have an effective contracting process. Some evidence exists to show that contracts were awarded without following state bid requirements, particularly for some computer purchases. The superintendent also directed the Business Office to pay construction contractors without an opportunity to consistently check the invoices against the contract documents. Contract documents have not been consistently maintained in the Business Office, and no central list of LISD contracts exists, which makes it difficult to determine what contracts are in effect or when they expire. Revamping the district's contract awarding and monitoring process to require a strong system of checks and balances will ensure contracts for goods and services are awarded in a manner that complies with state law, is advantageous to the district and is performed in compliance with contract terms and conditions.

Plan for the Future

Develop a long-range strategic plan to guide the district in the future. LISD has not developed a long-range financial or educational plan for the district. Consequently, rebuilding the district's financial reserves and establishing sound operating guidelines have been reactive rather than proactive. By using community members, parents, teachers and even

students to develop a long-range strategic plan, the district can establish a clear direction and long-term district goals to guide the district in the future and rebuild trust in the community.

Clearly define and strengthen the site-based decision making process.

The site-based decision making (SBDM) committee does not regularly provide input to the board or administration, and campus-level committees are not certain of their role in the process. By developing policies and procedures for SBDM that place special emphasis on educating and training all individuals on their roles and the district's mission, the district can improve the district- and campus-level planning and decision-making process and involve the SBDM committee in establishing and reviewing the district's and campuses' educational plans, goals, performance objectives and major classroom instructional programs.

Develop staffing formulas linked to enrollment and maintain district staffing levels accordingly. Although the district has implemented a major reduction in force, and closed its middle school, the district does not use staffing allocation formulas as a guide before filling positions or determining positions to eliminate. In April 2003, the district eliminated 35 teaching and one nurse position for 2003-04. Applying the standards used by the Southern Association of Colleges and Schools, a total of four clerical and professional support staff could be eliminated for additional savings of more than \$640,000 over the five years. In the future, staffing allocation formulas linked to student enrollment should serve as a guide for the district in determining the number of staff positions needed, both inside and outside the classroom.

Review opportunities for use or disposition of the Western Lands. The district has an interest in about 17,473 acres in Tom Green County called the Western Lands. This land set apart by the Republic of Texas and given to counties through Article VII, section 6 of the Texas Constitution to fund the establishment of public schools. Llano County still owns its county school land, which is appraised at \$5.6 million, and the county commissioners oversee its use. The beneficiaries of these lands are LISD and Burnet Consolidated ISD, which has a small portion of its district in Llano County. Over the years, most of this land has been leased for grazing, hunting, mineral exploration and excavation, however recently there have been some disputes over one of the leases, which has reduced revenues. Given the poor financial position of the district, LISD and the county should meet and consider alternatives for the Western Lands, including selling the property or renegotiating its leases. Public meetings could be held to allow community input from citizens in both LISD and Burnet Consolidated ISD.

Exemplary Programs and Practices

TSPR identified a number of "best practices" in LISD. Through commendations in each chapter, the report highlights LISD's model programs, operations and services provided by LISD administrators, teachers and staff. Other school districts throughout Texas are encouraged to examine these exemplary programs and services to see if they could be adapted to meet their local needs. TSPR's commendations include the following:

- ***LISD uses individual student performance data to improve student performance.*** The district analyzes data from the state accountability and benchmark tests for each individual student to determine academic strengths and weaknesses. The principal and teachers use this data to evaluate and modify instructional strategies and teaching materials. They also develop individual student plans to help ensure that each student is successful on the state accountability tests. As a result, LISD students' performance is steadily improving on the state accountability tests in reading, mathematics, writing, science, social studies and all tests taken, and 2002-03 preliminary results of the more rigorous Texas Assessment of Knowledge and Skills is above state average in most areas.
- ***The district's Alternative Education Program (AEP) encourages students to remain current in their regular coursework and successfully return to the regular classroom.*** LISD regular and AEP teachers work collaboratively to ensure that AEP students are completing the same assignments, tests and projects as their peers in the regular classroom. In addition to their core classes in English, math, science and social studies, students in AEP are also provided elective credit. Keeping students current in their class assignments has helped these students successfully return to the regular classroom.
- ***The Llano ISD Hall of Fame Celebration and Alumni Museum represents a valuable partnership between a public school district, its alumni and its community.*** In 2002, LISD administrative staff and community members joined efforts to create an LISD Alumni Hall of Fame and Museum. An estimated 350 guests attended the first banquet at Llano High School, which honored the 1935 ladies' doubles tennis team, several athletes and distinguished students from the 1930s and 1940s and the 1950 Llano High School football team and their coach, the first district champions. The Llano ISD Hall of Fame committee's primary goal is to fund a scholarship from banquet proceeds for a deserving Llano High School student who wishes to advance their education.

- ***The district offers a comprehensive benefit program to its employees.*** Unlike many basic employer plans, the district provides regular medical and other health insurance, plus additional benefits available at the employee's expense such as a locally managed sick leave pool, heart plan and cancer insurance supplement, dental and vision plans, plus income protection in case of an accident and life insurance. Comprehensive benefit plans serve as an effective retention tool for the district.
- ***LISD participates in cooperative purchasing arrangements, saving staff time and reducing costs for purchase of goods and services.*** The director of Business/Finance identifies potential cooperative agreement partners and evaluates goods and services available from each. If the items and services available from the cooperative are reasonably priced and if the cost to participate in the cooperative is reasonable, the director of Business/Finance obtains and completes the forms necessary to add LISD to the cooperative, saving time, effort and the expense of individual competitive purchasing processes.
- ***Llano High School provides a variety of nutrition education opportunities for high school students.*** LISD High School teachers in the Family and Consumer Science Department, the Agriculture Department, and the Biology Department stress the importance of good nutrition through a coordinated program of health education, physical education, physical activity and nutrition education. The district complies with a 2001 state law requiring school districts to make available a coordinated health program designed to prevent obesity, cardiovascular disease and Type II diabetes. Teachers regularly supplement textbooks with current Internet resources in order to provide updated information.
- ***LISD provides advanced technology for its users.*** The district's telecommunications infrastructure is state of the art. All but one campus is connected by fiber cabling that allow high-speed connections. The campus that does not have fiber cabling has high-speed connections through the local telephone company. The telephone system is connected through the same fiber cabling system. Ninety-five percent of all classrooms are computer and telephone ready. Distance learning centers also are available in the high school and one of the elementary schools, and e-mail is used throughout the district.

Savings and Investment Requirements

Many of TSPR's recommendations would result in savings and increased revenue that the district could use to improve classroom instruction. The savings opportunities identified in this report are conservative and should be considered minimums. Proposed investments of additional funds usually are related to increased efficiencies or savings, or improved productivity and effectiveness.

TSPR recommended 67 ways to save LISD nearly \$1.8 million in gross savings over a five-year period. Reinvestment opportunities will cost the district more than \$228,000 during the same period. Full implementation of all recommendations in this report could produce net savings of more than \$1.5 million by 2007-08.

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

Year	Total
2003-04 Initial Annual Net Savings	\$183,682
2004-05 Additional Annual Net Savings	\$279,099
2005-06 Additional Annual Net Savings	\$279,099
2006-07 Additional Annual Net Savings	\$290,649
2007-08 Additional Annual Net Savings	\$290,649
One Time Net Savings (Costs)	\$236,111
TOTAL SAVINGS PROJECTED FOR 2003-08	\$1,559,289

A detailed list of costs and savings by recommendation appears in **Exhibit 4**. The summary chart lists the page number for each recommendation 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 LISD board ask district administrators to review the recommendations, develop an implementation plan and monitor its progress. As always, TSPR staff is available to help implement 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 Leadership, Organization and Management								
1	Provide comprehensive materials in the board packets to enable board members to make informed decisions.p. 24	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Encourage board members to complete the required hours of training by scheduling training opportunities on-site in a series of pertinent topics beginning with school finance. p. 26	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)	(\$4,500)	\$0
3	Prepare more detailed board minutes, post them on the district Web site and make a limited number of hard copies available at each campus.p. 31	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Implement a new organization that supports accountability and strengthens performance.p. 35	(\$17,922)	(\$5,072)	(\$5,072)	(\$5,072)	(\$5,072)	(\$38,210)	\$0
5	Assemble all district operational procedures into a comprehensive procedures manual that is consistent with district policies. p. 38	\$0	\$0	\$0	\$0	\$0	\$0	\$0

6	Develop the skill sets and expectations needed in a new superintendent prior to the hiring process. p. 39	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Meet with the Texas Education Agency and the partner districts to determine how LISD should address and correct any past and future wealth equalization issues.p. 42	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Clearly define and strengthen the site-based decision-making process. p. 45	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Develop a long-range strategic plan. p. 47	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Centralize and functionally align the district's personnel responsibilities to create a strategic focus and direction. p. 52	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Develop specific job descriptions that include measurable and objective standards of performance and provide annual written evaluations for all non-instructional staff based on the standards. p. 54	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Develop staffing formulas linked to enrollment and maintain district staffing levels accordingly. p. 59	\$71,402	\$142,804	\$142,804	\$142,804	\$142,804	\$642,618	\$0
13	Implement a performance stipend by developing guidelines that notify all employees of the criteria required to achieve the stipend award. p. 61	\$11,220	\$11,220	\$11,220	\$11,220	\$11,220	\$56,100	\$0
14	Discontinue the practice of	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	purchasing personal items for employees to avoid the appearance of giving gifts from public funds. p. 62							
15	Attend recruitment fairs to be proactive in targeting qualified staff and marketing the district as an employer of choice. p. 63	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Appoint a community task force facilitated by a member of administration to develop and implement an overall communications recovery plan. p. 67	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Form a parent and community council to determine the recreational needs of LISD's children and youth and develop a master plan to address those needs. p. 69	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Develop a districtwide plan for the use of volunteer services. p. 70	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Improve LISD's communications program by enhancing school newsletters and the district Web site.p. 72	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals-Chapter 1		\$63,800	\$148,052	\$148,052	\$148,052	\$148,052	\$656,008	\$0
Chapter 2: Educational Service Delivery								
20	Develop and update curriculum guides for all courses and grade levels.p. 84	(\$21,100)	(\$21,100)	(\$21,100)	(\$9,550)	(\$9,550)	(\$82,400)	\$0
22	Develop a plan to increase the percentage of students taking the advanced placement examination. p. 88	\$0	\$0	\$0	\$0	\$0	\$0	\$0

23	Implement a consistent, districtwide special education pre-referral intervention process. p. 92	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Conduct a program evaluation focusing on the admission, review and dismissal decision-making process. p. 95	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Limit the number of entrances and exits that visitors can use and strengthen procedures for visitor check-in and identification. p. 99	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	Pay peace officers directly through accounts payable rather than event receipts.p. 100	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Develop a more detailed disaster recovery plan to provide better protection for the district. p. 109	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Develop a consistent set of information technology standards. p. 110	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals-Chapter 2		(\$21,100)	(\$21,100)	(\$21,100)	(\$9,550)	(\$9,550)	(\$82,400)	\$0
Chapter 3: Asset and Risk Management								
30	Develop detailed written district cash management policies and procedures to strengthen internal controls.p. 122	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	Implement written internal controls and procedures for all electronic fund transfers, including construction contracts and direct payroll deposits. p. 123	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32	Require quarterly	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	and maintain a targeted general fund balance and require monthly reports to the board. p. 156							
39	Require accurate and detailed monthly financial reports to be presented to the board.p. 159	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40	Develop, adopt and implement a three-year financial recovery plan.p. 160	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41	Reassign the payroll secretary to the Business Office.p. 162	\$0	\$0	\$0	\$0	\$0	\$0	\$0
42	Develop a comprehensive districtwide financial management procedures manual. p. 166	\$0	\$0	\$0	\$0	\$0	\$0	\$0
43	Adopt a policy for the periodic competitive procurement and rotation of external audit services.p. 168	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	Adopt a policy for periodically reporting the status of audit and review recommendations made to LISD. p. 169	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals-Chapter 4		\$0						
Chapter 5: Purchasing and Contracting								
45	Establish systems and processes to ensure compliance with procurement laws. p. 180	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46	Create a purchasing position and equitably distribute workload in the Business Office to provide adequate oversight of	\$0	(\$24,909)	(\$24,909)	(\$24,909)	(\$24,909)	(\$99,636)	\$0

	procurements. p. 183							
47	Clarify responsibilities and update purchasing policies and procedures manual.p. 185	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48	Clarify responsibilities and adopt a policy and procedures requiring Business Office involvement in contract development, bidding and contract modifications. p. 187	\$0	\$0	\$0	\$0	\$0	\$0	\$0
49	Develop and implement a districtwide contract monitoring function that involves the Business Office.p. 190	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50	Centralize contract files and establish a contract tracking system. p. 191	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals-Chapter 5		\$0	(\$24,909)	(\$24,909)	(\$24,909)	(\$24,909)	(\$99,636)	\$0
Chapter 6: Operations								
51	Develop a master facility plan to accommodate student enrollment and programs.p. 201	\$0	\$0	\$0	\$0	\$0	\$0	\$0
52	Move all the central support functions to the middle school annex. p. 202	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000
53	Review opportunities regarding use of the Western Lands. p. 204	\$20,913	\$41,826	\$41,826	\$41,826	\$41,826	\$188,217	\$0
54	Redesign and automate the district work order process and forms. p. 206	\$0	\$0	\$0	\$0	\$0	\$0	\$0
55	Hold the Maintenance director accountable for maintaining a well-organized and clean	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	increase participation, including converting snack bar items to combination reimbursable meals. p. 237							
65	Review the cafeteria staff work hours and use meals per labor hour analysis to maintain an appropriate staffing level. p. 241	\$0	\$0	\$0	\$0	\$0	\$0	\$0
66	Monitor the food service fund's financial position.p. 244	\$0	\$0	\$0	\$0	\$0	\$0	\$0
67	Efficiently use the Child Nutrition Program computer system. p. 245	\$0	\$0	\$0	\$0	\$0	\$0	(\$309)
68	Create a district advisory committee to help the district comply with the law implement a coordinated health program for elementary school students. p. 247	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70	Assist teachers at every level with supplemental nutrition education materials to reinforce classroom instruction. p. 248	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals-Chapter 6		\$140,982	\$177,056	\$177,056	\$177,056	\$177,056	\$849,206	\$236,111
Total Five Year Savings								
		\$223,604	\$331,080	\$331,080	\$331,080	\$331,080	\$1,547,924	\$239,828
Total Five Year Costs								
		(\$39,922)	(\$51,981)	(\$51,981)	(\$40,431)	(\$40,431)	(\$224,746)	(\$3,717)
Net Five Year Savings								
		\$183,682	\$279,099	\$279,099	\$290,649	\$290,649	\$1,323,178	\$236,111

Total Savings	\$1,787,752
Total Costs	(\$228,463)
Grand Total	\$1,559,289

Chapter 1

DISTRICT LEADERSHIP, ORGANIZATION AND MANAGEMENT

This chapter reviews the district leadership, organization and management of the Llano Independent School District (LISD) in the following sections:

- A. Governance
- B. District Management
- C. Planning and Evaluation
- D. Personnel
- E. Community Involvement

An elected board of trustees governs school districts in Texas. To a great extent, the ability of a board to perform its duties effectively is determined by their members' knowledge and their recognition of the difference between their roles from that of the superintendent. The superintendent serves as the administrative leader responsible for policy implementation and day-to-day operations. An effective superintendent supports the board's responsibility as policy maker.

While the board sets policy, the superintendent implements that policy and manages the district in the most cost-effective and efficient manner possible.

Effective school districts also establish mutually beneficial relationships with community members, parents, civic and other organizations and business leaders. By encouraging the participation of each of these groups, the district puts its collaborative efforts towards a positive educational experience for each student.

BACKGROUND

A school district with an enrollment of 1,890 for 2002-03, LISD is located in the City of Llano in Llano County, which lies in the Texas hill country. The district serves its students in one high school, one middle school, one junior high school and two elementary schools.

On May 19, 1949 the Llano County Board of School Trustees abolished 21 common school districts and consolidated the common school districts with the Independent Free School District of the Town of Llano. The consolidation resulted from the passage of Senate Bill 115 during the 51st Session of the Texas Legislature. SB 115, popularly known as the Gilmer-Aikin Law, was passed to increase the authority of the State Board of

Education; create funding for Texas public schools; and improve the efficient administration of Texas public schools.

LISD selected four Texas school districts to serve as peer districts for comparative purposes: Barbers Hill, Glen Rose, Ingram and Wimberley. All districts are comparable in student population except Barbers Hill, which is approximately 50 percent larger. In 2002-03, LISD had the lowest ratio of student to professional staff when compared to the peer districts (**Exhibit 1-1**).

Exhibit 1-1
Student Population and Professional Staff
LISD and Peer Districts
2002-03

District	Students	Professional FTE	Student Professional Ratio
Barbers Hill	2,945	283	10.4
Wimberley	1,812	190	9.5
Ingram	1,510	176	8.6
LISD	1,890	246	7.7
Glen Rose	1,678	198	8.5

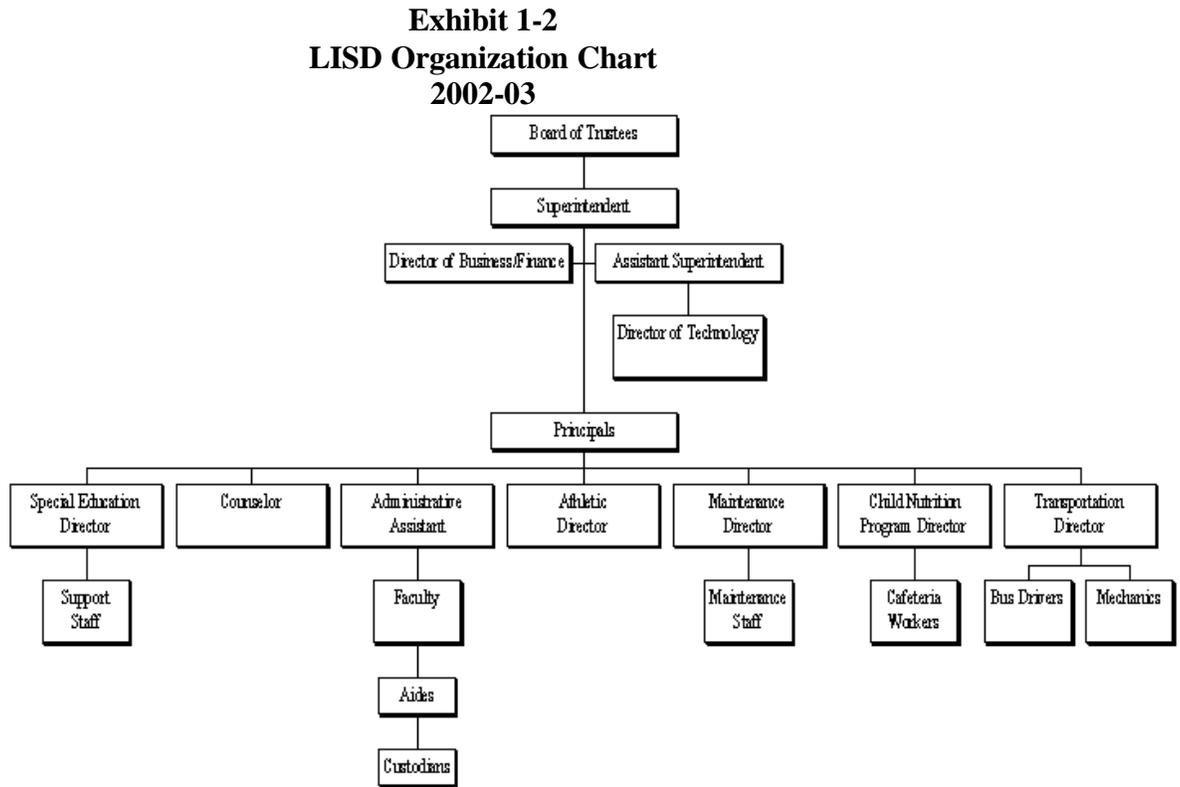
Source: Texas Education Agency (TEA), Public Education Information Management System (PEIMS), 2002-03.

In January 2003, following a series of controversies and allegations of wrongdoing, the LISD board requested an audit from the Texas Association of School Business Officials (TASBO). In March 2003, TEA performed a District Effectiveness and Compliance (DEC) review of the district. Based on investigations by the District Attorney's Office for the Thirty-Third Judicial District that resulted in indictments by a Llano County grand jury, the board placed Superintendent Jack Patton on administrative leave in February 2003. At an April 2003 meeting, the board proposed termination of his contract and sent him written notice outlining numerous allegations of misconduct. Mr. Patton has appealed the proposed termination to TEA. Mr. Patton is scheduled for an August trial on two indictments for open records violations and has a September trial to answer felony indictments for tampering with government records. In April 2003, the board hired Dr. Ruben Corkill as interim superintendent;

he served until June 3, 2003. The board appointed the assistant superintendent, Mr. Dennis Hill, as acting superintendent on June 4, 2003.

In an effort to balance its budget and restore financial stability to the district, LISD declared financial exigency in April 2003 and implemented a reduction in force (RIF) for 2003-04. In May 2003, the board adopted a plan to close the middle school and move grade 5 students to the elementary schools and grade 6 to the junior high.

Exhibit 1-2 displays the LISD organizational chart.



Source: LISD superintendent's office.

The superintendent serves as the district's chief executive officer. He has delegated the supervision of the principals to the assistant superintendent. The principals have a great deal of autonomy in the managing each school. The Special Education director, Athletic director, Maintenance director and Child Nutrition Program director communicate with the principals but work independently. They consult with the principals on actions in their schools.

Chapter 1

DISTRICT LEADERSHIP, ORGANIZATION AND MANAGEMENT

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 in single-member districts.

As a legal agent of the state, 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 TEC, each board must:

- govern and oversee the management of the public schools of the district;
- 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 TEA or the State Board of Education.

LISD's board consists of seven members. Trustees are elected to three-year terms on a rotating basis, and LISD citizens elect their school board members in at-large districts. Terms are staggered so no more than three seats are filled each election. Elections are held each year on the first Saturday of May. **Exhibit 1-3** lists the current board.

**Exhibit 1-3
LISD Board of Trustees
2003-04**

LISD School Board Members	Title	Term Expires	Full Years of Service as of 5/2003	Occupation
Mark Chapman	President	2004	5 Years	Building Contractor
Bob Poole	Vice President	2005	5 Years	Retired School Administrator
Alan Geistman*	Secretary	2006	First Year	Self Employed Investor
Bill Kirkman	Member	2004	5 Years	Retired Business Executive
Mark Stephenson	Member	2005	4 Years	Plumbing Contractor
Ken Barington*	Member	2006	First Year	Retired Teacher
Billy Ratliff	Member	2004	10 Years	Store Owner
Former LISD School Board Members	Title	Term Expired	Full Years of Service as of 5/2003	Occupation
Terri Hutto**	Member	2003	9 Years	Title Business
Kristi Hopf**	Member	2003	6 Years	Insurance

Source: LISD superintendent's office.

** New board members elected in May 2003. ** Board members who did not stand for reelection.*

The board conducts regular meetings the third Monday of every month at the O'Henry Building. In May 2003, Alan Geistman and Ken Barington were elected to the board, replacing Terri Hutto who had served nine years

and Kristi Hopf who had served six years and was president during her last term in office.

FINDING

The information supplied with board agendas is inadequate for supporting the decision-making process. LISD board packets usually include information related to decisions to be made at the next board meeting and are delivered to board members usually by Friday afternoon before the Monday meeting. Board members do not have sufficient time to review the information or ask the superintendent questions about board packet information. The agenda covered the items to be considered but in insufficient detail or without summary information as backup for these agenda items.

For example, the last time the board received detailed budget information was for the 1999-2000 budget at an August 1999 board meeting. None of the minutes reviewed mention fund balances for Maintenance and Operations funds or Interest and Sinking funds. Although the campus and district improvement plans were approved unanimously during the August 2001 board meeting, copies of the documents were not included. Board members said that they were not involved nor did they understand the campus improvement plans and district improvement plans.

By not having adequate information with their board packets, the board relinquished much of the control of the district to the superintendent. In 2001-02, construction change orders regarding facility construction were not presented to the board for approval prior to any changes being made in the approved plans or during the actual facility construction. Minutes do not include evidence that the board delegated authority to approve change orders as required by district policy. As a result the district over-committed funds and had deficit fund balances of \$657,000 and \$375,000 in the district's two capital project funds as of August 31, 2002. In addition, the director of Business/Finance told the review team that she provided information to the superintendent now on administrative leave about district financial matters that was not provided to the board.

In June 2003 after onsite work was concluded, the acting superintendent provided the review team with a new style agenda and supporting material. Although this new format is an improvement over prior board materials, the staff distributed agenda packets less than 24 hours before the meeting. One agenda item explained the lack of approval concerning the purchase of a pole vault pit. The coach had the superintendent's verbal approval. Another agenda item provided information on the expected fund balance shortfall of \$1,160,099 for 2002-03 with the budget amendments and check listing of payments.

Agenda packets in effective districts typically contain the previous meeting minutes, bills awaiting payment, tax collection reports and support material for the upcoming agenda items and are delivered up to a week before board meetings.

Other districts also provide comprehensive materials the week before board meetings so that board members can make well-informed decisions, including:

- staff analyses and background materials in sufficient detail to educate board members so they can make informed decisions;
- a cover page for each action agenda item enabling senior staff to communicate effectively with the board on the background of each item;
- a cover page providing details on each staff recommendation for board action and the rationale for the recommendation, as well as the board policy governing this action, fiscal impact, board policy reference and compliance; and
- superintendent approval being required on each agenda item.

Providing sufficient board packet information in a timely manner expedites the board meetings and allows time for discussion about motions rather than trying to understand something at the last minute.

Dripping Springs ISD (DSISD) superintendent's secretary mails board packets the Friday before each Thursday board meeting. Each packet includes an agenda; executive summary worksheet for each recommended action item with background notes, fiscal notes, recommendation and information such as motion by, seconded by and vote count; supporting information for agenda items; committee reports; budget amendments requests and check registers including check number, date paid, payee and amount.

Recommendation 1:

Provide comprehensive materials in the board packets to enable board members to make informed decisions.

The packets should be completed and distributed to board members the Wednesday before each Monday board meeting.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent requires all staff submit agenda materials at least a week before regular board meetings.	October 2003
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2.	The superintendent reviews the agenda materials to ensure the completeness and accuracy and includes them in executive summary information.	October 2003
3.	The superintendent disseminates board materials at least five days before the meeting.	November 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Board members have not fulfilled their continuing education requirements for 2002-03. The Texas Education Code (TEC) specifies: "A trustee must complete any training required by the State Board of Education."

Exhibit 1-4 displays continuing education requirements for board members.

**Exhibit 1-4
Continuing Education Requirements for School Board Members
2002-03**

Type of Continuing Education	First-Year Board Member Requirements	Experienced Board Member Requirements	Provider
Local district orientation	Required within 60 days of election or appointment	Not required	Local district
Orientation to the Texas Education Code	3 hours	Not required	Education Service Center
Update to the Texas Education Code	Not required	After legislative session	Education Service Center or registered provider
Team-building session/Assessment of Continuing Education	At least 3 hours	At least 3 hours	Registered provider

Needs of the Board-Superintendent Team			
Additional continuing education, based on assessed needs and the Framework for Governance Leadership.	At least 10 hours	At least 5 hours	Registered provider
Total Minimum Number of Hours	16 hours plus local district orientation	8 hours plus TEC update	

Source: Texas Association of School Boards (TASB), Leadership Team Services and TASB Web site at www.tasb.org.

Exhibit 1-5 summarizes the number of continuing education hours required by each board member and the number of hours taken in 2002-03. None of the board members have received any training in 2002-03.

**Exhibit 1-5
LISD Board Member Continuing Education Assessment
2002-03**

Board Member	2002-03		
	Required Hours	Hours Enrolled	Deficiency
Bill Kirkman	8.00	0.00	(8.00)
Mark Stephenson	8.00	0.00	(8.00)
Bob Poole	8.00	0.00	(8.00)
Mark Chapman	8.00	0.00	(8.00)
Bill Ratliff	8.00	0.00	(8.00)
Kristi Hopf	8.00	0.00	(8.00)
Terri Hutto	8.00	0.00	(8.00)
Alan Geistman *	16.00**	Not in Office	Not in Office
Ken Barrington *	16.00**	Not in Office	Not in Office

Source: LISD superintendent's office, as of April 2003.

*New board member elected in May 2003.

***Two and one-half hours local district orientation training conducted within the prescribed 60 days.*

Each year during the meeting in which the board normally issues the call for the board election, the board president must publicly announce the board members who have met their annual education obligation and those that have not. This information must also be made available to the media. LISD policy states: "Annually, at the meeting at which the call for election of board members is normally scheduled, the president shall announce the name of each board member who has completed the required continuing education, who has exceeded the required hours of continuing education and who is deficient in the required continuing education. The president shall cause the minutes to reflect the information and shall make this information available to the local media." A review of board minutes for February, March and April 2003 revealed no such announcement to indicate district adherence to the policy.

In addition, Stoval, Grandy and Whatley, LLP, (SGW), LISD's financial auditor, made the following comment concerning board member training in a management letter: "The conformation provided by certain board members regarding the required continuing education hours contradicted information previously obtained from the district. Therefore, we found we could not rely on the district's documentation regarding these requirements."

In the past, board training has consisted of board members attending training classes offered by TASB, the Regional Education Service Center XIII (Region 13) and others. There have been two locally presented training sessions since September 2001 but no out-of-district training. Board members decided against going to training courses because of taxpayer complaints concerning excessive training trip costs.

Several board members said that they needed more training in the area of school finances. **Exhibit 1-6** shows a review of the total training in the areas of finance and planning.

**Exhibit 1-6
LISD Board of Trustees Training**

Board Member	Number Hours Training	Finance Training	Planning Related
Alan Geistman*	0.0	0.0	0.0
Bill Kirkman	32.6	0.0	1.0

Mark Stephenson	41.1	1.2	6.0
Bob Poole	20.0	0.0	0.0
Ken Barington*	0.0	0.0	0.0
Mark Chapman	73.6	8.4	8.2
Billy Ratliff	106.85	10.75	9.75

Source: LISD Superintendent's Office, May 2003.
 *New board members elected in May 2003.

Continuing education requirements help board members perform their duties and stay informed on current issues in schools. Failure of one or more board members to comply with this rule can affect a district's accreditation status. TEA may request evidence at any time of board member compliance with the continuing education rule.

Dripping Springs ISD (DSISD) educates prospective board members as well as elected board members about board members' roles and responsibilities. Prior to elections, the district hosts a School Board Candidate Academy to educate prospective candidates and provide them an opportunity to interact with sitting board members and ask questions about district issues.

Recommendation 2:

Encourage board members to complete the required hours of training by scheduling training opportunities on-site in a series of pertinent topics beginning with school finance.

The training program should educate board members about the role, responsibilities and commitment of being a board member and include financial training. During this same training seminar, all board members should familiarize themselves with the district's financial condition and their responsibility to improve the district's financial health.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent contacts Region 13 and requests courses pertaining to school finance and strategic planning for board members and administrators.	October 2003
2.	The superintendent and board meet with Region 13 to determine the criteria for the customized courses.	October 2003

3.	The board takes the continuing education courses identified at the meeting with Region 13 beginning in November 2003 and annually thereafter.	November 2003 and Ongoing
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FISCAL IMPACT

Providing all seven board members complete three courses per year at \$300 per course from Region 13 will cost the district about \$900 annually.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Encourage board members to complete the required hours of training by scheduling training opportunities on-site in a series of pertinent topics beginning with school finance.	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)

FINDING

Board minutes do not contain enough detail to sufficiently describe the basis for district decisions. The director of Business/Finance takes notes at board meetings, and the superintendent's secretary transcribes them into the minutes. The board minutes contain minimum information to validate the vote. If a vote takes place to approve items not on the consent agenda, often no details exists explaining what the actual vote considered.

Some of the minutes did contain a complete set of documentation. There was always a listing of checks issued, personnel actions and items of interest concerning schools and school activities. Sometimes purchasing bid documentation was included; however, other times it was not.

The board minutes are not posted on the district's Web site after the meetings. In addition, hard copies of the minutes are not made available to the public at the campuses. In June 2003 the district began posting the board meeting agenda to its Web site prior to meetings and has plans in the future to post the minutes as well.

Board minutes do not include all information related to board decisions. For example, if a motion is made and voted upon, the information provided to the board in order for them to make a decision has not accompanied the minutes. Having complete information provides a thorough history of all actions. **Exhibit 1-7** displays a summary of board meeting minutes from 1999 to 2003 with a review to their level of completeness.

Exhibit 1-7
LISD Board of Trustees Meeting Minutes
February 1999 through February 2003

LISD Board Meetings	Total Number Meetings	Special Meetings	Quality of Minutes	Selected Findings
February 1999	1	None	Complete	Contains new superintendent contract.
March 1999	2	1	Incomplete	Hiring of new superintendent and other actions.
April 1999	1	None	Incomplete	Significant approvals but no documentation.
May 1999	3	2	Incomplete	No election results documented. Accepted bid on new high school with no backup information.
June 1999	2	1	Incomplete	Insufficient documentation about details of special meeting.
July 1999	1	None	Complete	
August 1999	4	3	Complete	Budget workshop, budget information complete. Approved budget.
September 1999	3	2	Complete	Tax rate hiring, tax rate approval and regular meeting.
October 1999	1	None	Complete	
November 1999	1	None	Complete	
December 1999	1	None	Complete	
January 2000	4	3	Complete	The regular board meeting minutes are complete. TASB board policy training presented.
February 2000	1	None	Complete	
March 2000	2	1	Complete	
April 2000	2	1	Incomplete	No reason given for closed

				session special meeting.
May 2000	1	None	Complete	
June 2000	1	None	Complete	
July 2000	1	None	Incomplete	Approved campus improvement plans but none included.
August 2000	4	3	Incomplete	Budget and tax rate workshop, budget information incomplete. Approved budget. Budget information consisted of one page with no backup.
September 2000	1	None	Complete	Checks approved but no check listing included.
October 2000	2	1	Complete	Approved architectural drawings for Packsaddle school. Approved limited tax maintenance notes.
November 2000	1	None	Incomplete	Accepted 1999-2000 audit but no copy was attached.
December 2000	1	None	Complete	
January 2001	1	None	Incomplete	Accepted superintendent's goals but documentation is not in the minutes.
February 2001	1	None	Complete	
March 2001	1	None	Complete	
April 2001	1	None	Complete	
May 2001	2	1	Complete	Emmerson construction bid summary for junior high. Approved alternate bids 1, 3 and 4.
June 2001	1	1	Complete	
July 2001	2	2	Complete	Setting budget and tax rate workshop.
August 2001	3	2	Incomplete	Approved campus improvement plans but the plans not attached. Approved

				budget - only one page budget attached.
September 2001	1	None	Complete	Checks approved but no check listing included.
October 2001	1	None	Complete	
November 2001	1	None	Complete	
December 2001	1	None	Complete	
January 2002	1	None	Complete	
February 2002	1	None	Complete	Packsaddle shortage of classrooms.
March 2002	1	None	Complete	
April 2002	1	None	Complete	Motion to increase each teacher salary grade by \$1,500. Apparently no vote was taken because it is not shown in the minutes.
May 2002	1	None	Complete	
June 2002	1	None	Complete	
July 2002	2	1	Complete	
August 2002	3	2	Incomplete	Budget hearing - Many people were signed up to address the board but no minutes were taken concerning their input. The meeting lasted two hours. There were no budget or tax materials with the minutes. One board member voted against the proposed budget.
September 2002	2	1	Complete	Patrons asked questions. The board members and superintendent responded. Concerned about building without funds. Approved maintenance tax notes. \$995,000. Poor notes on patron concerns.

October 2002	1	None	Complete	Several issues were presented to the board by patrons. This is the point where the board started responding to the requests of patrons in the meeting. The patrons are upset with the lack of information open to the public.
November 2002	1	None	Complete	The detail level of the minutes made them a more valuable tool to follow the actual results and discussions of the board. Possible repayment to the state and federal for \$245,000 for improper coding of expenses. This is critical. LISD will not be receiving any more e-rate money. Approval of district improvement plan. No copy of the plan in the minutes.
December 2002	1	None	Complete	Minutes were not as detailed as last month. Almost five hours in executive session. Motion to release a copy of Walsh, Anderson, Brown, Schulze and Aldridge, P.C. letter. No letter attached.
January 2003	1	None	Incomplete	This is the first time that board members decided not to approve some of the budget amendments. DEC visit March 16 through March 21. Superintendent made an explanation of meal costs from a restaurant. Explanation not attached.
February 2003	4	3	Incomplete	Placed superintendent on paid leave. Assistant superintendent placed in charge. TASBO performance audit presentation. No report attached. Director of

				<p>Business/Finance gave a report regarding Declaration of Financial Exigency. Approved unanimously. Offer made but person declined offer to become acting superintendent. Stoval Grandy and Whatley, LLP presented the annual school district audit. The district sent the report to TEA but did not approve it.</p>
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Source: LISD, board meeting minutes, February 1999 through February 2003.

For example, the minutes of the August 26, 2002 meeting record the approval of the tax rates for 2003. The only documentation was the "Notice Of Public Meeting To Discuss Budget And Proposed Tax Rate" and an incomplete budget that did not correlate with the tax rate hearing, notice. Out of the 49 months of board meeting minutes reviewed, 13 or 26.5 percent of the months minutes were not complete with the necessary information.

In the minutes of the August 28, 2002 special meeting, the following motion was made: "A motion was made by Mark Chapman, seconded by Bill Kirkman, to approve a resolution to establishing the Llano Independent School District's intention to reimburse itself for the prior lawful expenditures of funds relating to constructing various school district improvements from the proceeds of obligations to be issued by the district for authorized purposes; authorizing other matters incident and related thereto; and providing an effective date." The motion passed. Within the minutes, there is no information explaining this motion and detailing where funds are being reimbursed from what other funds.

Board minutes maintain a detailed record of issues facing the district. Community members should be able to review the minutes and gain a clear understanding of these issues. If important information is not included in the minutes, there is no permanent record of fact when questions arise after district staff or board members have left the district.

Effective district's board minutes need to include all information related to all decisions made by the board. For example, if a motion is made and voted upon, all information provided to the board in order for them to make a decision should accompany the minutes. The complete information provides a thorough history of all actions. **Exhibit 1-8** provides an

example of a format that can be used to fully document minutes and any discussions.

**Exhibit 1-8
Suggested Minutes Format**

Board Minutes for xx/xx/xx		
Item Number:	Topic:	
Item Description:		
Discussion:		
Fiscal Impact:		
Board Action Required:		
Motion:		
Motion by:		Seconded by:
Votes:		
Vote Count: YES votes: ; NO votes: ; Abstentions:		
Follow-Up Action Items		
<i>Action Item</i>	<i>Assigned To</i>	<i>Return Date</i>

Source: TSPR.

With interest with school board deliberations and decisions increasing dramatically during the past year, it is important that board minutes provide sufficient detail to fully document decisions. As a family-oriented community with a significant retiree population, not all citizens are able to attend board meetings regularly. As district stakeholders, however, they deserve to have the detailed information regarding board deliberations and decisions available to them.

Recommendation 3:

Prepare more detailed board minutes, post them on the district Web site and make a limited number of hard copies available at each campus.

Providing sufficient detail in the board minutes and making them readily available to the public will ensure the board is accountable to the community.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board secretary designs a standardized format to support all the requirements of the board meeting minutes.	October 2003
2.	The superintendent's secretary records and documents minutes in the new format, paying special attention to recording discussion relating to an agenda item and listing all follow-up actions required by staff to address board member requests or questions.	October 2003
3.	The superintendent assigns the technology director and students working on the Web site to develop a system for posting the minutes on the district's Web site and printing a hardcopy for campus distribution.	October 2003
4.	The board begins keeping more detailed minutes, providing hardcopies at campuses and posting to the district's Web site.	November 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1

DISTRICT LEADERSHIP, ORGANIZATION AND MANAGEMENT

B. DISTRICT MANAGEMENT

While the board sets policy, the superintendent implements that policy and manages the district in the most cost effective and efficient manner. The goal of administration must always 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 Section 11.201 of the TEC, the superintendent is responsible for:

- planning, operating, supervising and evaluating the educational programs, services and facilities of the district;
- assigning and evaluating all district personnel;
- terminating or suspending staff members or the non-renewal of staff members' term contracts;
- managing day-to-day district operations;
- preparing district budgets;
- preparing policy recommendations for the board and implementing adopted policies;
- developing appropriate administrative regulations to implement board policies;
- providing leadership in improving student performance; and
- organizing the district's central administration.

LISD management has been in fluctuation. After the superintendent was placed on administrative leave in February 2003, the administrative management team and assistant superintendent followed by an interim superintendent managed the district. The superintendent on administrative leave is appealing this decision and will present his case to a TEA administrative hearings examiner. The board appointed the assistant superintendent as acting superintendent in June 2003.

FINDING

The district organization does not support staff accountability and teamwork. The superintendent serves as the chief executive officer of the district and reports to the board. The assistant superintendent of Curriculum and Instruction and the director of Business/Finance report to the superintendent. The principals and the director of Information Technology report to the assistant superintendent. All other staff report to the principals.

In reality, the staff typically are directed by the assistant superintendent, who must divide his time between all of these areas and curriculum and instruction. Each of the other management level professionals, including the Special Education director, counselors, athletic director, Maintenance director, Transportation director and Child Nutrition director, operates their areas autonomously, with some coordination with the principals. The assistant superintendent's responsibilities are too numerous to adequately oversee all these areas.

Principals have been effective in implementing LISD educational programs. However, with little oversight by the assistant superintendent, few internal controls are in place to ensure consistent academic programs among the schools. There is no system to ensure continuity of effective programs, especially since the district has several new principals.

The director of Business/Finance oversees district financial management and reports directly to the superintendent. Other duties she performs include recording the minutes at board meetings.

The director of Business/Finance told the review team that in the past, information she provided to the superintendent now on administrative leave regarding the district's financial status was often ignored by the superintendent and not provided to the board. Because of the small Finance Department staff, the director of Business/Finance often serves in more of a bookkeeping role than in a district financial role. Up to this point, the director of Business/Finance has not been a key player in the management of the district. The authority of the director of Business/Finance is limited to providing information to the superintendent and historically has not included providing information to the board or making regular financial reports to the board. The director of Business/Finance has begun to have a more active role since June 2003, but the district is facing a general fund deficit for 2002-03, has declared financial exigency and implemented a severe reduction in force for staff in an attempt to balance its budget.

Galveston ISD (GISD) has built an effective organization structure by developing the necessary qualifications in its job description for the director of Finance. **Exhibit 1-9** lists the educational background and skills that GISD uses for its director of Finance.

**Exhibit 1-9
Requirements for Director of Finance**

Education	Experience	Special Knowledge/ Skills
<ul style="list-style-type: none"> • Master's 	<ul style="list-style-type: none"> • Five years 	<ul style="list-style-type: none"> • Advanced technical

<p>degree in business related field or educational administration</p> <ul style="list-style-type: none"> • Texas mid-management certificate 	<p>experience in managing Finance/Accounting activities of a school district.</p> <ul style="list-style-type: none"> • Or, five years experience in managing Finance/Accounting activities of other governmental agency. 	<p>knowledge of school finance, budgeting and accounting systems and economics.</p> <ul style="list-style-type: none"> • Ability to manage and coordinate diverse district functions through subordinates. • Working knowledge of data processing systems and financial applications. • Knowledge of TEA Financial Accountability System Resource Guide. • Demonstrated experience dealing with labor law and related legislation. • Ensure that business operations are supportive of the instructional goals and objectives of the district and the attainment of the campus performance objectives. • Develop long- and short-range objectives for the business performance objectives (academic excellence indicators). • Provide for effective two-way communication with staff, community, media and the board. Keep the superintendent informed on district business affairs. • Plan and conduct needs assessments for growth and improvement of the district business operations. Work with district personnel in projecting student enrollments, staffing needs, building and facilities needs, capital equipment needs and other cost items for district and individual
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		<p>school improvement.</p> <ul style="list-style-type: none"> • Prepare, review and revise job descriptions in the business department. • Develop training options and/or improvement plans to ensure the best operations. • Manages the district's real estate, property insurance, health insurance programs and worker's compensation. • Works directly with the architect and the school attorney in the preparation of bid advertisements for the construction of buildings and other types of construction, coordinating the preparation of contracts both for the construction of buildings and for the services of contractors as selected by bid for the maintenance items needed in the district. • Direct and manage business operations of the district including purchasing, food service, transportation, accounting, technology, building maintenance, construction management, tax collections, budget hearings, bond issues, debt management, fixed assets, investment programs, risk management and the employee benefits program. • Perform other duties as assigned by the superintendent.
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Source: Galveston ISD job description 2003.

Other possible qualifications and performance criteria for a director of Business/Finance position that effective districts can use include a successful track record in the following areas:

- Providing accurate, informative and up-to-date monthly financial reports to district management staff and board members.
- Providing sound and thoroughly analyzed financial advice and counsel to the superintendent and board.
- Preparing realistic revenue and expenditure projections for use in the district's budget development process.
- Managing district financial accounting and reporting requirements to obtain consistent annual audit reports with an Unqualified Opinion and no management letter comments.
- Providing accurate and timely PEIMS data to the TEA.
- Ensuring that the disbursement of district funds are made only after ensuring they are in compliance with all state laws and board policies.
- Maintaining an internal control system that ensures that all financial processes have adequate checks and balances to provide security of district assets.
- Ensuring that all vendors are paid and revenues are deposited timely.
- Directing the investment of district funds in accordance with district policy and to provide maximum interest earnings.
- Maintaining an operating procedures manual for all financial processes that is updated when processes change and is reviewed annually.
- Directing the district's purchasing and contracting functions in a manner that ensures all purchases and contracts comply with board policies and state laws.

Providing a strong/solid skills set matched with successful experience enables this position to play a key part in the financial management and guidance of a district, rather than it being just a reporting function to the superintendent and board.

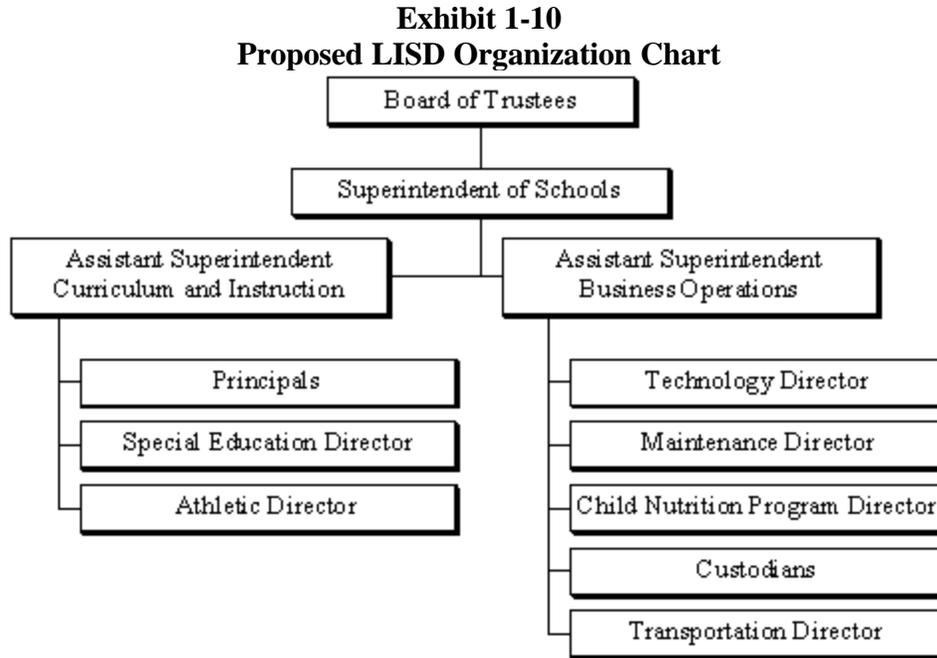
Recommendation 4:

Implement a new organization that supports accountability and strengthens performance.

Implementing this new organization realigns the responsibilities of the two positions while moving some of the superintendent responsibilities to the assistant superintendents. In implementing the new organization, the current position of director of Business/Finance would be eliminated and

replaced with a new position, assistant superintendent of Business Operations, with the goal being to strengthen this position.

Exhibit 1-10 presents the proposed administrative organization chart.



Source: TSPR, 2003.

The proposed organization chart focuses the assistant superintendent for Curriculum and Instruction on the instructional and educational areas and assigns operational areas to the assistant superintendent for Business Operations. Each staff member will have a specific job description with specific responsibilities and accountabilities. Coaches would be under the athletic director for their coaching responsibilities and supervised by their principals for their teaching function.

The assistant superintendent for Curriculum and Instruction directs and manages the school principals, Special Education Department and Athletic Department. The assistant superintendent for Business Operations directs and manages Technology, Maintenance, Child Nutrition and Transportation. The requirements for this position could be modeled after the ones used in **Exhibit 1-9**, with a key qualification being experience providing successful, positive financial performance over a period of years in a district or organization of comparable size.

In addition, the district could establish performance criteria for each position that set targets to accomplish that would be measured in annual or semi-annual evaluations. For example, the assistant superintendent for

Business Operations could be evaluated on characteristics like the ones mentioned earlier, or charged with improving the financial position of the district in specific areas. The assistant superintendent for Curriculum and Instruction could be tasked with improving specific areas of student achievement, curriculum alignment, program development and assessment of teacher training, as some possible examples.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent presents a planned reorganization to the board that includes eliminating the position of director of Business/Finance and adding the new position of assistant superintendent for Business Operations and a timeline for implementation.	March 2004
2.	The superintendent updates the job descriptions for each position defining responsibilities and accountabilities and includes performance measures.	April 2004
3.	The district advertises the position of assistant superintendent for Business Operations and coordinates the interview process.	April 2004
4.	The superintendent selects a professional to fill the assistant superintendent for Business Operations.	May 2004
5.	The director of Business/Finance position is eliminated.	May - August 2004
6.	The assistant superintendents, under the direction of the superintendent, write job descriptions for staff members who report to them defining responsibilities and accountabilities.	May - June 2004
7.	The assistant superintendents review new job descriptions with all those directly reporting to them.	July 2004
8.	The superintendent reviews assistant superintendents after six months of operating under the new job descriptions.	December 2004
9.	The superintendent revises job responsibilities based on annual reviews of assistant superintendents.	Ongoing

FISCAL IMPACT

The fiscal impact is based on the salary for the assistant superintendent of Business Operations of \$68,000 plus benefits. LISD total fringe benefits of \$3,686 consist of a variable portion of 1.45 percent for Medicare and a fixed component of health insurance costs at \$2,700 a year. The salary and benefits for the assistant superintendent of Business Operations total

\$71,686

(\$68,000 + \$3,686). The salary and benefits for the position eliminated, the director of Business/Finance is \$66,614 (\$63,000 + \$3,614). The net result is an annual cost of \$5,072 ($\$71,686 - \$66,614 = \$5,072$) for 2004-05 through 2007-08. Since the new position of assistant superintendent of Business Operations would be filled in May 2004, there is a cost of \$17,922 ($\$71,686 \div 12 \times 3$) for 2003-04.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Implement a new organization that supports accountability and strengthens performance.	(\$17,922)	(\$5,072)	(\$5,072)	(\$5,072)	(\$5,072)

FINDING

The district procedures manual is incomplete. The district procedure manual contains required procedures such as emergency health procedures, school closings procedures and others that are important to the functioning of the district. Several procedures for day-to-day operations of the district such as accounts payable, accounts receivable, hiring procedures, exit interview procedures, school bus maintenance, approval procedures and advance approval for travel are not documented in an approved procedure manual.

The use of a procedure manual helps ensure cost effective conducting of district business in a uniform and consistent manner and provides an excellent training guide for new employees and a reference tool for all employees. School districts have found that fully documented procedures serve as vital tools for improving consistency and maintaining the stability of district operations.

In a district the size of LISD many key functional areas are handled by one position. Operating procedures that document these functions allow tasks to be accomplished in the event of an absence or sustained illness of key staff.

Effective procedures manuals:

- provide the basis for training new employees;
- detail day-to-day processes;
- stipulate how board policy is to be implemented;
- provide for clear communication among school administrators and staff; and
- are updated at least annually.

Lyford Consolidated ISD maintains a comprehensive operating procedures manual developed by the superintendent with assistance from Texas Association of School Boards. The manual contains operating procedures for 70 different areas of district operations, from budget development to fixed asset inventory to maintenance requests to UIL activities. Exhibits in the manual contain key forms that are referenced in each applicable procedure.

Recommendation 5:

Assemble all district operational procedures into a comprehensive procedures manual that is consistent with district policies.

The superintendent and assistant superintendent must approve the procedures prior to training the staff, and the procedures must be updated when new policies are implemented.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The assistant superintendent for Curriculum and Instruction and the director of Business/Finance assemble all procedures used for district operations.	October 2003
2.	The assistant superintendent for Curriculum and Instruction and the director of Business/Finance assemble a team from each area to review the policies for consistency, accuracy and completeness and improve the procedures where needed.	December 2003
3.	The assistant superintendent for Curriculum and Instruction and the director of Business/Finance review all procedures for conformance with approved board policies.	January 2004
4.	The department heads prepare a plan to train all staff in the use of the procedures.	February 2004
5.	The department heads train all users on these procedures.	March 2004
6.	The superintendent implements the new and revised procedures for the district.	April 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district does not have a process in place for hiring a superintendent. The acting superintendent acts as a manager to keep the district running until a new superintendent can be recruited. Until a contract termination hearing is completed, LISD will be unable to hire a new superintendent. However, without an effective process in place, the district will not be prepared should the time come to hire a new superintendent.

During the last superintendent search in spring 2000, the outgoing superintendent advertised the position with the Texas Association of School Administrators job bank and received approximately 90 résumés. The outgoing superintendent reviewed the résumés and selected around 25 résumés for the board to review. No evaluation criteria was identified. The board reviewed the applicants, narrowed the list, interviewed candidates and made a selection.

When searching for a superintendent candidate, some districts establish evaluation criteria based on their annual and long-term objectives. For example, boards may establish an objective for increasing student achievement. In evaluating superintendent candidates, the board can assess each candidate on the individual's past ability to raise student performance from one year to another. Another objective might be to improve the district's financial position. The board can evaluate how candidates have previously managed the tax rate, increased fund balance, funded programs and managed costs.

Other districts have used consultants to help in the superintendent hiring process. Center Point ISD (CPISD) initially hired a consultant to assist with the superintendent selection and hiring process after comparing consultants based on reputation and cost. After hiring the consultant, the district conducted a forum to obtain input from a good cross-section of the community.

CPISD placed forum notices in the community's newspaper as well as posted them at local stores and the district's administration building. Letters were also mailed to every district resident. A public meeting was held, and attendees were given questionnaires to complete and return to the consultant. In addition, the consultant met with CPISD teachers and staff to determine their preferences regarding a superintendent. Based on information obtained, the consultant built a profile of the qualifications and characteristics the district sought in a superintendent. The consultant advertised over the Internet and by word-of-mouth.

CPISD received 43 applications. Using the input received from the community, the consultant developed a 21-question survey for the applicants. During a closed session, the board narrowed the prospect list to six. After interviews, the board selected two finalists to participate in a

dinner interview and a two-hour executive session with the board members. Shortly after the interviews, the board announced its final selection.

Recommendation 6:

Develop the skill sets and expectations needed in a new superintendent prior to the hiring process.

In selecting a new superintendent, LISD should use key performance areas to evaluate the strengths and capabilities of candidates to meet district needs. After hiring a new superintendent, the board and superintendent should establish goals and objectives against which to measure the superintendent's performance and progress.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board develops a questionnaire to obtain community and staff input regarding a new superintendent.	October 2003
2.	The board distributes the questionnaire at public meetings to get community input on selecting a new superintendent.	October 2003
3.	The board develops a profile of the characteristics and qualifications for a superintendent.	October 2003
4.	The board holds public meetings to share the profile of the characteristics and qualifications for a superintendent that they developed and get feedback from the community.	November - December 2003
5.	The board develops a job application questionnaire based upon community feedback.	December 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD may not have adhered to TEA regulations regarding wealth equalization. LISD is a property wealthy district, as defined by Chapter 41 of the Texas Education Code, that means its property wealth per student of \$692,831 exceeds the wealth equalization level. To equalize funding to school districts across the state, Chapter 41 districts may select from the following options to achieve the equalized wealth level:

1. consolidation with another district;

2. detachment of territory;
3. purchase of average daily attendance credit;
4. education of nonresident students; or
5. tax base consolidation with another district.

These options may be exercised singly or in combination. Once districts decide which option(s) they intend to exercise, each district must annually notify TEA of its intention and submit an agreement or contract outlining how the district will fulfill that option. The Commissioner of Education must annually approve the contract.

Since 1999-2000, LISD has partnered (option 4) with the Panther Creek Consolidated ISD and the Coleman ISD, two property poor districts, to equalize wealth. In Llano's 2002-03 agreement sent to TEA, as in each of the three years before, LISD chose option 4: education of nonresident students. For districts choosing option 4, the district must submit an "Agreement for the Education of Nonresident Students" that estimates the number of credits for students in Weighted Average Daily Attendance (WADA) that would be purchased by the property wealthy district and provides the names of the property poor districts, or partner districts, that will be involved with the transaction. For each WADA credit purchased by Llano, state aid to the partners, Coleman and Panther Creek, is automatically reduced by TEA through the funding formulas. The Agreement for the Education of Nonresident Students outlines how the partner districts, not the property wealthy district, can benefit from their gain and at the same time, allow the property wealthy district to receive a credit against its recapture cost.

Under Option 4, there are eight programs approved by the Commissioner of Education for the use of the funds available to the partner districts that will qualify the Chapter 41 district for an "efficiency credit":

1. 30-day extended year program
2. Enhancement of an existing alternative education program
3. Juvenile justice alternative education program
4. Combined program of at least two: extended year, alternative education enhancement and juvenile justice alternative education
5. Combined programs plus instructional technology (may use some portion of the gain*)
6. Instructional technology (must use all of the gain*)
7. Innovative education program
8. Participate in a technology consortium (must use 100 percent of the gain*)

*Gain refers to the amount of money in excess of the normal state aid payment that results from this agreement.

In the agreement for 2002-03 submitted to TEA, LISD's partners chose program 1, which says that the partner agrees to use at least 50 percent of the gain from the sale of WADA for a 30-day extended year program for all eligible grade K-8 students in accordance with Section 29.082 of the Texas Education Code, with the remainder of the gain used for the purchase of technology equipment for the school year.

A "Technology Consortium Agreement" was also signed each year by LISD, Panther Creek and Coleman. This agreement stipulates that there will be three equal payments per year to the partner districts on February 15, May 15 and August 15 for the WADA purchased by LISD. In return, LISD receives 20 percent of the net gain that the partner districts received and a proportional county appraisal district cost of the WADA for LISD to use to purchase technology. By this agreement, Panther Creek and Coleman appear to be paying for computers LISD purchased through the technology consortium.

Exhibit 1-11 shows LISD payments to the partner districts for WADA purchased through the agreement.

Exhibit 1-11
LISD WADA Payments to Partner Districts
1999-2000 through 2002-03

Year	Panther Creek	Coleman	Total
1999-2000	\$1,292,776	\$1,332,875	\$2,625,651
2000-01	\$1,330,620	\$1,858,354	\$3,188,974
2001-02	\$1,971,814	\$2,576,524	\$4,548,338
2002-03*	\$729,203	\$3,344,073	\$4,073,276

Source: LISD director of Business/Finance.

**Does not include August 2003 payment.*

Exhibit 1-12 shows payments from the partner districts to LISD through the technology consortium agreement.

Exhibit 1-12
LISD Technology Purchases with Consortium Funds
1999-2000 through 2002-03

Year	Total
1999-2000	\$84,431

2000-01	\$130,336
2001-02	\$159,585
2002-03	\$0

Source: LISD director of Business/Finance.

In previous years, LISD mailed separate checks to the partner districts for the 20 percent of the net gain, and the partner districts endorsed the checks and returned them to LISD. LISD purchased computers for LISD schools and marked them with an identification tag that says Coleman ISD/Panther Creek CISD/Llano ISD Consortium. The director of Business/Finance said that no funds have been spent for the technology consortium for 2002-03.

Technology consortiums are allowed under program 8, but participation must be in accordance with the provisions of TEC Section 41.099. Nowhere in the provisions for program 8 does it discuss property poor partner districts paying back a percentage of their WADA sales to the property wealthy district. In addition, LISD did not select program 8 in the agreement submitted to TEA, the district selected program 1, the 30-day extended year program for grade K-8 students, and there are no provisions for technology consortiums under this program.

According to TEA officials, this irregularity was brought to the attention of the suspended superintendent, and TEA was assured in November 2000 that this practice would stop. To clarify any misunderstandings about the contract provisions, TEA added the following language to the TEC Chapter 41 Manual for Districts Subject to Wealth Equalization for 2002-03:

"Each Chapter 41 district that exercises option 4 must disclose to the commissioner any other contractual or financial arrangement between the district and its partners or between the district and any other entity that directly benefits from the distribution of the gain....A chapter 41 district may not demand or negotiate a discounted purchase price from a partner district or other related entity for products or services provided to the Chapter 41 district that results in a lower price than would be paid by an unrelated party. A Chapter 41 district may not make an option 4 partnership agreement subject to any separate financial agreement between the districts that is not contained in the Chapter 41 agreement."

Pursuant to Section 41.121 Education Code, the Commissioner of Education can approve a special financial arrangement between districts if that arrangement serves the best educational interests of the State. However, all contractual arrangements must be approved yearly by the

Commissioner of Education, regardless of continuing or long-term arrangements between contracting parties.

Recommendation 7:

Meet with the Texas Education Agency and the partner districts to determine how LISD should address and correct any past and future wealth equalization issues.

LISD should contact TEA and the partner districts to clarify the financial issues involved and determine what actions should be taken.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent contacts TEA and the partner districts to reconcile financial issues and discuss WADA arrangement.	September 2003
2.	TEA, LISD and the partner districts decide what actions need to occur, if any, for WADA arrangement for 1999-2000 through 2002-03.	September 2003
3.	LISD and the partner districts determine if they want to continue the WADA contracts and the terms of any agreements.	October 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1

DISTRICT LEADERSHIP, ORGANIZATION AND MANAGEMENT

C. PLANNING AND EVALUATION

Proper planning establishes a district's mission; identifies goals and objectives; sets priorities; identifies ways to complete the mission; and determines performance measures and benchmarks to chart progress toward the achievement of the goals and objectives. In its purest sense, 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.

State law requires certain district plans and reports, including the district improvement plan (DIP), an annual report on student achievement goals; campus improvement plans (CIPs), annual reports on each school's student achievement goals; a biennial district evaluation report and a district performance report. To meet TEC requirements, the district also must form a district-level committee to develop the DIP and campus-level committees to develop the CIPs and other mandatory plans. The district-level committee also must consult with the superintendent concerning the planning, operation, supervision and evaluation of the district's educational program.

Other plans and reports not specifically required by law are essential to sound district operations and can have a significant impact on district management and fiscal accountability. These planning efforts include the calculation and planning of student enrollment projections; facilities planning; planning for food service; textbook acquisition and distribution; school staffing; and districtwide budgeting and financial planning. The accuracy of these plans helps ensure the smooth functioning of any district.

FINDING

LISD has not fully implemented the site-based decision-making (SBDM) process. Senate Bill 1, passed by the Texas Legislature in May 1995, contained provisions that specified the district- and campus-level planning and decision-making processes expected of all school districts. The 76th Legislature amended several areas of state statute pertaining to these requirements. TEC Section 11.254 requires the Commissioner of Education to oversee training and technical support to all districts and schools for planning and site-based decision making. The technical

support may be conducted through one or more sources, including Regional Education Service Centers (ESCs). It is to be provided for school board trustees, superintendents, principals, teachers, parents and other members of school committees.

This year the district-level SBDM committee participated in the SBDM process by giving input on only two items. The first item was the selection of a school calendar for 2003-04. The second item was voting on which training was needed for teachers. The school board members indicate that they only had approval/disapproval responsibility for SBDM committee recommendations. The TSPR teacher focus group said SBDM is not used as a communication tool between schools, administration and the school board. They also said budget requests and amounts were ignored or eliminated with little communication from administration. Public forum comments also reiterated that the SBDM process was not very effective.

The district has established three policies BQB (Local) - Planning and Decision-Making Process: Campus Level, BQB (Legal) - Planning and Decision-Making Process: Campus Level and DMA (Legal) Professional Development: Required Staff Development for enabling the SBDM. Accordingly, LISD implemented the SBDM process at the campus and district level in compliance with the board-approved policies. The principal and teachers at each school select representatives for their committees from teachers, parents and business and community members. Each of the campus committees meet to develop their CIP. The district level committee includes members of the various campus committees. The DIP was consolidated from the CIPs and submitted to the board for approval. An elementary school principal consolidated the CIPs into the DIP. However, the central office and superintendent were not involved.

Development of SBDM policies and procedures must place special emphasis on educating and training all individuals involved. The school district's mission must be clearly stated and time should be invested to train all participants on the importance of a collaborative atmosphere for committee meetings and the process as a whole. Within the school district's policies and procedures for SBDM, a clear description of each administrator's and committee member's role and their associated responsibilities is necessary.

The TEC states that each school district must adopt a policy and have administrative procedures to establish a district- and campus-level planning and decision making process. This process must involve professional district staff, parents and community members in establishing and reviewing the district's and campuses' educational plans, goals, performance objectives and major classroom instructional programs.

Some districts have addressed these problems by creating a model that assigns responsibility at each level for providing input, offering recommendations, making decisions and giving approval (**Exhibit 1-13**).

**Exhibit 1-13
Partial Site-Based Decision-Making Model**

Function	School Principal	Central Office	Superintendent	School Board	Campus Advisory Teams
Goal setting: Develop campus improvement plan	D	R	R	A	I
Personnel: Make final recommendation for the selection of new personnel and assignment of new and current campus staff	D	R	N/A	N/A	N/A
Budget: Determine use of campus allocations for special populations programs	D	I	A	N/A	I

Source: Spring Branch Independent School District Model for Increasing School Effectiveness Through More Campus-Based Decision-Making.

<i>I</i>	=	<i>Input: share/provide information/advise</i>
<i>D</i>	=	<i>Decide: make a choice/judgment</i>
<i>R</i>	=	<i>Recommend: to present as worthy of acceptance</i>
<i>A</i>	=	<i>Approve: give formal/official sanction</i>
<i>N/A</i>	=	<i>Not applicable</i>

Wall ISD (WISD) uses site-based decision-making to provide a way for teachers, parents and community members to help central and campus administrators make decisions about improving student performance and enhance its district management process. In order to involve more people in the decision making process, the site-based committees for elementary, middle and high schools as well as the district site-based committee form subcommittees to address the particular issue.

WISD committees have made recommendations on the school calendar, dress code and new building construction. Each campus does not have a specific subcommittee, rather, the subcommittees are formed around specific issues.

Recommendation 8:

Clearly define and strengthen the site-based decision-making process.

The decisions of the SBDM committee must relate to district goals and an evaluation plan must be included to measure how well the committee achieves stated objectives.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	Obtain the <i>District and Campus Planning and Decision Making Resource Guide</i> prepared by TEA.	October 2003
2.	The assistant superintendent trains all principals, selected administrators, selected teachers and board members in the SBDM process.	November 2003
3.	The assistant superintendent, principals and selected teachers develop each campus improvement plan.	January 2004
4.	The superintendent, assistant superintendent and principals develop the district improvement plan.	March 2004
5.	The board reviews and participates in the final district improvement plan development prior to presentation to the public for approval.	April 2004
6.	The board reviews, obtains public comment and approves the campus and district improvement plans.	May 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

There is no long-term plan for the district. Board members and LISD senior management said that the board has not developed a long-range financial plan for the district. In addition, the campus improvement plans and district improvement plan are not specific in their goal setting nor do they provide the board information for controlling the district performance and relating the performance to a budget. Long-term financial decisions are not related to the impact on fund balances.

The district could not locate any long-range planning documents. Board members were unaware of any strategic or long-term planning documents and principals indicated that they had not participated in the development of a strategic or long-term plan.

For the 2002-03 budget, the district did not coordinate and integrate key data in the budget process. For example, the superintendent met with principals and staff to discuss position requests. The superintendent and principals prioritized positions and the superintendent submitted the request to the board for approval in February 2002. LISD added 19 staff for 2002-03 without any expenditure analysis or assessment of the impact on the upcoming budget.

As part of its review of district operations, Texas Association of School Business Officials (TASBO) reviewed the LISD budgeting process. In its report issued in February 2003, TASBO found that there was no clear indication that budget planning involved appropriate stakeholders and recommended that LISD develop a budget calendar and the budget be shared with all stakeholders. TASBO also found that there were communication problems among staff, the superintendent and board and that the director of Business/Finance had not been included in discussions involving the district's finances.

The lack of a long-term plan inhibits LISD because it does not establish any long-term targets for the district. The lack of long-term planning also hurts other planning efforts, such as long-range financial, technology and facilities planning.

Exhibit 1-14 displays the components for an effective strategic plan.

Exhibit 1-14
Components of a Strategic Plan

<ul style="list-style-type: none">• Shared vision and values• Purpose/Mission statement• External data collection and analysis• Internal data collection/analysis• External factors• Key Stakeholders• Competing factors	<ul style="list-style-type: none">• Critical issues• Threats/opportunities• Student outcomes• District goals• Best ideas/innovations• Operational plans/objectives• Annual review and update
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Source: TASB.

Many districts use a comprehensive strategic planning process to establish a clear direction for the district; build support for and concentrate

resources on district priorities; assist the district in accomplishing its objectives; and provide valid information for decision-making. The plan is a result of a collaborative effort involving input from teachers, administrators, parents, students and community members.

Long-term planning is critical to effective management. Planning enables a district to efficiently define goals and objectives, establish priorities, select appropriate implementation strategies, determine critical measures of performance in achieving the goals and objectives and ensure that the district has the needed funds to support its goals.

Effective strategic planning includes:

- direction and focus from the school board and a steering committee to set priorities or major goals;
- broad-based and diverse committees set up to address the established priorities and develop activity plans addressing each priority;
- activity plans that contain measurable goals, dates and assignments of responsibility for implementation;
- two-way communication between the governing body and the committees during the plan development period;
- decisive governance that uses the recommendations of the committees to the greatest degree possible when approving the final plan;
- performance-based annual activity plan monitoring and adjustment; and
- budgets requiring expenditures tied directly to the overall district goals and priorities.

Strategic planning enables school districts to define goals and objectives, establish priorities and determine specific implementation strategies. The process begins as a school district assesses its strengths and weaknesses, both in instruction and support. From broad goals, specific strategies can be developed.

Bastrop ISD (BISD) developed a strategic planning process that provides direction and focus and helped the district achieve its mission of improving student academic performance. BISD adopted six long-range goals which form the basis for developing the district's strategic plan objectives and implementation strategies. The process began in 1995 when the strategic planning committee adopted the goals for district performance in conjunction with the district improvement plans. Other goals of the district call for student mastery and progress through the curriculum to prepare students to enter the workforce or post-secondary education; recruitment, training and retention of qualified and effective

personnel; benefiting students through the effective and efficient use of resources; and providing opportunities to citizens for life-long learning.

BISD adjusted the strategic plan goals and strategies to reflect progress. The district revised the plan again in 1998 with an additional goal to make the BISD a *Recognized* district in 2000 and an *Exemplary* district by 2003. In 2000, additional strategies were implemented to reflect accomplishments. A timeline for meeting the goals was included in the plan. The committee monitored and adjusted strategies as objectives were met.

Recommendation 9:

Develop a long -range strategic plan.

All district stakeholders, including members of the community, parents, teachers and even students should participate in setting the direction of the district for the coming years.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board approves the creation of a strategic plan and instructs superintendent to form a strategic planning committee consisting of administrators, board members, principals, teachers, parents and members of the community.	November 2003
2.	The SBDM committee seeks volunteers to serve on a district strategic planning committee.	January 2004
3.	The superintendent assigns an individual to a leadership position of a strategic planning committee and presents goals and objectives of the district.	February 2004
4.	The strategic planning committee begins a needs assessment.	March 2004
5.	The strategic planning committee converts the needs assessment to long-range goals including implementation timelines and costs.	April 2004
6.	The chairperson and strategic planning committee draft a strategic plan report to be shared with various district groups and the board for review.	April 2004
7.	The superintendent presents the strategic plan to the board for approval.	May 2004
8.	The district implements the strategic plan and monitors progress annually.	Annually

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1

DISTRICT LEADERSHIP, ORGANIZATION AND MANAGEMENT

D. PERSONNEL (PART 1)

Management of personnel is of critical importance to school districts. Most Texas districts spend 70 to 80 percent of their budgets on salaries and personnel-related costs. An effective personnel operation enables a district to recruit and retain quality employees at all levels; provides a comprehensive compensation and benefits program which balances employer and employee needs; ensures districtwide compliance with various state, federal and local laws which govern the employer-employee business relationship; and provides clear performance standards and direction to all district employees.

Like most employers, LISD must comply with a variety of state and federal laws that govern personnel programs, services and activities. These laws include the Fair Labor Standards Act (FLSA), which governs wage and hour payments; the Americans with Disabilities Act, (ADA) which requires an employer to provide reasonable accommodation to any employee or applicant for a position who is otherwise qualified to perform the job and the Equal Employment Opportunity Act, which prevents employers from making employment and/or personnel decisions based on an individual's age, race, religion, gender and/or other non-legitimate and discriminatory factors. In addition to the body of federal laws that directly affect a district's human resources practices, there are also various state laws governing personnel matters in all Texas school districts.

LISD is considered a property wealthy school district under Texas law and as such must send monies to other districts with less property wealth per student. This method of funding is commonly known as "the Robin Hood plan." The process of a wealthier district paying a poor district is termed recapture. LISD allocated almost 54.25 percent of its 2002-03 budget for payroll costs. Excluding the recapture dollars because of LISD's wealth, the district's payroll is more than \$12 million, or 75.3 percent of its total budget.

LISD employs 327 employees. **Exhibit 1-15** shows the district's employee counts by job groupings.

Exhibit 1-15 **LISD Staff Counts by Category**

Staff	2002-03	Percent
Teachers	173	52.9%
Professional Support	25	7.6%
Campus Administration	8	2.5%
Central Administration	5	1.5%
Educational Aides	35	10.7%
Auxiliary Staff	81	24.8%
Total Full Time Equivalent Employees	327	100.0%

Source: TEA, PEIMS, 2002-03.

FINDING

The district has an extensive benefits program including compensation and other benefits. District benefits are competitive and include medical and other health-related insurances, including cancer and heart supplements, unlike many basic employer health plans. The sick leave plan allows employee absences beyond the state's five-day and local benefit at a reduced daily salary. The district signed up for the state insurance plan at the beginning the 2002-03. The district also offers a supplement to the state health insurance plan at the employees' expense. All employees may also opt to purchase a variety of insurance programs at their own expense that is deducted from the employee's paycheck, pre-tax through the district's cafeteria plan. By paying for benefits contributions before social security and federal income taxes are withheld, employees' taxable income is reduced, the employee pays less in taxes and increases take-home pay.

The district offers state-provided personal leave and local sick leave. State law requires that all employees receive up to five days of paid personal leave a year. Personal leave is advanced to the employee at the beginning of each school year. There is no limit on the accumulation of state personal leave. The leave is also transferable with the employee, if applicable, to other Texas school districts and is generally transferable to the Regional Education Service Centers (ESC). Each employee earns state personal leave in equivalent workdays, at the rate of one-half a workday for each 18 workdays of employment, up to the statutory maximum of five workdays annually.

The district has limits on the amount of personal leave that can be taken by an employee. Personal leave may not be taken for more than five consecutive workdays except in extenuating circumstances as determined by the superintendent. Personal leave cannot be taken the day before or

after a school holiday; days scheduled for end-of-semester or end-of-year exams; days scheduled for TAKS tests; or professional or staff development days.

All employees earn two workdays of local sick leave with no loss of pay. Three additional local personal days may be taken. After this, the district docks the employee \$45 per day. Local sick leave may not be accumulated nor transferred to other school districts.

Sick leave may be used for the employee's illness; and illness in the employee's immediate family; family emergency (natural disaster or life-threatening situations); and death in the immediate family.

The district also offers a sick leave pool. When an employee has exhausted all sick leave benefits and still needs additional sick days, the payroll clerk emails all employees asking for donations of sick leave for the employee who may be in need of extra sick leave. Once the payroll clerk has received the "needed" number of days, employee donations are no longer accepted. There is no bank of days because the contributions are collected on an individual basis as needed.

The district makes available many other benefit plans at employees' expense:

- extended sick leave- first 10 days docked at \$45 per day; second 10 days docked at \$67.50;
- locally managed sick leave pool;
- retirement cash out for accrued sick leave at \$45 per day for certified employees and \$22.50 for paraprofessionals;
- cafeteria plan which offers the employee benefits at pretax dollars;
- prescription drug card;
- dental insurance;
- accidental income protection;
- disability short term insurance;
- heart plan;
- cancer insurance supplement to regular insurance;
- universal and term life insurance;
- vision coverage policy;
- medical and childcare reimbursement; and
- annuity deduction.

In addition, the Consolidated Omnibus Budget Reconciliation Act (COBRA) allows employees to remain on the district health insurance up to 18 months after leaving the district, or longer in some instances, contingent on qualifying circumstances.

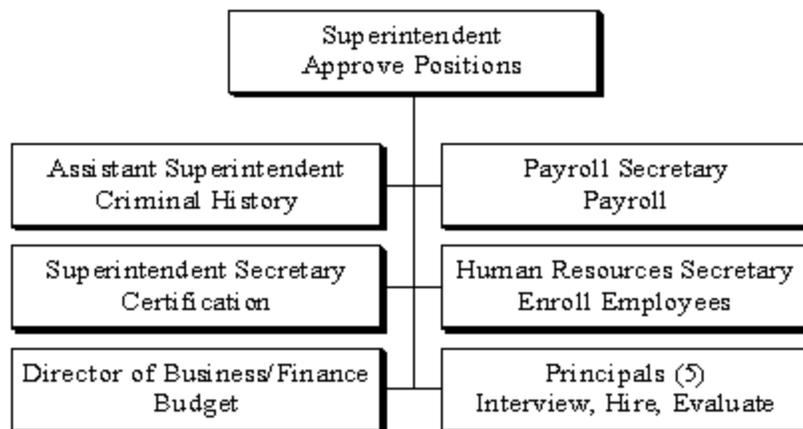
COMMENDATION

LISD offers a comprehensive benefit program to its employees.

FINDING

LISD's personnel activities are fragmented and not functionally aligned. The superintendent, assistant superintendent, payroll secretary, superintendent's secretary, secretary for Human Resources, (HR) director of Business/Finance, and LISD principals perform personnel responsibilities at LISD, which makes the personnel function decentralized. All of the individuals assigned to perform personnel responsibilities for the district also perform other non-personnel related duties within the district. As part of administering personnel for the district, LISD's superintendent prepares recommendations to the board, identifies any positions needed and availability of funding for the positions and recommends qualified hires. The assistant superintendent conducts criminal history checks online and maintains the criminal background records. **Exhibit 1-16** shows LISD's organization of its personnel functions.

Exhibit 1-16
LISD Organization of Personnel Responsibilities
2002-03



Source: TSPR interviews, April 2003, with superintendent, assistant superintendent and Central Office clerical staff responsible for performing various personnel duties.

The payroll secretary inputs all employee data as required to create and maintain district payroll records. Although the payroll clerk position reports directly to the superintendent, the payroll clerk said that the payroll position works more closely with the director of Business/Finance than with the superintendent. Employee data entered by the payroll clerk includes the employee's degree, if applicable; years of experience, benefits elections, social security number, stipends and other monetary

supplements. The payroll secretary also maintains sick leave records for each employee.

