

**TEXAS EDUCATION AGENCY
RECORD REVIEW**

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| IN RE: | § |
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| CLOSURE OF NORTH FOREST | § |
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| INDEPENDENT SCHOOL DISTRICT | § |

Decision of the Commissioner on Record Review

Statement of Facts

Following the issuance of the Commissioner of Education’s notice to the board of trustees and the superintendent of North Forest Independent School District on November 10, 2011, the District requested a record review of the actions to place the District on “Not Accredited-Revoked” status, to close the District and to annex the District’s territory to the Houston Independent School District.

The staff of the Texas Education Agency (“Agency” or “TEA”) is represented by Christopher M. Jones and Michael Rigby, Attorneys at Law, Austin, Texas. The North Forest Independent School District (“District,” “NFISD” or “North Forest ISD”) is represented by Christopher L. Tritico and Ron S. Rainey, Attorneys at Law, Houston, Texas, and by William C. Bednar, Attorney at Law, Austin, Texas.

The documentary record consists of Volumes 1 and 2 submitted by the Agency and Volumes 1, 2, and 3. Also included in the record are the District’s brief, two recordings on CDs, entered as NFISD Exhibits 164 and 165, and Exhibit 171A and patron petitions, entered as NFISD Exhibits 179A and 179B are a part of the record. The Agency’s documentary exhibits are referred to as “TEA [Bates number stamp]” (the number can be found in the lower left corner of

each page) and the District's exhibits as "NFISD [Bates number stamp, starting with page 2000]." Transcript references are denoted as "T. [page number]."

Lizzette Gonzalez Reynolds, Deputy Commissioner for Policy and Programs, was designated by the Commissioner of Education to hear the record review and to provide the Commissioner with this recommended decision. The recommendation is adopted.

Findings

The following findings are supported by the record. Any findings necessary to the outcome of this matter and contained in the Discussion section are incorporated herein as if set forth in full.

Statutory and Regulatory Requirements

1. The Commissioner of Education is required to determine the accreditation status of school districts on an annual basis. In making this determination, the Commissioner is required to consider and evaluate the district's academic accountability rating and performance and the district's financial accountability rating under the Financial Integrity Rating System of Texas (FIRST). TEX. EDUC. CODE §§ 39.052(b)(1), 39.053(c).

2. In addition, in making the accreditation status determination, the Commissioner may evaluate and consider the district's compliance with statutory requirements and State Board of Education or Commissioner rule requirements relating to data reporting, high school graduation requirements under TEX. EDUC. CODE § 28.925, or an item under TEX. EDUC. CODE § 7.056(c) (3)(C)-(I) (relating to requirements, restrictions or prohibitions that cannot be waived). TEX. EDUC. CODE § 39.052(b)(2)(A).

3. In addition, in making the accreditation status determination, the Commissioner may evaluate and consider the effectiveness of the district's programs for special populations and its career and technology program. TEX. EDUC. CODE § 39.052(b)(2)(B), (C).

4. The accreditation statuses that have been established in order of compliance with requirements are "Accredited," "Accredited - Warned," "Accredited – Probation" and "Not Accredited – Revoked." TEX. EDUC. CODE § 39.051, 30.052(c)(2).

5. If a district does not satisfy the accreditation criteria under Section 39.052 of the Education Code, the academic performance standards under Section 39.053 or 39.054, or the financial accountability standards as determined by 19 TEX. ADMIN. CODE § 109.1002, the Commissioner shall take any of eleven listed actions to the extent the Commissioner determines necessary. If for two consecutive school years, including the current school year, a district has received an accreditation status of "Accredited – Warned" or "Accredited – Probation," or has failed to receive a satisfactory the academic accountability rating, or has failed to satisfy the financial accountability standards, the accreditation of the district shall be revoked, the district's closure shall be ordered and the district shall be annexed to one or more adjoining districts under Section 13.054 of the Education Code. TEX. EDUC. CODE § 39.102(a)(10).

6. Pursuant to TEX. EDUC. CODE § 39.102(a)(10), the Commissioner may revoke the accreditation of a district on any one, two or three independent ratings:

- (a) "Accredited Warned" or "Accredited Probation" status;
- (b) "Academically Unacceptable" academic accountability ratings; and/or
- (c) "Substandard Achievement" or "Suspended – Data Quality" financial accountability ratings.

7. The Commissioner implemented the requirements set forth in Finding 1 with regard to making a determination of the accreditation status of “Not Accredited – Revoked” by adopting 19 TEX. ADMIN. CODE § 97.1055(d)(1). A district’s accreditation shall be revoked if, beginning with its 2006 rating, the district is assigned an academic accountability rating of “Academically Unacceptable” for four consecutive school years, a financial accountability rating of “Substandard Achievement” or “Suspended – Data Quality” for four consecutive school years, any combination of failing academic or financial accountability ratings for four consecutive school years, or simultaneous “Academically Unacceptable” academic ratings and “Substandard Achievement”/“Suspended – Data Quality” financial ratings for three consecutive school years.

8. The Commissioner may order the annexation of an academically unacceptable district. TEX. EDUC. CODE § 13.054(a). Before the Commissioner orders an annexation under Section 13.054, the Commissioner shall investigate the educational and financial impact on the receiving district. The annexation may be ordered only if the Commissioner finds that the annexation will not substantially impair the ability of the receiving district to educate the students located in the district before the annexation and to meet its financial obligations incurred before the annexation. TEX. EDUC. CODE § 13.054(e).

North Forest ISD Accreditation Status History

9. For the 2007-2008 and the 2008-2009 school years, North Forest ISD was placed on “Accredited – Probation” status due to a series of special accreditation investigation findings. The ratings are final. 19 TEX. ADMIN. CODE § 97.1055(c). (TEA 18-20, 832-834).

10. For the 2009-2010 school year, the District was placed on “Accredited – Warned” status based upon its academic and financial performance. The rating is final. 19 TEX. ADMIN. CODE § 97.1055(b). (TEA 42-44).

11. For the 2010-2011 school year, the District was placed on “Accredited – Probation” status due to its academic and financial accountability ratings and special accreditation investigation findings. The rating is final and is the current year rating for the District’s accreditation status. 19 TEX. ADMIN. CODE § 97.1055(c). (TEA 1133-1135).

12. In November 2011, the District was placed on “Not Accredited – Revoked” status for 2011-2012. The District filed a request for a record review of the status, which also included a notice of closure and annexation to Houston Independent School District. This rating is under review through this record review. 19 TEX. ADMIN. CODE § 97.1055(d)(1). (TEA 1089 *et seq.*).

