

January 22, 2002

The Honorable Rick Perry
The Honorable William R. Ratliff
The Honorable James E. "Pete" Laney
Members of the Texas Legislature
Commissioner James E. Nelson

Fellow Texans:

I am pleased to present this report on the progress of the McDade Independent School District (MISD) in implementing my Texas School Performance Review (TSPR) recommendations.

In September 2000, I released the results of my review of the district's operations. This review offered 19 recommendations that could save MISD taxpayers \$30,450 by 2004-05. Cumulative net savings from all recommendations (savings less recommended investments) were projected to reach \$14,530 by 2004-05. The review also noted a number of MISD's exemplary programs and model services provided by district administrators, teachers, and staff.

After a little more than one year, we returned to check on how well the district's leadership put these proposals into practice. Over the last year, BISD has implemented, or is in the process of implementing, 16 of the proposals, or 84 percent. The district has expended \$5,000 to date and expects additional expenditures over five years to reach nearly \$9,300. The district expects savings from an energy management recommendation that remains in progress, but the amount could not be determined at this time.

This report is available on my Web site at www.window.state.tx.us/tspr/mcdadepr/.

Thanks for all that you do for Texas.

Sincerely,



Carole Keeton Rylander
Texas Comptroller

Introduction

In September 2000, the Comptroller of Public Accounts' Texas School Performance Review (TSPR) staff and consultants completed a comprehensive school review of the McDade Independent School District (MISD). During November 2001, TSPR staff returned to assess the district's progress in implementing the recommendations.

Since 1991, TSPR has recommended more than 5,500 ways to save taxpayers more than \$600 million over a five-year period in 63 different public school districts throughout Texas. TSPR also conducts follow-up reviews of districts that have had at least one year to implement recommendations. These 40 subsequent reviews show that almost 90 percent of TSPR's combined proposals have been acted upon, saving taxpayers more than \$109 million, with the full savings estimated to grow in the future.

Improving the Texas School Performance Review

Comptroller Carole Keeton Rylander, who took office in January 1999, consulted school district officials, parents and teachers from across Texas and carefully examined past reviews and progress reports in an effort to make the Texas School Performance Review (TSPR) more valuable, even vital, to the state's more than 1,000 school districts. With the perspective of having served as a teacher, and later a school board president, the Comptroller has vowed to steer TSPR toward being more accountable to local school districts and the communities they represent.

Comptroller Rylander began by establishing new criteria for selecting school districts for future reviews. Priority will be given to districts judged poor performing academically or financially, and to hands-on reviews that will benefit the greatest number of students. To ensure that this process also serves small districts, reviews of numerous school districts in close proximity, regardless of academic or financial status are also done to achieve some economy of scale, as was the case with the smaller districts reviewed in Bastrop County.

Recognizing that only about 52 cents of every education dollar is spent on instruction, Comptroller Rylander's goal is to drive more of every education dollar into the classroom. In addition, no longer will school districts' best practices and exemplary models be left buried inside individual TSPR reports. Instead, Comptroller Rylander has ordered best practices and exemplary programs to be shared quickly and systematically among all the state's school districts, and with anyone who requests such information. There is simply no reason for a district that has solved a problem well to keep the solution to itself. Comptroller Rylander has directed TSPR to serve as an active clearinghouse of the best and brightest ideas in Texas public education. Best practices identified in the original review of MISD will be included in the Comptroller's best practices database, *A+ Ideas for Managing Schools (AIMS)*, which is accessible on the Web at www.aimsdatabase.org.

Under Comptroller Rylander's approach, the TSPR team and consultants works with districts to:

- ensure students and teachers receive the support and resources necessary to succeed;
- identify innovative options to address core management challenges;
- ensure administrative activities are performed efficiently, without duplication and in a manner that spurs education;
- develop strategies to ensure the districts' processes and programs are continually assessed and improved;
- understand the links among the districts' functional areas and determine ways to provide a seamless system of services;
- 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 there is a business in the Yellow Pages that can do that job better and at a lower cost.

Finally, Comptroller Rylander has opened her door to Texans who share her optimism about TSPR's potential. Suggestions to improve school reviews are welcome at any time. The Comptroller is a staunch believer in public education and public accountability.

Detailed information can be obtained from TSPR by calling 1-800-531-5441 extension 5-3676, or by visiting the Comptroller's Web site at www.window.state.tx.us.

