

# **SCHOOL DISTRICT FINANCIAL MANAGEMENT: PERSONNEL, POLICIES, AND PRACTICES**

**NOVEMBER 2006**

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## Acknowledgements

EdSource and School Services of California would like to thank the following individuals for their contributions to this study and this report:

First, we need to thank and acknowledge the cooperation and support of the superintendents and chief business officers in the 135 school districts who completed a long and detailed survey, and the support staff in those districts who assisted in that effort. Their enthusiasm for the project made our job easy. Thanks also go to Smita Patel, whose patient and cheerful work contacting districts and coordinating the survey retrieval process were vital to the healthy response rate we had on the survey.

The study design, survey development, and analytical approach were a group effort. EdSource and School Services benefited greatly from having Professor Susanna Loeb of Stanford on our research team to offer oversight, active interest, sound advice, and analytical work. She has also been a pleasure to work with as the director of the entire *Getting Down to Facts* research project.

The quality of this project was also significantly enhanced by external experts who served in an advisory role to give input during the study design or to provide comments on the draft of research findings:

- Joel Montero, Chief Executive Officer of California’s Financial Crisis and Management Assistance Team, whose experience in providing technical assistance to troubled school districts and strategic advice were invaluable, particularly in the development of the sampling and analysis plans.
- John Mockler, former Interim Secretary for Education, State of California; and one of the state’s most knowledgeable experts on school finance issues, whose incisive comments pushed us to clarify and refine the final report.
- Larry Picus, Professor, Rossier School of Education at University of Southern California, whose knowledge of school finance theory has helped build EdSource’s capacity for many years and whose comments helped put our findings into a national context.
- Kelvin Lee, Superintendent (retired), Dry Creek Joint Elementary School District and Past Chair, Coalition for Adequate School Housing (CASH), who used his on-the-ground experience as a school district leader to help us assure the accuracy of the report.
- William Duncombe, Professor of Public Administration, Syracuse University, who encouraged us with his early enthusiasm regarding this project and whose expert review sharpened the final product.

The final product was also improved by feedback from several staff members at both EdSource and School Services of California who were not directly involved with the study. These varied perspectives helped to supplement the expertise of the research team members, who take full responsibility for the finished report.

It was also a special pleasure for EdSource staff to work on this project with the team at School Services. Our agencies have existed side-by-side in California for decades, and cooperated often. This study however was our most substantive partnership to date and would not have been possible without the synergy between our two organizations. The credit for this project goes not only to the authors, but also to our full staffs past and present. Without them, we would not have the cumulative expertise and the goodwill among school districts throughout the state that made our work possible.

Finally, we thank the William and Flora Hewlett Foundation, the James Irvine Foundation, the Bill and Melinda Gates Foundation, and the Stuart Foundation for their support of this study. We also applaud them for their vision of and funding for the larger research effort—*Getting Down To Facts*—the largest and most ambitious research effort of its kind ever focused exclusively on the important issues of school finance and governance in California.



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# **SCHOOL DISTRICT FINANCIAL MANAGEMENT: PERSONNEL, POLICIES, AND PRACTICES**

## **Executive Summary**

This study examines financial management in California school districts, including how districts vary in the qualifications and stability of the responsible personnel, the nature of their governance and leadership, and their management practices. It also looks at the relationship between those aspects of district operations and a measure of district fiscal health. In addition, it examines the extent to which conditions outside of a district's control relate to fiscal health.

### ***A state-controlled school finance system limits options for districts***

To understand the study's findings, it is important to keep in mind the California context regarding school district revenues and expenditures. The overarching reality is that the school revenue system in California is state controlled, with districts having very limited options for increasing the funds they receive. Further, revenue amounts are closely tied to the number of students a district serves, a number that can be somewhat unpredictable and over which districts have little control.

In reaction to fiscal crises in a very small but visible number of districts since about 1990, the state has created a set of requirements for fiscal accountability, including an important oversight role for county offices of education. The system, which was first created by Assembly Bill (AB) 1200 in 1991, was significantly strengthened by AB 2756 in 2004.

The timing of this study is important in relation to its findings. During the period for which we collected fiscal data—2002–03 to 2004–05—the state's financial situation was particularly volatile and the number of districts identified as having serious fiscal health worries increased. In 2005–06 the new set of regulations referenced above went into effect, further increasing these oversight requirements. In addition, 2005–06 marked a turning point in a two-decade increase in student enrollment. Projections are that enrollment in California's K-12 schools as a whole will actually decline in 2006–07 and increases, if there are any, will remain modest for several years. Districts vary in their experiences, however, with about half experiencing declining enrollment but about a third—generally in areas with lower housing costs—expecting growth to continue.

Another major consideration for California school districts is that they are legally required to bargain with employee unions if district employees choose to be represented. State law and bargaining agreements control a variety of compensation practices, such as the use of a specified salary structure for teachers based on years of service and courses completed. With the preponderance of school district expenditures devoted to personnel, these dynamics can have a tremendous effect on district fiscal health. In addition, new federal requirements related to the recognition and funding of retiree health benefits are increasing concerns about the benefits some districts provide.

The research team for this study was able to draw on state-collected data for some information about districts. However, such data do not address most of the variables we hoped to examine. Thus, a central component of the study was a survey administered to chief business officers (CBOs) in a sample of 135 school districts of varying sizes. A review of both legal requirements and professional standards for the financial management of school districts guided the survey's development. Although we acknowledge that the capacity and practices of both the school district superintendent and governing board play a crucial role in district financial management, we limited the scope of this study to the information CBOs could provide, augmented by state and proprietary databases.

### ***Findings examine factors related to financial management and fiscal health***

This study:

- describes the fiscal health of California school districts;
- examines the relationship between fiscal health and conditions over which districts have limited control;
- describes a variety of school district personnel qualifications, policies, and practices; and
- analyzes the relationship between these factors and district fiscal health.

Our findings include the development of a district fiscal health measure against which we analyze both state data and survey responses. In addition, we use the survey results to describe the general state of personnel, policies, and practices related to financial management in California school districts.

### **A new measure provides a clearer picture of district fiscal health**

One of the central questions in the study is the relationship between a district's fiscal health and various other factors. We gathered information on these factors from both our survey and state data. We first attempted to develop a measure of fiscal health using the state's reporting system of positive, qualified, and negative certifications of districts' fiscal solvency, a system based on periodic review of district financial documents. However, we found that this system does not adequately identify districts that are "at risk" for financial trouble. We believe that point, in and of itself, is an important finding of our study. To evaluate fiscal health more effectively, we developed a more robust measure that also considered patterns of deficit spending and reserve levels over time.

Using this measure, we categorized districts in the state as a whole, and in our sample, as fiscally healthy, marginal, and unhealthy. Statewide, more than half of school districts fit the healthy category, while almost three out of 10 fall into the marginal category. As the table shows, our sample included an over-representation of districts in the unhealthy category. This oversampling was purposeful and enabled us to draw some conclusions about the "unhealthy" group of districts within our relatively small sample.

Fiscal health categories based on Study Fiscal Health Index (Reserve, deficit, and AB 1200 status from 2002–03 to 2004–05)	Districts Statewide		Districts in Study Sample	
	Frequency	Percent	Frequency	Percent
Not Available	12	1.20%		
Healthy	520	52.90%	53	39.30%
Marginal	275	28.00%	46	34.10%
Unhealthy	176	17.90%	36	26.70%
Total	983	100.00%	135	100.00%

### Districts that face enrollment declines, that are unified, or that have lower revenues are more likely to be fiscally unhealthy

The state provides extensive data regarding school district enrollments and revenues, two factors over which California school districts have limited control. Districts in California also fit three different types of configurations: unified (grades K–12), high school (9–12) and elementary (K–8). We analyzed these characteristics and others, such as student demographics, against the fiscal health categories described above for the years 2002–03 to 2004–05. Holding constant for each characteristic, we found the following relationships to be statistically significant:

- declining-enrollment districts are more likely to be fiscally unhealthy, and growing districts are more likely to be healthy;
- unified districts are more likely to be marginal or unhealthy; and
- higher-revenue districts are more likely to be fiscally healthy, and this relationship is strongest among districts with higher levels of general purpose (revenue limit) funding.

### School district personnel, policies, and practices include some notable variations

The balance of the study depends for the most part on survey responses to illuminate various aspects of school district financial management. These included personnel characteristics, practices related to governance and decision-making, accounting, compensation, resource allocations, and maximizing resources. We also asked CBOs about any perceived threats to fiscal health in their districts.

### **The vast majority of California school districts have stable leadership and well-educated CBOs**

Based on data collected by EdSource over several years, 39% of California school districts had the same superintendent from 2001–02 to 2005–06, and another 46% had only one leadership change in that time. In other words, about 85% of school districts in the state had relative stability at the top during that period.

We also found that the CBOs in our sample are generally well educated. The vast majority of survey respondents report holding at least a bachelor’s degree, and most say they have a degree in a finance-related field. Further, the majority of CBOs report participating in



some voluntary training. The districts in our sample also appear to have an experienced cadre of CBOs, with the average experience reported to be 10.5 years. However, the average reported tenure within a district was just 4.7 years.

Based on state staffing data, the majority of districts in our sample (58%) report a staffing ratio of between 75 and 125 students per administrative staff (district office administrators plus employees in the office/clerical category).

### **School board members often do not receive high quality training, according to the CBO survey**

While the vast majority of respondents say their school board members receive some training on school district budgeting and finance, only a quarter of them characterize that training as being of high quality. And 39% characterize the general orientation board members' receive as high quality. (We recognize that individual board members might rate the quality of their training and orientation differently than their CBOs do.) Most CBOs also report that their school boards formally evaluate the superintendent's performance but that few boards conduct formal self-evaluations.

Respondents report that boards receive good quality financial information and that written district policies and regulations are of high quality, even though they are not always promptly updated.

### **CBO responses vary widely regarding the extent to which finances are linked to priorities**

CBO responses vary more widely on questions regarding how strategically districts make their financial decisions. Substantial proportions say their district, to a great extent:

- follows a strategic plan (31%),
- links its financial plan and budget to priorities (37%),
- regularly adjusts its budget to meet priorities (42%), and
- considers goals closely when implementing a new program (47%).

Conversely, between 20% and 35% of respondents answer in the negative regarding these same practices.

Two other questions about strategic decisions were markedly less positive. Just 23% of CBOs said their districts had to a great extent established procedures for evaluating budget amendments against district goals, or that they were able to cut programs that did not further those goals.

### **CBOs say they have appropriate financial control procedures, but fewer take advantage of some cost-cutting strategies**

Almost all of the CBOs who answered the survey report that they follow appropriate financial control procedures, meet both legal and professional standards for debt management, and satisfy legal requirements for purchasing. They also report using cost-cutting strategies, such as "piggyback bidding," to cut the cost of some purchases. Somewhat fewer respondents said their district always or often used two other cost-cutting strategies—

joint power authorities and direct delivery of supplies to schools (at 75% and 64% respectively)—as part of their purchasing practices. Respondents are also overwhelmingly positive about the use of high quality estimating and budgeting procedures, but a substantial minority (30%) report that their enrollment projections are not necessarily accurate.

Likewise, while respondents largely reported that their district's financial software met basic accounting requirements, they were less likely to say it provided capital project tracking or that the format for financial reports was easy for the board to understand and helpful for their decision-making, with about six out of 10 agreeing with those statements.

CBOs were also asked a few questions about the systems in place in their district to control, plan for, and set quality standards for the maintenance of facilities. Their responses to these questions were substantially less positive than was the case for most other areas of the survey.

### **Compensation trends show consistent salary increases but restraint on retiree benefits**

In general, respondents reported meeting professional standards for collective bargaining procedures and having positive relationships with their districts' primary teachers union. While the vast majority of CBOs report good quality preparation for bargaining, quality training and support for bargaining teams is reported slightly less often.

A comparison of state data regarding compensation increases from 2002–03 to 2004–05 showed that the state's statutory cost-of-living adjustments (COLAs) resulted in an increase in revenues of 4.1% in the average district in our sample. During the same timeframe, increases in salaries and benefits averaged a relatively uniform 7.2% among our sample districts, a difference of 3.1%. However, in regard to their most recent contract (generally 2005–06), only 19.3% of survey respondents reported that their district had granted a salary increase larger than COLA. The majority of respondents also said their district follows recommended practice by negotiating total compensation (salary plus benefits) and having a hard cap on the per-employee cost of health and welfare benefits.

Slightly more than 10% of the districts in our sample (and a similar proportion statewide) have granted the most costly postretirement benefits—lifetime healthcare benefits.

### **Site leader financial training appears to be lacking in many districts**

The survey asked a number of questions that explored the relationship between the district office and school sites as it pertains to financial management and resource allocation.

There appears to be some disconnect between districts' expectations of site leaders and the training provided to them. The vast majority of CBOs report that their district clearly communicates to principals the scope of their financial authority, and three-quarters say principals are held accountable for sound financial management. However, only 58.6% say that principals receive training on financial management and budgeting to either a good or great extent, and just 38.5% say the same is true for site-level budget and policy groups (such as school site councils) in regard to their responsibilities.

Our respondents also indicate that site-level allocation policies generally place more emphasis on district control and guidelines than on site flexibility. The majority (77.1%) report that their district office determines the number of teachers, administrators, and support staff a school has and gives the school discretion over how it spends funds allocated for nonpersonnel costs. More specifically, while respondents report that districts decide the number of teachers, schools have more voice in which teachers are assigned to their sites and the grade level in which they work. District control over both the number and type of other staff is greater. And while schools are given considerable control over their supply purchases, they appear to have limited authority over other nonpersonnel expenditures, such as equipment, professional development, and facilities maintenance. Respondents also indicate that staff allocation decisions often take school and student characteristics into consideration but are less likely to consider the level of experience of a school's current teaching staff.

### **CBOs report effective maximizing of public resources, but they are split regarding private resources**

As noted, California school districts have few options for raising revenues. We polled CBOs to explore this topic in more detail and asked them to what extent they felt their district was successful at maximizing revenues where it could. Respondents generally report success maximizing public funds, including unrestricted state funds and categorical state and federal funds to a somewhat lesser degree. They were split, however, regarding their success at maximizing interest income and securing extra revenues from private sources. Few CBOs report success maximizing revenues from property (such as lease income) or services.

Among respondents who said their district was successful at securing private contributions, there was variation based on whether the source was private foundations, community foundations, or business partners. These variations reflected differences in who secured the funding and the types of districts that reported success.

### **CBOs raise concerns about rising costs and enrollment declines**

We also asked CBOs about the threats they saw to fiscal health both in the recent past and in the future. Looking back, they reported that rising costs had been the most common threat to their districts' fiscal health, particularly cost increases related to Special Education, transportation, and staffing. Looking forward, they project the same to continue; but nearly a quarter also mention enrollment changes, most notably declines, which leads by law to revenue declines as well.

Among our sample districts, enrollment expectations for the next three years indicate:

- 51.5% are planning for enrollment declines in the next three years;
- 32.1% are planning for increases; and
- 16.4% expect no change.

These percentages roughly mirror statewide projections of enrollment change.

### **The relationship between fiscal health and district personnel, policies, and practices produced significant findings**

This study used various comparative statistics to test for relationships between the three fiscal health categories described above, the survey responses and, in a few cases, state data. For some of the variables, we found a statistically significant difference based on the fiscal health of the district. Those included the following findings.

### **Fiscally healthy districts are more likely to have stable leadership in the superintendency**

We found that fiscally healthy districts are more likely to have stable leadership at the superintendency. Data for the sample districts and the state as a whole both showed this relationship.

Based on survey responses, the level of CBO education or training is not clearly related to fiscal health among our sample districts, but healthy districts are more likely to have had the same CBO for a decade or more.

Districts in our sample that, based on state-collected data, have administrative staffing ratios below 125:1 were more likely to be healthy (includes district office administrators plus office/clerical employees).

### **Fiscally healthy districts have well-trained board members, high quality policies, and the ability to cut programs not aligned with their goals**

CBOS in healthy districts were more likely to:

- characterize the general orientation that board members receive as high quality;
- report that their district has high quality policies and regulations;
- report that their district has to a great extent established procedures for evaluating the financial impact of budget amendments and has been able to cut programs that are not aligned with strategic goals.

### **CBOS from unhealthy districts say their software does not track capital projects and is not easily understood by board members**

CBOS from unhealthy districts were less likely to say that their district's financial software systems provided capital-project tracking or that the format for financial reports was easy for the board to understand and helpful for their decision-making.

Certain other financial control practices set fiscally healthy districts apart, including: (1) complete agreement that they analyze significant expenditure processes to ensure appropriate controls; and (2) that they analyze significant contracts, financial negotiations, and expenditures for unusual cost fluctuations.

### **Lifetime health benefits for retirees was correlated with poor district fiscal health**

Related to collective bargaining practices, healthy districts are more likely to report high quality cost estimates and bargaining team training.

The one area of compensation practice that was significantly correlated with fiscal health was if a district reported granting lifetime health benefits to retirees. Districts in our sample

that reported having lifetime benefits are more likely to be unhealthy. Statewide data revealed similar results.

### **Fiscally healthy districts are more likely to report an emphasis on site leaders' financial skills**

Our analysis also indicates that fiscally healthy districts are more likely to emphasize site-level capacity, accountability, and flexibility. We see a difference in fiscal health in those districts that pay attention to school site leaders' capacity for financial management, expect principals to link fiscal decisions to student performance, and provide sites with budget flexibility.

### ***Topics for further study include the financial training of district leaders other than CBOs, planning for facilities, and lifetime health benefits***

Our research illuminated several issues that we believe warrant further study. The first concerns the financial training, stability, and fiscal practices of school district leaders beyond the CBO—in particular the superintendent and school board.

We are also intrigued by the relatively negative responses in the study on the few questions we asked about systems in place to control, plan for, and set quality standards for the maintenance of facilities. Further study could help determine how school districts' practices could be strengthened.

Our findings in regard to site-level budgeting and financial management also suggest the need for more information. The state could benefit by learning more about ways that districts can effectively empower their school site leaders in the area of financial management.

We identified 72 districts statewide that have granted lifetime health benefits to their retirees. These districts serve 1.4 million students (about 24% of the students in the state). A closer look at them might be in order, with the proviso that the leaders who negotiated the benefit may no longer be the ones at the district helm.

### ***Better district financial planning and better COE oversight could improve on California's financial safety net for districts***

We believe that the state has created a safety net with AB 1200 and AB 2756 that has reduced the number of school districts that would have otherwise fallen into fiscal crisis. However, those systems could be made more effective through better financial planning on the part of districts and better oversight on the part of county offices. But even if those improvements were made, California school districts confront revenue and expenditure issues that can make it difficult to maintain fiscal health and even more daunting to strategically allocate resources in ways that further student performance goals.

Our findings make it clear that it is easier for some California school districts to stay fiscally healthy than it is for others. Districts that have lower revenues are more likely to be unhealthy as are those experiencing declining enrollment. With about half of California districts projecting enrollment declines going forward, this could represent an important and continuing problem. But our findings also suggest that these external conditions are not the

whole story. Districts that vary in their fiscal health also report differences in their financial practices and their personnel.

We believe that leadership stability is of particular importance for school districts because it provides an environment in which district goals and priorities can be consistent and clear, allowing professional practices to take root and flourish. Further, these leaders need to be well prepared for their financial management responsibilities. Based on our survey findings, training could be improved in several areas, including:

- school district budgeting and finance for school board members;
- the negotiating process generally for collective bargaining teams; and
- fiscal management and budgeting for school site administrators.

Given the inability most school districts in California have to raise significant revenues, a key to their fiscal health is controlling their expenditures. The need to do so creates a dynamic tension between their responsibility to deliver sound, effective educational services to their students and to reasonably compensate their employees. Some fiscally healthy districts may maintain their fiscal status by scrimping on the services they provide. Others may risk being fiscally unhealthy in the name of educational quality. And some districts are apparently able to strike the delicate balance between these two extremes through a combination of effective financial practices and perhaps some good fortune in terms of the amount of revenues they receive.

This study illuminates some possible strategies for improving districts' ability to be in this latter group, but it also sheds some light on the complexities involved in doing so in California. In addition, it raises some important issues related to school district financial management that warrant more study, including further examination of district leadership as a key factor that, at least in some cases, can overcome weak financial fundamentals.

## Introduction

Public school districts in California are responsible for providing a free education to more than 6 million kindergarten to 12th-grade students. The news media and the public at large pay careful attention to how the public school system is performing its primary task of educating students. Studies that rank California students' performance on national tests and the state's announcements regarding test scores and school performance receive broad coverage.

The performance of the school district as a business enterprise, however, seldom garners much attention except when there is a crisis. Districts forced to seek emergency financial assistance from the state will draw the attention of the press and policymakers. A teachers' strike will focus the community's interest, as will a proposal to close a local school.

The focus of this study is the financial management of California school districts and its relationship to strong fiscal health. How significant are external factors in determining the fiscal health of school districts? What do the state, school districts, and county offices of education do now to promote fiscally healthy districts and prevent state emergency loans and takeovers? How effective are those actions? What matters most—district leadership, financial systems, personnel qualifications, staffing levels, collective bargaining, or private contributions? And to what extent do school district financial management practices in California consider the strategic use of public education resources to make schools more effective and efficient at the task of educating students?

In California, just maintaining a solid financial operation can be challenging for a variety of reasons, including the complexity of the school funding system and the general lack of control school districts have over their revenues since the passage of Proposition 13 in 1978.

California's nearly 1,000 school districts vary in their ability to maintain strong fiscal health within this environment. They also differ in the qualifications and stability of the personnel responsible for their financial management, the nature of their governance and leadership, and their financial management practices.

This study examines the extent to which California school districts vary in some of these areas. It also looks at the relationship of selected aspects of financial management to districts' fiscal health and at the extent to which conditions outside of a district's control—from state budget decisions to declining enrollment—correlate with fiscal health. This work fits into a larger portfolio of studies examining a wide range of issues related to school funding adequacy, efficiency, and effectiveness in California.

A major question for this study is what relationships exist between the fiscal health of California school districts, the conditions under which they operate, and their personnel, practices, and policies related to financial management. To answer this question, the study:

- describes the fiscal health of school districts in California within the larger context of policy and economics in the state from 2002–03 to 2004–05. In the process of doing so, we use a new approach for measuring school district fiscal health.

- examines the relationship between that fiscal health measure and conditions over which districts have limited control, including student enrollment and district revenues.
- describes a variety of school district personnel qualifications, policies, and practices that could have an effect on fiscal health, including: the stability and qualifications of top district personnel; practices related to board governance and financial decision-making; district budgeting, accounting, and finance practices; compensation practices, such as collective bargaining and retiree health benefits; resource allocation and financial management at school sites; and district success at maximizing revenues.
- examines the relationship between these personnel characteristics and practices and districts' fiscal health.

This study also summarizes the perspectives of chief business officers in selected school districts on the financial challenges they have seen and expect to see in their districts. It also reports on their strategies for dealing with anticipated enrollment changes.

### ***About the authors***

This study is a collaborative undertaking by EdSource and School Services of California, under the direction of Professor Susanna Loeb of Stanford University. Joel Montero, chief executive officer of the Fiscal Crisis and Management Assistance Team (FCMAT), also provided invaluable advice and feedback.

The approach used for this study reflects the background and experience of the authoring organizations. Along with research conducted specifically for this study, we have drawn from our organizations' extensive expertise supporting the education community in California. For 30 years, School Services of California has served as a highly respected and trusted fiscal advisor to the education community, particularly school district leaders. The firm also lobbies on behalf of districts. During the same time, EdSource has built a reputation for providing accurate, impartial analysis and communications regarding complex education policy issues in the state, with a particular emphasis on school finance.

We approached this work with an objective research lens, but the study's development and findings are strongly informed by our direct knowledge and experience of the education field. A central part of our data collection involved a survey of chief business officers throughout California. The survey questions in particular reflected our collective understanding of both the theoretical and practical aspects of school business management as well as the particular context within which both exist in California.

## **Background**

The first and perhaps dominant reality regarding California's public school system is its vast size and diversity. The system's formal network includes:

- more than 9,000 public schools;
- almost 1,000 public school districts that range in size from 20 or fewer students to more than 700,000;
- close to 600 charter schools within the public system; and



- 58 county offices of education (COEs).

At the state level, a number of different individuals and agencies influence public education priorities and resource commitments. Education leadership is spread among the following:

- the California Department of Education (CDE), led by an elected superintendent of public instruction;
- the state Legislature and governor, who together decide on the state's budget and establish policies for how education funds can be spent;
- the secretary for education, an appointed policy advisor to the governor; and
- the State Board of Education (SBE), whose members are appointed by the governor and confirmed by the Legislature.

### **Conditions under which school districts operate in California**

School districts are the fiscal agents responsible for the management of the schools under their purview. The variation in their size and configuration leads to differences in the challenges school district leaders face in managing them financially. That said, all districts in California operate within the larger context of a state-controlled school finance system.

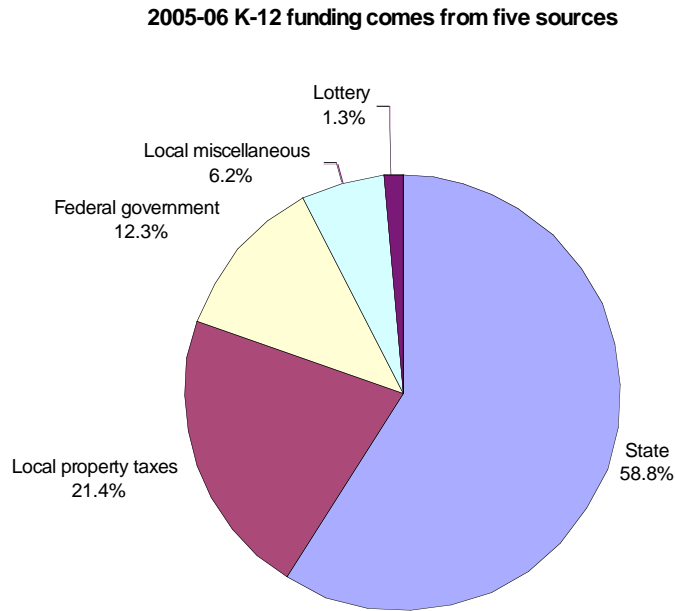
#### ***A revenue system controlled by the state***

California's public education system is supported primarily by state sales and income tax revenues and by local property taxes. These are supplemented with money from the federal government, the California Lottery, and miscellaneous local funds that districts generate.

As the chart below indicates, the state controls about 82% of the funding for public education. State funding levels are driven by the interaction of the property tax and state General Fund taxes (largely sales and income taxes). Since 1988, a minimum-funding guarantee for public education has guided state funding. Created by Proposition 98, a voter-approved initiative, these provisions (among other requirements) specify a minimum portion of every General Fund dollar that is to be allocated to education. The lottery provides a small portion of education funding, about 1.3% in 2005–06.

**Figure A: Annual funding proportions**

The estimated proportions for 2005–06 are typical of how operating funds for schools are generated, though changes occur from year to year.



**State aid:** comes mostly from California sales and income taxes.

**Property taxes:** collected locally but allocated to schools based on a state-determined formula.

**Federal aid:** is earmarked for special purposes, most notably Child Nutrition, Special Education, and No Child Left Behind (NCLB).

**Local miscellaneous:** includes such sources as community contributions, interest income, developer fees, and revenues from local parcel tax elections.

**Lottery:** a portion of the proceeds from the California Lottery goes to school districts on a per-pupil basis, providing a modest per-pupil allocation to every district and to charter schools.

Dollars generated by the Proposition 98 guarantee are distributed to school districts, county offices of education, charter schools, and other entities authorized by the state to provide education programs and receive funds.<sup>1</sup> On rare occasions, some funds may go directly to individual schools. The bulk of federal funds are distributed through the CDE to districts and then to schools, often based on set formulas with many restrictions on how the funds can be used.

<sup>1</sup> Community colleges receive about 10%.

### Districts develop budgets simultaneously with the state budget process

In California, both the state and school districts operate on a fiscal-year calendar that begins on July 1. While state leaders often miss their constitutional deadline for adopting a budget, school districts do not have that latitude. Thus districts typically develop their official budgets based on estimates of how much funding they will receive from the state, but prior to the Legislature and governor’s official budget adoption.

While the state budget adoption generally makes clear the level of funding available for K–12 education, districts still cannot be sure of the total revenues they will receive or what rules they must follow to qualify for funding. State leaders can continue to develop policies for resource allocation until early fall—well after school begins. The process of estimating state and federal revenues requires district leaders to combine informed estimates from past experience and expert guidance on the political landscape as they do their financial planning.

### Some allocations come with spending requirements

State funding is divided into general purpose and categorical sources. General purpose funding provides the bulk of the revenue school districts use to support their operations and deliver services to students. Local school boards have the greatest discretion over the expenditure of these funds.

Categorical funds are provided for specific supplemental or state-directed purposes and must be spent in accordance with the particular laws and regulations for each individual program. Special education, class size reduction, and student transportation are common examples of categorical programs. Discretion over the policies surrounding expenditure of categorical funds rests largely with the state of California, not the local school board. All federal funding also falls into this category.

Most of each district’s general purpose revenue comes from the Base Revenue Limit (BRL) that specifies how much a district is entitled to receive for each student in attendance. The BRL per student is similar, but not exactly the same, for each district. The variations can be traced to differences in expenditure levels at the time revenue limits were established by Senate Bill (SB) 90 in 1972. Additionally, BRL funding is stratified by type of district, with high school districts receiving the highest amount per student, elementary districts the least, and unified districts (those serving all K–12 grade levels) receiving a rate in between. Small school districts also generally receive higher amounts per pupil. Long-term state efforts to equalize these amounts have kept the variations within these groups of districts relatively limited, but there are some extreme outliers, particularly at the high end.

The BRL is funded through a combination of property taxes and state aid. It is a zero-sum game. If property taxes per average daily attendance (ADA) is lower than the BRL, the state makes up the difference. If property taxes go down, the state’s share goes up and vice versa. In a few cases, property taxes per ADA exceed the BRL. Those districts, called “basic aid” districts, are discussed below.

### The bulk of funding is distributed to districts based on the number of students

In most instances, the state distributes both general purpose and categorical funds by simply multiplying the number of students in a district qualified and entitled to receive services from a particular funding source by a specified amount per student. Some categorical funding is distributed on the basis of grant applications as well.

For funding purposes, a “student” is most often defined as one unit of average daily attendance (ADA). A full unit of ADA is earned for each student who attends each and every day of the school year. All absences—excused or unexcused—reduce a district’s funded units of ADA, resulting in fewer dollars. The average unified district earns funding for approximately 96% of its enrolled students.

For most California school districts then, the number of students is a driving force in financial planning. Further, while district costs such as staffing and materials are driven by the number of students enrolled, revenues are largely driven by the yearly average of students who attend. Accurate budgeting and sound financial management thus depend in an important way on the ability of district leadership to estimate not only how many students will sign up for school, but also what the average attendance will be.

### Districts control some limited revenue sources

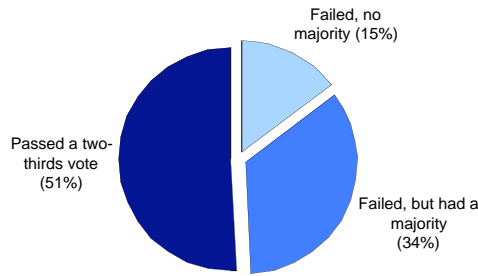
In addition to the major sources of funding listed above, school agencies can generate supplemental funding from a variety of sources. These represent the bulk of Local Miscellaneous Funds (see Figure A). Districts vary widely in the extent to which they pursue and secure these sources of funding.

Foundations, businesses, booster clubs, and other entities often provide financial support to particular schools or school districts, sometimes for a specified purpose and sometimes with no strings attached. For some districts, in-kind contributions of equipment, materials, or volunteer hours represent a substantial supplement to public funding sources.

The law also allows school districts to assess parcel taxes on local residents if they can secure a two-thirds approval from voters. Parcel taxes are a non ad valorem tax, a flat fee on each parcel rather than on the assessed value of property. The ballot proposal prepared by the school district governing board describes how the money will be used. Parcel taxes are usually established for a limited number of years as well.

From 1983 through June 2006, voters approved 209 parcel taxes in 412 elections; 142 received a majority vote but not the necessary two-thirds approval.

Figure B: Parcel tax elections  
(1983 through June 2006)



In all, only 210 school districts out of nearly 1,000 have attempted to pass a parcel tax, and some districts have passed multiple levies. As Table 1 below shows, a disproportionate number of these elections have been in the San Francisco Bay Area. In addition, about 90% of the elections were held in districts that were below the state average of 49% low-income students. A commonly-accepted explanation is that wealthier communities are either better able or more willing to tax themselves to improve their schools. Just five districts that have passed parcel taxes since 2000—all in the Bay Area—serve a higher-than-average proportion of low-income students. They include Ravenswood City Elementary in San Mateo County, Alum Rock Elementary in Santa Clara County, West Contra Costa Unified in Contra Costa County, and Emery Unified and Oakland Unified in Alameda County.

**Table 1: California counties with the greatest number of parcel tax elections between January 2000 and June 2006\***

County	No. of School Districts	% of Districts that Held Elections	Total Elections Passed Out of Those Attempted*
Santa Clara	32	56%	13 out of <b>28</b>
San Mateo	23	57%	13 out of <b>22</b>
Sonoma	40	38%	8 out of <b>19</b>
Alameda	21	43%	13 out of <b>15</b>
Marin	20	55%	12 out of <b>15</b>
Contra Costa	18	39%	8 out of <b>13</b>
Los Angeles	84	12%	5 out of <b>12</b>

\* 161 parcel tax elections were attempted between January 2000 and June 2006.

Capital funds are separate from operating funds

The annual funding under Proposition 98 is strictly for school district operations, including relatively minor purchases of supplies and equipment. There is no designation within Proposition 98 for funding for capital improvements. Although the use of districts’

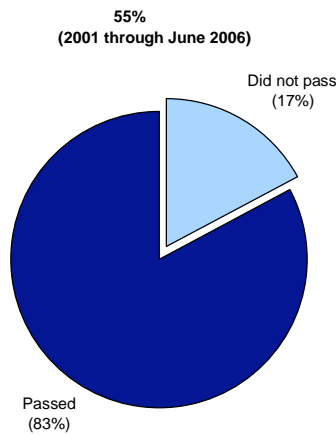
operating funds for this purpose is not prohibited—and sometimes occurs—there is no expectation on the state’s part that district operating budgets will fund large capital improvements. The state does expect districts to use some of their operating funds for building maintenance, however.

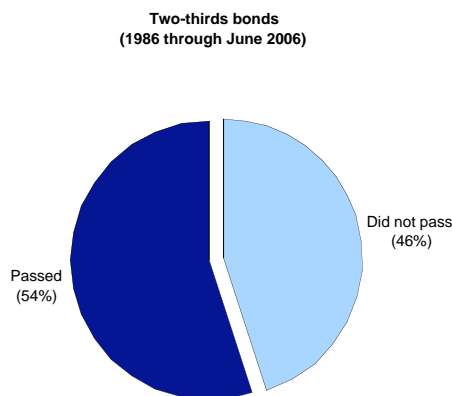
For their capital budgets, school districts depend primarily on funds provided by state and local school facilities bonds. These bonds require voter approval. Statewide bonds can pass with a 50% majority vote. Local bonds require a “super-majority” of either 55% or 66.67% of local voters in a school district.

From 1998 to 2005, the total amount raised through state bonds was \$24.3 billion. Distribution of the proceeds from these bonds is handled by the Office of Public School Construction (OPSC) as the administrative arm of the State Allocation Board. In most cases, local districts are required to match state bond funds. They generally do so using sources such as local developer fees, or more often through passage of a local bond.

Since 1986 school districts have been able to seek approval for local general obligation bonds for school construction or renovation, to be repaid through property taxes. Until November 2000, a two-thirds vote was required for passage. At that time California voters approved Proposition 39, giving districts two options for passing a bond. They can hold a two-thirds election at whatever time they choose and with few oversight requirements. Or they can pursue a 55% approval if they put the bond measure on a regularly scheduled ballot, limit the size of the bond, and agree to abide by several administrative requirements. Of the 929 elections under the two-thirds requirement from 1986 through June 2006, 54% succeeded. Of the 338 elections using the 55% option from 2001 to June 2006, 83% succeeded.

**Figure C: Local bond elections**





### School district flexibility is limited

In summary, California’s schools have very little discretion or flexibility in the level of revenues they receive. Maximizing attendance and claiming funding for programs for which the district or school is eligible are important. Enhancing local funding through foundations, parcel taxes, and other sources is also helpful. But in the end, the vast majority of a district’s revenues are generated by numbers of students multiplied by their eligibility for a particular source of funding.

### ***Special circumstances: “basic aid” districts, “direct service” districts***

A few of California’s nearly 1,000 school districts stand out as exceptions in terms of either how they get their revenues or how they are managed.

### “Basic aid” districts have property taxes that exceed their revenue limit

As noted above, California’s school districts generally depend on a combination of property taxes and state aid for their general purpose funding, most of which is provided through the Base Revenue Limit. However, about 50 districts regularly generate property tax revenues that exceed their BRL amount. These districts are termed “basic aid” districts. They are allowed to keep all the property taxes they collect but receive no other general purpose funding from the state. Like all districts, basic aid districts receive some categorical funding, the amount of which depends on the students they serve and the programs for which they qualify.

The budgeting process for basic aid districts is fundamentally different. Their general purpose revenues are typically more predictable from year to year because they do not depend on student count and property taxes are a relatively stable revenue source. And while other districts have an incentive to maximize their ADA in order to receive additional funds, basic aid districts can benefit from a lower student count that leaves them with more funds per student. A small segment of districts find themselves on the borderline, with the ratio of revenues to students pushing them back and forth from regular to basic aid status even within

a single year. This certainly adds complexity to their financial management practices and budgeting strategies.

### Some “direct service” districts delegate their fiscal responsibilities

Another exception to standard processes is “direct service” districts. Of the state’s 979 school districts, 396 qualify to be direct service districts based on size. These districts, by law, must have fewer than 901 elementary students, 301 high school students, or 1,501 unified students (Education Code 2550). They can depend on their local county office of education for a variety of services, such as instructional supervision, attendance supervision, health services for pupils, and guidance services. For some of the smallest districts, this includes financial management and the COE officially acts as the district’s chief business officer.

In 2004–05, there were 326 elementary school districts, 68 unified districts, and two high school districts eligible for direct service status. Data regarding the number that receive financial services or turn over their fiscal duties to their COE completely are not readily available.

### ***The state has several policies and controls related to fiscal health***

The state of California has established standards for financial management and created a system of fiscal accountability and oversight for school districts. The standards are broad in scope, dealing with such things as required reporting, data formats, a standard account code structure, and purchasing and bidding procedures. These are in addition to regulations on the operation and funding of each individual restricted program.

Of California’s 58 county offices of education, 51 provide secondary fiscal oversight for the state’s school districts.<sup>2</sup> State law requires county superintendents to monitor the financial performance of school districts and intervene when a district is unable to meet its fiscal obligations. (The CDE does the same for county offices.) Additionally, school districts must retain independent certified public accountants for the purpose of conducting an annual audit as specified by the State Controller’s Office.

Each year districts submit to the county superintendent at least five finance-related documents: the preliminary budget (by July 1); the first and second interim reports that update the budget based on actual revenues and expenditures; an unaudited financial report at the end of the budget year; and the district’s annual audit a few months later.

### The state’s responsibility for districts led to increased oversight in 1991

School districts, dependent upon the state for their revenues, can see their fortunes unexpectedly fall in tandem with those of the state. Such was the case during the recession of the early 1990s. A small—but significant—fraction of the state’s school districts suddenly found themselves in serious financial trouble. County superintendents were supposed to be providing oversight, but they had few tools available to assist them in imposing corrective action in these financially troubled districts. The state experienced several very significant

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<sup>2</sup> Exceptions are the seven counties that have countywide school districts.



district-level financial failures, and in 1991 the Legislature became interested in strengthening county office oversight.

The Legislature's actions were precipitated by legal determinations that the state could not simply allow a school district to go bankrupt. Rather, it had an obligation to step in and, in essence, take over the operations of the district. That determination resulted in the state having to grant sizeable "emergency loans" to troubled school districts. An unwilling lender of last resort, state leaders sought legislation to add teeth to the financial oversight mechanisms already in place.

This was the backdrop for the adoption of AB 1200 in 1991. This bill forced wide-ranging reform in the oversight of school district finances and business practices. Among its many initiatives, the bill created the Fiscal Crisis and Management Assistance Team (FCMAT) to provide both preventative services and recovery assistance to financially troubled districts. It also gave the COEs additional tools and increased responsibility. AB 1200 formalized the process of county review and oversight by which the county superintendent would approve the budget and monitor the financial status of each school district and joint powers authority (JPA) in its jurisdiction. The CDE, in turn, would review the finances of county offices. A county superintendent could impose sanctions on a district along with offers of assistance. For example, if a district failed to meet the state's budget criteria, the county superintendent could enlist the assistance of FCMAT to help solve the problem and prepare a recovery plan. Alternatively, the county superintendent could appoint a fiscal adviser empowered to override decisions of the local board of education.

