

- TEXAS EDUCATION AGENCY -



LANCASTER

INDEPENDENT SCHOOL DISTRICT

SPECIAL INVESTIGATION

INV2021-11-052 AND IR2021-11-002

FINAL REPORT

1701 NORTH CONGRESS AVE
AUSTIN, TX 78701

SPECIAL INVESTIGATION REPORT

LANCASTER ISD INV2021-11-052 AND IR2021-11-002

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November 8, 2022

Ms. Marion Hamilton, Board President
Lancaster Independent School District
422 S. Centre Ave.
Lancaster, Texas 75146-1621

Dr. A. Katrise Perera, Superintendent
Lancaster Independent School District
422 S. Centre Ave.
Lancaster, Texas 75146-1621

Final Report
**Respond by 12/2/2022 to
request an informal meeting
to review the recommended
sanction**

Dear President Hamilton and Superintendent Perera,

The enclosed final report presents the findings and recommendations for sanctions resulting from a Special Investigation (SI) conducted by the Texas Education Agency's (TEA) Special Investigations Unit (SIU). This investigation relates to allegations that 1) Lancaster ISD Board of Trustees (Board) approved a new contract for the superintendent and 11 days later approved a separation agreement with the superintendent, and 2) a possible conflict of interest existed regarding the board president simultaneously serving as Lancaster Independent School District (LISD) Board President and President of the Lancaster Education Foundation (LEF).

The final report addresses only the allegations described herein, and fully incorporates its previously issued preliminary report by reference. The findings may not address all allegations raised before, during, or after the investigation. Additional investigative work may be conducted to address any remaining allegations. Furthermore, other TEA divisions may be in the process of investigating LISD. These division may issue additional investigative reports.

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TEA issued a preliminary report on May 25, 2022. In accordance with the Texas Education Code § 39.004 and 19 Texas Administrative Code § 157.1121, TEA provided LISD and any person identified in the preliminary report as having violated a law, rule, or policy the opportunity to respond to the preliminary findings and dispute any findings of fact.

Having fully considered LISD's response to the preliminary report in accordance with Tex. Educ. Code § 39.004(g), TEA issues this final report that consists of: 1) Cover letter 2) Notification of Informal Review; 3) Final Investigation Report; and 4) Exhibits/Appendices in accordance with 19 Texas Administrative Code §157.1121.

LISD will be afforded the opportunity to request an informal review and discuss the recommended sanction in accordance with 19 Texas Administrative Code § 157.1121. LISD did acknowledge a request for an informal review within their response to the preliminary report; however, LISD will still be afforded an opportunity to submit a supplement to their response specific to the informal review.

Please Contact me at adam.benthall@tea.texas.gov, should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Adam Benthall". The signature is written in a cursive, slightly slanted style.

Adam Benthall, Ed.D.
Director of Special Investigations
Texas Education Agency

Notice of Informal Review

This notice, along with the corresponding final investigation report, cover letter, and attachments, constitute a *Notice of Informal Review*, pursuant to Texas Administrative Code (Tex. Admin. Code) §157.1122. In accordance with 19 Tex. Admin. Code §157.1121, the district may request an informal review related to the final investigation report and the appointment of a conservator. However, an informal review shall be provided only if the district submits a written request for informal review **not later, than December 2, 2022**. 19 Tex. Admin. Code §157.1123(b). Written information may be submitted by the required deadline for requesting an informal review. 19 Tex. Admin. Code §157.1123(c). A final decision may be made based solely on the written correspondence sent by the district. A request for informal review must be in writing and received by TEA no later than **December 2, 2022**, and addressed as follows:

Division of Enforcement Coordination
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701
EnforcementCoordination@tea.texas.gov

If no informal review is requested by the deadline, a final decision may be issued without informal review. 19 Tex. Admin. Code §157.1123(d).

If you submit a timely request for an informal review of the assignment of a conservator and the commissioner, or his designee, assigns a conservator following the informal review, you will have an opportunity to file a petition for review with the State Office of Administrative Hearings (SOAH), pursuant to Tex. Educ. Code §39A.301, if you first satisfy the requirements of 19 Tex. Admin. Code §157.1155. Any SOAH hearing provided under §39A.301 shall be limited to the specific findings and/or recommendations detailed in the final report. Pursuant to Tex. Educ. Code §39A.301(b), the administrative law judge must uphold the decision to assign a conservator unless the administrative law judge finds the decision is not supported by substantial evidence.

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The decision of the administrative law judge is final and may not be appealed. Tex. Educ. Code §39A.301(c)(3).

Any questions relating to the informal review may be addressed to the Division of Enforcement Coordination at (512) 463-5899 or via email at EnforcementCoordination@tea.texas.gov

**TEA SPECIAL INVESTIGATION
FINAL INVESTIGATIVE REPORT
LANCASTER INDEPENDENT SCHOOL DISTRICT**

I. Introduction

Lancaster Independent School District (“LISD” or “District”) is located in south Dallas County just outside Dallas, Texas. According to the 2020-21 Texas Academic Performance Report (TAPR), LISD had a student enrollment of 7,175 and an academic accountability rating of Not Rated: Declared State of Disaster. LISD is in Education Service Center Region 10. On November 23, 2020, the Texas Education Agency (“TEA” or the “Agency”) Special Investigations Unit (“SIU”) issued a notice of Special Investigation (“SI”), addressed to Board President, Marion Hamilton, and Interim Superintendent Shemeka Millner-Williams.

