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
Susanne Steele Warren, B.A., M.Ed.

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APPROVED:
Jane B. Huffman, Major Professor
Gloria Contreras, Minor Professor
Judith Adkison, Committee Member
Leslie Patterson, Chair of the Department of
Teacher Education and Administration
Jerry R. Thomas, Dean of the College of Education
Sandra L. Terrell, Dean of the Robert B. Toulouse
School of Graduate Studies
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The purpose of this 4-case study was to determine the significance of the effects of the recapture legislation in Texas upon the quality of schools as perceived by administrators in participating school districts, including those surrendering funds (Chapter 41) and those receiving funds (Chapter 42). The recapture provision requires districts above a designated level of property wealth to surrender excess funds to be appropriated to districts with property wealth below a designated level. The study solicited administrators’ perceptions in both district types as to whether the changes in funding have significantly affected the quality of their schools. Using University Scholastic League classifications as a guideline for size, 2 Chapter 41 districts, and 2 Chapter 42 districts, 1 small and 1 large of each type, were selected to participate. Variables included 5 indicators of schools quality that are repeatedly mentioned in literature concerning effective schools: curriculum, climate, leadership, facilities, and safety and security. A review of literature included the historical development of public school finance systems as well as studies of the effects of efforts to equalize funding upon both the financial health and academic performance of schools. A weak link or no link between funding systems and student performance or financial health was indicated. This study supported these conclusions with both Chapter 42 districts; however, there was a discrepancy between the perceptions of administrators in the two Chapter 41 districts, indicating a need for further study. The unique aspects of this study are that it solicited directly the perceptions of acting administrators and that it included administrators in districts receiving funds to determine how those funds are being used and whether they have a significant effect upon school quality.
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CHAPTER 1
INTRODUCTION

Many studies have concerned school finance and the issues and problems confronting both those who design the finance systems and those to whom the money is allocated. This is quite obvious in Texas, where the path that school finance has taken has been frequently tumultuous, often litigious, and always interesting. This study focuses upon the wealth equalization legislation in Texas, a product of modern school finance reform. The particular focus of the study is the recapture provision of Senate Bill 7, enacted in 1993 by the Texas legislature, and its effects upon the quality of participating schools. This legislation regulates the amount of resources available from district to district by requiring that districts determined to have excess property wealth surrender their excess funds to districts determined to be property-poor. Four districts in Texas were studied: two that surrender funds, also referred to as Chapter 41 districts, and two that receive funds from Chapter 41 districts through a partnership, also called Chapter 42 districts, to determine whether the recapture laws have had a significant effect upon either type. Burrup, Brimley and Garfield (1999) noted that the efforts to provide equal educational opportunities for all children in a particular state are an essential part of a democracy: “Democracy is best-served by extending to all children an equal opportunity to attend schools adequate for the achievement of self-realization, economic sufficiency, civic responsibility, and effective human relationships” (p.xvi).

Schools are organizations and, as such, their behavior is somewhat predictable when they are confronted with changes that may threaten their core purposes. Research in the last two decades of the 20th century indicates that certain factors are present in organizations that influence the way they make decisions and allocate resources. Hatch (1997) discusses the theory
of resource dependency as a framework for much of what happens in an organization faced with such challenges. The body of research in organizational theory indicates that certain phenomena occur frequently in these organizations and that the organizations’ methods of dealing with resource dependency may determine the survival of the organization. This theory may readily be applied to Chapter 41 districts faced with resource reductions and the ensuing issues caused by those reductions.

The system of financing public schools in Texas has been a subject of interest and controversy on both state and national levels. Given that a significant amount of the total state budget is devoted to creating and perpetuating a fair system which will enable its citizens to achieve an adequate and equitable education, this interest is to be expected. One of the most controversial methods to achieve equity for all students, regardless of their district of residence, is that set forth in Chapter 41 of Senate Bill 7 in 1993, the recapture provision known popularly as Robin Hood. This legislation, which draws excessive wealth from districts determined to have a surplus of revenue and redistributes that wealth to districts determined to be property-poor, has garnered concerns from both giving and receiving districts. There have been numerous studies of the effects of school finance upon the performance of students and upon the fiscal health of districts. Simmons (2005) studied the path that two Texas districts took when they emerged from insolvency to financial health. Included in his study was a discussion of the ramifications of the wealth equalization legislation upon such districts. Hansen et al. (2007) studied how resources are allocated by school administrators in light of increasing performance pressures. Robertson (2005) analyzed several factors in both the finance and the academic areas to see if they were affected by the wealth equalization legislation. Youdan (2000) studied the effects upon small districts in Texas of the recapture legislation. Missing from the data are opportunities for school
leaders of schools of various sizes to voice their perceptions of whether the changes in funding levels for both district types have affected the quality of their schools. This multiple-case study focused directly upon the perceptions of the practitioners of four school districts in Texas for whom the wealth equalization laws are a daily reality. Since the study concerns the effects upon the quality of schools, quality is defined as it relates to schools, specific areas where quality can be determined are identified, and school leaders’ views on whether that quality has been affected by either the gain or loss of revenue, depending upon the nature of the schools’ participation, are solicited. This information was gathered in the form of interviews with key administrators in participating districts, a review of pertinent documents available on the website of the governing body of Texas public education, the Texas Education Agency (TEA), and a survey administered to each participant, with a qualitative analysis of the relevant data. Results of the study were mixed, especially in the case of the Chapter 41 schools, but the most prevalent perception appeared to be that the recapture laws do not have a significant effect upon the quality of schools in most areas, with some exceptions and variations in the degree to which districts perceive that they have changed in response to the funding issues brought about by those laws.

Background

That the financing of education in Texas has reached a crisis is indisputable. Texas’ current method of heavy reliance upon property taxes has been heatedly challenged on the legal front, culminating in the decision of the Texas Supreme Court striking down the current system and imposing a June 2006 deadline to restructure. The subsequent plan was enacted as a result of the third special session of the Texas legislature, called by Governor Rick Perry in April 2006. This session was dedicated to increasing revenue sources, decreasing school property tax rates,
and reducing amounts of revenue property-rich districts must surrender (House Research Organization, 2006).

Responding to the mandates of the third special session, legislators sought to enrich revenue sources by enacting increases in the business taxation system, changes in the method for determining vehicle sales taxes, and increases in taxes on cigarettes and tobacco products. In response to the requirement to reduce school property taxes, House Bill 1 requires districts at the spending cap of $1.50 to reduce their tax rate to $1.33 in 2006 and $1.00 in 2007. To provide some relief to districts subject to revenue recapture, HB 1 contains a provision that allows a small portion of the revenue raised by property-wealthy districts to be exempted from recapture, and in 2007 the amount of wealth under the equalized wealth level increased from $305,000 to $319,500 (House Research Organization, 2006). Although the legislation is too recent to determine the significance of its effects, Brock (2006) reported that Chapter 41 districts have seen a small decrease in their revenue recapture payments. Both Chapter 41 and Chapter 42 schools have received one benefit of the new law: a $275 allotment per pupil in grades 9-12 to be used to reduce dropout rates and increase college preparation programs (House Research Organization, 2006). The effects of the increase in certain taxes, the decrease in school property taxes, and the changes in funding formulas upon the state’s financial well-being remain to be seen.

Although the use of property taxes as the primary method to finance education is not unconstitutional in itself, there is substantial belief that public education has reached a point at which further improvement will not be possible unless there is significant change, whether that change takes the form of increased funding or improved efficiency of the use of current funds (Taylor, 2005). Currently two-thirds of the school districts in Texas are at the $1.50 per $100 of
assessed property evaluation tax cap for the Maintenance and Operations portion of the tax rate. Many others are very close to the cap. As changing demographics translate into increasing numbers of students whose socioeconomic status falls at or below the poverty line and whose limited ability to speak English causes them to be more challenging and therefore more expensive to educate, and as the state’s share of funding education has dropped from 80 % to approximately 38 % during the last fifty years, school districts are hard-pressed to provide an adequate education for their constituents (Reedy, 2004).

Most people believe students perform better in well-funded schools and public education should provide a level playing field for all children (Biddle & Berliner, 2002). In 1984, the first of a number of lawsuits challenging the equity of financing education in Texas was filed by a group of property-poor school districts alleging that the system discriminated against students in poor districts and favored those in property-wealthy districts. This lawsuit, *Edgewood v. Kirby*, ultimately resulted in the Texas Supreme Court declaring the system unconstitutional (TEA Handbook Timeline of Historical Events, 2004).

In response to the Supreme Court decision, the Texas Legislature met in special session and passed in June 1990 Senate Bill 1, a reform measure that provided more money for equalization but left the school finance system intact. Less wealthy districts appealed, and in January 1991, the Texas Supreme Court struck down SB 1, holding that while SB 1 improved the school finance system, it still did not restructure the system so as to ensure that poor districts had equal access to revenue from similar tax effort (U.S. General Accounting Office, 1995).

Several other legislative acts were passed in the attempt to reduce the gap between wealthy and poor districts, most notably Senate Bill 351. Passed in 1991, SB 351 set up a system that would partially consolidate the tax bases of individual districts. It created 188
County Education Districts, which were countywide taxing entities encompassing several school districts, with cumulative property wealth no greater than $280,000 per pupil. These districts were to levy state-mandated property taxes and redistribute the revenues to their member districts on an equalized basis. This time the wealthy districts appealed, and the Texas Supreme Court ruled that SB 351 was unconstitutional because it violated the state constitutional provision that prohibits a state property tax, and also one that is levied without voter approval. The Legislature then in May 1993 passed a new measure, Senate Bill 7, which has been in place since. The key measures in SB 1 are (1) it creates greater equality in property wealth among districts, (2) it sets limits on local property taxes, and (3) it provides supplemental state funding for less wealthy districts to equalize the revenue received from their local taxes (General Accounting Office, 1995). In SB 7 is a new recapture provision that created greater equality in property wealth among districts. Chapter 41 of SB 1 requires that districts having a wealth per weighted student (WADA) exceeding $280,000 must give up that excess wealth to less wealthy districts, which are designated Chapter 42 districts. There have been upward adjustments in the $280,000 amount, but the recapture provision has remained in place, although further adjustments have been made in subsequent legislation (Plano Independent School District, 2005).

There have been several legal challenges to the recapture legislation, but the fundamental provisions have remained. Earlier studies have attempted to link funding levels with student performance, a significant indicator of the quality of schools. There has been some indication that there is a link between the amount of resources a school has available and the achievement of their students. Research-based initiatives undertaken by schools to improve student performance certainly have a cost associated with them. Hansen et al. (2007) noted the lack of a
model of school finance that, when implemented, will assuredly improve student performance. One interesting study by Card and Krueger (1996) showed a strong link between the two; however, the criteria for determining both school quality and student achievement were quite different from the norm. Peevely and Ray (2001) in a study conducted in Tennessee showed no difference in the achievement gap between students in schools considered under-funded and schools with adequate resources when measures were put into place to equalize funding. The relationship between the earlier studies and this study for the most part indicates that the earlier studies are supported by the current findings. Missing from the data in earlier studies are perceptions of school administrators of those districts affected by the recapture legislation upon the quality of their schools, especially those districts receiving additional revenue as a result of the recapture legislation. This study analyzed those perceptions of the effects of the recapture provision upon the quality of schools in both giving (Chapter 41) and receiving (Chapter 42) districts to aid further in determining the effectiveness of the recapture provision and the wisdom of its continuance.

Statement of the Problem

The problem of the study was to determine if the recapture provision of Senate Bill 7 has affected the quality of school districts participating in the program by analyzing the perceptions of school administrators in both giving (Chapter 41) and receiving (Chapter 42) districts.

Purpose of the Study

The purpose of the study was to determine if the recapture provision has had significant impact upon either the giving (Chapter 41) or receiving (Chapter 42) schools, or both. An analysis of the perceptions of school administrators of both schools gathered through a survey
and interviews revealed their perceptions of the quality of their schools or school districts related to the recapture provision.

Earlier studies concerned with school finance indicate a weak link or no link between student performance and funding levels. If student performance is an indicator of the quality of a school, a widely accepted belief, then it would appear that there is some question of whether efforts to achieve equal funding will improve the quality of the school. This study focuses not only upon student achievement but also upon district and campus leadership, school climate, the quality of facilities, and student safety and security. This study contributes to the existing body of knowledge in that practitioners’ perceptions are the major source of the data and also in that the views of administrators in schools receiving the additional funds are included.

Research Questions

For this study, there are two research questions that guide the investigation:

1. To what extent do secondary principals, superintendents, chief curriculum officers, and chief financial officers of Chapter 41 schools and school districts perceive that the loss of revenue has affected the quality of their schools in the following areas:
   - curriculum and programs
   - campus climate and teacher satisfaction
   - district and campus leadership
   - facilities
   - safety and security

2. To what extent do secondary principals, superintendents, chief curriculum officers, and chief financial officers of Chapter 42 schools and school districts perceive that the gain of revenue has affected the quality of their schools in the following areas:
• curriculum and programs
• campus climate and teacher satisfaction
• district and campus leadership
• facilities
• safety and security

The study was a multiple-case study of four districts of various sizes in Texas that participate in the Chapter 41 program, either as surrendering schools (Chapter 41) or receiving schools (Chapter 42). Research data were gathered chiefly through structured interviews with high school principals, superintendents, chief instructional officers, and chief financial officers of districts who have participated in the recapture program as either Chapter 41 or Chapter 42 schools since 1996. In addition to the interviews, documents available from the TEA website were analyzed, and a survey developed by the researcher was administered as an additional unit of analysis. Data were analyzed through descriptive techniques. Data obtained from the research were analyzed utilizing a qualitative method in which data items were coded to identify patterns. This became part of the qualitative report. A more detailed description of the methods and instrumentation appears in Chapter 3.

Limitations

Bryant (2004) defines limitations as those parameters placed on a study by the methodology used. Because this study used interviews as the primary data-collection method, let us examine the nature of that method and the potential effects upon the study. Interviews have limitations, notably the difficulty in standardizing the interview situation so that the participants’ responses are not influenced by the interviewer. In addition, interviews cannot provide
anonymity for the participants. Third, interviews are affected by geographic, cost, and time limitations of the researcher.

Case study research itself also has limitations. One limitation of case study research is the difficulty to generalize the findings of the study. Researchers have attempted to strengthen the generalization of their studies by incorporating more than one data source and using multiple-case studies. These research techniques can serve to strengthen the findings and establish both external and internal validity (Merriam, 1998). Surveys as research instruments also have limitations. Survey items themselves cannot be modified once the survey is distributed, even if some of the items are unclear or ambiguous to the respondent (Gall, Borg, & Gall, 1996).

Delimitations

The proposed study was conducted using data gathered through interviews with superintendents and other stakeholders of secondary schools and districts affected by the recapture provision of Chapter 41 of the Texas Education Code. There are several delimitations to be considered when generalizing the results of this study. The study focused on the effects of the recapture legislation upon secondary schools. Although district personnel interviewed had a district perspective, administrators at campuses other than high schools were not included. Research was limited to school districts with only one high school; therefore, the largest school districts did not participate. Finally, the study included only school districts in Texas. No other state, even those which have recapture laws similar to Texas, was studied.

Definitions and Terms

The following are terms commonly used in discussion of the public school funding system in Texas:
• **Available school fund**: The fund including constitutionally dedicated fuel taxes and other miscellaneous sources as well as the earnings of the Permanent School Fund. The funds are distributed on a per capita basis to school districts.

• **Adequacy**: The state of funding education at a level that provides for the general diffusion of knowledge to every student, regardless of that student’s individual circumstances or the geographic area in which he resides.

• **Average daily attendance**: Also known as ADA, the average daily attendance is the way students are counted for the purpose of providing state aid to school districts. The students are counted in attendance each day, and the attendance count is averaged over the year.

• **Basic allotment**: After adjustment, the starting number used to calculate foundation program costs and state aid to school districts. In 2004 the basic allotment was $2,537.

• **Chapter 41 District**: Created by Chapter 41 of the Texas Education Code, a district that has property wealth in excess of $305,000 per weighted student. In 2004-2005 there were 135 such districts. By 2007 the number has increased to 159.

• **Chapter 42 District**: For purposes of this study, a property-poor district that receives additional funding due to the surrender of funds through the Chapter 41 legislation.

• **Compensatory education**: A state allotment giving additional financial support to school districts to teach educationally disadvantaged and underachieving students. The allotment is based on the number of students participating in the free and reduced-price lunch program.
- **Climate**: the prevailing standards or environment in a particular place or time period. In this study, it refers to the general mood or atmosphere surrounding the working conditions in a school district. **Climate** is one of the variables of the study.

- **Curriculum**: the entire aggregate of courses offered by a school. **Curriculum** is one of the variables of the study.

- **Equity**: Equal and fair distribution of resources for education, taking into account student differences and school district characteristics. Defined by the Texas Supreme Court as a taxpayer equity standard, meaning similar revenue for similar tax effort, resulting in a financial system that is property wealth neutral. A district’s property tax base should have little or no effect on its ability to finance the local share of the Foundation School Program.

- **Facilities**: Something designed or built for a particular function or service. For this study, **facilities** refers to all school plants, whether or not they actually house students. **Facilities** is one of the variables of this study.

- **Fiscal capacity**: The maximum amount of state and local funds available to local districts under current school finance formulas and the tax cap.

- **Foundation school fund**: A portion of the state budget dedicated exclusively to funding public education. The fund consists of tax collections transferred from other state accounts.

- **Foundation school program**: A two-tiered system supporting a basic instructional program for all Texas school children. The first tier provides funding for a basic instructional program. The second tier provides a guaranteed yield system so that districts have equal access to revenue that will ensure an accredited program.
• **General revenue fund:** The fund used to provide most state educational programs, consisting of money collected from state taxes and other non-dedicated sources.

• **Guaranteed yield:** An allotment included in Tier 2 of the Foundation School Program which ensures that districts taxing at equal levels have access to equal levels of education, regardless of property values.

• **Hold harmless:** This provision is in place to protect a school district from a significant loss of revenue within a short period of time because of a significant change in a funding formula or source.

• **Leadership:** the leaders of a group or the ability to lead; in this case, the ability to lead a school campus or district. *Leadership* is one of the variables of this study.

• **Permanent school fund:** Created by the Texas Constitution in 1876, this is a permanent trust fund whose earnings go into the available school fund for distribution on a per capita basis to counties for students enrolled in Texas public schools. This source also funds textbook purchases. Investments in the permanent school fund include Texas municipal bonds, school district building bonds, securities, and U.S. Treasury bonds.

• **Quality:** Character with respect to fineness or grade of excellence. High grade, superiority, excellence. (Random House’s Dictionary of the English Language, 1987).

• **Recapture:** A provision in Chapter 41 of the Texas Education Code which requires local district with property wealth per student in excess of a specified amount to give the excess funds back to the state to be redistributed through the Foundation School Program. Also known as the *Robin Hood* provision, it is an integral feature in the Texas school finance equalization system.
• **Safety and security**: Freedom from the occurrence of injury, danger, or loss. For this study, safety and security refer to that of students and all who are associated with schools. Safety and security is one of the variables of this study.

• **TAKS tests**: An acronym for the Texas Assessment of Knowledge and Skills tests; the Texas state-mandated tests that all students must take, given at various grade levels in the areas of reading, English, writing, mathematics, science, and social studies.

• **TAKS (exit level)**: The TAKS tests that all students must take and pass in order to receive a high school diploma in Texas.

• **Tax cap**: A ceiling on the Maintenance and Operations (M & O) tax rate, currently set at $1.50 per $100 of taxable value.

• **Tier 1**: The foundation funding level. Calculation of Tier 1 funding begins with the Basic Allotment, the base level of funding for each student in the Average Daily Attendance (ADA). The state multiplies the basic allotment by district adjustments including the Cost of Education Index (CEI), the small and mid-size district adjustments, and the sparsity adjustment.

• **Tier 2**: This provides additional funds to school districts in addition to the basic funding level in Tier 1. The Tier 2 tax rate generates resources for education in the form of a guaranteed yield.

• **Wealth**: The taxable property value per student in weighted average daily attendance.

• **Weighted average daily attendance**: An adjustment in the Average Daily Attendance to allow for differences in the cost of educating some students. Weighted programs include bilingual, gifted and talented, compensatory education, vocational programs, and special education. This student count is used to distribute guaranteed yield funding.
Most of the above definitions were obtained from the Coalition to Invest in Texas Schools (2004).

Significance of the Study

As local school districts in Texas are bearing an ever-increasing share of the funding of public schools, the inequities in the educational experience of students from district to district and from demographic group to demographic group are becoming quite obvious. When states become less responsible for funding schools, districts become more dependent upon local resources to determine the level at which their schools will be funded. Districts are faced with increasing expectations for student performance including the necessity of closing achievement gaps between the performance of the African-American and Hispanic subgroups and that of White students. Competition for limited resources can become fierce, and districts who are not dynamic enough or who do not have leadership that understands and can work with school finances may not survive. The decisions school administrators in Texas make about how to cope with shrinking resources or how to allocate additional funds as they become available are one focus of this study.

In 2002-2003 Texas spent $35.5 billion to educate 4.2 million students. Between 1999 and 2004 the state dedicated $7.1 billion additionally to education. Over 90% of the new funds were generated by local property taxes, not state aid. The state’s share of funding has steadily dropped for the past twelve years, from 47% in 1990-1991 to 39.7% in 2002-2003. By 2005, the state share of school funding was estimated to be 36.3% (Coalition to Invest in Texas Schools, 2004). Funding education represents a significant share of the state budget, and with a student population that includes increasing numbers of students considered expensive to educate while
trying to meet ever-increasing performance standards, it is critical that the issues of adequacy and equity be addressed aggressively.

While the legislature has attempted to determine alternate funding sources, the recapture provision of Chapter 41 is the primary measure Texas is using to close the gap between property-rich and property-poor districts. The value of property varies greatly from district to district across the state. Because of this variance, a district with high property wealth can raise much more revenue for every penny of its tax rate than another district with lower property wealth. After a series of legal challenges brought by groups of property-poor districts pointing out the discrepancies in the quality of poor districts and wealthy districts, the Texas legislature enacted the recapture provision. Districts with property wealth above a certain standard, currently $305,000 [raised to $319,500 in 2007] per pupil, are required to send their excess funds to poor districts, thus helping to close the gap of inequity from district to district (Coalition to Invest in Texas Schools, 2004).

Chapter 41 schools have had to make significant budget cuts in order to make their recapture payments. Districts faced with funding reductions must find ways to reduce costs without affecting the core values of both the district and the community. They must manage conflict when competing interest groups vie for limited resources, and they must be flexible enough to figure out different ways to accomplish what they desire. Districts have managed the cuts in different ways, but most involve staff reductions, since personnel costs make up the majority of most school budgets. Other cuts involve programs, utilities, and job benefits. For instance, the Hurst-Euless-Bedford district, which became a property-wealthy district in 2004, expected to increase tax rates as they cut back on utility use when school is not in session, tighten sick leave policies, change health care plans, and streamline bus routes (Cromer, 2004).
In the Carroll district, teachers were not given a pay raise in 2004 and eighty positions were eliminated. Elementary school art and music programs were cut in half, and the number of maintenance, custodial, and office staff positions was reduced. Chapter 41 districts across the state are struggling to cope with the reduction in funds. This study analyzed the effects of the loss of revenue upon the quality of Chapter 41 schools.

Even as some districts are coping with reductions in resources, some low-wealth districts are the recipients of increased revenue resulting from the re-distribution of the recapture payments. This study also examined the impact of the fund increase upon the quality of those receiving schools, known as Chapter 42 schools, which are partnering with Chapter 41 schools to receive funding.

The significance of the study is in providing data to help determine whether or not school administrators perceive that the changes in the funding levels have had serious impact upon the quality of their schools.

Organization of the Study

The dissertation was organized in five chapters. The first includes an introduction, statement of the problem, purpose of the study, research questions, methodology, limitations and delimitations, definitions and terms, and significance of the study. Chapter 2 provides a review of relevant literature, including an examination of school finance from a historical perspective. Chapter 3 explains the materials and methods used in conducting the research. Chapter 4 includes a presentation of the results with an analysis of the data. Chapter 5 presents the conclusions of the study and recommendations for further study.
CHAPTER 2
BACKGROUND AND REVIEW OF THE LITERATURE

The system of financing public schools in Texas has evolved through a complex journey, fraught with legal challenges and philosophical controversy. Emerging from the lengthy process of defining and redefining how to pay to educate Texas students is a complex, multi-faceted funding system that has been altered numerous times in response to changing demographics and court litigation. As Texas has struggled to educate a demographically changing population that includes increasing numbers of students who live at or below the poverty level and whose native language is not English, one major issue has been compelling: providing all students with an adequate and equitable education, no matter what race or culture they derive from, where they live or what obstacles are faced in educating them. This study will address in particular the issue of equity: ensuring that all Texas students receive a comparable education.

The most widely publicized and arguably the most controversial method to achieve equity has been the property tax recapture provision of Senate Bill 7, enacted in 1993. This method of requiring districts considered property-rich to give up a percentage of their revenues to districts considered property-poor has sparked legal actions and questions of constitutionality from both giving (Chapter 41) and receiving (Chapter 42) schools.

In order to fully understand the underlying philosophical and political reasoning behind the policy-making that has occurred in Texas, it is prudent to first examine the issue from a national perspective, beginning with the circumstances under which public, tax-supported schools were born, and then looking at both federal and state functions, as well as underlying theories. It is relevant to also examine the most prevalent sources of revenue and the implications
Financing Public Education in the United States

The idea of education as a responsibility of the government in the public realm began in colonial America. The rate at which the idea took hold depended upon the geographical area and the primary focus of the colonization in that area.

*Early History of Public School Finance*

As Johns stated in a 1973 Horace Mann lecture, “A treatise on the social, economic, political, and religious history of the United States could be centered around the history of the financing of United States public schools” (Johns, Morphet, & Alexander, 1983, p. 1). If this is true, the study of the financing of education will be a study of the values and priorities of the people, the way they allocate resources, and their political philosophy.

The notion of tax-supported public schools did not become prominent until the nineteenth century; prior to that, American schools were local entities, largely private and religious in nature. Education was a private, not a public matter, and providing education for children was the responsibility of parents, not government. As early as the eighteenth century, leaders of the new American republic viewed education as a necessity to have a voice in government affairs, thus ensuring the privileges guaranteed by the Constitution (Odden & Picus, 2000). Cubberley (1920) noted that the Massachusetts Law of 1642, which directed parents to make sure their children were “being taught to read and understand the principles of religion and the capital laws of the country…” (p.364), was the first time in the English-speaking world that legislation was enacted requiring that children be taught to read. This and similar laws had a
great deal of influence on the formation of public schools in other New England colonies. By 1720, Connecticut, Vermont, New Hampshire, and Maine had all enacted legislation establishing public schools. In the colonies of New York, New Jersey, and Pennsylvania, various church denominations established parochial schools financed by churches or rate bills, taxes levied on parents of children sent to school. The teaching of religion was a central part of education in both the New England and the central colonies (Johns et al., 1983).

Religion was a less prominent feature in the formation of schools in the southern colonies. Seeking to improve their fortunes rather than attain religious freedom, southern colonists patterned their schools after the Church of England. Schools were under either church or private control, and education was mostly limited to the wealthy, although there were a few charity schools for orphans and the underprivileged (Johns et al., 1983).

As the number of small school systems grew, it became increasingly apparent to political leaders that education could be a valuable tool for unifying a developing country, and new initiatives to create statewide education systems were put into place. By 1820, 13 of 23 states had constitutional provisions, and 17 had statutory provisions related to public education. In the mid-eighteenth century, several states revised their constitutions, requiring the creation of statewide systems of public education and implementing government responsibility for financing them. Today, all states’ constitutions have provisions related to free public education (Odden & Picus, 2000).

*Early Equity and Adequacy Concerns*

The implementation of the state-controlled and government-financed schools raised many basic issues about financing schools. One of the key issues was whether phrases such as thorough and efficient, basic, or adequate meant that an equal amount would be spent upon
every student in the state or that every student would be provided a basic education with different amounts of total funding decided at the local level. This controversy exists today and has been the subject of legislature and the courts in all fifty states (Odden & Picus, 2000).

The controversy over the issues of adequacy and equity is exacerbated by the fact that most schools are financed primarily through local property taxes. The development of tax-supported schools reflects the statements and philosophies of the political and civic leaders of the time. One of the earliest advocates of the importance of free public education was Thomas Jefferson, who wrote in a letter after his retirement from the presidency, ”If a nation expects to be ignorant and free in a state of civilization it expects what never was and never will be…”(Cubberley,1920, p.526). Despite the efforts of Jefferson and others, tax-supported public education did not become generally available until the latter part of the nineteenth century.

Horace Mann and his contemporary, Henry Barnard, had significant influence on the establishment of tax-supported schools. Organized labor, which gained strength in the United States during the first part of the nineteenth century, was supportive of tax-supported education. One particularly eloquent statement was made by an association of working men in Philadelphia in a report adopted in 1830 and reported by Johns et al. (1983):

When the committees contemplate their own condition, and that of the great mass of their fellow laborers; when they look around on the glaring inequality of society, they are constrained to believe that, until the means of equal instruction shall be equally secured to all, liberty is but an unmeaning word, and equality an empty shadow, whose substance to be realized must first be planted by an equal education and proper training in the minds, in the habits, and in the feelings of the community. (p.5)
Sources of Public School Funding

Before examining the quest for equity in school funding, let us first examine the primary sources of fiscal support. The three most significant sources are federal, state, and local funds. State and local efforts to support public education have been the fundamental fiscal resource for financing education. Carey, in a report from the Center on Budget and Policy Priorities (2002) stated that in the fiscal year 1999, 49% of funding came from state allocations, 44% from local sources, and 7% from the federal government. West (1995) reported that as the United States grew into a major democratic world power, the need for educated citizens prompted compulsory education laws and periodic review of the effectiveness of the system in place. Federal intervention into public school funding did not become significant until the beginning of the twentieth century.

