

MANAGEMENT AND PERFORMANCE REVIEW OF TEXAS REGIONAL EDUCATION SERVICE CENTERS

Volume I – Management Summary



Submitted by:



For: Legislative Budget Board

December 2004

**Management and Performance
Review of Texas Regional
Education Service Centers**

**VOLUME I –
MANAGEMENT SUMMARY**

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LEGISLATIVE BUDGET BOARD

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December 7, 2004

Dr. Shirley Neeley
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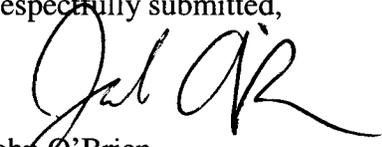
The attached three-volume report contains a comprehensive review and audit of the twenty (20) Regional Education Service Centers (RESCs) in the state. The Legislative Budget Board engaged MGT of America, Inc. (MGT) to conduct and produce this study, required by Senate Bill (SB) 929, House Bill (HB) 3459, and House Bill (HB) 2455, 78th Legislature.

The report highlights commendable practices and identifies recommended changes for legislators, agency management, and individual service centers to consider — all aimed at improving the quality of primary and secondary education service delivery in Texas.

LBB staff, working in a contract oversight role with MGT's review team, greatly appreciates the accommodation, cooperation, and assistance that you and your RESC directors and staff provided during the preparation of this report.

The report is available on the LBB website at <http://www.lbb.state.tx.us> and on MGT's website at www.mgtamer.com.

Respectfully submitted,


John O'Brien
Deputy Director
Legislative Budget Board

cc: Governor Rick Perry
Lt. Governor David Dewhurst
Speaker Tom Craddick
Senator Florence Shapiro
Representative Kent Grusendorf
Members of the 79th Legislature
Sunset Advisory Commission
RESC Directors

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MANAGEMENT SUMMARY

The Legislative Budget Board (LBB) engaged MGT of America, Inc. (MGT) to conduct a Management and Performance Review of the Regional Education Service Centers (RESCs), a study required by Senate Bill (SB) 929 and House Bill (HB) 3459 of the 78th Legislature. The Council on Competitive Government (CCG) also was engaged to fulfill selected portions of the required study components, prior to MGT’s engagement. The CCG report was intended and used as a data source that was further evaluated by MGT in the course of the review.

GENERAL INFORMATION ABOUT RESCs

RESCs are intermediate educational units that provide training, technical assistance, administrative support, and an array of other services as determined by the Legislature, the Commissioner of Education, and the needs of local school districts and charter schools.

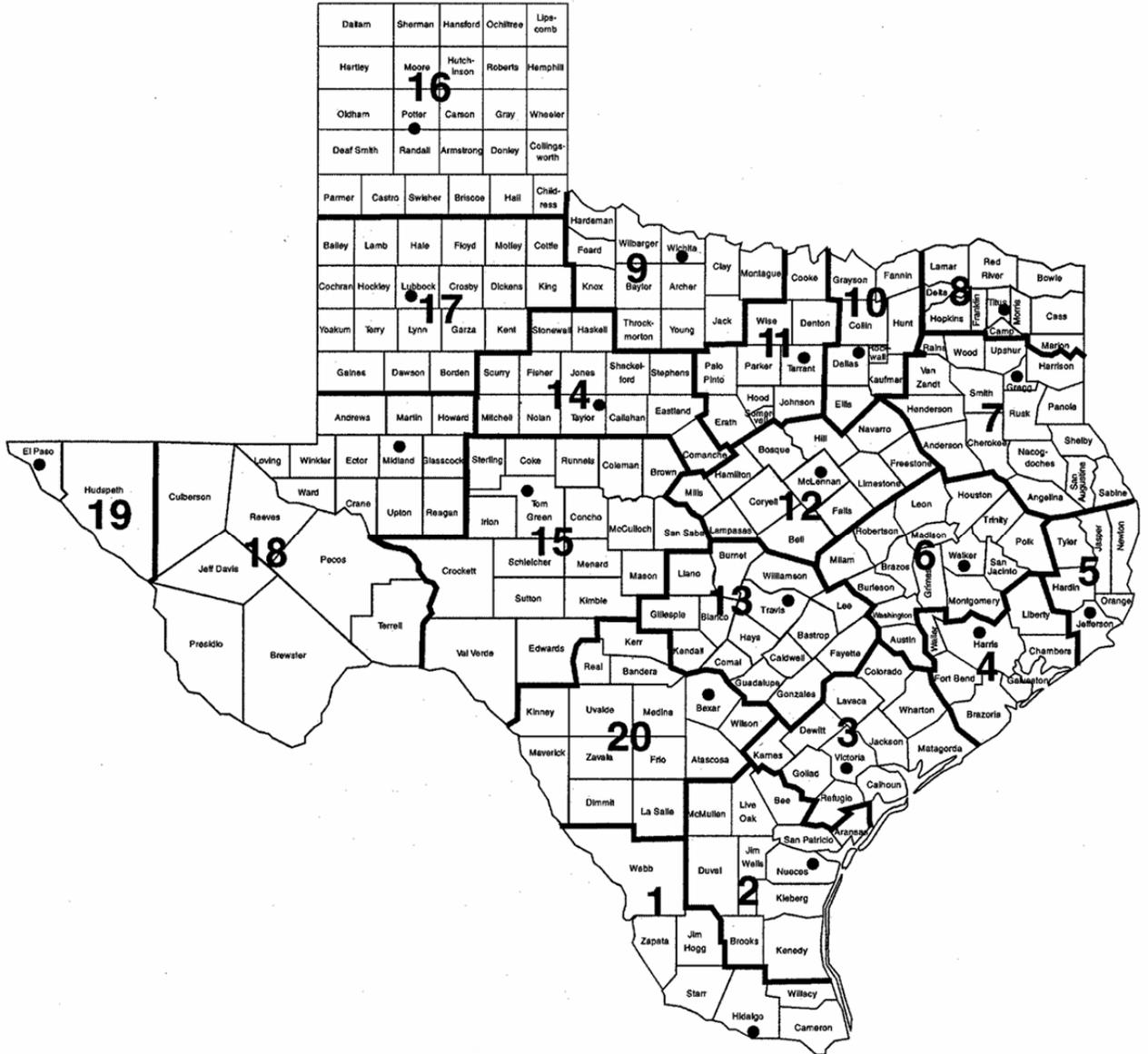
The RESCs began in 1965 as 20 federally-funded media centers—the result of Title III of the Elementary and Secondary Education Act (ESEA), which provided limited funding for instruction-related training and services. In 1967, the Texas Legislature incorporated the original 20 centers into ESEA, Title II funded service centers, designated “Regional Education Service Centers,” and the State Board of Education defined the 20 regions as geographic areas of counties and the encompassed school districts. The map of the Regional Education Service Centers, displayed as **Exhibit 1**, shows the locations of the 20 centers. Eighteen additional sites are established as satellite locations, not shown.

As can be seen from the map, there is considerable variation in the geographic areas for which each RESC is “responsible.” While the original 20 centers and respective geographic locations have not changed since 1967, the funding, assigned responsibilities, and satellite locations have greatly expanded since that time.

RESCs are assigned responsibility for providing core services to each school district, campus, and charter school within their respective regional boundaries. In total, there are currently six major types of services provided by RESCs to school districts, schools, charter schools, and other entities:

- Core services identified in the Texas Education Code §8.051:
 1. Training and assistance in teaching each subject area assessed under §39.023,
 2. Training and assistance in providing each program that qualifies for a funding allotment under §§42.151, 42.152, 42.153, or 42.156,
 3. Assistance specifically designed for a school district rated academically unacceptable under §39.072(a) or a campus whose performance is considered unacceptable based on the indicators adopted under §39.051,
 4. Training and assistance to teachers, administrators, members of district boards of trustees, and members of site-based decision-making committees,
 5. Assistance specifically designed for a school district that is considered out of compliance with state or federal special education requirements, based on the agency’s most recent compliance review of the district’s special education programs, and

**Exhibit 1
Location of Regional Education Service Centers**



Region	Headquarters	Region	Headquarters
1.	Edinburg	11.	Fort Worth
2.	Corpus Christi	12.	Waco
3.	Victoria	13.	Austin
4.	Houston	14.	Abilene
5.	Beaumont	15.	San Angelo
6.	Huntsville	16.	Amarillo
7.	Kilgore	17.	Lubbock
8.	Mount Pleasant	18.	Midland
9.	Wichita Falls	19.	El Paso
10.	Richardson	20.	San Antonio

6. Assistance in complying with state laws and rules;

- Decentralized Texas Education Agency (TEA) functions;
- Administrative support for schools;
- Instructional support for schools;
- Direct student instruction, and
- Other locally-determined services.