13. Accreditation ratings are issued generally on March 1 for the ongoing school year, although districts receive notice of the rating approximately two weeks earlier, and districts assigned “Accredited – Warned,” “Accredited – Probation” or “Not Accredited – Revoked” are given the opportunity to appeal the ratings. (Official Notice, *see, e.g.*, <http://www.tea.state.tx.us/taa/accred022212.html>). The ratings for these districts are finalized after a record review, if requested, or at the expiration of the timeline for requesting a record review. 19 TEX. ADMIN. CODE § 97.1037.

Financial Accountability Ratings (FIRST)¹

14. For 2008, the District’s FIRST rating under the Agency’s Financial Integrity Rating System of Texas (FIRST) was “Substandard Achievement,” a failing rating due to a negative fund balance. This rating is final and reflects the District’s financial performance for the 2006-2007 school year. (TEA 204,231; T. 110-112).

15. For 2009, the District’s FIRST was “Suspended – Data Quality,” a failing rating equivalent to “Substandard Achievement.” 19 TEX. ADMIN. CODE § 97.1055(d)(1)(B). The

¹ The ratings may be found at <http://tuna.tea.state.tx.us/First/forms/District.aspx?year=2009&district=101909> and selecting the year for each report. The documents in the record are difficult to read due to the color of the print on the web pages.

financial audit contained a disclaimed opinion and found a material weakness in internal control, as well as a negative fund balance. This rating is final and reflects the District's financial performance for the 2007-2008 school year. (TEA 296, 298, 310, 319, 359; T. 112-114).

16. For 2010, the District's FIRST rating was "Substandard Achievement," a failing rating due to a negative fund balance and a qualified opinion. This rating is final and reflects the District's financial performance for the 2008-2009 school year. (TEA 370, 372, 380, 402, 443-444; T. 120-123).

17. For 2011, the District's FIRST rating was "Substandard Achievement," a failing rating due to untimely filing, a negative fund balance, material weakness in internal control and a qualified opinion. This rating is final and reflects the District's financial performance for the 2009-2010 school year. For financial accountability purposes, the current year rating is 2011. (TEA 1163, 1166, 1187, 1226-1227; T. 123, 598).

18. The District has been rated as failing in FIRST for four (4) consecutive school years, including the current year. (TEA 1093-1094; T. 435-436).

19. The District's financial accountability status will remain as "Substandard Achievement" for 2012 due to a qualified opinion and a material weakness in internal control contained in the District's 2010-2011 financial audit. (NFISD 2205 *et seq.*, 2251; T. 625).

20. FIRST ratings are finalized and issued on August 31 for the school year that is ending based upon the annual financial audit and data from the preceding school year. Hence, the FIRST rating has a one-year lag between the data and audit reported and the rating issued. (Official Notice, *see, e.g.*, <http://ritter.tea.state.tx.us/taa/finauditsb083111.html>).

North Forest ISD Academic Accountability Ratings History

21. In 2008-2009, 2009-2010 and 2010-2011, the District's academic accountability rating was "Academically Unacceptable" due to the District's unacceptable completion rate. These ratings are final. For academic accountability purposes, the current year rating is 2011. (T. 46, 48, 49, 435-436; TEA 191, 198, 1340).

22. The completion rate is the percent of students who begin in a graduating class and either graduate or who are continuers. The statistic includes not only students who receive a diploma or graduate but also includes those students who are still enrolled as high school students for the following school year after their fourth year of high school. (Official Notice: <http://ritter.tea.state.tx.us/perfreport/aeis/2011/glossary.html> ; T. 47).

23. The District has been rated as "Academically Unacceptable" in the academic accountability system due to its failing completion rate for three (3) consecutive school years. (TEA 1093-1094; T. 435-436).

24. Academic accountability ratings are issued in July of each year. Districts may appeal the ratings and hearings are held in October. Final ratings are issued in late October. (Official notice, <http://ritter.tea.state.tx.us/perfreport/account/2011/manual/ch17.pdf>).

25. The Agency did not comply with the June 15 notification date of the District's unacceptable performance rating, as set forth in Tex. Educ. Code § 39.054(a) because this requirement does not go into effect until next year. It does not apply to notifications prior to the 2012-2013 year. See "House Bill 3 Transition Plan," Chapter 12, page II – 140, <http://www.tea.state.tx.us/student.assessment/hb3plan/> (Official Notice).

Agency Intervention History

26. In March 2007, the Commissioner placed a financial conservator in the District. (TEA 820, 827, 1103-1105, 1106).

27. In November 2007, an academic conservator was appointed. (TEA 827, 829, 1103-1105).

28. In October 2008, the Commissioner installed a board of managers, made up of two community members, Rev. Dr. Willie Jones and Ms. Carolyn Bullard-Williams, and George McShan, an experienced board member, board president and school board trainer, and appointed Dr. Adrain Johnson as superintendent. (TEA 381, 1076, 1108-1110; T. 406).

29. The superintendent was accountable to the board of managers as a District employee and his actions or failures to act were not at the direction of the Commissioner or the Agency. Many of the superintendent's actions and inactions were not communicated to anyone at the Agency or in the District in a position of oversight. (T. 378-380, 477-478).

30. In March 2010, the Commissioner placed Kay Karr as the conservator in the district with broad powers to act as the term of the board of managers was expiring. (NFISD 3301-3303; T. 381).

Additional Financial Status Findings: Capital Fund Debt, Financial Audit Findings and Funding

31. While the District was under the sole control of its elected board of trustees and its superintendent, the District borrowed \$13.3 million from its capital projects fund to meet payroll and other general expenditures beginning with the 2005–2006 school year without repaying the funds into the capital fund. (T. 184). The District owes an additional \$622,000 in accrued interest on this loan from the bond proceeds. During 2011, the District reviewed expenditures from current and prior years and determined that the District had \$5,310,194 of costs that would qualify for bond expenditures to further reduce the loan. As a result, due to the

District's current inability to repay this amount from the general fund, including the need for future resources that may not be available to the District to repay this amount, the loan amount has been removed from the general fund balance sheet as of August 31, 2010 and appears as a note. The balance of the loan on the District's financial records is currently \$7,989,806 as of August 31, 2011. The District anticipates budgeting for this repayment over several future years as funds become available for this purpose. (NFISD 2236).

32. While the District has not developed a specific plan to repay the capital fund debt, leaders plan to sell surplus property for redevelopment and use the proceeds and the increased tax revenue for expenses and to repay debt. It is unclear whether this effort will be successful, in part due to the outstanding order of closure. (NFISD 3306; T .549, 605).