In addition to the small but significant contribution of federal funds, state fiscal support for education has traditionally played a powerful role in funding public school systems. In designing locally administered school systems, states generally gave local governments the authority to raise money for schools by levying property taxes. It was in local efforts to raise funding that inequities quickly became apparent. When states determined school district boundaries, what resulted were districts with widely varying levels of property wealth per pupil, and thus large differences in the ability to raise local dollars for public education (West, 1995).

Early School Finance Models

In order to better equalize educational opportunity statewide, Odden and Picus (2000) reported that states began to intervene in school financing first through small per-pupil flat grants. Under this simple approach, every district gets an identical flat grant for each student enrolled, regardless of local circumstances. Carey (2002) noted that this funding scheme reflects
a belief that the state should ensure a minimum funding level for all students and then give local
districts autonomy to raise funding beyond that point as they see fit. While the flat grant has
fallen into disfavor during the past twenty years, some states continue to use it, typically by
allocating particular revenues, such as funds from certain lands, as a flat grant (Augenblick,
Myers, & Anderson, 1997).

State and local fiscal support for education continued into the early 1920s, as states began
to implement minimum foundation programs, which provided a considerably higher level of base
financial support and were financed with a combination of local and state revenues. These
programs were the first in which states expressly recognized the wide variation in the local
property tax base and designed a state aid structure to distribute larger amounts to districts with a
small property tax base per pupil and smaller amounts to districts with a large property tax base
per pupil (Odden & Picus, 2000). Although the foundation programs are very popular among
states, their effectiveness depends upon the method of implementation. For example, in most
states school districts may choose to levy taxes above the required level, or in the case of high-
wealth districts, tax rates below the required level may be enough to generate the needed
revenue. These formulas, designed to equalize differences between local fiscal capacities, have
proved inadequate over time, as have the minimum foundation programs themselves. Odden and
Picus (2000) report that, as a result, additional revenues above the foundation programs have
been raised primarily through local taxation, and local educational expenditures per pupil vary
widely from district to district in most states.

Recent Trends in Finance Models

Augenblick et al. (1997) wrote that recent trends in funding public education include
reward for effort approaches, also called percentage equalizing or guaranteed yield. These
methods provide a means to allocate more state aid to poorer districts while continuing to allow them to determine their own tax levels. Some states, including Texas, use a combination of the above approaches.

Two other programs for funding public education should be noted here. Pupil weights have been used recently to account for differences in required spending from pupil to pupil. Under this method, resources are allocated per pupil based on certain demographic information and program participation for that pupil. Typically, students are weighted if they participate in special education programs, Title One or compensatory education programs, or English as a second language. These students are more expensive to educate than students not participating in such programs (Augenblick et al., 1997).

School Finance Reform

Hansen (2001) stated that the nineteenth century was a time of establishing public schools in the United States, the twentieth century was a time of guaranteeing the availability of an education to all citizens, and the twenty-first century will be a time of ensuring that all students receive at least an adequate education. The difficulty of achieving adequacy and equity is staggering, factoring in the reality that both terms themselves still beg to be defined.

Equity

Reschovsky (1994) defined equity as equal opportunity for education, “achieved if school districts have equal access to the resources necessary to provide any given amount of education” (p.185). Augenblick et al. (1997) noted that equity in education is usually determined by the variation in instructional spending per pupil from district to district. There is no single way to resolve equity issues in education, but a study by the U.S. General Accounting Office in 1997 concluded that the most important factor promoting district-to-district equity was the willingness
of poorer districts to tax themselves at a greater rate than that of wealthier districts. The GAO also found that a significant state policy contributing to equity was the state’s share of funding: the greater the level of state funding, the more equitable the educational opportunities were likely to be.

The following are underlying factors surrounding the issue of equity, according to Berne and Stiefel (1999), who wrote for the National Research Council:

First, the concept of equity includes many specific definitions, some of which originate in the debate over whether student performance or access to resources is the ultimate goal. There are differences of opinion, sparking controversy among legislators, legal experts, educational advocates, and the public.

Second, unlike the case in many countries, the federal government shoulders a fairly small role in financing education in the United States, only about 7 percent.

Third, this reliance on state financing plans means that there are fifty individual systems for financing education, with wide variances from system to system.

Fourth, equity in education has been shaped primarily though the legal challenges presented in the court system, not at the federal level for widespread influence, but at the state level, determined by state constitutions.

Finally, the media are active participants in the lively discourse over educational equity. (p.8)

A close examination of equity began in the 1970s with the California case Serrano v. Priest I (1982). The declaration from this case, that wealth may not be a factor in the quality of education unless it is the wealth of the state as a whole, served as a catalyst for court cases, studies, and legislative changes focusing on the equity of state school financing systems (Guthrie
& Rothstein, 1999). The Serrano decision had its roots in concepts promulgated by Coons, Clune and Sugarman (1970), who set forth the premise that one student’s education should not be dependent on another student’s wealth. Another important court case embroiled in the issue of equity is *Brown v. Board of Education* (1954), which called for equal access to educational opportunity. Although the case did not directly address school finance, subsequent decisions and actions have significantly affected how public schools are funded (Minorini & Sugarman, School finance litigation, 1999).

The primary factor in the variation of levels of spending requires research into the fundamental disparities of human and physical resources among states and school systems. The major role of public school finance policy is to redistribute financial resources to provide for the needs of all students. Both federal and state governments bear the responsibility of helping to overcome fiscal disparities which deny equality of educational opportunity. This is accomplished by making funds more uniform through various equalization measures. This is not a simple task in a country with approximately 16,000 school systems in fifty states, all with varying physical and human characteristics (Johns et al., 1983).

According to Johns et al. (1983), it appears deceptively simple at first to use resources from the federal level to fill in incapacities at the state level and to use state resources to supplement the revenues of poorer local school districts. However, the problem is much more complex, given that there is little agreement on how fiscal capacity, or the ability of school systems to obtain revenues from their own sources through taxation, is to be measured and how much is needed for educational services. Further complicating the matter are the myriad social and economic conditions which lead some states or localities to put forth greater financial effort than others to support their educational program. Students in minority groups or those who live
at or below the poverty level, often the same students, deserve to achieve at the same level as all other students, and the differences in local districts’ willingness to support the schools play a critical part in determining how this can be accomplished.

These differences are glaring when the actual dollar figures are examined. For example, Biddle and Berliner (2002) reported that in 1998 the highest average level of public school funding was New Jersey, with a rate of $8,801 per student, while the lowest average level was found in Utah, with a yearly rate of $3,804 per student. This means that the typical student in New Jersey was provided more than twice the fiscal resources as his or her counterpart in Utah. As long as local property taxes make up a substantial portion of educational resources, districts with large amounts of property wealth will continue to spend greater amounts on educating their constituents than will poorer districts. In addition, the costs of adequately educating children will be higher if a district’s population includes a significant number of students whose native language is not English, who have various learning disabilities, or who come from economically disadvantaged families. Reschovsky (1994) explained that, to the extent that school districts with large numbers of such students are also districts with low property wealth, students in high-wealth/low-cost districts will have the advantages that greater funding can provide.

Adequacy

In the late 1980s the shift of emphasis from equity to adequacy began. Minorini and Sugarman (1999) in a report on educational adequacy and the courts noted that adequacy is a much more complex issue, with a focus on ensuring that all students have access to educational resources and opportunities adequate to achieve desired education outcomes. Odden and Picus (2000) defined adequacy as: “providing sufficient funds for the average district/school to teach
the average child to state standards, plus sufficient additional revenues for students with special needs to allow them to meet performance standards as well” (p. 430).

Adequacy as a legal issue was given a framework in the early 1990s with the emergence of four major court cases that, according to Odden and Picus (2000), constitute the adequacy approach. In 1989 the Kentucky Supreme Court declared the state’s system of funding education unconstitutional and held that all of Kentucky’s school children had the right to an adequate education. What followed was a massive overhaul of the state’s educational system, sparking what many have termed the adequacy movement throughout the country.

Exacerbating the issue was the 1983 publication of A Nation at Risk (National Commission on Excellence in Education), with the key message that most of American’s children were not learning enough in school to serve them in later life. Berne and Stiefel (1999) suggested that in this report were the roots of the adequacy movement. Schools began to articulate designs of high academic goals and how to measure them, thus beginning the standards and accountability movement which continues today.

Since the Kentucky decision in 1989, legal challenges to educational systems have emphasized what some state constitutions refer to as thorough and efficient, also termed adequate. Much has been recently written about how to determine whether an educational system is adequate; however, the concept is not a new one. Garms, Guthrie and Pierce (1980) stated: “District wealth and income disparity, besides being inequitable, create problems of allocation efficiency. From an efficiency point of view, underinvestment in education in some areas hurts the entire economy” (p. 89). Guthrie and Rothstein (1999) have devised a system in which educational experts come together to determine what criteria to use when examining adequacy in a system. Such mandates as maximum class sizes and the ratio of special needs
children to educational aides in a classroom have been decided by these groups, who offer their research to others struggling to achieve adequacy.

Minorini and Sugarman (1999) in their report on educational adequacy and the courts concluded that educational adequacy has both strengths and weaknesses. It exposes the shortfall between what students actually have and what they really need, and it forces states to consider the disparities in the cost of educating some children. It has also brought to attention the setting of standards and forced the public to think about what schools are trying to achieve. In the 1980s and 1990s, educational innovators such as Slavin, Sizer, and Whittle have contributed their concepts of successful schools, and ideas such as site-based management have grown out of those contributions. On the other hand, there is no wide national agreement on what constitutes an adequate education, leaving the door open for continuing inequities from state to state and district to district. However as long as the issue of adequacy is regarded as important by the individual, it is likely that efforts to achieve it will continue to involve both legislature and the courts.

_School Finance Theory_

Issues of equity and adequacy are included in those concepts that have been shaped by educational theorists whose influence extends from the early twentieth century. During the early stages of development of public financial support for education, no emerging theories were apparent. No integrated school finance plans were formulated as funds were generally distributed with little consideration of the disparities mentioned above. The first conceptual theories of state support began with university professors, not politicians.

Prominent among these collegiate theorists were Strayer, Mort, and Cubberley, pioneer developers of school finance theory. They and their successors trained students in school finance,
and these students in turn also produced students of educational finance. Many have become political activists and have served as consultants to state educational agencies, legislatures, and Congressional committees. Johns et al. (1983) noted that the major theorists of public school finance advocated equalization of opportunity by equalizing financial support, although that goal has not been totally attained, with most states still experiencing financial inequalities.

Ellwood P. Cubberley, a university professor whose dissertation of 1906, “School Funds and Their Apportionment” applied the basic concept of state responsibility in the apportionment of state revenues, is considered the first to have developed a theory of state support for schools. The dissertation, published in his work *The History of Education* (1920), contained the following words:

Theoretically all the children of the state are equally important and are entitled to have the same advantages; practically this can never be quite true. The duty of the state is to secure for all as high a minimum of good instruction as is possible, but not to reduce to all the minimum, to equalize the advantages to all as nearly as can be done with the resources at hand; to place a premium on those local efforts which will enable communities to rise above the legal minimum as far as possible; and to encourage communities to extend their educational energies in new and desirable undertakings.

(p.16)

Cubberley’s ideas, although advanced as early as 1906, seem quite relevant to current school funding issues and have provided a basis for formulating concepts of school financing currently used. Cubberley used his theories to analyze methods of resource distribution used at the time and noted several findings; among them, the use of property taxes as the principal source of revenue inherently places a burden on certain localities with low property wealth which
should be equalized by the state. He believed that a state school tax was the best way to equalize the burden and that the success of achieving equity depended upon a just system of distribution.

A follower of most of Cubberley’s ideas was a University of Pennsylvania professor, Harlan Updegraff. As part of a study of rural New York schools that took place in the early 1920s, Updegraff made some important additions to Cubberley’s model, notably his ideas for distributing general school aid. He advocated the use of a sliding scale that provided increased amounts of state aid for corresponding increases in school taxes levied. He attempted to incorporate the concepts of equal opportunity for education and reward for effort within the same formula (Works, 1922). His idea of a variable level foundation program was opposed by other theorists, but later emerged in some school finance models. Fifty years or so later Updegraff’s model for state support was revitalized by Coons, Clune, and Sugarman (1970), who referred to the model as *power equalization* in their work *Private Wealth and Public Education*.

Adding a further dimension to the theoretical basis for school funding was George D. Strayer, Jr. whose work *The Measurement of Educational Need* (Strayer & Haig, 1923) presented a theoretical conceptualization of the equalization of educational opportunity that has had a significant influence on educational thinking and policy. Strayer emphasized the equalization of the tax burden to support schools as well as the equalization of educational opportunity; however, he did not include the reward for effort inherent in the Cubberley model. In fact, he was opposed to the idea, as he and his colleague Haig (1923) expressed in the following:

> Any formula which attempts to accomplish the double purpose of equalizing resources and rewarding effort must contain elements which are mutually inconsistent. It would appear to be more rational to seek to achieve local adherence to proper educational
standards by methods which do not tend to destroy the very uniformity of effort called for by the doctrine of equality of educational opportunity. (p.175)

According to Gauerke (1967), the Strayer model of state fiscal-local fiscal relationship formed the base of school finance thinking through the 1960s. It has contributed to the significant variance in the measure of control the states exert over local school districts. At one extreme, a flat per-pupil grant may be given with little direction about how the money is spent; at the other, separate budget items, such as salaries, instructional supplies and administrative costs may be enumerated, with little discretion given to the local school board.

A student and later a colleague of Strayer, Mort (1924) made a major contribution to the body of theory with his definition of a state minimum program. Other theorists had referred to the idea, but, as noted by Johns et al. (1983), Mort was the first to clarify it in words. In his 1924 book, *The Measurement of Educational Need*, he stated his belief that the basic elements of a minimum school program included the concept of weighted pupil costs, which provides for additional funding in recognition that some students are more expensive to educate than others. One of his key elements provided the basis for compensatory education for the disadvantaged. Both concepts are widely accepted and incorporated into school finance plans nationwide (Johns et al.).

Offering a radically different funding theory was Morrison. In his book *School Revenue* (1930) Morrison observed the glaring inequities from district to district and noted that constitutionally education was a state function. He asserted that all attempts to equalize funding had failed and would continue to fail to meet educational needs. Morrison proposed a model of state support which would eliminate all local school districts and establish a system for collection and distribution of resources at the state level (Morrison, 1930). Hair (1989) noted that Morrison
suggested that the most equitable form of tax for states to use to support their schools was the income tax.

Morrison’s ideas were widely rejected at the time. The emphasis on local control and decision-making was considered an integral part of the democratic process and was contradictory to the idea of a statewide system. To date, Hawaii is the only state to fully implement Morrison’s theory; however, the inadequacies and inequities he observed are quite evident today (Hair, 1989).

It becomes obvious as the principal theorists are studied that all of them advocate equalization of educational opportunity by the process of equalizing financial support, and that all of them see the need for an equitable system of taxation for school financing. The question thus becomes one of what progress we have made toward achieving those goals. Both early and current researchers point out that more needs to be done. Cubberley in 1920, Updegraff in 1922, Strayer in 1923, Mort in 2924, Morrison in 1930, as well as later studies, such as The President’s Commission on School Finance in 1972 and the Education Finance Center of the Education Commission of the States in 1979, all agree that equalization of educational opportunity has not been achieved (Johns et al., 1983). While many states have experienced legal and political struggles with attempting to equalize public schools, Texas has been particularly embroiled in long and sometimes bitter battles to achieve the desired equalization.

Financing Public Education in Texas

The rich and colorful history of funding public schools in Texas is checkered with dramatic developments, legal complications, and complex financing formulas that reflect a state long concerned with the education of its children. From the first school on Texas soil, a mission established in 1783 for the purpose of educating and Christianizing the American Indians (Eby,
1954), to the present legal struggles to achieve equity and adequacy in the funding system, Texas has sought through increasingly difficult circumstances to provide all students, regardless of their race, culture, or wealth, the opportunity for an education capable of sustaining a society built on democratic ideals, fierce independence, and civic pride. What follows is a brief chronology of the events that have shaped the educational system in Texas into its present form.

**History of Public Educational Funding in Texas**

The Texas Declaration of Independence from Mexico in 1836 led pioneers to a vision of an empire where Texas citizens would receive a general education on the bounty of vast physical resources and unoccupied land. One of the leading figures of the time, Stephen F. Austin, voiced a passionate desire to create a public education system in Texas similar to that Thomas Jefferson had crafted in Virginia (Eby, 1954). Four years after independence was declared, the first Anglo-American public law in Texas was enacted. It provided for setting aside four leagues of land in each county to support public schools. Later, the state constitution of 1845 required that one-tenth of the annual state tax revenue be reserved as a perpetual fund to support free public schools (Texas Education Agency, History of Public Education in Texas, 2004).

At this time the idea of free public schools was an anomaly and had relatively few proponents. The public schools mentioned in the constitution were interpreted as private and community enterprises, and free public schools were thought to be for orphans and the poor. Those who did believe in free public schools for all clashed bitterly with those who did not, setting the stage for fifty years of philosophical battling which played a major role in the vacillating course of public education in the nineteenth century (Walker & Kirby, 1988).
Early to Mid-Nineteenth Century

An influx of population emigrating from the southern states in the mid-nineteenth century exacerbated the divergent philosophies of Texas citizens. Those in the northern areas supported the Puritan ideal of education for all so that families could exercise religious edification. Their southern counterparts, on the other hand, viewed education as necessary for the aristocratic leaders of society. These two very different ideologies were increasingly evident as the nation headed toward a civil war (Eby, 1954).

Prior to the Civil War, the idea of free public education for all appeared to be growing in favor, largely because of educational developments in other states. The recent immigrants to Texas realized that the state was lagging behind in providing education; coincidentally, a large sum of money became available to Texas as a result of the Compromise of 1850, in which Texas received funds from the federal government in return for surrendering various lands claimed by the Republic. Public sentiment grew toward dedication of the surplus funds to education. Public funding for education became a political issue when Elisha M. Pease campaigned for governor of Texas on a platform that included a provision for education (Walker & Kirby, 1988). The increasing support of providing educational funding led to the passage of the Common School Law of 1854, a benchmark piece of legislation in the history of Texas school finance. This law set up the available money, about two million dollars, as a permanent school fund. The revenue from this fund, derived principally from loans to railroads, was to be distributed annually on a per capita basis. There was also a provision to establish school districts in each county, but this was repealed in 1856 because of public hostility toward it (Walker & Kirby, 1988).
Civil War and Aftermath

In 1861, as the nation entered into Civil War, the permanent fund collapsed and both public and private schools closed as a result. During Reconstruction, the federal government’s Freedmen’s Bureau was instituted to provide education for recently freed slaves. By 1886, Texas had ninety such Freedmen’s Bureau schools (Texas Education Agency, Texas Public Schools Handbook: Timeline of Historic Events, 2004). The Constitution of 1866 attempted to return the state’s educational system to pre-Civil War status by empowering the legislature to levy property taxes for educational purposes. However, this constitution fell apart as the federal government seized political power from the Democrats in the state and placed it into the hands of the Republicans then in control of the national government. These Republicans were mostly northerners who held firm beliefs about free public schools:

Despite the unpopularity of the radical government, the… Republicans were the first to envision a genuine public school system in the state. The Constitution of 1869 gave the governor and the appointive state superintendent broad latitude in educational affairs, and the Reconstruction government used its authority to revive and to expand the Permanent School Fund, to increase state taxes for education, to make school attendance compulsory, and to establish the first statewide system of local taxation for school support within defined school districts. (Walker & Kirby, 1988, p.4)

As might be predicted, there was fierce opposition to the new taxes, and many Texans refused to pay. Then, after the end of Reconstruction, the new Constitution of 1876 set aside 45 million acres of public land for the support of schools and created a new permanent school fund, whose income proceeds were to be invested in bonds. Until 1915, this fund was for the most part the
sole source of funding for public schools (Texas Education Agency, History of Public Education in Texas, 2004).

*Latter Nineteenth Century*

What followed the new constitution was a period in which the disparity between urban and rural schools grew rapidly. Urban schools were given some leeway in local taxation for public schools; common or rural schools were not. There was no provision for the state ad valorem tax that had been in existence since 1845; possibly the thought was that the permanent school fund would be large enough to render the ad valorem tax unnecessary (Walker & Kirby, 1988). By 1879 the inadequacy of public school funding was becoming glaringly obvious, and in 1884 the school law was again rewritten. The state ad valorem tax was reinstated, and local taxation in permanent school districts was authorized, provided the tax was approved by two-thirds of the voters. Although these actions indicated the desire to alleviate the differences between rural and urban schools and provide adequacy for funding, disparities continued. In many areas, taxpayers refused to vote for local taxation. In addition, the shift of emphasis from state to local funding made obvious the differences in local ability and willingness to pay. “In retrospect, it is clear that inequities in education finance came to Texas as early as state support did, but reliance upon local property wealth brought the inequities into sharper focus” (Walker & Kirby, 1988, pp. 5-6).

*Early to Mid-Twentieth Century*

The Conference for Education in Texas in 1907 attempted to address some of these inequities. The rule requiring a two-thirds vote of the public for local taxation was abolished, and new regulations permitted funds from taxation to be used for the construction of facilities in rural areas. The tax limits were raised, and consolidation of school districts was permitted through
laws passed in 1911. This law also established county boards to govern schools and called for the establishment of rural high schools at local expense. Although small, these were definite steps in the direction of funding equity (Eby, 2004). In 1915, under Governor James E. Ferguson, laws were passed that strengthened aid to rural high schools and most importantly, required that in order to receive the aid, a common district had to tax at its maximum legal rate. In effect, these funds were a bonus for local effort and a forerunner of modern equalization aid (Walker & Kirby, 1988).

From the 1920s to 1949, most state funds were still distributed to local school districts on a per capita basis, a disequalizing method that was abandoned by many states in the 1920s and 1930s when minimum foundation programs began to be used. Texans were slow to reconcile themselves to local taxation for school purposes, and state aid, though small, continued to form a substantial portion of the money spent for education. In one study conducted in 1918, Texas ranked 44th among the 48 states in the amount of local public support for schools. (Walker & Kirby, p.7)

After World War II, the growing population of Texas and the increasing disparities between levels of spending on various demographic groups sparked the 50th Legislature in 1947 to form a committee charged with designing a new system of public school finance. The Gilmer-Aiken Committee revealed its proposals in a report published in 1948, which eliminated the traditional per capita distribution of resources and replaced it with a Minimum Foundation Program with funding formulas based on an economic index. The majority of funding, about 80%, was to come from the state, and the remainder was financed locally through a chargeback called the local fund assignment. According to their willingness to do so, local school districts were allowed to generate revenue above the state minimum program. Although equity issues
were beginning to be addressed and state support was increased, the reliance upon property taxes for the bulk of local revenue and wide differences in levels of spending continued to create problems (Walker & Kirby, 1988).

School Finance Reform in Texas

By 1965 the above issues led to then Governor John Connally’s Committee on Public School Education, which was the first public body to officially address the equalization problems in school finance. The report generated by this committee in 1968 called for a radical reform of public education in Texas, including significant increases in state aid to the Minimum Foundation Program and consolidation of small school districts. The report was for the most part ignored until the public was forced to become aware in 1971 with the ruling in Rodriguez v. San Antonio ISD, which declared Texas’ financing plan unconstitutional on the grounds that it discriminated against children in poor districts through its heavy reliance on local property wealth. This was declared a violation of the equal protection clause of the fourteenth amendment to the United States Constitution. The decision was reversed in 1973, and the courts found education a matter to be handled by the states, not the federal government. The Supreme Court reversed the finding of unconstitutionality by the state courts, but even the majority opinion strongly encouraged Texas legislators to seek a more equitable system of school finance (Texas Education Policy Resources on the Web, 2005). The following is taken from the majority opinion of Justice Lewis Powell:

The need is apparent for reform in tax systems which may have relied too long and too heavily on the local property tax. And certainly innovative new thinking as to public education, its methods and its funding is necessary to assure both a higher level of quality and greater uniformity of opportunity. These matters merit the continued attention of the
scholars who already have contributed much by their challenges. But the ultimate solutions must come from the lawmakers and from the democratic pressures of those who elect them. (San Antonio Independent School District v. Rodriguez, p. 93)

Such strong wording provided motivation for calls for financing reform in several states.

*The Edgewood Litigation*

The next major development in the courts was the 1989 ruling of the Texas Supreme Court in *Edgewood Independent School District v. Kirby*. In 1984, a group of school districts filed the suit, charging that reliance on property taxes as the major revenue source for funding education resulted in differences in levels of spending that violated the Texas Constitution. The plaintiffs argued that property-poor districts were limited in their ability to raise funds adequate to educate their constituents. After a trial in 1987 and a series of appeals, the Texas Supreme Court ruled the current system of funding violated the constitutional provision for an *efficient* system. This term refers to the constitutional provision which states that a “general diffusion of knowledge” is essential to Texas; therefore it is the duty of the state to provide for “the support and maintenance of an efficient system of public free schools” (Texas Constitution: Article 7, Section 1). The court noted that disparities from district to district in the ability to generate revenue through property taxes resulted in significant difficulty in poor districts to raise sufficient funds (Center for Public Policy Priorities, 2005).

In 1989 the Texas Appeals Court reversed the decision of the lower courts, declaring that, although the current system of funding was neither ideal nor desirable, education is not a fundamental constitutional right and wealth is not a suspect classification. The Texas Supreme Court struck down the Appeals Court ruling and declared that the state’s system of funding was indeed unconstitutional. The ruling did modify the lower court decision in several ways. First,
the ruling was based entirely on the efficient education clause, not the equal protection clause. Second, it noted that an inequitable system is inherently inefficient, and that the concentration of resources in property-wealthy districts that tax at a low rate is inefficient. The courts also declared that an efficient system allows for districts to exercise local control over education. Finally, the courts held for adequate state support, stating that the state contribution to the Foundation School Program did not cover mandated minimum requirements (Ascher, 1994).

*Senate Bill 1*

Responding to the 1989 decision, the Texas Legislature in 1990 passed Senate Bill 1, which required biennial assessments of the inequities in funding, followed by adjustments to narrow the gaps. The system itself, however, remained in place, and the Supreme Court found it still to be unconstitutional (Coalition to Invest in Texas Schools Timeline, 2004). The courts agreed with the returning plaintiffs, who argued that the legislature had not met its constitutional obligation to overhaul the current system, and instead had provided a temporary and superficial solution. In 1991, the courts struck down Senate Bill 1, holding that while the state’s financing system was improved by the bill, it did not restructure the system so that less wealthy districts had equal access to revenue from similar tax effort (Center for Public Policy Priorities, 2005). The legislature was directed to change the system to one in which revenues from all property would be drawn at a similar rate (Burrup, Brimley, & Garfield, 1999).

*Senate Bill 351*

The legislature’s answer to the dilemma was the passage of Senate Bill 351, which created 188 County Education Districts, partially consolidating the tax bases of individual districts. The county districts would levy state-mandated property taxes and distribute revenues generated to the districts within their membership on an equalized basis. The wealthier districts
protested, and in 1992 the Texas Supreme Court struck down Senate Bill 351 on the grounds that it violated the constitutional provision prohibiting a statewide property tax and levied an ad valorem tax without voter approval. The courts gave the state lawmakers a deadline of June 1993 to devise a new plan (Center for Public Policy Priorities, 2005).

_Senate Bill 7_

The new plan was outlined in Senate Bill 7, passed by the state legislature in 1993. The key funding component in this bill was the recapture provision. Recapture requires districts with per-pupil property wealth above a specified level to send property tax revenue to poorer districts, either directly or through the state. Since the focus of this study is the perceived effects of this law upon participating schools, more detail will be given to this topic later. Suffice it to say now that the law was challenged in 1993, but the Texas Supreme Court upheld the system as constitutional with some important caveats: lawmakers were warned that inequity in the quality of school facilities could be declared unconstitutional in the future if more evidence was gathered, and that if a significant number of districts were forced to set their tax rate at or near the state maximum of $1.50, it could be determined that a statewide property tax had been set. The legislature was encouraged to continue its search for a new funding plan (Flippin & Shanahan, 2005).

_West Orange Cove v. Neeley Litigation_

The most significant legal challenge to the recapture legislation heretofore has been the lawsuit that has come to be known as _West Orange Cove CISD v. Neeley (2005)_ (2005). Filed in 2001, the case went to court in 2004. The primary plaintiffs were property-wealthy school districts participating in the program, known as Chapter 41 schools; however, they were later joined by several low-wealth districts as well. The wealthy districts claimed that the current system is
unconstitutional because it creates, in effect, a statewide property tax. The poorer districts asserted that the state had failed to provide adequate funding to meet the minimum needs of students, and that standards mandated in the earlier *Edgewood* rulings had been violated (Flippin, et al., 2005).

In 2004 Travis County trial court judge John Dietz ruled in favor of the plaintiffs, declaring that (1) the state’s school finance system fails to provide an adequate, suitable education as defined by the Texas constitution; (2) some districts are being forced to set their tax rates at the state maximum of $1.50, also a violation of the constitution; and (3) the current system of funding public schools in Texas is neither financially efficient nor efficient in the sense of providing for the mandated adequate education. The state was given until October 2005 to remedy the problems facing the current financial system (Coalition to Invest in Texas Schools Timeline, 2004).

Following this mandate, several attempts were made to devise an efficient and equitable means of funding education in Texas. In 2004 and 2005, the governor called four special sessions of the legislature for the purpose of overhauling the current system; each session has ended in gridlock and failure. The governor called for a fifth special session to begin April 17, 2006 (Texas Governor Calls School Finance Talks, 2006).

*Texas’ Current System of School Finance*

An analysis of the recapture system of Senate Bill 7 will necessitate a clear understanding of the current system of school finance in Texas. Information from the Legislative Budget Board of Texas (2001) provides the basis for the following discussion of Texas school finance.

The basic structure of the Texas system has three tiers that ensure that a school district has access to revenue based on its tax effort. It attempts to provide a balance between state
funding and local autonomy. State aid is provided to school districts in inverse proportion to the district wealth.