The main purposes of these services are to assist in the improvement of student performance, to assist schools to operate more efficiently and effectively, and to carryout the initiatives of the Texas Legislature and the Commissioner of Education.

Texas school districts may elect to receive services from any service center in the state, and as a result, some RESCs are held accountable for the performance of school districts to which services are not provided.

2003-04 FINANCIAL DATA

- RESCs receive funds from three types of sources, as defined below:

State: state funds come from appropriations that flow through TEA and the school funding formula, and grant monies under specific TEC sections that are offered to the centers on a competitive basis;

Local: local funds include fees paid by school districts for services, investment earnings, rental or other fees derived from letting others use RESC facilities, sales of programs or products to non-Texas school districts and other entities, and donations or gifts; and

Federal: Head Start program funds flow directly to a specific RESC, other federal funds (except grants applied for directly from the RESC to the federal program), flow through TEA or other state agencies.

- RESCs’ total budgeted FY 2003-04 revenues by source: \$60,881,175 (State), \$176,052,197 (Local), and \$220,590,945 (Federal) for a total of \$457,524,317.
- RESCs’ total budgeted expenditures: \$464,036,460.
- The \$6,512,143 “deficit” or expenditures in excess of current year revenues reflects that individual RESCs had to use fund balance to meet their budget obligations.
- RESCs have no taxing authority.

SIGNIFICANT RECOMMENDATIONS

A fiscal summary of costs and savings to RESCs, listed by recommendation, is included at the end of the executive summary.

FOR LEGISLATIVE ACTION

- **Recommendation 2-1: The Legislature should require the Commissioner of Education to establish criteria to determine if an RESC should continue to exist, or should become a satellite of another RESC.** The Commissioner of Education should present recommendations to the Legislature on consolidation once criteria are defined and applied. Maintain the current geographical distribution and number of Texas RESCs until the criteria are established and applied. Between 2000-01 and 2002-03, Regions 2, 3, 5, 9, 14, 15, 16, 17, and

18 lost student enrollment, while all the other RESCs' regional student populations increased. There are no minimum established criteria that can be applied for periodic review to determine when a RESC does not have sufficient student enrollment or client base to justify continued existence as a stand-alone center. In addition, there are no defined criteria to apply to decide whether a center with declining student enrollment or client base should be dissolved or designated as a satellite to another RESC. **Companion Recommendation: Issue a Commissioner of Education rule that defines a satellite center and the conditions under which a "satellite" center should be created by an RESC.** Current statutes and Texas Education Code Commissioner's Rules do not address the conditions under which a satellite center can be created. Neither the Texas Education Agency nor the RESCs have any criteria in place for determining when a satellite center is needed or can be created, or removed. In fact, the state has no written definition for a "satellite" center. TEA and RESC satellite site counts differ for many of the centers, including RESCS 1, 6, and 12.

- **Recommendation 2-2: The Legislature should clarify the legislative intent regarding the role of the Commissioner of Education in hiring and dismissing RESC executive directors.** In 2004 the Commissioner of Education granted approval of a short list of candidates for an RESC executive director position prior to the RESC board's selection and hiring. Almost immediately after the board filled the position, the Commissioner of Education withdrew/refused approval of the newly hired executive director, and instead selected a different,

interim director for the RESC, pending a new search and evaluation process to fill the position. Legislative clarification of Texas Education Code §8.004 on the role of the Commissioner of Education in hiring and dismissing executive directors will improve the relationship between each centers' board of directors and TEA.

- **Recommendation 2-3: The Legislature should clarify the legislative intent on regulatory responsibilities of RESCs. The Legislature should require that the Commissioner of Education ensure that no regulatory responsibilities are transferred to the RESCs while complying with the General Appropriations Act.** Texas Education Code §8.121 precludes assignment of any regulatory responsibility to the RESCs. However, since the late 1990s the biennial General Appropriations Acts have required each RESC to establish a coordinator position for dyslexia and related disorders services to be funded from Teaching Excellence and Support funds, positions that were previously housed under TEA and included both regulatory and non-regulatory responsibilities. According to various school district and RESC staff, the regulatory functions were not separated and retained prior to position transfers, while TEA staff said that the regulatory functions were separated prior to transfer to the RESCs. The transfer of these coordinator positions, without clear delineation of the regulatory functions, has created an apparent conflict between the statute and appropriations language on the intent of the Legislature.
- **Recommendation 4-2: The Legislature should amend Texas Education Code §44.0011 so all**

RESCs and their member districts have the same fiscal year. As of September 2004, 89 school districts have a fiscal year beginning July 1. Having each RESC and their member districts using the same fiscal year will simplify the timing of fiscal reporting and make comparative analysis easier. Because of legislative and TEA functions, a September 1 – August 31 fiscal year would be easier to implement and maintain.

- **Recommendation 5-1: The Legislature should require the Commissioner of Education to contract for a qualified independent third party to perform a detailed assessment comparing the 2002-03 and 2003-04 TAKS reading results.** TEA has not presented a true (equalized) evaluation of the student performance changes between the two tests or testing years. Without a true assessment, TEA, RESCs, and school districts do not know if the services provided to school districts are addressing student performance needs, or where to make adjustments for future improvement. A cursory review indicates significant decreases at all RESCs in the percentage of students statewide meeting the reading standard. An independent consultant should identify specifics to qualify and explain student performance compared on an equalized basis.

Since a comprehensive review of the TAKS scores and related recommendations is beyond the scope of this RESC study, TEA should hire a qualified independent contractor to resolve issues such as: test items being equivalent for both years; time of testing including if the number of instructional days was equivalent prior to both years' test administration; and were the norms applied the same way in 2003 and 2004.

- **Recommendation 5-7: The Legislature should clarify the definition of “core services” for the Windham School District and require the Commissioner of Education to create a statewide plan for serving the schools in the Windham School District.** Service to each of the Windham schools throughout Texas should be established at an acceptable level of equity. This responsibility could be delegated to the Commissioner of Education, where TEA, RESC executive director and Windham school systems representatives meet to identify the core services that should be provided to Windham School District. Once having identified the core services, TEA should conduct a review of the capacity of each of the RESCs to meet the requirements of providing core services.
- **Recommendation 5-2: The Legislature should clarify the definition of “core services” and specify which services should be required by all RESCs.** The Legislature should clarify what specifically is meant by a core service in Texas Education Code §8.051, or require the Commissioner of Education to establish a rule that defines core services. This recommendation should result in establishing the specific core services assigned to RESCs. By identifying a common definition, the Legislature and TEA can obtain a better understanding of the budgetary needs of the centers. Additionally, implementing this recommendation should contribute to ensuring that RESCs and TEA do not create situations of unwarranted duplication of services, therefore ensuring greater operational efficiency.

The Commissioner of Education could confer with RESC executive directors and determine the possible core services menu. Following establishment of this listing of core services, the Commissioner should incorporate the definitions into TEA requests for approval by the Legislature at the next regular legislative session.

