#360

Report To
The Mississippi Legislature

A Review of Tunica County School District's Administrative and Instructional Spending

July 8, 1997

The Tunica County School District has received the lowest possible accreditation rating in eight of the last nine years and is currently under conservatorship of the State Department of Education due to its failure to improve student performance. Within this same period, the district's revenues have increased tremendously (local revenues for school year 1996-97 were five times that of 1991-92) due to an influx of gaming-related revenues. This windfall of new revenue has provided a unique opportunity to use increasing resources for improving academic achievement, yet the district's commitment of resources to classroom instruction has been average in comparison to the state's other districts. Also, the district has expended large amounts of resources outside the classroom in areas which have little or no direct effect on academic achievement and for which the district has not identified a need (e.g., comparatively high administrative and support salaries).

Tunica County School District's lack of a long-term financial plan to prioritize assessed needs has hampered its effectiveness in using its resources. This lack of a financial plan, combined with the lack of comprehensive spending policies, has resulted in certain non-instructional expenditures which were imprudent, wasteful, or not authorized by law.

PEER also found that the hiring of the Tunica County School District Superintendent's wife as a district-level administrator may constitute a violation of conflict of interest laws.

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The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

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The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

A Review of Tunica County School District's Administrative and Instructional Spending

July 8, 1997

The PEER Committee

Mississippi Legislature

The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

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July 8, 1997

Honorable Kirk Fordice, Governor
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At its meeting of July 8, 1997, the PEER Committee authorized release of the report entitled **A Review of Tunica County School District's Administrative and Instructional Spending**.

Billy Bowles

Representative Billy Bowles, Chairman

This report does not recommend increased funding or additional staff.

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A Review of Tunica County School District's Administrative and Instructional Spending

Executive Summary

July 8, 1997

Introduction

For eight of the past nine years, the Tunica County School District has been one of a small number of districts (16 of 153 districts in the state in 1996-97) assigned the lowest possible accreditation rating by the State Board of Education. In February 1997, the board upheld a decision by the Commission on School Accreditation to withdraw the district's accreditation because the district failed to meet academic performance standards. During most of its history, the district has been economically disadvantaged, with a high percentage of its students living in low-income families. Also, the district's tax base historically has been among the state's lowest.

In 1993 an influx of tax revenue from gaming and related development began swelling the district's local tax collections. By school year 1996-97, the district was collecting more than five times the local revenues it had received five years earlier ($5,654,421 in 1996-97 compared to $1,063,166 in 1991-92).

PEER reviewed Tunica County School District's allocation of funds between categories of expenditure to determine the extent to which the district has used it financial resources to reach the classroom and whether the district's administrative and support expenditures are excessive.

Overview

While its local revenues have increased, the district continues to serve a high proportion of low-income, low-achieving students. Thus, the district has had a unique opportunity to direct its increasing resources toward improving student achievement through its windfall of new revenue. However, the district's lack of a long-term financial plan to prioritize its assessed needs and its lack of comprehensive spending policies have reduced its effectiveness in doing so.

Although the district has established a need for placing greater emphasis on instruction than other areas of expenditure, the district has directed a smaller percentage of its resources toward instruction than has the average district in the state. The district has not consistently directed its spending toward its most significant needs, as demonstrated by the following actions:

- increasing classroom spending at a slower rate than other major areas of expenditure for which the district has not systematically identified a need;
- placing fewer teachers per pupil into the classroom than most school districts; and,
- paying high salaries in areas which have little or no effect on classroom performance and for which the district has not identified a need.

The district's failure to direct resources consistently to areas of high priority has resulted in certain non-instructional expenditures which were imprudent, wasteful, or not authorized by law. Also, the district's board has not required full documentation of teachers' plans for purchasing classroom supplies and instructional material and equipment provided by the Education Enhancement Fund, and therefore cannot assure that all expenditures were made in accordance with statutes.

PEER also found that the hiring of the Tunica County School District Superintendent's wife as a district-level administrator may constitute a violation of conflict of interest laws.

Summary of Recommendations

(See page 28 of the report for detailed recommendations.)

In the following recommendations, references to the district include the Tunica County School Board and Superintendent acting in conjunction with the Conservator.

Long-Term Planning

1. The Tunica County School Board and Superintendent, in conjunction with the Conservator, should develop a long-term financial plan (to be included as part of its overall long-term plan) for the district's use in meeting its goal of improved student performance. As part of the plan, district officials should project revenues and develop goals and budgets for use of the funds.

   The district's board should adjust goals and budgets at least yearly as revenues and other estimates and situations change. The district's board should tie the financial goals and budgets directly to the district's needs in areas such as student performance, curriculum, training, and facilities.

2. The board and Superintendent should review annually the district's five-year spending patterns.

3. The board and Superintendent should compare, at least semiannually, the district's student achievement statistics to those of other districts in the state, especially those with similar demographics and enrollment.

4. The district should revise, at least annually, the financial component of its technology plan.

5. The district's board and Superintendent should review existing research on the effectiveness of reducing class size and on other potentially effective uses of resources to improve student achievement. In developing priorities for its overall and financial long-term plans, the district should determine how reducing class sizes and other educational innovations could help the district meet its performance goals.

6. The district should develop a plan to study its teacher levels systematically, determine its optimum level of teachers, and address how deficiencies can be improved through its budget.

7. The district should continue to review and adjust salary levels (especially in areas which have no direct effect on student performance) so that they will be more comparable to average salaries of districts in Mississippi. To help maintain salaries at fair levels, the district should annually compare its salaries with salary levels of other school districts in the state and with any data available on salaries paid in the area's relevant labor markets.

Expenditures and Spending Policies

8. When in doubt about whether proposed expenditures are appropriate and authorized by law, the Tunica County School District's staff should request advice from the Department of Audit. The board attorney should consult with Department of Audit and State Department of Education personnel regarding various types of school district expenditures which have been held to be unlawful in the past, review all Attorney General opinions on this matter, and advise the district board and officials accordingly.

9. The superintendent should comply with MISS. CODE ANN. Section 37-9-14 (3) for general duties of district superintendents, which requires that itemized invoices support all expenditures.

10. The Department of Audit should review wasteful or unauthorized expenditures cited in this report to determine if any funds should be recovered.

11. The district should enact policies regarding effective contractual services procurement procedures. The policy should outline types of services which are exempt, such as sole source purchases or services under a certain dollar amount.

12. The district's board and Superintendent should execute a contract and develop a job description for the school district's attorney, outlining the exact duties required in return for compensation. In determining compensation, the district should compare the board attorney's salary and duties to salaries and duties of attorneys in Tunica County and in other school districts in the state.

13. The board and Superintendent should not approve consulting contracts to employees who have been terminated due to their refusal or inability to meet employment contract provisions. When employees are terminated due to breach of provisions in their employment contracts, the district should not provide compensation beyond the last day of employment.

14. The district should develop and consistently follow policies regarding liability insurance which outline what its liability insurance is expected to cover and the types of liability claims the district will pay out-of-pocket; require that district liability must be established before paying claims; and specify how claimants must establish district liability in order to receive reimbursement.

15. The district should consult with the director of the Tort Claims Board on developing policies for insurance and request advice on achieving efficiency in purchase and use of insurance, filing claims with insurance companies, avoiding lawsuits, prepaying claims, and understanding the types of coverages already purchased.

16. The district should determine whether it can be reimbursed by its insurance company on claims which it has already paid out-of-pocket which could be covered under its policy.

17. The board and Superintendent should not reimburse entertainment expenses from public funds. When the district has questions regarding whether a certain expense should be categorized as entertainment, the district should consider whether the primary purpose of the expenditure is for the education of students or is approvable staff training according to SDE guidelines. Entertainment which has the purpose of motivation for staff rather than SDE-approved training (such as appreciation dinners) should be funded from private sources.

18. The district should adopt policies for purchasing classroom supplies and instructional material and equipment provided by the Education Enhancement Fund. These policies should address the legislation effective July 1, 1997, amending CODE Section 37-61-33, which prohibits using classroom supplies appropriations for administrative purposes and requires allocation of funds equally among all classroom teachers.

    The district should require that school spending plans be approved and filed with the business office before pooled expenditures (not under direct control of the teacher) are made. Principals or teachers should file any changes in spending plans with the business office during the school year. The policies should require the business office to verify requests for funds against the most recently filed school plans.

Overall Policy Development

19. The board and Superintendent should review all of the sections of the unabridged November 1994 Siamon Study regarding policy formulation and "undertake a renewed approach and interest in policy development and adoption," as recommended in the study. The board should consider the policies suggested in the Siamon Study.

20. In addition to developing new policies, the Superintendent and board should thoroughly review and revise the district's policies yearly and consistently follow those policies.

Conflict of Interest

21. The Ethics Commission should review the circumstances of the district's hiring of the Tunica County Superintendent's wife from school years 1993-94 to 1996-97.

22. The Superintendent and district school board should comply with conflict of interest statutes when hiring employees, such as CODE sections 37-9-17 and 25-4-105 (1). When in doubt, the board should ask for an opinion from the Mississippi Ethics Commission.

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A Review of Tunica County School District's Administrative and Instructional Spending

Introduction

Authority

The PEER Committee reviewed Tunica County School District's expenditures pursuant to the authority granted by MISS. CODE ANN. Section 5-3-57, et seq. (1972).

Scope and Purpose

In response to a legislative request, PEER reviewed Tunica County School District's allocation of funds between instructional, administrative, and support expenditures. PEER sought to determine:

- the extent to which the district has used its financial resources, including its significant influx of gaming revenues, to reach the classroom; and,

- whether the district's administrative and support expenditures are excessive.

After PEER began this review, the State Department of Education appointed a conservator in March 1997 to oversee the district. Therefore, the findings in this report relate to the administration of the district's board and Superintendent, and not to that of the conservator.