A complaint submitted to TEA on November 11, 2020, alleged that the LISD Board of Trustees (the “Board”) approved the former superintendent’s \$2.1 million separation agreement just 11 days after the Board approved the former superintendent’s contract extension. TEA received nine subsequent complaints from LISD parents and taxpayers related to the \$2.1 million buyout of the former superintendent’s contract. The Agency also received a complaint on July 24, 2019, involving a second allegation of a possible conflict of interest arising out of the Board president’s concurrent role as president of the Lancaster Education Foundation Board (the “LEF Board”). TEA intervention is pursuant to Texas Education Code (“Tex. Educ. Code”) § 39.003(a)(6) and (17)¹ Special Investigations.

On December 1, 2020, SIU sent a request for information to Interim Superintendent Millner-Williams. LISD submitted the requested information to TEA on December 7, 2020.

¹ Appendix A Tex. Educ. Code § 39.003(a)(6) and (17) - Special Investigations

Additional requests for information were sent on December 17, 2020, and March 24, 2021. The District submitted the requested information to TEA on January 22, 2021, and April 6, 2021, respectively. On March 25, 2021, an email was sent to former Board President, Ellen Clark (“Clark”), requesting information regarding the LEF, which the SIU investigator received on March 29, 2021. TEA investigators conducted video conference interviews with LISD Trustees (Rhonda Davis-Crawford, Marion Hamilton, Lashonjia Harris, Ty Jones, LaRhonda Mays, Carolyn Morris, and Kendall Smith), former Board President Ellen Clark, former Superintendent Dr. Elijah Granger (“Dr. Granger” or “Granger”), Interim Superintendent Shemeka Millner-Williams, and Chief Financial Officer, Shonna Pumphrey. This final preliminary report is based on the documents provided by the District, documents provided by the LEF, video conference interviews, and an Agency review of board agendas, minutes, available board meeting recordings, Public Education Information Management System (PEIMS) data, and court documents.

Additionally, in April 2021, the LISD Board approved a forensic audit to be conducted into various concerns raised by the Board. These concerns included governance, operations, stipends and compensation, financial accountability, and policies and procedures. LISD engaged Weaver and Tidwell, L.L.P. (“Weaver”) to provide forensic audit services in August 2021. The Weaver Report of Investigation² (the “Weaver Report”) investigated the Board’s concerns for the time period of September 1, 2017, through December 31, 2020. This period covers the years of Dr. Granger’s time as superintendent of LISD. The Weaver Report details observations and findings regarding the areas listed above and provides its recommendations. TEA received a copy of the Weaver Report on February 28, 2022.

² Exhibit 1 – Weaver Investigative Report – Lancaster ISD

After reviewing the report, TEA discovered multiple areas of overlap with its findings and Weaver’s findings. The Agency sent LISD legal counsel O’Hanlon, Demerath, and Castillo (“O’Hanlon”) a request for a supplemental response to the investigation report on March 15, 2022.³ TEA requested a supplemental response from LISD to establish an agreed upon set of facts and give the District an opportunity to characterize any objections they may have to the content of the Weaver Report. The District included their reply in the response to the preliminary report.

Additionally, pursuant to Tex. Educ. Code § 39.004(b), after completing a special investigation, the agency shall present preliminary findings to any person or entity the agency finds has violated law, rule, or policy. In addition to the Lancaster ISD officials, relevant individuals were given a copy of the relevant portions of this preliminary investigation report to provide them with an opportunity to respond.

As discussed *infra*, it should be noted at the outset that the matters investigated and discussed in this report have been the subject of litigation with the District being permanently enjoined from providing a severance payout to Granger .

TEA issued a preliminary report of its SI findings to LISD and all other relevant individuals on May 25, 2022. All parties that received the report were provided with the opportunity to respond to the preliminary report by June 24, 2022. TEA received LISD’s response to the preliminary report on June 24, 2022.⁴ Other individuals who were provided with the opportunity to respond to the report failed to submit response(s) by the deadline. LISD’s response agreed with TEA’s findings of the preliminary report and requested an Informal Review.

³ Exhibit 2 – TEA Letter to LISD Counsel

⁴ Exhibit 3 – LISD Response to Preliminary Report

After reviewing the District's response that is in agreement with the findings, TEA submits this final report.

II. Background

LISD originally employed Dr. Granger as a middle school principal starting with the 2012-13 school year. During his tenure at LISD, Granger held the positions of executive principal, secondary education administrator, and assistant superintendent of human resources. In September 2017, after interviewing multiple internal candidates, the Board named Granger the interim superintendent by a 4-3 vote. In October 2017, the Board hired the search firm, Hazard, Young, Attea Associates ("HYA") to assist with the search for a superintendent. In consultation with district staff and the community, HYA developed a leadership profile that was reported to the Board in December 2017. Also, in December 2017, after only 34 days and without conducting interviews with any other candidates, the Board discontinued its work with HYA and named Dr. Granger the lone finalist for the LISD superintendent's position. The Board named Dr. Granger to the superintendent's position in January 2018 by a vote of 6-1.