- **Recommendation 4-7: The Legislature should require the Commissioner of Education to allocate the competitive grant funds intended only for RESC funding to RESCs.** Funds appropriated for purposes of competitive grants under TEC §§ 8.123 and 8.124 were intended only for RESC funding for training programs but instead are being allocated to higher education institutions. Allocation of the funds to the universities instead of RESCs is not consistent with the TEC. From 2002-03 to 2003-04, TEA discretionary grants to RESCs declined from \$72.3 million to \$31 million. Since training programs for school districts are components of the core services defined in Section 8.051, transfer of the programs and related funding to colleges and universities is inconsistent with the requirements for RESCs to provide these programs.
- **Recommendation 4-8: The Legislature should direct the Commissioner of Education to develop a new funding formula that distributes base funding to RESCs in an equitable manner.** The Commissioner should appoint a work group comprised of TEA education finance staff and RESC finance staff to develop an equitable base funding formula that distributes resources consistent with §8.121 of the TEC. §8.121 provides that the allocation should be based on the minimum amount of money necessary for the

operation of a center; an additional amount of money that reflects the size and number of campuses served by the center under TEC §8.051; and an additional amount that reflects the impact of the geographic size of a center's service area on the cost of providing services under §8.051.

- **Recommendation 4-9: The Legislature should allocate an adequate amount to provide all core services as defined in TEC §8.051 (Reference Attachment at end of executive summary)** Allocation of an adequate amount to cover core services will ensure that RESCs can provide these essential services to meet the needs of school districts, and to improve student performance. This recommendation should be implemented in conjunction with clarifying the definition of core services for school districts, and the Windham School District. The Legislature would need to determine if these funds were to be allocated from the Foundation School Program, be a combination of increased user fees as well as additional appropriations, whether the core services should be redefined, or if the number of service centers should be reduced. Assuming that the RESC system continues in its current configuration, an increase of \$35.2 million per year would be required.
- **Recommendation 2-6: The Legislature should direct the Commissioner of Education to amend the list of agencies eligible to receive funding under NCLB to include the RESCs.** As a result of inclusion on the list, the RESCs will become eligible to apply for at least \$10 million annually in federal NCLB grant funding. If successful, additional resources would be available to the successful RESC(s) to use for the specific purposes of the

grant. In fiscal year 2003, Texas returned discretionary unused NCLB funds. Since NCLB relates directly to the core services of RESCs to assist low-performing schools and school districts, these funds would provide additional and important services to schools and districts.

FOR COMMISSIONER OF EDUCATION ACTION

- **Recommendation 5-5: The Commissioner of Education should develop, issue, and implement Commissioner’s rules or guidelines for evaluation of specific programs designed to determine their continuation or modification.** This recommendation is essential to providing continued financial support of programs and services. The review team recommends that RESC 4’s process for the evaluation of its center programs be used as a statewide model and should play an integral role in the development of the evaluation guidelines.
- **Recommendation 3-7: The Commissioner of Education should issue a Commissioner’s Rule that requires RESC board of directors training similar to school district board training.** A core curriculum that includes the Texas Education Code, Commissioner’s rules, updates on state and federal legislation and rules, board roles and functions, RESC statewide and regional strategic planning, education standards, budget and finance, and other contemporary issues should be developed and offered to RESC board members. Once training requirements are established, a schedule for providing training should be adopted and implemented. Where feasible, training should occur concurrently with district school boards training and in close proximity to the RESC area.

- **Recommendation 3-6: The Commissioner of Education should issue a Commissioner’s Rule that requires implementation of an annual board of directors’ self-assessment.** Providing feedback, both formally and informally, is fundamental in any improvement process. Structured feedback, in the form of an evaluation instrument can supplement honest, ongoing dialogue and discussion. Governing boards in any organization can improve their performance through a formal self-evaluation in addition to an informal feedback process. Implementing this recommendation can be a significant “first-step” toward creating board accountability and providing a medium for reporting governance activity constitutes.
- **Recommendation 7-1: The Commissioner of Education should issue a Commissioner’s rule to implement a statewide RESC job description development and updating process.** Job description practices vary greatly with the RESCs – some are commendable and others do not have any on file. The Commissioner should direct the RESC executive directors to appoint a task group composed of RESC staff representatives involved in human resources. The task group should be charged with developing processes for review and approval, which then would be incorporated into the Commissioner’s rule. The processes then should be implemented during the next annual employee appraisal cycle. Following the process, each RESC should develop and maintain up-to-date job descriptions for all identified positions.
- **Recommendation 10-2: The Commissioner of Education should issue Commissioner’s rules on systemwide standards for asset**

management. Current asset management practices vary across the RESCs – some are commendable. A standard policy for asset management across the regions will help ensure that practices are adequate and reflect good stewardship of public resources. The new rule or policy could be developed as part of a meeting of executive directors and/or business officers with the Commissioner or designee. The policy should address minimum standards to which all RESCs should conform.

- Recommendation 10-3: The Commissioner of Education should issue a Commissioner’s rule that requires the establishment of a sinking fund in each RESC to accumulate fees for use of space.** The establishment of a sinking fund at each RESC will enable that RESC to accumulate funds to pay for future building renovation or replacement costs. This is a best practice used by most businesses that charge for facility use. When the fee dollars are placed in a sinking fund, the earnings on investments as well as the principal amount can be used to “pay-as-you-go” rather than borrowing principal and paying interest on the borrowed money. The Commissioner of Education can issue the rule after discussions with RESC directors and TEA staff on the appropriate levels of the funds and other language.
- Recommendation 3-8/9: The Commissioner of Education should require that a standardized job description including performance criteria be developed for RESC executive directors, and that Commissioner and board evaluations of the RESC executive directors be based on the standardized, detailed performance criteria.** No standard job description exists for RESC directors, and the

performance criteria used by various RESC boards and the Commissioner of Education are different. However, some of the Commissioner of Education’s current performance criteria hold RESC executive directors accountable for the academic performance of all school districts within their geographic boundaries, yet school districts are not required to use services from their geographically related RESC except for PEIMS data evaluation. Further, when school districts purchase services from RESCs not in their geographic region, the accountability does not follow. True accountability for performance is not assessed.

A comprehensive assessment of the executive director's performance is a necessary component of accountability. These assessments should be related to defined RESC and TEA goals. Requiring school districts to go to their geographically related RESC for academic performance services would not suffice because (1) the goal is to evaluate RESC performance, not adapt to an existing system that does not work and (2) placing limitations on where school districts can buy academic services goes against the free-market and non-regulatory based concept of the RESCs, and would limit local control.

Key implementation steps should include a review of other RESC evaluation instruments and those used in other states as a means to identifying important evaluation instrument dimensions that could be incorporated into the process. Additionally, a complete job description would be helpful in providing essential information to new board of director members as a means of orienting them to the executive

director's specific and range of responsibilities.

OTHER RECOMMENDATIONS WITH FISCAL IMPACTS

- Recommendation 9-2: Minimize the number of cooperative programs providing the same goods or services by creating “super” regional cooperative programs that specialize in purchasing specific goods and services.** The results of this recommendation should be the creation of cooperative programs that maximize economies of scale, provide quality goods and services, and improve customer service to school districts. The type of service and goods provided, the capacity of existing vendors under contract, geographical location, and quality standards are all factors that should be considered during the analysis to consolidate selective cooperative programs. Advisory councils should be established with representatives from the various regions and school districts to manage each regional cooperative program; quarterly activity reports that include savings should be sent to participating customers.
- Recommendation 9-3: Use a requisition purchasing system from the point of creating a requisition, issuing a purchase order to a supplier, to electronically receiving a good or service against the original purchase order.** Fully using a requisition purchasing system will ensure that there is a measurable and repeatable process in place for customers to use when submitting a request for a good or service. The systems produced by Region 20 or similar systems will have features that include a customer requisition tracking system, a warehouse and receiving system, and other features

that can assist regions with developing and maintaining best practices.

