

TEA PARTIES OF TEXAS PAC

TASA/TASB White Paper

June 12, 2013

EXECUTIVE SUMMARY

The Texas Association of School Administrators (TASA) and The Texas Association of School Boards (TASB) are organizations to which virtually all Independent School Districts in the state have memberships. Earlier this year, Public Information Requests were submitted to a random sampling of 31 ISDs to determine the amount of taxpayer funds that ISDs were paying the Associations and to analyze the categories of expense. The analysis of responses to the 31 PIRs showed \$4,500,000 of taxpayer monies were paid to TASA/TASB over eighteen months, Over 1,300 transactions were analyzed and categorized to provide insights into the spending patterns. Finally, *sampled data was extrapolated to estimate an state wide spend of \$116,000,000 annually*. This white paper documents that major amounts of *existing tax* dollars allocated to “education” are not being channeled to the classroom. *Re-allocation of this funding would pay for more than 2,300 teachers*.

But beyond what appears to be a serious misallocation of tax dollars, there is also a pattern of ISD spending for services at TASA and TASB that need further investigation.

- An investigation needs to be made into any (potential) conflicts of interest in the arrangement in which the people who authorize ISDs to spend \$116,000,000 of taxpayer funds are the same people running the association who receive the funds and are the same people who will determine how and to whom the funds will be spent.
- An audit should be conducted to determine the appropriateness under Texas statute and regulation of taxpayers subsidizing memberships dues of government employees and elected officials for the lobbying activities of the TASA and TASB, respectively.
- An investigation needs to be conducted into TASB’s role of providing commercial services to ISDs and to determine if appropriate Texas statutes and regulation on competitive bidding have been followed.
- An audit of the TASA conference and training program should be conducted to determine if State statute, regulation and privacy standards have been followed and to determine if Administrator and Trustee certifications and continuing education programs should be supervised by an appropriate state agency.

The authors of this white paper will work closely with the office of the Texas Attorney General and the respective Texas House and Senate Education Committees to speed action on these recommendations.

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INTRODUCTION

The Texas Association of School Administrators (TASA) and The Texas Association of School Boards (TASB) are organizations to which virtually all Independent School Districts in the state have memberships. With the recent lobbying efforts by the educational establishment, a study was initiated to begin understanding the scope and breadth of the two Associations involvement in local school administration and governance. The virtual team which was formed to study CSCOPE financial matters refocused on TASA and TASB. Almost immediately, it became apparent that an understanding of the financial impact of these two organizations was as important, if not more so, than their policy positions. Little attention had been given, nor was there any reasonable way to discover, the source and amount of taxpayer funds that have been funneled from the ISDs. So the virtual team used Public Information Requests (PIRs) to gather, consolidate and analyze data for schools across the state. As this white paper will demonstrate, the *taxpayer dollars sent each year to TASA and TASB dwarfs the CSCOPE license fees by an order of magnitude*. The purpose of this document is to summarize the findings of that analysis, identify potential issues and to frame the questions that the agency or agencies empowered to properly audit the TASA and TASB need to investigate.

Section 1 - BACKGROUND

The Texas Senate hearings on CSCOPE held in late January, 2013, raised major questions about the program, including the use of taxpayer funding for annual license fees. A virtual team was assembled to gather and process PIRs which detailed the funding and budgets for the program. A White Paper on CSCOPE Financials was prepared and in May, 2013, that white paper was presented to the Texas Attorney General and to the Texas Senate Educational Committee.

As the process of gathering the data on CSCOPE moved forward, the virtual team became aware of the support and “co-marketing” which CSCOPE received through conferences hosted by the Texas Association of School Administrators (TASA) and The Texas Association of School Boards (TASB). As a result, a second project was initiated to determine what, if any, taxpayer funds were being funneled to these two independent, unregulated organizations. This “TASA TASB White Paper” is the result of that investigation and analysis

Section 2 - METHODOLOGY

To determine the level of tax payer funding of the TASA and TASB, Public information Requests (PIRs) were submitted to a group of 31 randomly selected Independent School Districts (ISDs), approximately 2.6% of the total ISDs. School districts ranged in size from very large to very small. The PIRs requested all payments to TASA and TASB for the 2011-12 and 2012-13 (year to date) school years. The responses covered an 18 month set of expenditures, again, 2012-13 was year to date.

The data received from the PIRs was then analyzed and assigned to one of eight defined expense categories. If school records were not specific or missing, the item was categorized into “Other Miscellaneous.”