In the personnel role, the superintendent's secretary administers certification of employees by verifying appropriate certification for job placement. Certification of employees is verified through the State Board of Educator Certification (SBEC) by virtual certificates. The superintendent's secretary also applies for emergency permits for employees who are working on completing certification requirements.

In addition, the secretary for HR also reports to the superintendent completes paperwork after the district hires a new individual. The human resources secretary also handles benefits administration duties, including registering all new employees by their initial insurance benefits elections. The human resources secretary provides claim forms and directs employees to contact appropriate insurance customer service representatives as required to resolve benefits issues and assists with their questions.

The director of Business/Finance prepares revenue estimates that determine monies available for payroll. The director of Business/Finance also enters all salary information initially provided by the payroll clerk to determine payroll expenditures. Principals perform other personnel and human resources functions such as identifying staff needs, posting vacant positions on the district's Web site and interviewing, selecting and recommending qualified applicants for hire.

The district's fragmentation of its human resources function results in the lack of a strategic plan and/or direction for LISD human resources, including staffing and workforce planning. Many districts and other employers group their human resources positions and related services functionally and increasingly integrate the HR functions into districtwide strategic planning, goals and objectives.

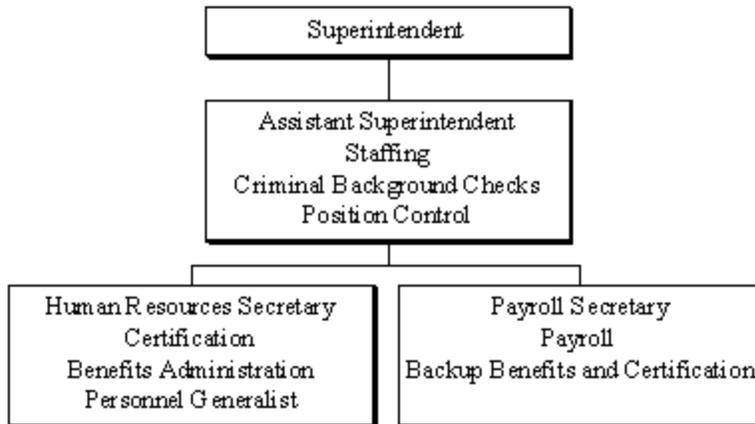
Recommendation 10:

Centralize and functionally align the district's personnel responsibilities to create a strategic focus and direction.

By consolidating all human resources management and personnel activities under the assistant superintendent, the district will achieve a consistently focused human resources strategy and eliminate fragmentation of this vital function.

Exhibit 1-17 shows the new organization structure recommended by the review team to functionally align the district's human resources services.

**Exhibit 1-17
Recommended Human Resources Organization
2003**



Source: TSPR, 2003.

Under the recommended structure, the assistant superintendent will perform personnel responsibilities currently performed by the superintendent relative to recommending qualified hires and may delegate the responsibility to perform criminal background checks to one of the subordinate positions. The human resources secretary and payroll secretary will continue to perform their existing duties and also serve as backup to each other, automatically creating continuity of service for the district in absence of one incumbent or the other. The assistant superintendent will work collaboratively with the superintendent on all human resources business, ensuring that the superintendent is informed and has senior administrative oversight of the district's human resources programs, services and activities. The human resources certification duties currently performed by the secretary to the superintendent should be reassigned to the human resources secretary.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent, assistant superintendent and board members discuss and adopt the functional realignment of LISD's human resources responsibilities and revise the job description of the superintendent's secretary to eliminate human resources duties, other than as a temporary backup.	October 2003
2.	The superintendent reassigns all human resources operations to the assistant superintendent and directs the assistant superintendent to develop and revise job descriptions for the payroll clerk and the human resources secretary as well as a district organizational chart for HR.	November 2003

3.	The superintendent disseminates and explains the district's organizational realignment of district Human Resources to all staff directly performing HR duties.	November 2003
4.	The assistant superintendent meets with the payroll clerk and human resources secretary to discuss their revised job duties, job descriptions and district administration's expectations for HR programs and services.	November 2003
5.	The superintendent announces the organizational realignment districtwide, informing all employees of newly assigned roles and responsibilities; designating specific points-of-contact for LISD employees in need of various human resources services and designating the assistant superintendent as the chief HR administrator for the district.	December 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD does not provide annual written performance evaluations based on job standards. Each functional area in the district, including transportation, maintenance and food services administers its own employee evaluations, in effect a decentralized system of performance management. Each principal evaluates teachers, aides, custodians and other employees at their assigned schools. The district has specialized evaluation instruments that correspond to specific job descriptions. For example, there is a specific evaluation tool for food services staff. The teacher appraisal process is a locally developed system that complies with state laws governing the evaluation of teachers. Principals provided up-to-date evaluations on all teachers.

Most LISD positions have job descriptions. However, some of the job descriptions for non-instructional positions are generic and lack specificity. For example, the job description for the assistant superintendent does not include the essential function of performing criminal history checks. In addition, titles as shown on the job descriptions do not match the position titles used by district administrators for various positions. The job description for the "secretary for Human Resources" shows a title of, "Human Resources benefits coordinator." Typically, a job description for a benefits coordinator is more specialized than that of a secretary for Human Resources. LISD's secretary for Human Resources' duties in HR are broader than benefits administration.

The preparation, development and revision of job descriptions are not assigned to any one position; rather, LISD job descriptions are written by individual supervisors as positions are created and/or needed. Job descriptions establish objective and measurable job standards, inform employees exactly what is expected of them and make hiring and selection simpler by identifying the job requirements. Well-written job descriptions ultimately become the foundation for identifying and setting performance evaluation standards and feedback.

According to supervisors who were interviewed, LISD performance evaluation practices vary. The maintenance supervisor said that he verbally evaluates his staff. On the other hand, the director of Business/Finance has never evaluated the Business Office staff. The food service director conducts all food service evaluations, but each school manager completes the evaluations for the staff at each school. No bus driver evaluations were available for review.

The Texas Education Code (TEC) regulates annual performance evaluations of professional staff. TEC Section 21.352 and 21.354 addresses the criteria and process about teachers and administrators being evaluated annually. LISD board policy DN (Local) requires all employees to be evaluated in writing annually. Performance evaluations serve many purposes. They provide regular feedback to employees. They document an employer's good faith efforts to assist lower performing employees to meet performance standards. Performance evaluations also give employees an opportunity to discuss career goals and receive supervisory guidance toward achieving those goals. A district's failure to evaluate performance consistently and on schedule creates a perception that performance and productivity are not important to district administration and can be a disincentive to higher levels of performance and achievement.

Many districts require performance evaluations to be routed and/or reviewed by a designated HR representative. Upon receipt and review an HR staff person timely files the performance evaluations in the employees' personnel files.

Recommendation 11:

Develop specific job descriptions that include measurable and objective standards of performance and provide annual written evaluations for all non-instructional staff based on the standards.

The completed evaluations should be forwarded to the human resources secretary upon completion and issuance to the employee. This method of

centralizing the performance evaluations will create a check-and-balance system for district evaluations.

The TASB generic job descriptions used in LISD are intended to be guides for districts and should be supplemented with actual job duties, especially key areas of responsibility and/or essential job duties.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent directs all department managers to update all non-instructional staff job descriptions to include specific and objectively measurable standards of performance in a pre-determined format to be used by all department managers and supervisors.	October 2003
2.	Each department supervisor works collaboratively with individual employees to develop accurate job descriptions for all non-instructional positions districtwide.	October - November 2003
3.	Each department manager prepares a final draft of all non-instructional job descriptions by department and submits all final drafts to the assistant superintendent for review.	November 2003
4.	The superintendent and the assistant superintendent meet with all supervisory staff responsible for evaluating personnel to review and update the district's performance evaluation instruments using the revised job description standards.	October - December 2003
5.	The assistant superintendent establishes an annual districtwide evaluation calendar for non-professional positions and obtains the superintendent's approval.	December 2003
6.	The human resources secretary coordinates performance management training through Regional Education Service Center Region 13 for all supervisory and management personnel.	December 2003
7.	All supervisors prepare and issue written evaluations of subordinate staff using the revised job standards and new performance evaluation instrument.	December 2003 - March 2004
8.	The human resources secretary files all completed evaluations after checking against a master list of employee names, ensuring supervisory and employee signatures appear on each evaluation, dates and that the performance evaluation standards correspond to the revised job description and nature of the job.	March 2004 and Ongoing
9.	The human resources secretary notifies the superintendent of	March 2004

	any delayed or overdue employee evaluations.	and Ongoing
10.	The superintendent meets with any department manager with overdue performance evaluations to discuss the district's expectation of timely performance evaluations to all staff.	Ongoing
11.	The assistant superintendent revises the district's performance evaluation policy and procedure for superintendent and board approval.	March 2004
12.	The superintendent communicates and disseminates the district's revised policy and procedure to all LISD employees.	April 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district does not use staffing allocation formulas as a guide before filling positions or determining positions to eliminate. A staffing allocation formula serves as a guide for school districts for determining the number of staff positions needed and is commonly linked to student enrollment. Staffing formulas also assist districts in planning, recruiting, hiring and budgeting.

TEC Section 25.111 specifies that *"Except as provided by Section 25.112, each school district must employ a sufficient number of teachers certified under Subchapter B, Chapter 21 to maintain an average ratio of not less than one teacher for each 20 students in average daily attendance."* Section 25.112 states that *"Except as otherwise authorized by this section, a school district may not enroll more than 22 students in a kindergarten, first, second, third or fourth grade class."* **Exhibit 1-18** shows LISD enrollment and the student-teacher ratio for LISD and its peer districts. In 2002-03, LISD has the lowest student-to-teacher ratio compared to its peers.

Exhibit 1-18
Enrollment and Teacher-to-Student Ratio
LISD and Peer Districts
1999-2000 through 2002-03

District	1999-2000 Enrollment	1999-2000 Teacher- to-	2000-01 Enrollment	2000-01 Teacher- to- Student	2001-02 Enrollment	2001-02 Teacher- to- Student	2002-03 Enrollment	2002-03 Teacher- to- Student
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		Student Ratio		Ratio		Ratio		Ratio
LISD	1,651	1:12.6	1,682	1:11.8	1,817	1:11.1	1,890	1:10.9
Glen Rose	2,569	1:10.4	2,693	1:10	2,790	1:10.5	1,678	1:12.0
Wimberley	1,596	1:14.2	1,614	1:14.7	1,652	1:13.9	1,812	1:13.3
Barbers Hill	1,625	1:14.4	1,663	1:14.3	1,732	1:14	2,945	1:14.5
Ingram	1,516	1:12.2	1,463	1:11.8	1,497	1:11.8	1,510	1:12.0

Source: TEA, AEIS, 1999-2000 through 2001-02 and PEIMS, 2002-03.

In April 2003, the district declared financial exigency and the interim superintendent recommended eliminating 36 positions for a total savings of \$1,478,698 beginning in 2003-04. Thirty-five teaching positions and one nurse position were eliminated. After the reduction-in-force, LISD will have a total of 145 teachers districtwide, excluding special education and federally-funded teaching positions. If enrollment stays at or near the 1,890 for 2002-03 in 2003-04, the teacher-to-student ratio will rise to 1:13, still below the state averages of 1:14.7.

Exhibit 1-19 shows the staffing inconsistencies at Packsaddle and Llano Elementary for pre-K through grade 4 enrollment for 2002-03 compared to the district's projected enrollment of pre-K through grade 5 in 2003-04. The grade 2 class has 73 students and four teachers resulting in an 18:1 teacher-to-student ratio, while Llano Elementary has 67 students in grade 2 and five teachers for a 13:1 ratio.

Exhibit 1-19
Packsaddle Elementary and Llano Elementary
Pre-K Through Grade 5
2002-03

2002-03	Packsaddle Elementary Students	Packsaddle Elementary Teachers	Teacher-to-Student Ratio	Llano Elementary Students	Llano Elementary Teachers	Teacher-to-Student Ratio
Pre-K	32	1	1:32	30	1	1:30
K	81	4	1: 20.3	74	4	1: 18.5
1	86	5	1:17.2	91	5	1:18.2

2	73	4	1:18.3	67	5	1:13.4
3	60	3	1:20	84	5	1:16.8
4	69	4	1:17.3	75	5	1:15
Total	401	21	1:19.1	421	25	1:16.8

Source: District enrollment reports, 2002-03 and principal interviews.

Chapter 1

DISTRICT LEADERSHIP, ORGANIZATION AND MANAGEMENT

D. PERSONNEL (PART 2)

In May 2003, the board voted to close Llano Middle School. Fourth graders will remain on their elementary campus in 2003-04 as fifth graders. As a result, Packsaddle Elementary will gain 56 students and Llano Elementary will gain 49 students. The district told the review team that existing teachers from each school will be used for the most part to cover the extra grade level and increased enrollment.

Exhibit 1-20 shows student enrollment compared to professional staff. LISD has the lowest professional staff-to-student ratio of its peers for 2002-03. With the RIF of 36 professional positions for 2003-04, the professional staff-to-student ratio will rise to 1:9.

Exhibit 1-20
Enrollment and Professional Staff
LISD and Peer Districts
2002-03

District	Students	Professional FTE	Professional Staff-to-Student Ratio
Barbers Hill	2,945	283	1:10.4
Wimberley	1,812	190	1:9.5
Ingram	1,510	176	1:8.6
LISD	1,890	246	1:7.7
Glen Rose	1,678	198	1:8.5

Source: TEA, PEIMS, 2002-03

The Southern Association of Colleges and Schools (SACS) accredits more than 12,000 public and private educational institutions, from pre-kindergarten through university levels, in 11 states in the Southeastern United States (including Texas) and in Latin America. SACS minimum personnel requirements for elementary schools is based on enrollment as listed in its 2002-03 *Checklist of Standards for the Accreditation of*

Elementary Schools. **Exhibit 1-21** shows the minimum standards for elementary schools compared to LISD.

Exhibit 1-21 shows that there are a total of six secretarial positions assigned to LISD elementary schools; three secretaries at Packsaddle Elementary and three secretaries at Llano Elementary.

Exhibit 1-21
LISD's Elementary Schools Compared to SACS Standards
2003-04

Position	Llano Elementary	SACS Standard	Over/ (Under)	Packsaddle Elementary	SACS standard	Over/ (Under)
Enrollment	414			391		
Principal	1	1.0	0.0	1	1.0	0.0
Counselor	1	0.5	0.5	1	0.5	0.5
Librarian	1	1.0	0.0	1	1.0	0.0
Library aide	0	0.0	0.0	0	0.0	0.0
Secretary	3	1.0	2.0	3	1.0	2.0
Total Over/(Under)			2.5			2.5

Source: LISD Assignment Report and SACS Checklist of Standards for the Accreditation of Elementary Schools, 2002-03.

Using SACS standards to compare staffing at LISD's two elementary schools, LISD is overstaffed by four secretarial positions at Llano Elementary and Packsaddle Elementary. However, SACS does not consider the PEIMS data collection activities supported in Texas public schools, so after making an allowance for one clerk for PEIMS, overstaffing is reduced by two positions.

Packsaddle and Llano Elementary schools have a combined total of two counselor positions. The SACS personnel standard for guidance services in elementary schools is 0.5 positions for enrollment up to 499. TEC Section 33.002 requires school districts with 500 or more elementary students to employ one certified counselor for each 500 students. Therefore, LISD appears to have an appropriate number of counselors at the elementary level.

SACS recommends minimum personnel requirements for middle schools (grades 5-8), based on enrollment in its 2002-03 *Checklist of Standards for the Accreditation of Middle Schools*.

Exhibit 1-22 shows the minimum standards for middle schools compared to LISD. The middle school standard also applies to junior high schools.

Exhibit 1-22 shows that LISD's junior high school is overstaffed by one full-time equivalent secretarial position compared to the 2.0 SACS standard based on enrollment and understaffed by one half-time library aide position.

Exhibit 1-22
LISD's Junior High Compared to SACS Standards
2003-04

Position	Llano Junior High School	SACS Standard	Over/ (Under)
Enrollment	295		
Principal	1	1.0	0.0
Counselor	1	1.0	0.0
Librarian	1	1.0	0.0
Library aide	0	0.5	(0.5)
Secretary	2	1.0	1.0
	Total		0.5

Source: LISD Personnel Directory and Assignment Report and SACS Checklist of Standards for the Accreditation of Middle Schools, 2002-03.

SACS further recommends minimum personnel requirements for high schools (grades 9-12), based on enrollment, in its *Standards Checklist, Accreditation Standards for Secondary and Middle Schools, 2000*. **Exhibit 1-23** shows the minimum standards for high schools compared to LISD.

LISD's high school is overstaffed by one full-time equivalent secretarial position and understaffed by one library aide and a half-time counselor position compared to the SACS standard based on enrollment.

Exhibit 1-23
LISD's High School Compared to SACS Standards
2003-04

Position	Llano High School	SACS standard	Over/ (Under)
Enrollment	510		
Principal	1	1.0	0.0
Assistant principal	1	1.0	0.0
Counselor	1	1.5	(0.5)
Librarian	1	1.0	0.0
Library aide	0	1.0	(1.0)
Secretary	4	3.0	1.0
	Total		(0.5)

Source: LISD Personnel Directory and Assignment Report and SACS Standards Checklist, Accreditation Standards for Secondary and Middle Schools, 2000.

Exhibit 1-24 displays LISD's staffing from 1998-99 through 2002-03.

Exhibit 1-24
LISD Staffing from 1998-99 through 2002-03

Staff	1998-99	1999-2000	2000-01	2001-02	2002-03	Percent Change
Teachers	125	131	142	164	173	38.0%
Professional Support	13	16	17	21	25	95.3%
Campus Administration	7	8	7	8	8	14.3%
Central Administration	4	4	4	5	5	25.0%
Educational Aides	31	33	32	33	35	11.5%
Auxiliary Staff	71	74	80	84	81	14.6%
Total Full Time Equivalent Employees	251	266	282	314	327	30.1%
Enrollment	1,578	1651	1682	1817	1890	19.8%
Teacher-to-Student Ratio	12.6	12.6	11.8	11.1	10.9	-
Staff-to-Student Ratio	6.3	6.2	6.0	5.8	5.8	-

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

As shown in **Exhibit 1-24**, several staffing areas grew at rates that exceeded the student growth rate for the district. The recent RIF will bring the overall teacher-to-student ratio to 1:13, which is still below the statewide average of 1:14.7, but other areas not covered by SACS standards also need to be examined. For example, the professional support staffing, which includes positions such as librarians, therapists, diagnosticians, nurses, supervisors and department heads, grew by 95.3 percent from 1998-99 through 2002-03.

By maintaining staffing allocations for elementary and secondary schools, Spring ISD (SISD) distributes staff resources in an equitable manner. SISD personnel/support services develops staff allocations for each school and monitors its allocations regularly, including each time enrollment figures become available. The allocations become the basis for the salary portion of the budget each year. Campus site-based teams and principals have some flexibility to change positions within those allocated dollars. Grades 1-4 are governed by state law requiring one teacher for every 22 students, unless a waiver is granted. For grade five, the allocation is one teacher for every 23 students. At the middle school, a teacher may be added during the year when the overall student-teacher ratio reaches 1:24.5; a teacher may be reassigned if the ratio drops to 1:22. The staffing allocation for high schools call for the addition of a teacher when the student-teacher ratio reaches 1:26, or a reassignment if the ratio drops to 1:24. Special staffing allocations exist for special education, the alternative education program, the pyramid program, athletics, occupational/technical education and certain departments with classified employees, such as food service.

Recommendation 12:

Develop staffing formulas linked to enrollment and maintain district staffing levels accordingly.

TSPR understands the immediate need for the district to reduce its instructional staffing levels in order to remain financially solvent, but in the future as staffing formulas are developed and implemented, consideration should be given to the contribution that each employee adds to classroom instruction. In particular, the board and administration should consider which support positions are needed and whether some of those positions could or should be shifted back into classroom teaching positions.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and key administrators institute a hiring freeze and fill only critical vacancies.	October 2003
2.	The superintendent and key administrators examine SACS staffing standards districtwide and develops ratios by campus based on projected revenue estimates and enrollment.	December 2003
3.	Principals apply the new staffing formulas to their assigned campus(es).	February 2004 and Ongoing
4.	The assistant superintendent reviews requests for positions to determine whether the positions are within budget and the district's staffing allocations prior to authorizing vacancies.	February 2004 and Ongoing
5.	The superintendent tasks the director of Business/Finance and the human resources secretary with dual control oversight of all positions to be filled to ensure that the district achieves and maintains optimum staffing levels.	February 2004 and Ongoing
6.	The superintendent informs staff of positions that will be eliminated due to implementation of staffing standards.	April 2004
7.	The assistant superintendent, director of Business/Finance and the human resources secretary develop, document and implement a human resources and budget position control methodology and tracking procedure to ensure that the district meets its staffing allocation objectives prior to offers of employment being extended and/or positions being filled.	March 2004 and Ongoing

FISCAL IMPACT

The fiscal impact is based on eliminating two secretarial positions and two professional support positions. The secretarial positions earn an average salary of \$24,223 plus benefits. LISD total fringe benefits of \$3,051 consists of a variable portion of 1.45 percent for Medicare and a fixed component of health insurance costs of \$2,700 a year. The estimated savings to the district for the secretarial positions, including salary and benefits, is \$54,548 ($\$27,274 \times 2$).

The two professional support positions earn an average salary of \$40,836 plus fringe benefits of \$3,292, consisting of a variable portion of 1.45 percent for Medicare and a fixed component of health insurance costs of \$2,700 a year. The estimated savings to the district including salary and benefits is \$88,256 ($\$44,128 \times 2$).

By eliminating the four positions identified in this recommendation, LISD will save \$142,804 annually. Through attrition, LISD should be able to achieve one-half of these savings in the first year.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Develop staffing formulas linked to enrollment and maintain district staffing levels accordingly.	\$71,402	\$142,804	\$142,804	\$142,804	\$142,804

FINDING

The district paid four performance stipends to coaches without following TEA guidelines and without any explanation or criteria for paying the stipend. The performance stipend criteria are not documented and/or communicated districtwide. The lack of documented and published criteria means that LISD staff do not know whether they are eligible or could strive to obtain the stipend for specific levels of performance achievement(s).

The coaches being paid the performance stipends in 2002-03 received the stipend for 2001-02 performances with their respective athletic team. The girl's basketball team won state in 2001-02 and the performance stipends were placed in the salary schedule in 2002-03 only for select coaches. The superintendent recommended the stipends in the salary proposal for the 2002-03 budget. Head girls basketball coach receives \$5,220; boys track coach-\$1,000; cross country coach-\$3,000 and the varsity football/baseball coach-\$2,000. The stipend is titled *performance* in the salary schedule.

Recommendation 13:

Implement a performance stipend by developing guidelines that notify all employees of the criteria required to achieve the stipend award.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	Superintendent reviews the athletic performance stipends and discontinues stipends until guidelines, criteria and notices can be sent to all employees prior to the implementation of the performance stipend.	October 2003
2.	Superintendent places on a board agenda an item to discuss performance stipends and establish guidelines if the board of trustees wishes to implement performance stipends.	November 2003

FISCAL IMPACT

The annualized cost of this fiscal impact is the sum of each of the four 2002-03 stipends (\$5,220 + \$1,000 + \$3,000 + \$2,000 = \$11,220.)

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Implement a performance stipend by developing guidelines that notify all employees of the criteria required to achieve the stipend award.	\$11,220	\$11,220	\$11,220	\$11,220	\$11,220

FINDING

The district purchased nine state championship rings for the superintendent, athletic director, high school principal and six coaches for a total cost of \$3,199, in effect a gift of public funds. The district purchased the rings as a performance award. The expenditure was not approved in the initial budget or in the approved 2001-02 salary schedules. At the time the purchases were being considered by the superintendent now on administrative leave, the director of Business/Finance questioned whether the rings were an expense related to public education. However, once the board approved a budget amendment to pay for the rings, the director of Business/Finance complied with the board's directive and authorized payment. The rings ranged in price from \$300 to \$400 each. The Texas Constitution, Article 3, Section 52 (a) does not allow "... political corporation or subdivision of the state to lend its credit or to grant public money or a thing of value in aid of or to any individual".

TEA recommends that districts be conservative and also consider the potential public relations risks involved if an expenditure may give the appearance as being a gift of public funds, even if legally upheld. The subject of the championship rings purchased by LISD was raised as an area of concern during the TSPR public forum held on April 7, 2003. Some attendees expressed anger because the parents had to pay for the athlete's rings, but the district purchased rings for staff. Parents who attended the forum were very vocal about the athletic director, principal and superintendent receiving a district-purchased ring. They were less upset that the coaches received a ring as a reward for their dedication and work with the team. Parents' comments to the review team are consistent with the appearance issue identified by the TEA.

Recommendation 14:

Discontinue the practice of purchasing personal items for employees to avoid the appearance of giving gifts from public funds.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent develops guidelines for staff to follow regarding the purchase of personal items for employees.	October 2003
2.	Board members review proposed guidelines, make modifications and adopt.	November 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district does not have a consistent recruitment strategy. LISD's administrators said that they attend one or two job fairs annually sponsored by various colleges in an effort to recruit new employees. The district does not maintain records of any recruiting activities. In the past year, the district did not participate in any job fairs because of financial constraints. LISD did not budget money in 2002-03 for staff to attend the job fairs. District administrators' participation in job fairs is limited to answering questions about the district and accepting resumes from interested individuals. All interviews take place in the district. Positions are also advertised in local newspapers as well as on the LISD Web site.

The district generally has an ample qualified applicant pool for its posted positions. Even though some LISD teachers expressed concerns about perceived non-competitive salaries, most teachers said that their original attraction to the district was not its salaries, but the district's Central Texas location and proximity to the Austin metropolitan area. The work environment includes small class sizes, updated well-kept facilities and high academic standards, and an attractive total compensation package that includes competitive benefits.

The district has used signing bonuses on occasion to attract teachers in critical teaching areas that are in short supply statewide. The signing bonuses were used to hire math and chemistry teachers and a school psychologist.

LISD had the lowest teacher turnover rate in 2001-02 as compared to peer districts (**Exhibit 1-25**). Low teacher turnover results in less recruitment and hiring needed.

**Exhibit 1-25
Teacher Turnover
LISD and Peer Districts
1999-2000 through 2001-02**

District	1999-2000	2000-01	2001-02
LISD	6.7	14.6	6.8
Glen Rose	7.8	10.1	7
Wimberley	8	5.8	9.3
Barbers Hill	23.4	5.8	15.4
Ingram	13.9	20.4	15.8

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

Some districts create successful recruitment strategies to recruit qualified individuals through short and long-term workforce planning, systematic marketing of the district and competitive compensation packages, including benefits.

Recommendation 15:

Attend recruitment fairs to be proactive in targeting qualified staff and marketing the district as an employer of choice.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent assigns principals to attend job fairs.	December 2003
2.	Principals coordinate with each other to anticipate staffing needs districtwide prior to attending job fairs.	January 2004
3.	Each principal attends one job fair per year and provides applicant volume and quality information to the assistant superintendent for review and trend analysis.	Ongoing
4.	Principals and the assistant superintendent meet to share job fair resources and information and to look at short- and long-term recruitment trends, including cost and number of hires.	Ongoing
5.	The assistant superintendent and principals develop a districtwide recruitment plan and strategy.	Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1

DISTRICT LEADERSHIP, ORGANIZATION AND MANAGEMENT

E. COMMUNITY INVOLVEMENT

Community involvement is an important cornerstone of a successful public school system. A school district that welcomes the community's involvement ultimately benefits from the additional resources, experiences and expertise these supporters provide. School districts use a number of methods to generate community participation and interest. Rural school districts often rely on school principals and teachers or active community volunteers to garner community support. The school board and the superintendent play a critical role in community relations and involvement. A school board and superintendent that conduct school business openly and invites public input encourage community interest and involvement. By contrast, a school leadership team that seems inaccessible and insensitive to the public loses community trust and support.

LISD employs a variety of methods to communicate with its stakeholders. Each school distributes a newsletter to parents, usually monthly, which provides information about events and activities in the school and also supplies tips to help parents support their child's education. Individual schools also develop and distribute various fliers, memos and letters that are sent home to parents which informs them about upcoming information such as special events, tutoring sessions, testing and fundraising opportunities.

The LISD Web site provides an overview of the school district and hosts a home page for each school. The district has marquees at some of its campuses, which it uses to inform parents and the community about school and district news. The district has access to media coverage primarily through two weekly newspapers, one radio station and one television station, which covers the hill country area encompassing Llano. The district has more limited access to media coverage through three other weekly print supplements covering rural hill country areas. Two other area radio stations also serve rural areas, including Llano.

Each LISD school has a parent leadership organization, such as a Parent Teacher Organization (PTO) or Partners in Education (PIE) program. Each LISD school also has a Site-Based Decision-Making (SBDM) committee that allows parents and community members to be involved in school decision-making processes. Involvement in the schools is greatest at the elementary and middle school levels and less at the middle and junior high

schools. Parent and community volunteers are used in a variety of ways to support students and staff.

Examples of community involvement in the schools are shown in **Exhibit 1-26**.

Exhibit 1-26
Examples of Volunteer Efforts by School
2002-03

School	Summary of Activities
Llano Elementary	Partners in Education (PIE) program. Parent and community volunteers organize and/or assist with fall festival, family game night, kindergarten round up, teacher appreciation events, field trips and classroom parties. They also raise funds for special needs in classrooms, new playground equipment and a new popcorn machine. Volunteers help needy families in the school and help support special educational programs for parents such as a TAKS testing workshop by providing snacks and childcare.
Packsaddle Elementary	PTO sponsors PIE program. Volunteers help with fundraising, plan and host a school carnival, help as assistants in the school, the office and the library, serve as chaperones and assist with numerous special events throughout the year.
Llano Middle School	Partners in Education (PIE) program. Parent and community volunteers help in science labs; with field days, field trips, school dances, special events, spring barbecue and other fundraisers; as hall monitors; and as assistants to teachers in special pull-out instruction.
Llano Junior High	Parents and volunteers assist with the annual book fair, concession stands for special events, parties and special events, staff lunches, school dances and the sexual abstinence presentation.
Llano High School	Parents and community volunteers assist with the book fair, concession stands, parties and special events, special staff lunches, school dances, athletic games and tournaments, stock show and athletic events. Volunteers also present professional sexual abstinence program to students.

Source: LISD principals.

FINDING

LISD schools have strong parent and community involvement. Each school makes a targeted effort to welcome and use available parent and

community services. Because of proximity to local businesses and the larger Llano community, some schools appear to have a larger group of volunteers and a greater number of business partnerships. Such disparities are typical in rural school districts throughout Texas, where one school lies geographically closer to the heart of the community while another school may be a notable distance away.

The district also uses volunteers and business partners to provide support to teachers, services to students and opportunities and resources to schools, which might not otherwise be possible. Volunteers perform typical tasks during the day such as chaperoning events, hosting class parties and raising funds for special purchases not funded through the school budget. Community and parent volunteers also enhance educational programs by sharing special expertise and experiences.

For example, parent and community volunteers provide dental, vision and hearing screenings to students in LISD annually. At each school annually, parents and the community sponsor and serve a teacher appreciation luncheon. At the elementary schools, Partners in Education (PIE) have regular monthly meetings and plan numerous fundraisers and events throughout the year. Volunteers in the PIE program at Llano Elementary sponsor a "Save Those Labels" contest," remitting labels and box tops to national manufacturers for cash returns to the school. Llano Middle School uses community and parent volunteers to seek donations and stock the school's media center with books, research materials and educational films.

COMMENDATION

LISD schools successfully recruit and use parents and community volunteers to provide valuable services to their students and staff.

FINDING

In 2002, LISD administrative staff and community members joined efforts to create an LISD Alumni Hall of Fame and Museum. An estimated 350 guests attended the first banquet at Llano High School, which honored 11 Llano High School alumni. The honorees included a 1935 ladies' doubles tennis team, several athletes and distinguished students from the 1930s and 1940s and the 1950 Llano High School football team, the first ever to be district champions, and their coach.

Inductees also donated artifacts such as uniforms, awards, yearbooks and programs as the initial items in the Hall of Fame display in the district's historic O. Henry Building. The Hall of Fame focuses on all aspects of student life including the academic, athletic, business and social

achievements of graduates of Llano High School. The LISD Hall of Fame committee has set as one of its primary goals to turn the event into a fundraiser. The proceeds will fund a scholarship for a deserving Llano High School student wishing to advance his or her education.

COMMENDATION

The LISD Hall of Fame Celebration and Alumni Museum represents a valuable partnership between a public school district, its alumni and the community.

FINDING

The relationship between local media outlets and the superintendent and board has been severely strained since early 2002. School principals handle public relations for their campuses. The superintendent's secretary and other central office support staff are responsible for board agenda postings, routine public information requests and other regular district communication duties.

One media representative complained that in spring 2002, the media stopped receiving board agendas after having had access to them for many years. The representative said the superintendent did not promptly return phone calls and did not provide complete answers or documentation for questions asked through Open Records requests. It was reported that the board agendas, which before had been faxed to the media office right after it was officially posted, were no longer being sent.

One central office staff member stated that the superintendent now on administrative leave said one school board member wanted to know to whom the agendas were regularly faxed and where they were posted. The staff member provided him with the fax list. The staff member also reported an incident in which the agendas were posted in the central office and in all the nearby schools, then retrieved by the superintendent, without explanation. Central office staff members and others reported other unusual actions by the superintendent. These behaviors created an atmosphere of distrust and suspicion within the district and between the district and the community. Other staff members reported that when they tried to talk to board members about the climate in which they were working, board members were unresponsive, even defensive. This behavior also contributed to an atmosphere of distrust between the LISD staff and the school board.

As a result, local citizens and the media filed an overwhelming number of Open Records requests for information about district operations and decisions. More than 150 requests, almost all of them multi-part, were

filed between August 2002 and April 2003. Many of the requests focused on capturing information about the LISD budget, specific contracts, the superintendent's and board's expenditures and other decisions.

While the superintendent's secretary and other central office support staff were accustomed to receiving routine requests for staff directories, school calendars and other such information, no one in the district was prepared or trained to deal with the barrage of Open Records requests. Staff members reported that the superintendent now on administrative leave would regularly take an Open Records request and "sit on it" until the deadline for response was a day or two away. He would then direct staff to send partial or inadequate information.

After a few months of staff simply trying to keep up with the multitude of requests, the district's legal counsel consulted with the staff about exactly how to handle Open Records requests. Staff members reported that this consultation was helpful.

Despite an unpleasant relationship during the past 18 months, local media representatives, parents and members of the Llano community express genuine concern for the district and for the long-term impact recent management and financial troubles have had on staff and on students. The media specifically pointed out that alongside numerous negative articles about district management, they routinely published articles and photographs of Llano student and staff awards, achievements and activities as a show of support for the district.

Of all central office and school staff members, the superintendent's secretary played the most pivotal role in attempting to respond to members of the community and the press amid a stressful climate in the workplace. With some assistance, the secretary compiled information and documentation for Open Records requests; ensured that board agendas continued to be posted properly; and assembled and delivered board packets to trustees. Comments in various focus groups indicated that the behavior of the superintendent's secretary throughout this ordeal was professional, caring and responsive. The Business Office also received a number of requests for information gathering resulting from the Open Records requests. Business Office staff members regularly worked overtime to gather information and reported that they sometimes had to forego their regular duties to meet the demands of fulfilling Open Records requests.

Recommendation 16:

Appoint a community task force facilitated by a member of administration to develop and implement an overall communications recovery plan.

By communicating openly, promptly and honestly and providing stakeholders an opportunity to stay informed and have a voice in the rebuilding process, LISD can work to regain the trust of the community.

The appointment of a public information/communications coordinator is a first step to improving the flow of information to these stakeholders. The superintendent's secretary, who develops and posts board agendas and prepares board packets, is uniquely qualified for this position to ensure that this information flows through promptly to interested and appropriate stakeholders.

It will be equally important to involve the community in the recovery of LISD. By appointing a task force made up of parents, business owners, students, staff and the media, LISD will demonstrate its willingness to seek input and involve stakeholders in the process of recovery. The task force will be chaired by the public information/communications coordinator. The task force will play a key role in aggressively communicating with the public as LISD faces the tough challenges of reducing staff, restructuring schools and programs, implementing numerous cost savings measures and rebuilding reserves for the future of the district. From scheduling town hall meetings to explain the state of the district, to continuing an aggressive public relations efforts about the many positive achievements in LISD, the task force is poised to serve an important function as the district moves forward.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent develops an expanded job description for the superintendent's secretary to include additional responsibilities for district communications.	October 2003
2.	The board approves new job description.	October 2003
3.	Members of the community are invited to serve on communications task force to develop recovery plan for LISD.	October 2003
4.	The superintendent's secretary meets with principals and a community task force to develop a plan for communicating with the parents and the community.	October - November 2003
5.	The superintendent presents a communications plan to the board as a workshop item and implementation begins immediately.	November 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Involvement in LISD schools by parents and the community decreases as the student population ages. This is particularly unfortunate since students are increasingly likely in middle and high school to exhibit at-risk behaviors. In LISD focus groups, parents and teachers reported that as students grow older, they are less interested in having their parents volunteer or be involved in their schools. They also expressed some concerns about the lack of after-school and community activities for middle school and high school youth. They cited a lack of community activities and facilities allowing teenagers to congregate after school and on weekends. Parents and teachers reported that Llano's teenagers typically "hang out at the lake," which they believe is not productive and leads to at-risk behaviors at home and in the community and spills over into the schools. In fact, 56 percent of the parents, 62 percent of the principals and assistant principals and 54 percent of the district support staff participating in the TSPR survey believe that drug use is a problem among LISD students.

School districts regularly use the ad hoc committee format or task force to address specific issues of concern. Galveston ISD (GISD) developed a task force to reduce a high level of truancy among its ninth graders and high school students. The task force, called the Truancy Reduction Initiative, consists of the mayor, the county judge, the police chief, the county sheriff, the Justice of the Peace, representatives from the Juvenile Probation department, Children's Protective Services, the Family Service Center and the Advocacy Center for Children. Several school administrators, teachers and parents also serve on the task force along with representatives from the GISD Police Department. In its first six months of operation, the task force worked to identify and address root causes of truancy, developed and opened a Juvenile Assessment Center with existing resources and is making a significant impact on reducing truancy. The group has recently applied for and received a major grant to expand its initiative. The development and operation of a task force such as the one in GISD indicates that by working cooperatively various groups can identify and resolve issues related to students in their community.

Recommendation 17:

Form a parent and community council to determine the recreational needs of LISD's children and youth and develop a master plan to address those needs.

LISD should serve as the catalyst for creation of a council to address the recreational needs of Llano's youth. LISD should take the lead in assembling the group of adults and students and agree to shepherd the process for the first year of its operation. The parent and community council should include representation from parents of students of all ages in LISD, members of the business community, middle and high school students, representatives of neighborhoods and others in leadership positions in Llano.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent directs staff to publicize the creation of a parent and community council to address recreational needs of Llano youth.	October 2003
2.	The superintendent, with staff assistance, identifies parents, students, business leaders and community members to serve and also opens participation to all who are interested in serving.	October 2003
3.	The superintendent hosts an initial retreat of the group to determine the mission, define goals, establish sub-committees, schedule meetings and develop the course of work.	November 2003
4.	The superintendent and community council identify similar initiatives in other rural communities, which may have application in Llano.	January 2004
5.	Community council introduces the master plan to the schools and the community.	February 2004
6.	Community council establishes strategies and timeline for development, funding and implementation of the new initiative.	February 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD schools do not record or measure volunteer hours. While volunteer contributions throughout LISD are impressive, the individual school programs lack uniformity in key areas. Most LISD schools have a volunteer who coordinates the activities of other volunteers. Some schools, like Llano Elementary and Packsaddle, aggressively recruit volunteers at the beginning of each school year. The volunteer efforts in Llano's secondary schools are less formalized, with administrators, teachers and support personnel simply calling parents or community members to help with special activities or projects, as needed. All LISD

schools have temporary identification badges for visitors and volunteers. The elementary schools host a volunteer lunch or reception to honor the service of volunteers each year, while the secondary schools informally thank the individuals who provide extra service to their schools through volunteerism.

Tracking the volunteer hours contributed to local schools is important for several reasons. By quantifying volunteerism at the individual schools, districts can address disparities that may exist and re-direct community volunteers and resources to schools with less active volunteer programs. The schools can assess how volunteer resources are being used, when they are most needed and available and how to redistribute these resources to best serve the needs of the students and staff. The measurement of volunteer hours provides both the district and the schools a means for rewarding outstanding volunteerism. Recording of volunteer hours can be used as a promotional and recruitment tool for attracting new volunteers to the school district.

Identifying someone to serve as the volunteer coordinator at each school is essential. Volunteer coordinators serve as the conduits to recruit volunteers and assign duties. Through experience, they learn the special talents and valuable contributions of volunteers. They ensure the availability of volunteers, helping in situations where teachers and other staff members must recruit volunteer help. They are also cheerleader for volunteerism at their school, identifying new ways that volunteers can serve and new individuals to perform needed services.

Schools, including those in LISD, regularly use simple, adhesive identification badges to identify visitors and volunteers working in schools. Not only does this practice contribute to school safety, but it also serves to remind staff and students of the time and important services that volunteers are contributing to their schools.

Districts with effective volunteer programs recognize and honor volunteers in an official way each year. Most districts with volunteer programs host an annual School Volunteers Celebration for all volunteers at the end of each school year and recognize a campus volunteer as "School Volunteer of the Year."

Recommendation 18:

Develop a districtwide plan for the use of volunteer services.

The plan should include recruiting a volunteer coordinator for each school, recording volunteer hours, issuing photo identification badges for volunteers and hosting an annual volunteer appreciation event.

A committee of LISD volunteers, working with school principals, should host a retreat to establish a plan for the management of volunteer services in LISD schools. Without hampering the creativity or enthusiasm of each school's volunteer corps, a district plan for volunteerism would create uniformity and equity within the district.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	Volunteer coordinators, key volunteers and principals meet to develop a plan for recruiting volunteers, recording volunteer hours, issuing photo volunteer badges and hosting an annual volunteer reception.	October 2003
2.	The superintendent's designee provides paraprofessional support in the development of forms, badges and other materials to implement the plan.	November 2003
3.	Principals and volunteer coordinators host a meeting with all volunteers to introduce and discuss the plan.	December 2003
4.	The principal's secretary begins recording volunteer hours and creates and issues identification badges for volunteers.	January 2004
5.	The superintendent's designee works with local business sponsors to pay for a volunteer appreciation event for the entire district.	March 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD constituents do not have a daily source for school district news and information. LISD's news is covered regularly in each of the two weekly newspapers, one hill country radio station and television station. Other information is shared sporadically through area supplements, area radio stations and Austin print and electronic media.

Communications tools used by the district such as monthly newsletters and the district Web site serve important functions in keeping parents and stakeholders informed about upcoming events and activities in local schools.

The parent/community newsletters developed and distributed by each school vary widely in format and usefulness. Some schools in LISD, such as Llano High School, regularly produce and distribute a parent newsletter containing information about upcoming events, testing, scheduling and

other news. Other schools in LISD regularly issue fliers, letters, memos and other information on an individual, as-needed basis. Some LISD schools also distribute "pre-packaged" information, such as "Early Years" and "Home and School Connection."

Llano High School produces a bi-monthly newsletter that is timely and informative. Its content is valuable in helping parents stay abreast of upcoming events, testing and scheduling for their children. Not all newsletters are distributed according to a defined schedule, so parents do not know when to expect them, especially if they have children in different schools within Llano.

TSPR surveys completed by LISD parents indicate a keen interest and high expectations for the use of technology in all schools. About 70 percent of students and parents have a home computer, complete with Internet access. The district's Web site, although attractive in format and user friendly, needs additional development. Each school's home page is not fully developed and lacks items such as TAAS/TAKS scores, curriculum, volunteer opportunities, school lunch menus, board minutes, transportation routes, current news and upcoming events. The three-member technology department provides oversight for the district's Web site. The department is currently responsible for all hardware and software applications in the district as well as providing training and assistance to staff.

Without a daily news vehicle, LISD parents and community representatives rely on communications from the schools and the district to parents and the community.

Recommendation 19:

Improve LISD's communications program by enhancing school newsletters and the district Web site.

School newsletters serve as a valuable source of information. The district should create a uniform template, based on the content of the Llano High School newsletter, for all school newsletters and provide training to editors on desktop publishing as well as the importance of content. The template could be developed and the training provided by a volunteer or a staff member with that skills set. The district should encourage the distribution of all newsletters at approximately the same time of month so that parents will know to expect the newsletters. Each school newsletter should also be posted on the district's Web site.

Development and ongoing maintenance of the district's Web site presents a prime opportunity for student involvement. LISD should identify a

student or a small group of students, perhaps in the high school journalism department or in computer classes, to work on the Web site. If they require training, the technology staff or a skilled teacher or volunteer could provide it. By working with the students weekly before any postings occur, the technology department should continue to oversee the district Web site, including prior approval of any changes or updates.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	A skilled volunteer or staff member develops an electronic format for schools' newsletters; the technology director meets with the journalism teacher to identify students to assist with Web site and to develop parameters for student involvement.	October 2003
2.	School-based editors receive training on revised newsletter format; students begin working on Web site under supervision of teacher and technology director.	November 2003
3.	Teachers overseeing school newsletters produce and distribute them during the same targeted week.	November 2003
4.	Students demonstrate first round of enhancements to district Web site at January school board meeting.	January 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 2

EDUCATIONAL SERVICE DELIVERY

This chapter reviews the educational service delivery function of the Llano Independent School District (LISD) in the following sections:

- A. Student Performance
- B. Instructional Resources
- C. Gifted and Talented Education
- D. Special Education
- E. Safety and Security
- F. Computers and Technology

Effective educational service delivery requires appropriate instructional guidance, capable teachers, adequate resources and a thorough understanding of students' instructional needs. Well-designed and implemented instructional programs are essential to meeting the needs of all students in LISD. Instructional leadership from LISD's central office and schools is directly responsible for program effectiveness.

BACKGROUND

LISD had five schools serving 1,890 students in 2002-03. LISD selected four Texas school districts to serve as its peer districts for comparative purposes: Barbers Hill, Glen Rose, Ingram and Wimberley ISDs. LISD is also compared to regional and state averages. The district belongs to Regional Education Service Center XIII (Region 13).

To make these comparisons, the review team relied on data from the Texas Education Agency's (TEA) Academic Excellence Indicator System (AEIS) and the Public Education Information Management System (PEIMS). AEIS reports provide demographic, staffing and financial data for each school district and school. TEA sends these reports to each school and district and makes them available on TEA's Web site www.tea.state.tx.us. The latest AEIS data published by TEA are for 2001-02, and PEIMS data from 2002-03 is available.

Exhibit 2-1 presents demographic information for LISD, selected peer districts and the state. The exhibit also presents information about students classified as economically disadvantaged and students who have limited English proficiency (LEP). LISD-with a student enrollment of 1,890-is second largest among its peer districts.

Exhibit 2-1

Demographic Characteristics

**LISD, Peer Districts and State
2002-03**

District	Enrollment	Percent African American	Percent Hispanic	Percent Anglo	Percent Other	Percent LEP	Percent Economically Disadvantaged
Barbers Hill	2,945	2.8%	11.7%	84.9%	0.6%	2.4%	18.5%
Glen Rose	1,678	0.2%	21.1%	77.0%	1.6%	9.0%	39.9%
Ingram	1,510	1.5%	26.3%	70.4%	1.8%	5.2%	53.0%
Wimberley	1,812	1.1%	10.8%	87.0%	1.0%	3.3%	17.4%
LISD	1,890	0.5%	13.4%	84.8%	1.4%	2.8%	41.4%
State	4,239,911	14.3%	42.7%	39.8%	3.2%	13.5%	51.9%

Source: TEA, PEIMS, 2002-03.

In 2002-03, the Texas Assessment of Knowledge and Academic Skills (TAKS) replaced the Texas Assessment of Academic Skills (TAAS). The TAKS is used to assess students in grades 3 through 9 in reading; grades 10 and 11 in English/Language Arts; grades 3 through 11 in mathematics; grades 5, 10 and 11 in science; and grades 8, 10 and 11 in social studies. Under the previous state accountability system, TEA rated school districts based on student TAAS performance in the previous year, but TEA will not use the 2002-03 test scores to rate schools for 2003-04. Instead, schools will keep their current rating through 2003-04. In December 2003, TEA will announce performance indicators and accountability standards for districts and schools in 2004-05.

LISD had five schools that were included in the state accountability rating system in 2001-02. Under the state accountability system, TEA assigns annual ratings to each district and school based upon TAAS scores, dropout rates and data quality. The state accountability system includes five ratings for districts: Exemplary, Recognized, Academically Acceptable, Academically Unacceptable and Suspended: Data Inquiry. TEA assigns the rating category Suspended: Data Inquiry to districts when serious data reporting errors affect one or more of the base indicators used to determine accountability ratings.

To receive an *Exemplary* rating, at least 90 percent of all students, as well as 90 percent of African American, Hispanic, Anglo and economically disadvantaged students, had to pass the TAAS reading, writing and mathematics tests. In 2001-02, at least 90 percent of all students had to pass the social studies test and the dropout rate could not exceed 1 percent.

To achieve a *Recognized* rating, 80 percent of all students and each student group had to pass the same TAAS reading, writing and mathematics tests. In 2001-02, at least 80 percent of all students had to pass the social studies test and the annual dropout rate for all students and each student group could not exceed 2.5 percent.

To be rated *Academically Acceptable*, 55 percent of each student group had to pass TAAS reading, writing and mathematics tests. In 2001-02, at least 50 percent of all students had to pass the social studies test and the dropout rate could not exceed 5 percent.

TEA rated a district as *Academically Unacceptable*, or *Low-Performing* at the school level if less than 55 percent of students pass TAAS reading, writing and mathematics test, if less than 50 percent of all students pass the social studies test or if the dropout rate was above 5 percent for all students or any student group.

Exhibit 2-2 compares LISD's accountability ratings with its peers from 1997-98 through 2001-02. LISD earned a *Recognized* rating all five years. LISD's passing rate on the reading portion of the TAAS for its Hispanic students, at 89.9 percent, was less than the 90 percent passing rating required of every student group for *Exemplary* status.

Exhibit 2-2
TEA Accountability Ratings
LISD and Peer Districts
1997-98 through 2001-02

District	1997-98	1998-99	1999-2000	2000-01	2001-02
Barbers Hill	Recognized	Recognized	Recognized	Recognized	Exemplary
Glen Rose	Recognized	Acceptable	Acceptable	Recognized	Acceptable
Ingram	Acceptable	Acceptable	Acceptable	Acceptable	Recognized
Wimberley	Exemplary	Exemplary	Exemplary	Recognized	Exemplary
LISD	Recognized	Recognized	Recognized	Recognized	Recognized

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

Exhibit 2-3 lists the accountability ratings for individual LISD schools from 1997-98 through 2001-02.

Exhibit 2-3
TEA Accountability Ratings

**LISD Schools
1997-98 through 2001-02**

School	1997-98	1998-99	1999-2000	2000-01	2001-02
Llano Elementary	Exemplary	Recognized	Recognized	Exemplary	Exemplary
Packsaddle Elementary	**	**	Recognized	Exemplary	Exemplary
Llano Middle School	*	*	*	*	Recognized
Llano Junior High School	Acceptable	Recognized	Acceptable	Recognized	Exemplary
Llano High School	Acceptable	Exemplary	Exemplary	Recognized	Exemplary

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

**School did not serve tested grades 3 through 8 and 10.*

***School not open.*

Exhibit 2-4 shows the enrollment for each LISD school in 2002-03 and lists the grade levels that the schools serve. The district's early childhood education (ECE) program-which serves children ages three and four with special needs-is available at both elementary schools.

**Exhibit 2-4
LISD Enrollment by School
2002-03**

School	Grades Served	2002-03 Enrollment
Llano High School	9-12	510
Llano Junior High School	7-8	295
Llano Middle School	5-6	280
Packsaddle Elementary	ECE-4	391
Llano Elementary	ECE-4	414
Total		1,890

Source: TEA, PEIMS, 2002-03.

Exhibit 2-5 shows the number of students enrolled in each grade level in LISD from 1998-99 through 2002-03. LISD's total student enrollment increased each year. The ECE class and the second grade class gained students during the past five years. LISD began offering a pre-kindergarten program during 2001-02 that increased student enrollment by 78 students in the initial year.

Exhibit 2-5
Students Enrolled in LISD by Grade Level
1998-99 through 2002-03

Grade Level	1998-99	1999-2000	2000-01	2001-02	2002-03	*5-Year Percent Change
Early Childhood Education	3	1	1	1	7	133.0%
Pre-kindergarten	0	0	0	78	77	N/A
Kindergarten	117	124	129	158	144	23.0%
Grade 1	131	137	138	140	161	22.9%
Grade 2	123	117	130	130	138	12.2%
Grade 3	132	120	125	133	140	6.0%
Grade 4	128	136	127	133	138	7.8%
Grade 5	120	139	146	140	134	11.7%
Grade 6	135	133	144	147	146	8.1%
Grade 7	125	146	128	142	155	24.0%
Grade 8	135	134	145	124	140	3.7%
Grade 9	135	157	136	161	144	6.7%
Grade 10	123	113	141	111	150	22.0%
Grade 11	91	113	102	121	107	17.6%
Grade 12	80	81	90	98	109	36.2%
Total	1,578	1,651	1,682	1,817	1,890	19.8%

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

**Percent change is defined as 2002-03 values minus 1998-99 values divided by 1998-99 values.*

Compared with selected peers, LISD has the highest percentage of students enrolled in its special education program (**Exhibit 2-6**).

Exhibit 2-6
Student Enrollment by Program
LISD, Peer Districts, Region 13 and State
2002-03

District	Percent Bilingual/ ESL	Percent Career and Technology	Percent Gifted and Talented	Percent Special Education
Barbers Hill	2.3%	16.7%	4.2%	8.6%
Glen Rose	8.7%	15.4%	7.3%	12.4%
Ingram	5%	34.8%	11.7%	11.9%
Wimberley	3.1%	19.7%	8.6%	12.6%
LISD	2.4%	20.7%	11.6%	18.5%
Region 13	9.6%	17.5%	7.6%	12.1%
State	13.5%	19.8%	7.8%	11.6%

Source: TEA, PEIMS, 2002-03.

Exhibit 2-7 shows the percentage of staff in various categories for LISD, its peer districts and the state. LISD slightly exceeds the state average in teachers, central administration and educational aides.

Exhibit 2-7
Professional Staff Distribution
LISD, Peer Districts and State
2002-03

Professional Staff	Barbers Hill	Glen Rose	Ingram	Wimberley	LISD	State Average
Teachers	48.4%	49.2%	52.3%	54.9%	52.9%	50.5%
Professional Support	5.7%	6.1%	5.1%	5.7%	7.6%	7.5%
School Administration	2.6%	2.5%	2.8%	2.5%	2.5%	2.7%
Central Administration	1.9%	1.0%	2.1%	1.2%	1.5%	1.0%

Educational Aides	8.8%	10.9%	11.2%	12.4%	10.7%	10.3%
Auxiliary Staff	32.6%	30.2%	26.6%	23.4%	24.8%	28.0%

Source: TEA, PEIMS, 2002-03.

Exhibit 2-8 shows the number of students per teacher in LISD, its peer districts and the state. All of the peer districts fall below the state average; LISD has the lowest student-to-teacher ratio.

Exhibit 2-8
Number of Students per Teacher
LISD, Peer Districts and State
2002-03

	Barbers Hill	Glen Rose	Ingram	Wimberley	LISD	State
Number of Students per Teacher	14.5	12.0	12.0	13.3	10.9	14.7

Source: TEA, PEIMS, 2002-03.

Exhibit 2-9 compares the type of degrees held by the teachers in LISD with its peer districts and the state. All LISD teachers have at least a bachelor's degree.

Exhibit 2-9
Teacher Degrees
LISD, Peer Districts and State
2002-03

	Barbers Hill	Glen Rose	Ingram	Wimberley	LISD	State
No Degree	0.0%	0.0%	0.0%	0.7%	0.0%	1.3%
Bachelor	68.1%	77.2%	84.5%	73.8%	80.3%	76.0%
Master	31.9%	22.8%	15.5%	24.0%	19.1%	22.2%
Doctorate	0.0%	0.0%	0.0%	1.5%	0.6%	0.5%

Source: TEA, PEIMS, 2002-03.

LISD has the highest percentage of beginning teachers, teachers with six to 10 years experience and the highest teacher turnover rate when compared with its peer districts. LISD's teacher turnover rate (19.7 percent)-most recently reported for 2001-02-exceeds the state average of

16 percent. **Exhibit 2-10** compares teacher experience and turnover rates for LISD, its peer districts and the state.

Exhibit 2-10
Teacher Experience and Turnover Rate
LISD, Peer Districts and State Average
2002-03

Exhibit	Barbers Hill	Glen Rose	Ingram	Wimberley	LISD	State
Beginning Teachers	2.5%	0.0%	2.7%	4.4%	4.6%	7.8%
1-5 Years Experience	14.7%	12.5%	27.5%	22.6%	19.4%	28.2%
6-10 Years Experience	18.2%	17.2%	17.3%	16.5%	21.9%	18.3%
11-20 Years Experience	31.7%	35.6%	32.9%	29.8%	31.0%	24.4%
Over 20 Years Experience	32.9%	34.7%	19.6%	26.8%	23.0%	21.3%
Average Years Experience (Total)	15.9	16.3	12.3	13.7	13.1	11.1
Average Years Experience With District	8.2	9.2	5.7	5.0	6.0	7.8
Turnover Rate	9.3%	7.0%	15.8%	15.4%	19.7%	16.0%

Source: TEA, PEIMS, 2002-03.

Chapter 2

EDUCATIONAL SERVICE DELIVERY

A. STUDENT PERFORMANCE

TEA used the TAAS to measure student performance until 2001-02. In 2002-03, TEA replaced TAAS with TAKS. Schools administer the TAKS in grades 3 through 11. TEA expects students in grade 3 to master the reading test prior to promotion to fourth grade. Grade 3 students will have three opportunities to pass the reading test. Students in grade 10 and 11 take the English language arts test, which is a reading and writing test. Schools administer the mathematics test to students in grades 3 through 11; the writing test to grades 4 and 8; the science test to grades 5, 10 and 11; and the social studies test to grades 8, 10 and 11. TEA moved the exit-level examination to grade 11; the exit level test includes science, social studies, English language arts and mathematics.

Exhibit 2-11 shows the preliminary results of the TAKS by grade and subject.

Exhibit 2-11
LISD TAKS Preliminary Report
Percent Passing by Grade and Subject
2002-03

Grade Level	Percent Passing Reading/English Language Arts	Percent Passing Math	Percent Passing Writing	Percent Passing Science	Percent Passing Social Studies
Grade 3	100%	94%			
Grade 4	95%	99%	94%		
Grade 5	79%	96%		75%	
Grade 6	86%	87%			
Grade 7	95%	84%	91%		
Grade 8	93%	83%			96%
Grade 9	94%	78%			
Grade 10	91%	81%		86%	96%
Grade 11	57%	73%		75%	94%

Source: LISD, superintendent's office, Preliminary TAKS report.

FINDING

LISD breaks down individual student test data to improve student performance. LISD separates students' test scores individually and into groups, by grade level and various demographics. The district then compares individual scores and group scores to each other and to the district as a whole. By comparing different segments of the student population, LISD identifies specific students and groups of students who need extra help in certain areas. LISD then targets resources to the students who need additional help.

TEA awarded LISD a *Recognized* rating each of the past five years from 1997-98 through 2001-02. LISD also exceeded the regional and state averages for all portions of the TAAS and improved in reading, mathematics, writing, science and social studies in 1997-98 and 2001-02. **Exhibit 2-12** compares LISD's 1997-98 and 2001-02 TAAS scores with those from Region 13 and the state.

Exhibit 2-12
Percentage of Students Passing TAAS in Grades 3-8 and 10
LISD, Region 13 and State
1997-98 and 2001-02

	Reading 1997-98	Reading 2001-02	Mathematics 1997-98	Mathematics 2001-02	Writing 1997-98	Writing 2001-02
LISD	94.2%	96.4%	92.9%	98.7%	91.8%	98.9%
Region 13	88.4%	91.7%	84.9%	92.7%	87.9%	88.9%
State	87.0%	91.3%	84.2%	92.7%	87.4%	88.7%

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

The assistant superintendent and the school principals said that reviewing the state accountability tests and benchmark tests have helped improve student scores. The district gives benchmark tests two to three times during the school year to prepare students for the state accountability test. LISD principals break down the data at the grade level and the objective level. The principal uses a spreadsheet to record the number and percentage of students at each grade level who master an objective. The principal presents the data to the faculty on staff development days, at faculty meetings and grade level team meetings. The principal and faculty study the data, break it down by each test question and plan teaching

strategies to help students improve. Teachers identify the strengths and weaknesses of each student by looking at the student's individual student reports. The principal and teachers develop a plan for each student to help ensure success. Principals and teachers repeat the process after each benchmark test; they continue to modify the individual student plans to ensure ongoing progress. The principals conduct at least two monitoring conferences with each teacher to discuss plans for individual students. One principal said the district tries to be proactive, and does not wait for children to fail.

The March 2003 TAKS third grade reading test demonstrates the results of this proactive approach, as shown in **Exhibit 2-13**.

Exhibit 2-13
Third Grade TAKS Reading Results
LISD and the State Average
2003

	LISD	State
All students	100%	89.0%
African American	*	82.0%
Hispanic	100.0%	85.0%
Anglo	100.0%	96.0%
Economically Disadvantaged	100.0%	84.0%

Source: LISD, TAKS Summary Report, March 2003.
**Five or fewer not reported due to privacy reasons.*

COMMENDATION

LISD uses statewide assessment data in a variety of ways to improve student performance.

FINDING

Each year, LISD surveys teachers to determine their instructional needs and interests and to plan staff development. The district also bases its staff development offerings on data from the state accountability tests. The assistant superintendent said that if test results indicate a problem area, the district provides additional staff development for the teachers involved in that subject area. He gave the example of a concern with students' writing skills. The district provided writing teachers and teachers in other

curriculum areas with a course on writing instruction across the curriculum. The assistant superintendent said that a district-based committee looks at the annual staff development survey and recommends to the administration the six topics that teachers most frequently selected. The school administrators present these six topics to the teachers in grade level meetings. After the teachers vote, the district compiles the results, and presents the three most popular topics as staff development opportunities for the following school year. By using TAAS and TAKS test data, the district ensures that the staff receives staff development programs that help improve student performance. In addition, the survey results enable the district to ensure that the staff receives development opportunities that address their interests and needs.

COMMENDATION

LISD has a well-developed process for providing staff development to meet teachers' instructional needs and interests.

FINDING

Llano Junior High School has a process for surveying parents and teachers about the progress and effectiveness of the activities included in the school's campus improvement plan (CIP). The principal sends a survey to parents and to teachers that include individual activities in the CIP. The parents' survey differs from the teachers' survey since parents would not be familiar with some of the subjects on the teachers' survey. The survey asks parents and teachers to circle one choice for each targeted area. A "0" indicates no progress and/or effectiveness; "1" indicates little progress; "2" indicates average progress; "3" indicates good progress and "4" indicates outstanding progress. The survey asks individuals to make any additional comments not addressed in the target areas; and extra space is available or the individual may attach a sheet of paper. The school principal tallies the results and gives the results of both surveys to the teachers. The site-based decision-making committee (SBDM) discusses the results, their implications and how to better meet the goals of the CIP.

COMMENDATION

Llano Junior High School surveys parents and teachers about the progress and effectiveness of activities in the CIP.

Chapter 2

EDUCATIONAL SERVICE DELIVERY

B. INSTRUCTIONAL RESOURCES

A high-quality educational program starts with a high-quality curriculum. The curriculum spells out what students are to learn at each grade level. The curriculum includes long-term and short-term goals; a description of instructional strategies; suggestions for instructional materials, textbooks and supplementary materials; and assessments that measure progress toward learning the content. Basically, curriculum is a description of what to teach and how to teach it.

FINDING

LISD does not have curriculum guides for courses at any grade level. The assistant superintendent said that the district uses the Texas Essential Knowledge and Skills (TEKS) as a curriculum guide. TEKS are the standards adopted by the state to ensure that all students receive a balanced curriculum. The assistant superintendent said the TEKS documents printed by the state are the curriculum documents that LISD gives to teachers. He also said that the district does not update the documents after new textbook adoptions. Principals agreed that the TEKS were the curriculum, and there were no other curriculum guides. The district does create and use action plans identifying exit-level skills from the TEKS and supporting activities used by teachers to reach these goals, but has no plans to develop curriculum guides.

Curriculum guides serve as work plans for teachers to use in the classroom. They provide direction on student objectives, prerequisite skills, instructional materials, resources, classroom strategies and assessment methods. Many Texas school districts align their curriculum guides to TEKS. This ensures that teachers present the information necessary for student success on the statewide testing program. The TAKS assesses more of TEKS, in greater depth and at a higher level of thinking than the TAAS did. Less experienced teachers and those unfamiliar with TAKS may have difficulty determining how to effectively teach, re-teach and assess the tested TEKS. Since TAKS does not test students on all TEKS, curriculum guides provide teachers a reference document with valuable information for all state-mandated curriculum.

The Texas Association of School Administrators (TASA) publishes established goals and guidelines to prepare administrators and teachers for districtwide curriculum development and alignment efforts. **Exhibit 2-14** lists the TASA goals.

Exhibit 2-14
TASA Curriculum Leadership Cooperative Goals for Curriculum Development

1. The curriculum development process will allow for the input and interaction of classroom teachers with those serving in developmental roles. This interaction will allow teachers to integrate ideas and materials into planning and teaching so that they will have ownership of the guides.
2. The development process will be open-ended so that curriculum documents can be refined and updated as needed and can become more comprehensive. Curriculum development will align the written, the taught and the tested curricula to ensure a high percentage of learner outcomes.
3. The curriculum for a course or grade level subject will define that course in a finite set of objectives which will be few in number, broad in scope and aimed at developing in students an integrated understanding of that course or subject.
4. The curriculum documents (resource packets) will be a mechanism for collecting, organizing and sharing teachers' effective classroom practices and ideas related to accomplishing course objectives.
5. The curriculum documents will address the development of students' cognitive thinking skills. They will define the course or subject for teachers and students and will include the development of student thinking as a priority.
6. The curriculum documents will be designed to reduce teachers' paperwork in linking daily lesson plans; student instructional activities; student performance assessments to instructional objectives; and the TEKS and in documenting mastery of curriculum objectives.
7. Curriculum documents will be as comprehensive as possible to provide teachers with quality information to help in the election of instructional activities, strategies, resources and assessment alternatives.
8. Curriculum documents will address the TEKS in a format that is easy for classroom teachers to use.
9. Curriculum documents will be differentiated to meet the needs of special population learners.

Source: TASA, Texas Center for Curriculum Management Audits, 2002.

Glen Rose ISD (GRISD) has curriculum guides for classes from pre-kindergarten through grade 12. The district updates its curriculum guides regularly and ensures that teachers use them to direct instruction. The district has developed a *Curriculum Planning Five-Year Schedule*, which outlines curriculum-related tasks for staff to implement each year and specifies criteria for updating the curriculum. GRISD also has a curriculum-development adoption timeline. The deadline for updating curricula is the summer after the textbook implementation.

Region 13 provides training to districts to help teachers and administrators create curriculum guides.

Recommendation 20:

Develop and update curriculum guides for all courses and grade levels.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent contacts Region 13 for assistance with developing and updating curriculum guides.	April 2004
2.	The superintendent directs the school principals to select lead teachers; four elementary, three junior high and three high school to develop and update curriculum guides.	April 2004
3.	The principals select lead teachers from each of their respective schools to work on developing and updating curriculum guides for each course.	May 2004
4.	The teachers work with a Region 13 consultant to develop and update curriculum guides.	June 2004 and Ongoing in Summer

FISCAL IMPACT

The fiscal impact assumes that 10 lead teachers will each be paid a \$191 a day based on the average daily salary of \$35,673 ($\$35,673 \div 187$ days) to develop guides over a three-year period (during the summer) and to update the guides annually thereafter. The review team estimates that it will take the teachers approximately two weeks each summer to develop the curriculum guides and one week each summer thereafter to update the guides. The review team conservatively estimates that a Region 13 consultant will cost the district \$1,000 a day and that the consultant will provide two days of assistance during the summer for the first three years. The annual cost for developing the curriculum guides will be \$21,100 ($\191 average daily salary x 10 teachers x 10 days) + \$2,000 consulting fee) from 2003-04 through 2005-06. The cost for updating the guides will be \$9,550 (10 teachers x \$191 average daily salary x 5 days) beginning in 2006-07.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Develop and update curriculum guides for all courses and grade levels.	(\$21,100)	(\$21,100)	(\$21,100)	(\$9,550)	(\$9,550)

Chapter 2

EDUCATIONAL SERVICE DELIVERY

C. GIFTED AND TALENTED EDUCATION

Section 29.122 of the Texas Education Code (TEC) states that school districts "shall adopt a process for identifying and serving gifted and talented students in the district and shall establish a program for those students in each grade level."

Exhibit 2-15 shows inconsistent growth in LISD's gifted and talented (G/T) programs from 1998-99 to 2002-03. The district increased its allocation of funds to G/T programs from 1998-99 to 1999-2000; however, the GT allocation declined each subsequent year.

Exhibit 2-15
LISD's Gifted and Talented Program Funding and Enrollment
1998-99 through 2002-03

Year	Percent of Students in G/T Programs	Percent of Funds Used for G/T Programs
1998-99	2.9%	1.8%
1999-2000	10.2%	3.6%
2000-01	3.8%	2.4%
2001-02	10.8%	1.5%
2002-03	12.0%	0.3%

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

Exhibit 2-16 shows the percentage of instructional budgets that LISD and its peers allocate to G/T programs.

Exhibit 2-16
G/T Program Funding and Enrollment
LISD, Peer Districts and State
2002-03

District	Percent of Students in G/T Programs	Percent of Funds Used for G/T Programs
----------	-------------------------------------	--

Barbers Hill	4.4%	1.4%
Glen Rose	7.4%	1.0%
Ingram	11.7%	0.5%
Wimberley	8.9%	0.3%
LISD	12.0%	0.3%
State	7.8%	1.8%

Source: TEA, PEIMS, 2002-03.

Ingram ISD serves 11.7 percent of its students in a G/T program and allocates 0.5 percent of its funding, while Glen Rose serves 7.4 percent of its students in a G/T program and spends 1 percent of its funding for the program.

LISD's plan for G/T education outlines how it identifies G/T students, which tests it uses and when the testing occurs. The assistant superintendent's office has a copy of this plan available for review. Each campus designs its G/T program and the designated G/T teacher decides on the curriculum. The elementary schools have a pullout program in which G/T students spend a few hours each week in enrichment activities with a G/T certified teacher. The junior high and high school serve G/T students through honors and advanced placement (AP) classes.

The assistant superintendent and principals said that all teachers, administrators and counselors had the state-mandated 30 hours of training and the required six-hour yearly update.

FINDING

LISD has significantly fewer students taking the advanced placement (AP) tests than its peer districts. High school students may take these examinations to receive advanced placement or credit, or both, upon entering college. Generally, colleges will award credit or advanced placement for scores of 3, 4 or 5 on AP examinations.

Exhibit 2-17 shows the percentage of students taking the AP tests as compared with its peer districts and the state. Only 4.1 percent of LISD's students in grades 11 and 12 take the AP exam. Wimberley ISD has the greatest percent of students taking the exam at 27.9 percent.

Exhibit 2-17 **Percentage of Students in Grades 11 and 12** **Taking AP Examination**

**LISD, Peer Districts and State
2000-01**

District	Percent Tested
Wimberley	27.9%
Ingram	20.6%
Barbers Hill	17.2%
Glen Rose	13.0%
LISD	4.1%
State	14.3%

Source: TEA, AEIS, 2001-02.

Note: The data on AEIS is for the previous school year.

Exhibit 2-18 shows that LISD student participation on the AP exam declined from 1996-97 to 2000-01. The district's participation rate declined by 17.5 percentage points during this five-year period.

**Exhibit 2-18
Percent of LISD Students in Grades 11 and 12
Taking AP Examination
1996-97 to 2000-01**

Year	Percent Tested
1996-97	21.6%
1997-98	10.4%
1998-99	7.7%
1999-2000	8.7%
2000-01	4.1%

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

Note: The data on AEIS is for the previous school year.

The AP exam costs \$80 to administer. The actual cost to LISD students ranges from \$5 to \$50. Districts and students have several options for reducing the cost of the test. TEA pays \$30 of the test costs and will pay an additional \$15 of the fee for students who qualify for the College

Board's financial need criteria. The College Board will reduce the test cost an additional \$22 for students who meet the financial need criteria. Districts can also choose to waive an \$8 administrative fee they are entitled to collect for offering the test. Exam cost should not be a factor that prevents students from taking the exam.

Dripping Springs ISD (DSISD) has successfully encouraged more students to participate in AP testing. The percentage of DSISD students participating in AP test was 7 percentage points higher than the Region 13 average and 13 percentage points higher than the state as a whole. In fact, DSISD had almost twice as many students taking AP test than the state average.

To encourage more students to take the AP test, DSISD designated all pre-AP and AP classes as G/T courses. The pre-AP and AP classes serve as the G/T program at the high school. The pre-AP and AP classes also have open enrollment for any student who wishes to register. All pre-AP and AP teachers are certified G/T teachers. In addition, DSISD encourages G/T students to enroll in G/T electives such as debate, humanities and the G/T independent study course. G/T students also have the opportunity to enroll in dual credit courses at Austin Community College, correspondence courses or the G/T summer academy. The district designed the summer academy to provide experiences that will qualify for college credit.

Texas high schools are also eligible to receive an award of up to \$100 for every student who scores a 3 or higher on an AP examination. Schools apply to TEA to receive the award.

Recommendation 21:

Develop a plan to increase the percentage of students taking the advanced placement examination.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The high school principal contacts Region 13 for assistance to investigate methods for increasing test participation.	October 2003
2.	The principal designates a counselor to conduct a student survey to determine the reason more students aren't taking the tests.	October 2003
3.	The high school principal creates a committee of parents, students, teachers and counselors to review the survey results and make recommendations for increasing the participation rate.	November 2003

4.	The principal reviews the recommendations with the teaching staff.	January 2004
5.	The staff implements the committee's recommendations.	January 2004 and Ongoing
6.	The high school counselor meets with all students eligible to take the AP exam in order to encourage participation	February 2004
7.	The principal evaluates the results of the implementation of the committee's recommendations.	June 2004 and Ongoing
8.	The principal reports the initiative results to the board.	November 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 2

EDUCATIONAL SERVICE DELIVERY

D. SPECIAL EDUCATION

Under the federal Individuals with Disabilities Education Act (IDEA), districts must provide appropriate public education for all children with disabilities regardless of the severity of the disability. The law requires districts to provide educational services in the "least restrictive environment" and to include students with disabilities in state and district assessment programs. IDEA requires districts to develop an individualized education plan (IEP) for each of these children with input from regular education teachers. The IEP has to provide special education students with curricula related to those of children in regular education classrooms.

The 1997 amendments to IDEA say an effective special education program has the following elements:

- *Pre-referral intervention in regular education*: When a student experiences an academic problem in the regular education program, an intervention can and should occur to solve the problems. If steps taken to solve the problem by the regular education teacher don't produce results, the student should be referred to special education staff.
- *Referral to special education for evaluation*: Referring a student to special education means writing an official request supported by documentation. The referral information must include an explanation of steps that were taken to solve the student's problem in the regular classroom before the referral took place.
- *Comprehensive nondiscriminatory evaluation*: Once a student has been referred, the district must provide a comprehensive nondiscriminatory evaluation, commonly referred to as an assessment, within a prescribed amount of time.
- *Initial placement through an Admission, Review and Dismissal (ARD) committee*: After the evaluation is complete, a meeting is held to discuss the results of the evaluation, decide if the student qualifies for special education services in one of 12 federal special education categories, and, if so, write a plan for the student's education. The ARD committee includes the parent, at least one regular education teacher of the child, at least one special education teacher, a representative of the district who is knowledgeable about the curriculum and district resources, an individual who can interpret the instructional implications of the evaluation results, the child, if appropriate, and other individuals who have knowledge or special expertise regarding the child.

- *Provision of educational services and supports according to a written Individualized Education Plan:* The IEP developed by the ARD committee includes information about the classes, subject areas, developmental areas and/or life skills courses in which the student will be instructed, how much time will be spent in regular education and related needs like speech therapy or counseling.
- *Annual program review:* Each year after a student's initial qualification and placement, an ARD committee conducts a review to ensure the student's program is appropriate.
- *Three-year re-evaluation:* Every three years, the student undergoes a comprehensive individual assessment. Another ARD committee meeting is held to discuss the results of the re-evaluation and determine if the student still qualifies for special education services in the same category.
- *Dismissal from the special education program:* If and when a student no longer meets the eligibility criteria, the ARD makes the decision to dismiss the student from special education.

LISD has the full continuum of instructional arrangements for special education students at its schools.

FINDING

LISD's Special Education Department has an effective process for gathering parent input on special education services. The Special Education Department sends out a parent survey every two years. The district provides the survey in English and Spanish; a staff member produces the Spanish translation of the survey. The district sends the surveys home with students. Parents can return the surveys to the school or mail them to the Special Education office.

The survey helps determine if, from the parents' perspective, the district complies with federal and state guidelines and helps identify ways to improve the quality of the program.

The Special Education director tabulates the results and prepares a report that the director gives to each principal, assistant superintendent, superintendent and assessment professional. The report includes any additional parent comments. The Special Education director then reviews the results at an administrative meeting with principals, the superintendent and the assistant superintendent. The Special Education director breaks the results down by school and provides each principal with the responses from his campus. The Special Education director also provides the results to school board members and to each assessment professional by their campus of responsibility. Each professional follows up with parents and teachers regarding questions and concerns and reports back to the Special

Education director. For the 2003-04 school year, LISD will share the results of the questionnaires with all special education parents. This process provides an effective means of gathering parent input and disseminating it to school personnel.

COMMENDATION

LISD's Special Education Department has an effective process for gathering parent input and for sharing results.

FINDING

LISD has a higher percentage of its student population enrolled in its Special Education program than its peer districts or the state. **Exhibit 2-19** shows special education enrollment in 2002-03 for LISD, its peer districts and the state average. In LISD the percentage of students enrolled in special education programs was from 5.9 percent to 10 percent higher than its peer districts.

Exhibit 2-19
Special Education Program Enrollment
LISD, Peer Districts and State
2002-03

District	Percentage of Student Population Enrolled in Special Education Programs
Barbers Hill	8.7%
Ingram	12.1%
Glen Rose	12.5%
Wimberley	12.8%
LISD	18.7%
State	11.6%

Source: TEA, PEIMS, 2002-03.

The pre-referral process for the Special Education program varies from school to school. For example, at Packsaddle Elementary, once a teacher has identified a student needing special help, the teacher obtains a pre-referral packet from the school counselor. The packet includes a list of activities that the school will implement to pre-screen for special education services. These activities include vision and hearing tests and

screening for dyslexia. After the school performs all of these activities, the school calls a meeting of the Student Assistance Committee (SAC). The counselor, principal and regular classroom teacher make up the SAC. They meet and go over all of the data accumulated by the regular education teacher and make a decision as to whether to proceed with the special education referral process. At LISD's high school, the referring teacher talks with the counselors when concerns about a student arise. The counselor schedules a meeting with the concerned teachers and the parent. This becomes the SAC meeting. The teachers begin to assist the student using the techniques set out in the SAC meeting. If the student is still not successful at the end of the next full grading period the team meets again. The SAC committee then decides whether to alter classroom activities and techniques or to refer the student for special education assessment.

Exhibit 2-20 shows the number of LISD students in each grade who receive special education services. The number of students receiving services increases significantly from kindergarten to grade 1 and reaches the highest enrollment at grade 5. The enrollment figures show a continuous decline through grade 11, then increases slightly in grade 12.