33. The District is a high-risk federal grantee due to financial instability and audit concerns and is subject to spot checks of data. (T. 185, 472).

34. The independent financial audit for the period September 1, 2010 to August 31, 2011 finds that the District has not made payments on its Series 2006 maintenance tax notes due on July 1, 2010 or after, and concludes that this fact raises substantial doubt about the District's ability to continue as a going concern. (NFISD 2205 *et seq.*).

35. The independent financial audit for the period September 1, 2010 to August 31, 2011 finds a material weakness in internal control due to the failure to reconcile checkbooks and accounts and contains a qualified opinion. (NFISD 2205 *et seq.*).

36. The District's property tax values have decreased by five percent (NFISD 2211) and there has been the issue of overestimating the student average daily attendance figure over a several year period, and as recently as the current school year, which would result in recapture of overpaid funds by the agency. (T. 208, 631-632, 643, 645- 647).

Additional Financial Status Findings: Negative Fund Balances

37. The District has maintained negative fund balances, which reflect that its expenses exceeded the funds generated by property taxes and student attendance, for several years. The negative fund balances were approximately \$5.1 million in the 2006–2007 audit report for the 2008 rating, \$8.5 million in the 2007–2008 audit report for the 2009 rating, \$994,000 in the 2008–2009 audit report and \$58,000 in the 2009–2010 audit report. (TEA 204–209, 319, 402, 1187; T. 109–112, 122, 124).

38. The District reported a positive fund balance of approximately \$1.4 million in its current financial audit, which has not been approved by the Agency at this time. (NFISD 2207).

Additional Academic Status Finding: Completion Rates

39. The acceptable rate of completion for all relevant years is 75%. For the 2008–2009 school year, the District’s completion rate was 49.6%. The District failed to make adequate progress in 2009–2010, when its completion rate was 52.1%. In 2010–2011, the District’s completion rate was 59%; again, however, adequate progress was not made. (TEA 191, 198, NFISD 2201; T. 46, 48, 584).

Miscellaneous Findings

40. The word “any” is defined as: “one, some, or all indiscriminately of whatever quantity: *a*: one or more —used to indicate an undetermined number or amount <have you *any* money> *b*: ALL —used to indicate a maximum or whole <needs *any* help he can get> *c* : a or some without reference to quantity or extent <grateful for *any* favor at all>.” The word “any” may refer to one or more options. See Merriam-Wester Online Dictionary, <http://www.merriam-webster.com/dictionary/any>.

41. Four areas of Agency concern have been addressed: weakness in procurement practices, backlogs in accounts payable, staff complacency in financial management policies and procedures and overstaffing in transportation and maintenance. (TEA 1157; T. 568, 570, 629).

42. Ten areas of Agency concern have not been sufficiently addressed: the District's outstanding debt to the capital fund, vacancies in key positions, failure to complete corrective action plans, failure to increase delinquent tax collections, elimination of Board micromanagement, going outside the superintendent evaluation process and member-to-member communications, failure to complete the vertical alignment of curriculum, the need for sustained progress in high school disciplinary programs, and inaccurate attendance accounting. (TEA 1091-0192, 1157, NFISD 2236; T. 568, 569, 570, 571, 572, 632-634, 637-639, 643).

43. The District's accreditation status will remain "Not Accredited – Revoked" for 2012-2013 due to its failing financial accountability rating. The District's FIRST rating for 2012 will remain failing due to the finding of material weakness of internal control and a qualified opinion in the independent audit for the period ending August 31, 2011. No new academic accountability ratings will be issued in 2012 due to the first year implementation of the new statewide assessment program, the State of Texas Assessments of Academic Readiness (STAAR™). (TEA 625, NFISD 2250).

44. The District has demonstrated slow and steady progress with ups and downs since the board of managers was placed in the district and progress has increased academically and financially since the elected board and Ms. Forté have led the district. (T. 562-563).

45. With regard to the annexation of the District for academically unacceptable performance, there is no evidence or information in the record to demonstrate that an investigation of the educational and financial impact of annexation on Houston ISD occurred.

The record does not include a finding that the annexation of North Forest ISD to Houston ISD will not substantially impair the ability of Houston ISD to educate the students located in Houston ISD before the annexation. TEX. EDUC. CODE § 13.054(e). (Record).

46. With regard to the annexation of the District for academically unacceptable performance, the record does not include a finding that the annexation of North Forest ISD to Houston ISD will not substantially impair the ability of Houston ISD to meet Houston ISD's financial obligations incurred before the annexation. TEX. EDUC. CODE § 13.054(e). (Record).

47. The Agency relied upon each of the most recent accreditation, academic accountability and financial accountability ratings in assessing the District's "Not Accredited – Revoked" status. (TEA 1157).

48. There is no information or evidence in the record supporting a finding of racial discrimination.

Discussion

Introduction

North Forest Independent School District is a densely populated, property poor school district with a declining student population of approximately 6,100. As such, property tax revenues are low and declining student enrollment produces fewer state funds. The student population is predominantly African-American and Hispanic. Since 2007, the Agency has placed financial and academic conservators, a management team and a board of managers in the District and appointed the superintendent. During this time, the District made some progress on the academic and financial fronts; however, it consistently failed academically due to an unacceptable completion rate of students graduating or remaining in the District in accordance with state law and rule and financial accountability failures due to unacceptable audit reports and

an enormous debt to the capital projects or bond fund. Since 2010, the District was returned to the control of an elected board of trustees and a new superintendent was hired. The Agency notified the District in November of 2011 that the Commissioner had assigned the accreditation status of “Not Accredited-Revoked,” and was moving forward to close the District in July 2012 and to annex the territory to Houston Independent School District. The District requested a record review of this action and this decision is the result of the record review.

Legal Analysis

Sections 39.051 and 39.052 of the Texas Education Code establish an accreditation system that requires the Commissioner of Education to assign a status to each school district or to revoke the accreditation of a district.

North Forest Independent School District has been rated “Substandard Achievement,” or “Suspended – Data Quality,” both of which are failing, in the state’s financial accountability system for the past four consecutive school years. The District has been rated “Academically Unacceptable” in the academic accountability system due its failing completion rate of graduates for three consecutive school years. In consideration of the District’s accreditation and performance history over time and in light of substantial academic, financial, special programs and operational performance, the Commissioner assigned the District the accreditation rating of “Not Accredited-Revoked” in his letter of November 10, 2011 (TEA 1157).