The new law also established a system for school district accounting practices that specifies how districts must track and report their revenues and expenditures. Districts are expected to do multiyear financial projections; identify sources of funding for substantial cost increases, such as employee raises, and make public the cost implications of such increases before approving employee contracts. It also made explicit the consequences for districts that accept emergency loans from the state in order to avoid bankruptcy.

#### Oversight provisions were further strengthened in 2004

In general, the effect of AB 1200 was timely and significant. For nearly a decade, few districts advanced beyond the stage of increased COE oversight and FCMAT assistance. But legislative change tends to be precipitated by the problems of the day, and the state budget crisis that began in 2001 unmasked yet more problems in a few fragile school districts.

As the state's financial situation worsened after 2000, school districts were increasingly affected by volatility in state funding. It was in that context that a small but significant number of districts simply did not have the financial reserves or systems in place to avoid disaster. After granting the two largest school district emergency loans<sup>3</sup> in the history of the state, and a couple of lesser loans, lawmakers passed AB 2756 in 2004. (See Appendix III for a list of districts that have received state loans since the passage of AB 1200.) This bill added even more teeth to the oversight process by giving COEs more authority and more review time for troubled districts. Additionally, the bill required personal accountability and sign off on district financial documents by both the district superintendent and chief business official.

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<sup>3</sup> These are technically emergency appropriations that the state expects districts to repay.

Passed as an emergency measure, AB 2756 also gave COEs and the state greater ability to monitor the performance of school district auditors and effectively prohibited the use of firms that fail to meet professional standards. Similarly, the state now has the ability to oversee the fiscal oversight role of county offices and remove that responsibility if it is not being done effectively. The bill included the requirement that COEs use a set of specific predictors of fiscal health, developed by FCMAT, as part of their evaluation of a district's budget.

### ***State budget and other external conditions since 2002–03, including enrollment and revenue patterns***

This study examines the fiscal health of school districts based on a variety of factors present from 2002–03 to 2004–05. Demographics in the state vis-à-vis school enrollments began shifting in these years, with some effect on school revenues. Fluctuations in the overall financial condition of the state, which directly affected school district revenues, were more dramatic. The combination of these factors and their interaction over the course of several years was sufficient to push some financially healthy districts into marginal situations and to push some marginal districts into serious financial trouble.

#### **The state has moved from a growth situation to declining enrollments, but impacts vary**

Since the early 2000s, the state has been experiencing a slowing trend in overall K–12 enrollment growth. This trend has not been confined to California but can be traced to broad demographic shifts that have their roots in the post-World War II baby boom. School districts statewide have seen the children of the baby boom (sometimes referred to as the “baby boomlet”) move out of the K–12 system. Indeed, recent enrollment declines have been registered in the state's elementary grades, and this slowdown is expected to make its way through the secondary grades over the next decade.

These and other factors have depressed statewide enrollment, and for the first time in recent memory the 2006–07 State Budget anticipates an actual drop in enrollment (a statewide decline of .26%).

The impact on school districts has been uneven, however, with some districts continuing to grow while others decline. Generally speaking, the hardest hit include remote rural areas of the state that have suffered depressed local economies. Shrinking job opportunities have forced residents to leave these areas for other regions with more promising employment prospects. Schools in turn suffer the loss of student enrollment as families move out. In some coastal regions, families with school-aged children are simply priced out of the housing market. Communities with median home prices reaching \$1 million are not uncommon. In these communities, school enrollment declines because there are an insufficient number of families with young children to replace families who move out or have students who graduate from the K–12 system.

Meanwhile, enrollment growth continues at a strong pace in the areas of the state where many of these Californians are moving. These growth areas are generally characterized by relatively affordable housing. Prominent examples include the Central Valley region in the middle of the state and both Riverside and San Bernardino counties in the south.

## State budget fluctuations have strained districts' fiscal health

In California, where the state controls the bulk of revenues for schools, the general economic and political conditions can have substantial influence on the financial challenges districts face. The years we are examining, from 2002–03 to 2004–05, were particularly volatile. A brief recounting of those dynamics, however, must begin a couple of years earlier with the 2000–01 state budget.

### **From boom to bust in 18 months**

Speculation in the profit potential of new technology generally—and Internet-based companies specifically—fueled a huge increase in State General Fund revenues during the late 1990s. Capital gains and stock option income, which had historically accounted for about 6% of state revenues, increased to almost 25% by 2000–01.

This revenue growth allowed lawmakers to increase funding for many state programs and at the same time provide for substantial tax cuts. K–12 education benefited significantly in the 2000–01 budget, with an increase in unrestricted funding of 10%. While some analysts warned that the revenue increases would not be sustainable over the long term, the Legislature and governor nevertheless budgeted most of the increased spending and tax reductions in 2000–01 as if they were permanent, thus sowing the seeds for the budget and political turmoil that would soon follow.

The 2001–02 State Budget reflected slowdowns in the state and national economies and, more importantly, the collapse of NASDAQ and technology stocks. State tax revenues from capital gains and stock options plummeted as high-tech stocks crashed. In addition, employment and retail sales also tumbled, especially in the San Francisco Bay Area. Within 18 months, a major state revenue surplus turned into a major shortfall. The Department of Finance forecast a budget gap of \$12 billion. This would be the first of three extremely difficult years for school districts, and it included for the first time ever mid-year cuts in state funding for K–12 public education.

### **Budget issues helped unseat a governor**

The following year's contentious budget negotiations delayed the signing of the 2002–03 Budget Act by Gov. Gray Davis until Sept. 5, 2002, more than three months after the start of the fiscal year. The 2002–03 spending plan for K–12 education saw a continuation of reductions and deferrals instituted the year before. It also included a variety of “one-time fixes” that did not address the underlying imbalance between revenues and expenditures. While Proposition 98 was technically fully funded, the minimum guarantee level had dropped as a result of the decline in state revenues. K–12 education endured cuts to a variety of programs plus major funding deferrals. The one bit of good news for 2002–03 was that the state funded a 2.0% cost-of-living adjustment (COLA) for revenue limits, special education, and other categorical programs—a rate that exceeded the 1.66% required by law.

The challenge facing the Legislature and the governor as they developed the 2003–04 budget was in many ways more difficult than what they had faced in the prior two budgets. In addition to struggling with the persistent gap between ongoing revenues and expenditures, lawmakers faced a statewide energy crisis that had drained billions from the state General

Fund, forced a major public utility into bankruptcy, and ignited a recall movement aimed at Davis, who had just won a second term. The state's fiscal crisis was not lost on national observers, as Standard and Poors downgraded California's credit rating to BBB, a level that only one other state in the nation's history had fallen below.

For 2003-04, the K-12 education budget reflected a 3% deficit on revenue limits (an unfunded statutory COLA of 1.8% and a real cut of 1.2%). Cuts in categorical programs were even larger. But officials also acknowledged the fiscal burdens the situation placed on school districts. To provide more flexibility, the Legislature authorized districts to access funds normally required to be held as ending balances, temporarily reduce their required Reserve for Economic Uncertainties, and reduced their contribution toward routine restricted maintenance.

Ultimately, the ongoing problems with the state budget, coupled with the energy crisis, took their toll on California's most visible leader—the governor. On Oct. 7, 2003, state voters recalled their governor, making Davis only the second governor in the nation's history to be recalled from office. At the same time, voters elected Arnold Schwarzenegger to succeed Davis. One of the new governor's first tasks was to prepare a proposal for the 2004–05 budget.

### **Continuing budget imbalance leads to 2004–05 suspension of Proposition 98**

The 2004–05 State Budget was enacted on time, but it made little progress in closing the state's structural budget gap. Like budgets signed by his predecessor, Gov. Schwarzenegger's first budget ultimately relied more heavily on borrowing and fund shifts than on budget cuts or new revenues.

For K–12 education, the 2004–05 budget included a fully funded 2.41% statutory COLA and some other funding increases, but it did not restore the cuts imposed in prior years. Perhaps most significantly, the 2004–05 State Budget included a provision that became known as the “Deal.” This historic agreement between the administration and the education community called for a \$2 billion limited suspension of Proposition 98.

Disagreements about the interpretation of this provision and its implications for education funding tainted the budget development process the following year and left lingering uncertainty for school districts throughout the 2005–06 school year. That is the timeframe in which school district chief business officers were surveyed for this study.

As this brief account makes clear, the years from 2002–03 to 2004–05 presented some extraordinary challenges to school districts as they attempted to manage responsibly and keep their districts fiscally healthy. To some degree, it could be considered a credit to the ability of district leaders that only a few suffered severe financial setbacks. However, this feast-famine cycle seems to recur on a regular basis. It is thus part of the context within which California school districts must operate. And while the vast majority of districts weathered this turmoil, some spectacular failures succeeded in getting the attention of lawmakers and the public.

### ***Emergency loans and other measures for distressed districts***

From 2002–03 to 2004–05 county and state officials identified 29 districts that had fiscal health problems serious enough to require intervention. Of these, 26 districts received a negative certification under AB 1200 provisions. More seriously, three school districts—West Fresno Elementary, Vallejo City Unified, and Oakland Unified—received emergency loans from the state totaling more than \$116 million.

These loans triggered a set of sanctions and controls prescribed by law. When a district receives an emergency loan, local control is ceded to the state. The superintendent is terminated, and the elected board members lose their powers, plus any compensation or benefits they normally receive. The state appoints a state administrator to serve, in effect, as both the board and the superintendent.

Once the district, after a period of years, stabilizes its budget including the payments on the loan, the process of return to local control begins. This process may mean reinstating some or all of the board’s powers. Additionally, a new superintendent may be appointed, in which case the state administrator will be replaced by a state trustee. The trustee oversees the actions of the board and the superintendent, and retains the power to overrule and set aside board decisions. This level of oversight continues until the emergency loan is paid off. Emergency loans may have a repayment schedule of 20 years or more, so the additional oversight can continue for a very long time.

## **Best practices in district financial management**

California’s process of certifying school districts’ ability to meet their obligations—and the resulting interventions—have generated a body of knowledge regarding many of the practices and policies that distinguish fiscally healthy districts from those that are either struggling or unhealthy. California’s experience appears consistent with professional standards for school district financial management found elsewhere.

### ***California has focused on indicators that predict a problem***

FCMAT staff have developed a brief compendium of the school district problems they most commonly encounter when a district is identified as having fiscal problems—“FCMAT Predictors of School Agencies Needing Intervention” (see Appendix II). These are organized into overarching categories, several of which fall under the general purview of the district CBO. Those include:

- an inadequate budget development process,
- limited monitoring of the budget following adoption,
- inattention to costs and requirements related to categorical programs, and
- substantial long-term debt commitments.

Another set of predictors, while sometimes within the span of control of the CBO, are often managed by other district administrators. Those include:

- the collapse of the district’s physical infrastructure,
- ineffective management information systems,
- poor control over personnel positions and hiring, and
- a human resource crisis, including staff shortages.

Finally, the FCMAT list includes two categories that are clearly not within the CBO's control:

- a leadership breakdown, including a governance crisis (such as a school board recall); and
- ineffective communication, particularly to the larger education community.

California lawmakers used this FCMAT list in 2004 when they wrote AB 2756 to strengthen the fiscal oversight function. The law requires that county superintendents use 15 predictors developed by FCMAT as one basis for evaluating a district's adopted budget. If an external reviewer has found more than three of the following in evidence, the county superintendent must withhold budget approval unless the district can provide adequate assurances that it is able to meet its financial obligations. The official list of 15 predictors is as follows:

- governance crisis,
- absence of communication to educational community,
- lack of interagency cooperation,
- failure to recognize year-to-year trends,
- flawed average daily attendance (ADA) projections,
- failure to maintain reserves,
- insufficient consideration of long-term bargaining agreement effects,
- flawed multiyear projections,
- inaccurate revenue and expenditure estimates,
- poor cash flow analysis and reconciliation,
- bargaining agreements beyond the state COLA,
- no integration of position control with payroll,
- limited access to timely personnel, payroll, and budget control data and reports,
- escalating General Fund encroachment, and
- lack of regular monitoring of categorical programs.

County offices are in the early stages of implementing these new review procedures and applying them to specific situations. The list, which includes many relatively subjective judgments, was further supplemented by actions of the State Board of Education in July 2005. Taken together, the intent is to create a holistic picture of a district's situation that goes beyond discrete measures and that provides improved guidance to COEs as they discharge their oversight responsibilities.

California's general approach is aimed at identifying bad situations. In a more constructive vein, documents from the Association of School Business Officers International (ASBO) and from other states recommend some professional standards for school district CBOs. They also address district financial management and governance more generally.

Of particular interest for this study was Florida's *Sharpening the Pencil* program. Enacted in 2001 through that state's Office of Program Policy Analysis and Government Accountability, the program was an attempt to systematically improve school district financial management practices. It also was intended to improve districts' use of resources and to identify cost savings. As originally envisioned, the program required each school

district to undergo a Best Financial Management Practices Review once every five years, and it included a set of documents that provided a checklist of both legal and professional standards for that review.

Due to budget constraints, the Florida Legislature has not appropriated funds for the *Sharpening the Pencil* program since the 2003–04 fiscal year. The documents, however, remain a valuable resource for examining district financial practices, most of which can be generalized to school districts anywhere, not just in Florida. They encouraged school districts to:

- use performance and cost-efficiency measures to evaluate programs;
- use appropriate benchmarks based on comparable school districts, government agencies, and industry standards to assess their operations and performance;
- identify potential cost savings through privatization and alternative service delivery; and
- link financial planning and budgeting to district priorities, including student performance.

The program has been recognized by the National Legislative Program Evaluation Society of the National Conference of State Legislatures and by the American Society for Public Administration’s Center for Accountability and Performance.

In March 2006 ASBO published *International School Business Management Professional Standards and Code of Ethics*. This document “evolved from a combination of existing standards (2001), the knowledge base in the field, and the input of highly trained and well-recognized school business officials.”<sup>4</sup>

### ***Comparing school district and business management***

The contrasts between school district financial management and business management are numerous. In “Promoting a Management Revolution in Public Education,” Stacy Childress (et al) underscores these differences:

...while public school districts have a myriad of managerial, leadership, and organizational concerns, they are not businesses. In reality, their differences are greater than their similarities. The way they acquire capital, their mandate to serve all students (customers) regardless of their capabilities or desires, and their accountability to a multiplicity of public and private stakeholders, who often have conflicting interests, are but a few examples.”

A number of additional requirements for school districts that are particular to California can be added to this more general comparison. These include the requirement to collectively bargain with employees should they choose to be represented, due process protections for employees that can make the cost of termination substantial and the process lengthy, and limitations on the ability to contract with outside vendors for services.

At the same time, many school districts can and do adhere to business practices that improve their efficiency and reduce their costs. That can include strategic planning,

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<sup>4</sup> ASBO, March 2006, page 3.

competitive bidding, and best practices in the area of personnel management, including hiring, evaluation, and progressive discipline. Districts can also approach their interactions and communications with families and communities constructively, treating them as the “clients” of the education business. Effective investment strategies can ensure that districts maximize earnings on cash balances and other investments, manage real property well, and use effective management information systems. Some school districts also gain important advantages by forming joint powers authorities (JPAs) for purposes of combining purchasing power, providing services, or sharing risk.

### Fiscal control issues are a particular challenge for school districts

In theory, the basic principles of fiscal control in school agencies should differ little from those in other enterprises. In practice, however, fiscal control is much more complex for a number of reasons, in part because it must extend far beyond the district office or the business department.

Decentralized decision-making across a large district means that financial controls must be in place at every level in the district, including at school sites. With the sometimes rapid turnover of school site personnel and the difficulty of maintaining consistent standards of training, there are many opportunities for breaches of fiscal control. Separation of duties, a basic tenet of internal control, may be difficult in small districts and even more so in smaller schools. Given this backdrop, school agencies often adjust to the situation with a complex set of procedures.

A school district’s elected board also has substantial influence over the quality of its fiscal controls. The board can implement policies that require fiscal accountability and insist that they be followed. Those policies include board approval of budgets, contracts, bids, warrants, personnel actions, and many other areas that lead to fiscal obligations. Boards also vary in their commitment and capacity to monitor the district’s budget. Effective monitoring requires board expertise and a commitment by district administrators to provide information that is accurate, timely, and relevant.

An inescapable reality for every school district is that the bulk of expenditures are for personnel. That fact, combined with California state law in regard to collective bargaining, means that district negotiations with employee unions are central to a district’s ability to keep its expenditures in balance with its revenues.

### ***Compensation issues are central to school district finances***

Collective bargaining is mandatory for school districts in California. Since passage of the Rodda Act in 1975 (SB 160), school districts are required to recognize and bargain with the union that has been certified as the exclusive representative of that particular employee group. While certain employee groups in a few districts have not held representation elections or designated an exclusive representative, the vast majority of California school districts are totally unionized.

A typical district will have at least two bargaining units, one for teachers and one for classified employees. Some districts also have bargaining units for a portion of their administrators, such as school principals. The prevalent unions for teachers are the California



Teachers Association (CTA) and the California Federation of Teachers (CFT), with CTA representing by far the larger number of California teachers. Teachers in Los Angeles Unified School District have a separate organization, United Teachers of Los Angeles. For classified employees, representation is provided by a number of employee organizations, including CFT, the California School Employees Association (CSEA), the Service Employees International Union (SEIU), and several others.

Many districts have more than two bargaining units. Often CSEA, for example, will have two or more separate units in the same district. One unit might represent food service workers, another clerical workers, and yet another maintenance workers. A large district may have even more individual bargaining units. The district has an obligation to bargain in good faith with each of them.

### The scope of bargaining covers more than salaries and benefits

The scope of bargaining is defined partly by state law and partly by local contract and past practice. Wages, benefits, representation, and working conditions are all specified by state law as mandatory subjects of bargaining. It is very common for the scope of bargaining to include class sizes, coaching stipends, paid planning time, compensation for after-school activities, number of teaching minutes, duty-free lunch periods, retiree benefits, employee transfer and reassignment policies, and processes for evaluation and termination of employees.

In some districts, the scope of bargaining is narrow and the process well defined; in others, the scope is very broad and negotiations are an ongoing process. There are districts in which nearly every area of personnel management is part of the union contract either because the term “working conditions” has been broadly interpreted or because the parties agreed to expand the scope.

### Collective bargaining and dispute resolution both follow a set process

The normal bargaining cycle begins a few months before expiration of the current labor contract when the parties each submit a list of proposed changes called an initial bargaining position. Depending on the district and the year, this can address the full contract or just specific “re-openers,” such as salary and benefits. California state law requires districts to renegotiate their full contract every three years. These initial bargaining positions are “sunshined” at a public meeting of the board of education.

The parties designate negotiating teams to represent both the board and the union. While it can vary widely, negotiating teams often have five or six members on each side. Both parties may and do use outside negotiators to represent them at the table, though many districts and unions prefer to handle the entire process on their own.

Whether through a traditional positional bargaining process, wherein proposals and counterproposals are exchanged, or through a more collaborative form of interest-based bargaining, the parties negotiate each open article and eventually reach a tentative agreement.

For the agreement to become final, it must be ratified by a vote of both the union members and the board. If either side fails to ratify, which does happen, the tentative

agreement fails and the parties go back to the table. A large majority of districts reach agreement with their unions using this process, but each year a few do not.

In California, unlike some other states and the federal government, public employee unions have the right to strike and the district has the right to unilaterally impose its last, best, and final offer. But prior to taking a serious job action, or initiating a unilateral implementation, the parties must comply with specified state processes, including a declaration of impasse, mediation, and fact-finding. (See Appendix for more on this process.)

In California, there is no binding end to negotiations short of a bargained agreement, and neither the board nor the union is compelled to reach an agreement.

Once an agreement is reached, however, state law requires that the district superintendent and chief business official personally certify that the district can afford the cost of the agreement for its duration. The COE then reviews the agreement and may advise the board of any concerns.

### Compensation is determined locally but within state guidelines

California does not have a statewide salary schedule for school district employees; compensation decisions are made at the local level. As a result, no two districts use exactly the same compensation scheme.

The components of compensation include:

- salary,
- number of duty days and hours of work,
- health and welfare benefits,
- statutory benefits, and
- postretirement benefits.

Additionally, negotiation of working conditions can affect the cost of compensation. For example, a decision to lower class sizes results in the hiring of more teachers and raises total compensation costs.

Salary is negotiated as a major part of current compensation. Base salary is, however, quite complicated. In the case of teachers, California requires base salaries to be based on seniority and educational qualifications. Each district must place all teachers on a single salary schedule based upon those two criteria. The specifics of the schedule are locally bargained. A typical schedule is comprised of seniority steps and columns for educational units. Some districts have very few steps, and beginning teachers move from the lowest to the highest step in less than 10 years. In other districts, it takes up to 40 years to reach the highest step. Some districts add stipends for various accomplishments or activities, such as advanced degrees, specific assignments, and extra duties.

Compensation also includes days and hours of work. The state requires schools to offer 180 days of instruction, with a minimum number of minutes per day based on grade level. However, districts vary in their expectations of teachers in these areas. For example, some districts require teachers to be in the classroom teaching five hours per day for 180 days each year. Others require 186 or 187 days and perhaps a 5 1/2-hour teaching day. A shorter work

year or duty day often means that costs will be higher for the district and the amount of money available for direct teacher compensation may be lower.

Health and welfare benefits are another major component of compensation. Many districts and their bargaining units choose to offer free, or nearly free, health benefits. Often these benefits are extended, at no cost, to dependents and are also extended into retirement. Effectively, a decision to take compensation in the form of benefits is a decision not to take increased salary. Some districts, in recognition of this, cap benefits at a certain level and negotiate new dollar allocations to both salary and benefits. But it is a zero sum game: lower benefit costs lead to higher salaries and vice versa.

Statutory benefits are an “automatic” but substantial cost to school districts. For each employee, the district is required to contribute to specified public employee retirement programs, unemployment, and Social Security/Medicare for some employees. These costs total more than 12% of salary.

### Retiree health benefits are a growing concern

Postretirement benefits, particularly healthcare benefits, are relatively common in school agencies. Most districts that offer such benefits have a maximum number of years or age to which the benefits are offered. A small number, however, offer benefits for life, often including a retiree’s spouse and acquired dependents. The cost of lifetime benefits is dramatically higher than those offered for a limited period.

California school districts are neither required nor prohibited from offering postretirement health care benefits to former employees. If they choose to offer such benefits, the district is not required to pre-fund any part of the benefit; and most districts do not. This means that a district can effectively grant a costly benefit to current employees and in the future have to balance that cost against a desire to augment educational programs or increase staff compensation.

Prior to the formulation of the Governmental Accounting Standards Board (GASB) statements 43 and 45 in 2004, districts were not required to include any acknowledgement of the liability for postretirement benefits in their financial statements. A footnote referencing the actuarial value of the unfunded benefit was sufficient to meet disclosure requirements.

Upon implementation of GASB 43 and 45, the disclosure level will be increased. Beginning with the largest districts in 2006, districts will in coming years be required to record the unfunded liability in their financial statements. There is still, however, no requirement that a district set aside funding to pay for the future benefit. A district could continue to allow the liability to grow with no pre-funding; and no matter how large the liability becomes, they would not be required to fund it. This is far different than for private corporations, which are required to fund such benefits.

Along with the discretion to fund or not fund the liability, the district also has the ability to determine the nature of the benefit offered. In practice, most plans require coordination of benefits with Medicare when eligible; but some do not. While many California school districts offer a zero benefit—and a few offer the most costly benefit—most districts fall in the middle.

Benefits to a certain age or for a certain number of years are far less problematic than those offered for life. Actuarially, a disproportionate share of lifetime health-care costs occur during the final year of life. Districts that terminate the benefit or transition former employees to Medicare at age 65 avoid some of that cost.

Once given, the postretirement health benefit is very difficult to take away. Districts that have done so have typically established a two-tier system. Employees hired before a certain date have the benefits; those hired after that date do not. The district's operating budget is still burdened with the cost of paying for the benefits for those employees who do have them, which can limit other expenditures such as salary increases. The employees who continue to have the larger postretirement benefits typically include all current retirees and all current employees hired before the specified date. Thus the district can expect a substantial outlay for postretirement benefits for 40 or more years into the future even if it stops offering the benefit to new employees.

Finally, the cost of health benefits has risen at a rate that is two to five times higher than revenue increases in school districts. The unfunded liability thus grows at a rate far in excess of the district budget. Over time, both the unfunded liability and the cost to service pay-as-you-go benefits have become larger percentages of the district's financial resources.

### ***Facilities management involves both capital and operating funds***

School buildings are integral to district operations, yet much of the financial management related to them is outside of district general fund budgets. In California, the capital investment in buildings, including both new construction and modernization, is financed through completely different sources than those used for general operations. For the most part, a combination of local and state bond money pay for facilities construction and major modernization, in part because of the state's requirements that districts provide a local match for state bond proceeds. Exceptions to these matching requirements are sometimes made for hardships and emergencies.

The ongoing maintenance of facilities, on the other hand, comes out of district operating funds in ways that are partially mandated by state law. Districts are required, for example, to maintain a Routine Restricted Maintenance Fund that dedicates 3% of their general fund budget to this purpose. In addition, they can receive state funds for deferred maintenance projects as long as they provide matching local funds.

The routine cleaning and upkeep of facilities—custodial work in other words—cannot be funded from the above sources. Instead, it is charged to the general fund.

As public entities, school districts are also legally required to comply with the Civic Center Act and allow use of their facilities by the public. Some groups are required to pay the full cost of use, and others are allowed to use the facilities for free. These arrangements are handled at the local level, and districts vary in the requests they get, the fees they charge, and the number of obstacles they sometimes place in the way of such use.

Additionally, school districts are free to engage in asset management programs and use excess property to generate additional revenue. This most commonly involves leasing vacant school sites. Some school districts are large property owners within communities, and they

may within certain limitations also sell some of their holdings in order to raise funds for other purposes. However, this is generally one-time money and does not provide a dependable source of ongoing income.

## **The financial management responsibilities and capacity of district leaders**

School district financial management is not one person's responsibility. Rather, it is shared between school district governing boards, superintendents, and CBOs.<sup>5</sup> Generally, CBOs are responsible for developing and managing the technical details of the budget, monitoring fiscal activities, and advising the board and superintendent on the fiscal well-being of the district.

California law requires that the superintendent and the board review and ultimately approve the budget and other fiscal information submitted to local county offices of education and/or the California Department of Education. When superintendents and boards affix their signature to financial reports, they are saying they agree with and support the information provided. For this reason, not only CBOs, but also superintendents and board members need to be knowledgeable about financial management laws and practices.

California does not currently have any official requirements for the certification of CBOs. Districts are free to hire whomever they choose in this role, and the state does not regularly collect data regarding the education or experience of district CBOs. Anecdotally, we know that many CBOs have prior professional or educational experience in finance-related disciplines, such as accounting and business administration. There are also some that have worked their way up through the district, starting out as classroom teachers and/or school administrators.

In other states, the certification requirements for CBOs vary. According to surveys conducted in spring 2003 by ASBO with Purdue University, 14 states require some form of certification or licensure for CBOs, another 14 have voluntary certification, and 20 have neither type of program. (Two states did not respond to the survey.)

### ***Superintendents and board members play important roles in financial management***

Each California school district varies slightly in how responsibilities and processes relating to financial management are organized. For every district in which the superintendent is heavily involved in creating the budget, for example, there is likely to be one with a superintendent who takes a laissez-faire approach. The same range of involvement holds true for board members. In addition, some districts have a high level of public involvement and scrutiny—including perhaps a budget advisory committee—while others receive almost no public input even though they hold the required public hearings.

The capacity of these leaders to oversee their district's financial operations is clearly important. A variety of organizations in the state provide training and support for them, including the major membership organizations for administrators and school board members

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<sup>5</sup> Some California districts have directors of fiscal services who are not considered chief business officers.

respectively—the Association of California School Administrators (ACSA) and the California School Boards Association (CSBA). Both superintendents and board members also depend on services and training from two other organizations, the nonprofit California Association of School Business Officers (CASBO) and the for-profit consulting firm School Services of California (also co-author of this report). Districts pay for these various services through their regular budgets; the state does not provide any incentives or reimbursements. FCMAT also provides management assistance upon district request in addition to performing its duties related to negative-certified districts.

An assessment of the quality, cost, and availability of formal school finance training for superintendents and school board members is outside the scope of this study. Given the pivotal role that these leaders play in financial management of school districts, however, it should be a topic of interest for state leaders.

### ***Attention has been directed at improving the capacity of CBOs***

In California, there has been increased recognition that effective district leadership requires that CBOs in particular have sound knowledge of good fiscal management practices. The growing number of districts nearing or reaching fiscal insolvency (see above discussion of AB 1200) ultimately prompted legislative action in 2005–06. Prior to that, the state had no specific policies regarding training or qualifications for CBOs. This action followed several years of work on the part of both state officials and the education community.

In 2002 CASBO convened a task force to discuss potential solutions to the lack of certification and training for the state’s school business officials. As a result of the task force recommendations, CASBO sponsored SB 850. This legislation would have authorized FCMAT to develop and conduct training programs leading to certification. However, as the fiscal reality began to worsen for the state in general and for public education in particular, SB 850 was shelved for another session.

The issue did not again gain statewide recognition until the release of the California Performance Review (CPR) in summer 2004. The CPR Commission’s report recommended collaborative work between the secretary for education, the superintendent of public instruction, and agencies such as FCMAT, CASBO, ACSA, and the Department of Finance to establish standards for professional competence, identify possible certification routes, and examine the potential effect on recruitment.

CASBO again sponsored a CBO training bill, SB 352, which passed the Legislature in 2005 and was supplemented by a \$1 million ongoing budget augmentation. The program provides \$3,000 per candidate to attend one of several approved training programs (enough for close to 350 participants annually).

The 2005–06 school year was spent preparing for the implementation of the training program. In March 2006 the State Board of Education approved criteria for training providers, and the CDE invited organizations to apply to become state-qualified trainers. Between May and July, the CDE announced the six providers that were approved. A seventh provider was under consideration at the time this study was written. In addition, 350 training candidates were reviewed by CDE and recommended to the SBE. As of July 2006, 209 had received approval.

The legislation further required that the CDE provide both an interim and final report on the program. Included in the interim report, due in July 2007, will be the “identification of the core competencies that should, at a minimum, be included as part of a state-administered chief business officer certification.”<sup>6</sup> The legislation does not, however, call for that certification to be implemented.

Previously, private organizations and FCMAT provided the CBO training available in California, and individuals or school districts generally paid for it. There were four primary options available. This study asked respondents about the extent to which they participated in those programs.

## **Linking resource allocations to educational objectives**

In this era of standards-based accountability, the challenge of connecting resources to performance goals has begun to gain serious attention among some policymakers, members of the public, and educators. The idea that public schools and districts should strategically connect what they spend to their most salient student outcome goals gained support from a somewhat unlikely place, the Governmental Accounting Standards Board (GASB). GASB called on government financial reporting to “help users assess the economy, efficiency, and effectiveness of government” (Fountain, 2001).

The subsequent call for developing accurate performance measures eventually led researchers to urge governments, including education entities, to manage for results. This research emphasized the use of an organization’s strategic and program plans—especially those aimed at specific performance results—as a basis for allocating resources.

That recommendation, however, runs counter to a deeply entrenched reality. Public school spending decisions have traditionally been based on set staffing and expenditure formulas. And historically those formulas have had—at best—a limited relationship to district performance goals. Categorical funding attempts to earmark a portion of school district expenditures for strategic purposes, and in recent years No Child Left Behind (NCLB) has illustrated the extent to which the state and federal governments can leverage those dollars toward that end. Yet here too it is unclear that the resources are actually used in ways that further district performance goals. That gap between expectations and reality is likely attributable both to the abilities of school district managers and the complexity of the task they face.

In California, about a third of operating revenues are earmarked through dozens of separate programs, each of which has attendant rules and expectations. School and district officials vary in their capacity to manage these multiple funding sources effectively, much less strategically. One indicator of demand for assistance in this area is the annual sessions provided by School Services that offer training to school districts on the rules, regulations, and effective management of categorical resources. In 2005–06 more than 1,350 people, representing more than 400 education organizations, attended these sessions.

Increasingly, critics are calling for changes in this traditional approach to funding California’s schools. But recommendations vary in regard to what the relationship is between

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<sup>6</sup> California Senate Bill 352, filed Sept. 28, 2005.

resources and school performance, what a better resource allocation system would look like, and whose interests might be best served by various proposals.

One common theme in this discussion is the desirability of putting resource allocation decisions closer to the classroom and the students. In large urban districts, such discussions often focus on school-based decision-making based on the theory that those nearest to the instructional relationship are in the best position to determine how to use resources strategically to improve instruction. Advocates argue that if greater accountability for results accompanies this flexibility, schools will operate more efficiently and students will be better served. Few examples exist, however, to substantiate these theories. A handful of large urban districts have attempted to move to a site-based allocation system, typically using a “weighted student formula” (WSF). This approach to WSF is based on the idea that money should follow the child and that larger amounts should be allocated for students with greater needs. With the possible exception of Edmonton, Alberta (where a WSF approach has been in place for about two decades), the results have been mixed at best. Critics of this allocation approach point to this lack of evidence. They also raise concerns about the capacity of school leaders to manage resources effectively and point out the advantages large districts have because of economy of scale. Recent research about the vital role of school districts in instructional improvement adds additional perspective regarding the important role districts can play.

A few states are experimenting with funding systems that tie allocations more directly to students or goals. In Hawaii, where the state has a single school district, a new funding system was implemented in 2005–06 based on having the money follow the student. It is too early to evaluate the effectiveness of the reform. Two states, Arkansas and Wyoming, have recently implemented statewide school finance reforms based on evidence that connects funding to specific strategies for resource allocations. Developed on the basis of work by Allen Odden and Larry Picus, these reforms are also quite recent. The states are now working on ways to measure how well districts implement the change, and it will be at least two years before any definitive findings are available.

Another interesting research effort now underway highlights the complexities involved. This effort, called the Public Education Leadership Project (PELP), involves professors from both the schools of business and education at Harvard University. In a July 2005 working paper, the authors argue that schools cannot simply be “run more like a business.” Instead, they contend: “School districts today face unique challenges that make them more difficult to lead and manage than virtually any other enterprise in our country” (Childress et al., p. 2).

PELP has just begun to explore the challenges that exist in linking school district management to educational outcomes. Their findings may help illuminate future research, but like much of the work in this area, their focus is on the needs and challenges in large urban districts. In California, the discussions and options are even more complex. As of 2004–05, about 24% of students attend school in the state’s largest 10 districts. Another 74% attend school in midsize districts that serve between 1,000 and 50,000 students and may have anywhere from one to about 75 schools. Further, 224 school districts in California are single-school districts, meaning that the district and school are in effect the same entity. The state also has more than 600 charter schools. In such a context, it is much more difficult to say what allocation approach would represent best practice or even a general goal worth pursuing.



This study’s examination of these questions was purposely limited. It looks at the extent to which the concepts of strategic resource allocation and site-level decision-making have salience among California school districts, at least as reported by their chief business officers. Having a clear picture of what exists in the state in this regard—both in terms of attitude and practice—is of value as a starting place for further research and debate.

## Data and methodology

This study was initiated to address three central questions:

- What relationship exists between the fiscal health of California school districts, the conditions under which they operate, and their personnel, practices, and policies related to fiscal management?
- To what extent are districts successful at increasing their revenues and who in the district seems to be responsible for that success (where it exists)?
- What practices are most common in school districts in relation to the strategic allocation of resources, in particular the allocation of resources to school sites?

While the state of California collects a broad range of data regarding public school operations and finances, it was immediately clear that we would need to develop additional information in order to address these questions. A survey of chief business officers in a sample of school districts was our central strategy for gathering the information we needed. The survey responses could then be combined with state-collected data about districts to illuminate our central questions.

### **Survey development and content**

The survey development was informed both by research and the expertise of our team, which together helped us identify both legal requirements and professional standards related to school district financial management. Of particular importance were numerous publications by FCMAT (in particular, *Predictors of School Agencies Needing Intervention*), Florida’s *Sharpening the Pencil* program, and both the *Financial Accountability System* and the *Financial Integrity Rating System of Texas* (FIRST).

Florida’s *Sharpening the Pencil* program, from that state’s Office of Program Policy Analysis and Government Accountability, was the most detailed example of an effort to improve school district financial management practices and use of resources as well as identify cost savings. The program, which was never fully implemented, would have required each school district to undergo a Best Financial Management Practices Review once every five years. That review document was an important source for us in developing our survey.

ASBO published a comprehensive professional standards document after the survey instrument was completed. An examination of its content, however, showed that the professional standards it developed are consistent with those we had identified and that formed the heart of our survey questions.

(For a more complete list of research used, see the bibliography at the end of the study.)

Our initial survey draft was then reviewed by staff at EdSource, School Services of California, and FCMAT to tailor it as necessary to the realities CBOs face in California. Professor Susanna Loeb at Stanford University reviewed the document for both its content and construct. As a further check, we asked several individuals with CBO experience to pilot the survey. We made final edits based on their feedback.

Our survey was of CBOs, and thus our questions were specific to their duties and scope of responsibilities. That limited the extent to which it could explore issues related to financial management that are outside the CBO's purview, such as the background of the superintendent and school board or the capacity of other district administrators. We also did not depend on survey responses when we knew statewide data was available (see the list below). The final survey instrument focused on questions related to: the responsibility of business officers; governance and administrative structure and practices; financial information and cost controls; retiree health benefits; management of specific operations; collective bargaining relationships and processes; maximizing district revenues; allocation strategies and decision-making; general observations; and qualifications of district CBOs. (For a copy of the survey please refer to Appendix I.)

### ***Sampling methodology***

In January 2006 the team began to discuss the criteria by which we would select a sample of school districts. The goal was to have a random sample that was representative of the 979 school districts in California in terms of financial management practices and risks to fiscal health.

School districts in California vary across a broad range of characteristics. However, we concluded that stratifying our sample by district size alone was appropriate. First, we believed that district size—more than most other characteristics—affects the manner in which financial management is done. Further, we believed that sampling by size would naturally result in a reasonable representation of districts of different type (elementary, unified, or high school district) and from throughout the state. We were also concerned that we not overload our sample with small school districts, given that the largest number of California school districts are quite small.

We ordered districts statewide using the following size categories based on their enrollment:

- less than 1,000,
- 1,000 to 4,999,
- 5,000 to 9,999,
- 10,000 to 19,999,
- 20,000 to 30,000, and
- more than 30,000.

Working with these size categories, and in consultation with Professor Loeb, we developed a sampling matrix to facilitate the selection of a random stratified sample of 198 districts to take our survey. We agreed to send the surveys to an equal number of districts from each size category. This sampling would, in effect, include fewer small districts and more large districts in proportion to their absolute numbers. In the process, it assured a robust

group of our respondents would represent those districts that serve the majority of California students.

Out of our 198-district group, we further decided to include an oversample for two categories of districts that represent unusual circumstances and relatively small numbers. In both cases, we wanted to make sure we had adequate representation in our sample given the small portion of districts in either category statewide. The first was basic aid school districts, of which there are about 50 in the state. These districts operate on a different revenue system than other districts, and we were interested to see if they differed from other districts in terms of their financial management. We included 20 basic aid districts in the sample, and 16 of them responded to the survey. The second category was districts that, through the state's budget review process, had been officially identified as having fiscal difficulties by receiving either a negative or qualified certification. To assure that we had a sufficient number of these districts to evaluate our findings against fiscal health, we purposely included in our sample 30 districts that had received these certifications between 2002–03 and 2004–05. A total of 17 responded.

We also made sure the state's largest school district was in our sample as it holds unique importance as the educational agency for about 11.5% of the state's students. Out of the 198 districts sampled, 23 respondents were from single-school districts, many of which were direct service districts. We had 14 single-school districts respond.

In addition, we explicitly excluded from the sample the four districts that have received emergency loans from the state since 2001 (West Fresno Elementary, Vallejo Unified, Oakland Unified, and Emery Unified). The research group believed that these were outliers and would skew the data from our sample. We also excluded all county offices of education.

### Recruiting districts for study participation

EdSource oversaw mailing the surveys to districts and securing their participation in the study. We tapped into our 29-year history of strong relationships with districts—and recent experience with two similar survey retrieval processes—for this effort.