During TEA interviews with LISD trustees, all trustees noted a long history of the Board being divided and fractured. Tension between the two factions of the Board intensified shortly after Granger assumed the superintendency and the Board reorganized officer positions. This reorganization included Ms. Clark voted in as president, Ms. Robbie Johnson as vice president, and Ms. LaRhonda Mays as secretary. Over the course of the next 16 months, the Board, led by President Clark, approved multiple salary raises, increased benefits, and incentive bonuses for Granger. These compensation increases were approved despite Granger's lack of experience as a superintendent, as this was his first and only superintendent position of his career. In October 2018,

the Board approved salary and benefit increases of approximately \$28,000 per year by a 5-1 vote. Seven (7) months later in May 2019 the Board, in a 5-1 vote, approved salary and benefits increases of approximately \$100,000 per year for Dr. Granger. According to superintendent salary data submitted through PEIMS, Granger went from being the 33rd highest paid superintendent in Dallas County (2017-2018) to the 7th highest paid (2019-2020). In 2019-2020, Granger's large salary increase paid him more than 10 other Dallas County superintendents who oversaw districts with larger student enrollment.

The subject of this investigation centers around Board actions, beginning with the October 29, 2020, board meeting. At the October 29, 2020, board meeting, trustees approved an "Exceptional" rating on the annual evaluation for Dr. Granger that included the ratings of only four (4) trustees. Additionally, trustees approved a one-year extension to Granger's contract by a 4-3 vote with Trustees Clark, Davis-Crawford, Harris, and Mays casting votes to approve. While this extension did not involve a pay raise, it did extend Granger's contract, which had four years left, by one (1) year, which meant that he would now have five (5) years remaining in his contract.

The newly approved contract included additional language in Section 3.2 and Section 6.4.⁵ Section 3.2 stated that any personal information stored on a communication device provided to the superintendent shall be the sole property of the superintendent. In Section 6.4, new language stated that the district is responsible for any legal fees arising should the board take any adverse employment action against the superintendent. Furthermore, it stated that the selection of the superintendent's legal counsel was at his sole discretion and choice.

⁵ Exhibit 4 – Superintendent Contract approved 2020.10.29 pg. 3 Section 3.2 and pg. 8 Section 6.4 pg. 8

On November 3, 2020, elections were held for LISD Board trustees, which resulted in Ms. Clark being defeated. Thus, the majority supporting Dr. Granger would become the minority upon the swearing in of the newly elected trustee, Kendall Smith. However, prior to the newly elected trustee taking office, there was a special-called meeting held on November 9, 2020. This meeting convened to discuss and potentially take action on a voluntary separation agreement (“VSA”) between Dr. Granger and LISD. Interviews with Dr. Granger include his admission that the meeting had been called at his behest, and TEA received no evidence in this investigation that he was asked to resign.

Despite receiving an “Exceptional” rating on Dr. Granger’s annual evaluation, as well as having the Board extend his contract just 11 days prior, the Board approved the VSA by a 4-3 vote with trustees Clark, Davis-Crawford, Harris, and Mays casting the votes to approve the VSA. These are the same trustees who voted to extend Granger’s contact 11 days prior. Furthermore, these trustees voted to approve the separation agreement with Granger despite trustees’ belief the district would, according to the newly issued contract, be required to provide Granger with an approximately \$2.1-million- payout for his resignation. The District would also be required to pay approximately \$1.8 million dollars back to the state due to the penalty incurred for exceeding the one-year limit on superintendent severances, as described by the Texas Education Code. This meant the total financial impact of the agreement on the District would be approximately \$4 million.

Subsequently, Hamilton, Jones, and Morris, the trustees who voted against the contract extension and the VSA, filed a lawsuit to prevent the district from performing under the VSA. 116th Judicial District Court Judge Tonya Parker initially granted a temporary injunction and

ultimately ruled the VSA invalid, and further enjoined the District from performing under the VSA and providing Granger this payment.⁶

In addition to Board actions occurring in October and November 2020, this investigation involves allegations of conflict of interest by Ms. Clark due to her simultaneous service as president of the LISD Board and her being a member of the board of directors for the Lancaster Education Foundation Board (“LEF”).

Documents submitted by LISD and LEF, along with interviews with LISD Trustees, interim superintendent, chief financial officer, and court documents, provide evidence that LISD Trustees intended to use funds for purposes other than those allowed by law. The documentation and interviews conducted by TEA with trustees provide evidence that a major fracture of the board led to the approval of public funds being used for purposes other than the intended use, which is to improve the education of the students in LISD. Additionally, this rift between the two sides of the board led to a judgment against LISD in the amount of approximately \$21,000 for attorney’s fees and court costs.

III. Allegations

The specific allegations and TEA’s findings of fact and analysis, together with the reasons for TEA’s final decision are as follows:

A. Allegation One

The LISD Board approved a separation agreement with Dr. Granger that included the use of public funds for purposes other than those allowed by law, in violation of Tex. Educ. Code

⁶ See Exhibits 13 and 14.