Method

In conducting this review, PEER:

- reviewed state law regarding powers and duties of school district superintendents and boards and related issues;

- reviewed minutes, financial records, and other documents of the Tunica County School District;

- interviewed personnel and reviewed policies of the Tunica County School District, State Department of Education, State Department of Audit, and Tort Claims Board;

- analyzed data on 153 school districts provided by the State Department of Education;

- reviewed the Tunica County School District's financial audit reports obtained from the State Department of Audit; and,

- reviewed selected educational research articles.

Overview

During a period when the Tunica County School District has experienced an influx of local revenue (1993 to 1997), the district has not developed a long-term financial plan which prioritizes its assessed needs. The Tunica County School District has had a unique opportunity to direct resources toward improving academic achievement through its windfall of new revenue; however, the district's lack of a long-term financial plan and comprehensive spending policies have reduced its effectiveness in doing so.

Although the district has established a need for placing greater emphasis on instruction, the Tunica County School District has directed a smaller percentage of its resources toward instruction than has the average district. The district has not consistently directed its spending toward its most significant needs, as demonstrated by the following actions:

- increasing classroom spending at a slower rate than other major areas of expenditure for which the district has not systematically identified a need;

- placing fewer teachers per pupil into the classroom than most school districts; and,

- paying high salaries in areas which have little or no effect on classroom performance and for which the district has not identified a need.

The district's failure to direct resources consistently to areas of high priority has resulted in certain non-instructional expenditures which were imprudent, wasteful, or not authorized by law. Also, the district's board has not required full documentation of teachers' plans for purchasing classroom supplies and instructional material and equipment provided by the Education Enhancement Fund, and therefore cannot assure that all expenditures were made in accordance with statutes.

PEER also found that the hiring of the Tunica County School District Superintendent's wife as a district-level administrator may constitute a violation of conflict of interest laws.

Background

Accreditation History

The Tunica County School District is currently under conservatorship of the State Department of Education (SDE) due to its failure to improve student performance significantly. Since school year 1988-89, SDE has assigned the Tunica County School District the lowest possible accreditation rating (Level 1) in eight of the nine years due primarily to its poor test scores. As detailed in Appendix A on page 35, the State Board of Education rates school districts on the basis of how well each district meets educational standards for performance and resource input. Accreditation levels range from Level 1 to Level 5, with the lowest-performing districts rated Level 1 and the highest-performing districts rated Level 5. Districts meeting accreditation standards at an acceptable level receive a Level 3 rating. In 1993-94, the Tunica County School District was upgraded from Level 1 to Level 2 for a few months during the year. The district's test scores pulled the accreditation level back down to a Level 1 the following year, where it has remained. The State Board of Education assigned the lowest level of accreditation to only sixteen (10%) of the state's 153 school districts for 1996-97, whereas the board assigned 77% of districts an acceptable rating of 3 or above.

On December 12, 1996, the Commission on School Accreditation held a show cause hearing and voted to withdraw accreditation from the Tunica County School District for having met less than 70 percent of the accreditation performance standards of the State Board of Education. On February 21, 1997, the State Board of Education upheld the decision of the Commission on School Accreditation to withdraw the accreditation of the district. As a result, on March 14, 1997, the Governor declared a state of emergency in the school district. On March 21, the State Board appointed Dr. Ronald Love as interim conservator. The conservator by statute administers management and operation of the school system through the school superintendent, Dr. Jerry Gentry, until the district implements corrective actions or removes deficiencies.

Since the Mississippi Legislature enacted legislation in 1991 regarding conservatorship of schools, the State Board of Education has placed only three districts under conservatorship (see MISS. CODE ANN. Section 37-17-6). In March 1996 at the direction of the State Board of Education, SDE took over the North Panola School District due to financial problems. In March 1997, at the time that Tunica was taken over, SDE also took over the Oktibbeha County School District for problems with student achievement.

Tunica County School District Revenue and Expenditure Trends

As shown in Appendix B on page 38, Tunica County School District's total revenues increased from $6,943,990 in school year 1991-92 to $11,739,210 in school year 1996-97 (through June 23, 1997). The district's revenues increased 69% during this period primarily due to the gaming industry's entry into the county and the subsequent influx of gaming and additional ad valorem taxes into the school district. Tunica County received its first gaming receipts in mid-1993 and gaming receipts have steadily risen. The district's 1996-97 local revenues of $5,654,421 consisted primarily of gaming taxes ($2,744,863) and ad valorem and other local government taxes ($2,609,614) and also included earnings on investments and other school fees and income ($299,944). The 1996-97 revenues of $11,739,210 are less than the 1995-96 revenues ($12,806,108) because they do not include a full year of operations and because of the reduction in federal revenues from $2,110,055 to $1,321,155 from 1995-96 to 1996-97. Federal revenues decreased due to reduced federal grants, including U.S. Department of Education Title I and U. S. Department of Labor JTPA (Job Training Partnership Act) grants.

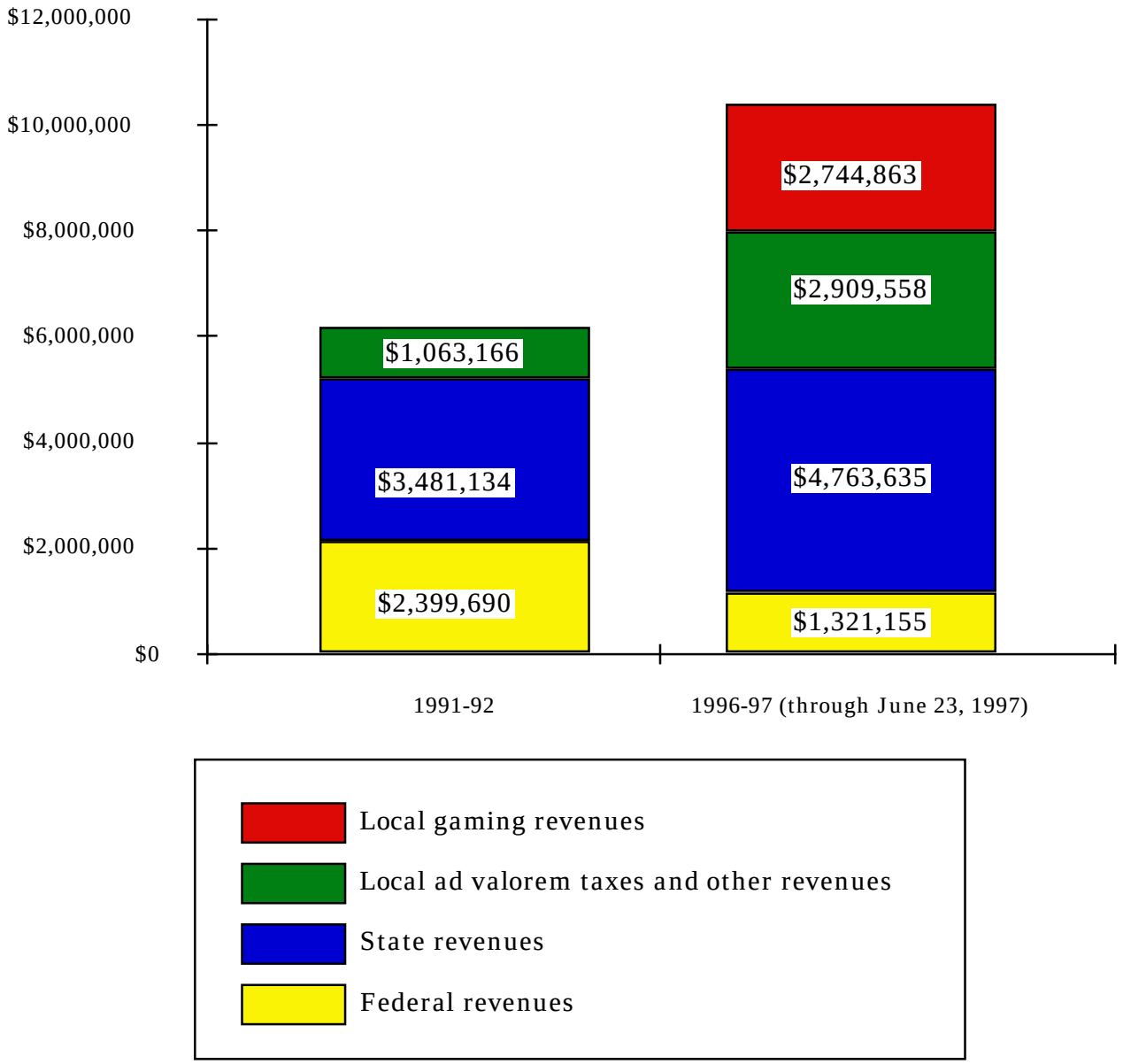
Exhibit 1 on page 5 compares the types of revenue the district realized in 1991-92 and 1996-97. The exhibit shows the introduction of gaming revenue into the district subsequent to 1991-92 and shows an increase in state revenues, primarily through minimum foundation program funding, from $3,481,134 to $4,763,635. The decrease in federal revenues over the period, from $2,399,690 to $1,321,155, includes funding decreases in the U.S. Department of Agriculture school breakfast program, as well as the reductions in federal programs mentioned above.

Also shown in Appendix B, the Tunica County School District's expenditures increased from $6,744,385 in 1991-92 to $12,120,172 in 1995-96 and $14,309,971 in 1996-97 (through June 23, 1997). Total 1995-96 expenditures included $2,053,069 for construction, primarily for a new library, media center, and science laboratory classrooms. In 1996-97 the district spent $3,415,964 for construction, primarily for renovations of and additions to the high school, junior high, and elementary school buildings, for a total projected capital expense budget of $8,079,338. The district funded the expenditures which exceeded revenues by financing the construction.