In March 2006, EdSource and School Services together sent a letter to the superintendents in our sample districts introducing the study. We then mailed the survey in April to the CBO in each district. These mailings were followed by phone calls from EdSource and School Services as necessary to make sure the intended respondents were aware of the survey and strongly encouraged to participate. The retrieval process was completed the first week of June 2006.

Out of the 198 surveys mailed out, 136 were returned. We excluded one survey because it was sent to a joint administration district (separate elementary and high school districts that have a shared administration) but was completed by only the elementary branch. The final sample size after this exclusion was 135. The table below shows the return rate by district size and reflects the district status for which we oversampled.

**Table 2: Surveys Returned**

<b>District Size (2004–05)</b>	<b>Total</b>	<b>Basic Aid Districts</b>	<b>Negative Certification</b>	<b>Qualified Certification</b>
Less than 1,000	24	7	2	1
1,000 to 4,999	28	6	0	4
5,000 to 9,999	24	1	1	3
10,000 to 19,999	19	1	0	2
20,000 to 30,000	21	1	1	1
More than 30,000	19	0	2	0
<b>Total</b>	<b>135</b>	<b>16</b>	<b>6</b>	<b>11</b>

Our final group of respondents varied from districts statewide in a number of ways, which the table below illustrates. But while it is not strictly representative across these characteristics, we believe that it provides a good cross section of districts in terms of financial practices, the subject of our enquiry.

**Table 3: Statewide and Sample District Characteristics (2004–05)**

<b>District Characteristics 2004–05</b>	<b>Statewide</b>	<b>Sample</b>
<b>District Size</b>	% of districts in state as a whole	% of districts in sample
Less than 1,000	43.8%	17.8%
1,000 to 4,999	28.4%	20.7%
5,000 to 9,999	13.0%	17.8%
10,000 to 19,999	7.7%	14.1%
20,000 to 30,000	3.9%	15.6%
More than 30,000	3.2%	14.1%
	% of student enrollment in state as a whole	% of student enrollment in sample districts
Less than 1,000	2.1%	0.4%
1,000 to 4,999	12.2%	3.1%
5,000 to 9,999	16.0%	6.9%
10,000 to 19,999	19.0%	11.2%
20,000 to 30,000	15.7%	19.2%
More than 30,000	35.2%	59.2%
	<b>Statewide</b>	<b>Sample</b>
<b>District Type</b>		
Elementary School	56.8%	34.1%
Unified	33.9%	54.8%
High School	8.5%	10.4%

<b>Student Demographics</b>		
% English Learners (ELs)	17.7%	19.0%
% Free/Reduced-priced meals (FRPM)	19.6%	5.3%
<b>Revenue Levels</b>		
Average Revenue Limit per ADA (2002–03 to 2004–05)	\$6,000	\$5,797
Average Total Revenue per ADA (2002–03 to 2004–05)	\$8,964	\$8,125
<b>Other</b>		
Basic Aid	5.4%*	8.9%
Negative Certification	2.5%	4.4%
Qualified Certification	10.4%	8.1%

Columns may not add to 100% due to rounding.

\*About 50 districts are in this group year after year, but the total of basic aid districts in any given year can be as high as 80.

### ***State data sources***

To supplement our survey responses, we also gathered a variety of data from California Department of Education sources. Following is a list of key data:

- California Basic Education Data System (CBEDS): We calculated administrative staff-to-student ratios based on data reported in 2004–05 by school districts.
- Form J-90: We calculated total compensation (salary and benefits) based on salary and benefit schedule data reported voluntarily by school districts.
- Annual Financial and Budget Reports: We used reports from 2002–03 to 2004–05 by school districts to calculate total revenues, total expenditures, and total reserves.
- CalWorks: We gathered data on the proportion of students, by district, eligible to receive free and reduced-priced meals from this dataset.
- P-2 K–12 Revenue Limit: We used ADA and revenue limit funding per ADA from 2002–03 to 2004–05 from this dataset.
- AB 1200 Status: We used published lists of districts by AB 1200 classification (positive, qualified, or negative certification) from 2002–03 to 2004–05.

### ***Research methodology and analysis***

This study relied on multiple quantitative and qualitative methods to analyze the available data, using multiple data points and analysis methods whenever possible to triangulate to findings. The study database includes both survey responses and state data. In addition to these variables, we developed an index that enabled us to categorize districts based on their fiscal health, using three categories: healthy, marginal, and unhealthy. We

were able to do this for both our sample districts and virtually all of the districts in the state.<sup>7</sup> That enabled us to analyze a variety of factors against districts' fiscal health. A fuller explanation of the fiscal health measure is included below.

Our analysis of results included descriptive statistics (survey summary) as well as various comparative statistics (ANOVA, Chi-squared, and regression analysis) used to test for relationships—or the lack thereof—between our three fiscal health categories, the survey responses, and state data as appropriate. In the Findings and Results section of this report we discuss variables for which there was a statistically significant difference based on the fiscal health of the district. Appendix X provides the technical output from the tests conducted within each finding area.

## The fiscal health of school districts

One of the central questions in the study was the relationship between a district's fiscal health and various factors, including those for which we surveyed and some available through state data. To answer this question effectively, we developed a measure of district fiscal health. Our approach and the measure itself are described below.

### ***The state's current measures identify few districts of concern***

Some work has been done outside California to create robust systems to evaluate school district financial conditions. For example, the Financial Condition Indicator System developed in 2003 to assess New York school districts looked at districts' short-run financial solvency, long-run financial condition, conditions within the local economy surrounding districts, and student performance as a measure of service-level adequacy.

These types of indicators are largely not available for California. Currently, the state uses a few simple measures to identify districts that are in poor fiscal health. These are fundamentally measures of district's short-run financial condition and solvency. A primary method is a process we refer to as AB 1200 certification. There are three levels of certification:

- Positive—any district that based upon current projections *will be able* to meet its financial obligations for the current and immediate two fiscal years receives a positive certification.
- Qualified—any district that based upon current projections *may not be able* to meet its financial obligations for the current and immediate two fiscal years receives a qualified certification.
- Negative—any school district that based upon current projections *will not* meet its financial obligations for the current or next fiscal year receives a negative certification.

In addition, districts are required to hire an independent firm to annually conduct a financial audit.

The AB 1200 process then is a straightforward evaluation of district solvency based on financial documents required by the state and dependent on local officials' ability to

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<sup>7</sup> The necessary data were unavailable for 12 school districts.

accurately project enrollments, costs, and revenues over time. When districts submit their annual budgets and interim financial reports to the county superintendent, they certify as to their ability to meet their financial obligations for the current and subsequent two years. County office officials in turn review these documents to validate the district's self certification. A similar process occurs when the district finalizes a collective bargaining agreement with employees. Of importance to this process are the state's requirements that all districts use a standardized account code structure for tracking revenues and expenditures; that they maintain a fund-accounting system that meets specific guidelines; and that they comply with state law regarding budget development, review, and submission. These rules are—in spirit if not always in practice—consistent with the guidelines of Governmental Accounting Standards Board (GASB) Statement 34, issued by the federal government in June 1999.

For this study, an obvious approach to creating a fiscal health indicator was to simply use this AB 1200 status to identify districts as healthy/marginal/unhealthy. We initially did this, defining healthy as all districts that received only positive certification from 2002-03 to 2004-05; marginal as districts that received one qualified certification; and unhealthy as any district that received a negative certification or two qualified certifications during the timeframe.

As the table below illustrates, the vast majority of districts fell into the healthy category by this measure, and the number of districts in the marginal category was particularly small. This was true not only for the state as a whole, but also for our sample. In addition, the data make clear the relatively small number of districts that have been identified as having fiscal difficulties under the AB 1200 process.

**Table 4. Fiscal health category based on AB 1200 certification from 2002–03 to 2004–05**

	Districts Statewide		Districts in Study Sample	
	Frequency	Percent	Frequency	Percent
Healthy	859	88.1%	106	78.5%
Marginal	69	7.1%	17	12.6%
Unhealthy	47	4.8%	12	8.9%
Total	975	100.0%	135	100.0%

However, recent experiences in California suggest that the current system underidentifies districts that may be facing fiscal health problems, and we saw this in the data as well. In particular, it does not provide a clear distinction between districts that are healthy and those that are marginal (at risk for problems given current practice). Specific issues include the following:

- **Management flaws compromise data.** There are several examples of school districts that received a positive certification under AB 1200 one year and then required the drastic step of state loans the next in order to meet their obligations. The fiscal crisis did not erupt in one year but went undetected for several years because of the lack of quality information about the true fiscal situation.

- ***There is limited ability to generate early warning.*** Under the current system, there are ways to distinguish districts that will clearly be unable to meet their financial obligations in the current year. However, there is no systematic review used to monitor or identify risky financial practices—such as deficit spending or inaccurate revenue estimates—that can eventually lead to fiscal problems.
- ***Districts and county offices have particular difficulty evaluating the long-term effects of their decisions.*** State law calls for districts and county offices to certify that the district can meet its obligations for the current year as well as the subsequent two years. There is no objective standard for these projections, however, and they are particularly difficult to evaluate or monitor due in part to dramatic funding fluctuations in the state budget and thus in school funding.

### ***This study's more robust approach showed more marginal and unhealthy districts***

For this study, we decided to develop a multidimensional measure that would consider not only districts' AB 1200 status over a three-year period, but also other financial trends. While there are a number of types of data against which to measure fiscal health, our goal was to create a fiscal health variable that was relatively simple and corresponded to factors identified in professional and academic research as good indicators of financial stability.

In selecting a formula for rating fiscal health, we focused on evidence of fiscal solvency. We were also mindful of the fact that the period for which data was being analyzed, 2002–03 to 2004–05, includes several fiscally challenging years due to cuts in state funding for education. For this reason, after evaluating a number of variables including deficit spending, revenues per pupil, and reserve levels, we selected a multistep approach that took into consideration districts' deficit spending patterns and reserve levels in addition to their AB 1200 status.

The basic premise behind the formula is that fiscally healthy districts are less likely to exhibit patterns of spending beyond their means and more likely to have reserves on hand. We calculated two indices: one based on a measure of the degree that deficit spending may be an issue (see Figure D); and a second based on the average level of reserves per student (ADA) from 2002–03 to 2004–05 (see Figure E).<sup>8</sup> Using both indices was important because during the period of time being reviewed many districts in California were forced to deficit spend due to unanticipated cuts to the state budget. However, some districts were better prepared or in a better financial position to do so because they had healthy reserves on hand. Hence, the two measures allow us to consider fiscal health based on level of current financial stability (structural deficits) and ability to withstand fluctuations in revenues from the state (measures of reserves). By using the two measures, we avoided automatically classifying a district that was deficit spending as fiscally unhealthy when in some cases that deficit spending was a prudent decision based on the availability of reserves set aside for just such an emergency.

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<sup>8</sup> Required reserve is based on statutory requirements. (Note that in 2002–03 and 2003–04 minimum reserve levels were reduced by 50%; and statutory minimum depends on the size of the district.) Calculated reserves apply only to unrestricted general fund revenues.



**Figure D. Index to measure deficit spending**

$$\frac{(\text{TotalRev}_{02-03 \text{ to } 04-05} - \text{TotalExp}_{02-03 \text{ to } 04-05})}{\text{TotalReserves}_{02-03 \text{ to } 04-05}}$$

**Figure E. Index to measure average level of reserves per ADA**

$$\frac{(\text{Required Reserve}_{\text{yr}} - \text{Actual Reserve}_{\text{yr}})}{\text{ADA}_{\text{yr}}}$$

We then ranked all districts in the state by the results of each index and divided them into three categories or levels—the top 70% of districts were labeled as “healthy,” the next 20% were defined as “marginal,” and the lowest 10% were considered “unhealthy.” These cut points were selected after reviewing the ranked list of districts. School Services relied on feedback from FCMAT and professional experience with districts to determine logical cutoff points for each classification. For cases in which a district fell into different categories based on the two indices, the lower category was selected. In other words, if a district was in the top 50% on one index, but in the bottom 10% for the other index, it was categorized as “unhealthy.”

The final consideration for the categorization was AB 1200 status, for which we used the same designations described above. Any district that had two qualified or one negative certification between 2002–03 and 2004–05—regardless of their level based on the other two indices—was automatically classified as “unhealthy.” Any district that received one qualified certification during this period was classified as “marginal.”

Once all districts statewide were classified into one of our three fiscal health categories, experts from School Services and FCMAT reviewed the distribution to validate the accuracy of the classifications. We then used these statewide results and cut points to classify the districts in the study sample.

The table below shows a breakdown of the results for both the sample and the state as a whole.

**Table 5. Fiscal health categories based on study's Fiscal Health Index (reserve, deficit, and AB 1200 status from 2002–03 to 2004–05)**

	Districts Statewide		Districts in Study Sample	
	Frequency	Percent	Frequency	Percent
NOT AVAILABLE	12	1.2%		
Healthy	520	52.9%	53	39.3%
Marginal	275	28.0%	46	34.1%
Unhealthy	176	17.9%	36	26.7%
Total	983	100.0%	135	100.1%

Columns may not add to 100% due to rounding.

For the state as a whole, more than half of the districts were identified as healthy. Consistent with our expectations, our sample had a lower percentage of healthy districts as a result of the over-representation of districts that had received negative or qualified certifications. The distribution of districts in our sample, with larger numbers of marginal and unhealthy districts, gave us sufficient numbers to be able to do the kinds of comparisons against fiscal health that we envisioned.

#### A note about this analysis and the characteristics of unhealthy districts

To help understand our findings related to fiscal condition, it is important to note that the fiscal health index we used to divide districts was based on their financial records between 2002–03 and 2004–05. The survey of CBOs regarding district financial practices and experience of CBOs was completed in spring 2006. Hence, the survey responses are likely to reflect any changes in practice that the districts have implemented recently, perhaps after having been identified as having a fiscal health problem under AB 1200. While changes may be minimal for our healthy and marginal districts, it is possible that the unhealthy districts have experienced some type of intervention from either their county office or FCMAT. As a result, they may have changed their practices recently. Such changes would not have been in place during the time period we used for determining fiscal health, but they could show up in the survey responses.

## Findings and Results

### **Circumstances over which districts have limited control**

Numerous factors influence a school district's financial condition. Some are under the direct control of district management or can be significantly influenced by management decisions. Other factors are largely outside the sphere of influence of district management. This section examines the effects of factors that shape the environment in which a school district in California must conduct its financial affairs, including enrollment trends, district classification (i.e., elementary, unified, or high school), and revenue levels.

#### ***Enrollment trends***

School districts in California have limited control over their enrollment. They must serve all of the students who show up for class, but they can see the number of students grow or decline because of larger demographic and residential patterns in the state. Things districts can control—such as attracting students to good district schools on one hand and losing them to other districts or charter schools on the other—typically have only a marginal impact on total enrollment.<sup>9</sup>

Regardless, enrollment and attendance numbers have a substantial influence over school district expenditures and revenues in California. Enrollment establishes the number of teaching and support staff a district will be required to employ. But attendance rates among those enrolled students largely determine the amount of revenue a district will receive. Enrollment growth and decline also affect a district's capital facility needs and costs.

Declining enrollment puts specific fiscal stresses on school districts in California because of the funding system, while increasing enrollments bring financial advantages to districts. As school districts increase in enrollment, the state provides them with additional funds based on their per-pupil revenue limit. This amount represents an *average* amount that would be needed to accommodate the new workload, even though the district may not incur the equivalent increase in average costs for that unit of ADA. Instead, districts usually incur a *marginal* increase in costs for each additional student. Marginal costs would be the added salary and benefit costs for a teacher and an aide (if applicable).

Conversely, when enrollment declines school districts lose revenue limit funds at the *average* rate per ADA, rather than at a *marginal* rate. This loss of revenues must be accommodated by cutting costs beyond the classroom. A somewhat simplified example illustrates the point. If a district lost 30 ADA at a per-pupil revenue limit of \$5,000, it would face a loss in unrestricted revenue alone of \$150,000. However, cutting one teacher from the district's payroll would only reduce costs by about \$50,000 to \$60,000 (assuming the least senior staff would be released first). The savings related to an aide could be \$30,000. After making these reductions, the district would still have to find savings of at least \$60,000 to

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<sup>9</sup> It appears that for at least one large urban district in California (not in our sample), charter schools may be having a more substantial impact on district enrollments.

mitigate the revenue loss. Reductions in other school or district operations—such as administration, student support services, or maintenance—would be required to keep the district’s budget in balance. Because the scale of these operations do not adjust automatically with marginal changes in ADA, incremental implementation of reductions in these areas can be a major challenge. It should also be noted that this example assumes that the 30 students would all be in one school and that categorical funding would not be reduced, neither of which would likely be the case.

### Statewide, declining enrollment districts are more likely to be fiscally unhealthy

This section examines the relationship between enrollment changes and a district’s fiscal health among all school districts in California, both in the relatively short run.<sup>10</sup> For this purpose, we did a straightforward calculation of school district enrollment (based on ADA) histories from 2002–03 to 2004–05. The fiscal health status determination used data from the same period. Districts were categorized as either having declining or increasing enrollment during this period.

The table below summarizes the distribution of all districts statewide with regard to enrollment change and fiscal health. Statewide, districts that experienced declining enrollment are underrepresented in the healthy category and overrepresented in the unhealthy group. Conversely, districts that experienced increased enrollment are disproportionately healthy and less likely to be unhealthy.

**Table 6. Enrollment change and its relationship to fiscal health for districts statewide (2002–03 to 2004–05)**

Change from 2002-03 to 2004-05	Percent of Districts			
	Healthy	Marginal	Unhealthy	Total
Districts that Declined	48.7%	30.1%	21.2%	100.0%
Districts that Increased	55.8%	27.9%	16.3%	100.0%
All Districts Statewide	52.2%	29.0%	18.8%	100.0%

A further analysis of this statewide information used a regression analysis in order to control for other variables and isolate the effect of declining enrollment alone. This analysis corroborated that these statewide differences in enrollment were correlated with fiscal health and at a statistically significant level. (A similar analysis for our sample districts only produced some confounding results that are explained in Appendix IX.)

This analysis also examined a number of other district characteristics by type of district (elementary, unified, and high school), including district size, percent of English learners, and percent of students eligible for free/reduced-priced meals (a measure of poverty). For districts statewide, these characteristics showed no statistically significant correlation with our district fiscal health measure.

<sup>10</sup> This examination does not take into consideration economies of scale or the long-run effects of enrollment growth, decline, or instability.

It is important to note that the period for which we have enrollment data—2002–03 to 2004–05—does not capture the magnitude of enrollment declines that have occurred in California since. While some districts have experienced declines over several years, an increasing number are now facing this situation; and for many, the declines are becoming more acute.

Our survey asked respondents to indicate what they expect their district’s enrollment pattern to be for the upcoming three years. Slightly more than half of the respondents (51.5%) indicated that they expected their district’s enrollment to decline, 16.4% expected no change, and the remaining 32.1% expected an increase.

Table 7 examines these survey responses broken down based on our measure of districts’ fiscal health, placing districts in the healthy, marginal, and unhealthy categories.

**Table 7. Survey responses regarding expected enrollment changes over the next three years, analyzed against district fiscal health**

Reported District Expectations	Percent of Districts		
	Healthy	Marginal	Unhealthy
Enrollment Decline	46.2%	52.2%	58.3%
Enrollment Increase	38.5%	34.8%	19.4%
No Change	15.4%	13.0%	22.2%
Total	100.0%	100.1%	99.9%

Columns may not add to 100% due to rounding.

The data show that the expectation for enrollment declines is highest in the districts that are currently designated as fiscally unhealthy, as almost six in 10 anticipate enrollment losses. Less than one in five unhealthy districts anticipate an increase in enrollment over the next three years. On the other hand, more than half of the currently healthy districts expect either an increase (38.5%) or no change (15.4%), while 46.2% of this group expects to face enrollment losses. Of the districts identified as marginal, 52.2% expect to face declining enrollment over the period.

### ***District characteristics related to revenue levels***

An examination of the relationship between revenue levels in California districts and their fiscal health is confounded by several variables within the funding system tied to district characteristics. First, the amount of unrestricted revenue is under state control but depends in part on a district’s type and size. Other revenues, which can vary dramatically between districts, are determined by a combination of factors including the type of students served, special programs for which a district qualifies, and a district’s ability to generate additional local miscellaneous funds. We conducted a variety of analyses in an effort to examine district fiscal health as it relates to these revenue characteristics.

### **Statewide, unified districts are less likely to be fiscally healthy**

The fiscal health index we developed for this study made possible an examination of how different types of districts fare in regard to fiscal health. The state’s legal division of school districts into three types — elementary, high school, and unified — was a natural place to start and one that revealed substantial differences as the table here shows. The data suggest that both elementary and high school districts are more likely to be healthy and less likely to be marginal or unhealthy than unified districts.

**Table 8. District type and its relationship to fiscal health for districts statewide**

	<b>Healthy (n = 520)</b>	<b>Marginal (n=275)</b>	<b>Unhealthy (n=176)</b>	<b>No rating (n=4)</b>
Elementary School Districts (n=558)	61.5%	23.7%	14.7%	(n=1)
High School Districts (n=84)	53.6%	27.4%	17.9%	(n=1)
Unified Districts (n=333)	39.6%	36.0%	23.7%	(n=2)
<b>All (n=975)</b>	<b>53.3%</b>	<b>28.2%</b>	<b>18.1%</b>	<b>0.4%</b>

While these data are compelling, a number of factors make it difficult to draw substantive conclusions regarding the relationship between district type and district health. For example, revenue limits per ADA—and thus total funding per ADA—correlate highly with district type. By design, the state’s revenue limit system provides on average a higher per pupil amount to high school districts, a lower amount to elementary districts, and a middle amount to unified districts. District size is a similar variable, with elementary districts being the largest in number but the smallest in size. By contrast, unified districts include all of the state’s largest districts.

We then completed a further analysis in order to control for these other district variables. This regression analysis showed the same results and that they were statistically significant. Unified districts are more likely to fall into the marginal and unhealthy categories.

### Statewide, higher-revenue districts are more likely to be fiscally healthy

We also examined the extent to which districts’ fiscal health might be related to revenue levels. We examined their revenue limit (unrestricted) funds, as well as their total revenues, using a per-ADA measure to control for the size of districts. For this analysis, we looked at elementary, unified, and high school districts separately. We did not find any statistically significant relationship for high school districts, of which there are only 84 in the state. For elementary and unified districts, however, various analyses yielded a number of statistically significant results:

- Among elementary districts and among unified districts, those with higher total revenues per pupil (ADA) are less likely to be in the marginal or unhealthy category.
- Looking only at revenue limit amounts per ADA, the same relationships are true, with districts that have higher revenue limit amounts more likely to be in the healthy category.
- An examination of “other revenues” (total revenues minus revenue limits) shows the same general pattern, but not as strongly.

We also examined the relationship between district size and fiscal health using a regression analysis. We found that for the most part, district size alone does not seem to have a clear relationship to fiscal health. We did find one exception to this: large elementary districts are more likely to be marginal than healthy.

### A discussion of the revenue findings

Our findings show that, overall, the level of per-pupil revenue limit funding a district receives is more strongly associated with fiscal health than are other resources. However, there are two possible causes for this: (1) revenue limit funds are unrestricted, while the bulk of other funds are either state or federal categoricals earmarked for specific purposes; or (2) districts that get more “other resources” also have other characteristics (e.g., high poverty and thus Title I funds) that make their operations more complicated. Multiple and sometimes conflicting categorical programs could, for example, be making overall management more difficult and financial mistakes more likely. It is possible that it is this complexity, and not the level of funds available, that makes “other resources” look like they are less effective than the unrestricted funds.

These findings show that resources, and revenue limit resources in particular, are strongly related to fiscal health. While that relationship may be causal, it may alternatively be due to other factors associated with both fiscal health and the amount of funding a district receives.<sup>11</sup>

## **Personnel, practices, and policies related to district financial management**

The primary focus of a school business official’s responsibilities are a comprehensive understanding of California school finance laws and regulations, budgeting, cash management, financial planning, accounting, auditing, and financial reporting. Skilled business managers must also be competent in debt management, investments, and technology.

Well-run business offices prepare detailed demographic projections and associated enrollment-driven revenue projections. The office should also undertake regular evaluations of current year expenditures and recommend spending adjustments when necessary to keep the budget in balance. These reviews should cover both districtwide and school site budgets. The budget office should also provide the superintendent and board periodic updates of the district’s budget condition and present options to cope with budget imbalances. Effective policy decisions by the board depend on the clear communication of such fiscal information.

In addition to the skills and knowledge of the business professionals and the processes the staff follow, well-run districts constantly monitor key financial variables to assess district health.

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<sup>11</sup> The positive relationship between fiscal health and resources holds up when ADA, change in ADA, and percent English learners are added to the analysis. This gives support to the possibility that the relationship could be causal—but it is not solid proof.

This section explores critical questions across a broad range of categories, including:

- personnel issues, such as the stability of district leadership and the education and experience of district chief business officers;
- practices related to board governance and financial decision-making;
- practices related to district budgeting, accounting, and finance;
- practices related to facilities maintenance;
- compensation practices, including collective bargaining, salary increases, and retiree health benefits;
- the allocation of resources to school sites and practices related to site leaders' financial management;
- district effectiveness at maximizing resources.

These topics were all covered in the survey completed by CBOs in our sample districts. As appropriate, we examined their responses against the backdrop of districts' fiscal health based on the previously described indicator developed for this study. Along with summaries of the responses generally, this report emphasizes those analyses with fiscal health for which we found a statistically significant relationship.

### ***Personnel qualifications including stability, education, experience, and staffing***

The management of a school district's business functions can set expectations for the entire district. In well-run business offices, managers demand accountability, motivate staff, delegate authority where appropriate, and constantly assess processes and coordinate tasks to eliminate inefficiencies. Business office leaders also need to be responsive to unforeseen problems, understand both legal requirements and professional standards, and maintain a positive working relationship with all staff. All of this needs to be done within the context of the district's larger goals related to the educational enterprise.

Most CBOs in California have a broad scope of responsibility. Respondents to our survey were nearly unanimous in saying that they were responsible for their district's budgeting, accounting, purchasing, and risk management/insurance administration. Approximately seven out of 10 indicated responsibility for facilities, maintenance, operations, transportation, and food service. Only about half, however, said they handled their district's information technology, and about 15% said they had human resources responsibility for both certificated and classified staff.

Presumably, appropriate education and training are an important part of preparing school district CBOs for this demanding and complex work, particularly absent any mandatory or voluntary certification procedure in California. In addition, we have observed that districts with stable district leadership—especially of the superintendent and chief business official—generally seem to be more effectively managed. We also explored the opposite relationship: Is a lack of experience, inappropriate educational background, insufficient training, or high turnover at the top found more often in districts that are not fiscally healthy?

Within this study, we developed information about the qualifications and tenure of school district leaders from both available data and the survey questions. Related to this



leadership question, we also examined administrative staffing levels on the theory that part of a leader's capacity involves having sufficient staff to carry out the work at hand.

### Statewide, healthy districts are more likely to have stable superintendents

The state does not systematically collect data regarding the training, credentials, tenure, and experience levels of California school district superintendents. But based on records maintained by EdSource, we were able to compile some information about one of these characteristics—the extent of turnover at the superintendent level.

The data cover the five-year period from 2001–02 to 2005–06 and count the number of superintendents each district had within that timeframe, including interim appointments if a district transitioned from one superintendent to another. Districts that have had three superintendents (not including an interim appointment) during this five-year period can be reasonably characterized as experiencing a high level of instability at the highest leadership level, a condition that many experts believe makes sound financial management difficult.

Statewide, the majority of districts show relative stability at the superintendency. Among the 965 districts for which data are available, 38.7% have had the same superintendent for the entire five-year period, and another 45.6% have had just one change in leadership. Our sample districts showed virtually the same pattern.

We then examined the relationship between superintendent tenure and our designation of school districts as financially healthy, marginal, and unhealthy. That analysis found that, statewide, districts with the highest stability in the superintendency were more likely to be healthy. While 42% of the healthy districts in the state had the same superintendent the entire period, only 24.7% of unhealthy districts did. It should be noted, however, that districts with high turnover were not necessarily more likely to be in the unhealthy category. Again, patterns for our sample districts were consistent with this.

### CBOs in our sample are generally well-educated

As is the case with superintendents, the state of California does not systematically collect data regarding the training, credentials, tenure, or experience levels of chief business officers in California school districts. To provide some perspective on the important question of who is running financial operations in school districts, our survey asked about these issues.

Among the 122 CBOs who responded to survey questions about their education, we found that they were generally well-educated. Just seven (or 5.7%) reported having attained a two-year associate's degree as their highest degree. On the other hand, 63.1% say they have one or more advanced degrees, including 16.4% who report having a doctoral degree (most often in education). Of the 57 CBOs who report having a master's degree, 38.2% of the degrees are in business, 25% in education, and 15.8% in public administration.

Among the respondents as a whole, three-quarters report that they hold a bachelor's or advanced degree in a field related to finance in some way. This includes 57% with a degree in business, 11.9% in public administration, and 8.1% in economics.

### The majority of CBOs report participating in some voluntary training

In addition to having a finance-oriented background, the majority of CBOs in our sample reported having participated in at least one of the four voluntary training programs that were available to them prior to the 2006–07 school year.

*CASBO Chief Business Official Certification Program.* The CASBO certification program is one of the longest-running and most comprehensive training programs in California. Participants are required to complete 30 semester units of classes at accredited colleges and universities (or professional organizations, as appropriate), including courses in accounting, information technology, human resource management, and specific school finance areas (such as attendance accounting and budget development). In addition, CASBO certification requires participants to complete an additional 40 hours of continuing education every five years to ensure renewal. Among the sample districts, 53.5% of respondents said they had participated in or completed this program.

*ACSA School Business Managers Academy.* The Association of California School Administrators business academy was designed to meet certain requirements of the California Commission on Teacher Credentialing (CCTC) Professional Clear Administrative Services Credential. The program is held on 10 weekends throughout the school year. Topics include: business services leadership and organization; budget preparation and control; school finance, accounting, and auditing; and other school business operations. Among the sample districts, 47.6% of respondents said they had participated in or completed this program.

*School Business Management Certificate Program.* This offering from the University of Southern California (Rossier School of Education) is a year-long program that requires attendance two weekends per month (10-hour sessions) to complete 26 units of coursework, plus a fieldwork analysis and presentation. It also provides a mentor for students. In 2005 the program began operating as a partnership with School Services of California. Among the sample districts, 22.8% of respondents said they had participated in or completed this program.

*FCMAT CBO Mentor Project.* Coordinated by FCMAT, the new CBO Mentor Project trained its first cohort of 20 CBOs during the 2004-05 school year. The CBO mentor Project—a collaboration between CASBO, School Services, CCSESA, and FCMAT—emphasizes long-term, hands-on training and guidance. Training takes place over one year and consists of eight day-and-a-half sessions and various projects outside class, along with the pairing of participants with an experienced CBO mentor. The mentors must meet various criteria, including a business-related degree and a minimum of 10 years experience as a school district CBO. Just 8.2% of our survey respondents had participated in or completed this new program.

A total of 93 respondents reported that they had completed one or more trainings, with 26 of them having participated in multiple programs. (See Table 9 for survey responses.)

**Table 9: CBO participation in voluntary training programs based on survey responses**

Program	Participated but Not Completed	Completed
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Chief Business Official Certification Program (CASBO)	9	52
School Business Management Certificate Program (USC)	4	17
Chief Business Official Mentor Project (FCMAT)	1	6
ACSA CBO Academy	4	45

Data: EdSource/SSCAL Survey 2006

### Neither education nor training were clearly related to fiscal health of sample districts

A common assumption is that the education and training of a CBO is likely to be predictive of the quality of a school district's financial management and thus of its fiscal health. That hypothesis was not substantiated in this study, which showed no consistent relationship between a district's fiscal health as we defined it and CBOs' reporting of their level of education, type of degree, or training.

### An experienced cadre of CBOs report relatively short tenure in districts

Stability of business leadership is difficult to measure in California as the state collects no data on either CBO experience levels or tenure in a particular position. Data from our survey sample provides some sense of what may be happening statewide. It indicates a relatively high turnover in any given district, but a relatively experienced cadre of people filling CBO jobs statewide. On average, our respondents had 4.7 years of tenure as a CBO in their district and 10.5 years of total experience in the role.

Among the 129 district officials who responded to this question, 27.9% say they have been in their current job for one year or less and 64.3% report a tenure of four years or less. Another 9.3% of respondents indicate that they have been in their current position for more than 10 years.

In terms of overall experience as a CBO, 43.1% report that they have more than 10 years of experience. Just 9.2% say they are in their first year as a CBO, and 31.5% report that they have four years or less of experience.

### Healthy districts are more likely to have had the same CBO for a decade or more

We analyzed the extent to which CBOs' tenure in their districts related to fiscal health. Healthy districts were more likely to have a CBO whose tenure in the district was greater than 10 years, and marginal and unhealthy districts were more likely to have a CBO whose tenure was 10 years or less. This finding was statistically significant.

However, respondents' total years of *experience* as a CBO (regardless of the district) failed to show any consistent relationship to fiscal health.

Respondents were further asked how many years they had worked in their current district, regardless of job title. Here as well, the more years the CBO had been in the district, the more likely that district was to fall into the healthy category on our fiscal health measure. However, these findings did not reach the level of statistical significance.

While these findings show that CBO tenure and fiscal health are correlated, we cannot infer causality. Are districts fiscally healthy because their business leadership is stable? Or is the leadership stable because the district is fiscally healthy?

### Districts that report more administrative staff tend to be healthier

We used data collected by the California Department of Education to compare the level of administrative staffing among 131 of our sample districts. Staffing data from 2004–05, combined with the number of pupils per district (based on ADA), was used to calculate each district’s ratio of students to administrative staff. The data included both district-level administrators and employees in the office/clerical category.<sup>12</sup> We found that 58% of districts had a ratio between 76 and 125 students per administrative staff member. (See Table 10 for additional detail.)

We also found that staffing levels correlated with fiscal health. Districts with staffing ratios less than 125:1 are more likely to be healthy. Conversely, districts with staffing ratios more than 125:1 are disproportionately marginal and unhealthy.

**Table 10: 2004-05 staffing ratios for sample districts compared by district fiscal health**

Average ADA/Staff	Healthy	Marginal	Unhealthy	Total
75:1 or fewer	21.6%	2.2%	11.4%	12.2%
76:1 to 125:1	56.9%	66.7%	48.6%	58.0%
126:1 to 175:1	19.6%	28.7%	28.6%	24.4%
176:1 or higher	2.0%	4.4%	11.4%	5.3%

Data: California Department of Education (CDE)

### ***Practices related to board governance and financial decision-making***

Along with their responsibility to understand the state and federal laws under which school districts operate and to maintain professional standards, CBOs play an important role in informing the decision-making of their school board and superintendent. Further, their ability to function effectively can be either helped or hindered by the quality of those decisions.

In California, school district governing boards have the ultimate responsibility for approving their district’s budget and for many ongoing financial decisions. To do this effectively, board members need to, at a minimum, have a clear and accurate understanding of the school finance system, accounting principles, district operations, and the role they should play in the district’s fiscal affairs. This study did not survey school board members regarding these issues, but instead included some questions regarding school board training, the quality of financial information they receive, the procedures the board has in place related to fiscal oversight, and the extent to which the board evaluates itself and the superintendent. We also asked about the extent to which the district as a whole aligned its expenditures with strategic goals and priorities.

<sup>12</sup> The administrative staff includes superintendents, associate/assistant superintendents, supervisors, directors, coordinators in district level general administration and program/subject area administrators (PAIF assignment codes 0100-0171, plus 0501 and 0199).

### A quarter of CBOs report that their board receives high quality training

The vast majority of the CBOs who responded to the survey reported that they believed that board members in their district received training on school district budgeting and finance, but only 26.1% of respondents characterized it as high quality. Further, 18% report that it is either of low quality or not available.

Almost three-quarters of respondents say their new board members receive an orientation that includes information about the roles and responsibilities of the board and superintendent, but only 38.6% consider that orientation to be of high quality. It is also notable that 19.7% of respondents say that either board members do not receive this kind of orientation or that they do not know whether board members do.

Asked in a related question whether the roles and responsibilities of the board and superintendent are clearly delineated, more than half of the respondents say that is always the case in their district and another 30.4% say it is often the case.

### Respondents report boards receive good quality financial information

When asked about the quality of financial information provided to their boards, CBOs generally gave themselves fairly high marks, but with some notable variations. According to our survey respondents, board members in our sample of districts routinely receive important financial information, including a concise summary of the district's budget proposals. On this question, 71% said the information was of high quality, while 24% said it was of average quality. Respondents also reported that the budget is accompanied by an analysis of district expenditure and revenue trends for multiple years, but only 57% characterized that as high quality.

Almost all districts also report good practices with respect to ongoing communication about budget issues. For example, CBOs were asked to report on the extent to which changes or concerns about the district's financial position are brought to the board's attention immediately. Nearly all said this was either always (82%) or often (15%) the case in their district. Responses were somewhat less positive on the question of whether the district's budget planning process and timeline are communicated to all stakeholders, with 59.0% saying that was always the case and 32.8% saying it occurred often.

### District policies are reportedly of high quality but not always promptly updated

An important aspect of district governance is the maintenance of clear policies and regulations, with regular updating in response to changes in state and federal law. That task is complicated enough within the state of California that the California School Boards Association (CSBA) provides a policy-updating service to its member districts.

Virtually all of the survey respondents report that their district has written policies, with 63.0% saying those policies are of high quality and another 32.6% saying they are of average quality. Responses were just slightly less positive regarding whether the district also has regulations to deal with procedural matters.

While respondents say their district's policies and regulations are generally of good quality, they are a bit less positive regarding their prompt updating. With respect to updating board policies to reflect changes in law, only 39.6% say they always do so, 42.5% say often, and 14.2% say sometimes. A similar question with regard to district regulations was even less positive.

The survey also asked if boards had established limits for how much various district staff could spend without approval, to which 73.2% of respondents say their board had limits of high or average quality. Almost one quarter of respondents, however, say their district does not do this well (8.3%) or has no limits (15.2%).

### Most school boards formally evaluate their superintendent's performance, but few evaluate their own

The majority of respondents say their board uses a formal process to evaluate the district superintendent, with 67.2% saying that was of high quality. However, approximately 10% say their board only occasionally or never completes such an evaluation.

A markedly smaller proportion said their board uses a formal self-evaluation process. In fact, formal evaluations of school board performance appear to be more the exception than the norm in our sample districts, with almost two-thirds reporting that their boards only occasionally or never conduct such evaluations.

### Some board procedures correlate with fiscal health

An examination of the relationship between the CBO responses and district fiscal health revealed that a few of the practices noted above correlate, at a statistically significant level, with a district's fiscal health as delineated by our three categories of healthy, marginal, and unhealthy.

Our analysis showed that respondents in fiscally healthy districts are more likely to report that:

- their board members receive a high quality orientation regarding the roles and responsibilities of the board and superintendent;
- their board has high quality procedures in place to limit staff spending without approval;
- their district has high quality written board policies;
- their district has high quality regulations in place, and further that the district always updates those regulations promptly to reflect changes in law and policy.

### Districts vary widely in reporting that financial decisions are tied to goals

The survey also asked CBOs to reflect on the extent to which their districts tied allocation decisions to district priorities and goals. While between 70% and 80% of the responses to most of these questions were in the affirmative, respondents were somewhat mixed in their responses. For example:

- 31.3% of the respondents say that their district follows a strategic plan to a great extent. Conversely, 29.8% said they do so a little, not at all, or do not know.

- 36.6% say they link their financial plan and budgets to priorities to a great extent, but 17.2% say that happens little, not at all, or they do not know.
- 41.8% say their district regularly adjusts its financial plans/budgets to improve its ability to meet its priorities, while 20.2% said they did so little, not at all, or do not know.
- On the subject of implementing new programs, 47.4% of respondents say their districts are to a great extent able to consider goals closely when choosing whether to implement a new program. And 17.3% say they could do so little, not at all, or do not know.

Two questions had somewhat less positive responses. Just 22.6% of respondents say their district has, to a great extent, established procedures for evaluating the financial impact of budget amendments on its ability to meet its priority goals and objectives. Fully a third of respondents (34.6%) say their district did so little or not at all, and 1.5% do not know. And only 22.7% say their district is able, to a great extent, to cut programs that do not further strategic goals, while 38.7% say they are not able to do so. Another 2.3% do not know.

### Fiscally healthy districts report more positively about two strategic practices

It was on these latter two questions that we also saw a statistically significant difference in responses based on a district’s fiscal health. Respondents from healthy and marginal districts are more likely to report that, to a great extent, their district has procedures for evaluating the financial impact of budget amendments. Healthy districts are more likely to say they are able to cut programs that are not aligned with strategic goals.