Pursuant to 19 TEX. ADMIN. CODE § 97.1055(d)(1), the Commissioner notified the district that its accreditation would be revoked based upon three independent grounds: 1) four consecutive school years of the rating of “Substandard Achievement” or “Suspended—Data Quality” in the financial accountability system (referred to as FIRST); 2) “Academically Unacceptable” ratings under the academic accountability system and “Substandard

Achievement” or “Suspended - Data Quality” in the financial accountability system that total four consecutive school years; or 3) three consecutive school years of concurrently failing academic accountability ratings and financial accountability ratings.

The record provides ample support for the academic and financial ratings assigned to the District throughout the past four years. These ratings are final and cannot be disputed. (See Attachment A for a graphical representation of the District’s statuses). At this time, the District’s accreditation rating is “Not Accredited - Revoked” and the current rating is supported by each of the three independent grounds identified above. The Commissioner has the authority and is authorized to assign the accreditation rating of “Not Accredited-Revoked,” to close the District, and to annex the District to Houston Independent School District. The District’s challenges, discussed below, do not invalidate the accreditation rating and the potential subsequent closure and annexation actions.

Current Status of North Forest ISD

Financial Status

The District’s FIRST ratings have been failing for four (4) consecutive school years, including the current year. The ratings have been either “Substandard Achievement” or “Suspended – Data Quality” due to problems ranging from negative fund balances to a disclaimed opinion, to qualified opinions and findings of material weakness of internal control. In the current rating year, 2011, the 2009-2010 annual financial audit was filed late, also a failing.

The District’s long-standing financial problems continue to play a significant role in the current status. These include poor internal controls, receiving a disclaimed audit opinion and qualified audit opinions and using bond money to pay for operating expenses without repaying

the bond fund. The District reported negative fund balances for four of the past five years. The District, prior to the Agency's intervention in 2007, diverted approximately \$13.3 million in bond funds to pay salaries and other operating costs without repaying the funds and had significant financial shortfalls. While the capital projects debt has been diminished somewhat to \$8 million, the District must still find a way to repay it. The most recent independent financial audit notes that the District has not made payments on its Series 2006 maintenance tax notes due on July 1, 2010 or after, and that this fact raises substantial doubt about the District's ability to continue as a going concern. In addition, the conditions set forth in Finding 36 exacerbate the District's financial condition.

Academically Unacceptable Accountability Ratings

Academically, the District has fared a little better with acceptable student performance in most of the elementary and middle schools but the District still received failing ratings of "Academically Unacceptable" for three (3) years due to the completion rate of its high school. It is also of relevance to note that the District's high school was been rated "Academically Unacceptable" for six years.

Unacceptable Accreditation Ratings

Last, the District has earned failing accreditation ratings for three consecutive years between 2008 and 2011. In 2011–2012, when the District continued to exhibit many of the same financial, academic special program and data quality problems, the Agency notified the District that its accreditation rating was "Not Accredited – Revoked."

Continued Existence

Under these facts, one might ask if the Commissioner should even consider allowing the District to continue in existence. In its presentation, the District responded by identifying changed circumstances and improvements in problematic areas since the elected board of trustees and the current superintendent were installed. The conservator noted changes for the positive since August 2010 and provided testimony supporting that opinion. (TEA 1148 *et seq.*, TEA 1357 *et seq.*; T. 532 *et seq.*) However, the conservator continued to report financial and academic problems.

Academically, the District's completion rate is the only element that results in the lowered accreditation and academic accountability ratings. The District has met core content indicators although performance dipped slightly in the most recent report. (T. 584). Plans are in place to improve the high school completion rate. (T. 584, 585, 637 - 639; NFISD 2001). Improvements to the District's academic structure are also planned through organizational realignments, such as hiring an Assistant Superintendent of Academics and a District Improvement Officer at the high school; management reassignments; program review and staff development consulting contracts; and collaborations with institutions of higher education and proven charter management organizations that have expertise in professional development and math and science instruction. (T. 562 – 563). Staffing continues to be a problem on the academic side and ongoing recruitment and retention of qualified teachers is critical to improvement in student performance, as is professional development and implementation of those programs. The most critical factor is following through by implementing the training in the classroom.

The financial status of the District is grave. While the District reported a positive fund balance of approximately \$1.4 million in its current unapproved financial audit, (NFISD 2207), it has not provided a plan to make overdue payments for its Series 2006 Maintenance Tax Notes, due July 2010 and forward (NFISD 2206). It plans on repaying the capital assets fund the \$8 million that is missing from the fund after it was used for operating expenses by selling real estate for development in hopes of generating more revenue for operations and debt repayment. This is difficult because of the order of closure. (T. 549, 605; NFISD 2236). The District is a high-risk federal grantee due to financial instability and audit concerns and is subject to spot checks of data. (T. 472). However, progress has been made in documenting, reconciling, alleviating backlogs and making procurements and decreasing the complacency of the accounting staff by enforcing compliance. (T. 572, 629 *et seq.*) The District very recently has brought in outside consultants to provide oversight and to perform the duties of the chief financial officer until one can be hired.

In addition, the District's current superintendent, Edna Forté, has impressed the conservator, the District's financial consultant (both former superintendents) and the District's board president as a proactive superintendent who acts with integrity, perseverance and determination. The conservator notes that the situation is very complex and there are many internal and external factors, but if the "stars align" with regard to the progress and leadership shown, the District could continue steady improvement. (T. 563). The financial consultant states that the District deserves a chance to "pull it out." (T. 522 -523). The board backs Ms. Forté "100%." (T. 486).

Finally, it should be noted that North Forest ISD accreditation rating is projected to be “Not Accredited – Revoked” for 2012-2013 and “Substandard Achievement” under the FIRST financial rating for 2012. (TEA 635, NFISD 2250).

Given the promising strides made beginning with the board of managers and through the District’s leadership, and given that the ratings of the District will not change over the next school year, I conclude that North Forest ISD, its board, its superintendent, its staff, its students and its stakeholders be given the 2012–2013 school year to demonstrate continuous improvement in the areas of financial accountability by eliminating failing ratings due to receiving a qualified financial audit opinion and for a finding of material weakness in internal control and by improving its academic accountability rating to an acceptable completion rate. Therefore, North Forest ISD’s accreditation status is “Not Accredited – Revoked,” and subject to the requirements and conditions set forth below in the Order, the closure of the District and annexation of its territory to Houston ISD is abated until July 1, 2013. Should the District comply with the requirements and conditions in the Order, the action to close the District and annex it to Houston ISD will be withdrawn.

North Forest Independent School District’s Challenges to the Agency’s Actions

The District raised a number of challenges to the Agency’s actions both during the record review and in written closing arguments. The challenges presented at hearing are set forth and addressed below.