A 1994 needs assessment performed by educational consultants recommended that Tunica separate its elementary school from its high school campus to facilitate a better learning environment among younger children and older students. Under Tunica's configuration of buildings, high school student classrooms were near elementary classrooms and junior high classrooms were on another campus. As advised by the consultant, Tunica is renovating its junior high school and converting it

Exhibit 1

Comparison of Tunica County School District Revenues by Type, School Years 1991-92 and 1996-97 (through June 23, 1997)



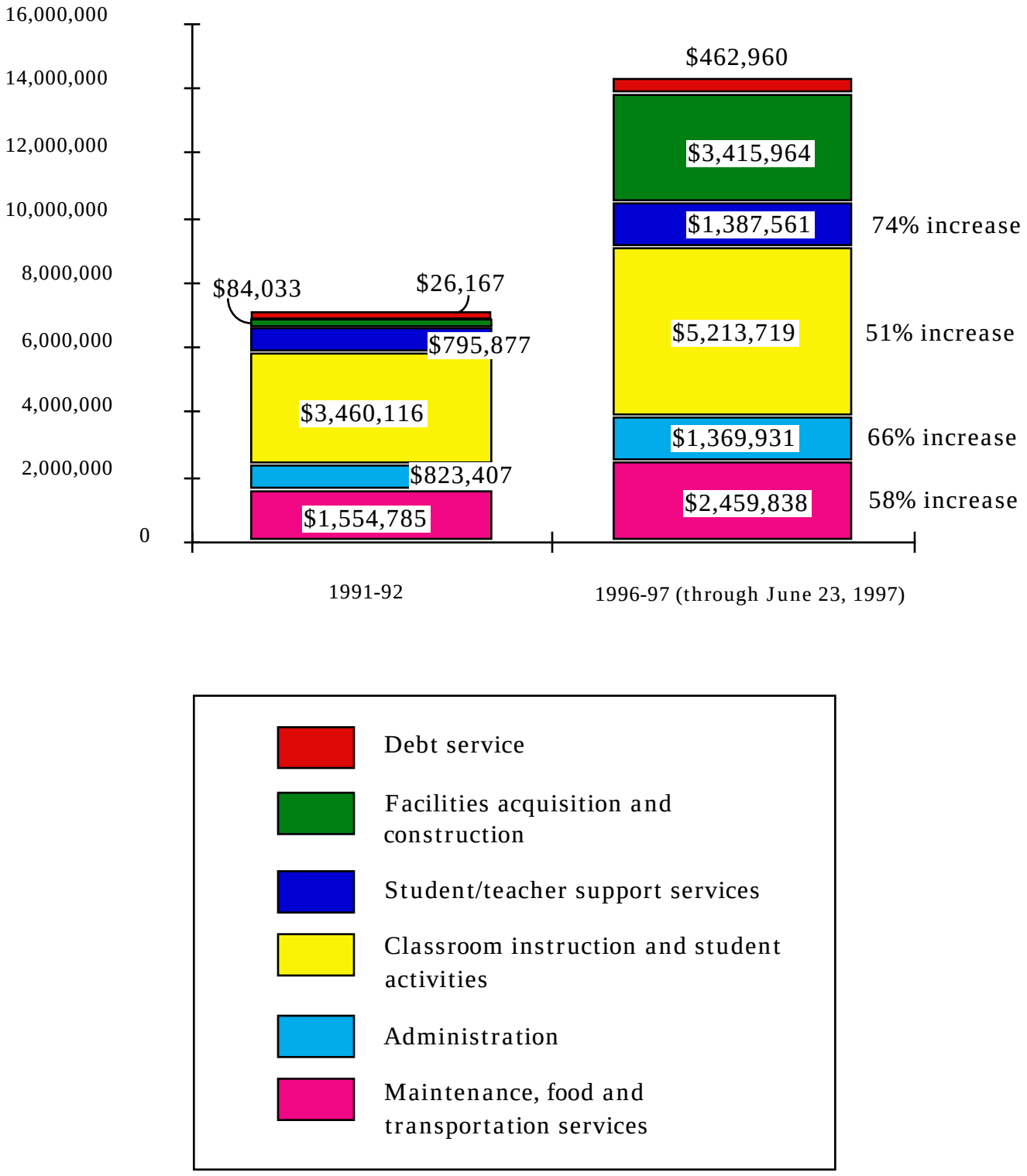
SOURCE: State Department of Audit and Tunica County School District reports.

into an elementary school and renovating all other buildings on its two campuses to house its junior high and high school.

Exhibit 2 on page 7 compares the district's spending by type in 1991-92 and 1996-97 (through June 23, 1997). Facilities spending increased $3,311,931 (from $84,033 in 1991-92 to $3,415,964 in 1996-97) and represented the largest dollar amount of the total increase in spending during the period. Although the largest increase in dollars for operational expenditures was in the area of classroom instruction (a 51% increase from $3,460,116 to $5,213,719), classroom instruction increased by a smaller percentage during the period than other operational expenditures. As shown in Exhibit 2 on page 7, student/teacher support increased 74% during the period, administration increased 66% during the period, and maintenance, food, and transportation services increased 58% during the period.

Exhibit 2

Comparison of Tunica County School District Expenditures, School Years 1991-92 and 1996-97 (through June 23, 1997)



SOURCE: 1991 Department of Audit and 1997 Tunica County School District data.

Long-Term Financial Planning for Prioritized Needs

During the recent period of increasing local revenues, the Tunica County School District has had a unique opportunity to direct these financial resources toward its most serious problem--continuing low academic performance of its students. However, the district has not developed a method of directing resources to high-priority needs before devoting resources to needs with lower priorities.

Although the Tunica County School District has continued toexperiencean influx of new local revenue, the district has not developed a long-term financial plan which prioritizes its assessed needs. This has reduced the district's potential for effectively focusing use of its resources toward improving student performance.

As noted on page 4, due primarily to establishment of the gaming industry in the county, the Tunica County School District's local revenues have increased dramatically in recent years. This translates into resources available to help meet the school district's needs. The district's need for improvement in the area of students' academic achievement has been addressed in consultants' studies and district plans and is evidenced by the State Department of Education's move to place the district under conservatorship for failure to improve student performance. Other district needs identified by consultants include the need for new facilities (see page 4).

However, the district does not have a documented plan which prioritizes needs or establishes a basis for directing resources toward areas in which the district has not identified needs. The district should have a long-term financial plan for using its resources to help solve its problems, particularly the persistent problems that have caused its loss of accreditation.

- *The Tunica County School District has not developed a long-term financial plan which prioritizes its assessed needs.*

The need for a financial plan is especially urgent in the Tunica County School District because student achievement is extremely low at a time when the district is experiencing a windfall of revenue. School districts' financial plans should include:

-- projected revenues for several years into the future;

-- goals and budgets for use of the anticipated funds, which are adjusted over time as revenues and other estimates change; and,

-- tying the financial goals and budgets to the overall goals for improved student performance, curriculum, training, and facilities.

Districts should regularly adjust their long-term financial plans based on:

-- annual comparisons of budgets, expenditures, and performance indicators to determine whether short-term and long-term goals have been met;

-- annual reviews of five-year spending patterns and comparison to other districts in the state to understand past district priorities and to aid in identification of future spending priorities; and,

-- review of educational research, including good educational practices resulting in documented successes, to help guide spending priorities.

Although the Tunica County School Board and Superintendent have on occasion developed long-term plans for the district, they have not planned strategically on an annual basis. The 1996 Accreditation Requirements of the State Board of Education, Process Standard 25, require that:

> *The school district engages in annual strategic planning to review the educational status of the district and to address specific actions to improve the quality of its educational programs.*

The district's long-term plans since at least school year 1992-93 have not included a focused plan to direct financial resources toward goals.

The Tunica County School District's previous Five-Year Plan for Educational Improvement, developed in 1992-93, listed goals and steps for improvement but did not include a financial component. In April 1995 the district implemented a Corrective Action Plan (CAP) which the State Department of Education helped to develop. The CAP consisted of recommended administrative steps with projected costs, including training and instructional strategies which should be accomplished to help improve student performance and the district accreditation rating. For 1995-96, district staff drafted a "long-range" plan which the board approved on June 12, 1996.

The 1995-1996 long-range plan included steps to improve curriculum, instruction, professional development, test scores, auxiliary programs, and facilities. However, the long-range plan did not include any financial plans for the long-term use of its increasing financial resources. In fact, the long-range plan stated that finance was the "area of the long range plan

that needs additional attention because of the potential for self-destruction if the district does not control its own destiny." Despite the board's approval in June 1996 of the plan statement that the district was in need of a financial plan, through May 1997 the district's board and superintendent had not developed one.

As required by the State Department of Education, the Tunica County School District recently developed a technology plan to integrate technology into the school district over a multi-year period. This technology plan began to address some of the financial issues related specifically to technology which should be addressed by the district on an overall basis. For instance, the plan includes a budget and specific goals for the district. Future drafts of the technology plan should also include the purpose of all items designated for purchase and the way in which they will help the district meet its goals.

- *The lack of a long-term financial plan has reduced the district's potential for effectively focusing use of its financial resources toward improving student performance.*

With the influx of revenues, the Tunica County School District could position itself to take bold, progressive steps toward meeting students' academic needs by introducing research-based innovations designed to improve student achievement substantially. However, the district's current long-range plan includes no provisions for devoting a substantial block of funds to instructional improvement or to meet any other documented operational need.

The district has increased spending in areas which it has not targeted in planning documents, such as large increases in salaries of maintenance, transportation, and food service employees. Because district needs assessment documents did not identify increases in those areas as being necessary, the district in effect was stating that those were low-priority needs. However, in the annual budgeting process, the district gave high priority to those areas.

This spending pattern demonstrates that the district has not examined the full range of competing needs and determined priorities to serve as a basis for allocation of new resources. Because the district has not developed a comprehensive plan to direct its financial resources toward meeting overall goals for improvement, it has not been as effective as it could be in directing resources to reach the classroom and improve accreditation.

Review of Administrative and Instructional Spending

At a time when the Tunica County School District's student achievement is and has been at a very low level, the district's primary financial goal should be to direct its ample resources to the maximum extent possible toward areas which would boost student achievement. Because its instructional needs are urgent and because instruction, and to some extent facilities, are the only areas in which Tunica can demonstrate an unusual need for resources, the district should spend at least the state average proportion of its expenditures on instruction and should spend no more than the state average on areas for which it has not documented a need for a high infusion of resources.

