

Chalkboard's K-12 Action Plan

#9: CONDUCT COMMUNITY AUDITS

Goal: *Improve the efficiency of and community connection to school district business practices.*

Recommendation: Oregon Department of Education (ODE) should work with the Secretary of State's office to define best business practices, and require a performance audit of Oregon school districts that are not making adequate academic progress. Community members should be involved on the audit team.

Success Measurement: Public opinion polls should demonstrate that community members know whether their schools are successful or not and are confident that schools are publicly accountable. Greater share of K-12 expenditures dedicated to instructional activities.

Concept: Chalkboard recommends that ODE, in collaboration with the Secretary of State's office, should conduct periodic audits of business practices in each school district. The purpose would be to see how well schools are managing funds and how well they are achieving strategic priorities. This process should be phased in, beginning with school districts that are not meeting student performance standards. Community members should be involved in the performance audit and in communicating results to local taxpayers. ODE should work with the Secretary of State's office to define specific auditing processes. The state and local districts should share in the cost of the audits, with the state fully funding audits if the district exhibits best financial practices. A cost-containment method is described below. Community members who share knowledge of practices from other public or private organizations could also benefit the process and the schools.

Public Opinion: *In Chalkboard's statewide public opinion poll, nearly half of Oregonians disagreed with the statement that school districts had eliminated most waste and inefficiency.*

Supportive Research: The Secretary of State's March to August 2003 audit uncovered many, varied reforms that could lower non-instructional costs. Identifying and disseminating best practices is a common practice across the country. But only a few states have taken the next step, namely periodically *checking* that the best practices have been implemented. This additional step can assure policymakers and taxpayers that good ideas translate into more efficient schools.

Florida's award-winning *Sharpening the Pencil Program* could be a good model for Oregon's audit process. The program identifies cost savings to improve school district management and resource use. Florida's identification of best practices extends into instructional categories (e.g., education service delivery), which Oregon may or may not adopt. Oregon could focus on Florida's *framework* rather than the specific details of its program's *content*. Exemplary features of Florida's program are its Best Financial Management Practices Reviews. These periodic audits—once every five years—ensure that local districts are using the State's adopted best practices. For example, an October 2003 audit of Florida's Alachua County School District found compliance with 106 of the 148 best practices. The auditor, a Tampa-based consulting firm working under the direction of a state legislative office and the Auditor General, identified a number of practices that could save the district \$3.6 million over five years. When a review is complete, the state allows districts a two-year period to comply with the best financial management standards. When a district meets the management standards, the State Board of Education awards it a "Seal of Best Financial Management."

Florida's legislature funded the reviews through an appropriation from its general fund, but indefinitely suspended the reviews in 2004-05 because of budget constraints. Despite its current fiscal problems, Florida's framework remains a highly respected model for systematically identifying and testing the implementation of best practices. Adoption of a similar process in Oregon would need to address an audit scope limited to financial and management practices, which would prove more cost effective and feasible for non-educators to execute.

Florida's program called for reviews of school districts once every five years, which in Oregon would translate into roughly 40 districts per year. To mitigate costs, the auditor could select one or two business categories each year, for example, energy efficiency or office supply procurement. Category selection would be random and would not be announced to districts in advance. Consequently, districts would be motivated to improve efficiencies in all categories, not knowing which would be audited. Policymakers would need to identify an appropriate agency to conduct or oversee the audits—a decision that would be driven by their scope and frequency. The Secretary of State's Office is a leading candidate, given its existing audit responsibilities. Chalkboard is also interested in the idea of adding site council responsibility at each school, as well as the Oregon Solutions community team, and how it could help inform the auditing process.

(Please visit the "Download Center" section of www.chalkboardproject.org to see source data: Citizen Public Opinion Statewide Poll: Highlights of Key Findings; and ECONW Report: Condition of K-12 Education in

Chalkboard's K-12 Action Plan

Oregon, pp. vi to x, 4-1 to 4-15; Finance Full Report, Ch. 6, p. 6-4; K-12 Business Practices: Issue Paper, pp. 8-11.)