TSPR in the McDade Independent School District

In March 2000, the Comptroller's office began a performance review of the McDade Independent School District (MISD) as part of a countywide project to review the four districts in Bastrop County—McDade, Bastrop, Elgin and Smithville. This review signaled the first time since the initial pilot study in 1991 that the Comptroller's office has conducted a simultaneous countywide review of all of the districts in a single county. MISD is the smallest of the four districts in Bastrop County, with a kindergarten through grade 7 program.

Based upon more than five months of work, this report identified MISD's exemplary programs and suggested concrete ways to improve district operations. If fully implemented, the Comptroller's 19 recommendations could result in net savings of \$14,530 over the five years following the original report.

The Comptroller's office selected WCL Enterprises, a consulting firm based in Katy, Texas, to assist the agency with this review. The TSPR team interviewed district employees, school board members, parents, business leaders and community members and held a community meeting in MISD's cafeteria. To obtain additional comments, the review team conducted focus group sessions with district staff and received letters from a wide array of parents, teachers and community members. Comptroller staff also received calls on the Comptroller's toll-free hotline.

As part of the review, five campus and four central administrators and support staff, 12 teachers and 39 parents completed written surveys. The review team also consulted two databases of comparative educational information maintained by the Texas Education Agency (TEA)—the Academic Excellence Indicator System (AEIS) and the Public Education Information Management System (PEIMS).

MISD selected peer districts for comparisons based on similarities in student enrollment, student performance and community and student demographics. The selected peer districts were Bartlett, Dime Box, Moulton, Prairie Lea, and Silverton. TSPR also compared MISD to district averages in Texas Education Agency's (TEA's) Region 13 Education Service Center to which MISD belongs and the state as a whole.

McDade ISD in Profile

McDade ISD is located in Bastrop County approximately 40 miles east of the city of Austin. MISD served 234 students in 2000-01, up from 210 in 1999-2000. MISD has one campus serving students in pre-kindergarten through the seventh grade. Enrollment for 2001-02 is 235 students.

In 2001-02, MISD's student enrollment is composed of 37 percent Hispanic, 63 percent Anglo and less than one percent other. More than 51 percent of MISD's students are classified as economically disadvantaged.

In 2000, MISD received an *Academically Acceptable* rating from TEA.

In 2000-01, 81.9 percent of all students passed the Reading portion of the Texas Assessment of Academic Skills (TAAS) test; 78.1 percent passed the Math portion of the test and 61.8 percent passed the Writing portion.

In 2000-01, the district employed a staff of 36 employees, with teachers accounting for 18.4 or nearly 51 percent of MISD staffing. The district had expenditures of \$1.5 million in 2000-01. In 2000-01, 29.1 percent of MISD's revenues were generated through local taxes; 2.7 percent came from other local and intermediate sources and 65 percent came from the state, while 3.3 percent came from the federal government.

In 2000-01, MISD spent 53.7 cents of every tax dollar on classroom instruction compared to the state average of 52 cents. MISD's spending pattern is a marked improvement over 52.9 cents in 1998-99.

While the district still has work to do, both MISD staff and TSPR team members have a sense of steady progress. Nine recommendations have been implemented, seven are in various stages of progress and two have not been addressed. MISD officials rejected one recommendation because they believed implementation was not feasible at this time. (See Appendix A for details on the recommendations' status.)

McDade ISD Report Card

Chapter	# of Recommendations	Complete	In Progress	Not Implemented	Rejected	Percent Complete/In Progress	Rating
District Organization and Management	3	2	1	0	0	67%/33%	Satisfactory
Educational Service Delivery	1	0	1	0	0	0%/100%	Satisfactory
Financial Management	6	3	2	1	0	50%/33%	Satisfactory
Support Services	9	4	3	1	1	44%/33%	Satisfactory
Overall Grade	19	9	7	2	1	47%/37%	Satisfactory
<p>Excellent = More than 80% complete Satisfactory = 80% to 100% complete or in progress Needs Work = Less than 80% complete or in progress</p>							

Exemplary Programs and Practices

MISD is a school district with some notable successes, and TSPR has identified numerous “best practices.” Through commendations in each chapter, this report highlights model programs, operations, and services provided by MISD administrators, teachers, and staff members. Other school districts throughout Texas are encouraged to examine these exemplary programs and services to see if they could be adapted to meet local needs. TSPR’s commendations include the following:

- Because of the size of the district and the need for certified teachers, MISD encourages teachers to obtain multiple certifications in addition to the required elementary education certification. MISD pays for the required certification exam (EXCET) and also pays for additional training for teachers in areas such as dyslexia.

The district has only hired two or three new teachers since this project has been implemented, and the superintendent said the district is continuing to encourage teachers to obtain multiple certifications.