To measure Tunica's flow of resources to various instructional and non-instructional areas of spending, PEER reviewed the following measures for the state's school districts:

- *spending per pupil by category*, which measures total commitment of resources, including salaries, supplies, and equipment, directed toward instruction and non-instructional activities, taking into account the size of the district;

- *average salaries*, to determine whether districts direct resources to attract competent personnel;

- *spending of Federal Title I funds*, to determine how districts use outside resources (see Appendix C on page 39 for description of Title I funds); and,

- *the pupil/teacher ratio*, which measures whether districts place resources into areas that will allow teachers to give students as much attention as possible to improve their academic achievement. (Although researchers have not reached consensus on the effectiveness of reducing pupil/teacher ratios, or any other infusion of resources, some recent studies have shown that reducing pupil/teacher ratios may be one of the more promising strategies for improving student achievement.)

In conjunction with these measures of districts' use of financial resources, PEER reviewed districts' respective accreditation levels, which determine whether districts have adequately met state educational standards, especially student achievement. (See Appendix A, page 35.)

PEER compared the Tunica County School District to the averages of 153 districts in the state and to certain other districts which were demographically similar but had achieved a Level 3, or acceptable, accreditation level. The Hollandale, Amite County, and Hazlehurst districts have acceptable accreditation levels, enrollments similar to that of

the Tunica County district (from 1300 to 1900), and a similar population of economically disadvantaged students (as measured by students eligible for free lunches).

Although it should place greater emphasis on instruction than other areas of expenditure, the Tunica County School District has directed a smaller percentage of its resources toward instruction than the average district and has paid high salaries in areas for which the district has not identified an unusually high level of need.

During the period of increasing gaming revenues available to the Tunica County School District from 1993 to 1997, Tunica was not able to sustain an accreditation level above the lowest rating due to poor student performance, which led to loss of accreditation and conservatorship by the State Department of Education (SDE). As detailed in the finding on page 8, Tunica's lack of a long-term financial plan for use of its resources reduced its effectiveness in focusing its finances toward improving student achievement.

The following sections demonstrate that Tunica has not placed as much of its financial resources as possible into areas which would benefit the classroom and has diverted some of its funds into areas which do not benefit the classroom and for which the district has not identified a high priority of need.

- *From 1991-92 to 1995-96, the Tunica County School District directed a smaller percentage of its resources toward instruction than the average district.*

PEER analyzed data obtained from the State Department of Education regarding the state's 153 school districts, primarily reviewing expenditures in the categories of classroom spending, student/teacher support, administration, and maintenance, food, and transportation. Appendix D on page 40 defines these categories and explains the types of information reviewed for Tunica County and other districts.

Tunica increased spending in areas outside the classroom at a higher rate than it increased classroom spending. From 1991-92 to 1995-96, Tunica increased its classroom spending by 45% (from $3,460,116 to $5,004,088) but increased other spending by 117% (from $3,284,269 to $7,116,084). Excluding construction and debt service, Tunica still increased other spending at a faster rate (57% from $3,174,069 to $4,984,089) than its 45% increase in classroom spending. Tunica increased its administrative and support spending at this rate even though its 1991-92 spending in these areas did not lag behind that of other school districts during a period before gaming revenue had become available. For instance, in 1991-92 Tunica's administrative and support spending per pupil of $1,716 (excluding

construction and debt service) totaled 133% of the statewide spending per pupil in the same categories. During the same year, Tunica's classroom spending per pupil of $1,870 totaled 91% of the statewide average.

During the five-year period from 1992 to 1996, the Tunica County School District placed less funding into the classroom than the average for all other districts in the state.

Percentage of Expenditures in Classroom and Other Activities
1991-92 through 1995-96

	Average School District	Tunica
Classroom/Student Activities	56%	47%
Other Services and Activities	44%	53%
	100%	100%

As shown above, Tunica spent 47% of its budget in the classroom during this five-year period at a time when other districts spent an average of 56% in the classroom.

The district spent more outside the classroom than did the average district--Spending per pupil measures the total amount (including salaries, supplies, equipment, and services) which the district spends divided by the number of pupils attending class. The measure indicates the commitment in spending to a given type of program for each student in the district.

Exhibit 3, page 14, shows that the Tunica County district's 1995-96 classroom spending per pupil of $2,621 was average compared to other district spending in the state. However, Tunica's spending per pupil in other areas showed that Tunica placed more resources into non-classroom priorities than did other districts. For instance, the Tunica County district spent $697 per pupil on administration (68% more than other districts spent) and $1,363 for maintenance, food and transportation services per pupil (49% more than the average district spent).

The district spent its resources in these administrative and support areas even though it had not identified them as areas of need in its long-term plans developed in 1993 or 1996. The district's 1995 Corrective Action Plan listed only limited areas in which administrative costs might be needed.

The district directed less of its federal Title I grant budget into the classroom than did other districts--The SDE publishes in its *Mississippi Report Card* the amount that districts spend in Title I grant funds for the classroom. (SDE defines "expenditures in the classroom" to include classroom salaries and benefits, supplies and materials, computer-assisted

Exhibit 3

Comparison of Tunica County School District Performance with Other Districts in the State

Performance Indicator	*State Average*	*Comparison Group Average**	*Tunica*	*Tunica as % of State Average*
Accreditation Level 1996-97 on Scale of 1 (lowest) to 5 (highest)	3	3	1	
Pupil/Teacher Ratio 1996-97	16.9	16.8	18.5	
Average Salaries 1996-97				
Teacher salary supplement (1)	$1,836	$1,751	$2,241	122%
Non-teacher classroom positions (instructional assistants)	10,139	10,073	12,078	119%
Student/teacher support (guidance, attendance, health, library, etc.)	28,977	32,435	35,547	123%
Administration (management, supervisors, business, clerical)	27,169	28,271	36,248	133%
Maintenance, food and transportation	$9,210	$9,041	$14,644	159%
Total Spending Per Pupil				
Classroom spending/pupil (1995-96)	$2,621	$2,646	$2,650	101%
Student/teacher support spending/pupil (1995-96)	325	321	580	178%
Administrative spending/pupil (1995-96)	415	566	697	168%
Maintenance, food and transportation spending/pupil (1995-96)	913	994	1,363	149%
Facilities acquisition, construction, and debt service spending/pupil (Tunica 6-year average, state and comparison district 5-year average)	$404	$320	$640	158%
Percent of Federal Title I Budget Used for Classroom Instruction 1995-96	72%	74%	53%	

NOTE: *The demographically similar school districts averaged here for comparison purposes include Amite County, Hazlehurst, and Hollandale.

(1) The teacher supplement is used for comparison rather than average teacher salary because Tunica's lower number of advanced degrees results in lower base salary levels under the state's method of determining salary amounts.

SOURCE: Analysis of SDE and Department of Audit data and reports.

instruction and equipment, media equipment, and long-term instructional equipment purchases.)

As shown in Exhibit 3, page 14, in 1995-96 the Tunica County school district budgeted to spend only 53% of its Title I funds on the classroom, while the average district in the state planned to spend 72% on the classroom. Expenditure reports showed that the district actually directed only 40% of its Title I expenditures to classroom items. (The district spent the remaining 60% for student/teacher support, administration, maintenance, and other non-instructional salaries; contractual services and supplies for the library; and other areas.)

- *In school year 1996-97, the Tunica County School District placed fewer teachers per pupil in the classroom than did most other school districts.*

The pupil/teacher ratio affects the number of teachers available for teaching in the classroom. The Tunica County School District improved its pupil/teacher ratio during the five-year period ending 1996-97, from 21.6 to 18.5. However, the district's ratio is still among the least favorable in the state compared to other districts, at the twelfth highest level of 153 districts in the state. As shown in Exhibit 3, page 14, the typical state district averaged a pupil/teacher ratio of 16.9 and the three comparison districts averaged 16.8. The higher ratio of teachers to students of the comparison districts may be one of several factors which contribute to the higher performance of these students compared to the Tunica County School District.

When teachers have small numbers of students to teach per class, the teachers can spend more time with instruction of individual students. In fact, although researchers have not reached consensus on the effectiveness of reducing class sizes, or any other infusion of resources, some recent studies have shown that reducing class sizes may be one of the more promising strategies for improving student achievement. For instance, a 1995 article entitled "The Tennessee Study of Class Size in the Early School Grades" reports the findings of a three-phase research project on class size funded by the Tennessee Legislature beginning in 1985. The article states that:

> *In summary, the evidence is strong that smaller class size at the beginning of the school experience does improve the performance of children on cognitive tests. Observations from the Lasting Benefits Study confirm that the effect continues into later grades when children are returned to regular-sized classes. In addition, the implementation of the program for the economically poorest districts seems to be improving the performance of children in these districts by noticeable amounts.*

Other research has found that there is no strong or consistent relationship between the infusion of financial resources and student performance. The research does suggest that using smaller class sizes in conjunction with other educational innovations and improvements may be a promising strategy for improving student achievement.

The Tunica County School District's decision to hire six new teachers for 1996-97, six percent of that school year's teacher staff, resulted in only a small change in its pupil/teacher ratio--from 18.4 to 18.5. The district's school board voted to change its budget and add the teachers after reviewing its unfavorable pupil to teacher ratios in the 1995 *Report Card* published by SDE. The Tunica County School District had originally budgeted to purchase five buses but reduced planned expenditures on buses to two in order to hire the teachers. This budget change illustrates that Tunica has not developed a plan which would systematically study its teacher levels, determine its optimum level of teachers based on educational research and projected revenues, and address deficiencies through its budget. By not studying this issue earlier, the district has overlooked the opportunity to direct resources toward areas with greater potential for improving student performance.

- *In school year 1996-97, the Tunica County School District paid high salaries in areas which had little or no effect on classroom performance, which were higher than the state average before the influx of gaming revenues, and for which it had not identified a need.*

The Tunica County School District's classroom salaries per pupil increased 30% from 1991-92 to 1996-97, while other salaries per pupil increased 45% to 64% over the same period. This occurred even though the district's salaries for positions outside the classroom already exceeded the state average in 1992.

