AN ANALYSIS OF EXECUTIVE LEADERSHIP BELIEFS THAT CONTRIBUTE TO DISTRICT FINANCIAL STABILITY

A Doctoral Thesis Presented to the
Faculty of the College of Education
University of Houston

In Partial Fulfillment
Of the Requirements for the Degree

Doctor of Education
In Professional Leadership

by

Jennifer Helen Renee Fairchild
December 2015

AN ANALYSIS OF EXECUTIVE LEADERSHIP BELIEFS THAT CONTRIBUTE TO DISTRICT FINANCIAL STABILITY

A Doctoral Thesis for the Degree

Doctor of Education

by

Jennifer Helen Renee Fairchild

Approved by Doctoral Thesis Committee:

____
Dr. Robert Borneman, Co-Chairperson

____
Dr. Angus J. MacNeil, Co-Chairperson

____
Dr. Michael W. Emerson, Committee Member

____
Dr. Robin McGlohn, Committee Member

____
Dr. Robert H. McPherson, Dean
College of Education

December 2015

Dedication

This body of work is dedicated to my husband Ace Fairchild, my sons Randall Eardley and wife Emily, Ryan Eardley and wife Kristi, and Marshall Fairchild. To my mother Frances DeChane and sisters Jami Kay Owens and Terri Lawhorn. To my beautiful granddaughter Isabella "Bella" Eardley and the little granddaughter that will be with us soon. To my father-in-law and mother-in-law Hoot and Marjorie Fairchild.

Words cannot express my love for each of you – I am truly blessed!

Acknowledgements

I could not have completed this journey without the help of many who were willing to take the time to encourage, mentor and cheer me along the way. I would like to take a moment to honor their part in this accomplishment.

Thank-you, Dr. Robert Borneman, for supporting me throughout this journey. Your kind, caring support, sound assistance, direction and guidance made it possible for me to complete this project. You are a remarkable teacher and dedicated professional that I will always hold in deep respect. I would also like to thank my committee members, Dr. Angus McNeil, Dr. Michael Emerson and Dr. Robin McGlohn, whose support, advice and unending guidance I value deeply. Dr. Anthony Rolle, your knowledge and guidance in relation to school finance enabled me to strengthen the scope of my study. Thank-you Dr. Steven Busch and Dr. Julie Fernandez, for validating and encouraging me throughout this process. All have been excellent instructors who model commitment and integrity at the highest levels.

Sara, Sonya, Alejandro, Kim, and Deanna, my friends and my Sugar Land classmates, we have managed this journey together through may hurdles, tears and successes. I know I could not have done this without your encouragement and friendship. You are amazing educators and I am honored to be both your colleague and friend.

To my family, I owe a deep debt of gratitude. Thank-you to my constant cheerleaders, my beautiful, smart sisters Jami Owens and Terri Lawhorn, who celebrated each milestone with me. As editors and transcribers throughout this project, we have

been on every step of this journey together. I share this success and accomplishment with you - It belongs to all of us.

To my dear mother, Frances DeChane, who taught me the importance of education, of striving to reach my goals and that hard work and dedication pays off. I could not have done this without your continued love, support and companionship while driving the five hours back and forth to class in Houston. Be it sitting beside me or via telephone, your conversation kept me focused and alert through tedious hours of driving.

To my children Randy, Ryan and Marshall for their encouragement, continued love and support. I am so honored and proud to be your mom and I love you more than words can say.

Finally, to my devoted husband Ace Fairchild, who never complained about the time I was away from home to pursue this goal, the financial implications or a late or absent meal. Words cannot express the love and gratitude I feel for you. You have always been my greatest supporter and best friend. I know that I would not be where I am today if not for you. I can only hope I have made you proud. I love you!

AN ANALYSIS OF EXECUTIVE LEADERSHIP BELIEFS THAT CONTRIBUTE TO

DISTRICT FINANCIAL STABILITY

An Abstract
Of a Thesis Presented to the
Faculty of the College of Education
University of Houston

In Partial Fulfillment
Of the Requirements for the Degree

Doctor of Education
in Professional Leadership

by

Jennifer Helen Renee Fairchild

December 2015

Fairchild, Jennifer. "An Analysis of Executive Leadership Beliefs that Contribute to District Financial Stability." Unpublished Doctor of Education Thesis, University of Houston, December 2015.

Abstract

Funding Texas schools and the effect those finances have had on student achievement has been the center of many recent debates. Since the Gilmer-Aiken Act of 1949, which established the basis for the Foundation School Program, Texas has struggled with equity issues associated with school funding. State funding criteria as defined by Chapter 41 and Chapter 42 of the Texas Education Code, also referred to as the Robin Hood system, allowed for a redistribution of tax funds between property wealthy and property poor school districts. Superintendents faced with changes in a district's financial status have found themselves exploring alternative ways to provide the services and guidance that the district needed to align with the goals and admonishments of the school board.

The purpose of this study was to determine the strategies that Superintendents and Chief Financial Officers believe they utilized to ensure district financial stability in today's changing economic designations. This qualitative study used interviews with six Superintendents and two Chief Financial Officers in eight districts, selected purposively to represent property wealth designated districts within the Eagle Ford Shale boundaries of South Central Texas. Face to face interviews were used to gather information about the strategies Superintendents and Chief Financial Officers believe contributed to district financial stability and described their experiences in regard to sudden property wealth conditions. The study design allowed participants the opportunity to verbalize their current views and beliefs on what strategies contributed to financial stability.

The following themes emerged from the data: (a) Participants believed tax ratification elections and bonds were effective methods to keep locally generated funds from state recapture, (b) Participants believed monitoring and fiscal responsibility were necessary when faced with sudden wealth to maintain financial stability, and (c) Participants believed their community expectations sought no district financial status or practice change and renewed objection to state recapture. Outliers, relevant to the study were also included.

Data collected from the eight participants indicated an awareness of their financial responsibilities and implications associated with sudden wealth. Varied methodologies were used to ensure financial stability despite the fact all districts were Chapter 41 and utilized multiple approaches. Notwithstanding the methodology used, the consequences and debt of their approaches inevitably reverts to the taxpayer.

Table of Contents

Chapter Page

Dedication ... iv
Acknowledgements ... v
Abstract ... viii
List of Tables ... xiii
List of Figures ... xiv
Chapter I ... 1
Introduction ... 1
Statement of the Problem: ... 2
School Funding. ... 2
The Effects of Eagle Ford Shale. ... 3
Superintendent Tenure. ... 4
School House Bonds. ... 6
Student Achievement. ... 7
Purpose of the Study: ... 9
Research Questions: ... 9
Research Design: ... 9
Definition of Terms: ... 10
Limitations: ... 11
Chapter II ... 13
History of School Finance ... 13
Financing Public Education ... 17
Judicial Reforms – Texas Public Schools ... 20
Rodriquez v. San Antonio Independent School District – 1971 ... 21
Edgewood Independent School District versus Kirby (I) 1989 ... 23
Edgewood Independent School District versus Kirby II (2) 1991 ... 24
Edgewood Independent School District versus Kirby III (3) 1992 ... 25
Edgewood Independent School District IV (4) 1993 ... 26
Four Wealthy School Districts – 2001 ... 27
Finance System Revised - 2006 ... 27
Six School Finance Lawsuits – 2013 and 2014 ... 28
Traits of Executive Leadership necessary for financial stability ... 34

The Superintendent – Executive Leadership ... 37
Effective Leaders ... 40
Community Relations ... 41
Quality of Conditions and Education ... 42
Reports that Shaped Texas School Finance ... 44
Community Perception - Building Relationships ... 51
School House Bonds ... 51
Chapter III ... 53
Introduction ... 53
Purpose of This Study ... 54
Research Design ... 54
Research Questions ... 55
Population and Sample ... 56
Procedures ... 57
Phase I – Approval of the Institutional Review Board ... 57
Phase II – Identify and select school districts. ... 57
Phase III – Data collection. ... 58
Phase IV – Data analysis ... 59
Phase V – Data reporting ... 60
Instrument ... 61
Limitations ... 61
Summary ... 62
Chapter IV ... 63
Introduction ... 63
Interviews ... 63
Participant Demographics ... 63
Interview procedures ... 67
Interview Results ... 71
Research Question One - Methods used to keep local taxes ... 71
Research Question Two - Approaches, processes and procedures ... 75
Research Questions Three - Community Expectations ... 82
Outliers ... 91
Conclusion ... 92
Chapter V ... 93

Introduction 93
Discussion of the Results 93
Implication for School Leaders 98
Recommendation for Further Research 100
Conclusion 101
References 103
APPENDIX: A 122
APPENDIX: B 124
APPENDIX: C 129
APPENDIX: D 131
APPENDIX E 133

List of Tables

Table 1. Early Legislative Reforms 20
Table 2. Federal Impact Aid Categories 34
Table 3. Participants Years of Experience in Education and Current Position 66
Table 4. Qualitative Evidence of frequency Provided for Each Theme 70
Table 5. Methods to keep local taxes 74
Table 6. Approaches, processes and procedures 82
Table 7. Community Expectations 91

List of Figures

Figure 1. Participant experience in Education and their Current Position....................... 67
Figure 2. Frequency Provided for Each Theme 70
Figure 3. Comparison of culminated responses to Methods to Keep Local Taxes.......... 75
Figure 4. Approaches, processes and procedures used to maintain financial stability 82
Figure 5. Comparison of responses to the common theme Community Expectations 91

Chapter I

Introduction

Funding Texas schools and the effect those finances have on student achievement has been the center of many recent debates. Throughout history Texas legislatures have proposed several stop gap measures to equalize school district wealth. Public school districts will sometimes traverse the boundary from property poor designation to property wealthy in a short window of time. Along with sudden wealth, higher student achievement may be expected. Texas school administrators and educators are constantly looking for ways to strengthen student achievement.

The Texas school finance equitable funding system was the result of a common belief that the only means to assist less wealthy districts compete well in academic standards is with increasing wealth. State funding criteria through the so called Robin Hood system is a means of redistributing tax funds from wealthier school districts to less wealthy school districts. Passage of Texas state legislation is the result of this common belief in fairness to all students.

Tax base wealth does not normally change substantially within a couple of years. Petroleum exploration can represent a sudden and unexpected source of wealth to a tax base that may dramatically affect tax revenue to a public school. The Eagle Ford shale formation of oil and gas represent exactly such a source of immediate wealth. School districts as well as many local businesses in South Central Texas are experiencing growth issues associated with a modern day 'oil boom'. Sudden wealth and conversion from Chapter 42 to Chapter 41 state funding criteria and the relationship of higher tax base versus student achievement will be addressed in detail. Can one conclude with any amount of certainty student academic success or achievement is in any way proportionate to the money spent educating the student?

Statement of the Problem:

School Funding. Since the Gilmer-Aiken Act of 1949, which established the basis for the Foundation School Program, Texas has struggled with equity issues associated with school funding. Of note is the Edgewood v. Kirby Texas school finance case in1984. Sixty-seven school districts, as well as many other parents and students, joined the original plaintiffs (Walker & Thompson, 1990). In 1987, The Texas Supreme court ordered the state legislature to implement an equitable school finance system. The Texas school finance system was deemed unconstitutional in 1989 on both "equal protection" and the "efficiency" clauses of the state's education article (Walker & Thompson, 1990). The ruling was later reversed on a two to one appeal. In October of 1989, the Texas Supreme court affirmed the trial courts' decision with modifications.

In May of 1993, the Texas State Senate revised the state school funding system by adopting Senate Bill 7. Later known as the Robin Hood bill (Smith, 2003), wealthy districts were given options to address equalization. Under the plan, each school district would help to equalize funding through one of five methods: (1) merging its tax base with a poorer district, (2) sending money to the state to help pay for students in poorer districts, (3) contracting to educate students in other districts, (4) consolidating voluntarily with one or more other districts, or (5) transferring some of its commercial taxable property to another district's tax rolls (TEA, 2014). Some poor Chapter 42 school districts used recapture funds for items that needed immediate attention such as renovating buildings, upgrading outdated technology, providing equipment and making major repairs to air conditioning (Aleman, 2005).

The current school finance system in Texas still contains the Foundation School program established in 1975 but has since added the target revenue system in 2005 (TTARA Research Foundation, 2012). The Foundation School Program guarantees each Texas school district has “equalized and adequate” resources to provide a basic education to all students and enrichment funds to districts that supplement basic funding to provide facilities. Basic needs are calculated under one formula and enrichment funds for facilities are calculated under a second set of perimeters (Texas Association of School Board Officials, 2013). Once these calculations are complete, funds are sent to the districts based on the state’s projected share and the amount of money raised through local property taxes.

The Texas legislature adopted a “target revenue system” in 2006 as part of a tax relief initiative. Districts were required to reduce their maintenance and operation (M & O) rate to two-thirds of their 2005 local rate (Smith, 2003). All districts were guaranteed revenues equal to the 2005-2006 school year amounts. Revenue adjustments have been made in every legislative session since 2005 to clear up historical funding discrepancies.

The Effects of Eagle Ford Shale. Many school districts within the Eagle Ford Shale area are experiencing financial growth based on assessed property values from the area. Property values in school districts within the 50-mile-wide by 400-mile-long formation (Smith, 2003) have increased local revenue far beyond the comprehension of financial demographers. The increased revenue is helping to build new schools, renovate existing structures, and upgrade technology but is also causing some concern with local Superintendents (Smith, 2003).

According to the company website (Energy from shale, 2014), the Eagle Ford Shale gas formation was discovered in 2008 and contains both oil and natural gas reserves. In 2010 the Eagle Ford Shale industry provided $47.6 million in local revenue. The Eagle Ford shale formation is one of the most active drilling sites in America with forecasts of adding additional drilling sites well into 2021.

Goliad Independent School District has been dealing with Chapter 41 for six years (Smith, 2003). Higher enrollment decreases the wealth per student causing payments from recapture to decrease (Long, 2014). LaPorte Independent School District over staffed and unable to meet the mandates of Senate Bill 7 (Webb, 2005) has been forced to cut their budget. With payroll the largest part of school budget, LaPorte Independent School District has been forced to lay-off hundreds of employees. Districts such as Goliad and LaPorte Independent School District are looking for ways to keep property wealth generated taxes local. With increased frequency, districts in the Eagle Ford Shale area are asking voter to approve school bonds for the purpose of funding schools and needed improvements (Long, 2014).

Superintendent Tenure. Texas school Superintendents have many responsibilities allocated to them by a school board of Trustees. As chief executive officer of an Independent School District, Superintendents are charged with direct and indirect employee supervision, general management, financial oversight, student progression, allocation of resources, and enforcement of all state and federal statutes and programs relating to schools.(Smith, 2003) Superintendents today must be "communicators, collaborators, consensus creators, community builders, child advocates, champions of curriculum and masters of teaching and learning" (Houston, 2007).

Lloyd Jenkins (Jenkins, 2010) president of the Board of Trustees in Plano Independent School District believes it is the responsibility of the Superintendent to create strategies and initiatives necessary to accomplish the goals of the school board. "The board governs, and the Superintendent manages. In order for the District to be successful, the Superintendent must be successful" (Jenkins, 2010). To ensure upward district mobility, a Superintendent must be accomplishing the goals set by the board and maintain a state of equilibrium between all the district processes. Tenure of a Superintendent can be based on success or failure of the goals set by the board. According to the American Association of School Administrators (2007), the average tenure of a Superintendent in 2007 was less than six years. Top skills required of a successful Superintendent include 1) leadership, vision, strategic thinking and problem solver, 2) communication and community relations, 3) interpersonal skills and 4) good character according to the 2004 study completed by the National School Public Relations Association (Henry, 2004). Politics, school board conflict, leadership skills, community interaction and demographics may lead sitting Superintendents to an early exit of the position. While there are multiple factors that influence a Superintendents' job security within a district, the outcome of a bond issue to maintain locally generated funds may be very relevant (Henry, 2004).

Many districts within the Eagle Ford Shale area have been notified by the Texas Education Agency that the property appraisal values have changed in their areas. Districts that have previously been labeled property poor districts (Chapter 42) have suddenly found the reverse to be the case. Superintendents faced with changes in a district's financial status may find themselves exploring alternative ways to provide the services and guidance the district needs to align with the goals and admonishments of the school board.

School House Bonds. Texas school districts are turning to school house bonds to keep local dollars local. Under Texas Education Code Chapter 41 (TEA, 2014), school districts are allowed to collect local tax effort for maintenance and operations and debt service to finance capital improvements. State law limits the ability to utilize maintenance and operation taxes for capital expenditures particularly when constructing new facilities (Webb, 2005).

The regular operating budget is currently dedicated to the operating costs of educating students, inclusive of teacher salaries, administrative costs, supplies, and utilities. The items included in a bond program are capital costs, which are financed and paid for over a period of time. The Texas Education Code has a separate tax rate and accounting fund for bonds used to finance capital improvements. The ability to vote bonds for capital improvements allows local districts to raise funds for these items without reducing the amount of tax revenue otherwise available to fund operations. Successful bonds have included a percentage for technology advances or projects (TEA, 2012). In 2010, Texas school districts levied 8.4 billion dollars in school bond indebtedness and sale of real property (TTARA, 2012). Rural districts appear to be at a disadvantage in passing school bond elections as compared to elections held in the urban districts (Johnson, 2008). The smaller the district the more difficult it is to pass a bond (Johnson, 2008).

Literature identifies factors affecting passage of a school bond issue as 1) understanding what level the voters will support, 2) presenting a focused referendum, 3) presenting a united front from multiple stakeholders, 4) communicating important and transparent information, 5) developing good relationships with the media and 6) leadership skills of the Superintendent (Johnson, 2008; Davis, 2003). The passage or failure of a school bond can determine the goals of a district for many future years (Godown, 2011).

Student Achievement. Spending on schools and student achievement is a choice made at the local and state level primarily controlled by school boards. Determining the financial needs of districts to educate the individual student has become a political issue debated every other year in the Texas state legislature. Adequacy studies according to Hoffman, Wiggall, Dereshiwaky and Emanuel (2013) forecast how much funding is needed to achieve desired student outcomes. Rossmiller (1992) argued equal dollars do not necessarily provide equal education opportunities. Student achievement data should be examined for relationships between the allocation of resources and student outcomes.

Literature suggests students living in areas of poverty are more difficult to educate because of the deficits they come to school with (Hoffman et al., 2013). Meeting the needs of students in poverty requires additional funding for interventions and support. While money alone cannot improve student achievement, funds are necessary to provide quality educators, resources and appropriate programs (Hoffman et al., 2013). Schools that can afford to pay higher teacher salaries provide more extensive staff development for staff, and purchase new equipment and technology tend to have higher student test scores and linked to college readiness (Hoffman et al., 2013). In 2005, following a suggested mandate by an organization called First Class, Governor Rick Perry issued Executive Order RP47that directed all Texas school districts to spend 65% of district funds on instructional purposes in order to maximize the academic performance (Terry, 2011).

Twenty three school districts were notified in 2013 by Texas Education Agency of a change in financial status and are now considered property wealthy by the state of Texas. With this designation, districts will now be forced to return locally collected school taxes for re-distribution to Chapter 42 districts (Simmons, 2001). Faced with the sudden loss of revenue, school districts are faced with implementing creative ways to maintain state regulated student academic levels (Brownson, 2002). Going from Chapter 42 to Chapter 41 may not always mean less money per student is available for district usage. Districts are forced to examine the effect sudden wealth may have on maintaining or increasing student achievement (Uribe, 2004). Public perceptions versus reality may differ on how local students would benefit from wealth if shared or recaptured, leaving the dollar amount of any ideas proposed at issue (Warren, 2004).

In the state of Texas, the increasing levels of accountability require school districts to provide an acceptable level of education to all students regardless of the wealth or geographic location of the district. According to Uribe (2004) school districts across the state are being required to do more with less while maintaining a state mandated level of student achievement. Rossmiller (1992) argued equal dollars do not provide equal education opportunities. The leadership of the Superintendent is the most important aspect in successful reforms that positively student achievement. (Fullen, 1998)

There has been very little research based on the relationship between property wealth used for district funding and student achievement (Johnson, 1999).

Purpose of the Study:

The purpose of this study is to determine the strategies Superintendents and Chief Financial Officers believe they utilize to ensure district financial stability in today's changing economic designations. The financial practices identified or absent in the literature review guided the formation of the questions in the interview protocol. It is expected financial strategies identified in this study will be used by Superintendents and Chief Financial Officers to improve or support current or future financial stability practices.

Research Questions:

1. What methods do school districts Superintendents and Chief Financial Officers believe needs to be employed to keep locally generated funds from state recapture?
2. What approaches, processes or procedures do district Superintendents and Chief Financial Officers perceive as necessary to enact when faced with sudden wealth to maintain or ensure financial stability?
3. What are thought to be community member expectations of their school district, as correlated with sudden school property wealth. Do they change or stay the same based on the increased property wealth?

Research Design:

This qualitative study will use interviews with Superintendents and Chief Financial Officers in eight districts, selected purposively to represent property wealth designated districts within the Eagle Ford Shale boundaries of South Central Texas. Face to face interviews will be used to gather information about the strategies Superintendents and Chief Financial Officers believe they utilize to ensure district financial stability in today's changing economic designations. The study design will allow participants the opportunity to verbalize their current views and beliefs on what strategies constitute success. Data analyzed will include commonalities, outliers, and frequency of responses.

Definition of Terms:

ADA (Average Daily Attendance) – The average number of students at school on a normal school day.

Basic Allotment – The amount of money a Texas school district gets per student to provide state-required education.

Chapter 41 District – A school district with property wealth that is greater than $319,500.00 per student (WADA). Chapter 41 is considered to be a property wealthy school district.

Chapter 42 District – A school district below the equalized property wealth level of $319,500.00. Chapter 42 schools do not pay recapture.

Interest and Sinking Fund (I & S) - fund used by districts to pay for bonded indebtedness, facilities, and capital outlay.

Maintenance and Operation (M &O) - funds spent to operate the school district. No funds utilized for bonded indebtedness are a part of maintenance and operation funds. The legislative cap on the funds is $1.17 per $100 valuation.

Recapture - the act of taking property taxes from a district beyond a fixed amount and redistributing them throughout the State.