1. Tier 1 ensures a base or “foundation” funding level for all students at a local tax rate of $0.86 per $100 of property value… This entitlement is increased according to certain district and student “adjustments” (or “weights”) that apply to the district and the individual students in the district…

2. Tier 2 has been referred to as the “enrichment” tier. It delivers state aid to districts based on a district-selected tax rate between $0.86 and $1.50. The mechanism that ensures a high level of equity in the system is the “guaranteed yield,” which is a state guarantee of a specific revenue yield per “weighted” student (WADA) per penny of local tax effort, regardless of local property wealth…

3. The Instructional Facilities Allotment (IFA), established in 1997, guarantees a specific revenue yield per student per penny of local tax effort for new instructional facilities…

4. The Equalized Wealth Level (referenced in Chapter 41 of the Texas Education Code) is not a “tier” to deliver state funds to school districts. Instead it serves as a limit on the revenue-generating capacity of wealthy districts. For the 2000-01 school year, any district with property wealth per weighted pupil exceeding $300,000 is required to reduce its wealth. (Legislative Budget Board Staff, 2001, pp.3-4)
Issues of Adequacy

Educational funding constitutes a significant part of the state’s budget; a report from the General Accounting Office in 1993-94 indicated that $19.5 billion was spent to educate 3.6 million students. The largest share of funding, about 50.4%, came from localities. The remaining funds were obtained from the state (41.6%) and the federal government (8%). The amount budgeted for financing public education represented about 26% of the state budget in 1994. Between 1990 and 1994, the number of students in public schools increased from 3.3 to 3.6 million, an increase of 8.6%. The number of economically disadvantaged students grew by 22%; students in bilingual programs increased almost 36%; and special education programs grew by 33% (U.S. General Accounting Office, 1995). According to the U.S. Department of Education, the number of students in Texas will increase by 14% between 1996 and 2008 (CPPP, 1999). Because Texas’ school-aged population is rapidly growing, and the number of special needs children is increasing even faster, funding schools adequately and equitably is continuing to be a challenge to the state (House Research Organization, 1996).

The question of whether Texas provides an adequate education for its students is complicated. There is no definition or measure of adequacy existing in Texas law. Research from the Coalition to Invest in Texas Schools has indicated that adequate funding is the level of resources needed for students to meet the state and federal mandates for attendance, testing, and graduation. The Texas constitution does not directly address the issue of adequacy. Article 7, Section 1 contains the following:

A general diffusion of knowledge being essential to the preservation of the liberties and rights of the people, it shall be the duty of the Legislature of the State to establish and
make suitable provision for the support and maintenance of an efficient system of public free schools. (p.69)

The Coalition to Invest in Texas Schools (2004) maintained that in order for a school finance system to meet this requirement, it must (1) recognize the dynamic nature of requirements and expectations; (2) provide, at a minimum, expectations in the required state curriculum, at both the foundation and enrichment levels; (3) provide cost adjustments for varying student needs and district characteristics; and (4) provide opportunities for all Texas school children to be educated to the point that they can compete successfully in an increasingly global and digital world (Coalition to Invest in Texas Schools, Adequacy & Equity, 2004).

Currently, Texas spends less on education per student than many states. In 1996, the state ranked 31st in per pupil spending (CPPP, 1998). This in itself does not indicate that Texas provides an inadequate education for its school children, however. According to Walker and Kirby (1988) there are two important adequacy considerations. One is the basic allotment per ADA (Average Daily Attendance) for nonweighted pupils, which has not continued to rise at the pace of increasing program costs. The second adequacy concern is the sum certain ceiling placed on state funding of the FSP (Foundation School Program, the basic instructional funding program for Texas students). The possibility exists that all districts may not receive the full allotment to which state funding formulas entitle them, which could result in temperance of the effects of the formula. Also, local districts must carry large amounts of operating reserves as a hedge against the uncertainties of state aid.

Issues of Equity

Although there has been increasing emphasis on questions of adequacy of education on both the state and national levels, equity concerns are still very much in existence. Wise (1968)
noted that Texas has been embroiled in equity issues since the 1960s, a natural extension of the national attention drawn by a series of U.S. Supreme Court rulings affecting school desegregation (1954), legislative reapportionment (1962), and protection of civil rights (1965).

Walker and Kirby (1988) offer these basic principles of equalization of education funds:

1. Although education is not a fundamental right protected by the federal constitution, nearly all state constitutions provide some basis for attacking a state’s failure to provide an equitable system of public school finance…

2. The public education of a child should not depend on wealth other than the wealth of the state as a whole….

3. School districts may make additional expenditures for educational needs of children that are worthy of differential treatment. States ought to account for differing needs in state aid formulas.

4. Although local property taxes may be regressive, state legislatures are not required to eliminate local property taxes in favor of other types of taxes. However, state aid formulas should offset local differences in taxable wealth.

5. It is implied that equity should be established in school district capital outlay expenditures (i.e., construction of facilities) in the same way as required for current operating expenditures. (pp. 59-60)

*Theoretical Approaches to Equity in Funding*

Ascher (1994) noted that there are two very different theoretical approaches to equity under the umbrella of the broad concept in general. One theory is that perfect equality can be achieved only when the combined revenues from state and local sources produce exactly the same amount of money per pupil. This is called *horizontal pupil equity* and was addressed in the
Edgewood litigation. The other theory, *vertical pupil equity*, is in stark contrast, proposing that perfect equality can be achieved only when revenue is allocated to create *unequal treatment of unequals*, meaning that the state must weigh the needs of certain students and allocate funds accordingly.

Another way of evaluating equity in a school financing system is to examine fiscal neutrality; that is, consideration of not what students receive, but how heavy the burden rests on taxpayers in various communities to provide for their education. There are significant differences in the ability of taxpayers in property-wealthy and property-poor districts to generate revenue. For example, Cardenas (1992) reported that per pupil wealth in the San Antonio district of Edgewood was $39,000, compared to $570,000 per pupil in the neighboring wealthy district of Alamo Heights. Districts such as Alamo Heights have typically been able to generate large amounts of revenue while taxing at the lowest rates: in 1992, Alamo Heights had the lowest tax rate of any of the twelve districts in the county.

Walker and Kirby (1988) maintained that, for school finance models relying heavily on property taxes to achieve either equity or adequacy, hope is dim. The reasons given are that the differences among districts to provide for substantially equal education revenues are too great, and that the local property tax is too subject to political winds to be an adequate major source of revenue. They maintain that only by increasing the state’s share of aid to local districts will any sort of improvement in equity or adequacy be achieved. “Mere changes in distribution formulas, without state aid increases, create a process of ‘leveling down’ (reducing all education expenditures above the average toward the average)” (Walker & Kirby, p.63).

Clark and England (1997) declared that the principal causes of inequity in most states are the following:
1. Differences in taxable wealth per pupil among school districts;
2. Property tax systems that are not equal and uniform…
3. Different levels of tax effort exerted by school districts
4. Over-reliance on the local property tax revenues to fund public education; and
5. Methods of allocating funds to school districts that do not overcome wealth
differences among districts. (p.9)

Both Cardenas (1992) and Clark (1997) refer to the rulings in Rodriguez and Edgewood, in which the courts rules that state subsidies should ensure substantially equal results for equal levels of taxation. Walker and Casey (2001) noted that this fiscal neutrality does not call for equal expenditures by districts in a state, but only an equal opportunity to generate equal revenues at a given level of tax effort.

The Inception of the Recapture Legislation

The controversial solution of the Texas legislature to reduce inequities, the recapture provision of Senate Bill 7, passed in 1993. The decision was made not to develop a solution that required further increases in state taxes, but instead to concentrate on finding a new method to redistribute local funding. The provisions of Senate Bill 7 include several key features: creating greater equality in property wealth among districts, setting limits on local property tax rates, and providing supplemental state aid to poor districts to equalize revenue received from their local taxes (House Research Organization, 1996).

Districts with wealth greater than the maximum amount are typically referred to as Chapter 41 districts and are subject to the provisions of Chapter 41 of the Texas Education Code. Districts with less than that amount are referred to as Chapter 42 districts, and are subject to
Chapter 42, which contains provisions relating to the funding formulas established under the Foundation School Program (TEA, Texas Education Code, Chapter 41, 2004-05).

Originally there were about 99 districts that fell into the property-wealthy category. It was believed that recapturing excess wealth and redistributing it to less wealthy districts would have the effect of reducing inequities across the state. According to Sparkman and Carpenter (1994) the state then took several steps that had the effect of increasing the local tax burden: the state delayed payments of $250 million to the districts in order to shift 25 percent of the increase to the next biennium. To compensate, the legislature reduced the Tier 1 guarantee from $2,400 per pupil to $2,300 in 1993-95. The required local tax rate in order for districts to participate in Tier 1 was increased from $.82 per $100 valuation to $.86. These moves increased the burden for local school districts of the cost of education.

When the recapture provision was implemented in 1993, the maximum amount of property wealth per pupil was $280,000. Any funds surpassing that amount were subject to recapture (House Research Organization, 1996). Since then House Bill 3343, passed during the 2001 legislative session, raised the maximum amount to $305,000. In 2007 the amount was again raised to $319,500. According to the Texas Education Agency’s Manual for Districts Subject to Wealth Equalization (2004-2005), districts with wealth above that amount have five options, which they may use singly or in combinations, to reduce their wealth: “(1) consolidate with another district; (2) detach property; (3) purchase attendance credits from the state; (4) contract to educate nonresident students from a partner district; (5) consolidate tax bases with another district. In the past virtually all Chapter 41 districts have chosen Option 3 or Option 4” (p.4).

In the 2002-2003 year TEA had identified 118 school districts subject to the recapture provision, a number that is growing every year. All of these districts chose Option 3 or 4 (Texas
Association of School Boards, Education Reporter, 2003). Currently about 13% of Texas school
districts have property wealth in excess of $305,000 per WADA (Weighted Average Daily
Attendance), thus being subject to the recapture provision. Property-poor districts are defined as
those with less than $271,000 per WADA; they receive Tier 2 (supplementary additional
funding) aid from the state, allowing them to raise the guaranteed yield of $27.14 per student per
penny of tax effort. About 85% of Texas school districts fall into this Chapter 42 category.
Finally, about 2% of districts are referred to as gap districts, with less than $305,000 but more
than $271,000 per WADA. They receive no Tier 2 aid, but their wealth is not subject to recapture
(Davis, 2004).

According to the Manual for Districts Subject to Wealth Equalization (2004-2005),
Chapter 41 districts have several options for reducing costs. For districts exercising Option 4, the
commissioner may grant an efficiency credit, or cost reduction, dependent upon how the
receiving district chooses to expend the funds. The credit amount is limited to the lesser of 5% of
the computed cost of Option 4, or $100 multiplied by the district’s Chapter 41 WADA.
Efficiency credits may be granted if the receiving district agrees to one of the following: to
allocate the funds to establish an extended-year program for kindergarten through eighth grade
students, to establish or enhance an alternative education program for behavior management for
all eligible students; to enhance instructional technology; to participate in a technology
consortium; or to establish an innovative educational program.

A Chapter 41 district may also be eligible for a hold harmless provision that permits the
district to keep a higher tax base than the tax base it would otherwise keep at the equalized
wealth level. In order to qualify for hold harmless, a district must exercise Option 2, 3, or 4 along
with a technology consortium. Beginning with the 1999-2000 school year, the hold harmless tax
base was adjusted to reflect the increase in equalized wealth level and factored in the Chapter 41 district’s actual maintenance and operations tax rate (TEA, *Manual for Districts Subject to Wealth Equalization*, 2004-2005).

The commissioner may adjust the taxable value of a Chapter 41 district if the property values in the district experience a decline in their tax base from the prior year to the current year. According to TEC Chapter 41.002: “For purposes of this chapter, the commissioner shall adjust, in accordance with Section 41.2521, the taxable values of a school district that, due to factors beyond the control of the board of trustees, experiences a rapid decline in the tax base used in calculating taxable values” (p. 1).

Review of Prior Research on School Finance Reform

The question looming at large for both property-rich and property-poor districts is, of course, what impact the legislation has had on the affected districts. There is a large body of literature of research on school funding. Some studies concern how funding levels affect a school’s financial health, others concentrate on how funding affects academic areas, and a few look at both. One study focusing on the financial health of districts and with some mention of the effects of the recapture legislation was that of Simmons (2005). In a case study of two Texas districts that had emerged from insolvency to financial health, Simmons described the context in which financial decisions are made and the decision-making processes involved. Simmons found that other factors besides money played a role in financial recovery, including leaders that understood and were experienced with school financial matters and an open line of communication between all stakeholders in the district. Not surprisingly, these were also factors mentioned by administrators in the current study as having a great impact upon the achievement
of their goals. Simmons reported a decrease in property wealth per student when districts surrender funds, conflicting with other studies that maintain that such a decrease does not occur.

Robertson (2005) did a 10-year longitudinal study of districts surrendering funds under the wealth equalization legislation. He studied the impact of the legislation upon both the financial condition and the academic performance, using five financial indicators and five performance indicators. His financial indicators were different from those of Simmons (2005); he included property wealth per student but also used tax rates and fund balances as indicators of financial well-being. His study did not show a decline in the financial health of Chapter 41 districts. In the performance arena, he looked at state-mandated test scores in reading and mathematics (then the TAAS, or Texas Assessment of Academic Skills), student/teacher ratios, teacher turnover rates, and district accountability ratings. He found that districts were able to maintain and in some instances improve in both their financial condition and their academic performance over a 10-year period.

Peevely and Ray (2001) conducted a study in Tennessee concerning state allocation of school funding resources that came about as a result of litigation. A group of 77 small school districts in Tennessee that came to be known as the TSSS (Tennessee Small School Systems) filed suit claiming that the state funding method was unconstitutional under the state equal protection clause because the small schools were inadequately funded compared with larger schools with more resources. The plaintiffs charged that a gap in achievement between students in the smaller schools and students in the larger schools was a result of the different funding levels. The courts agreed and implemented a new school finance system to be phased in over a 5-year period. A value-added assessment was instituted in order to determine the effects of the new funding system. After five years, there was no change in the achievement gap between the two
groups of schools, indicating the lack of a correlation between efforts to equalize funding and academic achievement.

Youdan (2000) studied over a 5-year period the effects of the wealth equalization legislation upon six small Texas school districts. She analyzed the relationship between student performance, community support, and fiscal resources in those districts, using an economic theory called production function theory which centered on how resources are allocated and what outcomes are produced when funding is limited. She found that two of the six districts showed gains in academic performance and three of the other four remained essentially the same. Only one of the districts she studied showed a loss of money per pupil, and that district did fall in academic performance. However, Youdan concluded that most districts surrendering funds under Chapter 41 were effective in preparing students. Her study did indicate that other factors besides the funding issues play an important role in determining how well a district is doing. She found that the districts that made the greatest gains were those with low teacher turnover, small classes, and a large degree of staff involvement in the budget process. She maintained that the single greatest factor in predicting a school’s success was the creation of a positive environment that emphasized the value of the individual. Her study supports the current study in that she found that districts can function well both financially and academically when they are surrendering recapture funds.

Hansen et al. (2007) did a 4-district case study of how school finance systems influence the way schools respond to increased performance pressures. They found that districts have implemented or plan to implement a large variety of initiatives all aimed at improving student performance and most of which cost money. They concluded that there have been a number of changes in the way schools operate in light of the combination of financial constraints and
performance pressures. The significance of their study in relation to the current study was their expression of the frustration of school administrators because of the lack of a school finance model that, when implemented, can assure that student performance will improve. Conversely, it would appear that there is also no conclusive evidence that any certain school finance model, including the wealth equalization model, will guarantee that a school will not improve or will decline.

Musfeldt (2002) studied school finance issues and their implication for public policy in Texas. He administered a survey to 100 superintendents and assistant superintendents across the state soliciting, among other information, their opinions of the Chapter 41 legislation. He included both participating and non-participating districts. He anticipated that there would be a significant difference in the opinions of the two groups; however, that did not seem to be the case. For instance, he asked districts if they perceived that the Chapter 41 legislation had had a positive effect upon student achievement. There was very little difference in the opinions of the participating and non-participating districts. He also asked if Chapter 41 districts containing low-performing schools should be allowed to keep a portion of the funds they would normally surrender; again, there was very little difference between the two groups of administrators. He concluded that the attitude toward Chapter 41 funding was neutral. One could infer that, if student achievement is a strong indicator of quality in schools, the administrators in this study did not feel that the quality of schools had been significantly affected, either positively or negatively, by the Chapter 41 laws. This conclusion is supported by the current study.

One final study with different findings is that of Card and Krueger (1996), economists at Princeton University. Their research from an economists’ perspective rather than an educators’ perspective, produced different results from the above-mentioned studies. Their study showed a
strong link between schools of quality and student achievement, which they termed student attainment. This could be surprising in the light of the significant body of literature that conflicts with their results, including the current study, but may be explained by the criteria they used to determine both school quality and student attainment. They determined that school quality was determined solely by the amount of resources the school had available, and that student attainment was the lifetime salary expectations for a student. This was the only study reviewed that indicated a strong link between the two.

Some Chapter 41 districts are vocal concerning the effects of the recapture provision upon the quality of their schools. The resulting budget constraints have brought about deep cuts in staffing and programs, according to district officials in Chapter 41 districts in Northeast Texas. Hurst-Euless-Bedford ISD cut utility costs, implemented a less costly health care program for employees, and streamlined transportation. Carroll ISD was unable to offer pay raises to teachers and was forced to cut elementary art and music programs in half in 2004. Eighty staff positions were eliminated for the 2004-2005 school year. District public information officer Julie Thannum noted “A lot of the things we thought made us an exemplary district are going away…I don’t think the school finance system was ever created to create a level of mediocrity” (Cromer, 2004, p.A1). Property-wealthy districts have been forced to examine closely how they spend their resources and trim or eliminate less essential spending.

Whether the loss of funds precipitated by the recapture laws has had a significant effect upon the quality of education offered in affected districts is one focus of this study. Conversely, whether the funds received by Chapter 42 districts through the recapture allotments have had a positive effect upon the quality of education in districts receiving the funds is also a focus of this study.
Application of Organizational Theory to School Resource Availability

As the funding levels fluctuate in districts participating in the recapture program, it is fitting that we examine the strategies that organizations in general, and schools in particular, employ when there is an increase or a decrease in available resources. The behaviors organizations exhibit, the methods they use to determine what areas of the organization will be affected and how, can be analyzed according to organizational theory.

Schools are organizations, and as such are appropriate subjects for the study of organizational theory. This brief analysis of organizational behavior known as resource dependency theory and its application to schools is one way to explain and perhaps predict how schools will react when faced with resource scarcity or abundance, both of which require visionary leadership in decisions for fund allocation. Salancik and Pfeffer (1989) noted that all organizations are part of an environment consisting of other organizations with which they must interact in order to survive. Survival is dependent upon the level of effectiveness with which the organization operates, and a key element in effectiveness is the ability to acquire and maintain resources. Hoy (2003) identified some of the external organizations with which schools must interact as political and legal, taxpayers, parents, unions, regulatory agencies, accrediting agencies, educational associations, colleges and universities, and economic and market forces. Hatch, in her book *Organization Theory: Modern, Symbolic, and Postmodern Perspectives* (1997), devotes a section to a discussion of resource dependency theory.

Random House Webster’s Second Edition Unabridged Dictionary defines an organization as: “an entity brought about by the act of forming as or into a whole consisting of interdependent or coordinated parts, especially for harmonious or united actions” (p.1365). Salancik and Pfeffer (1989) define organizational behavior as application of the theories, methods, and research
findings of the behavioral sciences—particularly psychology, social psychology, and cultural anthropology—to understand the behavior of people in organizations. In the context of this study, organizational behavior when scarcity of resources becomes an issue is examined. The framework discussed could be generalized to conditions of resource abundance, although the research in this area is lacking. Specifically, Chapter 41 schools face reduction in the amount of resources available because of the recapture legislation requiring them to relinquish excess wealth for redistribution to less wealthy schools. Conversely, the less wealthy schools are able to enjoy the benefits of increased resources in the effort to equalize the allocation of funds to all districts statewide. To understand the behavior of schools under these conditions, the theory of resource dependency may be applied.

Hatch (1997) noted that resource dependency theory is based on the assumption that organizations are dependent upon resources for survival. The urgency of managing changes in resource levels is directly proportionate to the criticality of the resource; that is, the necessity of the presence of that resource for the organization to continue to function; and to the scarcity of that resource, the availability of the resource within the environment. School leaders must determine the depth of effects of resource scarcity and criticality before making decisions about how to manage the resource dependency.

The application of resource dependency theory to organizations, specifically schools, requires several steps:

1. McKinley, Cheng and Schick (1986) note that scarcity of resources increases conflict. Various interest groups will inevitably conflict when they sense that their projects or programs may not survive competition for lessening resources. In school situations, those who advocate for such special programs as gifted education, bilingual education, special
education, career and technology programs, physical education classes, music and art programs, may conflict with policy makers and each other when competing for scarce resources. Hoy (2003) notes that outside suppliers of resources determine whether schools can get the resources they need and use them in the way they want. He describes a resource continuum in which, at the extreme end of scarcity, competition for resources is fierce and funding is likely to be limited to basic academic and extracurricular programming. At the other end of the continuum, called resource munificence, survival is easy, schools are able to pursue diverse goals, and there is an abundance of curricular and extracurricular programs.

2. Hatch (1997) points out that there must be a thorough understanding of the network with respect to the resource. In schools, leaders must have a clear understanding of school finance and how changes in legislation and funding formulas will affect their schools. McKinley et al. (1996) suggests that a contingency approach to retrenchment may be best. Instead of across-the-board cuts in programs and projects, school leaders would vary their proposals for allocation of resources depending upon the contexts and values of those departments involved.

3. According to Hatch, another step in managing resource dependency is to find ways to avoid the dependency. Schools cannot avoid their need for funding; however, they can seek alternate sources. Hoy (2003) suggested that school administrators can cope internally by buffering, planning and forecasting, spanning boundaries, and adjusting operations. Inter-organizational strategies could include pooling resources, partnerships, and political lobbying. Applications for federal and corporate grants to finance special programs are one way schools have sought other methods of financing education.
Another is the formation of school foundations whose sole purpose is fund-raising. The funds generated through these sources are not subject to state legislation.

4. Hatch suggests that resource allocation might be influenced by marketing strategies or advertising that appeal to customers or clients. The efforts to portray public schools in a positive light were apparent in the application of the total quality management theory to schools which was popularized in the 1990s and remains today (Schargel, 1994). The success of public schools in maintaining their funding levels with increased talk of vouchers and charter schools by policy makers may be at least partially determined by these efforts. Public schools recognize the importance of public relations; hence, the number of districts that employ a public information officer who acts as both a communicator and a buffer between the school system and the community.

5. McWhinney (1992) notes the need for organizations to be dynamic in nature in order to survive in times of resource scarcity. Schools must be open to examining different, more efficient ways of accomplishing their objectives and willing to let go of programs and practices that have outlived their usefulness. While difficult, the process can be both profitable and enlivening, and those involved in the rebuilding of the organization will be rewarded by building a structure that can survive in the sensory world. Hatch (1997) points out that managing resource dependency requires insightful monitoring of the environment and “imagination with respect to balancing the power of others by developing the power of your own organization.” (p.81)

The application of resource dependency theory is slightly more difficult when dealing with resource abundance, and there is little research in this area. However, McKinley et al. (1986) suggest that their study could be generalized to conditions of abundance. The issues of
knowledge of the effects of funding, leadership and vision that require examination of all programs affected and allocation according to the necessity of each, conflict over resource allocation, even when there are sufficient resources, and joint efforts to influence policy makers are all factors, whether there is resource scarcity or abundance. In the area of school finance in Texas, there is little question that all schools, whether they give or receive funding through the Chapter 41 program or not, do not think in terms of resource abundance. Instead, they use what they have as efficiently as possible and envision ways to use any additional funds as they become available.

Quality School Descriptors

It is appropriate in a study in which school administrators are asked to evaluate the impact of legislation upon the quality of their schools to examine those characteristics likely to be present in schools of high quality. Rather than an intense analysis of research into what constitutes a school of quality, this is an attempt to identify some of those characteristics. The basis for the inclusion of these is research into effective school reform. Resources instrumental in preparing this list include work by Larry Lezotte of the Effective Schools Movement (1991), the KEYS (Keys to Excellence for Your Schools) research conducted by the National Education Association or NEA (1989), Breaking Ranks: Changing an American Institution (1996), a report from the National Association of Secondary School Principals (NASSP), Marzano’s What Works in Schools: Translating Research Into Action, (2003) and the Texas Education Agency’s Academic Excellence Indicator System (AEIS).

Researchers have identified hundreds of indicators of schools of quality; the following have been included because they appear repeatedly in research and because they are likely to be
affected by the nuances of school finance. First are characteristics of a desirable school curriculum.

Marzano (2003) calls a guaranteed and viable curriculum the number one factor in a quality school and the one having the greatest impact upon student achievement (p.22). The KEYS research from NEA (1989) identifies the four indicators of excellence in curriculum as (1) inclusion of activities focusing on learning how to learn; (2) use of varied, engaging, and collaborative strategies in instruction; (3) opportunities to study topics in depth; and (4) attention to detail in setting high standards and maintaining them.

NASSP’s Breaking Ranks (1996) reported that a curriculum of excellence will address student diversity and include teacher-designed work of such high quality that students will be engaged, persistent, and satisfied with their acquisition of learning. The content of coursework should connect itself to real-life applications of knowledge and help students link their education to the future, and co-curricular opportunities for all students should support and extend academic learning. The increased use of student participation fees and student parking fees in schools subject to budgetary cuts can limit a student’s ability to take advantage of certain curricular and co-curricular activities, even though the opportunities are present. The Texas AEIS (Academic Excellence Indicator System) indicators include several addressing excellence in curriculum: participation and performance on Advanced Placement and International Baccalaureate examinations, results of the Texas Assessment of Knowledge and Skills (TAKS); completion of advanced high school programs, such as the Recommended and Distinguished Achievement programs; and participation and performance on college entrance examinations; such as the SAT I and the ACT tests. Breaking Ranks calls the use of technology in instructional strategies a revolutionary phenomenon that cannot be regarded as a supplementary or optional activity.
Another important indicator of quality is the assessment piece of curriculum delivery. Effective assessment is a critical component of curriculum, and is best when it is done frequently with appropriate feedback, takes a variety of forms based on individual student needs, and whose data is used to evaluate programs and monitor student achievement. (NEA, 1989; Lezotte, 1991; NASSP, 1996, Marzano, 2003).

In addition to excellence in curriculum offerings, a quality school should be characterized by effective leadership that involves opportunities at many levels for crafting and implementing a mission and goals that are the focus for all instruction (Lezotte, 1991). Excellence in leadership is manifested in a climate of high expectations. The effective schools research indicated that having high expectations involves more than setting high standards. It also includes the internal belief that students can and will meet those expectations. A climate of high expectations is best achieved with competent leadership. Marzano (2003) reported that strong administrative leadership, collegiality and professionalism, and a shared vision and goals are school-level factors in effective schools. The KEYS report (1989) named shared understanding and commitment to high goals as number one on its list of Keys to Excellence.

In addition to the principal as instructional leader, studies emphasize the importance of opportunities for growth and leadership among teachers, as evidenced by excellence in professional development programs. Marzano described a quality staff development program as one that focuses on content knowledge, includes opportunities for active learning, and is characterized by coherence, an “integrated whole…positively correlated with change in teacher behavior” (p.66). Breaking Ranks (1996) noted that every high school should be a learning community for its teachers, that each professional should devise an individual learning plan that
will address his or her own professional goals, and that the principal should provide the funding, time, and other resources to ensure that professional development is a continuous process.

A third factor critical in schools of quality is the environment in which students learn and teachers teach. The Effective Schools research, the KEYS report, and *Breaking Ranks* all attest to the importance of a positive school climate. The KEYS report (1989) addressed teacher turnover and teacher job satisfaction as significant factors in campus climate. A safe and orderly environment, as evidenced by the level of campus supervision, well-maintained, attractive facilities, and a minimum of disciplinary disruptions, is emphasized by the Effective Schools Research and *Breaking Ranks*.

Factors in schools of quality have, for the purposes of this study, been categorized as follows: those which affect curriculum and instruction, those which affect campus leadership, those which affect campus climate, and those which affect school environment. Administrators were asked to reveal their perceptions of changes in quality involving all categories.

**Summary**

A review of the literature has revealed long-standing issues involving adequacy and equity, almost since the inception of public school funding. The above has provided some insight into the history and the theory behind public school funding on both the national and state levels. Events leading to the passage of Senate Bill 7 and the challenges it presents, including the current finance reform attempts by the state legislature, have been examined. A review of literature on school finance reform indicates the lack of support for the idea that funding reductions typically have a negative effect upon schools. The studies reviewed indicate that schools can still perform well and can still maintain financial health, and even improve in both areas, in spite of any reductions in funding, whether due to the Chapter 41 legislation or not. That
conclusion is supported by the current study, which found no significant effects upon school
quality due to funding changes. The earlier studies also found that there are other, non-financial
factors that are likely to be present in schools of high quality, including effective leadership, a
supportive environment, and collaborative decision-making. These were all mentioned by the
administrators in the current study as factors in the improvement of their schools, again
supporting the earlier research. This study analyzed the perceptions of school administrators at
both the district and campus level of how the quality of their schools has been affected by the
Senate Bill 7 legislation. The organizational theory of resource dependency and how it could be
applied to schools facing fund reductions was discussed. Quality of schools was considered in
such terms as class sizes, accountability ratings, TAKS scores, academic programs, costs to
students and families, safety and security, and adequate, well-maintained facilities. Given the
opportunity, school administrators were able to express whether the budgetary changes brought
about by the recapture provision have significantly affected the quality of their schools.
CHAPTER 3

METHODS, PROCEDURES AND INSTRUMENTATION

As early as the 1920s, public school financing has been the subject of analysis, research, and, frequently, direct criticism. Gauerke and Childress (1967) reported this from a 1931 publication by Fletcher Harper Swift: “…the more unsound, the more disastrous—and the more indefensible in every respect—is a fiscal policy, the more widely it seems to be employed in systems of school support in the United States” (p.9). This statement of obvious frustration is a mirror of what opponents to the recapture legislation provision of Senate Bill 7 believe to be true. Those who believe the recapture provision has provided significant relief from the inequities of Texas school financing would, of course, disagree.

