

Chalkboard's K-12 Action Plan

#4: UNDERSTAND SCHOOL BUDGETS

Goal: *Improve school budget reporting so Oregonians can understand and trust the information.*

Recommendation: Oregonians pay for our public schools. It should be easy to see how that money is spent. Chalkboard supports efforts to create a new, transparent budget that is easier to understand. The new system needs to show how much is spent on each student and each distinct service they use, such as special education or ESL services. The system also needs to clearly report benefits, including retirement and health benefits.

Success Measurement: The percentage of Oregonians concerned about waste and inefficiency in K-12 schools will decrease relative to 2004 baseline estimates. State and local policymakers will express satisfaction with the new budgeting process.

Concept: Oregon's schools account for their expenditures in extraordinary detail. With some time and effort, it's possible to isolate spending trends on key programs (for example, regular education, special education, English as a Second Language). Further analysis provides numbers that show the mix of staff salaries and benefits, and the supplies and services required to operate the programs.

Despite the detailed accounting available, policymakers at the state and district levels do not put such specific information to full use. For example, at the end of the 1990s, many education officials struggled to explain why they needed to scale back art, music, and physical education offerings, while overall spending per student had kept pace with inflation in most districts.

Transparent budgeting, described in more detail below, would lead to more informed management and budgeting decisions. A reformatted budget focused on a number of distinct K-12 services would: 1) isolate distinct K-12 costs, 2) allow policymakers to determine whether funding intent translated into local expenditures, 3) enlighten debates about resource adequacy, and 4) improve spending projections. The new system would also track specific expenditures, such as personnel and special education costs. Chalkboard supports the work of the Oregon Business Council and others to create a new budget-reporting model, which should be a high priority for the state.

Public Opinion: According to Chalkboard's statewide public opinion poll, there is a funding divide in Oregon: 40 percent of Oregonians do not think that funds are spent efficiently, while 47 percent of Oregonians believe that most of the waste and inefficiency in their school district has been eliminated. In Chalkboard's Citizen Feedback Guide survey, the public was presented with school budget information that showed portions of the new budget model. The survey asked if they thought school districts and the Oregon Department of Education should use the new model, and if it would help the public be more informed and have greater confidence in the system. Respondents gave the idea a rating of 4.1 on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree).

Supportive Research: The goal of a transparent budgeting process is to deliver explicit information about key programs and cost drivers in the K-12 system to policymakers and citizens. State analysts would track funding and spending separately for programs with distinct goals and purposes (for example, special education, English as a Second Language). Moreover, they would routinely report recent and forecasted spending trends in salaries, healthcare benefits, retirement benefits, and supplies and services.

Transparent budgets are a clear choice. Education stakeholders will most likely conclude that more information leads to better decisions.

Understanding trends in three categories of K-12 spending helps state policymakers and citizens have a clearer picture of K-12 budget appropriation:

- **Programs** are distinct educational offerings provided by the K-12 institutions. Elementary, middle and high school regular education are programs with related but distinct goals and service approaches. Special education for students with mental and physical disabilities, English as a Second Language and Talented and Gifted are examples of other programs. Programs compete for resources. For example, local districts may direct additional resources to a particular strategy (for example, elementary reading or high school mathematics), thus pulling resources from other programs. Demographic changes (for example, the immigration of non-English speaking students) may necessitate transferring resources from regular education programs to ESL.
- **Functions** are types of services delivered through the education process, including classroom instruction, student support services (for example, health and counseling), school- and central-administrative activities, operations of the physical plant and student transportation. Generally, policymakers like to see higher shares of spending in instruction and lower shares in administrative and support categories.

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- **Objects** refer to what schools spend money on. Education is a very labor-intensive activity, which means the primary object is paying salaries and benefits to teachers, administrators and educational support staff. Additionally, schools purchase services from vendors and consultants and buy supplies (for example, textbooks and paper).

Policymakers should be able to follow trends in all three categories—programs, functions, and objects—in order to fully understand how, or if, dollars are supporting the state's educational goals. Tracking only one or two categories can lead to misinformation about how K-12 money is spent.

(Please visit the "Download Center" section of www.chalkboardproject.org to see source data: Citizen Public Opinion Statewide Poll: Highlights of Key Findings; Citizen Feedback Guide Survey Results; and ECONW Report: Condition of K-12 Education in Oregon, pp. vi to x, 4-1 to 4-15; Finance Full Report, Ch. 5, pp. 5-1 to 5-11; Transparent Budgeting: Issue Paper, esp. p. 2.)