"Robin Hood" – Name given to the school finance system that requires wealthy school districts to share their locally-generated property tax money with the state of Texas to help pay for public education for all children.

Tenure – The amount of time someone has been in a specific position.

WADA – Weighted Average Daily Attendance – The practice of providing extra money for schools based on the number of special needs students enrolled in a school district. A weighted student count is used to distribute guaranteed yield funding and establish Chapter 41 thresholds.

Tier 1- is financed through a combination of state aid and local school district property taxes, tax rates, student enrollments, and district characteristics

Tier 2 provides additional funding to school districts with low property value to equalize the amount of revenue per Weighted Student in Average Daily Attendance available at a given tax rate. Each district is guaranteed a specific amount per weighted student in state and local funds for each cent of tax effort levied by the school district. These funds may be used for maintenance and operations, capital outlay, and debt service.

Limitations:

A variable that may limit this study will be the willingness of the selected sample of school district Superintendents and Chief Financial Officers to participate in this project. The study is limited to the state of Texas and the seven counties and thirty-three school districts listed in the Appendix. Only those Superintendents and Chief Financial Officers employed in their respective capacity for the 2014-15 school year will be included in this study. Due to the complexity and variety of educational situations, and the small number of Superintendents who will participate in the interviews, this research study should not be used as a generalization of the best practices for all Superintendents wanting to improve district financial stability. An assumption is made that Superintendents and Chief Financial Officers are forthright and honest in their responses.

Chapter II

History of School Finance

Thomas Jefferson (Jefferson, 1821) believed that for the good of the government and preservation of the republic, a plan was needed to educate all people without the violation of a single right of any individual. Plans for educating students in the Republic of Texas began in 1838 by President Mirabeau Lamar, later known as Father of Education in Texas (TEA, 2007). Texas sought annexation by the United States and was admitted to statehood on December 29, 1845 (TEA, 2005). In 1854 Governor Elisha M. Pease signed a bill advocating a public school system in Texas funded by the sale of land acquired in the Compromise of 1850 (TEA, 2007). The Texas Constitution of 1869 set aside 25% of general revenue for public education. Revenue from the sale of public domain properties would be distributed on a per student basis. The first school census was taken in 1854 with the student apportionment rate calculated at $.62 per student based on 65,463 students (TEA, 2007). In contrast, student enrollment in Texas for the school year 2012 – 2013 was 5,075,840 students with the student apportionment rate of $469.215 (TEA, 2014). Article 7, Section 1 of the Texas Constitution (2009) requires the legislature to provide for an efficient school system (McGee, 2011). It was the duty of the Legislature to establish and make provisions for the financial support and maintenance of an efficient system of public free schools (McGee, 2011) that guaranteed the general diffusion of knowledge to all students. The Texas Constitution of 1876 requires a balanced state education budget (Castro, 2011).

Historically, Superintendents have named several financial implications following legislative action focused on school finance to include: maintaining district financial stability, budget shortfalls that deplete a district's fund balance, diminished instructional program quality, facilities debilitation, local taxpayer revolt, reduction of extra-curricular programs, and consolidation with another district (Bigbee, 1999).

As early as the 1920's, literature notes a financial discrepancy between school districts and inequities in facilities and funding (McGee, 2011). In 1947, under the Governor Jester administration, the Texas Legislature adopted the Gilmer-Aiken laws. The Gilmer-Akins committee report (Kuehlem, 2004) proposed funding that would give each student "an equal minimal education opportunity" (Barrera, 2012, p. 20). The committee recommended a dual funded system from both state and local participation through local property taxes. The two goals of the Gilmer-Aiken Law were to eliminate educational inequities across the state and raise education standards (Kuehlem, 2004).

The Gilmer-Aiken law is actually made up of three legislative adopted bills, and formed the foundation for the Texas Public School System which remains the outline for current day decisions related to public school policy today (McGee, 2011). Under the Gilmer-Aiken laws, school districts in Texas were consolidated leaving 2,900 districts. Additional funds were allocated to equalize funding among districts; teacher salaries were raised; and mandated a 175 day school year (House, 2005). The Minimum Foundation Program (MFP) was enacted as part of the Gilmer-Aiken Act in 1949, and later became the Foundation School Program (FSP) as part of the Robin Hood Bill in 1993. The Robin Hood Bill contained specifics of the Foundation School Grant Program, a guaranteed yield for school districts, and a recapture provision (Imazeki & Reschovsky, 2004).

Over the years, equity became the basis for many education related legal arguments. Many states have begun to stress adequacy over equity because of school finance litigation (Odden, 1999). In the first Texas state school finance litigation case, Rodriquez vs. San Antonio School District in 1968, the two basic arguments focused on disparity in resources and adequacy of the level of education. Adequacy looked at the amount of financial resources needed to attain a minimum level of education as outlined in the state constitution (Imber, 2004). Equity was the level of per pupil expenditures across each of the school districts within a state. There are vast differences that exist between school districts when comparing expenditures per pupil (Hadderman, 2002).

The Colman Report (Coleman, 1966) suggested family and peer influences were an important determinant of student performance (Taylor, 1997) eliminating the theory resources made the difference. Coleman's report studies students in rural, urban and suburban areas. The strongest variable in the study accounting for student success was their parents' socioeconomic status. The Coleman (1966) *Equality of Educational Opportunity Study* could not be understood only as equal inputs and equal outputs. Student demographics such as poverty, minority status, and language background, are strongly related to student outcomes in math and reading assessments according to Darling-Hammond (2001) in a 50 state study. According to the United States Department of Education (1994), higher spending districts had smaller class sizes and higher paid experienced teachers. Students in poor school districts did not always have the necessary resources needed for instruction.

The federal No Child Left Behind (NCLB) Act of 2001 placed an emphasis on state standards and accountability to improve student performance (White, 2010). Fund distribution, based on state accountability, was used to encourage compliance with federal mandates. The Texas accountability system was enacted in 1993. Ratings were based on state determined standards and awarded four accountability rating categories; exemplary, recognized, acceptable and low performing.

In June of 2006, as a response to deadlines set by the Texas Supreme court, the Sharp Commission recommended changes in the property tax law that was later adapted by the Texas Legislature for education reform (McGee, 2011). House Bill 1 changed the taxing rate limits on Texas school property values. Property taxes were reduced over a two year period. This action cut property taxes from the $1.50 to $1.00 per $100.00 of property value cap (Stutz, 2006). Districts could raise taxes by $.04 with voter approval (Stutz, 2006).

The Texas education system is the largest school system in the nation with 1,031 school districts (Terman, 1997) and educating over four million students (Imazeki, 2004; Uribe, 2004). According to the Division of Research and Analysis, Texas Schools include 1,266 total public school districts educating 5,151,925 students during the 2013-14 school year (TEA, 2015). Texas educates ten percent of all students in the United States (Uribe, 2004). More than half of the Texas students qualify for free and reduced lunch, may be language limited and reside in small rural communities (Neely, 2005). Billions of dollars are spent from the local, state and government level to educate students each year (National Center for Education Statistics, 2004).

Funding in Texas is based on a three tier system that ensures a school district's access to revenue based on the districts tax collection rate. Students with greater needs receive more financial allocation. The Cost of Education Index (CEI) adjusts for additional finance needs in the areas of special education, compensatory education, and bilingual/English as a second language programs (Legislative Budget Board, 2001). Funding for these students is based on the actual number of students in each category multiplied by a state determined multiplier.

Voters located in districts considered property wealthy were given five options under Senate Bill 7 to elect how their recapture funds would be handled: consolidate with another property-poor district, give away property for tax value, purchase attendance credits from the state, give wealth to a Chapter 42 school district to equalize wealth, or consolidate with a property poor school district (Imazeki & Reschovsky, 2004). As a district's property wealth increases, it does not benefit the district. The district collects more revenue but does not get to keep it as the state aid is decreased (Moak, Casey & Associates, 2007).

Financing Public Education

Burrup (1988) believed with as expensive as public education is, the cost to society of not providing an adequate level of education is poor economy. Education is a fundamental role of enabling people to function in society (Reschovsky, 1994) Any investments a society can make in education will reduce a future need for social services or incarceration of the poorly or non-educated (Reschovsky, 1994).

Texas received ten million dollars in the Compromise of 1850. Two million dollars from that Compromise was used to create the permanent endowment fund referred to in the School Law of 1854. Under this law, counties were divided into school districts and payments from the state were made annually to school districts from the permanent fund (Walker, 1988). The Texas Constitution of 1876 provided education funding through a flat per capita grant (Castro, 2011).

Funding schools in the United States is a difficult process made more complicated as individual states interpret the constitutional mandate to provide an equal and adequate education to all students. Every state constitution contains an education provision allowing for states to provide a public school system. The Texas Constitution of 1879 provides a prohibition against a statewide property tax or income tax to fund schools (VanSlyke, 1994). The Texas Legislature is responsible for writing mandates, procedures and laws relating to public education and then finding ways to fund the system (Paul, 2008). The Constitution calls for a General Diffusion of Knowledge (GDK) to preserve the rights and liberties of the people (Groppel, 2013) and became the basis for more future equity and adequacy litigation. Ellwood P. Cubberley (1919) considered the father of American public school finance, believed adequacy in education contains both minimum state standards and encouragement to students to exceed those standards. The Coleman Report (1966) was a response to the Civil Rights Act of 1964 delved into the relationships between financial and societal expenditures.

Equity may not be just a money issue. Different funding methods have been tried to ensure education is equitable and adequate in Texas (Reschovsky,1994). Maximum financial capacity has always been a very important part of the education process meant to provide equal quality of education (Reschovsky, 1994). A correlation needs to be established on a per student basis with respect to learning facilities, teaching staff and curriculum encourages the best and the brightest to excel (Taylor, 1997). Flat grant funding allotments provide the exact same amount of funding per teacher or per pupil.

Foundation funding allows all districts to tax local property and collect revenue from land owners within the district boundaries. The incentive based program rewards teachers and school districts meet or exceed parameters or criteria set by the state. Equity can bring equal funding to all students no matter what school or district the student resides in (Loubert, 2000).

State funding that is mathematically equal may not be sufficient to meet the needs of all students. According to Schrag (2003), a direct correlation should occur between schools providing effective instruction and the states allocating sufficient financial resources to meet state achievement goals. Equality cannot be accomplished without acknowledging children who come from poor or otherwise disadvantaged backgrounds have higher costs associated with their education. As student numbers increase, the composition of the student body will change over time. Texas school population will continue to become more Hispanic, low-income (Murdock, 2003) or limited English speaking students.

Equity is measured based on the per pupil expenditure (Augenblick, 1997). States fund schools at different rates depending on number of and size of schools, special programs, salaries, and operating expenses. School districts seek to ensure every student receives an adequate education as compared to other students within the state. The Robert Berne and Leanna Stiefel (1999) model identifies major equity principles that have to be considered when contemplating school finance.

As outlined in Table 1, the funding system in Texas has led to many lawsuits challenging the equity and adequacy of the system. The majority of school funding is achieved at the local level through property tax. Until 1949 state funds were allocated on a per-pupil basis not on district need (Tucker, 1998). The Gilmer-Aiken act (1949) established a revenue system that set a rate of 80% revenue from the state and 20% from local tax dollars.

Table 1

Early Legislative Reforms – History of Legislation Affecting Texas Public Schools 1949-1997

Gilmer Aiken Bill	1949	The first attempt in Texas to provide a minimum foundation program
House Bill 72	1983	Attempt to provide equalization enrichment aid for property poor school districts
Senate Bill 1	1990	In response to supreme court standards, this bill made changes to the allocation system for state aid.
Senate Bill 351	1992	188 county education districts run by board of trustees for each taxing power. This unfunded mandate was not voter approved and eventually failed as originally drafted.
Senate Bill 7	1993	Recapture was instituted to equalize wealth. “Robin Hood”
Senate Bill 1	1995	Wealth equalization enhancements of the 1993 Senate Bill 7 with minor modifications.
House Bill 4	1997	Reiterated previous legislature form1993 and 1995 with minor modifications.

Note: Adopted from Simmons, 2001

Judicial Reforms – Texas Public Schools

School finance policy is usually centered on three values: (1) adequacy, (2) equity, and (3) capacity (Jones, 2014). The litigations in Texas School funding focused on adequacy in the 1980’s and equity in the later cases (Jones, 2014). Adequacy is sufficiency of resources in proper amounts to ensure desired outcomes (Walker & Thompson, 1990). Elements used to measure adequacy may include basic allotment, district adjustments, cost of education index, and transportation formulas. Technology planning, research efforts and productivity improvement should be included in new formula calculations (Walker & Thompson, 1990).

Rodriquez v. San Antonio Independent School District – 1971

In the spring of 1968, a group of unhappy parents from the Edgewood School District contacted civil rights lawyer Arthur Gochman to complain about the inadequate education their children were receiving (Yudof, 1974). Cited in the complaint were poor facilities, overcrowded classrooms, teacher shortages and lack of instructional materials (Yudof, 1974). Based on a recent judgment which dealt with disparities in school resources in 1972, lawyer Gochman advised the parents to file suit in the United States District Court charging unconstitutional denial of equal educational opportunity (Yudof, 1974). The initial case was brought against seven school districts and the Texas Attorney General. As the scope of the case grew the Commissioner of Education and State Board of Education was later added as defendants.

At issue in the Rodriquez versus San Antonio Independent School District case was the states method of financing education that relied on un-equalized local tax wealth and discrimination against students living in property-poor Texas school districts that denied those students equal protection under the fourteenth amendment of the United States Constitution (Yudof, 1974). The Rodriquez v. San Antonio Independent School District suit was the first case to challenge the constitutionality of the Texas school finance system. As the case progressed, the Attorney Generals' office spread the word that the Rodriguez lawsuit was a just a nuisance educators and politicians need not concern themselves with. Misleading newspaper stories implied the end to a quality education and school property taxes (Yudof, 1974). A federal district court ruled the finance system in Texas was in violation of the equal protection clause of the United States Constitution (Pikus, 1993). The three judge panel decision was based on their belief education was a fundamental right and property wealth per student has lead historically to discrimination (Pikus, 1993). Upon appeal, the United States Supreme Court deemed it constitutionally permissible to base public school finance on local property tax (Burch, 2001).

The Rodriquez case pointed out the relationship between poverty and schooling. The U.S. Supreme Court ruled a state could base the quality of public education on the amount of taxable wealth in the school district in which they reside (Burch, 2001). In the brief handed down from the high court, an equal education referred to equality of school attendance. Once the requirement of school attendance is met, what happens inside the school building becomes immaterial to the federal government (Burch, 2001).

Evidence was presented to the court about the school finance system that led the Justices to believe Texas had a finance system that was "chaotic and unjust" (Verstegen, 1987). The school finance system known as the Minimum Foundation Program was meant to compensate school districts that could not generate enough funds to operate their schools adequately. With the Minimum Foundation Program in place, the members did not feel like they could declare the system unconstitutional (Burch, 2001). The Solution to the equities had to come from the state legislatures and the process that elected them (Verstegen, 1987). The majority of the justices felt educational quality was not affected by the per pupil rate but is directly connected to equality and opportunity (Burch, 2001).

According to Burch (2001), one must develop capabilities and skills that permit one to engage others in their diversity to adequately participate in civil society. Students within a larger society cannot be educated with limited social capital (Burch, 2001). Atrophy happens as social capital diminishes. During the 1973 Legislative session, Governor Briscoe stated “property tax reform must precede or accompany school finance reform” (Yudof, 1974, p 402) thus the greatest hope for meaningful reform is in constitutional revision.

Edgewood Independent School District versus Kirby (I) 1989

The concept of equity for all school children has been the center of concern for the Texas public school finance system. Edgewood v. Kirby redirected some of the attention to the local taxpayer (Stevens, 1989). Originally filed in 1984, in the case of Edgewood Independent School District versus Kirby, a trial court in 1987 decided the state financial system was unconstitutional on both equal protection and the efficiency clause of the Texas state education article (Walker & Thompson, 1990). On appeal, the Texas State appellate court reversed the ruling of the lower court finding the necessity to leave control to local control of schools. Challenged at both the appeals court and trial court level, the Texas Supreme Court unanimously reversed the appeals court and affirmed the trial court decision with some modifications (Walker & Thompson, 1990).

The reversal by the Texas Supreme court included two major modifications to the final judgment: there would be no new money from a state imposed income tax and the mandates and funding would have to be decided by legislative action. The high court ruled on the “efficiency” requirement of Article VII, Section I of the Texas Constitution and avoided the “equal protection” question in the final analysis (Walker & Thompson, 1990).

Under the trial court judgment, local school districts had to be provided the “same ability” as other districts to obtain educational funds (Walker & Thompson, 1990). There would be no income tax imposed to support the educational effort. The trial court held there would be a direct correlation between a district’s tax effort and the local resources available. The Supreme Court affirmed the use of this fiscal neutrality standard of equity that was proposed by the lower court (Walker & Thompson, 1990). Walker (1990) also believes based on Article VIII of the Texas State Constitution, recapture of local property taxes is not a remedy without a constitutional amendment.

One of the primary objectives of the 1989 Legislative session was to establish a new school finance system as dictated by a Texas Supreme Court mandate no later than May 1, 1990. If implementation did not begin prior to September 1, 1990, an order would go into effect prohibiting the distribution of funds under the unconstitutional system (Walker & Thompson, 1990). Phase in was completed over time to allow future legislative action to become law. In 1990 the Texas legislature passed Senate Bill 1 in a Special Session which established five phase in reforms, added facilities and equipment into the foundation program, determined ninety five percent of students would be in a wealth neutral finance system by 1995, increased the adequacy standard and local share of the foundation program, and raised the tax rate while enacting several reforms (Walker & Thompson, 1990)

Edgewood Independent School District versus Kirby II (2) 1991

In July, the state district court found the most recent Texas school financial plan to be unconstitutional. The court found the revised school finance system did not provide “substantially equal access to similar revenue per pupil at similar levels of tax effort”

(Walker & Thompson, 1990). The injunction that had been set in place by the Texas Supreme Court was removed and the Legislature was given until September 1, 1991 to develop a new plan. The 1991 proposal was very similar to the previous funding system, therefore the high court once again found the plan unconstitutional and the sanctions were reinstated. Plaintiffs questioned the legality of a statewide recapture option which was ultimately deemed unacceptable for equalizing education financing disparities (Picus & Hertery, 1993).

The 1991 Texas Legislative session contained several school finance related bills. Senate Bill 351 created County Education Districts (CED) that combined school districts within and across counties to form taxing entities (Picus & Hertery, 1993). There were 254 counties in Texas that incorporated into a total 188 CED's with property wealth no greater than $280,000 per pupil. This system was allowed to operate for 1991-92 and 1992-93. Senate Bill 351 and House Bill 2885 created a three tiered foundation program. Tiers were meant to set a $2,200 per pupil base rate, equalize school district levy, and a third-tier unequaled local property tax (Picus,1993). Senate Bill 351 also included a revenue cap that was activated by the State Commissioner of Education when enrollment exceeded first tier allotments. Revenue would raise twenty five cents depending on the district property wealth.

Edgewood Independent School District versus Kirby III (3) 1992

The 1992 Edgewood Independent School District v. Kirby III case was much like the previous two cases that had been challenged in court on constitutionality. This time however both property wealth districts and property poor districts argued the current funding system did not create an "efficient" system because it was not sufficiently funded

(Picus & Hertery, 1993). The only issue considered by the court was constitutionality of the CED system. The Texas Supreme Court found the CED taxes collected locally were prescribed and distributed therefor deemed an unconstitutional state tax. Any uniform ad valorem tax would be unconstitutional regardless of who collected it for government distribution (Picus & Hertery, 1993).

The No Child Left Behind Act of 2001 shifted the idea adequacy from providing basic resources to identifying those things essential for optimal student academic potential (Jones, 2014). A Report in 2002 known as the *Report on District Mandates* outlined the cost drivers in Texas (TASA, 2002). These drivers included staff salaries, increased enrollment, fuel and energy cost increases, insurance and new state curriculum expectations.

In the spring of 2004, forty-six school districts filed suit in a Texas court alleging the school finance system was unconstitutional (Gronberg, Jansen, & Taylor, 2008). The Texas Constitutional amendment in 1982 prohibits a state wide property tax and guaranteed local discretion over property tax rates (Burrows, 2014). The Texas District Court ruled in favor of the plaintiffs and ordered the state to increase spending on education. Overruled by the Texas Supreme Court, the litigation did not lead to an increase in per pupil spending but saw a 13 percent decrease in the pupil expenditure (Gronberg et al., 2008).

Edgewood Independent School District IV (4) 1993

In May of 1993, Governor Ann Richards signed Senate Bill 7 into law labeled the “Local Option Plan” (Dyson, 2004). Under this bill, local school districts can hold a local tax election to levy additional property taxes. Judge McCown rejected the

Edgewood plaintiffs' request for an injunction and immediate hearing to stop the implementation and set Senate Bill 7 in effect for the 1993-94 school year. In January of 1994, Judge McCown found Senate Bill7 constitutional except for the means to finance facilities (Dyson, 2004). The Texas Supreme court reaffirmed the lower court decision in January of 1995 and added a link to the state's accountability system.

Four Wealthy School Districts – 2001

In April 2001, four property wealthy school districts filed a suit in district court alleging they no longer controlled their local maintenance and operation tax rate, effectively creating a state wide property tax (Jones, 2014). The case was dismissed by Judge McCown in July 2001, stating more than half of the Texas school districts were not at the $1.50 cap. The plaintiffs appealed the case to the Third Court of Appeals court which affirms Judge McCown's ruling. The third court to hear the case was the Texas Supreme Court who remanded the case back to district level court for trial (Dyson, 2004). In April 2004 Governor Perry introduced a finance plan that reduced tax on both business and residential property.

Finance System Revised - 2006

Three hundred Texas school districts filed suit against the state in August 2004 regarding equity and adequacy of public school funding. District Judge John Dietz presided over the case and found the financial system unconstitutional. The court ordered funds to be withheld from school districts unless the legislature could find a system that would correct the issues raised. Upon appeal to the Texas Supreme Court, the Jurists rule the tax cap unconstitutional but believed the current funding is adequate for district needs (Burrows, 2015). In May 2006, the legislature passed a measure that compressed the

Maintenance and Operation rate and provided a $0.17 tax rate to be accessed at the local district level (Burrows, 2015). Equality is obtained when equalized tax rates receive equal tax revenue per pupil from either local or state funds (Walker & Thompson, 1990). The concept of change equity includes horizontal equity, vertical equity, fiscal neutrality, taxpayer equity, or program adequacy (Stevens, 1989).