Exhibit 2-20
LISD Students Enrolled in Special Education by Grade
2002-03

Grade	Number of Students
Early Childhood	*
Pre-kindergarten	*
Kindergarten	6
Grade 1	23
Grade 2	27
Grade 3	34
Grade 4	37
Grade 5	43
Grade 6	34
Grade 7	29
Grade 8	29

Grade 9	24
Grade 10	19
Grade 11	16
Grade 12	20
Total	348

Source: TEA, PEIMS, 2002-03

*Five or fewer not reported due to privacy reasons.

LISD provides a full range of special education services. Most of the district's special education students-64 percent-receive services in the resource setting regardless of time allocations. **Exhibit 2-21** breaks LISD's Special Education program down by instructional setting.

Exhibit 2-21
LISD Students Enrolled in Special Education by Instructional Setting
2002-03

Instructional Setting	Number of Students
Full-Time Early Childhood Education (age 3-5)	*
Speech Therapy Only	44
Mainstream	96
Resource less than 21%	48
Resources at least 21% and less than 50%	94
Resource at least 50% and no more than 60%	37
Self-contained	18
Vocational Adjustment Class	10
Total	348

Source: TEA, PEIMS, 2002-03.

*Five or fewer not reported due to privacy reasons.

Exhibit 2-22 lists the number of students with different disabilities.

Exhibit 2-22
LISD Students Enrolled in Special Education Programs by Disability
2002-03

Disability	Number of Students
Orthopedic Impairment	*
Autism	*
Auditory Impairment	*
Visually Impaired	*
Mental Retardation	9
Emotionally Disturbed	9
Other Health Impairment	36
Speech Impairment	49
Learning Disabled	239
Total	348

Source: TEA, PEIMS, 2002-03.

**Five or fewer not reported due to privacy reasons.*

Smithville ISD uses a pre-referral intervention process designed to promote collaboration among parents, students, school and district-level instructional staff, and support and administrative staff members prior to a student referral for a special education assessment. The process, called Student Success Team (SST), involves a multidisciplinary group of school resource staff, parents and support specialists that collaboratively reviews the information gathered by the classroom teachers, develops classroom strategies and follows up to assess student progress before making a referral for special education services. This process helped Smithville ISD decrease its special education referrals by 30 percent in one year.

Recommendation 22:

Implement a consistent, districtwide special education pre-referral intervention process.

A committee of regular education and special education administrators, counselors, teachers and parents should evaluate the district's current pre-referral process. The committee should develop a districtwide pre-referral intervention process.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent instructs the Special Education director to organize a committee to evaluate the district's special education pre-referral process.	October 2003
2.	The Special Education director organizes the committee.	October 2003
3.	The Special Education director meets with the committee to develop a pre-referral intervention plan that can be used at all LISD schools.	November - December 2003
4.	The Special Education director presents the plan to the superintendent for approval.	January 2004
5.	The Special Education director coordinates with the assistant superintendent of Curriculum and Instruction to provide staff development to teachers and counselors on the new pre-referral process.	March - May 2004
6.	The Special Education director monitors pre-referral data and referrals to special education and reports the information to the superintendent.	August 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD exempts a greater percentage of students from the state assessment (TAAS and TAKS) than its peer districts, the region and the state. All of the school principals were aware of the high percentage of students that the district exempted from the TAAS. Three principals said they were working to change the current situation by encouraging the ARD committees to allow more students to take the TAKS, one said the exemptions were a result of the special education assessments and one said the decisions were ARD committee decisions. The Special Education director said that she had brought the information to the attention of the schools for the past three years. Three of the school principals are new to LISD. The Special Education director also said that resource classes are special education classes and that the district does not expose children to the TEKS until they are mainstreamed into the regular classroom. Students must be instructed in the TEKS before they can take the TAKS or the state-developed alternative assessment (SDAA). The SDAA assesses Special Education students in grades 3 through 8 who are being instructed in the TEKS, but for whom the TAKS is not an appropriate measure of academic progress. The SDAA assesses students at their academic level.

LISD's exemption rate was higher than the regional average from 1997-98 through 2001-02 and than the state average from 1999-2000 through 2001-02. **Exhibit 2-23** shows the ARD TAAS exemption rate for TAAS participation grades for LISD, the region and the state from 1997-98 through 2001-02.

Exhibit 2-23
Percent of Students ARD Exempt from TAAS Participation
LISD, Region 13 and State
1997-98 through 2001-02

Year	LISD	Region 13	State
1997-98	4.4%	4.0%	5.2%
1998-99	6.8%	5.7%	6.9%
1999-2000	8.5%	6.0%	7.1%
2000-01	1.9%	1.0%	1.1%
2001-02	2.2%	1.1%	1.1%

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

Exhibit 2-24 shows the ARD TAAS exemption rates for LISD and its peer districts. The only district with a higher exemption rate was Ingram in 1998-99.

Exhibit 2-24
Percent of Students ARD Exempt from TAAS Participation
LISD and Peer Districts
1997-98 through 2001-02

Year	LISD	Barbers Hill	Glen Rose	Ingram	Wimberley
1997-98	4.4%	1.0%	2.5%	4.0%	2.1%
1998-99	6.8%	1.3%	5.4%	7.8%	5.2%
1999-2000	8.5%	2.0%	5.7%	7.1%	4.4%
2000-01	1.9%	0.6%	1.6%	1.0%	0.9%
2001-02	2.2%	0.3%	1.0%	1.2%	0.3%

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

As shown in **Exhibit 2-25**, at the high school level, Llano's ARD exemption rate was about 10 times higher than the state average in 2000-01 and 2001-02.

Exhibit 2-25
ARD Exemption Rates
Llano High School and State Average
1997-98 through 2001-02

Year	Llano High School	State Average
1997-98	8.4%	5.2%
1998-99	7.8%	6.9%
1999-2000	5.4%	7.1%
2000-01	9.0%	1.1%
2001-02	13.8%	1.1%

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

Exhibit 2-26 shows that LISD has a much higher percentage of special education students who take the SDAA than Region 13 and the state average. Districts have only reported this data for the last two years.

Exhibit 2-26
Percent of Students Taking SDAA Only
LISD, Region 13 and State Average
2000-01 through 2001-02

Year	LISD	Region 13	State
2000-01	12.3%	5.8%	6.4%
2001-02	16.2%	6.0%	6.7%

Source: TEA, AEIS, 2000-01 through 2001-02.

Exhibit 2-27 shows that the percentage of students taking the SDAA only at each LISD school is around twice or more than twice the state averages for 2000-01.

Exhibit 2-27
Percent of Students Taking SDAA Only,
LISD Schools and the State
2000-01

School Name	Percent of Students Taking SDAA only	State Average
Llano Elementary	17.2%	6.4%
Packsaddle Elementary	17.2%	6.4%
Llano Middle	*	*
Llano Jr. High	11.5%	6.4%
Llano High School	**	**

Source: TEA, AEIS, 2000-01.

*School was not in operation.

**SDAA not given at the high school level.

Exhibit 2-28 compares the percentage of students taking the SDAA only at each LISD school with the state average for 2001-02. The data shows that the schools in LISD have a much higher percentage of students taking SDAA than the state averages.

Exhibit 2-28
Percent of Students Taking SDAA Only,
LISD Schools and the State
2001-02

School Name	Percent of Students Taking SDAA only	State Average
Llano Elementary	22.7%	6.7%
Packsaddle Elementary	36.9%	6.7%
Llano Middle	14.3%	6.7%
Llano Jr. High	12.0%	6.7%
Llano High School	*	*

Source: TEA, AEIS, 2001-02.

*SDAA not given at the high school level.

LISD administrators are aware of the high numbers of special education students taking the SDAA and are taking steps to review ARD decisions.

They said that in 2003 there was a 27 percent decrease in the number of students who took the SDAA in reading and a 29 percent decrease in the number of students who took the SDAA in math from the previous year.

Recommendation 23:

Conduct a program evaluation focusing on the admission, review and dismissal decision-making process.

The district should determine the most appropriate student assessment and corresponding curriculum. Students with disabilities should have access to a curriculum that enables the child to be involved in and make progress toward mastery of the TEKS and eligible to take the TAKS. Students with disabilities may take the TAKS tests in any or all subject areas tested for a particular grade level.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent directs the Special Education director and a team of special education teachers to evaluate the district's process for determining which students are exempted from taking the TAKS.	November 2003
2.	The Special Education director and the team of special education teachers evaluate the process and prepare a report including recommendations for change.	December 2003 - February 2004
3.	The Special Education director presents the report to the superintendent for approval and implementation.	March 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 2

EDUCATIONAL SERVICE DELIVERY

E. SAFETY AND SECURITY

LISD's disciplinary alternative education program (AEP) is housed in a separate alternative education facility, near the central office, that serves students in grades 7 through 12 who have committed serious offenses. The AEP is staffed by one administrator and two teachers; two of the three staff members are special education certified. LISD's alternative education facility has the capability of serving 12 students at one time. If the alternative school is at capacity, the district assigns students to in school suspension (ISS) at their home campus until a slot opens up. LISD provides transportation to AEP students at the alternative school. The total annual costs for LISD's AEP is almost \$126,000 per year, \$121,000 of which covers salaries and benefits. The remaining costs are contracted services and supplies.

Following a hearing with the student, the student's parents and the school administrative team, the district assigns students to AEP placement for a term of 20 school days. They may shorten their stay to 15 days through an incentive program for good behavior. The facility is equipped with computers that use grade-appropriate software to assist students in keeping on task with their peers in regular education. Students may also earn points, leading to early dismissal from the AEP program, for completing additional work in the Accelerated Reader software. LISD calls its AEP program the Alternative Behavior Center (ABC) Class Rules. Students have access to counselors on their home campus as well as opportunities to meet in private session with a private special education counselor off-site.

FINDING

LISD has an effective disciplinary alternative education program (AEP). The district's AEP exceeds state requirements in several areas. Most notable is the district's commitment to keep alternative education students current with assignments, tests and projects in their regular education classes. A student's regular classroom teachers share lesson plans and assignments with alternative education instructors to ensure that students in AEP are working on identical assignments as if they remained in regular education. AEP teachers meet with the regular teachers of their students each week to gather coursework and to determine expectations for that week. AEP teachers regularly monitor students' work and communicate frequently with regular education teachers to ensure that the AEP students are staying on pace with their regular classes. In addition to

their core classes in English, math, science and social studies, AEP affords students elective credit during their alternative education assignment. The district makes a strong effort to give AEP students the ability to earn coursework available to them in the regular instructional setting and to ensure that AEP students are able to return to their regular classes without being left behind.

The review team interviewed parents and administrative staff about the district's AEP program. Both groups agreed that LISD's AEP was successful in serving students with behavior problems and that usually students do not return to AEP after their initial assignment there. **Exhibit 2-29** displays the number of students that LISD and its peer districts placed in AEP in 2002-03 and the recidivism rate of these students. LISD's recidivism rate is lowest among its peer districts.

Exhibit 2-29
Number of Students Placed in Alternative Education
and Recidivism Rates
LISD and Peer Districts
2002-03

School District	AEP Placements	Recidivism by Number	Recidivism by Percentage
LISD	39	2	5.1%
Wimberley	45	8	17.7%
Barbers Hill	Not Available	Not Available	Not Available
Glen Rose	12	1	8.3%
Ingram	130	10	7.7%

Source: LISD and INFOSYS phone interviews with peer districts.

COMMENDATION

LISD's Alternative Education Program encourages students to remain current in their regular education coursework and be successful when they return to their regular classroom.

FINDING

LISD has a comprehensive and effective crisis management plan. The district completed the plan in July 2000 and the crisis management team reviews and revises the plan annually. Members of the crisis management team include: a team coordinator (an elementary counselor); principals

from each school; two school nurses; four counselors; a school psychologist; a family liaison; a community liaison; and the superintendent. The plan provides a job description for each member of the crisis management team. The plan-which is distributed to all staff members and parents-outlines protocol for parents, staff members, the media and the community during a crisis. It addresses how the district will respond in the event of weather-related emergencies, natural disasters, hostage situations, homicides and suicides on campus, weapons at school, medical emergencies, chemical spills and many other conceivable dangers that might occur in schools. Each potential crisis also has a thorough checklist for team members to perform as they respond to the incident.

The crisis management plan also has instituted the maintenance of an emergency management kit at the central office, which is close to all the district's schools. The kit contains school floor plans with information about fire extinguishers and shut-off valves; current lists of students, teachers and substitute teachers at each campus; a list of all phones, faxes and radios at each campus; a directory of emergency contacts; a roster of bus riders at each campus; arm band identification bracelets for the emergency team; a battery-charged bullhorn; and basic office supplies.

COMMENDATION

LISD's exemplary crisis management plan ensures a planned and effective response to a broad range of potential emergencies in its schools.

FINDING

LISD uses a national key control system to safeguard facilities and assets in the district. The transportation director oversees the system and keeps up-to-date records of the keys the district distributes to principals, administrators, teachers and other employees. The district charges a fee to replace lost keys and employees resigning or retiring from the district must return their keys to their principal or the transportation director.

LISD has numerous assets in its schools and buildings: computers, electronic equipment, food products and vehicles. The use of a controlled key system has virtually eliminated the risk of damage or theft of the district's assets. The controlled key system is also important to the overall safety of students and staff in LISD buildings. Teachers, principals, coaches, custodial personnel, other employees, parents and even students are routinely in the schools and other district facilities after hours for various reasons. The controlled key system strictly limits access to school facilities and contributes to the overall safety and security of all LISD constituents. Principals and assistant principals throughout the district

agreed the system was worthwhile and effective as a security measure in LISD.

COMMENDATION

LISD's key control system is an effective component of the district's overall safety and security operations.

FINDING

LISD schools do not consistently enforce the use of a single entrance for visitors nor do they ensure that staff register and identify all guests in the buildings. Members of the review team entered at least two of the schools undetected and without registering. On those occasions, these schools did not issue the review team visitors' badges.

In all five schools, team members were able to enter and exit through multiple doors. The review team asked principals and administrative personnel to outline their visitors' procedures. Small signs posted at the front door direct visitors to the front office to check in. Visitors must sign in and receive a name badge before they proceed into the rest of the school. The schools also ask visitors to check out at the office as they leave the building. Members of the review team found actual procedures to be less stringent as they visited the various schools. The schools did not consistently require review team members to check in or to obtain a visitor's badge. Review team members wandered through the halls of schools, greeting teachers and students, without being asked who they were or why they were in the building.

All exit doors in the LISD schools were equipped with panic bars.

More than 90 percent of the parents responding to a TSPR survey said students feel safe and secure at school; 95 percent of teachers responded that disturbances at their school were infrequent. Members of the community also expressed their belief that LISD schools are very safe. Fortunately, LISD has not faced a major incident or crisis at any of its schools

Schools can design effective means for directing public traffic to a single entrance. For example, an elementary school in Kerrville ISD painted arrows, paw prints and other school insignia on the floor inside the main entrance that directs traffic to the main office. School districts that are proactive in planning for their security needs are much less likely to experience major crises.

Recommendation 24:

Limit the number of entrances and exits that visitors can use and strengthen procedures for visitor check-in and identification.

The district should assemble an ad hoc safety committee of school administrators, teachers, parents, students and volunteers to select the entrances and exits that visitors should use. The safety committee should post bold and large signs throughout the school and on the exterior of all entrances. These signs should direct visitors to the main entrance. The district could also post simple maps that show where the main entrance is located.

LISD should keep the majority of other exterior doors in school buildings securely closed and locked with panic bars that students and staff can use in case of emergency. The district should conduct an on-site visit of the local police and fire departments and gather their input while making decisions about entrances.

The safety committee should also address the handling of visitors to the building, including check-in and visible identification. The committee should examine the current arrangement of office personnel and furnishings to ensure that the main entrance is kept in full view during school hours. The district should provide training to office personnel, custodial and cafeteria workers, teachers and other employees on how to address visitors in the school who are not wearing an ID badge.

The district should publicize any changes it makes to entrances, visitor procedures and signs in the school newsletters and in the local media.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent instructs each principal to form a safety committee to enhance security at their respective schools.	October 2003
2.	Each school principal assembles a safety committee to identify entrances and exits for visitors and to strengthen visitor procedures.	November 2003
3.	The safety committees develop their plans and present them to the superintendent and the local fire and police departments for approval.	December 2003
4.	Each school implements its plans and publicizes the changes to parents, volunteers and the community.	January 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD is inappropriately compensating law enforcement officers and other personnel who work at extracurricular events. The district contracts officers from the local police and sheriff's department to provide security at extracurricular events. LISD currently pays these officers directly from the school's activity fund and not through the regular accounts payable process. The Texas Association of School Board Officials issued a report that refers to this practice as a violation of the Fair Labor Standard Act. Districts should pay such workers through their regular accounts payable process. This will ensure that the district follows IRS guidelines to issue a Form-1099 for contract labor that exceeds \$600 per year.

Recommendation 25:

Pay peace officers directly through accounts payable rather than event receipts.

This change will ensure that the district follows IRS guidelines and issues a Form-1099 for contracted labor.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent directs the director of Business/Finance to meet with individuals who are currently providing as-needed security services to the district to discuss the change in practice.	October 2003
2.	The director of Business/Finance implements the change for all activities requiring security and extra workers.	October 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

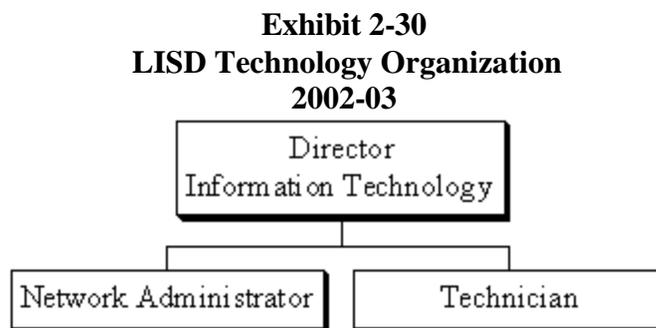
Chapter 2

EDUCATIONAL SERVICE DELIVERY

F. COMPUTERS AND TECHNOLOGY

Use of automation enables school districts to enhance administrative procedures, instruction and business programs. Technological advances in hardware and software-combined with affordable pricing-allow districts to use information systems to perform vital functions. Information technology provides a number of benefits to districts including increased processing speed, more information and increased efficiencies through program integration and communication networks.

The has three technology staff who provide around-the-clock support for all the district's technology and telephone needs. **Exhibit 2-30** shows the organization of LISD's technology functions.



Source: LISD director of Information Technology.

The director of Information Technology (IT), who is an equal partner in the district's senior management, attends all Friday senior staff meetings. The other IT staff members are the network administrator and a technician. Both the director and network administrator are certified teachers. The director has not been involved in much of the district's technology training in the past few years. The network administrator has been the primary instructor of any classes such as Electronic Grade Book, MS Office applications and other specialized training that the IT department teaches.

Exhibit 2-31 compares the technology expenditures of LISD and its peer districts in 2001-02. LISD spent more per student on its technology than its peer districts.

Exhibit 2-31 **Technology Expenditures**

**LISD and Peer Districts
2001-02**

	Barbers Hill	Wimberley	Ingram	LISD	Glen Rose
Total Expenditures	\$31,150	\$229,697	\$87,950	\$465,401	\$252,813
Enrollment	2,790	1,732	1,497	1,817	1,652
Per Student Technology Expenditures	\$11.16	\$132.62	\$58.75	\$256.14	\$153.03

Source: TEA, AEIS, 2001-02.

Exhibit 2-32 shows LISD technology expenditures from 1997-98 through 2001-02. The district's investment in technology increased significantly to build its computer infrastructure over this period.

**Exhibit 2-32
LISD Technology Expenditures
1997-98 through 2001-02**

1997-98	1998-99	1999-2000	2000-01	2001-02
\$244,624	\$301,653	\$361,039	\$434,802	\$465,401

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

LISD reported in its Instructional Technology Plan 2002-2004 submitted to TEA that it had 530 computers in labs, office areas, libraries and classrooms serving 1,860 students. Ninety-eight percent of these computers are for academic use, which would produce a student to computer ratio of 1:3.6.

FINDING

LISD has benefited significantly from technology grants awarded to the district.

The E-rate-or Schools and Libraries Universal Service Support Mechanism-provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. The program funds three service categories: Telecommunications Services, Internet Access and Internal Connections. Discounts range from 20 percent to 90 percent of the costs of eligible services. The size of the discount depends on the level of poverty and the urban/rural status of the

population served. Eligible schools, school districts and libraries may apply individually or as part of a consortium.

The E-rate is one of four support mechanisms funded through a Universal Service fee the federal government charges to companies that provide interstate and/or international telecommunications services. The Universal Service Administrative Company (USAC) administers the Universal Service Fund at the direction of the Federal Communications Commission (FCC). USAC's Schools and Libraries Division administers the E-rate program.

The E-rate supports connectivity: the conduit or pipeline for communications using telecommunications services and the Internet. The school provides additional resources such as computers, telephones, software, professional development and the other elements that are necessary to realize the objectives of that connectivity.

Exhibit 2-33 displays LISD's E-rate funding from 1997-98 through 2001-02. This funding enabled the district to become wired and connected to the Internet. LISD has received a total of \$523,257 in E-rate funding during this period.

**Exhibit 2-33
LISD E-Rate Funding
1998 through 2002**

1998	1999	2000	2001	2002	Total
\$64,695	\$293,339	\$52,700	\$46,142	\$66,381	\$523,257

Source: www.sl.universalservice.org/funding.

Similarly, LISD has benefited from the Telecommunications Infrastructure Fund Board (TIF) from 1999-2000 to 2002-03. The TIF is dedicated to connecting the people of Texas by facilitating the implementation of a viable and sustainable telecommunications infrastructure for schools, libraries, public and nonprofit health care facilities and higher education institutions.

Exhibit 2-34 details the amount of TIF funding that LISD has received.

**Exhibit 2-34
LISD TIF Funding
1999-2000 through 2002-03**

1999-2000	2001-02	2002-03	Total
\$79,484	\$100,000	\$50,000	\$229,484

Source: www.tifb.state.tx.us/TIF.

COMMENDATION

LISD has built a solid technology infrastructure by applying for E-rate and Telecommunications Infrastructure Fund grants.

FINDING

LISD publishes the appropriate policies for information technology in its online policy manual and Student Handbook. The following board policies relate to the operation of technology at LISD.

- GKD (H) - Use of School Facilities For Nonschool Purposes (LISD community computer training)
- EHDE - Distance Learning
- CQ(H) - Electronic Communication and Data Management
- CQ(H) - Electronic Communication and Data Management (Local)

The introduction to the LISD Acceptable Use Guidelines states that access to the district's electronic communications system is a privilege, not a right. **Exhibit 2-35** displays LISD Internet Acceptable Use Guidelines.

Exhibit 2-35 LISD Internet Acceptable Use Guidelines 2002-03

Appropriate Use-Acceptable Activities
<ul style="list-style-type: none"> • Student-centered activities and research in support of LISD's educational objectives. Access at the secondary level must be under the supervision of a sponsoring educator or under the supervision of another qualified staff member. • Research and communications by LISD staff members who have fulfilled the training requirements and have been granted access. • The district's system(s) will be used for administrative and instructional purposes consistent with the district's mission and goals.
Inappropriate Use-Prohibited Activities
<ul style="list-style-type: none"> • Transmission or access of any material in violation of any U.S. or state regulations, including but not limited to, obscene or threatening material.

copyrighted materials, or material protected by trade secret. Inappropriate use shall be defined as a violation of the intended use of the network, and/or purpose or goal. Obscene activities shall be defined as a violation of generally accepted social standards for the use of a publicly owned and operated communication vehicle.

- Use for commercial activity, product advertisement, or political lobbying.
- Installing or running Internet client applications in order to send abusive, threatening, or profane messages.
- Students may not incur or attempt to incur any financial liability. This includes, but not limited to, accessing any fee based services.
- Elementary students access without direction of a qualified staff member.
- Secondary students access without supervision by a qualified staff member.
- Research and communication by LISD. Staff members that have Not fulfilled training requirements and been granted access.
- Students should abstain from using email unless the LISD. staff has provided it for them. The use of this email should then only be used to serve an educational purpose.
- The use of chat rooms is prohibited.
- Students should not play games on the Internet or download games to the computers.
- Students should not download music from the Internet unless a qualified staff member approves of it. This music can only be used for school-related projects or activities.
- Students must have ID card on the monitor where the instructor specifies or in visible site for any LISD employee to see.
- System users may not use another person's ID or password therefore, must be logged in as themselves to both the network and Internet.
- Intentionally disrupts information network traffic or crashes the network and connected systems.
- Steals data, equipment, or intellectual property.
- Gains unauthorized access to the files of others, or vandalize the data or files of another user.
- Gains or seeks to gain unauthorized access to resources or entities.
- Forges electronic mail messages, or uses an account owned by another user.
- Invades the public privacy of individuals.
- Posts anonymous messages.
- Possesses any data, which might be considered a violation of these rules in paper, magnetic disk, or any other form.
- Absolute privacy cannot be guaranteed in a network environment. So, the student needs to think carefully about what he/she says and how he/she says it. If the student feels there is a problem or if he/she feels uncomfortable with the information someone is giving him/her, tell any teacher, computer lab operator, or his/her site supervisor immediately.
- Any type of computer piracy, hacking or tampering with hardware or

software is forbidden.

- The student may not sue the network to annoy, harass or otherwise offend people.
- Students should not tie up the network with idle activities.
- These rules also apply to other types of damage or information loss on the information networks that might be caused by destructive devices such as computer viruses. If any damage is done to any system on the LISD campuses, the student responsible will be held liable.
- Forges electronic mail messages, or uses an account owned by another user.
- Invades the public privacy of individuals.

Consequences for Improper Use

- All users should be aware that the inappropriate use of the electronic information resources can be a violation of local, state, and federal laws. Violations can lead to prosecution. The district will cooperate fully with the local, state, or federal officials in any investigation concerning or relating to misuse of the District's electronic communications systems(s).
- All users should be aware that LISD retains the right to withdraw account privileges at any time for any reason.
- All users should be aware that the district's bulletin board system will be monitored. This is not a violation of either an individual student's or teacher's rights to privacy. All other use of electronic information resources that are accessed through the LISD, property or procedures may also be monitored.

Right to Examine All Data

- LISD reserves the right to examine all data stored in all district computer systems to make sure that all users are in compliance with these regulations. LISD also reserves the right to use the electronic means to restrict access to questionable material and to track and monitor the use of the Internet.

Copyright

- Copyrighted software or data may not be placed on any system connected to the district's system(s) without permission from the holder of the copyright. Only the owner(s), or individuals the owner(s) specifically authorize, may upload copyrighted material to the system(s).

Warning

- Systems users and parents of the students with access to the district's

electronic communications systems(s) should be aware that the use of the system may provide access to other electronic communication systems in the global electronic network that may contain inaccurate or objectionable material.

- If objectionable material is found, it is the user's responsibility to notify a librarian, teacher, technology coordinator, or administrator immediately.
- Users of the district's systems(s) should never post personally identifiable information, such as name, address, phone number, or age, on the Internet.
- Confidentiality of the user's password is the responsibility of the user. Users should not reveal passwords to anyone.

Source: LISD Student Handbook, 2002-03.

Exhibit 2-36 shows the LISD Student Agreement for Participation in an Electronic Communication System that must be renewed each year.

Exhibit 2-36
LISD Student Agreement for Participation in an
Electronic Communications System
2002-03

STUDENT AGREEMENT FOR PARTICIPATION IN AN ELECTRONIC COMMUNICATIONS SYSTEM

The student agreement must be renewed each academic year.

1. STUDENT

Name _____ Grade _____
School _____

I have read the District's Internet Acceptable Use Guidelines and agree to abide by their provisions. I understand that a violation of these provisions may result in suspension or revocation of system access.

Student Signature _____ Date _____

.....

2. SPONSORING PARENT OR GUARDIAN

I have read the District's Internet Acceptable Use Guidelines. I hereby release the District, its personnel, and any institutions with which they are affiliated from any and all claims and damages of any nature arising from my child's use of, or inability to use the system, including, but not limited to, the type of damage identified in the District's Internet Acceptable Use Guidelines.

I give permission for my child to participate in the District's electronic communications system and certify that the information contained on this form is correct.

I do not give my permission for my child to participate in the District's electronic communication system.

Signature of parent or guardian _____

Home Address _____

Date _____ Home Phone Number _____

This space reserved for System Administrator.

Date Granted: _____

User's Name: _____ **I.D. #:** _____

Login Name: _____ **Password:** _____

Source: LISD Student Handbook, 2002-03.

These guidelines inform the parents and students concerning their responsibilities when using the Internet. The parent or guardian must give permission for the student "to participate in the district's electronic communications system."

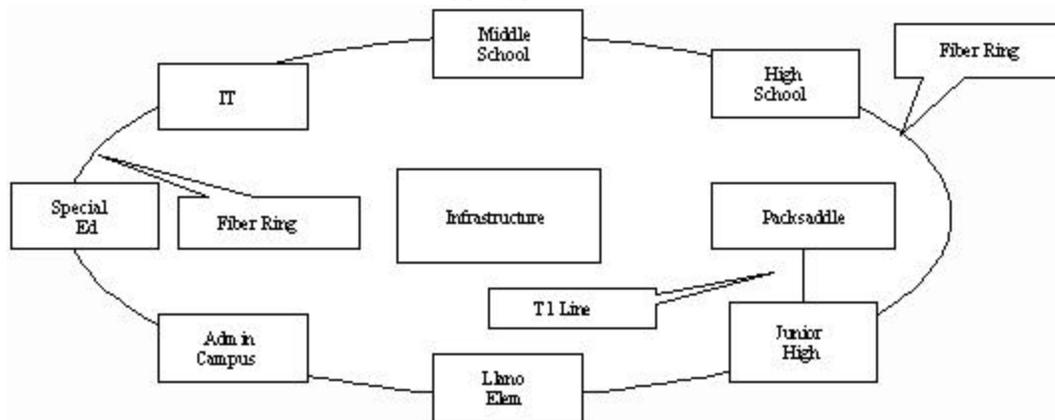
COMMENDATION

Providing information about appropriate use policies help students understand the proper use of technology in the district.

FINDING

The computer telecommunications infrastructure uses current technology in its implementation. As shown in **Exhibit 2-37**, all campuses except Packsaddle Elementary are connected by fiber cabling to allow high-speed connections.

Exhibit 2-37
LISD Wide Area Network Diagram
2002-03



Source: LISD director of Information Technology.

The fiber cabling, which is owned by the district, allows for a no-cost implementation. Packsaddle Elementary is connected by high-speed connections via the local telephone company. The telephone system is connected through the same fiber cabling system that results in reduced telephone system costs over a typical telephone system. Ninety-five percent of all classrooms on all LISD campuses are computer and telephone ready, allowing the district to enhance its implementation of technology without further expense except computer or telephone handset purchases.

Distance learning centers are available in the high school and one of the elementary schools. This enables the district to provide an enhanced learning experience for all students. Teachers and administrators throughout the district use e-mail to communicate effectively with other teachers, administrators and parents.

COMMENDATION

LISD provides advanced technology for district users.

FINDING

LISD's technology disaster recovery plan is insufficient for recovering or continuing operations in the district in the event of a catastrophe. LISD employs tape back-up procedures for the servers on its network. These procedures protect the district's data from loss in the event the servers crash or become inoperable for other reasons.

The current disaster recovery plan consists of the following components:

- Introduction;
- Assumptions - locations, recovery goals, disaster scenarios, scope;
- Activation Criteria;
- Scenario and Response Strategies;
- Operational Requirements;
- Procedural Requirements;
- Roles and Responsibilities
- Disaster Recovery Organization Chart; and
- Plan Administration

The form of a disaster recovery plan is in place, but it lacks detail for an experienced IT professional other than the director or network administrator to complete the system's recovery from a catastrophe. For example, the Scenario and Response Strategies section details the various disaster conditions addressed by this plan according to their respective response strategies. The goal of this section is to specify the types of disasters this plan addresses while detailing the corresponding strategies for response and recovery. If the district's business site goes down, the plan says, "Only their site will be affected and the others will be able to function normally on the WAN. The site will be addressed on an individual basis." The plan provides the same response to staff if the technology site fails. In the event that all of the district's sites fail the plan says, "All sites will be affected and unable to function normally on the WAN. The sites will be addressed and the disaster recovery plan will be fully implemented in a timely manner." In all three of these examples, the plan fails to state who staff should contact in the event of an emergency or how the staff should identify and fix the problem.

The director of IT has supplied some updates for the disaster recovery plan that identify vendor firms who can help in a disaster situation. This information is a good addition to the current disaster recovery plan. The district should include the updated information in the original disaster recovery plan.

District technology knowledge is invested in an IT department of only two staff. In the absence of the director and network administrator, no one has

the knowledge to implement a disaster recovery. The plan has no specified alternate person for each type of work being performed. The current plan does not specify the type of support each outside vendor can provide during a crisis. Effective IT organizations maintain continuous technology operations through a rigorous and tested disaster recovery plan.

Exhibit 2-38 lists some of the key elements of an effective disaster recovery plan that the National Center for Education Statistics has identified.

**Exhibit 2-38
Key Elements of a Disaster Recovery Plan**

Step	Details
Build the disaster recovery team.	<ul style="list-style-type: none"> • Identify a disaster recovery team that includes key policy makers, building management, end-users, key outside contractors and technical staff.
Obtain and/or approximate key information.	<ul style="list-style-type: none"> • Develop an exhaustive list of critical activities performed within the district. • Develop an estimate of the minimum space and equipment necessary for restoring essential operations. • Develop a timeframe for starting initial operations after a security incident. • Develop a list of key personnel and their responsibilities.
Perform and/or delegate key duties.	<ul style="list-style-type: none"> • Develop an inventory of all MIS technology assets, including data, software, hardware, documentation and supplies. • Set up a reciprocal agreement with comparable organizations to share each other's equipment or lease backup equipment to allow the district to operate critical functions in the event of a disaster. • Make plans to procure hardware, software and other equipment as necessary to ensure that critical operations resume as soon as possible. • Establish procedures for obtaining off-site backup records. • Locate support resources that are necessary, such as equipment repair, trucking and cleaning companies. • Arrange with vendors to provide priority delivery for

	emergency orders.
Specify details within the plan.	<ul style="list-style-type: none"> • Identify individual roles and responsibilities by name and job title so that everyone knows exactly what is necessary. • Define actions in advance of an occurrence or undesirable event. • Define actions at the onset of an undesirable event to limit damage, loss and compromised data integrity. • Identify actions necessary to restore critical functions. • Define actions to re-establish normal operations.
Test the plan.	<ul style="list-style-type: none"> • Test the plan frequently and completely. • Analyze the results to improve the plan and identify further needs.
Consider other significant issues.	<ul style="list-style-type: none"> • Do not make a plan unnecessarily complicated. • Make one individual responsible for maintaining the plan, but have it structured so that other authorized personnel are prepared to implement it if needed. • Update the plan regularly.

*Source: National Center for Education Statistics, "Safeguarding Your Technology."
(Modified by TSPR).*

The LISD disaster recovery plan does not include several key staff members in the disaster recovery team. This team should include key policy makers, building management and end-users. Other components that LISD's current plan lacks are: an exhaustive list of critical activities performed within the district; an estimate of the minimum space and equipment necessary for restoring essential operations; an inventory of all MIS technology assets, including data, software, hardware, documentation and supplies by building; reciprocal agreements with comparable organizations to share each other's equipment or lease backup equipment to allow the district to operate critical functions in the event of a disaster; plans to procure hardware, software and other equipment as necessary to ensure that critical operations resume as soon as possible; identification of data recovery specialists and established emergency agreements; identification of individual roles and responsibilities by name and job title so that everyone knows exactly what is necessary; a defined list of actions for staff in the event of an occurrence or undesirable event; a defined list

of actions for staff to take at the onset of an undesirable event to limit damage, loss and compromised data integrity; a list of actions necessary to restore critical functions; a list of actions to re-establish normal operations; and protocols for regular testing and analysis of the plan.

Many school districts even enter into a reciprocal agreement with a neighboring district or area business to use its equipment and staff support while the district recovers from an emergency.

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 software and hardware vendors. The plan includes 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.

Recommendation 26:

Develop a more detailed disaster recovery plan to provide better protection for the district.

A more detailed disaster recover plan will help the district recover technology operations more quickly should a disaster occur.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of IT builds the disaster recovery team.	October 2003
2.	The director of IT obtains key information concerning disaster recovery plan.	November 2003
3.	The director of IT performs and/or delegates key duties to staff.	December 2003
4.	The director of IT and the disaster recovery team develop details in the plan.	January 2004
5.	The disaster recovery team tests the plan including its response in the absence of the director of IT and the network administrator.	February 2004
6.	The director of IT refines the Disaster Recovery Plan based on the results of the test.	March 2004

7.	The director of IT obtains superintendent and board approval for the Disaster Recovery Plan.	April 2004
8.	The director of IT tests the Disaster Recovery Plan annually.	Annually

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

There are no documentation standards for the IT department. No written standards exist for technology that promote acquisition of some technology while discouraging or preventing the purchase of other technology, and there are no standards for reviewing software licenses. Districts save time and money by promoting consistency in technology purchases and use.

By having defined written standards, the district's purchasing function can handle the purchase of computer equipment and solicit bids for the best price. Other similar commodity items such as paper and printer cartridges can also be purchased in this manner. LISD has purchased some computers with five- and seven-year maintenance agreements. Extended maintenance agreements add cost to computers, and many computers have difficulty running newer software after three or four years. The director of IT believes that computers can last five to seven years with extended warranties.

LISD has no standards for reviewing software licenses. Teachers keep all individual software licenses in their classroom. The licenses are not reviewed periodically to ensure all software is properly licensed. Some districts keep software licenses in a principal's office file at each school. This allows IT personnel to access these records for periodically verifying licenses to software loaded on each machine and ensures the district is in compliance with its software contracts. These districts maintain all districtwide licenses in the IT department where technology personnel can have immediate access for software license validity checks.

Effective districts use a consistent set of operating procedures to enhance the cost effective functioning of the IT department by:

- complying with the law and licensing of software;
- providing hardware purchasing standards and maintenance for computers and printers; and
- ensuring consistently written standards that are familiar to all users.

Effectively documented standards for hardware and software make it easier for a district to purchase hardware, track software and licenses, train new staff, make upgrades to newer versions of software and apply policies correctly and consistently.

Recommendation 27:

Develop a consistent set of information technology standards.

LISD should provide written guidance and direction to district staff on key technology standards.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Technology, with the help of the Technology Committee, develops a series of guidelines for technology-related policies, including software usage, hardware purchasing and length of any maintenance agreements, and submits these guidelines to the superintendent and board for review.	October 2003
2.	The board and superintendent approve the technology policies.	November 2003
3.	The director of Technology makes policies available to district staff on the district Web site and provides each campus and department with a hard copy of the guidelines.	December 2003
4.	The director of Technology monitors the Web site and updates and clarifies policy guidelines as needed.	January 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 3

ASSET AND RISK MANAGEMENT

This chapter reviews the asset and risk management functions of Llano Independent School District (LISD) in the following sections:

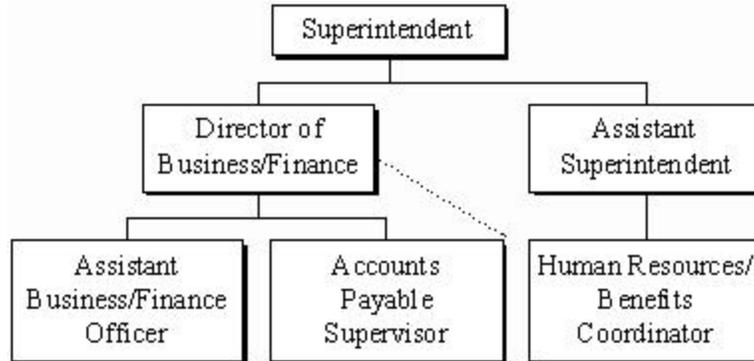
- A. Cash Management
- B. Risk Management
- C. Fixed Assets
- D. Bond Issuance and Indebtedness

Texas school districts have a fiduciary responsibility to protect publicly financed assets provided to educate children. An effective asset and risk management program provides a district with investments that earn the maximum interest rate available while safeguarding those funds and ensuring liquidity to meet its fluctuating cash flow requirements. Effective asset and risk management strategies also control costs by protecting districts against significant losses and ensuring the lowest possible insurance premiums while providing sound, cost-effective health insurance for district employees. Fixed asset management accounts for district property accurately and safeguards it against theft. Bonds are legal documents that districts use to borrow money. Effective bond management ensures that the district complies with the terms stated in the bond documents and that it pays the lowest interest rate possible.

BACKGROUND

LISD's director of Business/Finance oversees bond issuance and indebtedness, manages cash and investments and oversees the district's fixed assets. The director of Business/Finance supervises two paraprofessionals and is also supported by a position in central administration. The assistant to the director of Business/Finance initiates electronic funds transfers, prepares and makes general journal entries, reconciles bank accounts (except for activity funds) and is responsible for budget amendments and budget reclassifications. The Accounts Payable supervisor approves purchase orders and processes accounts payable and checks. The human resources/benefits coordinator in the central office administers risk management, including the district's insurance and safety programs. **Exhibit 3-1** shows the organization of LISD asset and risk management functions.

Exhibit 3-1
Organization of LISD Asset and Risk Management Functions



Source: LISD director of Business/Finance, April 2003.

LISD can invest in certificates of deposit, public funds investment pools, money market bank accounts and interest-bearing checking accounts. Various insurers provide auto, equipment breakdown, district property and casualty, underground storage tank, general liability, unemployment, school professional legal liability, student athletic, workers' compensation and health policies to the district. An external firm performs LISD's annual inventory of fixed assets. The district's outstanding bonds include unlimited tax school building bonds series 1998 and limited maintenance notes, series 2000 through 2002.

Chapter 3

ASSET AND RISK MANAGEMENT

A. CASH MANAGEMENT

Cash and investments are often the largest assets on a school district's balance sheet. An effective cash management program can give a district additional revenues to fund essential programs and operations.

LISD's depository bank is Arrowhead Bank in Llano. The depository contract was bid in 2001. The district evaluated two bid proposals and awarded the contract to Arrowhead Bank effective September 1, 2001 through August 31, 2003. The depository bank offers certificates of deposit, monthly bank statement preparation, wire transfers, input tapes and monthly account maintenance with no additional fees. The bank also offers free Internet banking, allowing LISD to check its balances online, although it does not allow online bill payment.

LISD maintains 17 bank accounts: 10 operating accounts, two clearing accounts and five student activity fund accounts. Transaction accounts earn 3 percent interest and savings accounts earn 3.5 percent interest. The director of Business/Finance and depository bank representatives monitor LISD account balances. The depository contract requires collateralized accounts, which means that the bank will cover by corporate surety bond and/or pledge of approved securities, an amount that is equal to the funds anticipated for day-to-day deposit. If deposits were lost at the bank, the district would recover its funds from securities pledged against these accounts. **Exhibit 3-2** shows LISD account balances on August 31, 2002 and on February 28, 2003.

Exhibit 3-2
Bank Account Balances
on August 31, 2002 and February 28, 2003

Bank Account	Interest Rate	Balance on August 31, 2002	Balance on February 28, 2003
LISD Finance	3.0%	\$415,561	\$241,189
LISD Finance Savings	3.5%	\$458,268	\$8,645,448
Special 2000 Note Fund Interest and Sinking	3.0%	\$0	\$128
Delinquent Maintenance Tax Notes	3.0%	\$0	\$22

Series 2001 Note Payment Fund			
Special 2002 Note Fund Interest and Sinking	3.0%	\$0	\$34
Interest and Sinking	3.0%	\$1,663	\$1,713
Interest and Sinking Savings	3.5%	\$312,589	\$727,437
LISD Workers' Compensation	0.0%	\$0	\$0
LISD Insurance Fund	3.0%	\$134,657	\$87,516
LISD Scholarship Fund	3.0%	\$488	\$496
LISD Cafeteria Plan 125	3.0%	\$16,216	\$11,207
LISD Elementary Activity	3.0%	\$26,145	\$33,152
LISD Junior High Activity	3.0%	\$17,857	\$22,241
LISD Middle School Activity	3.0%	\$1,783	\$5,805
LISD High School Activity	3.0%	\$58,888	\$67,405
Packsaddle Elementary Activity	3.0%	\$4,515	\$11,210
LISD Payroll	0.0%	\$11,063	\$196,060
Totals		\$1,459,693	\$10,051,063

Source: LISD director of Business/Finance and bank statement analysis.

Note: Balances have been rounded to the nearest dollar.

Local school districts levy property taxes that are a primary source of funds for the district. The tax has a maintenance and operations (M&O) component and an interest and sinking (I&S) component. In most school districts, the M&O component cannot exceed \$1.50 per \$100 of assessed property value; voters authorize the I&S component to pay bonded debt when they pass a bond referendum.

County appraisal districts appraise all property that school districts tax. All school districts adopt a tax rate applied to the assessed value, minus tax exemptions to determine the amount of taxes levied. Some school districts collect their own taxes, but others contract with a third party for tax collection. LISD contracts with Llano County to collect its taxes; a tax attorney collects delinquent taxes.

Llano County oversees LISD tax collection and the following related services:

- receives all tax payments, issues receipts to the taxpayer and prepares deposits for pickup by courier service;
- enters all value changes into the database;
- prints and mails tax notices for supplemental rolls;
- prepares tax certificates and refunds for tax roll changes;
- establishes and monitors payment agreements with taxpayers;
- monitors and maintains all suits filed by the delinquent tax attorney;
- monitors and prepares information for constable sales of foreclosed properties;
- handles resale resolutions for properties struck off the tax roll; and
- develops quarterly tax collection reports for the board.

The county system handles current and delinquent tax collection, supplement and adjustment processing, online and batch payment processing, refunds, special exemptions, comments and notes, change logging, delinquent attorney support, a comprehensive audit trail and an extensive reporting system.

Exhibit 3-3 shows tax collections, tax levy and percentage of levy collected by LISD from 1997-98 through 2001-02. Tax collection rates have remained stable for this period, as shown in **Exhibit 3-3**.

Exhibit 3-3
LISD Tax Collections, Tax Levy and Percentage of Levy Collected
1997-98 through 2001-02

Category	1997-98	1998-99	1999-2000	2000-01	2001-02
Tax Collections*	\$10,334,530	\$12,195,117	\$14,159,653	\$15,306,919	\$17,166,119
Tax Levy	\$10,753,298	\$12,598,391	\$14,700,847	\$15,832,857	\$17,781,933
Percentage Collected	96.1%	96.8%	96.3%	96.7%	96.5%

Source: LISD Audited Financial Statements, 1997-98 through 2001-02.

**Tax collections represent current taxes and do not include delinquent collections from previous years.*

Exhibit 3-4 shows the taxable value of property, tax rates and the levy for LISD for 1998-99 through 2002-03. The district expects 2002-03 taxable values to increase through supplemental rolls, which are current-year property values protested by taxpayers.

Exhibit 3-4
LISD Taxable Value, Tax Rates and Tax Levy
1998-99 through 2002-03

Item	1998-99	1999-2000	2000-01	2001-02	2002-03	Percent change 1998-99 to 2002-03
Taxable Value (1,000's)	\$846,242	\$955,238	\$1,038,029	\$1,179,459	\$1,276,046	50.8%
M&O Tax Rate	\$1.47	\$1.47	\$1.47	\$1.47	\$1.50	2.0%
I&S Tax Rate	\$0.10	\$0.1872	\$0.17	\$0.14	\$0.12	20.0%
Total Tax Rate	\$1.57	\$1.6572	\$1.64	\$1.61	\$1.62	3.2%
Tax Levy	\$12,598,391	\$14,700,847	\$15,832,857	\$17,781,933	\$20,671,960	64.1%

Source: LISD Audited Financial Statements, 1998-99 through 2001-02; LISD Business/Finance Office, 2002-03.

Since 1998-99, tax collections increased by 40.8 percent, and total revenues increased by 75.6 percent in the general fund. LISD's reliance on property taxes increased from 89.3 percent in 1998-99 to 91.6 percent for the 2002-03 budget. **Exhibit 3-5** shows the amount of local taxes including penalties and interest collected by the district, compared with total revenue in the general fund.

Exhibit 3-5
LISD General Fund Tax Revenues as a Percentage of Total General Fund Revenues
1998-99 through 2002-03

	1998-99 Actual	1999-2000 Actual	2000-01 Actual	2001-02 Actual	2002-03 Budget	Percent Change
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						1998-99 to 2002-03
Taxes*	\$11,999,958	\$13,240,676	\$14,502,115	\$16,691,813	\$19,496,400	66.5%
Total Revenues	\$13,442,636	\$14,923,603	\$16,071,010	\$18,344,094	**\$21,290,274	75.6%
Percentage of Taxes To Total Revenues	89.3%	88.7%	90.2%	91%	91.6%	2.3%

Source: LISD Audited Financial Statements, 1998-99 through 2001-02; LISD Budget 2002-03.

*Taxes include tax collections, penalties and interest.

**2002-03 budget excludes total resources of \$2,310,800.

LISD debt service revenues are funded from taxes levied by the district. **Exhibit 3-6** presents debt service revenue trends from 1999-2000 through 2002-03.

Exhibit 3-6
LISD Debt Service Fund Revenue
1999-2000 through 2002-03

Revenue Type	1999-2000 Actual	2000-01 Actual	2001-02 Actual	2002-03 Budget	Percent Change 1999-2000 to 2002-03
I&S Tax Rate	\$0.1872	\$0.17	\$0.14	\$0.12	(35.9%)
Debt Service Revenues	\$1,667,693	\$1,693,917	\$1,619,298	\$1,434,790	(14.0%)

Source: LISD Audited Financial Statements, 1999-2000 through 2001-02; LISD Budget, 2002-03.

Exhibit 3-6 shows that the I&S tax rate fluctuated between 1999-2000 and 2002-03, with a high of \$0.1872 in 1999-2000. The 2002-03 tax rate was 35.9 percent lower than the 1999-2000 rate. Debt service revenues decreased 14 percent during the four-year period from \$1,667,693 to a projected \$1.4 million in 2002-03.

FINDING

The Llano County tax collector transfers tax revenues to LISD more frequently than the contract with the district requires. LISD has a contract with Llano County to collect ad valorem taxes, which are taxes levied against property. Cash deposits are made electronically from the county to the district daily or weekly, depending on the amount of actual tax receipts. The tax collector does not have to transfer LISD ad valorem taxes for five days. The director of Business/Finance stated that when tax collection activity is at its peak, the tax collector transfers the cash within one day.

The tax collector's office works closely with the district. According to the director of Business/Finance, this good working relationship is based on the fact that the tax collector communicates regularly with the LISD board, ensuring that issues are addressed in a timely manner. Receiving deposits more quickly than the required five days allows LISD to earn more interest; the district earns 3.5 percent on these funds.

COMMENDATION

LISD has encouraged and established regular communication with the Llano County tax collector's office, resulting in faster transfers of LISD tax receipts, which are available more quickly than required by contract.

FINDING

The district increased its interest income by locking in fixed rates during a period of declining rates. During the two-year period of its depository contract, which is in effect from September 1, 2001 through August 31, 2003, LISD earned interest income at higher rates by investing available cash, which is on hand that was not needed for immediate operations, into savings accounts and certificates of deposit at the district's depository bank. These deposits earn 3 percent interest for transaction or operating accounts and 3.5 percent annual interest for savings accounts, substantially more than the rate of interest earned by six-month treasury bills (T-Bills) or TexPool, an investment pool for local governments in Texas for the same period. **Exhibit 3-7** compares average monthly interest rates of the three types of investments for four different months during this period.

Exhibit 3-7
Comparison of Average Monthly Interest Rates
for Different Types of Investments

Type of Investment	Average Monthly Interest Rate			
	September 2001	February 2002	September 2002	February 2003
LISD Depository Contract - Transaction Accounts	3.00%	3.00%	3.00%	3.00%
LISD Depository Contract - Savings Account	3.50%	3.50%	3.50%	3.50%
TexPool	3.50%	1.86%	1.87%	1.38%
Six-Month T-Bills	5.25%	1.86%	1.64%	1.20%

Source: LISD depository contract for 2001-03, TexPool Monthly Rate History for 2001-2003 and Patterson & Associates Monthly and Quarterly Benchmark Information and Federal Reserve interest Rates at www.federalreserve.gov.

As shown in **Exhibit 3-7**, in September 2001 at beginning of the depository contract, the interest offered by the depository bank was less than or equal to the average monthly interest rates offered by the other types of investments; 3 percent, or 3.5 percent for district investments, compared with 3.5 percent for TexPool and 5.25 percent for six-month T-Bills. Average monthly interest rates for TexPool and six-month T-Bills declined since then to 1.38 percent and 1.2 percent, respectively. As of February 2003, the interest income from LISD Depository Contract - Transaction Accounts is 117 percent more than an investment in TexPool, and 150 percent more than an investment in six-month T-bills. Also, interest income from the LISD Depository Contract - Savings Accounts is 154 percent more than an investment in TexPool and 192 percent more than an investment in six-month T-bills.

COMMENDATION

LISD increased its interest income by investing in fixed-rate instruments offered by its depository bank.

FINDING

The district does not have strong internal controls over its cash management. LISD has no written policies or procedures that clearly define roles and responsibilities or segregate duties among individuals who handle cash and prepare deposits from those who perform entries into the accounting system and reconcile bank statements. The district does not have detailed procedures that define how LISD staff should handle cash received. The Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) defines internal controls as a "process effected by an entity's Board of Trustees, management and other personnel." The controls provide reasonable assurance regarding the achievement of objectives in the following categories: reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. These activities generally consist of performance reviews such as secondary review and approval of transactions; segregation of process duties including preparation of deposits and reconciling the same bank account; and providing physical control or limiting access to assets like the check stock.

At the time of the review, the district did not segregate cash management from general bookkeeping. LISD's director of Business/Finance reconciled all bank accounts because the assistant Business/Finance officer had just been hired. However, bank accounts had not been reconciled for three months. The director of Business/Finance said that the excessive workload of public information requests, board materials and purchasing have made it impossible to reconcile bank accounts promptly. After the review team's meeting with LISD, the assistant Business/Finance officer began to reconcile all bank accounts except the activity accounts. There is no secondary review or oversight of the reconciliations. The assistant Business/Finance officer now prepares deposits, in addition to performing bank reconciliations.

The director of Business/Finance said that school secretaries receive cash, prepare deposits, write checks and reconcile their respective activity accounts. There is no second review of the bank reconciliations and no review of account activity until the end of the year when the director of Business/Finance performs a review as part of the district's annual external audit.

Strong internal controls, written policies and procedures ensure that district employees who handle and process cash understand their duties; that duties are segregated; and that cash management procedures are followed consistently. Written procedures give employees clear direction in the correct way to process and record transactions, and they serve as a reference for all employees.

Many districts develop policies and procedures that separate their asset maintenance and bookkeeping to ensure that district assets are properly safeguarded from unauthorized use and to enhance the reliability of accounting information. Section 1 of the FASRG recommends segregating:

- cash receipts from cash disbursements;
- disbursement preparation and disbursement approval from recording or entering cash disbursements information on the general ledger;
- disbursement approval from disbursement, voucher preparation and purchasing;
- cash receipt or disbursement record entries from general ledger entries; and
- preparing and approving bank account reconciliations from other cash receipts or disbursements.

If a district uses electronic data processing, the FASRG recommends that it maintain segregated duties within processing activities. Many districts also adopt TEA's suggested cash and investment controls for collections, disbursements, custody, detail accounting and general ledger maintenance.

Christoval ISD maintains strong internal cash controls and minimizes risk to the district by separating its cash receipts process from its bank statement reconciliation process. The business manager reconciles all district bank accounts each month. The elementary principal's secretary and the Public Education Information Management System (PEIMS) coordinator handle all cash receipts from the elementary campus and the high school campus, and the director of Business/Finance ensures that all deposit slips are accurate before the district deposits funds into the appropriate bank accounts.

Recommendation 28:

Develop detailed written district cash management policies and procedures to strengthen internal controls.

The director of Business/Finance should use the internal controls outlined in the FASRG to develop formal cash management policies and procedures. These should detail how to handle cash for all district funds, including student activity funds, as well as outline roles and responsibilities for school and Business Office staff members who handle cash. The policy should separate duties in the recommended areas and designate the director of Business/Finance to review transactions such as bank reconciliations.

Such procedures should include detailed instructions for preparing deposits, verifying deposits, posting entries and reconciling bank statements and accounts. The policies and procedures should be dated and presented to the superintendent for review and approval. The policy and procedures should be reviewed annually or more frequently as changes occur. All revisions should be dated and approved by the superintendent.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Business/Finance, the assistant Business/Finance officer and the accounts payable supervisor meet to discuss and develop appropriate district cash management policies and procedures.	October - December 2003
2.	The director of Business/Finance drafts policies and procedures and obtains input and approval from the superintendent and LISD's external auditor.	January - February 2004
3.	The director of Business/Finance incorporates feedback from the superintendent and the external auditor and presents a final policies and procedures document to the superintendent and the board for approval.	February 2004
4.	The director of Business/Finance implements the approved cash management policies and procedures.	February 2004
5.	The director of Business/Finance distributes copies of the new policies and procedures and works with the district technology staff to post the policies and procedures on the LISD Web site.	March 2004
6.	The director of Business/Finance reviews and updates the policies and procedures annually or as operating changes occur.	April 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD does not have sufficient internal control over the electronic preparation of accounts payable and payroll disbursements. The assistant Business/Finance officer makes electronic fund transfers (EFTs) for disbursement, including construction contracts that have no secondary authorizations or supporting documentation. No written limits to the dollar amount that can be transferred exist. Dual authorization is not required, and the bank does not routinely call the district to verify the transactions. The district uses faxed authorization and does not confirm transfers made

by someone other than the initiator. The authorization and approval is intended to prevent invalid transactions.

The district does not segregate duties when processing EFTs for payroll. The payroll secretary maintains employee payroll information and also processes the payroll, including printing checks and initiating EFTs for employees who use direct deposit.

With the approval of only one supervisor and no supporting documentation and guidelines, there are insufficient controls to prevent Business Office or payroll staff from making unauthorized or unapproved transfers or making transfers when funds are not properly budgeted. With insufficient internal controls, the assistant Business/Finance officer made EFTs on construction contracts without a board-approved budget and for amounts that exceeded the project estimate. In the audit report for the year ended August 31, 2002, auditors identified the district's failure to monitor construction expenditures.

Although the review team found no evidence that improper payroll payments were made, the existing process increases the district's risk and allows a single individual to establish a record, make an improper payroll payment without any secondary review and/or authorization.

According to the FASRG, employees who approve disbursements should not process disbursements, prepare vouchers or make purchases, even if electronic data processing is used. A formal, written authorization and a checklist provide a system of control and documentation to validate the authority and appropriateness of every direct deposit or payroll check.

Recommendation 29:

Implement written internal controls and procedures for all electronic fund transfers, including construction contracts and direct payroll deposits.

By developing a formal authorization form and procedures that require all staff to obtain written authorization before electronic disbursements are prepared, the district will create the necessary internal controls over its payroll and accounts payable disbursements.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Business/Finance modifies security authorizations to restrict the generation of electronic disbursements.	October 2003
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2.	The director of Business/Finance develops an authorization form and procedures for Business Office and payroll staff.	October 2003
3.	The director of Business/Finance implements and monitors the written authorization procedure to ensure compliance with district policy and procedures.	October 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD does not have a designated individual responsible for complying with all provisions of the Public Funds Investment Act (PFIA) and the Collateral Act that govern investment and collateralization of governmental funds. The director of Business/Finance is also the district investment officer, but the job description for the director of Business/Finance does not list any investment responsibilities or related duties. As shown in **Exhibit 3-8**, LISD had \$22.9 million invested in temporary investments as of August 31, 1998, which decreased to \$393,492 by August 31, 2002. In 2001-02 LISD's highest total cash, time and savings deposit was \$11.8 million with an average five-year balance of \$5.3 million, as shown in **Exhibit 3-9**.

Exhibit 3-8
Temporary Investments Balances
as of August 31
1997-98 through 2001-02

Type of Investments	1997-98	1998-99	1999-2000	2000-01	2001-02
Certificates of Deposit	\$0	\$0	\$1,500,000	\$528,447	\$28,477
LOGIC	\$2,243,411	\$2,435,678	\$514,051	\$847,742	\$173,334
Lone Star Investments	\$20,653,070	\$16,293,085	\$5,202,356	\$4,988,547	\$174,407
Fidelity Investments		\$0	\$0	\$0	\$17,274
LISD Total Investments	\$22,896,481	\$18,728,763	\$7,216,407	\$6,364,736	\$393,492

Source: LISD Audited Financial Statements, 1997-98 through 2001-02.

Exhibit 3-9 shows the district's highest combined balances for its deposits and average balance for 1997-98 through 2001-02.

Exhibit 3-9
Highest Combined Balances for LISD Deposits
Cash, Savings, Time Deposits and Bank Balance
1997-98 through 2001-02

Date	Year	Balances
February 1998	1997-98	\$2,500,000
December 1998	1998-99	\$4,418,980
December 1999	1999-2000	\$4,386,508
January 2001	2000-01	\$3,300,000
February 2002	2001-02	\$11,786,826
Average Balance		\$5,278,628

Source: LISD Audited Financial Statements, 1997-98 through 2001-02.

The district met PFIA requirements for development of an annual written investment policy and a separate written investment strategy for each fund or group of funds through its policies, CDA (Legal)-P and CDA (Local)-X-150901, located on the LISD Web site and last updated in December 2002. The district also met the training requirements specified for its investment officer.

LISD did not meet the quarterly reporting requirement in PFIA section 2256.0023(a) which requires the investment officer to prepare and submit a written report of investment transactions for the preceding period. As of April 2003, the most recent investment report filed was dated August 2002. The director of Business/Finance said that the Business Office workload precludes prompt reporting. The review team did not find any evidence or instances of lost principal with any investments.

The Collateral Act requires collateral to be pledged against accounts and investments sufficient to cover the value of the deposited accounts and investments, plus accrued interest. The depository bank contract does state an amount of collateral, but the director of Business/Finance stated that LISD does not perform monthly reviews to ensure that sufficient collateral is maintained and the required amounts of collateral are not identified in policy or procedures.

Without ongoing monitoring and reporting of district investments to determine value and analyze the necessary amounts of collateral, LISD

risks having insufficient collateral to protect its assets. Many districts designate the responsibility for PFIA compliance as part of the job description for the individual assigned to perform financial duties for the district, usually the chief financial officer.

Recommendation 30:

Require quarterly investment reporting and add responsibility for ensuring Public Funds Investment Account compliance to the director of Business/Finance's job description.

The director of Business/Finance's job description should be revised to include ensuring compliance with the PFIA and the Collateral Act, using tasks such as analysis of collateral requirements and quarterly report development.

By creating a checklist of compliance items and an annual calendar that specifies tasks such as reporting and collateral monitoring, district staff will ensure consistency of practice. The itemized checklist may include obtaining acknowledgment from investment companies of the district's investment policy for new investment firms and each time the policy is updated, an annual review of the investment policy, quarterly investment report development and reporting, and other issues such as attendance at required investment seminars.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent revises the director of Business/Finance job description to include responsibility for PFIA and Collateral Act compliance.	October 2003
2.	The superintendent incorporates a performance evaluation standard for the director of Business/Finance in the annual employee performance evaluation.	October 2003 and Annually
3.	The director of Business/Finance develops a checklist and an annual calendar that specifies tasks to ensure compliance with the PFIA and Collateral Act.	October 2003 and Ongoing
4.	The director of Business/Finance presents the checklist and annual calendar to the superintendent and board for review and approval.	November 2003 and Ongoing
5.	The director of Business/Finance implements the checklist and its scheduled tasks.	December 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 3

ASSET AND RISK MANAGEMENT

B. RISK MANAGEMENT

Effective risk management provides a safe environment for students and employees, minimizes workers' compensation claims and costs, offers sound and cost-effective health insurance for district employees and protects the district against loss with the lowest possible insurance premiums. To ensure that it protects itself against significant losses, the district must assess the value of its property and inventory fixed assets annually. Districts must recognize and reduce hazards to minimize claims and reduce workers' compensation premiums.

The LISD human resources/benefits coordinator handles risk management and coordinates activities with the director of Business/Finance.

District insurance policies from several companies protect the district against the loss of real and personal property, vehicle loss or damage, professional liability, student athletic injury, unemployment claims, losses from employee dishonesty and environmental cleanup liability. The district annually bids insurance coverage. **Exhibit 3-10** presents a summary of this coverage.

Exhibit 3-10
LISD Insurance Policies and Coverage Limits
September 2002

Coverage	Coverage Limit	Deductible	Company	Cost
Property and Casualty	\$37,284,140	Hail \$25,000 Other \$1,000	Texas Association of School Board (TASB) Risk Management Fund	\$69,349
Commercial Auto Policy	100/300	\$500	State Farm Fire and Casualty Company	\$21,530
Student Insurance	\$1,000,000	\$25,000	The MEGA Life and Health Insurance Company	\$16,540
Workers Compensation	\$500,000		Deep East Texas Self Insurance Fund for Workers'	\$55,000

			Compensation	
Underground Storage Tank	\$1,000,000	\$5,000	TASB Risk Management Fund	\$589
Employee Benefits Liability	\$100,000	\$0	TASB Risk Management Fund	Included in general liability
General Liability	\$1,000,000	\$1,000	TASB Risk Management Fund	\$1,420
School Professional Legal Liability	\$1,000,000	\$1,000	TASB Risk Management Fund	\$3,848
Equipment Breakdown	\$100,000,000	\$1,000	TASB Risk Management Fund	\$2,410
Electronic Data Processing Equipment	\$4,000,000	\$500	TASB Risk Management Fund	\$9,200
Music Equipment	\$250,000	\$500	TASB Risk Management Fund	\$525
Audiovisual Equipment	\$130,000	\$500	TASB Risk Management Fund	\$273

Source: LISD director of Business/Finance.

From 2000-01 through 2002-03, the superintendent worked exclusively with an insurance consultant who assisted the district with developing and evaluating bids received. Once the bids were evaluated, the insurance consultant submitted recommendations to the LISD superintendent and board for approval. In 2003-04, the district will no longer use the services of a paid consultant; instead it will develop and evaluate bids, working collaboratively with a consultant at no cost. The LISD evaluation committee consists of the acting superintendent, the director of Business/Finance and the human resources/benefits coordinator.

Beginning in September 2000, the district participated in the Deep East Texas Self-Insurance Fund for workers' compensation insurance, a three-year plan with an annual contribution of \$55,000. LISD's premium covers program administration, claims handling, loss control, stop-loss coverage and all claims expenses. The district coordinates a safety training program on a variety of topics, including hazardous materials, blood-borne pathogens, CPR/first aid, ladder safety, electrical safety, fire safety, slips/trips/falls avoidance and lifting/moving. The school staff is given materials to assist in school-based training in addition to the training

offered by the central office staff. The district trains all administrative staff to report and manage work-related accidents.

LISD has a crisis procedures manual with emergency numbers and procedures to help administrators handle emergencies. The district performs fire and other safety drills during the school year.

Health insurance is purchased through TRS ActiveCare, a group self-insurance pool established by House Bill 3343 and administered by the state. Employees may authorize payroll deductions to pay premiums for their dependents. Each employee receives a packet of information about the health plan coverage. **Exhibit 3-11** shows the cost to the employee and the district for each plan.

Exhibit 3-11
TRS Health Insurance Premiums
2002-03

Plan Coverage	Total Cost	Network Deductible	Non-Network Deductible	Employee Cost
ActiveCare One Plan				
Employee Only	\$237	\$1,000	\$3,000	\$0
Employee and Children	\$377	\$1,000	\$3,000	\$69
Employee and Spouse	\$539	\$1,000	\$3,000	\$231
Family	\$593	\$1,000	\$3,000	\$285
ActiveCare Two Plan				
Employee Only	\$315	\$500	\$1,500	\$7
Employee and Children	\$502	\$500	\$1,500	\$194
Employee and Spouse	\$717	\$500	\$1,500	\$409
Family	\$789	\$500	\$1,500	\$481
ActiveCare Three Plan				
Employee Only	\$399	\$0	\$500/\$1,500	\$91
Employee and Children	\$327	\$0	\$500/\$1,500	\$327
Employee and Spouse	\$907	\$0	\$500/\$1,500	\$599
Family	\$997	\$0	\$500/\$1,500	\$689

Source: LISD director of Business/Finance.

In addition to the basic coverage, district employees may choose supplemental coverage such as dental and disability insurance.

FINDING

The district places a high priority on risk management and safety programs. Staff members conduct prompt, routine follow-up to address safety concerns. The human resources/benefits coordinator said that when notified of an injury or a potential hazard, maintenance and security are contacted quickly to resolve the problem. The human resources/benefits coordinator establishes the follow-up needed until the safety concern is resolved. While performing safety responsibilities, the human resources/benefits coordinator reports directly to the superintendent and reports all safety concerns immediately. Administrative and professional staff and students report that they think LISD cares about safety and that they feel safe.

The review team surveyed parents, teachers, principals and students to determine the safety of district facilities. As shown in **Exhibit 3-12**, a majority of teachers, parents and principals either strongly agreed or agreed that safety hazards do not exist on school grounds. A large percentage of the students surveyed (35.8 percent) had no opinion.

**Exhibit 3-12
LISD Survey Results
2003**

Survey Group	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Teachers	7.5%	51.9%	11.3%	25.5%	3.8%
Parents	9.9%	45.5%	25.7%	12.9%	5.9%
Principals	25.0%	50.0%	0.0%	25.0%	0.0%
Students	7.2%	28.4%	35.8%	13.6%	16.1%

Source: LISD TSPR Surveys, 2003.

Note: Percentages may not equal 100 percent due to rounding.

COMMENDATION

LISD has implemented an efficient, effective risk management program and a safety program that has heightened employee safety awareness.

FINDING

The district's modified duty program to return injured employees to work as soon as medically possible maximizes staffing productivity. The district modifies duty assignments based on a physician's evaluation of the employee's injury and its impact on the employee to handle the regular physical demands of his or her job. The injured employee and the employee's physician provide medically necessary information that specifies physical limitations or full clearance to return to duty. LISD uses the medical return-to-duty information to determine if the employee can return to duty in a modified capacity, or if the employee is unable to perform duties as assigned and/or available in the district. The district's return-to-duty program and practice benefits the employee and the district. LISD gains a productive employee and saves money. In turn, injured employees feel that they are contributing to the district's success.

COMMENDATION

The district maximizes employee productivity by implementing a modified duty and return-to-work program that returns injured employees to work as soon as medically authorized.

FINDING

The LISD Business Office does not have immediate access to its insurance policies. District insurance policies are stored in the central administration office, in a separate building from the Business Office. TASBO performed an external review of LISD operations. In a February 2003 report, the TASBO review team stated that insurance contracts were not available in the LISD Business Office and recommended that such documentation be filed with the Business Office.

Without copies of insurance policies, the accounts payable supervisor who processes invoices cannot compare invoices or claims against policy documents to ensure that insurance payments and claim payments are appropriate. Upon receipt of an insurance premium invoice, the accounts payable supervisor forwards it to the director of Business/Finance for approval. The director of Business/Finance contacts the human resources/benefits coordinator to compare the invoice with the corresponding policy documents in central administration.

In its 2001-02 financial audit management letter to LISD, the external auditors noted that the superintendent's compensation package included the purchase of an annual annuity investment, which was purchased from State Farm Insurance. The Business Office had no documentation, but the superintendent now on administrative leave directed the Business Office

to issue a check to State Farm Insurance for \$10,000 without providing supporting documentation. Although the review team requested it, the policy was not provided by the district so the review team could not confirm the \$10,000 premium amount.

Some districts maintain copies of insurance policies in their financial offices to ensure availability to the accounts payable staff who must ensure invoices are accurate before authorizing payment.

Recommendation 31:

Require the LISD Business Office to maintain copies of all insurance policies as source documents to review, evaluate and audit payment requests.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent directs the human resource/benefits coordinator to submit copies of all district insurance policies to the director of Business/Finance.	October 2003
2.	The director of Business/Finance designates the accounts payable supervisor to maintain and oversee copies of all district insurance policies.	November 2003 and Ongoing
3.	The accounts payable supervisor, the director of Business/Finance and all Business Office staff members assigned to review or pay insurance policy premiums review all invoices and corresponding insurance policies to ensure all invoices are appropriate and accurate.	November 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 3

ASSET AND RISK MANAGEMENT

C. FIXED ASSETS

An effective fixed asset management system accounts for district property accurately and safeguards it against theft and obsolescence. TEA defines fixed assets as purchased or donated tangible items with a unit cost greater than \$5,000 and a useful life of more than one year. Planning and control of fixed asset transactions are crucial to the long-range financial plan of the district. With the implementation of Governmental Accounting Standards Board (GASB) Statement 34, which requires districts to depreciate fixed assets, the importance of the fixed asset management system increases. The district contracts with an external firm to conduct a physical inventory.

In LISD, the director of Business/Finance oversees fixed asset management and purchasing. The district implemented GASB 34 in 2001-02. GASB 34 requires districts to maintain cost or fair market value, age and useful life information for its depreciable assets. In implementing GASB 34, LISD identified its assets, their useful life and their method of depreciation and calculated the depreciation to report its capital assets by GASB 34 standards. Fixed assets as reported in the district's external audit report were reduced by \$10.1 million (**Exhibit 3-13**), from \$42.4 million at the end of 2000-01 to \$32.3 million at the beginning of 2001-02.

Exhibit 3-13
LISD Fixed Asset Account Group
2000-01 and 2001-02

Asset Description	August 31, 2001 Balance	September 1, 2001 Balance	Additions	Transfers and Retirements	August 31, 2002 Balance
Land	\$1,060,248	\$816,461	\$0	\$0	\$816,461
Buildings and Improvements	\$16,186,601	\$7,587,140	\$22,170	\$25,111,645	\$32,720,955
Construction in Progress	\$21,665,672	\$21,665,672	\$3,445,973	(\$25,111,645)	\$0
Furniture and Equipment	\$3,100,071	\$1,844,172	\$38,434	\$0	\$1,882,606
Capital Lease Equipment	\$360,196	\$360,196	\$184,043	\$0	\$544,239

Total	\$42,372,788	\$32,273,641	\$3,690,620	\$0	\$35,964,261
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Source: LISD Audited Financial Statements, 2000-01 and 2001-02.

FINDING

LISD does not have a detailed board policy or procedures for maintaining a proper fixed assets inventory. LISD does not have a policy that defines capitalized and non-capitalized assets or depreciation methods for all assets. In addition, the district does not have a policy that establishes responsibility for safeguarding district assets or procedures for identifying how its assets will be tracked.

GASB 34 does not prescribe a minimum level for the capitalization of assets; however, it does require districts to disclose the dollar value above which asset acquisitions are added to the capital accounts. TEA requires assets with a value of \$5,000 per unit or more to be capitalized. A capitalized asset has a single unit cost of \$5,000 or more and a useful life that is greater than one year. GASB 34 does not prescribe the method or level (dollar amount) of depreciation to be used to depreciate capital assets, but it does require disclosure of the method in the annual financial statements. Depreciation methods allocate the cost of a fixed asset over its estimated useful life to the accounting period that benefit the asset. TEA recommends the straight-line method. The straight-line method of depreciation includes the asset's present condition, use of the asset, maintenance policy and other relevant factors. Although the district implemented GASB 34 in 2001-02, there are no written policies that define the methods for compliance.

In addition, TEA guidelines allow school districts to establish lower thresholds for control and accountability purposes for non-capitalized assets (also known as local assets) that cost less than \$5,000. For example, computer and audiovisual equipment that costs less than \$5,000 does not have to be accounted for in the fixed asset group of accounts. Some districts maintain lists of assets under \$5,000 for control and accountability. LISD does not specify how local assets will be defined and tracked. The most recent inventory report provided to the review team had 142 pages and included assets with a dollar value of less than \$50, which are generally not considered sensitive to theft.

Tracking assets of nominal value is time consuming. Because no policies and procedures define asset limits or how to track and maintain fixed assets, the staff is not accountable for controlling and reporting the assets. The lack of such standards can lead to improper disposal, unnecessary replacement of items that exist but are not in the reported location,

improper financial reporting and inability to quickly detect mistakes or theft.

The FASRG states that procedures are essential to the protective custody of school property. Appropriate systems assign responsibility for custody and proper use of assets. Many school districts use the TASB policy service to help develop board policies for fixed assets. LISD already uses TASB's policy service. These policies generally include a definition of fixed assets and locally defined assets. Locally defined assets are those that cost less than \$5,000, which the district tracks for accountability. The policies also include requirements for annual inventories of fixed assets and designate responsibility for the safekeeping of fixed assets, and designed to meet the needs of individual school districts.

Recommendation 32:

Adopt a board policy and procedures that define the value of fixed assets that should be capitalized, specify the depreciation method that should be used and assign staff responsibility for safeguarding fixed assets.

A board policy establishes the standard of accountability and consequences and is not subject to administrative discretion. The district should have a policy that defines the capitalization level for fixed assets and the depreciation method the district used in implementing GASB 34 because disclosure of these two items is required in the annual financial statements. LISD should use the \$5,000 limit for its capitalization threshold.

LISD should adopt policies and procedures that identify employee roles and responsibilities; list the procedures for recording, tracking, disposing and reporting fixed assets; segregate accounting duties from property management duties; and make periodic inspections to quickly verify the existence and condition of items. School principals and department heads should be responsible for all assets in their custody. The policies and procedures should identify consequences for not safeguarding the assets.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board president directs the superintendent to develop a policy that defines fixed and local assets, establishes a depreciation method for fixed assets and assigns responsibility to the principals and department heads to safeguard district assets in their custody.	April 2004
2.	The superintendent contacts TASB policy services for	April - May

	assistance developing a policy and meets with the director of Business/Finance to determine the appropriate threshold for capitalizing fixed assets in the fixed asset account group, the method for depreciating assets in the fixed asset account group and the threshold for locally defined assets.	2004
3.	The superintendent and the director of Business/Finance meet with principals and department heads to determine the appropriate level to assign responsibility for LISD assets, including procedures to record, track and dispose of assets.	May 2004
4.	The superintendent instructs the director of Business/Finance to draft a policy and procedures that incorporate TASB policy guidance and other relevant information.	June 2004
5.	The superintendent presents the final draft policy and procedures to the board for review and makes revisions as required by the board.	July 2004
6.	The superintendent presents the policy and procedures to the board for approval.	August 2004
7.	The superintendent disseminates and implements the policy and procedures and designates staff responsibility for safeguarding the district's fixed assets to the director of Business/Finance.	August 2004
8.	The director of Business/Finance prepares an annual report to the superintendent and the board on the district's fixed assets.	September 2004 and Annually Thereafter

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 3

ASSET AND RISK MANAGEMENT

D. BOND ISSUANCE AND INDEBTEDNESS

Bonds serve as contractual representations that a debt is owed by one party, the issuer, to one or more other parties, the investors. Bonds may be secured by lien on personal or real property or may be unsecured. The bond indenture is the contract between the issuer and the investors; it specifies the maturity date, interest payments, denominations of principal, call and/or conversion provisions, security, the trustee, repayment plans such as a bond sinking fund and special provisions. An effective bond management program ensures that outstanding bonds pay the lowest interest rate possible and that the district complies with bond covenants, including restrictions on how bond funds can be used and instructions for how bonds will be repaid.

Exhibit 3-14 shows the bond series and notes, original issue, interest rate, maturity and amount outstanding for each debt.

Exhibit 3-14
LISD Outstanding Bond Issues and Notes
February 28, 2003

Bond Series	Original Issue Amount	Interest Rate	Final Maturity	Amount Outstanding
Unlimited Tax School Building Bond, Series 1998	\$19,050,000	4.5% through 5.25%	2018	\$16,450,000
Limited Maintenance Tax Notes, Series 2000; Fiscal Year 2000-01	\$5,315,000	4.625% through 5.35%	2015	\$4,470,000
Limited Maintenance Tax Notes, Series October 2002	\$995,000	1.7% through 4.10%	2012	\$900,000
Delinquent Maintenance Tax Notes, Series 2001	\$310,000	4.625% through 5.35%	2006	\$195,000

Source: LISD Audited Financial Statements, August 31, 2002; LISD Debt Service Schedules, September 2002.