Closure violates Chapter 39, Texas Education Code.

The District argues that because its academic rating of “Academically Unacceptable (AU)” is solely based upon the District’s failure to meet the agency’s completion rate standard in

its academic accountability system, the agency is precluded from revoking the District's accreditation based upon TEX. EDUC. CODE § 39.102(a)(11).² This subsection establishes specific sanctions to deal with the dropout rate and follows subsection (10) in the disjunctive ("or"). The District's interpretation ignores the unrestricted authority of the Commissioner to take "any of the following actions to the extent the commissioner determines necessary." The word "any" is defined as: "one, some, or all indiscriminately of whatever quantity: *a* : one or more —used to indicate an undetermined number or amount <have you *any* money> *b* : ALL — used to indicate a maximum or whole <needs *any* help he can get> *c* : a or some without

² Sec. 39.102. INTERVENTIONS AND SANCTIONS FOR DISTRICTS. (a) If a school district does not satisfy the accreditation criteria under Section 39.052, the academic performance standards under Section 39.053 or 39.054, or any financial accountability standard as determined by commissioner rule, the commissioner shall take any of the following actions to the extent the commissioner determines necessary:

(1)–(9) *Omitted.*

(10) if for two consecutive school years, including the current school year, a district has received an accreditation status of accredited-warned or accredited-probation, has failed to satisfy any standard under Section 39.054(e), or has failed to satisfy financial accountability standards as determined by commissioner rule, revoke the district's accreditation and:

(A) order closure of the district and annex the district to one or more adjoining districts under Section 13.054; or

(B) in the case of a home-rule school district or open-enrollment charter school, order closure of all programs operated under the district's or school's charter; or

(11) if a district has failed to satisfy any standard under Section 39.054(e) due to the district's dropout rates, impose sanctions designed to improve high school completion rates, including:

(A) ordering the development of a dropout prevention plan for approval by the commissioner;

(B) restructuring the district or appropriate school campuses to improve identification of and service to students who are at risk of dropping out of school, as defined by Section 29.081;

(C) ordering lower student-to-counselor ratios on school campuses with high dropout rates; and

(D) ordering the use of any other intervention strategy effective in reducing dropout rates, including mentor programs and flexible class scheduling.

reference to quantity or extent <grateful for *any* favor at all>.”³ The word “any” may refer to one or more options. The use of the disjunctive does not elevate subsection (11) to a higher status than the other ten actions. It is an equal response to a district’s failure to satisfy required standards. It cannot be said that the intent of the Legislature was to prohibit closing a district whose sole deficiency was an unacceptable completion rate that was a continuous condition for the requisite time period. Such a restriction on the Commissioner’s authority must be specific.

Even if the Commissioner could not revoke the District’s accreditation solely based upon its completion rate (which is not found or concluded), the revocation is still independently authorized due to the District’s four (4) consecutive years of failing financial accountability ratings. TEX. EDUC. CODE §39.102(a).

The District also contends that the Commissioner had to select his remedies within section 39.102(a) and argues that by placing a board of managers in the District under subsection (9), he was precluded from revoking the District’s accreditation under subsection (10). As discussed above, the statute does not limit the Commissioner’s authority in selecting one or more responses to the District’s situation. Depending on the situation, the Commissioner could implement interventions in sequence from a board of managers to revocation, or if the accreditation status or ratings warrant, select an appropriate intervention from the listing.

The asserted deficiencies are the direct result of the Agency’s misfeasance; closure is improper.

The challenges to the administration of the District go to the validity of the ratings assigned. The District has had opportunities to challenge the ratings throughout the years. The ratings cannot now be attacked, as they have either been reviewed through the record review

³ Merriam-Wester Online Dictionary, <http://www.merriam-webster.com/dictionary/any>

process or the challenge waived due to failing to request a review. In addition, the only action of the Agency challenged by the District on a legal basis was the conservator's temporary use of bond funds to pay obligations for a very short period until the next state payment was received. This amount was paid back within a month. (T. 276-277). This action did not contribute to any of the asserted deficiencies.

It should be established, at the outset, that the critical actions that began the decline of North Forest Independent School District occurred when the District was under the full control of an elected board of trustees and their chosen superintendent. For example, the 2007 decisions to apply bond funds to finance operating expenses, such as payroll, created a \$13.3 million dollar deficit from which the District has still not recovered and from which its financial accountability rating still suffers.

The superintendent appointed by the Commissioner was accountable to the board of managers, two of whom were community members (as required by law). He was an employee of the District, not the Agency. There is no information in the record that this superintendent's actions or failure to act were at the direction of the Commissioner or Agency staff. Further, the record is clear that many of the superintendent's actions and inactions were not communicated to anyone at the Agency or the District in a position of oversight. (T. 378 – 380, 477-478).

While the inability to bring the District into full compliance with financial and academic accountability standards under the conservators and the board of managers does not excuse the District's academic and financial ratings, it does establish a point of reference to compare with improvement under the conservators and board of managers and the recent actions of the current administration, as discussed below.

Annexation is not in the best educational interests of the students in the District and in Houston Independent School District.

The District asserts that the Commissioner must consider whether annexation is in the best educational interests of the students in the District. While this test is required under TEX. EDUC. CODE § 13.051(h), the general detachment and annexation statute, there is no reference to “best educational interests of the students of the sending district” when a district is closed due to its accreditation rating, its academic accountability rating or its financial accountability rating. The statutory test for the Commissioner in annexing an academically unacceptable district to another district is set forth in TEX. EDUC. CODE §13.054(e).⁴ The Commissioner may order the annexation only if he finds that “the annexation will not substantially impair the ability of the receiving district to educate the students located in the district before annexation and to meet the financial obligations incurred before the annexation.” Thus, the focus is on the impact on the receiving district, not the district that is being closed.

North Forest ISD has a viable plan to be fully functional, financially stable, and accredited within two school years.

Even if this statement were true, the Commissioner is not precluded from closing the District and annexing it to Houston Independent School District based upon the District’s current accreditation status. The Commissioner has the legal authority to take these actions despite this argument.

The District’s new challenges presented in the written closing argument are set forth and addressed below.

⁴ The statutory requirements of Tex. Educ. Code § 13.054(e) are discussed below.

The selection of two members from the community to serve on the board of managers was not required by law and contributed to the lack of financial and educational expertise of the District.