Six School Finance Lawsuits – 2013 and 2014

Since 2006, several school districts have become property wealthy and have risen to the top of the cap of the compressed tax rate. Suits were filed against the state beginning in 2011 stating the current finance system was inequitable, inadequate, and creates a state property tax. In February 2013 and then again in August 2014, State District Judge John Dietz ruled that the Texas school finance system was unconstitutional (Burrows, 2014). According to Judge Dietz, the current lawsuit allegations mirrored those claimed in the 2005 school finance suit that was finally settled in the Texas Supreme Court stating the school finance system did not result in a state-wide property tax. On August 28, 2014, District Judge Dietz issued a written statement agreeing that school funding is inequitable, that funding is not sufficient to meet state-mandated outcomes, and the system was in fact a state-wide property tax (Burrows, 2014).

According to Stevens (1989), the underlying structure of the basic school finance program is eliminating one allotment to cover another which appears to have happened over the course of the last forty years. There is virtually no new funding made available to cover shortages. Until the legislatures and the court system comes closer to agreement on what is equal and adequate for Texas schools, Superintendents must maintain a level of knowledgeable professionalism that allows for decisions in the bests interests of the students they serve.

Adequacy is the examining of the substance and intended results and can only be defined by specific goals or standards and concrete measurable results (Berne, 1984). All schools must teach to the state mandated performance rates, with the revenue provided (Odden, 2001) to educate students to a higher achievement level. In Texas, the average expenditure range required to accommodate student and district needs are from as low as 75% of the total district budget to as high as 158% (Odden, 2001).

State and National accountability standards have risen over time. No Child Left Behind (NCLB) required that the number of students achieving “Proficient” increase each year over a ten-year span (Groppel, 2013). In 2004, Texas adopted new broader curriculum standards and imposed tougher grade promotion and graduation requirement with very little funding. Legislative action has increased the passing standards on statewide assessment without adding funding to support for instructional personnel or educational programs (Groppel, 2013).

Schools in Oklahoma found an increase in school funding had a direct correlation on student achievement (Ellinger, 1995). Groppel (2013) believes generating more maintenance and operating funds would lead to student improvement through reduced class size and addition of research based instructional programs. Jefferson (2005) believes increased funding provided the potential to enhance educational opportunities through the implementation of sound instructional programs. The research indicates an increase in funding alone does not increase academic performance.

Texas property taxes provide school districts with a steady revenue stream and local communities can decide how much of the tax to spend for public schools. In Texas, 10.3 percent of all education revenues are received from the federal government (TEA, 2012). These funds are usually targeted funds granted for a specific purpose and may not be used for other programs or needs. Public education was 40% of the 2010-2011 Texas state's $87 million dollar general revenue budget (Alexander, 2010). With 1,031 school districts, 55% of education funding in Texas comes from local property taxes according to the Texas State comptroller (Alexander, 2010).

Prior to 1997, funding for school buildings came entirely from local property tax. The Instructional Facilities Allotment is state funding that is based on the amount needed to pay district debt and is figured on average daily attendance (ADA). Funds must be used for construction or renovation of an instructional building. Under the School Funding Law of 2006, schools set their tax rates based on weighted student allotment from the 2005-06 school data (TEA, 2012). The Legislature set the guaranteed tax yield based on the number of students and local tax rate. The tax rate was set at $13.95 per student for the compressed rate of $.8876 multiplied by the districts 2005 adopted rate (Texas School Alliance, 2007). Districts received additional funding for a teacher salary increase, declining enrollment and property value declines in an attempt to equalize funding. In 2009, the legislature moved from a formula of weighted average daily attendance to an allotment of $4,765 per student in Tier I of the formula funding (Groppel, 2013). Under current law, if the local school base does not generate enough funding to meet local student needs, the state makes up the difference.

Local school districts are charged with setting a tax rate for day to day operation. School districts must operate on a compressed tax rate based on the 2005-2006 school year (TEA, 2006). Currently the maximum tax rate is $1.17 per $100 of taxable value. These tax dollars can be used for maintenance and operating expenses. Personnel costs are 75% to 85% of a yearly school district budget. The remainder of the district discretionary funds goes to transportation, maintenance and operations, supplies and materials, staff development and technology (Sausner, 2005).

Texas had a significant decrease in revenue based on property taxes which led to the exploration of a variety of corrective actions. Revenue can only be increased through a growth in student enrollment, a tax ratification election or selling of public bonds which requires voter approval. Passage of a Tax Ratification Election (TRE) enables a district to increase their local tax rate by up to 13 cents. As of the fall 2012, 300 Texas school districts have passed a TRE election (Smith, 2011). Many of these schools according to Smith are most at-risk because of their inability to generate new revenue under the current school funding law. Of the current 1,031 school districts in Texas, 662 districts had bond issues outstanding in 1996, 693 had bond issues outstanding in 2000, and 854 district have bond issues outstanding in 2012 (TEA, 2014). Voter approved bond issues and property tax revenue are used to cover debt service costs, specifically bonds cover capital improvement construction while tax revenue covers debt service. School Districts may issue bonds for construction, acquisition and equipment for school building; acquisition or refinancing of property, purchase of sites for new school buildings; and purchase new school buses. Schools with higher debt are more likely to pass a bond.

The amount of debt and the number of attempts appeared to be in-significant (Sielke, 1998).

Texas had a significant decrease in revenue based on property taxes which led to the exploration of a variety of corrective avenues. As of the fall 2012, 300 Texas school districts have passed a TRE election (Smith, 2011). Many of these schools according to Smith are most at-risk because of their inability to generate new revenue under the current school funding law. A poor school district must have a higher tax rate to generate the same funds as a wealthier school district (Smith, 2011).

Texas House Bill 1 (2006) decreased the local district tax rate maximum from $1.50 to $1.00 (Bosque, 2011). To make up for lost revenue the state would pay the difference in the form of target revenue. The greater amount received by school districts in either 2005 or 2006 became the target revenue. Since 2006, School districts cannot levy a tax higher than $1.17 per $100 of property value for maintenance and operation. Anything over $1.04 must have voter approval (TEA, 2013).

People looking for certain goods and services seek districts that provide the level of services they are looking for (Hanushek, 1991). People make the choice to live in areas of low tax rate and high valuation. Asher (1993) believes providing an equal education for every child is the right thing to do but it is unfair to property owners in rich districts. Of main concern for public relations is the graphic and unappealing act of taking funds from one political subdivision and redistributing it to another (TASB, 2012).

Districts that move from a property poor to property wealthy distinction often end up with the same amount of money per student (Campoy, 2012). If a district's property value increases from one year to the next, the state claims the amount generated above the previous year's revenue for recapture (Groppel, 2013). Only operations and maintenance funds can be recaptured from the state (Long, 2013). According to Yudof and Morgan (1991): recapture pits state control against local district control. Higher enrollment decreases the wealth per student causing Chapter 41 school payment reduction (Long, 2013).

The American Association of School Administrators study of November 2008 indicated school districts are cutting personnel, turning down thermostats, eliminating unnecessary travel, and deferring maintenance in an attempt to reduce costs (Abshier, 2010). Cost cutting measures may also include cuts to legal costs and possible school closures. Districts face different prices for expenditures, from teacher salaries, to cost of operating and maintaining buildings to purchase of equipment, which may decrease available district financial resources. Addonizio (1997) found that Michigan communities with a higher demand for education would seek ways to increase resources through the public sector, such as non-taxable fundraising, to benefit the public schools. Highland Park Independent School District in Dallas collected donations from parents to pay for a three percent teacher pay raise the district was unable to fund (Strickland, 2001).

The literature suggests most Superintendents reflect on lessons learned in their past experiences regarding school budgets (Ramsey, 2001) rather than about creative source management, budget cutting and containment (Dlott, 2005). Towns that have experienced an oil boom often also experience a shortage in their education based labor pool. Oil field jobs pay more than local school related positions (Allen, 2013). New drilling techniques have allowed oil companies to produce a large quantity of product much quicker than previously experienced. State laws have kept local districts from benefiting from this sudden increase in local funding. According to Campoy (2012), the property tax generated from the Eagle Ford Shale is based on oil and gas sales, which is taxed just as the land it is extracted from. Donations in towns where the oil industry has boomed have also seen a change in public perception. When a need for extra money is broached via either a bond or donations discussion, stakeholders are negative because of the perception of district "wealth" (Campoy, 2012).

Table 2

Federal Impact Aid Categories – implemented in 1950

Weight	Category
1.25	Students living on Indian lands (no employment required)
1.0	Non-military student living on federal property with a parent employed on federal property
1.0	Military student living on federal property (parent, active duty military)
.05	Civilian students whose parent is employed on federal property
.20	Military students not living on federal property
.10	Child living in low-rent housing unit

Adopted by RAND's National Defense Institute, Office of the Secretary of Defense. The Joint Staff, 1950

Traits of Executive Leadership necessary for financial stability

Several pieces of Federal Legislation have directly affected school finance in Texas. Francis Keppel introduced federal policy in 1965 known as the Elementary and Secondary Education Act (ESEA), to address President Johnson's concern for the educational inequality between white and black American students (Schugurensky, 2002). In 2001, the Federal Government, through No Child Left Behind legislature, directed schools to improve the achievement of all students or face financial ramifications. There are four goals of the No Child Left Behind legislation: stronger accountability for results, freedom for states and communities to use federal funds to improve student achievement, schools must use proven education methods to provide instruction, and more choices for parents to choose better performing schools (United States Department of Education, 2005).

The No Child Left Behind Act demands school personnel be held accountable for student achievement specifically through vision, mission, culture, curriculum and classroom instruction. The Superintendents' selection of a principal directly affects how quickly increasing student achievement can occur at a school. Principals should be recognized as an extension of the Superintendent (McPherson, 1993). Effective principals can originate, implement and lead advancement in schools (Tucker, 2002).

The State Legislature has enacted legislature to assist with compliance with federal mandates. The Texas Property Relief Tax Plan was passed in 2006 and then modified in 2009 (Sauceda, 2012). Under this plan, a school district's maintenance and operation (M & O) tax rate was reduced (compressed) by one-third over a two year period (Garcia, 2011). This relief plan set an amount per student in weighted daily attendance to compensate for Maintenance and Operations required reductions. The 2005 rate was used as a benchmark for assessment. In 2009, the Texas state budget provided 42.9% of the overall budget for public education. The tax relief burden was shifted from the local district to the state (Sauceda, 2012).

According to the tax relief plan, the first six cents above the compressed tax rate that a district approved was called the "Golden" pennies. The second six cents was called the "Copper" pennies. The Golden pennies generated a higher return to the district than the copper pennies (Sauceda, 2012). When calculating the local tax rate each year, districts were required to set the effective tax rate and the rollback tax rate. If a district wanted to set a rate higher than the rollback rate, they had to seek voter approval through a Tax Ratification Election (TEA, 2006).

In June of 2011, the Texas Senate passed a bill that cut funding for public education by $4 billion dollars. Budget reductions forced many school districts to eliminate or reduce instructional staff and programs. Reductions included staff hiring freezes, increased class sizes, increased work load and modified school start times (Sauceda, 2012). Teacher salaries in Texas comprised 80% of most local budgets. Prior to this shortfall, funding of instructional personnel had been done by federal money, state revenue, and local property taxes (Sauceda, 2012).

The influx in enrollment throughout Texas presented differing challenges for school districts (Perry, 2008). Districts were unable to reduce or increase education costs at the same rate of changes in enrollment. Local districts received funds that were restricted with little or no flexibility in the use of those funds. Texas used a weighted system to determine funding for special programs including special education, compensatory education, bilingual education, career and technology education and gifted and talented education (42 Texas Education Code 151-156, 2007). As enrollment increased or decreased in weighted programs, funding was adjusted. Economically disadvantaged students increased by 38.8% throughout the 10 year period. According to a report from the Texas Education Agency (Enrollment trends, 2012-13) Texas showed upward trends in ethnicity and socioeconomic status of students. The number of Hispanic students increased by 45% (Perry, 2008) during the 10 year time period.

The Superintendent – Executive Leadership

The position of Superintendent began in 1866 as a state-level position (TEA, 2004). School boards expected Superintendents to be very visible in schools, monitoring and teaching classes, selecting curriculum, inspecting what was taught and listening to children reciting (Johnson,1997). According to the literature, the position of Superintendent in Texas is highly regarded and charged with oversight and leadership of district operations (Jacobs, 2009). The Superintendent, depending on length of tenure, is one person that can influence the educational process district wide. Superintendents are responsible for meeting the instructional and social needs of a growing population of economically disadvantaged and culturally diverse students (Wright, 2010).

Superintendent duties include identifying the goals and objectives of an organization, measuring the performance, and comparing its performance to internal and external standards (TEA, 2000). Legal requirements for Texas Superintendents can be found in Chapter 11, Subchapter E, 11.201 of the Texas Education Code. The four sections describe the Superintendent as the chief district executive, terms of their employment contract, reimbursement requirements should school boards offer a severance package upon termination, and the Superintendent duties (TEA, 2000). School boards and the Superintendent have levels of accountability to the community, stakeholders and are state mandated by Texas statute. Superintendents must manage conflict and communicate effectively avoiding anything that may lead to mistrust, suspicion, conflict or micromanagement (Hoyle,1999). Superintendents referenced in the literature have common characteristics that include age, gender, educational level, voluntary and forced retirement, administrative experience, geographic location of the school, and district level of pupil expenditures (Anderson, 1998; Giles 1990; Beischel, 1994; Platts, 1988).

Personal values and beliefs shape the vision of an educational leader. This vision has a direct influence over the climate of a district or school which can result in teacher instructional behaviors and student outcomes (Cassidy, 2004). Kowalski (1999) asserts the degree to which a Superintendent incorporates their individual philosophy, expectations, professional experience, and preparation will determine their effectiveness. Superintendents faced with new challenges must make sure the people around them are positive and productive. Superintendents must select principals that can inspire staff, mediate personnel disputes, respond to parents, and attends school events all while raising student achievement (Roelle, 2009).

Changes in social, economic, and new technological information systems have resulted in increased complexity in school organizations with added responsibility for school Superintendents (Lunenburg, 2000). Heightened requirements over academic accountability, financial stability, Superintendent-school board relations, teacher recruitment and retention, and public and political interactions have changed the demands of a Superintendent (Glass, 2000). Mace (1986) believes Superintendents and other school administrators should only be held accountable for the affects they can control or influence. A Superintendent has to be all things to all people and is expected to market their school districts within a competitive environment. Superintendents must know their community well and be able to sell their vision (Kowalski, 1999).

Effective Superintendents spend time on campuses in classrooms, as an observer and a teacher (Bird, Wang, & Murray, 2009). Superintendents need to have a process for change, and need to be able to see the process happen in a transparent fashion (Bird et al., 2009). Research indicates successful administrators need strong predictive abilities to anticipate student population decline (Dembowski, 1979). Declining enrollment is also an opportunity to develop managerial skills, flexibility and style. Superintendents during student enrollment decline need to be willing to take risks, make cuts, face conflicts, and maintain open communication with all stakeholders. Superintendents that witnessed student growth needed to identify needs, set objectives and remain flexible (Rist, 1983). Superintendents should take these times of student change to redesign their schools, to create greater vitality and improve student performance (Lasher, 1989). Administrators need to be proactive instead of reactive (Keough, 1978) and constantly maintain a positive message and outlook.

The Superintendent is held accountable for student achievement. Superintendents that positively affect student achievement are able to set, implement, monitor and analyze their goals through their relationships with the principals (Marzano, 2005). The relationship between the Superintendent and the principal can influence job satisfaction and performance. The building principal has more latitude in making choices than anyone in the district except of the Superintendent (Hayes, 2001). The current role of the principal is very demanding and includes instructional, organizational, and statutory leadership skills (Portin, 2005). To ensure student success Superintendents need to select leaders who have high expectations for both students and teachers, uses data to make decisions, and can initiate structure (Hallinger, 2003). A student's chance at academic success is directly tied to campus and district leadership. When district leaders are carrying out their positions responsibility effectively, student achievement is positively impacted. A Superintendent needs to remain at least two years in a district to witness the impact their leadership has on student achievement (Waters & Marzano, 2007).

Effective Leaders

According to the literature, effective leaders demonstrate many common qualities. Effective leaders clarify work expectations (Yukl, 2006) and must inspire employees to a higher level of commitment to their work and the organization (Bennis, 2003). Leader visibility has been shown to have a positive impact on student achievement (Marzano, 2005). Houston (1998) believes effective leaders are well versed in matters of pedagogy, finance, child growth and development, politics, staff development, human relations, and student management. Effective leaders must encourage and facilitate continuous learning opportunities for organizational growth (Yukl, 2006). A successful school leader must oversee personnel, finance, academic, and community relations (Marzano, 2005).

Good educational leaders find their style in the context of the school (Hallinger, 2003). The characteristics people value most in their leaders are honesty, forward thinking, competency and inspiration according to Kouzes (2008) in The Five Practices of Exemplary Leadership model. School leaders should be a visible role model, communicate expectations, provide ethical training, visibly reward ethical acts while punishing unethical ones, and provide protective mechanisms (Marzano, 2005). Leaders who are willing to take risks and then empowers their staff to take risks are effective leaders according to Marzano (2005).

Community Relations

To help achieve educational objectives, Superintendents must build relationships with key individuals within the community. Building a positive relationship between school and community has a positive impact on student learning (Wilmore, 2006). Superintendents need to seize the opportunity to build trust with all stakeholders. Effective Superintendents include all stakeholders, such as school board members, administrators, and central office staff, in establishing non-negotiable goals for the district in the area of student achievement and classroom instruction (Waters & Marzano, 2007). Superintendents must communicate the state of the district to the community and stakeholders, manage policy decisions, maintain political and district cultural expectations, all while balancing their personal lives (Houston, 1998). Involving all stakeholders early in the budget process is equally important as providing transparent communication (Ebdon, 2004). One way directives usually fail to engage stakeholders (Kowalski, 2005). Relationship enhancing communication or the focus on perception of mutual communication exchange is meant to benefit both parties (Kowalski, 2005).

Many authors have found a connection between open interpersonal communication and organizational effectiveness. According to Green (2001) Superintendent's today must create an environment of open communication where everyone feels they are participating in a learning community. Change cannot take place without improved communication. Superintendents that have a positive relationship with the community are more likely to have longevity in the community. Communication is a critical skill for the Superintendent. A Superintendent should always be concerned about the quality of life in a community (Glass, 2000)

According to Waters and Marzano (2007) Superintendents of high performing districts ensure the necessary resources, including time, money, personnel, and materials, are allocated to accomplish the district's goals. Very little material is available that gives Superintendents specific guidelines in the area of leading a district in financial matters. A survey of sitting Superintendents indicated 97% learned their current budget strategies from on-the-job training (Bird et al., 2009). Veteran Superintendents worry about trust deficits with the community and stakeholders more than fiscal deficits (Farooqui, 2012).

Quality of Conditions and Education

School funding in Texas has been shaped by litigation and legislation (Imazeki, 2005; Turley, 2009). Counties in the Republic of Texas, through the Education Act of 1839, set aside three leagues of land (13,284 acres) to create schools. This amount was later increased to four leagues (17,712 acres) in 1840 (Walker 1892). As land was sold, proceeds went into the foundation school funds. The 1845 Texas constitution required one tenth of the state revenue be reserved for public schools (Warren, 2008). Equity was addressed for the first time in Texas Legislature in 1915 (Loubert, 2005). The Permanent School Fund, one of the current major funding sources of Texas school finance, was established in 1854 (Ngugi, 2007).

The School Law of 1856, allowed anyone to set up a school, employ teachers, and receive funding from the state (Robertson, 2005). A Texas constitutional amendment in 1883 established state ad valorem tax and local taxation which became a basis for the 1908 constitutional amendment mandating the formation of school districts. Public education of all students within their incorporated city limits, became the responsibility of local districts (Robertson, 2005).

As the Texas constitution evolved, language was always included to ensure an appropriate public education. Independent School Districts in Texas were created in the early 1900's (Currens, 2006) at which time the legislature attempted to equalize school funding between poor and rich school districts. School leaders did not have to contend with politicians and social reformers prior to 1960 (Kaplan, 1992). School leaders gave teachers the money and resources they needed. Teachers prepared students for the work place.

"School finance is one of the most important public policies in the United States". (Hoxby & Kuziemko, 2004) Most states share features of the "Robin Hood" funding formula which was first implemented in Texas in 1994. Robin Hood uses a confiscation system that redistributes funds on the basis of market capitalization rather than return of capital (Hoxby & Kuziemko, 2004).

Historically, Texas school finance systems have been based on local property taxes collected at the district level rather than by district need (Ascher, 1993). Texas has been unsuccessful in resolving issues associated with equitable school finance. Wealthier Texas districts are capable of providing twenty times more per pupil than poor districts on basic instructional needs (Guthrie, Springer, Rolle, & Houck, 2007). Texas funds schools by three sources: local property tax, state and federal funds (TEA, 2011). Finance related decisions are made at the local level in Texas.

The Cost of Education index was created in 1991 to allow for funding based on the size of the district, salaries of teachers and low income students. For the 2012-2013 school year, Texas school districts spent 44.2 billion educating over 5 million students. This amount is 34.6% of the Texas state budget. According to the National Education

Association (2013), Texas ranks forty ninth in education spending per student. Texas spent $8,400 per student in 2013 and $9,500 in 2012 which was $3,000 and $1,600 below the national average.

Reports that Shaped Texas School Finance

The Gilmer-Aiken Act of 1949 was reform in response to the *To Have What We Must* report. The Gilmer-Aiken Act established the minimum foundation program which called for the state to fund 80% of the cost of basic education (Brownson, 2002) and enabled the creation of the Minimum Foundation Program (Turley, 2009). Under this program, each district was provided with a baseline level of funding. The report gave legislatures leverage to make changes to the public education system (Web, 2005).