Exhibit 3, page 14, shows that the Tunica County School District directed its resources toward paying comparatively high salaries outside the classroom, because the district pays its administrative and support workers a higher percentage above the state average than its classroom workers. For instance, in 1996-97 the district paid its administrative employees $36,248 on average (133% of the state average of $27,169) and its maintenance, food, and transportation workers $14,644 on average (159% of the state average of $9,210). During the same year, the district paid a teacher salary supplement of $2,241, which was 122% of the state average supplement of $1,836.

Comparative state school district data indicates that the Tunica County School District has not neglected the salary level of teachers--As shown in Exhibit 3, page 14, the Tunica County School District's supplement to the

legislatively-set teacher base salary amount totaled $2,241 in 1996-97. (The Mississippi Legislature annually sets the base teacher salaries based on education and experience through the Minimum Program appropriation bill. Individual school districts may then set supplements to the base salary according to their own resources and priorities.) The Tunica County School District's salary supplement was $405 higher than the state's average district supplement.

The teacher supplement is a better measure of the Tunica County School District's teacher salary levels than the average teacher salary because the district's lower number of advanced degrees results in lower base salary levels. (See SDE's *1996 Mississippi Report Card* for data on percent of teachers with advanced degrees.) This explains why actual salary levels of Tunica County teachers were only 104% of the state average, even though their salary supplements on average were higher than 86% of the districts in the state.

The Tunica County School District's average maintenance, food, and transportation worker salaries were the highest statewide--The Tunica County School District's maintenance, food, and transportation worker salaries in 1996-97 averaged $14,644 (59% higher than the average school district worker in this category). Although it could be expected that Tunica County School District's salaries would rise due to competition for workers brought on by the rise of the Tunica casino industry, the district's maintenance, food, and transportation worker salaries on average are 16% higher than those in the Gulfport and Biloxi districts ($12,572), which are located in gaming markets on the Gulf Coast.

The Tunica County School District has not engaged in these salary expenditures under any strategic or written financial plan. Because the district did not identify these expenditures as a need, the district cannot demonstrate how the use of resources for high salaries has been in the best interest of the district.

Under SDE conservatorship, the Tunica County School District reduced some of its salaries for the 1997-98 school year--In some instances, the district paid higher than average 1996-97 salaries because employees were employed for more days during the year than the average school district worker. To attempt to reduce the differentials in these areas, the district conservator and the district superintendent initiated salary changes for the 1997-98 school year. As a result, on May 14, 1997, the Tunica County School District Board voted to reduce the salaries of thirty-seven employees for 1997-98 (primarily administrative and support workers) by reducing the numbers of days per year in which they worked. The savings from changes in salaries for the thirty-seven employees will total approximately $150,000. This savings will be offset by annual raises for other employees such as teachers.

The Tunica County School District's decision to increase spending greatly in areas that had no effect on the classroom, combined with lack of a long-term financial plan for use of its resources (see the following finding), demonstrate the district's lack of focus in directing resources to improve student performance.

Review of District Expenditures

The Tunica County School Board's lack of comprehensive spending policies, combined with its lack of a long-term financial plan, has resulted in some expenditures which were illegal, wasteful, imprudent, or not documented to assure compliance with state law.

In addition to the district's lack of a long-term financial planning document which ties the district's overall goals to projected revenues, spending priorities, and long-term budgets, the district has not developed comprehensive policies outlining acceptable expenditures and procurement practices, such as establishing need for services. The absence of these two elements of financial management has led to decisions not in the best interest of meeting district goals for academic improvement.

- *The district has not developed comprehensive spending policies, including those which would address procurement of contractual services.*

Historically, the Tunica County School Board has not been proactive in developing policies to guide the district in reaching its goals, including areas important to school administration such as curriculum and budgeting. In 1994-95 the district commissioned a study by educational consultants entitled "Tunica County School District Needs Assessment" (hereafter referred to as the Siamon Study). The district implemented some of the study's recommendations, including reorganizing the location of district classrooms to better meet student needs. (See discussion in background section on page 3.) However, after spending $35,000 for the Siamon Study, the district has not followed numerous recommendations regarding needed improvement of district policies to "set parameters . . . for the instructional program and to commit itself to school district excellence."

The November 1994 Siamon Study report stated that the "administration and Board of Education should undertake a renewed approach and interest in policy development and adoption." Nevertheless, the district's policy manual shows very few changes since December 18, 1989. For instance, through May 1997, the Tunica County School Board had not developed policies on contractual services procurement, which would require:

-- a needs analysis to determine that services could be better performed externally rather than internally; and,

-- written agreements to assure services are provided under agreed-upon terms.

The district had also not enacted policies on other specific types of needed services such as liability insurance. Without good contracting procedures, public entities cannot assure that they have procured necessary services for the best price at the level of service provided. As outlined below, the district could have made better spending decisions in some instances if it had developed thorough policies for guidance in decision-making.

- *The district has made expenditures which were illegal, wasteful, or otherwise imprudent and for which the district did not establish a need.*

PEER reviewed a sample of the Tunica County School District's expenditures from July 1995 to April 1997 and found several expenditures which were either were wasteful, not authorized by law, or not procured in accordance with good contractual services procurement standards, such as establishing need. These funds could have been applied for more direct use in the classroom or for training specifically directed toward improving classroom performance.

-- *The Tunica County School District paid over $4,791 from public funds for a December 1996 staff development appreciation dinner with entertainment for staff and community citizens, including $600 for a band*--MISS. CODE ANN. Section 37-7-301, which outlines the general powers and duties of school district boards, does not grant school districts the specific or implied authority to pay for entertainment. The district considered this a staff development expense; however, SDE does not consider this event as acceptable under its staff development requirements for district employees.

-- *Without obtaining an invoice, the district's superintendent authorized a $972 payment to a casino for 72 meals for delegates at an October 1996 regional school board association meeting of fourteen school districts*--By authorizing payment to the casino without an invoice, the superintendent, who hosted the meeting on behalf of the district, violated Subsection 3 of MISS. CODE ANN. Section 37-9-14, which outlines the general duties and powers of superintendents of school districts and requires properly itemized invoices from vendors to school districts before payment. One important reason for requiring invoices is that a board's approval of payments without itemized invoices could result in use of district funds for illegal purposes.

-- *The district's board directly reimbursed almost $800 for two medical and damage claims without establishing that the board was liable and without having established guidelines for allowable reimbursements to students and staff*--In calendar year 1996, the district paid $120 for a mouth injury of a student

who fell in a school building and $651 to repair a teacher's truck vandalized while parked on campus after hours while the teacher was chaperoning students on a trip. Through April 28, 1997, the Tunica County School Board had not enacted policies regarding liability insurance which outlined what its liability insurance was expected to cover, what types of liability claims the district would pay out-of-pocket, if any, and how liability of the district would be established to result in claims payment. Board minutes did not provide evidence of district liability in these two particular incidents. By paying for medical and casualty claims presented to the district when it is not the legal liability of the district, the board has in effect conveyed the message that the district is liable for similar accidents which may occur in the future.

-- *The school district paid a former employee $18,067 for services which the district never received*--In February 1996 the Tunica County School Board voted not to renew the contract of a principal who had never completed SDE training requirements. To avoid personnel conflicts with the disgruntled employee, the board terminated the employee but also made the employee a consultant. The Superintendent later paid the consultant employee $18,067, which was the amount remaining on his contract for the remainder of the 1996 term. The district did not enter a written contract with the consultant establishing the purpose of the contract or his contractual duties. In addition, the consultant did not perform work for the district in return for the $18,067.

-- *The school board paid $3,432 to its attorney without a contract or job description to determine whether the work should have been provided as part of the attorney's $19,200 salary for 1996-97*--The Superintendent and board had never prepared a job description for the attorney, even though board policies required one, and had not executed an attorney employment contract. Because the district did not negotiate or document the services expected of the attorney in return for the $19,200 salary, the district cannot objectively measure whether it should have paid the additional $3,432 to the attorney. Good management practices require written agreements for personnel services so that the district will have a measure for determining whether the services have actually been rendered in return for the payment of public funds.

-- *After the Commission on School Accreditation recommended conservatorship to the State Board of Education, the Tunica County School Board paid a consultant $2,515 to assist its chairman with her presentation to the State Board of Education to argue against conservatorship*--The board's actions showed a

lack of planning to hire a consultant to help with a presentation only one week in advance of the February 1997 Board of Education meeting, when a consultant had not been deemed necessary earlier during the process which had started in the fall of 1996. The board did not require a written needs analysis to determine whether a consultant was necessary. Tunica County school officials also knew before requesting consulting assistance that SDE policies would not allow the consultant to speak at the February meeting of the State Board of Education.

- *The board has not required full documentation of teachers' Education Enhancement Fund spending plans and therefore cannot assure that all expenditures have been made for classroom supplies in accordance with teacher priorities as outlined in state law.*

MISS. CODE ANN. § 37-61-33 (3) (a) (iv) requires that schools spend certain amounts of education enhancement funds for classroom supplies and instructional materials and equipment and that schools purchase the items based on plans developed by classroom teachers. (Education enhancement funds are those portions of state sales taxes that the Legislature earmarks for distribution to educational entities in the state such as school districts and universities to be spent for specified educational purposes.) The statute requires that teachers submit their classroom supply spending plans to the principals for approval.

In school year 1996-97, teachers at each school voted on how to spend their allotments based on the wishes of the majority. The 1996-97 education enhancement spending plans of Tunica schools consisted of:

-- detailed requests for items by individual teachers stating the purpose of the requests;

-- memos from a principal stating that teachers would request individual purchases at a school; or,

-- memos from a principal stating that teachers at a school had voted to obtain large items to be used for the whole school.