- MISD uses cooperatives to reduce its cost while still providing quality services. MISD has been a member of the Giddings Special Education Cooperative for many years. Through its membership in the cooperative, MISD provides diagnostic and psycho-educational services, articulation and language speech services, and related services such as occupational and physical therapy, auditory and visual services, in a cost effective manner.

The Giddings Special Education Cooperative continues to provide excellent services to children with disabilities in MISD. Last year, the cooperative served approximately 15 students in Pre-K through Grade 8.

- Over the years, the MISD superintendent has streamlined procedures, held costs down, established strong internal controls and accomplished efficiencies in several areas of the district's operations. For example, the superintendent instituted a policy that limited the amount paid to employees for accumulated sick leave when they left the district. The superintendent used lease financing to acquire the new secondary building in fiscal 1999. The lease financed \$100,000 of the cost of the facility. MISD will have sufficient funds in the 1999-2000 year to pay the lease off early and save the district approximately \$10,000 over the next four years. In addition, the district's disbursement procedures dictate that the superintendent and the president of the board must sign all vendor payment checks to ensure that all funds are expended as they were intended, and the superintendent includes a listing of all disbursements for the month in the board's monthly meeting packet for board members to review. Both of these practices demonstrate strong internal controls, a process, which is difficult with a limited number of employees. Finally, MISD's annual financial audits have disclosed no internal control problems or compliance shortcomings for the past four years.

The superintendent continues to keep the district running efficiently. This year, the district signed a new depository contract that reduced the interest rate on borrowed money from 9 percent to 4.95 percent. This contract saved the district a few thousand dollars on notes totaling a little over \$100,000.

- MISD's technology plan effectively integrates technology directly into the classroom instead of creating computer labs. Region 13 helped the district lease 25 computers for three years at \$100 per computer for a total cost of \$2,500. At the end of the three-year period, the district can buy the computers for \$1 each. MISD also used a Telecommunication Infrastructure Fund grant to acquire an additional seven computers for the Middle School. As a result, the district's student to computer ratio is 2.7:1.

Since the original review, the district has eliminated the computer lab at the elementary school and integrated these computers into the classroom. For the fourth and fifth grades, MISD purchased two carts that hold 20 computers each and can be moved among classrooms for group projects.

TSPR Key Recommendations

Listed below are some of the key recommendations that district administrators and staff said they believe had the greatest impact on district operations. These recommendations are organized by chapter and by the area of operation outlined in the original report.

District Organization and Management

Recommendation 2: Publish a quarterly newsletter and complete the construction of the Web site. According to the superintendent, publishing a newsletter and completing the Web site has encouraged parents and grandparents to become more involved in what is going on at the school. The district has witnessed bigger turnouts at school functions and improved participation in school activities.

Financial Management

Recommendation 6: Generate a monthly budget comparison report for the board. Monthly budget comparisons give the board the information it needs for effective decision making. Some board members have previously asked for this type of information, and now they are satisfied with the level of budget information they are provided.

Support Services

Recommendation 19: Request a State Energy Conservation Office audit and shift a portion of the bond proceeds already dedicated to building improvements to energy saving retrofits. The superintendent believes energy management is the district's greatest need at this time. Getting these buildings renovated so that energy costs are reduced and the facilities are safer for children is a top priority for the district.

What Remains to be Done?

MISD has made steady progress in implementing TSPR recommendations, particularly considering that a new principal joined the district during this time. Eighty-four percent of the TSPR recommendations either have been implemented or are being implemented at the present time. District administrators have not implemented two of the report's recommendations and have provided their reasons for their delay or inaction on one other. This section addresses the key areas requiring additional attention.

Financial Management

The district has made significant progress in implementing the recommendations related to its financial management duties. To continue this progress, the district should ensure staff members work closely with Region 13 to satisfy additional reporting requirements required by the Governmental Accounting Standards Board (GASB) Statement Number 34. TSPR also encourages the board and superintendent to establish policies and procedures to require capitalization of items that cost \$5,000 or more and inventory items with a unit cost of \$500 to improve oversight and increase efficiency. If implemented, these recommendations will better

prepare the district to meet the requirements of GASB 34 and at the same time protect the district's assets.

Support Services

While the district is modifying its technology plan and developing a comprehensive disaster recovery plan, it has not developed a technology forum among Bastrop County districts. Informally, technology staff from larger districts are consulted, and the district maintains a relationship with other Region 13 districts. A technology forum consisting of staff with technology expertise from each of the districts would provide an opportunity to share knowledge and to address common challenges faced by each of the districts. Each district could benefit by identifying the current processes that improve efficiency or reduce costs.