- Recommendation 9-4: Amend state purchasing laws to allow school districts the option to advertise requests for proposals that exceed \$25,000 through alternative means.** Texas law requires school districts to advertise requests for proposals in a district's central administrative office or local newspapers when expenditures are expected to exceed \$25,000. RESC 2 spent more than \$4,700 on 20 ads for school districts over a six-month period. The cost of the advertisements varied from \$70 to \$700 and averaged \$237. If all school districts are spending the average yearly amount of \$474, annual statewide annual advertising costs for only this bid category are almost \$500,000. The State of Virginia uses an electronic procurement system called eVA that has been estimated to save school districts and other agencies over \$1 million per year in advertising costs. The *Texas Marketplace* is an Internet-based notification board where state agencies and local governments can post solicitations, requests for information (ROIs) and requests for proposals (RFPs) at no cost.
- Recommendation 8-5: Evaluate the PEIMS Coordinator's and PEIMS Facilitator's roles at each RESC to determine if there is a need for both positions, and if the PEIMS Coordinator should be given other assigned duties.** A determination should be made of the continued need for staff assigned full-time to PEIMS. The PEIMS Coordinator's role can be reduced and centralized by taking advantage of existing training modules. The districts and all RESCs must have full access to the FTP server where the training modules exist. Updates to the training module

- on the FTP server must include “frequently asked questions” and important reminders to the district to streamline the current training process. Centralized district PEIMS Coordinator training update sessions could be held four times a year for those who will continue to need hands-on training. In addition, to accommodate training on demand, making the training modules available on the Internet should provide sufficient access. In addition, the RESCs could use TET-N to have one “instructor” provide the training sessions instead of requiring school district personnel to travel to a central location. This would reduce travel time and costs to school districts.
- **Recommendation 6-1: Adjust custodial staffing levels to meet the minimum industry standard ratio of one custodian per 19,000 square feet of cleaning space.** Based on individual data submitted by the RESCs, four centers (7, 10, 13, and 17) are overstaffed when the 1:19,000 minimum industry standard ratio custodian to square feet maintained ratio is applied. RESC 15 contracts for custodial operations, so the only data provided was the total square feet maintained. To adjust the number of custodians per square feet of space, each service center will have to complete a short review of their own practice. For those centers that contract custodial services, it may require the contractors to submit the number of hours worked each week so that the custodian per square foot ratio can be calculated. Once the ratios have been calculated, RESC administrators should adjust staffing accordingly. Having custodial staffing levels adjusted to industry standards will improve operational efficiency.
 - **Recommendation 6-5/6: Employ a Resource Conservation Manager (RSM), and install energy saving equipment to lower utility costs.** The RESC “system” does not have a specific position or trained individual assigned the responsibility of resource conservation manager. Although many RESCs have installed some energy savings devices in their facilities, there are many additional opportunities for significant utility savings in the almost 3.3 million square feet occupied by the RESCs. No aggressive program exists to affect the energy conservation behavior of staff in the centers. Many of the RESCs lack automated switches (including direct digital controls on HVAC equipment) and valves, which lower utility consumption. Lower utility consumption will reduce costs. Many public entities use the State Energy Conservation Office (SECO) for assistance to lower energy costs. However, SECO generally provides one-time contracted services to diagnose problems and/or implement corrective actions, without implementation or ongoing oversight for maintenance. This recommendation advocates the RESCs proactively managing their own facilities across the state, adapting as the number and location of sites may change. The RCM could choose to use SECO’s services as appropriate in the scope of fulfilling the RCM job duties.
- The RESCs could employ one RCM as a joint venture and share the RCM’s services. One center would have to be designated as the fiscal agent for the program. Alternately, the Commissioner of Education could employ an RCM to act as the resource for the RESCs and for school districts. Through this role, the Resource Conservation Manager can affect behavioral change in center staff and perhaps the staff and students in

member districts. Combined savings after hiring and investment are estimated to be about \$2 million annually, not including any potential school district savings.

- Recommendation 4-3: Prepare future annual financial reports in a manner consistent with the guidelines that would qualify the report to earn the Certificate of Achievement for Excellence in Financial Reporting.** Information regarding the preparation of a CAFR, to include copies of the checklist used to review the financial reports can be obtained from GFOA by e-mailing a request to CAFRProgram@gfoa.org. The Region 4 Regional Education Center as well as the Highland Park Independent School District, a district in Region 10, have both received a Certificate of Achievement for Excellence in Financial Reporting from GFOA and copies of these reports will provide a basis for the format to be used. The achievement of the certificate is less important than the preparation of a Comprehensive Annual Financial Report that will more effectively communicate the financial position of the center and relate the financial results with the original budget document.
- Recommendation 6-8: Install Web cameras to improve security measures in key areas of the RESC facilities.** The improvement of security measures in key areas of each facility will reduce risk. These measures might be as simple as installing inexpensive Web cameras in sensitive areas with a monitor located in the receptionist's office.

**FOR RESC MANAGEMENT AND/OR
TEA MANAGEMENT OF RESCS
ACTION**

- Recommendation 10-1: Develop policies and procedures to assess and forecast cash flow and fund balances monthly.** All RESCs need to ensure that there is sufficient cash on hand to meet fiscal obligations, and a majority of the RESCs have no process in place to assess cash flow on a regular basis. As RESCs have become more reliant on local resources, which represent a more variable flow of funding than state funds, cash flow awareness is critical. Cash flow assessment can help RESCs better manage resources by allowing them to select investment opportunities that are appropriate and maximize returns given the amount of time between receiving funds and needing them to meet expenditures.
- Recommendation 10-4: Require that all RESCs implement policies and procedures for an annual review of risk tolerance, insurance premiums, and coverage levels.** Given the recent trend for insurance premiums to rise at a rate above inflation, management of insurance coverage is a necessary business function. The RESCs and their boards should be regularly reviewing insurance premiums and coverage to ensure that coverage is adequate and rates are competitive.
- Recommendation 10-5: Develop safety and security plans that address the safety and security needs of all employees, visitors, and RESC assets.** Protecting the safety and security of employees, visitors, and assets must be a high priority for all RESCs. All staff must be aware of the requirements of the plans and processes should be implemented and

- enforced based on the policies. There are many approaches to developing plans, including forming a safety committee or assigning responsibility to the facility director or other staff person. Forming a safety committee that includes representatives from throughout the organization offers many benefits. The committee can solicit safety issues from throughout the organization and committee members can provide training and assistance to their unit. Regardless of what method is chosen to formulate safety and security plans, all RESCs that currently do not have such plans should develop plans within the next six months. Those that do have plans should evaluate them on an annual basis for completeness, relevance, and accuracy.
- **Recommendation 8-1: Evaluate all software programs and school district needs to determine if a limited number of software programs could be used to meet data collection and reporting needs.** The RESCs should analyze the different software programs presently being used, including the software offered by all of the cooperatives. This will help determine which programs may be producing the same or duplicate data. Formal meetings should be held with representatives from the RESCs to discuss and study the feasibility of all RESCs using a limited number of software programs. A determination should be made as to which programs can most effectively and efficiently be used.
 - **Recommendation 8-2: Collaborate closely with all RESCs to create products for release of next generation software systems.** RESCs, working with TEA staff and school district personnel, should establish a committee to develop a business plan that will support integrated products. The products should be designed to meet the needs of both large and small school districts. The combined goal of the RESCs should be to educate school districts on the benefits of having integrated products. If the school districts are properly educated to the advantages, benefits, functionality, compliance and cost efficiencies of scalable products, there may be no need to mandate a statewide software solution in the future, but rather allow the progression to occur naturally.
 - **Recommendation 8-3: Establish a reserve in each RESC's general fund to plan for technology improvement.** A budgeted amount for technology improvement allocated early in the budget planning process would be used to support planned updates to equipment and systems. A reserve also should provide for emergency repairs and replacement when equipment breaks down. The current decrease in state funding will make it more difficult to establish reserves, but establishing a budget for technology improvement is critical. The reserve should include new technology and product development funds to allow the RESCs to remain competitive in the market with products and services.
 - **Recommendation 8-4: Develop RESC marketing plans to advertise new products and system enhancements to school districts and other external users.** It is important for the RESCs to determine what they want to make more visible. The marketing plan would not only outline the benefits of the products/services, the quality service the RESCs deliver to the school districts, and the best practices utilized across RESCs, but also identify target audiences, timing of marketing, and media to be used. Plans should

- incorporate multiple venues for marketing. Besides product/services promotions at Texas statewide conventions, the Internet is another useful tool to market program and services and can assist in drawing potential clients. Field support specialists on staff can launch marketing plans. The field support specialists currently are responsible for interfacing with school district superintendents for day-to-day concerns. The field support specialist role should be re-evaluated to include assisting with the marketing effort of the RESCs' products/services to school districts.
- **Recommendation 7-2: Develop and implement performance assessment instruments that are aligned with job descriptions and include provisions for supervisor and employee self-evaluation.** Many of the RESCs do not have performance criteria aligned with their job descriptions. If the employee is evaluated on factors that are not identified in the job description, the RESC can be subject to legal liability and possible legal action. Performance assessment instruments aligned with job descriptions will contribute useful information for updating job descriptions and will ensure that employees fully understand the criteria that are to be used in evaluating performance, and, ultimately, for determining promotions and employment continuance.
 - **Recommendation 7-3: Develop a Web site template that expands available online human resource functions to RESC personnel and applicants for RESC and school district positions.** Human resource information on Web sites provides additional value for RESC employees and client school districts and schools.