LISD's bonds have had an underlying rating of A1 with Moody's Investors Service and an AA-rating from Fitch Ratings. However, their rating has dropped to a non-investment grade rating of BB by Standard & Poor's. Bond rating agencies such as Moody's, Fitch and Standard & Poor's rank the quality of debt for investors. Those bonds offered from agencies with strong financial positions and low risk of default are rated with the maximum rating of AAA or Aaa.

The district uses an arbitrage compliance company to calculate arbitrage on the outstanding bond issues to ensure compliance with Internal Revenue Service regulations. Arbitrage occurs when the district sells bonds, invests the funds from them at a higher rate of interest than the bonds cost the district and results in a profit. The federal government regulates the profit a district can make from this practice.

The district has acquired personal property by using capital leases. A capital lease is an agreement to finance the purchase of personal property over a period of time; at the end of the lease, the title to the property passes to the district. The district used capital leases to acquire seven school buses in 1996-97 and a telephone system and equipment in 2001-02.

FINDING

The district does not have an established bond management program with written policies and procedures for bond-related activities such as issuing bonds, auditing payments, assessing rates for refinancing and arbitrage tracking and management. According to the LISD 2001-02 external audit, the district incurred an arbitrage liability of \$228,011 that was due to the Internal Revenue Service by May 2003. The district made its final arbitrage installment payment of \$230,825 on May 30, 2003. The IRS requires periodic reports for each bond series. Each bond series requires that districts report interest earned.

In addition, the district does not have a policy or procedures to assign responsibility for ongoing analysis of bond interest payments to determine the feasibility of refinancing. To ensure that the district pays the lowest possible interest payments, districts typically conduct a periodic review of all bond series comparing interest paid for the bond to the cost of refinancing. If bonds are refinanced at a lower interest rate, the preexisting bonds are paid off (defeased) and new bonds are issued.

Without an established policy and procedures for assigning responsibility for bond-related activities such as arbitrage tracking and management or bond refinancing, these activities may not occur and the district risks incurring arbitrage penalties or may miss opportunities to obtain better

interest rates that reduce bond interest payments. With LISD's low bond rating, refinancing existing bonds would not be worthwhile.

Clear Creek ISD used savings from a bond sale to immediately reduce the debt service component of its tax rate. In April 2000, it sold \$138.2 million of the bonds authorized in the February 2000 election and used a portion of the proceeds to refund \$4.7 million of series 1991, 1992, 1996 and 1997 bonds. Refunding means to retire one bond issue with the proceeds of a new bond issue. This action in effect retired the bonds. The financing was structured in such a way that the district freed up \$4.4 million in debt service during the early years of the repayment schedule. The district used additional proceeds to lower and stabilize the debt component of the district property tax rate.

In another example, Killeen ISD (KISD) issued refunding bonds to refinance bond indebtedness at a lower interest rate and reduced its future debt service payments. KISD issued \$18.8 million in unlimited refunding bonds with an average interest rate of 5 percent to refinance \$16.7 million of Series 1992 School Buildings bonds with an average interest rate of 5.6 percent. By refinancing bond debts at a lower interest rate, KISD reduced total debt service payments over 15 years by \$680,581 for a total savings of \$467,761 in interest.

Recommendation 33:

Establish a bond management program that includes policies and procedures for preparing a bond program, reporting, refinancing and arbitrage management.

Elements of an effective bond management program include having policies and procedures that assign bond management oversight responsibilities; identifying who develops reports and report due dates; assigning responsibility and providing instructions for budgeting projects and debt service; specifying periodic reviews of existing bond issues to determine the feasibility of refinancing once LISD's bond rating improves; providing instructions on proper monitoring and reporting including procedures for paying off bonds; and assigning an individual the responsibility for monitoring and assuring compliance with arbitrage requirements.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board directs the superintendent to develop a comprehensive policy that includes all elements of a bond program.	April 2004
2.	The superintendent and the director of Business/Finance draft the	May

	bond policy.	2004
3.	The superintendent presents the policy to the board for review, revising as needed to incorporate board input.	July 2004
4.	Upon approval by the board, the superintendent distributes the policy and directs implementation.	August 2004
5.	The superintendent identifies and designates the position responsible for bond management and oversight responsibilities.	August 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 4

FINANCIAL MANAGEMENT

This chapter reviews the financial management functions of the Llano Independent School District (LISD) in the following sections:

- A. Budgeting and Planning
- B. Accounting and Internal Controls
- C. External and Internal Auditing

Effective financial management in school districts involves well thought out planning, budgeting and overall management of the district's resources to maximize financial performance. A district's ability to perform these tasks involves establishing solid relationships with its employees, vendors, funding agencies and the local community.

Financial management is most effective when a district spends its resources based on established priorities in line with stated goals and objectives. The district should provide financial information in a timely manner and present it in a format that is easily understood by all audiences.

School districts must practice sound financial management to maximize limited resources and plan for future needs. Effective financial management ensures that internal controls are in place and operating as intended, technology is maximized to increase productivity and reports are prepared timely and accurately.

BACKGROUND

At the time this review began, in April 2003, LISD was in the midst of a growing financial crisis. The district's general fund balance was depleted and projections for 2002-03 drive the fund balance into a negative condition. School districts establish fund balances, or reserve balances, to function similarly to a savings account. Fund balances serve as a source of funds in case of an emergency or a place to build up savings to make large purchases not affordable within a single year (for example, to acquire a new computer system). The district's general fund balance has decreased by more than 99 percent between 1997-98 and 2001-02; the district projects the fund balance to be negative in 2002-03. **Exhibit 4-1** provides a summary of the changes in the district's general fund balance from 1997-98 through 2002-03.

Exhibit 4-1
Fund Balance Trends - General Fund
1997-98 through 2002-03

Description	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
Beginning Fund Balance	\$3,417,413	\$2,420,528	\$1,628,502	\$2,228,422	\$1,760,679	\$17,236
Total Revenues	\$12,180,624	\$13,442,636	\$14,923,603	\$16,071,010	\$18,344,094	\$21,028,402
Total Expenditures	(\$13,129,606)	(\$14,579,200)	(\$14,488,666)	(\$16,726,809)	(\$20,242,970)	(\$22,508,833)
Total Other Resources/ (Uses)	(\$47,903)	\$344,538	\$164,983	\$188,056	\$155,453	\$303,126
Increase (Decrease) in Fund Balance	(\$996,885)	(\$792,026)	\$599,920	(\$467,743)	(\$1,743,423)	(\$1,177,305)
Ending Fund Balance	\$2,420,528	\$1,628,502	\$2,228,422	\$1,760,679	\$17,256	(\$1,160,069)

Source: LISD Audited Financial Statements, 1997-98 through 2001-02 and LISD board packet, June 23, 2003.

The district's 2001-02 audit report, released in January 2003, stated that LISD anticipates a deficit fund balance for 2002-03 of approximately \$1.3 million if the district did not reduce expenditures. The district's external auditors reported that deficit fund balances of \$657,249 and \$375,496 existed in the district's two capital project funds at August 31, 2002. The audit report states that the deficit balances in the capital project funds result from the failure to monitor construction commitments and expenditures, resulting in an over-commitment of funds.

At the district's request, the Texas Association of School Business Officials (TASBO) performed a management review to help identify potential cost savings. Based in part on report findings released in February 2003, the district declared a state of financial exigency and implemented a personnel reduction in April 2003. Financial exigency, according to the district's policies, means "any event or occurrence that creates a need for the district to reduce financial expenditures for

personnel including, but not limited to, a decline in the district's financial resources, a decline in enrollment, a cut in funding, a decline in tax revenues, or an unanticipated expense or capital need."

School districts must maintain and operate effective financial management systems in a highly regulated environment. They must meet financial management requirements established by federal and state laws, rules and regulations. The Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (FASRG) outlines accounting and reporting requirements for Texas school districts. Internally developed policies and procedures, Generally Accepted Accounting Principles and the guidelines of the Governmental Accounting Standards Board (GASB) also affect school districts' financial management activities. The Texas Education Code (TEC) defines the specific requirements that school districts must comply with and authorizes the TEA to establish standards for all school districts.

The Texas Constitution authorizes local governments, including school districts, to levy property taxes. School property taxes represent nearly 60 percent of total property taxes levied in the state. Property taxes levied by school districts can have a significant impact on the amount of funding that the state provides to individual districts. School districts levy two categories of property taxes: maintenance and operations (M&O) and interest and sinking (I&S). Districts use M&O taxes to cover the routine operating costs of education and I&S taxes to pay debt service for financing building programs.

The state allocates its public education funding through a system of statutory formulas known as the Foundation School Program (FSP). The FSP is designed to "provide substantially equal access to similar revenue per student at a similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences." The state reallocates funding to districts in inverse relation to property wealth to compensate for variations in local property wealth among school districts and to equalize overall school funding. TEA has designated LISD as a property wealthy district. Under TEC Chapter 41, LISD must choose options to reduce its property wealth and share its financial resources with poorer districts.

LISD selected Barbers Hill, Glen Rose, Wimberley and Ingram as its peer districts. Two of its peer districts, Glen Rose ISD and Barbers Hill ISD are also property wealthy districts. The state distributes more money to districts with low tax bases and sends less funding to districts with large tax bases.

Exhibit 4-2 presents a comparison of financial indicators for LISD, its peer districts and state averages for 2001-02.

**Exhibit 4-2
Comparative Financial Information
LISD and Peer Districts
2001-02**

Category	LISD	Barbers Hill	Glen Rose	Ingram	Wimberley	State
Number of Students	1,817	2,790	1,652	1,497	1,732	4,146,653
Property Value per Student	\$624,547	\$782,599	\$1,340,728	\$143,730	\$394,188	\$234,607
2001 M&O Tax Rate	\$1.470	\$1.448	\$0.969	\$1.500	\$1.480	\$1.391
2001 I&S Tax Rate	\$0.140	\$0.210	\$0.000	\$0.079	\$0.220	\$0.094
2001 Total Tax Rate	\$1.610	\$1.658	\$0.969	\$1.579	\$1.700	\$1.485
Per Student Budgeted Expenditures (Operations)	\$8,281	\$7,615	\$9,391	\$6,998	\$6,924	\$6,167
Budgeted Wealth Equalization Transfers	\$4,827,013	\$13,897,000	\$10,607,029	\$0	\$0	\$765,726,650

Source: TEA, Academic Excellence Indicator System (AEIS), 2001-02.

LISD property value per student exceeds the state average and ranks third out of the five peer districts. With the exception of Glen Rose ISD, the peer districts are close to or are at the statutory cap of \$1.50 per \$100 of assessed value for their M&O tax rate. LISD's total tax rate exceeds the state average and is the third highest at \$1.610, behind Wimberley ISD at \$1.700 and Barbers Hill ISD at \$1.658. LISD's per student budgeted expenditures for operations at \$8,281 is the second highest among its peers behind Glen Rose ISD and is 34 percent more than the state average of \$6,167. Three districts-LISD, Barbers Hill ISD and Glen Rose ISD-have wealth equalization payments. LISD's equalization payments are the

lowest at \$4.8 million compared to Barbers Hill ISD at \$13.9 million and Glen Rose ISD at \$10.6 million.

The district's 2001-02 audit report stated that one of the major causes of LISD's projected deficit was the increasing cost of Chapter 41 wealth equalization without a corresponding reduction in spending. But the district actually had \$1.5 million more to spend in 2001-02 than it had in 2000-01. **Exhibit 4-3** details the sources of LISD's revenue between 1998-99 and 2002-03. Although total revenues increased 59.1 percent during this period, the chapter 41 equity transfers also increased 121 percent because the property values at LISD increased during the period. Local revenues showed the largest change with a 57.7 percent increase. Approximately one-third of this revenue is not available for local use because LISD sends it to the state or to partner districts to comply with Chapter 41.

Exhibit 4-3
LISD General Fund Revenues
1998-99 through 2002-03

Source of Funds	1998-99 Actual	1999-2000 Actual	2000-01 Actual	2001-02 Actual	2002-03 Budget	Percent Change 1998-99 to 2002-03
Local	\$12,478,995	\$13,937,564	\$14,968,174	\$17,207,925	\$19,675,662	57.7%
State	\$963,641	\$985,983	\$1,102,836	\$1,136,169	\$1,395,997	44.9%
Federal/ Other	\$0	\$56	\$0	\$0	\$310,800	*
Total Revenues	\$13,442,636	\$14,923,603	\$16,071,010	\$18,344,094	\$21,382,459	59.1%
Chapter 41 Equity Transfer	(\$2,876,744)	(\$2,433,981)	(\$3,197,752)	(\$4,827,013)	(\$6,375,085)	121.6%
Available for Local Use	\$10,565,892	\$12,489,622	\$12,873,258	\$13,517,081	\$15,007,374	42.0%

Source: LISD Audited Financial Statements, 1997-98 through 2001-02 and LISD May 31, 2002-03 amended budget.

* Percentage change not calculated from a base of zero.

Exhibit 4-4 shows expenditure trends by function for LISD from 1998-99 through 2002-03. During this period, overall expenditure levels increased 16.3 percent. The greatest increase was in intergovernmental transfers. This function includes LISD's wealth equalization payments to the state. The district's debt service requirements also increased significantly during this period. Enrollment during the same period increased by 19.8 percent from 1,578 in 1998-99 to 1,890 in 2002-03. Expenditures per student for the same period decreased 15.7 percent when adjusted for the intergovernmental transfers for wealth equalization. This decrease reflects a situation where the district faces a growing enrollment combined with fewer resources because of the increase in wealth equalization transfer payments.

Exhibit 4-4
LISD Functional Expenditures for All Funds
1998-99 through 2002-03

Description	1998-99 (Actual)	1999-2000 (Actual)	2000-01 (Actual)	2001-02 (Actual)	2002-03 (Budget)	Percent Change 1998-99 to 2002-03
Instruction and Instructional Related Services	\$6,910,472	\$7,682,453	\$8,267,837	\$9,806,144	\$9,117,782	31.9%
Instructional and School Leadership	\$806,739	\$750,100	\$741,882	\$704,435	\$715,942	(11.3%)
Support Services - Student (Pupil)	\$2,549,616	\$2,419,462	\$2,665,110	\$2,827,880	\$3,126,321	22.6%
Administrative Support Services	\$527,201	\$552,013	\$635,825	\$643,989	\$582,776	10.5%
Support Services - Non-Student Based	\$1,442,736	\$1,747,123	\$1,966,744	\$2,164,463	\$2,090,095	44.9%
Ancillary Services	\$0	\$0	\$5,449	\$12	\$300	N/A
Debt Service	\$1,461,429	\$1,662,999	\$2,171,416	\$2,211,631	\$2,657,206	81.8%
Capital Outlay	\$4,621,386	\$12,939,572	\$5,892,231	\$3,686,682	\$203,250	(95.6%)

Intergovernmental Transfers	\$2,935,845	\$2,433,981	\$3,197,752	\$4,827,013	\$6,232,485	112.3%
Total Expenditures	\$21,255,424	\$30,187,703	\$25,544,246	\$26,872,249	\$24,726,157	16.3%
Total (Excluding Intergovernmental Charges)*	\$18,319,579	\$27,753,722	\$22,346,494	\$22,045,236	\$18,493,672	1.0%
Total Enrollment	1,578	1,651	1,682	1,817	1,890	19.8%
Expenditures Per Student (Excluding Intergovernmental Charges)	\$11,609	\$16,810	\$13,286	\$12,133	\$9,785	(15.7%)

Source: LISD Audited Financial Statements, 1998-99 through 2001-02 and TEA, Public Education Information Management System (PEIMS), 2002-03.

*Intergovernmental charges include chapter 41 equity transfers and other transfers.

Exhibit 4-5 compares instructional expenditures as a percent of total budget for LISD and its peer districts in 2002-03. Only Wimberley ISD spent less than LISD on instructional expenditures.

**Exhibit 4-5
Percent of Expenditures Spent on Instruction
LISD, Peer Districts and State
2002-03**

District	Total Expenditures	Percent Spent on Instruction
Barbers Hill	\$25,146,007	47.0%
Wimberley	\$16,865,841	41.1%
Ingram	\$10,747,843	52.5%
LISD	\$18,493,672	46.5%
Glen Rose	\$14,324,912	50.2%
State	\$30,054,426,935	51.0%

Source: Comptroller's School District Watch List, 2002-03.

Exhibit 4-6 compares budgeted operating expenditures for the general fund by object for LISD and its peer districts. General fund operating expenditures are the costs of the district's annual operations and do not include debt service and capital outlay expenditures. Salaries and benefits make up the largest component of the LISD budget, representing approximately 82 percent of total expenditures. When compared to its peers, LISD has the second highest salaries and benefits expenditure per student at \$6,590. This is just slightly lower than Glen Rose ISD at \$6,644. LISD salaries and benefits expenditures per student are almost 20.8 percent higher than Ingram ISD's expenditures per student and 19.4 percent higher than Wimberley ISD's expenditures per student.

Exhibit 4-6
Budgeted General Fund Operating Expenditures by Object
LISD and Peer Districts
2002-03

Description (Function)	LISD	Barbers Hill	Glen Rose	Ingram	Wimberley
Salaries and Benefits (6100)	\$12,455,689	\$17,732,616	\$11,148,329	\$8,239,921	\$9,997,555
Purchased and Contracted Services (6200)	\$7,592,997	\$11,934,452	\$9,000,131	\$743,101	\$1,585,548
Supplies and Materials (6300)	\$1,054,667	\$1,139,735	\$1,028,279	\$910,075	\$909,078
Administrative Support Services (6400)	\$302,275	\$380,318	\$851,462	\$236,746	\$1,288,999
Total Expenditures	\$21,405,628	\$31,187,121	\$22,028,201	\$10,129,843	\$13,781,180
Less Chapter 41 Equity Payments	(\$6,232,485)	(\$10,214,363)	(\$7,411,937)	\$0	\$0
Total Expenditures Without Chapter 41	\$15,173,143	\$ 20,972,758	\$14,586,264	\$10,129,843	\$13,781,180

Equity Payments					
Total Enrollment	1,890	2,945	1,678	1,510	1,812
Expenditures Per Student					
Salaries and Benefits (6100)	\$6,590	\$6,021	\$6,644	\$5,457	\$5,517
Purchased and Contracted Services (6200)	\$720	\$584	\$946	\$492	\$875
Supplies and Materials (6300)	\$558	\$387	\$613	\$603	\$502
Administrative Support Services (6400)	\$160	\$129	\$507	\$157	\$711
Total Expenditures	\$8,028	\$7,121	\$8,710	\$6,709	\$7,605

Source: TEA, PEIMS, 2002-03.

Note: Non-operating expenditures such as debt service and capital outlay expenditures have not been included.

LISD's Business Office manages the district's financial functions. The director of Business/Finance heads the Business Office and reports to the superintendent. The Business Office staff includes two paraprofessional positions: the assistant Business/Finance officer and the accounts payable supervisor. The district uses the Texas Educational Consultative Services (TECS) Skyward software as its financial management system.

LISD's policies and the district' personnel handbook provide guidance on travel costs and reimbursements for board members and district staff. The policy and guidelines were revised in January 2003 following community concerns pertaining to expenses incurred by six board members, board member spouses and the superintendent. The policy and guidelines allow \$90 per day for lodging and \$34 per day for meals (when an overnight stay is involved) and \$0.365 per mile for the use of a personal vehicle.

Effective September 1, 2003, all Texas school districts will be required to follow State of Texas Travel Allowance Guidelines that allow \$80 per day for lodging and \$30 per day for meals (when an overnight stay is involved) and \$0.35 per mile for the use of personal vehicles.

Chapter 4

FINANCIAL MANAGEMENT

A. BUDGETING AND PLANNING (PART 1)

A budget enables a district to adequately maintain and control its financial resources. The school board, central administration, school administrators, department heads, teachers and community members should be involved in the budgeting process. The budget should reflect the overall goals and objectives of the district's long-range strategic plan. Given the scarcity of resources available to a school district, it is critical that the district budget its dollars effectively. Sound fiscal management entails forecasting a reasonable but conservative revenue number and a reasonable but aggressive expenditure number to ensure that adequate funds are available. It also requires that management prioritize programs to distribute money to the most effective programs because no district has the financial resources to implement every available program.

In the budget planning process, districts should consider general educational goals, specific program goals and alternatives for achieving program goals. Budget planning and evaluation should be a continuous process and should constitute a part of each month's activities. Ideally, the budget should:

- present a comprehensive forecast of all expenditures and revenues of the district based on the specific educational needs and plans of the district;
- serve as an overall picture of the district's operation;
- depict the educational plans of the district with a definite statement of goals, policies and curriculum plans;
- establish spending plans that include a translation of the educational plans into dollars and cents; and
- present financing plans that include proposed means and sources for securing adequate revenue to meet school program needs.

A school district must first estimate its revenues to determine the amount of funds available for the budget year. School districts receive revenues from the federal and state governments and local taxpayers. Local property taxes are the largest source of revenue for most school districts. Federal revenues can fluctuate significantly based on changes in the federal budget; districts must take great care to monitor the federal funds that will be available. State revenues are based on a variety of factors that must be estimated annually, the most critical of which is student attendance. The attendance estimate includes both the total projected number and type of students. The special weighting factors in the state

funding formula provide different funding levels for students with special needs. It is also critical that the district have a good estimate of the appraised value of property in the district so that it can estimate the funding it will receive from local taxpayers and the amount to be received from the state.

The next step requires the district to estimate the expenditures for the budget year. Although the Texas Education Code (TEC) states that the superintendent prepares the budget, the preparation phase should include opportunities for staff and community members to express their opinions.

The district-level and school-level site-based decision-making (SBDM) committees must be involved in preparing a budget for each school if the district uses an allocation process for staffing, supplies and other budgeted expenditures. These committees can help district decision-makers allocate expenditures to meet the individual needs of each school. If the district uses a budget process in which schools request funds by category of need, it must involve the SBDM committee in formulating and prioritizing requests.

Because of limited resources, districts often find they can fund only their highest priorities. During the development process, the district also must account for the priorities established in its campus improvement plans (CIPs) and district improvement plan (DIP). All departments must establish their needs based on the services they plan to provide. Once all the necessary information is compiled, the preliminary budget is ready for the presentation phase.

The presentation steps should provide opportunities for the administration and board to review and discuss the revenue and expenditure estimates and their underlying assumptions. If estimated revenues are not sufficient to pay for the estimated expenditures, the presentation phase should include options for increasing revenue, reducing expenses or using a portion of the undesignated fund balance to arrive at a balanced budget. The fund balance should be used only for one-time expenditures such as capital improvements and not to fund recurring expenditures such as employee raises. The presentation phase should include opportunities for district employees to provide input into the discussions. The presentation phase should also specifically allow for public input on the budget. TEC requires the district to conduct a public budget hearing; the board can adopt the budget only after this hearing.

The final step in the budget process is adoption, which must occur before the district can spend any funds. Once adopted, the budget provides the district with legal authority for its expenditures. The budget controls expenditures; expenditures cannot exceed the budget. If expenditures will

exceed the budget, the district must prepare, present and adopt a budget amendment before it makes the expenditure.

FINDING

The district does not have a coordinated budget process and calendar that ensures all stakeholders have sufficient input into budget development. The district does not use external committees, such as a budget advisory committee, to seek public input. The district's budget planning process follows a timeline, but the district does not have a printed budget calendar. The budget calendar-with a timetable that identifies opportunities for public input and comment-should delegate specific responsibilities for participants and communicate the budget planning process to the public. LISD does conduct a public hearing on the budget before adoption as required by Texas state law.

School administrators and department heads develop the budget for their organization's supplies, services, travel and capital outlay expenditures. Salaries and benefits are budgeted centrally by the Business Office. The director of Business/Finance develops and compiles this information into a draft budget. The 2002-03 budget process followed previous budget processes and did not include significant stakeholder input. The director of Business/Finance sent school and department administrators a budget worksheet. The worksheet listed the previous year's expenditures and provided a column for the administrator to estimate expenses for the upcoming budget year. There were no budget assumptions provided to the administrators. The administrators completed the worksheet and provided the information to the director of Business/Finance, who compiled the information and added salaries and benefits information. The director of Business/Finance provided this information to the superintendent.

The director of Business/Finance said that the superintendent reduced expenditures for 2002-03, but that central administration did not share the reduced budgets with administrators until just days before the board formally adopted the budget. Lack of communication about the cuts created problems. The superintendent reduced central transportation funds based on a decrease in the number of field trips and as a result of the cuts, schools would have to pay for any additional field trips out of their budgets. However, principals were not aware of this cut until the budget was adopted. The superintendent also eliminated funds for game officials based on the assumption that coaches could referee instead. The coaching staff was also unaware of the cuts until the budget was adopted.

LISD did not coordinate and integrate key data in its 2002-03 budget process. For example, after the superintendent met with principals and staff to discuss requests for new positions, the superintendent and

principals prioritized positions and the superintendent submitted the request to the board for approval in February 2002. Although the district added 19 new staff members for 2002-03 as a result of the recommendation, it did so without any expenditure analysis or assessment of the impact on the upcoming budget.

As part of its review of district operations, TASBO reviewed the LISD budgeting process. In the report issued in February 2003, TASBO found that there was no clear indication that budget planning involved appropriate stakeholders and recommended that LISD develop a budget calendar and share the budget with all stakeholders. TASBO also noted the communication problems among staff, the superintendent and board. LISD did not include the director of Business/Finance in discussions involving the district's finances. TASBO recommended that there be a team approach to budget preparation and that LISD make a regular review of all financial information a standard part of operating procedures. As of April 2003, such an approach was not in place.

The review team surveyed parents, teachers, principals and staff to determine the extent of involvement from certain stakeholders in budget development. The review team asked them to respond to the following statement: "Site-based budgeting is used effectively to extend the involvement of principals and teachers." There are differing opinions regarding the extent and effectiveness of site-based budgeting. All of the principals surveyed thought that site-based budgeting did create involvement. However, one half of the teachers and approximately 42 percent of the parents and district staff surveyed either disagreed or strongly agreed with the statement (**Exhibit 4-7**).

Exhibit 4-7
TSPR Survey Results
Responses to the Statement
"Site-based budgeting is used effectively to extend
the involvement of principals and teachers."

Survey Group	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Teacher	0.9%	20.7%	28.3%	30.2%	19.8%
Parents	4.9%	7.9%	44.6%	24.7%	17.8%
Principals	0.0%	100.0%	0.0%	0.0%	0.0%
Staff	4.3%	16.1%	37.6%	24.7%	17.2%

Source: TSPR Survey Results, 2003.

Note: Percentages may not add to 100 because of rounding.

A well-defined process and calendar enables a school district to develop and obtain board approval of its annual budgets in an orderly and timely manner. The budget process begins with the board and superintendent describing the district's goals and objectives and the guidelines and assumptions for administrators to follow in preparing their budgets. Then the district develops and distributes a budget calendar. The budget calendar lists completion dates, required tasks in the development of the budget and identifies the individuals responsible for completing the required tasks. The calendar also identifies the dates of public forums or committee reviews that allow for public input.

Without a calendar and process that solicits ongoing public input throughout the planning and development of the budget, the district does not have the opportunity to review results of previous year's initiatives with the public, obtain community preferences for maintaining or eliminating them or to reach consensus on community priorities. Given LISD's current situation of deficit spending, the district also loses the opportunity to gain public understanding, acceptance and assistance in developing solutions to ease its financial crisis.

At a June 24, 2003 meeting, district staff told the TSPR team that the acting superintendent has implemented a more inclusive process for the development of the 2003-04 budget. The director of Business/Finance said that the Business Office is coordinating with principals and department heads on staffing and enrollment projections and is closely reviewing revenue and expenditure estimates to ensure that they are realistic and achievable.

Dripping Springs ISD (DSISD) has a comprehensive and inclusive budget process. DSISD has a districtwide budget review committee composed of two teachers from each school, teachers from each specialty area and the administrative team including all principals, assistant principals, directors, assistant superintendents and the superintendent. This committee recommends the budget priorities for the year and reviews the budget to make sure it reflects the priorities set in the planning process. Also, the committee reviews above-allocation requests and the related justification for those requests. After the district compiles the budget but before the board adopts the budget, the committee reviews the budget to finalize its recommendations.

DSISD presents the budget to community leaders at a breakfast. A slide presentation reviews revenue trends from state and tax revenues; provides information on budget reductions from the prior year; provides

information on budget increases for the current year; and summarizes the budget-supported mission, beliefs and goals of the district. The presentation also includes a calendar of events related to the budget adoption process. The district uses community leader input to refine the budget presentation. After the presentation to community leaders, the district conducts a public forum on the budget. DSISD presents the proposed budget at the forum and invites the public to comment.

Based on the recommendations from the budget review committee, the community leaders and the public, district administrators prepare the proposed budget for presentation to the board. DSISD then holds the required public hearing and the board adopts the budget.

Recommendation 34:

Revise and formalize the budget development process for increased staff and community involvement.

The district should build on the acting superintendent's 2003-04 process. Once the process has been defined, the superintendent should work with district staff to develop a calendar that outlines tasks, responsibility for accomplishing these tasks and completion dates. The calendar should specifically outline opportunities for public input. LISD should obtain public input at key points throughout the process. These key points include the annual review of the district's strategic plan which outlines the goals and objectives that the budget should meet; the review of financial status of the district and development of budget assumptions based on financial information; the compilation of budgets into a preliminary working draft; and the presentation to the board of subsequent drafts until budget adoption.

LISD should send the calendar to local newspapers for publication and post it on the district's Web site.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board directs the superintendent to develop a revised budget process that identifies specific responsibilities and a budget calendar that solicits public input throughout the process.	October 2003
2.	The superintendent works with the assistant superintendent, director of Business/Finance and principals to review and revise the existing process.	October 2003
3.	The superintendent presents the revised process to the board for public comment and approval.	November 2003

4.	The superintendent works with the assistant superintendent, director of Business/Finance and principals to develop a budget calendar based on the revised process for the upcoming fiscal year budget process.	December 2003 and Annually
2.	The superintendent presents the budget calendar to the board for adoption.	January 2004 and Annually
5.	The superintendent sends the budget calendar to local newspapers and directs staff to post the calendar on the district's Web site.	January 2004 and Annually
6.	The superintendent implements the budget process according to the budget calendar.	January 2004 and Annually

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

District staff does not provide and the LISD board does not require budget documents that present realistic information in sufficient detail. The budget documents that the staff presents to the board do not provide the necessary data in order to assess the impact of the proposed budget on the district's financial condition. The documents do not include any narrative to explain the budget, comparative data, information on staff size, whether the budget was balanced or an explanation of the impact on the district's fund balance.

LISD's adopted budget documents for 2002-03 consisted of a one-page summary of revenues and expenditures for M&O and I&S funds. The document was only supported by a copy of the notice of the public meeting to discuss the budget and proposed tax rate. The adopted budget identified M&O revenues of \$24.4 million with expenditures of almost \$23 million that would result in a projected increase of \$1.4 million to the fund balance, but \$2 million of the amount presented as revenue was actually related to the district issuing debt to have cash available to pay expenses. The revenues as shown in the one-page summary exceeded expenditures by \$1.5 million but the summary states that expenditures and other uses exceed revenues and other resources by \$1.5 million. The report as presented makes it very difficult for the reader to determine if the budget is balanced or the impact it will have on the district fund balance.

Exhibit 4-8 shows the one-page budget summary that LISD staff presented to the board for adoption of the 2002-03 budget.

**Exhibit 4-8
LISD Budget Adoption
2002-03**

Maintenance and Operations		
5700	Local Revenues	\$20,411,277
5800	State Revenue	\$1,425,494
5900	Federal Revenue	\$290,000
7900	Other Resources	\$2,310,800
	Total Revenue and Other Resources	\$24,437,571
11	Instructional	\$8,646,033
12	Instructional Resources and Media	\$482,845
13	Staff Development	\$37,950
21	Instructional Administration	\$130,857
23	School Administration	\$585,089
31	Guidance and Counseling	\$603,928
33	Health Services	\$163,233
34	Student Transportation	\$790,900
35	Food Service	\$734,497
36	Co/Extra-Curricular	\$835,827
41	General Administration	\$582,776
51	Plant Maintenance	\$1,568,707
52	Security Services	\$27,700
53	Data Processing	\$496,778
61	Community Services	\$300
71	Debt Service	\$829,056
81	Facilities and Construction	\$203,250
91	Recapture	\$6,232,485
8900	Other Uses	

	Total Expenditures and Other Uses	\$22,952,211
	Excess Expenditures and Other Uses Over Revenues and Other Resources	\$1,485,360
	DECREASE OF FUND BALANCE	\$1,485,360
	Interest and Sinking	
5700	Local Revenues	\$1,434,790
741	Debt Service	\$1,823,000

Source: LISD Board Meeting Packet, August 26, 2002.

The *Notice of Public Meeting to Discuss Budget and Proposed Tax Rate* announcing the August 26, 2002 board meeting to approve the budget indicated the district would have a fund balance of \$750,000 at the end of 2001-02 and it would continue based on the proposed budget. But the 2001-02 annual financial report shows that the fund balance at the end of 2001-02 was only \$17,200. If the \$2 million loan is moved from revenue, the budget is actually a deficit budget and the general fund balance would decrease by \$514,640. In addition, two of the district's construction projects were over-obligated by a total of \$1 million. When this is included as expenditures the district's fund balance is further reduced.

Documents prepared for 2002-03 budget workshops identified changes in the budget since the previous budget workshop; a list of proposed tax rates; historical tax rate information from 1991 through 2002; the proposed budget for M&O by function and object and a comparison identifying the percent change in expenditures from 2001-02; and a brief narrative section that identified and explained the budget changes in each function and the reasons for the budget change. These documents did not provide an analysis of the budget changes and the effect they would have on the district fund balance.

LISD uses graphs in budget workshops to present historical and projected enrollment trends, average daily attendance and taxable property values but the district does not include a narrative to clarify the numbers for the reader. There are no statements that express concerns that expenditures

could be higher than proposed or that revenues could be lower than proposed. The documents do not state that the district might not have sufficient funds to carry it to the end of the budget year.

The district has overstated its budgeted revenues in 2000-01 and 2001-02. In 2001-02, the district overstated its state revenue by 14.8 percent, yet the budget for 2002-03 showed a projected 20 percent increase in that item over 2001-02 levels. Expenditures in 2001-02 exceeded budgets in all functions except non-student-based support services and ancillary services. Expenditures significantly exceeded budgets in three categories: capital outlay, intergovernmental charges and debt service. **Exhibit 4-9** shows a comparison of LISD general fund revenues and expenditures from 2000-01 through 2002-03.

Exhibit 4-9
LISD's General Fund Revenues and Expenditures
2000-01 through 2002-03

Description	2000-01			2001-02			2002-03
	Budget	Actual	Percent of Actual Over or (Under) Budget	Budget	Actual	Percent of Actual Over (Under) Budget	Adopted Budget
Revenues							
Local	\$15,724,491	\$14,968,174	(4.8%)	\$17,377,500	\$17,207,925	(1.0%)	\$19,924,277
State	\$1,164,966	\$1,102,836	(5.3%)	\$1,333,061	\$1,136,169	(14.8%)	\$1,365,997
Federal	\$0	\$0	0%	\$0	\$0	0%	\$0
Total Revenues	\$16,889,457	\$16,071,010	(4.8%)	\$18,710,561	\$18,344,094	(2.0%)	\$21,290,274
Expenditures							
Instruction and Instructional Related Services	\$7,727,417	\$7,577,886	(1.9%)	\$8,972,617	\$8,975,366	0.03%	\$9,111,796
Instructional and School Leadership	\$759,007	\$740,581	(2.4%)	\$688,566	\$703,495	2.2%	\$715,946
Support Services - Student (Pupil)	\$2,009,283	\$1,958,178	(2.5%)	\$2,008,160	\$2,096,830	4.4%	\$2,393,888

Administrative Support Services	\$646,981	\$635,810	(1.7%)	\$596,468	\$643,989	8.0%	\$582,776
Ancillary Services	\$6,000	\$5,449	(9.2%)	\$300	\$12	(96%)	\$300
Support Services - Non-Student Based	\$2,014,077	\$1,961,261	(2.6%)	\$2,194,232	\$2,125,069	(3.2%)	\$2,093,185
Debt Service	\$635,500	\$631,148	(0.7%)	\$597,300	\$679,488	13.8%	\$829,056
Capital Outlay	\$22,823	\$18,744	(17.9%)	\$69,300	\$191,708	176.6%	\$203,250
Intergovernmental Charges	\$3,300,000	\$3,197,752	(3.1%)	\$3,600,000	\$4,827,013	34.1%	\$6,232,485
Total Expenditures	\$17,121,088	\$16,726,809	(2.3%)	\$18,726,943	\$20,242,970	8.1%	\$22,162,682
Excess (Deficiency) excluding total resources/(uses)	(\$231,631)	(\$655,799)	N/A	(\$16,382)	(\$1,898,876)	N/A	(\$872,408)
Other Resource (Uses)							
Other Resources	\$310,000	\$310,000	0%	\$0	\$184,453	0%	\$2,310,800
Other Uses	(\$150,500)	(\$121,944)	(19%)	\$0	(\$29,000)	100.0%	\$0
Excess (Deficiency) including total resources/(uses)	(\$72,131)	(\$467,743)	N/A	(\$16,382)	(\$1,743,423)	N/A	\$1,438,392
Fund Balance (Beginning)	\$2,228,422	\$2,228,422	N/A	\$1,760,679	\$1,760,679	N/A	\$17,256
Fund Balance (Ending)*	\$2,156,291	\$1,760,679	N/A	\$1,744,297	\$17,256	N/A	\$1,455,648*

Source: LISD Audited Financial Statements, 2000-01 through 2001-02 and LISD 2002-03 adopted budget.

*Ending fund balance is calculated as beginning fund balance plus excess (deficiency) including total resources (uses).

Chapter 4

FINANCIAL MANAGEMENT

A. BUDGETING AND PLANNING (PART 2)

In interviews, board members and central administrators indicated that they did not understand that they were approving a deficit budget for 2002-03 and that they would spend the entire general fund balance during the year and would have to borrow funds to complete the fiscal year.

The director of Business/Finance told TSPR that a number of memos and summaries that raised serious revenue and budgeting concerns about the 2002-03 budget were developed and presented to the superintendent now on administrative leave. TSPR could not find evidence that the superintendent presented these documents to the board. The director of Business/Finance further stated that her discussions during budget workshops provided information about the lack of conservatism in the proposed budget amounts and that chapter 41 recapture may be under budgeted by \$800,000.

Budget reports should contain accurate, detailed data presented in a manner that encourages sound decision-making by the board, central administrators, school administrators and department heads. While a balanced budget is the primary goal of an effective budget process, there are occasions when districts must adopt a deficit budget to fund a one-time expenditure. When this happens, district staff must develop and present detailed documentation that allows the school board and administration to ensure that recurring operating expenditures are not being met with monies held on reserve for the one-time expenditure. Since the budget guides the district to operate within specific financial constraints, it must be accurate. If districts overestimate revenues and underestimate expenditures, the budget provides little or no value and can mislead board members and senior administrators who rely on this information to make decisions.

Several professional organizations have developed standards and criteria for budget document development and presentation. For example, the Association of School Business Officials International (ASBO) has developed criteria for developing budget documents that provide the necessary information to all levels of district management. Districts that prepare their budgets in this manner are eligible for awards. **Exhibit 4-10** outlines the criteria for ASBO's Meritorious Budget Award Program.

Exhibit 4-10
Association of School Business Officials International
Meritorious Budget Award Program Criteria

Introductory Section
<ul style="list-style-type: none">• Contains an executive summary that contains organizational, financial and informational components and tells the budget story in narrative, numeric and graphic form.• Includes a listing of board members and first-level administrative personnel.
Organizational Section
<ul style="list-style-type: none">• Provides detailed demographic information about the district including level of education provided, geographic area served and number of schools and students.• Includes an organization chart, mission statement and goals and objectives.• Discusses forces that drive the budget process, such as policies and regulations.
Financial Section
<ul style="list-style-type: none">• Presents the budget at the level required for legal adoption including the following types of information: revenues by source, expenditures by function and object, fund balances, and capital expenditures and projects.• Describes the extent to which capital spending affects current and future operating budgets.• Includes data on debt obligations and describes the relationship between debt levels and legal debt limits.
Information Section
<ul style="list-style-type: none">• Explains underlying assumptions for each major revenue estimate.• Discusses significant trends in major revenue categories.• Presents assessed and market property values.• Presents property tax and collection rates.• Compares revenues and expenditures for a five-year period.• Provides performance measures for three years.• Presents student enrollment and personnel information.

Source: ASBO, 1998.

Another professional organization, the Government Finance Officers Association (GFOA), has established the Distinguished Budget Presentation Awards program. GFOA's program criteria recommend that budget documentation for a government include a policy component that documents the organization's policies, goals and objectives including a budget message outlining budget priorities and issues; summaries of financial information such as revenues, expenditures, debt obligations and fund balance and the underlying assumptions in their development; an operation's guide describing the organization's activities, services and functions with an organizational chart; and a communication component that provides summary information such as an executive summary that provides an overview of budget issues, trends and priorities.

Recommendation 35:

Require detailed budget documents based on realistic projections.

The district should ensure that revenue and expenditure estimates it uses to develop proposed budgets are accurate and realistic. The district should use the GFOA criteria as a guide to enhancing the content, format and presentation of its budget documents. The district should clarify financial data by using charts, tables, written analyses and executive level summaries.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent asks the director of Business/Finance to develop budget formats for board adoption.	November 2003
2.	The director of Business/Finance reviews GFOA criteria and obtains input on budget formats from the superintendent, principals, department head, board members and a member of the general public.	January 2004
3.	The director of Business/Finance incorporates the input into a draft budget document outline and presents it to the superintendent and board for review and comment.	March 2004
4.	The director of Business/Finance revises the draft budget document and presents the finalized document to the board.	March 2004
5.	The board adopts the proposed budget document.	April 2004
6.	The director of Business/Finance uses the new budget format in preparing budget documents for the annual budget development process.	May - August 2004 and Annually
7.	The superintendent and director of Business/Finance	August 2004

present proposed budgets using the approved formats.	and Annually Thereafter
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FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD does not have a plan to replenish and maintain its general fund balance at TEA's recommended level. A district's fund balance serves as a key indicator of its financial condition. The fund balance is the difference between a district's assets and liabilities as reflected on the balance sheet. It measures the financial resources a district has available for future use after payment of all obligations. The general fund is important because it is the fund that supports district operations and contains the largest district revenue source-property taxes.

LISD's continued expenditures beyond revenues has depleted the general fund balance and has reduced the district's ability to respond to emergencies or changes in funding. Prudent financial management requires the accumulation of a general fund balance sufficient to cover any cash outflows not offset by corresponding cash inflows. TEA sets target or "optimum" fund balances for the general fund. TEA's formula for optimum fund balances calls for the general fund balance less any reserved or designated amounts to equal the estimated amount needed to cover cash flow deficits for the fall period of the following fiscal year plus an estimated one-month average of cash disbursements from the general fund for the nine months of the following fiscal year. **Exhibit 4-11** shows the year-end optimum fund balance calculation for LISD from 1997-98 through 2001-02. Between 1997-98 and 1999-2000, the district maintained a fund balance that exceeded optimum fund balance calculations, but the district's fund balance was in deficit in 2000-01 and 2001-02.

**Exhibit 4-11
LISD's General Fund Balance
Compared to TEA's Recommended Optimum Balance
1997-98 through 2001-02**

Description	1997-98	1998-99	1999-2000	2000-01	2001-02
Ending fund balance	\$2,420,528	\$1,657,388	\$2,228,422	\$1,760,679	\$17,256
Total reserved fund balance	\$0	\$0	\$243,380	\$1,602	\$0

Total designated fund balance	\$0	\$0	\$0	\$0	\$0
Fall cash flow deficits	\$0	\$0	\$0	\$0	\$0
One month's disbursements	\$1,458,845	\$1,619,911	\$1,609,897	\$1,858,535	\$2,249,219
Optimum fund balance	\$1,458,845	\$1,619,911	\$1,853,277	\$1,860,137	\$2,249,219
Excess (deficit) fund balance	\$961,683	\$37,477	\$375,145	(\$99,458)	(\$2,231,963)

Source: LISD Audited Financial Statements, 1997-98 through 2001-02.

The district has recently begun making reports to the board that present information on the general fund balance. For example, when presenting budget amendments to the board at its March 2003 monthly meeting, the director of Business/Finance developed estimated fund balances for the general fund and other major funds and included a spreadsheet showing the original budget and the effect of amendments to the budget from September through February. The presentation did not include a narrative explaining the effect on future fund balance, or offer options for corrective action to maintain or increase the fund balance. The board packet for the June 23, 2003 board meeting included an estimated general fund balance of a negative \$1,169,099 should the board approve proposed budget amendments and a statement that, based on current information, the district did not expect the negative fund balance to be greater than \$1.4 million at the end of 2002-03.

Many districts that have faced similar financial situations of declining fund balance have established a fund balance policy that establishes a target general fund balance that will best meet their long-range strategic plans. The policy contains steps and directions to the superintendent and staff to develop strategies and procedures to reach and maintain the target fund balance. The procedures include ongoing reporting to the board of the status of the fund balance and fiscal impact statements for all board agenda items.

Laredo ISD established a general fund balance goal that exceeded the guidelines established by TEA. Laredo ISD board policy, set a goal of attaining an unreserved, undesignated fund balance of at least two months' operating costs within five years. To meet that goal, the policy instructs the superintendent and business manager to implement the following steps:

- develop and submit for board approval a balanced budget with input from SBDM committees and instructional programs;
- develop staffing patterns and funding formulas based on a per pupil formulas; and
- restrict any surplus funds toward the unreserved, undesignated fund balance.

In the district's 1998-99 external audit management letter, the auditor commended Laredo ISD for adopting the policy. The auditor further encouraged the board to support management in complying with the policy. As a result of the policy, the district increased its unreserved, undesignated fund balance from \$1.1 million in 1997-98 to \$10.6 million in 2000-01.

Recommendation 36:

Establish a plan to achieve and maintain a targeted general fund balance and require monthly reports to the board.

The first step of a plan is to develop a policy for the general fund which establishes a goal of achieving and maintaining the TEA-recommended optimum fund balance and include strategies that identify how the district will reach and maintain the desired level. The policy should also require monthly reviews and reports of district spending and possible cost reductions as part of the board's monitoring of the fund balance. The monthly report to the board should include the status of the fund balance. District staff should explain any significant events that have an effect on the fund balance so that the board can take appropriate action to minimize the effects on fund balance.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board directs the superintendent to develop a policy with strategies to reach and maintain the TEA recommended optimum fund balance within three years.	October 2003
2.	The superintendent and director of Business/Finance develop a policy that establishes a target fund balance, identifies strategies to reach and maintain the target fund balance within three years and provides formats for monthly fund balance reporting to the board.	October 2003
3.	The superintendent and director of Business/Finance present the proposed policy to the board for adoption.	November 2003
4.	The board reviews and approves the policy and directs its implementation.	November 2003

5.	The director of Business/Finance monitors and reports the status of fund balance to the board.	December 2003 and Monthly
6.	The board reviews the effects of decisions on the fund balance as part of its monthly financial reports.	December 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD staff does not provide the board with sufficient monthly financial information to effectively monitor the district's financial status and make informed decisions. The director of Business/Finance prepares monthly financial reports and the superintendent generally presents them to the board. The superintendent decides what financial summaries to include in the board packets. These monthly summaries are broad, lack detail and generally have little or no explanatory narrative.

The agenda packet for the March 7, 2003 board meeting included an agenda item to consider approval of the General Fund Financial Report for February 2003. The packet contained a one-page summary of general fund financial information presented in a tabular format. The one-page summary compared 2001-02 actual, 2002-03 year-to-date actual and 2002-03 budgeted revenue and expenditure information. The summary also listed the cash and investment amounts for the general fund. The summary did not include a narrative that explained whether the trends in the general fund were positive or negative, whether the district was within budget, what changes had occurred in the district's financial position since the last board meeting or the effect of upcoming commitments of funds on the district's finances.

During the same board meeting, the director of Business/Finance prepared a current tax report for February 2003. The presentation consisted of two computer-generated reports: a one-page summary of tax collections to date with a calculated collection rate of 90.5 percent and a two-page deposit distribution that showed the levy paid, penalty interest, refunds and attorney fees paid. While the background information on the cover page to the agenda packet did state that the district needed a collection rate of 98.1 percent to receive the amount of taxes it budgeted, it did not address or provide options for the board to discuss if the district did not achieve the necessary tax collection rate.

LISD does not consistently adjust its budgets in a timely manner to ensure the most accurate information is included in the financial reports. The 2001-02 financial audit report stated that a significant budget amendment in the amount of \$1.1 million was adopted at the end of the fiscal year to increase recapture costs for contracted services between public schools. The report further stated that the budget does not appear to have been amended to reflect the most accurate estimate of expenditures as soon as was reasonably possible and financial and operating decisions were made based on erroneous financial information to the detriment of the district. Another budget amendment was presented to the board for approval at the June 23, 2003 meeting to increase the amount budgeted for the district's audit fees by \$16,500. The Business Office received the invoice for the additional fees on March 17, 2003. The invoice stated that the fees covered services the district requested in a letter dated January 6, 2003. Even though LISD requested the services in January and knew the exact fees in March, the budget was not amended to provide approved funding for the additional cost until June 2003.

The director of Business/Finance has begun to expand the financial information available to the board and to present financial reports at board meetings. Board packets for the June 23, 2003 meeting included financial reports for the general fund, cafeteria fund, technology fund and the I&S fund. These reports show the actual revenues and expenditures for 2001-02, the budgeted and year-to-date activity and budget balances for 2002-03. Other documents that the director presented at that meeting include 36 pages listing checks issued since the last board meeting, 62 pages of computer-produced budget detail, proposed amendments to the budget and reports that shows information on where district funds are invested. The reports do not include any analysis to project revenues and expenditures to the end of the year, budget variance information or sufficient narrative explanation of the financial data so that board members and the community can easily understand the district's actual financial condition.

Sufficient and accurate financial information ensures that the board and community have a clear understanding of the budget, the financial statements, fund balance and cash investment reports. Monthly reports need to communicate the district's financial position, changes from the previous month, and the projected fiscal impact of proposed board actions. Without such information, it is difficult for the board to make well-founded decisions.

Many districts provide comprehensive monthly reports to their board to assist in decision-making. **Exhibit 4-12** provides examples of the types of detailed reports other districts present to their boards.

Exhibit 4-12
Sample Monthly Financial Report Presentations
For the Month Ending MM-DD-YY

Report Name	Description	Report Components
Budget vs. Actual	Compares actual revenue and expenditures to budget	<ul style="list-style-type: none"> • Actual revenues and expenditures to date • Projected revenues and expenditures to year-end • Variance • Explanation/Summary
Cash Flow (General Fund)	Summarizes the district's cash position	<ul style="list-style-type: none"> • Beginning balance • Receipts during month • Expenditures for month • Additional encumbrances • Ending balance
General Fund Balance	Summarizes the district's general fund	<ul style="list-style-type: none"> • Beginning general fund balance • Changes during the period • Projected ending general fund balance • Target general fund balance
Investment Report	Summarizes the district's investments and interest earnings.	<ul style="list-style-type: none"> • Name of account • Beginning Balance • Interest Earned • Ending Balance
Extraordinary Items	Presents any non-budgeted items	<ul style="list-style-type: none"> • Description of item • Purpose of item • Function • Impact on general fund balance

Source: TSPR.

Crystal City ISD encourages stakeholder understanding and participation by preparing informative budget analyses for the board and the public. The district includes these budget reports in the monthly board meeting packets. These reports contain summary information on all variances from

the budgeted amounts. Finance office personnel are routinely available at board meetings to answer any questions that board members, community members or parents might have about the information presented. The Finance Office manager downloads budget data into a spreadsheet to generate the reports. The district supplements large budget variances with written or oral explanation.

Elgin ISD identifies budgeted, actual and variance amounts for revenue sources and expenditures by functional area, expenditure type, program area and facility to generate a monthly budget comparison report. The district includes its budget reports with the monthly board meeting packets and makes these reports available to the public. Financial Services personnel are present at the monthly board meeting to answer questions concerning the report. Financial Services staff also provides written and oral explanations of large budget variances.

Recommendation 37:

Require accurate and detailed monthly financial reports to be presented to the board.

District staff should analyze and present monthly financial information to the board in an easily understood format. Summary information developed by the director of Business/Finance should provide comparisons of budgeted revenues and expenditures to year-to-date revenues and expenditures. The director of Business/Finance should use this information to project the district's actual financial position at the end of the year. The director of Business/Finance should prepare a report of the district's cash position that shows the current balance and the projected receipts and disbursements to the end of the year. Narrative information should explain the district's current financial condition and what has caused variances between the district's budget and actual revenues and expenditures. Where possible, staff should use charts and graphics to further simplify the presentation of information to the board.

The district's budget should be updated with the most current information available. Adjustments should be made to the budget as soon as data indicates that the amounts budgeted for expenditures will be exceeded or when budgeted revenues will not be received. This will allow the district to make financial decisions on current information.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Business/Finance contacts other districts and obtains copies of financial reports for their boards.	October 2003
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2.	The director of Business/Finance develops draft financial report formats for presenting budget, cash and fund balance data to the board and submits it to the superintendent and board for review and comment.	October 2003
3.	The director of Business/Finance incorporates superintendent and board feedback into report formats.	November 2003
4.	The director of Business/Finance prepares financial reports using the approved formats.	December 2003 and Ongoing
5.	The director of Business/Finance presents financial reports at the board's monthly meeting.	January 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD does not have a long-term recovery plan to return the district to a sound financial status. In June 2003, the director of Business/Finance projected a cash shortage of between \$1 million and \$1.4 million at the close of 2002-03.

Earlier estimates projected a deficit of up to \$1.75 million. However, the district declared financial exigency in April 2003 and eliminated 36 positions for a projected annual savings of \$1.5 million. Declaring financial exigency allowed the district to cancel employment contracts. The district has also frozen spending and closely monitors all expenditures.

LISD was still working on its 2003-04 budget in June 2003. This budget projects an \$187,000 deficit for 2003-04. The assumption includes a projected net increase in recapture costs of \$2 million and reflects the savings from the 2003-04 reduction in force but does not include covering the 2002-03 deficit. A cash flow statement dated July 1, 2003 projects a negative cash balance of \$1.2 million at the beginning of 2003-04 and an ending balance of negative \$1.3 million. The board, acting superintendent, director of Business/Finance and administrative staff are looking at different options and believe the budget will be balanced without having to secure additional financing.

Without a long-term plan that addresses the strategies to secure and re-pay financing to cover the 2002-03 shortages and the underlying factors that

led to the district's deficit budgeting and depletion of fund balance, the district cannot recover and return to long-term fiscal viability.

Financial recovery plans incorporate policies and strategies that require balanced budgets and that control expenditures to re-build a district's fund balance within a specified period. The plan includes setting targets for fund balance that the district can achieve over a given time period. The plan also requires that the district base its budgets on the most conservative revenue estimates so that accurate revenue projections are based on correct enrollment projections to develop and control staffing requirements. Financial recovery plans also include ongoing cash flow projections to monitor the district's compliance with its budget and to adequately project future requirements. The financial recovery plans also typically contain multi-year projections to assist district decision-makers in identifying options and seeing the future impact of those options.

Districts employ many strategies to avoid deficit budgets and re-build fund balance. Kerrville ISD budgets expenditures on 96 percent of the anticipated revenues to avoid adopting a deficit budget.

Recommendation 38:

Develop, adopt and implement a three-year financial recovery plan.

The board should direct the superintendent to form a committee consisting of district administrators, Business Office staff and community leaders to develop a three-year financial recovery plan. The plan should include strategies to secure financing to cover previous year shortages as well as policies, procedures and strategies to avoid deficit budgets and rebuild fund balance levels.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board authorizes the superintendent to develop the financial recovery plan.	October 2003
2.	The superintendent forms a committee to assist in development of the financial recovery plan.	October 2003
3.	The superintendent and committee propose a three-year financial recovery plan with financing, budget and fund balance strategies.	November 2003
4.	The superintendent and the director of Business/Finance present the financial recovery plan to the board for review of all options within the plan.	November 2003
5.	The board adopts the financial recovery plan with	December 2003

	selected options.	
6.	The director of Business/Finance implements the approved plan with oversight from the superintendent.	December 2003 and Ongoing
7.	The director of Business/Finance and the superintendent present plan progress to the board.	March 2004 and Quarterly Thereafter

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 4

FINANCIAL MANAGEMENT

B. ACCOUNTING AND INTERNAL CONTROLS

A district's accounting and payroll functions are critical for the maintenance of a solid financial foundation. Accurate and timely financial reports are crucial to administration and board decision-making. Payroll must be accurate, since it represents the district's largest budgeted expenditure. Internal controls must safeguard the district's assets from misappropriation.

LISD uses TECS Skyward budgetary software to maintain its financial records. The software provides the general and subsidiary ledgers and can produce comparative financial reports for both the current period and the year-to-date. The financial software includes an encumbrance module the district uses to help ensure that expenditures do not exceed the budget. This module places a hold on budgeted funds as soon as staff enters a purchase order; the module will not accept the purchase order if sufficient funds are not available. The software produces the information needed to fulfill TEA's financial reporting requirements, including the reporting of financial information for PEIMS as required by TEC §42.006. The system also accounts for revenues and expenditures based on FASRG's fund, function, object, cost center and program intent codes. The district provides the information online for all principals, directors and program managers.

Student funds include funds collected from students for club and classroom dues and various school-approved fundraising activities. Schools expend these funds for the benefit of the students either through the students' clubs, class level or the school as a whole. Faculty/staff funds are collected through the efforts of the faculty and staff, including faculty and staff vending machines. The principal, faculty and staff representatives determine how to spend these funds for the benefit of the faculty and staff members or for the benefit of others.

FINDING

The district does not maintain adequate internal controls over payroll by appropriately segregating duties performed in the payroll process. The payroll secretary-who reports to the assistant superintendent-sets up employees in the payroll database, makes changes to payroll amounts, processes payrolls and then has authorization to generate and print checks. There is no oversight or review of payrolls prior to checks being printed. The payroll secretary also prepares records that are used to update the

district's financial records for payroll related expenditures. Internal controls are weakened when the same employee who establishes an employee in the payroll system also generates and approves payments to that employee.

Segregation of duties provides one of the primary internal controls in accounting and finance processes. Internal controls provide checks and balances to limit errors, misstatements and wrongdoing and, if they happen, they will be detected quickly. If a single department or position controls a process from start to finish, the risk of errors that go undetected and the opportunities of unauthorized activities increase.

While appropriate separation of duties is difficult in a district with a small staff like LISD, proper internal controls require adequate separation of duties to prevent potential abuse of district policies. Although the review team did not find any errors or irregularities, allowing one position complete control over the entire payroll process subjects the district to potential risk. Without a separation of duties a staff member could create and pay a fictitious employee in the system; an employee could make unauthorized pay increases; or the system could continue to make payments to employees who no longer work for the district. The proper separation of duties protects the district from abuse and it also protects employees whose job duties require them to perform the functions.

According to TEA's FASRG, school districts should separate duties for payroll processing from payroll approval and general ledger. If districts use an automated system, they should segregate duties within processing activities.

Recommendation 39:

Reassign the payroll secretary to the Business Office.

The district should reassign the payroll secretary to the Business Office. After the reassignment, the district should transfer responsibility for the actual processing of payroll checks to the assistant Business/Finance officer. The assistant Business/Finance officer should review the payrolls prepared by the payroll secretary, validate any changes made from the previous payroll by comparing the changes to properly approved payroll change authorization documents. This will segregate the duties of activating and calculating payroll information from the duties of preparing and releasing checks. This segregation of duties will improve the internal controls over the payroll function and improve communication and oversight with the Business Office. This will also combine the responsibility and authority for printing of payroll checks and accounts payable checks into a single office.

The district should revise the job descriptions of the assistant Business/Finance officer and payroll secretary to reflect the changes.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent approves the reassignment of the payroll secretary to the Business Office and directs the director of Business/Finance and the human resources/benefit coordinator to revise the appropriate job description.	October 2003
2.	The director of Business/Finance works with the payroll secretary to develop written procedures covering the new duties for payroll processing, including backup and cross training.	November 2003
3.	The superintendent approves the revised job descriptions, procedures and reorganization of the payroll function.	November 2003
4.	The payroll secretary and assistant Business/Finance officer assume and begin their revised duties.	December 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district does not have a comprehensive procedures manual for its business and financial processes. The Business Office only has written procedures for performing functions related to using the automated financial software.

Written procedures serve various functions. They provide employees with written communication of an organization's expectations and practices; give direction in the correct way to process and record transactions; serve as reference material; and act as a training tool for new employees. Written procedures also provide consistency and uniformity in handling financial transactions. Without clear, written and up-to-date procedures, LISD's internal control structure is weaker because practices, controls, guidelines and processes may not be applied consistently, correctly and uniformly throughout the district.

The district's 2001-02 external audit disclosed significant reportable conditions in internal control. The audit said, "reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Llano Independent School District's ability to record, process, summarize and report financial data

consistent with the assertions of the administration in the financial statements."

The review team identified several examples of weak internal controls. The district pays credit card payments by statements and not by invoice amount. LISD lacks receiving reports or has incomplete accounts payable detail. The criteria that Business Office staff uses to verify the legitimacy of vendor charges are inconsistent. Copies of agreements and contracts are not readily available for review by accounts payable. The district is not auditing construction payment applications to verify that the budgeted funds approved by the board are available. The district staff pay bills without a process to ensure that it follows all procurement regulations. Documentation is not always adequate for questionable payments.

FASSRG recommends that districts develop internal control procedures as they create their procedure manuals. **Exhibit 4-13** lists excerpts of the recommended types of internal controls and topic areas.

Exhibit 4-13
TEA FASRG Example Internal Control Procedures

Area	Topics
Budgets and Planning	<ul style="list-style-type: none"> • Formal adoption and communication of procedures establishing authority and responsibility for transfers between budget categories • Approval as to availability of funds by the accounting department before issuance of a purchase order or expenditure commitment • Processing and approval of requests for supplemental appropriations or budget changes the same way as the original budget is processed and approved (or as required by law) • Controls to ensure knowledge of outstanding commitments if liabilities and expenditures are recorded on an encumbrance or obligation basis
Cash	<ul style="list-style-type: none"> • Review and approval of all reconciliations and investigation of unusual reconciling items by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation • Procedures ensuring that collections and disbursements are recorded accurately and promptly • Procedures for steps essential to an effective reconciliation such as comparison of warrants or checks

	<p>in appropriate detail with disbursement records or accounting for numerical sequence of warrants or checks used</p> <ul style="list-style-type: none"> • Procedures for authorizing and recording interbank and interfund transfers providing for proper accounting for those transactions • Segregation of responsibilities for cash receipts functions from those for cash disbursements or from collection and deposit preparation functions from those for recording cash receipts and general ledger entries
Investments	<ul style="list-style-type: none"> • Segregation of responsibilities for initiating, evaluating and approving transactions from those for detail accounting, general ledger and other related functions • Procedures to ensure that transactions arising from investments are properly processed, including income and amortization entries • Procedures for reconciling the detail accounting records with the general ledger control
Revenues and Receivables	<ul style="list-style-type: none"> • Segregation of collection, control and deposit of funds activities from maintaining accounting records or from maintaining detail accounts receivable records from collections and general ledger posting • Procedures designed for other revenue areas ensuring timely payment of amounts due • Reconciliation of trial balances with general ledger control accounts and investigation of reconciling items by other than accounts receivable clerks • Procedures to ensure that funds received are spent in accordance with legal requirements and spending restrictions
Capital Assets	<ul style="list-style-type: none"> • Segregation of responsibilities for initiating, evaluating and approving capital expenditures, leases, and maintenance or repair projects from those for project accounting, property records and general ledger functions • Preparation of a separate capital projects budget • Reporting procedures for in-progress and completed projects • Procedures to identify completed projects so that timely transfers to the appropriate accounts can be made

Procurement and Payables	<ul style="list-style-type: none"> • Segregation of responsibilities for the requisitioning, purchasing and receiving functions from the invoice processing, accounts payable and general ledger functions • Purchase order and contract issuance and approval procedures • Establishing, documenting and distributing policies regarding conflicts of interest and business practice policies • Invoice processing procedures providing requiring: copies of purchase orders and receiving reports, comparing invoice quantities to receiving report, and validating accuracy of invoice
Employee Compensation	<ul style="list-style-type: none"> • Segregation of responsibilities for supervision and time-keeping functions from personnel, payroll processing, disbursement and general ledger functions • Promptly reporting notices of additions, separations and changes in salaries, wages and deductions to the payroll-processing function • Review and approval of completed payroll registers before disbursements are made • Review of the payroll (examination of authorizations for changes noted on reconciliations) by an employee not involved in its preparation
Electronic Data Processing	<ul style="list-style-type: none"> • Controls over preparation and approval of input transactions outside the EDP department and prohibiting the department from initiating transactions • Procedures within the data processing control function concerning review and distribution of output • Having controls over entry of data in on-line systems to restrict access to terminals and data entry to authorized employees
Financial Reporting	<ul style="list-style-type: none"> • Segregation of the final review and approval of financial reports from the responsibility for the preparation of the reports • Written accounting, policy and procedural manuals that are distributed to appropriate personnel and updating the manuals as necessary • Procedures to ensure that financial reports are supported by either underlying account records or other

	documentation.
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Source: TEA, FASRG, January 2003.

Districts with effective, comprehensive procedures manuals update them regularly to ensure that staff has accurate information and detailed procedures for performing critical accounting and reporting functions. In addition, these manuals communicate the district's vision, philosophy, operating procedures and general practices. They clearly convey acceptable and unacceptable practices as well as the consequences of violating the provisions. The manuals are detailed enough to be useful in daily operations, yet flexible enough to be used by current as well as future employees. To ensure its availability to staff, many districts also put their written manual on their Web site. The manual identifies roles and responsibilities; lists detailed steps to be followed in performing the tasks and controls to be observed; and identifies areas for secondary review and approval.

Many districts develop a comprehensive procedures manual by documenting individual procedures and compiling them into a districtwide manual. Del Valle ISD staff documented their day-to-day activities, and the district is currently working to formalize these activities into a procedures manual for its business office.

Recommendation 40:

Develop a comprehensive districtwide financial management procedures manual.

A comprehensive districtwide financial management procedures manual should help the district eliminate noncompliance issues that TASBO and external auditors identified. When completed the district should post the procedures manual on the district Web site so that it is available to all district staff.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent instructs the director of Business/Finance, with the assistance of other Business Office personnel, to develop comprehensive financial management procedures for all financial processes.	January 2004
2.	The director of Business/Finance organizes a procedures task force consisting of school department and Business Office staff. The task	January 2004

	force should address accounting, payroll, budget, accounts payable and investment duties.	
3.	The director of Business/Finance directs the task force to conduct a search for best practices and to identify the best model for the district.	April 2004
4.	The director of Business/Finance and task force review existing procedures and develop a comprehensive financial management procedures manual for the district.	May 2004
5.	The director of Business/Finance presents a draft copy of the procedures manual to the superintendent for review and comment.	June 2004
6.	The director of Business/Finance revises the procedures manual to incorporate the superintendent's comments and presents it to the superintendent for approval.	June 2004
7.	The superintendent instructs the director of Business/Finance to publish the manual and work with district staff to post the manual on the district's Web site.	July 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 4

FINANCIAL MANAGEMENT

C. EXTERNAL AND INTERNAL AUDITING

External auditing provides an independent appraisal function that evaluates the efficiency and effectiveness of the district's operations as well as compliance with laws, rules, regulations, policies and procedures. External audits may also review district activities for efficient and effective operations.

TEC Section 44.008 requires school districts to undergo an annual external audit by a certified public accountant. The scope of the external audit is financial; TEA designed the audit to provide reasonable assurance that the financial statements fairly present the district's financial condition. The external audit also reviews internal controls for material weaknesses and checks for compliance with laws, rules and regulations.

FINDING

LISD does not have a policy for the periodic, competitive procurement of external audit services. Although the district issues requests for proposals (RFPs) periodically and has solicited proposals for audit services, the district does not have a stated policy. LISD has had three separate audit firms in the past five years. Stovall, Grandey and Whatley LLP, the district's current auditor, performed the audits for 1999-2000 through 2001-02.

In interviews with the review team, district staff raised concerns about the external audits. Staff members worried because the external audits did not identify internal control weaknesses and budgeting problems until after the financial problems became critical. The annual financial and compliance audit for the 2000-01 stated, "We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses." There were no prior year findings. There were no reportable conditions and there were no material weaknesses. LISD received an unqualified report.

The annual financial and compliance audit for 2001-02 stated, "We noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Llano Independent School District's ability to record, process, summarize and report financial

data consistent with the assertions of the administration in the financial statements."

The Government Finance Officers Association recommends that governmental entities use a competitive process for the selection of independent auditors on a periodic basis and that the process actively seek all qualified firms available to perform the annual audit. Competitive procurement on a periodic basis helps to reduce audit costs. Rotating auditors periodically also ensures the independence of the audit firm that reviews the district's financial record.

Many school districts have established policies for the periodic use of a competitive process for the procurement of external audit services. San Benito Consolidated ISD (SBCISD) has a policy of seeking proposals every five years. Their policy does not exclude the possibility of the audit firm being re-engaged by the district. The external audit firm for SBCISD has performed the annual audit for six years. SBCISD has continuity in the audit process and ensures competitive fees.

Recommendation 41:

Adopt a policy for the periodic competitive procurement and rotation of external audit services.

The board should adopt a policy that requires the external audit services be competitively procured every five years. This will provide continuity of audit services and allow the audit firms to spread the start-up costs associated with audits over the five-year period.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and director of Business/Finance meet to determine how often the district should seek proposals for audit services and the weight that costs should be given in evaluating the proposals.	October 2003
2.	The superintendent contacts TASB policy services and other school districts for assistance in developing a policy for the competitive procurement of external audit services.	October 2003
3.	The superintendent presents the policy to the board for review and consideration.	November 2003
4.	The superintendent presents the policy to the board for approval.	December 2003
5.	The superintendent distributes the policy and directs its implementation for 2003-04.	December 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD does not have a formal policy to track the status of recommendations made by various entities and ensure that it implements appropriate recommendations. A number of different types of audits or reviews can occur at Texas school districts. Audits of a district's financial statements are performed annually by certified public accountants, and TEA requires an annual audit of the use of Compensatory Education funds. The TEA performs a number of other types of audits that include recommendations to make improvements. TASBO also reviews operations and makes recommendations. All types of audits, reviews and consulting engagements include recommendations for school district action.

Without a system to track and report on the status of recommendations, LISD runs the risk of failing to take necessary action. Board members and district administrators need periodic information on the status of previous recommendations to hold district personnel accountable for implementing those recommendations.

Laredo ISD has adopted a formal policy that requires tracking and reporting on the status of audit recommendations made to the district. This policy ensures that there is adequate follow-up and resolution of all outstanding recommendations.

Recommendation 42:

Adopt a policy for periodically reporting the status of audit and review recommendations made to LISD.

The district should adopt a policy to assign responsibility for initial identification of audit and review recommendations; establish the frequency and format for reporting to administrators and the board; delegate management responsibilities for implementing audit recommendations; and assign responsibility for periodically reporting the status of audit recommendations. Although responsibility for implementing recommendations rests with district management, the Business Office is the most appropriate organizational unit to collect information on recommendation status and prepare periodic reports.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and director of Business/Finance meet to	January 2004
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	discuss requirements for a recommendation tracking and reporting system.	
2.	The director of Business/Finance designs a recommendation tracking and reporting system.	February 2004
3.	The superintendent approves the recommendation tracking and reporting system.	March 2004
4.	The Business Office prepares an initial report on the status of outstanding recommendations to the board.	April 2004
5.	The board reviews and discusses the results of the initial tracking report.	May 2004
6.	District management and the director of Business/Finance track recommendations and report on the status of recommendations to the board quarterly.	May 2004 and Quarterly

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 5

PURCHASING AND CONTRACTING

This chapter reviews the purchasing and contracting functions of Llano Independent School District (LISD) in the following sections:

- A. Purchasing
- B. Contract Management

An effective purchasing system enables a school district to provide quality materials, supplies and equipment in the right quantity in a timely, cost-effective manner. Sound purchasing policies and operating procedures are critical for a district to perform purchasing functions in an efficient and timely manner as well as to comply with state laws and board policies and to perform purchasing functions in an efficient and timely manner.

An effective contracting process continually monitors and evaluates services received from external entities. The contracting process analyzes the operations of various district areas and performs cost/benefit analyses to evaluate whether goods or services can be obtained from the private sector at a lower cost, higher quality or both. The contract negotiation process ensures that bidders receive contract awards based on the best available goods and services, at the best prices, with terms that are favorable to the district. The negotiation process also includes a detailed review of terms and conditions by district staff and attorneys, so that board members receive adequate information before voting to accept a contract. Properly assigning contract management responsibilities to district staff provides for oversight of contract provisions, so that the district receives the quantity and quality of services included in the contract and ensures all terms of the contract are complied with.

BACKGROUND

Section 3 of the Texas Education Agency's (TEA's) *Financial Accountability System Resource Guide* (FASRG) describes purchasing as a major management process with links to overall accountability initiatives. The FASRG defines these links as:

- *Strategic Link* - The overall mission of purchasing is to use available fiscal resources to obtain the maximum product or service for the resources spent;
- *Operational Link* - Purchasing supports instructional delivery, administration and other services. Performance and goal achievement throughout the school district depends on its effectiveness; and

- *Tactical Link* - The purchasing process influences day-to-day financial functions, including budget management, accounting and accurate financial reporting.

The links described by TEA stress the importance of an effective purchasing program. The FASRG lists the challenges inherent in schools' purchasing function including: compliance with numerous statutes, policies, legal interpretations and procedures; the diverse nature of the public education organizational environment; the consistent oversight by interest groups; and the many "gray" areas relating to purchasing methods and procedures.

The Texas Education Code (TEC) identifies nine methods for competitively purchasing goods valued at more than \$25,000 or for multiple like items with a cumulative value of \$25,000 or more in a 12-month period. **Exhibit 5-1** summarizes the nine purchasing methods.

**Exhibit 5-1
Competitive Purchasing Methods**

Purchasing Method	Description
Competitive bidding	Requires that bids be evaluated and awarded based solely upon bid specifications, terms and conditions contained in the request for bids, bid prices offered by suppliers and pertinent factors affecting contract performance. Forbids negotiation of prices of goods and services after proposal opening.
Competitive sealed proposals	Requires the same terms and conditions as competitive bidding but allows changes in the nature of a proposal and prices after proposal opening.
Request for proposals	Generates competitive sealed proposals and involves several key elements, including newspaper advertisement, notice to proposers, standard terms and conditions, special terms and conditions, a scope-of-work statement, an acknowledgment form/response sheet, a felony conviction notice and a contract clause.
Catalog purchases	Provides an alternative to other procurement methods for the acquisition of computer equipment, software and services only.
Inter-local contract	Provides a mechanism for agreements with other local governments, the state or a state agency to perform governmental functions and services.
Design/build	Outlines a method of project delivery in which the school

contracts	district contracts with a single entity for both the design and construction of a project. (The "single entity" is usually a team of firms, including a general contractor, architect and sometimes an engineer. One firm almost never does both the design and the construction.)
Job order contracts	Provides for the use of a particular type of contract for jobs (manual labor work) for minor repairs and alterations.
Construction management contracts	Outlines the use of a contract to construct, rehabilitate, alter or repair facilities using a professional construction manager.
Reverse auction procedure	Outlines a bidding process that involves submission of bids by multiple suppliers, unknown to each other, in a manner that allows the suppliers to bid against each other.

Source: Texas Education Agency's (TEA's) Financial Accountability System Resource Guide.

School districts are required to advertise bids worth \$25,000 or more at least once a week for two weeks in any newspaper published in the county in which the district is located. Those between \$10,000 and \$25,000 must be advertised in two successive issues of any newspaper in the district's county. TEC requires advertisements to specify the categories of property to be purchased and to solicit vendors who are interested in supplying them. Attorney General Opinion JC-37 states that school districts can also meet competitive bidding requirements through interlocal or cooperative purchase agreements.

Exceptions to competitive bidding requirements include contracts for professional services, such as those performed by architects, attorneys or fiscal agents. The TEC also allows exceptions for school districts to purchase items as "sole-source" purchases, items that are available from only one source, if the item being purchased is:

- an item for which competition is precluded because of the existence of a patent, copyright, secret process or monopoly;
- a film, manuscript or book;
- a utility service, including electricity, gas or water; and
- a captive replacement part or component for equipment, i.e. parts that are specific to a particular piece of equipment and are not available from more than one vendor.

To properly use the sole-source arrangement, a school district must obtain and retain vendor documentation that clearly states the reasons the

purchase must be made on a sole-source basis. Sole-source exceptions do not apply to mainframe data processing equipment and peripheral attachments with a single item purchase price of more than \$15,000.

A centralized purchasing system concentrates the authority, responsibility and control of purchasing activities in one administrative department. In a decentralized purchasing system, these activities are delegated to or shared with users in the operating departments.

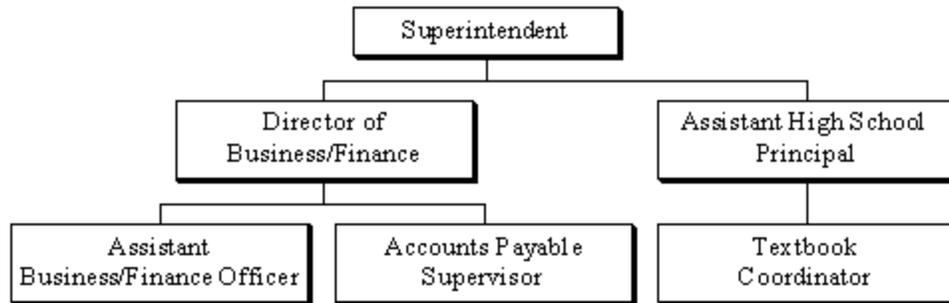
LISD operates a decentralized purchasing system, in which the Business Office oversees a portion of the district's purchasing activity, but schools and departments also perform certain purchasing functions. The director of Business/Finance supervises most major purchasing contracts, including the preparation of bids and bid specifications; receiving bids, tabulating results and preparing written recommendations; overseeing travel reimbursements; and maintaining accurate computerized inventory and fixed asset records. School secretaries and department heads obtain quotes for various purchases, receive the goods and services and prepare receiving reports. The accounts payable supervisor reviews purchase requests to determine if funding is available and generates purchase orders. The Business Office receives invoices, date stamps them and routes them to the appropriate school or department. The school secretary or department head matches the receiving report with the invoice and submits the invoice and other documents to the Business Office for payment by the accounts payable supervisor.

The accounts payable supervision audits the invoices and receiving reports except for payments made using an Electronic Funds Transfer payment process, which is performed by the assistant Business/Finance officer, who processes payments to vendors.

The high school assistant principal manages the textbooks in the district. This position serves as the contact point for all aspects of textbook operations, from overseeing the review and selection process to purchasing and inventory activities. A textbook coordinator actually requests, receives and distributes textbooks. The district places textbook orders annually on or about April 1 for the coming school year using TEA's Educational Materials online textbook requisition system. The district may order up to 100 percent of its maximum student enrollment for the grade or subject for which it is ordering student editions. The state allows a 10 percent overage in ordering. If the school orders more than that amount and does not return the books immediately, the district may be responsible for purchasing the books from the state. The district's goal is to purchase just enough books for enrolled students.

Exhibit 5-2 shows the organization of the district's purchasing and textbook functions.

Exhibit 5-2
LISD Organization of Purchasing and Textbook Functions
April 2003



Source: LISD director of Business/Finance.