The new system in 1949 was called the Foundation Program. The Foundation Program was based on student attendance and was accompanied by a minimum teacher salary schedule. The Foundation Program was meant to provide funding for a basic student education (Finch, 1998). Local districts could provide additional services and programs through a local enrichment tax. The Gilmer-Aiken Act was also responsible for setting basic legislative edicts such as school consolidation, mandatory 175 days school year, and compulsory twelve year attendance. In 1975, as response to House Bill 1126, Texas added a second and third tier to the Foundation School funding formula. The purpose of the second tier, known as the Guaranteed Yield, was to increase spending in property poor districts and reduce inequities. The third tier of the school funding system capped the amount that property-wealthy districts could generate in local tax revenue. Wealth generated over the state limit was subject to recapture and redistribution. (Imazeki & Reschovsky, 2004)

The Coleman Report (1966) found a students' family, culture and neighborhood were found to be more important to a student's academic achievement than the schools they attended. The Colman Report became the foundation in educational research. Horace Mann in 1983 believed that for schools to be equitable, they must be funded by tax dollars. This belief was eventually accepted throughout the United States (Yuen, 2003) as a basis of school reform following the report *A Nation at Risk* sanctioned by the United States Department of Education. The report warned of a "rising tide of mediocrity". Texas Governor Mark White appointed Dallas billionaire Ross Perot to study the reason students in other countries were better educated than American students (Kuehlem, 2004).

In Texas, Alexander (2012) concluded schools with high performing students spent twenty six percent more on instruction than the state average. In 2002 Charles analyzed instructional expenditure data and determined overall expenditures had increased between 1992-1993 and 2000-2001 however poor districts did not increase as much as rich districts. Odden (2008) suggested financial efficiency is becoming one of the most challenging issues facing school districts and policy makers today. Odden (2008) found 80 percent of most budgets are spent on the campus level for instruction, school leadership, counseling, materials and supplies. The remaining funds were used to maintain the remainder of the district to include central administration, food service, transportation and tax collection (Charles, 2002).

Students need different levels of educational financing as they progress through the grade levels therefore a defined amount may not be adequate for all student needs (Ladd, Chalk, & Hanson, 1999). Economic theory sees education as an important element of the production of society. Studies have shown education provides a positive return to society, and education leads to higher wages and productivity (Angrist, 1991) leading the government to invest billions of dollars into education yearly. For students to compete in a global economy they must be self-directed, have a technology foundation, and be able to work with others. Curriculum has been restructured to include higher level problem solving and advanced thinking skills (Covey, 2009). Demands for increased student achievement have made local school districts feel an overwhelming pressure to ensure student success set forth by legislatures.

Many school districts have goals, mission statements and visions that focus on all students and their success. Failure is not an option for any student regardless of their individual learning needs. Teachers today are facilitators of information rather than gatekeepers of knowledge. The Ferguson report (1991) focused on teacher data collection concluding the skills, training, and experience of teachers had a direct impact on student achievement. Higher salaries drew teachers to a district and helped keep them, but are not competitive within the industry. Pedro Noguera, a Professor at New York University, believes caring teachers are the foundation for motivating students. High school students look for teachers who care for them and others, hold students accountable, and who teach them something (Johnson, 2005). Elliot (1998) concluded districts that offered a rich math and science curriculum were able to attract teachers with an advanced education level and increased years of experience increasing instructional expenditures in the area of teacher salaries.

Family income often determines residence which then determines school attendance. Higher income families have access to better schools than low-income families (Coleman, 1966). People choose where they want to live and are willing to pay higher prices for their homes in exchange for public services that fit their preferences (Trice, 2006)). Family income can also limit the resources families have access to such as computers, educational resources, books and newspapers. Parents with limited English language skills are often not able to support their children academically because of their limited or weak skill set (Young, 2012).

According to Darling-Hammond (1997) small schools have better attendance rates, stronger academic achievement, less vandalism and violence, and fewer behavior incidents especially for low performing students. Researcher Peddler (2006) believes smaller classes create a positive influence on student performance and increases the effectiveness of teachers. Other authors believe class size is the most important determinant of student achievement while others believe it is teacher ability and experience (Angrist, 1999).

George Will (2005) wrote an article for the Washington Post, entitled *One Man's Way to Better Schools* that introduced the idea of increasing a districts total instructional expenditure to sixty five percent. Patrick Byrne, founder of Overstock.com supported the issue of spending 65 percent of district budgets on instruction. Fourteen different states passed legislation requiring 65 percent expenditures in direct classroom instruction. Texas Governor Rick Perry issued Executive order RP47 on August 22, 2005 that required Texas districts to spend sixty five percent of their budgets on instructional expenditures in an attempt to enhance academic performance (Terry, 2011). Beginning in 2006 over a three year period, the Financial Integrity Rating System of Texas (FIRST) accountability worksheet included an indicator for the Perry mandate that requires sixty five percent instructional expenditures. That rule stayed in place until 2009 (Terry, 2011).

The Texas Data center believes Texas will see a 32 percent increase in state enrollment between 2006 and 2018 (Murdock, 2002). Additional facilities in addition to specialized programs will need to be provided to meet anticipated needs. Demographers believe by 2040, enrollment in Texas will roughly double (McCown, 2006). Average daily attendance is increasing two percent per year, many of whom are low income students or students that do not speak English (McCown, 2006).

School districts receive resources based on special programs such as special education, gifted and talented education, career and technical education, bilingual/English as a Second Language and transportation. The Instructional Expenditure Ratio (IER) is calculated by dividing the expenditures in function codes by the total actual expenditures in all functions (TEA, 2010). Existing Debt Allotment (EDA) is used to help districts repay old debt that was used for construction or renovation. EDA is a guaranteed yield of $35.00 per ADA, per penny on the debt service tax rate (Bingham, Jones, & Sherion, 2007).

The Texas Education Code Chapters 41 and 42 and Senate Bill 7 dubbed as “Robin Hood” redistributes financial resources from the wealthier school districts to the poorer school districts (Trice, 2006) and contains all current school funding information. According to Warren (2008) Chapter 41 property wealthy districts that are forced to make recapture payments must find ways to reduce local costs. Multiple studies indicate the optimal district size for the promotion of student achievement. In Texas, a set point of 1,500 students would force several districts to consolidate with others (Stewart, 2011).

See Table 4 for district student counts. District cuts involve staff reduction as personnel costs are a large percentage of the local school district budget. Chapter 42 property poor districts are able to use recapture funds to reduce class size. In an attempt to adequately and equitably finance schools in Texas, many districts in 2011 cut staff, froze salaries, and increased student-teacher ratios as a means of survival (Derrick, 2011).

Consolidation needs to be carefully examined to ensure property wealth is distributed equitably. With the consolidation of two districts or campuses, comes the reduction in staffing costs associated with two sets of administrators or other high paid positions (Stewart, 2011). The assumption wealthy and poor districts will work together may not be accurate especially when poverty and race are added (Darby & Levy, 2011). According to Duke and Cohen (1983) retrenchment in most cases will increase workloads, reduce the class day, reduce the number of classes offered and increase class size. Retrenchment can be defined as a decline in the amount of real resources available per pupil in public education. The decline can come about through a cut in per pupil funds, declining enrollment, and inflation (Duke & Cohen, 1983).

The Americans with Disabilities Act requires that students are taught in the least restrictive environment. Facility planners need to take current and future Americans with Disabilities Act needs into consideration when planning any new construction or renovation. In 2004, Crampton, Thompson and Vesely believed it would take $250 billion dollars to repair current infrastructure problems, needed renovations, major improvements, and additions to school buildings throughout the United States. Facility decisions, and payment for those decisions, are made at the district level in Texas. Financing new schools in Texas often requires borrowing needed funds by voter supported bond issues. A bond is a long term contract to borrow money. (Bingham, 2000) School bonds are municipal general obligation bonds that are repaid by taxes collected by the school district (Bingham, 2000).

Aging school buildings are a major issue in Texas schools. The average life span of a building is 50 years (Stasny, 2010). A 1999 U.S. Department of Education survey found 40 percent of school buildings are in need of repair and upgrade. (Lewis, 2000) Issues associated with building condition included plumbing, roof integrity, lighting and safety (McLaughlin, 2003). Quality school buildings are considered to have four qualities as outlined in the No Child Left Behind report (2001): energy efficient with affordable materials and practices, a building which is cost effective, enhanced indoor air quality, and water conservation (NCLB, 2001). Rural school districts do not have the necessary funds available to make needed building repairs (Holt, 2006).

Conditions of facilities are considered an equity issue. Poor students, minority students, and rural students may attend less than adequate facilities (Crampton, 2004). Student success is believed to be tied to indoor air quality, heating and ventilation, lighting, acoustics, building age and quality, school size and class size (Crampton, 2004). Faas (1982) describes two methods schools can use to finance new projects or construction. Pay as you go uses current fund balance to pay for the projects as they are being built. Pay as you use borrows money and then repays the debt in the future. Borrowing money assumes the debt for current and future property owners. The Texas Education Code allows school districts to issue bonds for facilities construction, new equipment and buses. Poor districts use recapture funds for projects that need immediate attention such as renovating buildings, upgrading outdated technology, providing equipment, and major repairs (Aleman, 2005).

Bonds have become standard to build or update facilities. Bonds are long term debt that must have a term longer than five years (Zipf,1997). Costs associated with a bond proposal include rating of school districts and selling of the bonds. Fees associated with a bond include attorney's fees, insurance fees, financial advisor fees, and underwriter fees. Firms are hired to help with this due to the complexity of the issue. Interest rates are a major cost associated with school bonds. Bond ratings are determined by several factors including financial, socio-economic/demographic, debt, and managerial (Stasny, 2010). Successful bond elections have addressed issues such as traffic flow, lighting, drop-off points, elevator access, larger classrooms, heating and cooling and security (Holt, 2006).

Community Perception - Building Relationships

Successful school districts have positive working relationships with their internal and external stakeholders. One managerial duty of a district Superintendent is to disseminate information to all stakeholders. Building knowledgeable relationships with all stake holders is essential to positive results in any school budget or bond proposal (DeLuca, Hinshaw, & Ziswiler, 2013). The literature suggests perceptions and awareness work together when people create beliefs about their surroundings (DeLuca et al., 2013) and may affect the outcome of any school finance related proposal.

School House Bonds

School quality, as measured by state accountability ratings, may be an indicator of stakeholder support in a bond election. Communication with stakeholders and district stability contribute to the success of a bond election. Bonds are the only way in which citizens can directly make school district policy decisions (Theobald & Meier, 2002). Buildings in need of major repairs, overcrowded schools, and teacher shortages are a way to demonstrate to the public the need for a school bond (Theobald & Meier, 2002). Bonds are one way for a school district to fund capital expenditures.

Problems associated with bond passage include: the maintenance condition of current buildings, community perception that administration could have done a better job of caring for current facilities, lack of community involvement in the planning process, and prior promise made had not been fulfilled (Hickey, 2006). Voters are often reluctant to approve elections that will increase their taxes. Superintendents that present a school bond that does not pass may face negativity from the stakeholders in the district (Theobald & Meier, 2002).

Chapter III

Methodology

Introduction

The following chapter describes the design and procedure utilized to evaluate the specific questions that will guide this research. The purpose of this study was to determine the strategies Superintendents and Chief Financial Officers believe they utilize to ensure district financial stability in today's changing economic designations. This qualitative study will use face-to-face semi-structured interviews with Superintendents and Chief Financial Officers in eight districts selected purposively to represent property wealth designated districts within the Eagle Ford Shale boundaries of South Central Texas. Interview questions were designed to gather information about the strategies Superintendent's and Chief Financial Officers believe contribute to district financial stability and describe their experiences following changes in district property wealth. The study design will allow participants the opportunity to verbalize their current views on what strategies constitute success. This chapter is organized into the following sections: introduction, purpose of this study, research design, research questions, population and sample, procedures, instrument, limitations, and summary.

Qualitative research seeks to discover, develop, and provisionally verify through systemic data collection and analysis of the data (Strauss, 1990). The intention for the reader is to be able to make sense of the findings as they relate to their own practices and leadership needs (Merriam, 1998). Coding the data into specific categories becomes the basis of a study's findings (Creswell, 2003). This study can be characterized as a qualitative approach to evaluate the common themes associated with strategies believed to ensure continued financial stability. Superintendent and chief financial officer responses will be analyzed using qualitative coding to determine significant strategies that are believed to contribute to district financial stability.

Purpose of This Study

The purpose of this study was to determine the strategies Superintendents and Chief Financial Officers believe they utilize to ensure district financial stability in today's changing economic designations. The financial practices identified or absent in the literature review guided the formation of the questions in the interview protocol. It is hoped financial strategies identified in this study will be used by Superintendents and Chief Financial Officers to improve or support current or future financial stability practices.

Research Design

To address the goals of this study an interview questionnaire was designed by a Superintendent, a Chief Financial Officer and a District Auditor to identify the important strategies that contribute to district financial stability. The interview will be done with a sample of Superintendents and Chief Financial Officers within the seven counties and thirty-three school districts that make up the Eagle Ford Shale area of South Central Texas as identified in Appendix C. This study will investigate responses of the interview using qualitative methods and accepted practices.

Established interview methodology will be used to explore the unique perspectives of Superintendent and chief financial officer as they pertain to the strategies perceived necessary for continued district financial stability. Carspecken's (1996) critical qualitative research (CQR) is designed to study social action taking place in one or more social settings with an intersecting idea or interest. In designing the interview Carspecken (1996) suggested five stages for making the interview effective and was used in designing the interview for this study. Those five stages are as follows:

Stage 1: Compiling the primary record through the collection of monological data

Stage 2: Preliminary reconstructive analysis

Stage 3: Biological data generation

Stage 4: Discovering system relations

Stage 5: Using system relations to explain findings

The interview questions will be used to gather information to answer the qualitative research questions. Eight practicing Superintendent or Chief Financial Officers will be interviewed through a semi-structured interview to establish credibility of the procedures and findings and allow maximum flexibility during the interview process (Carspecken, 1999). The open-ended interview questions were developed from an extensive review of literature and researchers' observations and tested by practitioners in the field. Interview responses will be analyzed using commonalities, outliers, and frequency of responses while allowing for reliability and trustworthiness (Carspecken, 1999).

Research Questions

The purpose of this study is to examine the strategies school district Superintendents and Chief Financial Officers believe they utilize to ensure district financial stability in today's changing economic designations. The research for this qualitative study will be guided by the following questions:

1. What methods do school districts Superintendents and Chief Financial Officers believe needs to be employed to keep locally generated funds from state recapture?
2. What approaches, processes or procedures do district Superintendents and Chief Financial Officers perceive as necessary to enact when faced with sudden wealth to maintain or ensure financial stability?
3. What are thought to be community member expectations of their school district, as associated with sudden school property wealth. Do they change or stay the same based on the increased property wealth?

Population and Sample

In an attempt to collect the most reliable and valid information regarding financial strategies, a cross-section of Superintendents and Chief Financial Officers within the seven county, thirty-three school district area surrounding the Eagle Ford Shale South Central Texas area will be interviewed. A purposeful random selection will be made among the sixty-six possible participants. Contact will be made in order of the draw to ascertain participation. Contact via phone will be made initially and interview times established. Interviews will be completed within participant's home district during regular business hours.

The sample will consist of eight participants that are Superintendents or Chief Financial Officers from different districts selected through purposive sampling. Gay and Airasian (2000) described purposive sampling as "judgment sampling" in which a sample is selected based on prior knowledge of the group or participants to be sampled. The Texas Education Directory (TASA, 2014) will be used to identify school district contact information. Only Texas School districts found within the designated region will be included in the population.

Procedures

Phase I – Approval of the Institutional Review Board. Prior to the data collection process, approval will be obtained from University of Houston Institutional Review Board. All IRB guidelines and procedures will be strictly followed. Confidentiality of all participants in the study will be kept. Verbal consent will be obtained from all participants prior to scheduling or conducting any individual, face-to face interviews. All participants will be informed of the purpose of the study and given interview questions in advance. A written consent to participate will be ascertained from each individual participant prior to the commencement of the interview session. The anonymity of all participants will be honored.

Phase II – Identify and select school districts. A map of the Eagle Ford Shale Area of South Central Texas will be obtained from the Texas Railroad commission and then overlaid onto a Texas school district location map. Texas school districts will be chosen for inclusion into the selection pool based on the location relative to the area outlined on the Eagle Ford Shale South Central Texas area map. The Texas Education Agency website will be used to determine district wealth status. Only those districts designated Chapter 41 for the 2014- 2015 school year by the Texas Education Agency will be used for this study. The Texas Association of School Administrator's office will be contacted to determine Superintendent contact information. The Texas Association of School Business officials will be contacted to determine Chief Financial Officer contact information. Superintendents and Chief Financial Officers will be randomly chosen for participation. For this study, each Superintendent and Chief Financial Officer were required to be in their stated position for the full 2014-15 school year being defined as August 1, 2014 through July 1, 2015. The names of each Superintendent from the thirty-three school districts identified from the Eagle Ford Shale South Central Texas area as listed in Appendix C, will be placed in a bag and pulled out one by one. Should a Superintendent withdraw after consenting but prior to the interview, the next candidate on the list will be contacted. Selection of the Chief Financial Officers for participation will be handled using the same random drawing parameters.

Following the random draw, Superintendents and Chief Financial Officers will be contacted via telephone to ask for their consent to participate in a semi-structured interview. Participants will be provided a copy of the interview protocol, the possible benefits to school districts and questions prior to the interview. See appendix D. Interviews will be conducted through personal face-to-face contact and are expected to be no longer than one hour in duration. All participants will be guaranteed confidentiality and assured their names or their district names would not be used in the study. See appendix E.

Phase III – Data collection. Selected Superintendents and Chief Financial Officers will be initially contacted by phone. After receiving verbal consent, a scheduled time to meet and location will be established. The meeting will be held in the participants' offices or other appropriate location of their choosing. At the meeting, participants will be given a notice of informed consent prior to the commencement of interview. Consent forms will include the purpose of the study, the time commitment required, information on potential risks, benefits of participation and confidentially.

Participants will be assured that any personal information obtained in the study will remain confidential. Data will be collected by audio recording and note-taking by the researcher. All sessions will be transcribed, organized and analyzed following the interviews. All participants will be provided with a copy of their transcribed interview as well as a copy of the findings of this study. Participants will be given the opportunity to add clarification or add more specifics to their first interaction. To ensure confidentiality, each participant will be assigned a number preceded by an S for Superintendent and a CFO for chief financial officer for identification purposes only. No comments that contain identifiable school district or personnel information will be used in the study data summary. The open-ended interview questions were developed from an extensive review of literature and researchers' observations.

Each interview will be individually recorded and stored digitally. Each interview should take approximately 40 minutes to one hour in duration to allow Superintendents and Chief Financial Officers the opportunity to share their perspective on district financial stability strategies.

In addition to data gathered from interviews, the researcher will examine data and documents gathered from the Texas Education Agency. Documents and data will include the Academic Excellence Indicator System report and the summary of finances for each district. The demographic information collected will be used for statistical purposes only. Factors such as enrollment, property value per student, instructional spending per student and average teacher salary will be used to compare data from district to district.

Phase IV – Data analysis. After data acquisition, the strategies suggested by participants will be transcribed verbatim and coded by the researcher. The themes or categories will be determined by the frequency of the answers given. The establishment of themes or categories will ultimately lead to drawing conclusions and implications.

Creswell (2003) provides several steps for organizing and analyzing data. First, following the interviews and their transcription, the researcher reads through the transcript to get a sense of what is being said correlated with the actual interview questions. Next, the researcher should read through the data a second time more carefully to begin the process of coding. According to Seidemann (1998), labeling of specific parts of the interview transcript and categorizing the data is for the purpose of identifying thematic connections. The researcher can provide labels for each category, and should let the themes emerge from the data naturally (Emerson, 1995). The end product of this study will contain rich, thick description of the phenomenon under study. This procedure will be followed by the researcher in the data analysis process.

Phase V – Data reporting. Answers to open-ended questions solicited from structured interviews will be analyzed according to qualitative research procedures. The researcher will analyze the transcript of each individual interview to develop a coding system. The coding system will be developed by searching for common themes and elements occurring in the interview responses. Results will be reported using narrative text that may be highlighted by charts and graphs as appropriate to the information obtained. The results should show the variables the Superintendents and Chief Financial Officers believe contribute to district financial stability associated with sudden property wealth. Data will include emergent themes, commonalities, similarities, differences, outliers, and frequency of responses gathered throughout the interview process.

Instrument

According to Bogdan and Taylor (1975) the researchers in a qualitative research study are often considered the sole instrument. To reduce data bias, the researchers must constantly challenge their opinions and prejudices with the data (Carspecken,1996) . Interviews will be the primary method used in data collection. Open-ended questions will be utilized to allow participants to voice opinions without influence of the researcher. The researcher will use clarifying and elaborating probes to expand on the ideals of the participant.

A panel of three experts, one Superintendent and two Chief Financial Officers that are not part of the study group, will review the interview questions for validity. Committee members will discuss each item and make recommendations for items to be as written, revised or rejected. Interview questions can be found in Appendix E of this document.

Creswell (2003) indicated that qualitative researchers do not generalize to a population, but develop an in-depth exploration to a central occurrence. The phenomena to be studied will be the strategies Superintendents and Chief Financial Officers report they implement to maintain financial stability in the property wealthy area of the Eagle Ford Area boundaries In South Central Texas.

Limitations

A variable that may limit this study will be the willingness of the selected sample of school district Superintendents and Chief Financial Officers to participate in this project. The study is limited to the state of Texas and the seven counties and thirty-three school districts listed in the Appendix. Only those Superintendents and Chief Financial

Officers that were employed in their respective capacity for the 2014-15 school year will be included in this study. Due to the complexity and variety of educational situations, and the small number of Superintendents who will participate in the interviews, this research study should not be used as a generalization of the best practices for all Superintendents wanting to improve district financial stability. An assumption is made that Superintendents and Chief Financial Officers are forthright, honest and candid in their responses.

