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ABSTRACT

Each year, school districts in every state are required to file various financial reporting forms with their state education agency. Although these documents are often viewed more as a nuisance than a useful planning tool, they represent a wealth of information rarely exploited to full advantage by state or local policy makers. The research summarized here attempted to determine what interest, if any, local school districts have in generated fiscal data comparisons and how they would use that information for planning purposes. Policy Analysis for California Education (PACE) interviewed 151 officials in 46 local school districts and county education offices in California. The district sample was designed to reflect the size and geographic and socioeconomic diversity of California's school districts and the views of both experienced and inexperienced school managers. The survey found considerable support for a statewide fiscal database. Desired database criteria included: (1) established reporting deadlines for local school districts; (2) timely information processing and reporting by the state agency; (3) accuracy of database information; and (4) a system that is flexible, state-funded, well documented, and easy to use. Respondents also showed interest in certain data comparisons involving pupil transportation, maintenance and operations, food services, special education, and other data categories. Observations and conclusions concerning system design, data displays, and local concerns are summarized. (Seven references) (MLH)

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School District Planning and Accountability: The Role of State Fiscal Reporting Systems

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School District Planning and Accountability: The Role of State Fiscal Reporting Systems

Each year, school districts in every state are required to file a number of financial reporting forms with their state education agency. Often viewed more as a nuisance than a useful planning or analysis tool, there is frequent antagonism between local school districts and state education agencies over state reporting requirements. Yet these documents represent a wealth of information that is rarely exploited to its full advantage by state and local policy makers, largely because it is rarely available in a timely fashion, or in a format useful for planning and analysis.

There are many reasons these data are not fully utilized. The traditional mistrust or hostility between local districts and the state, often subsumed under the rubric of "local control," is perhaps the most common. Another is the time it takes the State Education Agency (SEA) to provide districts with information comparing school district fiscal condition across the state. SEAs typically wait until all districts have submitted the required forms before analyzing the data contained in those documents, if they analyze it at all. This delay, combined with staff shortages and heavy workloads, means it is not uncommon for state generated fiscal comparisons to be two or more years out of date by the time they are available.

The objective of this research is to determine what interest, if any, local school districts have in state generated fiscal data comparisons, and how they would use that information for planning purposes. In addition, this work seeks to determine the format that would make these data most useful to local school officials. If districts could compare their revenue and spending patterns to similar districts throughout the state, would they make use of the information in their annual budget planning? If they did, would it result in more fiscal accountability? And, are there barriers to the development and use of comparative statistics at the state level?

BACKGROUND

The research reported in this article is based on a study conducted by Policy Analysis for California Education (PACE) for the California State Department of Education (SDE) in 1989. The SDE is considering the establishment of a state-wide fiscal database. To ascertain whether there is sufficient interest at the local level to proceed with its development, the SDE contracted with PACE to interview school officials from a sample of districts across the state. Interest in establishing a state-wide fiscal database derives from the growing demand for school accountability created by the school reform movement of the 1980s.

Designing fiscal indicators that provide useful information to policy makers at the state and local level is a difficult task. The failed social indicator movement of the 1960s and 1970s offers a valuable lesson to would be developers of a fiscal indicator system. de Neufville (1975) argues that the social indicator movement did not succeed, in part because it did not establish systems which allowed policymakers to choose the information they thought they needed or wanted. McDonnell (1989:243) points out "this experience demonstrated that education indicators must be developed iteratively with decisionmakers to ensure that the information produced meets their needs." This suggests a fiscal indicator system is more likely to be used by state and local education officials if they are involved in its conceptualization and design. Consequently, the SDE and PACE decided to poll local school officials about the substance and design of a fiscal database before proceeding with its actual development.

The challenges facing the SDE in developing a state-wide fiscal database are daunting. The State Department is faced with three primary, often conflicting, responsibilities:

1. To assure that school district funds are accounted for properly.
2. To collect adequate information from local districts to accurately apportion state funds.
3. To provide the State Legislature with information on how local school districts are spending the funds they receive.