Several studies have analyzed the effects of the equalization legislation. Robertson (2005) conducted a study of the effects of the recapture legislation upon the financial and academic performance of participating districts; Simmons (2005) examined the effects of school finance reform in his study of districts that have emerged from insolvency; and Hansen et al. (2007), reported on the impact of the recapture legislation upon student performance. In this study, secondary school administrators are asked to reveal their perceptions of the effects of the recapture provision of Senate Bill 7 directly upon their campuses and districts.

That the financing of public schools in Texas has a long history of conflicts and complexities is an inescapable factor in any study of the way Texas schools are funded. Chapter 1 gave background information on the state of school finance in Texas, including historical insight into the events in the political arena leading up to the recapture provision of Senate Bill 7. Chapter 2 provided a more detailed examination of the philosophical, political, and fiduciary elements leading to the present legislation. Included were early and current theories underlying
the school finance system and those historical events that shaped the present system. A
description of the current system was described, and the issues of equity and adequacy that have
been the subject of much recent action were discussed in detail. The organizational theory of
resource dependency and how it could relate to schools was discussed. Also included was an
examination of indicators of schools considered of excellent quality, based on the research of
experts in the area of effective schools.

This chapter begins with a brief overview of the background of the problem and the
major elements of Chapter 2. Next, a description of the research design and methodology is
presented, including information about of the nature of case study research and qualitative
methodology, and a description of the interview protocols. Steps taken to ensure validity and
reliability are described. Since additional data was obtained through the use of a survey, the role
of the survey in the research is described. The procedures for data collection are delineated.
Finally, the researcher discussed the analysis of the data in light of the research questions and
concluded with several summative statements.

Purpose and Questions

This multiple-case study of four school districts is designed to elicit and analyze
perceptions of secondary school administrators of the effects of the recapture provision of Senate
Bill 7 upon the quality of their schools. A definition of the term quality as it is used in this study
can be found in Random House’s Dictionary of the English language (1987): quality is defined
as “merit or superiority because of a combination of good characteristics…degree of
excellence…superiority…” (p.1858). Quality in this context is used to indicate excellence, or the
highest standard for which all strive, superiority, value and worth of each of the indicators
mentioned. The indicators are based on research into what characteristics are prominent in
schools that exhibit a high level of student success and teacher satisfaction. The research questions are as follows:

1. To what extent do secondary principals, superintendents, chief curriculum officers, and chief financial officers of Chapter 41 schools and school districts perceive that the loss of revenue has affected the quality of their schools in the following areas:
   - curriculum and programs
   - campus climate and teacher satisfaction
   - district and campus leadership
   - facilities
   - safety and security

2. To what extent do secondary principals, superintendents, chief curriculum officers, and chief financial officers of Chapter 42 schools and school districts perceive that the gain of revenue has affected the quality of their schools in the following areas:
   - curriculum and programs
   - campus climate and teacher satisfaction
   - district and campus leadership
   - facilities
   - safety and security

Research Design and Methodology

This multiple-case study of four districts uses descriptive qualitative techniques to gain insight into perceptions of school administrators of the effects of the Senate Bill 7 recapture provision. Included in the study were superintendents, high school principals, and other stakeholders in districts who have participated in the recapture program after 1996, three years
after the inception of the program, by either giving up funds determined by the legislation to be excess wealth (Chapter 41) or by receiving such funds because of low property wealth (Chapter 42). Districts were chosen based on their size according to University Interscholastic Classification and the nature of their participation in the recapture program. Two large districts, one Chapter 41 and one Chapter 42, and two small districts, one Chapter 41 and one Chapter 42, were chosen. The data was collected through interviews with administrators in participating districts, information in documents available on the Texas Education Agency website, and through a survey (Appendix B) given to those interviewed. Interviews were conducted with the superintendent or a representative, the high school principal, the chief instructional officer, and the chief financial officer. The results of the data collection through the interviews and the survey were analyzed using descriptive statistics.

The Use of Qualitative Research

Bazeley (2002) recognized the importance of qualitative research, noting that it encourages or allows different facets of knowledge or experience to be revealed by the participant. Qualitative research emphasizes description, induction, grounded theory, and the study of people’s understanding. Bogdan and Biklen (1992) identified several features of qualitative research:

1. Qualitative research has the natural setting as the direct source of data and the researcher is the key instrument. Data are collected on the premise and supplemented by the understanding gained by being on location. Mechanically recorded materials are reviewed in their entirety by the researcher with the researcher’s insight being the key instrument for analysis.
2. Qualitative research is descriptive. The data collected are in the form of words or pictures rather than numbers, and the written results contain quotations from the data to illustrate and substantiate the presentation. The written word is very important in the qualitative approach, both in recording data and disseminating the findings.

3. Qualitative researchers are concerned with process rather than simply with outcomes or products.

4. Qualitative researchers tend to analyze their data inductively. They do not search out data or evidence to prove or disprove hypotheses they hold prior to entering the study; rather, they build abstractions as they emerge from the data collected.

5. *Meaning* is of essential concern to the qualitative approach. In other words, the qualitative researcher is concerned with participant perspectives, and they focus on how to capture those perceptions accurately.

Merriam (1998) defines a case study as an intensive, holistic description and analysis of a single instance, phenomenon, or social unit. Yin (2003) notes that a distinguishing characteristic of a case study is that it highlights a set of decisions: the reasons they were made, how they were implemented, and with what results. Qualitative case studies can be characterized as being particularistic, descriptive, and heuristic. Particularistic means that case studies focus on a particular event, phenomenon, or program. Case studies concentrate attention on the way particular groups of people confront specific problems. Descriptive means that the end product of the case study is a rich, *thick* description of the phenomenon under study. Heuristic means that the case study illuminates the reader’s understanding of the phenomenon studied.
A multiple-case study occurs when a researcher uses more than one case to study a phenomenon. Cases are usually analyzed individually, then cross-analyzed. A multiple-case study strengthens the precision, validity, and stability of the findings (Merriam, 1998).

Interview questions were piloted with an assistant superintendent for financial services in an area district and other key administrators. Changes were made at the suggestion of those participating in the pilot. Establishing validity and reliability in a qualitative case study requires special consideration. Merriam (1998) asserts that triangulation, or the use of multiple sources of data, helps to ensure a valid study. In this study, interviews, a survey, and data from the Texas Education Agency were analyzed. Reliability, or the extent to which research findings can be replicated, can be facilitated by the study of more than one case. This study consists of four cases which were analyzed both within-case and cross-case.

Unable to locate a survey suiting the purposes of this study, the researcher developed her own. It consists mainly of questions with responses organized according to a Likert scale with four possible categories. The survey was then piloted with a small group of administrators for content validity and reliability. Through the results of the data collected from the interviews, surveys, and data from documents, the researcher hoped to gain a deeper insight into how administrators perceive that the recapture legislation has affected their schools.

Selection of Participants

The researcher used purposeful sampling to select those who will participate in the study. Gall, Borg, & Gall (1996) define purposeful sampling as that in which subjects are deliberately chosen because they will be likely to possess information useful to the study. In this study the researcher used the population of key stakeholders in Chapter 41 and Chapter 42 schools who participated in the recapture program after 1996. This information was obtained from the Texas
Education Agency website. In order to keep local resource allocation from becoming a factor in determining the effects of the Chapter 41 funding, only one-high school districts were considered. Other considerations were geographic location and the willingness and interest of the superintendent of the district. Thus the selection was narrowed, and the researcher sent letters of request to the superintendents of the following school districts: Atlanta ISD, Big Sandy ISD, Carroll ISD, DeKalb ISD, Dublin ISD, El Campo ISD, Hallsville ISD, Jefferson ISD, Lake Travis ISD, Northwest ISD, Tatum ISD, and Texarkana ISD.

Texarkana ISD, Jefferson ISD, Carroll ISD, and Tatum ISD were chosen because they met the criteria of (1) being classified as either Chapter 41 or Chapter 42; (2) the interest expressed by their superintendents; and (3) they represented, according to the UIL status mentioned above, a large Chapter 42 district, a small Chapter 42 district, a large Chapter 41 district, and a small Chapter 41 district, respectively.

Instruments Used in Data Collection

The researcher did on-site interviews in four Texas school districts: two Chapter 42 and two Chapter 41. Based upon University Interscholastic League (UIL) classifications, one large (IV or V-A) and one small (I, II, or III-A) of each were selected. The interview questions consist in part of demographic inquiries that identify the nature of the district in which the participants are employed. The remaining questions are based upon the five research areas, with questions under each category.

Interview Protocol

1. Please tell about yourself.
   - What position do you hold in your school/district?
   - How long have you been in that position?
• Is your district a Chapter 41 or Chapter 42 district?

• What UIL classification is your district?

• Approximately what percentage of your students participate in the free/reduced price lunch program?

2. How do you think your district has been affected by the recapture legislation in the area of curriculum and programs?

• Describe the changes in the variety and quality of the courses you offer. Have you added/eliminated any programs or courses? Give examples.

• What differences, if any, do you see in the amount of innovative instructional strategies teachers use to deliver the curriculum (ex: differentiated instruction, cooperative learning, authentic assessment, field trips, and laboratory activities)?

• How has the use of technology to deliver the curriculum been affected by the legislation?

• How has the number of opportunities your students have to participate in extracurricular/co-curricular activities been affected by the changes brought about by Senate Bill 7? Have you added/eliminated activity fees for students who participate?

• What about Advanced Placement/International Baccalaureate courses? What effects, if any, have you seen in the scores and/or the number of students taking the courses?

• To what degree have your TAKS/TAAS scores been affected by the changes brought about by Senate Bill 7? Have you added/eliminated tutorials or other programs designed to enhance TAKS/TAAS scores?
• Has the number of students completing advanced high school programs, such as Recommended or Distinguished Achievement Program (DAP), changed because of the legislation?

3. How do you perceive that the Senate Bill 7 legislation has affected your school in the area of campus climate and teacher satisfaction?

• What changes, if any, have you seen in class sizes and/or teacher: student ratios?
• What changes, if any, have you seen in your rate of teacher turnover?
• Do you feel that your school or district’s expectations for student success have been affected? Explain.
• Have the costs to the students and families in your school changed in any way (ex: student participation fees, parking fees, fees for supplies and textbooks)?

4. Do you feel that the district and campus leadership have been affected in any way by the recapture legislation?

• Do the quality and effectiveness of district and campus leadership remain the same, or have there been changes? Have you added or eliminated administrative positions due to changes brought about by the recapture legislation?
• What about staff development opportunities? Has the quality or the availability of staff development programs been affected in any way? If yes, explain.

5. Do you feel that the quality and maintenance of your school facilities have been affected by the recapture legislation?

• Have you been able to accelerate or had to postpone any building or maintenance projects? If so, in what areas?
• Have your maintenance/custodial staffs been affected in any way? If yes, explain.
6. Do you perceive any differences in the safety and security of your schools due to the recapture legislation?

   - Have you been able to increase or had to decrease the number of security personnel?
   - Have programs such as drug and alcohol awareness been affected in any way? If yes, explain.
   - Do you feel that the number of disciplinary incidents has increased or decreased due to funding resulting from Senate Bill 7? If yes, explain.

7. Finally, would you comment on the overall effects of the Chapter 41 funding program on the quality of your schools?

These questions were constructed after an overview of the research on effective schools. Quality school descriptors were obtained after an examination of the works of several researchers, including Larry Lezotte of the Effective Schools Movement, the KEYS research conducted by the National Educational Association, the *Breaking Ranks* report by the National Association of Secondary School Principals, the work of Robert Marzano, and the Academic Excellence Indicator System of the Texas Education Agency. A synthesis of this overview produced indicators in the five areas mentioned above.

In addition to the data obtained from interviews, the researcher examined data from documents available on the Texas Education Agency website, including the Academic Excellence Indicator System report and the Summary of Finances report of each district. Data gathered from these documents were used to both clarify each district’s unique circumstances and to compare data from district to district.
Finally, the researcher developed a survey to be used as an additional embedded unit of analysis in obtaining the desired data. Part I of the survey solicited data on the position of the individual completing the survey and the number of years that individual has been in the district. Part II included 24 questions using a Likert-scale format to elicit responses. Participants were asked to rate their responses using one of the following: no effect, some effect, significant effect, very significant effect, in the areas of curriculum and programs, campus climate and teacher satisfaction, campus and district leadership, facilities, and safety and security. Part III of the survey asked for data including the role of the school or district in the recapture program (Chapter 41 or Chapter 42), the size of the district according to University Interscholastic League (UIL) classifications, and the percentage of student population participating in the federal free or reduced-price lunch program. To establish content validity of the survey instrument, it was administered to several experts in the field of excellence in schools. Participants were given a copy of the survey as well as the research questions and were asked to evaluate the survey questions in terms of the following:

1. Do the items in the survey address the research questions?
2. Do the survey questions address the components of quality in schools?
3. Are the questions clear and unambiguous?
4. Are the instructions clear?
5. Can the survey be completed within a reasonable amount of time?

The panel of experts determining content validity included the following:

Dr. Jan Morgan, Assistant Superintendent for Instructional Services, Carroll Independent School District;
Dr. Diane Frost, Assistant Superintendent for Student Services, Lake Travis Independent School District;
Dr. Daniel Presley, Principal, Carroll Senior High School, Carroll Independent School District;
Archie E. McAfee, Executive Director, Texas Association of Secondary School Principals.

Each of these experts contributed suggestions for changes and improvements to the survey, most of which were incorporated into the final document.

In order to assess reliability, the survey was piloted to a group of administrators in several districts, including Birdville ISD, Dallas ISD, Lufkin ISD, Linden-Kildare ISD, and Carroll ISD. An item analysis of the 24 Likert-scale questions of the survey was conducted. The result was a Cronbach’s Alpha of 0.9370, indicating a high reliability level.

Procedures Used for Data Collection

The researcher traveled to each district during October and November of 2007 to interview participants in order to obtain data. The persons interviewed included the superintendent or a representative, the high school principal, the chief instructional officer, and the chief financial officer. The persons interviewed were contacted by phone to make arrangements for the time and place of the interview. Each interview was taped with participant consent. Confidentiality was maintained by not revealing the name of the participant and the destruction of the audiotapes. The interviews were transcribed by the researcher. Documents available on the Texas Education Agency website, including the Academic Excellence Indicator System report and the Summary of Finance report from each district participating in the case study were obtained and examined. The survey instrument was electronically distributed to each participant prior to the interview time. Fifteen of sixteen surveys were returned.
Qualitative Data Analysis

Answers to open-ended questions solicited from structured interviews were analyzed according to qualitative research procedures. The researcher then analyzed the transcriptions of the interviews to develop a coding system. According to Bogdan and Biklen (1992), data coding categories are developed as the researcher reads through the transcriptions of data. This researcher began developing coding categories by searching for common words, phrases, sentences, or possibly paragraphs that contained similar key elements. Based on the nature of the key elements occurring in the interview responses, the researcher refined and modified the data coding categories until a workable number were obtained, then assigned units of data to one or more coding category. Bogdan and Biklen define units of data as those pieces of information that fall under a particular coding category. The researcher then sorted and separated the data representing each category for both within-case and cross-case analysis. As a result of the analysis of the data pertaining to each case, the researcher hoped to gain insight into whether administrators in participating schools and districts perceive that the recapture funding has affected the quality of their schools.

Summary

Since the inception of the recapture legislation that requires property-wealthy districts to relinquish funds to property-poor districts, there has been much discussion about the effects upon participating districts. The question of whether the quality of schools has been improved in the case of receiving schools or diminished in the case of giving schools has been analyzed through studies of school performance and district financial stability. This multiple case study solicited in four districts the perceptions of administrators themselves concerning the effects of the recapture program implemented through Senate Bill 7. Participants included superintendents or
their representatives, high school principals, chief instructional officers and chief financial officers whose districts have participated in the recapture program, as either Chapter 41 or Chapter 42 schools, since 1996. Data were gathered primarily through interviews, although documents available from the Texas Education Agency website were also analyzed. A survey instrument developed by the researcher was used as an additional embedded unit of analysis. The five categories examined; curriculum and programs, campus climate and teacher satisfaction, district and campus leadership, facilities, and safety and security; were developed after an overview of research by experts in the field of excellence in schools. Chapter 4 reports the findings of the analysis of data obtained through interviews, surveys, and relevant documents.
CHAPTER 4
ANALYSIS AND PRESENTATION OF DATA

Introduction

Chapter 4 consists of five major sections. Each of the first four sections is a within-case analysis of the data from one of the four school districts included in the multiple-case study: Texarkana ISD, Jefferson ISD, Carroll ISD, and Tatum ISD. These sections present the findings from a review of the interview transcripts, Academic Excellence Indicator System (AEIS) reports, and summary of finance reports of the district. Included in each is a brief description of the district demographics and other pertinent background information.

The fifth section presents the findings from a cross-case analysis of the data from the four cases studied and will include a presentation of data from a survey administered to the participants. From this analysis, abstractions are made concerning administrators’ perceptions of the effects of the recapture legislation of Senate Bill 7 upon the quality of participating schools. Included is an analysis of how schools as organizations, especially those losing funding, react when faced with a reduced amount of revenue. The theory of resource dependency is used as a framework to describe how resources were allocated, how decisions were made, and how the district took measures to accomplish its goals in alternate ways.

Texarkana ISD

Background Information

Texarkana ISD is located in the far eastern corner of Texas. Part of the city of Texarkana is located in Arkansas, with a boulevard in the heart of Texarkana separating the two. In close proximity as well are the Oklahoma and Louisiana state borders. The following information was obtained from the Texarkana ISD Website, www.tskisd.net. Established in 1889, Texarkana ISD
is classified by the University Interscholastic League as a IV-A school serving over 6000 students with over 900 employees. It is one of the largest employers in the area, with 12 campuses, the largest of which is Texas High School, serving Grades 9-12 with a population of 1,606 students. The mission statement of Texarkana ISD is “Texarkana ISD will provide an exceptional education for all students in a quality environment which develops citizens who are responsible, ethical, literate, competent, and productive.” District goals include the following: (1) achieve continuous improved student performance with TISD and all campuses recognized or exemplary; (2) maintain outstanding community relations and customer service; (3) provide quality facilities with outstanding technological support; and (4) operate safe, healthy, and disciplined school environments conducive to learning.

Texarkana ISD’s student ethnic diversity in the 2005-2006 school year was 51.9% African-American, 40.5% White, 6.2% Hispanic, and 1.4% other. Economically disadvantaged students comprised 64.1% of TISD’s population, and limited English proficient, 1.8%. The class of 2006 included 81.9% who graduated under the recommended high school program or above, and 18.1% who graduated under the minimum high school program. Secondary class sizes ranged from 22.1 in science classes to 18.7 in English/Language Arts. Average teacher salary was $38,995, and the rate of teacher turnover was 14.4%. Instructional spending per pupil was $3,995.

Table 1 presents accountability ratings in several areas obtained from the 2007 Academic Excellence Indicator System report. TISD’s dropout rate falls between the state and regional averages. The district ranks slightly below both state and regional rankings in the number of students enrolled in advanced courses and between the state and regional rates in numbers of students taking Advanced Placement tests. The number of students earning advanced
high school diplomas, which require a number of more difficult, rigorous courses, was significantly higher than that of the state or the region.

Table 2 presents Texas Assessment of Knowledge and Skills (TAKS) scores for the various demographic groups during the years 2006 and 2007. For the sake of brevity, we will look at the 2007 scores. There appear to be significant gaps in achievement in several areas and on several tests, some of which are noted here. In ELA (English/Language Arts) all groups performed above the passing average; however, the African-American and Hispanic passing rates of 79 are below the White average of 95. Causing even further concern are the discrepancies in the scores in math and science. The African-American passing rate of 57 and the Hispanic rate of 63 do not compare well with the White passing rate of 88. In science, the White passing rate was also 88, compared with the African-American rate of 57 and the Hispanic rate of 68. The district’s passing rates were below both the state and regional levels. Texarkana ISD appears to be closing the gaps in some areas (Hispanic science rates) but losing ground in others (African-American ELA). Texarkana administrators described renewed efforts and recently implemented programs to address the TAKS scores, discussed later in this section. The district’s 2007 accountability rating was Academically Acceptable (Texas Education Agency, Academic Excellence Indicator System, 2006-2007 District Performance Report).
Table 1

*Texarkana ISD Accountability Ratings 2005-2006 Year*

<table>
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<th>TISD%</th>
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<tr>
<td>AP Tested</td>
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<td>18.9</td>
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Table 2

*Exit Level TAKS Comparison Groups for Texarkana ISD 2006-2007*

<table>
<thead>
<tr>
<th></th>
<th>State%</th>
<th>Region%</th>
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<th>African-American%</th>
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The total revenue for Texarkana ISD for the 2006-2007 year was $37,795,382. Of that amount, 46.5% was generated from local tax assessments, 30.8% was from state contributions,
and 16.7% came from federal contributions. The taxable property value per student was $258,805. The M & O adopted tax rate was $1.46, down from the 2005-2006 rate of $1.50 after a tax rollback. Gain from the Chapter 41 partnership for the 2006-2007 year was $687,555 (Texas Education Agency, Division of State Funding, Summary of Finances under HB1, as of Wednesday, July 25, 2007).

Quality School Indicators

Curriculum and Programs

Areas under this topic include quality and variety of course offerings, use of innovative teaching strategies, use of technology to deliver the curriculum, advanced academic programs, extracurricular and co-curricular programs, TAKS scores, and advanced diploma programs. The following is an analysis of Texarkana ISD administrators’ perceptions of the effects of recapture on these areas. These abbreviations are used: S-superintendent; C-instructional leader; P-high school principal; and F-chief financial leader. The first area is variety and quality of courses. Texarkana ISD is unusual in that it is an open-enrollment district; a student can enroll there as long as he/she resides in Texas. There are two other large Texas districts within the Texarkana metropolitan area, with Texarkana ISD being the largest and the most like an inner-city district. Since they are competing with other districts for students, great attention is paid to the variety and quality of courses. They have added to their Advanced Placement and dual credit enrollment courses, and they have added several programs designed to reach the middle-level or low achiever, among them the AVID (Advancement Via Individual Determination) program at Texas High School, which is aimed at bright, low-socioeconomic students. They have an articulation agreement with a local university whereby they offer dual credit classes. One of the areas that
they have worked hardest to develop is their science and math programs, and they feel strongly that these programs are a large part of the reason out-of-district students are attracted to TISD.

We’re offering more science and math than anyone in the area. Our concurrent enrollment and AP classes—we have more than anyone in the area. We actually have the dean from the engineering school coming to Texas High to teach engineering calculus....Most of what we call our Tiger by Choice families, those who live outside TISD and send their children to us; I really think they are coming because of our academic offerings. (S-TISD)

Both the high school principal and the assistant superintendent for school improvement (TISD’s chief instructional officer) commented on the number and the types of courses that have been added to the curriculum in recent years. However, there did not seem to be a direct link between the addition of courses and the recapture funds. These comments were made related to how course offerings are funded: “I don’t know if it’s due to the increase in funding because of the way we do our budget—it’s strictly ADA [Average Daily Attendance] per campus, they build our budgets that way” (C-TISD). From the chief financial officer:

We’ve added a whole lot of things, now I don’t know that it’s directly related to [the additional funding]….We gradually find the funds to increase our curriculum….A lot of that is due to a roll-back election to where it would give us more money in our M and O….With or without it, I’m sure we'll continue to move forward.

The consensus of the TISD administrators concerning the use of innovative instructional practices seemed to be that teachers were expected to employ a variety of teaching strategies that could reach students of varying learning styles, and that this expectation had little to do with
funding. The high school principal stated: “I think that’s just an expectation of your teaching staff. I don’t know that the extra money has made a difference there.”

The instructional strategy that seemed to be most affected by the recapture funding in TISD was the use of technology to deliver the curriculum. “That’s the primary benefit of our Chapter 42 agreement. I would say we put 90% of the funds in the technology infrastructure here and in the classrooms….That’s really what our agreement has enabled us to do” (S-TISD). Some of the technology applications that are being implemented or that TISD has as a goal to be implemented are an LCD projector and audiovisual setup in every classroom, united streaming, test banks with benchmark tests available to teachers, curriculum maps online, and bringing the technology in all classrooms up to the standards of the newest classrooms in the district.

It is clear from this statement from the superintendent that the major impact of the Chapter 42 funds has been in the area of technology. When questioned about the practice of charging students fees for activities or supplies, administrators noted that there are no fees, but that fees were never a significant means of raising revenue. “We don’t have any activity fees for our kids. We used to charge for the art classes. There was a $20 fee for our kids enrolled, but a lot of them couldn’t pay $20, so we eliminated that. That’s the only fee I can think of that we’ve had” (P-TISD).

TISD has seen some increases in opportunities to participate in extracurricular activities during the past two years, mainly in the golf and soccer programs. The high school principal attributed the increased opportunity to participate to the hiring of additional staff and bringing the programs to lower grade levels.

We did expand our golf and soccer…we went to a full-time soccer coach, and that’s all he does is soccer. He works at the middle school as well as a rotation at some of the
elementary schools….We actually expanded our golf program this year down to the middle school. We had a golf coach in the past who taught at the high school all day and then last period he was assigned golf…but this year we hired a local club pro, a PGA pro, and he does golf all day.

There were other areas in which TISD has grown and continued to improve, although it is difficult to relate the changes directly to the Chapter 42 funds. TAKS scores have risen in TISD, and the middle school campus was recognized for the first time during the past year. Throughout the district, summer camps and after-school TAKS tutorials were held. Extra staff was brought in to assist with those camps and tutorials, and the consensus among the administrators was that the efforts have been worthwhile. While none of them related the ability to offer these extra programs to Chapter 42 funds, the superintendent did make a definite connection between resources available and student success:

A lot of [the reason] we have done better…is because we provide the appropriate resources. [The previous superintendent] coined the term ‘educational capital.’ Not every child walking through the door has the same amount of educational capital. But we supplement those areas of need with our resources…targeting what the individual child needs and where they’re weak and providing them with…resources makes a better…child.

Regarding means of bringing up TAKS scores, the assistant superintendent for school improvement had this to say: “None of this can I tie directly to funding, because we get the money and it goes into the overall budget, but, yes, anytime we can implement any type of intervention that helps a child get over the hump, then we’ll do it. We’ll find the funds somehow.” The implementation of the above-mentioned AVID program, the addition of after-
school tutorial programs, and the use of resources to enhance technology designed to improve student achievement are all indicative of their desire to close the achievement gaps among the African-American, Hispanic, and White demographic groups on their campus.

In addition to efforts to improve their performance on TAKS, TISD administrators were making strides in their advanced academic programs, particularly at the high school level. When asked about their Advanced Placement program, one administrator commented:

We have increased…the number of course offerings….Student enrollment has increased…We’re trying to push an incentive to…increase the number of students taking the exam. We offer a kind of rebate so that if you take a test and make a 3 or higher, you get your [registration] money back….The teachers are doing great; we’re sending them to AP conferences. (C-CISD)

The largest increases in academic programs appeared to be the dual credit classes, but was is not likely that there was a connection between the growth of these programs and the Chapter 42 funding, since these were funded largely through grants and articulation programs with an area university.

The research questions also addressed the area of expectations for student success. The question was whether administrators perceive that those expectations have been affected due to funding changes. All of the Texarkana administrators felt that the expectations have increased, but they attribute the increase to leadership, not funding. Some of the comments were: “Yes, but I think it’s more having the right people in the right positions. Your campus level of expectations is driven by your leadership on that campus, and the same thing at the district level” (P-TISD). Another stated: “The expectations have risen, but I don’t think it’s due to extra funding. I think it’s due to the people that are in charge” (F-TISD). The superintendent also commented on
expectations: “We’re just going to find a way to do whatever it takes to make every single child in this district successful and provide the needed resources to do so. We have extremely high expectations for our students [and staff].”

Campus Climate and Teacher Satisfaction

The second area of the research questions addressed campus climate and teacher satisfaction. The first specific question was about changes in class sizes. Texarkana administrators acknowledged some improvement in that area but that because of growth in student population, they were doing little more than keeping up. Following are comments about class sizes:

- One of our board goals has been to get class sizes smaller at the secondary level….Our secondary classes are way too big. We’ve added teachers at every single level, 6th grade through 12th grade, and are trying to get our secondary classes in our core subjects no larger than a 22 to 1 ratio….We’re doing a lot better…. (S-TISD)

- From the high school principal came this: “In the last year we’ve grown by about 600 kids…so every time we think we’re getting class sizes down, we’re adding two teachers in each of the core areas, and then we’re right back where we were.”

- The rate of teacher turnover, one significant indicator of the district climate, appeared to have improved at the secondary level but not at the elementary. The superintendent stated: “We are below the state average, which is good for the type of school we have. It obviously makes the teachers much happier when they don’t have 32 kids in their class.” From the high school principal: “Our teacher turnover has decreased considerably….As far as teacher climate, it’s a lot better than it was before.” However, the chief financial officer for the district commented when asked about changes in rate of teacher turnover: “No, we still have on an average….We
lose about 60 or 70 teachers a year, just because they leave or whatever…” The first two comments, from the superintendent and the high school principal, seemed to refer to class sizes at the secondary level; the third comment was from a district perspective. None of the administrators interviewed felt that teacher turnover was affected by funding; in fact, all of them perceived that their salaries were competitive, and that if a teacher left their district, it was not likely that he/she did so in order to receive better pay from a neighboring district.