For RESCs that currently do not have the capacity for online position application and other online services, the template will ensure that consistent information is available and will reduce time spent addressing routine questions.

As a result, human resource staff will be able to focus on other critical job functions. RESC 3, for instance, does not have a human resource department, and the sophisticated status of their Web site information has permitted them to fulfill essential human resource needs without additional staff. An existing site that is organized appropriately and reflects the needed ingredients for the suggested template approach is the site at RESC 3. Once the information is available on the Web site, an email notice should be sent to staff and clients with an instruction sheet on Web site use to obtain information, and complete and file forms.

- **Recommendation 7-4: Continue the current practice of maintaining RESC salary schedules separate from state schedules, and conduct compensation studies at least once every three years with cost-of-living-adjustment data reviewed annually.** RESC compensation schedules should be appropriately structured to reflect local conditions. The recommended compensation studies can be conducted either in-house or by an outside firm or association. The following resources are available to facilitate completion of these reviews: the *Salaries and Benefits in Texas Public Schools Administrative/Professional Report* published annually by the Texas Association of School Boards; the *National Compensation Survey for Dallas/Ft. Worth* published by the U.S. Department of Labor, Bureau of Labor Statistics; Social Security

Online, *Cost-of-Living-Adjustments*; and data from comparable positions within regions' school districts, private sector employers, and other RESCs.

- **Recommendation 7-5: Develop a master RESC recruitment plan, with emphasis on minority recruitment.** Many RESC staff compositions are very different from the ethnic mixes of the districts served. The implementation of this recommendation should result in a master recruitment plan imbedded with multiple, tested recruitment strategies. By intensifying the recruitment of qualified minority populations for job openings by RESCs, the staff composition should more accurately reflect the ethnic mix of the regions served. Because there are language differences in the communities, more bilingual staff will have better communication that likely will reduce misunderstandings and provide an environment where minority students have the best possible opportunities to succeed. A more diverse staff is more likely to have better communications skills and an improved professional image within the community. Furthermore, the master plan should be of assistance to client school districts and schools that require assistance with recruiting personnel.
- **Recommendation 7-6: Assess the statewide need for student discipline management and conflict resolution training and prepare needed programs.** An assessment of the statewide need for student discipline management and conflict resolution training should provide the state and TEA with supporting data that encourages the legislature and TEA to fund core training services for school district personnel. A detailed survey should be developed, incorporated

into other annual survey instruments and completed by school principals, teachers, and other staff who have student control and management responsibilities. Additionally, guidance counselors and social workers should be surveyed for additional information related to conflict resolution training needs. This survey should be conducted and the results analyzed by TEA in collaboration with RESC personnel. Analyzed results should be provided to all RESCs along with TEA commitments to support comprehensive training program(s) identification and/or development and subsequent deployment.

- **Recommendation 6-2: Provide a comprehensive training program for custodial and maintenance staff to improve their effectiveness and productivity.** RESC administrators should develop a training program for all facilities staff. The program should have annual goals, objectives and budget, if necessary. The administration, in conjunction with human resources, should develop a training program curriculum, schedule, and budget. After development, the training program should be submitted for board approval. Once approved by the board, the administration manager should initiate the training program and provide an annual report of progress to the executive director and board. By providing periodic custodial training sessions, the custodians and vendor employees will deliver services in a more safe and efficient manner. The risk of injury decreases when employees are highly trained in their areas of responsibility.
- **Recommendation 6-3: Conduct periodic cost comparison studies between “in-house” services and “outsourced” services.** By

- conducting these studies, each RESC will be able to monitor the service market in their communities. Conducting periodic cost-comparison studies between in-house and outsourced services enables each RESC to better judge which form of service is most cost effective. This action should keep costs down by bringing market forces to bear.
- **Recommendation 6-6: Pursue outside renters of RESC space, if certain criteria are met.** Facilities use should be determined by submitting a three-part annual utilization report showing facility use and effort. Service centers should periodically determine the utilization of their facilities. If rent for space is ultimately determined to be the appropriate course of action since facilities space is underutilized, the proceeds from rent should first be used to offset the prorated utilities and secondly should be placed in a sinking fund to pay for future facility improvements.
 - **Recommendation 6-7: Develop a long-range facility master plan for each RESC.** A comprehensive long-range facility master plan is an essential component to a strategic plan for any educational agency, especially one that is experiencing programmatic and enrollment growth. Each RESC should take steps to create a formal, written, long-range facility master plan to guide future facility decisions in the organization.
 - **Recommendation 5-3: Develop a statewide RESC plan for the marketing of products and services.** A plan to market products, programs and services to a variety of clients should be developed. Additionally, the process involved in establishing a statewide plan should include identifying other potential markets such as private schools, business applications (particularly with technology applications that have been developed by RESCs), and other targeted audiences. One option for implementing this recommendation should involve approaching private sector marketing development companies with an offer to form a joint venture. This joint venture could be developed with the understanding that earned revenues could be shared as a means of underwriting the venture. A second option could involve developing a collaborative alliance with one of the major university schools of business that has a marketing department.
 - **Recommendation 5-4: Establish an RESC systemwide best practices database maintained by the RESC Core Group and other appropriate stakeholders.** A database of best practices could be utilized by RESCs and school districts for the improvement of instruction and related services. MGT consultants would recommend the establishment and maintenance of the database at TEA in a collaborative effort; however, we recognize that among the RESCs there is the capability to establish and maintain such a base. The final determination should be based on an assessment of TEA's capacity, an assessment that is beyond the scope of this review.
 - **Recommendation 5-6: Create a statewide plan for RESCs' assistance to low performing schools and consider creating a statewide school improvement plan template.** Ensuring quality technical assistance to low performing schools is a critical RESC role, as is assistance in quality school improvement planning. The implementation of this recommendation should result in standardization of the formats for

- reporting school improvement needs and related improvement initiatives. This action should facilitate collecting and organizing defined improvement needs on a statewide basis. This process should create an information base that could contribute to assessing the needs for various core services. The template should be developed by TEA with assistance from the RESCs and can be accomplished by collecting and reviewing various existing templates used by school systems in and out of Texas. Once a preferred template is identified and approved, it can be sent electronically to all RESCs and school districts for implementation. All information should be transmitted using existing technologies.
- **Recommendation 5-8: Revise the current RESC accountability system for assigned decentralized special education services functions to districts and schools and ensure that all participating RESCs provide the data necessary to create a results-based system of accountability.** The implementation of this recommendation should result in the refinement of an accountability plan that provides specific direction to RESCs in the delivery of the decentralized special education services and obtaining data to ensure that the evaluation of programs is results-driven. TEA and RESCs should be afforded the opportunity to deliberately and collaboratively develop roles, expectations, and an overall structure for operating and working together.
 - **Recommendation 5-9: Improve coordination among special education and general education and develop a systemwide RESC student assistance team training program and strategic plan designed to reduce any potential over-identification of special education students.** The implementation of this recommendation should enable all RESCs to provide consistent prevention training aligned with a state strategic plan to reduce the potential for mis-identifying a remedial education student with a special education student.
 - **Recommendation 5-10: Evaluate the feasibility of locating large federal programs like Head Start, early childhood intervention, and other similar programs at service centers to enhance revenue.** Evaluation of the feasibility of locating large federal programs, early childhood intervention, and similar programs at service centers should be completed. RESCs such as RESC 19 have successfully and economically assumed this function, and it may well mean that other opportunities exist in Texas. The implementation of this recommendation should involve the Commissioner and RESC executive directors appointing a task group that includes representatives from TEA and the centers. This group should be charged with identifying potential programs and possible cost and/or operational efficiencies. Once having accomplished this, the group should proceed to identify the optimal locations. Once the plan is fully developed, reviewed and approved by the Commissioner and RESC executives, plans for final implementation should be formulated and carried out.
 - **Recommendation 4-1: Develop budget documents in each center that are consistent with the recommended practices of the NACSLB.** RESCs should prepare budget documents which include the following information, at a minimum: long-term perspective, linkages to

broad organizational goals, focus on results and outcomes, involvement and effective communication with stakeholders, and incentives to management and employees.