Summary

This study will examine executive leadership beliefs about the strategies that contribute to district financial stability in schools within the Eagle Ford Shale South Central Texas area through utilization of semi-structured interviews with district Superintendents and Chief Financial Officers.

Chapter IV

Results

Introduction

The purpose of this qualitative study was to determine the strategies Superintendents and Chief Financial Officers believe they utilize to ensure district financial stability in today's changing economic designations. According to Creswell (2008), data analysis will build from the particulars to general themes. This chapter presents the findings from six Superintendents and two Chief Financial Officers. The following research questions were used to guide characteristics identified as commonalities and themes about the Superintendents and Chief Financial Officers interviewed.

1. What methods do school district Superintendents and Chief Financial Officers believe need to be employed to keep locally generated funds from state recapture?
2. What approaches, processes or procedures do district superintendents and chief financial officers perceive as necessary to enact when faced with sudden wealth to maintain or ensure financial stability?
3. What are thought to be community member expectations of their school district, as correlated with sudden school property wealth. Do they change or stay the same based on the increased property wealth?

Interviews

Participant Demographics

According to the Financial Integrity Rating System of Texas (FIRST) all participating districts were awarded Superior Achievement for the 2013-14 school year.

All districts were classified as Chapter 41 by the Texas Education Agency for the school year 2014-15 and will be subjected to recapture in the 2015-16 school year. All Superintendents and Chief Financial Officers represented rural school districts with different locations and different challenges. All had three to 20 years of experience in their current position and had many years of experience in education, ranging from 12 to 39 years. The size of the student population ranges from 603 to 2,795 representing the enrollment used in the WADA calculation of each district. Of the eight participants five were male and three were female.

The first Superintendent (S1) has served as a superintendent for 16 years, with eight years of service in the current district. This Superintendent has served in public education for 21 years. This district has an assessed property value of approximately $750,000 and a current tax rate of $1.2927 ($1.02 M & O and $0.2727 I & S) per $100.00 valuation, and serves 1,040 students.

The second Superintendent (S2) has served as superintendent in the current district for eight years. This Superintendent has served in public education for 16 years. This district has an assessed property value of approximately $480,000 and a current tax rate of $1.04 ($1.04 M & O and no I & S) per $100.00 valuation, and serves 598 students.

The third Superintendent (S3) has served as superintendent in her current district for five years. This Superintendent has served in public education for 12 years. This district has an assessed property value of approximately 4.1 million dollars and a current tax rate set at $1.1658 ($1.04 M & O and $0.1258 I & S) per $100.00 valuation, and serves 1,062 students.

The fourth Superintendent (S4) has served as superintendent in his current district for four years. This Superintendent has served in public education for 27 years. This district has an assessed property value of approximately 1.4 million dollars and a current tax rate of $1.3771 ($0.94 M & O and $0.4371 I & S) per $100.00 valuation, and serves 2,164 students.

The fifth Superintendent (S5) has served as Superintendent in her current district for three years. This Superintendent has served in public education for 23 years. The district has an assessed property value of approximately $325,000 and a tax rate of $1.31 ($1.17 M & O and $0.14 I & S) per $100.00 valuation, and serves 603 students.

The final Superintendent (S6) has served as Superintendent in his current district for nine years. This Superintendent has served in public education for 39 years. The district has an assessed property value of approximately one million dollars with a tax rate of $1.04 ($1.04 M & O and no I & S) per $100.00 valuation, and serves 1,882 students.

The first Chief Financial officer (C1) has served as Chief Financial Officer in his current district for 17 years. This CFO has served in the private sector prior to 21 years of service in Texas public education. The district has an assessed property value of approximately 1.8 million dollars with a tax rate of $1.1248 ($1.04 M & O and $0.0848 I & S) per $100.00 valuation, and serves 2,795 students.

The second Chief Financial officer (C2) has served as Chief Financial Officer in his current district for four years. This CFO has served in the private sector prior to 15 years of service in Texas public education. This district has an assessed property value of approximately $900,000 and a current tax rate of $1.15 ($0.94 M & O and $0.21 I & S) per $100.00 valuation, serves 1,085 students.

Two Chief Financial Officers, while present at the beginning of the interview, deferred to their superintendent for responses to the interview questions. The data in Table 3 and Figure 1 is a summary of the participants total years of experience in education and years of experience in their current position.

Table 3

Participants Years of Experience in Education and Current Position

Subjects	Educational Experience	Current Position
S1	21	16
S2	16	8
S3	12	5
S4	27	4
S5	23	3
S6	39	20
C1	21	17
C2	15	5
Average	21.75	9.75

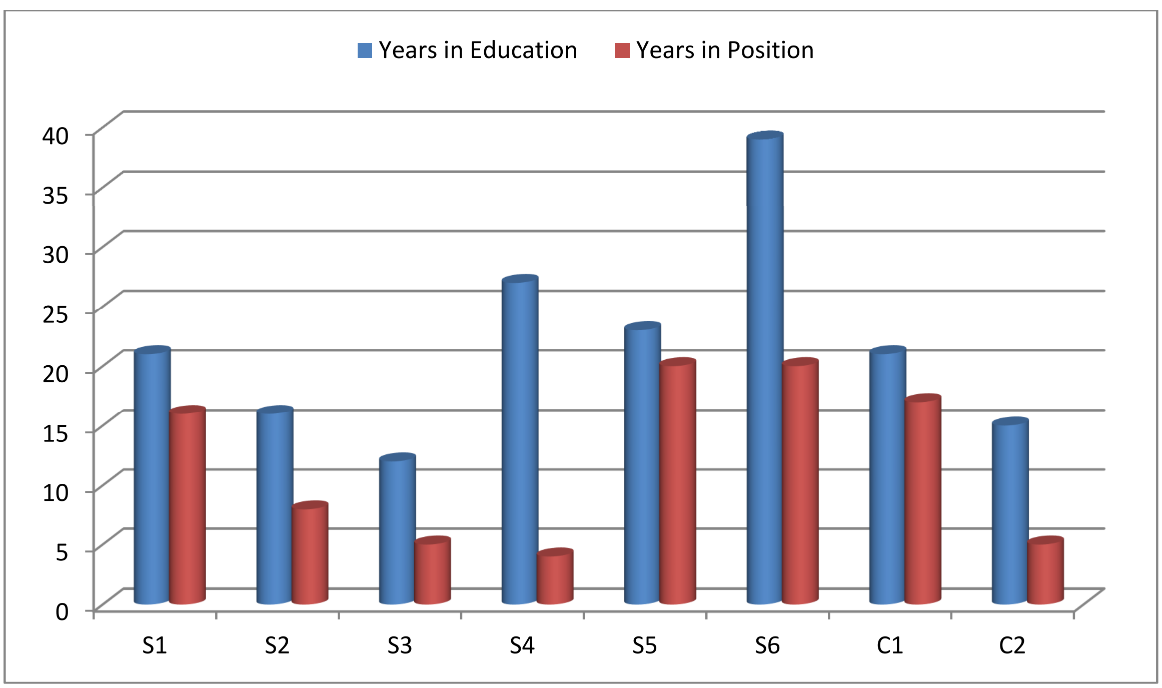

Figure 1 Comparison of participant experience in Education and their Current Position

Note: S1 and S2 have been Superintendents in two Districts.

Interview procedures

The name of each school district identified from the Eagle Ford Shale South Central Texas area as listed in Appendix C was placed in a bag and pulled out one by one. Districts were numbered according to the draw. The first round was identified as the Superintendent list. All school district names were put back in the bag and pulled out one by one again. The second round list was labeled the Chief Financial Officer list. The list was reviewed to ensure individuals selected were from a Chapter 41 school district and that they had served in their position for the entire 2014-15 school year . A call was made to each participant to request participation beginning at the top of the list and working down until eight participants had been confirmed. Copy of the phone script is found in Appendix E.

Six Superintendents and two Chief Financial Officers participated in face-to-face interviews in the central office of their respective districts at a date and time of their choosing. In addition to note taking by the researcher, all interviews were audio recorded. All sessions were transcribed, organized and analyzed following the interviews. All participants were provided a copy of their transcribed interview. Participants were given the opportunity to add clarification or add more specifics to their first interaction.

All Superintendents and Chief Financial Officers were asked the same four questions relating to years of educational and position experience.

1. What position do you hold in your district? (Superintendent/Chief Financial Officer)

2. How many years have you been in your current district?
3. How many years have you been in your current position?
4. Have you been in this position or similar position in other districts? If so, please elaborate.

Superintendents and Chief Financial Officers were then asked about their knowledge of school finance and district financial security. Questions one and two were meant to measure the depth of understanding and knowledge the participant had in relation to Texas school finance. Question three was geared towards exploration of strategies individual districts used to maintain financial security in a changing fiscal time. Finally, question four was meant to ascertain where Superintendents and Chief Financial Officers gained knowledge and recommendations when making financial decisions for their respective districts. Follow-up questions allowed participants the opportunity to elaborate on the topic.

1. Describe your understanding of Chapter 41 & 42 rules that govern recapture.
   Follow-up questions
   a. Philosophy on the issue
   b. Historical experience
   c. perspective on managing money
   d. How do you stay current on new laws and school finance requirements?

2. How would you describe the impact the recapture legislation has had on your district?
   Follow-up questions
   a. What financial strategies and conditions influence instructional expenditures?
   b. What financial strategies and conditions influence expenditures?
   c. What financial strategies and conditions influence employment and staffing expenditures?
   d. What financial strategies and conditions influence facility expenditures?

3. What strategies are you using in your district to maintain financial security?
   Follow-up questions
   a. Of all the strategies you put in place, what were the most effective?

   b. What strategies would you implement differently?
   c. Are there any critical factors we may have missed in our discussion?

4. What input do you seek and receive from the stakeholders regarding recapture?
   Follow-up questions
   a. Who do they see as stakeholders?
   b. How do you utilize that information?
   c. What documents do you rely on to make financial decisions?

One aspect of qualitative research is based on face-to face interviews that are analyzed and interpreted by the researcher once transcripts of those interviews are complete and the data is evaluated (Creswell, 2008). Transcripts were analyzed and the coding began as they were completed. As transcripts were finished with more data available for review, transcripts were revisited, comparisons were observed, and themes began to emerge. In this study, care was taken to ascertain if two individuals were saying the same thing using different words. Such instances required the researcher to carefully examine context of what was said in relation to the question and the intention of the participant. The transcripts were coded to indicate various terms, which could then be grouped into a common theme.

The following themes emerged from the data: (a) Methods used to include tax ratification elections and bonds (b) Approaches, processes and procedures included monitoring and fiscal responsibility and (c) Community expectations which included current district financial status, changes in practice, and state options. Table 4 indicates the qualitative evidence of frequency provided by Superintendents and Chief Financial Officers as evidence for each theme.

Table 4

Qualitative Evidence of frequency Provided for Each Theme

Qualitative themes identified	S1	S2	S3	S4	S5	S6	C1	C2
Methods used to keep local taxes								
Tax Ratification Elections	X			X	X		X	X
Bonds	X			X			X	
Approaches, processes and procedures								
Monitoring	X	X	X	X	X	X	X	X
Fiscal Responsibility	X	X	X	X	X	X	X	X
Community Expectations								
Current district financial status	X	X		X	X	X	X	X
Changes in practice	X		X	X	X		X	X
State Options	X			X	X	X	X	X

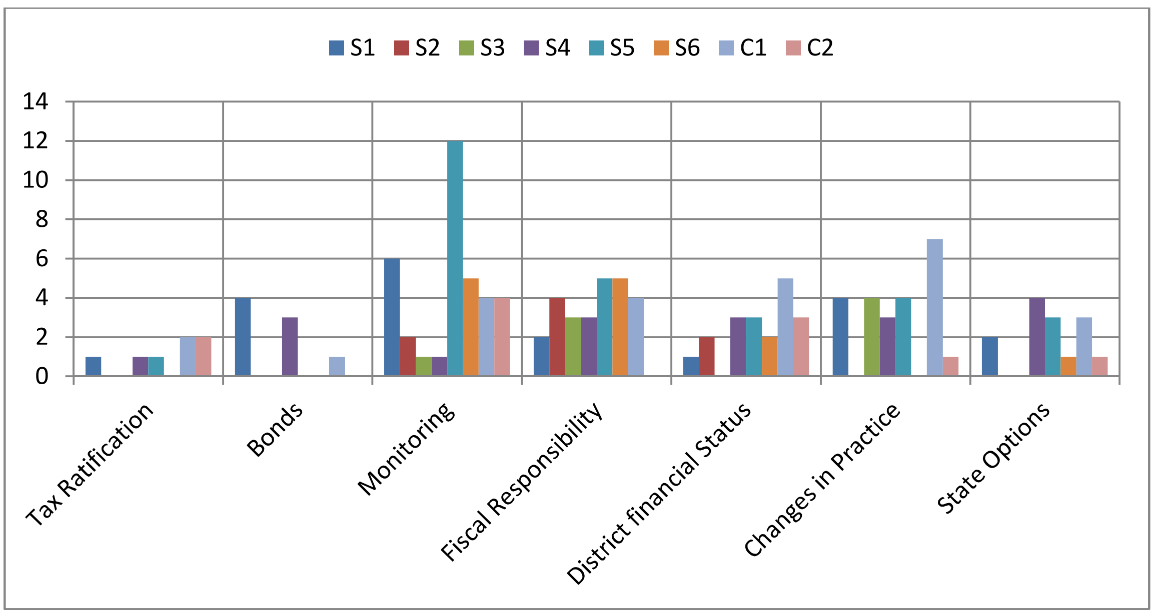

Figure 2 Frequency Provided for Each Theme

Interview Results

Research Question One - Methods used to keep local taxes

When coding to answer the first research question, “What methods do school district Superintendents and Chief Financial Officers believe need to be employed to keep locally generated funds from state recapture? two themes emerged: holding a tax ratification Election to allow districts the local taxing flexibility and bond elections that allow districts the opportunity to do capital improvements and purchases which is repaid through I & S taxes.

Theme One: Tax Ratification Election

The state’s equalized funding system allows for three ways for districts to increase total formula funding: (1) legislative action to increase allowable tax rate, (2) increase in number of students enrolled, or (3) an increase in tax rate above the state mandate rate (TEA, 2015). Increasing the local maintenance and operation rate above $1.04 requires a tax ratification election (TRE) passed by the votes within the district. As indicated, five out of the eight districts interviewed relied on a TRE to support district financial stability.

- “A public referendum would give me 13 pennies, so I could go to a $1.17 and what you don't want to do is go from a $1.04 to a $1.17. You would want to take those extra 13 pennies, and then at school board discretion add those pennies as you needed. Now that requires a tax rate election” (C1).
- “We're going to have to struggle at a $1.04 for the foreseeable future until property values drop enough that maybe we are not chapter 41. Then we might have to have a TRE” (C1).

- "Our values could drop here and put us in a situation, where if the state doesn't give us any more money, I don't know what we're going to do. Would have to go back to the state tax payers, and I don't want to do that" (S1).
- "Even before the chapter 41, we had made some decisions that allowed us to kind of maximize the tax rate here and actually build-up of a pretty nice fund balance for the district. You know we had a TRE" (C2).
- "It was a strategy that allowed us to you know at that point in time, you know you can generate more money on the M & O side as far as the penny then it could have then on the I & S side at that time. All that changed in chapter 41 right" (C2).
- "Up to this point it's been, I think, the recruitment and retention of personnel mainly to keep our class sizes low, we haven't wanted to build a fund balance which is another priority and structure bonding construction so that it was time we did a roll back election to -a TRE" (S4).
- "Are you ready, $1.17 M & O and its 14 I & S its $1.31 total your like what? We actually passed the TRE but we had a roll back election" (S5).

Theme Two: School House Bonds

Superintendents and Chief Financial Officers believe that districts use school bonds as a means to complete capital projects and channel debt legally within the current finance system. Bonds have been passed by voters in three of the eight districts in conjunction with anticipated or sudden wealth.

- "If you want to keep your tax dollars at home you need to try to pass a bond and use those resources then to build your buildings and that way you can keep those resources here instead of doing major capital projects out of your maintenance and operations tax rate" (S1).

- "Let's go ahead and reduce our maintenance and operations rate down to the point that we are not paying recapture and let's go after a bond to fund our facilities" (S1).
- "It did help our community become more aware of how the whole funding system works and obviously at that time they became more in favor of doing a bond to fund these kind of capital projects. But like I said now this year the effect is negative" (S1).
- "The only way to fix your facilities you got to go out and do a bond" (C1).
- "We obviously studied the equation and we realized it would be better after many meetings with the board, and I brought in different consultants to explain chapter 41 and recapture and the benefits of doing a bond election to fund capital projects like our facilities projects. they finally realized that that would be a better way to go for our district" (S1)
- "We had been able to raise money on the M & O side with taxes going down and the values going up and so then we added the I & S tax rate on top of that. I would say most people in the community saw very little decrease in there if any but that the increase was generally supported the bond passed two to three to one" (S4).
- "We spent some of our fund balance on a new field. It made a lot of sense because in chapter 41 you get to keep all of your I & S money but they capture funds on the M & O side. So what we did was passed the bond and we included a

reimbursement resolution in it that would allow us to pay ourselves back out of I & S funds. We have to shift some money from operating cost on the M & O side for fertilizer and mowing, and marking the field and doing all kinds of upkeep and water to water the field over to I & S side which were able to keep all of that money tax money instead of sending it back to the state" (S4).

- "Managing money with chapter 41 you get to keep all that I & S. We passed the seven six million dollar bond and the oil industry in one way or another is going to end up paying 80% of that so that is a good deal any day you can make that deal" (S4).
- "We built in some special calls in our bond package so that if we raised extra money we could pay off some of the bonds quicker without penalty" (S4).

Table 5 indicates the qualitative evidence of frequency provided by Superintendents and Chief Financial Officers as evidence for methods were used to keep local taxes. Figure 3 is a comparison of their responses in each category.

Table 5

Count of Participants responses to common theme methods to keep local taxes

Participants	Tax Ratification Election	School House Bonds
S1	1	4
S2	0	0
S3	0	0
S4	1	3
S5	1	0
S6	0	0
C1	2	1
C2	2	0

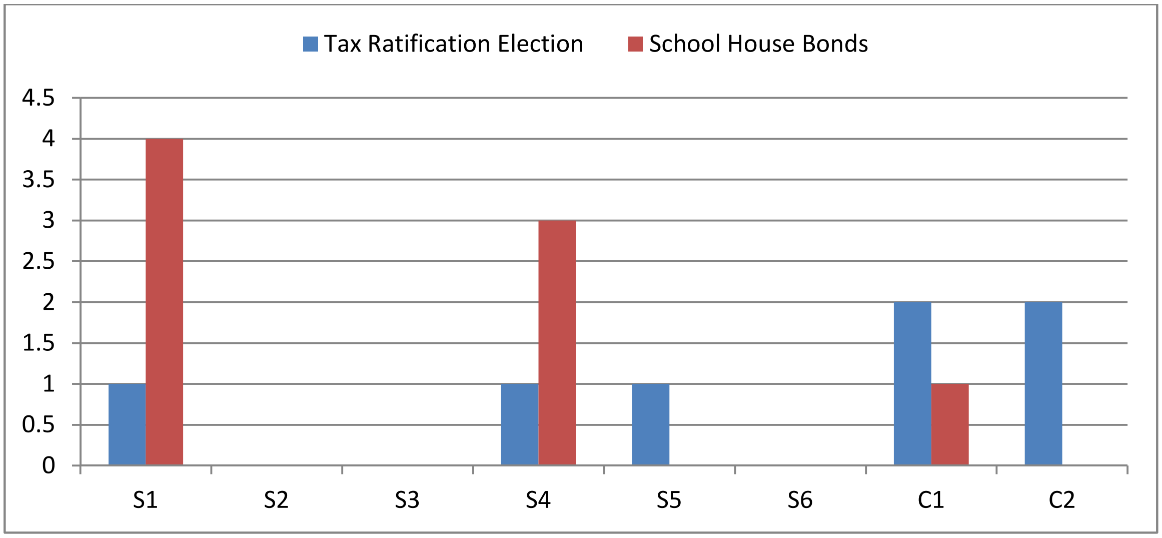

Figure 3 Comparison of culminated responses to Methods to Keep Local Taxes

Research Question Two - Approaches, processes and procedures

The second research question, "What approaches, processes or procedures do district superintendents and chief financial officers perceive as necessary to enact when faced with sudden wealth to maintain or ensure financial stability?" garnered two unanimous responses from all eight participants: the importance of monitoring your local finances through various methods and fiscal responsibility in budgeting.

Theme One: Monitoring

Careful purposeful monitoring was identified by all Superintendents and Chief Financial Officer in this study. Every participant uses Omar Garcia's Texas state template as a basis for financial planning. Additional monitoring is completed through local education service centers, focus groups and organizations.

- "Looking at budget versus expended" (C1).
- "We were being very strategic about not sending our tax dollars back to the state" (S1).

- "As we carefully monitor our budget, it has been really good cuz it's kept us on our toes for month to month. It's also made us realize there are areas where we're spending too much." (S1).
- "TASB puts out the best of the best. They have some information on the districts that are doing some really unique things" (S1).
- "Legislative planning estimate and district planning estimate – TEA is going to give you, they are going to give you an estimate what they think you're going to be" (S2).
- "I have been doing salary studies with TASB – Texas association of School Boards and looking at area salaries and trying to be competitive in relation to the employee's years of experience" (S1).
- "Every month we do a financial report and we look at how are we doing in relation you know to the overall budget" (S1).
- "As you are running your number and you know what that number is going to be you plan on that number" (S2).
- "Omar Garcia's estimate of state aid. It's the Bible. It's accurate enough that I can come very close to my revenue projections. That revenue projection then determines our budget" (C1).
- "It's caused us to, I guess, watch our finances more carefully in a very different way" (S3).
- "I stay close to TEA website. Annually they publish a chapter 41 equalization manual" (C1).
- "The real governing is that equalization manual that we get from TEA" (C2).