• Association Memberships	6. Legal Services
• Conference Registration Fees	7. Insurance Premiums
• Training Expenses	8. Travel Expenses

<ul style="list-style-type: none"> • Consulting Fees 	9. Other Miscellaneous Expenses
<ul style="list-style-type: none"> • Support & Administrative Expenses 	

A total of 1,354 payments were reported by the 31 schools. Note, payments do not equate one-to-one with a single actual expense item. A large number of payments included multiple events. For example, a payment for a conference may have included several attendees.

All transactions with their assigned expense categories were then loaded into an Excel workbook with a pivot table. To ensure an audit trail was preserved, every transaction included the ISD name, ESC Region, payee (TASA or TASB), check or invoice number, date of transaction and amount. So every transaction can be validated and/or researched for further analysis. And all PIRs were cataloged to ensure auditability. A sample page transactions is provided in **Exhibit C**. The entire file is available in digital format upon request.

Note: Any additional expenses relating to these TASA/TASB transactions that were incurred by an ISD were NOT included in this study and would be *in addition to* these findings. For example, travel expense for conferences or workshops or any local ISD labor costs required to support Association activities are all *in addition to* these findings. Once all PIRs were processed, the Excel pivot tables were able to summarize the data by expense category and by Association. Assuming the amount and distribution of expenses in the study are typical of the approximately 1,200 Texas ISDs, estimates of the total taxpayer funding for these two associations were calculated.

Section 3 – FINANCIAL SUMMARY

3.1 Total TASA/TASB Taxpayer Funding

The data in the PIRs provided by the 31 ISDs allowed us to compile the total amount of tax monies that schools across Texas are paying to the TASA and TASB. The chart below summarizes by ISD the fees that schools are paying. In summary, the 31 schools in the study paid an average of \$96,000 per year to the TASA and TASB. Extrapolating to the entire state, in a single 12 month school year, the unelected, unregulated TASA and TASB received an ***estimated \$116,000,000 annually from Texas tax payers.***

That translates into salaries for over **2,300 teachers!**

The table below provides an eighteen month summary of expenditures by school. A enlarged view is shown in **Exhibit A**.

The results of the 18 month study were then normalized to a school year. The result was then extrapolated to the 1,200 ISDs in Texas. The calculations are represented in the below table.

There is a wide variance in tax expenditures from school to school. The highest is nearly \$1,500,000 and the lowest was barely \$1,000. There is also a very large skew to a larger expense. The average spend was \$96,000 but the median was just \$32,000.

There appears to be some driver influencing “proponents” of the Associations to make much larger funding commitments.

There is also a large differential between the taxpayer funds sent to the two Associations. The chart below shows total expenditures over the 18 months of expense analysis. Clearly, the TASB’s expenditures make up the preponderance of taxpayer expense. In our view, the integrity of these expenditures are especially critical since the ISD Board of Trustees are elected officials that have a fiduciary responsibility to the taxpayers.

Summary by Association (31 schools over 18 month)

3.2 Expense by Category

There was a wide range of expense categories that ISDs paid to TASA/TASB. Membership dues would be a logical expense (although one might well argue against subsidizing individual professional memberships). On the other hand, Insurance expenses would not intuitively be included as an expense you’d expect to see being paid to an Association. Later sections will address specific concerns. A enlarged view is provided in **Exhibit B**.

Section 4 – ISSUES, QUESTIONS & PROBLEMS

The preceding Financial Summary Section provides some important insights into the size and scope of the operation of these two Associations. But it also raises some critical issues and questions that must be answered to protect the interests of the taxpayer.

4.1 Potential Conflict of Interest

The analysis of the expenditures and the categories for which the expense are incurred has raised multiple questions about the role of the TASA and TASB. The two Associations are governed and all the directors are appointed or elected by their respective memberships. Therefore, school administrators are the Directors of the TASA and Board of Trustee members from the ISD are the Directors of the TASB. This governance and Board structure presents a classic case of *potential conflict of interest*: The same people who authorize ISDs to spend \$116,000,000 of taxpayer funds are the same people running the association who receive the funds and are the same people who will determine how and to whom the funds will be spend.

Do the TASA and TASB relationships with the ISDs meet state conflict of interest statutes and regulations? Are there sufficient controls in place to safeguard transaction integrity and taxpayer interests?

4.2 Taxpayer Subsidized Lobbying

The charter and mission statements of both Associations include statements that speak to the need for quality education, professional development and building trust. However, the focus of both Associations seems to be zeroed in political matters. For example, the TASA has as many assistant directors for Government Relations (2) as for Education Policy and Support.