The GFOA Web site contains a section entitled *Best Practices in Public Budgeting*. This Web site, <http://www.gfoa.org/services/nacslb>, contains extensive information on the best practices in governmental budgeting and provides access to numerous examples of how these best practices have been used by other governmental entities. Most examples are for cities or counties, thus, some may not be relevant to the RESCs; however, the key is to understand the concept of how public budgeting should be presented and then to adapt the concept to the needs of each center.

TEA also provides extensive information on budgeting practices to include descriptions of different types of budgets. This information can be located by accessing <http://www.tea.state.tx.us/school.finan/audit/resguide10/budget/>.

- **Recommendation 4-4: Re-assess the accuracy of the indirect cost ratios after conducting workshops for RESC business managers.** By conducting workshops that review the processes involved in the calculations of indirect cost ratios, the center business managers will have a better understanding of how variances occur. In addition, they may identify incorrect processes they use in their own calculations. Once completed, TEA should publish the updated indirect cost ratios. With updated training and new calculations, the confidence in the updated indirect cost ratios will improve. The workshop training should be done in conjunction with other regularly scheduled TEA

finance training. This training might well be done over the compressed video system linking the centers.

- **Recommendation 4-5: Develop common *Funding and Account Codes* to be used in RESC Financial Reports.** The committee appointed to complete a survey to determine the different *Funding and Account Codes* that are being used by each of the service centers should proceed. Data that may have been accumulated in past studies should be utilized as well as any additional needed data. Representatives from each RESC and TEA should be involved in the study. Information for review should be exchanged electronically to minimize expenses.

A common set of *Funding and Account Codes* should be developed for each RESC in the state to use when making financial reports. All the RESCs in the state should use the agreed upon *Funding and Account Codes*. Implementation of this recommendation should result in a more efficient and effective data collection and financial reporting program.

- **Recommendation 4-6: Develop a Request for Proposals (RFP) process for audit services upon completion of the audit of the August 2004 financial records.** Many of the RESCs have used the same audit firm for more than 5 years, and did not issue a Request for Proposals (RFP) in obtaining the services. Using a RFP to obtain audit services helps to ensure that the lowest price and highest quality services are purchased. In addition, changing audit firms every five years helps to maintain the integrity of the external audit function. Price for the audit services should not be the primary consideration in the selection

of the audit firm, and the process should be structured so that the principal factor in the selection process will be to select the firm deemed to be capable of providing the highest quality audit services. The selection process should be completed by February 2005 to provide adequate time for firm selected to become familiar with the activities of the RESC.

- **Recommendation 3-1: Involve boards of directors in the development of individual RESC and statewide RESC strategic plans, and establish procedures for periodic review of the implementation of the region’s plan.** All boards of directors should be involved in the RESC strategic planning processes and be prepared to share this information with other stakeholders. Additionally, involvement in the planning process should ensure that the RESC executive staff has secured a broad range of input in the plan’s development. As this recommendation is implemented, the board of directors in each RESC should adopt policy and related procedures (in the absence of such provisions) that ensure continued involvement. Additionally, a portion of each regular meeting agenda should address the status of the plan and related implementation processes. The process of updating the current boards of directors should begin with the annual budget development and approval processes. Using the budget development, review, and approval processes as a vehicle for achieving this goal provides board members with an understanding of the relationship between the two documents.

- **Recommendation 3-2: Establish standing committee structures for each RESC board of directors.** Standing board committees involve board members in activity designed to promote the work of the RESC and support important planning activities. The implementation of this recommendation can lay the groundwork for developing infrastructure so the boards of directors can deal with issues related to the perception that important education stakeholders do not adequately understand the nature and purpose of the RESC organization and related programs and services provided to the school districts of Texas. This perception was gained in the initial briefing of consultants and further confirmed in interviews with various RESC personnel. Because the Texas Legislature prohibits education-related personnel from lobbying for legislative support and funding, RESC board members can assume this responsibility.
- **Recommendation 3-3: Establish an RESC policy and procedure for ensuring better public understanding of RESC functions.** Establishment of policies and procedures should be accompanied by simultaneous development of the RESC Texas System of Education Centers 2004-2007 Strategic Plan. The executive summary of the strategic plan reports five essential goals that, as they are reviewed, should be considered for modification/addition. One option should include the establishment of an objective related to Goal Four that references more effective public relations and improved fiscal support for the RESC system.
- **Recommendation 3-4: Continue the use of the field service agent position to support school districts,**

- school boards, and superintendents.** School district superintendents and executive RESC personnel have stated that field service agents are vital to provide important services to school districts. The rationale used by CCG in its January 2004 report to eliminate the field service agent position was based on an incomplete analysis of field service agent positions. RESCs effectively use field service agents and capitalize on part-time personnel. Such employment eliminates the cost of the fringe benefits normally paid full-time employees. Additionally, records show that many of the part-time personnel actually provide services beyond the time scope of their employment.
- **Recommendation 3-5: Develop and approve written contracts for legal services with the attorney or law firm representing an RESC and its board of directors.** The executive director should negotiate with the attorney or law firm and establish the services to be performed and compensation to be paid. A contract containing the services to be performed and compensation to be paid should be taken to the board of directors for approval. An approved, written contract with the attorney or law firm representing the board should be maintained and updated annually.
 - **Recommendation 3-10: Create a means for holding an RESC’s board of directors accountable for the organization’s performance and the meeting of the board’s statutory obligations.** A task force assembled by the Commissioner of Education and composed of representatives of RESC executive directors, boards of directors, client superintendents, and TEA should be formed. Membership should be weighted towards RESC representatives. The task force should work with the assistance of a trained professional facilitator(s) experienced in dealing with politically sensitive issues.
 - The implementation of this recommendation should result in more respect for serving on the RESC board since board member responsibilities would take on a new meaning. By accomplishing this while remaining with the current board member selection system, the board system should be strengthened. This strengthening should contribute to building a more effective means for securing adequate financial support in the long term.
 - **Recommendation 3-11: Maintain the current legislated governance structure of the RESCs and their system of operation.** MGT consultants were unable to identify any major flaws in the governance structure of the Texas RESCs. A number of organizational and governance related matters have been discussed and recommended but in the main, the current system is effective and the preponderance of data and testimony supports the contention that Texas RESCs are appropriately organized, responsibly managed, and positioned to meet the needs of their client school districts and schools, providing the necessary resources are made available.
 - **Recommendation 3-12: Involve TEA as an active participant in the continuing development of the Texas System of Education Centers 2004-2007 Strategic Plan and related updating activity.** Full involvement of TEA with RESC representatives in the continuing development and updating of the *Texas System of Education Centers 2004-2007 Strategic Plan* is critical. This involvement should serve four primary purposes: providing RESCs a

- formalized medium for gaining information related to TEA planned initiatives, therefore serving as an “institutionalized” heads up; establishing a forum for clarifying for TEA the potential impact, politically and fiscally, of considered initiatives; ensuring that important TEA initiatives are incorporated into the strategic processes that are being established to continue to develop the RESC system; and improving the efficiency of the overall RESC system strategic planning processes. TEA should be officially represented in the process inasmuch as the statewide RESC strategic plan should reflect state (TEA) goals. It is clearly the Legislature’s intent that RESCs play a key role in TEA’s support of local school districts and charter schools.
- **Recommendation 2–5: Maintain separate budget information for satellite centers and evaluate continued operation of a satellite at least once every two years.** Each RESC that has a satellite center or centers should be required to maintain a separate budget on the costs of running each satellite center. Revenue

and expenditure information then will be available to complete cost/benefit analyses of the continued need for the satellite.