LISD uses functions of its accounting software to process requisitions and issue purchase orders. The software allows school secretaries and department heads to enter purchase requisitions online and forward them electronically to the Business Office for review and issuance of purchase orders. The software has a feature that allows the Business Office to verify if funds are available, record encumbrances or to reject a requisition if there are insufficient funds to pay for the requested purchase.

For comparison purposes, LISD selected four Texas school districts: Barbers Hill, Glen Rose, Ingram and Wimberley ISDs.

Chapter 5

PURCHASING AND CONTRACTING

A. PURCHASING

Purchasing policies and operating procedures help ensure a district complies with state laws and local board requirements while performing purchasing functions in an efficient and timely manner. Policies should clearly establish purchasing authority, what methods are required for each type of purchase and provisions for conflicts of interest and penalties for violating purchasing laws and policies. Purchasing procedures implement policies by documenting the steps to be taken by user divisions and purchasing staff when goods or services are procured. Procedures are also used to train new staff.

Texas school districts must comply with the TEC, Chapter 44, Subchapter B when purchasing goods and services. **Exhibit 5-3** shows a summary of the requirements in TEC Chapter 44.

Exhibit 5-3
Purchasing Requirements

Purchase Levels	Bid Requirements if no (contract or bid exists)	Approval Requirements
Greater than \$25,000	Formal sealed bid	<ul style="list-style-type: none"> • User department/school approvals • Purchasing director • Superintendent or designee • School board
\$10,000 to \$24,999	Formal quotations from three vendors (written and sealed)	<ul style="list-style-type: none"> • User department/school approvals • Purchasing director • Superintendent or designee
\$5,000 to \$9,999	Quotations from three vendors (telephone, fax or written)	<ul style="list-style-type: none"> • User department/school approval

		<ul style="list-style-type: none"> • Purchasing director
\$0 to \$4,999	Quotations from one to three vendors (telephone, fax, written)	<ul style="list-style-type: none"> • User department/school approvals • Purchasing clerk

Source: TEC Sections 44.031 (a); (b).

LISD Board Policy CH (LEGAL) mirrors procurement requirements contained in TEC Section 44. Board Policy CH (LOCAL) delegates purchasing authority to the superintendent, but requires advance board approval for any purchase that costs or aggregates to \$50,000 or more. The policy also states "persons making unauthorized purchases shall assume full responsibility for all such debts."

According to LISD's purchasing policy manual, the superintendent must approve purchases exceeding \$1,000. Departments and school personnel determine the materials or services needed, complete a paper purchase requisition and send it to their school secretary or department head. After approval from the department head or principal, school or department personnel enter the purchase requisition into the district's financial system. The purchase request is forwarded to the Business Office where it is reviewed to determine if funding is available and an approved vendor will be used. If funding is available and, depending upon the estimated amount of the purchase, the Business Office will either obtain required approvals or prepare a purchase order, which is sent to the department or campus. Once the purchase order is received, the department or school personnel place the order with the vendor.

The district's policies and procedures set forth dollar limitations and approval levels for purchases. **Exhibit 5-4** shows purchasing thresholds and requirements.

Exhibit 5-4
LISD Purchasing Thresholds and Requirements
November 2001

Dollar Amount	Purchase Requirements	Purchasing Performed By	Approval Required
Greater than \$25,000	Competitive bidding.	School, department or Business Office	Board

\$15,000-\$24,999	Written sealed quotations from at least three vendors.	School, department or Business Office	Superintendent
\$500-\$14,999	Telephone or faxed quotations from at least three vendors.	School, department or Business Office	Superintendent
Less than \$1,000	Telephone or faxed quotations from only one vendor.	School or department	Principal or department head

Source: LISD director of Business/Finance.

FINDING

LISD uses the capabilities of its financial management software to process purchase requisitions and purchase orders in a timely manner. School secretaries or department heads or their staff enter requisitions online and electronically forward the purchase requisitions to the accounts payable supervisor. The accounts payable supervisor reviews and, if funding is available and no other approvals are needed, electronically approves the purchase requisition and issues a purchase order for the school or department. The accounts payable supervisor reviews pending purchase requisitions at least once each day, or more often if the school's secretary or department head makes a request and promptly approves or denies requisitions to prevent backlogs. The accounts payable supervisor processes most requisitions within one day of receipt. This timely process provides a fast turnaround, improves the efficiency of operations in LISD and provides the safeguards needed to make financial decisions.

COMMENDATION

The electronic approvals feature of LISD's financial system allows the accounts payable supervisor to quickly approve purchase requisitions.

FINDING

LISD uses cooperative purchasing efficiently and cost effectively for the purchase of many of its goods and services. The director of Business/Finance identifies potential cooperative agreement partners and evaluates goods and services available from each. If the items and services available from the potential cooperative agreement partner are reasonably priced and if the cost to participate in the cooperative is reasonable, the director of Business/Finance obtains and completes the forms necessary to add LISD to the cooperative. **Exhibit 5-5** shows LISD's membership in several cooperative purchasing agreements.

Exhibit 5-5
LISD Cooperative Purchasing Agreements
April 2003

Agreement	Annual Cost
BuyBoard, sponsored by Texas Association of School Boards, Texas Association of Counties and Texas Municipal League	\$200
Texas Building and Procurement Commission Cooperative Purchasing Program	\$100
Multi-Regional Purchasing Cooperative established by Regional Education Service Center II	\$2,426
Regional Education Service Center IV	\$0
Regional I Education Service Center XIII	\$1,650
Department of Information Resources (QISV)	\$0

Source: LISD Business Office.

Through these cooperative agreements, the district can buy products at competitive, reasonable prices without the time, effort and expense of individual competitive procurement processes. The director of Business/Finance estimates that there are significant savings to LISD by participating in cooperative purchasing arrangements.

COMMENDATION

LISD participates in cooperative purchasing arrangements for the purchase of goods and services, which saves staff time and reduces costs.

FINDING

LISD does not have a system or formal procurement processes to track aggregate purchases to ensure compliance with state law and board policy. According to board policy and state law, purchases valued at \$25,000 or more in the aggregate during a 12-month period must be made using a competitive procurement method, unless specific exceptions apply. Purchases between \$10,000 and \$25,000 must be advertised in two successive issues of any newspaper in the district's county, unless procurement is made from a vendor list. If the purchase is from a vendor list, then three quotes must be obtained.

The Texas Association of School Business Officials (TASBO) performed a review of district operations. In its report issued in February 2003, TASBO noted that the district lacked a standardized bidding process. In the district's external audit report for 2001-02, the external auditors noted the following violations of the bid/quote process:

- board minutes did not always reflect the dates items were bid, a summary of bid responses or a clear indication of which bid was approved;
- athletic field maintenance expenditures performed by independent contractors exceeded \$25,000 and were not bid; and
- accumulated purchases of more than \$10,000 with several vendors which were not bid or quoted or did not have documentation of having been bid or quoted.

Exhibit 5-6 shows specific examples of purchases that did not include Business Office participation and may not have been in compliance with state law and board policy.

**Exhibit 5-6
LISD Purchases
2001-02**

Vendor	Amount	Description
Futurecom Corp	\$15,341	Technology equipment
James Edwards and Associates	\$42,958	Special education services for occupational and physical therapy
Life Fitness	\$10,000	Weight lifting equipment
Rusche Oil Co., Inc.	\$52,972	Gasoline and fuel
Sam Neal CPCU	\$15,000	Insurance consultant services
The Wright Shop	\$28,943	Classroom and office supplies
Unifirst Corporation	\$16,709	Rental/cleaning of uniforms
Vantronix	\$29,175	Installation of security cameras

Source: LISD director of Business/Finance.

According to the director of Business/Finance, two purchases identified in **Exhibit 5-6** were considered in compliance because the district thought that the vendor was an approved vendor from a cooperative or part of the state's QISV list, a competitive purchasing program that maintains a comprehensive list of vendors who provide automated information systems products and/or services. In these instances, however, the district

was unaware that the vendors had been dropped from the cooperative or QISV list.

TEA, in a preliminary report to the district in August 2003, identified technology purchases where there was no documentation showing competitive procurement requirements were followed, including purchases from StatComm for \$241,144 (1997), \$327,971 (1998), \$281,309 (1999), \$304,927 (2000), \$364,086 (2001) and \$440,306 (2002). According to the Texas Building and Procurement Commission, StatComm was an approved QISV vendor from July 1997 to August 1998.

The district implemented a corrective action plan to address compliance issues raised in TASBO's report. As part of the plan, the district provided training to all purchasing staff to improve the competitive bid requirements. The district also now requires a verification of the vendor from an approved source or documentation that quotes were solicited before issuing a purchase order. However, there is still no process or system to track aggregate purchases. The district's financial management system does not have the capability to enter commodity codes to automatically track purchase level and no one in the Business Office has been specifically assigned to monitor expenditures for tracking aggregate levels or to assure compliance.

Because LISD does not track aggregate purchases, the district runs the risk of not consistently complying with the state requirements for bids and quotes. Some districts with a decentralized purchasing function use commodity codes to track and monitor classes of items purchased, which ensures that thresholds for bidding are not exceeded. For example, Fort Bend ISD implemented automated tracking of items by using a commodity code. Other districts analyze past expenditures to identify candidates for bidding and quotes and monitor expenditures to ensure that thresholds are not exceeded. Even in districts with decentralized procurement processes, however, purchasing department personnel must ensure the adequacy of controls and monitoring.

Recommendation 43:

Establish systems and processes to ensure compliance with procurement laws.

Without exception, the board must hold individuals who violate board policy and the public trust accountable for their actions. The board must establish the precedent that circumventing district policies and rules will not be tolerated. Relationships with friends, neighbors and co-workers may be broken during this difficult process, but those who have violated

the public trust must understand that circumvention of the rules will simply not be tolerated.

The superintendent should establish a committee consisting of the director of Business/Finance and user groups, such as principals and department heads, to develop a system and processes to be followed to strengthen compliance. As a starting point, the director of Business/Finance should analyze past expenditures and work with the committee to identify items for bidding and the appropriate acquisition method, such as competitive bid, cooperative purchasing or purchasing through an interlocal agreement. The director of Business/Finance should also develop a method for tracking aggregate purchases using information from the financial system and should assign a Business Office staff person to monitor aggregate levels. The district's policies and procedures should be revised to include non-compliance penalties for violating the policies that include immediate dismissal for intentional or repeated violations. The superintendent and the board, when applicable, would enforce any violations of the policies and procedures established by the working group.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent establishes a committee with representatives from the Business Office and user groups, including principals and department heads.	December 2003
2.	The director of Business/Finance and accounts payable supervisor analyze past expenditure information to determine areas where compliance needs to be strengthened and present findings to the committee.	February 2004
3.	The director of Business/Finance develops methodology for tracking aggregate purchases and assigns the accounts payable supervisor to monitor aggregate levels.	February 2004
4.	The committee reviews the findings, develops a list of items that meet competitive thresholds, the recommended acquisition method to obtain the items and the process to be followed to obtain the items.	February 2004
5.	The committee presents the list and process to the superintendent for review and approval.	March 2004
6.	The director of Business/Finance distributes the approved list and process to all users.	March 2004
7.	The director of Business/Finance develops bids or uses other acquisition methods as applicable for those goods and services that meet procurement thresholds.	March 2004 and Ongoing

8.	The director of Business/Finance submits monthly reports to the superintendent indicating status of compliance and categories of goods or services approaching volumes that may require bids or quotes.	April 2004 and Monthly
9.	The director of Business/Finance incorporates the status of the compliance report in the monthly financial report to the Board.	April 2004 and Monthly
10.	The board monitors compliance and holds any violators accountable.	Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district does not perform adequate oversight of its purchasing processes and the Business Office does not have the staff to effectively fulfill these responsibilities. The Business Office consists of a director of Business/Finance, an accounts payable supervisor and an assistant Business/Finance officer. In addition to purchasing-related duties, each staff member also has budgeting, accounting, risk management or investment duties.

The Business Office's oversight of most procurements submitted from schools and departments consists of the accounts payable supervisor reviewing the requisition to determine proper expenditure coding, to verify that sufficient funds exist and ensure that documentation exists verifying the purchase from an approved vendor. If the documentation is complete and sufficient funds exist, the accounts payable supervisor approves the requisition, generates a purchase order and sends a copy to the school secretary or department head. If funds are not sufficient, the accounts payable supervisor rejects the requisition. For purchase requisitions that do not have available budgeted funds, the requisitioning school or department must prepare and obtain approval for a budget adjustment before the requisition can be resubmitted for processing.

LISD's Business Office processes about 1,900 purchase orders each year. **Exhibit 5-7** compares purchasing statistics for LISD and its peers. LISD ranks third among selected peers, behind Barbers Hill and Ingram ISD's, in the number of estimated annual purchase orders. Most districts have a director or business manager who oversees, but is not solely dedicated to, purchasing functions. Many of the districts also have a decentralized purchasing process with the central office responsible for reviewing

requisitions submitted from the user departments and approving and issuing purchase orders.

Exhibit 5-7
Comparison of Purchasing Departments
LISD and Peers

District	2001-02 Enrollment	Staff Size	Estimated Annual Purchase Orders	Fixed Assets Responsibility
Glen Rose	1,645	Director (1)* Secretary (1) Director has other duties.	400	Yes
Wimberley	1,734	Secretary (1)	1,300	Yes
LISD	1,817	Director of Business/Finance (1)* Accounts Payable (AP) Supervisor (1)*	1,895	Yes
Ingram	1,498	Chief Financial Officer (1)*	2,500	No
Barbers Hill	2,792	Business Manager (1) *	3,288	No

Source: LISD and peer district interviews.

**Indicates the position has other duties besides purchasing.*

Because the Business Office staff has multiple duties, they are unable to perform extensive oversight of procurements to ensure district compliance and consistency in its purchasing processes and that it is obtaining the best prices. In its review of district operations, TASBO identified this as an issue in its February 2003 report. In addition, without adequate staff to analyze purchasing activity, the district is also missing opportunities to combine individual school and department purchases into a bulk purchase to achieve the lowest possible prices.

To provide sufficient oversight and to ensure compliance for a purchasing process in a decentralized purchasing structure, purchasing staff must have sufficient time and independence from school and department users. In the first step of an effective process, the user must identify the good or service to be procured. The user checks cooperatives and vendor supply lists to

identify possible sources to provide the good or service and a recommended vendor. The user completes the requisition identifying the recommended vendor, attaches any quotes or bids obtained or verification that the purchase is from a cooperative or supply list and forwards it to the purchasing office. The district's designated purchasing staff reviews the requisition and using the appropriate purchasing method, tests the market to verify that the district is obtaining the best price possible. Once the verification is completed, the purchasing staff issues the purchase order to the vendor who provided the lowest price.

Recommendation 44:

Create a purchasing position and equitably distribute the workload in the Business Office to provide adequate oversight of procurements.

The district should review the purchasing functions conducted in the Business Office and those performed by school and department staff. The additional positions should assume the purchasing duties currently performed by the accounts payable supervisor and those performed by school and district staff. Consolidating those duties will improve the district's purchasing processes.

The purchasing position should oversee the functions not currently being performed in the district, such as researching and verifying that best prices are obtained with bids and quotes; monitoring requisitions to ensure they are compliant with purchasing statutes and board policies; and analyzing requisitions to work with individual schools and departments in combining their orders into a single, districtwide bulk purchase to achieve volume discounts.

The new position should not impose unneeded restrictions on schools and departments. Its purpose should be to improve the district's financial operations by ensuring that goods and services are purchased at a price that provides the best value and that the district complies with state purchasing requirements.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Business/Finance develops a revised organizational structure for the Business Office with a suggested reallocation of job duties and presents it to the superintendent for approval.	February 2004
2.	The superintendent approves the revised Business Office organization and includes the new position in the proposed 2004-05 budget.	March 2004

3.	The director of Business/Finance, with input from the accounts payable supervisor, works with the Human Resource/Benefits coordinator to create a job description for a purchasing position and modify the job descriptions of other Business Office positions as needed.	April 2004
4.	The superintendent approves the purchasing position job description and submits the job description to the board for approval.	May 2004
5.	The board approves the job description and the new position in the 2004-05 budget.	June 2004
6.	The Human Resource/Benefits coordinator advertises the position and coordinates the interview process.	July 2004
7.	The director of Business/Finance interviews candidates and selects a the most qualified.	August 2004
8.	The purchasing position begins work in the Business Office.	September 2004

FISCAL IMPACT

The fiscal impact is based on the salary for pay grade CK3 at step 6 or \$21,892 plus benefits. LISD total fringe benefits of \$3,017 consist of a variable portion of 1.45 percent for Medicare and a fixed component of health insurance costs at \$2,700 a year. The salary and benefits for this position is \$24,909 (\$21,892 + \$3,017 = \$24,909).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Create a purchasing position and equitably distribute the workload in the Business Office to provide adequate oversight of procurements.	\$0	(\$24,909)	(\$24,909)	(\$24,909)	(\$24,909)

FINDING

The district does not have an up-to-date purchasing policy and procedures manual. District staff do not have access to a manual that contains a clear definition of the competitive bidding requirements associated with each type of purchase and does not clearly designate the district's purchasing officer or identify the roles and responsibilities of district employees for the different types of purchases. When competitive bidding requirements are not readily available, employees who have purchasing authority do not

know when they may be inadvertently violating purchasing policies and procedures.

LISD does have high-level, board-adopted policies posted on the district's Web site, but does not have an updated procedures manual that establishes district rules and provide detailed directions to district employees for making purchasing decisions. The district's purchasing manual was initially developed in 1998 and was last updated in 2001. The purchasing manual contains purchasing procedures explaining how to order, receive and process vendor payments, how to process payment authorizations and travel reimbursements and special requirements for purchases from high-volume local vendors.

The manual also includes a purchasing overview section with information from 1998 that cites purchasing regulations and lists competitive procurement categories, purchasing ethics and general ethical standards to be followed. It also contains a section on purchasing cooperatives used by the district, a sole-source list of vendors and a technology supply list for QISV purchases and forms, such as a sales tax exemption certification, employee travel expense voucher and requisition forms for cooperative purchases.

Because LISD's purchasing process is decentralized, a detailed up-to-date purchasing procedures manual to train district staff is especially important. School and department staff make many purchasing decisions. Without a manual, staff have no guidance on the process and the district has no assurance that staff understands or applies district policies appropriately. For example, the district's 2001-02 external audit identified instances where bids or quotes were not obtained when they should have been or that items with expenditures exceeding \$25,000 were not bid. Also, in its February 2003 report to the district, TASBO determined that the district's bidding process lacked standardization and recommended development of clear guidelines designating staff responsible for district purchases.

Section 3.2.1 of TEA's FASRG recommends that every school district have a written manual describing its purchasing policies and procedures. According to the FASRG, the manual assists campus-level and department-level personnel in purchasing of supplies and services and should contain rules and guidelines for purchases consistent with relevant statutes, regulations and board policies. The manual can be used both internally and externally. It can provide detailed direction to district staff at all levels and help train staff in the district's established policies.

The manual also can be used to communicate and explain the district's established policies and procedures to vendors. A detailed policies and procedures manual ensures that all staff involved in the purchasing process

are aware of and understand the district's purchasing policies and that all adhere to the same procedures. This will reduce errors and misunderstandings about the process and improve compliance with procurement laws and regulations.

Smithville ISD's purchasing manual describes the district's purchasing organization, including the roles and responsibilities of the procurement officer and district employees. It outlines the board's purchasing policies, statutory purchasing requirements and explains each of the competitive procurement options used. The manual also outlines the procedures and forms to be used for competitive bidding, requests for proposals and competitive sealed proposals, purchase orders and central supply requisitions. Expectations concerning purchasing ethics for district employees are also outlined in the manual.

Recommendation 45:

Clarify responsibilities and update purchasing policies and procedures manual.

The district's purchasing manual should be updated to reflect the latest purchasing statutes, regulations and board policies. To strengthen compliance, the manual should outline the district's purchasing processes for each type of purchase. It should clearly designate the district's purchasing officer and communicate the roles and responsibilities of the purchasing officer and district employees in each process. The manual should also contain an ethics section outlining expectations for the district's employees to follow and fully explain what approval requirements for each purchase type. The manual should also include standard forms used by the district with instructions on correctly completing the forms. Once the manual is completed, the director of Business/Finance should conduct in-service training on the manual with all district employees involved in purchasing and should post the manual on the district's Web site to make it available to employees and vendors.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Business/Finance contacts other districts to obtain copies of their purchasing manuals.	November 2003
2.	The director of Business/Finance and the accounts payable supervisor review the existing manual and clarify responsibilities and processes and incorporate applicable topics from manuals obtained from other districts.	December 2003 - January 2004
3.	The director of Business/Finance submits the updated manual to the superintendent for review and approval.	February 2004

4.	The director of Business/Finance holds training to review the manual with district employees.	March 2004
5.	The director of Business/Finance works with district technology staff to put the manual on the district's Web site.	April-May 2004
6.	The director of Business/Finance reviews the manual and revises it to incorporate changes in statutes, board policy or regulations.	June-July 2004 and Annually
7.	The director of Business/Finance monitors staff compliance with the manual.	August 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 5

PURCHASING AND CONTRACTING

B. CONTRACT MANAGEMENT

A contract is a legally enforceable agreement between two or more competent parties. Mutually binding, a contract obligates one party to furnish something of value and the other party to provide consideration. School districts need a contracting process that covers the areas of bidding, negotiation, management, vendor performance evaluation and re-negotiation.

FINDING

The district does not have a policy or procedures that provide assurance regarding compliance with formal bidding laws or availability of funds prior to issuing contracts. In areas such as construction and insurance that require formal bidding, the superintendent, department head or district staff develop and approve bid and proposal documents, contract documents and contract modifications, such as construction change orders without always involving the Business Office.

LISD's process does not involve the Business Office in the development of specifications and contract terms for all requests for bids and proposals. The Business Office is also not required to review and approve contract changes and modifications to assure compliance with state laws and board policies or to provide certification that sufficient funds are available for all new contracts or changes to existing contracts. The Business Office often does not receive copies of the bid or proposal solicitation documents, actual contracts or contract modification documentation.

The district's 2001-02 external audit report contained a significant finding regarding construction change orders. The orders were not presented to the board or its designee for approval prior to changes being made to the approved plans or even before the actual construction modification was made to the facility. The report also stated that there was no evidence in board minutes that the board had delegated authority to approve change orders, as required by district policy. As a result, funds have been over-committed and deficit fund balances of \$657,000 and \$375,000 existed in the district's two capital project funds as of August 31, 2002.

Without a formal policy and procedures requiring the Business Office to review and approve specifications and terms for all bids and proposals, provide certification that funds are available and receive copies of needed documents, LISD does not have a process that assures compliance with

state law and board policy for district contracts. Additionally, the district risks over-committing funds because no control point exists to monitor commitments nor does it require certification that funds are available prior to awarding and making contract modifications.

To effectively ensure contracting and budgetary compliance in a decentralized procurement environment, smaller districts such as LISD have policies assigning responsibility for managing the district's contracting process to the department that also has the responsibility for handling financial matters. These districts generally designate the district's chief financial officer as the contracting officer. To maintain compliance with competitive bidding requirements, these districts also have procedures that allow user schools and departments to develop specifications and contract documents, but require the designated contracting officer to supervise the process by reviewing and approving the specifications for compliance, receiving and monitoring the evaluation of bids and proposals, issuing the original contract and subsequent amendments after all approvals have been obtained and being the sole point of contact for communications with vendors about contract terms and provisions.

Recommendation 46:

Clarify responsibilities and adopt a policy and procedures requiring Business Office involvement in contract development, bidding and contract modifications.

The board should adopt a policy clearly designating the director of Business/Finance as the district's contracting officer, responsible for ensuring competitive bidding and budgetary compliance. The board should direct the superintendent and director of Business/Finance to develop procedures that require Business Office involvement in all aspects of competitive bidding, contract development and contract modifications. Although the Business Office would be required to review and approve documents for compliance and funding, final approvals should still be required of the superintendent and board when appropriate.

For example, the process for construction or insurance procurements might include steps in which the user department develops the specifications or requirements, but the director of Business/Finance verifies and issues them and serves as the sole point of contact for questions from vendors that could be referred to the user department for clarification. Similarly, the policy and procedures for bids and quotes would include steps in which the user might research and obtain quotes, but the quotes would be routed to the director of Business/Finance for verification, confirmation and purchase approval.

The same process would be followed for contract modifications and construction change orders. The user department would develop the modification or change order, but the director of Business/Finance would review and approve it before submitting it to the superintendent and board for final approval. The policy should also establish and enforce severe penalties to eliminate violations of policies and circumvention of procedures.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent develops a policy designating the director of Business/Finance as the district's contracting officer and submits it to the board for approval.	October 2003
2.	The board approves the policy and directs the superintendent and director of Business/Finance to develop procedures for the Business Office to oversee all contracting processes.	October 2003
3.	The director of Business/Finance works with user departments and develops procedures to incorporate Business Office oversight in all contracting processes.	November - December 2003
4.	The director of Business/Finance submits the procedures to the superintendent for review and comment.	January 2004
5.	The director of Business/Finance incorporates feedback from the superintendent and finalizes procedures.	February 2004
6.	The superintendent and director of Business/Finance submit the procedures to the board for approval.	February 2004
7.	The superintendent and director of Business/Finance implement the procedures adopted by the board.	March 2004
8.	The director of Business/Finance incorporates the new procedures in the purchasing manual and works with district technology staff to post procedures on the district Web site.	April 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district does not have a formal contract monitoring function that assigns specific responsibilities to ensure compliance with all contract terms. The Business Office bids and maintains a list of approved vendors for services in categories such as custodial, automotive maintenance and repair, grounds maintenance, general maintenance, plumbing and air

conditioning, heating and electrical maintenance and repair. However, the district's departments do not maintain a centralized list of construction or contracts for services such as insurance, architects and engineers. The Business Office does not have copies of all contracts, many of which are maintained in central office files in the superintendent's office.

LISD does not formally assign contract-monitoring responsibilities of service contracts to a specific district employee and does have procedures that provide guidance on what the individual should do to adequately manage a contract. The Business Office relies on the various user departments to monitor contract performance and to resolve problems with the services provided. The Business Office has not been involved with construction and insurance contracts and has not received copies of many of these contracts, which makes it difficult to verify the accuracy of invoices submitted. In its review of district operations, the TASBO review team confirmed that insurance contracts were not available in the Business Office. TASBO recommended in its February 2003 report that documentation be filed with the Business Office.

The director of Business/Finance said there were several instances in which the superintendent on administrative leave would send construction and other invoices to the Business Office directing that payments be made. However, the Business Office lacked documentation from any other district staff verifying that the payments were being made for work performed, as required under the contract, or that a valid, approved contract even existed. The external auditors confirmed the lack of this documentation in their management letter to the district for the 2001-02 financial audit. The auditors stated that the superintendent's compensation package included the purchase of an annual annuity investment, purchased from State Farm Insurance. The superintendent on administrative leave directed the Business Office to issue a check to State Farm Insurance without providing any documentation. In another example, the Business Office staff said they had no supporting documentation for the insurance consultant's contract, which was also managed by the superintendent's office. Again, the Business Office was directed to pay the invoice without supporting documentation or a contract to verify the accuracy of the charges.

Without a formal contract monitoring process assigning specific responsibilities for managing contracts, the district cannot determine compliance with all contract terms or that the district receives the total value for contracted services. The district has no assurance that payments are even being made in compliance with contract documents since the Business Office does not always receive copies of contracts prior to making payments to vendors.

To ensure receipt of quality goods and services and accurate payment for the goods and services received, effective organizations have a process that allows them to monitor contract terms and conditions, verify performance against the contract terms and validate the accuracy of invoice charges before making payment. Many small organizations and districts that do not have staff dedicated solely to the purchasing and contract management function, assign user departments with initial responsibility for monitoring and documenting contractor performance and compliance and for certifying appropriate invoice charges. While the user departments are the initial monitoring point, the purchasing staff is involved and assists the user department with assessing and documenting non-compliance and with developing and initiating corrective actions with the vendor. The purchasing staff also reviews invoice charges against the contract to ensure that they are appropriate before payment occurs.

Recommendation 47:

Develop and implement a districtwide contract monitoring function that involves the Business Office.

To enable the district to monitor and evaluate the services it receives from vendors and contractors, LISD should develop and implement formal contract monitoring procedures that involve the Business Office.

The first step in establishing a contract monitoring process involves collecting copies of all existing contracts, including modifications, and filing them in the Business Office. Once a complete set of contract files exists, Business Office staff should develop a comprehensive list of all contracts currently in effect, with the contractor's name, the contract's beginning and expiration dates, a brief description of the goods and/or services being provided, the contract amount and payment terms and the name and title of the LISD employee in charge of administering and monitoring the contract. If a contract has not been assigned to an employee, the director of Business/Finance should work with the superintendent to assign the contract monitoring function to a specific employee. The director of Business/Finance should work with the district technology staff to post the information on the district Web site so that all employees have access to it.

The next step will be to develop contract monitoring procedures and work with user departments in the proper monitoring and documentation of contractor performance; the notification procedure to be followed when performance does not comply with the terms of the contract; and the required certifications and documentation to be submitted for contract payments. The director of Business/Finance should also notify each contractor of the new monitoring procedures and, as appropriate, provide a

copy of the new procedures. This notification should include a statement that no payments will be made without an appropriate invoice and documentation and that no contract change orders or revisions will be considered valid unless the contractor has followed the new procedures and received appropriate approval. Policy should also establish and enforce severe penalties to eliminate violations of policies and circumvention of procedures.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent instructs the director of Business/Finance to develop a contract monitoring process and to obtain copies of contracts from user departments.	October 2003
2.	The director of Business/Finance requests that all departments submit copies of contracts to the Business Office to set up a central filing system.	November 2003
3.	The assistant Business/Finance officer files contracts and develops a list of contracts in effect that includes contract terms and conditions, expiration dates and the assigned LISD employee who is responsible for the contract.	November - December 2003
4.	The superintendent assigns contract-monitoring responsibilities to district staff for any unassigned contracts based on the contract list developed by the assistant Business/Finance officer.	January 2004
5.	The director of Business/Finance meets with department heads and principals to obtain input for developing contract monitoring process and procedures.	January 2004
6.	The director of Business/Finance, assistant Business/Finance officer and accounts payable supervisor develop formal procedures for monitoring contracts.	February 2004
7.	The director of Business/Finance presents the proposed process and procedures to the superintendent for review and comment.	February 2004
8.	The director of Business/Finance revises the proposed process and procedures based on the superintendent's feedback and presents the contract monitoring process and procedures to the board for approval.	March 2004
9.	The director of Business/Finance implements the contract monitoring process and monitors compliance with the new process and procedures.	April 2004 and Ongoing
10.	The director of Business/Finance notifies each contractor of	April 2004

the new procedures.	
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FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district does not have centralized contract files for all district contracts or a contract tracking process that shows when contracts expire and need to be re-bid or when option years to be exercised. The Business Office does not have a complete set of contract documents or a comprehensive list of district contracts. The Business Office maintains central files for contracts and a list of approved vendors for goods and services in categories, such as automotive, general maintenance and electrical, which the Business Office bids every two years.

Without a tracking process based on complete contract files, the district cannot determine when contracts need to be re-bid or option provisions exercised. Also, without a centralized tracking process, schools and departments cannot be provided with reminders in a timely manner that contract action is needed to ensure contracts for critical district commodities or services do not expire.

Effective districts track contracts to identify when contract actions will be needed and to schedule sufficient time to complete the needed re-bid or extension action before a contract expires. Killeen ISD (KISD) established an annual calendar that identifies when specific items should be bid during the year. The calendar was based on historical experience and allowed the district to purchase items on an as-needed basis, as well as spread the bid process out over the full year, rather than trying to bid multiple items at the same time. KISD's Purchasing Department worked with the other departments to develop the calendar.

Recommendation 48:

Centralize contract files and establish a contract tracking system.

The district needs to collect copies of all existing contracts to establish a contract tracking system, including modifications and change orders and file them in the Business Office. The district also needs to establish a process requiring that the originals of all future contract-related documents be sent to the Business Office with copies sent to the user departments associated with the contract. Once a complete set of contract files exists, Business Office staff should develop a comprehensive list of all contracts in effect, with the contractor's name, the contract's beginning and

expiration dates and a brief description of the goods and/or services being provided.

The next step will be to develop an annual calendar identifying when specific items should be bid. Based on the calendar, Business Office staff should coordinate with user departments to develop an action plan that identifies tasks and associated completion dates to re-bid or extend contracts before they expire.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Business/Finance requests that all departments submit copies of contracts to the Business Office to set up a central filing system.	November 2003
2.	The assistant Business/Finance officer files the contracts and develops a list of contracts in effect that includes a description of the contract items and contract expiration dates.	December 2003 - February 2004
3.	The director of Business/Finance develops an annual calendar based on the contract list developed by the assistant Business/Finance officer.	March 2004
4.	The director of Business/Finance distributes the calendar to user departments and works with department heads to develop an action plan with tasks and associated due dates for contract actions for the upcoming year.	April 2004 and Annually
5.	The director of Business/Finance implements contract actions based on the annual published calendar.	May 2004 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 6

OPERATIONS

This chapter reviews the operations of the Llano Independent School District (LISD) in the following sections:

- A. Facilities
- B. Transportation
- C. Child Nutrition

Efficient, effective school operations and quality pupil services are essential to the success of a school district's educational mission. For children to learn, facilities must be adequately planned to accommodate student enrollment, effectively managed to create an environment conducive to learning and appropriately maintained to ensure student and employee safety. Pupil transportation must be safe and prompt, providing transportation for students to and from school and extracurricular activities. Child nutrition services are another essential part of a school's educational program. Public schools should provide students and staff with appealing and nutritional breakfasts and lunches as economically as possible.

Chapter 6

OPERATIONS

A. FACILITIES (PART 1)

Efficient operation of facilities helps districts keep up with changing enrollment and the needs of instructional programs while building confidence and trust in district management. A comprehensive facility, maintenance and energy conservation program coordinates all the district's physical resources. Facility management ensures that district facilities are designed and maintained in a manner consistent with the educational process, providing a clean school and work environment and complying with local, state and federal regulations. Maintenance and custodial services are necessary to keep the district's schools clean, safe and well-maintained, while being responsive to the needs of the staff, students and the community. The goal of school energy management is to keep operating costs down by reducing energy waste while providing a safe and comfortable environment for learning.

LISD maintains support facilities, portable buildings and five schools that in 2002-03 served 1,890 students in pre-kindergarten through grade 12. District facilities include one high school, one junior high school, one middle school, two elementary schools and one alternative education program. Three of the district's five schools are less than three years old. Students began using Packsaddle Elementary's main building in August 2000, and the Packsaddle Annex with 16 classrooms was completed in August 2001. The new 155,000 square foot Llano High School was opened in November 2001. The district renovated the old Llano High School and converted it to the junior high school in August 2002. The district also has a central office building, a Business Office, a maintenance/operations and transportation facility, a special education office in a portable building, an instructional technology portable building, one football stadium and a field house. Square footage for these facilities totals more than 436,000 square feet. **Exhibit 6-1** lists LISD facilities, total square footage for each property and the year built, if known.

Exhibit 6-1
LISD Facilities, Square Footage and Year Built
2002-03

Building	Gross Square Feet	Year Built
Central Office	1,644	ND

J.H. Main/Gym/Café	63,477	1969
J.H. Band Hall	7,098	ND
J.H. weight room	3,200	1990
Addition to high school gym	6,300	1999
M.S. Main	26,533	1931
M.S. gym/band hall	19,024	1957
M.S. Annex	8,519	1988
High School	155,000	2000
Packsaddle	27,000	2000
Packsaddle addition	24,000	2001
Llano Elementary Main	24,528	1961
Llano Elementary Gym	8,003	1961
O'Henry Building	14,528	1900
Elementary/Grade 1 Building	3,900	1969
Kindergarten Building	7,112	1985
Elementary Annex	10,912	ND
Special Education Office	1,536	ND
Board Room Technology	1,536	ND
Stadium Facilities	6,144	ND
Portables	12,288	ND
Elementary Storage	864	ND
Early Childhood	768	ND
Elementary. Music	1,225	ND
J.H. Storage	968	ND
Total square footage	436,107	

Source: Texas Association of School Boards (TASB), Schedule of values insurance report for LISD.

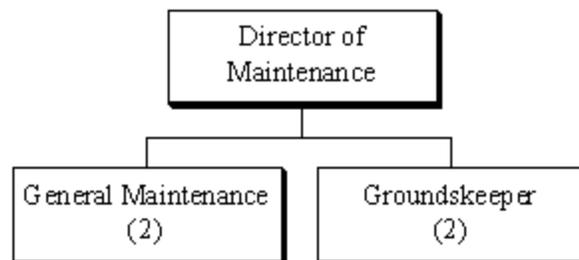
ND = Not documented.

Note: The district also has an interest in approximately 17,473 acres in Tom Green County, which are called the Western Lands.

In May 2003 after the conclusion of the review team's onsite work, the board adopted a plan to close Llano Middle School and move grade 5 students to the Llano Elementary and Packsaddle Elementary and grade 6 students to Llano Junior High. The board hired a new maintenance director to replace the previous maintenance director, who was in the district during the onsite work.

In April 2003, the department had one director, two general maintenance men and two groundskeepers. Two other skilled tradesmen, the plumber and the heating, ventilation and air conditioning technician (HVAC), left the district, and a groundskeeper transferred to the Transportation department. The Maintenance personnel respond to submitted work orders which involve general maintenance and repair of building structures and their mechanical, electrical and sanitary support systems. The groundskeepers maintain safe and attractive grounds and landscaping, including operating and maintaining the tools and equipment used in grounds care. **Exhibit 6-2** displays the organizational chart of the Maintenance Department.

Exhibit 6-2
LISD Maintenance Department Organizational Chart
2002-03



Source: LISD Administration.

The previous Maintenance director referred to the district's regular maintenance response as "catastrophic maintenance." The previous director defined this type of crisis maintenance as responding to immediate needs and repairs only. Since there are only three maintenance workers, including the director, to cover the 436,107 square feet of the district, each maintenance worker was covering 145,000 square feet. All major projects are contracted out since the department has no skilled tradesmen such as plumbers, electricians, or HVAC technicians.

As the financial situation in the district continues to decline, the budget for the Maintenance Department has been frozen except for situations

considered emergencies according to the interim superintendent. **Exhibit 6-3** shows plant maintenance and operation costs for LISD and its peers from 1999-2000 through 2002-03. In 2002-03, LISD had the lowest percent of its budget for plant maintenance and operation compared to the peer districts.

Exhibit 6-3
Plant Maintenance and Operation-Function 51
LISD and Peer Districts
1999-2000 through 2002-03

District	1999-2000 Amount Spent	1999- 2000 Percent of Budget	2000-01 Amount Spent	2000- 01 Percent of Budget	2001-02 Amount Spent	2001- 02 Percent of Budget	2002-03 Amount Spent	2002- 03 Percent of Budget
LISD	\$1,224,214	9.9%	\$1,467,825	11.1%	\$1,646,437	10.9%	\$1,458,707	7.89%
Glen Rose	\$2,581,296	16.9%	\$2,649,935	16.6%	\$2,608,541	16.8%	\$2,461,864	16.73%
Wimberley	\$1,071,470	12.1%	\$1,136,165	10.9%	\$1,435,834	12.0%	\$1,604,099	9.37%
Barbers Hill	\$2,034,247	11.8%	\$2,208,702	12.1%	\$2,994,817	14.1%	\$2,678,271	10.64%
Ingram	\$1,107,282	11.3%	\$1,149,301	11.4%	\$1,234,244	11.8%	\$1,212,500	11.28%

Source: Texas Education Agency (TEA), Academic Excellence Indicator System (AEIS), 1999-2000 through 2001-02; Public Education Information Management System (PEIMS), 2002-03.

As noted previously, LISD has been engaged in either construction or facility renovation since 1998. During the review, the TSPR team received public comments saying that "over a million dollars was spent in to remediate the mold problem" in the current junior high. The junior high principal and interim superintendent said that they are not aware of any mold in the junior high or of any information that supports this comment.

FINDING

LISD does not have problems with graffiti or vandalism in its facilities. Many districts spend a great amount of maintenance time and budget on cleaning up graffiti and repairing damage from vandalism. The principals discipline students showing disrespect for school property. Principals cite school pride, student ownership in the care of the facilities, character

education and school discipline as the contributing factors in the low levels of vandalism. When the new high school was built, a camera monitoring system was added so the hallways are under continuous surveillance. The junior high school and Packsaddle Elementary also have camera monitoring capabilities.

Money not spent on painting over graffiti or repairing damaged property can be more productively channeled to educational purposes.

COMMENDATION

LISD has minimal problems with vandalism or graffiti on district property.

FINDING

The LISD custodial staff cleans square footage that exceeds the industry standard of 19,000 square feet per custodian. The total square footage of the district is 436,107. Districtwide, each of the 16 custodians clean an average of 27,257 square feet (**Exhibit 6-4**).

Exhibit 6-4
LISD Custodial Coverage Per Square Footage
2002-03

Number of custodians	Total square footage	Average per square foot
16	436,107	27,257

Source: LISD principals.

There is a head custodian at each school under the supervision of the school principal. The head custodian at each school assigns the cleaning areas and makes the schedules. All custodians work eight hours per day; there are no part-time custodians. Each school's head custodian orders the supplies for the school. Supplies are delivered directly to the school; there is no district warehouse. The custodial job descriptions are thorough and up-to-date.

Even though the custodial staff covers more area than recommended, the schools are clean. **Exhibit 6-5** displays survey responses regarding school cleanliness.

Exhibit 6-5
LISD Survey Responses to School Cleanliness

Responses to statement "Schools are clean."	Strongly Agree	Agree	No opinion	Disagree	Strongly Disagree
Teachers	11.3%	65.1%	6.6%	13.2%	3.8%
Principals	25.0%	50.0%	0.0%	25.0%	0.0%
Parents	27.7%	64.3%	4.0%	3.0%	1.0%
Administrative and support staff	17.2%	57.0%	9.7%	10.7%	5.4%

Source: TSPR surveys.

When respondents were asked if schools are clean, 76 percent of teachers, 75 percent of principals, 92 percent of parents and 74 percent of administrative and support staff either agreed or strongly agreed.

COMMENDATION

LISD's custodians thoroughly clean the schools with less staff than the industry standard.

FINDING

LISD does not have a documented facilities master plan. The superintendent that is on administrative leave said a master plan existed; however, no current employee had knowledge of or could produce the plan. No demographic studies or student enrollment projections are available to justify or determine facility needs, and the district had to borrow an additional \$1 million to complete the junior high renovations. The district has no current renovations in process and does not have plans for any renovations in the near future.

The current high school principal was not involved in planning the current high school. Although the previous principal, who is still employed in the district, did have input in the planning of the high school, he could not provide information on enrollment projections, any facility studies or demographic data. A previous superintendent initiated the high school planning, and the construction and occupation was completed under the superintendent now on administrative leave. In the absence of any written documentation or first hand interview information, it cannot be determined why the district built the new facility.

A district's long-range comprehensive master plan provides a basis for planning the facilities needed to meet its changing educational needs. The plan incorporates district policies with information and statistics to become the district's basis for allocating resources. Effective school facilities master planning incorporates the following elements:

Facility Capacity: Each school's capacity should be established by setting standards that govern student-to-teacher ratios and the required square feet of classroom space per student. These standards should also deal with the minimum size of core facilities such as cafeterias, libraries and gyms.

Facility Inventory: An accurate inventory of facilities ensures that they are used efficiently. Each school inventory should identify the use and size of every room to enable planners to judge the school's capacity.

Enrollment Projections: Accurate enrollment projections are vital to effective facilities planning. Projections should examine neighborhood demographics and track new construction in the school district. Working with county and city planners is a good way to track growth patterns.

Attendance Zones: The use of portable classrooms can temporarily alleviate overcrowding, but can also become detrimental to the district if they are overused when handling the overflow from core facilities. Effective enrollment management dictates attendance zone adjustments to ensure all students have equal access to school facilities.

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

If a district does not have a master plan, the financial situation of the district will be affected. This impact can be seen by both the interest and sinking tax rate and the maintenance and operation tax rate increasing. The interest and sinking rate is levied to pay for voter-approved bonds, while the maintenance and operation rate is levied to cover annual operating expenses such as payroll, supplies, utilities and all other operating costs for a budget-year. Renovations can either be included in a bond package, resulting in them being paid for over time, or paid for from the annual budget as a one-time expense. The master facility plan typically addresses whether any of the facility needs will be paid for out of the district fund balance.

Exhibit 6-6 shows a facilities planning process model that is typically used to organize and plan for facility growth.

**Exhibit 6-6
Recommended Facilities Planning Process**

Planning	Needs Assessment	Identify current and future needs	Demographics, enrollment projections, facilities survey, boundary, funding, education program, market, staff capability, transportation analysis
	Scope	Outline required building areas, develop schedules and costs	Programming, cost estimating, scheduling, cost analysis
	Strategy	Identify structure	Facilities project list, master schedule, budget plan, organization plan, marketing plan
	Public Approval	Implement public relations campaign	Public and media relations
Approach	Management Plan	Detail roles, responsibilities and procedures	Program management plan and systems
	Program Strategy	Review and refine details	Detailed delivery strategy
	Program Guidelines	Provide educational design and construction standards	Educational specifications, design guidelines and Computer Aided Design standards

Source: TEA, Facility Standards.

By conducting periodic facilities needs assessments (facilities condition evaluations that document maintenance and construction priorities), Mount Pleasant ISD was able to identify needed construction and facilities improvements; identify potential code violations; ensure compliance with new and existing regulations, such as the Americans with Disabilities Act (ADA); and establish school educational space guidelines for classrooms and common areas such as cafeterias and libraries using minimum state standards as a starting point.

Mount Pleasant ISD used two different 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 project schedules and to develop project budgets based upon estimated cost by facility and project type.

Recommendation 49:

Develop a master facility plan to accommodate student enrollment and programs.

The district should create a school facility advisory committee to conduct public hearings on facility needs and usage. The advisory committee will meet with the administration and board to provide input.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent requests each principal solicit volunteers to serve on a school facility advisory committee.	October 2003
2.	The board develops and adopts the scope of duties of the school facility advisory committee.	November 2003
3.	The board adopts a facility planning process.	December 2003
4.	The superintendent meets with the school facility advisory committee to distribute the board-adopted charges and sets a calendar of events to include meetings and public hearings.	January 2004
5.	The school facility advisory committee meets with the administration and board as information is collected.	Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district maintains its support staff in five different buildings. The central office houses the superintendent, assistant superintendent, two secretaries, payroll clerk and most of the district files. The O'Henry building has the director of Business/Finance, accounts payable supervisor and assistant to the director of Business/Finance. A double classroom portable building houses seven special education staff persons (two secretaries, one director, three associate school psychologists and a diagnostician). The associate school psychologists will move their offices to the schools beginning in 2003-04. The instructional technology staff

occupies a double classroom portable building. Another double portable building houses the occupational and physical therapists in one half and serves as storage in the other half. Spreading the staff throughout so many different facilities is financially inefficient and prevents effective communication. Staff spend much of their time walking back and forth between buildings.

Exhibit 6-7 shows five buildings housing the district's support services.

Exhibit 6-7
LISD Support Facilities
Purpose/Persons Housed In Each Facility
2002-03

Central Office	O'Henry Building	Portable #1	Portable #2	Portable #3
<ul style="list-style-type: none"> • Superintendent • Assistant Superintendent • Human Resource Secretary • Superintendent Secretary • Payroll Clerk • District Files 	<ul style="list-style-type: none"> • Director of Business/Finance • Accounts Payable Supervisor • Assistant to the Director of Business/Finance 	<ul style="list-style-type: none"> • Special Education Director • Secretaries (2) • Associate School Psychologists (3) • Diagnostician 	<ul style="list-style-type: none"> • Occupational Therapy • Physical Therapy • Store Room 	<ul style="list-style-type: none"> • Instructional Technology Department

Source: Review team observation and LISD Administration.

Chapter 6

OPERATIONS

A. FACILITIES (PART 2)

The Llano Middle School has a separate annex connected to the main building by covered walkways. Constructed in 1988, it is the newest addition to the middle school. Featuring a little more than 8,500 square feet, the interior space not being used consists of five classrooms, two computer labs, a large storeroom, a workroom/kitchen and restrooms with handicap accessibility.

Recommendation 50:

Move all the central support functions to the middle school annex.

To maximize efficiency, LISD should relocate the district support departments to the middle school annex. The annex would accommodate the superintendents' office (superintendent, superintendent's secretary) and assistant superintendent's office (assistant superintendent, secretary) separately in individual classrooms. One of the computer labs would serve as the Instructional Technology office, one classroom would be for special education, two classrooms would be needed for Business Office staff, the large store room could be used for records, leaving one classroom for a conference/training/professional library room.

This would enable the district to sell three portable buildings and the central office. The current board room, which also serves as the district museum of artifacts, could remain open in the O'Henry building, with the rest of the building closed off. The middle school annex would need little modification since it is already equipped with computer capabilities. The phone system, however, would have to be moved.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and assistant superintendent meet with all central office and Business Office personnel, the Special Education director and the Technology director to plan a move into one location.	February 2004
2.	The Maintenance director coordinates the move requirements with each department, including room modifications such as dividers and outlets.	March 2004
3.	The Maintenance director coordinates any room revisions to be	May 2004

	done as soon as students are released for the summer.	
5.	Department move into the middle school annex.	July 2004
6.	The director of Business/Finance advertises the sale of portable buildings and the central office.	September 2004
7.	The director of Business/Finance accepts sealed bids for the sale of the buildings.	October 2004
8.	The superintendent presents bids to the board for approval.	November 2004

FISCAL IMPACT

The district would receive one-time revenue of \$75,000 from the sale of the buildings. Since the staff would be moving to the middle school annex there would be no utility savings. Based on information from the Llano County Appraisal District, a conservative estimate assumes the central office would sell for \$60,000 and the portable buildings would sell for \$5,000 each, for a total of \$15,000.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Move all the central support functions to the middle school annex.	\$0	\$75,000	\$0	\$0	\$0

FINDING

Although LISD is in a financial crisis, the district has an interest in approximately 17,473 acres in Tom Green County called the Western Lands. Beginning in 1838, the Republic of Texas set apart land to each county to fund the establishment of public schools. Article VII, section 6 of the Texas Constitution provides for the ownership and disposition of the county school lands as follows:

"All lands heretofore, or hereafter granted to the several counties of this State for educational purposes, are of right the property of said counties respectively, to which they were granted, and title thereto is vested in said counties...Said lands, and the proceeds thereof, when sold, shall be held by said counties alone as a trust for the benefit of public schools therein; said proceeds to be invested in bonds of the United States, the state of Texas, or counties in said state, or in such other securities, and under such restrictions as may be prescribed by law; and the counties shall be responsible for all investments; the interest thereon, and other revenue, except the principal shall be available fund."

Llano County still owns their county school land, and the county commissioners oversee its use. The appraised value of the property, which also has a building on it, is around \$5.6 million according to the Tom Green County Appraisal District. The beneficiaries of these lands are Llano ISD and Burnet Consolidated ISD, which has a small portion of its district in Llano County. Over the years some of the property has been sold, but most of it has been leased for grazing, hunting, mineral exploration and excavation.

Exhibit 6-8 displays the revenue from leases received by the district from 1998-99 to 2002-03. The revenue received to date in 2002-03 from leases for the property is \$64,742, the lowest it has been in the past five years because a lease agreement has been terminated.

Exhibit 6-8
Revenue from Western Lands
1998-99 to 2002-03

Year	Revenue Received
2002-03	\$64,742
2001-02	\$107,749
2000-01	\$106,568
1999-2000	\$262,436
1998-99	\$130,633

Source: LISD director of Business/Finance.

Llano County established an advisory committee made up of two county commissioners and three members from the school district to keep the school community informed about any activities that come up regarding the Western Lands. The committee does not meet on a regular basis but only when considerations arise regarding the property. However, pursuant to Texas Attorney General opinion No. JC-0399 (2001), the Llano County Commissioners Court retains ultimate authority and responsibility for the county school lands.

Also, according to the Texas Attorney General's Opinion, most counties in Texas have sold their county school lands and invested the proceeds in authorized securities. With LISD currently being in a poor financial situation, the district is fortunate to have an interest in such a valuable asset.

Recommendation 51:

Review opportunities regarding use of the Western Lands.

Given the poor financial position of LISD, the advisory committee should meet and consider alternatives regarding the Western Lands, including selling the property or aggressively seeking additional leasing opportunities for revenue. Public meetings should be held to allow community input from citizens in both LISD and Burnet Consolidated ISD.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent asks the Llano County Commissioners to consider alternatives for the Western Lands.	October 2003
2.	The Llano County advisory committee reviews alternatives for the Western Lands.	October 2003
3.	The Llano County advisory committee holds public meetings to share alternatives for Western Lands with the public and gather community input.	October - November 2003
4.	The Llano County advisory committee meets with LISD and Burnet Consolidated ISD representatives to determine a course of action.	December 2003

FISCAL IMPACT

If the revenue from leasing could increase at least to the 2000-01 amount of \$106,568, the lowest level during the previous four years, the district could have an additional \$41,826 annually (106,568 - \$64,742). First year savings would be one half of the increase.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Review opportunities regarding use of the Western Lands.	\$20,913	\$41,826	\$41,826	\$41,826	\$41,826

FINDING

The district's manual maintenance work order system is not efficient. Each principal completes a work order form or receives a completed request from a teacher. The school secretary forwards the requests to the Maintenance Department. The Maintenance director reviews the work order request and assigns the work to a maintenance worker. In the past, the worker completed the task and a copy of the completed work order

was sent back to the school principal. In recent years, the process has stalled and work orders have begun to stack up.

The work order form is not comprehensive enough to provide needed information. It does not denote the "time in-time out" for a job so the director does not know how long a job takes. It also does not reflect materials used, materials ordered or their cost. This information is essential for budgeting and tracking maintenance. Without knowing the types of materials that are historically used, the budget cannot be accurately determined. The director also cannot determine if the replacement materials effectively corrected the problem or if Maintenance workers are repeatedly returning to repair the same problem.

The Maintenance director has a computer that is linked to the district's wide area network (WAN), and the Technology director has reviewed placing the work order form online to allow school principals easier access. However, the district has not budgeted funds for the project. Currently, the Maintenance director is not able to track and collect accurate documentation of all maintenance work, and the work order requestor is not able to check the status of the work.

An online work order form typically contains the following information: name of requestor, location of repair, description of repair and date requested. The form typically has another section for the Maintenance Department to complete which includes: date received, name of maintenance person assigned, time arriving on job, time leaving job, materials used for repair, purchases made for the repair, description of repair and items on order for repair.

Mount Pleasant ISD (MPISD) facilities and technology staff developed specifications for an automated work order software program based on the district maintenance needs and the needs of district personnel at schools and administrative buildings.

MPISD has developed software that automates the work order process on the district wide area network (WAN). The work order software allows staff to track preventive maintenance, labor costs and materials costs by location. Tracking labor and materials costs on a continuous basis enables the district to establish cost-control strategies and, if maintenance costs are too high, to determine the optimal time for equipment replacement. Automated work orders can be generated after a work request has been received from principals. Each request is numbered and logged into the system with a scheduled time for completion. The tracking mechanism in the work order system allows principals to access the system to see when a work order is scheduled and if there is a delay.

Recommendation 52:

Redesign and automate the district work order process and forms.

The director of Information Technology should contact other districts and research the Internet for Web-based systems that the Technology department could modify to fit the district's needs. The form should provide the Maintenance director with all the information necessary for tracking and analyzing maintenance repairs in the district.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Maintenance and Technology directors meet to design a new work order form.	October 2003
2.	The Technology director contacts other districts and researches Internet-based work order systems.	November 2003
3.	The Technology and Maintenance directors meet to review findings of the research.	December 2003
4.	The Technology director designs or locates an existing work order form for the district network system.	January 2004
5.	The Technology and Maintenance directors train principals on the use of on-line work order system.	February 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The Transportation/Maintenance office and work facility appears dirty and disorganized. Ceiling tiles are missing, debris is surrounding the area, stacks and piles of papers are everywhere and broken glass and furniture are scattered. While interviewing the previous Maintenance director, he could not find energy reports, his budget, work orders and other items requested by the review team. The chairs the bus drivers sit in while waiting to go on their routes were broken. Someone could easily be hurt if the chairs collapsed while being used. The broken glass and hanging ceiling tiles also pose safety hazards. This facility is not a secluded area for storage, but is instead an open area which people occupy and must walk through to get to the offices of the Maintenance and Transportation departments.

The Texas Association of Business Officials (TASBO) reviewed the district and in their report released in February 2003 found that the facility

occupied by the Maintenance department needed cleaning and recommended it should be cleaned not only because of safety hazards but also to present a more professional appearance for taxpayers and casual observers. However, as of April 2003, the district had not acted on that recommendation.

Recommendation 53:

Hold the Maintenance director accountable for maintaining a well-organized and clean Transportation/Maintenance office and work area.

Cleaning and organizing the offices would allow items to be found more quickly and become lost less often, thus increasing efficiency. Employee safety would also be improved. Clearing and organizing should at least be done on an annual basis and throughout the year when needed.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Maintenance director plans a work schedule to clean the Transportation/Maintenance area.	October 2003
2.	The Maintenance director notifies schools that the Maintenance Department will not be available for work order responses, except for emergencies, during the days planned to clean the area.	October 2003
3.	The Maintenance director assembles needed materials (tools, equipment and cleaning supplies).	November 2003
4.	The Maintenance director meets with principals to discuss loaning the Maintenance Department custodians on an in-service a day to assist with the clean up.	November 2003
5.	The Maintenance director assembles staff chosen to assist with the clean up to select days to work and individual assignments.	November 2003
6.	Staff clean the area on a yearly schedule.	Annually

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The facilities that house the telecommunications infrastructure in the older school buildings are inappropriate. Some of these locations include janitor's closets, unlocked closets and rooms where expensive equipment

could be damaged by security failures due to water from the janitor's closet, inadvertent cutoff of power or vandalism. These types of problems could result in downtime from a few hours to a few days and the related expense to repair. The main two computer facilities are a portable building with questionable air conditioning, and a new computer facility at the high school that is overcrowded. The inadequate cooling in the portable building could cause harm to the expensive servers, and there is very little room in the high school facility for working with the existing equipment. The electrical supply to the high school where the new computer facility is located intermittently goes out causing downtime issues for servers and the telephone system. There is only a 10-minute power backup for the telephone system in the school enabling the phone system to remain in operation.

LISD currently has uninterruptible power supplies in battery backup for its servers and critical equipment. The district's telephone systems are the main communication device for safety and security of all staff. It is especially important that the telephone system be available to all when the power is off for any reason.

Recommendation 54:

Reevaluate each communication device for location, power consumption/power backup and physical security requirements.

An uninterruptible power supply to provide at least two hours up time is needed for telephone system for security requirements. There is sufficient budget to acquire this device without increasing costs.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The director of Information Technology evaluates the documentation on each piece of equipment to determine security capabilities.	October 2003
2.	The Maintenance director and the director of Information Technology review each equipment location for security.	October 2003
3.	The Maintenance director and the director of Information Technology secure equipment in each location.	November 2003
4.	The director of Information Technology upgrades the uninterruptible power supply for the telephone system.	November 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD has no energy management program. LISD has had three energy management audits in recent years. However, the Maintenance director could not remember the name of two of the firms, nor could he find the reports. The third firm only evaluated Llano Elementary and the Junior High

(the current Middle School) in 1999. This firm's proposal had an initial cost of \$183,350 with a nine-year payback of \$20,275 per year. The district has not implemented any of the recommendations because most of the recommendations require initial costs that are recovered through energy savings over a period of time. Most of the recommendations involve retrofitting current facilities with energy saving devices such as low-wattage lighting, central thermostat controls and increased insulation.

The cost of energy has risen faster than the rate of inflation over the past 20 years, making energy management a high priority for school districts. TASBO's review of the district listed LISD's utility costs at \$1.46 per square foot compared to a national median average of \$0.68 per square foot. Energy audits and other sources of data are essential to control energy costs. Management has not used this type of information to determine priorities and to monitor and evaluate the success of a program. While the purpose of the energy management program is to minimize waste, the program also should ensure comfort in occupied spaces and encourage energy awareness across the district.

School districts often obtain energy management plans from other districts to formulate their own energy management policy. There are also programs available at no cost, such as the State Energy Conservation Office's "Watt Watchers" program available at 1-800-531-5441, extension 3-1931, or at their Web site at: <<http://www.seco.cpa.state.tx.us>>.

SECO's Watt Watchers program is school-based. SECO provides free materials, training and support. Student councils, science clubs, activity clubs and grade levels from first through twelfth grade can participate in the program. Students gain self-esteem, learn about energy resources and take an active role in teaching others the importance of energy efficiency - all while having fun participating in the program. This program will not only save money at the school, but students will learn how to develop a habit of saving energy in their homes as well.

The Watt Watchers program also involves starting an Energy patrol at individual schools to capitalize on many small but effective ways to reduce energy consumption at the schools. The Energy Patrol consists of teachers, students, parents and community volunteers who work together to implement energy conservation practices, such as:

- planting trees around the building to reduce the amount of heat reaching the buildings;
- replacing old or broken caulking and weather stripping in doors and windows to stop energy dollars from leaking through cracks;
- checking outside air dampers, heating, ventilation and air conditioning filters;
- turning off lights in unoccupied areas; and
- developing maintenance schedules and doing random checks on facilities for monitoring energy conservation.

Another interesting opportunity to save energy at each school has to do with vending machines. The average soft drink machine uses two fluorescent bulbs, which total 80 watts. Add to this the energy required to operate the ballast, a component required to alter the electricity when using fluorescent bulbs. Using a very conservative estimate of only 2 kWh per day usage, a soda machine uses an annual total of 730 kWh just for lights. At an average rate of \$0.10 per kWh, this amounts to \$73 per year for each machine.

Comal ISD implemented an energy conservation program and partially implemented an energy management system. Some of the procedures for the district's energy conservation program include setting thermostats at 74-76 degrees for cooling and at 68-72 degrees for heating; turning lights out when rooms are not in use; discontinuing the use of space heaters; and unplugging all unnecessary equipment before leaving school.

Killeen ISD developed a conservation program which allows each school or support facility to develop its own individual energy conservation plan. Students and staff were allowed to participate in energy conservation planning and implementation. Each school designated a person responsible for shutting off all energy-consuming equipment each day. Each school also used shutdown checklists for daily use, as well as for holidays and the summer.

Recommendation 55:

Obtain energy policies from districts similar in size to LISD and involve the schools in energy conservation.

LISD should review energy conservation programs from other schools and organizations to determine cost effective measures to help reduce its energy costs. The district should involve students in this effort as well and establish a modest goal of reducing energy expenses by five percent.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	LISD principals contact SECO for assistance in developing and implementing a Watt Watchers program.	October 2003
2.	LISD principals and student volunteers implement the Watt Watcher's program.	November 2003
3.	LISD superintendent requests sample policies from TASB or other organizations on energy conservation.	November 2003
4.	The superintendent and Maintenance director develop an energy conservation policy.	December 2003
5.	The board reviews and adopts an energy conservation/policy.	January 2004

FISCAL IMPACT

LISD's budget amount for utilities in 2002-03 is \$627,000. TASBO's report estimated the district's utility cost of \$1.46 per square foot, or approximately \$606,449 annually.

By reducing utility costs by a conservative 5 percent, the district can save \$30,322 annually ($\$606,449 \times .05$ percent). Since the plan would not go into effect until January 2004, first year savings would be one-half ($\$30,322 \div 2$).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Obtain energy policies from districts similar in size to LISD and involve the schools in energy conservation.	\$15,161	\$30,322	\$30,322	\$30,322	\$30,322

Chapter 6

OPERATIONS

B. TRANSPORTATION (PART 1)

The Texas Education Code (TEC) authorizes but does not require Texas school districts to provide transportation for students between home and school, from school to career and technology training locations and for extracurricular activities. In the area of transportation services, the federal Individuals with Disabilities Education Act (IDEA) requires a school district to serve students with disabilities in the same way it serves students in the general population. In addition, IDEA requires school districts to provide transportation to students who must travel to receive special education services.

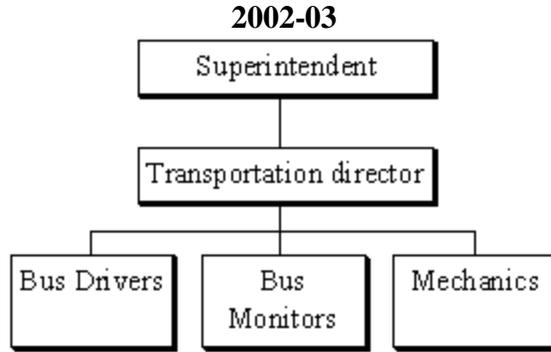
The state reimburses Texas school districts for transporting regular, special education and career and technology program students. The Texas Legislature sets state funding rules, and the Texas Education Agency (TEA) administers the program. School districts receive funding for transporting regular education students living two or more miles from the school they attend. The state does not reimburse districts for students living within the two-mile radius of the school unless hazardous walking conditions exist between the student's home and the school. For example, if a student must cross a major highway without a crossing signal, the circumstances would qualify as a hazardous condition, and the cost of transporting that student would be reimbursed by the state. A school district must use local funds to cover actual costs incurred that exceed the reimbursable state allotment.

LISD's Transportation Department serves an area of approximately 821 square miles. In 2001-02, the LISD Transportation Department served an average of 826 students per day on regular program routes and 16 students per day on special program routes.

In 2001-02, the average annual mileage totaled 453,756 for regular program routes and 53,123 for special education routes. The Transportation Department consists of one director, one mechanic, one mechanic assistant, 30 drivers, five bus monitors and four substitute drivers. The fleet consists of 47 buses, 13 other vehicles and six trailers. **Exhibit 6-9** shows the LISD Transportation Department organizational structure.

Exhibit 6-9

LISD Transportation Organizational Structure



Source: LISD Transportation director.

In 2001-02, LISD's total transportation operating costs were \$612,272 for the regular program and \$77,613 for the special education program.

For the regular program, the state reimburses districts for qualifying transportation expenses based on linear density, 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 routes. TEA uses this ratio to assign each school district to one of seven linear density groups. Each group is eligible to receive a maximum per mile allotment. LISD's linear density reimbursement is \$0.68 per mile. However, LISD does not receive reimbursement from the state for its transportation costs for regular or special education because the district is classified as a Chapter 41 district, or property wealthy district. LISD shares financial resources with either the state or other less wealthy districts. The state's transportation reimbursement is a part of state funding, which does not reimburse Chapter 41 districts.

Exhibit 6-10 shows the linear density groups and the related allotment per mile.

**Exhibit 6-10
Linear Density Groups
May 2002**

Linear Density Group	Allotment Per Mile
2.40 or above	\$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
Up to 0.40	\$0.68

Source: TEA, *Handbook on School Transportation Allotments*.

TEA School Transportation Operations Reports from 1997-98 through 2001-02 provide a five-year history of the transportation costs and mileage. These reports are intended to track all costs and mileage related to transportation. Transportation data is reported to TEA annually in June; therefore the latest numbers available are for 2001-02. **Exhibit 6-11** compares LISD transportation operations costs from 1997-98 through 2001-02.

Exhibit 6-11
LISD Transportation Operations Costs
1997-98 through-2001-02

Item	1997-98	1998-99	1999-2000	2000-01	2001-02	Percent Change 1997-98 to 2001-02
Total Operating Costs*						
Regular program	\$419,059	\$449,196	\$518,557	\$479,834	\$518,577	23.7%
Special program	\$9,883	\$46,689	\$57,618	\$48,059	\$65,736	565.0%
Total Costs	\$428,942	\$495,885	\$576,175	\$527,893	\$584,313	36.2%
Annual Miles						
Regular program	435,177	449,615	436,852	471,519	453,756	4.3%
Special program	19,440	39,812	51,114	48,419	53,123	173.3%
Total Miles	454,617	489,427	487,966	519,938	506,879	11.5%

Sources: TEA, *School Transportation Operations Reports, 1997-98 through 2001-02*.

*Operations costs exclude capital outlay and debt service.

Since 1997-98, the regular program operating costs increased 23.7 percent while annual miles increased 4.3 percent. The Transportation director said the majority of the increased costs related to pay adjustments for bus drivers. The Transportation director also said reporting errors, prior to his assignment as full-time director, attributed to the significant increase in expenses, particularly in the transportation of special education students in 1997-98.

Exhibit 6-12 compares student rider counts from 1997-98 through 2001-02. Special program riders increased, while regular program riders decreased.

Exhibit 6-12
LISD Student Rider Counts
1997-98 through 2001-02

Student Rider Counts	1997-98	1998-99	1999-2000	2000-01	2001-02	Percent Change 1997-98 to 2001-02
Regular program	909	905	975	878	826	(9.1%)
Special program	6	12	20	19	16	166.7%
Total	915	917	995	897	842	(8.0%)

Sources: TEA, School Transportation Route Services Reports, 1997-98 through 2001-02.

Student rider counts decreased from 915 in 1997-98 to 842 in 2001-02. According to the Transportation director, the district performs student rider counts on the first Wednesday of October, November, December, January and February. The Transportation director verifies the counts and reports them to the state in the State Transportation Report. The Transportation director cited poor recordkeeping in previous years as a factor in the decline in number of riders over the five-year comparison period.

LISD staff chose four districts as peer districts in order to compare staffing and transportation expenditures. The peer districts chosen were Barbers Hill, Glen Rose, Wimberley and Ingram ISDs.

In comparison to selected peer districts, **Exhibit 6-13** shows that LISD has the lowest cost per mile in the peer group and is lower than the state average of \$1.40 per mile.

Exhibit 6-13
Total Regular Education Mileage Data Ranked by Cost per Mile
LISD, Peer Districts and State
2001-02

District	Total Annual Mileage	Cost per Mile
Wimberley	102,112	\$2.82
Glen Rose	194,140	\$2.32
Barbers Hill	367,378	\$1.74
Ingram	134,509	\$1.68
LISD	453,756	\$1.35
State	290,472,523	\$1.40

Source: TEA, School Transportation Operations Reports, 2001-02.

Exhibit 6-14 shows the special education mileage data for LISD, peer districts and the state. LISD costs for special education transportation of \$1.46 per mile ranks in the middle of the peer districts and \$0.45 per mile more than the state average.

Exhibit 6-14
Total Special Education Mileage Data Ranked by Cost per Mile
LISD, Peer Districts and the State
2001-02

District	Total Annual Mileage	Cost per Mile
Glen Rose	12,799	\$3.24
Wimberley	47,546	\$2.96
LISD	53,123	\$1.46
District	Total Annual Mileage	Cost per Mile
Barbers Hill	99,785	\$1.35
Ingram	10,611	\$0.28

State	91,063,399	\$1.01
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Source: TEA, *School Transportation Operations Reports, 2001-02*.

FINDING

The district's Transportation Department effectively uses two-way radios on all LISD buses as its primary communication method. Because of the rural nature of the school district, it is important that drivers have an effective way to call for help in case of an emergency, breakdown or student discipline situation. The two-way radios are also helpful in keeping track of the location of buses that may be running behind schedule, allowing parents to stay informed of any changes in schedule. For example, eight school buses are stationed at Packsaddle Elementary in Kingsland, the site of LISD's most distant school. These bus drivers regularly communicate with the Transportation director to report departure and arrival times, as well as any other information necessary to ensure safe transport of LISD students. The department conducts all of this communication via two-way radios.

Prior to the use of two-way radios, LISD had no formal way of keeping in touch with school buses. In 1996, the district piloted the use of two-way radios on a limited number of school buses. The following year, the district expanded the program to include more buses and each year has installed more radios in its buses. Two-way radio service is superior to cellular phone service in the rural Texas Hill Country areas because many of the hills block cellular phone reception.

COMMENDATION

LISD's use of two-way radios on all school buses provides an effective and dependable means of communication.

FINDING

LISD has replaced bus monitors with video cameras, saving the district nearly \$34,000 annually and improving student behavior. Two buses piloted the use of video cameras in 1996. Prior to this, all LISD regular education bus routes used bus monitors. Since 1996, LISD has installed video cameras on all new regular education buses. LISD has placed video cameras on 19 of its 30 buses. These 19 cameras are installed on regular education buses. As funds become available, the director plans to expand the use of cameras to all buses. The district has a one-time expense of \$765 per camera. By contrast, a paid bus monitor costs the district approximately \$10,000 per year. According to the 1999-2000 and 2000-01 transportation security budgets, the change from bus monitors to video

cameras reduced transportation salary costs for bus monitors from \$48,500 to \$14,700, a savings of \$33,800 per year.

The use of video cameras has reduced the district's need to pay monitors to maintain discipline on school buses. If discipline problems occur on buses that do not have cameras, the Transportation director assigns a bus that has a camera to the route until the discipline problems are resolved. The cameras provide a visual record of student infractions as part of LISD's overall discipline management program. According to the Transportation director, school principals who use the tapes in disciplinary cases request bus videotapes almost weekly. The department changes the tapes every other day and maintains them for at least two weeks. If a major or sensitive issue develops that involves a video recording, the tapes may be kept for up to one year.

COMMENDATION

LISD uses video cameras on its school buses to maintain discipline and ensure safety, while saving money.

FINDING

LISD inappropriately compensates its bus drivers by paying the drivers an excessive \$12 hourly rate. The district does not record the number of hours the driver works because the pay is based on fixed miles driven per route rather than the actual driving time. This practice results in more than \$30,000 annually in overpayments to bus drivers.

LISD does not determine its bus driver pay based on a market analysis but instead developed it as a result of a complaint. The Transportation director said the district established this pay rate method in response to a complaint by a former driver concerning overtime pay. At the time, although the district paid by the route, the routes were not being monitored for overtime. The district settled with several drivers and established the hourly rate of pay now in existence. However, the district could not provide documentation supporting the complaint and changes in district policy.

In August 1997, the district established the hourly pay rate at \$11.50 per hour. In August 2000, this rate was raised to \$12 per hour and has remained at that level regardless of the driver's years of experience. During on-site work, the Transportation director said the district had not conducted an analysis to compare bus driver pay with other nearby school districts, but said that he was aware that the current rate was high. Since on-site work concluded, the Transportation director has done some analysis. Most drivers work their morning route and then return for the

afternoon route. Some of the drivers are teacher aides. These drivers work their morning route; perform their teacher aide duties and then return to drive their afternoon route.

According to the 2001 U.S. Department of Labor State Occupational Employment and Wage Estimates, the average hourly school bus driver pay rate for Texas was \$9.02.

LISD's bus driver pay ranks the highest among its peer districts as shown in **Exhibit 6-15**. LISD's pay is also higher than larger districts' beginning bus driver pay such as San Marcos at \$10.50 and Galveston at \$9.83.

**Exhibit 6-15
Staffing and Driver Pay
LISD and Peer Districts
2002-03**

School District	Enrollment	Professional	Clerical/ Technical	Drivers	Beginning Driver's Pay	Maximum Driver's Pay
LISD	1,890	One Director	One mechanic One mechanic helper	30	\$12.00 per hour	\$12.00 per hour
Glen Rose	1,645	One Bus Maintenance Coordinator	One mechanic One mechanic helper	19	\$10.18 per hour	\$13.50 per hour
Barbers Hill	2,792	One Transportation Coordinator	Part time secretary Three mechanics	33	\$10.80 per hour	\$14.80 per hour
Wimberley	1,734	One site supervisor (contract with Durham)	One safety trainer Mechanic supplied from Lockhart	17	\$8.85 per hour	\$8.85 per hour*
Ingram	1,498	One-half Director	One-half Secretary	8	\$8.50 per hour	\$10.00 per hour

Peer Average					\$9.58	\$11.79
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Source: Peer district telephone interviews.

*Wimberley ISD would not provide a maximum bus driver salary, so the beginning pay is assumed.

To determine driver compensation, the Transportation Department divides the miles driven on a route by 30 (assuming travel at 30 miles per hour) to establish the estimated number of hours spent on the route. The department then multiplies this number by the hourly rate. Based on this formula, each route is assigned a number of hours that the driver will be paid regardless of the actual amount of time it takes the driver to complete the route. However, the Transportation director said the estimated route hours are very close to the actual time of the route. The minimum number of hours a bus driver receives is 2.17 hours, while the maximum is 5.40 hours.

Although LISD drivers submit monthly timesheets to the Transportation director, the district does not use a timekeeping system. Two peer districts pay hourly for a minimum of two to three hours per day.

Exhibit 6-16 shows the pay calculation for each LISD bus route. Using this system of payment the driver of route one, for example, receives \$64.80 per day (162 miles/30 x \$12 per hour), while the driver of route five (based on driving for 0.43 hours) should only receive \$5.16 (13 miles/30 x \$12 per hour); however, the driver of route five actually receives \$26.04 because the 0.43 hours worked is converted to the minimum route pay of 2.17 hours for payroll purposes. The driver of this route and other similar routes effectively makes \$60.56 per hour (\$26.04/0.43). Therefore, the driver of a short route earns disproportionately more per hour than other drivers.

**Exhibit 6-16
Method of Calculating LISD's Driver Pay**

Route #	Route Miles	Divide by 30	Number of Hours	Current Daily Pay (\$12 per hour)	Pay per straight hour (\$12 per hour)	Overpayment Difference
1	162	162/30	5.40	\$64.80	\$64.80	\$0.00

2	120	120/30	4.00	\$48.00	\$48.00	\$0.00
3	83	83/30	2.77	\$33.24	\$33.24	\$0.00
4	121	121/30	4.03	\$48.36	\$48.36	\$0.00
5	13	13/30	0.43*	\$26.04	\$5.16	(\$20.88)
6	161	161/30	5.37	\$64.44	\$64.44	\$0.00
7	123	123/30	4.10	\$49.20	\$49.20	\$0.00
8	102	102/30	3.40	\$40.80	\$40.80	\$0.00
9	110	110/30	3.67	\$44.04	\$44.04	\$0.00
10	86	86/30	2.87	\$34.44	\$34.44	\$0.00
12	113	113/30	3.77	\$45.24	\$45.24	\$0.00
13	99	99/30	3.30	\$39.60	\$39.60	\$0.00
14	110	110/30	3.67	\$44.04	\$44.04	\$0.00
15	18	18/30	0.60*	\$26.04	\$7.20	(\$18.84)
16	131	131/30	4.37	\$52.44	\$52.44	\$0.00
17	108	108/30	3.60	\$43.20	\$43.20	\$0.00
18	38	38/30	1.27*	\$26.04	\$15.24	(\$10.80)
19	108	108/30	3.60	\$43.20	\$43.20	\$0.00
20	97	97/30	3.23	\$38.76	\$38.76	\$0.00
21	108	108/30	3.60	\$43.20	\$43.20	\$0.00
23	17	17/30	0.57*	\$26.04	\$6.84	(\$19.20)
34	49	49/30	1.63*	\$26.04	\$19.56	(\$6.48)
35	118	118/30	3.93	\$47.16	\$47.16	\$0.00
PS25	19	19/30	0.63*	\$26.04	\$7.56	(\$18.48)
PS22	24	24/30	0.80*	\$26.04	\$9.60	(\$16.44)
PS24	24	24/30	0.80*	\$26.04	\$9.60	(\$16.44)
PS26	102	102/30	3.40	\$40.80	\$40.80	\$0.00
PS27	20	20/30	0.67*	\$26.04	\$8.04	(\$18.00)
PS28	52	52/30	1.73*	\$26.04	\$20.76	(\$5.28)
PS00	23	23/30	0.77*	\$26.04	\$9.24	(\$16.80)
Total				\$1,151.40	\$983.76	(\$167.64)

Annual Over-payment	=	\$167.64 per day x 180 days \$30,175
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Source: LISD Transportation Department.

*Actual hours are converted to 2.17 minimum hours.

According to **Exhibit 6-16**, LISD's unique payment method causes the district to unnecessarily pay out more than \$30,000 per year. This calculation assumes \$167.64 per day for 180 days out of the year. In 2001-02, LISD bus drivers logged a total of 21,187.75 hours driving, including all types of driving assignments.