§ 45.105, Authorized Expenditures⁷ and the Texas Constitution Article III § 51; Grants of Public Money.⁸

i. Findings of Fact for Allegation One

The LISD Board approved a separation agreement with Dr. Granger that included the use of public funds and used public funds for purposes other than those allowed by law, in violation of Tex. Educ. Code § 45.105 and the Texas Constitution Article III § 51. The findings of fact below are based on a review of documentation submitted by LISD, a review of board agendas and minutes, video conference interviews with LISD Board Trustees and current and former LISD staff, court documents, and available board meeting recordings.

1. On October 29, 2020, the Board rated Dr. Granger “Exceptional” on his yearly evaluation.⁹

2. Granger’s “Exceptional” rating included input and ratings from only four (4) trustees.¹⁰

3. Information and input included in the rating came from Trustees Clark, Davis-Crawford, Harris, and Mays.

4. Trustee Jones submitted information to be included, but according to Board President Clark, the information was not submitted in time to be factored in.

5. Trustees Hamilton and Morris did not submit any information to be included in the rating.

⁷ Appendix B - Texas Education Code § 45.105 Authorized Expenditures

⁸ Appendix C – Texas Constitution Article III § 51; Grants of Public Money

⁹ Exhibit 5 – 2020.10.29 Board Meeting Minutes page 1 ¶ 4A

¹⁰ See Exhibit 5 - 2020.10.29 Board Meeting Minutes page 2 ¶s 4-7

6. On October 29, 2020, the LISD Board of Trustees approved a contract extension for Superintendent Granger by a vote of 4-3.¹¹

7. The contract extension added one (1) year to the Superintendent's contract, which extended the length of the contract from four (4) years to five (5) years.

8. The contract added additional language regarding ownership of information stored on district-provided communication devices and certain attorney's fees being paid by the district.

9. Trustees Clark, Davis-Crawford, Harris and Mays voted to approve the contract extension.

10. Trustees Hamilton, Jones, and Morris voted against the contract extension.

11. On November 9, 2020, the Lancaster ISD Board of Trustees approved a voluntary separation agreement (VSA) with Superintendent Granger in the amount of approximately \$2.1 million by a vote of 4-3.¹²

12. The LISD Board took action to approve the VSA without a unilateral decision by the Board to terminate the contract with Dr. Granger, as required under the Superintendent's Contract approved on October 29, 2020.¹³

13. The same trustees who voted to extend the superintendent's contract 11 days prior (Clark, Davis-Crawford, Harris, and May), voted to approve the separation agreement.¹⁴

14. The same trustees who voted not to extend the contract extension 11 days prior (Hamilton, Jones, and Morris), voted not to approve the separation agreement.¹⁵

¹¹ See Exhibit 5 – 2020.10.29 Board Meeting Minutes page 2 ¶ 3

¹² Exhibit 6 – 2020.11.09 Special Board Meeting Minutes page 1 ¶ 4 and page 2 ¶ 1

¹³ See Exhibit 4 – Superintendent's Contract approved 20.10.29 page 8 Sections #6.1 through #6.5

¹⁴ See Exhibit 6 – 2020.11.09 Special Board Meeting Minutes page 1 ¶ 5

¹⁵ See Exhibit 6 – 2020.11.09 Special Board Meeting Minutes page 1 ¶ 5

15. The LISD Board approval of the VSA was an expense in excess of approved budgeted expenses.¹⁶

16. The approved agreement was not an approved expense in the LISD budget and would require the adoption of a budget amendment removing funds from a budgeted purpose in order to fulfill the buyout.¹⁷

17. The approved agreement was not an emergency expense that was necessary or unforeseen.

18. The November 9, 2020, Special Board Meeting did not include a public hearing related to the VSA as required by Texas Local Government Code § 180.007; Payments in Excess of Contracted Amounts¹⁸ when approving the payment in excess of Granger's contracted amounts.

19. The VSA was only discussed in closed session during the November 9, 2020, special-called Meeting of the Board.

20. The LISD Board failed to publicly state the exact amount of the excess payment.

21. The LISD Board failed to publicly state the reason for the excess payment.

22. The LISD Board failed to publicly state the fund source of the excess payment.

23. The LISD Board failed to publicly state the terms of the VSA that would maintain the public purpose to be served.

24. On March 23, 2021, TEA interviewed former board president Clark. When asked why she voted for the VSA, she stated, "I know they [referring to Trustees Hamilton, Jones, and Morris] were going to try to destroy him as a human being."¹⁹

¹⁶ Appendix E - Texas Education Code § 44.006(a) Effect of Adopted Budget; Amendment

¹⁷ Exhibit 7 – 2020.11.19 Regular Board Meeting Minutes pages 3-4 Item C

¹⁸ Appendix F - § 180.007 Payments in Excess of Contractual Amount

¹⁹ Exhibit 8 - Interview with former Trustee Clark – Time stamp 01:10:55

25. LISD Trustees Clark, Davis-Crawford, Harris, and Mays voted to approve the VSA but could not explain the return benefit the district was to receive by approving the expenditure of the funds to pay the VSA.