In California, the state has turned the first of those responsibilities over to the County School Superintendents. It is at the county level that accounting accuracy is maintained, with virtually all districts in the state relying on the county offices to audit fiscal transactions, produce accounting records and issue warrants in payment for goods and services.¹

To meet its statutory responsibilities for apportioning state education funds to local school districts, and monitoring school district expenditures, the SDE has developed a variety of data collection and report forms. Designing a report format that takes the tremendous diversity of California's 1,028 school districts into account is a perplexing task. The forms must be designed to retrieve the same information from both the Little Shasta Elementary School District with 14 students, and from the Los Angeles Unified School District with over 610,000 students. After more than a year's work by a Financial Management Advisory Committee (FMAC), the State's reporting requirements underwent significant modification in 1987-88. Under the system developed by FMAC, district fiscal information is submitted to the state on two primary reporting forms. The first, known as the J-200 is actually a set of forms, one for each budgetary fund used by the district. Districts use these forms to report their spending by object of expenditure. The other major fiscal reporting form, the J-380 was designed to require school districts to report expenditures on a program basis. A detailed set of guidelines have been established to help districts allocate their expenditures to the state established program categories. Although

¹ Large districts have the option of using County services or becoming either fiscally accountable or fiscally independent. A fiscally accountable district handles all of its financial transactions on its own, but is subject to a County audit at the end of the year. A fiscally independent district handles its own financial transactions, but is not subject to a separate County audit.

districts must submit many additional forms, these two reports constitute the main source of data for the proposed database.²

DATA

To determine the level of interest in, and the kind of information that should be included in such a database, PACE interviewed 151 officials in 46 local school districts and county offices of education. The district sample was designed to reflect the size, geographic and socioeconomic diversity of California's school districts, as well as to interview both experienced and inexperienced school managers. We interviewed superintendents, board members, the chief business administrator, and in the larger districts, officials responsible for various school services. These officials included directors of special education, bilingual education, food services, maintenance and operations, and transportation. The characteristics of the 46 districts that participated in the study and the personnel we interviewed are summarized in Tables 1, 2 and 3.

The 151 interviews were conducted in 74 group and individual sessions. The use of both individual and group interviews was suggested by the SDE. While some people interviewed in group settings may have been less candid due to the presence of their supervisor, the group interviews created an environment where one respondent's answer would "trigger" an idea from another member of the group. This frequently led to richer findings.

² Other data collection forms used by the state that could contribute to a fiscal data base collect information about school district salary schedules (J-90), Attendance (J-18 and J-19), Pupil Transportation (J-141), and special education (J-50).

Table 1
District Sample
Type of District

District Type	Number of Districts		
	North	South	Total
Unified	14	12	26
High School	3	2	5
Elementary	5	4	9
County	2	3	5
Joint ^a	1	0	1
Total	25	21	46

^a A joint district is an elementary district and a high school district with one central administration.

Table 2
District Sample
Enrollments (ADA)

Category	ADA (1988-89)			Total
	Unified	Elem.	UHS	
Sum	376,407	19,593	40,077	440,394 ^a
Average	15,056	1,979	8,015	10,965
Maximum	46,707	5,010	14,920	46,707
Minimum	1,295	310	1,392	310

^a Detail does not add to total because Joint district not included in detail.

**Table 3
District Sample
Summary of Respondents**

Respondent	Number
Superintendent	40
Board Member	31
Chief Business Official	45
Transportation Supervisor	2
Maintenance and Operations	7
Food Services Officials	3
Other Business Officials	12
Other District Personnel	11
Total	151

FINDINGS

We found considerable support for a state-wide fiscal database. By a more than two to one margin, school district officials at all levels were interested in access to state-wide comparisons of district fiscal issues. However, this endorsement was qualified. District officials were concerned about the structure and operation of the database. If it does not meet their expectations, support will dry up rapidly.

Desired Database Characteristics

We found that above all, a state-wide fiscal database must provide information to local districts in a timely fashion. To be of value, information must be available within six months of the close of the fiscal year. If that can not be achieved, support for a fiscal database would erode significantly. Survey respondents indicated the following criteria are important to its success:

1. Local school districts have to meet state established reporting deadlines.
2. The state must process and report the information quickly.
3. The data presented in the database must be accurate.
4. The system must be easy to use and well documented.
5. Local districts should not have to devote their own resources to developing or using the database with the possible exception of the costs for computer terminals and phone lines to access an "on-line" system.
6. The system must be flexible to allow individual districts to develop analyses that meet their specific needs.

Table 4 summarizes responses to an open-ended question about what data should be included in a state-wide fiscal database.

Specific Areas of Interest

In defining the scope of this study, the SDE requested that we ask questions about pupil transportation, maintenance and operations, and food services. In pilot testing the interview guides, we discovered considerable interest in comparisons of the costs of special education and added it to our research agenda. For each of these four areas, we asked respondents to indicate what kinds of data comparisons would be useful to them, and how they thought these data could be displayed to be useful for further analysis and reporting.

Pupil Transportation: School officials were interested in three items related to pupil transportation. First, they wanted to be able to compare costs in districts that operated their own programs with costs in districts that contract for transportation services. They suggested comparisons should include cost per mile operated, cost per mile transported, and cost per operating hour.