Recommendation 56:

Implement an hourly bus driver compensation plan to replace pay based on miles per route.

The district should review area districts to provide LISD with examples of bus driver pay in the immediate area. LISD should purchase a timekeeping system to determine real costs associated with transporting students. This would provide a much clearer picture of projected and actual costs. The Transportation director would be able to project the time associated with each route including pre- and post-inspections and driving time. The use of a time clock would provide documentation for any adjustments that need to be made in routes due to students moving in and out of the district and would be able to make needed adjustments to the routes.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Transportation director and the director of Business/Finance obtain quotes on timekeeping equipment and the superintendent approves the purchase and installation of a time clock.	October 2003
2.	The Transportation director determines the time needed to drive each route.	October 2003
3.	The Transportation director prepares a recommendation for the hours needed to drive each bus route and submits it to the superintendent for approval.	October 2003
4.	The bus drivers begin using the time clock.	October 2003
5.	The superintendent freezes bus driver pay at \$12 per hour.	October 2003
6.	The Transportation director conducts a survey of area districts	October

	for pay for all transportation employees.	2003
7.	The Transportation director reports the results of the survey and a recommended pay rate to the superintendent.	November 2003
8.	The superintendent approves the revised bus driver pay rate.	November 2003
9.	The Transportation director meets with each driver to communicate the hourly rate.	November 2003
10.	The superintendent recommends a revised compensation plan for bus drivers to the board.	December 2003

FISCAL IMPACT

LISD will save \$30,175 based on the analysis in **Exhibit 6-16** by paying drivers an hourly rate.

For 2001-02, LISD's total hours driven by bus drivers was 21,187.75. At \$12 per hour, the total driving payroll was \$254,253 (21,187.75 x \$12). The average bus driver salary in the peer districts was \$11.79 per hour, calculated at the average highest rate of pay for the peer districts. At this pay rate, assuming the same amounts of hours were driven, LISD's total driving payroll would be \$249,804 (21,187.75 hours x \$11.79 peer average salary). The net fiscal impact of paying drivers the peer salary rate is a savings of \$4,449 (\$254,253 - \$249,804).

LISD should purchase a time clock for the LISD bus barn and a clock at Packsaddle at an estimated one-time cost of \$3,408.

The total annual fiscal impact is \$34,624 (\$30,175 + \$4,449). The 2003-04 net fiscal impact is \$31,216 (\$34,624 - \$3,408).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Implement an hourly bus driver compensation plan to replace pay based on miles per route.	\$34,624	\$34,624	\$34,624	\$34,624	\$34,624
Purchase a time clock.	(\$3,408)	\$0	\$0	\$0	\$0
Net Savings/(Cost)	\$31,216	\$34,624	\$34,624	\$34,624	\$34,624

FINDING

Unlike most districts, LISD' Transportation Department's pay for extracurricular drivers is the standard rate of \$12 per hour for driving to

and from the activity and also for waiting at the activity. Most districts pay the regular hourly rate while driving to and from the event and a lower rate while waiting at the event. The waiting rate for drivers ranged from minimum wage to \$7 per hour.

Exhibit 6-17 shows driver pay for driving time and waiting time in LISD and in peer districts.

**Exhibit 6-17
Extracurricular Pay Rate*
LISD and Peer Districts
2002-03**

School District	Enrollment	Driving Time	Waiting Time
LISD	1,890	\$12 per hour	\$12 per hour
Barbers Hill	2,792	\$6 per hour	\$6 per hour
Glen Rose	1,645	\$12 per hour	\$7 per hour
Wimberley	1,734	\$8.85-\$11.00 per hour	\$6 per hour
Ingram	1,498	\$8.50	\$7 per hour

Source: Peer district telephone interviews.

**Most coaches, directors and sponsors drive their students on trips. The higher rate applies when the program must get someone else to drive.*

Chapter 6

OPERATIONS

B. TRANSPORTATION (PART 2)

The Transportation director schedules extracurricular trips. The director maintains two lists of drivers, one for daytime trips and one for evening and weekend trips. The drivers are chosen on a rotation schedule with no consideration for the number of hours the driver worked during the school week. Drivers add the extracurricular trip hours to their regular monthly payroll sheet. The Transportation director reviews and submits the payroll to the payroll department. The Transportation director said that currently his payroll does not differentiate between driving and waiting times. A typical football trip, for example, could be recorded as a total of seven hours worked, even though three hours were spent waiting. Other trips such as band contests could be considered a total of 10 hours worked, with eight hours spent waiting. During 2001-02, LISD reported 81,758 miles driven for extracurricular trips.

Exhibit 6-18 provides extracurricular mileage for 2001-02. On daytime trips in LISD, a teacher's aide on duty typically drives the bus, at no additional cost to the district. During 2001-02, evening and weekend drivers served as extra drivers.

Exhibit 6-18
LISD Extracurricular Mileage
2001-02

Organization	2001-02 Mileage
Band	18,835
Cheerleaders	2,249
Elementary Field Trips	3,831
High School Athletics	31,777
High School Field Trips	13,227
Junior High Athletics	6,558
Junior High Field Trips	441
Middle School Field Trips	1,429
Packsaddle Field Trips	1,638
Special Education Field Trips	1,773

Staff Use	19,717
Summer Athletics	115
Total	101,590

Source: LISD annual mileage comparison.

Extracurricular activities (band, athletics and cheerleaders) account for more than 70 percent of all the extra trips.

Recommendation 57:

Implement an extracurricular pay scale that reduces costs while the bus driver is waiting at an event.

LISD could save 50 percent on extracurricular trips if the district implemented an extracurricular pay scale that separates the driving time and the waiting time.

A review of LISD's UIL districts would show how neighboring districts determine their extracurricular pay scales. LISD administration would determine the changes that needed to be made in the compensation for extracurricular trips. Drivers would account for their time by recording driving and waiting time.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Transportation director surveys area districts about their method of paying bus drivers for extracurricular trips.	October 2003
2.	The Transportation director recommends an extracurricular trip salary schedule to the superintendent.	October 2003
3.	The superintendent approves the extracurricular salary schedule and recommends the schedule to the board.	October 2003

FISCAL IMPACT

Extracurricular activities such as band, athletics and cheerleading have historically used coaches, directors and sponsors as drivers. If 60,000 of the extracurricular miles, for example, used bus drivers, the cost to the district using the current formula for paying drivers of dividing the miles by 30 miles per hour, there would be approximately 2,000 hours of extracurricular travel (60,000/30). Based on the \$12 per hour bus driver current pay rate, the cost would be approximately \$24,000 (2,000 hours x \$12 per hour).

Using a conservative estimate of one-half time driving at \$12 per hour and one-half time waiting at \$7 per hour, the total cost would be \$19,000 (1,000 hours x \$12 per hour driving = \$12,000 + 1,000 hours x \$7 per hour waiting = \$7,000).

The current process assumes the cost is \$24,000, while the recommended revised process is a cost of \$19,000, for a savings of \$5,000 (\$24,000 - \$19,000).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Implement an extracurricular pay scale that reduces costs while the bus driver is waiting at an event.	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

FINDING

LISD does not maximize the number of students riding its buses. The LISD Transportation Department operates 30 routes using 35-passenger, 53-passenger and 71-passenger buses.

According to the Texas Association of School Business Officials, the industry standard for buses transporting all grade levels is 75 percent capacity. In LISD, only two bus routes meet the 75 percent criteria, while only eight buses operate at the 60 percent or above capacity level. In addition, 13 regular routes are less than 50 percent full. The average number of riders is approximately 51 percent per bus, excluding special education buses, as shown in **Exhibit 6-19**.

Exhibit 6-19
LISD Rider Counts Compared to 75 Percent Capacity Standard
2001-02

Bus Route Number	Capacity	Riders	Percentage of Riders	Over/(Under) Compared to 75 Percent Capacity Standard
1	53	21	39.62%	(35.38%)
2	71	34	47.89%	(27.11%)
3	53	41	77.36%	2.36%
4	35	13	37.14%	(37.86%)

5	71	29	40.85%	(34.15%)
6	71	40	56.34%	(18.66%)
7	71	36	50.70%	(24.30%)
8	35	10	28.57%	(46.43%)
9	71	15	21.13%	(53.87%)
10	71	38	53.52%	(21.48%)
12	71	43	60.56%	(14.44%)
13	71	40	56.34%	(18.66%)
14	71	38	53.52%	(21.48%)
15	71	45	63.38%	(11.62%)
16	71	30	42.25%	(32.75%)
17	71	47	66.20%	(8.80%)
18	71	35	49.30%	(25.70%)
19	71	49	69.01%	(5.99%)
20 (Special Education)	48	6	12.50%	(62.50%)
21	71	43	60.56%	(14.44%)
23	71	35	49.30%	(25.70%)
34	71	16	22.54%	(52.46%)
35 (Special Education)	53	4	7.55%	(67.45%)
PS 25	71	33	46.48%	(28.52%)
PS 22	71	45	63.38%	(11.62%)
PS 24	71	60	84.50%	9.50%
PS 26	53	18	33.96%	(41.04%)
PS 27	71	38	53.52%	(21.48%)
PS 28	71	17	23.94%	(51.06%)
PS 00 (Special Education)	19	3	15.79%	(59.21%)
Totals	1,791*	909**	50.75%	(24.25%)

Source: LISD Transportation Department.

**The total capacity is 1,911 less special education of 120, for a total of 1,791.*

***The total riders are 922 less special education of 13 riders, for a total of 909.*

The district currently has a manual routing system. The director reviews the existing routes and makes modifications as needed from year to year. Routes are not publicized on the district's Web site, but are communicated to parents if they call the district. Buses pick up students at their door because there are no designated bus stops for groups of students in a neighborhood. The Transportation director has researched computerized routing software and requested permission to purchase the software, but was denied his request because of budget constraints. Without monitoring the number of students on each route, the district operates its transportation program inefficiently.

The Transportation director said that in February 2002, LISD lease-purchased the most recent four 71-passenger buses, at a total lease cost of \$53,776 each year for five years, from 2002 to 2006. The LISD agreement with the bus company states that the district can cancel the lease due to an "Event of Nonappropriation" existing, meaning if the district does not fund the leased buses in the budget, the lease can be canceled. The district must notify the bus company 30 days prior to the end of the fiscal year on August 31 for a lease to be cancelled. After the notification, the buses are returned to the bus company.

Recommendation 58:

Consolidate LISD pickup points on bus routes to eliminate at least six routes and return four lease-purchased buses.

Analyses of the bus routes showed that LISD could consolidate routes and eliminate six routes for 2003-04. Since LISD is a rural district, it is difficult to increase the number of riders on rural routes. Bus routes that travel to places such as Tow, Prairie Mountain, and Castell and on county roads have a low number of passengers and will continue to have few passengers because of the rural nature of the area. Historically, the district has picked up students on a door-to-door basis. By consolidating pick up points, the district can eliminate four Llano town routes, one Packsaddle route and one Horseshoe Bay shuttle bus route; all of these bus routes have few riders.

LISD would return the four leased buses by notifying the bus company by July 31, 2004.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Transportation director reviews the recommended eliminated routes and makes adjustments in other routes to compensate for the eliminated routes.	October 2003
2.	The Transportation director recommends the revised bus routes to the superintendent and board, and the bus drivers are eliminated.	October 2003
3.	The Transportation director informs the parents and the media about the new routes and requests the Information Technology department to post them to the district Web site.	October 2003
4.	The Transportation director prepares a recommendation regarding returning four leased buses to the bus company in 2004.	November 2003
5.	The Transportation director submits the recommendation regarding returning four leased buses to the bus company in 2004 to the superintendent.	December 2003
6.	The Transportation director and director of Business/Finance notify the bus company of the nonappropriation and return four leased buses.	July 2004

FISCAL IMPACT

LISD provided the review team with the actual salary and benefits for the bus drivers on the six routes identified for elimination, at \$35,312 per year. The lease agreement allows the lease to be canceled if the lease payments are not budgeted by the district. The buses would be returned in 2004-05. The district leases all four buses for a total annual lease cost of \$53,776. If four buses are returned, the lease payments for the final three years of the lease would be saved, for a total one-time savings of \$161,328 (\$53,776 x 3 years).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Consolidate LISD bus routes.	\$35,312	\$35,312	\$35,312	\$35,312	\$35,312
Return four lease-purchased buses.	\$0	\$161,328	\$0	\$0	\$0
Net Savings/(Cost)	\$35,312	\$196,640	\$35,312	\$35,312	\$35,312

FINDING

LISD conducts no evaluation of bus drivers. However, LISD policy requires an annual written evaluation of all employees. The Transportation director, mechanics and bus monitors do receive annual evaluations. The

assistant superintendent for Curriculum and Instruction evaluates the Transportation director, while the Transportation director assesses the performance of the mechanics and bus monitors.

Improving the performance of any employee requires ongoing staff development and scheduled evaluations to monitor the effectiveness of the training received. Either the Transportation director or the mechanic initially trains new bus drivers. The training prepares the new driver for the initial test for the commercial driver's license. Each driver also receives training as required by the Texas Transportation Code.

Without evaluations, poor bus drivers can continue to transport students. Lack of oversight of bus driver performance does not assure parents that bus drivers meet and follow requirements and standards.

Kerrville ISD has an effective evaluation system for transportation employees. The director holds a pre-evaluation meeting with the driver. The director rides the route with the driver, observing basic driving techniques and the driver's appearance and rapport with the students. The director then conducts a post-evaluation meeting with the driver to discuss what was observed on the route.

Recommendation 59:

Adopt a formal bus driver evaluation program.

The Transportation director should survey area districts about the types of bus driver evaluation methods used. He should compile the different types of evaluations and review the evaluation methods with some of the drivers. He should then implement the evaluation program by conducting a pre-evaluation meeting and a post-evaluation meeting with the drivers.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent instructs the director of Transportation to devise an evaluation program with annual check-rides for all bus drivers and follow-up observations.	October 2003
2.	The director of Transportation submits the evaluation program to the superintendent for review and approval.	October 2003
3.	The director of Transportation implements the program and meets with drivers to discuss requirements and expectations.	November 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD does not have a written comprehensive replacement schedule for school buses, and as a result, has 17 more buses in its vehicle inventory than are used in daily bus routes. The district does not perform a comprehensive annual review of the age, mileage and condition of buses. School buses have useful lives of 10 to 15 years, with well-maintained buses lasting longer. LISD has 37 buses that have been in service less than 15 years.

According to the LISD Transportation director, the district's goal since 1996 has been to purchase four to six new buses every other year to ensure an up-to-date fleet within 10 years. **Exhibit 6-20** demonstrates that LISD has aggressively pursued, and in some years, exceeded that goal. However, as shown in the exhibit, 10 LISD buses are more than 15 years old.

Exhibit 6-20
LISD Bus Fleet
2002-03

Bus Number	Number of Passengers	Make	Year Acquired	Age
7	71	International	2002	1
10	71	International	2002	1
11	53	International	2002	1
12	71	International	2002	1
13	71	International	2002	1
2	71	International	2001	2
6	71	International	2001	2
17	71	International	2001	2
21	71	International	2001	2
9	71	International	1998	5
14	71	International	1998	5
19	71	International	1998	5
22	71	International	1998	5
27	71	International	1998	5

33(12)	71	International	1998	5
35	53 Special	International	1998	5
24	71	International	1997	6
45(10)	71	International	1997	6
5	71	International	1996	7
15	71	International	1996	7
16	71	International	1996	7
25	71	International	1996	7
28	71	International	1996	7
1	53	International	1995	8
18	71	International	1995	8
20	48 Special	International	1995	8
23	71	International	1995	8
3	53	International	1992	11
26	53	International	1992	11
4	35	International	1991	12
8	35	International	1991	12
37	71	International	1991	12
40	71	International	1990	13
44(24)	71	International	1990	13
31	71	International	1989	14
38	71	International	1989	14
34	71	International	1988	15
39	71	International	1987	16
43(27)	71	International	1987	16
29	71	International	1986	17
30	71	International	1986	17
32	65	International	1986	17
36	71	International	1986	17
00	19 Special	GMC	1985	18

42	35	International	1983	20
50	35	Ford	1982	21
41	54 Band	International	1979	24

Source: LISD Transportation Department.

Each year, the Transportation director and mechanic informally assess the condition and maintenance records of each bus in the LISD fleet; however, LISD has not auctioned its retired or surplus buses in at least eight years. The district has 30 regular routes and, according to the director, a maximum of seven extracurricular field trips are scheduled each day. The fleet of 47 buses is a relatively large for a district of 1,800 students, and is costly to maintain and support. For example, as shown in **Exhibit 6-21**, LISD spends \$3,351 annually on insurance for its 10 oldest buses.

Exhibit 6-21
LISD Bus Insurance on 10 Oldest Buses
2002-03

Bus #	Year Acquired	Make	Age	Annual Insurance Premium Cost
39	1987	International	16	\$378
43(27)	1987	International	16	\$329
29	1986	International	17	\$329
30	1986	International	17	\$329
32	1986	International	17	\$329
36	1986	International	17	\$329
00*	1985	GMC	18	\$239
42	1983	International	20	\$266
50	1982	Ford	21	\$253
41**	1979	International	24	\$570
Total	N/A	N/A	N/A	\$3,351

Source: LISD Transportation Department.

*Used as a spare bus for the regular special education bus.

**Used to transport band equipment, not students.

Comal ISD and Lyford Consolidated ISD (LCISD) have bus replacement programs. The districts annually inventory buses and their condition. LCISD rotates buses using mileage targets to ensure buses evenly accrue mileage. LCISD also ensures buses are used proportionally, alternating old buses with high miles to shorter routes and newer buses with fewer miles to operate extracurricular routes. After older buses are replaced, they become spare buses. These spare buses replace older spare buses, which are sold at auction. Galveston ISD annually auctions its surplus buses. In 2001-02, the district received from \$700 to \$1,200 per bus depending on the condition of the buses.

Recommendation 60:

Sell excess buses and prepare a 15-year bus replacement plan.

With only 30 routes and 47 buses, LISD should reduce its inventory of old buses. The district should analyze the age and condition of its buses, including the mileage of each bus. The LISD Transportation director should determine which buses are no longer needed and may be sold. LISD should develop and maintain a plan to keep its fleet within the 15-year replacement limits.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Transportation director prepares a report on the age, condition and mileage of the buses.	October 2003
2.	The Transportation director prepares a list of the buses that should be sold based on the condition analysis, and the buses are sold at auction.	October 2003
3.	The superintendent and Transportation director devise a plan to develop a 15-year bus replacement plan that rotates the use of buses according to mileage and route and replaces older buses as needed.	December 2003
4.	The superintendent presents the plan to the board for approval and appropriation of required funding.	January 2004

FISCAL IMPACT

LISD has 10 buses more than 15 years old. Assuming that the oldest five buses, excluding the 1979 and 1985 buses due to their unique uses, are sold for \$700 each, the one-time savings in 2003-04 would be \$3,500 (\$700 x 5 buses). In addition, the liability insurance on these buses could be dropped for an annual savings of \$1,506 as shown in **Exhibit 6-21** (\$253 bus 50 + \$266 bus 42 + \$329 bus 36 + \$329 bus 32 + \$329 bus 30 = \$1,506). The 2003-04 net savings could be dropped for \$5,006 (\$1,506 + \$3,500).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Prepare a 15-year bus replacement plan.	\$1,506	\$1,506	\$1,506	\$1,506	\$1,506
Sell excess buses.	\$3,500	\$0	\$0	\$0	\$0
Net Savings/(Cost)	\$5,006	\$1,506	\$1,506	\$1,506	\$1,506

FINDING

LISD has a limited preventive maintenance schedule. LISD has not established a schedule for when or at what mileage each type of maintenance task should be conducted. Repair records are generally handwritten and are not well documented. This system hinders the district's ability to accurately track individual bus conditions and to develop an overall picture of the district's bus fleet. Effective districts schedule routine maintenance, including changing oil and filters and lubricating the bus every 3,500 miles on a gas-powered bus and 7,000 miles on a diesel engine bus. A review of LISD's maintenance records determined that preventive maintenance on a number of buses was not completed within these guidelines. In fact, some buses were not serviced for routine maintenance until more than 13,000 miles had been logged.

Districts across the state have effectively and inexpensively devised automated bus maintenance programs, which allow them to maintain detailed records on each bus in the fleet and develop a comprehensive plan for fleet maintenance and replacement. Without maintenance schedules, the district cannot efficiently monitor all of its buses to ensure that they are kept in proper working condition at all times.

Some districts use electronic spreadsheets to keep maintenance records with established dates for each type of maintenance task required for individual buses. Such systems are an inexpensive way to keep information on the bus fleet.

Recommendation 61:

Develop a preventive bus maintenance schedule and use electronic spreadsheets to maintain bus maintenance data.

The Transportation director has the skills to automate the preventive maintenance schedule for the LISD bus fleet.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Transportation director, with assistance from the mechanic, prepares a spreadsheet with information on the buses with their last known maintenance data.	October 2003
2.	The Transportation director and the mechanic develop a plan for preventive maintenance for the fleet and receive approval from the superintendent to implement the plan.	November 2003
3.	The Transportation director and mechanic implement the preventive maintenance plan and report the results to the superintendent.	November 2003
4.	The superintendent provides an annual report to the board on the preventive maintenance program.	March 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 6

OPERATIONS

C. CHILD NUTRITION (PART 1)

Food services are an essential part of a school's educational program. Effective public schools provide students and staff with appealing and nutritional breakfasts and lunches as economically as possible. Current research indicates that good nutrition is a critical component of a child's ability to concentrate in the classroom. Good nutritional choices provided in a friendly, interesting, welcoming and sanitary environment encourage students, staff and parents to participate in the breakfast and lunch programs.

LISD participates in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP), which are regulated by the United States Department of Agriculture (USDA) and administered by the Texas Education Agency (TEA). The agreement between the district and TEA provides that the district will accept and use commodities that it receives from USDA. The Texas Department of Human Services administers the Food Distribution Program. In addition to the food commodities, LISD's Child Nutrition Program Department receives federal reimbursement for each lunch and breakfast served that meets meal pattern requirements. USDA provides menu planning options to meet nutrient standards as outlined in the Healthy Meals for Children Act of 1994. The requirements and recommendations for school lunches are designed to provide approximately one-third of the Recommended Dietary Allowances for various age groups of children as specified by the National Research Council of the National Academy of Sciences. School breakfast patterns are designed to provide one-fourth of the Recommended Dietary Allowances. Meals averaged over one week must contain 30 percent or less calories from fat and 10 percent or less calories from saturated fat.

Any child enrolled in LISD may purchase a meal. Children from families with incomes at or below 130 percent of the poverty level are eligible for free meals. Those from families with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals, for which students can be charged no more than 40 cents for lunch and 30 cents for breakfast. Children from families with incomes over 185 percent of the poverty level pay full price. Districts set their own prices for full-price (paid) meals but must operate as nonprofit programs.

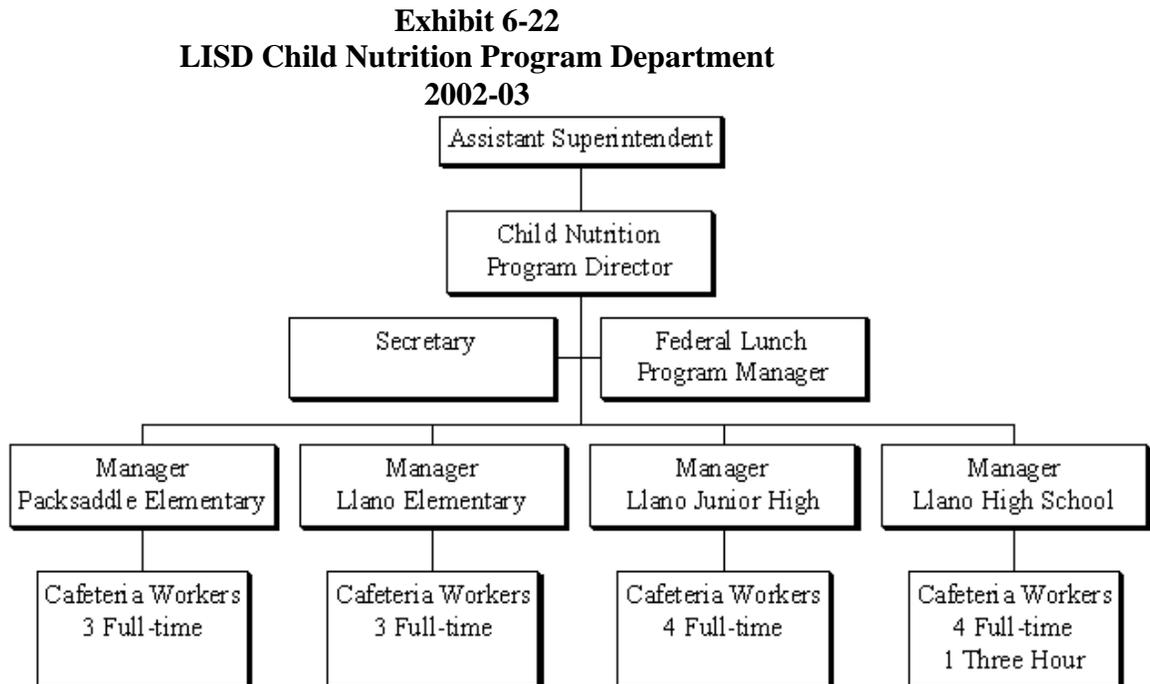
A reimbursable meal is a breakfast or lunch that offers all of the required meal pattern or nutrient standard plan of food items in the required serving sizes. When the student selects the required number of food items in

accordance with the district's choice of menu plans, the meal is counted for reimbursement purposes.

LISD's food services operations are organized under the Child Nutrition Program Department. The Child Nutrition Program director supervises the department and reports to the assistant superintendent for Curriculum and Instruction. The director supervises one department secretary, the federal lunch program manager in the department office adjacent to the middle school and four cafeteria managers who are located at the various school cafeterias.

The four school kitchens are located in Llano Elementary School serving pre-kindergarten through grade 5; Packsaddle Elementary School located in the Kingsland community, serving pre-kindergarten through grade 5; Llano Junior High School serving grades 6 through 8; and Llano High School serving grades 9 through 12. The junior high and high school also serve a la carte food items in snack bars located in the cafeterias. All food is prepared and served to the children on site. The cafeteria managers supervise 15 food service workers at the four school cafeterias, for a total of 21 full-time department employees and one three-hour worker including the director. One employee works as departmental secretary and as cashier at the high school.

At the end of 2002-03, when grades 5 and 6 merged with other grades, the middle school cafeteria closed. **Exhibit 6-22** displays the organizational structure of LISD Child Nutrition Program Department.



Source: LISD Child Nutrition Program Director.

According to industry studies, trends in meals consumed outside the home have affected the food preferences of students nationwide. Average Daily Participation (ADP) is a measure used throughout the school food service industry as a management tool for assigning labor to kitchens, judging effectiveness of the program and gauging food acceptance and menu popularity.

Factors that must be considered when evaluating the food services' financial success include: the participation of students who purchase the reimbursable lunch and breakfast; the number of meals per labor hour (MPLH) produced by the cafeteria workers; the cost of food and labor, including fringe benefits for employees and other supplies used to produce, serve and clean the equipment used in preparation and serving; the security of the money received and the food purchased and stored; and the administrative costs of directing and monitoring daily operations.

School districts use MPLH analysis to determine and measure food service productivity and to assign labor hours to a kitchen. MPLH is a standard performance measure of efficiency for school districts, hospitals, restaurants and other food service operations. MPLH is the number of meal equivalents served in a given period divided by the total hours worked during that period. Meal equivalents are reimbursable lunches, plus a la carte sales converted to meal equivalents and breakfast average daily participation adjusted for the degree of complexity in preparation and the labor needed. A variety of benchmarks are used to determine the MPLH that should be achieved. Some factors that are taken into consideration are the type of production that is used; if all meals are produced and consumed on site; the schedules determined for serving periods; and if cleaning the dining room and floors is a food service job duty or a duty of the school custodial staff.

Senate Bill 19 enacted in 2001 into Texas Education Code (TEC) Section 38.013 provides that TEA shall make available to each school district a coordinated health program designed to prevent obesity, cardiovascular disease and Type II diabetes in elementary school students. The program must provide for coordinating health education; physical education and physical activity; nutrition services; and parental involvement.

FINDING

The Child Nutrition Program director and managers effectively train all employees. The training includes not only how to produce quality food and provide good customer service, but also how to meet federal and state regulations mandated to assure the safety of the food. As a result of

effective training, the program has achieved 100 percent compliance with monitoring agencies.

Every worker must be knowledgeable in food safety practices and in meeting regulations. TEA monitors the Child Nutrition Program through the Coordinated Review Effort (CRE). The CRE monitors meal counting; meals offered and served that meet the meal pattern requirements for items offered and portion sizes; the accuracy of processing free and reduced-price meal applications and the verification of eligibility; consolidation of claims involving two or more schools; procurement procedures and adherence to state and federal law; and other recordkeeping and documentation.

Under the School Meals Initiative (SMI), the Regional Education Service Center XIII (Region 13) evaluates menus and production to determine if nutrient standards are met; conducts evaluation and training preceding CRE to assist in identifying and correcting deficiencies; and provides technical assistance in program management. CRE and SMI are conducted on a five-year cycle determined by TEA. Follow-up reviews are performed if violations exceed a specified level. Failure to meet the CRE standards can result in loss of funds for meals already consumed. TEA reported no violations of regulations in the CRE or the SMI for 2000-01, the latest information available. The Texas Department of Health (TDH) measures compliance with state regulations for sanitation and food safety, known as the Texas Food Establishment Rules. Every kitchen is reviewed annually. TDH reported 100 percent compliance in all LISD cafeterias.

The director is certified to teach the National Restaurant Association's *ServSafe* curriculum. Employees and managers must track completion of training. **Exhibit 6-23** shows the topics covered in the orientation. These topics are included in a checklist on which the employee and manager initial each topic upon completion. Once the employee completes tasks, he or she signs and dates the form indicating that the tasks were presented and explained. The manager also signs and dates the form. Finally, the Child Nutrition Program director reviews the employee's progress, signs and dates the form and places it in the employee's personnel file.

Exhibit 6-23
Food Service Employee Orientation Checklist

<ul style="list-style-type: none">• Department tour• Time sheets• Department organization• Facility organization• Employee lockers	<ul style="list-style-type: none">• Personal hygiene• Job description• Employee handbook• Incident reports• Attendance policy
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<ul style="list-style-type: none"> • Work schedule 	<ul style="list-style-type: none"> • Sick Time-calling in
<ul style="list-style-type: none"> • Pay schedule • Time Used policy • Meal policy • Parking areas • Department dress code 	<ul style="list-style-type: none"> • Telephone policy • Visitor policy • Use of vulgar language • Behavior • Policy regarding taking left-over foods from cafeteria

Source: LISD Child Nutrition Program Director.

Exhibit 6-24 lists all tasks in which employees are trained. The employee repeats training until the manager and employee are confident that the employee knows how to perform that task. As the employee achieves tasks, he or she initials in the first column and the cafeteria manager initials in the second column. Since the employee, manager and director signs the bottom of the form only when the employee achieves competence, the form provides a reinforcement for corrective action when tasks are not completed correctly.

Exhibit 6-24
Food Service New Hire Job Duties Checklist

Job Duty	Initial	Initial	Job Duty	Initial	Initial
Meal Service			Food Production		
Sets up steam table according to procedures			Demonstrates principles of baking		
Reads and follows menu			Uses weights and measures accurately		
Demonstrates portions to be served			Knows where to locate time and temperature charts		
Sanitation/Safety			Prepares products using a recipe		
Knows dishwasher procedures			Prepares amounts on production sheets		
Performs all duties of dishwasher			Demonstrates procedure for storing foods, including how to cover, label and date		

			the food		
Clean dish machine and dish room according to standards			Demonstrates methods of cleaning fruits and vegetables		
Demonstrates proper hand washing between clean and dirty area			Demonstrates preparation method of salad and desserts		
Demonstrates safe use of equipment			Prepares entrees, vegetables, other as assigned		
Demonstrates personal safety and hygiene			Personnel Standards		
Knows proper dish machine temperatures and logs daily			Demonstrates proper usage of gloves		
Stores cleaning cloths in sanitizing solution when not in use			Demonstrates hand washing procedures		
Knows principles of a reimbursable tray			Understands and follows policy for hair covering		
Meal Guidelines					
Recognizes a reimbursable tray			Understands importance of clean apron, clothes, hair, etc.		
Understands the basic TEA/USDA requirements and regulations			Food Safety		
Store room			Understands importance of time and temperature		
Checks deliveries appropriately			Correctly stores raw foods below cooked foods-understands reasons		
Demonstrates proper way of filling shelves			Understands procedure of chilling foods in		

			shallow pans		
Demonstrates rotating stock			Rotates food		
Demonstrates separation of cleaning supplies from food and utensils			Stores food in original containers		
Demonstrates safe use of dented cans			Demonstrates proper procedure for thawing meats		
			Understands concept of cross contamination		
			Demonstrates cleaning and sanitizing work area after each use		
			Know how to read and understands use of food thermometers		

Source: LISD Child Nutrition Program Director.

COMMENDATION

LISD effectively trains and tracks employee proficiency, which helps ensure that the LISD Child Nutrition Program Department complies with regulations in every cafeteria.

FINDING

LISD has a well-organized process for qualifying students to receive free or reduced-price meals, which reduces the waiting period before receiving benefits.

Families may apply for free or reduced-price meals in the food services office away from all schools or may send the application to the school their child attends. The district uses the multi-family application, which allows all students in the same family to be approved or denied immediately. When received by the school, the secretary sends applications directly to the office of the Federal Lunch Program manager in the Child Nutrition Program office where it is processed and entered into the computer system, approved or denied and a letter of approval or denial is mailed to the parents. If approved, the computer sends a message immediately to the school(s) where the child or children are enrolled. Meal benefits start once the child receives a reimbursable meal.

Cafeteria managers observe students who do not eat, who accumulate excessive charges or who express financial difficulties. These students are discreetly offered an application. The family benefits, and the district receives additional income in compensatory education funds. An important consideration for the school district is that the federal Compensatory and Title I funding flows to a school district based on the number of economically disadvantaged students. Economically disadvantaged students are defined as students identified as eligible for free or reduced-price meals. In most school districts, the district receives around \$500-\$700 per child, per year for every child identified in this category. The average district gets about \$60,000 for every 100 students identified.

Exhibit 6-25 shows the increase in enrollment and the increase in those applying for free or reduced-price meals and illustrates the effectiveness of the system and personnel involved. The exhibit shows that 1 percent more students were enrolled in the program, while enrollment increased 1.8 percent.

Exhibit 6-25
District Profile of Free and Reduced-Price
Meal Benefits and Enrollment Increases
December 2002 and March 2003

School	Free 12/02	Free 3/03	Reduced- price 12/02	Reduced- price 3/03	Enrolled 12/02	Enrolled 3/03	Percent Free/ Reduced- price 12/02	Percent Free/ Reduced- price 3/03
Packsaddle Elementary	174	187	48	56	392	417	57%	58%
Llano Elementary	152	159	44	45	418	429	47%	48%
Llano Junior High	102	104	35	32	296	294	46%	46%
Llano Middle	93	93	31	30	284	281	44%	44%
Llano High	98	104	49	47	499	502	29%	30%
District	619	647	207	210	1,889	1,923	44%	45%
Total Increase in the Number of Free Meals		+28						

Total Increase in the Number of Reduced-Price Meals					+3			
Total Percentage Enrollment Increase						+1.8%		
Total Percentage Free/Reduced-Price Increase								+1%

Source: LISD Child Nutrition Program Director.

COMMENDATION

LISD's approval process for free and reduced-price meal applications encourages families to apply and allows students to participate immediately.

FINDING

LISD cafeteria staff have input on cafeteria operations. The Child Nutrition Program director is in the kitchens on a regular basis and communicates with managers and employees about operations and other district matters.

Cafeteria manager meetings began on a regular monthly schedule in spring 2003 as a result of a Texas Association of Business Officials (TASBO) recommendation. The meetings help managers keep up with the changes in the district and offer opportunities for input regarding cafeteria operation decisions. For example, managers were asked to review the menus to identify popular meals, meals that were not favorites of students and meals that were difficult to prepare. The director said that all the staff readily provide their opinions and ideas. The director has begun to prepare a departmental policies and procedures manual. Discussion of the manual is a part of the orientation and on-the-job training for new employees. According to the director, cafeteria managers will review policies and procedures in the 2003-04 managers' meetings for revisions necessary before the manual is issued to all employees.

COMMENDATION

LISD's cafeteria manager meetings allow staff to participate in decisions regarding cafeteria operations.

FINDING

At Llano High School, teachers in the Family and Consumer Science Department, the Agriculture Department and the Biology Department stress the importance of good nutrition throughout the life cycle. Current classroom instruction includes information on:

- food science nutrition;
- child development;
- preparation for parenting;
- personal and family development;
- consumer and family economics - purchasing the most nutritious foods for your money;
- Food science technology - offered in Family and Consumer Science Department;
- Food science technology - offered in Agriculture Department;
- nutrition videos from The Beef Council;
- Web sites with updated nutrition information; and
- updated information from Regional Education Service Centers on new requirements and law.

In addition, there is a strong focus on nutrition in the student organization: Family, Career and Community Leaders of America, a project involving the whole school which, for example, provided bottled drinking water and information about the importance of drinking six to eight eight-ounce glasses of water each day instead of empty calories with carbonated beverages and other soft drinks.

Finally, there was a student body project that focused on the importance of making wise food choices, and the district actively participates in the Power of One state project. The module, *A Better You*, allows students to set personal goals to improve themselves and often involves eating healthy and exercising.

COMMENDATION

Llano High School teachers include a variety of nutrition education opportunities for high school students.

FINDING

LISD does not formally monitor student participation in the breakfast and lunch programs. In February 2002-03, districtwide lunch participation

reached 57.5 percent of average daily attendance, while breakfast participation was 20.3 percent. The Child Nutrition Program director told the review team that observation and informal inquiries of students serves as the department's measure of student satisfaction. The director does not analyze available participation reports. The Child Nutrition Program director said that even though participation is low for reimbursable meals, snack bar participation is high. Observation of students buying items and total cash received does not provide solid data to determine the number of students actually buying items that would constitute a meal. Accounting is such that lunch and breakfast a la carte money is combined; therefore, correct separate participation statistics are not available.

The student participation varies from year to year. In 2001-02, LISD served a total of 221,354 student meals, including 161,537 lunches and 59,817 breakfast meals. **Exhibit 6-26** shows student participation in reimbursable lunches for the current year and the three preceding years during the month of February, a representative month. The percentage of students participating increased from 1999-2000 to 2000-01, but dropped in 2001-02. The 2002-03 lunch participation percentage is near the 1999-2000 level of 57.1 percent. In 2002-03, lunch participation only increased to 57.5 percent, but attendance increased more than 11 percent during the same period.

Exhibit 6-26
LISD Average Daily Participation
in Reimbursable Meals in February
1999-2000 through 2002-03

Data for Comparison	1999-2000	2000-01	2001-02	2002-03
Number of schools	4	4	5	5
Number of days	19	16	15	19
Average daily attendance	1,558	1,459	1,678	1,736
Number approved Free/Reduced-Price	461/148	451/166	561/204	645/205
Average daily participation - lunch	890	870	917	999
Percentage of students eating lunch compared to students attending	57.1%	59.6%	54.6%	57.5%
Average daily participation - Breakfast	289	294	357	352
Percentage of students eating breakfast compared to students attending	18.5%	20.2%	21.3%	20.3%

Source: TEA Reimbursement Reports, 1999-2000 through 2002-03.

In evaluating meal participation in districts, successful Child Nutrition Program administrators compare data to districts of similar size and similar economic profiles. Average Daily Participation (ADP) is measured in terms of reimbursable meals served in the district.

Exhibit 6-27 shows meal participation rates of LISD and selected peers. LISD ranks fourth among the peer districts in Average Daily Participation for lunch participation and tied for third with Barbers Hill ISD for breakfast participation. LISD is 4 percentage points below the average of the four districts for breakfast and 5 percentage points below the average for lunch.

Exhibit 6-27
Reimbursable Meal Participation Rates of LISD and Peer Districts
Ranked By Lunch Participation Percentages
February 2002

Meal Participation Rates	Glen Rose	Barbers Hill	Ingram	LISD	Wimberley	Peer Average
ADA (Eligible for Meals)	1,597	1,921	1,401	1,678	1,614	1,633
ADP - Lunch	1,030	1,239	987	917	664	980
Percent of Eligible ADA - Lunch Participation	64%	64%	70%	55%	41%	60%
ADP - Breakfast	545	407	400	357	225	394
Percent of Eligible ADA - Breakfast Participation	34%	21%	29%	21%	14%	25%
Approved for Free Meals	550	338	708	561	251	462
Approved for Reduced-Price Meals	115	99	132	204	68	104
Percent of Eligible ADA Free/Reduced Meal Participation	42%	23%	60%	46%	20%	36%

Source: TEA Reimbursement Reports, 2001-02.

Without analyzing available participation data, the food service program lacks information to monitor trends regarding the type of meal served on

certain days with higher participation and therefore, has no data as the basis for menu changes.

Corpus Christi ISD developed a marketing program, which included ongoing emphasis of national holidays, nutrition emphasis weeks, surveys of parents and students, picnics, sack lunches and student advisory committees. Student participation increased to 68 percent as a result.

Glen Rose ISD tracks participation daily by analyzing data provided by its computerized system for accountability. The management team developed strategies for increasing participation, including special promotions to keep the students' interest, theme meals and monthly promotions.

Burnet CISD offers combo meals in the snack bars similar to the a la carte selections that LISD now offers. The combo meals consist of items, which make up reimbursable meals, and the district receives federal reimbursement and commodities.

Recommendation 62:

Use available data to monitor and analyze meal participation rates and develop strategies to increase participation, including converting snack bar items to combination reimbursable meals.

The Child Nutrition Program director should review data from both reimbursement records and income records to analyze participation trends in the district. Workshops offered by TEA, Region 13 and Region 20 offer classes in marketing, which provide an opportunity to learn from the successful experiences of other districts.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Child Nutrition Program director with the assistance of office staff converts a la carte menu offerings to combination meals and develops fliers and posters to introduce the concept.	October 2003
2.	The Child Nutrition Program director with the assistance of office staff converts data provided by monthly records to data that can be used to evaluate and track participation in every school.	November 2003
3.	The Child Nutrition Program director and cafeteria managers analyze the data to identify factors adversely affecting participation and brainstorm possible causes and solutions.	November 2003
4.	The Child Nutrition Program director contacts peer districts	November

	to discuss participation rates and arranges to visit programs where successful innovations have been implemented.	2003
5.	The cafeteria managers involve cafeteria staff in determining possible causes and solutions to low participation rates at their schools.	November 2003
6.	The Child Nutrition Program director and cafeteria managers develop marketing and customer service strategies to increase participation.	December 2003 and Ongoing

FISCAL IMPACT

The fiscal impact assumes a 10 percent increase in breakfast and lunch participation. During 2001-02, there were 67,677 student-paid lunches, 23,677 reduced-price lunches and 70,183 free lunches. Also during 2001-02, there were 9,160 student-paid breakfasts, 9,790 reduced-price breakfasts and 40,867 free breakfasts served.

Lunches - Paid: $(67,677 \times .10 = 6,768 \times \2.62 (\$2.25 student paid price + \$0.21 paid federal reimbursement + \$0.16 commodity assistance) = \$17,732; Reduced-price: $(23,677 \times .10 = 2,368 \times \2.35 (\$0.40 reduced-price + \$1.79 reduced-price federal reimbursement + \$0.16 commodity assistance) = \$5,565; Free: $(70,183 \times .10 = 7,018 \times \2.35 (\$2.19 free federal reimbursement + \$0.16 commodity assistance) = \$16,492

Breakfast - Paid: $(9,160 \times .10 = 916 \times \1.72 (\$1.50 student paid price + \$0.22 paid federal reimbursement) = \$1,576; Reduced-price: $(9,790 \times .10 = 979 \times \1.20 (\$0.30 reduced-price + \$0.90 reduced-price federal reimbursement) = \$1,175; Free: $(40,867 \times .10 = 4,087 \times \1.20 free federal reimbursement) = \$4,904

The total annual increased revenue is \$28,466 (\$47,444, less 40 percent food costs of \$18,978).

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Use available data to monitor and analyze meal participation rates and develop strategies for increasing participation, including converting snack bar items to combination reimbursable meals.	\$28,466	\$28,466	\$28,466	\$28,466	\$28,466

FINDING

LISD does not monitor and evaluate staffing levels or the number of hours staff are needed as it relates to the number of meals served. At the close of 2002-03, the district reduced staff when the middle school cafeteria closed. The realignment of staff levels at each of the schools after the middle school closing was not based on an analysis of current MPLH or the proposed MPLH when the middle school students transferred to other schools. Two employees resigned and three positions were eliminated, for a total of five positions. For 2003-04, the district employs four cafeteria managers who supervise 15 food service workers at the four school cafeterias. The food service staff each work seven- or eight-hour days. Such a practice results in cost inefficiencies. In addition, the food service workers clean both the kitchen and the dining room in all the cafeterias except the high school once a week on Fridays when custodial staff help.

Chapter 6 OPERATIONS

C. CHILD NUTRITION (PART 2)

The review team used MPLH industry standards to analyze the production efficiency at LISD. The formula used in this report uses the conversion rates for meal equivalents shown in **Exhibit 6-28**. A factor considered was the time that workers perform custodial work including cleaning the dining room, rather than preparing meals, which affects the meals per labor hour analysis.

Exhibit 6-28
Conversion Rate for LISD Meal Equivalents
2002-03

Category	Conversion Rate
Student Lunch	One lunch equals one equivalent
Adult Lunch	One lunch equals one equivalent
Student and Adult Breakfasts	Three breakfasts equal one equivalent (Based on 67 percent convenience items)
Breakfast a la carte	Sales divided by \$1.50 (price of breakfast)
A la Carte Sales	Sales divided by \$2.25 (Average price of LISD student lunch)

Source: School Foodservice Management for the 21st Century. 5th Edition.

Industry standards are stated in terms of the number of meals that a worker should produce per labor hour based on national averages. Full time equivalents (FTEs) are the average number of hours that a full-time worker is employed per day. In LISD, an average Child Nutrition Program FTE works 7.21 hours; the average cafeteria worker's salary is \$8.37 per hour and staff work 179 days per year. According to the payroll secretary, cafeteria workers get a 25-cent per hour raise each year. This section relates to the staffing levels in place through 2002-03. The staffing levels will be different in 2003-04 due to the closure of the middle school. The district does not analyze data to determine MPLH.

A similar analysis has not been conducted by LISD to adjust cafeteria staffing levels after the middle school closed. **Exhibit 6-29** is an analysis of the meal equivalents for LISD cafeterias and the district, including hours performing custodial duties. The meal equivalents served divided by

the total hours worked each day is the number of meals per labor hour achieved by the schools. This figure is compared with the industry standard. The hours below the standard is the extent to which LISD cafeterias are overstaffed. The hours below standard is divided by the FTEs to convert the hours to workers. When taking into account the hours worked cleaning the cafeteria, during on site work of the review team, LISD was overstaffed by five positions. The total hours worked column includes the custodial-related hours. However, as a result of closing the middle school, LISD has already recognized the staff reductions.

Exhibit 6-29
LISD Daily Meals Per Labor Hour Comparison
Including Hours Performing Custodial Duties
2001-02

Schools	Total Meal Equivalents Served Daily	Total Hours Worked	LISD MPLH	Industry MPLH Standard	Hours Above (Below) Standard	FTE (LISD= 7.21 Hours)
Packsaddle Elementary	284	28	10.14	16	(5.86)	(.81)
Llano Elementary	331	35	9.46	16	(6.54)	(.91)
Llano Middle	153	20.5	7.46	16	(8.54)	(1.18)
Llano Jr. High	287	37.5	7.65	16	(8.35)	(1.16)
Llano High	481	52.5	9.16	17	(7.84)	(1.09)
District Totals	1,536	173.5	N/A	N/A	(37.13)	(5.15)

Source: LISD Monthly Records; School Foodservice Management for the 21st Century, 5th Edition.

Exhibit 6-30 shows the MPLH excluding the hours worked cleaning the cafeteria. Based on this analysis, LISD was overstaffed by four positions.

Exhibit 6-30
LISD Daily Meals Per Labor Hour Comparison
Excluding Hours Performing Custodial Duties
2001-02

Schools	Total Meal Equivalents Served Daily	Total Hours Worked	LISD MPLH	Industry MPLH Standard*	Hours Above/ (Below) Standard	FTE (LISD= 7.21 Hours)
Packsaddle Elementary	284	24.5	11.59	16	(4.41)	(.61)
Llano Elementary	331	31.5	10.51	16	(5.49)	(.76)
Llano Middle	153	17.5	8.74	16	(7.26)	(1.01)
Llano Jr. High	287	30.5	9.41	16	(6.59)	(.91)
Llano High	481	46.5	10.34	17	(6.66)	(.92)
District Totals	1,536	150.5	N/A	N/A	(30.41)	(4.21)

Source: LISD Monthly Records; School Foodservice Management for the 21st Century. 5th Edition.

*Based on convenience preparation for the overall district average of 307 meal equivalents saved.

The production efficiency is also affected by form and whether the department prepares food items totally prepared in the kitchen or in a form that requires finishing only. LISD uses a combination of systems.

Exhibit 6-31 presents the data on how often items are cooked and served. Convenience foods are those finished in the kitchen, which includes canned and frozen vegetables and fruits and purchased bread items, while the conventional system includes fresh fruits and vegetables served raw or cooked by kitchen staff. This information is also a factor used in determining staffing patterns.

Exhibit 6-31
LISD Food Preparation Methods
2002-03

Items	Convenience	Conventional	Fresh Produce
Middle, Junior High, High	79%	21%	N/A

Schools-Entrees			
Side Dishes	48%	31%	21%
Elementary Schools - Entrees	79%	21%	N/A
Side Dishes	55%	22%	23%
Breakfast Entrees - All Schools	67%	33%	N/A

Source: LISD menus.

Effective districts only use employees for the number of hours they are needed. Some districts can reduce costs by reducing employee hours in each cafeteria rather than reducing the number of employees. Standards reflect this practice.

A recent Louisiana State University study published on the American School Food Service Association's (ASFSA) Web site determined the productivity index perceived by school food service experts to be the most appropriate for school food service operations. Based on the experience of the majority of the 70 study participants, the MPLH index was determined to be the most effective of the three productivity measures used to determine cost-effective staffing and labor hours. The other indices were Servings Per Labor Hour and Revenue Per Dollar Expense.

Recommendation 63:

Review the cafeteria staff work hours and use meals per labor hour analysis to maintain an appropriate staffing level.

The district should employ cafeteria staff only for the amount of preparation and serving time needed. The director and managers should evaluate the efficiency of their operations compared to industry standards and determine the optimum MPLH for LISD.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Child Nutrition Program director analyzes and prepares a recommendation on the necessary hours needed to prepare and serve breakfast and lunch and to clean the kitchen.	October 2003
2.	The Child Nutrition Program director and cafeteria managers develop specific MPLH standards for each school.	October 2003
3.	The Child Nutrition Program director and cafeteria managers confer with school principals on the plan to increase productivity and reduce labor costs.	October 2003

4.	The Child Nutrition Program director presents the plan to the assistant superintendent and the superintendent for approval.	October 2003
5.	The Child Nutrition Program director and cafeteria managers implement the plans for improving productivity.	November 2003
6.	The Child Nutrition Program director and cafeteria managers evaluate productivity and staffing every month.	December 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources. Savings from staff reductions are not recognized because LISD closed the middle school at the end of 2002-03 and eliminated five positions, the same amount that the MPLH analysis showed should be reduced.

FINDING

LISD does not monitor the financial operations of the Child Nutrition Program to make timely changes that can reduce the deficit. The LISD Child Nutrition Program had a deficit in 1999-2000 and 2000-01, but reached a positive balance in 2001-02. As a result of a Texas Association of School Business Officials review, the Child Nutrition Program director has developed spreadsheets to collect data on revenues and expenditures and discuss this information with the cafeteria managers. Although information is now being collected, it is not used to adjust the program's services and menu.

Exhibit 6-32 shows revenues and expenditures for 1999-2000 through 2001-02. Losses have been subsidized by other district resources. During 2001-02, the department finished the year with a positive balance from a meal price increase, snack bar participation growth and a delay in the junior high opening, rather than from financial monitoring of Child Nutrition Program expenditures. From 1999-2000 to 2001-02, revenues increased 28.2 percent, while expenditures increased 12.9 percent.

Exhibit 6-32
LISD Child Nutrition Program Department
Actual Revenues and Expenditures
1999-2000 through 2001-02

Revenue Source	1999-2000	2000-01	2001-02	Percent Change 1999-2000 to 2001-02

Local	\$329,143	\$353,179	\$435,924	32.4%
State	\$17,330	\$5,524	\$5,274	(69.6%)
Federal	\$229,127	\$249,793	\$296,955	29.6%
Percentage From Local	57%	58%	59%	2%
Percentage From State	3%	1%	1%	(2%)
Percentage From Federal	40%	41%	40%	0%
Total Revenues	\$575,600	\$608,496	\$738,153	28.2%
Total Expenditures	\$640,814	\$693,592	\$723,236	12.9%
Net Profit (Loss)	(\$65,214)	(\$85,096)	\$14,917	N/A

Source: LISD Combining Balance Sheet, 1999-2000 through 2001-02.

The revenue received from the federal government comes in the form of reimbursement based on the number of reimbursable meals served to students who pay full price, those who pay a reduced price and those who receive a lunch at no cost. A common misconception is that the Child Nutrition Program is a free lunch program.

Exhibit 6-33 shows that students who pay full price benefit from a federal subsidy as well in cash reimbursement and commodity value. The exhibit shows the current reimbursement rates. The term, severe need breakfast refers to a provision established by USDA for schools serving a large percentage of free and reduced-price meals with the idea that increased funding would permit serving more nutritious breakfasts. Severe need funding is approved on a school-by-school basis and is restricted to the cost of producing and serving breakfast in schools where 40 percent or more of the lunches served to students during the second preceding year were served free or at a reduced-price. The commodity value is the dollar value of the USDA commodities allocated to a district based on the lunch participation during October of each year. Commodities are not allocated for breakfast; however, they may be used to produce school breakfasts.

Exhibit 6-33
Federal Reimbursement Rates
for Reimbursable Meals Served Students
2002-03

Benefit Category	Breakfast	Severe Need Breakfast	Lunch
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Full-Price	\$0.22	\$0.22	\$0.20
Reduced-price	\$0.87	\$1.10	\$1.74
Free	\$1.17	\$1.40	\$2.14

Source: TEA Child Nutrition Programs Information Management System.

Exhibit 6-34 shows LISD meal prices at every level for 1999-2000 through 2002-03. Even though there was a meal price increase in 2000-01 from 1999-2000, the deficit increased from (\$65,214) in 1999-2000 to (\$85,096) in 2000-01, a deficit increase of \$19,882 (**Exhibit 6-32**).

Exhibit 6-34
Meal Prices for LISD
1999-2000 through 2002-03

Meal Prices	1999-2000	2000-01	2001-02	2002-03
Pre-kindergarten-Grade 4	\$1.50	\$1.75	\$2.00	\$2.00
Grades 5-6	\$1.50	\$1.75	\$2.25	\$2.25
Grades 7-12	\$1.75	\$2.00	\$2.50	\$2.50
Adult	\$2.00	\$2.50	\$3.00	\$3.00
Breakfast - All Levels	\$1.00	\$1.25	\$1.50	\$1.50
Breakfast - Adults	\$1.00	\$1.00	\$2.00	\$2.00

Source: LISD Child Nutrition Program Director.

Exhibit 6-35 shows 2002-03 meal prices for peer districts. Current LISD prices meet or exceed meal prices at every level compared to peer districts.

Exhibit 6-35
Meal Prices for Peer Districts
2002-03

Meal Prices	Barbers Hill	Glen Rose	Ingram	Wimberley
Primary (K-1)	\$1.25	\$1.60	\$1.25	\$1.80
Elementary (2-3)	\$1.25	\$1.60	\$1.25	\$1.80
Intermediate (4-6)	\$1.50	\$1.80	\$1.25	\$1.80

Exhibit 6-35
Meal Prices for Peer Districts
2002-03

Meal Prices	Barbers Hill	Glen Rose	Ingram	Wimberley
Middle (7-8)	\$1.50	\$1.90	\$1.50	\$2.00
High	\$2.25	\$1.95	\$1.50	\$2.00
Adult	*E-M\$2.00	\$2.45	\$2.25	\$2.50
Adult	*High \$2.25	Visitor \$ 3.20	\$2.25	\$2.50
Breakfast - All Levels	\$.50-\$ 1.00	\$.90	\$.75-\$.85	\$1.00
Breakfast - Adults	\$.80-\$ 1.00	\$1.30-\$1.65	\$.85	\$2.00

Source: School District Web sites.

**E-M is Elementary and Middle School. High is high school.*

Without financial monitoring, the district cannot ensure that continued positive food service fund balances will exist to support the program.

Effective districts use profit and loss statements (P&L) as a useful management tool. Both a director and a cafeteria manager use individual schools' P & L reports. Problems can be detected by analyzing the P&L statements monthly. It is too late to correct problems if P&L is monitored less often.

Comal ISD uses a variety of financial reports. Each month, or more often if appropriate, the Food Service coordinator analyzes profit and loss statements: districtwide and by school; inventory reports; MPLH; daily deposits in comparison with the same month of the previous year; the reimbursement claim and participation figures; and other reports as deemed necessary.

Recommendation 64:

Monitor the food service fund's financial position.

A thorough monthly analysis of the data can help cafeteria managers to recognize erratic differences from month to month and help them determine how much to purchase and how much waste in preparation and serving occurs.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Child Nutrition Program director and staff prepare a Profit and Loss (P&L) report as early as possible after each month's end.	October 2003
2.	The Child Nutrition Program director and cafeteria managers discuss and analyze P&L reports at regular monthly managers meetings or at a meeting scheduled for that purpose only.	October 2003
3.	The Child Nutrition Program director consults with managers if problems are identified.	November 2003
4.	The Child Nutrition Program director specifies expected changes, and cafeteria managers implement corrective action.	December 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LISD has not efficiently used the Child Nutrition Program's computer system. The district purchased the computer system in 1998-99 and has installed the system in each of the cafeterias. LISD's investment in technology provides online accountability for meals and cash as well as participation data and also processes free and reduced meal applications. The district also purchased a software package for nutrient analysis and menu development. However, in 2002-03, the district only has used the technology to account for meals and cash and to administer the free and reduced-price meal application process.

LISD uses the additional software package for limited menu and recipe preparation. The Child Nutrition Program director has learned the basic procedures for using the menu development program and is planning to implement the nutritional analysis in 2003-04. LISD has not purchased the inventory system. Cashiers and managers were trained in the point-of-sale technology. Other staff members have not been trained in the other software; however, there are no plans to implement any of the other software components.

In addition, the secondary-level cafeterias do not properly account for revenue received from the sales of snack bar items. The computer system's software can provide separate accounting for breakfast and lunch a la carte revenue, but clear direction to provide the data in a usable form to analyze

participation in terms of meal equivalents has not been conveyed to the provider of technology services. This information is important in analyzing meal equivalents for tracking participation and for assigning labor. Both the junior high and the high school have snack bars. A la carte items are sold in the snack bars to students at both breakfast and lunch, and, although a report is run, the sales are not recorded as a la carte items purchased at breakfast. The a la carte sales at breakfast are combined with the lunch sales and are totaled after lunch is complete, which overstates the lunch revenue and understates the breakfast revenue. As a result, data cannot be retrieved to provide good management information.

The computer-based system in the cafeterias provides accurate and timely data for management. The reports generated provide security for cash income at the cafeteria level and in the central Child Nutrition Program offices. Accuracy in accounting for numbers of meals and other data required by state and federal governments and to file for reimbursement payments is a time-saving advantage over manual accounting.

Recommendation 65:

Efficiently use the Child Nutrition Program computer system.

LISD should identify the barriers preventing use all of the modules and reports available from the computer system. The district should contact the service provider of the computer system and give clear direction for modifications to provide additional usable data to account for breakfast and lunch income separately. All income from reimbursable breakfasts and a la carte items sold in the snack line or the cafeteria line should be keyed to reflect the source. At the end of the breakfast period, the accounting for breakfast should be totaled and closed out. Lunch should be keyed in the same manner and totaled and closed out at the end of the lunch period. At that time, the cash can be combined and recorded on the cash deposit slip. Every column in the daily report of lunches served and income will be totaled, including adult meals and income and will provide complete and accurate information at the end of the month to use for the management analysis.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Child Nutrition Program director identifies the barriers to complete use of the program's computer system.	October 2003
2.	The Child Nutrition Program director contacts the contracted service provider about the system, including questioning the provider about modifying the cafeteria site software and/or hardware to provide separate accountability for student a la carte	October 2003

	meals in all snack bars and other lines where items other than reimbursable meals are offered.	
3.	The Child Nutrition Program director and designated clerical assistants attend training for the nutrition analysis and inventory functions of the program management software.	November 2003

FISCAL IMPACT

With permission from the computer system company, the Child Nutrition Programs division at Region 13 provides training for \$65 per person for three days. The travel costs and per diem for three days for Llano to Austin is \$244, for a total one-time cost of \$309 (\$244 + \$65). The contract for the point-of-sale free and reduced-price meal system includes technical assistance and training, so no additional cost would be incurred. The LISD Child Nutrition Program director could attend the training and return to train the other LISD cafeteria staff.

Recommendation	2003-04	2004-05	2005-06	2006-07	2007-08
Efficiently use the Child Nutrition Program computer system.	(\$309)	\$0	\$0	\$0	\$0

FINDING

LISD does not have a plan to ensure compliance with the 2001 state law requiring a program in each elementary school that coordinates health education; physical education and physical activity; nutrition services and parental involvement. The LISD Child Nutrition Program director had heard about the requirement and has discussed sharing information with the Family and Consumer Science Department chair.

Effective in 2001-02, TEC Section 38.014 requires each school district to participate in appropriate training to implement the program in every elementary school in the district. No later than September 1, 2007, each school district must participate in the training required by the law. Nutrition programs used in the training must be approved by TEA. The two TEA approved programs are *CATCH: A Coordinated Approach to Child Health* and *The Great Body Shop*. Both programs complement the USDA's National School Lunch Program and School Breakfast Program and provide for involvement of districts' food service departments.

Recommendation 66:

Create a district advisory committee to help the district comply with the law and implement a coordinated health program for elementary school students.

A district advisory committee should coordinate health education, physical education and physical activity, nutrition services and parental involvement and organize the appropriate training through Region 13 or other providers to implement the program in every elementary school no later than September 1, 2007.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board establishes a school health education advisory council.	October 2003
2.	The advisory council establishes guidelines for its functions.	October 2003
3.	The council organizes to establish leadership roles and to identify goals, duties and procedures to accomplish the tasks in consultation with Region 13 personnel.	October 2003
4.	The council determines which of the coordinated health programs approved by TEA will be used.	October 2003
5.	The council contacts Region 13 for assistance in the training required for implementation and establishes a schedule for the training.	November 2003
6.	The council works with the curriculum director to determine who will attend training.	November 2003
7.	The council implements the program in each elementary school in the district	August 2004

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The LISD Child Nutrition Program department has minimal involvement in nutrition education activities in the classroom or with students. Nutrition education in school districts throughout the country has historically been a function of child nutrition departments. Each year in LISD, the Child Nutrition Program director takes a small group of students to the Region 13 food tasting exhibition and learning session. Nutritional information is available in the food booths and in learning sessions. Other

than brief discussion with students regarding opinions of the foods sampled, there is no follow-up.

The Child Nutrition Program director regularly receives current nutrition education information, but does not provide that information to the teachers. Textbooks used in the Family and Consumer Science Department are outdated. The textbooks are 14 years old, and the 1989 publications will not be revised until 2005 or later, according to TEA. The teachers supplement the outdated textbooks with current Internet resources regularly in order to have updated information; however, that process is not always effective.

The Child Nutrition Program office has videos and other resources about nutrition and food safety and other related topics as well as equipment and facilities.

Other than Consumer and Family Economics classes, the Child Nutrition Program director told the review team that she was unaware of any teachers who include nutrition education topics in their lesson plans. The director has not been asked by any teachers to discuss nutrition education. As a result, LISD students are not learning important information about nutrition as it relates to the School Breakfast Program and the National School Lunch Program.

Brownsville ISD's (BISD) Food Services Department's three-year strategic plan identifies the department's core purposes. Its vision statement says that the department shall provide every student with nutrition education to gain knowledge regarding the importance of good nutrition and proper food selections. It is the aim of the BISD Food Service Department to aid students in developing life-long healthy eating habits to improve overall well being. The department provides a nutrition education resource library films, videos, books, pamphlets; weekly and monthly materials for students, parents, employees and administration.

In addition, resources are available to districts through USDA because nutrition education is a part of the USDA regulations. The USDA Team Nutrition program provides technical assistance and nutrition education designed to assist schools in meeting nutritional goals and teaching children the importance of healthy eating and physical activity and fostering community support for these efforts. Districts apply to USDA to participate in the program.

Recommendation 67:

Assist teachers at every level with supplemental nutrition education materials to reinforce classroom instruction.

LISD's Child Nutrition program can provide videos and other supplemental visuals as well as brief presentations on menu planning in LISD, preservation of nutrients in preparation techniques, and tours of the kitchens. The district should apply to the USDA's Team Nutrition program as an additional resource.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The Child Nutrition Program office staff meets with the cafeteria managers to determine what nutrition-related services will be offered to assist teachers.	October 2003
2.	The Child Nutrition Program and departmental secretary develop a flier to publicize the availability of and types of assistance available to classroom teachers.	October 2003
3.	The Child Nutrition Program director develops a form for teachers to request assistance for nutrition information, which includes contact information for director and spaces for teachers to provide specific information about time needed, location and other pertinent information.	October 2003
4.	The secretary consults with the Child Nutrition Program director to schedule requested activities.	November 2003
5.	The Child Nutrition Program director and cafeteria managers obtain appropriate nutrition resources from vendors, training sessions, food exhibitions and other sources available to the department.	Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Appendix A

PUBLIC FORUM AND FOCUS GROUP COMMENTS

As part of the review process, the review team held public forums and focus groups to obtain input. During the public forum parents, teachers and community members participated by writing personal comments about the 12 major review areas; and in some cases, talking in person to review team members. Teachers, principals, community leaders and parents participated in one small focus group where the 12 areas under review were discussed.

Comments below convey community perceptions of LISD and do not necessarily reflect the findings or opinion of the Comptroller or review team. The following comments are organized by area of review.

Public Forum Comments

DISTRICT ORGANIZATION AND MANAGEMENT

- I am not comfortable with the current Board and Superintendent. I'm not sure they are running the school as they would their own homes or businesses. They don't know how to save \$'s!
- I have been employed by the district for 40 years, and I have loved being here. I teach the pull-out program for gifted/talented (K-4) in elementary. The program is to be discontinued because of the finances. We do have several programs that the district has been building up and adding over the years. I believe all our distress is caused by our superintendent. It is beyond me why our board hired him in the first place without reviewing his background.
- Board Members are not doing the jobs they were elected to do. They have not put any restraints on the superintendent and his spending.
- Good people - through no fault of their own - are losing their jobs and maybe their homes. This will affect Llano for years to come (and our children will suffer).
- Does our school board have enough info to fire our superintendent? We can't understand with all the legal matters that have happened, why they don't fire him. This whole thing has been a disgrace to our community
- Most of the kids are great. But they are not getting a fair deal. Next year they are going to be cramped; it might be at least 40 children in a class. How are they going to learn anything with all those kids? Lots of teachers have been RIFed. If you are a coach, then you might have it made here.

- And, changing school board meeting to 3:00 in the day and not at a time which everyone could attend. Now would you not think that the superintendent and school board did not have anything to hide?
- The district organization has been a factor in our problems of today. The board let the superintendent do as he pleased and the board didn't cooperate with the community. We, the community, have lost all trust in the superintendent and the school board.
- I do not know where to begin. We need the administration (superintendent and school board) to be accountable for their actions! CHILDREN ARE WHY THEY HAVE A JOB! We need role models of a positive nature! Our board members seem to have been easily swayed by our current superintendent. I grew up here and have always been proud of our wholesome little conservative town. I have taught in other school districts and decided to come back to raise my own family five years ago. Five years ago teaching was superb. I am very concerned about our district organization. When questions are put to the board at meetings they refuse to answer. Sometimes they say they will get back with answers but they don't. If the school board meets in closed session, shouldn't these closed meetings be taped? I understand in surrounding schools they are, but not here. The site-based decision-making group did not meet until DEC visit.
- The school has completely abdicated all of their responsibilities, hence the mess we are in. Excessive spending and complete control by the superintendent have caused our school to be in the red. Teachers and all personnel have been the victims of abuse and have been threatened with loss of their jobs.
- The board has not communicated in any way with the public. If approached in public about an issue, they refuse to discuss it.
- The teachers and principals of Llano ISD have done an excellent job functioning under the strain and stress imposed by the current school board and superintendent. They are to be commended in any and every way possible.
- More control needs to be put on the way money has been spent and approved by the board.
- Can it be fixed where board members cannot do work, even under a contractor, that benefits them financially?
- They do not know what questions to ask the school board. I do not think they realize they should be asking questions.
- The site-based decision-making process is not utilized as it should be. When they heard we were having a DEC visit they quickly met. This group was not consulted on what programs to cut when RIF came about.
- The public and staff are kept in the dark about most things. The public does not get a copy of the minutes or budget. The right hand

does not know what the left is doing. There is no one for public or staff to turn to. Our students are the ones being punished.

- We do not believe that the current school board can see us through this school crisis in Llano. Their detractors have accused them of malfeasance and their supporters have lost confidence in them. The students have definitely been affected by the mismanagement of this critical situation.
- Non-existent
- Our school board is not accommodating to public speakers. They do allow people to speak, but it seems they really don't listen. I feel like they are just appeasing the public.
- The school board is not very accommodating to public input. They say they are interested in public input, but I feel they're only paying lip service.
- If you can, what would it take to get rid of our present school board, and the state come in here and restructure our whole school district? I would like to start over just like this was a new school.
- Will we receive any relief from the state for what our board has done to our children and their future? I am concerned about the education that my daughters will be getting over the next 12 years, not to mention the future students of Llano County. I cannot afford private schools, but I am checking into them just in case. I will work two jobs to give my girls a good education.
- Our community seems be witnessing the awakening of a sleeping giant. The problem has always been here. Not enough accountability!
- Why is the board blaming only the Robin Hood plan instead of its errors?
- What board governance?
- Why can't we (employees) have the explanation of why the superintendent is suspended with pay instead of without pay?
- Why can't the board answer questions during the public comments section of a board meeting? Is this local or state policy?
- Is there a point when the state will take over the district because of poor decisions by the school board?

EDUCATIONAL SERVICE DELIVERY

- I am pleased with all areas of the special education department.
- Fantastic curriculum, children have always had the opportunity to have "back up" help - after school tutoring and summer school - no longer provided - what a shame.
- We seem to be more interested in sports and not on academics. I feel like the teachers really care about the students they teach. Our teacher morale has been low, but we still show up and do our job

for the students. Student performance has really been stressed in Llano ISD as our TAAS scores show.

- School is outstanding. Teachers teach - buses work - kids stay dry - so, why did we lose money? Poor management.
- Why is so much emphasis put on the TAAS or TAKS or any other state mandated test? Some students are just not good test takers. Why can't a teacher determine if the student should pass?
- The curriculum offered at Llano ISD is excellent! The needs of every child are considered. Every effort is made to meet their needs. The children in Llano regularly perform very well on standardized tests. I am very concerned however about doing away with the ESL program. The performance evaluations of staff need to be done another way. We need to know where we need to improve. Why does everyone have a perfect evaluation?
- No summer school offered this summer for the first time in many years. Parents are not aware of this. Students will suffer.
- Educational Services and delivery in our school system have been outstanding. I fear what it will be like after all the cuts and teacher morale. I'm a teacher and overall teachers have the kids foremost in their mind. Student performance has been outstanding. Our staff works very diligently to make success happen!
- Our curriculum and teachers are just great. Our 3rd graders just had 100 percent pass the TAKS. We have been exemplary for several years. Now, we are moving backwards. G/T, ESL, Summer school, after school (except for special needs) has all been cut. What a shame! I think the board is too geared to athletics rather than teachers.
- All the teachers are doing a good job, yet we are the ones being penalized for the school board and the superintendent's lack of performing their duties. They act as if they are not accountable to the taxpayer.
- As our TAAS and recent TAKS scores prove, we have an excellent curriculum, teachers, and support staff, special education program. We have been hurt by the inability to have our after-school homework assistance program and summer school. Next year, after all the staff cuts, we may not be so fortunate. Larger classes and less individualization will hurt.
- The teachers (I'm not one) are the best things we have going for this school. Administrators do not make the students do well on TAKS test. The teachers do. They have the drive to do what it takes to accomplish the best results.
- We need to stop teaching just to the TAKS test. We and I suspect all schools are not teaching creative, critical thinking just the restating of facts for "the tests." At LISD we need more emphasis on National Merit scholars and not on high school athletes.

- The true dropout rate for freshman making it to graduation is close to 30 percent. We need more motivation for kids to not feel destined for minimum wage jobs. More cooperative programs are needed to teach trades or to motivate them academically.
- Educational service is currently suffering from low morale among staff due to all the financial mismanagement.
- Special Education services are great great great! They have been very caring to a very sensitive child and I feel, have gone above and beyond! Very happy with services provided and testing procedures.
- Shouldn't the principal be here when students arrive and go home? How can you run a school without your leader?
- The 2002-03 year has been a significant move forward in assisting our students with marginal to extensive learning problems. To cut and not increase any FUNDS, STAFF or MATERIALS for these programs would HANDICAP our Children. Don't Do It!
- Why did the school board approve extensions of contracts for administrators before the staff has had an opportunity to do an evaluation on them?
- How can a principal be an effective leader when he is gone 10-20 percent of the time and communicates very little through staff meetings (especially during these trying times)?
- Student performance continues to improve, due to dedicated staff.
- Why does it take so long to get textbooks? Our 4th grade had no textbooks for most of the year.
- Why is it that teachers get a 35 min. lunch break, but the principal and maintenance man get 1 hr. + for lunch? I guess that's why our TAKS scores are so high (TEACHERS).
- We are striving to add to our curriculum and services to students. What will happen with job cuts?
- I see students getting needed help at our school. I know several personally who benefit from our special education program. Our children are our future, even those who need extra help. Help them now and we prevent future problems. Please consider strongly before cutting or holding back these programs. Better yet, don't cut any programs and add to those already in progress.

PERSONNEL MANAGEMENT

- Hiring in athletics and all other areas need to be done with the goal of hiring multiple-faceted personnel - coaches should be here first by what they can contribute in the classroom, then by how many sports they can coach.
- This whole area should be zero-based budgeted and staffed; too much "this is the way we've always done it."

- Recruiting and hiring partners have been a political tool that the superintendent has used for his own benefit. We have hired uncertified people for teaching positions without advertising the jobs.
- Please look into salaries and stipends. Board members have told us that they didn't vote on some raises for the stipends and salaries. They couldn't find anything in their board packets to prove the raises.
- Positions were created for certain people. No interviews were held (or at least the positions weren't advertised).
- Hiring Practices - no person has a chance. Many jobs were never listed.
- Why should our teachers be punished for what the leader has done?
- Why have all positions not been advertised?
- Why are the school personnel afraid to talk to the board members about their concerns?
- Stipends and signing bonuses are unfair. Staff development is usually not relevant or interesting. The evaluation system at the elementary school is very poor. How can everyone have a good evaluation?
- Llano system has quality personnel. The proof is in the results of the TAAS test on a consistent basis. Teachers work hard and are an asset to the district. However, it appears to me that the district is heavy with administrative level positions not directly involved in teaching. Emphasis is on recruiting quality coaching staff. Coaches teach a very limited number of classes. Duty free lunch is a joke in the Llano system. Teachers do not receive adequate planning time; it is used instead by administration for meetings and other activities.
- Salary and staffing practices have been irregular. For example, UIL academic coaching is different for different campuses.
- Hiring practices have very irregular. Many coaches get stipends that regular classroom teachers never see. This gives the appearance that athletics has a greater importance than academics. Please check stipends and how they are awarded.
- Why did coaches get stipends increased after winning state championships?
- Why haven't the board members been held accountable for their education to make informed decisions instead of rubber-stamping everything the superintendent wanted? Why does a school district of Llano's size need to pay their superintendent over \$123,000 (with all his perks)?
- Why were teachers hired without certification? Why were teachers given a \$1,000.00 raise straight across board when money was not budgeted?

- When teachers are absent, subs are called in. They are not qualified. Our aides are not qualified to teach in many cases.
- With two children that are academically excellent, I do not have problems with the academia, but I see many of their friends struggle needlessly because many teachers, aides and other faculty believe they are not "paid enough" for what they do. How much is enough? These are comments made publicly.
- Our teachers are overworked and underpaid. And, with the current school board they will be even more overworked and paid less. It is sad that the people who teach, love, interact with and encourage our children are paid so little. I would like our teachers/staff to be offered more classes on educating our future. They are faced with too many students on a daily basis.
- I would like to see equality in staff-teacher/pupil ratio in our other elementary.
- I would like to see more access to training for all levels of the teacher assisting staff. This will provide these paraprofessionals will the tools and confidence necessary to assist the students (our future!) and our educational staff.
- I would like to see the district advertise job openings for Packsaddle Elementary in the Picayune Newspaper so more of the local population can participate in their community's educational employment.

COMMUNITY INVOLVEMENT

- We have a parent group P.I.E. that is involved with all campuses. We have volunteers to work in our libraries and at different times in other positions. Most businesses in town are very supportive of our school. Most teachers have communication with parents each week or more.
- School board gives the appearance that it doesn't want public input. They also give impression that public does not have right to know how the public money is spent. The board also does not inform the public to a sufficient extent of the actions it has taken or is considering. What can the public do to get more involved with LISD?
- We have a school board that will not communicate with the community.
- I'm still being told that our (budget) numbers keep changing and we don't know what kind of financial shape we're in. Something is wrong!
- I do wish we had more parent involvement in some areas. Overall, I think we have great community support. I'm sorry our board chooses not to listen to what many are trying to tell them about what is going on.

- At the elementary level, we have a very supportive Partners in Education group for parent involvement. Most businesses in town are supportive of school endeavors. Teachers communicate with parents frequently on student grades and behavioral concerns.
- More communication from school board to community! More openness! I'll second that! It seems they do things in secret!
- I feel comfortable working with the special education personnel - teachers, diagnostician, and management. They are sensitive to my needs.
- Parental involvement is encouraged - we have some really great parents and kids. The problem is with the administration. One of the rules at Llano has been "no questioning of the superintendent or school board members." All "internal communication" has been one way - the superintendent to staff.
- School board doesn't want community involvement.
- There is no communication between the school board members, staff and community. After a closed session the board members came out and adjourned without giving us any details.
- I'm very proud of the involvement that most of our parents have with our school. I wish we had more involvement with our school board. They don't communicate very well with the public.
- The community is willing and usually does step-up when asked. The school board needs to allow more community comments and address question as they arise.
- Personnel management is in mismanagement.
- Our Packsaddle PTO is awesome and so concerned about our children's welfare!!! Hooray for them!!!!
- Packsaddle is a new campus and doing very well in this area. We are trying to add more parent involvement.
- Packsaddle Elementary P.T.O. is dedicated to their concerns and efforts.
- As a P.T.O. officer I try everyday to positively better our school, our children, our community. I am not able to give money so I give my time. God Bless.
- The parents and teachers are dedicated, persistent and very active in this school. The P.T.O. works together to meet the needs of our students, staff and teachers. Great Job!

FACILITIES USE AND MANAGEMENT

- Elementary custodial staff needs more help. Maintenance is done in a timely manner!
- How many of our school buildings on each campus have been tested for asbestos and mold? When? What results?