This challenge is untimely. If the District believed that the selection of the members of the board of managers violated statute or rule, it could have challenged the action through an appeal pursuant to TEX. EDUC. CODE § 7.057(a). The timeline for filing such an appeal is thirty (30) calendar days after the decision, order or ruling complained of is first communicated to the complaining party. 19 TEX. ADMIN. CODE § 157.1071(b). Even if the District's challenge was not untimely, the Commissioner is not precluded from implementing TEX. EDUC. CODE § 39.102(b) and appointing community members to the board of managers. As noted above, the Commissioner has discretion in the actions taken pursuant to section 39.102.

The Agency did not comply with the June 15 notification date of the District's unacceptable performance rating, as set forth in TEX. EDUC. CODE § 39.054(a).

This requirement is not effective until next year. It does not apply to notifications prior to the 2012-2013 year. See "House Bill 3 Transition Plan," Chapter 12, page II – 140, <http://www.tea.state.tx.us/student.assessment/hb3plan/> (Official Notice). Even if this requirement was in effect, the timeline is directory and not mandatory; "the absence of words restraining the doing thereof afterwards or stating the consequences of failure to act within the time specified, may be considered as a circumstance tending to support a directory construction." Chisholm v. Bewley Mills, 155 Tex. 400, 1956 Tex. LEXIS 596 (Tex., 1956).

The Commissioner exceeded his authority in relying upon 19 TEX. ADMIN. CODE § 97.1055(d)(2), (3) by expanding the scope of his statutory authority.

For purposes of this Decision, the rating of "Not Accredited-Revoked" is not based upon 19 TEX. ADMIN. CODE § 97.1055(d)(2), (3), but rather section 97.1055(d)(1). It is unnecessary to reach this issue.

The decision to rate the District as “Not Accredited-Revoked” violates TEX. EDUC. CODE § 39.102(10) because the ratings were not based upon the “current year.”

The “current year” does not refer to the school or fiscal year in which the proposed revocation will occur. Accreditation and academic accountability ratings are issued late in the school year and can be appealed, a process that is generally finalized during the next school year. Financial accountability ratings lag one year behind the fiscal year. The only reasonable interpretation of the term “current year” is to refer to the most recent finalized ratings in each category.

The Agency failed to comply with TEX. EDUC. CODE § 13.054(e) and did not fulfill the condition that annexation be ordered only if the Commissioner finds that the annexation will not substantially impair the ability of the receiving district to educate the students located in the district before the annexation and to meet the financial obligations incurred before the annexation.

Because the annexation is not taking effect at this time, and will not take effect until possibly July 1, 2013, this required investigation and the findings should be made with information current in 2013. The District is not harmed by the omission at this time because the annexation action has been abated for one year.

The closure and annexation of the District constitutes racial discrimination.

The District presented no facts in the record review to support this allegation, nor did it provide specific statutory citations. The District waived this argument.

Resolution of Record Review

Balancing the interests of the state in ensuring that the District’s academic and financial performance meets the standards expected of all school districts with the District’s desire to demonstrate that it can meet the standards, and taking into account that the District’s accreditation and financial accountability ratings will probably not change for 2012-2013, the District’s improvement and the requirements of TEX. EDUC. CODE § 13.054, the action to close

the District and annex it to Houston ISD is abated until July 1, 2013. The closure and annexation action will be withdrawn if the requirements set forth in the Order below are met.

In order to ensure valid information throughout the abatement, the following directives are issued to the conservator and the Agency:

1. The conservator is directed to report the District's activities and outcomes regarding the requirements and conditions set forth in the order, as well as any other information required by the Agency, on a monthly basis. The conservator is required to assist the District in its compliance efforts.

2. Agency staff is required to monitor the District's performance to comply with the requirements set forth above and is to communicate a preliminary recommendation regarding whether to finalize the decision to close the District and annex it to Houston ISD or to withdraw the order to close and annex on or before January 30, 2013. Particular attention is to be paid to the completion rate for the class of 2011 and the proposed financial accountability rating based upon the most recent financial audit for the year ending August 31, 2012.

3. The Agency is not prohibited from continuing to perform its duties under state and federal law and regulation and shall continue to monitor the performance of the District, conduct any investigations or audits as required by law or by circumstances and take any actions necessary.

Conclusions

In consideration of the matters presented in the record review, the findings made herein and official notice taken, I make the following conclusions:

1. The Commissioner of Education has jurisdiction over this matter pursuant to TEX. EDUC. CODE §§ 39.051 and 39.052 and 19 TEX. ADMIN. CODE § 97.1055(d)(1).

2. Based upon a district's performance, academically and/or financially, the Commissioner is granted authority to either assign each district an accreditation rating or revoke the district's accreditation and order closure of the district. TEX. EDUC. CODE § 39.052(c).

3. This grant of authority is carried out through TEX. EDUC. CODE § 39.102(a)(10), which establishes the criteria for revoking the accreditation of a district, closing the district and annexing the district to an adjoining district.

4. If a district's financial accountability rating has been either "Substandard Achievement" or "Suspended – Data Quality" for four (4) consecutive school years, including the current year, the Commissioner is authorized to revoke the district's accreditation. TEX. EDUC. CODE §§ 39.052(b)(1)(B), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(B).

5. For the past four (4) consecutive school years, including the current year, North Forest Independent School District's financial accountability rating has been "Substandard Achievement," or "Suspended – Data Quality," both of which are failing.

6. The Commissioner is authorized to revoke the accreditation of North Forest Independent School District on the basis of its financial accountability ratings of "Substandard Achievement" or "Suspended – Data Quality" for four (4) consecutive school years, including the current year. TEX. EDUC. CODE §§ 39.052(b)(1)(B), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(B).

7. If the district has received either an academic accountability rating of "Academically Unacceptable" or a financial accountability rating of "Substandard Achievement" or "Suspended – Data Quality" for each of four (4) consecutive school years, including the current year, the Commissioner is authorized to revoke the district's accreditation. TEX. EDUC. CODE §§ 39.052(b)(1), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(C).

8. North Forest Independent School District has been rated as “Academically Unacceptable” in the academic accountability system due to its failing completion rate for three (3) consecutive school years, including the current year, and has been rated as either “Substandard Achievement” or “Suspended – Data Quality” in the financial accountability system for four (4) consecutive school years including the current school year.

9. The Commissioner is authorized to revoke the accreditation of North Forest Independent School District on the basis of its academic accountability rating of “Academically Unacceptable” for three (3) consecutive school years, including the current year, combined with its failing financial accountability rating of “Substandard Achievement” or “Suspended – Data Quality” four (4) consecutive school years, including the current year. TEX. EDUC. CODE §§ 39.052(b)(1), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(C).