Second, in California, state reimbursements for transportation services average about 50-55% of actual costs (Goldfinger, 1989). Business managers and pupil transportation officials were interested in a district by district comparison of the percentage of transportation costs funded through the general fund because of the limited reimbursements. Third, there was interest in whether cooperative transportation programs

Table 4
Frequently Requested Data Comparisons

Data Category	Number of Responses
Budget Data	68
State Fiscal Reports	53
Student Enrolments	45
Special Education Expenditures	35
Maintenance and Operations	22
Salary and Benefit Data	17
Lottery Funds	16
Pupil Transportation Costs	15
Deferred Maintenance Expenditures	13
School Accountability Report Cards ^a	12
Use of Proposition 98 Funds ^b	11
Staffing ratios	9
CBEDS Data ^c	5
Test Scores	3
Categorical Program Receipts	1
Joint Powers Agreements ^d	1

^a School Accountability Report Cards were mandated by passage of Proposition 98 in November 1988.

^b Proposition 98 required that approximately 40% of the State General Fund budget be allocated to K-12 education and Community Colleges. As a result, state appropriations for education increased by \$1.5 billion for 1989-90.

^c CBEDS, the California Basic Educational Data System collects information on a wide range of subjects including teacher assignments and salary.

^d Joint Powers Agreements (JPA) are legal entities created by groups of California school districts to provide a specific service to those districts. JPAs are frequently used to provide pupil transportation or to purchase insurance.

offered economies of scale that would reduce pupil transportation costs in smaller districts. This analysis could be conducted by comparing the costs of Joint Powers Agreements for transportation with individual district transportation costs.³

Maintenance and Operations: Respondents were interested in comparing maintenance and operations (M&O) costs across districts, but expressed concern about the effects of building age on those expenditures. They assumed districts with older buildings would have higher per pupil M&O expenditures. There was a great deal of interest in our suggestion that per pupil M&O costs be analyzed using a graph that plotted the average age of a district's buildings on one axis and the per pupil expenditures M&O on the other axis. A scattergram with this information would enable districts to determine whether their expenditures fit the state-wide pattern, or were higher or lower than would be expected given the age of their buildings.

We also found considerable interest in differences in M&O expenditures in districts with year round schools and districts operating on a traditional calendar. Many maintenance supervisors were concerned that M&O costs as well as major maintenance projects would be more expensive in year round schools since the buildings were in use more of the time.

Food Services: As with pupil transportation, school officials were interested in comparing district operated programs with contractor provided food services. They were interested in the ratio of food to labor costs, and the profit or loss shown in each district's cafeteria fund. There was also interest in the proportion of students receiving free or reduced price lunches.

Special Education: Interest in comparing costs of special education programs was very high, and focused around three areas:

- Encroachments into the General Fund.

³ See footnote d to Table 4 for a description of Joint Powers Agreements.

- Special education transportation costs.
- Criticism of the state form used to report special education expenditures.

Interestingly, there was little interest on the part of school officials to collect special education cost data by handicapping condition.

Other Data Categories: A number of other data categories were mentioned in the course of our interviews with local district officials. These included both fiscal and non-fiscal data elements. Most frequently mentioned was data on certificated and classified employee salary schedules, and the benefits offered to school district employees. Other categories included staffing ratios such as the pupil/teacher ratio and the administrator/teacher ratio. Some respondents expressed interest in data on test scores and other demographic data, but that was not the primary focus of this study, so we generally did not follow up on those suggestions.

There was less interest in comparisons of school district revenue. This is probably because the current school finance system in California establishes a revenue limit for each school district. The revenue limit is an historically determined amount funded through local property taxes and state aid. Since districts have little control over the level of their revenue limit, officials are not as interested in comparisons across districts. There was more interest in comparing categorical funding programs. District officials wanted to know how much other districts received in categorical funds, and the source of those funds. There was a feeling that this knowledge would help them find additional categorical programs for which their district was eligible.

Initial Focus for Development

Survey respondents indicated that initial development of a state-wide fiscal database should focus on existing state reporting systems. They were overwhelmingly opposed to the creation of new reporting requirements. Opposition to replacement of current reports also surfaced. District officials are reluctant to go to the expense of learning a new system so soon after implementation of the FMAC reporting system. They also suggested that if

all data categories could not be included from the beginning, the initial focus should be on data useful for budget planning and implementation, specifically detailed information on district expenditures by object code. There was much less interest in looking at expenditures by program.

System Design

We found that local school officials want a flexible system that will allow them to make comparisons they think important without influence from the state. They want a system offering standardized reports, but also allowing for the design of customized reports as needed. Training and staff development on how to use the system is important, and interviewees said that without good documentation it would not be used.