Moreover, the web sites of the two associations speak expansively to and actively promote political issues. For example, the “Advocacy” section of the TASA web site has individual pages devoted to “TASA Bill Tracker, GR Resources, School Finance Litigation, 2013 Grassroots Campaign, Election Law Calendar, and Legislative Organizations & Links.” The TASB site has individual pages devoted to “Legislative GR

efforts, School Issues, TASB Advocacy Agenda, About GR, Events, Legislative Information, Issue-Based Resources, School Board Advocacy Network, and About Government Relations.”

Clearly, every organization and every individual has the right to speak out on the issues of importance. And lobbying our representatives is a key first amendment right. However, every dollar that TASA and TASB spends is paid by the taxpayer. There is NO known obligation for taxpayers to subsidize TASA and TASB lobbying. If citizens (including Superintendents and Trustees) decide to contribute to an association out of their own pocket, that right is to be supported. But taxpayers should not be forced to fund it.

Moreover, Texas has by constitution and statute established numerous entities accountable for the quality and professional development of our educators and for building trust in our educational system. Paramount are the elected officials at the State Board of Education and the Texas House and Senate. There are also politically appointed officials tasked with overseeing education including the Texas Commissioner of Education, the Texas Education Association staff and the twenty Education Service Centers.

Does the taxpayer subsidy of membership in lobbying organizations meet Texas statute and regulations? Is there a need to split the lobbying and services functions of the two Associations?

4.3 TASB's Fee For Service Revenues

The vast majority of the money IDS's pay to the TASB is not for membership dues, which make up less than 9%. And there is some concern that taxpayers shouldn't be funding a lobbying organization (see Section 4.2 above). But that notwithstanding, 91% TASB's income is derived from services other than dues. And the vast majority of the remainder (86%) comes from Insurances, consulting and administrative support. In short, TASB begins to look like just another commercial enterprise.

Moreover, the TASB mission to educate and certify Trustees is not supported by the actual number of conferences they are hosting. The 31 ISDs in the study sent and average of one Trustee to one conference every two years.

Digging deeper, 66% of TASB's revenues are from insurance premiums. An analysis of the types of insurances the ISDs are purchasing shows workman's compensation, property and personal liability, medical and similar commercial policies. That is clearly a commercial function.

Is the taxpayer being properly served by having a tax supported association delivering commercial services? What controls ensure competitive bidding? Should the TASB be acting as an apparent insurance broker? Are "profits" from services subsidizing lobbying efforts?

4.4 Educational Philosophy

The TASA promotes and hosts a large number of conferences that are attended by superintendents and administrators (not teachers). The 31 sampled schools attended and estimated 573 conferences in the study period. That converts to 12 per school per school year, or nearly 14,800 conference attendees per year across the state. These forums provide incalculable hours of opportunity to present and promote training methodologies and philosophies and/or political agenda. As an independent association, the content of their conferences is not regulated by the TEA or the SBOE. Texas has recent history with unsupervised teaching materials (CSCOPE curriculum)

being implemented and the costs and problems that were associated with that program and we are well aware of the consequences.

Should taxpayer interests be protected by having SBOE and/or Texas Commissioner of Education supervision of methodologies and philosophies being taught at TASA conferences? Is it acceptable for tax dollars to be used for potential political/grassroots organizing?

Section 5 – CONCLUSION & RECOMMENDATIONS

The TASA and TASB consume a vast amount of tax dollars, an estimated \$116,000,000 annually. And there is a seemingly insatiable demand for more funding by the educational establishment. But the financial analysis of these 31 ISDs that this white paper documents indicates that major amounts of *existing* tax dollars allocated to education are not being channeled to the classroom. Re-allocation of this funding would pay for more than 2,300 teachers.

But beyond what appears to be a misallocation of tax dollars, there is also a pattern ISD spending for services at TASA and TASB that need further investigation.

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ATTACHMENTS:

Exhibit A – Enlarged Copy of Financial Summary

Exhibit B – Enlarged Copy of Financial Category Summary

Exhibit C - Example of Transaction Details

Exhibit D – References

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EXHIBIT B – Enlarged Copy of Financial Category Summary

EXHIBIT C – Example of Transaction Details

EXHIBIT D – References

Texas Association of School Administrators

Lobbying/Advocacy: <http://www.tasanet.org/issuesadvocacy>

Executive Staff: <http://www.tasanet.org/about-tasa/headquarters-staff>

Texas Association of School Boards

Lobbying/Advocacy: <http://www.tasb.org/legislative/index.aspx>

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