<b>Have procedures to evaluate impact of budget amendments</b>			
	Healthy	Marginal	Unhealthy
To a great extent	23.1%	26.7%	16.9%
All other responses	76.9%	73.3%	83.3%
<b>Able to cut programs not aligned with strategic goals</b>			
	Healthy	Marginal	Unhealthy
To a great extent	36.6%	11.4%	19.4%
All other responses	64.4%	88.6%	80.6%

### ***Practices related to district budgeting, accounting, and finance***

A prime responsibility of virtually all school district CBOs is the oversight of district budgeting, accounting, and finance. At a minimum, these processes must meet legal requirements. Effective CBOs go further than that, satisfying professional standards and also taking advantage of opportunities for efficiency where appropriate.

### Almost all CBOs say they follow appropriate budgeting and financial control procedures

The overwhelming majority of survey respondents report that their districts either always or often follow procedures necessary to accurately estimate revenues and expenditures. Similarly, they either completely or strongly agree that their district maintains appropriate financial controls. Some variations existed under the surface of that apparent unanimity and also related to a few specific questions worth noting.

### A substantial minority report their projections are not necessarily useful

Respondents were asked a series of questions regarding their approach to enrollment projections, including their use of statistical techniques and consideration of external factors, such as new housing developments. While six out of 10 say they always or often do these things, only 16.7% of respondents say their district is always able to accurately predict turning points in enrollment. And 30.3% of respondents say they are sometimes or rarely able to do so.

In California, another critical part of maintaining fiscal solvency is assuring that employees receive layoff notices by the legal deadline, which in the case of teachers comes several months before districts can be sure about the revenues they will receive or the students they will enroll. Districts can face serious financial repercussions if they commit to retaining staff and then have either revenues or enrollments come in lower than expected. Despite this, more than one-third of respondents say they do not always issue layoff notices to certificated staff in a timely manner when projections indicate it is necessary.

### Certain financial control practices set fiscally healthy districts apart

On questions related to maintaining financial control systems, once again the vast majority of respondents (ranging from 66.7% to 85.1%) completely agree that their financial staff:

- analyzes significant expenditure processes to ensure appropriate controls,
- analyzes significant contracts, financial negotiations, and major expenditure categories for unusual cost fluctuations, and
- has effective payroll processes that ensure appropriate reporting of information to employees and timely payment of taxes and payroll deductions.

An analysis of these questions against fiscal health shows that respondents from healthy districts are more likely to completely agree than are their counterparts in districts classified as marginal or unhealthy. These results are statistically significant for the first two practices as noted below.

<b>Analyzes significant expenditure processes to ensure controls</b>			
	Healthy	Marginal	Unhealthy
Completely agree	79.2%	73.9%	58.3%
All other responses	20.8%	26.1%	41.7%
<b>Analyzes contracts, negotiations, and expenditures for cost fluctuations</b>			
	Healthy	Marginal	Unhealthy
Completely agree	84.9%	78.3%	58.3%
All other responses	15.1%	21.7%	41.7%

Respondents are only slightly less emphatic regarding their district's maintenance of appropriate controls against internal accounting problems. On two questions related to this, about 60% of respondents completely agree. Those include:



- identifying internal control weaknesses using multiple sources, and
- assigning responsibility for resolving internal control weaknesses to appropriate staff.

Once again, an analysis of these questions against fiscal health shows that respondents from healthy districts are more likely to completely agree.

<b>Identifying internal control weaknesses</b>			
	Healthy	Marginal	Unhealthy
Completely agree	66.0%	60.9%	47.2%
All other responses	34.0%	39.1%	52.8%
<b>Assigning responsibility for internal control weaknesses appropriately</b>			
	Healthy	Marginal	Unhealthy
Completely agree	75.5%	55.6%	54.3%
All other responses	24.5%	44.4%	45.7%

### Responses regarding position control yield surprising result

The results from the questions above stand in sharp contrast to a different question related to both financial control and payroll issues: the extent to which a district maintains an effective position-control system that does not permit expenditures without a budgeted position. Just 40.3% of respondents completely agree that their district does so, while 45.5% say they somewhat agree. That leaves 14.2% of respondents who disagree either somewhat (9.7%) or completely (4.5%). Position control has been a practice of particular concern for state officials who have found that many districts that have received emergency assistance from the state did not have appropriate controls in place. State law also requires county offices to watch for position control problems when approving school district budgets or issuing negative and qualified certifications.

In an analysis of the financial control questions and their relationship to district fiscal health, the position control question stood out. Respondents from marginally healthy and unhealthy districts (48.9% and 41.7%, respectively) are more likely than healthy districts (32.1%) to report that their districts maintained effective position control systems. (For a discussion related to this finding, see the section describing the fiscal health indicator on page 44.)

### Debt management practices reportedly meet legal and professional standards

Like other institutions public and private, school districts may occasionally or regularly incur debt as part of their financial management strategy. This may take a form such as general obligation bonds to finance long term acquisitions and capital projects, or it may involve the purchase of financial instruments such as Certificates of Participation (COPs) that can be used to address short-term cash-flow problems. In contrast to many other states, California has historically allowed districts to sell bonds using either a competitive bid or negotiated sale process. In 2006 state policymakers put some restrictions on this, requiring that district governing boards specifically pass a resolution approving the method the district

selects. The board is now also required to make various public disclosures regarding their decision.

The survey asked a series of questions related to districts' debt management practices. It is reasonable to assume that the need to use debt, and thus these practices, might be less common among districts with strong fiscal health.

The vast majority of respondents—more than eight out of 10—completely agree that their districts comply with legal requirements and ensure timely payment of their obligations. However, districts vary significantly in whether they maintain written policies and procedures related to debt management. Slightly more than 64% agree either completely (31.5%) or somewhat (33.1%) that their districts do so. Asked more specifically if their district has a formal process for evaluating its debt capacity prior to issuing debt, the responses are much more positive, with 89.0% saying they agree either completely (64.6%) or somewhat (24.4%).

Interestingly, healthy districts are more likely than unhealthy districts (68.1% compared to 47.1%) to report that they have a formal process for evaluating debt capacity in place. Marginal districts are the most likely to say so, however, at a rate of 73.9%. These differences based on fiscal health are statistically significant.

### Respondents' purchasing practices meet legal requirements, but cost-cutting measures are less common

Every year in California school districts spend hundreds of millions of dollars purchasing materials and services of various types. Based on 2004–05 district reporting, the average school district spends about 5% of its operating budget, or \$382 per pupil, on books and supplies; and it spends another 9% of its budget, \$686 per pupil, for various services and other operating expenses.<sup>13</sup>

In the course of making these purchases, and doing so responsibly, districts must first and foremost adhere to legal requirements. The vast majority of respondents to our survey, eight to nine out of 10 depending on the question, report that their district always:

- observes bid limits and force labor account limitations as prescribed by law;
- maintains policies and procedures that clearly prohibit bid-splitting and other legal violations;
- maintains a separation of duties to avoid a single person being able to specify a need and award a bid; and
- assures that key staff and board members file conflict-of-interest statements.

The survey also asked districts the extent to which they engaged in purchasing practices intended to minimize costs. Their answers varied more in this regard. A total of 91.8% say their district either always (61.7%) or often (30.1%) participates in “piggyback bidding,” a cost-saving process by which multiple districts join together to avoid duplication of effort in the bid process and increase their purchasing power.

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<sup>13</sup> Ed-Data State Finance Report 2004–05, District Averages, [www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us). Accessed August 2006.

California school districts can access a number of resources to help facilitate piggyback bidding and other cost-effective purchasing practices. Their ability to do so has been greatly enhanced in recent years by the expansion of online resources and networks. (See Appendix VIII for a partial list of these.)

Districts are somewhat less likely to try to reduce costs through participation in a joint powers authority, with 75.7% of respondents saying they do so either always or often. JPAs are most commonly used for the purpose of purchasing employee healthcare benefits and other types of insurance. An even smaller proportion of respondents (64.1%) say their district has suppliers deliver directly to schools whenever possible, a practice that can alleviate warehousing costs.

None of these purchasing practices appear to differentiate fiscally healthy districts from those that are marginal or unhealthy. Further, only a third of respondents characterized “cost controls outside of personnel” as essential to their district’s fiscal health.

### Districts’ financial software meets basic requirements, but it is less likely to fulfill specialized district needs

The use of technology in school districts continues to expand, and business office staff are often challenged to keep pace with these developments. While all business office leaders do not have to be experts in technology, they are expected to keep current with developments in this field and continually assess the district’s technology requirements. While the requirements are similar in many ways to those of any type of business, districts also have specific considerations unique to the enterprise.

One important issue is the choice of a financial accounting system and software. In general, school districts have three options: they can develop their own systems; purchase from a third party vendor; or adopt the system used by their local county office. By using the financial accounting system of the local county office, the school district facilitates the county office’s fiscal oversight responsibilities because report generation, formatting, and data retrieval will be consistent and familiar.

About three-quarters of the respondents to our survey say they use county office software, and 28.9% say they use software from a third-party source. Just 5.9% say they have designed their own systems. (Some respondents checked multiple answers.)

The survey also asked CBOs about several functionalities related to their financial information and reporting systems. The vast majority either completely or somewhat agree that their financial accounting systems provide basic functionalities:

- 91.9% agree that their software components provide for efficient data entry.
- 82.7% agree that their software components provide for reconciliations between control accounts and subsidiary records (payables, payroll, etc.).

Answers were somewhat less positive in regard to two functionalities more specifically tailored to a school district’s needs:

- 57.5% agree that their software components provide for capital project tracking by and across fiscal years.

- 60.0% agree that the format for financial reports is easy for the board to understand and assists them in making decisions, but only 18.5% of respondents *completely* agree with this statement.

**Financially unhealthy districts are less likely to rate specialized functionality highly**

It is interesting to note that the latter two items also show statistically significant variations based on districts’ fiscal health, with unhealthy districts less likely to report complete agreement with either question.

<b>Software provides for capital project tracking</b>			
	Healthy	Marginal	Unhealthy
Completely agree	32.1%	37.8%	19.4%
All other responses	67.9%	62.2%	80.6%
<b>Format easy for board to understand</b>			
	Healthy	Marginal	Unhealthy
Completely agree	22.6%	19.6%	11.1%
All other responses	77.4%	80.4%	88.9%

***Practices related to facilities management***

Well-run school districts strive to meet student housing needs through new construction and modernization. Generally, the resources for doing so come from sources outside of the district’s operating funds, including developer fees, and local general obligation bond and state bond proceeds. An examination of the availability of funding from those sources, and their impact on a district’s fiscal health, could provide valuable insights but was outside the scope of this study.

The business office practices districts used to maintain existing facilities through effective custodial services and maintenance operations are more germane to this study. Inadequate controls on the quality, cost, and tracking of these facility needs can affect a district’s fiscal health because they can lead to unexpected and sometimes substantial expenditures when building systems such as plumbing, roofing, heating, and electrical suddenly fail. A district then either has to find funds to pay for repairs or force students and staff to function in buildings that are at best uncomfortable and at worst unsafe.

Our survey asked CBOs several questions regarding their district practices related to facilities maintenance.

**Facility maintenance practices receive tepid ratings from CBOs**

One group of questions related to the measures districts take to document expectations for high quality work and evaluate that work, including the use of written procedures. In contrast to many areas of this survey, where the bulk of respondents selected the most positive response, only about 20% of respondents reported that their practices were of high quality in the following areas:

- the maintenance and operations department regularly evaluating its programs;

- the district having written procedures for facilities management and expenditures, or for maintenance and custodial services;
- basing work assignments and performance appraisals for commonly repeated tasks on performance standards.

A second set of survey questions asked about processes related to prioritizing maintenance needs, completing project cost estimates, and using a computerized system to track work orders and inventory. On these questions, about a third of respondents said their practices were of high quality.

The responses to all of these questions followed a consistent pattern in relation to district fiscal health, with unhealthy districts less likely to report practices of high quality. However, these differences were not at a statistically significant level.

### ***Compensation issues***

Because personnel expenses constitute more than 85% of operating expenditures in the average school district in California<sup>14</sup>, the issues related to employee compensation can be central to a district's financial management and fiscal health.

This study looks at three areas related to compensation: collective bargaining procedures and relationships; salary increases and compensation practices; and retiree health benefits. The findings reflect both survey responses and state data as indicated.

### **Collective bargaining procedures and relationships are generally strong**

In California, school district collective bargaining affects virtually every personnel-related expense and thus has a tremendous impact on resource allocations. Collective bargaining is also reflective of the district's priorities. The emphasis placed on salaries and benefits for employees can affect morale, attitudes, and student achievement. The best performing districts find ways to manage both the fiscal aspects of negotiations and the human relations side of the equation.

We asked survey respondents various questions related to their preparation for collective bargaining, their bargaining team and its practices, and their relationships with their teachers' union specifically. As context, we also asked about the unions with which they bargained. The vast majority (88.9%) reported that they negotiate with the California Teachers Association (CTA) as their teachers' union. For classified employees, the bulk of districts in our sample (78.5%) report that they negotiate with the California School Employees Association (CSEA).

### **CBOs overwhelmingly report good quality preparation for bargaining**

Professional standards call for districts to prepare for collective bargaining by developing accurate estimates of both district revenues and the projected costs of the initial bargaining proposals. This is typically the responsibility of the CBO.

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<sup>14</sup> Ed-Data State Finance Report, District Averages 2004-05, [www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us), accessed August 2006. Operating expenditures exclude capital outlay, other outgo including transfers to other agencies and debt service, and transfers of indirect costs.

The vast majority of our survey respondents (nine out of 10) report that prior to commencing negotiations, their district prepares financial exhibits of average or high quality that include:

- cost estimates for the district proposal (and union proposal if possible); and
- estimates of new revenues, supported by enrollment projections and revenue limit worksheets.

Typically, school districts use a negotiating team to bargain on behalf of the board. As the agent of the board, the team must meet the requirements of California's Rodda Act. These requirements include bargaining in good faith, the making and receiving of proposals in good faith, and the authority to reach tentative agreement on individual articles and the entire contract at the appropriate time. Clear and systematic communication between the board and the bargaining team prior to negotiations is essential for this to occur. Our survey respondents report high compliance with these expectations, with the vast majority (nearly nine out of 10) reporting that prior to negotiations:

- the board receives high (68%) or average (26%) quality information and a recommendation from the superintendent prior to authorizing bargaining parameters; and
- that in turn the board provides the district with high (62%) to average quality (23%) parameters prior to the commencement of bargaining.

### Quality training and support for bargaining teams are reported slightly less often

The training of the district bargaining team is an important part of preparing for negotiations because members of the team usually come from personnel, business, or school-site backgrounds. Although these perspectives are valuable to the process, these roles do not generally provide a basic foundation for negotiations. The fundamental process is fairly complex, peppered with nuances and confusing to the uninitiated. Learning on the job can be a very poor option when so much is at stake for districts.

On the question of how well the bargaining team is trained in the process of collective bargaining, just 40.3% of respondents say the training is of high quality and another 37.2% say training is of average quality. Respondents are more positive about the extent to which bargaining teams have access to outside experts. The vast majority of respondents (84.7%) report that their teams have this access, with 65.6% describing it as high quality.

Respondents were also asked about the extent to which the board stays informed and involved during the course of negotiations. More than three quarters of respondents say that their bargaining team always or usually returns to the board for a different authorization if an agreement cannot be reached.

### Healthy districts are more likely to report high quality cost estimates and bargaining team training

An analysis of these collective bargaining practices based on district's fiscal health revealed two statistically significant relationships:

- While more than 90% of respondents say they prepare updated cost and/or revenue estimates prior to collective bargaining, there are notable differences in the reported quality of these estimates between fiscally healthy and unhealthy districts. For instance,

respondents from fiscally healthy (90.2%) and marginal districts (93.5%) reported having average to high quality cost estimates compared to unhealthy districts (80.6%). A similar trend was true in regard to revenue estimates.

- As noted above, training for bargaining teams was also commonly reported; but respondents' evaluation of the quality of the available training varied depending on district fiscal health. Approximately 80.0% of fiscally healthy and marginal districts reported having high or average quality training in place compared to 70.6% of unhealthy districts.

### Relationships with teachers' union are largely positive

Overall survey respondents report relatively positive relationships with their unions. Almost 84% report that they always (24%) or usually (60%) have positive relationships with the leaders of their primary teachers' union. This is further validated by approximately 80% reporting that they always (38%) or usually (46%) were able to resolve grievances amicably during the last year.

The survey also included several more specific questions regarding the district's most recent negotiations and interactions with its primary teachers' union, with the following responses:

- 75.0% say their last contract was settled without any labor actions.
- 43.2% say their union had not filed any grievances in the last year.
- 82.6% say their district had not received any charges of unfair labor practices or a breach of the collective bargaining agreement.

### Salary levels and compensation practices show little relationship to fiscal health

With the passage of AB 2756, county offices of education in California are expected to place extra scrutiny on districts that provide salary increases greater than the state's statutory cost-of-living adjustment (COLA). For this study, we used state financial data to determine the prevalence of this practice among the districts in our sample. It quickly became clear that the timeframe of such an inquiry can have a material effect on the findings.

As described more thoroughly in the background section, the period considered for this study—2002–03 to 2004–05—was a challenging fiscal time for schools. The state provided relatively small cost-of-living increases in 2002–03 and 2004–05, and in 2003–04 California actually rolled-back revenue limits, in effect creating a deficit.

It is common in California for negotiated salary increases to be tied to the state COLA. During this period, the cumulative COLA increase in state revenues for the average district was 4.1%. However, based on data reported to the state by our survey respondents, their districts' cumulative increases for salary and benefits averaged 7.2%. Interestingly, we found little difference between the negotiating outcomes for districts based on whether they were fiscally healthy or unhealthy. This may reflect the fact that while collective bargaining is a local responsibility, virtually all the districts in our sample (almost 90%) reported having an active relationship with the California Teachers Association. CTA organizes across the state and is effective at ensuring consistency at the bargaining table.

On our survey, respondents were asked directly if their last contract with their primary teachers' union included a salary increase greater than the state COLA. Just 20.2% replied in

the affirmative, a much different result than the findings noted above. An important difference is that these responses generally reflected the contract for the 2005–06 school year, at least to the extent that contracts had been signed prior to April 2006 when the surveys were completed.

Other important issues related to district compensation practices can also arise as part of the collective bargaining process. Some districts, for example, approach negotiations by looking not only at a potential salary increase, but also at the total cost of employee compensation. This includes automatic increases based on teacher experience and education and also takes into consideration other cost increases such as employee benefits. Two-thirds of respondents report that their district always negotiates total compensation, and another 18.2% say that is usually the case.

Another large and growing component of employee compensation is health and welfare benefits. For the past several years, this cost has increased by double-digit amounts. Districts have taken a number of steps to control benefit costs including regularly reviewing enrollment eligibility, limiting benefits to full-time employees, and placing caps on how the district will contribute to benefits. The latter can be particularly important for long-term cost controls. Asked whether their district has a hard cap on the per-employee cost of health and welfare benefits, however, just 59.5% of respondents answered yes.

Our analysis of compensation practices against district fiscal health revealed no statistically significant relationships between these reported compensation practices and our designation of districts as healthy, marginal, or unhealthy.

### Most districts report limited or no retiree health benefits

The state of California allows school districts to commit to whatever postretirement benefits they negotiate with their employees, and in some cases the resulting long-term obligations have been dramatic. (See the Background section for a thorough discussion of this issue.) Our survey asked CBOs several questions related to their district practices in regard to postretirement health benefits and their approach to dealing with them.

Of the 129 district officials who responded to this part of the survey, 78.3% indicate their district either does not offer postretirement health benefits or that the benefits ended at or before age 65. An additional nine districts, 7.0%, say the benefits terminate between age 66 and age 85. The remaining 19 districts, 14.7%, indicate that the benefits are offered for life.

### Districts that report having lifetime benefits are more likely to be unhealthy

It is important to note that of the 19 districts in our sample that offer lifetime benefits, only three are considered fiscally healthy. The remaining 16 districts are equally divided between the marginally healthy and unhealthy categories. There is a marked difference between the fiscal health of districts that offer lifetime benefits and those that either do not offer the benefit or offer it for a shorter time period.

To corroborate this finding from our sample, we also conducted an analysis of district practices statewide related to the duration of retiree health benefits provided. This analysis focused on districts that do not offer lifetime benefits to retirees compared to those that do.



As part of controlling for other factors, this analysis looked at unified and elementary districts separately. (With high school districts totaling 84, this group was too small to make any findings significant.)

This analysis repeated the findings from our sample, but only to a level of statistical significance for unified districts: those that have an endpoint to their retiree benefits are more likely to be healthy. There was not a significant difference among elementary districts.

### District vary in their readiness to meet new reporting requirements

The survey also asked CBOs about their district's progress in addressing new legal requirements related to the issue of retiree health benefits. New federal requirements under GASB 45 require that districts record any unfunded liability in their financial statements, beginning in 2006 for the largest districts. This disclosure will reveal a district's actual outstanding liabilities that previously may not have been fully understood. These higher liabilities can increase the district's borrowing costs if they prompt credit-rating agencies to downgrade a district's bond rating. As a result, districts are being encouraged to conduct an actuarial study to identify the total unfunded liability they face and develop a plan for addressing unfunded liabilities in future years. As the table below shows, only a third of our respondents report that their district has completed an actuarial study and just 15% have completed a plan.

**Table 11: Reported actions related to analysis of retiree health benefit obligation**

	<b>Yes</b>	<b>In Process</b>	<b>No</b>
Conducted Actuarial Study (n=124)	34.7%	38.7%	26.6%
Developed Plan (n=120)	15.0%	55.0%	30.0%

### ***Resource allocation and financial management at school sites***

Tracking how school districts use the resources they receive can be approached a variety of different ways. State data (Ed-Data) provide some averages:

- In 2004–05, 86% of school district operating expenditures were for personnel, including certificated and classified staff, and employee benefits. (Capital outlay, other outgo such as transfers to other agencies and debt service, and transfers of indirect costs are not included in this calculation.)
- In 2004–05 school district expenditures statewide were allocated as follows:
  - instruction (largely classroom teachers and aides, including Special Education) 62%
  - instruction-related services and pupil-support services (e.g. school principals, counselors, etc. Also includes transportation, health services, testing, etc.): 19%
  - general administration (largely district office functions): 5%
  - plant services (maintenance, utilities, and other facility costs): 10%
  - other (includes a variety of miscellaneous categories): 4%

Looking at district-level variations in these expenditures is outside the scope of this study. Instead, we examined the manner and process by which allocation decisions were made, with a particular focus on personnel resources as the largest portion of district expenditures and on school sites as the key operational units in a school district.

To that end, this study focuses on how districts vary in their site-level allocation policies and practices, including the financial management ability of site-level administrators. It also examines district procedures related to the locus of decision making for various types of staff allocations and for nonpersonnel expenditures, such as professional development, materials, and equipment. A related area of inquiry is the extent to which districts vary their personnel assignment decisions based on school characteristics.<sup>15</sup>

### Responses indicate a disconnect between expectations for site-level management and training provided

The survey asked school district CBOs about the extent to which their district clearly communicated to principals the scope of their financial authority. Among the 135 survey respondents, the vast majority reported that this occurred to either a great extent (48.9%) or good extent (37.1%).

Answers from the 135 respondents tended to be less positive regarding the training of school leaders to manage site-level finances, despite holding them accountable for doing so:

- 60.8% report that principals receive training on financial management and budgeting to either a good or great extent. However, a sizable portion (35.3%) say that principals either receive a little training or none at all.
- Respondents are considerably less likely to say that site-level budget and policy groups (e.g. school site councils) receive training for their financial responsibilities, with 39.7% saying this occurs to a good or great extent and 50.3% reporting that it happens little or not at all. Notably, 9.9% say they do not know the answer to this question.
- A large percentage of respondents (76.4%), however, report that their districts hold principals accountable for sound financial management and budgeting to a good or great extent.

### Site-level allocation policies reportedly emphasize district control

The survey also included some general questions regarding the district's approach to site-level financial management. For example, CBOs were asked to what extent site administrators are expected to link their financial decision-making to school and student performance goals. Among the 135 respondents, about three quarters say they are expected to do so to a great (36.8%) or good (39.1%) extent. Most of the remaining respondents say this occurs to a little extent.

Two questions address the relative relationships between site-level budget flexibility and the sufficiency of district controls over site decisions. The differences in practice are relatively clear. The first question asked the extent to which the district gives staffing and budget flexibility to its site leaders. About two-thirds of respondents say this occurs to a great or good extent in their districts, but with just 26.2% of respondents selecting the most positive response. Contrast that with answers to the other question: whether their district has sufficient controls to ensure that school sites adhere to districtwide policies and procedures.

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<sup>15</sup> Some respondents did not answer a portion of the questions in this area because they worked in single-school districts, making the questions not directly applicable.

The 135 respondents were much more likely to answer in the affirmative to this question, with 87.8% saying they do so to either a great extent (38.6%) or a good extent (49.2%).

**Fiscally healthy districts are more likely to emphasize site-level capacity, accountability, and flexibility**

An analysis of these site-level allocation practices revealed some statistically significant differences in response depending on districts’ fiscal health designation of healthy, marginal, or unhealthy:

- The extent to which school-site administrators receive training related to fiscal management and budgeting is reported to be significantly greater among respondents from healthy districts.

<b>Principals receive training</b>	<b>Healthy</b>	<b>Marginal</b>	<b>Unhealthy</b>
To a great extent	57.1%	28.6%	14.3%
All other responses	42.9%	71.4%	85.7%

- Fiscally healthy districts are more likely to expect their sites to link financial decision making to school and student performance outcomes.

<b>Sites link finances to outcomes</b>	<b>Healthy</b>	<b>Marginal</b>	<b>Unhealthy</b>
To a great extent	50.0%	37.0%	17.1%
All other responses	50.0%	63.0%	82.9%

- The districts that report providing site principals/administrators with staffing and budget flexibility to a great extent are significantly more likely to fall within the healthy category.

<b>Sites have flexibility</b>	<b>Healthy</b>	<b>Marginal</b>	<b>Unhealthy</b>
To a great extent	48.0%	17.1%	5.9%
All other responses	52.0%	82.9%	94.1%

**Reporting of district-to-site resource allocation practices shows little variation**

Another set of survey questions explored in greater detail the issue of how districts allocate resources to schools, first by asking respondents to indicate which of three choices came closest to describing how general purpose resources are allocated to the majority of school sites within their district.

Among the 131 CBOs who answered this question, 30 put their district at one of two extremes in terms of site-versus-district control of resource decisions:

- 8.4% of respondents say their district office gives the school a budget to work with for both personnel and nonpersonnel costs, and the site chooses how to spend those funds.
- 14.5% of respondents report that their district office determines the number of teachers, administrators, and support staff a school has and also determines the school’s spending for nonpersonnel items.

We found a statistically significant difference in these responses based on a district's fiscal health. Those respondents whose districts are unhealthy are more likely to say that the district determines both personnel and nonpersonnel expenditures (22.9%) and less likely to say that their schools choose how to spend funds in both categories (2.9%).

A substantial majority of respondents, 77.1%, took a middle ground on this question, agreeing with the following: "The district office determines the number of teachers, administrators, and support staff a school has and then gives the school a budget for nonpersonnel costs, and the site chooses how to spend those funds."

A further question probed district practices in more detail, asking about the extent of school-versus-district control of specific decisions about the allocation of teachers, site administrators, support, and classified staff as well as a variety of nonpersonnel resources. For those districts that had answered the above question at either extreme, their answers to this second set of questions was relatively consistent with their general approach.

We thus decided to examine this set of questions based only on the responses of the 101 CBOs who reported that their district struck the middle ground in terms of its allocation approach. The goal was to further illuminate what constitutes standard practice among the apparently typical districts in which the district makes personnel decisions and the sites control nonpersonnel budgets. For each of the items we asked about, respondents had a range of possible responses along a continuum: schools decide alone, schools decide within district guidelines, schools and districts share equally in decision, district decides with school input, and district decides alone (or based on formula).

### Districts decide the number of teachers; schools have more voice in which people and their assignments

Arguably the most important resource in a school is its teachers. The survey asked CBOs how decisions were made about the number of teachers assigned to a school and about the assignment of individual teachers both to a school and to specific teaching assignments within a school:

- The overwhelming majority of respondents (91.7%) say their district decides on the number of teachers at a school, but with a substantial portion (52 schools or 53.6%) saying that schools provide input. A small group, 7.2%, say that schools and districts share the decision equally, and just one respondent says that schools decide within district guidelines. (n=97 responses.)
- These respondents indicate that schools are much more likely to have a decision-making role regarding the specific teachers assigned to a site, with 25% saying schools decide either alone (1%) or within district guidelines (24%). Another 37% characterize this as a shared decision. That left about a third of respondents who say their district decides either with school input (30%) or alone/by a formula (6%). (n=100 responses.)
- When it comes to how individuals are assigned within a school, however, 69.7% of the respondents say that schools either decide alone (16.2%) or within district guidelines (53.5%). Another 16.2% report that the school and district share equally in the assignment decision. The remaining 13% say their districts decide either with school input or alone.

### Districts exercise considerable control over other staff assignments

Among the subset of the sample we looked at for this series of questions, respondents overwhelmingly report that their districts decide both the number and type of site administrators. Schools have only a bit more influence over the number and type of professional support staff. While still limited, schools appear to have slightly greater influence over classified staff decisions.

**Table 12. Respondents' characterization of site vs. district decisions regarding staff allocations**

<b>Resource Decision</b>	<b>Schools decide alone, based on district guidelines, or share equally in decision</b>	<b>District decides with school input</b>	<b>District decides alone (or based on formula)</b>
Number of Site Administrators (n=98)	6.1%	28.6%	65.3%
Type of Site Administrators (n=99)	8.1%	30.3%	61.6%
Number of Professional Support Staff (n=98)	9.1%	40.8%	49.0%
Type of Professional Support Staff (n=98)	20.4%	39.8%	38.8%
Number of Classified Staff (n=96)	11.5%	41.7%	45.8%
Type of Classified Staff (n=95)	22.1%	38.9%	37.9%

### Schools decide on supply purchases, but they have limited authority over other nonpersonnel expenditures

Additional questions looked at the balance of decision-making authority for a variety of nonpersonnel expenditures. The respondents in this subset varied substantially in how they described allocation practices that, based on their general answer, they had characterized as being the choice of school sites:

- Regarding professional development for teachers, the majority of respondents (58%) report that the district and schools share equally in the resource-allocation decision. Of the remainder, 24% say the district decides either with school input or alone, while 17% say that schools decide either within district guidelines or alone. (n=100.)
- Regarding decisions about capital equipment purchases (e.g., computers, copiers), about half of the respondents report that schools decide either within district guidelines (41%) or alone (7%). The remainder are nearly evenly divided between saying that schools and districts share the decision and that districts decide either with school input (18%) or alone (6%). (n=100.)
- It appears that the one area where schools have the greatest discretion is in the purchase of supplies. The vast majority of the respondents (84.7%) report that schools decide this either alone (31.6%) or within district guidelines (53.1%). That leaves 15.3% of respondents

saying that the district plays a role in this decision, though in most cases it is to share equally in it (9.2%). (n=98.)

- By contrast, textbooks and instructional materials are not a site-level decision among the majority of districts in question. About a third of respondents say schools decide either alone or within district guidelines. The balance of responses are split, with 28% saying schools and districts share the decision and 40% saying that districts decide either with school input or alone. (n=100.)
- Respondents are also clear that the district is the key decision-maker regarding staff and services related to facilities upkeep. Altogether, 80.8% say the district makes these decisions either with school input (39.4%) or alone (41.4%). Just 14.1% say that schools are equal partners in the decision, and 5% say that schools decide either alone or within district guidelines. (n=99.)

### Respondents report staff allocation decisions consider school and student characteristics

The survey asked CBOs a further question about how their districts decide on the number and type of personnel assigned to a given school site and the extent to which they consider a variety of site conditions in those decisions. Overall, respondents report that their districts give some consideration to school performance and to student characteristics—particularly the percentage of English learners—when they allocate personnel to sites:

- 31.3% of respondents say that their district strongly considers school-level performance on state tests when it decides on the number and type of personnel to assign to a school. Another large group (49.2%) say this is somewhat of a consideration.
- Responses are similar in regard to the extent that the district considers the percentage of low-income students when it allocates personnel to a site, with 27.0% saying it is strongly considered and 54.8% saying it is considered somewhat. That left almost 20% of respondents who either say it is not considered or that they do not know.
- The vast majority of respondents (94.5%) say their district considers a school's percentage of English learners either strongly (43.3%) or somewhat (51.2%).

Increasingly, criticism has been leveled at school districts that overload schools with inexperienced teachers, particularly when those schools serve the neediest students. Our survey attempted to learn the extent to which districts considered the experience of a school's teaching staff when it allocated personnel. A small group of respondents (18.9%) report that this is strongly considered, and another 48.8% say it is considered somewhat.

### ***Practices and effectiveness that are related to maximizing resources***

School districts in California have very limited options for increasing their revenues. Within that context, however, some districts report disproportionately high revenues in certain categories, particularly within the “local miscellaneous” revenue category.

On our survey, we asked CBOs to assess the extent to which they believed their district was effective in maximizing their revenues. These questions fall into several categories, including state and federal funds generally, interest income, private contributions, and revenues that are the result of more entrepreneurial efforts.

### Respondents generally report success in maximizing public funds

The survey asked CBOs to characterize how successful their district was at maximizing revenues from various public sources, including unrestricted state funds, state categoricals, and federal categoricals.

The unrestricted state funds category is largely revenue limit funds. The state sets the per-pupil allocation of these funds based on historical formulas. For the most part, districts can maximize these funds based on the number of students they enroll and their success at promoting high student attendance.

On average, school districts in California depend on categorical programs for about a third of their general fund revenues. Some categorical funds are automatically provided based on student characteristics. An EdSource analysis of categorical programs in 2003–04 estimated that about 32% of state categorical programs and 69% of federal programs were of this type.

Another 33% of state and 8% of federal categorical programs were for purposes related to instructional improvement. The bulk of these require that a district operate a specific program and often require that districts apply for funding.

The balance of both state and federal programs were typically for specific programs that only selected districts operate, including some outside of K–12 instruction (such as child care and adult education).

In general, respondents characterize their districts as either somewhat or very successful at maximizing revenues from public sources. But while about two-thirds (67.5%) say they are very successful at maximizing the unrestricted funds their district received, only about half express comparable confidence in regard to state and federal categorical funds.

### Respondents split regarding success at maximizing interest income

School districts in California often manage and hold large sums of money. Interest on these funds can be a helpful, if modest, source of revenue. On average in 2004–05 (Ed-Data), school districts earned \$32 per pupil (based on ADA) in interest income. Our survey respondents were somewhat pragmatic regarding their success at maximizing interest income, with only 33.3% saying they were very successful at doing so and the majority saying they were somewhat successful (58.1%).

### About half of respondents report success securing revenues from private sources

The survey asked CBOs how successful they felt their district was at maximizing private cash and in-kind contributions. Slightly more than half characterize their district as either very or somewhat successful at both; but a large portion, about 15%, either say they do not know or did not respond to this question.

School districts are required to report official contributions they receive from private sources, but there is some skepticism in the field about the rigor with which all districts do so. State financial data do not itemize these types of private contributions but instead include

them in a revenue category called “all other local revenue” (Object Code 8699) that covers other sources as well. Thus, there are no clear state data regarding how many districts receive private funds or what amount they receive.

In the survey, we asked respondents if their district received either funding or in-kind contributions from three different types of private sources: private foundations, local education funds or foundations, and local business partnerships. About three-quarters report that their district receives in-kind contributions from each of these sources. In regard to cash contributions, however, the answers are both less positive and more varied.

### Success rates and people responsible for private contributions vary depending on the funding source

Along with requesting an estimate of funds received, the survey asked CBOs to report on which group within their district “was most instrumental in generating this revenue.” They could choose district office/governing board, school site, and parents/community. These responses varied based on the type of private funding source.

*Private foundations.* Among respondents, 39.2% say their district receives funding from private foundations. The amounts reported vary from \$1,000 to \$8.2 million, with the median about \$30,000. The types of districts largely reflected the sample as a whole, except that they had slightly higher percentages of English learner students, with 55% of them above the median for the sample.

Of the CBOs who report that their district has received private foundation funding, about half say their district/governing board was most instrumental in securing the funds. This response is somewhat less common among smaller districts.

*Local education fund/foundation.* More than half the respondents (57.7%) say their district receives funding from local education funds/foundations. The reported amounts vary from \$5,000 to \$3.8 million, with the median about \$70,000. These districts appear to serve more privileged populations. They have markedly lower percentages of EL students than the sample as a whole, with 64.1% of them below the median for the sample and just 6.3% in the top quarter. The same general trend is true regarding these districts’ likelihood of having low-income students.

Of the CBOs who report that their district has received local education fund/foundation revenues, more than half say parents/community have been most instrumental in securing the funds. This is less likely to be the case in large districts, however, where the district/governing board is cited a bit more often than in smaller districts.

*Local business partnerships.* Fewer respondents (42.1%) report that their district receives funding from local business partnerships. The amounts vary from \$1,000 to \$2.5 million, with the median about \$25,000. These districts have somewhat lower percentages of EL students than the sample as a whole, with 57.1% of them below the median for the sample and 14.3% in the top quartile. The same general trend is true regarding these districts’ likelihood of having low-income students, though 19% are in the top quarter of the sample on this measure. These districts are also somewhat more likely to be large in size (35.7% with more than 20,000 students) compared to the sample as a whole (29.7%).



Of the CBOs who reported that their district had received funds from local business partnerships, slightly less than half say that the school site has been most instrumental in raising the revenues.

### Few CBOs report success maximizing revenues from property or services

Some California school districts are able to generate substantial revenues from either the property assets they hold or services that they provide to other groups, often other school districts. Less than 20% of our sample characterize their district as “very successful” at maximizing this type of revenue. In general, the districts that did report this level of success reflect the same characteristics as the sample as a whole, with one exception. They are somewhat more likely to be above the median in their percentage of low-income students.

*Lease and rental income.* On average in 2004-05 (Ed-Data), school districts earned \$19 per pupil (based on ADA) in lease and rental income (Object Code #8650). This includes leasing surplus district property to various groups as well as charging civic center fees. Because the latter are in theory only levied to cover the cost of allowing local groups temporary use of school facilities, the extent to which they bring districts a net financial benefit is certainly debatable.

The survey asked CBOs how successful they felt their district was at maximizing this type of revenue. Equal percentages say their district is very successful and either somewhat or completely unsuccessful. Among the 26 respondents who say “very successful,” the vast majority (84.6%) are in school districts with fewer than 20,000 students. Among the 26 respondents who say they are “somewhat or completely unsuccessful,” the distribution by district size is relatively even.

*Service income.* On average in 2004–05 (Ed-Data), school districts generated \$32 per pupil (based on ADA) in revenues from other districts for contract services (Object Code 8677), and an additional \$10 per pupil (based on ADA) that came from federal sources (Object Code 8285). These services may include such things as professional development, support for students, and transportation.

The survey asked CBOs how successful they felt their district was at maximizing this type of revenue. The responses echoed those for lease income exactly.

Although just a small portion of districts report being successful at raising private contributions, fiscally unhealthy districts are more likely than healthy districts to say they are very successful.

<b>Successful at maximizing revenues from private contributions</b>			
	Healthy	Marginal	Unhealthy
Very successful	13.0%	16.3%	21.9%
All other responses	87.0%	83.7%	78.1%

### CBO concerns regarding fiscal health and enrollment changes

We took advantage of the opportunity offered by this survey to ask CBOs about the threats they saw to fiscal health both in the recent past and in the future. They also responded

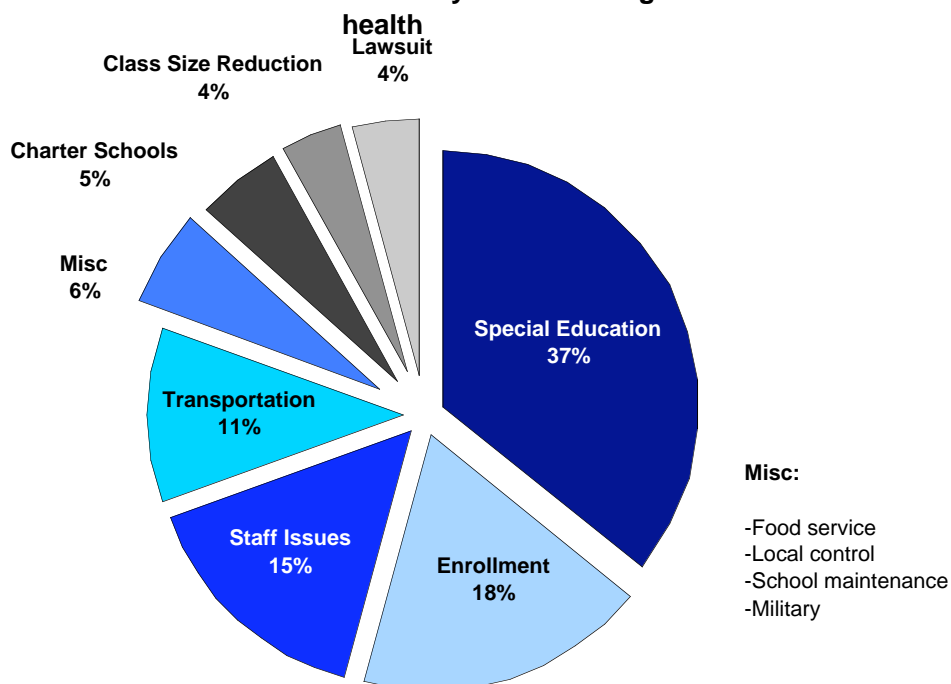
to a set of questions related to how their district planned to respond to expected enrollment changes.