- “I also ordered the budget workbook from Texas ISD” (S4).
- “We use the summary of finances from the TEA. That goes hand and hand with Omar’s template, but I also use a hybrid of Omar’s template from region 13 that breaks down your cash flow and your budget and where you are you and so every 6 weeks you get a pretty good indication of where you are” (C2).
- “We constantly are staying updated with the Omar's template. That is kind of our Bible I guess you can say. Especially with the ride that we’re taken with the values and stuff just trying to stay abreast of what the template saying is going to happen to us” (C2).
- “We went through probably a dozen different templates scenarios on the M & O vs. the I & S side where our tax rate needed to be. If our M & O was this and our I & S was this where are we maximizing the revenue. We just we just got to stay up with the template and see how we can best utilize tax rate to create revenue for the distance” (C2).
- “We really lean on each other as superintendents. We really lean on our service centers because our service centers get the information first” (S5).
- “There is several ways I gather information. There's the equity center, there's the Texas school coalition, there's TACS Community School Texas Rural education. Then there's Texas Association of Community Schools TACS” (S5).
- “One of our best resources is to join forces as one unit that has that common belief” (S5).
- “Find the best resources and they're going to help you because we’re busy running schools” (S5).

- “I go also to region 20 to some of their meetings because of the Eagle Ford Shale group that we started there after the business managers meeting” (S5).
- “I'm got the Railroad Commission saved as a favorite. You're on it watching how many permits that were issued. The other code we were told to watch was your permits and if your permits start declining then you need to be worried. But if they keep issuing permits then there's still that development” (S5).
- “Southern school districts had a lot of advice because they were a few years to three years ahead because the financial impact started there and it was coming up this way” (S5).
- “I’m telling you the connection thing is so important. You talk to one another, and you visit with one another, and you join all these groups that are out there advocating for school districts of your size of your financial situation or you just have to kind of bond together” (S5).
- “You want to constantly monitor and forecast” (S5).
- “You can stay on top of the attendance, any growth that’s going to occur, any specific changes in the finance laws, and then project revenue and understand what changes will mean at least a year in advance. I am always thinking where will that leave us, next year before the next budget” (S6).
- “You can't look at any further than two years in advance because the legislator is meeting every other year or there is a law suit” (S6).
- “All of the major financial changes are covered either at conferences or through region 13” (S6).

Theme Two: Fiscal Responsibility

When asked a follow up question "What financial strategies and conditions influence expenditures", Superintendents and Chief Financial Officers related the most important aspects of financial responsibility.

- "I would love to say we earned it and then spend it because that's the best strategy we got but that is not the one we did" (C1).
- "I went to the campuses and looked at their historical data and I would say we have enjoyed luxuries where we've been able to say over budget so this year I had to go back and reduce their actual budget back to historical spending limits" (C1).
- "Because we have that cushion of money it's allowed us to perhaps make some bolder choices in some of our expenditures" (S3).
- "We are now printing off everybody's budget that pertains to their area or their campus. They review that with the business manager and meet on a monthly basis" (S1).
- "We are going to adopt a balanced budget and if we have any money left over at the end of the year then we're going to determine what we want to gear that towards" (S1).
- "My faculty understands that this is going to be a very tough year. We did not plan for any additional projects" (S2).
- "I didn't reduce salaries. I didn't reduce stipends. We have enough money in reserves we can survive for a while" (S2).
- "If I hadn't built our fund up to an acceptable level then we would be in trouble right now" (S2).

- “Even outside of chapter 41 you earn your money first and you expend it later” (C1).
- “We are trying to just hang on to this recapture money and invest it knowing then the next year we have to pay it to the state. We’re basically trying to pretend that we don't have that extra revenue. And we’re attempting to operate as if we still had the property values that we had five years ago” (S3).
- “Our funding mechanism is very different from the way that the city gets revenue from the oil industry and the county as well. We are under a very different system which requires us to equalize our wealth back down to where we were back in 2006” (S3).
- “Principals budget expenditures only. Superintendent's budget revenue. How am I going to get revenue? How to get revenue? As well as expenditures. Somehow we’ve got to teach our principals how to better budget for what they need to do” (C1).
- “Let's look at ways to cut costs and cut back and so we are going to start having some budget meetings early this year to look at ways and try to do it in the most palatable manner possible” (S4).
- “I have a very clear understanding of what impacts our budget” (S6).
- “I really believe that we are extremely responsible to our community to be as honest and I want revenue projections to be very close to our actual budget” (S6).
- “It is necessary to not only project revenue but then project reductions in costs” (S6).

- “We had a teacher leave this year that went to go move on with her husband so didn't fill it. It hasn't put us in a situation where we’re hurting yet we're just trying to forecast” (S5).
- “They just took the amount straight off the top of our state payment so we never really had to write the check ourselves” (S5).
- “You got to take care of your kids, and you got to pay your bills, and you got to have some in savings just in case it's a rainy day or something bad happened” (S5).
- “We made administrators create a priority list. We told them they had to cut from the bottom up so they never jeopardize what was truly important” (S5).
- “We had to use sound budgeting principles and from my perspective that is you don't spend more than you generate, unless you have a bond issue, or you have a planned decrease in your fund balance. I just try to use a very simple process and that's we don't spend any more than what we generate unless it’s planned” (S6).
- “We have never operated a deficit budget unless it was planned with money in the bank, that we would spend for construction or something like that so we just don't spend more than what we earn” (S6).

Table 6 indicates the qualitative evidence of frequency provided by Superintendents and Chief Financial Officers as evidence for methods that were used for approaches, processes and procedures used. Figure 4 is a comparison of their responses in each category.

Table 6

Count of participants responses to the common theme approaches, processes and procedures

Participants	Monitoring	Fiscal Responsibility
S1	6	2
S2	2	4
S3	1	3
S4	1	3
S5	12	5
S6	5	5
C1	4	4
C2	4	0

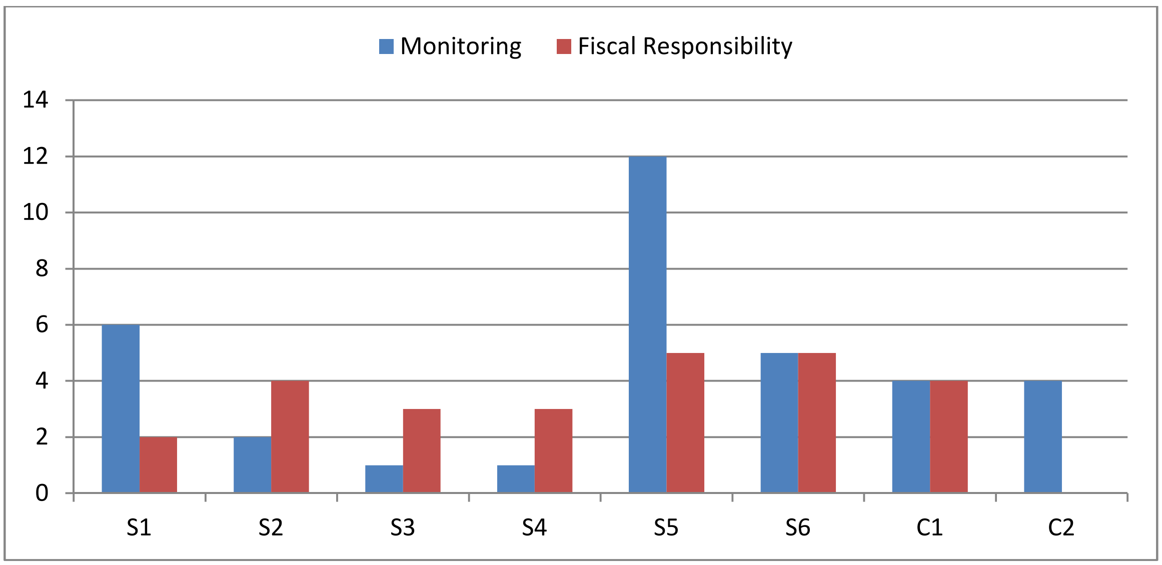

Figure 4 Comparison of responses to Approaches, processes and procedures used to maintain financial stability

Research Questions Three - Community Expectations

Through the final research question, “What are thought to be community member expectations of their school district, as correlated with sudden school property wealth. Do they change or stay the same based on the increased property wealth?”, participants were able to explain their current district conditions, changes in practices and the frustrations faced because of sudden wealth.

Theme One: Current District Financial Status

Another emergent theme showed a wide range of district financial conditions. Superintendents and Chief Financial Officers believe a Chapter 41 status designation holds a negative connotation.

- "The chapter 41 is an absolute disaster for this school district. If your values will continue to increase then chapter 41 is not as painful because you get more local revenue as your values go up" (C1).
- "We have been penalized since 2005 because we were good stewards of our money and kept our taxes down to a $1.34/$1.35 then being a $1.50" (C1).
- "As long as your values are growing and you have increasing revenue you can keep your budget balanced" (C1).
- "Once you make a payroll increase that's not a one year impact, that's a multiple year impact" (C1).
- "This community expects good quality of everything education good quality facilities, I mean for things to just be taken care of and I think everybody realizes it is going to cost some to do that" (S1).
- "Things were looking good and all the sudden got the rug pulled out from under me and here we are. Just trying to survive" (S2).
- "You are now a chapter 41 so now you are now going to send 25% of your overage back to TEA" (S2).
- "As long as it continues to go up it is fine but when it turns flat or turns down you're in trouble. You're going to have a deficit budget and unless you have put enough money away in fund balance you could potentially go bankrupt" (C1).

- “We know all along that property values will at some point flatten out. We thought it would probably be you know down the road a few years. And we never imagined that they would decline so quickly” (C2).
- “No one could have speculated 2 years ago that it would happen so fast you know” (C2).
- “We have a healthy fund balance so for that year we could make the bond payment with the fund balance” (C2).
- “The Eagle Ford was discovered and it’s been changing everything for probably about six years” (S4).
- “Not all of that wealth increase happened initially, you have the land men that come in and they lease the property. Then you have your geologist that come in and do their studies. Then you have all the pre work. Then you start having some wells drilled. Once that oil is being produced then that's when we actually realize a lot of our increase values” (S4).
- “Again, I would rather have these opportunities than not because on this side especially up to this point it is very nice. We've been able to do some things that we could've done otherwise” (S4).
- “We're almost an equal school district with state funding and local finding very much split almost 50/50” (S5).
- “You don't understand why you travel to someone's school to play football games, or to just go attend a conference, or go take your students for you UIL, and you walk around a brand new shiny school and then you go back to yours and you don’t understand why can't we have something for our kids” (S5).

- "The only reason that we've increased revenue of course is due to this development. Otherwise we were pretty much a stable property value" (S5).
- "We essentially lived off of property values and that would have continued here if the tax compression had not occurred" (S6).
- "The taxpayers expect effective and efficient use of their dollars. They want a big bang for the buck and who doesn't. Taxpayers are not extravagant and are very conservative so they are very reluctant to pass a bond issue until it reaches some level of need that we haven't reached yet" (S6).

Theme Two: Changes in Practice

Superintendents and Chief Financial Officers see cuts in their state financial support forcing more local contribution and having to make tough decisions in the future. All participants recognize a need to be more fiscally responsible.

- "It's a mess and as soon as the state tries to fix our state recapture laws they are going to make a messier. We're going to have fewer choices. And we're going to spend more of our local money. I don't have the confidence that you're ever going to fix it" (C1).
- "When you start making cuts you really have to have something research based so that people don't look at you like your just being mean" (S1).
- "Some of the software programs the principals have tried and then they decided it's just not worth it have not been renewed" (S1).
- "We are finding another way to keep the things that are valuable to us and some of the things that we have determined are not valued to us we are learning to just let it go" (S1).

- “We’re going to have to operate more efficiently and we're going to have to take on more prep and more different teaching responsibilities in order to be able to accomplish that goal” (S1).
- “It is not wise for us to freely spend that money since we will be sending that money to the state” (S3).
- “For a whole year we get to invest the funds even though interest rates are very low” (S3).
- “We need to go back to about almost our 2010 – 11 expenditure levels and staffing levels expenditure levels” (C1).
- “If you get over staffed or if we over increased pay rates then we obligate ourselves to a bigger future 6100 cost that makes it even harder to balance your budget in the future” (C1).
- “Reducing positions or possibly even doing a rollback on salary rates which would be devastating to the school district” (C1).
- “We hate to cut teachers but that’s when you can make the most impact on your budget is reducing your number of staff” (S3).
- “When you are in a situation where you don’t have enough revenue no matter what your decisions are then you have to get in decisions that were going to cut this and that and cut this and cut that” (C1).
- “You're really allowing the money to drive how much we’re going to spend on education rather than letting education drive how much money we need” (C1).

- "The region co-op stays very much abreast of the oil business and what's going on because so many of his schools are affected. We try to pick his brain as much as possible" (C2).
- "With the robin hood plan they take money from the richer districts and give it to the poor district" (S4).
- "You know if you do spend it, then spend it on one time expenditures, and not have it spent through salaries that are going to be reoccurring cost" (S4).
- "I think we're all going to really hit it next year, because what I understood was, they use the average price of oil. Well we at least had a hundred in that figure to average whereas this next year were going to have 40s, 50s, 60s," (S5).
- "You hope for the best but prepare for the worst scenarios. There's this moving target out there where we are financially" (S5).
- "We have been doing so much differently, I feel like I am still in that mode of fixing, to where every time I turn around we were making sure that system is going okay" (S5).
- "You don't inherit something you inherit everything, some of its great some of its not so great, but some of it you can't change like this and some of it has gone too far" (S5)

Theme Three: State Options

The message that is mirrored throughout the responses in this category confirms that the participants believe that "the original intent of the current finance system was to try to equalize wealth but in many ways unfortunately we have seen that it has not and there still some districts that benefit more than others" (S1).

- “Everything that I have spoken about for the last few years, of lets reduce our recapture, we’re just not in a position to do that anymore” (S1).
- “It’s out of my control” (S1).
- “Everyone knows that we don't have a choice and they also know they don't like the choices that they have or we have” (C1).
- “I think the state is forcing down to the district level the responsibility for each community to pay more for their education” (C1).
- “Just because of the steep decline in in the property value this year with the way the finance system works, we actually will receive ASATR (Additional State Aid for Tax Reduction) plus pay a huge recapture payment this year” (C2).
- “If we don't spend some of our fund balance then the state may try to take some of it back” (S4).
- “There will be a day of reckoning within the plan as we know it now, because legislature probably will have to act on the court ruling soon and I don't know what that mean for us” (S4).
- “Recapture always happens after the fact. You get that first year where there’s going to be a huge influx of money and districts must be very careful and not spending that too much or all of it right off the bat” (S4).
- “The funding is so convoluted and complex that it's hard. I have experience as a superintendent and in a meeting when Omar's talking and everybody’s just listening, hanging on every word because it gets pretty deep” (S4).
- “We had some big oils wells come in but I found out this information as well. If they're not producing on January 1st at 11:59 p.m., if they're not producing at that

time, they're not calculating on those property values for that school year they will go on the next tax year" (S5).

- "You're constantly looking at not just this school year but you're also looking at the next school year" (S5).
- "We do not send money back to the state. Essentially the state just lowers their portion of state support based upon our property values" (S6).

When asked follow-up questions at a various times throughout the interview, participants expressed a level of frustration for the current Texas school Finance System throughout every category of questioning.

- "So that's been very frustrating for me as a superintendent. Still having to send money back in the recapture just because we're trying to maintain the same level of maintenance and operations" (S1).
- "It's extremely frustrating to me as a superintendent to walk around and see terrible situations, when it came to some of the classrooms had mold and mildew, there was asbestos" (S1).
- "If there is any way we can reduce taxes we would, but we can't so that's what's frustrating about the whole recapture system" (S1).
- "The whole state finance system is complex and I've even met other superintendents and other central office people that admit to me I don't know really everything about how that all works" (S1).
- "I do believe that there should be some level of equity spending across the state as far as education is concerned" (C2).

- “So much stuff changes every year as new legislation comes into play and just trying to stay up with all the moving parts especially with what's going on over last couple years” (C2).
- “With the tax base and again obviously the whole school finance legislation, I mean lawsuit going on out there everybody's kind of waiting to see what comes out of that” (C2).
- “I pay taxes in this school district. I really don't want my money going to somewhere else either. I understand, do I think it's a fair process probably no I don't but I think that opens a can of worms about the whole school finance situation” (S5).
- “I believe that we should look at fair equitable making sure we all get the same amount. I believe in all those things. Is recapture the way to do it where you take it away from one group to give to another. I don't think so” (S5).
- “We spend a lot of money on staff development for teachers and so we have a lot of staff development especially time. Time is money so we have a lot of staff development for teachers and you have to weigh that value against the cost and sometimes weighing that value is hard to put into STAAR results educating your staff is really critically important” (S6)

Table 7 indicates the qualitative evidence of frequency provided by Superintendents and Chief Financial Officers as evidence for participant responses to Community Expectations. Figure 5 is a comparison of their responses in each category.

Table 7

Count of Participants responses to the common theme Community Expectations

Participants	Current District Status	Changes in Practice	State Options	Follow-Up
S1	1	4	2	4
S2	2	0	0	0
S3	0	4	0	0
S4	3	3	4	0
S5	3	4	3	2
S6	2	0	1	1
C1	5	7	3	0
C2	3	1	1	3

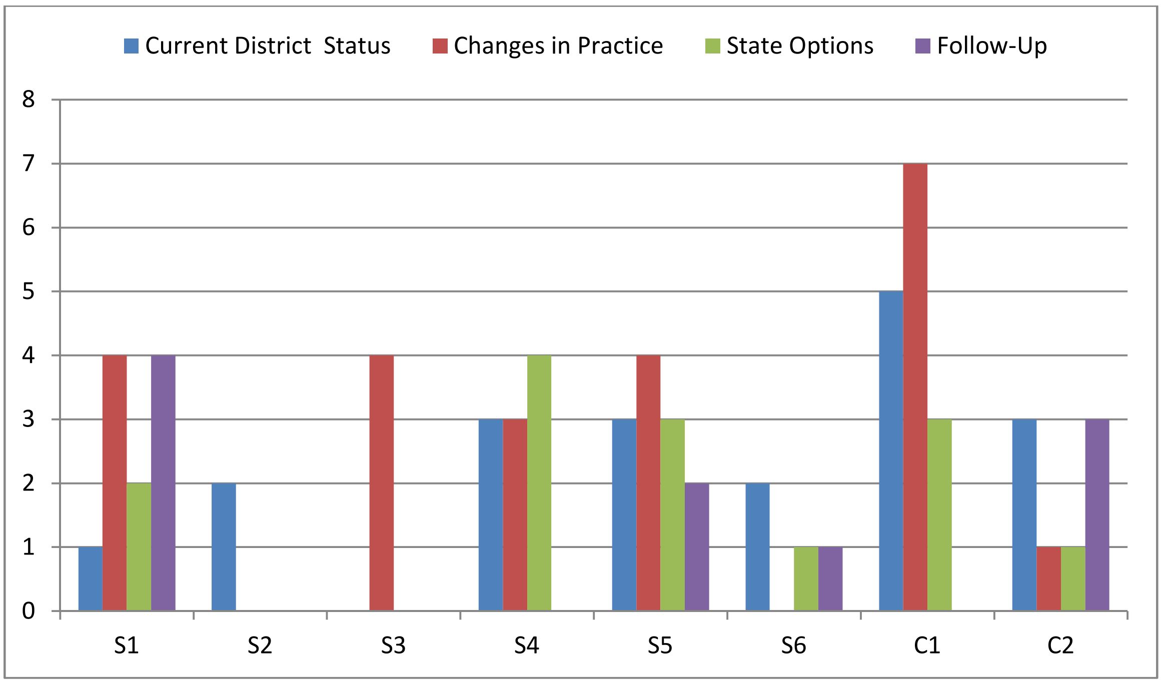

Figure 5 Comparison of responses to the common theme Community Expectations

Outliers

Two districts in this study talked about the royalties associated with owning property that is pulled into an oil well. One district is receiving royalty checks monthly and indicated, “We're not totally poor because we’ve gotten oil revenue. It doesn’t go back in the form of recapture” (S3). An oil drilling pad has been constructed on the property and drilling preparations began at a second school district included in this study. With the drop in oil prices and exports, oil production did not begin as scheduled, there for no revenue from royalties is being realized (S5).

According to another superintendent, “Our school is one school under one roof so that means one cafeteria staff, one maintenance staff, you save a lot of money that way. If I had multiple campuses, you’re looking at some multiple costs” (S2). One Superintendent talked about the need to replace staff that had retired because of increased family income realized from the oil production profits. Teachers and staff members no longer needed the income from the district. “An aging faculty at the elementary and then many of them, many of our elementary teachers, themselves became wealthy with oil money and said oh well I definitely am going to retire or I'm going to retire early” (S3) forced the district to incur costs associated with a new teaching staff.

Conclusion

This chapter presented the data that was generated from this qualitative analysis and how it answered the three research questions. Chapter 5 will contain an introduction and organization of the study, a discussion of the results, implications for school leaders, recommendations for further research and the conclusion.

Chapter V

Conclusion

Introduction

Chapter five contains an introduction and organization of the study, a discussion of the results, implications for school leaders, recommendations for further research and the conclusion. Chapter four included a presentation of data collected from face-to-face interviews that were transcribed and analyzed to allow themes to appear. Findings were presented by research questions and by themes. The primary themes from research question one include tax ratification elections and bonds. The primary themes from research question two include state options and monitoring. The primary themes from research question three include fiscal responsibility, current district financial status and changes in practice. The themes were presented using the verbiage and phrases of the participants to provide a richer picture of the occurrence studied.

Discussion of the Results

Two themes emerged in response to the data collected aligned with research question one, “What methods do school district Superintendents and Chief Financial Officers believe need to be employed to keep locally generated funds from state recapture?” Those two themes were tax ratification elections and bonds. Overwhelmingly, Superintendents and Chief Financial Officers believe that passing a Tax Ratification Election (TRE) and a bond election will enable them to keep local funds garnered through local property taxes within the district coffers. “We're going to have to struggle at a $1.04 for the foreseeable future until property values drop enough that maybe we are not chapter 41. Then we might have to have a TRE” (C1). This premise, as explained by the participants, takes money that would have been sent to the state as recapture, and funnel recapture into areas of district need. It is their belief that expenditures on the maintenance and operations (M & O) side can be offset by moving comparative debt to the interest and sinking (I & S) side of the financial equation. According to one Superintendent (S1) We obviously studied the equation and we realized it would be better after many meetings with the board, and I brought in different consultants to explain chapter 41 and recapture and the benefits of doing a bond election to fund capital projects like our facilities projects. They finally realized that would be a better way to go for our district". While passing a bond election to fund large construction projects is supported in the literature, passing a tax ratification election is absent in current literature as a method to keep locally generated funds from state recapture. Regardless of which of these two options are chosen, passing a bond to build new construction and/or renovations or raising taxes to pay for maintenance and operation, the debt still falls to the tax payer.