10. If a district’s academic ratings of “Academically Unacceptable” and its financial ratings of “Substandard Achievement” or “Suspended – Data Quality” concurrently total three (3) consecutive school years, including the current year, the Commissioner is authorized to revoke the district’s accreditation. TEX. EDUC. CODE §§ 39.052(b)(1), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(D).

11. For the past three (3) consecutive school years, including the current year, North Forest Independent School District has been rated concurrently as “Academically Unacceptable” under the academic accountability system and either “Substandard Achievement” or “Suspended – Data Quality” in the financial accountability system.

12. The Commissioner is authorized to revoke the accreditation of North Forest Independent School District on the basis of its concurrent failing academic and financial

accountability ratings for three (3) consecutive school years, including the current year. TEX. EDUC. CODE §§ 39.052(b)(1), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(D).

13. For the 2012-2013 school year, North Forest Independent School District will earn a failing rating in the financial accountability system (FIRST), based upon its most recent annual financial audit for the period September 1, 2010 to August 31, 2011, filed with the Agency in January, 2012. The Commissioner will be authorized to revoke the accreditation of the district for the 2012-2013 school year because the District earned financial accountability ratings of “Substandard Achievement” or “Suspended – Data Quality” for four (4) consecutive school years, including the current year. TEX. EDUC. CODE §§ 39.052(b)(1)(B), 39.102(a)(10) and 19 TEX. ADMIN. CODE § 97.1055(d)(1)(B).

14. The word “any” is defined as: “one, some, or all indiscriminately of whatever quantity: *a* : one or more —used to indicate an undetermined number or amount <have you *any* money> *b* : ALL —used to indicate a maximum or whole <needs *any* help he can get> *c* : a or some without reference to quantity or extent <grateful for *any* favor at all>.” The word “any” may refer to one or more options.

15. In response to a district’s failure to satisfy accreditation criteria under TEX. EDUC. CODE § 39.052, the academic performance standards under Sections 39.053 or 39.054, or any financial accountability standard, the Commissioner of Education is authorized to “take any of the following [eleven] actions to the extent the commissioner deems necessary.” This provision gives the Commissioner the discretion and flexibility to select appropriate interventions and sanctions as he deems necessary. TEX. EDUC. CODE § 39.102(a)(10).

16. The Commissioner of Education is not limited by the language of TEX. EDUC. CODE § 39.102(a)(10), (11) and may select one or more of the equal options to respond to a failing completion rate.

17. Even if the Commissioner could not revoke the District's accreditation solely based upon its completion rate (which is not found or concluded), the revocation is still independently authorized due to the District's failing financial accountability ratings. TEX. EDUC. CODE §§ 39.052(b)(1)(B), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(B).

18. Challenges to the administration of the District during the assignment of conservators and/or the board of managers relate to the validity of the ratings assigned. The challenges are untimely, should have been raised at the time the ratings were awarded and were waived. 19 TEX. ADMIN. CODE § 97.1037.

19. The Commissioner was not prohibited from selecting residents of the District to serve on the board of managers by TEX. EDUC. CODE §§ 39.102(b).

20. The District failed to timely challenge the composition of the board of managers and therefore waived the issue. TEX. EDUC. CODE § 7.057(a); 19 TEX. ADMIN. CODE § 157.1071(b).

21. Even if the District had demonstrated that it can be fully functional, financially stable and accredited within two (2) years, the Commissioner is authorized to revoke the District's accreditation, close the District and annex it to another district based upon NFISD's accreditation status, academic accountability ratings, and/or financial accountability ratings.

22. The June 15 notification date set forth in TEX. EDUC. CODE § 39.054(a) is not applicable to the 2011-2012 ratings. "House Bill 3 Transition Plan," Chapter 12, page II – 140, <http://www.tea.state.tx.us/student.assessment/hb3plan/>.

23. The June 15 notification date set forth in TEX. EDUC. CODE § 39.054(a) is directory, not mandatory.

24. This Decision makes no finding or conclusion and takes no action based upon 19 TEX. ADMIN. CODE § 97.1055(d)(2),(3).

25. “Current year,” for the purposes of TEX. EDUC. CODE § 39.102(10), relates to the most current finalized ratings in existence at the time of the revocation. For accreditation status purposes, the current year is the 2010-2011 rating. For academic accountability purposes, the current year is the 2011 rating and for financial accountability purposes, the current year is the 2011 rating.

26. The Agency failed to comply with TEX. EDUC. CODE § 39.054(c).

27. Due to the abatement of the closure and annexation actions until July 1, 2013, the District is not harmed by the noncompliance of TEX. EDUC. CODE § 39.054(e).

28. If the District fails to comply with the requirements and conditions set forth in the Order and closure and annexation are again ordered, the Agency shall ensure that TEX. EDUC. CODE § 39.054 is complied with and that the investigation and findings required by subsection (c) are made with data current for 2012-2013.

29. There is no evidence or information in the record that supports a finding or conclusion of racial discrimination. The District waived this issue by failing to present evidence or information to support the allegation.

30. Independent of Conclusions 31 and 32, the accreditation of North Forest Independent School District should be revoked on the basis of four (4) consecutive school years, including the current year, of “Substandard Achievement” or “Suspended – Data Quality” FIRST

ratings. TEX. EDUC. CODE §§ 39.052(b)(1)(B), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(B).

31. Independent of Conclusions 30 and 32, the accreditation of North Forest Independent School District should be revoked on the basis of its academic accountability rating of “Academically Unacceptable” for three (3) consecutive school years, including the current year, combined with its failing financial accountability rating of “Substandard Achievement” or “Suspended – Data Quality” four (4) consecutive school years, including the current year. TEX. EDUC. CODE §§ 39.052(b)(1), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(C).

32. Independent of Conclusions 30 and 31, the accreditation of North Forest Independent School District should be revoked on the basis of its concurrent failing academic and financial accountability ratings for three (3) consecutive school years, including the current year. TEX. EDUC. CODE §§ 39.052(b)(1), 39.102(a)(10); 19 TEX. ADMIN. CODE § 97.1055(d)(1)(D).

33. North Forest Independent School District may be closed and annexed to Houston Independent School District, if the requirements of TEX. EDUC. CODE §13.054 are met, including an investigation of the educational and financial impact on Houston Independent School District pursuant to subsection (e) demonstrates that annexation will not impair the ability of Houston Independent School District to educate the students located in the district before the annexation and that annexation will not impair the ability of Houston Independent School District to meet its financial obligations incurred before the annexation. This investigation must occur prior to the entry of an order of annexation and should rely upon data from the current school year.

34. The Commissioner of Education has the authority and the discretion to abate the closure and annexation of a district pursuant to TEX. EDUC. CODE §§ 39.052(c) and 39.102(a)(10).