26. Former Trustee Clark stated, “The \$1.8 million [penalty payment] bothered me. It was not good for the district, but I had had it. [I] Didn’t want to vote for it but couldn’t allow the man to be persecuted.”²⁰

27. Trustee Davis-Crawford stated, “If that’s [separation from the district] what he [Granger] wanted that’s why I voted for it. He [Granger] had suffered.”²¹

28. Trustee Harris stated, “I support the district and knew of the impact to the district, support the supt. as well.”²²

29. Trustee Mays stated, “This has nothing to do with no business, this is personal. This is personal you guys.”²³

30. Trustees were not given access to review the VSA until the November 9, 2020 special-called meeting of the Board.

31. The VSA was negotiated exclusively between Ms. Clark, Dr. Granger, and the attorney for LISD, Katie Anderson of the law firm Clark, Hill, and Strasburger P.L.C.

32. According to former Trustee Clark, “If you had released this information [to the other trustees] before [the meeting], it would have been all over town.”²⁴

²⁰ See Exhibit 8 - Interview with Former Trustee Clark - Time stamp 01:00:00

²¹ Exhibit 9 – Interview with Trustee Davis-Crawford – Time stamp 02:50:40

²² Exhibit 10 – Interview with Trustee Harris – Time stamp 00:32:58

²³ Exhibit 11 – Interview with Trustee Mays – Time stamp 01:01:01

²⁴ See Exhibit 8 - Interview with Former Trustee Clark – Time stamp 01:04:10

33. Trustees Hamilton, Morris, and Jones requested access to the VSA prior to the November 9, 2021, special-called meeting and were denied access to the documents by both Dr. Granger and former Board President Clark.²⁵

34. Trustees Hamilton, Jones, and Morris filed a lawsuit to prevent LISD from performing the VSA.

35. On December 1, 2020, Trustees Hamilton, Jones, and Morris were granted a temporary injunction preventing the District from performing the VSA until a full hearing could be held.²⁶

36. On May 19, 2020, District Court Judge Tonya Parker ruled the VSA invalid, and further enjoined the District from performing under the VSA.²⁷

37. As the plaintiffs, Trustees Hamilton, Jones, and Morris were awarded reasonable and necessary attorney's fees of approximately \$21,000 dollars.²⁸

ii. Analysis of Allegation One

TEA finds that Allegation One is substantiated because the LISD Board approved a separation agreement with Dr. Granger and used public funds for purposes other than those allowed by law, in violation of Tex. Educ. Code § 45.105 and the Texas Constitution Article III § 51. On November 9, 2020, the Board approved a VSA with Dr. Granger. As a result, LISD was obligated to use public funds for purposes other than the intended purpose. The intended purpose of public-school funds is stated in Tex. Educ. Code § 4.001(a) to ensure that all children in its District have access to a quality education that enables them to achieve their potential and fully

²⁵ Exhibit 12 – Emails from Trustees Hamilton, Jones, and Morris

²⁶ Exhibit 13 – Agreed Temporary Injunction Order

²⁷ Exhibit 14 – Final Judgment Order page 1 ¶3

²⁸ See Exhibit 14 – Final Judgment Order page 1 ¶4

participate now and in the future in the social, economic, and educational opportunities of our state and nation.²⁹

Tex. Educ. Code § 45.105 outlines the types of expenses for which school districts may use public school funds. Included in these expenses are payment of teacher and superintendent salaries and interest on money borrowed on short time to pay those salaries that become due before the school funds for the current year become available. TEA finds that the VSA approved by the LISD Board is in violation of Tex. Educ. Code § 45.105 because the VSA buyout is not one of the acceptable expenses for which public school funds may be used. The VSA is not an expense that is appropriate or conducive to providing an education for students. The buyout does not serve a legitimate public purpose and it is not a budgeted expense. Furthermore, the Board did not follow established procedures and processes when they approved the payment of excess funds to Dr. Granger.

As stated in findings of fact 6 through 29, LISD violated Texas Constitution Article III, § 51 which prohibits a governing body from authorizing a grant of public moneys to any individual, association of individuals, municipal or other corporations with certain exceptions.³⁰ The Texas Attorney General (Tex. Att’y Gen.) adopted a three-part test for political subdivisions to apply when determining whether a proposed expense meets a constitutional use of public funds. Tex. Att’y Gen Op. No. GA-0076 (2003) requires governmental bodies to: 1) ensure that the predominate purpose is to accomplish a public purpose, not to benefit private parties; 2) retain public control over the funds to ensure that the public purpose is accomplished and to protect the

²⁹ Appendix G – Texas Education Code § 4.001(a)

³⁰ See Appendix C – Texas Constitution Article III § 51

public's investment; and 3) ensure that the political subdivision receives a return benefit.³¹ The November 9, 2020, special-called meeting did not include all of the statutory elements of a legally held meeting because the Board did not have discussions regarding the VSA or buyout when it convened back in open session. By not holding discussion in open session, the Board failed to consider and apply the three-part test with regard to the expenditure associated with the VSA. Without consideration of the elements of the three-part test, the Board could not ensure the buyout associated with the VSA would accomplish a public purpose and not benefit a private party. Furthermore, the Board could not guarantee retention of public control of the funds or ensure the public received a return benefit from the expenditure. Because the Board did not discuss the VSA in open session to consider the elements of the three-part test as established by the attorney general, the expenditure associated with the VSA is considered a gift of public funds, which is in violation of Article III § 51 of the Texas Constitution.