Districts faced with sudden changes in property wealth, in this case because of the oil production associated with the Eagle Ford Shale, are able to collect taxes on the prior year of all production. Property wealth designation changes by the Texas Education Agency are a year behind that assessment. All eight participants indicated they believe their local tax payers do not like the thought of sending their local money away to the state. It is not about student equity as they all indicated that every child should be provided a good education. All six Superintendents and two Chief Financial Officers indicated it is about state versus local control.

Looking at state options for retaining local property wealth and careful monitoring of district budgets were the themes Superintendents and Chief Financial Officers believe they need to use in regards to research question two, “What approaches, processes or procedures do district Superintendents and Chief Financial Officers perceive as necessary to enact when faced with sudden wealth to maintain or ensure financial stability?”

Every Superintendent and Chief Financial Officer reported that they use the state funding template created and updated yearly by Omar Garcia to accurately predict state aid amounts. Three out of eight participants referred to the template as their “Bible”. Participants also reported that Education Service Centers 3, 13 and 20 all have resources to assist districts in navigating the Texas Finance System. These ESC’s have seen especially helpful in dealing with questions and issues associated with Chapter 41 and sudden property wealth. Focus groups have begun to keep districts informed on issues associated with sudden changes in property values primarily brought about because of area oil production. As discussed in Chapter 2, bond elections are the only way in which citizens can directly make school district policy decisions. Being given a seat at the table through participation in focus groups and planning meetings, local citizens have yet another voice and opportunity to support local school boards through issues associated with sudden wealth. Without the aid of the template, the service center resources, and information gathered through local citizens, the reporting districts would have a limited knowledge base surrounding school finance and would rely on self-generated spreadsheets and research to gather required information. Planning information from the Texas Education Agency is very limited and is based on data from the previous year. All participants emphasized the importance of seeking expertise from their education service centers, collaborations with others, and attending all available informational meetings. Superintendents and Chief Financial Officers are looking for and gathering information from whatever sources are available.

Five of the eight participants interviewed have experienced writing a check to the State of Texas for recapture once or twice since the property values associated with oil production has changed their financial wealth status. Two of the eight districts have had their state aid payments reduced by the amount of recapture owed to the state. One school district has sent recapture payments for more than four consecutive years. Each year, according to the Superintendent (S1), their recapture payment has dramatically been reduced by careful financial planning. Budgeting philosophies that include spend what you have when you have it, and save for future needs, appear to be the predominate messages among the eight participants interviewed. “You got to take care of your kids, and you got to pay your bills, and you got to have some in savings just in case it's a rainy day or something bad happened” (S5). No one counted on the bottom dropping out of the oil prices so fast when considering their budgeting for the 2014-15 school years and future school years.

A careful continuous monitoring of line by line budget items appears to be the approach Superintendents and Chief Financial Officers are taking as a result of the decrease in oil production revenue. While all eight participants did not see an immediate need to reduce staff, all realize that personnel make up the largest part of their budget and would make the biggest impact if cuts needs to be made. Superintendents indicated that positions would be carefully monitored for replacement as teachers left or retired in the future.

The participant verbiage and phrases clearly laid out frustrations with the current school finance system. The third research question, "What are thought to be community member expectations of their school district, as correlated with sudden school property wealth? Do they change or stay the same based on the increased property wealth?" was used to understand the beliefs about fiscal responsibility, their current financial status and changes in practice while operating within the confines set by the state financial system.

Themes that evolved through discussion of the third research question regarding sudden property wealth were fiscal responsibility, current district financial status and changes in practice. All district Superintendents and Chief Financial Officers indicated they must do everything they can to leverage the state's funding formulas and options. The ability to project revenues and expenditures are very important to the current and future financial health of a district. Use of projections made by the State of Texas through the summary of finance is not as accurate to determining district financial stability as the use of Omar Garcia's template that continues to be updated yearly. "You hope for the best but prepare for the worst scenarios. There's this moving target out there where we are financially" (S5). Responses from Superintendents and Chief Financial Officers may have been different had the price of oil not plummeted in the last six months and the economic outlook changed dramatically.

During their interviews, four of the eight participants expressed a frustration in the current Texas School Finance system and mentioned their participation in the pending school finance lawsuit. "If there is any way we can reduce taxes we would, but we can't so that's what's frustrating about the whole recapture system" (S1). Three Superintendents and one Chief Financial Officer voiced concerns over changes that may occur based on the outcome of the lawsuit to the detriment of the local districts. It is their belief that until the lawsuit is settled with possible changes to the current system, the ability for district to be secure in their financial decisions is in jeopardy.

Implication for School Leaders

The data in this study suggests that the six Superintendents and the two Chief Financial Officers in the Eagle Ford Shale Central Texas Area understand the importance and complexity of the Texas School finance system. They are seeking and utilizing every means possible to maximize their financial stability. To make a practical application of what has been discussed in this document, it is recommended that Superintendents and Chief Financial Officers (a) carefully monitor elements influencing financial stability, (b) understand where the control lies under the current state financial system and the limits thereof, and (c) recognize that financial stability is different in every situation and every district.

Careful monitoring of student enrollment and attendance (WADA), monthly expenditures, and local property values are vital to the financial stability of a district. Districts must be aware of their up to date actual revenue and expenditures to make objective and subjective financial decisions. Careful and meaningful budgeting must be followed by attention to current situations potentially affecting their future expenditures and revenues.

Local leadership has limited control over legislated district financial mandates under the current Texas Finance System. As found in Chapter 2, the foundation school program is meant to guarantee each Texas school district has "equalized and adequate" resources to provide a basic education to all students and enrichment funds to districts that supplement basic funding to provide facilities. Basic needs are calculated under one formula and enrichment funds for facilities are calculated under a second set of perimeters (Texas Association of School Board Officials, 2013). The flow through of revenue is determined by a state authorized system based on local property values in which the school district has no control or voice. Sudden wealth, as determined by the Texas Education Agency, uses data that is a year behind in their projections. These projections are used to calculate state aid awards and govern recapture requirements.

The definition of financial stability is different for each individual and the situation of the district. Support for initiatives such as a bond proposal or tax ratification election varies between communities and can be perceived as a meaningful way to keep school tax collections from property values within the district boundaries. Financial decisions that would reduce personnel, instructional, or facility expenditures, have not been required to date for school districts that have recently become designated Chapter 41. Districts later faced with reductions as a result of recapture will be more accepting of the situation if they believe they are being treated fairly.

Data collected from the eight participants indicated an awareness of their financial responsibilities and implications associated with sudden wealth to all of their stakeholders. Varied methodologies were used to ensure financial stability despite the fact all districts were Chapter 41 and utilized multiple approaches. Not one approach seemed to be more beneficial than another because of the intricacies of individual district situations. Over time, all financial strategies noted, involved either an increase or decrease in the local tax. Notwithstanding the methodology used, the consequences and debt of their approaches inevitably reverts to the taxpayer

Recommendation for Further Research

1. There are other areas of Texas that have been financially affected by sudden wealth attributed to oil drilling. It would be recommended that further study be done in those areas of Texas having more historical experience with Chapter 41 sudden property wealth. It would be interesting to determine if the findings remained constant, changed for the better, or changed for the worse.
2. In this study, strategies were identified that Superintendents and Chief Financial Officers believe ensure district financial stability. It would be beneficial to have a greater understanding of how these strategies truly impact financial stability. Such a study would address the issue of inequity that may exist in the Texas public school finance system.
3. An in depth study could be completed on the effectiveness or importance of one of the specific financial strategies used by districts to ensure financial stability.
4. This study could be extended to compare how beliefs of financial security are transferred to actual district financial stability. Does careful monitoring actually ensure district financial stability?
5. A study is needed that examines the effect a bond or tax ratification election on recapture payments.
6. A study needs to be done that answers the questions of “Does wealth, sudden or otherwise, make you more financially stable? Does wealth increase student achievement? Does wealth change the outcome of bond or tax ratification elections?”

7. Indicators in this study suggest a frustration and concern associated with the current Texas School Finance System. Steps need to be taken at the state level to correct a financial system that is seen by teachers, staff, administrators, and taxpayers to be ineffective and inequitable. Further study needs to be done on effective and equitable ways to correct inadequacies associated with the current school finance system inTexas.

Conclusion

Chapter five has included an introduction and summary of this study, discussion of the results organized by research questions, implications for school leaders, and recommendations for future research. The intent of this study was to add to the existing research on the topic of financial stability. In this study themes emerged that led to a deeper understanding of the challenges faced by eight school districts when faced with sudden wealth from increased property values associated with oil production within the Eagle Ford Shale area. Those themes included (a) Participants believed tax ratification elections and bonds were effective methods to keep locally generated funds from state recapture, (b) Participants believed monitoring and fiscal responsibility were necessary when faced with sudden wealth to maintain financial stability, and (c) Participants believed their community expectations sought no district financial status or practice change and renewed objection to state recapture. With limited information available for Texas school districts on this topic, the information collected through this study can be used as an initial resource reference for Superintendents and Chief Financial Officers that may be new to their positions or when faced with changes in district financial stability. Through the uniqueness and perspective of this approach and the information gathered, Superintendents and Chief Financial Officers will have a starting point for further discussion when faced with district financial changes in the future.

References

Abilock, D., Harada, V. H., & Fontichiaro, K. (2013). Growing Schools: Effective Professional Development. *Teacher Librarian*, *41*(1), 8–13.

ACOSTA, T. P. (2010, June 12). EDGEWOOD ISD V. KIRBY. Retrieved March 15, 2014, from http://www.tshaonline.org/handbook/online/articles/jre02

Alexander, C. D., Gronberg, T., Jansen, D. W., Keller, H., Taylor, L. L., & Treisman, P. U. (2000). A study of uncontrollable variations in the costs of Texas public education. *A Summary Report Prepared for the 77th Texas Legislature, Austin: Charles A. Dana Center, University of Texas-Austin. Available at Http://www. Utdanacenter. Org/research/reports/ceireport. pdf.(Last Accessed on 3/4/04.)*. Retrieved from http://www.utdanacenter.org/downloads/products/cei/ceireport.pdf

Alexander, K. (2012, September 11). Natural gas boom enriches school districts -- only to have state take a cut. *McClatchy - Tribune Business News*. Washington, United States. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/1038907692/fulltext/A4025F59E3594FFEPQ/43?accountid=7107

Baker, B. D. (2012). Revisiting the Age-Old Question: Does Money Matter in Education?. *Albert Shanker Institute*. Retrieved from http://files.eric.ed.gov/fulltext/ED528632.pdf

Bambrick-Santoyo, P. (2013). Leading Effective PD: From Abstraction to Action. *Phi Delta Kappan*, *94*(7), 70–71.

Barrera, A. N. (2012). An analysis of the history of school finance litigation in Texas and the effectiveness of this litigation in the attainment of an equitable and adequate education. Retrieved from http://repositories.lib.utexas.edu/handle/2152/ETD-UT-2012-08-6208

Benson, S. M. (2008). *The similarities and differences in the ways Superintendents with and without prior experience as Superintendents work during their first year in a new district* (Ed.D.). University of Pennsylvania, United States -- Pennsylvania. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304504301/abstract/2F0139CCEDCE44DAPQ/25?accountid=7107#

Bingham, W. D., & Jackson, S. H. (2005). Funding Public Schools in Texas: Adjusting the Current System or Promoting Systemic Change?. *Online Submission*. Retrieved from http://eric.ed.gov/?id=ED490517

Bird, J. J., Dunaway, D. M., Hancock, D. R., & Wang, C. (2013). The Superintendent's Leadership Role in School Improvement: Relationships Between Authenticity and Best Practices. *Leadership and Policy in Schools*, 77–99.

Bogdan, R. & Taylor, S. J. (1975). Introduction to Qualitative Research Methods. New York: John Wiley

Brosnahan, C. (n.d.). THE IMPACT OF A SCHOOL'S ORGANIZATIONAL HEALTH ON. Retrieved from http://repositories.tdl.org/uh-ir/handle/10657/445

Brownson, A. B. (2002). *School finance reform in post-Edgewood Texas: An examination of revenue equity and implications for student performance* (Ph.D.). The University of Texas at Austin, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/305470

061/abstract/33DC51F661F74529PQ/51?accountid=7107#

Burch, K. (2010). A Tale of Two Citizens: Asking the Rodriguez Question in the Twenty-First Century. *Educational Studies: A Journal of the Amerian Educational Studies Association*, *32*(3), 264–336.

Burrows, A. (2015). School Finance and Tax Reform In Texas. *Journal of State Taxation*, 41–51.

Campoy, A. (2012, November 21). Funding Rules Test Schools; State Laws Keep Some Districts in Oil-Boom Areas From Reaping Full Benefits. *Wall Street Journal (Online)*, p. n/a. New York, N.Y., United States.

Camp, W. E. (2011). *School consolidation impact on state and local revenues and expenditures in Texas*. University of North Texas. Retrieved from http://digital.library.unt.edu/ark:/67531/metadc68048/m2/1/high_res_d/dissertation.pdf

Carspecken, F. (1996) Critical Ethnography: An Exemplar in Theory and Practice. Routledge.

Center for History and New Media. (n.d.). Zotero Quick Start Guide. Retrieved from http://zotero.org/support/quick_start_guide

Charles, A. (2002). *The effects of equalized funding on the local tax rate of property-wealthy and property-poor districts in Texas* (Ed.D.). Texas A&M University - Kingsville, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/305472449/abstract/33DC51F661F74529PQ/46?accountid=7107#

Clark, R. C. (2004). *Successful practices of successful Superintendents* (Ed. D.).

University of Virginia, United States -- Virginia. Retrieved from http://search.proquest.com/docview/305106255/abstract/4059C8709DBB4368PQ/18?accountid=7107#

Creswell, J. W. (2002) Educational Research: Planning, conducting, ad evaluating quantitate and qualitative research (3rd ed.) Upper Saddle River, NJ: Pearson

Culbertson, B. K. (2008). *Supplementing annual school district budgets: Partnerships, fundraisers, foundations, and local support venues* (Ed.D.). University of North Texas, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304537768/abstract/2F0139CCEDCE44DAPQ/33?accountid=7107#

Cullen, M. M. (2012). *Student achievement, district wealth, district size, and instructional expenditures: A Texas statewide study* (Ed.D.). Sam Houston State University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/1155710519/abstract/566AC11CEDBC4779PQ/65?accountid=7107#

Desimone, L. M. (2011). A Primer on Effective Professional Development. *Phi Delta Kappan*, *92*(6), 68–71.

DeVita, M. C. (2010). FOUR BIG LESSONS FROM A DECADE OF WORK1. *Copyright\copyright 2010 The Wallace Foundation*, 2.

Does Spending More on Education Improve Academic Achievement? (n.d.). Retrieved March 15, 2014, from http://www.heritage.org/research/reports/2008/09/does-spending-more-on-education-improve-academic-achievement

Emerson, R., Fretz, R., & Shaw, L. (1995). Writing Ethnographic Field notes. Chicago. University of Chicago Press.

Estes, A. M. (2011). *Superintendents' perceptions of principals: Characteristics needed based on accountability ratings* (Ed.D.). University of Houston-Clear Lake, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/912749337/abstract/566AC11CEDBC4779PQ/62?accountid=7107#

Gibson, G. (2009). *School resource allocation in Texas public schools: Study of high-poverty, high performing schools and high-poverty, low performing schools* (Ed.D.). University of North Texas, United States -- Texas. Retrieved from http://search.proquest.com/docview/304963538/abstract/4059C8709DBB4368PQ/4?accountid=7107#

Gilliam, V. L. (1986). *Selection and Promotion Practices for Women in Texas Public School Administration* (Educat.D.). Baylor University, United States -- Texas. Retrieved from http://search.proquest.com/docview/303388720/abstract/4059C8709DBB4368PQ/5?accountid=7107#

Gonzalez, H. (1995). *The implementation issues of Senate Bill 7 on equalization of state school funding as perceived by Superintendents of selected school districts in Texas* (Ed.D.). Texas A&M University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304263876/abstract/33DC51F661F74529PQ/55?accountid=7107#

Greenwald, R., Hedges, L. V., & Laine, R. D. (1996). The Effect of School Resources on

Student Achievement. *Review of Educational Research*, *66*(3), 361–396. http://doi.org/10.3102/00346543066003361

Grissom, J. A., & Andersen, S. (2012). Why Superintendents Turn Over. *American Educational Research Journal*, *49*(6), 1146–1180. http://doi.org/10.3102/0002831212462622

Gronberg, T. J., Jansen, D. W., & Taylor, Lori L. (2011). The Adequacy of Educational Cost Functions: Lessons From Texas. *Peabody Journal of Education*, *86*(1), 1–45.

Gulamhussein, A. (2013). The Teachers Effective Professional Development in an Eraof High Stakes Accountability. *Center for Public Education*, 1–44.

Guskey, T. (2003). What Makes Professional Development Effective? *Phi Delta Kappan*, *84*(10), 748–750.

Hodges, B. S. (2005). *Factors influencing qualified candidates' decisions not to pursue the superintendency* (Ed.D.). University of Northern Colorado, United States -- Colorado. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/305428509/abstract/2F0139CCEDCE44DAPQ/22?accountid=7107#

Humiston, S. L. (2007). *Texas accountability systems: Exploring the relationship between student achievement and financial management* (Ed.D.). Tarleton State University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/304713137/FFB1184286C04CCCPQ/115?accountid=7107

JCPS Superintendent looking ahead to successful year. (n.d.). Retrieved March 15, 2014, from http://www.wdrb.com/story/23180107/jcps-Superintendent-looking-ahead-to-successful-year

Johnson, S. R. (1999). *The impact of state-level equity funding on student achievement in selected low property wealth school districts in Texas* (Ed.D.). Sam Houston State University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304547371/abstract/33DC51F661F74529PQ/54?accountid=7107#

Jones, D., & Perez, C. G. (2014). Responding to School Finance Challenges: A Survey of School Superintendents in Texas. *National FOrum of Educational Administration and Supervision Journal*, *31*(3), 4–19.

Kendrick, R. (2014, February 21). Chapter 41 Wealth Equalization. Retrieved March 12, 2014, from http://www.tea.state.tx.us/index2.aspx?id=6796

Kreuzburg, P. T. (2001). *The effect of local ad valorem tax rates, locally imposed homestead exemptions, and the hold harmless clause of Chapter 41 of the Texas Education Code on local funding available to public school finance equalization in the state of Texas* (Ed.D.). Baylor University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304680436/abstract/33DC51F661F74529PQ/52?accountid=7107#

Kuijpers, J. M., Houtveen, & Wubbels, T. (2010). An Integrated Professional Development Model for Effective Teaching. *Teaching and Teacher Education*, (26), 1687–1694.

Largent, J. M. (2001). *Superintendent tenure: Characteristics of Texas Superintendents, the school community, and their effect on tenure* (Ed.D.). Sam Houston State

University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/250184749/abstract/2F0139CCEDCE44DAPQ/35?accountid=7107#

Leithwood, K., Seashore Louis, K., Anderson, S., & Wahlstrom, K. (2004). Review of research: How leadership influences student learning. Retrieved from http://conservancy.umn.edu/handle/11299/2035

Long, S. (2013, May 13). Some Crossroads school districts earn "wealthy" status. *McClatchy - Tribune Business News*. Washington, United States. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/1350140527/fulltext/A4025F59E3594FFEPQ/61?accountid=7107

Loubert, L. M. (2000). *The political economy of public school finance* (Ph.D.). The University of Texas at Dallas, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/304650108/abstract/FFB1184286C04CCCPQ/177?accountid=7107

Luke, C. A. (2007). *Equity in Texas public education facilities funding* (Ed.D.). University of North Texas, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304812211/abstract/33DC51F661F74529PQ/49?accountid=7107#

March, J. K., & Peters, K. H. (2002). Curriculum Development and Instructional Design in the Effective Schools Process. *The Phi Delta Kappan*, *83*(5), 379–381.

Martinez-Perez, I. S. (2005). *Factors of a successful transition into a new superintendency* (Ed.D.). University of Southern California, United States -- California. Retrieved from http://search.proquest.com/docview/305426693/abstract/4059C8709DBB4368PQ/13?accountid=7107#

McDaniel, T. (2003). *The characteristics of successful Superintendents* (Ph.D.). Indiana State University, United States -- Indiana. Retrieved from http://search.proquest.com/docview/305335311/abstract/4059C8709DBB4368PQ/19?accountid=7107#

McGee, K. L. (2011). *Financing public education in Texas: Past, present, and future* (Ph.D.). Capella University, United States -- Minnesota. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/912855795/abstract/A4025F59E3594FFEPQ/94?accountid=7107

McGowen, R. S. (2007). *The impact of school facilities on student achievement, attendance, behavior, completion rate and teacher turnover rate in selected Texas high schools* (Ph.D.). Texas A&M University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304729367/abstract/2F0139CCEDCE44DAPQ/30?accountid=7107#

McKay, W. P. (2000). *Nationally recognized Superintendents: Perceptions on how they lead in relation to the characteristics of effective schools research* (Ed.D.). University of Nevada, Las Vegas, United States -- Nevada. Retrieved from http://search.proquest.com/docview/304652200/abstract/4059C8709DBB4368PQ/7?accountid=7107#

Neitzel, J. R. (2006). *Nonresidential expanded tax base approach to public school finance in Texas* (Ed.D.). Teachers College, Columbia University, United States --

New York. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/305362095/abstract/33DC51F661F74529PQ/44?accountid=7107#

O'Connor, R. E. (2011). *North Texas school Superintendents' perspectives on strategies to hold a successful tax ratification election* (Ed.D.). Texas A&M University - Commerce, United States -- Texas. Retrieved from http://search.proquest.com/docview/902522191/abstract/4059C8709DBB4368PQ/15?accountid=7107#

Odden, A. (n.d.). The New School Finance. *Phi Delta Kappan*, (September 2001), 85–91.