***Districts look to the past and to the future to answer fiscal health questions***

**Reported threats to districts’ fiscal health focus on rising costs**

The first question asked respondents to look back and report on any circumstances that were unique to their district, outside of the district’s control, and threatened the district’s ability to remain in good fiscal health. We asked an open-ended question to this effect which 65 (or about half) of our respondents answered. Several mentioned two or more things, providing a total of 98 responses to this question. The pie chart indicates the general categories into which these responses fell.

**Figure F: Special circumstances outside of district control that CBOs reported had threatened district's ability to remain in good fiscal**



Note: 65 districts (48%) answered this question. Because some districts provided multiple answers, the total number of responses is 98.

EdSource 9/06

It is interesting to note that the majority of these responses dealt with issues related to increased expenditures:

- The most common response, Special Education, was often more specifically described as Special Education encroachment (the need for a district to contribute a greater than expected portion of its general operating funds to support a categorical program).
- Encroachment was also an issue mentioned in regard to transportation, a program for which the state provides some funding but based on historical funding formulas rather than on direct district expenses.

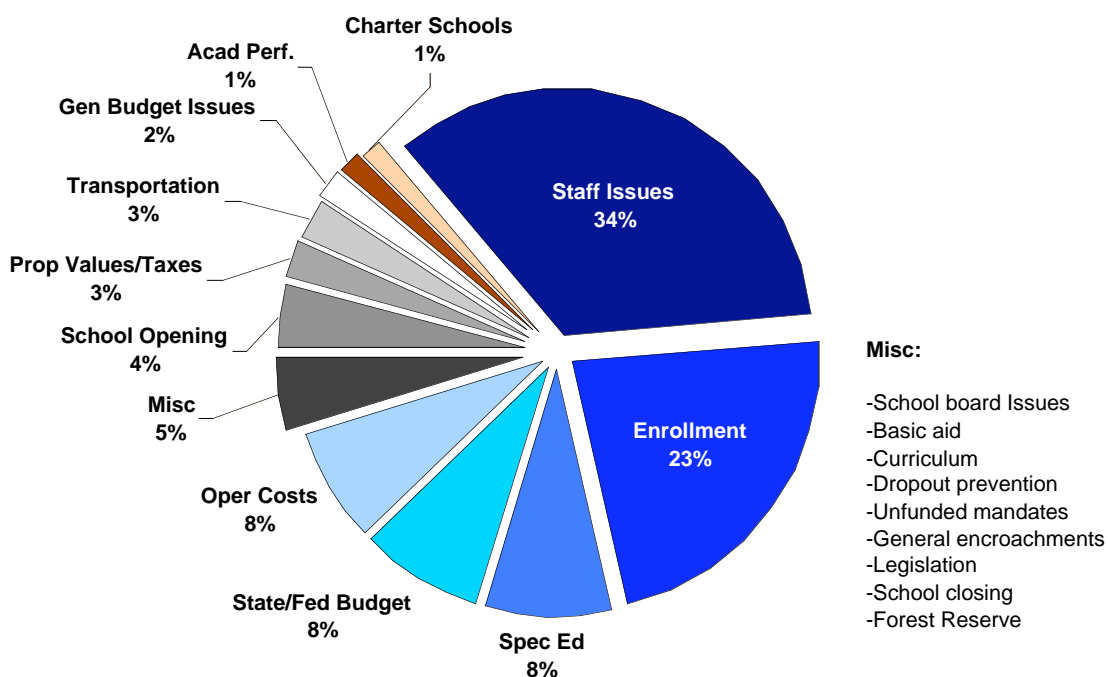
- Staff-related costs of various kinds were mentioned, most notably increases in medical benefits for current employees and retirees.

About one in five responses focused on reduced district revenues as a result of losing students. In most cases this was characterized as declining enrollment generally, but a few respondents specifically mentioned the impact that charter schools were having on their district’s enrollment numbers and thus on revenues. Through 2006, state law called for an immediate reduction in state funding when students transfer from a regular public school to a charter school. Senate Bill 1446 (2006) made changes in that process to lessen the impact on districts.

**CBOs expect current financial concerns to continue in the next three years**

When asked, “What do you believe are the most significant financial issues your district faces in the next three years?,” the most common responses were staffing issues, enrollment, Special Education, concerns over the state and federal budget, and various operational costs. A total of 112 respondents (82%) answered this open-ended question. Because some districts provided multiple answers, the total number of responses is 276.

**Figure G: The most significant financial issues CBOs reported that their districts face in the next three years**



Note: 112 districts (82%) answered this question. Because some districts provided multiple answers, the total number of responses is 276. Percents of total responses is shown.

EdSource 9/06

As with the previous question, staff compensation, enrollment, and Special Education all received strong mention. In addition, concerns about state and federal budgets emerged as a concern for CBOs going forward. Respondents cited the general uncertainty surrounding the state budget, primarily focused on projected 2007–08 cuts in school funding. Respondents

also expressed a lack of confidence in the state's fiscal housekeeping, citing concerns over structural deficits/imbalance, volatile funding variations, and funding misallocation.

Under the topic of staff compensation, while most respondents again cited expense issues such as benefits and salary increases, a small number said they were concerned about union negotiations and retirement of long-standing leadership staff.

### ***Strategies for coping with enrollment changes***

Enrollment changes occupied a prominent place for many respondents, with the focus almost entirely on declines. Elsewhere in the survey, respondents were asked what actions their district was considering to address both declining and increasing enrollment. As noted previously, the expectations regarding enrollment changes among our sample districts were as follows:

- 51.5% are planning for enrollment declines in the next three years,
- 33.1% are planning for increases, and
- 16.4% expect no change.

#### **District vary to some degree in reported plans for coping with enrollment declines**

Respondents were given a list of possible actions and instructed to check all that applied. All districts anticipating enrollment losses in the next three years indicated that they would consider staffing reductions:

- Virtually all districts will consider reductions in teaching staff.
- Nine in 10 districts will consider reductions in classified staff.
- Seven in 10 districts will consider reductions in administrative staff.

The survey further revealed that 42% of the districts anticipating a drop in enrollment are considering reconfiguring their existing schools to accommodate the smaller and different mix of students. As a last resort, districts look to closing schools if enrollment continues to fall, and slightly more than one in three respondents (34.8%) acknowledge that school closure is under consideration.

Closing a school is often a difficult decision for a school board because of almost inevitable public and staff resistance. But at a certain point such actions can become necessary in order to preserve the educational program for the remaining students. Faced with sufficient decline in enrollments, districts must cut their overhead costs and closing a school can accomplish that by reducing the district's facility, administration, and operating expenses.

In addition to the options specifically listed in the survey, respondents were asked to list other strategies under consideration to address problems created by declining enrollment. They mentioned the following:

- improve the rate of attendance to enrollment;
- build budget reserves;
- lease vacant facilities;
- offer programs to attract new students, such as state preschool;

- reduce operational purchases;
- pursue a parcel tax or renew the existing parcel tax; and
- offer early retirement incentives.

## **Discussion and implications**

### ***Regarding fiscal health***

This study attempted to develop a methodology to identify fiscally troubled districts that would probe deeper than the state’s official AB 1200/AB 2756 designations of positive, qualified, and negative certifications. In addition to these certifications, the methodology incorporated district expenditure patterns and reserve levels over three years to assist in identifying fiscally marginal and unhealthy districts. The metric we developed actively uses trend data, and it appears to identify a large group of districts that we have placed in the category of marginal fiscal health, meaning that they are at risk for serious financial trouble. This measure informed our study, and we believe it also suggests that implementation of the state’s fiscal accountability process could be improved.

To put it more strongly, it appears that some districts and county offices allow financial problems to go undiagnosed or unaddressed beyond the point at which effective intervention should occur. The reasons for this likely depend on the specific district or county office in question. Anecdotal evidence from FCMAT suggests at least one area within the existing AB 1200/2756 protocols that these agencies could particularly improve: multiyear projections. The current certification process requires districts to address not only the current budget year, but also the two years after a district budget is approved. FCMAT’s reviews have found these projections are sometimes not done thoroughly or particularly conscientiously.

However, districts’ ability to develop quality, comprehensive multiyear fiscal plans is hampered by a number of existing conditions and rules related in particular to personnel management. For example, legal restrictions on how districts lay off staff make financial planning difficult, as does the dynamic of collective bargaining. In addition, wide variations in state revenues have made this even more challenging in recent years. Between 2000 and 2006, the highest year provided more than 10% in new funding and the lowest included a 1.2% reduction in funds. In both cases, a district could not have predicted these changes when it adopted its prior-year budget.

We believe that the state has created a safety net with AB 1200 and AB 2756 that has reduced the number of school districts that would have otherwise fallen into fiscal crisis. Those systems could be made more effective through better financial planning on the part of districts and better oversight on the part of county offices. But even if those improvements were made, California school districts confront revenue and expenditure issues that can make it difficult to maintain fiscal health and even more daunting to strategically allocate resources in ways that further student performance goals.

### ***Financial management personnel, policies, and practices from the CBO’s perspective***

This study relies heavily on the knowledge and opinions of school district chief business officers (CBOs). CBOs in 135 districts (about 14% of the districts in the state) completed our survey and thus our research findings are shaped by their collective input. Based on our respondents' answers, we can conclude that virtually all of the school districts in our sample comply with the state's requirements for the collection and reporting of financial information. The CBOs also self-report that they generally adhere to the best practices of their profession. This relative unanimity to some degree limited our ability to draw clear relationships between the fiscal health of districts and their personnel qualifications, policies, and practices. Nevertheless, this analysis reveals many interesting results.

Our findings make it clear that it is easier for some California school districts to stay fiscally healthy than it is for others, and that is related to some degree to conditions largely outside of their control. The findings indicate that the relative amount of per-pupil funding a district receives is related to its fiscal health, with districts that have more resources more likely to be healthy. The same is true for districts experiencing increasing enrollment and thus an increasing amount of funding from one year to the next.

We would add that examples of districts that received emergency assistance from the state suggest that rapid or unexpected declines in student enrollment, and thus in funding, can be the tipping point for some districts that we would place in our "marginal" category. In recent years, changes in some districts have been sudden and very difficult to predict. Given that more than half of the districts reported an expected enrollment decline in the next three years, we believe this could represent an important and continuing problem for school districts statewide.

Our findings also suggest that these external conditions are not the whole story. Districts that vary in their fiscal health also report differences in their financial practices and their personnel.

### Leadership stability can have far-reaching impact

While this study was largely confined to practices under the control of the CBO, it also made it clear that both the quality of financial management and district fiscal health depend on more than the skills and commitment of the CBO. The practices of the district superintendent and school board have a relationship to a district's fiscal health. The scope of this study was limited in its exploration of this topic. We would recommend that further study of the financial training, stability, and fiscal practices of these district leaders be undertaken.

While we heard from CBOs that their financial management practices are to a great extent consistent with professional standards, our data indicate that stability at the top—both for the superintendent and the CBO—correlates with a district's fiscal health. We further believe that leadership stability provides an environment in which district goals and priorities can be consistent and clear, and in which some important professional practices can take root and flourish, including:

- Open and clear communication between the board and district staff, between the district office and the school sites, and between the district and the community.
- A clear delineation of the respective roles of the school board and district management.

- The ability to implement sound financial systems and make adjustments to those systems to reflect changing circumstances.
- The development of well-crafted policies on debt management, contracting, employee compensation, etc., with clear lines of fiscal accountability.
- Effective linkages between the financial planning process and the subsequent execution of the plan, with adjustments as necessary.
- Effective involvement of school site staff in the financial aspects of their operations, including linking resource allocation decisions to student performance.
- Expertise and consistency in the collective bargaining process, and the development of constructive relationships with union leaders.

### Opportunities for improvement are apparent

Our findings also suggest that there are some specific areas of financial management that districts should strengthen. Adequate staffing of administrative positions, for example, could help districts make sure their financial house is in order. We are also intrigued by the relatively negative responses in the study on the few questions we asked about systems in place to control, plan for, and set quality standards for the maintenance of facilities. This is another area where further study might be appropriate to determine how school districts' practices could be strengthened.

The state has targeted resources at improving training opportunities for CBOs, but it appears that training is important for all the people who have a role in a district's financial management. Based on our survey findings, training could be improved in several areas, including:

- for school board members on school district budgeting and finance;
- for collective bargaining teams regarding the process generally; and
- for school site administrators on fiscal management and budgeting.

Of note here is that the state has provided principals with AB 75 training that was required to include financial management. From 2001 to September 2006, 701 local education agencies had participated in this training. A third of our survey respondents, however, report that their principals receive little or no training in fiscal management and budgeting, with that answer more common in fiscally unhealthy districts.

This, along with our other findings on site-level budgeting and financial management, may suggest an important area where more information is needed. We see a difference in fiscal health in those districts that pay attention to school site leaders' capacity for financial management, expect principals to link fiscal decisions to student performance, and provide sites with budget flexibility. Our findings are certainly not sufficient to suggest that these practices are the reasons districts are healthy. They do, however, provide a compelling reason to learn more about ways that districts can effectively empower their school site leaders in the area of financial management. An important aspect of such an inquiry would be to examine the extent to which site-level flexibility is constrained by the requirements of credentialing laws, the collective bargaining contract (such as contract language that requires all classes meet certain maximum sizes), and myriad state and federal legal compliance issues.

### Lifetime retiree health benefits—the employee compensation practice most closely linked to fiscal health

It is clear that employee compensation is a huge factor in school district expenditures, and in California, collective bargaining is the process by which compensation is decided. Further, the scope of bargaining here means that collective bargaining agreements affect a broad range of district practices and expenditures beyond compensation per se. That said, we were interested to see that the collective bargaining and compensation practices we analyzed did not, for the most part, correlate significantly with fiscal health.

The most notable exception to this was the granting of lifetime health benefits to retirees. This practice was significantly more likely to occur in unhealthy districts in our sample and in unhealthy unified districts statewide.

This could be interpreted as a symptom of other problems or weaknesses in a district's policies and practices related to compensation. We identified 72 districts statewide that have granted this benefit. These districts serve 1.4 million students, or about 24% of students in the state. A closer look at those districts might be in order, but it would be important that such an enquiry recognize that the leaders who negotiated the benefit may no longer be the ones at the district helm.

### ***Additional reflections on the challenges of financial management in California***

In California, complex formulas dictate how much revenue a school district will receive to educate its students. For the most part, districts are simply the recipients of these funds, the amount of which is determined by factors beyond their direct control. District management can only address the revenue side of the budget at the margin. Practices such as raising private contributions, applying for grants and categorical support, pursuing a local parcel tax, and increasing its ratio of average daily attendance to enrollment have limited effect. That will remain true as long as the fiscal decisions of the state Legislature and the governor—and the provisions of Propositions 13 and 98—are the primary factors in setting school district revenues and districts continue to have only limited ability to increase revenues on their own.

As a result, school districts in California can exercise direct control over their fiscal health largely by controlling their expenditures. The need to do so creates a dynamic tension with their responsibility to deliver sound, effective educational services to their students and to reasonably compensate their employees. Some fiscally healthy districts may maintain their fiscal status by scrimping on the services they provide. Others may risk being fiscally unhealthy in the name of educational quality. And some districts are apparently able to strike the delicate balance between these two extremes through a combination of effective financial practices and perhaps some good fortune in terms of the amount of revenue they receive. This study illuminates some possible strategies for improving districts' ability to be in this latter group but it also sheds some light on the complexities involved in doing so. In addition, it raises important issues related to school district financial management that warrant further study, including examination of district leadership as a key factor that, at least in some cases, can overcome weak financial fundamentals.



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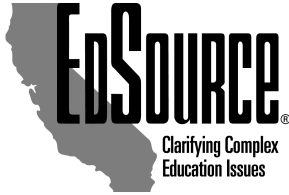
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**Appendices – see separate files**



## District Financial Management



### A Survey of Chief Business Officers in School Districts Throughout California

#### **About the Survey**

EdSource and School Services of California are conducting this survey as a collaborative project, in partnership with Stanford University. The questionnaire asks you, as a chief business officer, about your qualifications and about the business policies and procedures used in your school district. This survey is part of a larger research effort seeking to better understand school finance in California and how to improve it.

Your participation in this survey is vitally important to help provide insights into the area of district financial management in California public school districts. This is a once-in-a-lifetime opportunity for you to advance your profession! Please take it.

#### **Protecting Your Privacy**

Filling out this questionnaire should take between 30–45 minutes and is voluntary. If you choose to help us by completing the survey, you can leave blank any questions you do not wish to answer. Completing the survey indicates your consent to participate. All the information you provide will be kept **strictly confidential** and responses will be identified by respondent number only. Responses will be analyzed by the project directors only, used only for the purposes of this study, and reported only in summary form. No individuals or districts will ever be identified. We believe that this survey poses little risk or benefit to you.

This study's confidentiality protections have been reviewed by the Institutional Review Board (IRB) at Stanford University. If you have questions about your rights as a study participant or are dissatisfied at any time with any aspect of this study, you may contact—anonously if you wish—the Administrative Panels Office, Stanford University, Stanford, CA (USA) 94305-5401, or by phone: (650) 723-2480.

#### **More information:**

If you have any questions about this survey, please don't hesitate to call Mary Perry at EdSource: (650) 917-9481 (mperry@edsources.org), or Robert Miyashiro at School Services: (916) 446-7517 (robertm@sscal.com). **Our target deadline for collecting the surveys is April 19**, but your participation is important to us, so if you are facing any time constraints, please let us know what we can do to help.

# District Financial Management

## A Survey of Chief Business Officers in School Districts Throughout California

Please make sure that your answers are legible, and fill in each box or blank clearly. Return your survey to EdSource via fax at (650) 917-9482 or by mail in the enclosed envelope to: EdSource Survey, 520 San Antonio Rd. #200, Mountain View, CA 94040. **If you have any questions, feel free to call us at: (650) 917-9481.** PLEASE KEEP A COPY FOR YOUR RECORDS. Thank you!

*[Answers will be kept strictly confidential. Please provide your name and district name to enable us to contact you if your answers are unclear and to link your answers with other data about your district.]*

Name of person completing this survey: \_\_\_\_\_

School district name: \_\_\_\_\_

### RESPONSIBILITIES OF BUSINESS OFFICE

1. Please indicate which of the following areas of district operation are within the direct control of the CBO in your district.

- Budget
- Accounting
- Purchasing
- Facilities
- Maintenance
- Operations
- Transportation
- Food Service
- Information technology (e.g., management information systems, telephone services)
- Human resources \_\_\_\_\_ certificated \_\_\_\_\_ classified \_\_\_\_\_ both
- Risk management/insurance administration
- Other (please list): \_\_\_\_\_

2. Please indicate the number of positions (based on full-time equivalents) in your business office devoted to the **budget and accounting functions only:**

Number of professional positions \_\_\_\_\_ (FTE)  
 Number of clerical/support positions \_\_\_\_\_ (FTE)

### GOVERNANCE AND ADMINISTRATIVE STRUCTURES AND PRACTICES

3. A district's ongoing financial decision-making is sometimes linked to a strategic plan and/or goals for student performance. To what extent does your district do the following?

My district...	To a great extent	To some extent	A little	Not at all	Don't know
a. follows a multi-year strategic plan that includes annual goals and measurable objectives.					
b. links its financial plans and budgets to its priority goals and objectives, including those for student performance.					
c. regularly adjusts its financial plans and budgets to improve its ability to meet its priority goals and objectives.					
d. has established procedures for evaluating the financial impact of budget amendments on its ability to meet its priority goals and objectives.					
e. is able to cut programs that don't help it meet its strategic goals.					
f. considers its goals closely when choosing whether to implement a new program.					



**4. School district boards vary in the nature and quality of their procedures. Please answer the following with regard to your board's financial oversight:**

	Yes, of high quality	Yes, of average quality	Yes, but quality is low	No	Don't know
a. Do board members receive training on school district budgeting and finance?					
b. Do board members receive a concise summary of the district's budget proposal?					
c. Do board members receive analysis of expenditure and revenue trends for multiple years along with the budget proposal?					
d. Do new board members receive an orientation that covers the roles and responsibilities of the board and superintendent?					
e. Does the board have established limits for how much various district staff can spend without approval?					
f. Does the board have written policies?					
g. Does the district have regulations that deal with procedural matters?					

**5. The working relationship between a district's board and administration can affect all facets of district operation. In this regard, how often does your district do the following?**

In my district:	Always	Often	Sometimes	Rarely	Never
a. The district's budget planning process and timeline are clearly communicated to all stakeholders.					
b. Changes or concerns about the district's financial position are brought to the board's attention immediately.					
c. The roles and responsibilities of the board and superintendent are clearly delineated.					
d. Board policies are updated promptly to reflect changes in law.					
e. District regulations are updated promptly to reflect changes in law and policy.					
f. The board uses a formal process to evaluate its own performance.					
g. The board uses a formal process to evaluate the superintendent's performance.					

**6. School site administrators vary in their capacity to manage site-level finances effectively. To what extent does the following happen in your district?**

	To a great extent	To a good extent	A little	Not at all	Don't know
a. The district clearly communicates to principals the scope of their financial authority.					
b. School site administrators are expected to link their financial decision-making to school and student performance goals.					
c. The district gives site principals/administrators staffing and budget flexibility.					
d. The district has sufficient controls to ensure that school sites adhere to districtwide policies and procedures.					
e. The district holds school site administrators accountable for sound financial management and budgeting.					
f. School site administrators receive training related to financial management and budgeting.					
g. Site-level budget and policy groups (e.g. school site councils) receive training relevant to their financial responsibilities.					

## FINANCIAL INFORMATION AND COST CONTROLS

**7. California recently adopted the Standardized Account Code Structure (SACS) in part to improve school districts' capacity to analyze and report financial data. Does your district do the following?**

	Yes	No	Don't know
a. Use function codes (e.g., instruction and administration) to <u>analyze</u> expenditures.			
b. Use function codes (e.g., instruction and administration) to <u>report to the public</u> on expenditures.			
c. Break the K–12 instruction goal down into more detailed categories (e.g., by school or grade level).			
d. Use school-level codes to develop school site budgets.			
e. Use school-level codes to track revenues and expenditures to schools over time.			
f. Use school-level financial data to report to the public.			

**8. The extent to which a district is able to accurately estimate revenues and expenditures—including enrollment/ADA projections—can vary. Does your district do the following?**

	Always	Often	Sometimes	Rarely	Never
a. Does your district base its enrollment projections on statistical enrollment techniques (e.g., a cohort survival methodology)?					
b. Has your district been able to accurately predict turning points in enrollment?					
c. Does your district consider external factors (e.g., charter and private school enrollments, employment trends, new housing) in its enrollment projections?					
d. Does your district document the methods and data used in its forecasting process?					
e. Does your district develop attendance projections (for ADA) based on prior years?					
f. Do district staff use prior-year comparisons when estimating revenues?					
g. When necessary based on projections, does your district issue layoff notices to certificated staff in a timely manner?					

**9. Districts vary in the financial information and reporting systems they use. With regard to the systems used in your district, to what extent do you agree or disagree with the following?**

	Completely agree	Somewhat agree	Somewhat disagree	Completely disagree	Don't know
a. The financial accounting system has software components that provide for efficient data entry.					
b. The financial accounting system has software components that provide for capital projects tracking by and across fiscal years.					
c. The financial accounting system has software components that provide for reconciliations between control accounts and subsidiary records (receivables, payables, payroll, inventories, etc.).					
d. The format for financial reports is easy for the board to understand and assists them in making decisions.					

**10. Is your financial software:**

- Provided by the County Office of Education?
- Designed by a third-party source?
- Designed by your school district?
- Don't know.

**11. Maintaining financial control systems represents a significant role and workload for a school district's financial staff. With regard to your district's financial control systems, to what extent do you agree/disagree with the following?**

	Completely agree	Somewhat agree	Somewhat disagree	Completely Disagree	Don't know
a. District financial staff analyze significant expenditure processes to ensure appropriate controls.					
b. District financial staff analyze significant contracts, financial negotiations, and major expenditure categories for unusual cost fluctuations.					
c. The district maintains an effective position-control system that does not permit expenditures without a budgeted position.					
d. The district has effective controls over payroll processes to ensure appropriate and timely reporting of payroll and attendance information to employees.					
e. The district has effective payroll processes that ensure timely payment of federal and state taxes and other payroll deductions.					
f. The district identifies internal control weaknesses using multiple sources (e.g., audit reports, risk assessments, grantor monitoring reports).					
g. The district assigns responsibility for resolving internal control weaknesses to appropriate staff.					
h. The district has written policies regarding employee ethics.					
i. The district has documented disciplinary procedures for cases of employee fraud.					

**12. With regard to your district's debt management (e.g., TRANS, COPS, bonds) to what extent do you agree/disagree with the following?**

	Completely agree	Somewhat agree	Somewhat disagree	Completely disagree	Don't know
a. The district uses debt strategically to help manage its operations and finance certain expenditures.					
b. The district has written policies and procedures related to debt management.					
c. The district tracks debt service requirements and ensures timely payment.					
d. The district complies with federal arbitrage requirements and bond covenants.					
e. The district has a formal process for evaluating debt capacity prior to issuing debt.					
f. The district evaluates financing alternatives when acquiring major capital assets.					

**13. Does your district retain the services of one or more Financial Advisers (not including bond counsel)?**

\_\_\_ Yes \_\_\_ No

**If YES, please list types of Financial Advisers:** \_\_\_\_\_

\_\_\_\_\_

**14. With regard to purchasing practices in your district, how often does the following occur?**

	Always	Often	Sometimes	Rarely	Never
a. The district's suppliers deliver directly to schools whenever possible.					
b. Bid limits and force labor account limitations are strictly observed.					
c. Purchasing policies and procedures clearly prohibit bid-splitting and other legal violations.					
d. There is separation of duties to avoid a single person being able to specify a need and award a bid.					
e. Key staff and board members file conflict-of-interest statements.					
f. Purchase orders are issued promptly and accurately.					
g. The receiving function is separate from the ordering function.					
h. Piggyback bidding is used to reduce costs when appropriate.					
i. JPA participation is used to lower costs when appropriate.					

**15. Does your district have an internal audit position? \_\_\_\_ Yes \_\_\_\_ No**

**IF YES, please answer the following:**

	Yes	No	Don't know
a. Is the internal audit function organizationally independent, reporting to the board or a board-designated committee?			
b. Does the internal audit function perform an annual risk assessment?			
c. Does the internal audit function prepare an internal audit plan?			
d. Is the annual internal audit plan based on prioritization of risks identified in the annual risk assessment?			

**RETIREE HEALTH BENEFITS**

**16. Which of the following employee groups in your district are provided with a retiree health benefit? If applicable, include the number of current members that are eligible for retiree health benefits.**

- Certificated staff                      If so, approximately how many are eligible? \_\_\_\_\_
- Classified staff                        If so, approximately how many are eligible? \_\_\_\_\_
- Management staff                      If so, approximately how many are eligible? \_\_\_\_\_
- School board                            If so, approximately how many are eligible? \_\_\_\_\_

**17a. In 2004–05, what was the total amount the district paid for retiree health benefits? \$ \_\_\_\_\_**

**17b. From which funds were these retiree benefits paid? \_\_\_\_\_**  
 \_\_\_\_\_

**18. With regard to the district's current retiree health benefits, indicate the following:**

**Who is covered:**     \_\_\_ Employee only     \_\_\_ Employee and spouse     \_\_\_ Employee and dependents

**Duration of benefits:**     \_\_\_ For life                      \_\_\_ Until age 65                      \_\_\_ Other (please specify) \_\_\_\_\_

**Benefits provided:**     \_\_\_ Health                      \_\_\_ Dental                      \_\_\_ Vision                      \_\_\_ Other (please specify) \_\_\_\_\_

19. Does Medicare become the primary insurance when the employee is eligible?

- Yes.
- No, employees are not covered.
- Not necessarily, contract language does not require employees to file when eligible.

20a. Has your district conducted an actuarial study or used another method to identify the total unfunded liability of eligible employees?

\_\_\_ Yes                    \_\_\_ In process                    \_\_\_ No

20b. IF YES, please indicate the amount of unfunded liability: \$ \_\_\_\_\_

21a. Has your district developed a plan for addressing unfunded liabilities in future years?

\_\_\_ Yes                    \_\_\_ In process                    \_\_\_ No

21b. If YES, has that plan been implemented? \_\_\_ Yes                    \_\_\_ In process                    \_\_\_ No

**MANAGEMENT OF SPECIFIC OPERATIONS**

22. **Technology Systems.** Districts differ in their approach to the acquisition and management of information technologies. With regard to technology management in your district, please answer the following:

	Yes, of high quality	Yes, of average quality	Yes, but quality is low	No	Don't know
a. Does your district maintain a comprehensive technology plan that addresses school-site and district-level needs?					
b. Does your district annually conduct an assessment to identify district and school-level technology needs?					
c. Do district and school-based staff receive professional development training for technologies used in the district?					
d. Does your district have performance criteria for technology skills for both administrators and teachers?					
e. Does your district provide technical support to the schools and district offices?					
f. Are specific personnel at both the district and school level assigned technical support responsibilities?					
g. Has your district established an equipment replacement policy?					
h. Has your district established appropriate information system controls (e.g., access, security, documentation)?					

23. **Facilities Maintenance.** The maintenance and operation of facilities can affect district resources as well as student performance. With regard to maintenance and operation of facilities, please answer the following:

	Yes, of high quality	Yes, of average quality	Yes, but quality is low	No	Don't know
a. Does the maintenance and operations department regularly evaluate its programs?					
b. Does the district have written procedures for management and expenditures related to facilities (e.g., equipment replacement, facilities use)?					
c. Does the district have written operational procedures for maintenance and custodial services?					
d. Are work assignments and performance appraisals for commonly repeated tasks based on performance standards?					
e. Does the maintenance and operations department have a system for prioritizing maintenance needs uniformly throughout the district?					
f. Does the district complete cost estimates for projects?					
g. Does the district use a computerized control and tracking system to track work orders and inventory?					
h. Does the district use, when possible, contract services to obtain high-value/low-cost services?					

### COLLECTIVE BARGAINING RELATIONSHIPS AND PROCESS

24. Please indicate the separate collective bargaining units your district negotiates with (check all that apply):

- CTA
- AFT
- CSEA
- AFSCME
- SEIU
- Building Trades
- Teamsters
- Other \_\_\_\_\_

**25. Districts vary in their approach to the bargaining process and their board's involvement in it. With regard to your district's collective bargaining process, please answer the following:**

	Yes, of high quality	Yes, of average quality	Yes, but quality is low	No	Don't know
a. Prior to commencing negotiations, does the district prepare financial exhibits that include estimates of the cost of the district proposal (and union proposal, if possible)?					
b. Prior to commencing negotiations, does the district prepare financial exhibits that include estimates of new revenues available to the district, which are supported by enrollment projections and revenue limit worksheets?					
c. Does the board delegate its bargaining authority to a negotiating team?					
d. Does the district receive authorization and bargaining parameters from the board prior to commencement of bargaining?					
e. Does the board receive financial and other information and a recommendation from the superintendent before authorizing parameters?					
f. Is the district bargaining team trained in the process of collective bargaining?					
g. Does the bargaining team have access to outside experts?					

**26. With regard to your district's collective bargaining process, how often are the following true?**

	Always	Usually	Sometimes	Rarely	Never
a. If an agreement is not reached within board parameters, does the bargaining team return to the board for different authorization?					
b. Does the district stay informed about the requirements of impasse, mediation, and fact-finding?					
c. Does the bargaining team consult with functional managers within the district whose operations might be affected by the agreement?					
d. Does the district negotiate total compensation, not salary alone?					
e. Does the district prepare financial disclosures and receive board approval as required by AB 1200 and AB 2756?					
f. With regard to your primary teachers' union, is your district's relationship with union leaders generally positive?					
g. Were grievances filed by your primary teachers' union in the last year amicably resolved?					

**27. With regard to your primary teachers' union:**

	Yes	No	Don't know
a. Was the last contract with this union settled without any labor actions (e.g., impasse, mediation, work-to-rule)?			
b. In the last year, has the union filed grievances with the district?			
c. In the last year, has the district received charges of unfair labor practices or a breach of the collective bargaining agreement from this union?			
d. Did the last contract with this union include a salary increase greater than the state COLA?			
e. Does the district have a hard cap on the per-employee cost of health and welfare benefits?			

## MAXIMIZING DISTRICT REVENUES

Districts vary in their ability to generate extra revenues from public and private sources. State data are available regarding whether your district has passed a local parcel tax or bond measure, and how much public funding your district receives. However, we are asking the following questions to try to get a clearer picture of the private revenue sources available to your district, including in-kind donations such as donated equipment, but excluding volunteer time.

**28. For 2004–05, indicate if your district received funding (excluding in-kind support) from any of these private sources and (if practical) estimate the amount:**

	Funding received from this source?		Estimated total	Which group was the most instrumental in generating this revenue?		
	Yes	No		District office/ governing board	School site	Parents/ community
a. Private foundations (e.g., Gates, Packard)			\$			
b. Local education fund or foundation			\$			
c. Local business partnerships			\$			

**29. For 2004-05, indicate if your district received in-kind donations (excluding volunteer time) from any of these private sources and (if practical) estimate their value.**

	Funding received from this source?		Estimated total value	Which group was the most instrumental in generating this revenue?		
	Yes	No		District office/ governing board	School site	Parents/ community
a. Private foundations (e.g., Gates, Packard)			\$			
b. Local education fund or foundation			\$			
c. Local business partnerships			\$			

**30a. Excluding any interest income, rents and royalties, parcel taxes, or general bond revenues, did your district in 2004–05 have any other public or private sources of local miscellaneous income you consider substantial?**

\_\_\_ Yes \_\_\_ No

**30b. If YES:**

Please indicate the sources and (if practical) estimate the amount of funding from each:

Source \_\_\_\_\_ \$ \_\_\_\_\_  
 Source \_\_\_\_\_ \$ \_\_\_\_\_  
 Source \_\_\_\_\_ \$ \_\_\_\_\_  
 Source \_\_\_\_\_ \$ \_\_\_\_\_

**31. For a variety of reasons, districts are not always able to identify and/or secure the full amount of revenues that might be available from some sources. To what extent is your district successful or unsuccessful at maximizing the amount of revenue from each of the following?**

	Very successful	Somewhat successful	Somewhat unsuccessful	Completely unsuccessful	Don't know
a. Unrestricted state funds					
b. State categoricals					
c. Federal categoricals					
d. Private contributions					
e. In-kind donations (e.g., volunteer time, supplies)					
f. Interest income					
g. Lease income					
h. Services that generate income (e.g., food service, transportation)					



**ALLOCATION STRATEGIES AND DECISION-MAKING**

**32a. Which of the following general statements come closest to describing how general purpose resources are allocated to the majority of school sites in your district (check ONLY one):**

- The district office gives the school a budget to work with for both personnel and non-personnel costs, and the site chooses how to spend those funds.
- The district office determines the number of teachers, administrators, and support staff a school has and then gives the school a budget for non-personnel costs, and the site chooses how to spend those funds.
- The district office determines the number of teachers, administrators, and support staff a school has and also determines the school's spending for non-personnel expenses.

**32b. Are there some schools in your district where a different allocation model is used? \_\_\_\_\_ Yes \_\_\_\_\_ No**

**If YES, please describe briefly:** \_\_\_\_\_  
 \_\_\_\_\_

**33. Indicate which of the following best describes how each resource-allocation decision is made in your district:**

	Schools decide alone	Schools decide within district guidelines	Schools and district share equally in decision	District decides with school input	District decides alone (or based on formula)	Don't know
a. Number of teachers						
b. Assignment of specific teachers to a school						
c. Assignment of specific teachers to subject/grade-level within a school						
d. Number of site administrators						
e. Type of administrators						
f. Number of professional support staff (e.g., counselors, nurses)						
g. Type of professional support staff						
h. Number of classified staff						
i. Type of classified staff						
j. Professional development for teachers						
k. Capital equipment purchases (e.g., computers, copiers)						
l. Purchase of supplies						
m. Purchase of textbooks and instructional materials						
n. Facilities upkeep staff and services						

**34. To what extent does your district take the following into account as it makes decisions about the number and type of personnel (including teachers, professional support, and classified staff) assigned to a school?**

	Strongly consider	Somewhat consider	Do not consider	Don't know
a. School-level performance as measured by state tests.				
b. Percentage of students who are English learners.				
c. Percentage of students from low-income families.				
d. Experience of school's current teaching staff.				
e. Other: _____				

35. With regard to how resources are allocated to school sites in your district, is there anything you want to add to further explain or clarify your answer?

**GENERAL OBSERVATIONS**

36. How important or unimportant do you personally believe each of the following is for effective financial management?

	Essential	Very important	Somewhat important	Not important	Undecided
a. The roles and responsibilities of the board and superintendent have been clearly delineated.					
b. The district links its financial plans and budgets to its priority goals and objectives, including those for student performance.					
c. Board members receive training on school district budgeting and finance.					
d. Significant changes or concerns about the district's financial position are brought to the board's attention immediately.					
e. The district gives site principals/administrators staffing and budget flexibility.					
f. The district holds school site administrators accountable for sound financial management and budgeting.					
g. The district bases its enrollment projections on statistical enrollment techniques (e.g., a cohort survival methodology).					
h. District financial staff analyze significant expenditure processes to ensure appropriate controls.					
i. District financial staff analyze significant contracts, financial negotiations, and major expenditure categories for unusual cost fluctuations.					
j. The district uses debt strategically to help manage its operations and finance certain expenditures.					
k. The district prepares financial disclosures and receives board approval as required by AB 1200 and AB 2756.					

37. How important do you believe each of the following is in order for your school district to remain in good fiscal health?

	Essential	Very important	Somewhat important	Not important	Undecided
a. Stability in district leadership					
b. Extra revenues raised by the school district or community					
c. Cost controls related to salaries					
d. Cost controls related to employee benefits					
e. Cost controls outside of personnel					
f. Predictable state funding					
g. Adequate funds for facility needs separate from operating funds					

38. Please describe briefly any special circumstances outside of your district's control, but particular to your district, which have threatened its ability to remain in good fiscal health (such as Special Education encroachment or a lawsuit settlement, not statewide budget cuts). What did your district do to address those circumstances and was it successful?

\_\_\_\_\_

39a. With regard to enrollments in the next three years, is your district currently planning for:  
 Declining enrollment       Increasing enrollment       No change

39b. IF DECLINING, which of the following actions is your district considering to address that? (Check all that apply.)

- Reducing teaching staff
- Reducing classified staff
- Reducing administrative staff
- Closing schools
- Reconfiguring schools
- Other \_\_\_\_\_

39c. IF INCREASING, which of the following actions is your district considering to address that? (Check all that apply.)

- Opening a new school (or schools)
- Adding portable classrooms to existing sites
- Reducing administrative staff
- Closing schools
- Reconfiguring schools
- Transporting students
- Other \_\_\_\_\_

40. What do you believe are the most significant financial issues your district faces in the next three years?

\_\_\_\_\_

### QUALIFICATIONS OF DISTRICT CBO

41. Do you serve as the chief business officer for this district?  Yes  No  
(If not, please answer the following questions for your district CBO, not yourself.)