District and Campus Leadership

The third area addressed by the research questions was that of district and campus leadership. One specific question asked was whether administrators perceive that the quality and effectiveness of district and/or campus leadership have been affected by the Chapter 42 funding. Administrators felt that the district and campus leadership are of high quality but were unable to attribute their excellence to funding. However, there were references by several to the addition of two staff positions that were expected to increase the effectiveness of campus leadership at the high school and middle school. Two administrators whose sole responsibility is curriculum and instruction have been hired, one at the high school and one at the middle school. Since they have no other supervisory duties, it is expected that their presence will make it easier for principals and assistant principals to fulfill their more global responsibilities. Since this is the first year for the new positions, the effect is not yet known. The district instructional officer commented:

We moved to a model of curriculum coaches this year, which has helped out tremendously. Principals are so busy just dealing with the operations of the campus…and we also expected them to get in and out of the classrooms….In the curriculum coach model…the person is [hired for the purpose of] getting into the classrooms and monitoring the curriculum.
The superintendent alluded to the high quality of campus leadership in the following:

The group of campus leaders we have right now—I don’t know that in the history of the district they’ve ever been better….I am so fortunate to have the quality of leaders that we have….We have cut a few central administrative levels, and the reason we’ve done that is to keep our campus administration intact and in order to be able to raise their salaries…because…I want to keep them.

From their comments one could infer that reorganization of staff and adding a few positions have or should affect the quality and effectiveness of leadership, but they did not connect any changes with the Chapter 42 funding.

According to the perceptions of TISD administrators, the next area of research, staff development, has improved, at least partly because it is funded adequately. There is a district employee in charge of staff development who works under the assistant superintendent for school improvement. The addition of this position has done a great deal to improve the quality of staff development programs: “Four or five years ago, we weren’t doing any district staff development programs. We had three campus staff development days. Now we offer the full catalog of opportunities….All district staff development days are focused on curriculum” (C-TISD). Also, “We’ve been able to send more folks to AP training…we used to have them go every five years and now we want them to go every two years” (P-TISD).

**Facilities**

When asked about their perceptions of the effects of the Chapter 42 funding upon the quality of their facilities, most believed that there had been an improvement, especially in scheduled and preventive maintenance. The superintendent commented:
Thirteen years ago, every single roof in the district leaked. Sixty percent of our district was using old air conditioners and radiator heaters on campus. Our district was in disrepair. The yards were never mowed; the parking lots were falling apart. We’re still catching up from several years of deferred and neglected maintenance.

The chief financial officer commented on maintenance staffing: “We’re probably a little low in our maintenance department. We need to add a few more people. It would be nice to add more…” These comments would seem to indicate that more attention is now paid to maintenance of facilities, but no administrators mentioned a connection between improved maintenance and the Chapter 42 funds.

Safety and Security

The final research question concerned the ability of the district to provide a safe, secure educational environment for their students. The administrators were asked if they perceived that this ability had been affected by the Chapter 42 funding. All administrators felt that the district is proactive in its efforts to create safe facilities. When commenting on whether there is a connection between their ability to do so and their Chapter 42 funding, they said:

The Chapter 42 has helped our video surveillance systems through our technology package—there’s been a lot of that….You know, I can’t attribute it directly to the Chapter 42 agreement because…we try to use it for one-time big technology expenditures. But if we didn’t have the 42, we would have had to find that technology money somewhere else. I doubt we would have ever let it affect safety.... (S-TISD)

When asked if the district had been able to increase security measures due to available Chapter 42 funds, one replied:
I don’t know if it’s due to funding, but we have done that. In the last ten years there has been an increase. Ten years ago we had some security officers on bicycles at the high school. Now we have a full-fledged police department with a chief and a sergeant and a number of police officers….We’ve also been working with the city to increase security. (C-TISD)

The high school principal commented: “I would say our campus is as safe as any school around. We’ve added a few officers and security folks, but I don’t know where that money came from.” It appears from administrators’ remarks about safety and security that they perceive significant improvements but do not tie in the Chapter 42 funds with that improvement except in areas where technology is used to enhance security.

Texarkana administrators felt that there had also been improvement in their efforts to provide substance abuse awareness and prevention programs for their students. They were asked if they felt that this improvement was due to increased funding because of Chapter 42. The consensus was that their guidance department was effective in providing the appropriate programs. Texas High School has reorganized its guidance department so that one counselor is able to work full time with at-risk students. One administrator noted: “We’ve had a big push for that the last several years. Anytime we can, we bring in a…quality speaker to educate students. Our counselors always do a good job of making kids aware…” (C-TISD). In the same vein, the administrators were given the opportunity to comment on whether disciplinary incidents had changed, in either number or severity, with the increased security measures. Most thought that discipline had improved. They seemed to feel that the improvement was mainly due to providing quality facilities for their students and having high visibility of security officers on campus. The high school principal had this to say: “It has decreased a bunch. A lot of it, oddly enough, is due
to facilities. New facilities, for whatever reason, make kids act better…” The superintendent agreed, saying, “You know, having the police officer here….They know what happens if they get in trouble; that prevents a lot….Having a nice, clean environment seems to [help]….” Although they didn’t tie the improved discipline to the Chapter 42 funding, they acknowledged that more money had been spent recently on the safety and security of their schools.

*Summary of Texarkana ISD*

Texarkana administrators, if not entirely cognizant of the direct effects of the Chapter 42 funding, definitely perceived that additional funds have assisted them in making improvements in a variety of areas, including instructional programs, technology, leadership, and safety and security. The most direct effect they were able to see was that on their technology. They acknowledged the funding as follows:

I’m sure it’s helped because any amount of money we get we can use to improve quality somewhere…. My understanding is that we don’t get a large amount—we’re somewhere close to that Chapter 41/Chapter 42 mark. Some data that I looked at once indicated that we were district number 600 out of however many there are. So we were kind of in the middle because our tax base has increased so much. But you know, any amount we can get that we can pass on in the form of teacher salaries or to help safety or things like that is always a plus. (C-TISD)

The high school principal stated: “Yes, I would say it’s made a huge impact on our campus. Obviously, we would love to have a lot more, but anytime we can use these monies to help kids and help their future…” From the chief financial officer came this comment:

I’m still struggling with the increase in funding because, you know, it seems to be the same every year….You work with what you have. You just try to come up with
innovative ideas to go in and increase your salaries to be the best in the area, to try to make your facilities the best, to try to offer programs to children that they couldn’t get anywhere else.

The final comment came from the superintendent:

I think money is the great equalizer to students in need. I truly think that any child can be extremely successful if we do our job right. It’s just when that child walks in the door with very little educational capital, it takes really good people and a lot of resources to bring that child to an equal playing field.

Jefferson ISD

*Background Information*

Jefferson Independent School District is a small district deep in rural East Texas. Renowned for its tourism, the city of Jefferson is a study in contradictions. Wealthy investors have capitalized upon Jefferson’s rich history, resulting in an abundance of museums, opulent restored homes, and a thriving bed-and-breakfast industry. Contrasting with these is the evidence of poverty in many of the local sections of the city. The total student population in the 2006-2007 school year was 1,301, and the class of 2006 included 104 graduates. The University Interscholastic League classification is II-A. The ethnicity of Jefferson ISD was diverse: 42.0% African-American, 2.6% Hispanic, 55.1% White, and .03% other. Economically disadvantaged students comprised 67% of the student population in Jefferson ISD, and .06% were limited English proficient. Table 3 and Table 4 present information on the accountability ratings from the Texas Academic Excellence Indicator System report of 2007. Jefferson ISD compares well with the state and regional drop-out rates and in the number of students taking Advanced Placement tests. The number of students taking advanced placement courses is slightly below the
state and regional percentages, and the number of students completing the advanced high school
diploma programs, which require more rigorous coursework, is above the regional level and
below the state level.

Table 4 shows exit level TAKS data for various demographic groups during 2006 and
2007. We will look at the data for 2007 and note significant changes where they occur in the data
from 2006 to 2007. The Hispanic passing rates were unavailable, due to the very low number of
Hispanic students in the district taking the test. Although below the state average and regional
averages, the ELA (English/Language Arts) rates were passing; however, the African-American
rate of 78 was below the White rate of 88. Math showed the most serious discrepancy, with the
White passing rate of 83 and the African-American rate of 56; both below the state and regional
averages of 81 and 82 respectively. Science was also a matter of concern with the White passing
rate exactly at the state rate of 78 and the African-American rate of 63, significantly below all
other percentages. Social studies scores were all passing; however, again the African-American
rate of 70 was below the White rate of 90. Jefferson ISD has implemented a number of
instructional strategies to address these issues, discussed under the curriculum and programs
section for Jefferson ISD.

Table 3

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\hline
\text{Characteristic} & \text{JISD}\% & \text{Region}\% & \text{State}\% \\
\hline
\text{Dropout Rate 9-12} & 1.3 & 1.8 & 3.7 \\
\text{Advanced Courses} & 16.1 & 17.6 & 21.0 \\
\text{Advanced Diplomas} & 73.1 & 65.9 & 75.7 \\
\text{AP Tested} & 20.0 & 9.9 & 18.9 \\
\hline
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Table 4

*Exit Level TAKS Comparison Groups for Jefferson ISD 2006-2007*

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<td>89</td>
<td>82</td>
<td>*</td>
<td>97</td>
</tr>
</tbody>
</table>

*Note:* The * indicates the number is unavailable due to the low number of students tested.

Class sizes at the secondary level ranged from 13.4 in English/Language Arts to 16.6 in science. Instructional spending per pupil was $4,385. There were 144 professional staff members in Jefferson ISD, and the average teacher salary was $40,519. Teacher turnover rate was 21.4%. The district accountability rating for 2007 was Academically Acceptable (Texas Education Agency, Academic Excellence Indicator System, 2006-2007 District Performance Report).

Total revenue for Jefferson ISD during the 2006-2007 year was $12,958,173. Of that amount, 51.7% was from local sources, 22% was from state contributions, and 18.5% came from federal contributions. The Maintenance and Operations tax rate was $1.2293. The compensatory
The following information was obtained from the Jefferson ISD Website, www.jeffersonisd.org. Current board goals reflect a desire to improve student achievement, facilities, professional development, and fiscal health. These are some of the board goals available on the Jefferson ISD website:

1. Assure a minimum fund balance equal to three months operational expenditures;
2. Increase the delinquent tax collection by $25,550 during the 2007-2008 school year;
3. Implement preventive maintenance programs to assure neatness and serviceability of all district facilities;
4. Construction of a new vocational/agricultural building at the Jefferson High School campus to be completed by 2010;
5. Construction of an indoor athletic facility at the Jefferson High School campus to be completed by 2010;
6. Improve student success on all areas of the TAKS by 10% each year until all areas are mastered at the 90% level;
7. Integrate vocational instruction more fully in the academic course offerings; increasing the variety and numbers of vocational courses offered each year through 2011;
8. Increase involvement in academic UIL programs by 10% each year;
9. Assure the employment of fully qualified faculty and staff, fully compliant with both Texas and Federal (No Child Left Behind) requirements;
10. Enhance choir and band programs by increasing participation at 10% each year.
Quality School Indicators

Curriculum and Programs

The first research question addressed how the recapture funds affect schools in the area of curriculum and programs. Administrators were asked to give their perceptions of how the Chapter 42 funding affects the district in the areas of variety and quality of course offerings, use of innovative instructional strategies, use of technology to deliver the curriculum, status of advanced academic programs, opportunities to participate in extracurricular and co-curricular activities, TAKS scores, high school diploma programs, and expectations for student success. The following is an analysis of the perceptions of administrators in these areas. Abbreviations used include the following: S-superintendent; C-chief instructional officer; P-high school principal and F-chief financial officer.

The first question addressed any perceived increase in either the variety or quality of course offerings. Administrators acknowledged some growth in this area but stressed the great poverty and small size of the district. One area they did see an increase in was the availability and participation in dual credit programs. The following quotations reflect their views on increased opportunities in course offerings:

I don’t really think we offer any additional courses. I think we’ve been given an opportunity to send some students to other places to receive some of those courses….We send students to TSTC in Marshall. We’ve also sent some students…to take junior college classes, where we paid the big part of the tuition and paid for the textbooks so they could attend the classes. (S-JISD)

“I know that we were able to do more with technology because of the funds we received. I can’t think of specific courses we’ve added just because of the Chapter 42 funding” (C-JISD).
From the chief financial officer: “Not that I’m aware of…” The high school principal did not address this question directly but did make the following comments about the district:

I’ll take the opportunity to say for our teachers that we are a very poor school district. We don’t have the tax base that [the larger districts have], and our individual students live [at or close to] the poverty level….We have this year added a bonus for math and science teachers. They get a $2500 stipend. That’s something new that we’re able to do. Also, providing training; we’ve added Capturing Through the Heart training to deal with discipline management problems as well and curriculum and instructional needs. These increase opportunities to have a chance to be successful.

When asked about the next area under curriculum and programs, use of innovative instructional strategies by teachers, most administrators thought that their teachers were using more innovative strategies, chiefly in the area of technology. The following quotes refer to the increased use of technology with some reference to funding:

I think I can [when asked if she could see an increase in the use of innovative instructional strategies]. Some of our money has been used to provide very specific instruction for teachers, mostly in after-school programs. They’ve worked quite a bit with web-based curriculum and power points….I am seeing more technology integrated into all of our classes….I think the training we’ve provided and the software programs we’ve provided have made the teachers more comfortable and more willing to use technology in their classrooms. (C-JISD)

Yes, and that was one of the problems that we identified. We were an unacceptable campus when I took over…and science was one of the things that made us unacceptable. Where 40% of the biology curriculum was supposed to be labs, we did two in the first
semester. We didn’t have money to do the labs, but we [devoted] more resources to do the labs in the classrooms. (P-JISD)

We’re in the process of transitioning to the additional laboratory experiences and collaborative efforts…We are in a collaborative with the [regional] service center right now…(S-JISD)

When asked specifically about the role of technology and how it was affected by the Chapter 42 funding, the high school principal had several remarks about the current state of technology on his campus and the goals for the future:

One of the things we’re going to get this year are (sic) an increased number of digital projectors where teachers can use their laptop or their computer in the classroom as another way to reach the kids….We have about three of them in the school, and we’re going to get three more. Science and math have both been [targeted] for improvement. We do have laptops and a carousel. I think we have two of those, but we’re having to share them with the English and social studies, and science and math need to use them more. Not all of our kids have technology at home, so we’re going to start opening the library after school hours…so parents and students can come in and [use] the computers, which they don’t have at home….Another thing we’re looking at is adding another class of keyboarding. We have students coming into our BCIS classes and not having the keyboarding skills they need to be successful in that class.

The chief financial officer made a clear connection between the Chapter 42 funding and the increased use of technology: “Technology has been affected….Our technology budget has increased due to the funding.”
When asked about increased opportunities for student participation in extracurricular and co-curricular activities, administrators saw little change. The only specific areas mentioned were those reflecting the board goal to increase the band and choir programs. The high school principal noted, “Our band is growing. We do have a band elective. I’m sure they would like to have more. We’ve added an instructional aide in band….We’ve added a choir director.”

The next area of the curriculum research question concerned advanced academic programs, specifically Advanced Placement and dual credit courses. Administrators saw little growth in their AP program. The superintendent commented that he had seen efforts to make the existing program more rigorous, involving additional teacher training and requiring a minimum score on the exam in order to get the weighted credit for the class, but he, too, did not see growth in the program. The chief financial officer anticipated future growth but attributed it to the anticipated high school allotment funds rather than Chapter 42 funding. On the other hand, several administrators noted growth in the dual credit programs. English is currently offered at Jefferson High School and is taught by members of their staff. The curriculum director explained: “I don’t think we’ve made a big difference in the Advanced Placement program….We like the dual credit—the kids like having that credit when they graduate and get ready for college.” The high school principal provided more detail about the nature of the dual credit offerings:

We have some classes, like a psychology class and a business class, where they [students] go to the college and take [it] for dual credit. They also take certification courses through TSTI in Marshall; math and science courses that emphasize hands-on instruction….They do receive the college credit as well as the high school credit. And that has helped with our TAKS scores.
TAKS scores were a definite area of concern for Jefferson ISD, as the high school principal alluded to when he mentioned that his campus accountability rating was unacceptable in the area of science when he first took the job. The district has paid careful attention to providing additional support for its teachers and students, particularly in the areas of math and science, in order to ensure an increase not only in school passing rates but also ensuring that the performance gaps between the African-American and White subgroups will be closed. At the high school and at the middle school, curriculum specialists have been added to the staff. Their role was described by the superintendent:

We were able to use some of that additional funding that we had to hire…a science and math specialist…, one that does hands-on work with the teachers, disaggregating the data….And then…we have solicited the help of some outside entities. There was a math specialist from Marshall who came in and helped us last year. We contracted with her. It cost us $5,000 for the times that she came.

The curriculum director talked about an online curriculum that provides a well-paced curriculum and provides benchmark assessments so that teachers can more accurately determine where their students need the most support. The high school principal also mentioned similar activities directed toward bringing up TAKS scores, but he also mentioned a grant that the district had received to help with TAKS. Finally, the chief financial officer made this statement, when asked if the Chapter 42 funding had made any difference in the TAKS scores: “I know we have done some things. But we haven’t received a huge increase in funds because of the recapture legislation. The total amount has remained close to the same, although where the money is coming from is different.” It appears that Jefferson ISD is working diligently to improve their student achievement in the area of TAKS, and that they are using available resources to do so. Technology funds used
to purchase programs designed to improve student achievement, the hiring of curriculum specialists whose main responsibility is working with students and their teachers to close the achievement gaps, the implementation of a new program to address discipline issues, the widespread use of after-school tutorial programs are all part of the effort to bring all students in Jefferson ISD to an acceptable achievement level. What seems to be unclear is whether the Chapter 42 funding is the resource they are using. The superintendent referred to using the funds to help with TAKS support, but the high school principal referenced a grant that was received to help address TAKS. One might conclude that there is a strong possibility that some of the money is being used on TAKS support, but that funding is also provided through other sources, therefore it is not clear whether the Chapter 42 funding has made a significant difference in the area of TAKS.

The final question in the area of curriculum and programs was whether the funding made a difference in the number of students graduating on the recommended or above diploma program rather than the minimum plan prescribed by the state. Jefferson ISD administrators perceived a sizable increase in the number successfully completing the advanced diploma plans; however, they did not perceive that this increase was related to the Chapter 42 funding. They did refer to the high school allotment funds as a resource being used to improve student advisement and monitoring, which should help students set higher academic goals and follow through to achieve them.

*Campus Climate and Teacher Satisfaction*

The second research question addressed campus climate and teacher satisfaction. Administrators were asked to give their perceptions regarding the effect of the Chapter 42 funding on class sizes, teacher turnover, costs to students and their families, and expectations for student success. On the subject of class sizes, every Jefferson administrator felt that it was not an
issue in their district. One noted: “Our class sizes are relatively small, compared to some other
districts” (S-JISD). Another made a similar comment: “Our class sizes are fine—pretty small
class sizes. I think in a small district, we are used to small class sizes” (P-JISD). Administrators
seemed to feel that class size had never been a problem, so they would not perceive that their
Chapter 42 funds have made a difference in that area.

Teacher turnover was another matter. Jefferson’s rate of teacher turnover was perceived
by the administrators interviewed to fluctuate from year to year but to be generally higher than
the state average. Administrators attributed the turnover to various phenomena—retirements,
spousal transfers, and differing philosophies. The superintendent remarked: “Teacher turnover at
the high school level has been this year at about 25%. Last year it was higher than that because
we lost an athletic director and several coaches.” The high school principal noted: “Yes, we
have had some turnover, and to be honest, I think the school’s [changes] had something to do
with it…some teachers who are set in their ways and not willing to change in order to get results,
they need to go.” They did not seem to feel that teacher salaries were a factor in retaining
teachers; their perceptions were that Jefferson ISD teacher salaries are competitive with other
districts of their size in the area.

When asked about changes in the level of expectations for students, the high school
principal was quite definitive in his remarks about his campus:

I do believe there have been changes….When I first became principal, I spent a lot of
time in the classrooms. And I don’t think that was something that had happened
frequently before….And…I realized I wasn’t seeing in the classrooms what the teachers
said they were doing. I didn’t see students engaged…. [Now] I have a lot higher
expectations because I think we have better people in place. We increased our level of
performance last year, and I think we’ll increase even more this year. As far as personnel, I think we’re better off than we have been. The change has been hard. Years of teachers’ not having to pay attention to [what it takes for improvement] finally caught up with us. Although he was outspoken about the fact that expectations are higher, at least on his campus, he appeared to attribute those expectations to the people he has in place rather than any type of funding.

**District and Campus Leadership**

The third research question solicited administrators’ perceptions of how the recapture funding has affected the quality of schools in the area of district and campus leadership. In this area administrators were asked about the effects upon the quality and effectiveness of leadership, staffing leadership positions, and their staff development programs. Administrators seemed to perceive that both campus and district leadership have improved.

I think some areas of responsibility have changed and in some areas our roles have been redefined. They’ve added some positions to help with testing, so that’s taken some responsibilities from the principals. I think redefining roles and maybe adding one or two positions have been positive changes. (C-JISD)

The chief financial officer commented: “We try to maintain as much as we can. When our district leaders make a decision, we try to make it happen. We’ve added some secretarial positions that make it easier for others [to do their work].”

Finally, the high school principal referred to his days as a new administrator in the district in the following: “When I took over as principal…I was not only a new principal but a new administrator. And I feel our district leadership provided a lot of support…. [The superintendent] has been extremely supportive. Yes, I think district and campus leadership have improved.”
These perceptions would indicate a pervading feeling that there has been improvement in the quality and effectiveness of district and campus leadership. It seemed to stem from the personalities of those in leadership positions, some reorganization of existing leadership positions, and some additions to support staff. They did not appear to connect the Chapter 42 funding with any of these changes, however.

In addition to questions about leadership, administrators were asked about their perceptions of their staff development programs. All who commented felt that the quality of staff development had improved and that more resources were being expended in that area. They made the following comments: “There has been a substantial increase” (S-JISD).

We’ve tried to go back to more campus-driven training….We’ve been able to hire some outside consultants to come in and do our staff development in some areas. I’m not sure where those funds come from, but they are wonderful funds and I’m glad they’re there.

And I think that’s really helped our teachers. (C-JISD)

The high school principal agreed on the improvements in his staff development program, referring to a classroom management training program that he implemented shortly after he took his position. Finally, the chief financial officer stated: “As the business manager, I try to make sure the teachers have what they need….Requests that are reasonable are granted.” As in many areas of Jefferson ISD, the perceptions were that there has been improvement in quality and effectiveness and additional resources had been directed toward staff development, but they did not tie the changes directly to the Chapter 42 funding.

Facilities

The fourth research question asked about the quality and maintenance of facilities and if any improvements were related to the Chapter 42 funding. Jefferson administrators acknowledged
recent building projects and rejuvenated efforts for preventive maintenance; however, they are not
funding these projects with Chapter 42 funds. “We have been able to build and maintain adequate
facilities, but probably not through the recapture funding” (S-JISD). The high school principal had
the following comments: “I think a lot has been done in that area in the past year. The
administration building is brand new, but this building is not. This campus is 20 years old, but it has
been very well-maintained.” Finally, “When I first came here, there had been no new buildings in
almost 18 years, and the ones that were here had not been maintained at the level that they needed
to be. So we worked very hard to pass a bond that dealt with facilities…” (C-JISD).

Safety and Security

The final area of questioning was that of providing a safe and secure environment for
students. Administrators were asked if the recapture funds had made a difference in their ability
to provide such an environment. Although administrators perceived significant improvements in
this area, they did not attribute those improvements to Chapter 42 funding. They mentioned as
improvements the redesigning of the front of the high school with a provision for a guard at the
front of the entrance to the parking lot. They also had implemented a student ID program,
installed security cameras, and replaced worn locks and doors on campuses. They had employed
a police officer, and they felt that this position had caused their serious disciplinary incidents to
decrease. However, the superintendent stated: “They are very diligent—they make my wife sign
in. But we didn’t use any recapture funds to do that.”

Summary of Jefferson ISD

Jefferson ISD administrators had mixed views as to the extent of the effects of the
Chapter 42 funding upon the quality of their schools. All of them perceived some effects, and
there was mention of the benefits the funds afforded their technology program. The following are
some of their perceptions: The superintendent, when asked if he felt that the quality of the schools had been affected, replied: “I think maybe, a little. But I think we probably could have done the same thing without it.” The chief financial officer expressed his opinion in this way: “Yes, I do, particularly in the area of technology. I think our technology capabilities rival any school district of our size.” The high school principal referred to several areas that he felt had benefited from the Chapter 42 funds:

We’ve done a lot of positive things with that funding. We’ve made improvements in curriculum, added to our curriculum and staff, added technology and made it more available to students and teachers, and we have a multitude of staff development opportunities.

What might be the most revealing comments came from the curriculum director, who has been with the district six years. Although she was not sure where the funds came from, she expressed her opinion of the availability of funds in this way:

I’m sure they have….I don’t deal directly with the budget…but I do know that when I need something here, I’m not told “no”; I’m just not. If I can justify a need for it, if we can find a way to get that program or that person that we think we need, we get it. I have been in other districts where that was not the case. You felt like you were on a shoestring. So I’m sure that this district has done a good job with the additional funds. I know the recapture money has been well-appreciated and put to good use.

After reflecting upon these comments, one might conclude that, while Jefferson ISD has benefited from the Chapter 42 funding, especially in the area of technology, and there has been increased dedication of resources to activities designed to improve student achievement for all demographic groups, it is not clear that the quality of the district has been enhanced solely due
to the Chapter 42 funding. Rather, the administration appears to have used funds from a variety of sources, including the recapture funds, to make their district better and to close achievement gaps. Their efforts appear to be paying off in most areas of the TAKS report. From 2006 to 2007 the ELA scores for African-American students rose from 68 to 78, the math scores from 45 to 56, and the science scores dramatically from 24 to 63. Clearly the passing rates are still not where Jefferson ISD would like for them to be, but they are headed in the right direction.

Carroll ISD

Background Information

Carroll ISD is a Chapter 41 district located in the heart of the Dallas-Fort Worth metropolitan area. Eleven campuses serve 7,900 students, and the district has approximately 1,000 employees. It is classified as V-A under the University Interscholastic League system of classifying schools according to size. The largest exemplary-rated school district in the state, Carroll is located in the city of Southlake, an affluent suburban community. The average home price in Southlake is above $400,000, and, while there is little industrial base in the community, retail businesses have increased tremendously in the past 10 years. Highly educated, goal-oriented parents make for a great deal of family involvement and community support. The mission statement of Carroll ISD is as follows: “To provide a caring and creative learning environment that promotes excellence, fosters integrity and encourages each student to reach his or her academic, extracurricular, and social potential” (www.southlakecarroll.edu).

Rapid growth in the area kept Carroll from joining the ranks of the Chapter 41 schools until 2003. Four new campuses have opened during the last ten years, including a 9-10 campus, Carroll High School. The 11-12 campus, originally a 9-12 campus, is Carroll Senior High School. Growth still is occurring, but the rate has slowed as the city is building to capacity.
Tables 5 and 6 present information on accountability ratings from the Texas Academic Excellence Indicator System Report of 2007. Carroll is above both state and regional averages in all areas, including numbers of students taking advanced coursework, numbers of students taking Advanced Placement exams, numbers of students graduating on advanced diploma programs requiring more rigorous classes, and a 0% dropout rate.

Table 6 presents information from 2006 and 2007 on Carroll ISD’s performance on the state assessment or TAKS tests. The district maintains its distinction of being the largest exemplary district (the highest rating of the Texas Education Agency) in the state by performing well on these tests. The various demographic groups also fare well on the TAKS. The passing rates for African-American, Hispanic, and White students on the ELA (English/Language Arts) test were all at 99%, as were the rates for the social studies exam. There were slight differences in the passing levels on the math test, with 93 for African-American students, 92 for Hispanic students, and 95 for White students. On the science test, the African-American group scored highest, with 99, the Hispanic subgroup had a passing rate of 96, and the White students’ rate was 97. Two areas to note are the differences in the African-American and Hispanic subgroups for 2006 and 2007. During that time the African-American rate on the math test rose from 80 to 93 and the Hispanic scores improved from 83 to 92. On the science test the rates also increased; the African-American from 80 to 99 and the Hispanic from 83 to 96. Although the Hispanic subgroup scores lag slightly behind the other groups, all groups are performing well, and at least in 2007, the differences were not glaring.
Table 5

*Carroll ISD Accountability Ratings 2005-2006 Year*

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<thead>
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<th></th>
<th>CISD%</th>
<th>Region%</th>
<th>State%</th>
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<tbody>
<tr>
<td>Dropout Rate 9-12</td>
<td>0.0</td>
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</tr>
<tr>
<td>Advanced Courses</td>
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<td>22.0</td>
<td>21.0</td>
</tr>
<tr>
<td>Advanced Diplomas</td>
<td>94.6</td>
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<tr>
<td>AP Tested</td>
<td>43.0</td>
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<td>18.9</td>
</tr>
</tbody>
</table>

Table 6

*Exit Level TAKS Comparison Groups for Carroll ISD 2006-2007*

<table>
<thead>
<tr>
<th></th>
<th>State%</th>
<th>Region%</th>
<th>District%</th>
<th>African-American%</th>
<th>Hispanic%</th>
<th>White%</th>
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</thead>
<tbody>
<tr>
<td>ELA</td>
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<tr>
<td>2007</td>
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<td>2006</td>
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<td>90</td>
<td>96</td>
<td>99</td>
<td>91</td>
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<tr>
<td>MATH</td>
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<td>81</td>
<td>94</td>
<td>80</td>
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<tr>
<td>SCIENCE</td>
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<td></td>
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<tr>
<td>2007</td>
<td>78</td>
<td>81</td>
<td>97</td>
<td>99</td>
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<td>2006</td>
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The class of 2006 had 574 members, with 94.6% participating in an advanced diploma program. The district’s ethnic distribution was 2.2% African-American, 4.4% Hispanic, 87.6% White, 5.5% Asian-American, and 0.3% Native American. The percentage of economically disadvantaged students was 1.3%. Class sizes at the secondary level ranged from 22.2 in foreign languages to 25.6 in science. The average teacher salary was $46,785, and the rate of teacher turnover was 14.5%. The Maintenance and Operation tax rate was $1.37, and the value per pupil was $544,269. Local taxes made up 77.9% of the revenue, while the state contribution was 7.3% and the federal share was 2.3%. Total instructional spending per pupil was $3,944. (TEA, Academic Excellence Indicator System, 2006-2007 District Performance Report)

In the 2005-2006 school year, total state and local revenue for Carroll ISD was $43,594,449. In that same year, the district paid $17,952,611 in recapture funds to the state, through partnership agreements with various Chapter 42 districts. (TEA, Summary of Finance Report under HB1 as of Wednesday, July 25, 2007) This section of the study analyzes the effects of the surrender of recapture funds upon the quality of schools in Carroll ISD, as perceived by key administrators.