35. Considering the record regarding financial and academic improvement, the probable academic and financial statuses of the District for the 2012-2013 school year, and the requirements of TEX. EDUC. CODE § 13.054, the action to close and annex North Forest Independent School District to Houston Independent School District should be ABATED for one (1) year, until July 1, 2013.

36. In order for the closure and annexation actions to be withdrawn following the one (1) year abatement until July 1, 2013, the District must comply with the conditions and requirements set forth in the order below.

37. The record review of the District's accreditation status of "Not Accredited – Revoked" should be DENIED.

38. The record review of the Commissioner's action to close North Forest Independent School District and to annex the District to Houston Independent School District should be ABATED for a one (1) year period until July 1, 2013.

39. Should the Agency notify North Forest Independent School District of its recommendation to close the District and annex the District to Houston Independent School District on July 1, 2013 due to the District's failure to satisfactorily meet the conditions and requirements set forth in the decision, the District may request that this record review reopened for the limited purposes of determining compliance with the conditions and requirements set forth in this order and the Agency's compliance with TEX. EDUC. CODE § 39.054.

Order

After due consideration of the record, matters officially noticed, and the foregoing Findings and Conclusions, in my capacity as the Commissioner of Education, it is hereby

ORDERED that the record review of the “Not Accredited – Revoked” accreditation status of North Forest Independent School District should be, and is hereby, DENIED and the rating of “Not Accredited – Revoked” is upheld;

FURTHER ORDERED that the record review of the actions to close North Forest Independent School District and to annex the District to Houston Independent School District should be, and are hereby, ABATED for a one (1) year period until July 1, 2013; and

FURTHER ORDERED that if the District complies with the following conditions and requirements, the order of closure and annexation will be withdrawn following the one (1) year abatement; and

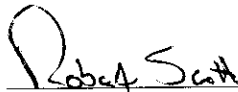
FURTHER ORDERED that the District shall comply with the following conditions and requirements to allow the order of closure and annexation to be withdrawn:

1. Pursuant to the Commissioner’s letter of June 25, 2010 (NFISD 3306), the following transition activities shall be completed on or before July 1, 2012:
 - a. Review recent census data, convene appropriate stakeholder meetings and consider action to develop a plan to transition to single member districts beginning with the May 2013 board of trustees election, reporting to the Agency through the conservator.

- b. Develop specific details for the plan to repay the outstanding \$8 million to the bond and construction fund within five (5) years and begin to make payments.
2. On or before July 1, 2012, develop a schedule to make overdue and scheduled payments on the Series 2006 maintenance tax notes and begin payments.
3. Achieve an acceptable rate of improvement of the District's completion rate or a completion rate of 75% for the 2011–2012 school year (class of 2011).
4. On or before January 28, 2013, provide an annual financial audit for the fiscal year September 1, 2011 to August 31, 2012 that is timely filed, is unqualified and contains no material weakness in internal control.
5. Achieve a positive fund balance for the fiscal year ending August 31, 2012.
6. On or before November 15, 2012, implement and maintain a curriculum that is aligned with the Texas Essential Knowledge and Skills (TEKS) among its campuses.
7. On or before November 15, 2012, implement a comprehensive vertical alignment plan among educators at each campus including district facilitation of communication among feeder campuses, with particular focus on improving the success of North Forest High School.
8. On or before November 15, 2012, develop a district-wide comprehensive plan to implement an effective dropout prevention program that is aligned with research-based strategies.
9. Continue and improve performance on statewide assessments.
10. Continue NFISD's relationship with NYU to implement a professional development plan for administrators and educators, including specific training on the Texas

Essential Knowledge and Skills in the content and enrichment areas much of which can be accessed via Project Share Texas: <http://projectsharetexas.org/> .

SIGNED AND ISSUED this 30TH day of March, 2012.

A handwritten signature in black ink that reads "Robert Scott". The signature is written in a cursive style with a large initial "R".

ROBERT SCOTT
COMMISSIONER OF EDUCATION

| ATTACHMENT A - North Forest ISD Selected History of Academic, Financial and Accreditation Ratings | | | |
|--|---|---|---|
| Academic Year | Academic Accountability Issued in July of the ongoing school year ending August 31. Appeals in October of the calendar year; ratings finalized in late October. | FIRST (Financial Accountability) Issued August 31, one year after the close of the fiscal year (e.g., 2008 rating for fiscal year 2006-2007). | Accreditation Status Issued March 1 for the ongoing school year. |
| 2007-2008 (2008) | | <i>Substandard Achievement</i> <ul style="list-style-type: none"> Negative fund balance Based on 2006-2007 school year | <i>Accredited – Probated</i> Special Accreditation Investigation findings |
| 2008-2009 (2009) | <i>Academically Unacceptable</i> <ul style="list-style-type: none"> Completion Rate 49.6% (class of 2008) | <i>Suspended – Data Quality</i> <ul style="list-style-type: none"> Negative fund balance Material weakness in internal control Based on 2007-2008 school year | <i>Accredited – Probated</i> Special Accreditation Investigation findings |
| 2009-2010 (2010) | <i>Academically Unacceptable</i> <ul style="list-style-type: none"> Completion Rate 52.1% (class of 2009) | <i>Substandard Achievement</i> <ul style="list-style-type: none"> Negative fund balance Qualified opinion Based on 2008-2009 school year | <i>Accredited – Warned</i> 2009 Academically Unacceptable rating; 2008 FIRST Substandard Achievement; 2009 FIRST Suspended-Data Quality ratings |
| 2010-2011 (2011) | <i>Academically Unacceptable</i> <ul style="list-style-type: none"> Completion Rate 59% (class of 2010) | <i>Substandard Achievement</i> <ul style="list-style-type: none"> Negative fund balance Qualified opinion Untimely filing Material weakness in internal control Based on 2009-2010 school year | <i>Accredited – Probated</i> Special Accreditation Investigation findings; 2009, 2010 Academically Unacceptable ratings; 2009 FIRST Suspended-Data Quality rating; 2010 FIRST Substandard Achievement rating |
| 2011-2012 (2012) [Current Year] | No rating due to implementation of STAAR™ (Class of 2011 completion rate to be determined) | <i>Substandard Achievement</i> <ul style="list-style-type: none"> Qualified opinion Material weakness in internal control Based on 2010-2011 school year | <i>Not Accredited – Revoked</i> 2008, 2009, 2010, 2011 FIRST Ratings, 2009, 2010, 2011 (failing), Accountability Ratings (AU) |
| | | | |