42. Indicate if you (or the CBO) are also a:

- Deputy superintendent
- Associate or assistant superintendent;
- Superintendent
- Other \_\_\_\_\_

43. First full school year (e.g., 2005–06) in which you held CBO position in this district: \_\_\_\_\_

44. Total years you have worked as a CBO (including this year): \_\_\_\_\_

45. Total years you have worked in this district (including this year): \_\_\_\_\_

46. Position you held prior to becoming CBO: \_\_\_\_\_

47. Please indicate degrees held and major or field:

AA degree:      \_\_\_ Business    \_\_\_ Economics    \_\_\_ Education    \_\_\_ Public Admin.    \_\_\_ Other

Bachelor’s degree:    \_\_\_ Business    \_\_\_ Economics    \_\_\_ Education    \_\_\_ Public Admin.    \_\_\_ Other

Master’s degree:    \_\_\_ Business    \_\_\_ Economics    \_\_\_ Education    \_\_\_ Public Admin.    \_\_\_ Other

Doctoral degree:    \_\_\_ Business    \_\_\_ Economics    \_\_\_ Education    \_\_\_ Public Admin.    \_\_\_ Other

48. Indicate the extent to which you have participated in any of the following training programs:

	Completed	Participated but not completed	Have not participated
a. Chief Business Official Certification Program (CASBO)			
b. School Business Management Certificate Program (e.g., Pepperdine, School Services of California, and USC)			
c. Chief Business Official Mentor Project (FCMAT)			
d. ACSA CBO Academy			
e. Other: _____			

49. For each of the following statements, indicate the extent to which you agree or disagree.

	Completely agree	Somewhat agree	Somewhat disagree	Completely disagree	Don’t know
a. I have a high level of knowledge in financial planning.					
b. I have a strong understanding of California’s overall school finance system.					
c. I am well-versed in state requirements related to our district’s budgeting process.					
d. I am well informed about K-12 education issues outside of financial management.					
e. I feel that the scope of my responsibilities is reasonable.					
f. I am highly effective at managing all my responsibilities.					
g. I play a critical role in the district’s financial decision-making.					
h. I place a high priority on communication about financial matters to other district personnel and board.					
i. I place a high priority on communication about financial matters to community members.					

**Thank you! We really appreciate your participation!**

*If you have any questions or problems regarding this survey, please call us at: (650) 917-9481x31.*

**Please return your survey to EdSource via fax at (650) 917-9482 or by mail in the enclosed envelope to: EdSource Survey, 520 San Antonio Rd. #200, Mountain View, CA 94040. We request that you hold onto a copy for your records. Thank you!**

# FCMAT Predictors of School Agencies Needing Intervention

The following 11 conditions represent those school agency problems most commonly encountered by the Fiscal Crisis and Management Assistance Team (FCMAT). The presence of any one condition is not necessarily an indication of a school agency in trouble. Unavoidable short-term situations such as key administrative vacancies can result in brief and acceptable periods of exposure to one or more of the following conditions. Exceeding acceptable limits of exposure in one or more of the following conditions is often the blueprint for districts nearing or presently in a crisis situation.

## 1. Leadership Breakdown\*

- a. Governance crisis\*\*
- b. Ineffective staff recruitment
- c. Board micromanagement and special interest groups influencing boards
- d. Ineffective or no supervision
- e. Litigation against district

## 2. Ineffective Communication\*

- a. Staff unrest and morale issues
- b. Absence of communication to educational community\*\*
- c. Lack of interagency cooperation\*\*
- d. Breakdown of internal systems (payroll, position control)

## 3. Collapse of Infrastructure

- a. Unhealthy and unsafe facilities and sites
- b. Deferred maintenance neglected
- c. Low Budget Priority
- d. Local and state citations ignored
- e. No long-range plan for facility maintenance

## 4. Inadequate Budget Development\*

- a. Failure to recognize year-to-year trends, e.g., declining enrollment or deficit spending\*\*
- b. Flawed ADA projections\*\*
- c. Failure to maintain reserves\*\*
- d. Salary and benefits in unrealistic proportions
- e. Insufficient consideration of long-term bargaining agreement effects\*\*
- f. Flawed multi-year projections\*\*
- g. Inaccurate revenue and expenditure estimations\*\*

## 5. Limited Budget Monitoring\*

- a. Failure to reconcile ledgers
- b. Poor cash flow analysis and reconciliation\*\*
- c. Inadequate business systems and controls
- d. Inattention to COE data
- e. Failure to review management control reports
- f. Bargaining agreements beyond state COLA\*\*
- g. Lawsuit settlements

## 6. Poor Position Control\*

- a. Identification of each position missing
- b. Unauthorized hiring
- c. Budget development process affected
- d. No integration of position control with payroll\*\*

## 7. Ineffective Management Information Systems\*

- a. Limited access to timely personnel, payroll, and budget control data and reports\*\*
- b. Inadequate attention to system life cycles
- c. Inadequate communication systems

## 8. Inattention to Categorical Programs\*

- a. Escalating general fund encroachment\*\*
- b. Lack of regular monitoring\*\*
- c. Illegal expenditures
- d. Failure to file claims

## 9. Substantial Long-Term Debt Commitments

- a. Increased costs of employee health benefits+
- b. Certificates of participation
- c. Retiree health benefits for employees and spouse+
- d. Expiring parcel taxes dedicated to ongoing costs

## 10. Human Resource Crisis

- a. Shortage of staff (administrators, teachers, support, and board)
- b. Teachers and support staff working out of assignment
- c. Students/classrooms without teachers
- d. Administrators coping with daily crisis intervention
- e. Inadequate staff development

## 11. Related Issues of Concern

- a. Local and state audit exceptions
- b. Disproportionate number of under performing schools
- c. Staff, parent, and student exodus from the school district
- d. Public support for public schools decreasing
- e. Inadequate community participation and communication

\* Highlights the seven conditions consistently found in each district requesting an emergency loan or dealing with a "fiscal crisis."

\*\* Represents the 15 conditions that have been found most frequently to indicate fiscal distress and are those referenced in Assembly Bill 2756 (Daucher) and recently amended Education Code Sections 42127 and 42127.6.

+ Indicates an emerging area of significant concern.

**CALIFORNIA STATE LOANS TO SCHOOL DISTRICTS  
AB 1200 (1991 to 2005)**

<b>District</b>	<b>Amount of State Loan</b>	<b>Date of Issue</b>	<b>State Administrator State Trustee</b>	<b>Legal Authority</b>	<b>Amount Paid Including Principal &amp; Interest</b>	<b>Pay Off Date</b>	<b>Outstanding Balance</b>
			*See Page 4 for detail				
Vallejo City Unified	\$50,000,000 (\$60,000,000 authorized)	6/23/04	Administrator 6/22/04- Present	SB 1190, Ch 53/04	-0-	6/24/24	\$50,000,000 as of 2/14/05
Oakland Unified	\$65,000,000 (\$100,000,000 authorized)	6/4/03	Administrator 6/16/03- Present	SB 39, Ch 14/03	\$3,890,534 (annual payment)	6/30/23	\$62,265,166 as of 2/14/05
West Fresno Elementary SD	\$1,300,000 (\$2,000,000 authorized)	12/4/03	Administrator 3/19/03- Present	AB 38, Ch 1/03	\$144,195 (annual payment)	12/30/13	\$1,180,895 as of 2/14/05
Emery Unified	\$1,300,000 (\$2,300,000 authorized)	9/21/01	Administrator 8/7/01- 6/30/04; Trustee 7/1/04 - Present	AB 96, Ch 135/01	\$291,819 (\$97,273 annual payment)	9/30/21	\$1,166,136 as of 2/14/05
Compton Unified	\$3,500,000 \$7,000,000 <u>\$ 9,451,259</u> \$19,941,259	7/19/93 10/14/93 6/29/94	Administrators 7/93- 12/10/01, Trustee 12/11/01-6/13/03	AB 657, Ch 78/93 AB 1708, Ch 924/93	\$24,358,061	6/30/01	-0-
Coachella Valley Unified	\$5,130,708 <u>\$2,169,292</u> \$7,300,000	6/16/92 1/26/93	Administrators 5/26/92- 9/30/96; Trustee 10/1/96-12/20/01	SB 1278, Ch 59/92	\$9,271,830	12/20/01	-0-
Richmond/ West Contra Costa	\$2,000,000 \$7,525,000 <u>\$19,000,000</u> \$28,525,000	8/1/90 1/1/91 7/1/91	Pre-AB 1200 Trustee 7/1/90-5/1/91; Administrator 5/2/91- 5/3/92; Trustee 5/4/92 to Present	AB 1202, Ch 171/90 Superior Court Order	\$29,606,799 (\$1,421,602 annual payment 2006-2018)	2/1/18	\$16,641,911 as of 2/14/05

**CALIFORNIA STATE LOANS TO SCHOOL DISTRICTS  
PRE-AB 1200 (1984-1991)**

<b>District</b>	<b>Amount of State Loan</b>	<b>Date of Issue</b>	<b>State Administrator State Trustee</b>	<b>Legal Authority</b>	<b>Amount Paid</b>	<b>Outstanding Balance</b>
West Covina Unified	\$3,300,000	86-87	Trustee, 1987-1992	CH 34, 1987	Paid	-0-
Val Verde Unified	\$500,000	86-87	Trustee, 1987-1989	CH 34, 1987	Paid	-0-
Berkeley Unified	\$3,000,000	86-87	Trustee 11/12/86 - 11/21/90	CH 1258,1986	Paid	-0-
Alameda City USD	\$223,130	84-85	N/A	CH 46, 1984	Paid	-0-
Alameda COE	\$419,760					
Albany City USD	\$10,600					
Amador Valley HSD	\$40,280					
Castro Valley USD	\$98,580					
Emery USD	\$9,540					
Fremont USD	\$533,710					
Hayward USD	\$598,900					
Livermore ValleySD	\$313,230					
Murray Elem SD	\$121,370					
Newark USD	\$201,400					
New Haven USD	\$270,830					
Oakland USD	\$1,847,050					
Piedmont City USD	\$10,070					
Pleasanton Elem SD	\$108,120					
San Leandro USD	\$190,270					
San Lorenzo USD	\$297,860					
Sunol Glen Elem SD	\$5,300					
Total:	\$5,300,000					

**CALIFORNIA STATE LOANS TO SCHOOL DISTRICTS  
PRE-AB 1200 (1979 to 1984)**

<b>District</b>	<b>Amount of State Loan</b>	<b>Date of Issue</b>	<b>State Administrator State Trustee</b>	<b>Legal Authority</b>	<b>Amount Paid</b>	<b>Outstanding Balance</b>
Brea-Olinda Unified	\$350,000	84-85	N/A	CH 556, 1984	Paid	-0-
Pacific Grove	\$1,800,000	84-85	N/A	CH 61, 1984	Paid	-0-
Emery Unified	\$600,000	83-84	N/A	CH 38, 1983	Paid	-0-
Val Verde Elem.	\$ 96,000	83-84	N/A	CH 171, 1983	Paid	-0-
Westwood Unified	\$ 80,000	83-84	N/A	CH 171, 1983	Paid	-0-
Stockton Unified	\$4,700,000 (\$6,725,000 authorized)	82-83	N/A	CH 318, 1982	Paid	-0-
Fullerton JUHSD	\$900,000	79-80	N/A	CH 253, 1979	Paid	-0-

*Information Compiled by Fiscal Crisis and Management Assistance Team (FCMAT)  
Data provided by California Department of Education, Fiscal Services Division  
Updated July 2005*



**AB 1200****STATE ADMINISTRATOR/TRUSTEE HISTORY (1991 – Present)**

<b>District</b>	<b>State Administrator/ State Trustee</b>	<b>Name</b>	<b>Dates of Assignment</b>
Vallejo City Unified	Administrator	Dr. Richard Damelio	6/22/05 – Present
Oakland Unified	Administrator	Dr. Randolph Ward	6/16/03 – Present
West Fresno El SD	Administrator	William Griffin D. Kent Ashworth	3/19/03 – 6/8/05 6/9/05 – Present
Emery Unified	Administrator Administrator Trustee	Henry Der John Quinn John Quinn	8/7/01 – 11/14/03 11/17/03 – 6/30/04 7/1/04 – Present
Compton Unified	Administrator Interim Superintendent Administrator Administrator Administrator Administrator Trustee Superintendent	Stanley Oswald Harold Cebrum Jerome Harris Dr. Dhyan Lal Richard Whitmore Dr. Randolph Ward Dr. Randolph Ward Dr. Jesse Gonzales	7/2/93 – 2/3/94 7/94 – 6/96 2/4/94 – 3/11/96 3/11/96 – 7/7/96 7/17/96 – 11/96 11/96 – 12/11/01 12/11/01 – 6/13/03 8/27/01 – Present
Coachella Valley Unified	Administrator Acting Administrator Administrator Administrator Trustee	Andrew Viscovich Stu Greenfeld Stu Greenfeld Michael Keebler Michael Keebler	5/26/92 – 10/16/92 10/19/92 – 8/18/93 8/19/93 – 3/8/96 3/9/96 – 9/30/96 10/1/96 – 12/15/01
Richmond/West Contra Costa	Trustee Administrator Trustee	Dr. Fred Stewart Dr. Fred Stewart Dr. Fred Stewart	7/1/90 – 4/91 5/91 – 5/92 5/92 – Present

*Information Compiled by Fiscal Crisis and Management Assistance Team (FCMAT)*

*Data provided by California Department of Education, Fiscal Services Division*

*Updated July 2005*

# FCMAT’s FISCAL HEALTH RISK ANALYSIS

## Key Survival Questions

- 
- 1. Deficit Spending • Is this area acceptable?** ..... **Yes • No**

    - Is the district spending within their budget in the current year? (Yes / No)
    - Has the district controlled deficit spending over multiple years? (Yes / No)
    - Is the deficit spending addressed by fund balance, ongoing revenues, or expenditure reductions? (Yes / No)
  
  - 2. Fund Balance • Is this area acceptable?** ..... **Yes • No**

    - Is the district’s fund balance consistently increasing? (Yes / No)
    - Is the fund balance increasing due to on-going revenues and/or expenditure reductions? (Yes / No)
  
  - 3. Reserve for Economic Uncertainty • Is this area acceptable?** ..... **Yes • No**

    - Is the district able to maintain its reserve for economic uncertainty in the current and two subsequent years based on current revenue and expenditure trends? (Yes / No)
    - Was the district able to maintain its reserve in 2003-04, 2004-05 without using the state flexibility? (Yes / No)
    - Is the district aware that the reserves must be restored with the 2005-06 budget? (Yes / No)
    - Is there a plan to restore the 2005-06 reserve for economic uncertainty? (Yes / No)
  
  - 4. Enrollment • Is this area acceptable?** ..... **Yes • No**

    - Has the district’s enrollment been increasing or stable for multiple years? (Yes / No)
    - Is the district’s enrollment projection updated at least semiannually? (Yes / No)
    - Are staffing adjustments consistent with the enrollment trends? (Yes / No)
    - Does the district analyze enrollment and average daily attendance (ADA) data? (Yes / No)
    - Does the district track historical data to establish future trends between P-1 and P-2 for projection purposes? (Yes / No)
  
  - 5. Unrestricted or Undesignated Balance • Is this area acceptable?** ..... **Yes • No**

    - Is the district’s unrestricted or free balance maintained throughout the year? (Yes / No)
    - Does the district consistently have fund balance above the required reserve? (Yes / No)
  
  - 6. Interfund Borrowing • Is this area acceptable?** ..... **Yes • No**

    - Can the district manage its cash flow without interfund borrowing? (Yes / No)
    - Is the district repaying the funds within the statutory period? (Yes / No)
  
  - 7. Bargaining Agreements • Is this area acceptable?** ..... **Yes • No**

    - Has the district settled bargaining agreements at or under COLA during the past three years? (Yes / No)
    - Did the district conduct a pre-settlement analysis identifying an ongoing revenue source to support the agreement? (Yes / No)
    - Did the district correctly identify the related costs above the COLA? (Yes / No)
    - Did the district address budget reductions necessary to sustain the total compensation increase? (Yes / No)
    - Did the Superintendent and CBO certify the agreement prior to ratification? (Yes / No)
    - Is the governing board’s action consistent with the superintendent’s/CBO’s certification? (Yes / No)
  
  - 8. General Fund • Is this area acceptable?** ..... **Yes • No**

    - Is the percentage of the district’s general fund unrestricted budget allocated to salaries and benefits at or under the statewide average? (Yes / No)
    - Is the district making sure that only authorized restricted dollars pay for permanent staff? (Yes / No)
  
  - 9. Encroachment • Is this area acceptable?** ..... **Yes • No**

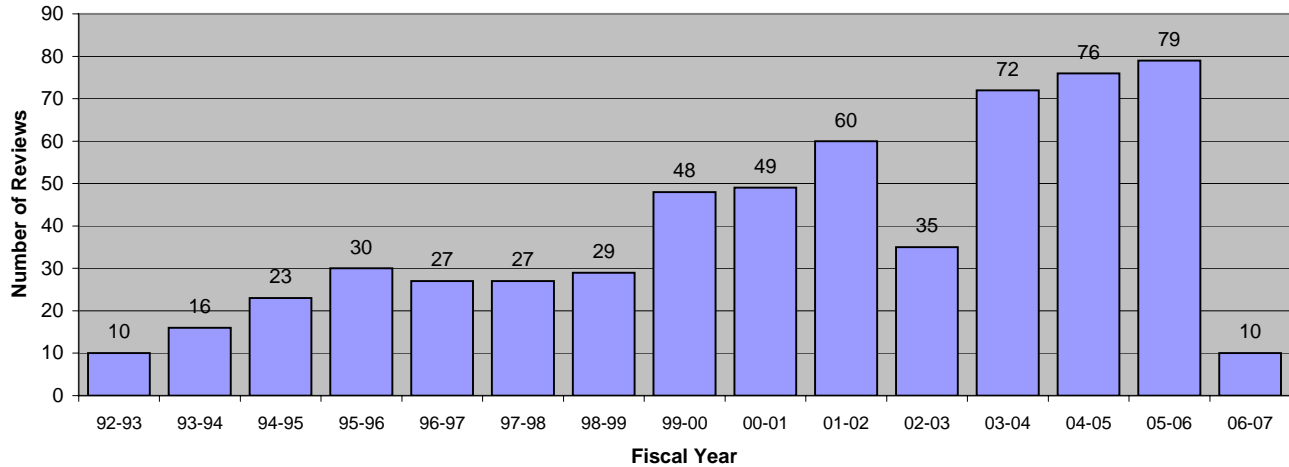
    - Is the district aware of the “Contributions to Restricted Programs” in the current year? (Identify cost, programs and funds) (Yes / No)
    - Does the district have a reasonable plan to address increased encroachment trends? (Yes / No)
    - Does the district manage its encroachment from other funds such as Special Education, Adult, Cafeteria, Child Development, etc.? (Yes / No)

- 10. Management Information Systems • Is this area acceptable?** ..... **Yes • No**
- Is the district data accurate and timely? (Yes / No)
  - Are the county and state reports filed in a timely manner? (Yes / No)
  - Are key fiscal reports readily available and understandable? (Yes / No)
  - Is the district on the same financial system as the county? (Yes / No)
- 11. Position Control • Is this area acceptable?** ..... **Yes • No**
- Is position control integrated with payroll? (Yes / No)
  - Does the district control unauthorized hiring? (Yes / No)
- 12. Budget Monitoring • Is this area acceptable?** ..... **Yes • No**
- Is there sufficient consideration to the budget, related to long-term bargaining agreements? (Yes / No)
  - Are budget revisions completed in a timely manner? (Yes / No)
  - Does the district openly discuss the impact of budget revisions at the board level? (Yes / No)
  - Are budget revisions made or confirmed by the board at the same time the collective bargaining agreement is ratified? (Yes / No)
  - Has the district's long term debt decreased from the prior fiscal year? (Yes / No)
  - Has the district identified the repayment sources for the long term debt? (Yes / No)
- 13. Retiree Health Benefits • Is this area acceptable?** ..... **Yes • No**
- Has the district completed an actuarial calculation to determine the unfunded liability? (Yes / No)
  - Does the district have a plan for addressing the retiree benefits liabilities? (Yes / No)
  - Has the district conducted a re-enrollment process to identify eligible retirees?
- 14. Leadership/Stability • Is this area acceptable?** ..... **Yes • No**
- Does the district have a Superintendent and/or Chief Business Official that has been with the district over four years? (Yes / No)
  - Does the governing board adopt clear and timely policies and support the administration in their implementation of those? (Yes / No)
  - Does the governing board refrain from micromanaging? (Yes / No)
- 15. District Liability • Is this area acceptable?** ..... **Yes • No**
- Has the district performed the proper legal analysis regarding potential lawsuits that may require the district to maintain increased reserve levels? (Yes / No)
  - Has the district set up contingent liabilities for anticipated settlements, legal fees, etc? (Yes / No)
- 16. Charter Schools • Is this area acceptable?** ..... **Yes • No**
- Has the charter school received an independent audit reflecting findings that may impact the fiscal certification of the authorizing agency? (Yes / No)
  - Has the charter school been revoked? (Yes / No)
  - Has an involuntary bankruptcy petition been filed? (Yes / No)
- 17. Audit Report • Is this area acceptable?** ..... **Yes • No**
- Did the district receive an audit report with material findings? (Yes / No)
  - Can the audit findings be addressed without impacting the district's fiscal health? (Yes / No)

**Total "No" Responses**

<b>RISK ANALYSIS</b>			
Total the number of areas that were not acceptable ("No" Responses).			
Use the key below to determine the level of risk to the district's fiscal health.			
<b>0 – 3</b>	<b>4 – 6</b>	<b>7 – 10</b>	<b>11 – 17</b>
<b>Low</b>	<b>Moderate</b>	<b>High</b>	<b>Extremely High</b>

## Total Reviews by Fiscal Year



## Number and Types of Studies by Fiscal Year

Fiscal Year	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	Total
F.C. / Emergency	6	3	4	3	2	1	1	2	2	4	2	1	1	1	0	33
<b>M.A. Reviews (below):</b>																
Comprehensive	0	0	0	0	0	0	0	0	0	2	2	5	0	0	0	9
Business, Fiscal	2	9	7	8	12	7	9	10	14	15	11	20	31	31	5	191
Transportation	0	2	6	4	5	4	7	5	7	11	6	6	9	6	1	79
Attendance	1	0	0	1	0	1	1	0	0	1	0	0	2	2	0	9
Technology	1	1	1	1	1	3	4	11	10	10	9	9	11	16	2	90
Organization, Staffing	0	1	3	0	4	7	3	8	7	4	4	14	7	7	1	70
Special Education, SELPA	0	0	0	2	1	0	1	2	1	3	1	2	3	7	1	24
Food Service	0	0	0	1	0	2	1	0	2	1	0	5	0	4	0	16
Facilities, Maintenance	0	0	0	0	1	0	1	5	3	4	0	4	4	2	0	24
Alternative Ed / ROP	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	2
External Evaluator	0	0	0	0	0	0	0	2	2	0	0	0	0	0	0	4
District Reorganization	0	0	2	3	1	2	0	0	0	0	0	0	0	1	0	9
Other Services or Training	0	0	0	6	0	0	0	3	1	1	0	3	1	0	0	15
AB 139 - Extraordinary Audits	0	0	0	0	0	0	0	0	0	4	0	3	7	2	0	16
<b>Total Studies by Fiscal Year</b>	<b>10</b>	<b>16</b>	<b>23</b>	<b>30</b>	<b>27</b>	<b>27</b>	<b>29</b>	<b>48</b>	<b>49</b>	<b>60</b>	<b>35</b>	<b>72</b>	<b>76</b>	<b>79</b>	<b>10</b>	<b>591</b>

(See Detailed Data Beginning on Next Page)

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
591	Santa Ana Unified School District	M.A.	Fiscal Review	Invited by District	July 1, 2006	Ongoing
590	Simi Valley Unified School District	M.A.	Organizational & Staffing	Invited by District	May 15, 2006	Ongoing
589	Simi Valley Unified School District	M.A.	Technology	Invited by District	February 8, 2006	Ongoing
588	Golden Plains Unified School District	M.A.	Multi-Year Forecast	Invited by District	June 13, 2006	Ongoing
587	Fallbrook School District	M.A.	Transportation	Invited by District	May 31, 2006	Ongoing
586	West Fresno Elementary School District	M.A.	Fiscal Review/Human Resources	Invited by District	July 7, 2006	Ongoing
585	Colusa County Office of Education	M.A.	Special Education	Invited by COE	May 24, 2006	Ongoing
584	Novato Unified School District	M.A.	Technology	Invited by District	June 13, 2006	Ongoing
583	Trona Joint Unified School District	M.A.	Fiscal Review	Invited by District	March 23, 2006	Ongoing
582	Orchard Elementary School District	M.A.	Fiscal Review	Invited by District	June 15, 2006	Ongoing
581	Golden Valley Unified School District	M.A.	Budget Development	Invited by District	June 22, 2006	Ongoing
580	San Benito High School District	M.A.	Technology	Invited by District	March 6, 2006	Ongoing
579	Cypress Grove Charter High School	M.A.	Organizational & Staffing	Invited by District	May 30, 2006	June 26, 2006 (ML)
578	Temple City Unified School District	M.A.	Organizational & Staffing	Invited by District	May 30, 2006	Ongoing
577	San Bernardino Co. Supt of Schools/Victor Valley USD	M.A.	Fiscal Expert	Invited by COE	June 7, 2006	Ongoing
576	Nuvview Union Elementary School District	M.A.	Reorganization	Invited by District	March 17, 2006	Ongoing
575	Monterey COE/Chualar Union School District	M.A.	Fiscal Review	Invited by COE	April 12, 2006	June 6, 2006

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
574	Sacramento City Unified School District	M.A.	Fiscal Review	Invited by District	March 20, 2006	Ongoing
573	Alameda Unified School District	M.A.	Technology	Invited by District	April 13, 2006	Ongoing
572	San Joaquin COE/Stockton Unified School District	M.A.	Fiscal Review	Invited by COE	April 19, 2006	June 29, 2006
571	Fallbrook School District	M.A.	Transportation	Invited by District	April 19, 2006	Ongoing
570	Victor Valley Union High School District	M.A.	Organizational & Staffing	Invited by District	March 20, 2006	Ongoing
569	Compton Community College District	M.A.	Budget Development	Invited by District	April 2, 2006	Ongoing
568	Alameda Unified School District	M.A.	Special Education	Invited by District	February 7, 2006	Ongoing
567	Valley Center-Pauma Unified School District	M.A.	Fiscal Review	Invited by District	March 9, 2006	June 2, 2006
566	Amador County Office of Education	M.A.	Special Education	Invited by COE	March 6, 2006	Ongoing
565	Hartnell Community College	M.A.	Fiscal Review	Invited by District	January 20, 2006	May 24, 2006
564	Placer COE/Newcastle Charter School	M.A.	Attendance	Invited by COE	March 27, 2006	June 30, 2006
563	Orange CDE/Albor Charter School	AB 139	Extraordinary Audit	Invited by COE	January 11, 2006	Ongoing
562	Merced City School District	M.A.	Fiscal Review	Invited by District	February 8, 2006	June 14, 2006
561	Ramona City Unified School District	M.A.	Fiscal Review	Invited by District	March 8, 2006	June 22, 2006
560	San Mateo-Foster City School District	M.A.	Technology	Invited by District	February 3, 2006	Ongoing
559	Golden Valley Unified School District	M.A.	Budget Development	Invited by District	March 14, 2006	June 8, 2006 (work only)
558	Corning Union Elementary School District	M.A.	Org & Staffing / Transportation	Invited by District	February 2, 2006	Ongoing

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
557	Pacific Grove Unified School District	M.A.	Food Services	Invited by District	January 30, 2006	June 6, 2006
556	Berkeley Unified School District	M.A.	Attendance	Invited by District	March 2, 2006	May 25, 2006
555	Tehama COE/ Sacramento River Discovery Charter School	M.A.	Fiscal Review	Invited by District	February 6, 2006	April 7, 2006
554	Lassen Community College	M.A.	Fiscal Review	Invited by District	January 18, 2006	Ongoing
553	Golden Valley Unified School District	M.A.	Food Services	Invited by District	January 30, 2006	July 7, 2006
552	Travis Unified School District	M.A.	Budget Development	Invited by District	January 12, 2006	May 15, 2006
551	Mendocino Unified School District	M.A.	Fiscal Review	Invited by District	January 10, 2006	June 2, 2006
550	King City School Districts	M.A.	Fiscal Review	Invited by District	January 18, 2006	May 30, 2006
549	West Fresno Elementary School District	M.A.	Transportation	Invited by District	January 17, 2006	April 11, 2006
548	Hacienda La Puente Unified School District	M.A.	Budget Development	Invited by District	January 10, 2006	Ongoing
547	Siskiyou COE/Willow Creek Elem. School District	M.A.	Fiscal Review	Invited by COE	January 5, 2006	March 23, 2006
546	Jefferson School District	M.A.	Fiscal Review	Invited by District	January 11, 2006	June 19, 2006
545	Contra Costa/West Contra Costa Unified SD	AB 139	Extraordinary Audit	Invited by COE	December 8, 2005	June 20, 2006
544	Yreka Union Elementary School District	M.A.	Food Services	Invited by District	January 10, 2005	March 28, 2006
543	San Mateo-Foster City School District	M.A.	Technology	Invited by District	November 3, 2005	April 25, 2006
542	Alum Rock Union Elementary School District	M.A.	Fiscal Review	Invited by District	November 1, 2005	April 6, 2006
541	Centralia School District	M.A.	Special Education	Invited by District	November 1, 2005	June 8, 2006

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
540	Alameda Unified School District	M.A.	Fiscal Review	Invited by District	October 31, 2005	March 29, 2006
539	Buena Park School District	M.A.	Technology	Invited by District	September 21, 2005	April 27, 2006
538	Antioch Unified School District	M.A.	Technology	Invited by District	May 18, 2005	July 27, 2006
537	Thermalito Union School District	M.A.	Maint/Facilities	Invited by District	October 25, 2005	February 27, 2006
536	El Monte Union High School District	M.A.	Transportation	Invited by District	September 22, 2005	July 11, 2006
535	Tahoe Truckee Unified School District	M.A.	Transportation	Invited by District	October 26, 2005	March 27, 2006
534	Washington Unified School District	M.A.	Budget Development	Invited by District	September 19, 2005	April 27, 2006
533	Novato Unified School District	M.A.	Technology	Invited by District	October 31, 2005	June 30, 2006 (work only)
532	Ross School District	M.A.	Technology	Invited by District	September 28, 2005	June 30, 2006
531	Golden Valley Unified School District	M.A.	Fiscal Review	Invited by District	September 30, 2005	February 22, 2006 April 5, 2006
530	Carlsbad Unified School District	M.A.	Technology	Invited by District	June 23, 2005	February 24, 2006
529	Clovis Unified School District	M.A.	Technology	Invited by District	September 20, 2005	February 6, 2006
528	San Dieguito Union High School District	M.A.	Special Education/ Transportation	Invited by District	July 20, 2005	March 13, 2006
527	Fresno Unified School District	M.A.	Fiscal Review	Invited by District	August 19, 2005	February 14, 2006
526	Santa Ynez Valley Union High School District	M.A.	Organizational & Staffing	Invited by District	August 9, 2005	January 12, 2006
525	Yolo County Office of Education	M.A.	Organizational & Staffing	Invited by COE	September 2, 2005	March 2, 2006
524	New Haven Unified School District	M.A.	Technology	Invited by District	August 18, 2005	December 6, 2005



Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
523	Santa Rosa City Schools	M.A.	Special Education	Invited by COE	April 20, 2005	December 14, 2005
522	Sierra-Plumas Jt. Unified School District	M.A.	Fiscal Review	Invited by District	August 15, 2005	February 8, 2006
521	Guadalupe Union School District	M.A.	Organizational & Staffing	Invited by District	August 24, 2005	December 12, 2005
520	Culver City Unified School District	M.A.	Child Development	Invited by District	July 29, 2005	January 23, 2006
519	Culver City Unified School District	M.A.	Fiscal Review	Invited by District	July 29, 2005	March 3, 2006 (ML)
518	Novato Unified School District	M.A.	Fiscal Review	Invited by District	July 13, 2005	November 14, 2005
517	Lassen Community College	M.A.	Fiscal Review	Invited by COE	June 23, 2005	January 6, 2006
516	Gridley Unified School District	M.A.	Organizational & Staffing	Invited by District	June 15, 2005	November 29, 2005
515	Chico Unified School District	M.A.	Fiscal Review	Invited by District	July 13, 2005	November 28, 2005
514	Placer County Office of Education	M.A.	Special Education	Invited by COE	May 24, 2005	December 20, 2005
513	Orange CDE/No. Orange SELPA	M.A.	SELPA	Invited by COE	September 9, 2005	June 12, 2006
512	Fillmore Unified School District	M.A.	Fiscal Review	Invited by District	June 30, 2005	October 3, 2005
511	Riverside County Office of Education	M.A.	Technology	Invited by COE	May 31, 2005	January 10, 2006
510	Novato Unified School District	M.A.	Technology	Invited by District	July 5, 2005	April 24, 2006 (services only)
509	Berkeley Unified School District	M.A.	Technology	Invited by District	July 1, 2005	March 31, 2006
508	Silver Valley Unified School District	M.A.	Food Services	Invited by District	April 26, 2005	November 28, 2005
507	Shasta County Office of Education	M.A.	Special Education	Invited by COE	March 29, 2005	October 28, 2005

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
506	Kerman Unified School District	M.A.	Transportation	Invited by District	June 3, 2005	Ongoing
505	San Diego County Office of Education	M.A.	Technology	Invited by COE	April 21, 2005	Ongoing
504	West Sonoma County Union High School District	F.C.	Fiscal Crisis	Invited by COE	June 1, 2005	September 9, 2005 (ML)
503	Sutter COE/CTEC	M.A.	Technology	Invited by COE	June 9, 2005	August 29, 2005 (ML)
502	Cloverdale Unified School District	M.A.	Child Development	Invited by District	June 7, 2005	August 16, 2005
501	Grossmont Union High School District	M.A.	M & O	Invited by District	November 8, 2005	June 26, 2006
500	New West Charter School	AB 139	Extraordinary Audit	Invited by COE	June 30, 2005	December 5, 2005
499	Options for Youth/Opp for Learning Charter Schools	AB 139	Extraordinary Audit	Invited by COE's	March 28, 2005	Ongoing
498	Plumas Unified School District	M.A.	Fiscal Review	Invited by District	April 27, 2005	October 2, 2005
497	Lucia Mar Unified School District	M.A.	Fiscal Review	Invited by District	May 18, 2005	September 9, 2005 (ML)
496	Ventura County Office of Education	AB 139	Extraordinary Audit	Invited by COE	May 10, 2005	May 25, 2006
495	Clovis Unified School District	M.A.	Curriculum & Instruction	Invited by District	March 7, 2005	September 1, 2005
494	Monterey County SELPA	M.A.	Transportation	Invited by COE	March 11, 2005	November 2, 2005
493	Dry Creek Joint Elementary School District	M.A.	Technology	Invited by District	March 30, 2005	November 3, 2005
492	Butte COE/Biggs Unified School District	M.A.	Fiscal Review	Invited by COE	March 25, 2005	July 28, 2005
491	Konocti Unified School District	M.A.	Fiscal Review	Invited by District	March 24, 2005	September 9, 2005
490	Contra Costa COE/Mt. Diablo Unified School District	M.A.	Technology	Invited by COE	April 8, 2005	March 14, 2006

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
489	Salinas City Elementary School District	M.A.	Transportation	Invited by District	March 23, 2005	November 29, 2005
488	Sonoma COE/Cloverdale Unified School District	M.A.	Budget Development	Invited by COE	April 5, 2005	July 14, 2005
487	Contra Costa COE/Mt. Diablo Unified School District	AB 139	Extraordinary Audit	Invited by COE	March 31, 2005	April 26, 2005
486	San Joaquin COE/New Hope Elementary School District	M.A.	Fiscal Review	Invited by COE	April 15, 2005	June 6, 2005
485	Lake Tahoe Unified School District	M.A.	Fiscal Review	Invited by District	March 16, 2005	August 22, 2005
484	Mono County Office of Education	M.A.	Technology	Invited by COE	March 9, 2005	August 12, 2005
483	Trona Unified School District	M.A.	Business Office	Invited by District	March 11, 2005	June 30, 2006 (work only)
482	San Bernardino COE/Chino Valley Unified School District	F.C.	Fiscal Crisis	Invited by COE	January 1, 2005	April 19, 2006 (work only)
481	Cucamonga School District	M.A.	Transportation	Invited by District	March 3, 2005	June 8, 2005
480	Tamalpais Union High School District	M.A.	Payroll	Invited by District	February 8, 2005	November 30, 2005
479	Cotati Rohnert Park Unified School District	M.A.	Organizational & Staffing	Invited by District	February 1, 2005	May 31, 2005
478	Tehama COE/Los Molinos Unified School District	M.A.	Fiscal Review	Invited by COE	February 16, 2005	May 12, 2005
477	Jurupa Unified School District	M.A.	Transportation	Invited by District	January 5, 2005	July 14, 2005
476	Trinity Union High School District	M.A.	Organizational & Staffing	Invited by District	November 5, 2004	June 30, 2005
475	Cloverdale Unified School District	M.A.	Fiscal Review	Invited by District	January 24, 2005	June 30, 2005
474	Clovis Unified School District	M.A.	Organizational & Staffing	Invited by District	November 29, 2004	May 10, 2005
473	Pasadena Unified School District	M.A.	Fiscal Review	Invited by District	December 12, 2004	October 24, 2005

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
472	San Bernardino City Unified School District	M.A.	Facilities	Invited by District	October 14, 2004	July 27, 2005
471	Berkeley Unified School District	M.A.	Attendance/ MYP	Invited by District	January 13, 2005	February 9, 2005 (ML)
470	New Hope Elementary School District	M.A.	Organizational & Staffing	Invited by District	November 18, 2004	April 8, 2005
469	Sonoma COE/Healdsburg Unified School District	M.A.	Fiscal Review	Invited by COE	November 22, 2004	May 31, 2006
468	Pasadena Unified School District	M.A.	Transportation/ Sp. Education	Invited by District	October 15, 2004	April 26, 2005
467	Elk Grove Unified School District	M.A.	Technology	Invited by District	November 3, 2004	June 3, 2005
466	Orcutt Union School District	M.A.	Technology	Invited by District	December 8, 2004	May 25, 2005
465	Capistrano Unified School District	M.A.	Fiscal Review	Invited by District	September 29, 2004	January 20, 2005
464	Placer COE/Auburn Union School District	M.A.	Fiscal Review	Invited by COE	December 13, 2004	April 21, 2005 (Fiscal) June 3, 2005 (Sp. Ed)
463	Oceanside Unified School District	M.A.	Organizational & Staffing	Invited by District	November 12, 2004	March 31, 2005
462	Nevada COE/Twin Ridges Elem. School District	M.A.	Attendance Accounting	Invited by COE	September 14, 2004	February 17, 2005
461	Los Molinos Unified School District	M.A.	Budget Development	Invited by District	November 22, 2004	February 16, 2005
460	Pleasant Valley School District	M.A.	Transportation	Invited by District	July 26, 2004	May 13, 2005
459	Sacramento City Unified School District	M.A.	Transportation	Invited by District	September 22, 2004	March 17, 2005
458	Las Virgenes Unified School District	M.A.	Technology	Invited by District	October 19, 2004	February 8, 2005
457	Rincon Valley Union Elem School District	M.A.	Maint/Facilities	Invited by District	October 15, 2004	June 13, 2005
456	Trinity Union High School District	M.A.	Budget Development	Invited by District	November 1, 2004	February 8, 2005

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
455	Gold Oak Union School District	M.A.	Budget Development	Invited by District	November 1, 2004	February 3, 2005
454	Stony Creek Jt. Unified School District	M.A.	Organizational & Staffing	Invited by District	October 20, 2004	April 7, 2005
453	Oak Grove Elementary School District	M.A.	Transportation	Invited by District	September 3, 2004	March 23, 2005
452	Brea Olinda Unified School District	M.A.	Technology	Invited by District	September 3, 2004	October 12, 2005
451	East Side Union High School District	M.A.	Fiscal Review	Invited by District	September 22, 2004	February 25, 2005
450	Santa Barbara School Districts	M.A.	Fiscal Review	Invited by District	October 7, 2004	June 14, 2005
449	San Bernardino COE/Center for Educational Excellence Charter School	AB 139	Extraordinary Audit	Invited by COE	October 7, 2004	Ongoing
448	San Juan Unified School District	M.A.	Fiscal Review	Invited by District	October 8, 2004	January 12, 2005 (ML)
447	Grossmont Union High School District	M.A.	Scheduling	Invited by District	October 14, 2004	March 11, 2005
446	Monterey COE/Salinas Union High SD	M.A.	Fiscal Review	Invited by COE	October 12, 2004	January 21, 2005
445	Glenn County Office of Education	M.A.	Technology	Invited by COE	September 13, 2004	March 31, 2005
444	Chaffey Jt Union High School District	M.A.	Transportation	Invited by District	September 7, 2004	March 1, 2005
443	Vantage Point Charter School	M.A.	Curriculum & Instruction	Invited by COE	September 15, 2004	January 3, 2005
442	Keyes School District	M.A.	Fiscal Review	Invited by District	September 15, 2004	January 12, 2005
441	Tuolumne County Office of Education	M.A.	Fiscal Review	Invited by COE	September 30, 2004	November 24, 2004
440	Marin County Office of Education	M.A.	Special Education	Invited by COE	August 20, 2004	January 28, 2005
439	Yolo County Office of Education	M.A.	Special Education	Invited by COE	July 31, 2004	December 2, 2004