Because Carroll ISD is a Chapter 41 district, there were slight changes in the wording of the interview questions. For instance, instead of being asked if they had been able to add any programs to the curriculum, they were asked if they had had to eliminate programs. The same five areas of questioning still applied: curriculum and programs, campus climate and teacher satisfaction, district and campus leadership, facilities, and safety and security. Participants in the study and the abbreviations used to refer to them included the assistant superintendent for administrative services (AS); the assistant superintendent for instructional services (C), the
The following is an analysis of the data from the interviews.

**Quality School Indicators**

**Curriculum and Programs**

Carroll administrators perceived that some programs have diminished or gone away as a result of the recapture payments.

The really difficult time came in the spring of 2004, when due to some budgetary problems we were having combined with the heavy impact of Chapter 41…we had to cut $5.7 million from our budget. Because of those heavy cuts, we had to eliminate or cut back on a number of programs. Specifically, we eliminated our elementary Spanish program…and we had to modify our traditional A-B block scheduling at the two high school campuses, allowing students to take seven classes instead of eight. (AS-CISD)

The chief instructional officer noted: “The changes in the variety and quality of courses have been, I think, substantial.” She mentioned specifically the elimination of the gifted and talented course instructors at the fifth and sixth grade campuses, positions which have since been restored. “In my mind, for the two years we did that, those students suffered in terms of continuity and…teacher expertise.” When talking about how those responsibilities were shifted to other staff members, she stated: “We had people sharing responsibility across campuses. There’s no question that that impacts the quality of the program effort.”

The senior high school principal mentioned programs on his campus that had been eliminated or cut back because of the recapture payments. In addition to the change in scheduling, he referred specifically to the health science technology and the drafting programs. He made the following comment: “We’ve become a little stagnant in expanding programs
because of lack of funding and lack of staffing ability.” The chief accountant, who has been with the district nine years, had this comment: “We’ve had to eliminate quite a few programs in the last few years. [The Chapter 41 payments] have required a lot of programs to be cut and a lot of positions to be cut also.” It appears that she was referencing the elementary music and Spanish programs, the streamlining of the gifted/talented program, and the elimination of some vocational programs with low enrollments at the high school level. The positions could refer either to the 80 teaching positions eliminated in 2004, the combining and restructuring of some central office staff positions, or both.

It is obvious from these comments that the Carroll administrators perceived some effects of the Chapter 41 funding upon the quality and variety of programs. They felt that in addition to the elimination of existing programs, there was reluctance in the district to add new programs in the wake of the Chapter 41 legislation.

The next question in the curriculum area was whether administrators perceived that the recapture funding had affected the ability of teachers to use innovative teaching strategies to deliver the curriculum. Examples of innovative teaching strategies included differentiated instruction, cooperative learning, authentic assessment, field trips, and laboratory experiences. Two of the Carroll administrators commented on their perceptions in this area:

We eliminated the director of staff development…who had been responsible in prior years for a comprehensive differentiated instruction initiative….We had to rely on our campuses to continue the delivery of it….I think we lost ground. We did more to convince teachers that differentiated instruction was something they’d always done without giving them the benefit of learning more about it by having an initiative….Cooperative learning, authentic assessment, field trips, and laboratory
experiences—there are two pieces to that. One is funding…and the other is time. And we had neither. (C-CISD)

The senior high school principal had a slightly different perception:

I think we’re lucky in a district like this to have students who can pay for a lot…themselves. I think our teachers have continued to pursue advanced technological projects because a lot of the kids can do it at home, even though we may not have the updated technology on campus to do it. Field trips would be in that same vein, in that they’re funded by students and their parents, but as far as the school being able to fund a lot of things, some of that has been diminished. Our teachers have always been creative, our students are at a pretty high level…and I think it enables our teachers to teach in innovative ways that are accepted by our kids.

One area that Carroll administrators were unanimous in their perceptions of the effects of the recapture funding was that of the use of technology to deliver the curriculum. They felt that, due to funding limitations, they have not been able to update their technology as they should, that maintaining the level they already have is the best they can do, and that state-of-the-art technology is beyond their grasp.

As important as technology is to the delivery of instruction now, we just don’t have the money to spend on technology as we’d like to. Just this week our school board dedicated one full penny of our ad valorem tax base to the use of buying more technology, but…it won’t begin to cover what we need to do just on a refresh cycle….Chapter 41 has had a pretty daunting impact on the fresh state of our technology. (AS-CISD)
The chief instructional officer was among the administrators who referred to a recent failed technology bond and the resulting necessity to use Maintenance and Operation dollars to fund technology when she made the following comment:

In this district we do not qualify for federal money. We qualify for minimal federal dollars. So…the ability to purchase technology equipment and materials, when you take away the federal [funds], and then when you have [the recapture payments]….When you’re not eligible for many grants, you use your M & O budget just to operate. Our district went forward with a technology bond that failed, so many people are surprised when they walk into our classrooms. We are very limited in our technology.

The senior high school principal, when asked if technology on his campus had been affected, replied:

I think our technology has been limited…like our other programs, it has become a little stagnant. I think we’ve made good use of old technology and outdated things by piecemealing as we can. I don’t think we’re worse off than a lot of other districts. I think we have been struggling a bit from a [technological] standpoint…just because of our lack of funding.

Finally, the chief accountant assessed the current state of technology in the district in this way: “We’ve been wanting to upgrade our technology…to reflect the way society is going to a technology-based environment, and we’ve been wanting to put more technology into our schools, and we’ve been limited….We’ve had to address areas of necessity, not areas we would like to go in…as much as we’d like to.”

Carroll ISD administrators were asked if they perceived that the surrender of the recapture funds had had any impact upon student participation in extracurricular and co-
curricular programs. Several mentioned the inception of the *pay to play* student activity fee, and they also talked about how the elimination of some coaching positions at the sub-varsity level caused there to be fewer teams; hence, students might be on a team but would have less playing time. However, they did not seem to feel that student participation had dropped; in fact, they mentioned that it may have increased. “I don’t think we’ve eliminated opportunities. We’ve continued to expand our programs” (P-CISD). There was some concern expressed by the assistant superintendent for administrative services that larger teams, created when the number of teams decreased, could present a safety issue: “It caused the student/coach ratios to increase, which causes me concern, safety-wise.” Their comments on the student activity fee made it clear that they considered it an undesirable fee, but a useful one, since the funds generated by it are not subject to recapture. They did mention that, as the district’s finances have continued to improve, the board had discussed reducing or eliminating the fee. The assistant superintendent for administrative services expressed his feelings about the student activity fee in this way:

> Pay to play is a fee that I wish didn’t exist. I really do believe in a free and appropriate education….It sends a pretty tough message to our folks, that we don’t have as much respect for those extracurricular programs as we probably should….It’s considered a luxury item…but I consider it part of the total instructional program.

When asked if he saw a connection between the inception of the student activity fee and the surrender of recapture funds, he replied: “There is an absolute correlation.”

The next question under the area of curriculum and programs was how the Carroll ISD administrators perceived that their advanced academic programs, including the Advanced Placement program, had been affected by the recapture funds. None of them felt strongly that the programs were affected, in either numbers of students participating or in their scores. The chief
instructional officer mentioned that larger class sizes in general might have a negative effect upon the AP program, but she had not seen any data to support that idea. The assistant superintendent for administrative services, while he perceived no effect upon the AP program, did mention the desire of the board and the community to implement an International Baccalaureate program, an advanced program with similarities to AP, but much more comprehensive and considerably more expensive. “We can’t come close to implementing the staffing levels that that program requires….We can’t afford it. We’d love to do something like that.” The senior high school principal, upon whose campus almost all of the AP courses are taught, saw few, if any, effects due to funding: “I think in this district we’ve continued to focus on high-level kids, and so our AP program has continued to flourish even in the face of diminished funding.”

One advanced academic program in Carroll that is growing rapidly is their dual credit program. The district currently offers dual credit English to seniors through an articulation agreement with a local community college. The course is taught by college professors on the Carroll Senior High School campus and currently has an enrollment of 150 students. Plans are underway to add dual credit economics and government classes through the same agreement. Students pay a reduced tuition fee and purchase their textbooks. When asked about the effectiveness of this program, the high school principal commented:

I think dual credit has helped some, because every dual credit class takes away a class that would have to be funded by the district, since the college basically pays for the instructor and the kids pay their tuition to go to that college. So I think it’s helped some in that it’s alleviated some class size pressure points, and we’re looking forward to expanding dual credit opportunities.
When asked about any perceived impact of the recapture funding upon TAKS scores, most administrators agreed that there had been little effect. The district has been exemplary in the area of TAKS scores for a number of years; however, there was a brief period when the district did lose its exemplary status.

When we went through our budget cuts in 2004….That year, and the next year, we lost our exemplary status. I don’t know if there’s a direct correlation there, but when we cut staff and cut programs, we dropped a notch on our AEIS ratings, and as soon as we were financially able to start putting programs back…we got our rating back. I don’t know if there’s causation there or not, but it sure seems to have had an impact. (AS-CISD)

Other administrators commented upon the relative stability of the TAKS scores in the district. One mentioned that on some campuses TAKS tutorial programs were now being funded by PTSo organizations, activity funds, and fund-raisers, but their effectiveness had not been diminished. The feeling in the district is that excellent TAKS scores are the baseline expectation of the community. “We view that in this district as a minimal accomplishment, so I think passing TAKS hasn’t been harmed by [the funding].” (P-CISD)

Just as district administrators perceived little effect of the surrender of the recapture funds upon TAKS scores and advanced academic programs, they saw no effect upon the number of students earning advanced high school diplomas. “It’s our community that keeps the expectations high. So because of that I think our campuses find a way to continue advanced programs. The percentage of students in recommended or DAP (Distinguished Achievement Program) diploma programs is very high; we have almost no students on the regular plan” (C-CISD).
From the perceptions of these key stakeholders in Carroll ISD, it would appear that in the area of student performance, the quality of schools does not seem to be greatly affected. The efforts to maintain programs which produce results may be more complicated and more creative; nevertheless, the results are still there. The area where administrators felt the cutbacks had the most negative impact appeared to be the use of technology to deliver the curriculum.

*Campus Climate and Teacher Satisfaction*

The second research question asked about administrators’ perceptions of the effects of the Chapter 41 funding upon campus climate and teacher satisfaction. The first specific question in this area was the effects upon class sizes and teacher/student ratios. All of those interviewed felt that the funding had had an impact upon those areas. Large class sizes were mentioned as a concern by most, as voiced by this comment referring to class sizes at the secondary level: “The effect that makes me most uncomfortable is class sizes. While we do average 26 to 1 across the district, we have some singular situations where we have well over 30 kids per class, and some classes approaching 40…at the high school level” (AS-CISD). “Student/teacher ratios have gone up dramatically. That’s one thing we’ve tried to combat but because of lack of funding, staffing ratios are calculated differently than they were 10 years ago” (P-CISD).

Years ago, when I first came here, before we were Chapter 41, we had fewer kids in classrooms per teacher. We were able to put small groups of kids with teachers, especially at the elementary level. Now we go by the state recommendations….We try to schedule as many kids as we can per teacher. Even more at the high school, where they don’t have a class size limit. We were able to do more for our kids when the groups were smaller. (F-CISD)
The second specific question under the research area of campus climate and teacher satisfaction concerned the rate of teacher turnover. Administrators were also asked for their perceptions of the ability of the district to compete with area districts in teacher salaries. The teacher turnover rate has diminished considerably since the previously referenced budget cuts of 2004, when almost a third of the teachers left the district. Some positions were eliminated as teachers retired or went elsewhere, and the perception was that some left the district because teachers did not get a raise that year. At least one of those interviewed expressed the feeling that the rapid turnover during that period could have contributed to the district’s drop in accountability ratings:

I suspect there’s a cost to the kids because it’s better to keep a good employee, a good teacher there in front of the classroom than it is to bring in and get them acclimated to the district, learn what the kids and parents are like, and get up to speed. So the argument has been made that our turnover rate had a pretty big impact on our losing our performance rating for a few years there. (AS-CISD)

Several administrators also commented on the competitiveness of teacher salaries in the area, and the feeling that the district had lost teachers to better-paying districts in surrounding districts. “The three districts that we compete against…all pay dramatically more than us…about $3,000 a year more for a starting teacher and $3,000 across the board generally” (AS-CISD). “We’re doing a little better, but consistently over the last 10 years we haven’t given raises every year. And I think that’s caused some good teachers to look elsewhere for jobs” (P-CISD). The chief instructional officer commented on the positive and negative factors prospective teachers looked at when choosing Carroll as their place of employment: “One thing we have going for us
is our student population and our community, but I think one of the negative pieces is we don’t have what is available to teachers in other districts.”

In a district where expectations for student success have been quite high, administrators were asked if they perceived that those expectations had been lowered in any way. There were mixed responses. One mentioned the scarcity mentality that he felt had pervaded the district in the years when the financial situation was the most difficult:

I’m afraid that we have, either consciously or subconsciously, gone to a scarcity mentality as far as what we can afford to do….I’m afraid that same mindset branches out to, ‘We used to be exemplary; we no longer can afford those programs that we had at that time, so we just need to settle for being recognized.’ (AS-CISD)

This was not a universal perception of those interviewed. One observation of the chief instructional officer was that the continued high expectations for student success from the community, coupled with the financial challenges presented the district, caused teachers to feel undue pressure to achieve, and that could be one reason some teachers would look for a job elsewhere. The chief accountant felt that the expectations for student success had not “been affected one bit, in my opinion.” The high school principal felt that there might be limited effects upon these expectations, especially with the middle level achiever.

I think the impact is more with the middle-of-the-road kid because we’ve continued to focus on the high-achieving kid, National Merit finalists, the AP scholars, those sorts of things, but I think the middle-of-the-road kid who’s in a regular English class that used to sit in a class of 15 or 16—now they’re sitting in a class of 30—I think those kids are affected the most.
The next specific question under the campus climate and teacher satisfaction research area was that of administrators’ perceptions of the costs of education to students and their families. One topic that was mentioned was student fees, one of which, the student activity fee, was addressed earlier. Carroll ISD has implemented two other student fees:

We have three different fees that we’ve added since we’ve been Chapter 41. The first is pay to ride, which is to ride our buses, one is pay to play, which is our student activity fee, and the third is pay to park, the fee for students to park on campus. The money we receive from these fees is not subject to recapture. (F-CISD)

This district has been very aggressive in attempts to recapture money in any way they can, so everything has a price tag on it now, from facility use to parking fees, from $0 to $150 to park here at the high school….I think our community has been “nickled and dimed” by our school district in having to pay for everything that used to be part of the community fabric…. (P-CISD)

Administrators commented that it could be very expensive to start the school year, especially for a family with several students; that it was conceivable that a four-figure check had to be written to the district. While the parents for the most part are able, if not always willing, to write those checks, the fact that they are providing such significant financial support does not come without costs in other ways. Parents writing big checks and paying high taxes expect reciprocation when it comes to something they want for their student. The assistant superintendent for administrative services expressed his perception in this way: A parent says:

“I spend X number of dollars in taxes, and now I spend X number of dollars in fees,” and that’s something we can never get past when dealing with parents. They get hung up on
that. And it’s had an impact on the relationship between educators and parents in our district. Philosophically, administrators struggled with charging students and their families for what was once free.

On the one hand, our parents see that there is a dollar amount associated with some things and are willing to pay it, but on the other, you have to ask yourself…is that what we should be doing? Should we be asking for money for things that should be standard in public education? (C-CISD)

The final question in the area of campus climate and teacher satisfaction was asked of Chapter 41 districts only. Administrators were asked about efforts in Carroll ISD to generate revenue not subject to recapture laws. They were asked to comment on their perceptions of how pervasive and how effective those efforts had been. The district has formed a revenue enhancement committee that explores opportunities to generate funds, one of which has been the addition of a marketing department. “We’ve pulled in about…$250,000 a year in gross marketing receipts” (AS-CISD). “You can purchase the rights to have the Dragon (the district mascot) logo on anything. You can put up signs around the district or you can put up a sign on a school bus that drives around in our district” (F-CISD).

Other revenue-enhancing strategies mentioned included the Carroll Education Foundation and a fairly recently formed group, Digging for Dragons. The CEF awards grants to teachers for innovative instructional programs within the classrooms. Digging for Dragons has a more limited goal: to restore specific programs that have been cut due to reduced revenue, such as art and music programs. In addition to these entities, the assistant superintendent for administrative services mentioned the possibility of leasing mineral rights to 400 acres of property owned by
the district. The money generated from such a lease agreement would not be subject to recapture, and it could amount to several million dollars a year. Most administrators agreed that the efforts to seek alternative sources of funding have been successful, although the amounts generated have been small compared to the recapture funds surrendered. The high school principal voiced his opinion that, due to the exclusivity of the marketing agreements, fund-raisers for specific campus needs were more difficult to execute and that campus activity funds had been reduced as a result: “The money is funneled into the general fund of the district…and so it’s taken money away from the campuses in an effort to enhance the financial stability of the district.”

_District and Campus Leadership_

In addition to seeking information about alternative sources of funding not subject to recapture, administrators in Carroll ISD were asked about their perceptions of the effects of the Chapter 41 status upon district and campus leadership. There were clearly stated views that the leadership positions cut during the budget-trimming process of 2004 had been felt throughout the district. One of the areas in central office that was eliminated was that of subject area coordinators. “Losing our curriculum coordinators for specific subject areas in the district was very damaging. Those haven’t been replaced, and as more money becomes available, I think we’re restructuring in ways that may be a little bit less effective” (P-CISD). The assistant superintendent for instructional services spoke of the elimination of positions at both the district and campus levels and her perception of the effects:

In my tenure, four years, we have lost a number of principals….At least some of them realized they could make substantially more money in another place….So I think our campus leadership has been affected, and our district leadership has been affected because we have lost positions….We pride ourselves on the fact that we have minimal
people at the district office level, which I find somewhat amusing and somewhat sad, because while our board truly wants the dollars to be spent in the classroom, sometimes we’re shortsighted.

The researcher’s analysis indicates that Carroll administrators felt that district and campus leadership have been affected by the recapture funding, but the question of whether or not the effects translate to the quality of schools themselves seemed to be much less clear. One comment repeated a theme appearing often in remarks of those in educational leadership positions, that of the critical nature of the people holding leadership positions rather than the number of leadership positions held:

I was very proud of the majority of our campus administrators in the budget cuts of 2004 because they had a choice—they could look at it and be defeated or they could look at it and rise to the occasion. I feel that…our folks rose to that level of leadership and worked with our staff to convince them that we could still persevere, that we could maintain a high level of professionalism and excellence with the kids regardless of what was thrown at them budgetarily. (AS-CISD)

The chief accountant felt that the staff cuts had fewer effects upon the students than upon the staff.

Honestly, it was kind of hard at first because we had to cut so much, and…everyone felt that every program, department, every subject was needed. It was hard for the district and campus leadership people to figure out where they could cut—that part was hard. As far as the students and how it affected them, I think the test scores show that they’re still doing better and better every single year. Our students are I think, maybe sheltered from
that impact a little bit. They’re there to learn and make good grades and graduate. I don’t think it affected the children as much as the staff to see the programs cut…

One of the specific questions in the area of campus and district leadership was the impact of the recapture funding upon staff development programs. Prior to entering the Chapter 41 program, Carroll had a district staff development director, but that position had been eliminated and incorporated into other instructional positions. There were some perceptions that the lack of a district leader in staff development had had an impact upon the focus and direction of staff development programs. The assistant superintendent for administrative services made the following statement:

The loss of that position, the director of staff development, I think could only have a negative impact. The campuses…have done a yeoman’s work in stepping up and filling that void….But what we’ve lost is that overall district purpose….For example, we want to focus on diversity. We’ve lost our opportunities to meet in cross-campus groups….We’ve lost that ability because the district has lost a huge part of its flexibility as far as mentoring large groups. It’s driven by the campuses now and not so much by central administration. One district-wide initiative when I came here, and we spent a lot of time talking about it, was respect. It’s kind of a funny thing to talk about—a simple word like respect, but we spent an entire year talking about respect in a lot of different ways, and I think it was an extremely important thing that we did. It’s been a long time since we’ve focused on any particular thing as a district.

All of the administrators interviewed felt that staff development programs had been affected; however, there was no mention of the effects upon students themselves. One might conclude that, while the ability of the district to focus upon specific issues through staff
development has been negatively affected, campuses have adequately provided programs that have fostered the continued emphasis upon high levels of student achievement; therefore, there has been no significant effect upon student performance.

Facilities

The fourth research question concerned the effects of the recapture funding upon the quality of the district facilities. Administrators were asked whether they perceived any changes in either construction projects or maintenance issues, including maintenance and custodial staffing. Several of those interviewed mentioned the bond that had been passed earlier as a way of getting construction and maintenance projects accomplished. That is the same bond that they referred to earlier as being defeated in the area of technology. The bond was two-pronged—facilities and technology—and the facilities portion passed. There was little mention of the effects of the recapture funding upon new construction; however, most felt that cuts in the maintenance and custodial staffs in 2004 had had negative effects upon ongoing building maintenance: “In the maintenance area is where you see it the most. I don’t think we have a deferred maintenance plan. I can remember…we eliminated $100,000 from the maintenance budget….What happens when you do that is diminishing returns, because when you’re not maintaining something, eventually it’s going to have to be replaced” (C-CISD). The high school principal expressed the view that most of the important tasks do get done eventually, but that the timetable is different because of the level of maintenance and custodial staffing: “I think it’s just slowed the process of repairing and replacing things from what it used to be.”

Carroll’s facilities are modern and expansive, and appearances have been kept up. Those who supervise maintenance and custodial departments are aware of the differences in the level of efficiency due to budget cuts, but to the casual observer Carroll ISD facilities look clean and
well-maintained. Whether this is due to carefully setting priorities for projects or making sure the dollars are well-spent, it does not appear that the facilities have suffered significantly in the wake of Chapter 41 funding.

Safety and Security

The final research question concerned the effects of the Chapter 41 funding upon the ability to maintain a safe and secure educational environment for students. Administrators were asked whether they felt that the funding issues had affected the drug and alcohol awareness programs and the number and severity of disciplinary incidents on campuses. The comments they made included the following:

We don’t have our DARE (Drug Abuse Rehabilitation Education) program in place anymore; while it’s purely a drug education program, those are still uniformed, armed officers that are there. Their purpose is to work with kids and be in classrooms to talk about those programs, but in that horrible incident or situation where someone armed may come into the building; you’ve still got a cop there with a gun. That program went away directly because of cuts due to Chapter 41 in 2003….I don’t think our campuses are as safe as they have been, largely due to cuts in the DARE program and having to share an SRO (school resource officer) at the two middle schools. (AS-CISD)

Not all administrators felt that drug and alcohol issues were being inadequately addressed. Several referred to the continued use of the district-wide drug and alcohol survey to monitor substance abuse by students, and the effectiveness of comprehensive guidance programs in dealing with substance abuse problems. None had empirical evidence of increased drug and alcohol use among students that could be attributed to the recapture funding. The high school principal did mention two security issues that concerned him: a reduction in the number of
assistant principals and the elimination of the parking lot attendant at his campus. He saw both of these as having the potential of creating additional security and disciplinary problems; however, he also stated that there was lack of evidence that these are increasing: “Our administrative staff has been cut, which is a safety and security issue as far as I’m concerned. But that’s not a huge issue in our district. I think if we had plenty of money, we would want to have more help, more hands on board, more security officers and resource officers that we don’t have.”

The position of parking lot attendant at the high school campus has been restored in the past two years. On this and other security issues, the perceptions of Carroll ISD administrators seemed to be that although there was heightened awareness of the potential for safety and security problems, they were not aware of any data to support the notion that the ability to provide a safe and secure student environment has been diminished.

Summary of Carroll ISD

The effects of resource dependency upon an organization are apparent in Carroll ISD. In an affluent community whose members are both willing and able to maximize efforts to generate resources and where property wealth is high, the results of reducing the revenue amounts becomes a problem that the organization must address. According to Hatch (1997), the importance of managing the change is proportionate to the importance of the resource. District administrators and the board of trustees sought input from the campus administrators when deciding what programs could be cut or reduced and how the remaining resources would be allocated so that the core values of the community would not be shaken. It can be noted that Carroll ISD sits in a community with highly educated, goal-oriented constituents who are strong supporters of advanced academic programs. They would not have reacted well if advanced academic programs were cut altogether, but they could deal with some amount of streamlining,
discussed in the curriculum and programs section earlier. McKinley et al. (1996) mentioned that organizations might produce conflict when deciding what programs to cut. In Carroll, the various special interest groups reacted negatively when they realized that their programs were going to change. For instance, there is a very active parent and community group who advocate for the gifted and talented programs, and when some of those teachers’ positions were eliminated, this group made public their displeasure. As finances have improved in Carroll, those positions have been restored.

Hatch (1997) pointed out the importance of the leaders of an organization have an understanding of the relationship between the resource and the network. In schools, leaders must have extensive knowledge and experience with their funding system. In Carroll, the leadership displayed a keen awareness of how their system works and managed their resources in such a way that many of the programs eliminated during 2004 have either been restored or plans exist for restoring them in the future. The elementary Spanish and music programs are examples of these programs. The elementary music program has been restored, and there are plans to add back the elementary Spanish, albeit through alternative funding.

Seeking alternative funding sources is another way organizations have of dealing with reductions in resources. Hatch (1997) made the point that one way to handle resource dependency is to avoid the dependency itself. Examples of this in Carroll include the establishment of foundations and other organizations solely for fund-raising purposes, the participation of the parent-teacher organizations in raising funds to restore tutorial programs, the charging of various fees not subject to recapture, and the implementation of a marketing department whose function is to sell advertising rights to corporate entities, a strategy also mentioned by Hatch as a means of revenue recovery. Some of the programs that have been
restored or that have the possibility of being restored have made their restoration possible through funds raised in alternative ways.

Finally, in resource-dependent organizations the dynamic nature of the organization is critical to the survival of the organization. Schools must be willing to change and adapt as the conditions under which they operate change. Carroll’s dynamic nature is apparent in the comments of its administrators about the willingness of the staff to take on additional responsibilities when positions were reduced, such as teachers’ dealing with larger class sizes and administrators at both the central office and campus levels assuming duties that were previously performed by staff whose positions had been eliminated.

When asked about their overall perceptions of the effects of the recapture funding upon the quality of their schools, it was obvious that Carroll administrators perceived keenly the pain of the cutbacks. In their references to the widespread cuts of 2004 and the resulting dip in teacher morale, the elimination of positions that they viewed as necessary to continue the tradition of excellence, the difficulties of trying to do as much or more with less, they spoke fervently about the experiences. They discussed the importance of keeping alive the technology programs and after-school tutorials to address student performance on the TAKS. They were frank in their concerns about how large class sizes and hiring and retaining high-quality staff could affect their student achievement in the future. They talked of the vast amount of work that has to be done in keeping the facilities up to community standards: “I look at our buildings and it just discourages me sometimes to see how much work we have to do…and we’re going to have to go to the community and ask them for the money to fix some things” (AS-CISD). “When you go through the shock of having to cut programs…and you start sending $15 to $20 million a year to Austin…that’s pretty impactful district-wide. So I think we’re fortunate to be in a community
that’s very resourceful, so…we can recover or find new ways of doing things that don’t impact
the kids as much” (P-CISD).

The assistant superintendent for instructional services mentioned the fact that much-
needed funding was being sent to poor districts in the state, which she felt was the right thing to
do, but that the expense to districts like Carroll was unfortunate:

I was going through some videos in my office and I came across one that our
communications department made about the impact of Senate Bill 7 on this district and
actually sent to Austin for our legislators to see. It was very poignant and very clear.
Every child that walks across the threshold deserves an equal playing field….There’s no
question that students whom Senate Bill 7 was designed to positively impact deserve that
equal playing field.

She went on to say that for districts like Carroll, who receive little federal funding
because of the nature of the student population, the effort to help students in districts considered
poor has not come without difficulty. However, she, like her fellow participants in this study, fell
short of saying that the quality of schools in Carroll has been significantly negatively impacted
because of the recapture funding. The chief accountant probably summed up the district
administrative perceptions the best:

The educational level is still secure here in our district. We have awesome test scores,
and our students excel in everything they do. So as far as losing anything on the student
side, not, I think we’re excelling every day; we’re doing a great job. The hardest hit
was…the staff. The art and music programs were cut and we did eliminate some
positions. That resulted in some morale problems. But as far as the kids go—we’re still
doing well, our kids are going on and graduating, and our test scores are great.
Tatum ISD

Background Information

Tatum ISD is a small rural district in East Texas located 135 miles east of Dallas. The town of Tatum is in close proximity to two larger cities, Marshall and Longview. It is 60 miles west of Shreveport, Louisiana. This small community has two major utility companies located within its borders, Texas Utility Mining and Texas Utility Generating. These plants contribute considerable school tax dollars to the Tatum school district, thus making Tatum ISD a property-wealthy district that surrenders recapture funding to partner districts through the Chapter 41 funding legislation.