MISD's Ideas for Improving the Texas School Performance Review

The Texas School Performance Review team does not assume that its process for performing school reviews works so well that it cannot be improved. Therefore, as part of the progress report preparation, TSPR asked McDade ISD staff members and administrators what went right and what went wrong—and how the process could be improved.

The feedback TSPR has received from other districts led to improvements in the review process. For example, early reports did not include implementation strategies, and districts told TSPR they needed help in getting started. As a result, the reports now include implementation strategies and timelines to complement the recommendations. Districts have told TSPR these blueprints are invaluable to achieving the desired results. But, it is important for TSPR to continually be mindful of those things that did not work as intended so that the review process can be continually improved.

McDade administrators and board members made the following observations:

In all, the superintendent noted there was not much coordination between the various members of the team. Various team members requested the same data and they made excuses for why they needed a second or third copy of the same information. This complaint has occurred during other school reviews, and TSPR is working with consultants to ensure repeat requests are kept to a minimum. Remedying this problem will be a priority for TSPR in future reviews.

The superintendent believed the audit was thorough and they did a good job. He said the consultants provided some good information during the process that the district found useful. These ideas did not necessarily end up a recommendation in the report, but through side conversations, the district learned some helpful information and received pointers in other areas.

As a whole, the superintendent said everyone from TSPR and the consultants listened and seemed to genuinely want to work with the district. In the food service area, however,

administrators pointed out a problem with the color-coded lunch cards that the consultant should have corrected before publication of the final report. TSPR regrets the error.

Appendix A: Status of Recommendations and Savings

Chapter 1: District Organization and Management

Rec#	General Recommendation	Implementation Status	TSPR's Projected Five-Year Savings (Costs)	Actual Savings (Costs) to Date	MISD's Projected Five-Year Savings (Costs)	Comments
1	Develop a comprehensive strategic plan addressing future educational, facility and financial needs. p. 16	Complete	\$0	\$0	\$0	The board and the community have discussed this issue in great detail, and the district decided to remain a Pre-K through grade 7 district.
2	Publish a quarterly newsletter and complete the construction of the Web site. p. 18	Complete	(\$1,800)	(\$500)	(\$2,300)	The district began to publish the newsletter during the last school year. The superintendent compiles the information for the newsletter with assistance from the principals. The district purchased a

						bulk mailing stamp from the post office and uses it to mail the newsletter to all Post Office boxes in the district in a cost efficient manner. The newsletter has been well received by the community with several positive comments received.
3	Develop a Parent/Volunteer Involvement Program. p. 20	In Progress	\$0	\$0	\$0	The school principal is overseeing this effort, but the program is limited at this time. It has been difficult to recruit volunteer parents because of the parents' work commitments.
Totals: Chapter 1			(\$1,800)	(\$500)	(\$2,300)	

Appendix A: Status of Recommendations and Savings Chapter 2: Educational Service Delivery

Rec#	General Recommendation	Implementation Status	TSPR's Projected Five-Year Savings (Costs)	Actual Savings (Costs) to Date	MISD's Projected Five-Year Savings (Costs)	Comments
4	Teachers who are successful in supporting student technology projects should share their techniques with other teachers. p. 34	In Progress	(\$8,000)	(\$4,500)	(\$7,000)	The district is using a portion of its Telecommunication Infrastructure Fund to cover the cost of teacher training through e-Teach Workshops. The superintendent said he has had nothing but positive comments from teachers who have gone through the program.
	Totals: Chapter 2		(\$8,000)	(\$4,500)	(\$7,000)	

Appendix A: Status of Recommendations and Savings

Chapter 3: Financial Management

Rec#	General Recommendation	Implementation Status	TSPR's Projected Five-Year Savings (Costs)	Actual Savings (Costs) to Date	MISD's Projected Five-Year Savings (Costs)	Comments
5	Settle the successor-in-interest for the Bastrop County Education District among participating districts to reduce administrative time and effort. p. 50	Not Implemented	\$0	\$0	\$0	This recommendation has not been a district priority. At this time, the district is content to allow Bastrop ISD to continue to handle the administration. McDade's total intake is only about \$600 a year; therefore it doesn't seem worthwhile to pursue this issue.
6	Generate a monthly budget comparison report for the board. p. 53	Complete	\$0	\$0	\$0	The board now receives a report that compares budgeted amounts to actual amounts spent to date, and the board has expressed appreciation for the additional information.
7	Develop an implementation strategy for GASB	In Progress	\$0	\$0	\$0	The district's bookkeeper and Region 13 are