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
438	Rim of the World School District	M.A.	Fiscal Review	Invited by District	July 9, 2004	February 2, 2005
437	Berkeley Unified School District	M.A.	Technology	Invited by District	September 9, 2004	April 1, 2005 (services only)
436	Berkeley Unified School District	M.A.	Technology	Invited by District	September 9, 2004	June 30, 2005 (services only)
435	Ontario-Montclair School District	M.A.	Technology	Invited by District	July 23, 2004	December 7, 2004
434	Stanislaus Union School District	M.A.	MYP	Invited by District	August 2, 2004	October 22, 2004
433	Milpitas Unified School District	M.A.	Special Education	Invited by District	July 6, 2004	December 7, 2004
432	Fresno COE/Fresno Unified SD	F.C.	Fiscal Review	Invited by COE	July 28, 2004	November 23, 2004
431	Planada School District	M.A.	Transportation/M&O/Facilities	Invited by District	July 22, 2004	April 4, 2005
430	Chawanakee Unified School District	M.A.	Fiscal Review	Invited by District	July 21, 2004	February 8, 2005
429	California Charter Academy	AB 139	Extraordinary Audit	Invited by COE's	July 1, 2004	April 14, 2005
428	Palm Springs Unified School District	M.A.	Business/Facilities	Invited by District	May 12, 2004	April 1, 2005
427	Round Valley Unified School District	M.A.	ASB Review	Invited by District	June 22, 2004	August 12, 2004
426	Vallejo City Unified School District	Emerg. Loan	Comprehensive	Assigned by SB 1190	June 21, 2004	Ongoing
425	Muroc Unified School District	M.A.	Technology	Invited by District	June 7, 2004	August 16, 2004 (ML)
424	Morgan Hill Unified School District	M.A.	Budget Development	Invited by District	March 30, 2004	November 4, 2004
423	Ojai Unified School District	M.A.	Technology	Invited by District	June 2, 2004	December 3, 2004
422	Needles Unified School District	M.A.	Organizational & Staffing	Invited by District	May 18, 2004	August 17, 2004

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
421	Compton Community College District	M.A.	Fiscal Review	Invited by COE	May 5, 2004	December 30, 2004
420	Latrobe School District	M.A.	Organizational & Staffing	Invited by District	April 29, 2004	June 9, 2004 (ML)
419	Compton Unified School District	M.A.	Consent Decree	Assigned by Consent Decree	February 1, 2000	Ongoing
418	San Bernardino County Office of Education	M.A.	Human Resources	Invited by COE	April 14, 2004	July 30, 2004
417	Colusa County Office of Education	M.A.	Child Development	Invited by COE	April 27, 2004	September 15, 2004
416	Sebastopol Union Elementary School District	M.A.	Fiscal Review	Invited by District	April 27, 2004	September 9, 2004
415	Nevada Joint Union High School District	M.A.	Technology	Invited by District	April 23, 2004	June 30, 2004
414	Santa Clara COE/ Morgan Hill Unified SD	AB 139	Extraordinary Audit	Invited by COE	December 18, 2003	May 6, 2004
413	Berkeley Unified School District	F.C.	Comprehensive	Assigned by AB 2859	September 29, 2002	July 1, 2005
412	Contra Costa County Office of Education	M.A.	Organizational & Staffing	Invited by COE	April 14, 2004	July 26, 2004
411	Mineral Elementary School District	M.A.	Fiscal Review	Invited by District	April 14, 2004	September 13, 2004
410	San Lorenzo Valley Unified School District	M.A.	Food Services	Invited by District	April 6, 2004	June 22, 2004
409	LeGrand Union High School District	M.A.	Organizational & Staffing	Invited by District	April 14, 2004	October 14, 2004
408	Marysville Joint Unified School District	M.A.	Maint/Facilities	Invited by District	April 16, 2004	May 21, 2004
407	Rowland/Walnut Unified School Districts	M.A.	Transportation	Invited by District	April 2, 2004	August 2, 2004
406	Shasta County Office of Education	M.A.	Technology	Invited by COE	April 2, 2004	May 18, 2005 (draft)
405	Palos Verdes Peninsula Unified School District	M.A.	Technology	Invited by District	April 12, 2004	September 3, 2004

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
404	Dry Creek Joint Elementary School District	M.A.	Technology	Invited by District	March 18, 2004	April 15, 2005 (services only)
403	Santa Cruz COE/Santa Cruz City Schools	M.A.	Fiscal Review	Invited by COE	February 25, 2004	October 28, 2004
402	Roseville Joint Union High School District	M.A.	Facilities/Accounting	Invited by District	March 10, 2004	April 13, 2004
401	Kerman Unified School District	M.A.	Business Support	Invited by District	March 18, 2004	September 1, 2004
400	Clovis Unified School District	M.A.	Organizational & Staffing	Invited by District	March 8, 2004	June 14, 2004
399	Bend Elementary School District	M.A.	Fiscal Review	Invited by District	March 2, 2004	May 6, 2004
398	Nevada Union High School District	M.A.	Fiscal Review	Invited by District	February 20, 2004	April 20, 2004
397	Kings County Office of Education	M.A.	Transportation	Invited by District	February 23, 2004	June 2, 2004
396	Wm. S. Hart Unified School District	M.A.	Special Education	Invited by District	February 10, 2004	April 20, 2004
395	East Side Union High School District	M.A.	Maint/Facilities	Invited by District	January 22, 2004	June 30, 2004
394	North Region SELPA	M.A.	SELPA	Invited by District	January 12, 2004	February 18, 2004
393	Rio School District	M.A.	Fiscal Review	Invited by District	January 30, 2004	June 30, 2004
392	Upland Unified School District	M.A.	Transportation	Invited by District	January 30, 2004	May 11, 2004
391	East Side Union High School District	M.A.	Fiscal Review	Invited by District	January 30, 2004	May 9, 2005 (draft)
390	Esparto Unified School District	M.A.	Technology/Maintenance	Invited by District	January 27, 2004	February 26, 2004 (Tech-ML) June 17, 2004 (M&O)
389	Las Virgenes Unified School District	M.A.	Fiscal Review	Invited by District	January 12, 2004	April 13, 2004
388	Williams Unified School District	M.A.	Food Services	Invited by District	January 8, 2004	April 23, 2004



Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
387	Summerville Union High School District	M.A.	Food Services	Invited by District	December 16, 2003	March 25, 2004
386	Nevada Union High School District	M.A.	Technology	Invited by District	December 11, 2003	March 8, 2004
385	Oakland Unified School District	Emerg. Loan	Comprehensive	Assigned by SB 39	June 2, 2003	Ongoing
384	West Fresno Elementary School District	Emerg. Loan	Comprehensive	Assigned by AB 38	March 6, 2003	Ongoing
383	Silicon Valley JPTA	M.A.	Transportation	Invited by District	November 6, 2003	May 13, 2004
382	Antelope Valley SELPA	M.A.	Fiscal Review	Invited by District	November 5, 2003	February 2, 2004
381	Grossmont Union High School District	M.A.	Sp. Ed./ Transp/ M&O/ROP	Invited by District	October 24, 2003	May 6, 2004 (I) May 25, 2004 (II)
380	Adelanto School District	M.A.	Fiscal Review	Invited by District	November 7, 2003	February 17, 2004
379	Siskiyou County Office of Education	M.A.	Human Resources	Invited by COE	October 17, 2003	March 4, 2004
378	Sutter County Office of Education	M.A.	Organizational & Staffing	Invited by COE	October 17, 2003	March 24, 2004
377	Ravenswood City Elementary	M.A.	Human Resources	Invited by District	March 26, 2003	March 16, 2004 (M&O) April 20, 2004 (Tech)
376	San Francisco Unified School District	M.A.	Charter School	Invited by COE	July 10, 2003	August 18, 2004
375	Westside Union School District	M.A.	Budget Development	Invited by District	September 29, 2003	March 2, 2004
374	Riverside County Office of Education	M.A.	Human Resources	Invited by COE	September 23, 2003	April 5, 2004
373	Amador County Office of Education	M.A.	Human Resources	Invited by COE	August 26, 2003	May 5, 2004
372	Golden Valley Unified School District	M.A.	Fiscal Review	Invited by District	September 15, 2003	February 20, 2004
371	Hanford Joint Union High School District	M.A.	Transportation	Invited by District	September 25, 2003	December 15, 2003

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
370	Chowchilla Union High School District	M.A.	Food Services	Invited by District	September 19, 2003	January 15, 2004
369	Gateway Unified School District	M.A.	Technology	Invited by District	September 16, 2003	April 7, 2004
368	Alameda COE/Berkeley Unified SD	AB 139	Extraordinary Audit	Invited by COE	April 1, 2003	January 31, 2002
367	Alameda COE/Hayward Unified School District	AB 139	Extraordinary Audit	Invited by COE	November 19, 2002	October 14, 2003
366	Carlsbad Unified School District	M.A.	Organizational & Staffing	Invited by District	August 6, 2003	June 14, 2004
365	Westminster School District	M.A.	Budget Development	Invited by District	July 1, 2003	October 4, 2004
364	Riverside County Office of Education	M.A.	Curriculum & Instruction	Invited by COE	June 24, 2003	November 21, 2003
363	Alameda COE/Hayward Unified School District	M.A.	Fiscal Expert	Invited by District	June 25, 2003	October 14, 2003
362	Berkeley Unified School District	M.A.	Food Services	Invited by District	June 11, 2003	January 29, 2004
361	Santa Ana Unified School District	F.C.	Fiscal Review	Invited by District	July 24, 2003	Ongoing
360	Carmel Unified School District	M.A.	Organizational & Staffing	Invited by District	August 30, 2003	September 12, 2003 (ML)
359	Novato Unified School District	M.A.	Fiscal Review	Invited by District	August 5, 2003	September 10, 2004
358	Monterey COE/Greenfield Union School District	F.C.	Fiscal Review	Invited by COE	August 6, 2003	December 17, 2003
357	Atwater Elementary School District	M.A.	Transportation	Invited by District	June 30, 2003	October 10, 2003 (ML)
356	Corning Union Elementary School District	F.C.	Fiscal Review	Invited by District	July 29, 2003	December 4, 2003
355	Fremont Unified School District	M.A.	Technology	Invited by District	July 17, 2003	September 15, 2003 (ML)
354	Siskiyou COE/Etna Union School District	F.C.	Fiscal Review	Invited by COE	June 6, 2003	December 4, 2003

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
353	Tamalpais Union High School District	M.A.	Technology	Invited by District	June 13, 2003	See #350
352	Surprise Valley Jt. Unified School District	M.A.	Budget Development	Invited by District	May 30, 2003	August 19, 2003 (ML)
351	Alameda Unified School District	M.A.	Technology	Invited by District	April 29, 2003	July 7, 2003
350	Tamalpais Union High School District	M.A.	Technology	Invited by District	April 28, 2003	August 25, 2003
349	San Mateo-Foster City School District	M.A.	Transportation	Invited by District	March 18, 2003	May 6, 2003 (ML)
348	Grant Union High School District	M.A.	Transportation	Invited by District	September 23, 2002	October 1, 2003 (ML)
347	Tuolumne County Office of Education	M.A.	Organizational & Staffing	Invited by District	March 28, 2003	July 19, 2003
346	Sacramento COE/Natomas Unified SD	M.A.	Fiscal Review	Invited by COE	February 5, 2003	May 7, 2003
345	Denair Unified School District	M.A.	Fiscal Review/Sp. Ed.	Invited by District	February 6, 2003	April 28, 2003
344	Lake County Office of Education	M.A.	Transportation	Invited by COE	January 17, 2003	March 6, 2003
343	San Carlos Elementary School District	M.A.	Budget Development	Invited by District	March 3, 2003	May 7, 2003
342	Fallbrook School District	M.A.	Technology	Invited by District	November 22, 2002	March 3, 2003 (ML)
341	Fresno COE/West Fresno SD	M.A.	Fiscal Review	Invited by COE	November 15, 2002	January 17, 2003 (ML)
340	Pleasant Valley School District	M.A.	Transportation	Invited by District	February 11, 2003	February 25, 2003 (ML)
339	Ontario-Montclair School District	M.A.	Fiscal Review	Invited by District	January 22, 2003	June 19, 2003
338	Holtville Unified School District	M.A.	Fiscal Review	Invited by District	February 4, 2003	February 26, 2003 (ML)
337	Palm Springs Unified School District	M.A.	Technology	Invited by District	January 24, 2003	September 5, 2003

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
336	Pollock Pines Elementary School District	M.A.	Comprehensive	Invited by District	October 28, 2002	May 9, 2003
335	Amador COE/Amador Unified School District	M.A.	Budget Development	Invited by COE	November 15, 2002	March 20, 2003
334	Gridley Unified School District	M.A.	Transportation	Invited by District	October 28, 2002	April 15, 2003
333	Moreno Valley Unified School District	M.A.	Organizational & Staffing	Invited by District	October 3, 2002	August 1, 2003
332	Central Union School District	M.A.	Curriculum/Technology	Invited by District	October 16, 2002	July 1, 2003
331	San Bernardino COE/Victor Valley UHSD	M.A.	Budget Development	Invited by COE	October 11, 2002	November 12, 2002 (ML)
330	San Bernardino COE/Trona Jt. USD	M.A.	Fiscal Advisor	Invited by COE	August 16, 2002	December 8, 2003 (C&I) 6/30/05 - FA
329	Placerville Union Elementary School District	M.A.	Comprehensive	Invited by District	November 5, 2002	April 22, 2003
328	Hart (Wm S.) Union High School District	M.A.	Special Education	Invited by District	April 8, 2002	July 9, 2003
327	Alameda COE/Oakland Unified School District	F.E.	Fiscal Emergency	Invited by COE	October 11, 2002	August 2, 2004
326	Inglewood Unified School District	M.A.	Business Services	Invited by District	September 26, 2002	June 25, 2003 (Food) July 1, 2003 (M&O)
325	Mendota Unified School District	M.A.	Technology	Invited by District	November 4, 2002	July 1, 2003
324	Stanislaus COE	M.A.	Technology	Invited by COE	August 28, 2002	February 21, 2003 (ML)
323	El Dorado Union High School District	M.A.	Organizational & Staffing	Invited by COE	October 11, 2002	February 5, 2003
322	Anderson Union High School District	M.A.	Technology	Invited by District	September 16, 2002	December 2, 2002
321	Riverside County Office of Education	M.A.	Organizational & Staffing	Invited by COE	August 9, 2002	November 21, 2003
320	Coachella Valley Unified School District	M.A.	Transportation	Invited by District	September 16, 2002	November 21, 2002

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319	Stockton Unified School District	M.A.	Transportation	Invited by District	May 22, 2002	June 11, 2002 (ML)
318	Gilroy Unified School District	M.A.	Technology	Invited by District	June 13, 2002	August 26, 2002 (ML)
317	Jurupa Unified School District	M.A.	Fiscal Review	Invited by District	June 19, 2002	September 25, 2002 (ML)
316	Siskiyou COE/Weed Elementary	M.A.	Fiscal Review	Invited by COE	June 7, 2002	August 15, 2002
315	San Dieguito Union High School District	M.A.	Transportation	Invited by District	February 1, 2002	April 11, 2003
314	Pajaro Valley School District	M.A.	Fiscal Review	Invited by District	June 19, 2002	October 25, 2002
313	Lompoc Unified School District	M.A.	Fiscal Review	Invited by District	June 17, 2002	September 23, 2002 (ML)
312	Sutter COE	M.A.	Transportation (SELPA)	Invited by COE	May 22, 2002	June 26, 2002 (ML)
311	Inyo COE/Bishop UHSD	AB 139	Extraordinary Audit	Invited by COE	May 22, 2002	April 16, 2002 (ML)
310	Placer COE/Prosser Creek Charter School	AB 139	Extraordinary Audit	Invited by COE	April 22, 2002	October 23, 2002
309	Carlsbad Unified School District	M.A.	Food Services	Invited by District	May 6, 2002	July 14, 2003
308	Contra Costa COE/Pittsburg	AB 139	Extraordinary Audit	Invited by COE	April 24, 2002	June 15, 2003
307	Contra Costa COE/Antioch	AB 139	Extraordinary Audit	Invited by COE	April 24, 2002	April 30, 2002
306	Santa Barbara Elementary and High School Districts	M.A.	Fiscal Review	Invited by District	April 24, 2002	June 25, 2002
305	Lucia Mar Unified School District	M.A.	Organizational & Staffing	Invited by District	May 2, 2002	September 3, 2002
304	Lakeside Union School District	M.A.	MOT	Invited by District	April 16, 2002	May 9, 2002 (ML)
303	Amador County Office of Education	M.A.	Transportation	Invited by COE	April 16, 2002	September 10, 2002

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302	Shasta Union High School District	M.A.	Network	Invited by District	April 15, 2002	September 24, 2002 (ML)
301	Gateway Unified School District	M.A.	Technology	Invited by District	April 12, 2002	July 29, 2002 (ML)
300	Pacific Grove Unified School District	M.A.	Special Education	Invited by District	March 13, 2002	May 23, 2002
299	Pacific Grove Unified School District	M.A.	M & O	Invited by District	March 1, 2002	May 13, 2003
298	Red Bluff Union Elementary School District	M.A.	Fiscal Review	Invited by COE/District	March 5, 2002	May 21, 2002
297	Ukiah Unified School District	M.A.	Technology	Invited by District	January 28, 2002	June 28, 2002
296	Gateway Unified School District	M.A.	Technology	Invited by District	March 6, 2002	May 24, 2002
295	Inyo COE/Big Pine	M.A.	Fiscal Review	Invited by COE	February 28, 2002	May 15, 2002
294	Milpitas Unified School District	M.A.	Network	Invited by District	February 1, 2002	February 26, 2002
293	Capistrano Unified School District	M.A.	Transportation	Invited by District	January 28, 2002	May 8, 2002
292	Santa Cruz County Office of Education	M.A.	Personnel	Invited by COE	January 28, 2002	October 22, 2002
291	Rescue Union School District	M.A.	Personnel	Invited by District	February 5, 2002	June 5, 2002
290	Menifee Union Elementary School District	M.A.	Transportation	Invited by District	January 28, 2002	May 17, 2002
289	Nevada COE	M.A.	Charter School Attendance	Invited by COE	January 7, 2002	January 28, 2002 (ML)
288	Lake Elsinore Unified School District	M.A.	Sp. Ed./ Technology	Invited by District	December 19, 2001	September 6, 2002 (Sp. Ed.) September 30, 2002 (Tech)
287	Inglewood Unified School District	M.A.	Purchasing	Invited by District	December 18, 2001	July 16, 2002
286	Riverside Unified School District	M.A.	Purchasing/ Warehouse	Invited by District	December 14, 2001	April 18, 2002

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285	Solano COE	M.A.	Transportation	Invited by COE	October 19, 2001	February 14, 2002
284	San Luis Obispo COE	M.A.	SELPA	Invited by COE	December 21, 2001	May 14, 2002
283	Milpitas Unified School District	M.A.	Technology	Invited by District	December 6, 2001	January 18, 2002
282	Nuvview Union School District	M.A.	Transportation	Invited by District	December 19, 2001	May 31, 2002
281	Santa Clara COE/Orchard School District	F.C.	Comprehensive	Invited by COE	November 16, 2001	September 20, 2002
280	Alum Rock Union Elementary	M.A.	Fiscal Review	Invited by District	July 9, 2001	May 21, 2003
279	Fullerton Jt. Union School District	M.A.	Transportation	Invited by District	October 3, 2001	June 27, 2002
278	Mill Valley Elementary School District	M.A.	Facilities	Invited by District	October 16, 2001	April 16, 2002
277	Ceres Unified School District	M.A.	Comprehensive	Invited by District	July 27, 2001	January 30, 2002
276	Merced COE/Planada Elem School District	M.A.	Fiscal Review	Invited by COE	October 1, 2001	February 26, 2002
275	Berkeley Unified School District	F.C.	Fiscal Review/ Fiscal Advisor	Invited by COE	October 9, 2001	Ongoing
274	Moreno Valley Unified School District	M.A.	Fiscal Review	Invited by District	October 17, 2001	November 17, 2001 (ML)
273	Guadalupe Union School District	M.A.	Other Services	Invited by District	September 1, 2001	September 11, 2002
272	Belridge School District	M.A.	Fiscal Review	Invited by COE	September 4, 2001	February 8, 2002
271	So. Humboldt Unified School District	M.A.	Management Review	Invited by District	August 29, 2001	December 3, 2001
270	Kings County Office of Education	M.A.	Transportation	Invited by COE	September 18, 2001	October 4, 2001 (ML)
269	Madera Unified School District	M.A.	Comprehensive	Invited by District	July 30, 2001	April 2, 2002

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
268	Benicia Unified School District	M.A.	Technology	Invited by District	November 17, 2000	September 14, 2001
267	Muroc Unified School District	M.A.	Maint/Transp/ Food Services	Invited by District	August 27, 2001	January 10, 2002
266	San Mateo COE/Burlingame Elementary SD	M.A.	Budget Development	Invited by COE	July 19, 2001	March 13, 2002
265	Ravenswood City Elementary	F.C.	Comprehensive	Invited by COE	August 16, 2001	March 1, 2002
264	Trona Unified School District	M.A.	Fiscal Review	Invited by District	August 2, 2001	November 6, 2001 (ML)
263	Gilroy Unified School District	M.A.	Technology (E-rate)	Invited by District	July 26, 2001	April 10, 2002 (ML)
262	Fullerton Jt. Union School District	M.A.	Transportation	Invited by District	June 28, 2001	July 20, 2001 (ML)
261	Siskiyou COE/Weed Elem.	F.C.	Fiscal Crisis	Invited by COE	July 2, 2001	July 13, 2001
260	Shasta Union High School District	M.A.	Technology	Invited by District	July 5, 2001	October 9, 2001
259	Bass Lake Jt. USD (Eastern Madera)	M.A.	Transportation	Invited by District	July 9, 2001	February 25, 2002
258	Yolo County Office of Education	M.A.	Business/ Organizational & Staffing	Invited by COE	June 26, 2001	January 22, 2002
257	Lancaster School District	M.A.	Fiscal Review	Invited by District	June 21, 2001	October 2, 2001
256	Gilroy Unified School District	M.A.	Technology	Invited by District	May 24, 2001	October 1, 2001
255	Sonoma COE/Cloverdale Unified School District	M.A.	Staffing/Fiscal Review	Invited by COE	May 1, 2001	July 16, 2001
254	Merced COE/Planada Elem School District	M.A.	Fiscal Advisor	Invited by COE	February 1, 2002	May 23, 2002
253	Madera Unified School District	M.A.	M & O	Invited by District	May 10, 2001	September 19, 2001
252	Fresno COE/West Fresno School District	M.A.	Fiscal Review	Invited by COE	May 7, 2001	November 19, 2001
251	Humboldt COE/Eureka City Schools	M.A.	Fiscal Review	Invited by COE	May 3, 2001	June 21, 2001
250	Solano County Office of Education	M.A.	Transportation (SELPA)	Invited by COE	April 24, 2001	August 27, 2001
249	Poway Unified School District	M.A.	Organizational & Staffing	Invited by District	April 4, 2001	October 23, 2001
248	Santa Maria Joint High School District	M.A.	Organizational & Staffing	Invited by District	December 29, 2000	January 9, 2002



Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
247	Santa Maria-Bonita School District	M.A.	Organizational & Staffing	Invited by District	December 12, 2000	January 7, 2002
246	Chico Unified School District	M.A.	Fiscal Review - MYP	Invited by District	March 19, 2001	May 26, 2001 (ML)
245	Kernville Union Elementary School District	M.A.	Food Services	Invited by District	March 2, 2001	October 22, 2001
244	Tehachapi Unified School District	M.A.	SELPA	Invited by District	February 26, 2001	June 8, 2001
243	Santa Clara County Office of Education	M.A.	Technology	Invited by District	March 6, 2001	September 11, 2001
242	Santa Barbara Elementary and High School Districts	M.A.	Organizational & Staffing	Invited by District	February 1, 2001	June 28, 2001
241	West Contra Costa Unified School District	Emerg. Loan	Comprehensive	Assigned by AB 2265	September 22, 2000	July 2, 2001
240	Riverside County Office of Education	M.A.	M & O	Invited by COE	January 9, 2001	May 1, 2001
239	Sierra Sands Unified School District	M.A.	Transportation	Invited by District	November 28, 2000	April 18, 2001
238	Lindsay Unified School District	M.A.	MOT	Invited by District	November 28, 2000	May 23, 2001
237	Albany Unified School District	M.A.	Fiscal Review	Invited by District	December 6, 2000	April 24, 2001
236	Madera Unified School District	M.A.	Transportation	Invited by District	December 11, 2000	April 25, 2001
235	San Luis Coastal Unified School District	M.A.	MYP	Invited by COE and DO	December 12, 2000	April 4, 2001
234	Contra Costa County Office of Education	M.A.	Personnel	Invited by COE	November 30, 2000	May 11, 2001
233	Lompoc Unified School District	M.A.	External Evaluation Study	Invited by District	November 30, 2000	May 3, 2001
232	Benicia Unified School District	M.A.	Technology	Invited by District	November 3, 2000	September 13, 2001 (ML)
231	Tuolumne County Office of Education	M.A.	Fiscal Review	Invited by COE	November 7, 2000	May 14, 2001
230	Oakdale Joint Unified School District	M.A.	Fiscal Review	Invited by District	November 7, 2000	March 20, 2001
229	Menifee Union Elementary School District	M.A.	Food Services	Invited by District	November 3, 2000	February 6, 2001
228	East Side Union High School District	M.A.	Fiscal Review	Invited by District	November 3, 2000	May 11, 2001
227	Lucia Mar Unified School District	M.A.	Fiscal Advisory	Invited by District	October 24, 2000	December 31, 2000 (services only)
226	Mill Valley Elementary School District	M.A.	Fiscal Review	Invited by District	October 24, 2000	November 14, 2000
225	Redlands Unified School District	M.A.	Transportation	Invited by District	October 18, 2000	June 26, 2001
224	Guadalupe Elementary School District	M.A.	External Evaluation Study	Invited by District	October 13, 2000	August 31, 2001
223	Capistrano Unified School District	M.A.	Technology	Invited by District	August 1, 2000	March 23, 2001
222	Lake Elsinore Unified School District	M.A.	Transportation	Invited by District	June 30, 2000	January 30, 2001

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
221	Benicia Unified School District	M.A.	Technology	Invited by District	October 6, 2000	October 30, 2000 (ML)
220	Ross Valley School District	M.A.	Organizational & Staffing	Invited by District	October 3, 2000	February 2, 2001
219	Emery Unified School District	Emerg. Loan	Fiscal Advisor	Assigned by AB 96	October 2, 2000	Ongoing
218	Palm Springs Unified School District	M.A.	Technology	Invited by District	September 21, 2000	May 1, 2001
217	Benicia Unified School District	M.A.	Technology	Invited by District	September 13, 2000	January 5, 2001 (completed)
216	Marin COE/Mill Valley Elementary School District	M.A.	Fiscal Review - MYP	Invited by COE and District	September 8, 2000	November 14, 2000
215	Etna Union Elementary School District	M.A.	Fiscal Review - MYP	Invited by District	September 5, 2000	November 14, 2000
214	Solano County Office of Education	M.A.	Technology	Invited by COE	July 25, 2000	January 23, 2001
213	Hemet Unified School District	M.A.	Transportation	Invited by District	July 3, 2000	March 21, 2001
212	San Luis Obispo County Office of Education	M.A.	Technology Survey	Invited by COE	July 26, 2000	February 22, 2001
211	Lompoc Unified School District	M.A.	Technology	Invited by District	July 24, 2000	September 12, 2001
210	Chowchilla Union High School District	M.A.	Technology	Invited by District	June 29, 2000	August 2, 2000 (services only)
209	Oakdale Joint Unified School District	M.A.	Evaluation of Grand Jury Findings	Invited by District	June 30, 2000	July 26, 2000
208	Pioneer Union School District	M.A.	Transportation	Invited by District	June 16, 2000	September 13, 2000
207	Roseville City Elementary School District	M.A.	Technology	Invited by District	May 12, 2000	July 26, 2000
206	Ojai Unified School District	M.A.	Transportation	Invited by District	May 11, 2000	August 4, 2000
205	Banning Unified School District	M.A.	Transportation	Invited by District	May 3, 2000	September 5, 2000
204	Mount Diablo Unified School District	M.A.	M & O	Invited by District	May 3, 2000	August 22, 2000
203	Anderson Union High School District	M.A.	Transportation	Invited by District	May 3, 2000	September 20, 2000
202	Gold Trail Union School District	M.A.	Organizational & Staffing	Invited by District	May 1, 2000	August 11, 2000
201	Sutter COE	M.A.	Fiscal Review	Invited by COE	April 28, 2000	August 2, 2000
200	San Pasqual Union School District	M.A.	Fiscal Review	Invited by District	April 13, 2000	June 23, 2000
199	National School District	M.A.	Technology	Invited by District	April 11, 2000	December 21, 2000
198	San Luis Obispo COE	M.A.	Technology	Invited by COE	April 3, 2000	June 28, 2000 (ML)
197	Napa COE/Calistoga Unified School District SELPA	M.A.	SELPA	Invited by COE	March 27, 2000	August 28, 2000
196	Lindsay Unified School District	M.A.	Food Service	Invited by District	March 17, 2000	October 17, 2000
195	Guerneville School District	M.A.	Fiscal Review	Invited by District	March 9, 2000	May 22, 2000
194	Oakland Unified School District	M.A.	SELPA	Invited by District	March 2000	September 13, 2000

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193	Camino Union School District	M.A.	Organizational & Staff	Invited by District	March 6, 2000	June 12, 2000
192	Esparto Unified School District	M.A.	Organizational & Staffing	Invited by District	March 2, 2000	September 19, 2000
191	Hanford Joint Union High School District	M.A.	M & O	Invited by District	February 23, 2000	June 28, 2000
190	Madera County Office of Education	M.A.	Technology	Invited by COE	February 16, 2000	May 5, 2002 (ML)
189	Thermalito Union School District	M.A.	Transportation	Invited by District	January 28, 2000	August 3, 2000
188	Lompoc Unified School District	M.A.	Technology	Invited by District	January 12, 2000	July 25, 2000
187	San Francisco Unified School District	M.A.	Staffing	Invited by District	January 4, 2000	March 3, 2000
186	Larkspur Elementary School District	M.A.	Organizational & Staffing	Invited by District	December 15, 1999	April 26, 2000
185	Chowchilla Union High School District	M.A.	Technology	Invited by District	December 15, 1999	July 26, 2000
184	Stanislaus COE	M.A.	Budget and Staffing	Invited by COE	December 8, 1999	March 20, 2000
183	Monterey COE/Monterey Peninsula SD	F.C.I.	Fiscal Review	Assigned by COE	December 7, 1999	March 30, 2000
182	Shasta COE	M.A.	Technology	Invited by COE	December 1, 1999	June 15, 2000
181	Glendale Unified School District	M.A.	Organizational & Staffing	Invited by District	December 1, 1999	May 11, 2000
180	West Sonoma County Union High School District	M.A.	Transportation/ Custodial	Invited by District	November 24, 1999	August 14, 2000
179	Chowchilla Elementary School District	M.A.	Technology	Invited by District	November 23, 1999	February 2000 (ML)
178	San Marcos Unified School District	M.A.	Organizational & Staffing	Invited by District	November 14, 1999	October 2, 2000
177	Dos Palos-Oro Loma Unified School District	M.A.	District Services	Invited by District	November 9, 1999	June 6, 2000
176	Lucia Mar Arroyo Grande	M.A.	Fiscal Advisory	Invited by District	November 8, 1999	March 2000 (services only)
175	Pleasant Valley Joint Union School District	M.A.	Fiscal Review	Invited by District	November 3, 1999	December 14, 1999
174	Ross Valley School District	M.A.	Fiscal Review	Invited by District	November 3, 1999	March 27, 2000
173	Waterford Unified School District	M.A.	External Evaluation Study	Invited by District	November 1999	April 2000
172	Guadalupe School District	M.A.	External Evaluation Study	Invited by District	November 1999	April 2000
171	Jamul-Dulzura Union Elementary School District	M.A.	Fiscal Review	Invited by District	October 12, 1999	June 18, 2000
170	Kings COE	M.A.	M & O	Invited by District	October 6, 1999	January 26, 2000
169	Golden Plains Unified School District	M.A.	Comprehensive	Invited by District	October 6, 1999	February 8, 2000
168	Sutter COE/Live Oak Unified School District	M.A.	Fiscal Review	Invited by COE	October 1, 1999	December 29, 1999

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
167	Rosedale Union Elementary School District	M.A.	Transportation	Invited by District	September 23, 1999	January 6, 2000
166	Nevada Joint Union High School District	M.A.	Technology	Invited by District	August 16, 1999	February 2000 (ML)
165	San Rafael City Schools	M.A.	M & O	Invited by District	August 10, 1999	November 11, 1999
164	Contra Costa COE/John Swett Unified School District	F.C.I.	Fiscal Advisor	Invited by COE	July 19, 1999	July 30, 2000 (services only)
163	Paso Robles Joint Unified School District	M.A.	Accounting	Invited by District	July 14, 1999	October. 19, 1999
162	Ontario-Montclair School District	M.A.	Transportation	Invited by District	June 29, 1999	January 12, 2000
161	Sonoma COE SELPA	M.A.	Transportation	Invited by COE	June 18, 1999	October 19, 1999
160	Los Banos Unified School District	M.A.	Budget and Staffing	Invited by District	June 9, 1999	December 17, 1999
159	Inyo County Office of Education	M.A.	SELPA	Invited by COE	May 17, 1999	June 22, 2000
158	Yolo County Office of Education	M.A.	ROP & Court Comm.	Invited by COE	May 13, 1999	August 2, 2000
157	San Francisco Unified School District	F.C.I.	Fiscal Review	Assigned by SPI	April 28, 1999	April 17, 2000
156	Burlingame Elementary School District	M.A.	Building Fund Records Audit	Invited by COE	April 21, 1999	June, 1999
155	San Mateo County Office of Education	M.A.	Transportation	Invited by COE	April 21, 1999	October 5, 1999 (ML)
154	Oceanside Unified School District	M.A.	Transportation	Invited by District	April 19, 1999	August 18, 1999
153	Oakland Unified School District	M.A.	Fiscal Review	Invited by District	April 14, 1999	January 31, 2000
152	Berkeley Unified School District	M.A.	Technology	Invited by District	April 14, 1999	September 30, 1999
151	Fairfax Elementary School District	M.A.	Food Services	Invited by District	March 19, 1999	May 3, 1999
150	Hemet Unified School District	M.A.	Special Education	Invited by District	March 10, 1999	February 16, 2000
149	Plumas COE/Plumas Unified SD	M.A.	Technology	Invited by District	February 19, 1999	July 26, 1999
148	Mt. Shasta Union School District	M.A.	Enrollment	Invited by District	February 10, 1999	April 26, 1999
147	Bassett Unified School District	M.A.	Organizational & Staffing	Invited by District	February 3, 1999	July 22, 1999
146	Grossmont Union High School District	M.A.	Technology	Invited by District	February 2, 1999	August 13, 1999
145	Orland Unified School District	M.A.	Financial Projection	Invited by District	January 28, 1999	February 19, 1999
144	Hemet Unified School District	M.A.	M & O	Invited by District	January 25, 1999	July 12, 1999
143	Sutter County Office of Education	M.A.	Technology	Invited by COE	January 14, 1999	May 15, 1999
142	Tehama County Office of Education	M.A.	Transportation	Invited by COE	December 21, 1998	Completed

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141	Vallecito Union Elementary School District	M.A.	MYP	Invited by District	December 16, 1998	January 12, 1999 (ML)
140	El Dorado County Office of Education	M.A.	Business/ Organizational & Staffing	Invited by COE	November 1998	June 23, 1999
139	San Joaquin County Office of Education	M.A.	Organizational & Staffing	Invited by COE	November 17, 1998	October 12, 1999
138	Tahoe-Truckee Unified School District	M.A.	Fiscal/ Organizational & Staffing	Invited by District	September 26, 1998	November 19, 1998
137	Ukiah Unified School District	M.A.	Transportation	Invited by District	September 21, 1998	February 17, 1999
136	Potter Valley Unified School District	M.A.	Transportation	Invited by District	September 21, 1998	July 8, 1999
135	Tamalpais Union High School District	M.A.	Fiscal Review	Invited by District	September 8, 1998	October 13, 1998
134	Vallejo City Unified School District	M.A.	Personnel	Invited by District	August 25, 1998	March 25, 1999
133	Golden Valley Unified School District	M.A.	Reorganization	Invited by District	June 29, 1998	April 19, 1999
132	Orland Unified School District	M.A.	Fiscal Review	Invited by District	June 3, 1998	July 23, 1998
131	Big Oak Flat-Groveland Unified School District	M.A.	District Services, MYP	Invited by District	April 22, 1998	June 25, 1998
130	San Rafael City Schools	M.A.	Technology	Invited by District	April 21, 1998	July 30, 1998
129	Lost Hills Elementary School District	M.A.	District Reorganization	Invited by District	April 20, 1998	August 26, 1998
128	Capistrano Unified School District	M.A.	Technology Review	Invited by District	April 10, 1998	March 13, 1998
127	Val Verde Unified School District	M.A.	Fiscal Review	Invited by District	March 27, 1998	June 30, 1998
126	Eastern Sierra Unified School District	M.A.	District Services	Invited by District	March 27, 1998	August 7, 1998
125	Sacramento City Unified School District	M.A.	Transportation	Invited by District	March 20, 1998	September 22, 1998
124	Mount Diablo Unified School District	M.A.	Technology	Invited by District	February 18, 1998	June 29, 1998
123	Contra Costa COE/Antioch Unified School District	F.C.	Fiscal Review	Assigned by Contra Costa COE	January 29, 1998	August 5, 1998
122	National School District	M.A.	Transportation	Invited by District	December 12, 1997	May 11, 1998
121	Camptonville Elementary School District	M.A.	Attendance Accounting	Assigned by Yuba COE	December 2, 1997	Completed
120	Cuyama Jt. Unified School District	M.A.	District Services	Invited by District	November 7, 1997	May 26, 1998
119	Sweetwater Union High School District	M.A.	Staffing	Invited by District	October 28, 1997	June 30, 1998
118	Klamath-Trinity Joint Unified School District	M.A.	Budget Development	Invited by District	October 24, 1997	June 30, 1998
117	Santa Monica Malibu Unified School District	M.A.	Transportation	Invited by District	October 24, 1997	April 3, 1998

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116	North Monterey County Unified School District	M.A.	Food Service	Invited by District	October 24, 1997	May 28, 1998
115	Roseville City Elementary School District	M.A.	Purchasing	Invited by District	October 23, 1997	February 27, 1998
114	Pittsburg Unified School District	M.A.	Organizational & Staffing	Invited by District	October 10, 1997	June 26, 1998
113	Lamont Elementary School District	M.A.	Fiscal Review	Invited by District	October 6, 1997	February 27, 1998
112	Laton Unified School District	M.A.	District Services	Invited by District	September 23, 1997	December 30, 1997
111	River Delta Unified School District	M.A.	Food Service	Invited by District	September 19, 1997	February 6, 1998
110	Blochman Union Elementary School District	M.A.	Fiscal Review	Invited by District	September 17, 1997	June 5, 1998
109	Hughes-Elizabeth Lakes Elementary School District	M.A.	Organizational & Staffing	Invited by District	September 12, 1997	November 17, 1997
108	Cloverdale Unified School District	M.A.	Fiscal Review	Assigned by Sonoma COE	September 2, 1997	January 15, 1998
107	Capistrano Unified School District	M.A.	Technology	Invited by District	July 3, 1997	March 13, 1998
106	Santa Clara Unified School District	M.A.	Transportation	Invited by District	June 11, 1997	May 22, 1998
105	Delano Union Elementary School District	M.A.	Staffing	Invited by District	May 27, 1997	November 7, 1997
104	Shoreline Unified School District	M.A.	District Services	Invited by District	May 9, 1997	October 1, 1997
103	Modesto City Schools	M.A.	Purchasing	Invited by District	May 9, 1997	November 19, 1997
102	Solano County Office of Education	M.A.	Transportation	Invited by COE	April 30, 1997	January 27, 1998
101	Mammoth Unified School District	M.A.	Fiscal Review	Invited by District	April 29, 1997	September 22, 1997
100	Waterford Elementary School District	M.A.	District Reorganization	Invited by District	April 25, 1997	October 24, 1997
99	Sausalito Elementary School District	M.A.	Fiscal Review	Invited by District	April 25, 1997	September 17, 1997
98	Hemet Unified School District	M.A.	Transportation	Invited by District	April 24, 1997	September 8, 1997
97	Lone Pine Unified School District	M.A.	Fiscal Review	Invited by District	March 20, 1997	October 15, 1997
96	Butte County Office of Education	M.A.	SELPA	Invited by COE	March 14, 1997	October 10, 1997
95	Vallejo City Unified School District	M.A.	Facilities	Invited by District	March 13, 1997	June 30, 1998
94	Travis Unified School District	M.A.	Business Services, Personnel	Invited by District	March 3, 1997	Dec. 1, 1997 (MYP) April 17, 1998 (Org/Budget)
93	Yosemite High School District	M.A.	Business Services	Invited by District	February 26, 1997	June 30, 1998
92	Sierra Sands Unified School District	M.A.	Fiscal Review	Invited by District	February 12, 1997	May 12, 1997
91	San Dieguito Union High School District	M.A.	Transportation	Invited by District	February 9, 1997	December. 12, 1997