- **Recommendation 9-1: Encourage school districts to participate in a cooperative program by developing a statewide campaign to advertise the benefits of cooperatives.** School districts participating in cooperative programs spend less than nonparticipating districts due to the negotiated buying power that comes with larger purchase guarantees. Implementing this recommendation will require the RESCs to develop materials to send to districts and charter schools not participating in existing cooperatives. The materials should illustrate the economies of scale to be derived from the group purchase of goods, services, food, and food processing.

MGT EVALUATION OF CCG RECOMMENDATIONS

Exhibit 2 summarizes MGT’s concurrence or disagreement with the 12 recommendations presented in the CCG report.

**Exhibit 2
MGT Evaluation of CCG Recommendations**

CCG Recommendation	MGT Concurrency/ Disagreement	Reason/ Discussion Found in Volume II**
1. Eliminate field service agents and DEC program.	Disagree	Recommendation 3-4
2. Outsource IT support services.	Disagree	Chapter 10
3. Devise records management system	Concur	Recommendations 5-8 and 5-9
4. Investigate outsourcing HR	Partially concur	Recommendation 8-3
5. Study outsourcing professional development.	Concur	Recommendation 5-5
6. Eliminate adult basic education courses.	Disagree*	Chapter 5, Rec. 5-5
7. Discontinue TCSHN services.	Disagree*	Chapter 5, Rec. 5-5
8. Outsource bus driver certification training	Disagree*	Chapter 5, Rec. 5-5
9. Outsource child nutrition services.	Disagree*	Chapter 5, Rec. 5-5
10. Outsource personnel services.	Disagree*	Recommendation 8-5
11. Outsource Speech Language Pathology.	Disagree	TWU outsources to RESC 11.
12. Reduce salaries	Disagree	Recommendation 6-4

Source: MGT of America analysis.

Note: Items marked “Disagree” means that MGT disagrees with CCG’s recommendation to immediately outsource the referenced service. Instead, the service should be reviewed to determine if it is effective as offered, should be eliminated, or should be outsourced.*

***Note: References are available but not included in this summary document.*

SUMMARY NOTES TO DRAFT FISCAL CHART

Exhibit 3, the fiscal chart, reports costs and savings to the RESCs only. However, while Global Chapter 4-7 and 4-9 recommendations show a gain to the RESCs, they cause a cost to

higher education institutions (4-7) and the state (4-9), respectively. The cost associated with 4-9 assumes no change in the current definition of core services and current number of service centers

**Exhibit 3
Global Summary of Savings and (Costs) to RESCs by Recommendation**

Description	2004-05	2005-06	2006-07	2007-08	2008-09	Five Year Total	One-Time Cost
Global Chapter 1 Introduction and Background							
<i>none</i>							
Global Chapter 1 Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Global Chapter 2 Number, Geographic Distribution and Institutional Structure							
2-6: Add RESCs to the list of agencies eligible to receive NCLB funding.	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$9,000,000	
Global Chapter 2 Total	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$9,000,000	\$0
Global Chapter 3 Governance and Management							
<i>none</i>							
Global Chapter 3 Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Global Chapter 4 Financial Condition/Funding Adequacy							
4-3: Seek the certificate of achievement for excellence in financial reporting for all RESCs.	\$0	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$40,000)	
4-7: Correct violations of TEC Sections 8.123 and 8.124 by allocating competitive grant funds intended only for RESCs to RESCs, instead of universities.	\$0	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$80,000,000	
4-9: Allocate an adequate amount of funding for core services.	\$0	\$35,164,400	\$35,164,400	\$35,164,400	\$35,164,400	\$140,657,600	
Global Chapter 4 Total	\$0	\$55,154,400	\$55,154,400	\$55,154,400	\$55,154,400	\$220,617,600	\$0
Global Chapter 5 Programs/Academic Delivery							
5-1: Require TEA to contract for a detailed assessment of the TAKS reading results.	\$0	\$0	\$0	\$0	\$0	\$0	(\$100,000)
Global Chapter 5 Total	\$0	\$0	\$0	\$0	\$0	\$0	(\$100,000)
Global Chapter 6 Facilities							
6-1: Adjust custodial staffing ratios to meet minimum industry standards.	\$0	\$92,120	\$92,120	\$92,120	\$92,120	\$368,480	
6-5/6: Employ a Resource Conservation Manager and install energy and utility saving devices.	\$0	\$2,223,379	\$2,223,379	\$2,223,379	\$2,223,379	\$8,893,516	(\$7,319,695)
6-8: Install Web cameras.	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,000)
Global Chapter 6 Total	\$0	\$2,315,499	\$2,315,499	\$2,315,499	\$2,315,499	\$9,261,996	(\$7,323,695)
Global Chapter 7 Human Resources							
<i>none</i>							
Global Chapter 7 Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Global Chapter 8 MIS							
8-5: Consolidate PEIMS positions.	\$0	\$437,500	\$437,500	\$437,500	\$437,500	\$1,750,000	
Global Chapter 8 Total	\$0	\$437,500	\$437,500	\$437,500	\$437,500	\$1,750,000	\$0
Global Chapter 9 Purchasing							
9-2: Consolidate cooperatives.	\$0	\$691,200	\$691,200	\$691,200	\$691,200	\$2,764,800	
9-3: Use automated purchasing/requisitioning.	\$0	\$400,000	\$400,000	\$400,000	\$400,000	\$1,600,000	
9-4: Use Web-based advertising.	\$0	\$246,945	\$246,945	\$246,945	\$246,945	\$987,780	
Global Chapter 9 Total	\$0	\$1,338,145	\$1,338,145	\$1,338,145	\$1,338,145	\$5,352,580	\$0
Global Chapter 10 Asset and Risk Management							
<i>none</i>							
Global Chapter 10 Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Global Savings	\$1,000,000	\$61,255,544	\$61,255,544	\$61,255,544	\$61,255,544	\$246,022,176	
Total Global Costs	\$0	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$40,000)	(\$7,423,695)
Net Global Savings/(Costs)	\$1,000,000	\$61,245,544	\$61,245,544	\$61,245,544	\$61,245,544	\$245,982,176	(\$7,427,695)

ATTACHMENT

Recommendation 4-9 Explanation

The recommendation is to adequately fund RESC required core services. There are choices involved with several key factors: whether to redefine the required core services, whether to change the base funding allocation mix, and whether the number of service centers should be reduced.

Several tools are included here to help with the decision options.

Information is provided showing the 2002-03 and 2003-04 actual RESC base funding, by center (**Exhibit 4**). **Exhibit 5** contains the definition of core services and describes the relationship between core services and state base funding.

Exhibit 6 presents the actual RESC base cost to provide the legislatively required core services. The cost elements presented in **Exhibit 6** tie directly to required core services offerings. The base cost in **Exhibit 6** includes the minimum personnel to operate an RESC with required staff to meet the current core services directive, and applies the average actual salary for each staff position, and average actual operating costs based on 2003-04 operating data.

Providing these tools allows the user to be aware of what the base cost is to provide the core services as currently defined and required, and gives the flexibility of being able to see the base cost impact associated with expanding or reducing a particular requirement, or reducing the number of service centers.