According to the district Website, www.tatumisd.org, the district mantras are “Every Student Special” and “Excellence for All.” Tatum has experienced success in both academic and athletic areas, winning the Lone Star Cup for the highest achievements in the state in its UIL classification. The accountability rating of the district according to the 2007 Academic Excellence Indicator System report was recognized. Tatum ISD is a II-A district under the University Interscholastic League classification system. The class of 2006 had 83 members. An ethnically diverse district, Tatum had 25.5% African-American, 21.2% Hispanic, 52.8% White, and .4% Other. Limited English proficient students comprised 8.8% of the district population, and 56.5% were economically disadvantaged. Tables 7 and 8 present information about the accountability ratings from the 2007 AEIS report. Tatum ISD had a dropout rate lower than the state average and on level with the regional average. The number of students enrolled in advanced classes was above the regional average and below the state average. Similar reports were for the number of students taking Advanced Placement exams, with rates above the region and below the state. Tatum ISD had a percentage of students graduating under advanced diploma
programs, requiring more advanced classes, considerably higher than either the regional or the state average.

Table 8 presents exit level TAKS scores for various subgroups during 2006 and 2007 as well as the regional and state passing rates for those years. TAKS scores were generally good; however, there were some significant discrepancies in the demographic groups on the math and science tests. We will look briefly at the 2007 scores, then at areas of change from 2006 to 2007. On the ELA (English/Language Arts) tests, passing rates were highest for the African-American subgroup with 95%, the Hispanic passing rate was 93%, and the White rate was 94%. On the social studies test, again the African-American group was highest with 99%, the Hispanic students’ rate was 93% and the rate for White students was 96%. On the math test the 2007 rates were 79 for African-American students, 87 for Hispanic students, and 85 for White students. They showed a considerable gain from 2006, when the scores were 74 for African-American students, 65 for Hispanic students, and 59 for White students. Also showing improvement were the science test scores. The 2007 science passing rates were 72 for African-American students, 93 for Hispanic students and 94 for White students. The 2006 scores were considerably lower, with 65 for the African-American subgroup, 47 for Hispanic students and 70 for White students. The administrators in Tatum ISD discussed in this section the initiatives they had put into place to assist in raising their students’ scores. Although all of the scores are not were Tatum would prefer that they be, they were definitely headed in the right direction.
Table 7

*Tatum ISD Accountability Ratings 2005-2006 Year*

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<td>Dropout Rate 9-12</td>
<td>2.7</td>
<td>2.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Advanced Courses</td>
<td>18.0</td>
<td>17.1</td>
<td>21.0</td>
</tr>
<tr>
<td>Advanced Diplomas</td>
<td>85.5</td>
<td>68.5</td>
<td>75.7</td>
</tr>
<tr>
<td>AP Tested</td>
<td>13.1</td>
<td>11.7</td>
<td>18.9</td>
</tr>
</tbody>
</table>

Table 8

*Exit Level TAKS Comparison Groups for Tatum ISD 2006-2007*

<table>
<thead>
<tr>
<th></th>
<th>State%</th>
<th>Region%</th>
<th>District%</th>
<th>African-American%</th>
<th>Hispanic%</th>
<th>White%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>91</td>
<td>91</td>
<td>94</td>
<td>95</td>
<td>93</td>
<td>94</td>
</tr>
<tr>
<td>2006</td>
<td>89</td>
<td>88</td>
<td>88</td>
<td>75</td>
<td>94</td>
<td>92</td>
</tr>
<tr>
<td>MATH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>81</td>
<td>83</td>
<td>84</td>
<td>79</td>
<td>87</td>
<td>85</td>
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<tr>
<td>2006</td>
<td>78</td>
<td>79</td>
<td>63</td>
<td>74</td>
<td>65</td>
<td>59</td>
</tr>
<tr>
<td>SCIENCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>78</td>
<td>80</td>
<td>89</td>
<td>72</td>
<td>93</td>
<td>94</td>
</tr>
<tr>
<td>2006</td>
<td>76</td>
<td>75</td>
<td>64</td>
<td>65</td>
<td>47</td>
<td>70</td>
</tr>
<tr>
<td>SOCIAL STUDIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>94</td>
<td>94</td>
<td>96</td>
<td>99</td>
<td>93</td>
<td>96</td>
</tr>
<tr>
<td>2006</td>
<td>94</td>
<td>94</td>
<td>89</td>
<td>84</td>
<td>76</td>
<td>96</td>
</tr>
</tbody>
</table>
Class sizes at the secondary level ranged from 21.1 in social studies to 15.3 in English/Language Arts. Teacher salaries averaged $41,757, and the teacher turnover rate was 9.1%. Instructional spending per student was $3,735. Total M & O revenues in the district were $22,582,641, with 78.2% generated from local taxes, 7.9% from the state, and 4.7% from federal sources. Property value per pupil was $1,319,632. The M & O adopted tax rate of 2005-2006 was $1.3300. Compensatory education funds totaled $496,506. Tatum ISD sent $11,600,917 in recapture payments as a result of the Chapter 41 legislation (TEA, Division of State Funding, Summary of Finances under HB1, as of December 7, 2007).

Key Tatum ISD administrators were interviewed to ascertain their perceptions of the effects of their participation in the Chapter 41 program upon the quality of their schools. Administrators participating and the abbreviations used to refer to each included the superintendent (S), assistant superintendent for curriculum and instruction (C), high school principal (P), and business officer (F). They were asked about their perceptions in each of the areas of research: curriculum and programs, campus climate and teacher satisfaction, district and campus leadership, facilities, and safety and security. The first questions addressed the area of curriculum and programs.

Quality School Indicators

Curriculum and Programs

The first specific question under the research area of curriculum and programs solicited administrators’ views on the effects of the recapture funding upon the quality and variety of programs offered. They were asked if they had seen changes in either. Their views were mixed. The superintendent offered comments that were most revealing relating to funding:
When I arrived in this district nine years ago, we had to do a RIF in the first year. Between my first and second year we had 12 less professional staff members. We cut out a couple of vocational programs and some of the special programs we had like art. We cut out a homemaking program at the high school, and we lost an art teacher at the middle school. And we had some other support—they weren’t calling it content mastery, but it was a content-mastery-type program at the elementary school.

The assistant superintendent for curriculum and instruction, who had been in the district eight years, said that she had not seen any courses eliminated. She did refer to the addition of several certification areas at the high school level, including a certification for BCIS (Business Computer Information Systems) classes, agricultural welding, and health science technology. She did make reference to the fact that no new staff was hired to teach these courses: “We have not added any additional teachers per se; we’ve done a little restructuring in the last eight years.”

Neither the high school principal nor the financial officer perceived that the quality or variety of courses offered had been affected by the recapture funding. The financial officer stated succinctly: “To my knowledge, we’ve eliminated nothing as a result of Chapter 41 and the laws related to that.” The high school principal commented that the district was considered progressive and that she attributed any advancement in curriculum to the focus and the insistence upon excellence fostered by the superintendent and the school board.

The next question related to curriculum and programs was whether teachers’ ability to use innovative instructional practices in the delivery of the curriculum had been affected by the recapture funding. All administrators interviewed felt that the teachers were using innovative instructional strategies in delivery of the curriculum and that their ability to do so had not been affected by funding. The area of innovation in which they saw the most growth was that of
technology. The superintendent made the statement that “I do not think our Chapter 41 status has
affected our curriculum and instructional program at all.”

The third question under curriculum and programs referred to the use of technology to
deliver the curriculum in Tatum ISD. Administrators were outspoken in their positive comments
about the support and the level of technology advanced in the district. Several administrators
spoke of a systematic replacement rotation that has been effective in keeping up with changes in
technology. The assistant superintendent for curriculum and instruction described the specific
technology in the district in this way:

You know, I’m not going to say that every teacher has everything they need, because
you are always wanting more….Every teacher in our district has a laptop. We
have…numerous mobile labs, stationary labs….Our next step is providing laptops for all
of our students….We feel that we are on the cutting edge of technology. As a district, we
support its use; we know that’s where our graduates are headed….Our business manager
and superintendent work very closely on keeping [technology] at the level that we need
it, so that continues to be a very important factor for the district.

The superintendent made revealing comments about how advancements in technology in the
district are afforded:

We surely have enhanced that….We’re about 65% recapture, and so, you know, anything
that has to do with a bond that you don’t have to send away, it all stays here. So we pay
for all of our technology through bond issues that we continue to have. We have about
$200,000 a year, which for us….We have about 600 computers in the district, and we are
able to replace those on a 5-year cycle. And so we think we’re very progressive in the
technology we have….We feel that Chapter 41 has not slowed us down in being progressive in technology or using it.

The frequent passing of bonds and using bond funds to pay for technology was repeated throughout the interviews with Tatum administrators. They felt that their visionary superintendent, as well as the board and community support, enabled them to pass bonds which allowed them to keep significant amounts of funding within the district; thus, they had not had to sacrifice in the area of technology because of the surrender of recapture funds.

The next question under curriculum and programs asked whether students’ opportunities to participate in extracurricular or co-curricular activities had been affected by the recapture funding. The answer from all participants was that their perception was that they had not. They spoke of the emphasis the district and the campuses placed upon wide student participation in extracurricular activities and the success they had had in those areas:

I think that’s a philosophy of our superintendent. You know, excellence is important to him, and it’s important for it to be academic as well as athletic….I would say we’ve tried to make every area, whether it be band or athletics or fine arts, one-act play, to be supported and to have that level of excellence. And it’s really not a money thing, it’s more of a morale and a support….That’s a goal of our campus, that 100% of our students will be associated with some group. (P-TISD)

Both the business manager and the assistant superintendent for curriculum and instruction commented upon the importance placed in the district upon opportunities for students to participate in extracurricular activities. The superintendent referred to both increased participation and the new facilities that had been built for their students:
Actually, we have not had to decrease any of that, and we have increased, not necessarily the programs we offer because the programs were there when I first came into the district, but the number of students we have participating has grown over time, and surely our success has continued to grow along those same lines. And then the facilities surely have been able to enhance them, and part of that goes back to us being wealthy and the ability we have to raise a lot of revenue with minimum tax effort.

On the subject of charging student fees for participation in activities as well as fees for classroom-related expenses, all administrators stated that there were no fees and no plans to institute them. The superintendent commented that with the high percentage of economically disadvantaged students in the district, students and their families would be hard-pressed to provide those fees. The high school principal stated this:

In band, we provide an instrument to anyone [who needs it]….We’re probably a little unique in that we’re a Chapter 41 district but we’re also serving very low socioeconomic kids….You realize that sometimes they’re not going to have a notebook or they’re not going to have…so, to us, it’s like—why make that an issue, if we can provide it for them?

When asked about whether the status of advanced academic programs, such as Advanced Placement and dual credit courses, had been affected by the recapture funding, most administrators felt that these programs had not suffered as a result. They had seen some slight growth in AP classes, but they mentioned that almost all of these courses were in the core areas, and they felt that this was the case in most small school districts. There was some concern with the rigor of the courses, and there was an initiative in the district to look at districts of comparable size with higher participation and scores. The programs that had grown most were those in the area of dual credit. English was taught for dual credit on the high school campus by
one of their own teachers, and several mentioned the certification programs alluded to earlier. No
one felt that progress in advanced academic programs had been hindered by funding. The
business manager made the following comment: “I don’t know that we’re where we want to be
or where we need to be, but when you compare us to schools of similar size, I don’t think we’re
too far from that point.”

Tatum ISD has relatively high TAKS scores for 2007, an area that administrators felt had
not been affected by their Chapter 41 status. They had added some curriculum specialists at the
lower levels to work with students at risk of failing TAKS, but these were not additional
positions. Rather, they were a result of restructuring positions already in place. There had been a
new TAKS lab added at the high school, the Grand Central lab, but it was new and they had not
been able to assess its effectiveness. There were also additional benchmarking practices in place.
No administrators saw a connection between TAKS scores and the recapture funding. The
assistant superintendent for curriculum and instruction, when talking about TAKS scores, made
this statement:

They’ve continued to go up….We’re a recognized district this year, with an exemplary
primary and another recognized campus, and two acceptable campuses. We concentrate
not only on the percentage of students that are passing but the kids that are commended
as well. Like probably most schools in the state of Texas, our weaknesses are in the area
of math and science at the secondary level, so that’s where we continue to concentrate.

One can see from the improvement in all of the demographic subgroups from 2006 to 2007 that
Tatum ISD is vigorous in their efforts to close achievement gaps among their students. The
additional benchmarking practices, the addition of TAKS labs, and the restructuring of their staff
in order to hire curriculum specialists all are indicative of their efforts to improve TAKS scores, and Table 8 shows dramatic improvements in several areas.

In another area related to curriculum and programs, administrators saw advancements in the percentage of their students graduating under advanced diploma programs. They did not see that this had been negatively affected by the recapture funding. The high school principal emphasized the importance the district placed upon their students graduating under advanced plans, and mentioned a program they had in place whereby student ambassadors from the high school visited lower level campuses to discuss with younger students their options for selecting their high school programs. Everyone felt this was simply part of the district’s vision for excellence.

Campus Climate and Teacher Satisfaction

Tatum ISD administrators were asked whether they felt that the recapture laws had affected their campus climate and/or teacher satisfaction, the second of the research questions. Specific areas under this topic included changes in class sizes, rates of teacher turnover, costs to students and their families, and expectations for student success. On the issue of class sizes, most of those interviewed felt that there have been slight increases due to growth, particularly at the secondary level, where the 22 to 1 ratio does not prevail. However, average class sizes district-wide are under 20, so, as with many smaller districts, large classes and large student/teacher ratios do not seem to be a problem. Both the superintendent and the chief financial officer referred to reorganizing rather than adding or eliminating teaching positions as an effective way to maintain staffing levels. The same appears to be true for teacher turnover rates; they are slightly higher than the administrators interviewed would like to see, but within close range of state averages. The chief financial officer stated: “It’s a little higher than what I think it ought to
be, but the type of people you get to come teach in rural schools like this, they buy into the community. That’s even more than the pay, and we do pay by the standards around us, fairly well.” Both the superintendent and the assistant superintendent attributed a higher-than-usual teacher turnover rate during the previous year to an unusually large number of retirements.

The next question related to charges for educational costs to students and their families. The subject of activity fees had already been discussed, so this area focused upon other types of costs. No administrator felt that the district was placing undue hardship on its constituents through charging fees for educational expenses. The high school principal mentioned a parking fee that was once charged to students but had been eliminated. She also mentioned several fees that are commonly charged to students but are picked up by Tatum ISD: “We give the PLAN (a pre-ACT test), which we pay for. We will pay for the AP tests if they will take a benchmark AP and do well on it….If they take a certification test, we pay for that.” Generating revenue not subject to recapture through charging fees did not seem to be occurring in Tatum ISD; in fact, the district picked up fees commonly charged by other districts.

Since Tatum ISD is a Chapter 41 district, administrators were asked about ways to generate funding not subject to recapture. They mentioned two primary strategies, one the frequent passing of bonds, thereby generating money that the district could keep. The other was the establishment of an educational foundation in the district. The high school principal had played a major role in creating the foundation, and she emphasized the uniqueness of Tatum’s educational foundation in its focus and purpose.

When we first started talking about it, I said that I couldn’t see our community being willing to put money into a foundation that would go to the classrooms, because this community thinks the school is rich. It’s probably the richest and nicest environment in
the community….About five years ago we started a foundation that gives nothing but scholarships….The first year the foundation started, $10,000 came from payroll deductions, from teachers who believed the scholarships were that important. And we did a campaign that raised over $50,000 that first year. The only stipulations were that the student had to have been enrolled in the district for three years and entered college in the fall following graduation….This year we awarded a $1400 scholarship [to each graduate]. That’s huge to me…

The final question under campus climate and teacher satisfaction concerned expectations for student success. Administrators were asked whether they perceived any changes in those due to changes in funding brought about by Chapter 41. Administrators were unanimous in their belief that they had not. They felt that they had been able to maintain and even raise levels of expectations. “The community has very high expectations and that was there before I came here. I think we’ve been able to keep that bar and maybe raise it a little higher, but sending money away doesn’t factor into that at all” (S-TISD). The assistant superintendent for curriculum and instruction described her perceptions in this way:

Our district’s mission is ‘Excellence for all, every student is special,’ and we live it, believe it. Our demographics are very diverse. We’ve never offered any excuses about why we can’t score high on TAKS or why we can’t achieve this because of our demographics or our low SES. It’s just like…high expectations, coming from the primary level to the high school level.

District and Campus Leadership

The third research question addressed district and campus leadership. Administrators were asked if they perceived any changes in either the quality or the effectiveness of district and
campus leadership that could be attributed to the Chapter 41 funding. They spoke of losing some positions and restructuring their leadership team accordingly, but none felt that either district or campus leadership had diminished. The perception appeared to be that the restructuring had made leadership more efficient and effective. The superintendent referred to what he considered a heavily staffed central office when he arrived in the district that presently operates more effectively through reorganizing key positions. He stated: “I do not see any correlation in our Chapter 41 status and our ability to staff available positions…”

The next question under district and campus leadership concerned the quality and effectiveness of staff development programs and whether administrators perceived any diminished quality in those programs due to the recapture funding. Tatum ISD was excited about recent developments in their program, and they did not see the funding as being a hindrance to their effectiveness. They had recently undertaken a district initiative to establish professional learning communities, and all were looking forward to the benefits of the program.

I’m a firm believer in…professional learning communities, where we have enough knowledge…to take the student data, analyze the data, find out where [students] are not performing, and…collaborate on how we can improve that….On all of our campuses we require that our teachers’ schedules allow time during the school day for teacher collaboration, to discuss students’ needs and analyze data, instructional factors, look at student work, all the things we want for them to improve and move forward. (S-TISD)

In looking at the data from Tatum ISD, it did not appear that their administrators perceived negative effects of the recapture funding upon the district in the area of district and campus leadership. Throughout the interviews they stated and reaffirmed their belief in their superintendent’s ability to move the district forward, their supportive board, and a community
that was solidly behind any efforts to progress. Through restructuring as personnel left the
district or retired, they felt that they had been able to keep leadership staffing at an adequate
level, although they were not considering adding positions at this time.

Facilities

Shortly after entering the city limits of Tatum, one can easily see the Tatum ISD
buildings. They are modern, or at least well-maintained, and attractive. The fourth area of inquiry
into the effects of recapture was whether there were any effects upon facilities, either
construction or maintenance. Administrators were also asked about their ability to maintain
adequate maintenance and custodial staffing. It was obvious from the comments of
administrators that there is much pride in their facilities from both the staff and the community.
The researcher was able to tour the administrative building and the adjacent high school. Both
were impressive in their size and condition, especially considering that Tatum ISD is a small
district. The high school principal was eager to show her facilities to visitors, especially their
brand new gymnasium, which they called, more fittingly, a coliseum. Gleaming floors and
luxurious stadium seating were two obvious signs that this building was meant to not only
provide a place for students to play, but also to inspire them to play successfully. Administrators
were unanimous in their perceptions that they had not sacrificed anything in the way of facilities
in the wake of Chapter 41. “No, we’ve not had to postpone. In fact, we have accelerated in
updating the structures that we have and building new structures…” (C-TISD). From the high
school principal came this comment: “It has given us a pride factor, and when other schools
come to our facilities, it makes us feel good.”

The construction has been financed primarily through the aforementioned bonds, a fact
that was reiterated by the superintendent: “Due to the changes in the dynamics of the property
values in our school district, and our community’s ability to support and pass our bond issues, we have ample money to both build and maintain the facilities that we have.” He did refer to a “bare bones” custodial staff, a comment that was echoed by the chief financial officer. The superintendent administered frequent maintenance/custodial surveys that compared the staffing levels with other district schools, and he reported that Tatum ISD consistently came in third in the district in everything from the number of custodians to custodial and maintenance costs. The chief financial officer stated the following: “The maintenance department has been somewhat stretched because we have built so much but really haven’t been increasing there.” It appears that Tatum administrators would like to have additional custodial and maintenance staff to take care of their growing facilities, but they do not feel that the quality of upkeep has been affected by recapture.

Safety and Security

The final research question addressed the ability of administrators to provide a safe and secure environment for their students and whether the recapture funding had had any affect upon their ability to do so. No administrator saw funding issues as having an effect upon this area. Drug and alcohol awareness programs and substance abuse among students are handled by administrators. Discipline incidents have remained the same in frequency and severity; the most frequent disciplinary infractions are minor. “No, I don’t think it’s changed. When I talk to other high school principals…I realize that our major problems are cell phones and tardies, the same things that all high schools have. We don’t have a lot of big areas [of concern]” (P-TISD).

Summary of Tatum ISD

Administrators were asked if they perceived that, from a general perspective, the recapture funding had had any effect upon the quality of their schools. None felt that that it had.
If anything, they felt that their ability to muster community and board support to pass their frequent bonds had been the single most significant phenomenon in affecting their schools’ quality. They frequently referred to the wisdom and skillful leadership of their superintendent as a guiding force in the direction of their district. The following statement is from their superintendent:

   My overall perspective as a superintendent of a Chapter 41 district is that I don’t think our Chapter 41 status has affected our ability to offer quality programs to our kids, whether it’s school safety, curriculum, facilities, or technology. In our particular situation, I think it’s been enhanced.

Tatum ISD has the distinction of being a district of considerable wealth serving a poor student population. The diversity of their student body has afforded them some federal funds to which wealthy districts serving students of higher socioeconomic levels do not have access. However, it does not appear that federal funds have had a major influence on the improvement of schools, either. They are expending considerable resources in their efforts to improve student achievement, and this does not appear to be limited by the large amount of funds they surrender through Chapter 41. Their inherent wealth gained through their large industrial tax base, coupled with the willingness and support of the community in passing frequent bonds, thereby generating funds not subject to recapture, make Tatum ISD a comfortable district with high levels of student success. Effects of the recapture funding upon the quality of schools in Tatum ISD appear to be minimal.

Cross-Case Analysis of Four Districts

An analysis of data from each of the four districts participating in the study; Texarkana ISD, Jefferson ISD, Carroll ISD, and Tatum ISD; shows varying perceptions of the level of the
effects upon the quality of schools as well the areas affected most. However, there are some areas that were mentioned by more than one district as being affected, either positively or negatively, by the recapture funding. Before looking at comparisons, it is fitting to briefly examine pertinent financial data from each district. Table 9 presents data from each district’s 2007 Summary of Finances report, available on the TEA website. It should be noted that there is some variance in the maintenance and operations tax rate in all of the districts. The level of support through state funding drops considerably when comparing Chapter 41 and Chapter 42 districts. A “plus” beside a number indicates gain from a Chapter 41 partnership; a “minus” indicates funds leaving the district. The last column, compensatory education funds, refers to state funds earmarked for educating such at-risk student groups as special education students, limited English proficient students, and low socioeconomic populations.

Table 9

Financial Data from Four Districts

<table>
<thead>
<tr>
<th></th>
<th>M&amp;O Tax</th>
<th>Local Funds</th>
<th>State Funds</th>
<th>Federal Funds</th>
<th>Ch. 41 Partnership</th>
<th>Comp. Ed.</th>
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<tbody>
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<tr>
<td>Texarkana</td>
<td>1.4600</td>
<td>57.9%</td>
<td>36.5%</td>
<td>1.5%</td>
<td>+687,555</td>
<td>1,991,682</td>
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<tr>
<td>Jefferson</td>
<td>1.2293</td>
<td>51.7%</td>
<td>22.0%</td>
<td>18.5%</td>
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<td>594,720</td>
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<td>Chapter 41</td>
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<td></td>
</tr>
<tr>
<td>Carroll</td>
<td>1.3700</td>
<td>77.9%</td>
<td>7.3%</td>
<td>2.3%</td>
<td>-17,952,611</td>
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<tr>
<td>Tatum</td>
<td>1.3300</td>
<td>78.2%</td>
<td>7.9%</td>
<td>4.7%</td>
<td>-11,600,917</td>
<td>496,506</td>
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</tbody>
</table>

Note. Percentages represent shares of revenue. All other numbers represent dollars.

Table 10 presents additional 2007 financial data related mainly to instructional costs. One can see relatively little variance between instructional costs per student in Chapter 42 and Chapter 41 districts, as well as stable teacher salary levels in both district types. Wealth per
pupil varies widely, as would be expected when looking at districts participating in the recapture program, whether through giving or receiving.

Table 10

*Additional Financial Data from Four Districts*

<table>
<thead>
<tr>
<th></th>
<th>Property Value Per Student</th>
<th>Inst. Spending Per Student</th>
<th>Average Teacher Salary</th>
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<tbody>
<tr>
<td><strong>Chapter 42</strong></td>
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</tr>
<tr>
<td>Texarkana</td>
<td>258,805</td>
<td>3,955</td>
<td>38,995</td>
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<tr>
<td>Jefferson</td>
<td>406,579</td>
<td>4,385</td>
<td>40,519</td>
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<td><strong>Chapter 41</strong></td>
<td></td>
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</tr>
<tr>
<td>Carroll</td>
<td>544,269</td>
<td>3,944</td>
<td>46,785</td>
</tr>
<tr>
<td>Tatum</td>
<td>1,319,632</td>
<td>3,735</td>
<td>41,757</td>
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</table>

*Note.* Numbers represent dollars. Figures are from the 2006-2007 school year.

*Quality School Indicators in Four Districts*

The following is an analysis of the five research areas, curriculum and programs, campus climate and teacher satisfaction, district and campus leadership, facilities, and safety and security, when considering all four participants in the study. In the first area, curriculum and programs, most administrators felt that there had been much improvement, whether related to the recapture funding or not.

The Chapter 42 districts were aggressively seeking and using resources to improve indicators of student achievement, such as TAKS scores. They were working diligently to close achievement gaps among the demographic subgroups in their schools. They had brought in additional staff or consultants and expended funds on materials and software to support those efforts. However, the only area of curriculum and programs significantly affected by the funds...
gained through recapture that the Chapter 42 schools were in agreement about was technology. Administrators in both districts stated that their greatest benefits had been in the use of technology to deliver the curriculum. In the Chapter 41 districts, there was no agreement. One district, Carroll ISD, perceived that curriculum and programs had been more limited in growth and that progress in keeping current with technology had been made more difficult because of the surrender of funds; the other, Tatum ISD felt that these areas had not been affected. All four districts saw gains in advanced academic programs, chiefly dual credit and certification programs. Advanced Placement programs appeared to be growing slowly or maintaining their current levels. District administrators were encouraged by increased student participation in extracurricular activities. Although one Chapter 42 district, Texarkana ISD, reported that staffing in extracurricular activities had slightly increased, and one Chapter 41 district, Carroll ISD, reported a decrease in such staffing, none of the administrators in the four districts studied perceived a drop in student participation or student success in extracurricular activities.

In the second area of research, campus climate and teacher satisfaction, one area appeared to be related to the size of the school and district rather than the type of Chapter 41 participation. Class sizes and teacher/student ratios seemed to be of greater concern in the larger districts, Texarkana and Carroll, than in the smaller districts, Jefferson and Tatum. No districts, with the exception of Carroll, were using or planning to use student fees for educational expenses as a way of increasing revenue. Administrators in all districts applauded their schools for upholding and increasing expectations for student success. Only Carroll felt that, due to a perception in the district of a scarcity mentality, expectations might be lowered; however, even in that district they were unable to connect perceived lowered expectations with perceived lowered student performance.
The third question concerned the effects of the recapture funding upon district and campus leadership. The most obvious idea throughout the districts studied was that effective leadership is accomplished through effective leaders, not gains or losses in funding. Administrators in all districts mentioned restructuring and reorganizing leadership staffing as means of attaining efficient leadership, and all spoke of the critical nature of having the right people in place. There was some difference in perceptions concerning staff development programs. Three of the four districts’ administrators perceived improvements in staff development through comprehensive, data-driven plans and implementation. Carroll felt that staff development in their district had suffered due to their inability to provide a district focus; however, again, they did not relate changes in staff development to changes in student performance.

Facilities, the fourth research area, are primarily constructed through bonds, so there was little or no effect upon the quality of construction related to recapture funding. There was some concern that maintenance programs, in both projects and staffing, had suffered through the recapture fund surrender, especially in Carroll. All administrators spoke of the necessity of preventive maintenance and sufficient custodial staffing to keep their buildings clean and safe for students.

The final area of research, safety and security, revealed that administrators in all four districts perceived that they were able to provide a safe instructional environment for their students. The Chapter 42 districts felt that their funding gains had enhanced their efforts to use technology to provide safe schools. The only negatives in providing a safe environment were mentioned by Carroll administrators in their concerns about class and team sizes in ratio to supervisory staff. All administrators perceived that efforts to provide drug and alcohol awareness
programs for their students were for the most part adequate, and all felt that disciplinary incidents had decreased or remained stable. Interestingly, all four districts had administrators who mentioned the connection between well-maintained, attractive facilities and student behavior.

Results of the Survey

Participants in the study were asked to take a survey soliciting their perceptions of the effects of recapture on the quality of their schools in each of the five research areas. They were given the option of receiving a hard copy and returning it by mail or completing the survey online through Survey Monkey. The survey return was 15 out of 16. Table 11 represents the most frequent answer to each question given by the administrators. All questions on the survey can be found in Appendix B.

Answers to questions 1, 5, 6, 21, 22 and 23 indicated that districts felt some effects in these areas. These specific questions are mentioned in the following; all other questions appear in Appendix B.

- Question 1: How would you describe the effect of the recapture legislation upon the variety of curriculum offerings? In the area of curriculum, administrators perceived some effects of the recapture funding upon the ability to provide a variety of quality courses and programs.

- Question 5: How would you describe the effect of the recapture legislation upon the availability of technology to deliver instruction? Administrators perceived that there were some effects, positive in the case of Chapter 42 schools and negative in the case of one Chapter 41 school, upon the availability of technology to deliver instruction.
• Question 6: How would you describe the effect of the recapture legislation upon the use of technology to deliver instruction? Again, both Chapter 42 schools perceived positive effects of the funding upon the use of technology to deliver instruction; one Chapter 41 school saw negative effects.