In school year 1996-97, Tunica County School District's documentation shows many purchases made according to an overall school plan or to requests submitted by individual teachers. However, some of the purchases were not for items documented in plans or teacher requests for expenditures. Without the benefit of a written spending plan, it was not clear how certain expenditures met the statutory requirements that classroom supplies or instructional items be purchased in accordance with a plan. Examples of these purchases are:

-- a $1,455 camera system and supplies, reportedly used to make photo identification badges for high school students and student pictures to be placed on the bulletin board for recognition and motivational purposes;

-- a $615 lectern and microphone;

-- a $128 purchase of 400 stamps charged to the elementary special education program;

-- $4,499 for 150 green desks requested by a principal;

-- $754 for markers, pens, staplers, hole punchers, batteries, and transparency film purchased by a principal; and,

-- $1,068 in books purchased by a principal on behalf of various teachers, not specifically requested by teachers or included in an original school plan.

In order to establish that purchases are legal and to ensure that items such as the ones listed above meet the established plans of teachers, the principal should ensure documentation of teachers' plans which shows how the purchases will be used for statutory purposes. County personnel stated that some purchases were made at the end of the year by principals on behalf of teachers in order to use the remaining allotment of funds in situations in which teachers had not requested their full allotment for the year. However, the statutes state that these "funds may be carried forward for expenditure in any succeeding school year." Carrying forward funds for purchase in succeeding years would allow principals to ensure that the fund balances were used in accordance with teachers' plans in succeeding years.

Tunica personnel stated that they are in the process of developing policies for teachers' supply purchase plans to address these issues and ensure consistent planning among schools. In addition, House Bill 675, passed by the 1997 Legislature and effective July 1, 1997, amends Section 37-61-33 to prohibit using classroom supplies appropriations for administrative purposes. The amendment will also require Tunica County and other districts to allocate the funds equally among all classroom teachers, unless teachers vote to pool their funds under a spending plan approved by the principal.

Because the Tunica County School Board and Superintendent did not ensure that complete plans were submitted and followed, they cannot assure that at least $8,519 in purchases complied with statutes requiring purchase of classroom items according to teacher-developed plans.

Legal Issues

During project fieldwork, PEER reviewed minutes of the Tunica County School District which showed that the district had hired someone with the same name as the district's Superintendent. Further inquiry found that the district had hired the Superintendent's wife as a district administrator, which led to the review of conflict of interest laws outlined below in relation to the hiring.

The hiring of the Tunica County School Superintendent's wife as a district-level administrator may constitute a violation of conflict of interest laws.

In February 1993, the school district hired the Superintendent's wife, Mrs. Juanita Gentry, as Chapter I Reading Supervisor for the 1993-94 school year. Mrs. Gentry continued in that position until 1996-97 when she was approved as a Staff Development Coordinator. Both positions were at the district office and not based within a school.

The hiring appears to be a conflict of interest under MISS. CODE ANN. § 25-4-105(1), which provides that:

> *(1) No public servant shall use his official position to obtain pecuniary benefit for himself other than that compensation provided for by law, or to obtain pecuniary benefit for any relative or any business with which he is associated.*

For purposes of this provision, and other provisions in Chapter 4 of Title 25, a public servant includes officers, employees of government, and any other person who receives a salary from government. Clearly, a school superintendent is a public servant. The term "pecuniary benefit" includes money, property, commercial interests, or anything else the primary significance of which is economic gain. A relative includes spouses, children, and parents. (For the definitions of these terms, see CODE Section 25-4-103.)

State law does allow some situations in which school districts may hire relatives of a supervising principal or superintendent without conflict of interest. Under CODE Section 37-9-17, the practice appears to be permissible if all of the following conditions exist:

- the employee in question is required to be a certificated employee as designated by the State Board of Education;
- the employee in question is recommended to the hiring authority for employment by someone other than the relative;

- the employee in question would be supervised by someone other than the relative; and,

- the employee in question will be a school-based, rather than central office-based, employee.

The Tunica County School District's hiring of the Superintendent's spouse met only three of the four conditions noted above, as follows:

- SDE documents show that both of Mrs. Gentry's positions of Reading Supervisor and Staff Development Coordinator were designated as certificated employees.

- The school board's minutes state that the Personnel Director recommended Mrs. Gentry for her position each year that she approved by the board.

- According to the Personnel Supervisor, Mrs. Gentry reported to the Title I Coordinator when she was Reading Supervisor and reported as the Staff Development Coordinator to the Deputy Superintendent.

The hiring of Mrs. Gentry did not meet the fourth condition of CODE Section 37-9-17--that the employee be school-based and not central office-based. Thus the statutory exception allowing the district to hire a relative of a supervising principal or superintendent does not apply to the Tunica County School District.

The sections below discuss the reasons why the hiring did not qualify as an exception to the conflict of interest statutes, and why the situation of individuals supervising their relative's supervisors results in conflict of interest in this situation.

The statutes require that a Superintendent's relative hired by the school district must be school-based to avoid conflict of interest--CODE Section 37-9-17, which applies to school district employees who are assigned to schools and not those assigned to the district office, makes clear the process principals must follow in recommending certificated and non-instructional personnel for annual election to employment by the board. The section states that the principals direct their recommendations to the superintendent or his designee, for employees "to be employed for the school involved." These recommendations are then passed on to the board for consideration. This section does not speak to any type of employee other than those recommended by principals or their designees for employment at their schools. Consequently, the statutory language which allows for oversight and recommendations by non-relatives would not be applicable to district-level employees, such as reading supervisor or staff development coordinator.

A July 25, 1991, Attorney General's opinion to Charles Jackson, Superintendent of the Wilkinson County Schools, has stated that this statutory exception to the conflict of interest laws applies only to school positions such as teachers and non-instructional employees and does not apply to principals and administrative district-level positions, such as those held by Mrs. Gentry. The Attorney General's Office has also addressed the scope of this section in several other opinions (See April 1987 opinion to Calvin Williams, Claiborne County Board of Education; May 1986 opinion to Sharion Richardson and February 1986 opinion to David Straughter). These opinions make clear that the purpose of this section is to provide the means by which principals direct their recommendations for certificated and non-instructional personnel to school superintendents.

Because job responsibilities of the Tunica County School District's reading supervisor and staff development coordinator involve all schools in the district, an individual filling either position would be considered a central office employee, rather than a school-based employee.

The Mississippi Ethics Commission has opined that individuals who supervise their relative's supervisors are using their offices for the benefit of relatives--The hiring of the Tunica County School Superintendent's wife as Chapter I reading supervisor and staff development coordinator may constitute a violation of conflict of interest laws because Mr. Gentry has had control over the supervisory personnel who officially supervise his spouse. (The exception allowed for supervising relative's supervisors in CODE Section 37-9-17 does not apply in this situation since the hiring did not comply with all four conditions allowed by the section.) Although the district had no organization charts of the supervisory relationship between the Superintendent and his wife, a district personnel supervisor stated that Mrs. Gentry in her two positions officially reported to two district administrative employees. Her supervisors both reported to Mr. Gentry. As the chief administrator of the district, the Superintendent is in fact responsible for all personnel in the district, whether he supervises them directly or indirectly. Although his wife technically reports to the Superintendent through another person, the Superintendent uses his office to continue to oversee the payment of her salary. Advisory Opinion No. 93-206-E of the Mississippi Ethics Commission dated November 1993 stated that individuals who supervise their relative's supervisors are using their offices for the benefit of relatives in violation of Section 25-4-105 (1), whenever the subordinate relative receives compensation from funds over which the supervisor relative has significant control.

Conclusion--The salary of the Superintendent's wife increased from $29,586 to $49,000, or 66%, from 1993-94 to 1996-97. On an annual basis, she received a 35% increase in 1994-95, a 23% increase in 1995-96, and no increase in 1996-97. Because the number of days worked by Mrs. Gentry increased from 205 to 260 days during the period, her salary per day increased only 31% over the period as compared to the 66% total salary increase. Regardless of any other circumstances of her hiring, these large salary

increases combined with the violation of conflict of interest statutes give the appearance of favoritism.

On May 14, 1997, the Tunica County School Board voted to hire Mrs. Gentry into the position of Activities Director at the high school at a salary of $43,897. This new position is school-based and is required to be certified by SDE because it is an Assistant Principal position. Therefore, her future position in the district for the 1997/98 school year will not violate the conflict of interest statutes due to the exception outlined in Section 37-9-17.

Recommendations

In the following recommendations, references to the district include the Tunica County School Board and Superintendent acting in conjunction with the Conservator.

Long-Term Planning

Financial Plan

1. The Tunica County School Board and Superintendent, in conjunction with the Conservator, should develop a long-term financial plan (to be included as part of its overall long-term plan) for the district's use in meeting its goal of improved student performance. As part of the plan, district officials should project revenues and develop goals and budgets for use of the funds. The district's board should adjust goals and budgets at least yearly as revenues and other estimates and situations change. The district's board should tie the financial goals and budgets directly to the district's needs in areas such as student performance, curriculum, training, and facilities.

   In developing the plan, the board and Superintendent should first determine the "big picture" of the overall budget and how it corresponds to the district goals and then determine what types of things can be changed yearly to help accomplish the goals. Each year the board and Superintendent should review expenditures and compare them to the budget to determine whether its short-term goals were met. Over time the district should determine whether the financial plan has resulted in meeting long-term goals for performance, and adjust the plan as needed.

   To help project district revenues, the board and Superintendent should regularly request written financial projections from the Tunica County Board of Supervisors, if available, for expected ad valorem and gaming revenues for future years.

Review of Past Trends in Planning

2. The board and Superintendent should review annually the district's spending patterns for at least the previous five years. The review should promote understanding of past district spending priorities which should aid in identifying needs and spending priorities and in developing and updating the financial plan.

3. The board and Superintendent should compare, at least semi-annually, the district's student achievement statistics to those of other districts in the state, especially to those with similar demographics and enrollment which have earned at least acceptable accreditation. The board should use existing studies, including analysis such as the Deputy Superintendent's comparison of district data from the *1995 Report Card*, to help determine the emphases in spending.

Technology Plan

4. The Tunica County School District should revise, on a yearly or more frequent basis, the financial component of its recently completed plan to integrate technology into the school district. Future revisions of the technology plan should include stating the particular purpose of all items designated for purchase and the specific way in which they will help the district meet its goals.