As stated in findings of fact 1 through 17, LISD violated Tex. Educ. Code § 45.105 when the LISD Board approved the \$2.1 million VSA buyout without providing notice of intent to unilaterally separate from Dr. Granger. Terms detailing a unilateral separation with the superintendent are discussed in Section VI of the Superintendent's Contract.³² Section 6.5 states in part, "in the event of such (unilateral) termination the Board shall pay the Superintendent, as severance pay, all of the aggregate salary and value of all benefits he would have earned through the end of the Term of this Contract, from the actual date of termination to the termination date set forth in this contract and any extensions hereof." According to multiple trustees, there were no

³¹ Appendix H – Tex. Att'y General Opinion GA-0076 (2003)

³² See Exhibit 4 – Superintendent's Contract approved 20.10.29 page 8 Sections 6.1 through 6.5

known disputes between the Board and Dr. Granger, and the Board had not considered or discussed a separation with Dr. Granger. In fact, the Board approved a year extension of Dr. Granger's contract on October 29, 2020. This extension extended the terms of the contract out to a period of five years (October 29, 2020 through October 28, 2025).

During the same October 29, 2020, board meeting, Granger received an "Exceptional" rating on his yearly evaluation. When interviewed by TEA, multiple trustees indicated that they were shocked and surprised to learn that Dr. Granger initiated discussions regarding separation from the District. Trustee Davis-Crawford said, "When I got the meeting request (referring to the November 9, 2020, Special Meeting), it brought tears to my eyes and broke my heart."³³ Trustee Harris stated, "I thought he was doing well in the role. I saw the agenda but didn't really think it was going to lead to a separation."³⁴ Trustee Clark said, "I had no idea he was going to leave."³⁵ Furthermore, Dr. Granger was the one who initiated the discussions regarding the VSA, not the Board. In other words, this was Granger's decision to terminate the contract, not the Board's. Because it was Granger's decision to leave, the Board was under no obligation to pay the aggregate salary and benefits as called for in Section 6.5 of the Superintendent's Contract. The totality of the aforementioned factors indicate that the Board had no intention of commencing nor approving a separation with the superintendent, thus making the buyout an unallowable expense according to Tex. Educ. Code § 45.105, as well as a violation of Article III § 51 of the Texas Constitution, which prohibits the gift of public funds.

³³ See Exhibit 9 – Interview with Trustee Davis-Crawford - Time Stamp 02:33:09

³⁴ See Exhibit 10 – Interview with Trustee Harris - Time Stamp 00:26:10

³⁵ See Exhibit 8 – Interview with former Trustee Clark - Time Stamp 00:51:43

As detailed in findings of fact 11 through 17, LISD violated Tex. Educ. Code § 44.006 when the Board approved the approximately \$2.1 million separation agreement with Dr. Granger. As stated previously, because the Board did not initiate or approve a unilateral separation with Dr. Granger, the only amount owed under the terms of his contract, if any, is one year's salary and benefits. The amount of this payment is approximately \$644,000 versus the \$2.1 million that was approved by the Board. Tex. Educ. Code § 44.006(a) states that public school funds may not be spent in any manner other than as provided for in the adopted budget. Tex. Educ. Code § 44.006(a) goes on to say the board may amend a budget or adopt a supplementary emergency budget to cover necessary unforeseen expenses. The VSA buyout amount approved by the Board is equivalent to five (5) years of salary plus benefits, as calculated by Chief Financial Officer, Shonna Pumphrey, in the Contract Values spreadsheet provided to trustees at the November 9, 2020, special-called meeting.³⁶

Based on these calculations and according to Tex. Educ. Code § 11.201(c),³⁷ the commissioner would assess LISD with a financial penalty of approximately \$1.8 million. The penalty assessed would be a reduction in the amount of state funds LISD would receive. This amount added to the separation agreement buyout would have a total impact of approximately \$4 million dollars on LISD's finances. As noted previously, the Board never provided a notice of a unilateral termination or took action to approve termination of the superintendent's contract. Therefore, the VSA buyout is not a necessary expense as it does not serve a legitimate public purpose.