**Exhibit 4
RESC Annual Base Funding
2002-03 and 2003-04**

RESC	2002-03 Base	2003-04 Base	Difference	Percent Difference	Amount Per Student
1	\$2,062,889	\$887,854	(\$1,175,035)	(57.0%)	\$2.69
2	1,209,412	992,861	(216,551)	(17.9%)	9.25
3	1,014,648	1,091,832	77,184	7.6%	19.78
4	4,690,339	993,189	(3,697,150)	(78.8%)	1.07
5	1,072,962	895,449	(177,513)	(16.5%)	10.48
6	1,331,256	1,002,687	(328,569)	(24.7%)	7.00
7	1,454,297	1,114,900	(339,397)	(23.3%)	6.96
8	968,351	1,020,950	52,599	5.4%	18.21
9	977,507	1,187,009	209,502	21.4%	29.13
10	3,449,302	1,014,509	(2,434,793)	(70.6%)	1.59
11	2,615,710	966,278	(1,649,432)	(63.1%)	2.16
12	1,344,190	1,124,278	(219,912)	(16.4%)	8.06
13	1,982,409	958,987	(1,023,422)	(51.6%)	3.31
14	1,013,631	1,206,774	193,143	19.1%	26.27
15	1,173,485	1,482,225	308,740	26.3%	29.50
16	1,200,405	1,356,250	155,845	13.0%	17.44
17	1,161,846	1,241,818	79,972	6.9%	15.71
18	1,274,446	1,411,276	136,830	10.7%	18.43
19	1,373,714	820,011	(553,703)	(40.3%)	5.01
20	2,203,567	980,863	(1,222,704)	(55.5%)	2.84
State Total	\$33,574,366	\$21,750,000	(\$11,824,366)	(35.2%)	\$5.11

Source: TEA Department of RESC/Higher Education Services.

**Exhibit 5
RESC Definition of Core Services and
Relationship between Core Services and State Base Funding**

<p>Use of RESC State Base Funding</p>	<p>State Base funding as determined by the combination of the Base Amount in addition to the Geographic Funding will be used by each RESC to provide core services to the extent that funding allows. Several options and or combination of options exist as to how the base State Base Funding can be used to support core services. A base level of support for each area of core services would be established at each RESC, but would be identical from one RESC to the next, due to variances in funding levels, demographics and regional needs:</p> <ul style="list-style-type: none"> • RESCs establish a set of common funding codes in order to provide an audit trail that accurately tracks the expenditure of State Base funding in support of the identified core services. • On an annual basis, each RESC determines a percentage or percentage range of State Base funding that will be allocated and expended in support of the various categories of core services subject to the approval of TEA.
<p>Definition of Core Services</p>	<p>Student Achievement—Provide training and updates related to TEKS, TAKS, and AEIS. Offer call-in and walk-in technical assistance to district and campus personnel related to TEKS, TAKS, and AEIS indicators and reports. Support for low-performance and accountability may include, but is not limited to, the following activities:</p> <ul style="list-style-type: none"> • overviews of Texas Essential Knowledge and Skills (TEKS) objectives for various grade levels and subject areas; • facilitating the sharing of information between districts and schools through administrator, subject area, and grade level update and information sharing sessions; • pre-administration training on Texas Assessment of Knowledge and Skills (TAKS); • training related to the interpretation of Academic Excellence indicator System (AEIS) criteria and reports; and • call-in and walk-in assistance related to TEKS, TAKS, and AEIS. <p>Technical Assistance Related to Changes in TEC, TAC, and other State and Federal Guidelines—Provide the training and overview sessions as well as call-in and walk-in assistance related to orienting district staff to changes in the Texas Education Code, Texas Administrative Code, as well as other pertinent state and federal regulations including Texas Open Meetings Act, Texas Open Records Act, and No Child Left Behind (NCLB). Support for changes in TEC, TAC, and other state and federal rules and guidelines may include but is not limited to the following activities:</p> <ul style="list-style-type: none"> • law and rule update sessions targeted toward appropriate school personnel as determined by the nature of the changes; • call-in and walk-in assistance with clarification of TEC, TAC, and other state and federal guidelines to the extent of RESC expertise; • field services support; and • hosting and facilitation of regional meetings for various administrator and teacher groups. <p>Assistance to Districts/Campuses Designated as Low Performing and Assistance with State and Federal Accountability Systems—Provide ongoing support and assistance for campuses and districts designated as low performing according to either state or federal accountability systems. Support for low-performance and accountability may include but is not limited to the following activities:</p> <ul style="list-style-type: none"> • assistance interpreting agency reports; • assistance with intervention planning; • on-site assistance preparing for agency visits related to low performing status; • overviews in training related to state and federal accountability systems and changes in accountability systems; • overviews and assistance related to site-based decisionmaking and planning; • call-in/walk-in technical assistance related to accountability system(s); and • on-site assistance in preparation for agency accountability visits. <p>Public Education Information Management System (PEIMS) and State Emergency Notification System (SENS). Support for PEIMS and SENS—may include but is not limited to the following sample activities:</p> <ul style="list-style-type: none"> • training on data standards; • update overviews on data standards; • call-in and walk-in assistance with interpretation of data standards; and • technical assistance in preparation for agency accountability visits.
<p>Center Operations</p>	<p>1. Use of base funding to assist with the payment of “necessary administrative and operational expenses of the center related to the provision and core services (T.E.C.§8.121).” Individual RESCS may use no more than thirty-percent (RESC self-imposed limitation after the base funding cut in 2003-04) of total base funding (base amount plus geographic adjustment plus small school adjustment) in support of center operations.</p>

Source: Texas RESC’s 2004–07 Draft Strategic Plan.

**Exhibit 6
RESC Base Cost to Provide Core Services**

Cost Element	Cost		
	Salary	Fringes	Total
Personnel:			
Executive Director	\$125,000	\$25,000	\$150,000
Assistant Director for Business	\$90,000	\$18,000	\$108,000
Assistant Director for Services	\$90,000	\$18,000	\$108,000
Administrative Assistant	\$30,000	\$6,000	\$36,000
Business Clerk	\$22,000	\$4,400	\$26,400
Human Resources Clerk	\$30,000	\$6,000	\$36,000
PEIMS Coordinator	\$35,000	\$7,000	\$42,000
Custodian	\$20,000	\$4,000	\$24,000
Reading Specialist	\$50,000	\$10,000	\$60,000
Field Service Agent	\$50,000	\$10,000	\$60,000
Language Arts Specialist	\$50,000	\$10,000	\$60,000
Mathematics Specialist	\$50,000	\$10,000	\$60,000
Science Specialist	\$50,000	\$10,000	\$60,000
Social Studies Specialist	\$50,000	\$10,000	\$60,000
Writing Specialist	\$50,000	\$10,000	\$60,000
Special Education Specialist/Dyslexia	\$50,000	\$10,000	\$60,000
ESL/LEP Specialist	\$50,000	\$10,000	\$60,000
School Finance Specialist (1/2 time)	\$37,000	\$7,400	\$44,400
Child Nutrition Specialist	\$50,000	\$10,000	\$60,000
Migrant Specialist	\$50,000	\$10,000	\$60,000
Trainer	\$40,000	\$8,000	\$48,000
Trainer	\$40,000	\$8,000	\$48,000
Instructional Technology Specialist	\$60,000	\$12,000	\$72,000
Accountant	\$45,000	\$9,000	\$54,000
Local Area Network Administrator	\$50,000	\$10,000	\$60,000
Receptionist/Scheduler	\$25,000	\$5,000	\$30,000
Secretary	\$30,000	\$6,000	\$36,000
Subtotal, Personnel	\$1,319,000	\$263,800	\$1,582,800
Contracted Services			\$100,000
Operating Costs:			
Supplies and materials			\$79,140
Utilities, Inc. Phone			\$158,280
Travel			\$92,500
Equipment			\$78,000
Equipment Maintenance			\$10,000
Rent or Debt Service			\$250,000
Information Technology			\$200,000
Postage and Shipping			\$15,000
Insurance			\$150,000
Security			\$24,000
Membership/Dues			\$13,000
Advertising			\$45,000
Photocopying			\$48,000
Subtotal, Operating Costs			\$1,162,920
Total			\$2,845,720

Source: MGT and RESC 2003-04 operating data.