At the present time, the SDE has contracted with a private vendor to begin developing data comparison strategies for publication of a document with state-wide fiscal comparisons of school districts. Although the SDE had not considered the possibility of developing an "on-line" computerized database when the survey began, support for one was so strong in our pilot tests that we devoted a portion of each interview to this topic. In 66 of our 74 interviews, there was support for establishing an on-line system. Virtually all of the respondents indicated they would be willing to pay for a computer terminal (most already have terminals or microcomputers that can also serve as terminals), and phone charges associated with accessing a system located in Sacramento (the state capitol). There was, however, no interest in paying for the charges associated with the use of the computer system itself. If an on-line system is to succeed, the SDE will have to absorb the costs of its operation. Respondents indicated that an on-line system would only be useful if:

- The data available on-line are accurate.
- The data are made available in a timely fashion.
- The system is easy to use.
- The system is well documented.
- Training in the use of the system is made available to school district personnel.

analyses and comparisons from the tabulations. Board members were more interested in graphic displays that make comparisons among districts easy to understand and provide quick overviews of district characteristics. Superintendents' answers to this question were split into both categories. Those superintendents who devoted a considerable amount of time to the management of their district's business operations were interested in tabulations, while those who left things to the chief business administrator tended to want graphic displays.

This dichotomy is not as surprising at it first appears. District officials whose job is to manage the business affairs of the district are familiar with the data collected, and comfortable with tabular displays. Board members, whose role is to provide general policy direction to the district, are more likely to be interested in displays of the district's overall condition. Not surprisingly, a number of superintendents indicated that they would like to have both kinds of data available, tabulations for internal decision making, and graphics for presentations to the board and the general public.

Local Concerns

Although there was interest in the concept of a state-wide fiscal database system, local support for its actual implementation was qualified. Some respondents worried how the comparative data would be used, while others were leery of new state paperwork demands and skeptical of proposed changes designed to reduce local reporting requirements. Most importantly, districts were reluctant to allocate their own financial resources to establishing or operating a database.

A number of respondents did not see the need to conduct comparative analyses. Others were concerned the database would be used by the state as an accountability tool to punish poorly performing districts. They worried about the political consequences for districts that did not compare favorably. A number of them pointed out that a district's spending pattern may differ from state norms for perfectly valid reasons, and expressed concern that a state-wide system would create problems for these districts.

Some respondents did not trust the state to operate the database in a timely and efficient manner. They were concerned that the state would not be able to make the data available within a timeframe that was useful to them, and that what was eventually published would not be accurate. Finally, a number of respondents indicated that adequate comparative data was available from other sources, including a private lobbying firm in California, and Educational Research Service.

CONCLUSIONS

Many of the findings from this study can be applied to other states considering establishment of a state-wide fiscal database system. Overall, support for a state-wide fiscal database in California was high. School officials at all levels were interested in access to state-wide comparisons of district fiscal issues. However, their support was qualified. They expressed concern over the structure and operation of the database, and made it clear that if the state system does not meet their expectations, their support will dry up rapidly.

Above all, respondents said that a fiscal database must provide information in a timely fashion. To be of value, the data must be available within six months of the close of the fiscal year. If that can not be achieved, support for a fiscal database would erode significantly. To succeed, it is essential that local school districts meet state established reporting deadlines, and that the state process and report the information quickly. In addition, the turnaround time at the state level must be very short. All reports received by the state must be checked for accuracy and keypunched before the information can be disseminated to school districts. Achieving the kind of turnaround time expected by the survey respondents would probably require substantial staff increases at the SDE to support the database function. Whether those resources are available, and whether they should be devoted to this project is a state decision. The local officials we talked with also stressed the need for accuracy in a state-wide fiscal database. Without a high degree of

accuracy and comprehensiveness, the value of a fiscal database would be suspect, and the success of the program in jeopardy.

Analysis of local responses to the concept of a state-wide database showed that district officials expect the system to be easy to use and well documented. Beyond the costs of terminals and phone calls for an on-line system, respondents were unwilling to devote their own resources to its development or use. Local officials want a system that is flexible, and that allows districts to structure their own analyses, and compare their district's characteristics with other districts as they think appropriate.

If a State Department of Education is to succeed in developing a database that will be used by local districts, and provide valuable information to state and local policymakers, it must do so within existing data structures, and at no cost to local districts. It is also important that state officials consult at length with local personnel before undertaking an extensive development effort. If the state works closely with local districts, and is able to provide accurate information on a timely basis, there is a high probability that a fiscal database will be successful.

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