- Lack of communication and coordinating facilities planning and spending. Custodial service is in less than 100 percent due to lack of understanding or delegation of duties.
- The custodians and grounds keepers do a good job. I appreciate the extra work they put in before we have "company" on campus. For example, track meets and UIL events.
- Any minor repairs needed, I do them myself at my own expense. Custodial services - my trash may be emptied two to three times a week, and cleaned maybe once. There is no money available to hire help. They do the best they can with two full-times and one part-time.
- New construction was poorly planned. We still need portable buildings after spending millions. Some buildings need renovation such as the elementary and middle school. Custodial services have been cut back because of financial funding cuts.
- We probably need to encourage energy conservation.
- Planning on new construction was very short sighted. After millions of dollars being spent, we already need portables. Maintenance is extremely slow at best. Custodial services have been cut until we're not cleaned on a daily basis. The elementary campus is in need of renovation and parking space.
- Maintenance is poor in the Llano Elementary. Building is old and receives little updating compared to other campuses. Carpet in classroom is very old; it smells. Air quality is very poor in some classrooms. Custodians do best they can but are understaffed and poorly paid.
- Kindergarten leaks every rain. Mold and mildew present. Have to put a garbage can out to catch the water. Allergies are high. The junior high leaks. The sewage backs up, junior high rest rooms are clogged up too often. This should be taken care of. Custodial services are at a bare minimum.
- Can thermostats not be maintained from the central office or maintenance? Some teachers keep them set so low. I know we could save money this way. Also, why does it take so long to get light bulbs changed?
- There are too many things to write down. This building (high school) was built very badly. There is no way this building will last, it is already falling apart. There has been mold in the agriculture department, but that part of the wall was torn down and replaced the next day. I wonder if they sent the mold off to have it tested?
- Our custodial staff needs help. They need someone to be in charge that knows what they are doing. Someone who will enforce the rules and guidelines.
- During construction of high school and renovation of high school numerous change orders were made without approval of the board.

- We have a sign in front of the junior high that cost the district \$17,000 - \$20,000. There was a sign there in the same spot that could have been upgraded at a cost of \$200, saving approximately \$16,800 - \$19,800. The old sign is still on campus behind the junior high.
- We have good facilities that must be maintained. All facilities planning and building projects need to be stopped for the next five years. There does however need to be ongoing planning - five-year, 10-year, 20-year, 50-year plans.
- Poor planning didn't just start; it's been going on too long. Packsaddle Elementary exists because the community put up a pretty good fight for it. The community heartily supports the education process here; and our school campus administration is very responsible and trustworthy. It took too long to get this school. How long do we have to wait to get a middle school?
- Llano ISD had poor planning for facilities in view of current growth. Now the district is playing catch up at a time when the funds from the state, district and taxpayers are limited.
- We need at least one more custodian to help the other ladies. They have too much to clean by themselves.
- Packsaddle has already outgrown its building(s). We are growing everyday. Where do we go?

ASSET AND RISK MANAGEMENT

- Teachers were promised benefits comparable to the state employee's benefits. Where are they? Insurance for state employees - employee paid for by state - spouse's insurance-half of it is paid and this continues when they retire. Employee and spouse for teachers (best policy) is \$600 a month over \$700 for employee and family. State legislature is now voting on reducing the \$1,000 that they agreed to pay toward insurance premiums. Premiums going up, salaries are frozen, pay below other professionals. Does this seem quite fair?
- As a teacher in the district, I'm very concerned with cash and investment practices in our district. We've borrowed money and basically lied about our low fund balance. The board of trustees seems to take whatever the superintendent tells them as face value. They never investigate. We also have seemingly new computers with Panther Creek ISD on them. This is worrisome to me.
- As a teacher in the district and a concerned taxpayer, I'm very concerned about the cash and investment practices. We seem to have a very low fund balance. Our school board needs to investigate spending costs and protect our school monies. I'm concerned that we think it is okay to keep borrowing money to

meet payroll. We were supposed to have quite a bit of money in reserves. What on earth has happened to it all of a sudden?

- Would like to see more competitive bids on insurance for teachers.
- The health insurance offered by the district is very poor. I recently moved here from out of state. There is no comparison between the insurance offered between the states. Why do we not get the same insurance as state employees? This needs to be addressed on a state level.
- It is rumored that the school is making payments to a couple of individuals as compensation for accidents. This should be covered by workers' compensation.
- Spending with credit cards has been a concern.
- What asset and risk management? We have no such thing.
- Teacher's pay is not enough and then you jeopardize their ability to prepare for retirement. They give so much, out of their hearts and bank accounts. Step up to the plate. Provide for their future too!
- I sure hope the state doesn't cut their portion of the insurance they send to the district.
- The district will not supply any insurance if they have a choice. Employees are left to the mercy of the state.
- Not enough being done for the teachers in these areas.
- Paraprofessionals do not even make enough money for all the work they do!
- Our teachers are extremely underpaid. I appreciate them tremendously, but that will not secure their future or keep them healthy. Our teachers, all teachers, deserve health insurance and workers' compensation. I pray you can find a way to fill any void there may be.

FINANCIAL MANAGEMENT

- As a taxpayer I'm tired of higher school taxes and our property evaluations that are then wasted by our current school board and superintendent. I think an audit of all funds would be most appropriate.
- We are in desperate need of a construction audit. Battered bills should not double and/or triple during the construction of the superintendent's house.
- I realize we are a "rich" district and have to send money elsewhere, but Robin Hood didn't cause our mess.
- Where did the money go? Can there be restitution made by the people who mishandled the funds?
- I think this whole financial area is awful! Budgeting seems to not have been thought out. Just amend the budget. No far sighted planning. I know the board attributes our distress to Robin Hood,

but now we are at the end of the rope. I think the superintendent has made too many bad choices. And our board is following suit.

- Too much money spent on coaches and their stipends.
- This school district has disregarded all signs of financial problems. Budgets were based on erroneous best-case scenarios. Decisions to make frivolous purchases are the norm.
- We are now \$4.5 million in the red this year. The board and superintendent do not appear to be aware that we are in this situation. More money is being spent all the time.
- As a current taxpayer, I'm very concerned about high school taxes on property. I would like to see an audit of all school funding and expenses. It seems all of a sudden we are broke and can't pay teachers.
- The monthly financial reporting needs to be timelier and more accurate so that stops can be put on purchasing, trips, travel, and many other items before the expenditures are made. Capital expenditures must be continually weighed, not just once a year at budget and/or audit time.
- The state must raise the \$1.50 M&O cap on tax rate or allow a reallocation of the capital expense portion so that (particularly Chapter 41) districts who are going to face a devaluation of property are not forced to make even deeper budget cuts to offset the drop in property values. Our expenditure problems are going to be worsened by the potential drop in revenue. We can only cut so much without greatly affecting the education of our youth.
- LISD needs reorganization in the financial management area. Needs stronger checks and balances in expenditure authorization. Needs better purchasing procedures and an actual zero based budget process. LISD needs a financial counterbalance at the top administrative level. Someone with "real world" experience, not someone that has risen up the ranks through academia.
- Budgeting is a management tool, not a political process. The continual reallocation of expenses and budget areas is not helping the administration to manage and plan for the future. The current budget process strips the people who spend the money of any management or responsibility for their expense areas - we must have more control of expenses - no one seems to be responsible.
- We need a real construction audit for the last three to four years.
- Excessive spending has been a big problem. Records have not been kept to indicate where much of the money has gone.
- Public has not been informed - school board "asleep at the wheel" - what can citizens do? School board is blind or pretends to be on what is going on with the money.
- What has happened to our financial management? Where is it? How could we have gotten into such a mess?

- I am very concerned with the financial mismanagement of the district. Funds are spent without approval of board. The board when they do approve things never or rarely ask questions. They (the board) seem to have no idea of what questions to ask. I am also concerned about unfair signing bonuses and stipends paid. It needs to be fair across the board.
- Llano's expense per student is higher than any other in area.
- Lack of fiscal controls!
- Lack of documentation
- Bid procedures
- Controls - Fiscal!
- Transportation, Food Service - every area should be looked at.
- The computer service cost is extremely high.
- Fiscal progress reports - staff does not seem to provide any for the school board.
- Lack of communications!!
- The budgeting process at LISD over the past several years has been horrendous at best. Obviously, the superintendent and the school board do not realize that you are not supposed to spend more than you are going to bring in. I strongly feel that taxpayer money has been misspent and mismanaged that the superintendent and board have completely disregarded the concept of good stewardship. This group has not followed proper operating procedure regarding receipts and reimbursements. Also, the recent construction at LISD is very questionable. I have no doubt that buildings needed to be built and/or renovated, but a budget was not followed and change orders did not always go to the board for approval. In conclusion, I realize many school districts are experiencing financial difficulties, but our school district is in a very serious situation because of arrogance and mismanagement.
- What has happen to our "LISD" financial management? Why are the school board members so "closed mouth" with the public?
- Greetings and welcome to Llano. Our LISD needs some corrective actions taken, no doubt. I cannot accept the excuse from the current board of trustees that 'we are in this financial condition due to Robin Hood;' or that "we're just one of many schools in Texas in this financial condition." It is my opinion gross mismanagement of fund balances has created this for our students, teachers and taxpayers.
- Current adopted budget contains untrue entries in order to try to present a balanced budget and financial position.
- I do not believe the approval of the application for limited Maintenance Tax Notes Series 2002 should have been executed without more intense questioning as to the intended use of the revenue.

- High school students who moved into the new plant on Highway 16 vacated the current junior high plant located on highway. It was deemed by current board of trustees that 'pretty was important,' so they applied for a \$5,315,000 tax note Series 2000 for the purpose of paying for extensive renovations to plant before allowing junior high students to occupy the building. There really should have been ample time to present this cost to the voter for approval/disapproval before creating such a debt, which in debt service schedule is costing \$2,500,000 in interest.
- Payment of WADA funds is questionable in many ways.
- For sure, morale among teaching staff is at the lowest extreme; students are tense and upset with the situation and there is no doubt that the teaching and learning environment is being affected.
- I shall be happy to meet with you at any time to discuss the above concerns. There are more concerns on my list, but this will serve as my first appeal.
- As a teacher and a parent this school district takes my tax money and blows it.
- Can you just take funds and move them from one place to another?
- The best for academics is not always considered. Seems athletics is more important. Books have not been balanced. Public is kept in the dark.
- Fiduciary responsibility is non-existent.
- Llano ISD is in bad financial distress. The school board is allowed to make decisions concerning others and are not being held accountable. The board does as it pleases, especially financially. Llano has exceptional teachers. Unfortunately, financial cuts force the good teachers to leave the district.
- At the current rate and appraisal for taxes on my home, I'll probably have to sell when I retire and am on a fixed (1/2) income. Something I've worked hard to get and for what? This should have never come about.
- In the event that LISD does not have the funds available to pay salaries, what options do employees have?
- I feel we should cut back on sports and encourage the continuance of computers, art and music. Do we really need all those coaches?
- LISD has taken advantage of this community and squandering tax dollars of everyone including the elderly and disabled and young families. Dollars are hard to come by. USE it wisely; these students are our future! Build appropriate facilities, pay our TEACHERS appropriately - stop spending so much money on SPORTS. School is about education - Good Education!

Appendix A

PUBLIC FORUM AND FOCUS GROUP

COMMENTS

PURCHASING

- We need competitive bidding sheets on all items purchased. For example, members of our school board have received the bid on certain things, but no bid sheets were found. Insurance, for example, on our fleet of school vehicles.
- When certain monies are earmarked for one budgeted item, does that money have to be spent on that area? We've had dollars moved from one area to pay for another area. Money was used to pay someone to teach a supplement reading. The money was originally set up to buy classroom reading books.
- Need better purchasing procedures in all areas. We need better chain of authorization. Warehousing is not good for LISD at this time
- No trouble with purchasing school supplies. What about the bidding with the businesses owned by the board? Was there a bid at all? We would never know how this was done. At the board meetings, the members have packets. Seldom is anything discussed.
- All purchases should be done by competitive bids. Insurance, storage, building, signs, etc.
- I do not know if we operate true to the competitive bid process for storage and insurance.
- There had not been competitive bids! Not enough textbooks; why?
- Teachers are given \$500 to spend in classroom. Last year I ordered a special bookcase costing \$175. We are told to have in our order by April 1 or they will take away our money. I ordered the bookcase. In May they sent word the bookcase was discontinued. The school refused to let me spend \$175. I don't think this is fair.
- I feel LISD should have several bids on purchases and expenditures. Are they?
- Why does Llano ISD not take bids on purchases and services?
- I would like to see an open accounting of projects before work has started.
- Question? Is there a time period to address board openly about building and discuss bids taken?
- The school board should have had more bids on contracts and other purchases for food, supplies and other items.
- How do you get rid of a school board that the general public has lost confidence in. What does a district do when you run out of money?

- Why was not bids asked for on insurance? To my knowledge these was not competitive bidding on storage and fuel.
- We would like the bids reviewed and if there were any bids accepted other than from school board members?
- Why are there no bids published in newspapers in the community? Is it the law tax payers cannot get an answer in board meetings? Why do citizens not get to know the issues the board votes on in special sessions?
- Our current school board has performed work for the district or insurance coverage for the district without any proof of a bid process. I think it is imperative that they be able to show proof of the bid process or be held accountable.
- Computer purchases are way off base. Too much being paid for what we get. No accountability in some areas.
- The school does not adhere to a specific purchasing/bidding policy.
- Check on computer purchases, construction projects, etc.
- All items over \$2,500 should have public bids.
- I don't have a lot of confidence in the financial decision-making in our district.
- No competitive bidding in effect.
- Be fair and equal with each elementary campus. An example are textbooks! Why did Llano have them and some of Packsaddle classes did not?
- Packsaddle never received textbooks or adopted materials this year at several grade levels. We were short!
- Packsaddle Elem. is not treated equally to those schools in Llano. We do not receive the same funding, supplies, textbooks and resources. Because of this we are passionate about improving our campus on our own. We do not have the funding.

FOOD SERVICES

- The food service personnel have been very helpful and pleasant to be around.
- Overall the food service for our campus is acceptable. My only concern is a shortage of people to completely serve our students in a timely manner. We talk of cutting employees and we can see a need for all the staff it takes to successfully feed our students.
- The food service is acceptable in our schools. The food is prepared and served to our students. We have cut cafeteria workers, and I feel we need more cafeteria workers to serve and clean up the cafeteria.
- Food service does a good job.
- TASBO recommended that we have the offer versus serve. I can't see where we are saving money. My grade level is the last to enter the cafeteria. We never have a choice. We have to take what's left.

Most of the time the children will not eat that, and it is thrown away.

- Elementary food service needs to be addressed. Food is often overcooked or straight out of the can. Some could be more pleasant and helpful to the little ones.
- Food service is good.
- This is one place we do pretty well. Cafeteria workers do not always work with the teachers for the best of the students.
- There are a lot of throwaway containers used. I wonder how cost effective this is?
- Children get a choice of two meats. When third grade gets to lunchroom, one meat group is already taken. Third graders rarely get a choice. Teachers ask lunchroom workers to set aside so much for each grade level, but they refuse. Third grade is the last to eat. Many times they run out of food and run open a can of beans. Students and teacher get the cold beans.
- Our cafeteria facilities are good and the management is doing a good job.
- Children are given two choices of main entrees. One is a favorite and runs out by the time the upper grades get there.
- Since the district has gone to the two selections for main dish at the elementary school, we have had problems. We are the last to eat each day. Very often they are out of the most popular choice. The children are very upset about not getting what they want to eat. Also, some children do not want the choice they have left so they do not get a main dish - they pay full price for vegetables only.
- I have seen the food that is prepared and served to our children. Needless to say, it is high in fat. The entire food portion of the school is poor. The preparation of some food is so spicy, it is not palatable.
- Why doesn't the cafeteria serve more types of foods that kids will eat? They throw so much away because of taste. The quality, variety, and service can be improved. I appreciate the changes that have been made - kids able to make choices in order to eliminate waste.
- Staff education in preparing nutritious meals is needed. How about taking a student vote on foods that are liked. You may be surprised at what they like. That pizza needs a replacement!
- I know some of the food isn't appetizing but few people realize the rules these ladies have to play by. Maybe the "higher" ups should come see how much food is wasted each meal!!!
- I don't feel the food served is likeable. I have noticed that much of the food is greasy. My daughter down right refuses to eat a hot lunch. I realize they can't be served steak, but there has to be a way to improve what they are served.

TRANSPORTATION

- There needs to be better bus sizing and routing necessary to save dollars.
- I have been very pleased with the bus drivers and bus barn personnel. They have gone out of their way to assist my handicapped child.
- We have too many school buses for the size of our community and a few too many bus routes. Our maintenance department needs to be better organized and managed.
- My personal observation concerning bus routing and scheduling is that I have observed mostly empty buses running (72 passenger) from the Tow area. I also have reported unsafe driving practices with no result. I have also observed drivers with the bus door open and driving down the highway (I guess blowing out the trash).
- Do we need all the buses now in use? I think not! I feel we could cut the "in town" buses out. Surely parents can bring their children to school.
- We have leased buses and this seems very expensive. I'm not sure we should continue with the financial exigency we are now facing. Maybe we should consider combining some routes to save money.
- We have some very expensive bus rentals (lease). I'm not sure we can continue with these with the financial situation we now have.
- We have several in town routes that could be taken out. Some of these routes make several stops within 50 feet of each other. Can they be combined?
- Bus monitors were reduced and they are a needed force on the buses.
- Yea for bus monitors! If they really do the "job" and not just ride and visit with the driver.
- I am concerned about the maintenance of our buses. It seems there is constantly an issue- fire extinguishers being stolen, flats and amount of exhaust.
- My children ride the bus home, but I still drive 3 miles to meet the bus. When I get there I have no indication of whether the bus has come or not. We do not have "bus stops." Most children are dropped off in the front door of their home. Even the children that quite literally live across the street from school ride the bus to and from school.

SAFETY AND SECURITY

- I feel our school environment is relatively safe. Local law officers are helpful and willing to work with the district.

- Student safety and security are of little concern to me. I feel we are in a very safe environment. Local law enforcement is very helpful and willing to work with the district.
- We have no way to lock our doors from the inside. We do have frequent fire drills. No problems with local law enforcement that I know of.
- I would like to see more involvement with the school, i.e. weekly visits and chance for the kids to voice their concerns.
- I'm very concerned about the use of tobacco (snuff) on our campus! Is this not the law anymore? Or does the administration not know it? Please check into this!
- If our schools and campuses are drug, alcohol, and tobacco free, why are certain people still using tobacco (snuff) on campus during the school day?
- Programs for emergencies are needed. It is far-fetched to think of the unfortunate happening (i.e.: guns, terrorists), but programs need to be in force.
- We hardly ever have fire drills! Why? - Tornado drills - emergency action plan?
- A secure teacher can teach and a secure student can learn. Please increase emergency preparedness education. Repetition is key for them to learn it as second nature. Our world has changed in dramatic and disturbing ways; everyone needs to be prepared - know what to do!
- A hot water heater has never been installed in areas of the north building. Isn't this a health issue?
- Our school has been broken into several times over the past few years. To date things taken have not been recovered. We have repaired some damage. What can be done to keep it from happening again? What are our chances of surveillance cameras, increased security? I am concerned not only of cost but of my children's safety.
- We use our streets as playground. They play on asphalt. Damaging to their feet, legs, and ankles. Isn't this a health and safety issue? There is an incident where a child ran into the garbage bins on the street and needed stitches. Who pays for the doctor bill? Is this a health hazard issue?
- Fire alarm is not working...again. Is this legal to operate without a working system? When I make inquiries, I'm shrugged off and ignored.

COMPUTERS AND TECHNOLOGY

- There are concerns about the fact that our computers at school have another school districts inventory tag on it. The other school being one that we contribute "Robin Hood" money to.

- Our computers are "down" too much. There is not enough help with the service department.
- The elementary campus in Llano has a decent computer lab. However the technology level in the individual classrooms is not good. Outdated technology is being used, very limited resources for the student to use. It appears to me lots of money spent and nothing to show for it.
- Computers stay broken down all the time. They rarely get fixed until pressure is applied.
- I'm concerned about seemingly new computers with another district's stickers on them.
- We have some computers, but we need more up-to-date software for TAKS preparation. Some of our computers seem to have another district's name on them. Do they belong to Llano ISD or the other district?
- Our computers cost more than they should. A computer lab that supposedly had the money allocated never materialized.
- Why are their computers at high school that have Panther Creek on them?
- They have spent way too much money. There are several huge TVs and some other things that have never been used. They have been setting since last summer at the high school.
- Please do not back away from technology education. The children are learning so much and getting that boost they need to compete in future education and jobs. There are numerous computer related businesses, not to mention Texas Tech Satellite campus in Marble Falls. Surely we can locate someone in the area to aide in this curriculum.
- I am extremely concerned about our computer program. I believe our children need, as well as deserve, the best computer education possible. Computers are the future. To become successful adults they will need these skills. The computer is also a learning tool for other subjects. I pray a solution will be found to keep our computer class and our computer teacher.
- Computers are so valuable. It would be helpful for students to have lab two-three times weekly. However, because of the RIF, the computer teacher will be cut at Packsaddle. Also, there is not a certified teacher in the lab at Llano Elementary.
- Very few useful reading/math computer programs in the PES Computer Lab. No/little consistency due to computer teacher turnover. Next year we are likely to have an unqualified paraprofessional running the computer lab.
- Not all paraprofessionals are unqualified.

Other

- I do not understand why one nurse, or teachers cannot or will not send notices home for contagious diseases on health and hygiene issues such as lice? I do not want to know who they are but with a family of six, lice treatment can be very costly not to mention the loss of work or school.
- We had a full-time nurse this year but with cuts it has been suggested that we won't have a full-time nurse next year. Who will be liable for lax attitudes in ill children or misdiagnosis?
- Inadequate and inappropriate Spanish to English, English to Spanish translators. Translators are not offered when a Spanish-speaking parent has a problem. The drop off/pick up area is also our parking lot. It is very dangerous for all who walk to retrieve their children.
- Our Pre-K class has to bring their own water to school, because they don't have a fountain. Why not?
- Our computer class is ineffective. My kids come into our home and at the end of the five or six weeks still don't know what CPU is, or an address bar.
- Our art class is ineffective. My children have only brought one thing home from school, and that was at Christmas.
- Our rotation schedule is a waste of time. They spend more time "walking from class to class" than learning anything of value or merit.
- P.E. is on a daily schedule next school year. Will they be allowed to change into appropriate attire?
- School uniforms are my recommendation.
- My chief suggestion is that Llano ISD adopts the TSPR motto. "Driving more of every dollar into the classroom." That's the bottom line.
- Llano ISD has done the same thing with Horseshoe Bay. I think the current LISD financial mess, including the grossly overbuilt high school plant (designed to accommodate 2000 students when only 500 kids attend), can be summarized in this way: folks who haven't handled much money suddenly go a lot of it. The board seems in over its head; and as generally happens when this occurs; they come across as arrogant when in fact they're probably just scared.
- Most of my comments and suggestions will automatically be covered as TSPR addresses the 12 protocols.
- District Organization, Personnel, Community Involvement and Facilities-Add someone to the board who is very familiar with a ledger sheet, who can read and interpret complex budgets. Have the board packets posted on the LISD Web site so that taxpayers can better follow board meetings and have the trustees start studying their board packets the week before the board meeting rather than looking at the packets for the first time when they sit

down at the monthly board meeting. Open all contracts/financial awards to open bidding. Full disclosure to the community of all LISD financial transactions. Have the board encourage rather than attempt to discourage community feedback. (At last month's meeting, the public participation forum was delayed until after the board had already agreed to a 35-teacher RIF.) Board members need to recuse themselves from all votes and all contracts/financial awards from which they would personally benefit. Hold regularly scheduled board meetings at the high school, in the auditorium (rather than the un-air conditioned facilities reportedly used last summer). Use more mikes, one per person and per superintendent and per "public" rather than everyone sharing a single microphone now. Video and audio tape all board meetings and make the tapes available to the public at the local library. Drastically and immediately curtail all board spending, including meals and hotel stays; defer any and all TASB and other required trainings or do them online. Share trainings and/or trainers with nearby districts (Marble Falls or Burnet, for example) rather than traveling to Dallas or Houston. Use quantitative data when shopping for the new superintendent rather than the touchy-feeling stuff the search firms like to use. Find a superintendent who has done well where he is, for example. This is why districts keep finding themselves stuck with unsatisfactory superintendents. Have a superintendent salary in keeping with nearby districts. Get rid of administrative deadwood and aggressively follow the Southern Association of Colleges and Schools guidelines.

- There is a perception that while 67 percent of Llano ISD's income comes from the SE corner of Llano County (Sunrise Beach to Horseshoe Bay), Llano townspeople are determined to keep all facilities and expenditures in Llano. Some have suggested that an elementary school be build in Horseshoe Bay; this would stimulate young families' purchase of full-time homes in Horseshoe Bay (right now we're mostly retirees and weekenders). This will add to LISD's finances. I don't know what can be done by this imbalance; most of our neighbors are retired and "have put in their time" in the schools and don't even vote in the trustee elections.
- What process is used by the board to hold one another accountable for unethical or self-interested behavior? Does the board perform an annual self-evaluation? A newspaper reporter makes a strong case for getting rid of the five new buses; they appear expensive and not needed. I hope you are scheduling meetings with the activists who got all this started. They are well-informed people.
- The school needs help! It's unsafe!
- There are unlabeled chemicals in the bus barn and chemicals spilled in front of in front of the bus barn.

- The buses park really close together and idle 40 minutes before the kids get on; only four have air conditioning, so all the windows are open and the fumes make the kids sick.
- None of the buses' windows are tinted and most of the kids are on them for more than an hour without air conditioning.
- I've complained about their priority in athletics.
- I know your focus is financial, but can't we call in the EPA?
- Their focus isn't academics!
- In the elementary GT is a cultural thing and they play with paper dolls and do ballet-even the boys.
- In the high school the kids are so ill prepared. Only one or two passes the advanced placement exit exam.
- They only teach to the TAKS text-nothing else. The teachers stress out the elementary kids with TAKS preparation so much so that A students are afraid they will flunk TAKS and can't sleep.
- They watch movies at least once a week in the elementary. Some of them are PG-13!
- There aren't any books or athletic equipment at the middle school and they relied solely on fund raising to buy books and PE equipment. There was no funding from the school.
- They don't even offer choir 5-12.
- The administration won't allow kids to travel into Austin for ACC college credit because they would lose funding. They don't have the kids' best interest at heart.
- How can we start a new school district or charter school in Horseshoe Bay?

Site Based Decision-Making Committee Focus Group Comments

DISTRICT ORGANIZATION AND MANAGEMENT

- The district lost the junior high principal. Things are stressful. There are rumors about closing the middle school.
- There is a lack of communication district-wide. It is very unsettling. Teachers are the last to know.
- Middle school parents are working to provide a science lab and library.
- The district may have hired the wrong people.
- The board acts before it thinks.
- The morale is low. There is no information or security.
- There are no labs at the middle school.
- There is a large degree of demoralization.
- The district should keep the middle school.
- There is no sign at the middle school.
- The district is in a dire financial situation.

EDUCATIONAL SERVICE DELIVERY

- The review team should look at the scores.
- There is a concern about the possibility of large class sizes.

PERSONNEL MANAGEMENT

- There is a concern about people close to retirement having their best three years in salary.
- The principals have been up front with the teachers.
- The TASBO report only talked about rifting personnel. It didn't talk about other things besides teachers.
- The district is not reconciling the checkbook.
- There are no checks and balances in the district.
- Integrity is gone in the district.
- Campus (high school) is still a happy place to be.
- What kind of education will kids get with high class sizes?

COMMUNITY INVOLVEMENT

- Parents come to school to help dissect worms.

FINANCIAL MANAGEMENT

- The district is broke.
- Will we come to a payday and not get paid?
- Are the books in bad shape?
- We are still going on field trips. Children are paying their own way.
- They cut off expenditures for next year.
- Two years ago the district was living high on the hog. Now they are rifting people.
- No warning flags went up. Two years ago there was a good budget. This past year it is 40 percent of previous years.
- Why did the board suspend the superintendent with pay?
- His salary over the past three months would keep people from being rified.
- We feel like sheep.
- Lower administrators have been told not to share information.
- How many lawyers are we paying?
- Where has the money been spent?
- Things are moving the right direction on coaching stipends.

TECHNOLOGY

- The Packsaddle computer lab has little or no software. Packsaddle has one program.
- What about these other district's tags on the computers?
- There has been poor record keeping.
- We were told to give a four-year wish list. Middle school has only one computer lab.
- There is a weather station on top of the middle school building. What will happen to it?
- There is going to be a district-learning center for adults. The students have to come first.
- There is limited campus representation on technology decisions.

PURCHASING

- Will we have the basics?
- There is no money for teacher training.
- We pick the most expensive people to buy from.
- It is difficult to get reimbursements.
- Hardware store-the coaches were able to buy knives for the coaches.

TRANSPORTATION

- The district is looking at consolidating routes.
- Llano is a big county.
- There is a lot of vandalism at Kingsland. There needs to be a fence around the buses.
- The drivers should be able to take the buses home.
- Kids can walk to a pick-up point.

FOOD SERVICE

- Food at the high school is great.
- Only feed them what they eat. Don't give food that will be thrown away.
- The menus are boring.

SAFETY AND SECURITY

- No problems.
- Packsaddle portables need communication.

Appendix B

PARENT SURVEY RESULTS

Demographic Data/Survey Questions
Narrative Comments

Llano Independent School District Management and Performance Review

(total number =101)

Demographic Data

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

1. Gender (Optional)	No Response	Male	Female				
	5.94%	27.72%	66.34%				
2. Ethnicity (Optional)	No Response	Anglo	African American	Hispanic	Asian	Other	
	11.88%	72.28%	0.00%	7.92%	0.99%	6.93%	
3. How long have you lived in Llano?	No Response	0-5 years	6-10 years	11 or more years			
	0.00%	24.75%	25.74%	49.50%			
4. What grade level(s) does your child(ren) attend?	Pre-Kindergarten	Kindergarten	First	Second	Third		
	3.0%	13.0%	14.0%	12.0%	15.0%		
	Fourth	Fifth	Sixth	Seventh	Eighth		
	24.0%	16.0%	17.0%	20.0%	16.0%		
	Ninth	Tenth	Eleventh	Twelfth			
	12.0%	15.0%	16.0%	12.0%			

A. District Organization and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1.	The school board allows	2.97%	14.85%	30.69%	22.77%	28.71%

	sufficient time for public input at meetings.					
2.	School board members listen to the opinions and desires of others.	1.98%	12.87%	27.72%	27.72%	29.70%
3.	The superintendent is a respected and effective instructional leader.	3.96%	7.92%	13.86%	16.83%	57.43%
4.	The superintendent is a respected and effective business manager.	2.97%	5.94%	13.86%	18.81%	58.42%

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.	14.85%	47.52%	17.82%	17.82%	1.98%
6.	Teachers are given an opportunity to suggest programs and materials that they believe are most effective.	4.95%	37.62%	34.65%	18.81%	3.96%
7.	The needs of the college-bound student are being met.	12.87%	39.60%	30.69%	13.86%	2.97%
8.	The needs of the work-bound student are being met.	6.93%	36.63%	43.56%	8.91%	3.96%
9.	The district has effective educational programs for the following:					
	a) Reading	21.78%	69.31%	4.95%	3.96%	0.00%
	b) Writing	18.81%	65.35%	3.96%	10.89%	0.99%
	c) Mathematics	21.78%	66.34%	3.96%	7.92%	0.00%
	d) Science	19.80%	70.30%	5.94%	3.96%	0.00%
	e) English or Language Arts	22.77%	68.32%	5.94%	2.97%	0.00%

	f) Computer Instruction	15.38%	62.38%	12.87%	5.94%	2.97%
	g) Social Studies (history or geography)	19.80%	71.29%	7.92%	0.99%	0.00%
	h) Fine Arts	16.83%	50.50%	17.82%	11.88%	2.97%
	i) Physical Education	26.73%	57.43%	7.92%	4.95%	2.97%
	j) Business Education	10.89%	38.61%	41.58%	8.91%	0.00%
	k) Vocational (Career and Technology) Education	12.87%	38.61%	38.61%	8.91%	.99%
	l) Foreign Language	11.88%	50.50%	16.83%	17.82%	2.97%
10.	The district has effective special programs for the following:					
	a) Library Service	14.85%	60.40%	13.86%	7.92%	2.97%
	b) Honors/Gifted and Talented Education	12.87%	55.45%	19.80%	7.92%	3.96%
	c) Special Education	21.78%	43.56%	28.71%	3.96%	1.98%
	d) Head Start and Even Start programs	8.91%	39.60%	46.53%	1.98%	2.97%
	e) Dyslexia program	3.96%	14.85%	74.26%	3.96%	2.97%
	f) Student mentoring program	3.96%	23.76%	56.44%	13.86%	1.98%
	g) Advanced placement program	9.90%	32.67%	52.48%	4.95%	0.00%
	h) Literacy program	10.89%	39.60%	42.57%	4.95%	1.92%
	i) Programs for students at risk of of dropping out of school	3.96%	12.87%	56.44%	16.83%	9.90%
	j) Summer school programs	7.92%	45.54%	29.70%	7.92%	8.91%
	k) Alternative education programs	3.96%	31.68%	47.52%	11.88%	4.95%
	l) "English as a second language" program	5.94%	24.75%	59.41%	3.96%	5.94%

	m) Career counseling program	8.91%	21.78%	45.54%	18.81%	4.95%
	n) College counseling program	8.91%	25.74%	41.58%	17.82%	5.94%
	o) Counseling the parents of students	6.93%	27.72%	38.61%	16.83%	9.90%
	p) Drop out prevention program	3.96%	9.90%	53.47%	18.81%	13.86%
11.	Parents are immediately notified if a child is absent from school.	8.91%	16.83%	24.75%	31.68%	17.82%
12.	Teacher turnover is low.	8.91%	48.51%	27.72%	11.88%	2.97%
13.	Highly qualified teachers fill job openings.	10.89%	48.51%	20.79%	13.86%	5.94%
14.	A substitute teacher rarely teaches my child.	5.94%	48.51%	13.86%	27.72%	3.96%
15.	Teachers are knowledgeable in the subject areas they teach.	15.84%	71.29%	5.94%	5.94%	.99%
16.	All schools have equal access to educational materials such as computers, television monitors, science labs and art classes.	15.84%	53.47%	9.90%	10.89%	9.90%
17.	Students have access, when needed, to a school nurse.	20.79%	57.43%	2.97%	14.85%	3.96%
18.	Classrooms are seldom left unattended.	19.80%	51.49%	22.77%	4.95%	0.99%
19.	The district provides a high quality education.	21.78%	56.44%	6.93%	10.89%	3.96%
20.	The district has a high quality of teachers.	24.75%	53.47%	10.89%	9.90%	0.99%

C. Community Involvement

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
21.	The district regularly communicates with parents.	11.88%	45.54%	5.94%	27.72%	8.91%
22.	District facilities are open for community use.	7.92%	37.62%	30.69%	14.85%	8.92%
23.	Schools have plenty of volunteers to help student and school programs.	8.91%	25.74%	35.64%	22.77%	6.93%

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.	3.96%	15.84%	34.65%	32.67%	12.87%
25.	Schools are clean.	27.72%	64.36%	3.96%	2.97%	0.99%
26.	Buildings are properly maintained in a timely manner.	20.79%	53.47%	10.89%	9.90%	4.95%
27.	Repairs are made in a timely manner.	13.86%	46.53%	17.82%	15.84%	5.94%
28.	The district uses very few portable buildings.	7.92%	41.58%	13.86%	29.70%	6.93%
29.	Emergency maintenance is handled expeditiously.	10.89%	35.64%	43.56%	5.94%	3.96%

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	5.94%	30.69%	13.86%	32.67%	16.84%

	delivered.					
31.	Board members and administrators do a good job explaining the use of tax dollars.	2.97%	4.95%	18.81%	25.74%	47.52%

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.	4.95%	7.92%	44.55%	24.75%	17.82%
33.	Campus administrators are well trained in fiscal management techniques.	1.98%	19.80%	45.54%	17.82%	14.85%
34.	The district's financial reports are easy to understand and read.	0.99%	8.91%	38.61%	21.78%	29.70%
35.	Financial reports are made available to community members when asked.	3.96%	2.97%	35.64%	21.78%	35.64%

G. Purchasing and Warehousing

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
36.	Students are issued textbooks in a timely manner.	14.85%	67.33%	7.92%	6.93%	2.97%
37.	Textbooks are in good shape.	13.86%	73.27%	6.93%	4.95%	0.99%
38.	The school library meets student needs for books and other resources.	21.78%	54.46%	7.92%	13.86%	1.98%

H. Food Services

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
39.	My child regularly purchases his/her meal from the cafeteria.	16.83%	53.47%	3.96%	15.84%	9.90%
40.	The school breakfast program is available to all children.	23.76%	61.39%	12.87%	1.98%	0.00%
41.	The cafeteria's food looks and tastes good.	11.88%	39.60%	12.87%	19.80%	15.84%
42.	Food is served warm.	12.87%	54.46%	16.83%	10.89%	4.95%
43.	Students have enough time to eat.	8.91%	42.57%	5.94%	27.72%	14.85%
44.	Students eat lunch at the appropriate time of day.	8.91%	64.36%	5.94%	14.85%	5.94%
45.	Students wait in food lines no longer than 10 minutes.	8.91%	36.63%	25.74%	20.79%	7.92%
46.	Discipline and order are maintained in the school cafeteria.	23.76%	60.40%	10.89%	1.98%	2.97%
47.	Cafeteria staff is helpful and friendly.	24.75%	51.49%	15.84%	5.94%	1.98%
48.	Cafeteria facilities are sanitary and neat.	23.76%	62.38%	5.94%	6.93%	0.99%

I. Transportation

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
49.	My child regularly rides the bus.	20.79%	32.67%	13.86%	20.79%	11.88%
50.	The bus driver maintains discipline on the bus.	19.80%	40.59%	32.68%	4.95%	2.97%
51.	The length of the student's bus ride is reasonable.	7.92%	40.59%	33.66%	12.87%	4.95%
52.	The drop-off zone at the	18.81%	46.53%	23.76%	6.93%	3.96%

	school is safe.					
53.	The bus stop near my house is safe.	20.79%	50.50%	25.74%	0.99%	1.98%
54.	The bus stop is within walking distance from our home.	19.80%	49.50%	26.73%	1.98%	1.98%
55.	Buses arrive and depart on time.	22.77%	48.51%	26.73%	0.99%	0.99%
56.	Buses arrive early enough for students to eat breakfast at school.	17.82%	33.66%	37.62%	9.90%	0.99%
57.	Buses seldom break down.	20.79%	42.57%	32.67%	3.96%	0.00%
58.	Buses are clean.	21.78%	39.60%	35.64%	2.97%	0.00%
59.	Bus drivers allow students to sit down before taking off.	21.78%	35.64%	32.67%	7.92%	1.98%
60.	The district has a simple method to request uses for special events.	9.90%	20.79%	63.37%	2.97%	2.97%

J. Safety and Security

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
61.	Students feel safe and secure at school.	25.74%	65.35%	1.98%	5.94%	0.99%
62.	School disturbances are infrequent.	20.79%	67.33%	6.93%	2.97%	1.98%
63.	Gangs are not a problem in this district.	30.69%	62.38%	3.96%	1.98%	0.99%
64.	Drugs are not a problem in this district.	7.92%	26.73%	9.90%	33.66%	21.78%
65.	Vandalism is not a problem in this district.	8.91%	53.47%	13.86%	15.84%	7.92%
66.	Security personnel have a good working relationship with	9.90%	24.75%	59.41%	0.99%	4.95%

	principals and teachers.					
67.	Security personnel are respected and liked by the students they serve.	6.93%	21.78%	67.33%	1.98%	1.98%
68.	A good working arrangement exists between local law enforcement and the district.	20.79%	37.62%	34.65%	5.94%	0.99%
69.	Students receive fair and equitable discipline for misconduct.	14.85%	46.53%	6.93%	17.82%	13.86%
70.	Safety hazards do not exist on school grounds.	9.90%	45.54%	25.74%	12.87%	5.94%

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.	17.82%	61.39%	17.82%	0.99%	1.98%
72.	Computers are new enough to be useful to teach students.	22.77%	60.40%	10.89%	4.95%	0.99%
73.	The district meets student needs in computer fundamentals.	19.80%	61.39%	12.87%	2.97%	2.97%
74.	The district meets student needs in classes in advanced computer skills.	12.87%	39.60%	32.67%	11.88%	2.97%
75.	Students have easy access to the Internet.	15.84%	54.56%	19.80%	6.93%	2.97%

Appendix B

PARENT SURVEY RESULTS

NARRATIVE COMMENTS

The narrative comments below reflect the perceptions and opinions of parent survey respondents and do not necessarily reflect the opinion of the Comptroller or review team.

- Llano ISD employs staff members who care about my children. There is a strong emphasis on academics. The staff maintains an environment that is conducive to learning. Even with the current fiscal problems, there is no other district that I would rather have delivering educational services to my children.
- Overall performance is adequate. I believe some students should be recognized for their skills and work they do, instead of just being recognized on based of their popularity or because they are in sports.
- Packsaddle Elementary has a sign in the cafeteria DO NOT PLUG anything into plugs because it may cause breaker to blow. That is a fire hazard. It's been that way since the beginning of the year. High school is very unfair to students if you don't live in the right area or have the right name or if your not a football player, you are treated differently. Punishment is unfair as well.
- Llano needs more one on one tutoring for kids having problems in certain areas while they are in school, not before school starts. More and more kids are dropping out because there is not help for them. They get tired of not understanding what's going on, and failing. We need more teachers that can show kids step by step how to do things so they can understand better.
- I feel the educational performance at LISD is above average, but the superintendent and school board are putting them way below average. There is blatant nepotism being practiced and this concerns me personally, especially the hiring of qualified employees. This favoritism in applicant hiring filters down to the student's education because the more qualified frequently get passed over.
- Due to the financial administration of the Llano ISD by board and superintendent, it is projected that the budget for 2003-2004 will be in the red by several \$100,000 to \$1 million dollars. We are at the taxable limit allowed by the state, yet we send over 4.6 million dollars to other ISDs each year! We need to be able to fully fund our ISD with our tax money and then recapture whatever funds are left over. We take pride in our student's academic and athletic achievements. Competing with larger ISDs for the same resources

(staffing, books, equipment, etc.) our small ISD pays more to maintain a status quo. We must be allowed to fully fund our ISD with our own tax dollars before the state takes its percentage (recapture funds).

- I believe there is an excessive amount of emphasis placed on the standardized tests that are required. My son has been under a huge amount of stress, and I believe it is unnecessary to focus so strongly on the TAKS test!
- Satisfied with teachers and principals. Satisfied with facilities and programs. Very dissatisfied with school board and superintendent. Assistant superintendent is trusted and respected by community. I have no problem with the educational performance of LISD. It is the superintendent that is the problem. Possibly some school board members also need to go. Our community deserves better! Our school teachers and kids deserve better!
- School taxes are too high - administration of school is separated from teachers and too much paper work is forced on the teachers that should be done by the administration. Large amounts of school money have been wasted by admin on trips, food and entertainment. More interest should be given to math, science and language. Cut the taxes and contract out the management of the schools - cut cost, use more teacher aids.
- I think my daughter is receiving a more than adequate education provided by the Llano School District. Her teacher is an asset to the Texas school system. We thank the school for having such an educator teaching our child.
- With the exception of this new middle school, why can't they get books from the other libraries?
- My children don't like the school food, and I don't like the fact that my 6th grader and 9th grader can get cokes and candy and chips every day. Even when I tell them not too, they do anyway. Unhealthy junk food has NO PLACE in our public schools! It makes it very hard for me, as a mother, to instill and keep their healthy eating habits I can only pray that they are eating their carrots I send to school in their lunch box (instead of throwing them away to save room for junk food)!
- The whole computer program for all the schools could be better! If we did not have a new computer with wireless Internet access at home that my children all use regularly for school work/projects, I would be complaining to the schools about their computers. My kids know they can get whatever they need at home. But when they all three need on at the same time, we have a problem. Many nights someone is up until midnight finishing a project, etc.
- Our school is a fine school. This school district has a high quality education. My children learn many fine things. I am proud of Llano School.

- When we first moved here in 1993 things looked to be getting better. Now 10 years later we are in a big mess!
- I feel that the teachers of LISD are doing a great job with their resources (which have been cut-back). By cutting back on certain classes and resources, our college bound students are suffering. Many times students don't even get to talk with the counselor until after most college applications were due! Our children's futures are going down the drain because the school board didn't hire an appropriate person!
- High school has drug problem the community says. Elementary is excellent. Not sure of Middle School.
- Many children with whom I work are in the 9th and 10th grades, and read well below grade level. Their writing ability is even further below grade level. Mathematics in the high school is also problematic, particularly for those students not possessing some inherent level of mathematical progress. I've spent much time working with numerous students, including my two, as they express frustration with the teacher's inability to explain the coursework. Stronger foundations must be laid well before high school if our students are expected to perform on grade level by high school. A community in schools program would serve well in this district. I've also spoken with numerous parents that feel intimidated by the school and are uncomfortable talking to administrators and teachers. Parents are by and large not encouraged to communicate with the school, while the school freely communicates with parents regarding disciplinary problems. I'm not well read on the literature pertaining to the correlation of parent/school relations to student achievement in the school, but I feel certain a strong relationship exists.
- I attended Llano School and graduated in the '70s. The school facilities and staff have improved very much since then. I taught in this school system until 1994. When I taught we did not have adequate supplies, and the buildings were poorly maintained. Our schools are much better now. It seems like our tax dollars are being wisely spent, besides athletics, which seems to have too large of a budget. My children are being well taught in an excellent environment. Our teachers and principals are top notch. The best thing about the Llano school district is the quality of the teachers and administrators.
- Educational performance is fine. The teachers are good, but some of the aids are not there for our students. Why did the board let all this spending happen? Our children are the ones that have suffered from ridiculous spending. He needs to be out of our school district and should not be in the educational system.
- Just don't cut down on buses. I need my child safe.

- We feel our community has lost confidence in our current school board and superintendent. In order for our school to move forward in a positive manner, we feel the board and superintendent should be relieved of their duties or resign their positions. Also, if it is not a current law, I feel it should be illegal to purchase alcohol with school finances.
- Some Agency needs to look into our school administration and how they are spending "our" tax dollars. We don't mind paying our taxes (school), provided they are being used properly and can account for their spending.
- Most "no opinion" answers simply mean "I don't know." Many questions refer to secondary education or to events/situations with which we have had no experience in our short time in this school district. Overall, Texas schools are not as progressive as schools in other states we have lived in. For instance, my child read in 5th grade here, a book she already read and written about in third grade elsewhere. Also, I am concerned that some teachers are not treating their jobs more seriously. Most teachers are outstanding. But one, for instance, talked regularly about hunting and firearms and football instead of the class subject. This same teacher violated the law right before Winter Break by telling a class his personal religious beliefs. The statements were not within accepted policy. Perhaps teachers should attend seminars that outline appropriate classroom subject matter. We are against both hunting and football and our kid doesn't go to school to hear about those decidedly non-educational subjects. And religion - that's NOT appropriate. Thank you.
- We are a part of Packsaddle Elementary in Kingsland. We are VERY pleased with this school and everything about it. We just really hope that the town can grow enough to expand our school past the fourth grade. We dread sending our three children all the way to Llano every day. Thank you for allowing me to participate.
- There are challenges that exist between campuses of Llano ISD. Example: What is enforced at the Kingsland campus is not enforced at the Llano campus. This is in reference to student teacher ratios; number of teachers available; funding for one but not the other; restrictions placed on Kingsland yet Llano does not have to comply. Small town rivalries need to be set aside for the betterment of the whole district. Kingsland pays Llano taxes.
- Fifth grade does not get computer access on a regular basis. Fifth Grade has 37 minutes for lunch and 20 minutes of that is spent waiting in line. Packsaddle 4th Grade was late receiving English books.
- I have always been proud to live in Llano. I grew up here. Lately our school board and superintendent have grossly mismanaged money! The superintendent has spent way too much money on

athletics and we have lost some of our programs. The younger children especially have been affected. For example, the Elementary had to do a fundraiser this fall to buy AR books for our kids. Summer school has been dropped. Llano has given more money away under the Robin Hood plan and now we are broke. Something is wrong here. Llano schools now need help. The school is letting go 30 teachers. Now good innocent teachers will lose their jobs.

- I feel the school's superintendent and its school board should resign!
- They spend money that should be spent on school trips (i.e. football, band, etc.)!
- When they go to meetings out of town, the superintendent and school board are representing our schools and our town and should not be allowed to drink alcohol!
- The schools are very good in Llano but the superintendent and the school board spend mega bucks on meals and alcohol instead of using it for the kids.
- My child attends Packsaddle Elementary. The principal, teachers and staff are excellent. The superintendent wanted the telephones to be digital and connected to the computer. When the electricity is out or viruses in the computer, parents cannot call in and no one can call out. This is wrong. They should at least have a standard phone. The four classes in the portable buildings have no intercom system and no Internet access. Between the buildings is an area that stays wet all the time and smells bad. The board focuses mainly on Llano schools and not Packsaddle, which is located in Kingsland. There are a large amount of children being bused to and from Kingsland. Packsaddle is Pre-K thru 4th grade and has three portable buildings.
- Our school was not allowed to have our own Fall Festival because they did not want the focus on Llano Schools to be redirected. Packsaddle is part of Llano ISD and should be treated equally.
- The only problem with teachers is some that need to be fired due to lack of performance cannot or will not be due to tenure. We finally had some retire several years ago and have been replaced with fantastic young and/or experienced teachers. There seems to be no way to remove burned out incompetent teachers - that is a waste of money.
- I have a disabled child that has just been promoted year after year and is not being taught any basic skills (i.e. reading, math) to let her prove she can do it and understands it herself.
- I think this school system is very wrong. Especially when it comes to sports. They purchased six new buses for the football teams and one for the handicapped children that ride 20 miles one way but the other handicapped bus doesn't have one. I don't feel that's right.

Please tell me how or what I can do to improve things for my kids in this school. Thanks.

- I believe our school board has totally withdrawn from the community and no longer allows the public access to what is going on in our school system. At all the meetings I have attended they have been rude to the general public and very secluded about what they are doing.
- The teachers at Packsaddle Elementary have been great!
- I am a taxpayer of LISD. Before the superintendent came three years ago our school was doing okay. The campuses were recognized and stayed within the budget allotted to them. Now we will be catching up the whole time my children are enrolled in this school. I hope there is something that can be done to the people who are responsible for this mess, and it is not the teachers of LISD because they are wonderful.
- I come from a parent, teacher, paraprofessional and now substitute viewpoint. I have worked on all five campuses of Llano ISD. My own kids have done well at Llano and benefited from Pre-AP curriculum and programs such as AR, UIL, band and athletics. However, we have been appalled at how much "practical" education is set aside so students can be taught to the TAAS/TAKS. Each campus sends home a letter at least 1 x 16 wks, but we have a hard time talking or hearing from many teachers. All have e-mail at school, but many don't use it or check it regularly. When our straight-A son came home at three weeks with a 66 in Math and 72 in Language Arts, we were appalled. Of course the problem is his, but it would have been helpful to hear from the teachers early on so we could correct the problem and know before it was too late.
- I feel that our superintendent has let this school down. I think that he has put our school programs in a trouble. Like my younger son, he has a learning disability that is not so bad as to put him in the special education program. But there is no program for him, because there is not enough money for the slower learning children to have a special program, so he is lost in the middle. So what do these children do?
- I feel that education should surpass everything, including sports. I put a lot of effort into my child's education, but since I've been out of school a while; a lot of details escape me.
- I feel more emphasis should be placed on educating the student not controlling the students. I have six children that have attended school in five different states, in my opinion Llano does not rate that high on my scale of good schools.
- Basically we have a good school district but much of this is carryover from the many good years in the past.

- Our administrators have placed too much emphasis on athletics. Coaches are paid stipends when their teams have success; no monetary gain is shared with the overall teacher body. We have too many coaches that either do not teach or are not good educators of the courses they are assigned to. They, the superintendent and school board, have their own agenda and are not receptive to the needs and wants of the community.
- The school district may be in financial trouble but we have a lot to show for the money that was spent. We have excellent facilities and top-notch teachers. There is a lot of school pride! I think my children are getting the best possible education.
- Schools overall are well staffed and give students a solid foundation for success. More computer related courses are needed. Also, foreign language courses are inadequate for college bound students. I have two kids in college that attended LHS and are excelling in college. My two younger children are currently enrolled. GOOD TEACHERS!!!!
- Llano ISD has had wonderful academics and athletics for many years. The teachers are wonderful at my childrens' campus as well as the campus office staff and aides. It pains me to think of the programs that will suffer due to ignorance of the school board.
- My kids are only in elementary so a lot of these questions I couldn't answer. But so far with both of my kids I am okay with teachers etc... I have personally not had a lot of problems.
- I feel like our teachers and principals do an outstanding job with the tax dollars they get for the childrens' education. However, I feel that the district has spent too many of our tax dollars on amenities. We certainly have first-rate facilities, which are nice to have, but I feel that the classroom is where the bulk of our tax dollars should be spent. Our district has spent tremendous amounts of money on sports and other extracurricular activities. If you have the funds to do this, then I feel that it is beneficial to provide the students with these amenities. Our present board and superintendent have upgraded facilities and extracurricular to the point where we are in the financial crunch we are in.
- I have a son that is in elementary and I volunteer in his classroom. My observation has been that some students need a concept presented in more than one way. With the class size being 16 students, the teacher has had the time for one on one with her students. The success these children are having is remarkable.
- The district's primary focus is geared for sports, which minimizes or even deletes options for other programs. Monies are primarily spent in or on sport programs. The zero tolerance rule often excludes the students experience/view point, and punishment is based from a one sided view of the school official involved. The current superintendent manages finances unwisely. Far too often

substitutes are teaching class which reduce consistency and continuity within the classroom. The Robin Hood law depletes our district to the point that unwise decisions are made to keep funds in supporting sports, further depleting funds for other programs, i.e.: choir, better technology dept. etc.

- I think the educational performance is great.
- Llano ISD instituted a program, which paid teachers to retire early. This program eliminated some of the best, most experienced teachers from the faculty - I believe there is an over emphasis on athletics generally and weightlifting specifically. This emphasis is at the expense of academics and has resulted in injuries as well as reduced participation by students.
- Educational wise, my children are young but both are receiving good information and education from their teachers. I'm glad that Llano has an excellent program. There are problems in this district, but not from teachers. They are good.
- I feel that my children were pushed through their math classes, and did not learn the fundamentals needed for more advanced classes. One child was put in resources math at the first of the year, which her teacher and I agreed was best for her. She was pulled out in the middle of February against my wishes. The next year she stayed in regular math. Her teacher and I both thought she should go back to resources math, but the principal refused us. My child seems to be a victim of not enough money or keeping up with statistics.
- I don't mind paying taxes for Children's Education, but not for the superintendent and the school board using our tax dollars for drinking and eating expensive meals. Also, I don't think the superintendent should be on leave with pay. I don't think we should be paying his salary while he is on leave. I also think the school board members should be investigating how the district is spending our tax dollars. People that really do the job for our children will lose their jobs, but the school board will still be there, so the problems will still be there.
- I'm glad to see the superintendent finally being held responsible for his actions. It is my sincere hope the district's qualified and dedicated teachers are not let go in the job cutting process.
- I would like the school board to be held accountable for this mess they created.
- I am the parent. I will ask my daughter if she has an opinion on the things I am unable to answer. I have always been happy with my children's education at the Llano ISD. We have had some really good teachers and bus drivers - are we just lucky? Or are all of the teachers good. I do not know - we have been here and plan to stay.
- I feel that they are going a fine job!
- I feel that we have an excellent school system with very dedicated staff. However, the recent board/superintendent has put us in a

terrible state. We are going to have to reduce staff, and unfairly. I believe that the extra curricular programs need to be cut before any academic staff is cut. We need to go back to the programs and funding level we used to have. Then see how much further we need to cut.

- I believe the superintendent should be removed from his post without fulfillment of his contract. I also believe the school board should be removed. My children should not have to suffer because of the abuses of power these people have exhibited.
- I feel that the Llano ISD has a superior grade of education.
- First, as a taxpayer and parent of two children in the Llano ISD, I am appalled at what has happened to our district fiscally. Our superintendent and our school board members have devastated what was once a district that could meet its obligations!!

Mrs. Strayhorn, PLEASE give this issue deep consideration. I wouldn't wish our situation on any school district. PLEASE help in any way possible. It has definitely affected our quality of education and quite frankly, the entire morale of our teachers and children. My children have been "A" honor roll students their entire school careers and they are very aware of this situation and are following closely what we parents and other officials are doing to correct all the misdeeds and misappropriations that have been committed. The lesson they will learn from this is either we stand up and say, as taxpayers, "we won't take this anymore" or that it's okay to bully the taxpayers of Llano County and smugly spend our tax dollars to the point of bankrupting our school district! Thank you for allowing me to participate in this survey and vent my frustration.

- I appreciate the opportunity to respond to the issues in your survey. As a teacher, and as a parent of LISD students, I have hesitated to let my opinions be known for fear of loss of my job or consequences for my own children. Until recently, I was very satisfied with LISD as an employer and as a school for my own children. This has drastically changed this year. As a district we have had access to many wonderful programs. My students and my own children have had opportunities that I would not expect from a district of this size. However, I had no idea that there were not sufficient funds available to pay for many of these programs and resources. In the past few years we have been allowed to purchase almost anything that we asked for. At times we were given budget money and told to "spend it on something". I would have been happy to teach with fewer resources if I had known that there was not really enough money to pay for them, and that we would have to cut drastically later on. In particular, if we needed anything that would help improve our test scores, money was no object. We were expected to teach to the tests. The results have been great scores, but at what cost? My own children have been and are

involved in everything from athletics to art and music. The school was always able to provide them with the finest equipment and facilities. Funds were given to them to pay for meals, etc. when they were involved in school activities. I would have been happy to pay for many of these things if I had known that we would eventually have to cut basic programs to pay for overspending. Now, we are faced with cuts that will negatively impact upon my job as a teacher and my children's education. Already we have been told that several AP classes, which are necessary for college, are at risk. At the elementary level, we will have large classes and few supplies. I am very concerned about this as a teacher and as a parent. Morale at LISD for teachers and students is at an all time low. The current board members and administration do not communicate with us about the problems that exist. We find out most of the information from the local newspapers and when we attend board meetings. Even when we attend meetings, very little specific information is provided. Our input and opinions are not sought out. On the contrary, we are often discouraged from discussing the problems or providing suggestions. We have been told several different versions of what is going to happen as far as lay offs. One day we are at risk, and the next we are probably safe. All of this stress is really taking its toll on staff and students, and our focus is not on academics as it should be. I understand that many cuts will need to be made. I hope that your agency can have input and help to insure that the cuts are fair and focused towards academics which should be our first priority. All of the special programs that we have can be cut without sacrificing them totally. Athletics, in particular, should be looked at carefully. Participation in athletic programs often occurs at the expense of total concentration by the student on academics. The programs and coaches are very demanding, and not concerned that students are often exhausted from the rigors of their training, which includes before school, during school, and after school participation. The coaches insist that extra time spent training is optional, but students who do not attend "optional" training sessions often do not play. Other programs are not as demanding on student's time and do not require that students devote enormous amount of their time in order to be successful. In short, thank you for allowing us the opportunity to voice our concerns. I think that as teachers, parents, and taxpayers we should be given truthful information and asked for suggestions for solutions. Given our current situation and administration, this is not likely to occur. All teachers and programs should be looked at in a fair and equitable manner. Only those personnel and programs that are not absolutely essential to the learning of our students should be eliminated. Once that elimination has occurred, other cuts in personnel and programs

should be consistent. One area should not be sacrificed because it is favored by the current administration.

- Overall, I believe the Llano school district meets high standards of education. My concern is that what I hear about what is going on in high school. No security, no drug dogs visit. The surveillance cameras are reportedly "not working half the time".
- Llano ISD on the whole is an excellent school district. I have been so pleased with the quality of education my children have received. The fine arts program in the elementary is probably one of the best in the state. I'm so thankful for their exposure to this. I would like to see that level at the middle school and junior high (with a choir, etc.). The basic core curriculum studies are/have been presented in interesting and challenging ways for my kids. The teachers show a great interest in the students and genuinely care that the students learn the material... even going the "extra mile" to see that accomplished. The middle school library and science lab need extra materials, but this is because the junior high received many of these supplies when the new junior high was built. This will be corrected. All the principals are easy to talk to and work well with their teachers. A good attitude exists on all campuses. The question of the superintendent is one I really don't feel I have enough "facts" to answer completely. He has been an effective leader and helped complete our new schools in a fine manner. However, with these recent allegations of overspending, the community is certainly divided related to his effectiveness in managing money and communicating with the public. I do appreciate your interest and help in making LISD even better.
- I believe the school itself is very respected. My children seem to like all the teachers. However, board members are not very well publicly recognized.
- I feel that our present school administrator along with the school board has taken advantage of their use of tax dollars - purchasing a \$35,000 junior high sign as well as expensive spending on themselves.
- Teachers and staff are wonderful. The staff at Llano goes out of their way to help and teach our children. The staff keeps parents informed about the performance of our children. The superintendent and board member need to be more responsible for their actions in the use of the taxpayer's money for the school. Plus conflict of interest on any bids made to the school for jobs and or insurance. Board members that put bids in for jobs need to stay out of the decision making when the employer is picked for bids. No more good ole boy networking. Good luck.
- I feel Llano has outstanding teachers and programs. The board and superintendent have let down our school and taxpayers - I do not

feel this goes to administration. Administration could not act due to superintendent and fear of job loss.

- I have requested numerous times of the principal to have more communication with teachers through the Internet. My son graduated from Llano and we never achieved any communication through the Internet. One of my daughter's teachers communicates by Internet. My son did not receive proper writing techniques - he was ill prepared for college. His math skills were also lacking. The strong points of the district - good, safe, learning environment; exceptional band program; and most teachers are friendly and strive to teach students well.

Spanish

- Mi comentario, nos gustaria que hubiera personal bilingue en estas escuelas todo lo demas esta muy bien. Gracias
- Nosotros padres estamos satisfechos con estas escuelas proque hasta a horita les an enseñado bien te nemos nada que decir en contra. Gracias.

Appendix C

DISTRICT ADMINISTRATIVE AND SUPPORT STAFFSURVEY RESULTS

Demographic Data/Survey Questions
Narrative Comments

Llano Independent School District Management and Performance Review

(total number =93)

Demographic Data

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

1. Gender (Optional)	Male	Female				
	16.13%	83.87%				
2. Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other	
	82.80%	0.00%	8.60%	0.00%	8.60%	
3. How long have you been employed by Llano ISD?	1-5 years	6-10 years	11-15 years	16-20 years	20+ years	
	37.63%	35.48%	7.53%	11.83%	7.53%	
4. Are you a(n):	Administrator	Clerical Staff	Support Staff			
	8.60%	27.96%	63.44%			
5. How long have you been employed in this capacity?	1-5 years	6-10 years	11-15 years	16-20 years	20+ years	
	39.78%	36.56%	8.60%	9.68%	5.38%	

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.	3.23%	15.05%	15.05%	32.26%	34.41%
2.	School board members	2.15%	9.68%	16.13%	33.33%	38.71%

	listen to the opinions and desires of others.					
3.	The superintendent is a respected and effective instructional leader.	3.23%	4.30%	7.53%	12.90%	72.04%
4.	The superintendent is a respected and effective business manager.	2.15%	5.38%	5.38%	12.90%	74.19%
5.	Central administration is efficient.	6.45%	44.09%	19.35%	18.28%	11.83%
6.	Central administration supports the educational process.	10.75%	50.54%	18.28%	11.83%	8.60%
7.	The morale of central administration staff is good.	2.15%	13.98%	22.58%	31.18%	30.11%

B. Educational Service Delivery and Performance Measurement

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
8.	Education is the main priority in our school district.	22.58%	44.09%	7.53%	19.35%	6.45%
9.	Teachers are given an opportunity to suggest programs and materials that they believe are most effective.	8.60%	41.94%	31.18%	18.28%	0.00%
10.	The needs of the college-bound student are being met.	12.90%	36.56%	37.63%	11.83%	1.08%
11.	The needs of the work-bound student are being met.	7.53%	31.18%	45.16%	11.83%	4.30%
12.	The district has effective educational programs for the following:					
	a) Reading	29.03%	49.46%	19.35%	2.15%	0.00%

	b) Writing	24.73%	55.91%	17.20%	2.15%	0.00%
	c) Mathematics	26.88%	55.91%	16.13%	1.08%	0.00%
	d) Science	21.51%	56.99%	18.35%	2.15%	0.00%
	e) English or Language Arts	25.81%	55.91%	16.13%	2.15%	0.00%
	f) Computer Instruction	18.28%	61.29%	18.28%	2.15%	0.00%
	g) Social Studies (history or geography)	22.58%	59.14%	17.20%	0.00%	1.08%
	h) Fine Arts	22.58%	54.84%	20.43%	2.15%	0.00%
	i) Physical Education	21.51%	59.14%	16.13%	3.23%	0.00%
	j) Business Education	12.90%	45.16%	40.86%	0.00%	1.08%
	k) Vocational (Career and Technology) Education	12.90%	43.01%	37.63%	5.38%	1.08%
	l) Foreign Language	12.90%	48.39%	29.03%	9.68%	0.00%
13.	The district has effective special programs for the following:					
	a) Library Service	26.88%	44.09%	21.51%	7.53%	0.00%
	b) Honors/Gifted and Talented Education	13.98%	60.22%	20.43%	4.30%	1.08%
	c) Special Education	30.11%	55.91%	11.83%	2.15%	0.00%
	d) Head Start and Even Start programs	5.38%	38.71%	48.39%	7.53%	0.00%
	e) Dyslexia program	5.38%	39.78%	44.09%	9.68%	1.08%
	f) Student mentoring program	7.53%	26.88%	44.09%	20.43%	1.08%
	g) Advanced placement program	7.53%	36.56%	47.31%	7.53%	1.08%
	h) Literacy program	8.60%	32.26%	49.46%	9.68%	0.00%
	i) Programs for students at risk of dropping out of school	3.23%	33.33%	40.86%	20.43%	2.15%
	i) Summer school	8.60%	47.31%	21.51%	18.28%	4.30%

	programs					
	k) Alternative education programs	4.30%	50.54%	35.48%	8.60%	1.08%
	l) "English as a second language" program	8.60%	47.31%	30.11%	12.90%	1.08%
	m) Career counseling program	5.31%	33.33%	46.24%	11.83%	3.23%
	n) College counseling program	5.38%	32.26%	49.46%	10.75%	2.15%
	o) Counseling the parents of students	3.23%	27.96%	51.61%	16.13%	1.08%
	p) Drop out prevention program	1.08%	19.35%	58.06%	17.20%	4.30%
14.	14. Parents are immediately notified if a child is absent from school.	5.38%	18.28%	34.41%	30.11%	11.83%
15.	Teacher turnover is low.	10.75%	54.84%	22.58%	9.68%	2.15%
16.	Highly qualified teachers fill job openings.	10.75%	46.24%	19.35%	18.28%	5.38%
17.	Teacher openings are filled quickly.	11.83%	59.14%	21.51%	6.45%	1.08%
18.	Teachers are rewarded for superior performance.	1.08%	19.35%	37.63%	31.18%	10.75%
19.	Teachers are counseled about less than satisfactory performance.	2.23%	24.73%	48.39%	13.98%	9.68%
20.	All schools have equal access to educational materials such as computers, television monitors, science labs and art classes.	10.75%	50.54%	15.05%	13.98%	9.68%
21.	The student-to-teacher ratio is reasonable.	17.20%	52.69%	16.13%	9.68%	4.30%
22.	Students have access, when needed, to a school nurse.	23.66%	56.99%	6.45%	10.75%	2.15%

23.	Classrooms are seldom left unattended.	19.35%	40.86%	23.66%	13.98%	2.15%
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C. Personnel

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
24.	District salaries are competitive with similar positions in the job market.	3.23%	23.66%	16.13%	37.63%	19.35%
25.	The district has a good and timely program for orienting new employees.	3.23%	45.16%	19.35%	25.81%	6.45%
26.	Temporary workers are rarely used.	8.60%	46.24%	21.51%	23.66%	0.00%
27.	The district successfully projects future staffing needs.	2.15%	23.66%	27.96%	33.33%	12.90%
28.	The district has an effective employee recruitment program.	2.15%	32.26%	40.86%	20.43%	4.30%
29.	The district operates an effective staff development program.	6.45%	38.71%	30.11%	22.58%	2.15%
30.	District employees receive annual personnel evaluations.	18.28%	60.22%	7.53%	8.60%	5.38%
31.	The district rewards competence and experience and spells out qualifications such as seniority and skill levels needed for promotion.	0.00%	30.43%	20.11%	31.18%	18.28%
32.	Employees who perform below the standard of expectation are counseled appropriately and timely.	1.08%	22.58%	37.63%	30.11%	8.60%

33.	The district has a fair and timely grievance process.	1.08%	27.96%	46.24%	18.28%	6.45%
34.	The district's health insurance package meets my needs.	8.60%	39.78%	12.90%	24.73%	13.98%

D. Community Involvement

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
35.	The district regularly communicates with parents.	9.68%	50.54%	21.51%	16.13%	2.15%
36.	The local television and radio stations regularly report school news and menus.	9.68%	56.99%	13.98%	17.20%	2.15%
37.	Schools have plenty of volunteers to help student and school programs.	2.15%	37.63%	21.51%	35.48%	3.23%
38.	District facilities are open for community use.	4.30%	51.61%	19.35%	20.43%	4.30%

E. Facilities Use and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
39.	Parents, citizens, students, faculty, staff and the board provide input into facility planning.	3.23%	24.73%	22.58%	29.03%	20.43%
40.	The architect and construction managers are selected objectively and impersonally.	1.08%	7.53%	34.41%	27.96%	29.03%
41.	Schools are clean.	17.20%	56.99%	9.68%	10.75%	5.38%
42.	Buildings are properly maintained in a timely	8.60%	34.41%	9.68%	31.18%	16.13%

	manner.					
43.	Repairs are made in a timely manner.	10.75%	29.03%	6.45%	36.56%	17.20%
44.	Emergency maintenance is handled promptly.	16.13%	44.09%	11.83%	15.05%	12.90%

F. Financial Management

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
45.	Site-based budgeting is used effectively to extend the involvement of principals and teachers.	4.30%	16.13%	37.63%	24.73%	17.20%
46.	Campus administrators are well trained in fiscal management techniques.	2.15%	27.96%	44.09%	16.13%	9.68%
47.	The district's financial reports are easy to understand and read.	0.00%	11.83%	35.48%	27.96%	24.73%
48.	Financial reports are made available to community members when asked	4.30%	11.83%	20.43%	26.88%	36.56%

G. Purchasing and Warehousing

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
49.	Purchasing gets me what I need when I need it.	7.53%	38.71%	23.66%	21.51%	8.60%
50.	Purchasing acquires the highest quality materials and equipment at the lowest cost.	7.53%	35.48%	31.18%	19.35%	6.45%
51.	Purchasing processes are not cumbersome for the requestor.	7.53%	30.11%	41.63%	10.95%	9.68%

52.	The district provides teachers and administrators an easy-to-use standard list of supplies and equipment.	6.45%	25.81%	34.41%	24.73%	8.60%
53.	Students are issued textbooks in a timely manner.	15.05%	41.94%	27.96%	8.60%	6.45%
54.	Textbooks are in good shape.	11.83%	51.61%	30.11%	6.45%	0.00%
55.	The school library meets the student needs for books and other resources.	22.58%	48.39%	17.20%	7.53%	4.30%

H. Safety and Security

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
56.	Gangs are not a problem in this district.	24.73%	53.76%	15.05%	6.45%	0.00%
57.	Drugs are not a problem in this district.	1.08%	8.60%	21.51%	50.54%	18.28%
58.	Vandalism is not a problem in this district.	7.53%	37.63%	18.28%	24.73%	11.83%
59.	Security personnel have a good working relationship with principals and teachers.	2.15%	20.43%	68.82%	4.30%	4.30%
60.	Security personnel are respected and liked by the students they serve.	0.00%	15.05%	78.49%	4.30%	2.15%
61.	A good working arrangement exists between local law enforcement and the district.	13.98%	60.22%	17.20%	4.30%	4.39%
62.	Students receive fair and equitable discipline for misconduct.	17.20%	47.31%	10.75%	20.43%	4.30%

I. Computers and Technology

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
63.	Students regularly use computers.	29.03%	58.06%	10.75%	2.15%	0.00%
64.	Students have regular access to computer equipment and software in the classroom.	22.58%	61.29%	11.83%	4.30%	0.00%
65.	Teachers know how to use computers in the classroom.	15.05%	63.44%	18.28%	3.24%	0.00%
66.	Computers are new enough to be useful for student instruction.	21.51%	60.22%	13.98%	4.30%	0.00%
67.	The district meets student needs in computer fundamentals.	18.28%	62.37%	18.28%	1.08%	0.00%
68.	The district meets student needs in classes in advanced computer skills.	11.83%	47.31%	31.18%	9.68%	0.00%
69.	Teachers and students have easy access to the Internet.	19.66%	59.14%	17.05%	4.30%	0.00%

Appendix C

DISTRICT ADMINISTRATIVE AND SUPPORT STAFF SURVEY RESULTS

NARRATIVE COMMENTS

The following comments reflect perceptions and opinions of district administrative and support staff survey respondents and do not necessarily reflect the findings or opinions of the Comptroller or review team.

- We all use to have in-service for support staff where we were instructed in job safety, student safety, sanitation and how to be more effective doing our jobs. We aren't instructed on CPR or dealing with individual health problems of handicap students. In the 5 years while I have been a bus monitor, I have not received one raise. Bus monitors and bus drivers are over looked every year. We don't even get a cost of living raise. Insurance goes up, gas goes up, upkeep of vehicles goes up. They want us to do more paper work, but no compensation or training on new programs. I have not been told I am doing a necessary and important job. Instead, administrators look down on support staff as unnecessary and tend to over look us when making important decisions. Thank you for asking my opinion on these matters.
- We moved to Llano four years ago and one of the reasons we chose Llano was its outstanding schools. We have two children in the school district and their education is very important to us. Not only are they getting that education, the "extra" classes they are able to take make them much more well rounded and keep them interested and excited about school, which thrills us.
- Prior to this year our superintendent has done a lot for Llano ISD since being here. The conflicts of this past year with the media and community have affected everyone on staff. Therefore it has been very hard for all staff to put the kids first when every move is being scrutinized by people who have no thing better to do.
- Unfortunately, due to our budget situation, we are unable to offer a summer school program to our students. If we had not been able to receive a grant, we would not have been offering "After School" to our 3rd and 4th graders this year!
- I think as an educational entity the Llano school meets or exceeds all requirements. A high school student is required to have 28 credits to graduate. I think they are prepared to go out and tackle the world. The school board and superintendent are a disgrace to our proud school.
- The educational performance is good. I can't say the same about the top administration department. The superintendent does all the

deciding and no one else can say a word without the threat of being fired.

- Student performance would increase if the district would increase staff development in the proper areas.
- I would like to see more dual credit courses at high school. Perhaps students could take on line college courses at school. Counselors should be more involved in helping students choose college and find financial aid. We have really, really good principals at all campuses. There is too much emphasis on athletics and standardized tests. Passing the test takes priority over understanding the material. We have too many coaches.
- Not being active in board meetings of the past or any involvement first hand to finance I cannot say much except hearsay and repeat accusations being made. I do know that we, the bus staff will probably be the first ones getting cut - TASBO made it quite clear that routes and pay should be adjusted to "save" money, but in the same breath says better accommodations for mechanic building and more help for those people as needed. I feel like someone besides the present board and administration should make changes as needed instead of us having to pay for their frivolousness in spending. A bus driver can make or break a students day at school as they are the first one to see the student. Morale is low everywhere!! But we all know any cuts will not be made in administration where the money is. They will all continue to get their pay increases mandated by the state and federal government, etc. We are not getting raises - just maintaining what we have worked for to get, but I am sure those people that spent all the money will find ways to save \$25,000 or so by working on us instead of letting go coaches, that do not teach a day of classes, and secretary positions, that are now administration. A few years ago we had three people in central office; business manager, payroll clerk and a secretary. Now, I can't begin to tell how many do the work of just the business manager and they can't keep up. Oh well, my input means nothing because I am just a bus driver.
- We have only started having problems since the superintendent arrived. For one thing, we have dropped the pay for substitute teachers, therefore we have very few to choose from. Our classroom budgets have been cut. Our paraprofessionals make a very small monthly income; they have to get second jobs just to live. I could write pages but I will stop. I hope something is done to help us get out of the shape we are in.
- The district has drastically overspent on athletics and athletic related items. They have now 11 air conditioned buses at an added cost of approximately \$110,000. The superintendent and school board have drastically overspent and mismanaged money. Freedom of speech directly correlates to LOSS of your JOB. The

superintendent and school board are arrogant and pompous. It is sad because layoffs of quality people will come because of gross mismanagement of funds. Robin Hood needs to die. Overall the district is doing a good job.

- For the most part Llano ISD students do get a good education. This year the middle school library did not have enough library books at the appropriate grade levels for the amount of students in middle school, and the science department is always having fund raisers to get science equipment. This school district doesn't have any type of programs that I know of to help unwed mothers to continue their education, like other school districts, or programs to prepare students that don't have the grades or money to go college, for the job market. (Like Quest, or daycare facility for unwed moms so they can graduate, or training such as CAN or other jobs on that line that doesn't require a college education.)
- I think LISD has the staff and community support we need to have a very good district. We have very low moral at this time due to all the problems we are experiencing. The problems need to be addressed and steps taken to correct them. With some help and suggestions from your office, I believe that will happen. "Most" of the staff is concerned with education. Some of the students believe that discipline is not fair. They voice complaints about athletic students not getting into trouble for things they get into trouble for.
- Central only supports the TAAS test, only the scores count, and one bad test and you are on the list!!
- The special education program is very successful and meets the needs of students with disabilities. We may have some administrative issues that need assistance, but I feel very strongly that we are meeting the educational needs of Special Education children!
- My wife and I have no problems concerning the educational performance at Llano ISD. The teachers and principals of our school district, which we have met and talked to, have always been a help and cooperative with our family. There is, though, a terrible situation that has been caused by school board members and the superintendent. Something needs to be done immediately for the problems caused by them.
- Llano Elementary appears to make a high number of what maybe inappropriate referrals for children to be tested for special education. Some parents have felt pressure to go along with the requested testing.
- I am a Title I paraprofessional at Llano Elementary, and I love my job. The teachers and principal at LISD are great to work with. I am a taxpayer and I have worked here for 15 years. If in the event my husband passed away, I do not make enough to support myself. We are told we make lower wages here than anywhere in Texas. It

has been very hard to stand back and watch how some people have handled our hard earned tax dollars.