	Statement No. 34 to meet annual external financial reporting guidelines and TEA's regulatory reporting requirements. p. 55					working on this recommendation, and district officials believe they are going to be prepared for its implementation.
8	Establish policies and procedures to require capitalization of items with a unit cost of \$5,000 or more, and inventory items with a unit cost of \$500. p. 57	In Progress	\$0	\$0	\$0	The bookkeeper and Region 13 are addressing this issue as they work through the GASB 34 issues. A policy has not yet been adopted, but the superintendent will be bringing this to the board along with other policy updates in the coming months.
9	Establish procedures to ensure compliance with all state and local purchasing laws and policies. p. 60	Complete	\$0	\$0	\$0	The district has not made any additional purchases that were in excess of the \$25,000 limit since the report's publication, but this recommendation has heightened the district's awareness, and the business manager is now looking for these purchases to ensure compliance.
10	Establish	Complete	\$0	\$0	\$0	While the district

	interlocal agreements with other school districts before making purchases using other school districts' bids. p. 61					has not had an opportunity to purchase under an interlocal agreement, the superintendent is informally contacting vendors and requesting they give McDade ISD the same pricing provided to Bastrop and Giddings ISDs. This process has worked effectively for the district.
	Totals: Chapter 3		\$0	\$0	\$0	

Appendix A: Status of Recommendations and Savings

Chapter 4: Support Services

Rec#	General Recommendation	Implementation Status	TSPR's Projected Five-Year Savings (Costs)	Actual Savings (Costs) to Date	MISD's Projected Five-Year Savings (Costs)	Comments
11	Develop written job expectations and performance appraisals for each Food Services employee. p. 70	Complete	\$0	\$0	\$0	The district completed job descriptions for each Food Services employee within two months of the review's release.
12	Develop a uniform policy and conform with the Federal Food Code requirements for proper hair restraints. p. 71	Complete	(\$620)	\$0	\$0	As of October 2000, all Food Services workers now either wear their hair in a pony tail or they wear a hair net. All Food Services workers also have been issued and wear uniforms.
13	Review outsourcing opportunities for MISD's Food Services operation to reduce deficits and remedy facility needs. p. 73	Complete	\$12,000	\$0	\$0	While the district still has a deficit, the superintendent and the Food Services manager have worked to improve the quality of the food and the participation

						rates. Both have improved considerably; therefore, the district has decided to continue performing this function in-house.
14	Discontinue the practice of assigning color-coded meal cards to students that represents their eligibility status. p. 76	Complete	\$0	\$0	\$0	The district has color-coded cards for students buying lunches for 5, 10, 20 to 30 days. The children who eat lunch free receive a 30-day card, and the children who pay a reduced-price for lunch receive a card based upon the number of days the parent has paid. There is no differentiation between children who pay and those who do not.
15	Solicit bids from various vendors for a point-of-sale system, or consider an automated solution for collecting, reporting and managing food service financial data. p. 77	Rejected	(\$5,500)	\$0	\$0	Because of the district's size, this district has not pursued this recommendation because officials believe that implementation will not be cost effective.
16	Modify the existing	In Progress	\$0	\$0	\$0	In June 2001, the former assistant

	technology plan to delineate the specific tasks necessary to reach the district goals and spending priorities. p. 89					superintendent prepared a draft plan. The new principal/assistant superintendent is reviewing the plan and will finalize it in the coming months.
17	Develop a comprehensive disaster recovery plan and test it. p. 90	In Progress	\$0	\$0	\$0	The district has only a limited disaster recovery plan. With the update of the technology plan, which is under way, provisions for back up and storing disks will be reviewed and included in the final plan.
18	Develop a technology forum among all Bastrop County districts. p. 92	Not Implemented	\$0	\$0	\$0	The district is using the services of Region 13, as are most of the other districts in Bastrop County. For example, with the e-Teach training program, the instructors were coordinated through the Regional Service Center.
19	Request a State Energy Conservation Office audit and shift a portion of the bond proceeds already dedicated to building improvements to	In Progress	\$18,450	\$0	\$0	The district passed a bond issue but did not get any of the Instructional Facility Alotment money. On August 23, 2001.

	energy saving retrofits. p. 94					the district was granted IFA. but all of that money has already been dedicated to other projects. The district, however, applied for a grant through TEA for money to perform this work. They should know by December 19 whether they will qualify for the money from TEA to replace roofs and do other renovations.
	Totals: Chapter 4		\$24,330	\$0	\$0	
	TOTAL SAVINGS		\$14,530	(\$5,000)	(\$9,300)	