Olivarez, R., & Pazey, B. (n.d.). An Examination of Budget Reductions in High Wealth Property School Districts and Low-Wealth Property School Distircts in Texas. Retrieved from http://repositories.lib.utexas.edu/bitstream/handle/2152/ETD-UT-2012-05-5858/SAUCEDA-EDD-TREATISE.pdf?sequence=1

Perry, R. F. (2008). *Funds Budgeted for Educational Programs in Texas Schools During a Period of Changing Enrollment*. ProQuest. Retrieved from http://books.google.com/books?hl=en&lr=&id=kvpY24o9sccC&oi=fnd&pg=PR3&dq=%22whose+support+made+it+possible.+The+greatest+of+those+is+my+wife,+Kelly,%22+%22lovingly+and+patiently+allowed+me+to+direct+my+time+and+effort+into+this+project.%22+&ots=aaZzhaou07&sig=OIcSR-UTKqVjNBT8H7qOCBDdGf8

Picus, L. O., & Hertert, L. (1993). Three Strikes and You're Out: Texas School Finance After Edgewood III. *Journal of Education Finance*, *18*(4), 366–389.

Prezas, J. A. (2013). *Factors influencing the tenure of Superintendents as perceived by*

Superintendents and school board presidents in Texas (Ed.D.). Texas A&M University - Corpus Christi, United States -- Texas. Retrieved from http://search.proquest.com/docview/1492361784/abstract/4059C8709DBB4368PQ/11?accountid=7107#

Ringo, B. J. (2008). *Equity in Texas school funding: An analysis of the system under House Bill 1* (Ed.D.). Texas A&M University - Commerce, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304830953/abstract/33DC51F661F74529PQ/48?accountid=7107#

Robedee, K. (2010). *Evaluating the public school Superintendents in the state of Texas* (Ed.D.). University of Houston, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/756905081/abstract/566AC11CEDBC4779PQ/64?accountid=7107#

Rodriguez v. San Antonio Independent School District: Gathering the Ayes of Texas -- The Politics of School Finance Reform. (1974). *School Finance Reform*, *38*, 383–414.

Ryan, R. S. (2005). *Characteristics of successful Texas schools which predict components of an adequate education* (Ed.D.). University of North Texas, United States -- Texas. Retrieved from http://search.proquest.com/docview/305427425/abstract/4059C8709DBB4368PQ/2?accountid=7107#

Seashore, K., Leithwood, K., Wahlstrom, K., & Anderson, S. (2010). Investigating the links to improved student learning: Final report of research findings. Retrieved from http://conservancy.umn.edu/handle/11299/140885

Seidemann, I. (1998), Interviewing as Qualitative research: A Guide for Researchers in Education and the Social Sciences. New York: Teachers College Press.

Shuls, J. (n.d.). The Power to Lead: Analysis Of Superintendent Survey Responses Regarding Teacher Tenure. Retrieved March 11, 2014, from http://www.academia.edu/6038063/The_Power_to_Lead_Analysis_Of_Superintendent_Survey_Responses_Regarding_Teacher_Tenure

Simmons, D. E. (2001). *The effectiveness of wealth recapture legislation on achieving financial equity among independent school districts in Texas* (Ph.D.). Texas A&M University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304765341/abstract/2F0139CCEDCE44DAPQ/32?accountid=7107#

Smith, A. (2003). *An analysis and comparison of the implications of Senate Bill 7 on student achievement in certain low and high property wealth school districts in Texas from 1994--2001* (Ed.D.). Sam Houston State University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/305257847/abstract/33DC51F661F74529PQ/45?accountid=7107#

Smith, J. O. (2005). *A look at the factors that affect Superintendent tenure, and candidate shortages in Virginia* (Ed.D.). Virginia Polytechnic Institute and State University, United States -- Virginia. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/305412926/EFBE0C71D2594298PQ/20?accountid=7107#

Stasny, M. K. (2010). *Bond underwriter costs: Texas school districts and the hidden cost of issuing bonds* (Ph.D.). Texas A&M University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/856359266/abstract/566AC11CEDBC4779PQ/66?accountid=7107#

Steelman Jr, C. W. (2010). *Relationships between expenditures and student performance in Chapter 41 and 42 Class 1A-3A Texas school districts*. LAMAR UNIVERSITY-BEAUMONT. Retrieved from http://gradworks.umi.com/34/15/3415950.html

Steffy, B. E. (2001). For the Record: Effective Profesional Development. *Kappa Delta Pi Record*, *38*(1), 10–11.

Sternke, J. A. (2011). *Good to Great: A Case Study of the Leadership Traits and Behaviors of School Superintendents in Exemplary School Districts* (Ed.D.). Cardinal Stritch University, United States -- Wisconsin. Retrieved from http://search.proquest.com/docview/875289380/abstract/4059C8709DBB4368PQ/14?accountid=7107#

Stevens, N. (1989). Texas School Finance System: New Legislation. *Journal of Education Finance*, *15*(2), 269–277.

Stoerner, L. B. (2004). *Equity through wealth recapture: Robin Hood's attempt to narrow the gap of inequities in Texas* (Ed.D.). Stephen F. Austin State University, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/305042798/abstract/33DC51F661F74529PQ/50?accountid=7107#

Strauss, A., & Corbin, J. (1990). Basics of Qualitative Research. Newbury Park, CA: Sage Publications.

Superintendent Staying Power. (n.d.). Retrieved March 11, 2014, from http://www.districtadministration.com/article/Superintendent-staying-power

Taylor, B. (2002). The Effective School Process: Alive and Well. *Phi Delta Kappan*, *83*(5), 375–378.

Terry, J. W. (2011). *Where does money matter: The impact of expenditures on student achievement* (Ed.D.). Texas A&M University - Commerce, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/884797530/abstract/C4194D0C0D44B8DPQ/8?accountid=7107

The Checkered History of Texas School Finance | Educate for Texas. (n.d.). Retrieved from http://educatefortexas.com/history-texas-school-finance/

Theobald, N. A., & Meier, K. J. (2002). The politics of school finance: Passing school bonds. In *annual National Meeting of the Midwest Political Science Association, Palmer House Hotel, Chicago, IL*. Retrieved from http://shiverarchitects.com/resource/Politics_of_School_Finance.pdf

Thomas, L. S. (2003). *A study of perceived traits of selected high-performing high-poverty public schools in Texas* (Ed.D.). Texas A&M University - Corpus Christi, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/305215970/abstract/EFBE0C71D2594298PQ/3?accountid=7107#

Thomas, S. B., & Walker, B. D. (1982). Texas Public School Finance. *Journal of*

Education Finance, *8*(2), 223–281.

Tow, C. (2006). *The Effects of School Funding on Student Academic Achievement*. Citeseer. Retrieved from http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.170.170&rep=rep1&type=pdf

Trevino, D. (2007). *A mixed-methods analysis of current challenges of the public school superintendency in South Texas* (Ed.D.). Texas A&M University - Kingsville, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/pqdtlocal1006646/docview/304716176/abstract/33DC51F661F74529PQ/43?accountid=7107#

Turley, L. (2009). *Considering adequacy: Educational spending and student achievement in the Texas public school system* (Ed.D.). Texas A&M University - Commerce, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/305159019/abstract/C4194D0C0D44B8DPQ/4?accountid=7107

Uribe, S. (2004). *An analysis of high and low wealth school districts' finance in Texas* (Ed.D.). Texas A&M University - Kingsville, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/305042350/abstract/C4194D0C0D44B8DPQ/37?accountid=7107

Vaughn, M. D. (2010). *Essential relationship skills necessary for Superintendents to possess in order to maintain a positive working relationship with their governing boards* (Ed.D.). University of Southern California, United States -- California.

Retrieved from http://search.proquest.com/docview/366673976/abstract/4059C8709DBB4368PQ/9?accountid=7107#

Verstegen, D. A. (1987). Equity in State Education Finance: A Response to Rodriguez. *Journal of Education Finance*, *12*, 315–330.

Walker, B. D., & Thompson, John D. (1990). Special Report: The Texas Supreme Court and Edgewood I.S.D. v. Kirby. *Journal of Education Finance*, *15*(#3), 414–428.

Warren, S. S. (2008). *The effects of the recapture provision of Senate Bill 7 of 1993 upon the quality of schools: An analysis of perceptions of administrators in both Chapter 41 and Chapter 42 schools* (Ed.D.). University of North Texas, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/304551801/abstract/FFB1184286C04CCCPQ/157?accountid=7107

Watenpaugh, M. R. (2007). *Strategies used by successful Superintendents during the first 90--180 days as perceived by experienced Superintendents* (Ed.D.). University of La Verne, United States -- California. Retrieved from http://search.proquest.com/docview/304763540/abstract/4059C8709DBB4368PQ/16?accountid=7107#

Welch, B. E. (1995). *Developing partnerships to fund technology: Perceptions and practices of public school District Technology Contacts in the Education Service Center, Region XIII, Texas* (Ed.D.). Texas A&M University, United States -- Texas. Retrieved from http://search.proquest.com/docview/304278242/abstract/4059C8709DBB4368PQ/

6?accountid=7107#

Williams, R. (2010). *Principals' perceptions of the knowledge, skills, and attributes (KSAs) of effective school leaders* (Ed.D.). University of Houston, United States -- Texas. Retrieved from http://search.proquest.com.ezproxy.lib.uh.edu/docview/845235012/abstract/566AC11CEDBC4779PQ/63?accountid=7107#

Wilson, D. B. (2010). *Practices that constitute successful school Superintendent leadership: perceptions from established rural school Superintendents*. University of Missouri–Columbia. Retrieved from https://mospace.umsystem.edu/xmlui/handle/10355/10272

Wilson, D. D. (2006). *Current perceptions of leadership characteristics for Superintendents* (Ed.D.). Arizona State University, United States -- Arizona. Retrieved from http://search.proquest.com/docview/305354839/abstract/4059C8709DBB4368PQ/17?accountid=7107#

Young, M., & Beretvas, S. N. (n.d.). The Dissertation Committee for Virginia Walker Snodgrass Rangel certifies that this is the approved version of the following dissertation. Retrieved from http://repositories.lib.utexas.edu/bitstream/handle/2152/ETD-UT-2012-08-6165/SNODGRASS-RANGEL-DISSERTATION.pdf?sequence=1

Zimmerman, J. A., & May, J. J. (2003). Providing Effective Professional Development: What's Holding Us Back? *American Secondary Education*, *31*(2), 37–48.

Bird, J., Dunaway, D. M., Hancock, D. R., & Wang, C. (2013). The Superintendent's Leadership Role in School Improvement: Relationships Between Authenticity and Best Practices. *Leadership and Policy in Schools*, 77–99.

Burch, K. (2010). A Tale of Two Citizens: Asking the Rodriguez Question in the Twenty-First Century. *Educational Studies: A Journal of the American Educational Studies Association*, *32*(3), 264–336.

Burrows, A. (2015). School Finance and Tax Reform In Texas. *Journal of State Taxation*, 41–51.

Dyson, M. (2004). The Death of Robin Hood? Proposals for Overhauling Pubic School Finance. *Georgetown Journal on Poverty Law and Policy*, XI (1), 1-52.

Gronberg, T. J., Jansen, D. W., & Taylor, Lori L. (2011). The Adequacy of Educational Cost Functions: Lessons From Texas. *Peabody Journal of Education*, *86*(1), 1–45.

Jones, D., & Perez, C. G. (2014). Responding to School Finance Challenges: A Survey of School Superintendents in Texas. *National Forum of Educational Administration and Supervision Journal*, *31*(3), 4–19.

Picus, L. O., & Hertert, L. (1993). Three Strikes and You're Out: Texas School Finance After Edgewood III. *Journal of Education Finance*, *18*(4), 366–389.

Rodriguez v. San Antonio Independent School District: Gathering the Ayes of Texas -- The Politics of School Finance Reform. (1974). *School Finance Reform*, *38*, 383–414.

Stevens, N. (1989). Texas School Finance System: New Legislation. *Journal of Education Finance*, *15*(2), 269–277.

Thomas, S., & Walker, B. (1982). Texas Public School Finance. *Journal of Education Finance*, *8*(2), 223–281.

Verstegen, D. A. (1987). Equity in State Education Finance: A Response to Rodriguez. *Journal of Education Finance*, *12*, 315–330.

Walker, B. D., & Thompson, John D. (1990). Special Report: The Texas Supreme Court and Edgewood I.S.D. v. Kirby. *Journal of Education Finance*, *15*(#3), 414–428.

APPENDIX: A

IRB Approval

UNIVERSITY of HOUSTON

October 6, 2015

Ms. Jennifer Fairchild
c/o Dr. Robert Boreman
Educational Leadership & Cultural Studies

Dear Ms. Jennifer Fairchild,

Based upon your request for exempt status, an administrative review of your research proposal entitled "An Analysis of Executive Leadership Beliefs that Contribute to District Financial Stability" was conducted on July 22, 2015.

At that time, your request for exemption under **Category 2** was approved pending modification of your proposed procedures/documents.

The changes you have made adequately respond to the identified contingencies. As long as you continue using procedures described in this project, you do not have to reapply for review. * Any modification of this approved protocol will require review and further approval. Please contact me to ascertain the appropriate mechanism.

If you have any questions, please contact Alicia Vargas at (713) 743-

9215. Sincerely yours,

Kirstin Rochford, MPH, CIP, CPIA
Director, Research Compliance

*Approvals for exempt protocols will be valid for 5 years beyond the approval date. Approval for this project will expire **October 5, 2020**. If the project is completed prior to this date, a final report should be filed to close the protocol. If the project will continue after this date, you will need to reapply for approval if you wish to avoid an interruption of your data collection.

Protocol Number: 15616-EX

APPENDIX: B

Consent to Participate in Research

UNIVERSITY of HOUSTON
A CARNEGIE-DESIGNATED TIER ONE PUBLIC RESEARCH UNIVERSITY

UNIVERSITY OF HOUSTON
CONSENT TO PARTICIPATE IN RESEARCH

PROJECT TITLE:

An Analysis of Executive Leadership Beliefs that Contribute to District Financial Stability

You are being invited to take part in a research project conducted by Jennifer Renee Fairchild from the Department of Professional Leadership at the University of Houston. This project is part of a Doctoral thesis and is being conducted under the supervision of Dr. Robert C. Borneman.

NON-PARTICIPATION STATEMENT

Taking part in the research project is voluntary and you may refuse to take part or withdraw at any time without penalty or loss of benefits to which you are otherwise entitled. You may also refuse to answer any research-related questions that make you uncomfortable.

PURPOSE OF THE STUDY

The purpose of this study is to analyze executive leadership beliefs about the strategies that contribute to district financial stability. The characteristics studied will be (1) methods school districts employ to keep locally generated funds from state recapture (2) the approaches the districts take when faced with sudden wealth to maintain or ensure financial stability and (3) community member expectations of their school district as correlated with sudden school property wealth. After initial contact and agreement to participate, the subject's participation will include one face-to-face interview session of not more than an hour in duration.

PROCEDURES

A total of eight subjects at eight locations will be invited to take part in this project. You will be the only subject invited to take part at this location.

To address the goals of this study an interview questionnaire was designed to identify the important strategies that contribute to district financial stability. The interviews will be done with a sample of practicing superintendents and chief financial officials within the seven counties and thirty-three school districts that make up the Eagle Ford Shale area of South Central Texas. This study will investigate responses of the interview using qualitative methods and accepted practices.

CONFIDENTIALITY

Every effort will be made to maintain the confidentiality of your participation in this project. Each subject's name will be paired with a code number by the principal investigator. This code number will appear on all written materials. The list pairing the subject's name to the assigned code number will be kept separate from all research materials and will be available only to the principal investigator. Confidentiality will be maintained within legal limits.

RISKS/DISCOMFORTS

There are no foreseeable risks or discomforts associated with study participation.

BENEFITS

It is hoped that financial strategies identified in this study will be used to inform superintendents and chief financial officers about improving financial stability practices.

ALTERNATIVES

Participation in this project is voluntary and the only alternative to this project is non-participation.

PUBLICATION STATEMENT

The results of this study may be published in scientific journals, professional publications, or educational presentations; however, no individual subject will be identified.

AGREEMENT FOR THE USE OF AUDIO RECORDING

If you consent to take part in this study, please indicate whether you agree to be audio recorded during the study by checking the appropriate box below. If you agree, please also indicate whether the audio recording can be used for publication/presentations.

- ☐ I agree to be audio recorded during the interview.
  - ☐ I agree that the audio recording(s) can be used in publication/presentations.
  - ☐ I do not agree that the audio recording(s) can be used in publication /presentations.
- ☐ I do not agree to be audio recorded during the interview. To maintain accuracy in the data collection, a subject may be excused from participation if they do not agree to audio recording of the interview.

SUBJECT RIGHTS

1. I understand that informed consent is required of all persons participating in this project.

2. I have been told that I may refuse to participate or to stop my participation in this project at any time before or during the project. I may also refuse to answer any question.

3. Any risks and/or discomforts have been explained to me, as have any potential benefits.

4. I understand the protections in place to safeguard any personally identifiable information related to my participation.

5. I understand that, if I have any questions, I may contact Jennifer Renee Fairchild at 830-857-0816. I may also contact Dr. Robert C. Borneman faculty sponsor, at 713-743-3382.

6. **Any questions regarding my rights as a research subject may be addressed to the University of Houston Committee for the Protection of Human Subjects (713) 743-9204**. All research projects that are carried out by investigators at the University of Houston are governed by requirements of the University and the federal government.

SIGNATURES

I have read (or have had read to me) the contents of this consent form and have been encouraged to ask questions. I have received answers to my questions to my satisfaction. I give my consent to participate in this study, and have been provided with a copy of this form for my records and in case I have questions as the research progresses.

Study Subject (print name):

Signature of Study Subject:

Date:

-- ***I have read this form to the subject and/or the subject has read this form. An explanation of the research was provided and questions from the subject were solicited and answered to the subject's satisfaction. In my judgment, the subject has demonstrated comprehension of the information***.

Principal Investigator (print name and title):

Signature of Principal Investigator: _____

Date:

INTERVIEW QUESTIONS

General baseline questions:

What position do you hold in your district? (Superintendent/Chief Financial Officer)
How many years have you been in your current district?
How many years have you been in your current position?
Have you been in this position in other districts? If so, please elaborate.

1. Describe your understanding of chapter 41 & 42 rules that govern recapture.

   Follow-up questions

   a. Philosophy on the issue
   b. Historical experience
   c. perspective on managing money
   d. How do you stay current on new laws and school finance requirements?

2. How would you describe the impact the recapture legislation has had on your district?

   Follow-up questions

   a. What financial strategies and conditions influence instructional expenditures?
   b. What financial strategies and conditions influence expenditures?
   c. What financial strategies and conditions influence employment and staffing expenditures?
   d. What financial strategies and conditions influence facility expenditures?

3. What strategies are you using in your district to maintain financial security?

   Follow-up questions

   a. Of all the strategies you put in place, what were the most effective?
   b. What strategies would you implement differently?
   c. Are there any critical factors we may have missed in our discussion?

4. What input do you seek and receive from the stakeholders regarding recapture?

   Follow-up questions

   a. Who do they see as stakeholders
   b. How do you utilize that information
   c. What documents do you rely on to make financial decisions?

APPENDIX: C

Eagle Ford Shale Counties & School Districts

Eagle Ford Shale Counties & School Districts

Gonzales County

Gonzales

Nixon-Smiley

Waelder

Lavaca County

Hallettsville

Yoakum

Sweethome

Shiner

Moulton

Ezzell

Vysehrad

Fayette County

Flatonia

LaGrange

Fayetteville

Schulenburg

Round Top –Carmine

Bee County

Beeville

Skidmore-Tynan

St. Mary’s Academy Charter

Karnes County

Pawnee

Pettus

Runge

Karnes

Kennedy

Falls City

Wilson County

Floresville

LaVernia

Poth

Stockdale

Dewitt County

Westoff

Yorktown

Nordheim

Meyersville

Cuero

APPENDIX: D

Interview Instrument

Interview Instrument

Questions:
General baseline questions:

What position do you hold in your district? (Superintendent/Chief Financial Officer)
How many years have you been in your current district?
How many years have you been in your current position?
Have you been in this position or similar position in other districts? If so, please elaborate.

1. Describe your understanding of chapter 41 & 42 rules that govern recapture.
   Follow-up questions
   a. Philosophy on the issue
   b. Historical experience
   c. Perspective on managing money
   d. How do you stay current on new laws and school finance requirements?

2. How would you describe the impact the recapture legislation has had on your district?
   Follow-up questions
   a. What financial strategies and conditions influence instructional expenditures?
   b. What financial strategies and conditions influence expenditures?
   c. What financial strategies and conditions influence employment and staffing expenditures?
   d. What financial strategies and conditions influence facility expenditures?

3. What strategies are you using in your district to maintain financial security?
   Follow-up questions
   d. Of all the strategies you put in place, what were the most effective?
   e. What strategies would you implement differently?
   f. Are there any critical factors we may have missed in our discussion?

4. What input do you seek and receive from the stakeholders regarding recapture?
   Follow-up questions
   a. Who do they see as stakeholders?
   b. How do you utilize that information?
   c. What documents do you rely on to make financial decisions?

APPENDIX E

Phone Script

Phone Script

Hello, my name is Renee Fairchild and I am a doctoral student at the University of Houston working on research under the direction of Dr. Robert Borneman. My research is centered on Chapter 41 districts influenced by the Eagle Ford Shale. I would like to visit with Superintendents or Chief Financial Officers (depending on the audience of the call) that have experience dealing with the financial issues associated with sudden wealth in a Chapter 41 district. My qualitative study consists of four questions. As a participant, I will email the questions to you in advance of the interview so you can gather your thoughts. The in-person interview should last no longer than one hour in duration at a time and place of your convenience and choosing. Your identity and answers will be kept confidential. Would you be willing to participate? With agreement: Date of interview, place and address of interview, time of the interview, and verification of email address.