- It is sad to know that some of us will be without jobs due to money problems. It is very stressful. We all need our jobs.
- Llano ISD needs a lot of help in educating our students. I feel that some of the students do not get a fair education. I feel that Llano put too much into the sports departments rather than in the classroom where students should learn the way of life. Not every student would become a star athlete. I feel there needs to be more hands-on activities or one-on-one in the classrooms. We spend way too much money on things for sports and not enough in other areas. We need the proper number of staff for each department because we are over staffed in some areas and under staffed in others.
- In order to manage funds properly within the district, I believe you have to have a leader with knowledge of the business and how to manage the money. I feel we are lacking in the education of our school due to the superintendent. Cutting staff and funds is going to hinder the level of education we need to maintain. Where's a role model for this school?
- I have been proud to be part of an "exemplary" campus for several years. It is exciting to teach with a group of professionals who put the students educational needs first. With the hiring of our current superintendent, I have watched our budgets for books and programs gradually diminish to fund additional projects we cannot afford. This year's library book budget has been reduced to what it was 8 years ago! Where is our opportunity for input? As a highly successful campus, shouldn't our input be of value? Thank you!
- Llano ISD has wonderful teachers that do a great job. Some areas need to be looked at, like uncertified teachers getting a teacher salary. The superintendent and director of finance need to be looked at very close. Money is being taken away from the classrooms and kids and put into items that have nothing to do with teaching and learning. Thank you!!!
- The school district is in a hole it will take years of climb out of. If it wouldn't be for the assistant superintendent and the principals and the teachers holding this school together, you could close it tomorrow.
- The Llano ISD School Board does not allow time for people to talk or ask questions at the meetings. They have school lawyers and city police there so no one can feel free to speak and if someone does speak and it is something they don't want to hear, they are asked to leave by the police. Of course the superintendent and board never had this problem until a few months ago. No one went to the meetings, teachers or the public.

- When teachers or other employees went to a school board member with a problem they were seeing, they ran right to the superintendent. He in turn would let the employee know it would be in their best interest to not repeat their opinion. When you are just a support staff member with no contract that can be fired on the spot, you know what he meant. He left you with no doubt. With teachers, that is when their problems started.
- The superintendent was never respected. The residents of Llano did more checking into his past than the school board who hired him.
- If you want any type of help from central office you get it from the assistant superintendent and the ladies who work there. They are the only reason that this school will be able to pull itself out of the hole the superintendent and the school board put us in.
- The teachers and principals are the best any school district could have. They have held this school system together and they have done everything they could and allowed to do to keep it running smooth. The only problem the school has is it has no real programs for students who are not going to college. Not everyone can or will go to college. But I know when my cars needs working on, I want the best mechanic. When the air conditioner is not working in my house, I want the best to work on it. Kids are made to feel if they are interested in careers like this they are out of place in the system. We need a mechanic and construction program.
- The district started an annual personal evaluation for the support staff. The employees who received high evaluations received a bigger raise than the ones who did not. For once the employee who worked the hardest was rewarded. The one who just does enough to get by didn't. The ones who didn't started finally doing their share of work without being forced because they wanted the good raises. Well the year ended, no personal evaluations, everyone got the same raises. You can guess what happened. The ones who always worked hard still did but the ones who only did it for the raise stop caring. So now the ones that work hard and take pride in their work get the same raise that the ones who do just enough to get by. Really makes you want to get up everyday and go to work.
- No one has any say in what is needed for the facility, at least not the support staff who have to work in it and keep it up running.
- The only other good thing the board did was appointing the acting superintendent. There is not a more honest man for this hard road that is ahead. At 3 p.m. when the announcement came down he had been appointed acting superintendent the moral of the school district gave a sign of relief.
- Our educational program is in jeopardy because of our current financial problems. There will be staff cuts and possible elimination of Pre-K. We were also told there would be no summer

school this year. We have no other school homework program this year due to budget cuts. The ones suffering are our students.

- I think I can speak for everyone at LISD as well as Llano County, that we need to get rid of our superintendent. LISD morale is way down. Everyone is afraid of losing his or her jobs. Fourth grade textbooks ordered during last summer for Packsaddle Elementary have not been distributed yet, so children have to double up and teachers are sharing what books they can spare.
- Too much money is being spent on board and administration. Too many support staff are being given support jobs (i.e. teachers are being paid to teach and paid for driving a bus also and are being paid more than the regular drivers.) Bus routes are being duplicated in order to have more routes (i.e. K-3 students are being bused to Packsaddle School when older brothers or sisters go to Llano and other K-3 students the same age are going to Llano. Too many teachers are being paid a full salary for only a minimum amount of teaching. (i.e. two or three teachers are teaching the same high school classes, because they don't want to teach more than 10 or 11 students per class.) There are not enough employees in one area and too many in another. Sometimes it looks like all we are interested in is staffing sports activities rather than educational activities. More teachers are not always the best solution. Quality is the answer rather than quantity. Good management is not answered by the "good ole boy" solution.
- This is my first year in LISD, and therefore I don't have a lot of information or knowledge about anything other than my job.
- I enjoy my job and believe in my heart that teaching kids is the highest priority of teachers and principals at LISD.
- Over the years I have known the school district to be proud, productive, and very solvent. A prevailing characteristic of the county is to be conservative. Over the past three and a half years, I have witnessed a drastic deterioration of these qualities and I hold the superintendent largely responsible. He has not been truthful in his dealings with many in the school district and the community. He has circumvented the chain of command and has many times left out the input of the business manager and other administrators. I believe that several very solid, capable administrators have either left the district or retired as soon as possible rather than deal with this superintendent. The community and the school district are fractured and no longer have the pride that has been so long enjoyed over the years. I am deeply saddened by the state of the school district and hold the current superintendent largely responsible.
- HELP!
- Note: The superintendent has insisted that the financial problems are due to the fact that we are a chapter 41 school district. I do not

believe that the state would mandate a plan to destroy a solvent school district. We have sent money to the state and received very little for a long time. Frugality would have played a huge part in the success of our system. I believe also that priorities were not based on the education of our children but other more frivolous items.

- A lot of these questions I simply don't know about and in many instances what I hear depends on the employee I am talking. Also the bus drivers and monitors have not had a raise for four or five years.
- I think Llano has some great teachers and great community involvement in what goes on in our schools and what our children learn. I think with new board members and a new superintendent Llano can get this behind them and look forward to better things again.
- There is still a lot of waste in the district-energy waste: air conditioning left on with the doors open. High school gym is never used, but the lights area on all day. Paper waste!! Telephones, faxes, and copy machines are used for personal reason.
- Too much emphasis is placed on athletics. All of our principals are excellent. We have too many coaches and too many "non-teaching" professionals. Under the "block" schedule, most teachers have 90 minutes per day of free time. For many it is a time to leave campus and do personal errands. It is not used as a conference or planning period.
- If I were superintendent, I would implement a faculty dress code. Teachers need to reflect a presentable image to their students and to the public. Many of our teachers come to school not dressed professionally.
- Llano has a great school system! They have been spoiled here with lots of money and few students. They are growing in numbers, losing money to the recapture system, and have to make changes. They have new buildings and remodeled buildings that they still owe on. All of this together is making the community uncomfortable. We are going to have to increase class size and let some teachers go - this community is not ready to give up their rural, small town ways or control of funds.
- Overall, the education performance is good but should be much better. Too much emphasis is placed on sports and sports related activities. Llano is a 3A school and has 21 coaches. This seems extreme and the coaching staff should be reduced to allow more funds for academic activities.
- Morale is down and things don't get taken care of, or questions answered, and you get a lot of run around in the financial department. Llano ISD is a mess right now, and I don't like seeing it this way. Things are not being taken care of. Look at repair

requests. Our buildings are not safe. Wiring is bad. We have teachers that don't need to be in the teaching field. Why doesn't anyone do anything about this area? Thank you for letting us speak openly and candid through this survey. It feels good!!

- Our district has always had exceptional teachers who care not only about the education of students but also about their welfare. Some may at times go overboard in trying to give a student the love and care that he/she does not get at home. Since we cannot control the parenting, we try to give the student a little extra at school. Students who have moved to our district have commented that Llano is "harder" and the teachers care more about them than their previous school. They also have commented that we are also "stricter" and have more "rules" but they feel safer at Llano.
- I feel very strongly that the entire LISD staff has not lost sight of what is important - "the education of our students". Due to the superintendent and our board LISD and the entire community is in turmoil. An excessive spending pattern has left LISD in a financial situation that we may never overcome.
- In spite of what our superintendent has done to our district and our community, the LISD staff can and will overcome his poor leadership.
- There are many areas that I'm very concerned about and that need improvement at Llano ISD. The school board was controlled and misled by the superintendent. The public has lost complete respect of the school board. The middle school is a newly created campus and lacks equal access to items such as TV monitors and science lab equipment. Also, in-service that is provided during staff development days have often proven worthless and a waste of time. So often I feel so sorry because teachers could use any time they can get to catch up on grading, planning, working in their rooms, etc... but instead they are forced to sit through these workshops. Construction at the junior high went on for an extremely long time. The community was unaware that the remodeling at the junior high was going to be so extensive. Office workers for the junior high and others (from what I could see) had very little opportunity to give input into the facility planning. How foolish!
- There has been so much mismanagement in Llano ISD it is mind-boggling. It has been very sad to see this. This is my hometown. I love my town and my school, and I've watched as this town has been torn apart. Thank goodness for all of the wonderful staff in Llano ISD that have managed to hold things together.
- We need a purchasing department. It is difficult to purchase now. We must purchase from approved vendors even if we can get products cheaper at a non-approved vendor.

- Need better contact with administration and school board. Not allowed to speak with school board members.
- I feel that most teaching staff at Llano ISD does a great job for the students as our test scores show. While I agree that extracurricular activities are important, I think this district has overstaffed in the area of coaching. The financial management of the district has been a disappointment from day one of the current superintendent. Construction of new facilities is another area of concern. A lot of the new facilities have major problems that were allowed to be "built in". One campus has a fire alarm system with half of it turned off (at least the control box).
- Llano's educational performance has always been second to none. God help us at this time. I deeply resent our school districts current situation. All of this has come about in the last three years. The Robin Hood fiasco has been around for several years. While I voted against it and do not agree with it, it is not the only reason for LISD's current predicament. I greatly resent our current situation. Llano has always been known for being academically strong as well as financially sound. The superintendent and our school board is however responsible. They have a tendency to treat us like mushrooms. We are kept in the dark! We are not vegetables but human beings! God help us all. He may be the only hope we have.
- We have been told that some 38 employees of the district must be cut. We need some \$1.5 million dollars to balance our budget. These are people that have done their jobs and done them well. We will be the ones financially affected. Who will be hurt the most however? The students of LISD as always will be the real losers. I find it hard to believe we will be letting experienced teachers go.
- I have no confidence in our current superintendent, and I have no confidence in our current school board.
- We do not have the luxury of waiting for the Texas legislature to rectify our current financial situation. Our financial woes are now. The last of this month the employees of the district will be told the fate of their careers. In the mean time, I am proud to state they are doing a professional job during a difficult time. Many of us are a few years from retirement. I feel so financially threatened! The morale at the school is so very low. It is such a shame and so very sad. I know my words on this page may do no good at all. I do thank you so much for the opportunity to express my opinion. Please help our school district if at all possible.
- Should I be one of the employees cut? I can have it happen knowing I did an honest days work for an honest days pay. If you believe in prayer please pray for our school district and the employees with the knot in their stomach waiting to know the fate of their jobs.

- Students in Llano achieve at a high level. Current economic stress is having a negative effect on the teaching staff, but I have not noticed it with the students.
- I've always thought it was children and education first, not personal gain.
- At this point, there is no communication, leadership, or management in this district. It is the poorest we have ever witnessed in my 10 years of being a professional educator. One major impact the lack of leadership has brought to this district is that Llano ISD is very behind - some procedures are still operating out of the 1950's. Llano needs to be brought into the 21st century. "We" have spent lots of good money, but not on the areas that need the improvement. I am sure your review will validate this.
- At the present time the coaches and athletic director report directly to the superintendent (by his directive) and not to the principal. This has caused a major break down in the high school staff. The coaches do not participate as part of the HS "Team". The chain of command shows they should be under the principal's directive. The quality of education in several of the coaches classroom is low due to the fact they put athletics first and academics last. This could be in part to the fact of them by-passing the principal. Therefore the principal's directive is sometimes (often times) ignored. The campus principals also have no control over extra curricular budgets. Their jobs might be easier if they were able to have the proper authority over all staff on their campus. When the coaches do not have proper respect for the campus administration the students pick up on that. Therefore, discipline has increased this year. Teachers have also mentioned the change in the student's attitude over the past two years.
- If you ask the high school administrators what is important they would say academics. The RIF should tell everyone what is important. If the rumors are true and the coaches have priority over academic teachers, there may be a revolt. We currently have an excellent program for college-bound students. I hope that will remain intact following the RIF. If we have coaches taking over the classes that were honors, pre-AP and AP, I believe our quality of education for college bound students will diminish, which will be sad.
- Thank you for taking the time to review these surveys.
- We have several coaches that teach important subjects that are not certified. We have some coaches that do not teach anything.
- There has been a lack of communication from the board and superintendent to the administrators, faculty, staff and community that has been detrimental to the school and the community.

- I feel the Llano ISD has improved in many areas in the last 5 years. More students are able to go to higher education and do very well, even in the major universities.
- I have five grandchildren in LISD (all levels). I am very pleased with what is offered for them, plus they feel safe at all times. They are involved in UIL, athletics, one act play, etc.
- I believe my tax dollars should stay in the school district for our children educations. I am not happy about my tax dollars being spent on liquor. I am not happy with the bonuses handed out to several coaches for them doing their jobs. I do my job and don't get any extra money. I am not happy about the superintendent and the school board. There is no use in going to a school board meeting because 75 percent is conducted behind closed doors, which is not right. Some one has to do something, it is getting worse. I felt that if I went to the meetings my job was on the line. I have house payments, car payments, and have four stepchildren and one of my own. I love my job and I might lose my job. So what can be done?
- The working relationship on my campus is very good. We have a strong principal who works well with the staff. Llano ISD has many positive programs that are being overshadowed. I believe that if a SBDM committee had been used many of the districts problems would not exist. An overabundance of special education students qualified in the 2001-2002 year to achieve exemplary status.
- We have for the most part excellent teachers, aids and other personnel. We are fortunate to live in a small town and country environment. It is sad that the tone of our school is set by staff and not our administration. Our taxpayers will be in debt for years because as citizens we were not vigilant. I for one am glad Ms. Strayhorn is doing her job and investigating our district. Thank you.
- We have a wonderful school. At this time, morale is lowered due to a free newspaper handed out in the community that is attacking our board, superintendent and coaches. The business office and administration are being tied up with numerous information requests.
- Many of the problems cited by members of the community could have been avoided altogether or lessened if Llano ISD used staffing patterns and budget to name a few, and SBDM as the law intended. SBDM is not used well in Llano ISD - a huge disappointment, when I've seen it used effectively in my other job experiences.
- Pressure has been put on campuses and the special education dept to do whatever necessary to get low performing students ARDed out of TAAS/TAKS in pursuit of exemplary ratings without regard

for student's best interests. Thirty percent plus of 4th graders did not take TAAS last year.

- The board and administration have presently eroded the trust and faith of this community in our school system. This is such an injustice because great deals of really good things are happening here in Llano ISD. However, they are so overshadowed by the arrogance of the board. It will take years to undo the damage.
- At this time the district is being the victim of a vicious, small group that are harassing the board and the superintendent. They are using a local, free, handout newspaper to attack our district. They, I am sure, are the ones who contacted your office. We have a great school and wonderful community. This group is affecting our morale.
- Llano, three years ago, had a wonderful system. I would say it was one of the best in the state. Parents, teachers and citizens were very proud of their school. The students were proud to say they went to Llano schools. We did well in sports and other school activities. We didn't have 21 or 22 coaches, and we did very well.
- As a bus driver I can't give a fair evaluation. As for transportation it is run professionally and buses are maintained. We are never asked for our opinion of anything, not even student behavior, and when dealing with the administration, they are always pleasant and helpful.

Appendix D

PRINCIPAL AND ASSISTANT PRINCIPAL SURVEY RESULTS

*Llano Independent School District Management and Performance
Review
(total number =4)
Demographic Data*

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

1. Gender (Optional)	Male	Female				
		100.0%	0.0%			
2. Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other	
		100.0%	0.0%	0.0%	0.0%	0.0%
3. How long have you been employed by Llano ISD?	1-5 years	6-10 years	11-15 years	16-20 years	20+ years	
		75.0%	0.0%	25.0%	0.0%	0.0%

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.	0.0%	100.0%	0.0%	0.0%	0.0%
2.	School board members listen to the opinions and desires of others.	0.0%	75.0%	0.0%	0.0%	25.0%
3.	School board members understand their role as policymakers and stay out of the day-to-day management of the district.	25.0%	50.0%	25.0%	0.0%	0.0%

4.	The superintendent is a respected and effective instructional leader.	0.0%	0.0%	25.0%	50.0%	25.0%
5.	The superintendent is a respected and effective business manager.	0.0%	0.0%	25.0%	50.0%	25.0%
6.	Central administration is efficient.	0.0%	25.0%	75.0%	0.0%	0.0%
7.	Central administration supports the educational process.	0.0%	75.0%	25.0%	0.0%	0.0%
8.	The morale of central administration staff is good.	0.0%	0.0%	25.0%	25.0%	50.0%

B. Educational Service Delivery and Performance Measurement

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
9.	Education is the main priority in our school district.	50.0%	50.0%	0.0%	0.0%	0.0%
10.	Teachers are given an opportunity to suggest programs and materials that they believe are most effective.	50.0%	50.0%	0.0%	0.0%	0.0%
11.	The needs of the college-bound student are being met.	75.0%	25.0%	0.0%	0.0%	0.0%
12.	The needs of the work-bound student are being met.	25.0%	75.0%	0.0%	0.0%	0.0%
13.	The district provides curriculum guides for all grades and subjects.	0.0%	100.0%	0.0%	0.0%	0.0%
14.	The curriculum guides are appropriately aligned and coordinated.	25.0%	75.0%	0.0%	0.0%	0.0%

15.	The district's curriculum guides clearly outline what to teach and how to teach it.	25.0%	25.0%	25.0%	25.0%	0.0%
16.	The district has effective educational programs for the following:					
	a) Reading	50.0%	50.0%	0.0%	0.0%	0.0%
	b) Writing	50.0%	50.0%	0.0%	0.0%	0.0%
	c) Mathematics	25.0%	75.0%	0.0%	0.0%	0.0%
	d) Science	25.0%	75.0%	0.0%	0.0%	0.0%
	e) English or Language Arts	25.0%	75.0%	0.0%	0.0%	0.0%
	f) Computer Instruction	25.0%	75.0%	0.0%	0.0%	0.0%
	g) Social Studies (history or geography)	25.0%	75.0%	0.0%	0.0%	0.0%
	h) Fine Arts	50.0%	50.0%	0.0%	0.0%	0.0%
	i) Physical Education	50.0%	50.0%	0.0%	0.0%	0.0%
	j) Business Education	25.0%	50.0%	25.0%	0.0%	0.0%
	k) Vocational (Career and Technology) Education	25.0%	75.0%	0.0%	0.0%	0.0%
	l) Foreign Language	75.0%	25.0%	0.0%	0.0%	0.0%
17.	The district has effective special programs for the following:					
	a) Library Service	50.0%	50.0%	0.0%	0.0%	0.0%
	b) Honors/Gifted and Talented Education	0.0%	100.0%	0.0%	0.0%	0.0%
	c) Special Education	50.0%	25.0%	25.0%	0.0%	0.0%
	d) Head Start and Even Start programs	0.0%	50.0%	25.0%	25.0%	0.0%
	e) Dyslexia program	25.0%	50.0%	0.0%	25.0%	0.0%
	f) Student mentoring program	25.0%	50.0%	25.0%	0.0%	0.0%

	g) Advanced placement program	0.0%	100.0%	0.0%	0.0%	0.0%
	h) Literacy program	50.0%	25.0%	25.0%	0.0%	0.0%
	i) Programs for students at risk of dropping out of school	25.0%	75.0%	0.0%	0.0%	0.0%
	j) Summer school programs	0.0%	100.0%	0.0%	0.0%	0.0%
	k) Alternative education programs	0.0%	75.0%	25.0%	0.0%	0.0%
	l) "English as a second language" program	25.0%	75.0%	0.0%	0.0%	0.0%
	m) Career counseling program	0.0%	100.0%	0.0%	0.0%	0.0%
	n) College counseling program	25.0%	75.0%	0.0%	0.0%	0.0%
	o) Counseling the parents of students	25.0%	75.0%	0.0%	0.0%	0.0%
	p) Drop out prevention program	0.0%	75.0%	25.0%	0.0%	0.0%
18.	Parents are immediately notified if a child is absent from school.	25.0%	50.0%	0.0%	25.0%	0.0%
19.	Teacher turnover is low.	0.0%	100.0%	0.0%	0.0%	0.0%
20.	Highly qualified teachers fill job openings.	25.0%	75.0%	0.0%	0.0%	0.0%
21.	Teachers are rewarded for superior performance.	0.0%	100.0%	0.0%	0.0%	0.0%
22.	Teachers are counseled about less than satisfactory performance.	50.0%	50.0%	0.0%	0.0%	0.0%
23.	All schools have equal access to educational materials such as computers, television monitors, science labs and art classes.	25.0%	75.0%	0.0%	0.0%	0.0%

24.	Students have access, when needed, to a school nurse.	25.0%	75.0%	0.0%	0.0%	0.0%
25.	Classrooms are seldom left unattended.	50.0%	50.0%	0.0%	0.0%	0.0%

C. Personnel

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
26.	District salaries are competitive with similar positions in the job market.	25.0%	25.0%	0.0%	50.0%	0.0%
27.	The district has a good and timely program for orienting new employees.	25.0%	75.0%	0.0%	0.0%	0.0%
28.	Temporary workers are rarely used.	50.0%	50.0%	0.0%	0.0%	0.0%
29.	The district successfully projects future staffing needs.	0.0%	25.0%	0.0%	50.0%	25.0%
30.	The district has an effective employee recruitment program.	0.0%	75.0%	25.0%	0.0%	0.0%
31.	The district operates an effective staff development program.	25.0%	75.0%	0.0%	0.0%	0.0%
32.	District employees receive annual personnel evaluations.	50.0%	50.0%	0.0%	0.0%	0.0%
33.	The district rewards competence and experience and spells out qualifications such as seniority and skill levels needed for promotion.	0.0%	75.0%	0.0%	25.0%	0.0%
34.	Employees who perform below the standard of expectation are counseled	25.0%	75.0%	0.0%	0.0%	0.0%

	appropriately and timely.					
35.	The district has a fair and timely grievance process.	25.0%	75.0%	0.0%	0.0%	0.0%
36.	The district's health insurance package meets my needs.	0.0%	75.0%	25.0%	0.0%	0.0%

D. Community Involvement

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
37.	The district regularly communicates with parents.	50.0%	50.0%	0.0%	0.0%	0.0%
38.	Schools have plenty of volunteers to help student and school programs.	0.0%	100.0%	0.0%	0.0%	0.0%
39.	District facilities are open for community use.	25.0%	75.0%	0.0%	0.0%	0.0%

E. Facilities Use and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
40.	Parents, citizens, students, faculty, staff and the board provide input into facility planning.	0.0%	75.0%	25.0%	0.0%	0.0%
41.	Schools are clean	25.0%	50.0%	0.0%	25.0%	0.0%
42.	Buildings are properly maintained in a timely manner	0.0%	50.0%	0.0%	50.0%	0.0%
43.	Repairs are made in a timely manner	0.0%	25.0%	0.0%	75.0%	0.0%
44.	Emergency maintenance is handled promptly	0.0%	100.0%	0.0%	0.0%	0.0%

F. Financial Management

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
45.	Site-based budgeting is used effectively to extend the involvement of principals and teachers.	0.0%	100.0%	0.0%	0.0%	0.0%
46.	Campus administrators are well trained in fiscal management techniques.	0.0%	25.0%	50.0%	25.0%	0.0%
47.	Financial resources are allocated fairly and equitably at my school.	0.0%	100.0%	0.0%	0.0%	0.0%

G. Purchasing and Warehousing

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
48.	Purchasing gets me what I need when I need it.	25.0%	75.0%	0.0%	0.0%	0.0%
49.	Purchasing acquires the highest quality materials and equipment at the lowest cost.	25.0%	50.0%	25.0%	0.0%	0.0%
50.	Purchasing processes are not cumbersome for the requestor.	0.0%	100.0%	0.0%	0.0%	0.0%
51.	The district provides teachers and administrators an easy-to-use standard list of supplies and equipment.	0.0%	25.0%	0.0%	75.0%	0.0%
52.	Students are issued textbooks in a timely manner.	25.0%	75.0%	0.0%	0.0%	0.0%
53.	Textbooks are in good shape.	0.0%	75.0%	25.0%	0.0%	0.0%
54.	The school library meets	25.0%	50.0%	25.0%	0.0%	0.0%

	the student needs for books and other resources.					
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H. Food Services

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
55.	The cafeteria's food looks and tastes good.	25.0%	50.0%	25.0%	0.0%	0.0%
56.	Food is served warm.	25.0%	75.0%	0.0%	0.0%	0.0%
57.	Students have enough time to eat.	25.0%	75.0%	0.0%	0.0%	0.0%
58.	Students eat lunch at the appropriate time of day.	25.0%	75.0%	0.0%	0.0%	0.0%
59.	Students wait in food lines no longer than 10 minutes.	0.0%	75.0%	0.0%	25.0%	0.0%
60.	Discipline and order are maintained in the school cafeteria.	25.0%	75.0%	0.0%	0.0%	0.0%
61.	Cafeteria staff is helpful and friendly.	25.0%	75.0%	0.0%	0.0%	0.0%
62.	Cafeteria facilities are sanitary and neat.	25.0%	75.0%	0.0%	0.0%	0.0%

I. Transportation

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
63.	The drop-off zone at the school is safe.	25.0%	50.0%	25.0%	0.0%	0.0%
64.	The district has a simple method to request buses for a special event.	50.0%	50.0%	0.0%	0.0%	0.0%
65.	Buses arrive and leave on time.	25.0%	75.0%	0.0%	0.0%	0.0%
66.	Adding or modifying a route for a student is easy	25.0%	75.0%	0.0%	0.0%	0.0%

	to accomplish.					
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J. Safety and Security

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
67.	Students feel safe and secure at school.	50.0%	50.0%	0.0%	0.0%	0.0%
68.	School disturbances are infrequent.	50.0%	50.0%	0.0%	0.0%	0.0%
69.	Gangs are not a problem in this district.	75.0%	25.0%	0.0%	0.0%	0.0%
70.	Drugs are not a problem in this district.	0.0%	50.0%	0.0%	50.0%	0.0%
71.	Vandalism is not a problem in this district.	0.0%	75.0%	0.0%	25.0%	0.0%
72.	Security personnel have a good working relationship with principals and teachers.	0.0%	25.0%	75.0%	0.0%	0.0%
73.	Security personnel are respected and liked by the students they serve.	0.0%	25.0%	75.0%	0.0%	0.0%
74.	A good working arrangement exists between local law enforcement and the district.	25.0%	75.0%	0.0%	0.0%	0.0%
75.	Students receive fair and equitable discipline for misconduct.	75.0%	25.0%	0.0%	0.0%	0.0%
76.	Safety hazards do not exist on school grounds.	25.0%	50.0%	0.0%	25.0%	0.0%

K. Computers and Technology

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
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77.	Students regularly use computers.	25.0%	75.0%	0.0%	0.0%	0.0%
78.	Students have regular access to computer equipment and software in the classroom.	25.0%	75.0%	0.0%	0.0%	0.0%
79.	Computers are new enough to be useful for student instruction.	25.0%	75.0%	0.0%	0.0%	0.0%
80.	The district meets student needs in classes in computer fundamentals.	25.0%	75.0%	0.0%	0.0%	0.0%
81.	The district meets student needs in classes in advanced computer skills.	25.0%	25.0%	25.0%	25.0%	0.0%
82.	Teachers know how to use computers in the classroom.	0.0%	75.0%	25.0%	0.0%	0.0%
83.	Teachers and students have easy access to the Internet.	50.0%	50.0%	0.0%	0.0%	0.0%

NARRATIVE COMMENTS

The following comments reflect perceptions and opinions of district principal and assistant principal survey respondents and do not necessarily reflect the findings or opinions of the Comptroller or review team.

- Llano ISD has been successful for several reasons. First, the communities that make up Llano ISD have high standards for education and student behavior. Secondly, Llano ISD has succeeded in hiring teachers that truly care about the academic success of the students. Third, Llano ISD and the community expect "the school" to develop a well-rounded graduate.
- We have an excellent district with high performance standards. Parents, community, and staff demand excellence from students, and students perform and behave well. We have some financial concerns right now due to being over-staffed, but we are working to correct that.
- Four of the five schools in LISD were rated exemplary in the AEIS system for 2002.

Appendix E

TEACHER SURVEY RESULTS

Demographic Data/Survey Questions
Narrative Comments

Llano Independent School District Management and Performance Review

(total number =106)

Demographic Data

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

1. Gender (Optional)	Male	Female				
		18.87%	81.13%			
2. Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other	
		94.34%	0.94%	1.89%	0.00%	2.83%
3. How long have you been employed by Llano ISD?	1-5 Years	6-10 Years	11-15 Years	16-20 Years	20+ Years	
		49.06%	18.81%	10.38%	10.38%	10.38%
4. What grades do you teach this year?	Pre-Kindergarten	Kindergarten	First	Second	Third	
		7.0%	16.0%	18.0%	19.0%	22.0%
	Fourth	Fifth	Sixth	Seventh	Eighth	
		22.0%	8.0%	11.0%	16.0%	17.0%
	Ninth	Tenth	Eleventh	Twelfth		
		23.0%	31.0%	30.0%	30.0%	

A. District Organization and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1.	The school board allows	0.94%	9.43%	17.92%	33.96%	37.74%

	sufficient time for public input at meetings.					
2.	School board members listen to the opinions and desires of others.	0.94%	9.43%	10.38%	37.74%	41.51%
3.	School board members work well with the superintendent.	31.13%	32.08%	20.75%	9.43%	6.60%
4.	The school board has a good image in the community.	0.00%	6.60%	3.77%	22.64%	66.98%
5.	The superintendent is a respected and effective instructional leader.	1.89%	2.83%	2.83%	8.49%	83.96%
6.	The superintendent is a respected and effective business manager.	1.89%	2.83%	2.83%	8.49%	83.96%
7.	Central administration is efficient.	3.77%	34.91%	6.98%	35.47%	18.87%
8.	Central administration supports the educational process.	4.72%	49.06%	16.04%	14.15%	16.04%
9.	The morale of central administration staff is good.	0.94%	6.60%	22.64%	27.36%	42.45%

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.	11.32%	46.23%	2.83%	24.53%	15.09%
11.	Teachers are given an opportunity to suggest programs and materials that they believe are most effective.	12.26%	54.72%	4.72%	21.70%	6.60%
12.	The needs of the college-	7.55%	54.72%	26.42%	8.49%	2.83%

	bound student are being met.					
13.	The needs of the work-bound student are being met.	2.83%	47.17%	35.85%	10.38%	3.77%
14.	The district provides curriculum guides for all grades and subjects.	10.38%	51.89%	12.26%	16.04%	9.43%
15.	The curriculum guides are appropriately aligned and coordinated.	11.32%	47.17%	19.81%	12.26%	9.43%
16.	The district's curriculum guides clearly outline what to teach and how to teach it.	9.43%	34.91%	21.70%	22.64%	11.32%
17.	The district has effective educational programs for the following:					
	a) Reading	31.13%	56.60%	7.55%	2.83%	1.89%
	b) Writing	18.87%	68.87%	8.49%	0.94%	2.83%
	c) Mathematics	28.30%	61.32%	5.66%	3.77%	0.94%
	d) Science	13.21%	69.81%	8.49%	7.55%	0.94%
	e) English or Language Arts	19.81%	70.75%	5.66%	1.89%	1.89%
	f) Computer Instruction	13.21%	65.09%	11.32%	10.38%	0.00%
	g) Social Studies (history or geography)	15.09%	67.92%	11.32%	4.72%	0.94%
	h) Fine Arts	18.87%	59.43%	14.15%	4.72%	2.83%
	i) Physical Education	20.75%	67.92%	8.49%	2.83%	0.00%
	j) Business Education	7.55%	39.62%	46.23%	5.66%	0.94%
	k) Vocational (Career and Technology) Education	11.32%	36.79%	41.51%	5.66%	4.72%
	l) Foreign Language	5.66%	56.60%	26.42%	11.32%	0.00%
18.	The district has effective special programs for the					

	following:					
	a) Library Service	22.64%	57.55%	10.38%	5.66%	3.77%
	b) Honors/Gifted and Talented Education	12.26%	63.21%	8.49%	11.32%	4.72%
	c) Special Education	36.79%	53.77%	6.60%	1.89%	0.94%
	d) Head Start and Even Start programs	7.55%	30.19%	58.49%	2.83%	0.94%
	e) Dyslexia program	2.83%	37.74%	38.68%	16.98%	3.77%
	f) Student mentoring program	2.83%	23.58%	48.11%	21.70%	3.77%
	g) Advanced placement program	8.49%	45.28%	35.85%	8.49%	1.89%
	h) Literacy program	7.55%	42.45%	40.57%	5.66%	3.77%
	i) Programs for students at risk of dropping out of school	3.77%	27.36%	49.06%	14.15%	5.66%
	j) Summer school programs	4.72%	29.25%	32.08%	19.81%	14.15%
	k) Alternative education programs	5.66%	38.58%	47.17%	4.72%	3.77%
	l) English as a second language" program	3.77%	55.66%	13.21%	19.81%	7.55%
	m) Career counseling program	1.89%	30.19%	49.06%	15.09%	3.77%
	n) College counseling program	7.55%	26.42%	48.11%	14.15%	3.77%
	o) Counseling the parents of students	0.00%	26.42%	48.11%	20.75%	4.72%
	p) Drop out prevention program	0.94%	14.15%	66.98%	14.15%	3.77%
19.	Parents are immediately notified if a child is absent from school.	2.83%	22.64%	34.91%	24.53%	15.09%
20.	Teacher turnover is low.	14.15%	56.60%	13.21%	12.26%	3.77%
21.	Highly qualified teachers	17.92%	44.34%	4.72%	24.53%	8.49%

	fill job openings.					
22.	Teacher openings are filled quickly.	21.70%	68.87%	5.66%	2.83%	0.94%
23.	Teachers are rewarded for superior performance.	0.94%	23.58%	15.09%	39.62%	20.75%
24.	Teachers are counseled about less than satisfactory performance.	2.83%	39.62%	41.51%	7.55%	8.49%
25.	Teachers are knowledgeable in the subject areas they teach.	22.64%	64.15%	5.66%	7.55%	0.00%
26.	All schools have equal access to educational materials such as computers, television monitors, science labs and art classes.	13.21%	52.83%	8.49%	12.26%	13.21%
27.	The student-to-teacher ratio is reasonable.	26.42%	59.43%	1.89%	7.55%	4.72%
28.	Classrooms are seldom left unattended.	31.13%	53.77%	6.60%	5.66%	2.83%

C. Personnel

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
29.	District salaries are competitive with similar positions in the job market.	2.83%	42.45%	8.49%	30.19%	16.04%
30.	The district has a good and timely program for orienting new employees.	6.60%	64.15%	16.98%	9.43%	2.83%
31.	Temporary workers are rarely used.	6.60%	52.83%	31.13%	3.77%	5.66%
32.	The district successfully projects future staffing needs.	0.00%	28.30%	20.75%	31.13%	19.81%

33.	The district has an effective employee recruitment program.	0.94%	31.13%	49.06%	12.26%	6.60%
34.	The district operates an effective staff development program.	2.83%	53.77%	12.26%	17.92%	13.21%
35.	District employees receive annual personnel evaluations.	32.08%	63.21%	3.77%	0.94%	0.00%
36.	The district rewards competence and experience and spells out qualifications such as seniority and skill levels needed for promotion.	0.94%	6.60%	23.58%	44.34%	24.53%
37.	Employees who perform below the standard of expectation are counseled appropriately and timely.	1.89%	25.47%	50.94%	12.26%	9.43%
38.	The district has a fair and timely grievance process.	0.94%	20.75%	57.55%	13.21%	7.55%
39.	The district's health insurance package meets my needs.	3.77%	49.06%	9.43%	17.92%	19.81%

D. Community Involvement

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
40.	The district regularly communicates with parents.	15.09%	76.42%	2.83%	5.66%	0.00%
41.	The local television and radio stations regularly report school news and menus.	13.21%	54.72%	20.75%	9.43%	1.89%
42.	Schools have plenty of volunteers to help student and school	4.72%	47.17%	17.92%	24.53%	5.66%

	programs.					
43.	District facilities are open for community use.	7.55%	48.11%	33.02%	9.43%	1.89%

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.	1.89%	32.08%	18.87%	37.74%	9.43%
45.	Parents, citizens, students, faculty, staff and the board provide input into facility planning.	1.89%	15.09%	29.25%	32.08%	21.70%
46.	The architect and construction managers are selected objectively and impersonally.	0.00%	0.94%	35.85%	21.70%	41.51%
47.	The quality of new construction is excellent.	2.83%	22.64%	20.75%	29.25%	24.53%
48.	Schools are clean.	11.32%	65.09%	6.60%	13.21%	3.77%
49.	Buildings are properly maintained in a timely manner.	5.66%	40.57%	6.60%	32.08%	15.09%
50.	Repairs are made in a timely manner.	1.89%	36.79%	4.72%	40.57%	16.04%
51.	Emergency maintenance is handled promptly.	5.66%	52.83%	20.75%	14.15%	6.60%

F. Financial Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
52.	Site-based budgeting is used effectively to extend the involvement	0.94%	20.75%	28.30%	30.19%	19.81%

	of principals and teachers.					
53.	Campus administrators are well trained in fiscal management techniques.	7.55%	33.96%	43.40%	9.43%	5.66%
54.	Financial resources are allocated fairly and equitably at my school.	3.77%	34.91%	16.04%	19.81%	25.47%

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.	5.66%	54.72%	6.60%	30.19%	2.83%
56.	Purchasing acquires the highest quality materials and equipment at the lowest cost.	6.60%	32.08%	26.42%	24.53%	10.38%
57.	Purchasing processes are not cumbersome for the requestor.	5.66%	54.72%	10.38%	18.87%	10.38%
58.	Vendors are selected competitively.	1.89%	22.64%	44.34%	14.15%	16.98%
59.	The district provides teachers and administrators an easy-to-use standard list of supplies and equipment.	1.89%	41.51%	15.09%	30.19%	11.32%
60.	Students are issued textbooks in a timely manner.	19.81%	51.89%	14.15%	7.55%	6.60%
61.	Textbooks are in good shape.	11.32%	66.04%	15.09%	5.66%	1.89%
62.	The school library meets the student needs for books and other resources.	24.53%	47.17%	4.72%	14.15%	9.43%

H. Food Services

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
63.	The cafeteria's food looks and tastes good.	4.72%	53.77%	16.98%	16.98%	7.55%
64.	Food is served warm.	5.66%	68.87%	16.04%	7.55%	1.89%
65.	Students eat lunch at the appropriate time of day.	8.49%	81.13%	3.77%	4.72%	1.89%
66.	Students wait in food lines no longer than 10 minutes.	5.66%	63.21%	15.09%	10.38%	5.66%
67.	Discipline and order are maintained in the school cafeteria.	12.26%	72.64%	8.49%	4.72%	1.89%
68.	Cafeteria staff is helpful and friendly.	20.75%	61.32%	4.72%	10.38%	2.83%
69.	Cafeteria facilities are sanitary and neat.	18.87%	73.58%	4.72%	1.89%	0.94%

I. Safety and Security

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
70.	School disturbances are infrequent.	22.64%	66.98%	3.77%	4.72%	1.89%
71.	Gangs are not a problem in this district.	33.02%	56.60%	9.43%	0.94%	0.00%
72.	Drugs are not a problem in this district.	0.94%	15.09%	25.47%	44.34%	14.15%
73.	Vandalism is not a problem in this district.	1.89%	50.00%	15.09%	26.42%	6.60%
74.	Security personnel have a good working relationship with principals and teachers.	2.83%	20.75%	70.75%	3.77%	1.89%
75.	Security personnel are respected and liked by the students they serve.	2.83%	16.04%	73.58%	5.66%	1.89%

76.	A good working arrangement exists between local law enforcement and the district.	14.15%	51.89%	26.42%	6.60%	0.94%
77.	Students receive fair and equitable discipline for misconduct.	15.09%	53.77%	5.66%	18.87%	6.60%
78.	Safety hazards do not exist on school grounds.	7.55%	51.89%	11.32%	25.47%	3.77%

J. Computers and Technology

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
79.	Students regularly use computers.	27.36%	61.32%	1.89%	7.55%	1.89%
80.	Students have regular access to computer equipment and software in the classroom.	20.75%	52.83%	6.60%	16.04%	3.77%
81.	Teachers know how to use computers in the classroom.	15.09%	64.15%	8.49%	11.32%	0.94%
82.	Computers are new enough to be useful for student instruction.	16.98%	68.87%	4.72%	8.49%	0.94%
83.	The district meets student needs in classes in computer fundamentals.	16.98%	55.66%	16.04%	8.49%	2.83%
84.	The district meets student needs in classes in advanced computer skills.	12.26%	32.08%	37.74%	14.15%	3.77%
85.	Teachers and students have easy access to the Internet.	27.36%	54.72%	4.72%	9.43%	3.77%

Appendix E

TEACHER SURVEY RESULTS

NARRATIVE COMMENTS

The following comments reflect the perceptions and opinions of the teacher survey respondents and do not necessarily reflect the findings or opinions of the Comptroller or review team.

- Despite inequality of textbooks, supplies, computers and teaching staff at some schools all teachers strive to provide the best education possible. If you really study these areas and the amount of money spent at the elementary level, you will see that the educational performance of both elementary schools to be almost identical, even though one campus is highly favored for funds and extra staff. Campus enrollments vary from 10-20 more at one campus at any given time, demonstrating a need for more balance. If a campus working on a skeletal staff can achieve high learning standards, why can't the other do the same without 10-13 extra teachers?
- The administrative staffs at the high school and our assistant superintendent are very professional, supportive and encouraging to the teachers, parents and community. In spite of stress due to the coming RIF, we continue to put our students first with exceptional instruction and academic activities proceeding as usual.
- I am concerned about:
 - Unfair pay - some people get extra \$.
 - Uncertified teachers and coaches.
 - Focus of the district is on athletics and agriculture rather than academics.
 - Too many in special education pull out programs.
 - Too many special education taking SDAA test.
 - Very poor communication in school.
 - School board doesn't seem to care about educating children.
 - School board members are doing business with the school system.
 - Bids are not taken for some things.
 - Coaches are to report to superintendent rather than the principal.
 - Morale is low.
 - No need for junior high agriculture.
 - This school system is not about what is best for kids!
 - Cafeteria runs out of food - opens cans and serves the unwarmed food to kids. They also run out of choices everyday! The kids never get a choice. The children do not

have to take the entrée if they don't want it. Some kids get one thing on their tray and pay full price for it.

- Signing bonuses for some coaches.
- LISD probably has too many teachers. We definitely don't have enough technology personnel. We don't provide enough technology training for students at the junior high level. Even though morale is at a low level among staff, everyone is still working for the students. Students always come first. The proposed changes have everyone on edge. LISD personnel are strong and will survive. Everyone that works at LISD has high expectations. As a rule, we all work together for the students. Thank you for coming to Llano.
- I believe we have a higher drop out rate than what is showing. We have student's parents sign that they are being home schooled when actually they are just dropping out. We do not address the needs of students in areas when they are not going to college. We need to be training kids in programs that will help them make a living in skilled areas, such as construction, industrial arts, etc. People in the community have been requesting these areas for over 20 years, and we have been told they can learn this in the agricultural classes and that Llano will aim at higher academics for the college bound students. The average student is not going to college. We need to be training for jobs not college specifically. We also have too many coaches in our high school.
- We spend entirely too much money on athletics and neglect the fine arts such as various art classes and music. We spend a great deal of money on the coaching staff, and they spend very little time in a classroom, if any. Our math department in junior high is not adequate and many students are behind in this area.
- My campus has been an exemplary campus for at least two years in a row. Our teachers work very hard to achieve this status. We are very worried about our financial problems. I feel there is a lot of excess spending from our top administrator. Please help our school system. Teachers are worried about their jobs. Please look at this matter very closely.
- Our current administrator walked into a strong district four years ago. We weren't perfect, but we were honing our strengths and eliminating our weaknesses. Since then an emphasis on TAAS success has diluted our focus. "Skip it if it isn't tested" is a watchword, especially in the lower grades. Students are arriving in junior high with fewer skills, but somehow they test well. Finally, spending has been undisciplined. Expensive entry signs at both the secondary buildings and a top-of-the-line stock trailer with a diesel pick-up are community concerns. Overstaffing caused by hiring coaches with no regard for their teaching fields and necessary

building coupled with unnecessary frills is one reason our district has a fiscal problem. Irresponsibility caused our problems.

- Teachers do a great job at LISD. They care for students, do their jobs well, and are very professional.
- The administrator has lost respect of the community as well as the school board.
- Maintenance unable to adequately cover all campuses.
- Athletics is way too important. Too many coaches. Student pressure in sports is way out of line.
- I feel as a whole our school is very focused on educational performance. The past several months we have had many distractions due to money concerns and board and superintendent problems. In spite of all that is going on we have continue to focus on the main goal - educating students. We have great support from administration to achieve the highest standard possible.
- I feel our assistant superintendent does an excellent job; however, I can't say the same for our school board and our superintendent. Believe me when I say that many in our community are extremely upset about the manner in which the superintendent and school board are conducting school business. I truly believe that for the most part, our teachers and campus administrator are doing what needs to be done to help our students succeed at the highest level possible, but this community is about to be torn apart by the questionable actions
- The Robin Hood plan has hurt our school. There must be a better way. I believe all the staff works to help every child learn. There is always room for improvement. I think we are open to new ideas and invite better ways to reach each child.
- This is our problem here in our district: coaches are paid up to \$16,000 for coaching one sport - they won state one year each. Other coaches make huge stipends also. Teachers in the classroom never get stipends. The best teachers just get more and more students and classes dumped on them. Some teachers don't have 20 students. Things are very unfair around here. We have coaches who only have one class (athletics) and teach nothing all day.
- Our district is \$1.3 million in debt. Educational delivery will definitely be affected negatively.
- I am appalled that I was brought into this district in May, only to be told in December that several teaching positions were to be cut this May!
- Our record speaks for itself!
- Not enough electives. We've been able to pass TAAS, but too many kids do not finish college.
- Unfair stipends for some coaches.
- I feel like the superintendent and school board has drained all our resources and the superintendent will leave.

- We educators are facing a RIF, which makes morale low since we don't know whom or when, or what cuts will be made. This district seems to focus mainly on sports and agriculture classes. Most of the time, the right arm doesn't know what the left arm is doing. Let's sum it up with this: Our school district is being "DECed" in March and we've had a lot of emergency meetings to get ready! I'm afraid educators will be cut or leave this district, and maybe a lot of house cleaning will take place at the top also. Personally, I feel much better just getting to voice my opinion. This is a first for me: I've been here two years and didn't know until recently we had a site-base committee, nor none of us even knew who voted for the "teachers of the year"! We were not aware we had either of these at our school. We don't even have regular faculty meetings - zero meetings last year and three meetings this year. All information usually comes to us via the paraprofessionals who overhear it in the lounge.
- I have taught at Llano ISD for a long time. The last three years, if a teacher were to go to a board meeting and speak out, you were unsure of your job. Don't laugh it is true. Teachers just started attending board meetings six months ago because we were scared. Third grade has assigned amounts of money in different accounts such a reading. This year the money just disappeared. We ask, but no answer. The wasting of money is awful, and I pay school taxes. Our town is divided.
- The rules are the same for all teachers and students, and there is a certain element in the community that cannot stand success. This administration and board have made some mistakes, but the schools have been successful.
- I am a graduate of LISD. I believe we have a strong community that wants nothing more than for our elected board members to carefully do their job. There have been many concerned teachers who have been hesitant to contact board members because of fear of retaliation. We have known for a long while that things were not right. I am sure we will prevail because as teachers we first and foremost are concerned about our students.
- Llano ISD HAD an excellent educational school system.
- The school board members work very well with the superintendent - whatever he wants they approve. Teachers who question board members are called into the superintendent's office and warned that they are not to talk to board members - even on a teacher to parent basis.
- It seems as if almost overnight money has disappeared. We no longer have an after school homework program. Subs are not hired for aides and some teachers. We could not order class supplies until October. Teachers will be losing their jobs next year, yet positions were created for some people.

- The board may originally have accepted or believed what they were told, yet not one has had the integrity to step forward and speak up. We lost two outstanding teachers and the board allowed it.
- It will take years to recover and many good teachers and programs will be lost.
- Robin Hood plan is causing district to layoff staff and increase class sizes.
- I feel we have too many people on staff not serving students directly in a classroom setting. (Too many specialists doing too little.) The number of coaches on staff is staggering considering our district size. The athletic director teaches no classes. Stipends are awarded unequally. Cleaning crew has been cut to the bare minimum and can't meet expectations.
- We have a great need for upgrades in the original elementary building. We need new carpet, more playground area, and more parking for visitors to our campus. The superintendent has an excessive contract both in salary and perks. The school board appears to rubber stamp the superintendent's proposal with little or no thought to consequences.
- Many times the district hires uncertified teachers over certified applicants.
- Emphasis is on athletics and not the classroom. Too many coaches that don't teach in the classroom and get paid above average.
- Lack of confidence in central office, no input.
- School board doesn't try to stay informed. They sign contracts without knowing what they say. They can't remember giving bonuses last year. They never read the superintendent's contract.
- The board did not take bids on the junior high building improvements.
- All types of information are hidden. When asked questions, the school board states that their lawyers advises them not to answer. Schools are a public institution. When things are hidden, inappropriate actions occur.
- Educational performance of Llano ISD in most areas is extremely exceptional. Unfortunately, the divisiveness of local politics threatens the stability of the system. "The old guard" is opposed to change, and "the new guard" is pushing too rapidly for immediate change. This coupled with the demands of the "Robin Hood" plan are leading to morale problems and a serious threat to the continued success of the educational system in Llano.
- The educational performance of Llano ISD is being jeopardized by the financial problems of the district. I believe that several people should be held accountable for the financial hardships that Llano ISD is facing. The school board will be enforcing a reduction in force to alleviate some of the financial stress. Granted some

positions are over staffed but the school board should have never approved the hiring of these positions. Now teachers who are hard working educators will have to experience the reduction in force after they have relocated their home and families and broken contracts with other districts because of the promise of teaching at Llano ISD. The district has put priority on extra curricular programs like agriculture and athletics over the state mandated curriculum. These are just some of the reasons that the educational performance of Llano ISD is being jeopardized.

- After working in other school districts, teachers at Llano ISD have been given a generous per teacher budget amount. Teachers that have taught here for years are in many ways spoiled. The teachers to benefit from this were those that were new, first year teachers. I have heard teachers say they could live within any means set for them.
- I believe students feel well prepared for college after graduating from Llano High School. Our academic reputation is widespread. In the past, many parents have visited LISD to preview our academic and athletic activities and have been pleased enough to move to Llano and enter their children in our system.
- The process for hiring new personnel is not a just process. Before the superintendent arrived, a committee made up of teachers, principal and community hired personnel.
- Teachers in this district are doing an excellent job. Problems have occurred due to hiring practices of the superintendent. Too many high school coaches, too much emphasis on high school athletics. Excessive stipends to coaches. Some teachers hired that are not certified. Money has been moved (last year) and the budget not amended. School board is not told everything.
- Our school district has always been a very good school district. The students have been well prepared for higher education. It is unfortunate that over the past four years there has been so much mismanagement and the lack of good judgment within our superintendent and school board over the use of our school funds. Our TAAS scores have been very good over the past 5-6 years.
- I love working in Llano. The students are very well behaved. The teachers I have observed are interested in student success, and our test scores and school rating prove it. I have worked in six different districts, and I am truly happiest with the Llano ISD overall. Our administration is concerned with the well being of both student and teacher alike. Except for needing a larger computer lab and more computers, I am very satisfied with Llano.
- The most disgruntled staff members I know are those who have only taught in Llano and have no basis for comparison. They do not realize what a good district we have!

- There is way too much emphasis and money going to athletics. We have coaches who only teach a couple of academic classes/day and the rest of the day they are assigned to teach P.E. Most P.E. classes have two coaches/class. Wouldn't it be nice if we could have two math teachers in every math class?
- We have a trainer who makes \$50,000/year passing out aspirins and wrapping ankles while teachers who have taught almost 30 years make less.
- Coaches are given \$15,000 stipends for winning seasons. How about math and science teachers getting a stipend like that!
- We have no site based management
- Local newspapers that were delivered to our school and contained negative information about the superintendent were confiscated and removed.
- The superintendent and school board appear to be chummy. I would say their relationship is tight.
- Sincerely believe education is a top priority with the majority of the teachers, but I feel our superintendent and school board do not share the same commitment.
- In years past, teacher turnover has been low, but this year may see a drastic reversal. In addition to stress over the RIF proposal, teacher morale is low and pastures may seem greener elsewhere.
- In most elementary classes, the student to teacher ratio is comfortable.
- Because this financial mess our district finds itself in is not of the teacher's making, can you offer teachers any relief? Teachers are worried and upset and really need some confidence builders.
- Our teaching staff does an excellent job with our students. It's our management level that has become irresponsible and selfish. However, as in most situations, it will be those who do the actual work (teaching) who will pay the price.
- Teachers have enough to deal with in the classroom. Do we always need to also be looking over our shoulder being concerned if we have a job? Teacher morale cannot be good, and how does this help our children?
- Despite the recent bad press, I feel privileged to be in the Llano ISD. We run a tight ship, we have excellent teachers and students, and our graduates do well in college. Much of what you have heard about Llano is a product of small-town gossip and politics. It is not a perfect school; there are no perfect schools, but we plan and plan and plan for success and then work to achieve it.
- I would like for you to re-survey the district after the "problems" we are currently experiencing are resolved. At this time in our "LISD History", I'm not sure you'll get a true picture. This used to be a wonderful district! The way the superintendent and board have "elevated themselves" has been a source of great frustration

for me. I wish there was a way to keep our student to teacher ratios low, and make cuts elsewhere, so that our focus would remain on academics. I just wish you could have done this audit three years ago.... You would have been proud! (And we were proud then, too).

- I have worked in four previous school districts and there are many pluses in working for LISD. Unfortunately, we are saddled with an overworked, underappreciated and underpaid teaching staff. This causes resentment among teachers. Some of us on staff at LISD are focused on what is best for the students. The central administration for the most part is not. Until we focus on the reason for education (STUDENTS), we will continue to flounder.
- I was a new teacher January 2002 in Llano ISD. Coming out of college I was so excited about teaching. However, I fear now of losing my job. I hate to see great teachers have to leave LISD. I fear that teachers will be taken out of the lower grades where it is so important that children learn the life long skills. When children fall behind in the early years, it is so difficult to get them caught up if they ever catch up. We have been hearing the Llano ISD is going to get rid of Pre-K and Kindergarten, music, art, and P.E; I would not send my child to a school without these things. Would you? With the demands of TAKS and other tests, it is impossible to succeed with out Pre-K and K experience, and small teacher to student ratio in grades 1 - 4. Also, I do not feel it is right for good teachers to have to fear losing their jobs when they are doing a great job.
- Teachers do not have a respectful, positive relationship with each other. Students are taught well. Dress code not enforced.
- The building I teach in leaks every time it rains. Buckets are placed in the hall to catch the water. When one spot is sealed another begins to leak. There is a classroom with mold growing on the wall. This has been brought to the attention of the administration and they had it painted over that was all that was done. The mold has reappeared. The door to the outside has been broken and when fixed, it broke again shortly. Requests that have been made to the maintenance department at the beginning of the year have not been handled. You must turn in numerous requests before anything gets done.
- The playground my students use is unsafe and in need of replacement. They have taken things off of it, but not replaced them. There are holes left for wasp and bees to nest in, and bolts left sticking out.
- I have a child at the junior high. The ISD spent a large amount of money renovating the building. The roof leaks, the sewers back up into the science labs/rooms and a set of restrooms has been locked up because of problems.

- I feel like our district has lost sight of what we are here for, the students and their academics. Money goes into the athletic program first. We have more coaches per student than we do teachers per student.
- Communication is lacking in this district - the best source for information is rumors. Special education is great in this school all the teachers are concerned but communication is not supplied to all and we (special education class) are often times left out.
- The efforts of a lot of hard working, efficient, dedicated teachers and support staff will soon be rewarded by the RIF process. The board of trustees and the superintendent should share the blame for this.
- Why are superintendents, school board members and other responsible persons not held more accountable for utilization of district funds?
- "Robin Hood" has caused Ch. 41 districts the most problems. Do Something About It!!
- I was raised in Llano and attended school here. I have never seen anything tear at our community and children like this. It has affected teacher morale. Everyone is scared and rightfully so. We just want this all to be behind us. I know God will see us through and we will all be stronger because of our situation, but please help us resolve this in a timely manner. Please, for our children.
- Llano ISD has been an exceptional district because of the dedication of the teachers and campus administrators. We have worked diligently to ensure that students from our district receive an education they can be proud of. I realize that many school districts in Texas are facing financial difficulties, but I also know that had our superintendent and school board been financially prudent we wouldn't be faced with this monetary fiasco. What upsets me most is that the people who created this problem don't have to deal with it on a daily basis, they don't have to look for a job and relocate their families and they don't have to give up their conference times to cover for teachers because we can no longer afford to hire substitutes.
- For the most part, the teachers are the backbone of our school. Many of us wouldn't still be here if it weren't for the love of teaching and the love for the kids. When a Math or Science department is allotted no more than \$350.00 per teacher to buy learning materials or equipment, yet the Band can buy \$1,500.00 instruments and the Athletic budget is unchecked, it makes moral very low. The areas that deal with TAKS should be a priority. I do believe that extracurricular activities help with classroom achievement, but there is no \$ balance to the programs.
- The teachers for the most part are dedicated and do a very good job, especially at the elementary level.

- Inequities exist in pay. There are "faculty" members who do not teach but receive salary and additional money for car allowance along with travel (mileage).
- It appears to me that the funding is difficult for each school. The middle school is the forgotten child. Our library, lab and classrooms are in dire need of equipment and books.
- As an educator and a parent, I am truly concerned with the problems our district is encountering. Excellent educators are being let go. Signs, scoreboards, goal post, etc. were purchased with taxpayers' money, but the library in the middle school has few books. We seem to have no checks and balances when it comes to accountability of our superintendent and school board members! Thank you for looking into the problems!
- I attribute the educational success at the elementary level to the current teacher/pupil ratio. I am afraid this will change in the very near future. Our success in mainstreaming our special education students is also due to the low teacher/pupil ratio.
- I do not think staff (quantity or quality) and programs are equitable between the two elementary campuses.
- I am saddened at the negative effect the current superintendent/school board have had on the school district's morale - staff, parents, community opinions, etc. It has definitely affected the academic focus.
- Some personnel are unfairly wearing too many hats!
- Llano is fortunate to have some dedicated teachers and bright students. LISD classroom teachers are stressed with the job losses taking place. The Llano coaching budget and bonuses seem much more important to ISD administration than Llano teachers.
- I feel that sports are given excessive priority in this school district. When budget cuts are needed, sports programs, most obviously football, are the last to be cut and the least affected. Much ado is made about sports accomplishments, while academic achievements are poorly funded and barely acknowledged, if at all. In a year when staff cuts are imminent, coaches are told they have nothing to worry about, while classroom teachers, new and veteran alike, wait stressfully for weeks to know if they will have a job next year. It is as though sports has become the curricular and academics the extracurricular.
- Llano ISD has always prided itself in putting academic excellence first. Due to several poor administrative decisions, we have to eliminate after school tutoring programs and summer school sessions. I fear our students will lack help in areas that are essential to their future success in school.
- I feel that there is way too much emphasis put on athletics. Students involved in athletics put athletics above everything else: school, family, church.

- Administrators ask for input from teachers but seldom act on suggestions. We feel it is just "lip service" and the committee's look good on paper. I feel the administration is more interested in how our schools look on paper and not in the true education of the students.
- I am so sorry our school seems to be in such a situation. I am a graduate of LHS and so are my children. I have taught in this district for many, many years. The personnel in our building are wonderful. We all love our principal - he does many good things for all of us. (Students, too) I am extremely worried what will happen to our art, music, gifted/talented, library, ESL and our special education programs that we now have in place. All of these are vital to our school and helping our children to learn in a safe and caring environment.
- What has happened in our district proves that the superintendent and the school board have not placed students first. I believe that the principals for each campus have done very well under the circumstances. It took only a short period of time to create a catastrophe that will take years to mend. Please help this district - the students deserve it.
- I need some newer equipment, but I have enough stuff to make do with. I would like some probe ware and the calculators that will run it but have no money. I do not think it fair for the Robin Hood Plan to take Llano's money, then Llano is not eligible for certain grants because we are on the giving end of the Robin Hood Plan. The kids are great and the administrators at my school are great also
- We apparently cannot help ourselves; I hope you can!
- We have definite problems with our current superintendent and school board. We as a result have spent too much money and will be firing 30 to 35 teachers. When I first came here, spending money had a lot of checkpoints (3 bids or quotes), and the best price was taken. The last three years no one cared and we had to use certain vendors, some of which did not give us the best price. We are now doing things like before but it makes things very difficult for the teachers and is still very inefficient. We need to have a centralized purchasing agent to obtain bids and combine orders to cut down on shipping costs.
- I am proud to live and teach in Llano ISD. The educational performance of this district is exemplary. That performance has nothing to do with our superintendent or school board. The education our children receive is superior because of outstanding teachers, aides, campus administration, and wonderful support staff.
- It appears that the school board was in the habit of rubberstamping the superintendent's wishes.

- Due to a small town/community Llano has been, and still has the potential to be, a great school district exists; however, the "good ol'boy" mentality has caused too many of our district leaders to go blind to some costly issues.
- I feel strongly that the school board needs to wake up and get serious about doing their jobs; educate themselves on how to run a school district in a financially responsible manner. Blindly following a superintendent is not acting responsible. The school board owes the teachers of this district a better professional consideration and respect.
- I feel that LISD has much room for improvement. I think that we should focus on meeting basic instructional needs by empowering the teachers with knowledge on how/what to teach. For example, we could possibly model our school district after a larger, more successful school (like in Austin or San Antonio). It seems that teachers all do different things, even within the same grade levels. Consistency will pay off, I believe. If we set high standards, our children and staff will strive to reach them.
- Rumors abound in the Llano district. However, despite the rumors, it is probable teachers will be fired and teachers salaries will be cut. Teachers, children and the district will suffer. By the time the comptroller's office does an audit; the board will have made its decisions. And peoples' lives will be greatly disrupted. I have little faith anything can or will be done to help the students and teachers. A sad situation.
- Llano ISD does a good job across the board of teaching necessary elements of education and stimulating students to use what they learn. Unfortunately, we've been plagued recently with administrative problems that have affected the district finances. We have good teachers and it will, I fear, affect the quality of education to have to let some of them go.
- Where do these people come from in the world of education? Are they not in it for the children? Do they not realize that the "children" are suffering and teachers are losing their "not so great already" income as a result of their bad decision making? My students did not receive the needed textbooks until February. I frequently contacted the textbook coordinator, principal, and superintendent regarding the situation to no avail. Finally, when the year was half over, we received them. I was told on more than one occasion that, "The books are in the district, we just have to find them." How big is Llano ISD and how hard would it be to find textbooks?
- My main concern is that Llano's main objective should be academics and it currently isn't. We have 22 coaches and some of them get generous stipends. We have had state UIL academic contests winners, yet none of their coaches received stipends. The

talk is that the RIF will get rid of teachers but not coaches. Teachers will allegedly have a cut in salary and have class loads around 30 students or 125-150/day. What other profession would do extra work for less pay?

- My second concern is that our superintendent and school board have gotten us in this financial disaster yet the teachers, staff, and students are paying the price.
- The lack of open dialogue between the Board of "Trustees" and the public has caused extreme discord within the community. We must have help in disclosing all the wrongdoings. We welcome the Comptroller and audit committee.
- Mrs. Strayhorn, I came to LISD very excited about my new position. I now face a loss of employment, I feel the school board and administration have overlooked needs of teachers and students. It is now February and I have yet to receive some teacher manuals. To speak on item 85 the administration has many browsers and web sites blocked, it interferes with research.
- The educational performance at Llano ISD will be dramatically affected by our school finances. The school board will determine financial exigency this month. It is projected that 25 to 30 classroom teachers will lose their jobs. The fault does not lie in "Robin Hood", but the inability of a school board and superintendent to effectively manage our school! And you ask about education performance at Llano ISD. How can teachers do an effective job when their jobs are threatened? Please help us! Hurry!
- The teachers here are some of the finest I have ever worked with, and the unity of heart toward each child is wonderful. I love working here. This year has been hard only because the people in the board and the superintendent have been in a messy financial situation that causes worry about program cuts. The children should not suffer from adult mistakes.
- The overall education performance of Llano ISD is great. The teachers are doing a quality job with the resources at hand. All of them have the student's best interest utmost in their minds and plan their lessons accordingly. The only campus without appropriate tools to do a job is the newly organized middle school. It was designed to relieve crowding at the junior high and provides a better teaching environment for 5th and 6th graders. Unfortunately, the funding ran out just as this campus was created and we are left with an inadequate library, science lab and building equipment, such as computers, TVs, VCRs, decent desks and in some rooms and even decent flooring. Parents and volunteers are working very hard to provide necessary funding for needed supplies, and we have gained a great deal since August. The moral is high and the staff loves the new environment of working with these two grades.

Our principal is admired and respected by all and has helped us adjust to the changes.

- Llano Elementary is an Exemplary school and district is Recognized. The new TAKS and educational cuts in programs, expenses and personnel should be costly to student performance.
- Lately, the instability in our management and finances has led to increased personnel stress.
- We are in trouble because of our superintendent and board. Money has been wasted on building projects and contractors. Board members have been those contractors. Non-necessary programs and employees were hired this past year that has broken us financially. The assistant superintendent and principals are okay and will do what is needed to restore order if given a chance.
- Our cafeteria recently started offering two choices. The students who have the last time don't usually get a choice and if they don't like what's left they don't even ask to get the entrée. This means they pay the same as all other students and may only get an apple!
- I also worry that we have far too many students in special education pull out classes. Some teachers like to have as many students tested as possible so their TAKS scores won't reflect poorly on them.
- A seniority list needs to be made immediately since layoffs are imminent and should be maintained.
- A complete, detailed explanation of the late February/early March teacher layoffs should be provided ALL teachers.
- Parent/Back to School Night needs to be instituted at Llano High School.

Appendix F

STUDENT SURVEY RESULTS

Llano Independent School District Management and Performance Review
(total number =81)
Demographic Data

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

1. Gender (Optional)	Male	Female				
		50.62%	49.38%			
2. Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other	
		76.54%	0.00%	13.58%	0.00%	9.88%
3. What is your classification?	Junior	Senior	Other			
		49.38%	37.03%	13.58%		

A. Educational Service Delivery and Performance Measurement

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1.	The needs of the college-bound student are being met.	4.94%	53.09%	20.99%	18.52%	2.47%
2.	The needs of the work-bound student are being met.	8.64%	53.09%	30.86%	7.41%	0.00%
3.	The district has effective educational programs for the following:					
	a) Reading	25.93%	60.49%	12.35%	1.23%	0.00%
	b) Writing	20.99%	61.73%	13.58%	2.47%	1.23%
	c) Mathematics	25.93%	55.56%	13.58%	4.94%	0.00%
	d) Science	20.99%	59.26%	16.05%	2.47%	1.23%

	e) English or Language Arts	22.22%	62.96%	11.11%	3.70%	0.00%
	f) Computer Instruction	20.99%	55.56%	17.28%	4.94%	1.23%
	g) Social Studies (history or geography)	25.93%	55.56%	14.81%	3.70%	0.00%
	h) Fine Arts	24.69%	54.32%	16.05%	3.70%	1.23%
	i) Physical Education	18.52%	56.79%	17.28%	6.17%	1.23%
	j) Business Education	8.64%	54.32%	29.63%	3.70%	3.70%
	k) Vocational (Career and Technology) Education	11.11%	51.85%	28.40%	4.94%	3.70%
	l) Foreign Language	9.88%	51.85%	19.75%	7.41%	11.11%
4.	The district has effective special programs for the following:					
	a) Library Service	19.75%	55.56%	18.52%	4.94%	1.23%
	b) Honors/Gifted and Talented Education	13.58%	48.15%	25.93%	8.64%	3.70%
	c) Special Education	9.88%	49.38%	33.33%	3.70%	3.70%
	d) Student mentoring program	3.70%	34.57%	35.80%	19.75%	6.17%
	e) Advanced placement program	17.28%	46.91%	27.16%	7.41%	1.23%
	f) Career counseling program	4.94%	37.04%	35.80%	22.22%	0.00%
	g) College counseling program	6.17%	41.98%	33.33%	18.52%	0.00%
5.	Students have access, when needed to a school nurse.	8.64%	33.33%	11.11%	34.57%	12.35%
6.	Classrooms are seldom left unattended.	16.05%	55.56%	18.52%	7.41%	2.47%
7.	The district provides high quality education	19.75%	37.04%	28.40%	12.35%	2.47%
8.	The district has high quality teachers.	25.93%	43.21%	18.52%	8.64%	3.70%

B. Facilities Use and Management

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
9.	Schools are clean.	19.75%	44.44%	18.05%	11.11%	6.64%
10.	Buildings are properly maintained in a timely manner.	13.58%	55.56%	17.28%	9.88%	3.70%
11.	Repairs are made in a timely manner.	6.17%	41.98%	22.22%	19.75%	9.88%
12.	Emergency maintenance is handled promptly.	7.41%	49.38%	28.40%	12.35%	2.47%

C. Purchasing and Warehousing

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
13.	There are enough textbooks in all my classes.	11.11%	40.74%	16.05%	24.69%	7.41%
14.	Students are issued textbooks in a timely manner.	13.58%	62.96%	12.35%	9.88%	1.23%
15.	Textbooks are in good shape.	6.17%	39.51%	18.52%	24.69%	11.11%
16.	The school library meets the student needs for books and other resources.	33.33%	44.44%	7.41%	7.41%	7.41%

D. Food Services

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
17.	The school breakfast program is available to all children.	29.63%	46.91%	18.52%	2.47%	2.47%
18.	The cafeteria's food looks and tastes good.	9.88%	23.46%	28.40%	23.46%	14.81%

19.	Food is served warm.	12.35%	55.56%	14.81%	11.11%	6.17%
20.	Students have enough time to eat.	13.58%	45.68%	9.88%	18.52%	12.35%
21.	Students eat lunch at the appropriate time of day.	16.05%	55.56%	14.81%	6.17%	7.41%
22.	Students wait in food lines no longer than 10 minutes.	6.17%	35.80%	7.41%	29.63%	20.99%
23.	Discipline and order are maintained in the school cafeteria.	9.88%	49.38%	22.22%	12.35%	6.17%
24.	Cafeteria staff is helpful and friendly.	19.75%	50.62%	11.11%	9.88%	8.64%
25.	Cafeteria facilities are sanitary and neat.	11.11%	51.85%	20.99%	7.41%	8.64%

E. Transportation

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
26.	I regularly ride the bus.	11.11%	8.64%	23.46%	14.81%	41.98%
27.	The bus driver maintains discipline on the bus.	7.41%	13.58%	67.90%	4.94%	6.17%
28.	The length of my ride is reasonable.	4.94%	9.88%	66.67%	8.64%	9.88%
29.	The drop-off zone at the school is safe.	6.17%	18.52%	67.90%	2.47%	4.94%
30.	The bus stop near my house is safe.	4.94%	19.75%	67.90%	2.47%	4.94%
31.	The bus stop is within walking distance of our home.	6.17%	18.52%	62.96%	6.17%	6.17%
32.	Buses arrive and leave on time.	4.94%	16.05%	66.67%	4.94%	7.41%
33.	Buses arrive early enough for students to eat breakfast at school.	0.00%	16.05%	67.90%	11.11%	4.94%

34.	Buses seldom breakdown	4.94%	11.11%	70.37%	6.17%	7.41%
35.	Buses are clean.	1.23%	16.05%	70.37%	4.94%	7.41%
36.	Bus drivers allow students to sit down before taking off.	6.17%	12.35%	65.43%	4.94%	11.11%

F. Safety and Security

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
37.	I feel safe and secure at school	17.28%	46.91%	19.75%	7.41%	8.64%
38.	School disturbances are infrequent.	11.11%	44.44%	24.69%	9.88%	9.88%
39.	Gangs are not a problem in this district.	35.80%	35.80%	16.05%	6.17%	6.17%
40.	Drugs are not a problem in this district.	4.94%	13.58%	19.75%	23.46%	38.27%
41.	Vandalism is not a problem in this district.	6.17%	29.63%	30.86%	18.52%	14.81%
42.	Security personnel have a good working relationship with principals and teachers.	1.23%	17.28%	70.37%	3.70%	7.41%
43.	Security personnel are respected and liked by the students they serve.	0.00%	13.58%	65.43%	7.41%	13.58%
44.	A good working arrangement exists between local law enforcement and the district.	4.94%	33.33%	49.38%	4.94%	7.41%
45.	Students receive fair and equitable discipline for misconduct.	7.41%	20.99%	19.75%	22.22%	29.63%
46.	Safety hazards do not exist on school grounds.	7.17%	28.40%	35.80%	13.58%	16.05%

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.	12.35%	46.91%	14.81%	12.35%	13.58%
48.	Teachers know how to use computers in the classroom.	8.64%	50.62%	20.99%	11.11%	8.64%
49.	Computers are new enough to be useful for student instruction.	14.81%	46.91%	22.22%	12.35%	3.70%
50.	The district meets student needs in classes in computer fundamentals.	11.11%	53.09%	28.40%	1.23%	6.17%
51.	The district meets student needs in classes in advanced computer skills.	8.64%	40.74%	32.10%	11.11%	7.41%
52.	Teachers and students have easy access to the Internet.	12.35%	48.15%	20.99%	12.35%	6.17%

NARRATIVE COMMENTS

The following comments reflect perceptions and opinions of student survey respondents and do not necessarily reflect the findings or opinions of the Comptroller or review team.

- Certain teachers need to reconsider their grading rubric. I specifically remember a time when an individual would get extra points for wearing tennis shoes instead of flip-flops. Hilarious!!
- I believe the education would be better if the student were given a little more freedom and the administration was more lenient.
- Please, no more surveys. This is third; sorry for my bad attitude.
- Good school - good students - some people are not included.
- No comment.
- This school is so wrapped up in gangs and themselves that they don't see the real problems. Vandalism is a problem in the parking lot but nobody reports it because nothing is ever done. The cameras are never working or don't see anything. Tobacco and drugs are big problems; students dip in class all day long, some

teachers know about it but some don't. If they know about it they don't say anything because they do it themselves. The administration is so wrapped up in the many "gangs" we have. We can't have any fun, and enjoy going to school. The only "gangs" that we might have is the goat ropers.

- People can barely afford the lunches here, especially if you aren't like most in Llano and have to pay for your car and what you get. People are not allowed to be themselves; instead, they are forced to change to be good enough for everyone else in Llano because they are all family and everyone in Llano is everyone's brother, sister, mom, or dad. And when they decide to lay off 40 teachers they don't lay off the ones that need it, they lay off some really good ones like my Government teacher. My overall view of Llano is negative, always has been and always will be as long as I live.
- You need to serve more food on the trays at lunch. Five chicken nuggets would barely fill an elementary kid up. It's kind of stupid that you eat at school and by the time you get out of school you're already hungry again. And if you are 18 you are an adult, you should be able to sign yourself out of school. If you have a doctors appointment and you need to leave school but your guardian hasn't called the school, you can't leave.
- Administration has persistently showed favor towards students who have the right last name. I hope this doesn't continue to be a problem. If it does not stop, this school will just get worse as the years pass.
- School system is not bad. It has to be a comfortable environment. Students should be able to learn what we want to learn. The school should take it easy and lay off the rules a little bit.
- I think that the Llano School District is the most bizarre in Texas. The superintendent messed up our school. He doesn't understand what the students are going through. And they are firing all the good teachers. I think this school should get organized before next school year, or I will not return.
- I feel that our school has wonderful educational programs for students of Llano. We are able to be in Ag classes which I think are the best this school has to offer. Everyone gets to learn about welding, animals, foods, etc.... Along with those classes all the other ones that are offered are extremely good also. Don't get me wrong the students get to learn and hopefully they will be able to go to college.
- In my opinion, our school is not all that bad, but it is not all that good either. I don't mean to sound immature, but the teacher's do have their "favorites", and I am one of them. It just seems like those who aren't well liked by our teachers are definitely treated differently. I also think that the dress code is too strict.

- It is okay, but sometimes I never have enough time to go to my locker, get my books, get a good drink of water, use the restroom, and go to my next class. Also I don't like riding the bus.
- I feel that the education is good. I don't feel that the discipline area is good. It is always blown out of proportion. Problems are raised to higher levels than they really are. The principle is too hardcore and needs to chill.
- Llano is a good school but most teachers could care less if you passed or not.
- I feel the school has good educational performance. But it could be better with the discipline.
- I think that our school is an all right school, but it does need some changes. Some good and some bad in favor of us students at Llano High School.
- Our education is very important but our teachers are the ones we grow close to. Having great teachers is one of the things that help us understand what they are teaching. I know there will always be at least one teacher out there that doesn't care for what they are teaching, but we need to focus on what we are losing.
- Being a junior, I have been at this high school and gotten to know the teachers for three years now. I love my school. I love it because of the faculty. We have great teachers here at Llano ISD and it makes me sad to know that many wonderful and helpful mentors are losing their jobs. In that way, the school system has failed every student that attends this school.
- I feel that we have many quality teachers in all departments of education. Under the current circumstances, the faculty and staff have been handling the situation appropriately.
- I feel that the level of education given here at Llano High School is EXTREMELY exceptional. The academic curriculum is much more demanding than some other surrounding school districts. I do wish that classes would not have to be cut from the ones currently offered due to budget cuts. I also wish the community had a better attitude about the actions of Llano ISD. It disappoints me that everyone cannot work together.
- The teacher-student relationship here at Llano High is great. This kind of relationship is needed to perform very well academically, and the students here do perform extraordinarily well.
- In my opinion, many students are treated unequally when referring to discipline. In the mornings before school, I occasionally have been denied access to the hallways by janitors and teachers. The reason for my early show up is to obtain help from teachers in the mornings or do work in the library. Overall, the educational sector of Llano ISD is fair.
- All our teachers are great and each teacher challenges us to do our best. We have the best staff in the State of Texas.

- The education at our high school is set at a high standard. The only concern I have is that sports and that area of extracurricular activities are being, at times, prioritized over education. I am very active in athletics, but my education is much more important to my future.
- The overall educational performance of Llano ISD is very good. I feel safe on school grounds and am never disgusted by crude writings or any such thing on our restroom stalls as I have seen in other school's restrooms. The advanced placement classes are the best they could be.
- I think that the school system could perform closer checks on teachers and their performances.
- Llano ISD would be fine if the state did not take our money.
- I feel the teachers are doing their job to the best of their ability. I feel that our administrators are the ones that need help. They need to realize the teachers can only perform with what they are provided with.
- I'm a senior and ever since my freshman year, its gone down hill!
- Next year every student will have their classes everyday. This will cause the students stress in homework and not enough time to learn a good lesson.
- Stick to block schedule, its more beneficial!
- Every student is treated different for the same misconducts! It's not fair!
- Keep up the good work.
- All students should be treated equally. It seems like the athletics students are better treated and minded. In most cases these students get easier punishment when it comes to discipline. Sometimes no punishment is given.
- This school district is very disappointing.
- There was mold in the chocolate pudding.
- I have to say that I am very disappointed in our school district. Not so much the teachers, but I feel like the school board members have really let down the students, parents, faculty and taxpayers of Llano County. At the High School, we have a very dedicated faculty who only want the best for the students they teach, and those wonderful teachers are what make me want to come to school everyday. The fact that their jobs could be in jeopardy really infuriates me. Due to carelessness on behalf of the people who are supposed to be the least careless, teachers will lose their jobs and our education will suffer. Due to budget cuts, classes will be dropped and extra-curricular activities will have even less funding next year than this year. I love my school and the people in it, and I'd hate to see any of our faculty leave. I pray everyday that there will be an easy solution, but I know I am praying for a miracle. You see, at Llano High School, I've learned that you have

to be practical. But I have also learned that you have to have faith.
Thank you.