³⁶ Exhibit 15 – Contract Values Spreadsheet

³⁷ Appendix I – Tex. Education Code § 11.201(c)

Furthermore, the judicial ruling in *Hamilton, Jones, and Morris v. Lancaster ISD*, 20-16656, 116th District (Texas 2021),³⁸ determined that the VSA violated the law. The VSA buyout was not an approved budgeted expense, which is further evidence the expense was not necessary and did not serve a legitimate purpose. This was confirmed during interviews with LISD Trustee Davis-Crawford when asked why she voted to approve the VSA and she stated, “If that’s what he [Dr. Granger] wanted that’s why I voted for it[separation].”³⁹ When Trustee Clark was asked about why she voted to approve the VSA she said, “I didn’t want to vote for it [VSA] but couldn’t allow the man to be persecuted.”⁴⁰ Trustee Mays stated her reason for voting to approve the VSA was, “He [Dr. Granger] wanted to leave so I couldn’t stop him.” Trustee Mays stated her reason for voting to approve the VSA was, “He [Dr. Granger] wanted to leave so I couldn’t stop him.”⁴¹ Trustee Harris said, “He wanted to voluntarily resign, and I thought we needed to move forward so I supported the voluntary agreement.”⁴²

As detailed in findings of fact 11 through 29, LISD violated Tex. Loc. Gov’t Code § 180.007⁴³, which outlines the requirements for payments in excess of contractual amounts. The requirements state that a political subdivision may not pay an employee or former employee more than an amount owed under a contract with the employee, unless the political subdivision holds at least one public hearing under this section and notice must be given of the hearing in accordance with notice of a public meeting under Subchapter C, Chapter 551, Government Code.⁴⁴

³⁸ See Exhibit 14 – Final Judgment Order

³⁹ See Exhibit 9 – Interview with Trustee Davis-Crawford – Time Stamp 02:50:40

⁴⁰ See Exhibit 8 – Interview with former Trustee Clark – Time Stamp 01:03:37

⁴¹ See Exhibit 11 – Interview with Trustee Mays – Time Stamp 00:55:35

⁴² See Exhibit 10 – Interview with Trustee Harris – Time Stamp 00:32:58

⁴³ See Appendix F

⁴⁴ Appendix J Texas Government Code § 551 Subchapter C

Additionally, the governing body must state at the public hearing the reason the payment in excess of the contractual amount is being offered to the employee or former employee and include the public purpose that will be served by making the excess payment. Other requirements include that the governing body must state the exact amount of the excess payment, the source of the payment, and the terms for the distribution of the payment that effect and maintain the public purpose to be served by making the excess payment.

Since this separation was initiated by Dr. Granger and there was not a unilateral board decision to separate from Dr. Granger, any payment to Dr. Granger that is above his yearly contracted salary is considered an excess payment. While the November 9, 2020 special-called meeting⁴⁵ was posted and there was an item on the agenda regarding citizen participation, the meeting did not meet each of the elements set out in Tex. Loc. Gov't Code § 180.007. Specifically, the Board's reason for the excess payment, the public purpose being served, the exact amount of the payment, the source of the payment, and terms for the distribution of the payment that affect and maintain the public purpose to be served.

In video conference interviews with TEA investigators, the trustees confirmed the only discussion regarding the VSA was held in closed session. Additionally, while citizen participation was on the agenda, when the Board convened in open session, citizens were not given a chance to address the Board regarding the posted agenda items. When asked by TEA investigators how the buyout benefited the district, Trustee Clark stated, "The \$1.8 million bothered me. It was not good for the district, but I had had it. I didn't want to vote for it [VSA] but couldn't allow the man [Dr. Granger] to be persecuted." Additionally, when Trustee Mays was asked by TEA investigators

⁴⁵ See Exhibit 6 – 2020.11.09 Special Board Meeting Minutes

why she voted for the buyout, she said, “It was not about money at this point, it was going to be hell to pay. This had nothing to do with no business, this is personal.” These statements, coupled with not holding the required public hearing to discuss information regarding the excess payment, demonstrate that the LISD Board of Trustees is in violation of Tex. Loc. Gov’t Code § 180.007.

As detailed in findings of fact 30 through 36, LISD violated Tex. Educ. Code § 11.1512(c),⁴⁶ which states:

A member of the board of trustees of the district, when acting in the member's official capacity, has an inherent right of access to information, documents, and records maintained by the district, and the district shall provide the information, documents, and records to the member without requiring the member to submit a public information request under Chapter 552, Texas Government Code.⁴⁷ The district shall provide the information, documents, and records to the member without regard to whether the requested items are the subject of or relate to an item listed on an agenda for an upcoming meeting. The district may withhold or redact information, a document, or a record requested by a member of the board to the extent that the item is excepted from disclosure or is confidential under Chapter 552, Government Code, or other law.

Trustees Hamilton, Jones and Morris requested access to a copy of the VSA via email to former Board President Clark and Dr. Granger prior to the November 9, 2020, special-called meeting.⁴⁸ All were provided with an explanation from Dr. Granger that the meeting was a closed session meeting, and the documents would be shared in closed session at the November 9, 2020, special-called meeting. Requesting documents and information regarding an upcoming meeting is within a trustee’s official capacity. The requested information was not information that fell under the list of exceptions from disclosure, nor was it confidential, under Chapter 552, Government

⁴⁶ Appendix K - Texas Education Code § 11.1512 (c)

⁴⁷ Appendix L – Texas Gov’t Code Chapter 552

⁴⁸ See Exhibit 12 - Emails from Trustees Hamilton, Jones, and Morris

Code, or other law. Furthermore, it was not information that the district, Granger, Clark, or Attorney Anderson needed extra time and effort to produce.