Classroom Spending Plans

5. The district's Board and Superintendent should review research on the effectiveness of reducing class size and on other potentially effective uses of resources to improve student achievement. In developing priorities for its overall and financial long-term plans, the district should determine how reducing class size and other promising educational innovations could help the district meet its performance goals. Long-term planning should take into account success stories which are documented by research in determining the best use for available resources.

6. The district should develop a plan to study its teacher levels systematically, determine its optimum level of teachers as determined by proven educational research, SDE recommendations, and projected revenues, and address how deficiencies can be improved through its budget.

7. In conjunction with May 1997 salary cuts described on page 17, the district should continue to review and adjust salary levels (especially in areas which have no direct effect on student performance) so that they will be more comparable to average salaries of districts in Mississippi. To help maintain salaries at fair levels, the district should annually compare its salaries with salary levels of other school districts in the state and with any data available on salaries paid in the area's relevant labor markets.

Expenditures and Spending Policies

Appropriateness of Expenditures

8. When in doubt about whether proposed expenditures are appropriate and authorized by law, the Tunica County School District's staff should request advice from the Department of Audit. The school board's attorney should consult with Department of Audit and State Department of Education personnel regarding various types of school district expenditures which have been held to be unlawful in the past, review Attorney General opinions on this matter, and advise the school district's board and officials accordingly.

9. The Tunica County School Superintendent should comply with MISS. CODE ANN. Section 37-9-14 (3) for general duties of district superintendents, which requires that itemized invoices support all expenditures.

10. The Department of Audit should review wasteful or unauthorized expenditures cited in this report to determine if any funds should be recovered.

Contractual Services Procurement Policies

11. The district should enact policies and procedures regarding effective contractual services procurement, which should include:

    - establishing a need for the services through written needs assessments by the requesting party showing:

        -- why the service is needed,
        -- the cost of contracting for the service externally versus performing the service internally, and
        -- the consequences to the district if the outside services are not obtained;

    - a written contract requiring specified performance in return for payment; and,

    - monitoring of the written contract to verify performance before payment.

    The policy should outline types of services which are exempt, such as sole source purchases or services under a certain dollar amount. The district should also address other elements of good contractual service procurement, which include formal systems for:

    - development of requests for proposals (RFPs);

- advertising and distribution of RFPs to interested parties;

- evaluation of responses to the RFPs; and,

- selection of the contractor based on the evaluations.

12. The district's board and Superintendent should execute a contract and develop a job description for the school district's attorney, outlining the exact duties required in return for compensation. In determining compensation, the district should compare the board attorney's salary and duties to salaries and duties of attorneys in Tunica County and in other school districts in the state. For legal services obtained which do not fall within the scope of the salary contract, the district should consider following the contractual services procurement policies outlined in the previous recommendation.

13. The board and Superintendent should not approve consulting contracts for employees who have been terminated due to their refusal or inability to meet employment contract provisions. The district should approve consulting contracts under the contractual services procurement policies recommended above. When employees are terminated due to breach of provisions in their employment contracts, the district should not provide compensation beyond the last day of employment.

Insurance Liability Policies and Claims Reimbursement

14. The district should develop and consistently follow policies regarding liability insurance which:

    - outline what the district's liability insurance is expected to cover and what should not be covered by the district, including athletic injuries, other injuries, and property damage;

    - outline the types of liability claims the district will pay out-of-pocket, if any;

    - require that district liability must be established before paying claims; and,

    - specify how claimants must establish district liability in order to receive reimbursement.

15. The district should consult with the director of the Tort Claims Board on developing policies for insurance and request advice on achieving efficiency in purchase and use of insurance, filing claims with

insurance companies, avoiding lawsuits, pre-paying claims, and understanding the types of coverages already purchased.

16. The district should determine whether it can be reimbursed by its insurance company on claims which it has already paid out-of-pocket which could be covered under its policy.

Entertainment

17. The board and Superintendent should not reimburse entertainment expenses from public funds. When the district has questions regarding whether a certain expense should be categorized as entertainment, the district should consider whether the primary purpose of the expenditure is for the education of students or approvable staff training according to SDE guidelines. Entertainment which has the purpose of motivation for staff rather than SDE-approved training (such as appreciation dinners) should be funded from private sources.

Education Enhancement Fund Policies

18. The district should adopt policies for purchasing classroom supplies and instructional material and equipment provided by the Education Enhancement Fund. These policies should address the legislation effective July 1, 1997, amending Section 37-61-33, which prohibits using classroom supplies appropriations for administrative purposes and requires allocation of the funds equally among all classroom teachers, unless teachers vote to pool their funds under a spending plan approved by the principal. The district should require that school spending plans be approved and filed with the business office before pooled expenditures (not under direct control of the teacher) are made. Principals or teachers should file any changes in spending plans with the business office during the school year. The policies should require the business office to verify requests for funds against the most recently filed school plans.

Overall Policy Development

19. The board and Superintendent should review all of the sections of the unabridged November 1994 Siamon Study regarding policy formulation and "undertake a renewed approach and interest in policy development and adoption," as recommended in the study. The board should consider the policies suggested in the Siamon Study, including:

- "formal guidelines for development and expenditure of the school system budget" including "systematic policies or procedures for budget amendments" (outlined on page VI.1-4 of the 1994 Siamon report);

- instructional resource policies (page II.8 of the Siamon report); and,

- policies in the more than forty other areas of concern listed in the 1994 report, including curriculum organization, development, and design.

20. In addition to developing new policies, the Superintendent and board should thoroughly review and revise the district's policies yearly and consistently follow those policies.

Conflict of Interest

21. The Ethics Commission should review the circumstances of the district's hiring of the Tunica County Superintendent's wife from school years 1993-94 to 1996-97.

22. The Tunica County School Superintendent and district school board should comply with conflict of interest statutes when hiring employees, such as CODE sections 37-9-17 and 25-4-105 (1). When in doubt, the board should ask for an opinion from the Mississippi Ethics Commission.

Appendix A

Performance Standards for Accreditation Levels 1 Through 5

In accordance with State Board of Education policy, the Commission on School Accreditation determines the annual accreditation level of a school district based on its degree of compliance with both performance standards and process standards:

Accredited-1-PROBATION is assigned to a district that complies with less than 70% of the performance standards and/or with less than 100% of the process standards.

Accredited-2-WARNED is assigned to a district that complies with 70% to 89% of the Level 3 performance standards and with 100% of the process standards. A Level 2 district that remains at this level for two consecutive years may be downgraded to Accredited-1-Probation.

Accredited-3-SUCCESSFUL is assigned to a district that complies with 90% to 100% of the Level 3 performance standards and 100% of the applicable process standards.

Accredited-4-ADVANCED is assigned to a Level 3 district that complies with 85% to 99% of the Level 5 performance standards and 100% of the applicable process standards.

Accredited-5-EXCELLENT is assigned to a Level 3 district that complies with 100% of the Level 5 performance standards and 100% of the applicable process standards.

Performance Standards--Performance standards (output or product) standards address the components of the statewide testing program and other outcome measures related to the performance of a school district. Performance standards are implemented in two phases. Phase 1 applies the thirty-four Level 3 performance standards (see Table 1, page 36) to each public school district. The percentage of Level 3 standards met by a district results in the assignment of an accreditation Level of 1, 2, or 3. Districts that meet the criteria for Level 3 accreditation then enter Phase 2 of the system. Phase 2 applies 37 Level 5 performance standards to the districts that met the criteria for Level 3 accreditation. Based upon the percentage of Level 5 standards (see Table 2, page 37) met, a district will either remain at Level 3 or be assigned Level 4 or 5.

Process Standards--Process standards (input) address accepted educational principles and practices that are believed to promote educational quality. The sixty-one components of process standards encompass active educational leadership, instructionally focused organization, effective instruction, staff development, and school climate.

SOURCE: *Accreditation Requirements of the State Board of Education, Bulletin 171,* Twelfth Edition, 1996.

Appendix A, continued

Table 1
Level 3 Performance Standards
(Phase 1)

Performance Standard*	Absolute Minimum Value	Annual Minimum Value**	Maximum Value
FLE Reading	246.0	TBD	257.5
FLE Math	243.0	TBD	357.5
FLE Written Comm.	240.0	TBD	255.0
ITBS GR4 Reading	37.0	TBD	40.0
ITBS GR4 Language	37.0	TBD	40.0
ITBS GR4 Math	37.0	TBD	40.0
PA GR4 Language Arts	400.0	TBD	500.0
PA GR4 Math	400.0	TBD	500.0
ITBS GR5 Reading	37.0	TBD	40.0
ITBS GR5 Language	37.0	TBD	40.0
ITBS GR5 Math	37.0	TBD	40.0
PA GR5 Language Arts	400.0	TBD	500.0
PA GR5 Math	400.0	TBD	500.0
ITBS GR6 Reading	37.0	TBD	40.0
ITBS GR6 Language	37.0	TBD	40.0
ITBS GR6 Math	37.0	TBD	40.0
PA GR6 Language Arts	400.0	TBD	500.0
PA GR6 Math	400.0	TBD	500.0
ITBS GR7 Reading	37.0	TBD	40.0
ITBS GR7 Language	37.0	TBD	40.0
ITBS GR7 Math	37.0	TBD	40.0
PA GR7 Language Arts	400.0	TBD	500.0
PA GR7 Math	400.0	TBD	500.0
ITBS GR8 Reading	37.0	TBD	40.0
ITBS GR8 Language	37.0	TBD	40.0
ITBS GR8 Math	37.0	TBD	40.0
PA GR8 Language Arts	400.0	TBD	500.0
PA GR8 Math	400.0	TBD	500.0
TAP GR9 Reading	37.0	TBD	40.0
TAP GR9 Language	37.0	TBD	40.0
TAP GR9 Math	37.0	TBD	40.0
PA GR9 Language Arts	400.0	TBD	500.0
PA GR9 Math	400.0	TBD	500.0
Percent < Q1***	N/A	<30% on 5 of 7 tests	N/A

* FLE=Functional Literacy Exam; ITBS=Iowa Test of Basic Skills; PA=Performance Assessment; TAP=Tests of Achievement and Proficiency.