• Question 21: How would you describe the effect of the recapture legislation upon the quality of educational facilities? Some effects were perceived by participating administrators.

• Question 22: How would you describe the effect of the recapture legislation upon the maintenance of educational facilities? Again, administrators perceived some effects of the recapture legislation upon their facility maintenance.

• Question 23: How would you describe the effect of the recapture legislation upon the ability to provide a safe and orderly learning environment? The perceptions were equal among administrators that there had been no effect or some effect upon this ability.

The most frequent answer in all of the questions related to campus climate and leadership was that in those areas there had been little or no effect.
### Table 11

**Results of Survey on Effects of Recapture Funding**

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>No Effect</th>
<th>Some Effect</th>
<th>Significant Effect</th>
<th>Very Significant Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Curriculum</strong></td>
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<td>X</td>
<td></td>
<td></td>
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<td>X</td>
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<tr>
<td>20</td>
<td>X</td>
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<tr>
<td><strong>Facilities</strong></td>
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<tr>
<td>22</td>
<td>X</td>
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<tr>
<td>24</td>
<td>X</td>
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</table>

**Summary of Cross-Case Analysis**

In conclusion, it appears that, according to administrative perceptions, the gain or loss of funds through the Chapter 41 partnerships has had some effect in some areas upon the quality of schools. All of the districts studied felt that their schools were improving, as evidenced by increases in student achievement. All administrators spoke with pride of their students, their
staffs, their buildings, and their communities. The Chapter 42 administrators felt that their recapture funds were being used judiciously and carefully where they were needed most. The Chapter 41 schools were almost of opposite perceptions: Carroll ISD administrators felt that they had lost ground in several areas and that only through creative, innovative approaches and the support of the community had they been able to maintain their high levels of success. Tatum ISD, on the other hand, perceived that the recapture funding had had little or no effect upon the quality of their schools and echoed the notion that their superintendent of nine years had brought them through the funding changes relatively easily. There are several possible explanations for the wide difference in perceptions: the size of the district, the nature of the student population served by the district, the competition in the area for qualified teachers, the efforts in the district to generate funds not subject to recapture, are among them.

One can see from the results of the survey in Table 11 as well as the information presented in Table 12 that all four districts do not perceive a significant effect upon the quality of their schools due to changes in funding levels caused by the wealth equalization legislation. Table 12 shows that the responses were limited to little or no effect or some effect; there were no responses of significant effect or very significant effect.

Table 12

<table>
<thead>
<tr>
<th>Cross-Case Variables for Four Districts</th>
</tr>
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<tbody>
<tr>
<td>Curriculum</td>
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<tr>
<td>-------------</td>
</tr>
<tr>
<td>Texarkana</td>
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<tr>
<td>Jefferson</td>
</tr>
<tr>
<td>Carroll</td>
</tr>
<tr>
<td>Tatum</td>
</tr>
</tbody>
</table>

*Note.* 1 = little or no effect. 2 = some effect.
The lack of responses of 3 (significant effect) and 4 (significant effect) both on the survey and especially in the data from the interviews would indicate a lack of perception from all four districts participating in the study that the effects of the funding upon the quality of schools were significant.
CHAPTER 5
SUMMARY, DISCUSSION AND RECOMMENDATIONS

Introduction

In Chapter 5 the researcher states the research problem and reviews the methodology used. In addition, this chapter presents a discussion of the data analysis and implications for the educational profession as well as recommendations for further study.

The purpose of this study was to determine if administrators of schools and districts participating in Texas’ current recapture program as either giving (Chapter 41) or receiving (Chapter 42), perceive that the quality of their schools or districts has been significantly affected by the funding laws. The research questions guiding the study were as follows:

1. To what extent do secondary principals, superintendents, chief curriculum officers, and chief financial officers of Chapter 41 schools and school districts perceive that the loss of revenue has affected the quality of their schools in the following areas:
   - curriculum and programs
   - campus climate and teacher satisfaction
   - district and campus leadership
   - facilities
   - safety and security

2. To what extent do secondary principals, superintendents, chief curriculum officers, and chief financial officers of Chapter 42 schools and school districts perceive that the gain of revenue has affected the quality of their schools in the following areas:
   - curriculum and programs
   - campus climate and teacher satisfaction
• district and campus leadership
• facilities
• safety and security

The researcher addressed these questions with a four-district multiple case study. Research centered on one large and one small Chapter 41 district, and one large and one small Chapter 42 district. District sizes were determined by their classification according to the University Interscholastic League of Texas, with I-A, II-A and III-A considered small districts and IV-A and V-A considered large districts. The researcher sought districts that had entered the program some years after its 1993 inception and limited the scope to those districts with only one high school. Using information obtained from Chapter 41 of the Texas Education Code, the researcher determined districts meeting the criteria. Letters of introduction were sent to a number of districts, and the selections for the study were determined by the interest of the superintendent and the willingness to participate in the study. The four districts participating were Texarkana ISD, Jefferson ISD, Carroll ISD, and Tatum ISD. These represented large Chapter 42, small Chapter 42, large Chapter 41, and small Chapter 41 districts, respectively.

The researcher traveled to each district and interviewed either persons in the following positions or their designees: the superintendent, the high school principal, the chief instructional officer, and the chief financial officer, for a total of 16 interviews. Interviews were tape-recorded and transcribed by the researcher. In addition, the researcher developed a survey instrument soliciting the perceptions of participating administrators which was administered either electronically or through a hard copy. Fifteen of sixteen surveys were returned. Finally, the researcher used district reports available on the Texas Education Agency website that were
relevant to the study. These included the most recent Academic Excellence Indicator System report and the Summary of Finances report for each district.

For the individual case analysis, the data gathered were sorted and organized according to the subject matter of each data unit and the district case being analyzed. For the cross-case analysis, data were organized according to the subject matter of each data unit for all districts involved. The resulting analysis of data was presented in Chapter 4.

Discussion of Results

There have been several studies of the effects of school finance reform and budgetary constraints upon the financial health of districts, notably Simmons (2005). Simmons’ study of two Texas school districts that successfully emerged from financial insolvency found a correlation between establishing financial health and strong leadership, recognition of financial problems, and communication in the budgetary process. As he noted, “Financial insolvency represents a crisis situation for a district. The impediments to success include time pressures, political pressures, conflicting information, and uncertainty. School leaders must act within compressed time frames, high stakes environments, tough choices, and unpredictable events” (p.1). In their 2007 study, Hansen et al. discussed the limitations that Texas’ school finance model placed upon efforts to reform schools. They found that good leadership, effective communication, and a supportive community were major factors in maintaining high levels of student performance. These were similar to those Simmons (2005) cited as contributing to districts’ regaining financial health after being insolvent.

A few studies that examine the relationship between the financial situation of the district and student performance have also been conducted, such as those of Robertson (2005) and Youdan (2000). Robertson’s study examined the effects of the wealth equalization legislation
upon both the financial health and the student performance indicators in the district. He found no link between the two, indicating that Chapter 41 districts had been able to both protect their financial health and maintain or improve student performance. However, he did express concern that, as many districts were approaching the $1.50 tax rate cap, they might have difficulty in the future in maintaining both financial health and student performance. Youdan’s study of the effects of school finance reform upon six small Texas school districts found a link between the changes in funding due to the wealth equalization legislation and student performance in only one of the districts she studied. The results of the current study were supported by the earlier research in that only a slight link between school funding and school performance is evidenced. Further study would need to be done in order to determine whether that can be generalized to other districts or other states.

In this study administrators were asked to give their perceptions of how the recapture provision of the wealth equalization legislation of Chapter 41 has affected the quality of their schools. The researcher sought a practical viewpoint by asking practitioners directly involved in making critical budget decisions and allocating funds to reveal their perceptions of the effects of the program. The researcher sought to find strategies that school organizations use when making decisions about resource allocation. The relationship between the funding issues, the programs offered, and the core values of the staff and community were discussed. The initiatives undertaken by the districts participating in the study in order to improve student performance in all demographic groups, including African-American, Hispanic, and White were discussed. Also efforts to close achievement gaps among the various demographic groups were mentioned. This study, while not finding significant improvement in the quality of Chapter 42 schools due to the
recapture funding, produced mixed results when examining the effects upon the giving, or
Chapter 41 schools.

*Research Question 1*

Research Question 1 asked for perceptions of administrators in Chapter 41 districts of whether the loss of revenue had affected the quality of their schools in the areas of curriculum and programs, campus climate and teacher satisfaction, district and campus leadership, facilities, and safety and security. The two Chapter 41 districts participating in the study, Carroll ISD and Tatum ISD had widely varying perceptions of the effects of the legislation. In curriculum and programs, Carroll ISD administrators spoke of a significant budget cut in 2004 as a result of the loss of revenue from the recapture provision that led to cuts in some programs such as elementary Spanish and music. They also mentioned the changing from the block schedule at the high school to a modified block that limited the number of classes a student could take. They discussed the limitations upon progress in the use of technology to deliver instruction that resulted from the financial constraints. Tatum ISD, the small Chapter 41 district, had felt few effects of the recapture loss of funds upon their curriculum and programs, with the exception of a slight reduction of staff and resulting reorganization at the inception of their participation. They felt that their academic and extracurricular programs had continued to expand both in numbers and rates of participation. They perceived that the advancement of technology in their district had not been inhibited by funding issues; their frequently successful bonds had provided them with significant funds not subject to recapture, and these were being used to enhance technology as well as for other purposes.

In the area of campus climate and teacher satisfaction, Carroll ISD administrators commented on the effects of the budget cuts upon the morale of the staff and the community,
citing the cuts as reasons a large number of teachers had left the district. They acknowledged that
the situation had improved since their financial state had become more stable and teachers were
given raises as well as increases in funds for classroom materials. They were concerned about
the amount of shifting of educational expenses to the parents and community through the
implementation of various fees and the implications of the effects upon school and community
relationships. Tatum ISD officials felt that their district had not been affected in this area. Citing
the solidarity of support provided by the superintendent, board of trustees, and community, they
perceived a high rate of teacher satisfaction and a positive campus climate prevailing in their
district. Both districts felt that expectations for student success had been high before the
inception of the recapture legislation and have remained high or increased in recent years.

In the area of district and campus leadership, administrators in Carroll ISD felt that staff
reductions at the district level, particularly the subject area and staff development coordinators,
had affected the ability of the district to focus upon district-wide initiatives and consequently had
effects upon the coordination of programs from campus to campus. They were hopeful that
improved funding would lead to the restoration of some of those positions. They expressed the
opinion that through making their cuts principally at the district level, the effects upon student
achievement had been minimized. Tatum ISD acknowledged their affirmation of the strong
leadership at the district level as preventing any loss of effectiveness in the area of leadership.
They did acknowledge that they do not often add leadership positions; rather, they restructure
and reorganize as opportunity and need present themselves.

Both Carroll and Tatum administrators felt that there had been advancements in new
construction, financed through bonds. While they did not feel that such new construction had
been affected by the recapture legislation, they did both mention the effects upon maintenance
projects and custodial staffing. Carroll ISD particularly felt that necessary maintenance projects were sometimes postponed and that custodial staffing had been significantly reduced because of the funding. Tatum ISD acknowledged the challenge of keeping maintenance and custodial staffing up to date as new construction required more responsibility in more areas.

In the final area of safety and security, both Carroll and Tatum administrators professed their belief in their ability to provide a safe educational environment for their students. Carroll expressed some concern that larger class sizes and reduction in the number of uniformed police officers on campus resulting from eliminating the DARE program could present impending safety issues; however, they acknowledged that there was no data to support their concerns. Tatum ISD administrators were confident that their student environment was safe and secure, evidenced by the close proximity of police headquarters and the small number of serious disciplinary infractions occurring in the district.

An examination of the data obtained from Chapter 41 districts reveals a disparity in the perceptions of administrators in several areas. In curriculum and programs, Carroll ISD personnel felt that severe cuts had been made in the advancement of technology, while Tatum officials concluded that technology had been enhanced in their district. Tatum ISD administrators credited the leadership of their superintendent and his staff with using their knowledge and expertise in funding matters to minimize the effects of the legislation. Technology was the area of greatest disparity; however, Carroll ISD officials also perceived that in order to maintain high quality of schools they were forced to implement some changes that they would have preferred not having to implement, such as increased costs to students’ families. Carroll administrators did not perceive that the quality of their districts had been significantly affected as evidenced by student performance and maintained that progress in achieving financial
stability in the district was evident. Tatum ISD officials did not perceive significant effects of the wealth equalization legislature upon the quality of their schools. Factors contributing to the disparity of the perceptions of administrators of Carroll and Tatum could be the size of the district, the nature of the population being served, and the proximity of districts competing for highly qualified teachers.

Research Question 2

Research question 2 sought information from Chapter 42 (receiving) districts. Administrators in Texarkana ISD and Jefferson ISD were asked whether they perceived significant effects of their gain of revenue from their Chapter 42 partnership upon the quality of their schools in the areas of curriculum and programs, campus climate and teacher satisfaction, district and campus leadership, facilities, and safety and security. In the first area, curriculum and programs, both districts had seen significant growth in academic programs, particularly dual credit and certification programs, as well as increased availability and use of technology to enhance instruction. Superintendents from both districts acknowledged that their principal benefit from the additional funds had been in the area of technology. In addition, Texarkana officials mentioned the implementation of programs designed to benefit the middle achiever, and Jefferson ISD administrators cited use of resources on programs to improve TAKS scores as ways of using their recapture money.

The second area was campus climate and teacher satisfaction. Texarkana administrators felt that climate in the district had improved with the implementation of a teacher pay raise financed chiefly through a tax rollback and increased staffing resulting in smaller class sizes. Jefferson ISD officials perceived that a high rate of teacher turnover resulted from frequent changes in leadership at the campus level but that the rate would be lowered as the leadership
stabilized. Neither district perceived that these effects were brought about by their recapture funding. Both districts perceived increases in expectations for student success brought about by changes in the district but not necessarily due to increased funds.

The third quality indicator, district and campus leadership, had been affected by changes, but not changes due to funding. Administrators in both Texarkana ISD and Jefferson ISD perceived that leadership had become more effective, but they attributed that improvement to the personalities and skills of those in leadership positions. “It’s more having the right people in the right positions,” according to the high school principal in Texarkana. Both districts perceived improvements in their staff development programs in both design and results but did not indicate that recapture funds were being used for that purpose.

Facilities were seen as another area where there had been improvements, especially in maintenance and custodial care. Both Texarkana and Jefferson officials commented upon the implementation of preventive maintenance programs and possibilities for future construction. Administrators in neither district perceived that facilities had benefited significantly from financial gains due to recapture.

The final area of questioning was safety and security. Since their district had implemented security improvements involving technology, such as security cameras, Texarkana ISD administrators perceived that there might be a slight enhancement of their ability to provide a safe environment for their students due to recapture funding. Jefferson ISD had also taken several steps to improve safety and security, including the use of guards at points of entrance at the high school, but they did not attribute these to their gain from their Chapter 41 partnership.

There was considerably more consensus from the Chapter 42 districts of administrators in their perceptions of the effects of the funding. They were consistent in saying that their chief
benefit of the increase had been in the area of technology. Additionally, they mentioned some possible use of funds to enhance instructional programs. However, they did not seem to perceive that the quality of their schools had been significantly improved in any of the areas due to the increased funding.

Implications of the Study

No single study can determine the effects of the recapture provision of the wealth equalization legislation of Chapter 41 upon the quality of schools. The researcher found no studies of the benefits of the program to receiving districts, nor were there any studies that asked administrators directly of their perceptions of the program. This study went directly to practitioners, seeking their perceptions of the ways, if any, that the funding was having an impact upon the quality of their schools and districts. In order to provide a clear and objective picture of the effects of the funding, administrators in both giving and receiving schools participated in the study.

It may be noted here that some administrators appeared to be more knowledgeable about the sources of their funding than others. This could be anticipated in a study that includes perceptions of people with varying responsibilities. The superintendents and financial officers in the Chapter 42 districts appeared to be more cognizant about the direct application of the Chapter 42 funds than did the campus principals or the chief curriculum officers. This could be explained by the normal practice by districts of giving a campus or an area a budgeted amount and then giving them the leeway about how to make it work. Campus and curriculum staff members are usually sheltered from problematic financial issues that superintendents and financial officers must deal with on a regular basis. Conversely, the campus and curriculum administrators are likely to be more aware of specific programs to which funds are being allocated and the
effectiveness of those programs. Having the perceptions of both groups gives balance to the information provided in the study.

Findings indicate that Chapter 41 districts faced with surrendering funds and the resulting issues made decisions based on the importance of each program, the core values of the community, and the input of various interest groups. Strategies for making decisions about what to eliminate reflected the resource dependency theory and how resource-dependent organizations such as schools react, related in more detail in Chapters 2 and 4. Factors that could be generalized to the decision-making of Chapter 41 districts are managing conflict between special interest groups, understanding the relationship between the financial system and the school system, seeking ways to avoid the dependency by developing alternative sources of revenue, and demonstrating their dynamic nature by finding new ways to accomplish their goals. Findings also show that, for Chapter 42 districts, the funding benefits are seen in several areas, but mainly in technology. As explained in Chapter 2 of this study, there are advantages to the Chapter 41 partnering district when a Chapter 42 district chooses to use its recapture funds to enhance instructional technology. Such Chapter 41 districts may be granted efficiency credits, or reductions in payment. This could explain the consistency with which the Chapter 42 districts reported that much of their funding was being used in the area of technology.

All Chapter 42 administrators perceived improvements in the quality of their schools but they were not clear in relating those improvements to increased funding. They felt that they were using the funds efficiently but that the funding did not have a significant impact on their budgets or their availability of resources. Because of the consistency of their perceptions, this analysis could be generalized to include a larger population of Chapter 42 districts, excluding the largest districts in the state because they contain multiple high schools. The study implies that growth in
technology is one benefit of the recapture gains but that amounts of revenue gained are not large enough to have a major impact upon the quality of schools. In the Chapter 42 districts, the total budget amount generated from the recapture funding was a relatively small portion of the total revenue of the district, about 3% in Jefferson ISD and 2% in Texarkana ISD. However, in Chapter 41 districts, the recapture payment represented a much larger portion of the total revenue raised, about 30% in Carroll ISD and 65% in Tatum ISD. Recapture payments from Chapter 41 districts in a partnering relationship with Chapter 42 districts are generally distributed among many Chapter 42 districts, thereby reducing the impact the funds would make if they were distributed among fewer districts.

The findings from the Chapter 41 schools are much less consistent from district to district. Carroll ISD administrators perceived setbacks in the quality of their schools, especially in the areas of curriculum and programs and district leadership. They made little connection, however, with those setbacks and any resulting diminishing student performance indicators. This is evidenced by their status as the largest exemplary school district in the state, according to the most recent AEIS reports. Tatum ISD officials, on the other hand, perceived few if any effects of the recapture legislation upon the quality of their schools. Their tax base is abundant, largely due to two large utility companies in the area, and they have used bond monies to compensate for loss of funding due to the surrender of recapture funds. It would be difficult to generalize this study to include a larger population of districts because of the inconsistencies in the perceptions of the administrators. Results of these findings imply a need for further research before a clear picture of the results of the surrender of recapture funding can be presented. One such area of research could be a more in-depth look at current organizational behavior theory in times of both resource scarcity and resource abundance to examine how decisions are made involving fund
allocations, who makes them, and what happens in school organizations when programs are eliminated or streamlined. From this study and the review of earlier studies, it appears that until and unless the entire school funding system for Texas is restructured so that there is less dependency upon local property values and more state-appropriated funding occurs, the recapture program does serve the purpose of attempting to close the gap between rich and poor districts and enhances the likelihood that the educational experience from district to district will be more equitable than before the wealth equalization laws were implemented.

Recommendations for Future Research

Since this multiple-case study involved four districts of varying sizes and different types of participation in the recapture program, each district represents a unique set of circumstances and events surrounding the funding. The following recommendations are recommended for further study:

1. A study of a larger number of participating Chapter 42 districts in various areas of the state could be beneficial. It would be helpful to identify and solicit participation from those poorest districts in the state that are receiving larger amounts of recapture funding to see if they have seen more benefits than those who receive modest gains.

2. A study of more Chapter 41 districts and the effects of their loss of funding is needed. The districts could represent various locations across the state and be of various sizes. Chapter 41 districts are vocal in their concern of the effects of funding upon their districts; however, one of the districts in this study felt few effects. Additional study to determine which is the more general perspective would be useful.
3. Since this study involved perceptions of administrators in participating districts, it might be beneficial to choose a single district and examine the relationship of the perceptions to the actual data, to see if the perceptions are borne out in reality.

4. It would be interesting to study a single large district with multiple high schools to determine the role that local fund allocations play in the perceptions of the effects of the recapture funding. Particularly interesting would be a study of a Chapter 41 district that has a large percentage of low-socioeconomic students in some schools.

5. Finally, a study of districts outside of Texas that have similar wealth equalization legislation would be beneficial and could provide comparisons to any study done within the Texas borders.

Summary

Reform in the area of school finance has long been a topic of general concern to educators and policy makers alike in Texas. Through a series of legal challenges and resulting legislation, numerous attempts have been made to achieve an equal playing field for all students, so that the quality of education a student receives is less dependent upon the district in which he/she resides and more dependent upon the willingness of the state governing body to fund education adequately. It would be hard to argue that strides have not been made; however, some efforts to level opportunities have garnered both controversy and consternation, perhaps none more than the recapture provision of Senate Bill 7.

Every student deserves an adequate educational opportunity; of that, there is no question. There are questions about what constitutes such an opportunity and whose responsibility it is to provide it. With every district straining to meet the needs of its constituents and coping with ever-increasing standards and mandates, it is doubtful if anyone would declare a surplus of
resources committed to education. Practically speaking, equity may not be achieved, especially as long as the principal resource used to fund education in Texas is property taxes. The responsibility of district leaders is to be effective stewards of the resources they do have in making sure that their students have the maximum benefits of those resources. The responsibility of state leaders is twofold. First, state leaders must continually strive to seek and provide additional resources for education. Second, state leaders must be responsive and actively take steps to ensure that standards of excellence, not mediocrity, can be achieved by all. From this study and the review of earlier studies, it appears that until and unless the entire school funding system for Texas is restructured so that there is less dependency upon local property values and more state-appropriated funding occurs, the recapture program does serve the purpose of attempting to close the gap between rich and poor districts and enhances the likelihood that the educational experience from district to district will be more equitable than before the wealth equalization laws were implemented.
APPENDIX A

COVER LETTER ADDRESSED TO SUPERINTENDENTS
September 10, 2007

Re: Research Study

John Doe, CPA, Superintendent
Texarkana ISD
4241 Summerhill Road
Texarkana, TX  75503

Dear Mr. Doe:

The purpose of this communication is to request your permission to conduct a research project involving yourself and several other stakeholders in your district. The study is designed as a multiple case study of high schools in districts that have participated and are participating in the Chapter 41 school finance recapture program as either Chapter 41 or partnering Chapter 42 schools. I am a candidate for a doctoral degree in Educational Administration at the University of North Texas. Your district was selected as a potential participant because it meets the criteria of the study.

The following research questions will be addressed in the study:

1. As a school in a Chapter 41 district partnering with one or more Chapter 42 districts under the recapture program established by Senate Bill 7, do you perceive that this funding legislation has had any impact upon the quality of your school in any or all of the following areas: curriculum and instruction, campus climate, technology, campus and district leadership, professional development, facilities, or campus safety and security?

2. As a school in a Chapter 42 district partnering with a Chapter 41 district under the recapture program established by Senate Bill 7, do you perceive that this funding legislation has had any impact upon the quality of your school in any or all of the following areas: curriculum and instruction, campus climate, technology, campus and district leadership, professional development, facilities, or campus safety and security?

In order to answer these questions, stakeholders in four districts, two Chapter 41 and two Chapter 42, will be interviewed. Potential candidates for interviews will include the superintendent, high school principal, chief financial officer, and chief instructional officer. Each participant will be asked to agree to a one-hour interview and to complete a survey that will take approximately ten minutes.

I would greatly appreciate your assistance in completing this research. The benefits to your district could be considerable in that your voice in whether the recapture program has had either a positive or a negative effect upon your school has the potential to be heard by policymakers at the state level. If you have any questions or concerns, I would be happy to address them. My contact information is in the heading of this letter. I will be contacting you in the near future by telephone to discuss your participation in this research study.

Sincerely,

Susanne Warren
Doctoral Student
University of North Texas
APPENDIX B

SURVEY OF EFFECTS OF SENATE BILL 7 RECAPTURE LEGISLATION
EFFECTS OF SENATE BILL 7 RECAPTURE (ROBIN HOOD) LEGISLATION SURVEY

Part I: Information about you and your school

What position do you hold in your district?

Superintendent    Principal    Other (please specify)

What grade levels are included in your school?

9 - 12    Other (please specify)

How long have you been in your present district? ________ years

Part II:
The following questions ask for your best professional judgment regarding the effect of the recapture provision of Senate Bill 7, known as “Robin Hood”, upon the quality of schools in your district. “Quality” refers to a widely accepted standard of excellence or a prevalence of those characteristics generally believed to be desirable in school settings. Please choose the response that best describes the situation in your school or district.

Curriculum and Programs

How would you describe the effect of the recapture legislation upon the following?

<table>
<thead>
<tr>
<th>No Effect</th>
<th>Some Effect</th>
<th>Significant Effect</th>
<th>Very Significant Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The variety of curriculum offerings</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2. The visibility (ability to cover the curriculum in the allotted instructional time) of the curriculum offerings</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3. The availability of multiple instructional strategies (Ex: differentiated instruction, cooperative learning, authentic settings, such as labs or field trips)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4. The number of students enrolled in Advanced Placement or International Baccalaureate courses</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>5. The availability of technology to deliver the curriculum</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>6. The use of technology to deliver the curriculum</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>7. Students’ opportunities to participate in extracurricular and co-curricular activities</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>8. TAKS scores</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>9. The number of students completing advanced high school programs</td>
<td>1</td>
<td>2</td>
<td>3</td>
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</tbody>
</table>
**Campus Climate/Teacher Satisfaction**

How would you describe the effect of the recapture legislation upon the following?

<table>
<thead>
<tr>
<th></th>
<th>No Effect</th>
<th>Some Effect</th>
<th>Significant Effect</th>
<th>Very Significant Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Average class sizes</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>11. Student: teacher ratios</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>12. Rate of teacher turnover</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>13. Perceptions of the level of expectations for student success</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>14. The level of miscellaneous costs for students and their families, such as textbook and supplies purchases, parking fees, and student participation fees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**Campus/District Leadership**

In the following section, quality refers to the extent to which each of these areas is characterized by excellence, relevance, and supported by sound and current research. Effectiveness refers to positive change resulting from ongoing efforts to improve these areas.

How would you describe the effect of the recapture legislation upon the following?

<table>
<thead>
<tr>
<th></th>
<th>No Effect</th>
<th>Some Effect</th>
<th>Significant Effect</th>
<th>Very Significant Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. The quality of campus leadership</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>16. The effectiveness of campus leadership</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>17. The quality of district leadership</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>18. The effectiveness of district leadership</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>19. The quality of staff development opportunities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>20. The availability of staff development opportunities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>
**Facilities**

How would you describe the effect of the recapture legislation upon the following?

<table>
<thead>
<tr>
<th></th>
<th>No Effect</th>
<th>Some Effect</th>
<th>Significant Effect</th>
<th>Very Significant Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>21. Quality of educational facilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>22. Maintenance of educational facilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**Safety and Security**

How would you describe the effect of the recapture legislation upon the following?

<table>
<thead>
<tr>
<th></th>
<th>No Effect</th>
<th>Some Effect</th>
<th>Significant Effect</th>
<th>Very Significant Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>23. The ability to provide a safe and orderly learning environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>24. The number of disciplinary disruptions in the school or district</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**Part III: Information about your district**

1. Please choose the answer that best describes your school or district:

    Chapter 41

    Chapter 42

2. Please check the appropriate response for your district's University Interscholastic League (UIL) classification:

    A   A   A   A   A   A   A   A

3. What percentage of student population in your school or district participates in the free/reduced lunch program? __________
Part IV: (optional)

Comments on the effects of the recapture legislation on the quality of your school(s).

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

THANK YOU FOR YOUR ASSISTANCE WITH THIS IMPORTANT RESEARCH
APPENDIX C

INSTITUTIONAL REVIEW BOARD APPROVAL
May 17, 2007

Susanne Warren
Department of Teacher Education and Administration
University of North Texas

Re: Human Subjects Application No. 07-195

Dear Ms. Warren:

As permitted by federal law and regulations governing the use of human subjects in research projects (45 CFR 46), the UNT Institutional Review Board has reviewed your proposed project titled "An Analysis of Perceptions of Secondary School Administrators of the Effects of the Recapture Provision of Senate Bill 7 upon the Quality of their Schools." The risks inherent in this research are minimal, and the potential benefits to the subject outweigh those risks. The submitted protocol and consent form are hereby approved for the use of human subjects in this study. Federal Policy 45 CFR 46.109(c) stipulates that IRB approval is for one year only, May 17, 2007 to May 16, 2008.

Enclosed is the consent document with stamped IRB approval. Please copy and use this form only for your study subjects.

It is your responsibility according to U.S. Department of Health and Human Services regulations to submit annual and terminal progress reports to the IRB for this project. Please mark your calendar accordingly. The IRB must also review this project prior to any modifications.

Please contact Shelia Bourns, Research Compliance Administrator, or Boyd Herndon, Director of Research Compliance, at extension 3940, if you wish to make changes or need additional information.

Sincerely,

Scott Simpkins, Ph.D.
Chair
Institutional Review Board
REFERENCES


Edgewood ISD v. Kirby, 777 S.W. 2d 391 (Texas, 1989).


Serrano V. Priest (I), 557 P. 2d 929 (Cal. 1977).


Texas Constitution. Article 7: Education, Section 1: Support and maintenance of system of public free schools.


West Orange Cove CISD v. Neeley, 176 S.W. 3d 746 (Texas 2005).