By denying the trustees' requests, Dr. Granger may have violated Tex. Educ. Code § 11.1512(c), as well as the Texas Educator Code of Ethics. Standard 1.7 of the Texas Educator Code of Ethics states, "The educator shall comply with state regulations, written local school board policies, and other state and federal laws."⁴⁹ Dr. Granger, former Board President Clark, and attorney Katie Anderson were the only people who had access to the VSA prior to the November 9, 2020. special called meeting. The action taken to withhold information pertaining to the VSA denied the other trustees an opportunity to properly prepare for the meeting, which led to trustees not being able to ensure that their constituents were represented adequately. Additionally, because they were denied the requested information, Trustees Hamilton, Jones, and Morris filed a lawsuit in an effort to delay the performance of the agreement and to provide trustees time to assess the total financial impact on the District. This lawsuit ended up costing LISD approximately \$21,000 dollars in attorney's fees.

Therefore, TEA finds that Allegation One is substantiated because the LISD Board approved a separation agreement with Dr. Granger that included the use of public funds for purposes other than those allowed by law, which is in violation of Tex. Educ. Code § 45.105 and the Texas Constitution Article III § 51.

⁴⁹ Appendix M – Texas Administrative Code § 247.2 Educator Code of Ethics

B. Allegation Two

Allegation Two alleges that the former LISD Board of Trustees' president had a conflict of interest by serving simultaneously as the LEF Board president, in violation of Tex. Gov't. Code Chapters 171 and 176 Conflict of Interest.⁵⁰ There was not enough information or factual evidence to determine whether or not there was a conflict of interest. This allegation is unsubstantiated.

IV. TEA Analysis of LISD's Response to Preliminary Report

As stated previously, LISD's response to the preliminary report agreed with TEA's findings. Furthermore, LISD stated in its response that TEA's findings are consistent with the contents of the District's own investigation (Weaver Report). LISD goes on to state that "based on the extraordinary efforts that the current Board members have taken to expose the wrongdoing that occurred and to prevent any harm to the District based that wrongdoing,"⁵¹ no sanctions or interventions should be imposed on LISD. LISD's response asserts that TEA action is not warranted due to Dr. Granger's resignation and the trustees who voted for the contract extension and VSA no longer being members of the Board. While TEA recognizes the actions taken by the Board as well as values LISD's cooperation with this investigation, TEA disagrees with the District's reasoning that further sanctions are not needed.

The District's main arguments for further sanctions not being required center around Dr. Granger's wrongdoings and the actions of four trustees who are no longer serving on the Board. However, throughout the investigation TEA identified issues and concerns with the Board not working together collectively in the best interest of students. This lack of teamwork created an

⁵⁰ Appendix D – Texas Local Government Code § 171 and § 176

⁵¹ See Exhibit 3 – LISD Response to Preliminary Report Page 4 ¶2

environment that led to a fractured board with different interests. Such fractured interests were either to work with the superintendent and against their fellow trustees, or to work against both the superintendent and their fellow trustees. Neither side was concerned with working in the best interest of the students at LISD. The concerns of the two sides were only to “win” their case, regardless of the harm it was causing the District. This is in direct conflict with the duty and purpose of school boards, which is to work together as a team to ensure students in their district receive the best education possible.

V. Summary

The findings of this SI establish that the LISD Board of Trustees voted to approve an approximately \$2.1 million dollar voluntary separation agreement with Dr. Granger. The Board gave its consent to use public funds for purposes other than the intended use, which is for the education of the district’s students. Furthermore, the approved agreement is an excess payment of district funds, which is a violation of the Texas Constitution that is considered a gift of public funds. In addition, the major rift in the Board led to the approval of a legally invalid agreement that does not benefit the District. Lastly, the Board’s decision placed an excessive financial burden on the District. The information gathered for this investigation supports the SIU’s conclusion that violations did occur.

VI. Recommendations for Sanctions

TEA sustains the findings in its preliminary report and recommends the appointment of a conservator who will work with LISD to ensure compliance, prevent further issues that led to non-compliance, and assist the Board in working together as a team in the best interest of LISD students. The conservator will report to the Agency on the development of a corrective action plan

to address the issue(s), in accordance with Tex. Educ. Code § 39.004(d), 39A.001(2), and 39A.002(7).

LISD will conduct a hearing by the LISD Board of Trustees to notify the public of the District's insufficient performance, the improvements in performance expected by the Agency, and the interventions and sanctions that may be imposed if the performance does not improve, in accordance with Tex. Educ. Code § 39A.002(2).

LISD is required to post notice of this hearing as a public meeting to ensure that the general public is allowed to attend. LISD may not limit the number of speakers who would like to address the Board; nor may the Board limit the amount of time any speaker takes to make their statements regarding LISD's non-compliance with Tex. Educ. Code § 44.006, Tex. Educ. Code § 45.105, Tex. Educ. Code § 11.1512(c), Tex. Loc. Gov't Code § 180.007 and Texas Constitution Article III § 51.

The Agency reserves the right to implement all available interventions and sanctions under Tex. Educ. Code Chapter 39A and Title 19 Tex. Admin. Code, Chapter 97 to address any current or future deficiencies identified for LISD.