** TBD indicates that the annual minimum value is "to be determined." The annual value on these variables will always fall between the absolute minimum and maximum values established by the State Board of Education.

*** Percent of students scoring in the lower quartile (the range of scores in which the lowest achieving one-fourth of a national sample scored).

SOURCE: Accreditation Requirements of the State Board of Education, Bulletin 171, Twelfth Edition, 1996.

Appendix A, continued

Table 2
Level 5 Performance Standards
(Phase 2)

Performance Standard*	Annual Minimum Value
FLE Reading	Mean of L3 districts**
FLE Math	Mean of L3 districts
FLE Written Comm.	Mean of L3 districts
ITBS GR4 Reading	Mean of L3 districts
ITBS GR4 Language	Mean of L3 districts
ITBS GR4 Math	Mean of L3 districts
PA GR4 Language Arts	Mean of L3 districts
PA GR4 Math	Mean of L3 districts
ITBS GR5 Reading	Mean of L3 districts
ITBS GR5 Language	Mean of L3 districts
ITBS GR5 Math	Mean of L3 districts
PA GR5 Language Arts	Mean of L3 districts
PA GR5 Math	Mean of L3 districts
ITBS GR6 Reading	Mean of L3 districts
ITBS GR6 Language	Mean of L3 districts
ITBS GR6 Math	Mean of L3 districts
PA GR6 Language Arts	Mean of L3 districts
PA GR6 Math	Mean of L3 districts
ITBS GR7 Reading	Mean of L3 districts
ITBS GR7 Language	Mean of L3 districts
ITBS GR7 Math	Mean of L3 districts
PA GR7 Language Arts	Mean of L3 districts
PA GR7 Math	Mean of L3 districts
ITBS GR8 Reading	Mean of L3 districts
ITBS GR8 Language	Mean of L3 districts
ITBS GR8 Math	Mean of L3 districts
PA GR8 Language Arts	Mean of L3 districts
PA GR8 Math	Mean of L3 districts
TAP GR9 Reading	Mean of L3 districts
TAP GR9 Language	Mean of L3 districts
TAP GR9 Math	Mean of L3 districts
PA GR9 Language Arts	Mean of L3 districts
PA GR9 Math	Mean of L3 districts
Percent < Q1***	<25% on 5 of 7 tests
ACT (Core)****	Mean of L3 districts
% ACT Core*****	35.0%
Graduation Rate	75.0%

* FLE=Functional Literacy Exam; ITBS=Iowa Test of Basic Skills; PA=Performance Assessment; TAP=Tests of Achievement and Proficiency.

** The average NCE or scale score of the districts that meet the required percentage of Level 3 performance standards.

*** Percent of students scoring in the lower quartile (the range of scores in which the lowest achieving one-fourth of a national sample scored).

**** Average ACT score for students reporting that they are taking the core high school courses needed for college admission.

***** Percent of students reporting on their ACT answer sheets that they are taking the core high school courses needed for college admission.

SOURCE: Accreditation Requirements of the State Board of Education, Bulletin 171, Twelfth Edition, 1996.

Appendix B
Trends in Tunica County School District Revenues and Expenditures

	1991-92	1992-93	1993-94	1994-95	1995-96	Interim 1996-97 As of June 23
Revenues						
Local gaming revenues		$92,454	$1,719,362	$2,019,206	$2,604,567	$2,744,863
Local ad valorem taxes and other revenues	1,063,166	1,043,109	1,203,437	1,679,996	3,135,122	2,909,558
State revenues	3,481,134	3,416,138	3,772,806	4,540,850	4,956,364	4,763,635
Federal revenues	2,399,690	2,298,179	2,430,593	2,358,799	2,110,055	1,321,155
Total revenues	$6,943,990	$6,849,879	$9,126,198	$10,598,851	$12,806,108	$11,739,210 *
Expenditures						
Classroom instruction and student activities	$3,460,116	$3,473,917	$3,771,647	$4,761,294	$5,004,088	$5,213,719
Student/teacher support services						
Attendance, guidance, health and other	165,141	236,964	221,417	238,359	259,183	276,488
Curriculum development, training, library and other instructional staff	630,736	577,846	666,499	716,423	835,958	1,111,073
Administration						
Board and superintendent's offices	509,680	363,269	400,962	481,042	491,993	552,172
School administration	251,006	321,544	392,181	590,766	689,455	685,351
Business administration	62,721	63,933	99,495	116,478	135,081	132,408
Other Non-instructional services						
Plant operation and maintenance	419,135	567,835	675,767	828,293	1,016,088	832,816
Transportation	300,505	319,299	596,063	671,979	585,861	602,514
Food services	835,145	827,165	904,482	963,325	970,470	1,024,507
Facilities acquisition and construction	84,033	128,905	514,881	267,469	2,053,069	3,415,964
Debt service	26,167	37,369	83,425	81,125	78,926	462,960
Total expenditures	$6,744,385	$6,918,046	$8,326,819	$9,716,553	$12,120,172	$14,309,971
Excess of revenues over (under) expenditures	$199,605	($68,167)	$799,379	$882,298	$685,936	($2,570,760)
Other financing sources and uses						
Proceeds from loans/bonds		$450,000				$2,896,507
Other	100,000	0	42,640	3,679	552	7,571
Excess of revenues over expenditures and other uses	$299,605	$381,833	$842,019	$885,977	$686,488	$333,317

* The interim financial statements included financial operations for 358 days. Tunica officials expect the receipt of at least $200,000 in additional gaming tax and other local revenues for the remainder of the year.

SOURCE: 1991 to 1996 Department of Audit reports and 1997 internal district financial report.

Appendix C

Description of Federal Title I Grant Funds and Their Distribution to School Districts

The U.S. Department of Education (USDE) provides grants to local school districts under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended (Title I funds). Congress established the grant to help disadvantaged children meet high educational standards by improving basic programs of local school districts.

The USDE sets regulations for state education authorities such as the Mississippi State Department of Education (SDE) to distribute Title I funds to local districts. According to the regulations, SDE distributes the state grant among the Mississippi school districts which have certain numbers of school children from low-income families. (Low-income districts include at least ten children who are from low-income families or reside in local institutions for neglected children, whose number exceeds two percent of the school districts' population of children aged five to seventeen years.)

SDE allocates amounts to the school districts on the basis of the number of children who meet the description of low-income according to specific formulas outlined in the regulations.

Appendix D

Definitions of the Spending Categories Used in Analyzing SDE Data

The data analyzed during the review included comparisons of total spending of the average district to Tunica County School District's spending for various categories. For instance, classroom spending included salaries and benefits of employees working in the classroom and supplies, services, and equipment purchased for classroom programs. The categories of spending reviewed are listed below, along with the types of employees included in those categories:

- *instructional-related spending, specifically:*

  -- *classroom spending*--teachers, teacher aides, reading assistants, and other classroom aides;

  -- *student/teacher support*--librarians, nurses, curriculum and reading coordinators, staff development and special education coordinators, testing personnel, social workers, counselors, and related aides and supervisors;

- *administration*--school and district office and management positions and business and secretarial personnel; and,

- *maintenance, food service, and transportation*--bus drivers, cafeteria workers, custodial and transportation workers, and managers.

Other data analyzed included average salary levels for the state and by district, accreditation levels, pupil/teacher ratios, and salaries per pupil. Enrollment (per pupil) data consisted of the average daily attendance of students in the first month of a given school year.

To determine average salary levels, PEER:

- calculated full-time equivalents for the numbers of employee positions in each spending category (e.g., full-time equivalents for the number of teachers consisted of the sum of the percent of each teacher's day spent in teaching activities); and,

- divided total salaries expenditures in a given category by the full-time equivalent positions in that group.

Agency Response

TUNICA SCHOOL DISTRICT
P.O. BOX 758
TUNICA, MISSISSIPPI 38676-0758

OFFICE OF THE
SUPERINTENDENT

TO: The PEER Committee

FROM: Dr. Ronald Love
Conservator

RE: Response to the PEER Committee Report from the Conservator for the Tunica County School

DATE: July 8, 1997

After having read the PEER report on Tunica County School I want to clearly state that I agree with most of its findings. The observations made by PEER are well taken and I have initiated actions to correct most of the problems noted in the report. The actions are as follows:

Long-term planning:

1. Identified the need to change budget priorities away from administrative functions into instructional. This change resulted in the cutting of $150,000 in administrative salaries and giving no raises this year.

2. These administrative saving were used to fund summer school, tutorials and extended year program. During next year holding down administrative cost will allow the district to spend more of its funds on textbook and additional instruction programs. In addition, during the 1997-98 school year the district will add the following programs:

* Elementary music
* Middle School music
* Elementary P.E.
* Middle School P.E.
* Elementary Computer
* Middle School Computer
* Library story-time elementary
* Library study skill Middle School
* Elementary Art
* Middle School Art
* Choral Music at the high school
* 4 year old program
* Summer School 9 - 12

* Extended year program 1 - 8

3. Clearly these new programs and services reflects total change or perspective about how district revenues are used. It should also be noted that the Board plans to fully incorporate the recommendation made by PEER into future planning efforts. Especially as they pertains to the following:

Conflict of Interest

As noted in the report, problems related to the employment of Mrs. Gentry have already been resolved. The conservator recommended to the Board that future employment of relatives of the Superintendent or Board Members will not be allowed.

Job descriptions for all employees have been developed and distributed to them. The Board will, within the next 60 days, review and approve a new job description for the Board Attorney.

Development of Policies on Tort Claim

The conservator will recommend to the Board that external legal counsel be employed to develop a policy on Tort Claim made against the district.

In summary it is hoped that the progress made over the last 90 days to remedy problems will be sufficient to relieve fears about the district. Much progress has been made because of the high level of cooperation from both the Superintendent and Board. They have welcomed change which I am hopeful will be allowed to continue.

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