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
90	San Bernardino COE/Chino Unified SD	F.C.	Long-term debt	Assigned by COE	January 31, 1997	June 30, 1997
89	Grant Jt. Union High School District	M.A.	Technology	Invited by District	January 30, 1997	July 7, 1997
88	Compton Unified School District	Emerg. Loan	Comprehensive	Assigned by AB 52	January 1, 1998	December 1, 2001
87	Acalanes Union High School District	M.A.	New Business Processes	Invited by District	January 28, 1997	May 6, 1997
86	Somis Union School District	M.A.	Organizational & Staffing	Invited by District	December 13, 1996	April 18, 1997
85	Mill Valley Elementary School District	M.A.	Staffing	Invited by District	November 1, 1996	February 7, 1997 (services only)
84	North Monterey County Unified School District	M.A.	Transportation	Invited by District	November 1, 1996	December 12, 1996
83	Mount Diablo Unified School District	M.A.	Business, Personnel	Invited by District	October 16, 1996	March 14, 1997
82	Contra Costa County Office of Education	M.A.	Business Services	Invited by COE	September 26, 1996	April 25, 1997
81	Dixie Elementary School District	M.A.	Business Services, Staffing	Invited by District	September 5, 1996	March 6, 1997
80	Marin County Office of Education	M.A.	Fiscal Review	Invited by COE	September 4, 1996	August 8, 1997
79	El Dorado County Office of Education	M.A.	Transportation	Invited by COE	June 20, 1996	December 20, 1996 June 30, 1997
78	Marin County Office of Education	M.A.	Alternative Ed/ROP	Invited by COE	June 19, 1996	January 10, 1997 May 12, 1999
77	Mendocino COE/Point Arena Jt. UHSD-Arena SD	M.A.	Reorganization	Assigned by Mendocino COE	May 31, 1996	October 29, 1996
76	Lemoore Union High School District	M.A.	Vehicle Maintenance JPA	Invited by District	May 16, 1996	January 2, 1997
75	Nevada COE/Ready Springs Union SD	M.A.	Attendance Accounting	Assigned by COE	May 7, 1996	June 12, 1996
74	Centinela Valley Union High School District	F.E.	Business, Personnel, Facilities, Board Relations	Assigned by FCMAT Board at request of Los Angeles COE	April 4, 1996	January 15, 1997
73	Monterey COE/Salinas Union High SD	F.C.	Business Services	Assigned by COE	March 25, 1996	June 11, 1996
72	Fort Sage Unified School District	M.A.	MYP Training	Invited by District	February 6, 1996	Completed services only
71	Paso Robles Public Schools	M.A.	Purchasing	Invited by District	March 12, 1996	September 24, 1996
70	Orange COE/Laguna Elementary School District	M.A.	Fiscal Review	Assigned by COE	March 12, 1996	September 12, 1996
69	Calaveras COE/Vallecito UESD	F.C.	SELPA	Invited by COE	February 1, 1996	September 27, 1996
68	Cupertino Union School District	M.A.	Transportation	Invited by District	January 31, 1996	February 19, 1997
67	El Dorado County Office of Education	M.A.	Routing Training	Invited by COE	January 20, 1996	December. 20, 1996

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66	Panama-Buena Vista Union School District	M.A.	MYP Training	Invited by District	January 19, 1996	March 13, 1996 (training)
65	Sonora Union High School District	M.A.	Technology, Budget	Invited by District	January 4, 1996	April 12, 1996
64	Saugus Union School District	M.A.	Transportation	Invited by District	January 3, 1996	May 31, 1996
63	Sonoma County Office of Education	M.A.	SELPA	Invited by COE	December 11, 1995	March 3, 1997
62	Calexico Unified School District	M.A.	Business Services	Invited by District	November 27, 1995	July 12, 1996
61	Visalia Unified School District	M.A.	MYP Training	Invited by District	November 22, 1995	Completed
60	Acalanes Union High School District	M.A.	Business Services	Invited by COE	November 15, 1995	January 30, 1996
59	Santa Cruz County Office of Education	M.A.	Business Services	Invited by COE	November 13, 1995	July 18, 1996
58	Kings County Office of Education	M.A.	MYP Training	Invited by COE	October 27, 1995	December 1, 1995 services only
57	Hemet Unified School District	M.A.	Curriculum Alignment, Business, Technology	Invited by District	October 9, 1995	June 18, 1996
56	Santa Cruz County Office of Education	M.A.	District Reorganization	Invited by COE	September 22, 1995	October 9, 1995
55	Solano County Office of Education	M.A.	AB 1200 Oversight	Invited by COE	September 11, 1995	November 20, 1995
54	Riverside County Office of Education	M.A.	SELPA	Invited by COE	September 1, 1995	February 2, 1996
53	Madera COE/Minarets JUHSD	M.A.	Reorganization	Assigned by Madera COE	August 25, 1995	April 22, 1996 May 19, 1997 (add)
52	Fort Sage Unified School District	M.A.	Fiscal Review	Invited by District	August 18, 1995	October 18, 1995
51	Novato Unified School District	M.A.	Food Services	Invited by District	July 10, 1995	September 15, 1995
50	San Luis Obispo County Superintendent of Schools	M.A.	Business Services	Invited by COE	June 29, 1995	December 15, 1995
49	South Bay Union Elementary School District	M.A.	Technology	Invited by District	June 26, 1995	October. 13, 1995
48	San Jose Unified School District	M.A.	Organizational & Staffing	Invited by District	May 8, 1995	September 15, 1995
47	Riverside County Office of Education	M.A.	District Reorganization	Invited by COE	May 8, 1995	March 25, 1996
46	Corning Union Elementary School District	M.A.	Organizational & Staffing	Invited by District	May 8, 1995	October 4, 1995
45	Mesa & Somis Union Elementary School Districts	M.A.	Transportation	Invited by Districts	May 5, 1995	July 20, 1995
44	Susanville Elementary School District	F.C.	Fiscal Review	Assigned by Lassen COE	May 4, 1995	July 21, 1995
43	Lemoore Union High School District	M.A.	Budget Development	Invited by District	April 19, 1995	June 28, 1996



Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
42	West Fresno Elementary School District	F.C.	Fiscal Review	Assigned by Fresno COE	March 15, 1995	July 5, 1995
41	Mendota Unified School District	F.C.	Fiscal Review	Assigned by Fresno COE	March 15, 1995	July 6, 1995
40	Lemoore Union High School District	M.A.	Transportation	Invited by District	February 7, 1995	December 4, 1995
39	San Luis Obispo County Superintendent of Schools	M.A.	Transportation	Invited by COE	February 3, 1995	April 6, 1995
38	Sutter County Office of Education	M.A.	AB 1200 Oversight	Invited by COE	January 23, 1995	June 8, 1995
37	Shasta County Office of Education	M.A.	Classification Study	Invited by COE	January 23, 1995	November 17, 1995
36	Firebaugh-Las Deltas Unified School District	M.A.	Transportation	Invited by District	January 21, 1995	May 11, 1995
35	Calaveras COE/Vallecito Union Elementary SD	F.C.	Long-term debt	Assigned by COE	December 15, 1994	April 3, 1995
34	Atwater Elementary School District	M.A.	Fiscal Review	Invited by District	December 14, 1994	April 7, 1995
33	Mojave Unified School District	M.A.	Transportation	Invited by District	December 7, 1994	March 3, 1995
32	Madera County Office of Education	M.A.	District Reorganization	Invited by COE	October 27, 1994	June 22, 1995
31	Standard Elementary School District	M.A.	Organizational & Staffing	Invited by District	October 24, 1994	November 21, 1994
30	Amador County Unified School District	M.A.	Business Services	Invited by District	October 21, 1994	March 15, 1995
29	Gateway Unified School District	M.A.	Transportation	Invited by District	October 14, 1994	February 27, 1995
28	Tehama County Office of Education	M.A.	AB 1200 Oversight	Invited by COE	July 27, 1994	November 15, 1994
27	Sacramento City Unified School District	M.A.	Fiscal Review	Invited by District	July 5, 1994	December 6, 1994
26	Santa Clara County Office of Education	M.A.	Organizational & Staffing	Invited by COE	May 11, 1994	February 1, 1995
25	Sonora Union High School District	M.A.	Business Services	Invited by District	May 6, 1994	August 18, 1994
24	Red Bluff Union Elementary School District	M.A.	Business Services	Invited by District	May 2, 1994	August 23, 1994
23	LaHonda-Pescadero Unified School District	F.C.	Fiscal Review	Invited by COE	April 13, 1994	June 8, 1994
22	Raymond-Knowles Union School District	M.A.	Fiscal Review	Invited by District	March 25, 1994	July 27, 1994
21	Mark Twain Union Elementary School District	M.A.	Budget Development	Invited by District	March 23, 1994	August 16, 1994
20	Sacramento City Unified School District	M.A.	Organizational & Staffing	Invited by District	February 9, 1994	July 5, 1994

Study Number	Education Agency	Type	Study Topics	Assigned / Invited	Date Study Requested	Final Report Issued
19	Shoreline Unified School District	M.A.	Budget Development	Invited by District	January 27, 1994	March 14, 1994
18	Calaveras County Office of Education	M.A.	Business Services	Invited by COE	January 21, 1994	April 14, 1994
17	Sweetwater Union High School District	M.A.	Transportation	Invited by District	December 10, 1993	February 14, 1994
16	Shasta County Office of Education	M.A.	Technology	Invited by COE	November 8, 1993	December 19, 1993
15	Dos Palos-Oro Loma Unified School District	M.A.	Fiscal Review	Invited by District	November 4, 1993	April 13, 1994
14	Eureka City Schools	F.C.	Fiscal Review	Assigned by Humboldt COE	November 1, 1993	December 21, 1993
13	San Lorenzo Valley Unified School District	M.A.	Fiscal Review	Invited by District	August 23, 1993	September 15, 1993
12	Paso Robles Public Schools	M.A.	Transportation	Invited by District	July 19, 1993	October 26, 1993 December 13, 1993
11	Mendocino County Office of Education	F.C.	Fiscal Review	Assigned by CDE	July 16, 1993	January 7, 1994
10	Modesto City Schools	M.A.	Technology	Invited by District	May 18, 1993	September 7, 1993
9	Sonoma COE/Bennett Valley Union Elementary SD	F.C.	Budget Development	Assigned by COE	May 6, 1993	June 4, 1993
8	Sutter County Office of Education	M.A.	Business Services	Invited by COE	Mar. 23, 1993	June 21, 1993
7	Plumas Unified School District	F.C.	Fiscal Review	Invited by District	February 3, 1993	May 28, 1993
6	Pajaro Valley Unified School District	F.C.	Budget Development	Invited by District	January 21, 1993	April 7, 1993 May 20, 1993
5	Reef-Sunset Unified School District	F.C.	Financial Projection	Assigned by Kings COE	January 8, 1993	June 18, 1993
4	Val Verde Unified School District	M.A.	Organizational & Staffing	Invited by District	December 15, 1992	February 9, 1993
3	Visalia Unified School District	F.C.	Fiscal Review	Assigned by Tulare COE	December 14, 1992	March 26, 1993
2	Butte Valley Unified School District	M.A.	Attendance Accounting	Invited by District	October 19, 1992	November 18, 1992
1	Hayward Unified School District	F.C.	Fiscal Review	Invited by District & Alameda COE	July 30, 1992	November 13, 1992

**Appendix VI: List of qualified and negative districts between 2002-03 and 2004-05**

<b>District</b>	<b>County</b>	<b>Total Budget (\$)</b>	<b>Certification</b>	<b>Interim</b>
Benicia Unified	Solano	35 million	Negative	Second
Berkeley Unified	Alameda	96 million	Negative	First
Berkeley Unified	Alameda	98 million	Negative	Second
Emery Unified	Alameda	9 million	Negative	First
Emery Unified	Alameda	9 million	Negative	Second
Greenfield Union	Monterey	18 million	Negative	First
Greenfield Union	Monterey	18 million	Negative	Second
Oakland Unified	Alameda	457 million	Negative	First
Oakland Unified	Alameda	480 million	Negative	Second
Orchard Elementary	Santa Clara	5 million	Negative	Second
Sierra-Plumas Joint Unified	Sierra	8 million	Negative	Second
West Fresno Elementary	Fresno	8 million	Negative	First
West Fresno Elementary	Fresno	8 million	Negative	Second
Albany City Unified	Alameda	23 million	Qualified	First
Albany City Unified	Alameda	23 million	Qualified	Second
Alum Rock Union Elementary	Santa Clara	116 million	Qualified	First
Alum Rock Union Elementary	Santa Clara	117 million	Qualified	Second
Amador County Office	Amador	6 million	Qualified	First
Amador County Office	Amador	6 million	Qualified	Second
Amador County Unified	Amador	29 million	Qualified	First
Amador County Unified	Amador	29 million	Qualified	Second
Antioch Unified	Contra Costa	112 million	Qualified	Second
Beardsley Elementary	Kern	13 million	Qualified	Second
Bellevue Union Elementary	Sonoma	14 million	Qualified	Second
Benicia Unified	Solano	35 million	Qualified	First
Berryessa Elementary	Santa Clara	58 million	Qualified	First
Bolinas-Stinson Union	Marin	2 million	Qualified	Second
Butteville Elementary	Siskiyou	1 million	Qualified	Second
Calaveras Unified	Calaveras	29 million	Qualified	Second
Cloverdale Unified	Sonoma	12 million	Qualified	First
Cloverdale Unified	Sonoma	12 million	Qualified	Second
Cold Spring Elementary	Santa Barbara	2 million	Qualified	Second
Denair Unified	Stanislaus	10 million	Qualified	First
Denair Unified	Stanislaus	10 million	Qualified	Second
Dunsmuir Joint Union High	Siskiyou	2 million	Qualified	Second
East Whittier City Elementary	Los Angeles	62 million	Qualified	First
El Rancho Unified	Los Angeles	80 million	Qualified	First
El Tejon Unified	Kern	9 million	Qualified	Second
Etna Union Elementary	Siskiyou	2 million	Qualified	Second
Etna Union High	Siskiyou	5 million	Qualified	Second
Fall River Joint Unified	Shasta	11 million	Qualified	First
Fall River Joint Unified	Shasta	11 million	Qualified	Second
Ferndale Unified	Humboldt	4 million	Qualified	Second
Fresno Unified	Fresno	598 million	Qualified	Second
Gateway Unified	Shasta	28 million	Qualified	First
Gateway Unified	Shasta	28 million	Qualified	Second
Geyserville Unified	Sonoma	3 million	Qualified	First
Geyserville Unified	Sonoma	3 million	Qualified	Second
Happy Valley Union Elementary	Shasta	5 million	Qualified	First
Happy Valley Union Elementary	Shasta	5 million	Qualified	Second
Harmony Union Elementary	Sonoma	3 million	Qualified	Second
Hayward Unified	Alameda	177 million	Qualified	First
Hayward Unified	Alameda	178 million	Qualified	Second
John Swett Unified	Contra Costa	15 million	Qualified	Second
Kerman Unified	Fresno	25 million	Qualified	Second
Livermore Valley Joint Unified	Alameda	96 million	Qualified	First

District	County	Total Budget (\$)	Certification	Interim
Livermore Valley Joint Unified	Alameda	94 million	Qualified	Second
Lost Hills Union Elementary	Kern	4 million	Qualified	First
Lost Hills Union Elementary	Kern	4 million	Qualified	Second
Martinez Unified	Contra Costa	28 million	Qualified	Second
Marysville Joint Unified	Yuba	73 million	Qualified	Second
McFarland Unified	Kern	23 million	Qualified	First
McFarland Unified	Kern	24 million	Qualified	Second
Monrovia Unified	Los Angeles	45 million	Qualified	Second
Montecito Union	Santa Barbara	62 million	Qualified	Second
Natomas Unified	Sacramento	45 million	Qualified	First
Natomas Unified	Sacramento	45 million	Qualified	Second
Newark Unified	Alameda	57 million	Qualified	First
North Monterey County Unified	Monterey	43 million	Qualified	Second
Orchard Elementary	Santa Clara	5 million	Qualified	First
Pittsburg Unified	Contra Costa	68 million	Qualified	First
Pittsburg Unified	Contra Costa	68 million	Qualified	Second
Pond Union Elementary	Kern	1 million	Qualified	First
Pond Union Elementary	Kern	1 million	Qualified	Second
Ravenswood City Elementary	San Mateo	40 million	Qualified	First
Ravenswood City Elementary	San Mateo	40 million	Qualified	Second
Red Bluff Joint Union High	Tehama	16 million	Qualified	First
Red Bluff Union Elementary	Tehama	16 million	Qualified	First
Red Bluff Union Elementary	Tehama	16 million	Qualified	Second
Rim of the World Unified	San Bernardino	39 million	Qualified	First
Round Valley Joint Elementary	Inyo	1 million	Qualified	Second
San Lorenzo Valley Unified	Santa Cruz	26 million	Qualified	First
San Lorenzo Valley Unified	Santa Cruz	26 million	Qualified	Second
Santa Cruz City Elementary	Santa Cruz	60 million	Qualified	First
Santa Cruz City Elementary	Santa Cruz	61 million	Qualified	Second
Santa Cruz City High	Santa Cruz	* million	Qualified	First
Santa Cruz City High	Santa Cruz	* million	Qualified	Second
Santa Rita Union Elementary	Monterey	20 million	Qualified	First
Santa Rita Union Elementary	Monterey	17 million	Qualified	Second
Sausalito Elementary	Marin	5 million	Qualified	Second
Scotts Valley Unified	Santa Cruz	17 million	Qualified	First
Scotts Valley Unified	Santa Cruz	17 million	Qualified	Second
Sierra-Plumas Joint Unified	Sierra	8 million	Qualified	First
Soquel Union Elementary	Santa Cruz	14 million	Qualified	First
Soquel Union Elementary	Santa Cruz	14 million	Qualified	Second
Southern Humboldt Joint Unified	Humboldt	10 million	Qualified	Second
Spreckels Union	Monterey	6 million	Qualified	Second
Susanville Elementary	Lassen	10 million	Qualified	First
Temple City Unified	Los Angeles	37 million	Qualified	Second
Trona Joint Unified	San Bernardino	5 million	Qualified	First
Twain Harte-Long Barn Union Elementary	Tuolumne	4 million	Qualified	First
Twain Harte-Long Barn Union Elementary	Tuolumne	4 million	Qualified	Second
Upper Lake Union High	Lake	3 million	Qualified	Second
Vacaville Unified	Solano	93 million	Qualified	First
Vacaville Unified	Solano	91 million	Qualified	Second
Vallejo City Unified	Solano	135 million	Qualified	First
Vallejo City Unified	Solano	137 million	Qualified	Second
Washington Union	Monterey	6 million	Qualified	Second
Antioch Unified	Contra Costa	133 million	Negative	Second
Berkeley Unified	Alameda	90 million	Negative	First
Berkeley Unified	Alameda	91 million	Negative	Second
Corning Union Elementary	Tehama	13 million	Negative	First
Greenfield Union Elementary	Monterey	17 million	Negative	Second
Hayward Unified	Alameda	176 million	Negative	First

District	County	Total Budget (\$)	Certification	Interim
Hayward Unified	Alameda	174 million	Negative	Second
Livermore Valley Joint Unified	Alameda	91 million	Negative	First
Livermore Valley Joint Unified	Alameda	92 million	Negative	Second
Oakland Unified	Alameda	443 million	Negative	First
Oakland Unified	Alameda	417 million	Negative	Second
Scotts Valley Unified	Santa Cruz	17 million	Negative	Second
Vallejo City Unified	Solano	131 million	Negative	First
Vallejo City Unified	Solano	151 million	Negative	Second
West Fresno Elementary	Fresno	8 million	Negative	First
West Fresno Elementary	Fresno	9 million	Negative	Second
Acalanes Union High	Contra Costa	79 million	Qualified	First
Amador County Office	Amador	6 million	Qualified	First
Amador County Office	Amador	6 million	Qualified	Second
Amador County Unified	Amador	29 million	Qualified	First
Amador County Unified	Amador	29 million	Qualified	Second
Antioch Unified	Contra Costa	130 million	Qualified	First
Benicia Unified	Solano	33 million	Qualified	First
Benicia Unified	Solano	33 million	Qualified	Second
Berryessa Elementary	Santa Clara	55 million	Qualified	First
Big Pine Unified	Inyo	2 million	Qualified	Second
Buttonwillow Union Elementary	Kern	3 million	Qualified	First
Buttonwillow Union Elementary	Kern	3 million	Qualified	Second
Cloverdale Unified	Sonoma	11 million	Qualified	First
Cloverdale Unified	Sonoma	11 million	Qualified	Second
Corning Union Elementary	Tehama	13 million	Qualified	Second
El Rancho Unified	Los Angeles	83 million	Qualified	First
El Rancho Unified	Los Angeles	78 million	Qualified	Second
Emery Unified	Alameda	8 million	Qualified	First
Emery Unified	Alameda	8 million	Qualified	Second
Fillmore Unified	Ventura	26 million	Qualified	Second
Fontana Unified	San Bernardino	279 million	Qualified	First
Gateway Unified	Shasta	26 million	Qualified	First
Geyserville Unified	Sonoma	3 million	Qualified	First
Geyserville Unified	Sonoma	3 million	Qualified	Second
Golden Valley Unified	Madera	\$8 million	Qualified	First
Golden Valley Unified	Madera	8 million	Qualified	Second
Greenfield Union Elementary	Monterey	16 million	Qualified	First
Harmony Union Elementary	Sonoma	3 million	Qualified	First
Healdsburg Unified	Sonoma	19 million	Qualified	First
Hollister Elementary	San Benito	43 million	Qualified	Second
Jefferson Elementary	San Mateo	42 million	Qualified	Second
Jefferson Union High	San Mateo	39 million	Qualified	First
John Swett Unified	Contra Costa	14 million	Qualified	First
John Swett Unified	Contra Costa	13 million	Qualified	Second
La Honda-Pescadero Unified	San Mateo	4 million	Qualified	Second
Lake Tahoe Unified	El Dorado	36 million	Qualified	First
Lakeside Union Elementary	Kings	3 million	Qualified	First
Lakeside Union Elementary	Kings	3 million	Qualified	Second
Long Beach Unified	Los Angeles	686 million	Qualified	First
Martinez Unified	Contra Costa	26 million	Qualified	First
Martinez Unified	Contra Costa	26 million	Qualified	Second
Marysville Joint Unified	Yuba	70 million	Qualified	First
Marysville Joint Unified	Yuba	72 million	Qualified	Second
Mt. Diablo Unified	Contra Costa	247 million	Qualified	First
Oakdale Joint Unified	Stanislaus	34 million	Qualified	First
Orchard Elementary	Santa Clara	5 million	Qualified	First
Orchard Elementary	Santa Clara	5 million	Qualified	Second
Oxnard Elementary	Ventura	126 million	Qualified	First

District	County	Total Budget (\$)	Certification	Interim
Palm Springs Unified	Riverside	153 million	Qualified	First
Pomona Unified	Los Angeles	235 million	Qualified	First
Potter Valley Community Unified	Mendocino	3 million	Qualified	First
Potter Valley Community Unified	Mendocino	3 million	Qualified	Second
Rim of The World Unified	San Bernardino	37 million	Qualified	Second
Ripon Unified	San Joaquin	17 million	Qualified	First
Salinas City Elementary	Monterey	63 million	Qualified	Second
San Bruno Park	San Mateo	18 million	Qualified	First
Santa Ana Unified	Orange	487 million	Qualified	First
Santa Ana Unified	Orange	499 million	Qualified	Second
Santa Cruz City Elementary	Santa Cruz	59 million	Qualified	First
Santa Cruz City Elementary	Santa Cruz	59 million	Qualified	Second
Santa Cruz City High	Santa Cruz	* million	Qualified	First
Santa Cruz City High	Santa Cruz	* million	Qualified	Second
Scotts Valley Unified	Santa Cruz	17 million	Qualified	First
Sebastopol Union Elementary	Sonoma	7 million	Qualified	Second
Sierra-Plumas Joint Unified	Sierra	7 million	Qualified	First
Sierra-Plumas Joint Unified	Sierra	7 million	Qualified	Second
Sonoma Valley Unified	Sonoma	33 million	Qualified	Second
Spreckels Union	Monterey	5 million	Qualified	First
Spreckels Union	Monterey	5 million	Qualified	Second
Stanislaus Union	Stanislaus	23 million	Qualified	First
Summerville Elementary	Tuolumne	3 million	Qualified	First
Sunnyvale Elementary	Santa Clara	47 million	Qualified	First
Torrance Unified	Los Angeles	158 million	Qualified	First
Trinity Union High	Trinity	6 million	Qualified	First
Trinity Union High	Trinity	5 million	Qualified	Second
Twain Harte-Long Barn Union Elementary	Tuolumne	4 million	Qualified	First
Twain Harte-Long Barn Union Elementary	Tuolumne	4 million	Qualified	Second
Upper Lake Union High	Lake	3 million	Qualified	First
Upper Lake Union High	Lake	3 million	Qualified	Second
Weed Union Elementary	Siskiyou	3 million	Qualified	Second
Western Placer Unified	Placer	36 million	Qualified	First
Westside Union Elementary	Los Angeles	42 million	Qualified	First
Westside Union Elementary	Los Angeles	45 million	Qualified	Second
William S. Hart Union High	Los Angeles	125 million	Qualified	First
Wilmar Union Elementary	Sonoma	1 million	Qualified	First
Wilmar Union Elementary	Sonoma	1 million	Qualified	Second
Auburn Union Elementary	Placer	17 million	Negative	First
Auburn Union Elementary	Placer	17 million	Negative	Second
Biggs Unified	Butte	6 million	Negative	Second
Chino Valley Unified	San Bernardino	213 million	Negative	Second
Delta View Joint Union Elementary	Kings	0.8 million	Negative	Second
East Side Union High	Santa Clara	204 million	Negative	First
East Side Union High	Santa Clara	207 million	Negative	Second
Fresno Unified	Fresno	603 million	Negative	First
Fresno Unified	Fresno	607 million	Negative	Second
Hayward Unified	Alameda	175 million	Negative	First
Hayward Unified	Alameda	177 million	Negative	Second
Los Molinos Unified	Tehama	5 million	Negative	First
Los Molinos Unified	Tehama	5 million	Negative	Second
Marcum-Illinois Union	Sutter	1 million	Negative	Second
Oakland Unified	Alameda	425 million	Negative	First
Oakland Unified	Alameda	437 million	Negative	Second
Oro Grande Elementary	San Bernardino	1 million	Negative	First
Parlier Unified	Fresno	28 million	Negative	Second
Salinas City Elementary	Monterey	63 million	Negative	First
Salinas City Elementary	Monterey	63 million	Negative	Second

District	County	Total Budget (\$)	Certification	Interim
Vallejo City Unified	Solano	146 million	Negative	First
Vallejo City Unified	Solano	146 million	Negative	Second
West Fresno Elementary	Fresno	8 million	Negative	First
West Fresno Elementary	Fresno	8 million	Negative	Second
Alameda City Unified	Alameda	84 million	Qualified	Second
Albany Unified	Alameda	25 million	Qualified	First
Amador County Office	Amador	7 million	Qualified	First
Amador County Office	Amador	7 million	Qualified	Second
Amador County Unified	Amador	30 million	Qualified	First
Amador County Unified	Amador	31 million	Qualified	Second
Antioch Unified	Contra Costa	131 million	Qualified	First
Bellevue Union Elementary	Sonoma	13 million	Qualified	First
Bellevue Union Elementary	Sonoma	14 million	Qualified	Second
Bellflower Unified	Los Angeles	103 million	Qualified	First
Bellflower Unified	Los Angeles	105 million	Qualified	Second
Benicia Unified	Solano	33 million	Qualified	First
Benicia Unified	Solano	33 million	Qualified	Second
Berkeley Unified	Alameda	88 million	Qualified	Second
Big Pine Unified	Inyo	3 million	Qualified	First
Big Pine Unified	Inyo	2 million	Qualified	Second
Big Springs Union Elementary	Siskiyou	1 million	Qualified	First
Big Springs Union Elementary	Siskiyou	1 million	Qualified	Second
Biggs Unified	Butte	6 million	Qualified	First
Black Oak Mine Unified	El Dorado	14 million	Qualified	Second
Centinela Valley Union High	Los Angeles	62 million	Qualified	First
Chino Valley Unified	San Bernardino	217 million	Qualified	First
Cloverdale Unified	Sonoma	11 million	Qualified	Second
Corning Union Elementary	Tehema	13 million	Qualified	First
Corning Union Elementary	Tehama	13 million	Qualified	Second
Cucamonga Elementary	San Bernardino	18 million	Qualified	Second
Delta View Joint Union Elementary	Kings	0.6 million	Qualified	First
Dunsmuir Joint Union High	Siskiyou	1 million	Qualified	Second
El Rancho Unified	Los Angeles	85 million	Qualified	First
Evergreen Elementary	Santa Clara	87 million	Qualified	First
Evergreen Elementary	Santa Clara	87 million	Qualified	Second
Happy Valley Union Elementary	Shasta	5 million	Qualified	First
Happy Valley Union Elementary	Shasta	5 million	Qualified	Second
Healdsburg Unified	Sonoma	18 million	Qualified	First
Healdsburg Unified	Sonoma	18 million	Qualified	Second
Hollister Elementary	San Benito	41 million	Qualified	Second
Huntington Beach City Elementary	Orange	44 million	Qualified	First
Huntington Beach City Elementary	Orange	44 million	Qualified	Second
Jefferson Elementary	San Mateo	41 million	Qualified	First
Jefferson Elementary	San Mateo	43 million	Qualified	Second
John Swett Unified	Contra Costa	14 million	Qualified	First
John Swett Unified	Contra Costa	13 million	Qualified	Second
Junction Elementary	Shasta	3 million	Qualified	First
Junction Elementary	Shasta	3 million	Qualified	Second
Keyes Union Elementary	Stanislaus	9 million	Qualified	First
La Honda-Pescadero Unified	San Mateo	9 million	Qualified	First
La Honda-Pescadero Unified	San Mateo	4 million	Qualified	Second
Live Oak Elementary	Santa Cruz	15 million	Qualified	First
Livermore Valley Joint Unified	Alameda	90 million	Qualified	First
Lone Pine Unified	Inyo	5 million	Qualified	Second
Los Angeles Unified	Los Angeles	6,298 million	Qualified	Second
Lowell Joint Elementary	Los Angeles	22 million	Qualified	First
Marcum-Illinois Elementary	Sutter	1 million	Qualified	First
Marysville Joint Unified	Yuba	73 million	Qualified	First

District	County	Total Budget (\$)	Certification	Interim
Marysville Joint Unified	Yuba	74 million	Qualified	Second
Mt. Diablo Unified	Contra Costa	258 million	Qualified	First
Mt. Diablo Unified	Contra Costa	260 million	Qualified	Second
Napa Valley Unified	Napa	109 million	Qualified	First
Needles Unified	San Bernardino	10 million	Qualified	First
New Hope Elementary	San Joaquin	1 million	Qualified	Second
North Monterey County Unified	Monterey	38 million	Qualified	Second
Novato Unified	Marin	53 million	Qualified	Second
Oak Run Elementary	Shasta	0.5 million	Qualified	First
Oak Run Elementary	Shasta	0.5 million	Qualified	Second
Palmdale Elementary	Los Angeles	154 million	Qualified	Second
Parlier Unified	Fresno	27 million	Qualified	First
Pasadena Unified	Los Angeles	210 million	Qualified	First
Piedmont City Unified	Alameda	23 million	Qualified	First
Piedmont City Unified	Alameda	23 million	Qualified	Second
Piner-Olivet Union Elementary	Sonoma	9 million	Qualified	Second
Placer Hills Union Elementary	Placer	9 million	Qualified	First
Placer Hills Union Elementary	Placer	9 million	Qualified	Second
Pomona Unified	Los Angeles	244 million	Qualified	First
Potter Valley Community Unified	Mendocino	3 million	Qualified	First
Rim of the World Unified	San Bernardino	37 million	Qualified	Second
Round Valley Joint Elementary	Inyo	1 million	Qualified	Second
San Jose Unified	Santa Clara	264 million	Qualified	Second
San Juan Unified	Sacramento	342 million	Qualified	First
San Juan Unified	Sacramento	350 million	Qualified	Second
Santa Cruz City Elementary	Santa Cruz	59 million	Qualified	First
Santa Cruz City Elementary	Santa Cruz	59 million	Qualified	Second
Santa Cruz City High	Santa Cruz	* million	Qualified	First
Santa Cruz City High	Santa Cruz	*	Qualified	Second
Sierra County Office	Sierra	2 million	Qualified	First
South San Francisco Unified	San Mateo	64 million	Qualified	First
South San Francisco Unified	San Mateo	68 million	Qualified	Second
Sunnyvale Elementary	Santa Clara	47 million	Qualified	First
Torrance Unified	Los Angeles	166 million	Qualified	First
Torrance Unified	Los Angeles	165 million	Qualified	Second
Trinity Union High	Trinity	5 million	Qualified	First
Trinity Union High	Trinity	5 million	Qualified	Second
Twain Harte-Long Barn Union Elementary	Tuolumne	4 million	Qualified	First
Twain Harte-Long Barn Union Elementary	Tuolumne	3 million	Qualified	Second
Ukiah Unified	Mendocino	49 million	Qualified	First
Washington Union Elementary	Monterey	6 million	Qualified	First
Washington Union Elementary	Monterey	7 million	Qualified	Second
Westside Union Elementary	Los Angeles	48 million	Qualified	First
Willits Unified	Mendocino	16 million	Qualified	First
Willits Unified	Mendocino	16 million	Qualified	Second
Yreka Union Elementary	Siskiyou	8 million	Qualified	First
Yreka Union Elementary	Siskiyou	7 million	Qualified	Second

Data: California Department of Education "Certifications of Interim Financial Reports" available online:  
<http://www.cde.ca.gov/fg/fi/ir/interimstatus.asp>















## Appendix VII: Proposition 98

When voters approved Proposition 98 as an amendment to the California Constitution, they sought to guarantee K–14 education (kindergarten through community college) a level of funding that would at least keep pace with increases in student population and the personal income of Californians and at best increase the amount schools receive.

In practice, the minimum guarantee required under Proposition 98 sets a benchmark for school funding that the state has seldom exceeded and that it has often failed to meet. The calculation of that guaranteed amount is based on the principle that K–14 education should receive at least the same amount as it did the previous year, adjusted for changes in enrollment and per capita personal income. This is referred to as the “Test 2”\* guarantee.

The constitution allows state officials to temporarily reduce education funding below the minimum guarantee under two conditions. One is when the state’s General Fund revenues grow less than personal income. This is often referred to as “Test 3.” The other is when two-thirds of the Legislature votes to suspend the guarantee for a given year.

In both cases, the amount saved in that year must begin to be restored to the minimum guarantee level in the next year that state general fund revenues grow faster than personal income. This hypothetical example explains (in a simplified way) how it works:

- In Year One, the Test 2 minimum guarantee is \$45 billion. But the state’s fiscal condition dictates that Test 3 is in order, providing only \$43 billion.
- In Year Two, state revenues improve and the minimum guarantee must be provided. If the state can afford it, the calculation of the Year Two amount begins from the \$45 billion level because that was the minimum guarantee in Year One. Adjustments for enrollment and personal income growth then proceed from that level.
- The state may not have enough revenue to cover the full amount of the resulting minimum guarantee in Year Two. It has solved this problem by funding below the guarantee and carrying forward a “maintenance factor” that keeps track of what full restoration of the guarantee would amount to. This can be restored gradually as the state’s General Fund revenue growth is sufficient to do so.

The Legislature always has the option of funding K–14 education above the minimum guarantee. When it does so, however, it is also raising the base amount from which the guarantee is to be calculated the following year.

## Appendix VIII: Purchasing Services Available to California School Districts

California school districts and affiliated agencies have developed a number of strategies for improving their purchasing practices. That includes a multitude of non-profit purchasing services that enable districts large and small to enjoy substantial economies of scale. Particularly since the emergence of the Internet as a communications tool in the last decade, a number of online networks have been introduced that are devoted specifically to this goal. Following are some of the most notable.

- **Public School Services, [www.psservices.org](http://www.psservices.org)**, allows members to “piggyback” their purchases on another agency’s contract. Instead of having to competitively bid for every purchase worth more than \$60,500, districts can instead utilize a contract that has already been awarded to another public agency. Districts can buy office and classroom supplies, digital copiers, audio-visual equipment, maintenance and custodial supplies, and furniture using this approach. This 501(c)(3) non-profit is supported by Price Charities.
- **CalSAVE, [www.calsave.org](http://www.calsave.org)**, leverages the collective buying power of members to reduce prices. There is no participation fee, and every California K–12 school, district, or county office of education is eligible to participate. The Monterey County Office of Education sponsors CalSAVE, which received start-up funds from the California Department of Education.
- **EdBuy, [www.EdBuy.org](http://www.EdBuy.org)**, is a cooperative purchasing program operated by the California County Superintendents Educational Services Association (CCSESA). EdBuy goes to bid on behalf of school districts and county offices of education. EdBuy also offers other services, such as checking for errors on members’ purchase orders and recording line-item data to give users periodic purchasing reports.
- **Schools Legal Services, [www.schoolslegalservice.org](http://www.schoolslegalservice.org)**, is a joint powers agency that provides legal and collective bargaining services to California public education agencies. School Legal Services began in 1976. Members pay a minimum annual fee for legal services based on student enrollment. Collective bargaining services are provided for an additional fee. The organization also provides a help desk for general education law matters, such as disciplinary proceedings, mediation, construction document review or litigation, representation in PERB hearings, and copyright and trademark registration.



## Appendix IX: Enrollment and fiscal health for sample

Table 1 summarizes the distribution of the 135 school districts in the survey sample with regard to their past enrollment history (2002-03 to 2004-05) and our determination of their fiscal health.

**Table 1. Sample Districts – Enrollment Change by Fiscal Health**

Change from 2002-03 to 2004-05	Percent of Districts			
	Healthy	Marginal	Unhealthy	Total
Decline	43.9%	24.2%	31.8%	100.0%
Increase	34.8%	43.5%	21.7%	100.0%
All Sample Districts	39.3%	34.1%	26.7%	100.0%

The data show that districts experiencing declining enrollment are overrepresented in both the fiscally healthy and unhealthy groups and underrepresented in the marginal group. Districts with increasing enrollments show the opposite relationships.

These data conflict with the finding for districts statewide that showed that those with declining enrollment are more likely to be unhealthy.

One important consideration is that basic aid districts – districts whose property taxes are so great that they do not qualify for state aid to maintain their revenue limit – are overrepresented in this sample. The resources available to basic aid districts are not a function of enrollment, but rather of local property tax growth. Thus, these districts could be experiencing enrollment declines and yet not face the types of fiscal challenges that revenue limit districts must address. This survey, therefore, would identify these districts as fiscally healthy and yet declining in enrollment.

In addition, our analysis found that the sample districts as a whole did not suffer the magnitude of enrollment losses experienced by districts statewide. Over the 2002-03 through 2004-05 period, 4.4% of the sample districts versus 7.3% of the districts statewide experienced enrollment declines exceeding 10%. Similarly, 14.8% of the sample districts versus almost one in five districts statewide faced declines of at least 5%. Thus, the sample districts did not face the level of enrollment losses experienced statewide and therefore the fiscal consequences of these losses would not be as significant.

## Appendix X: Technical output from statistical tests

This appendix provides technical details related to the statistics incorporated into the “Finding and Results” section of the report. The appendix is organized around each of the subsections within the “Findings and Results.”

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**Table 6.** Enrollment change and its relationship to fiscal health for districts statewide (2002-03 to 2004-05)

Regression Analysis – Testing relationship between growth or decline and fiscal health (compared marginal and unhealthy to healthy)

#### **Elementary Districts**

Iteration 0: log likelihood = -457.31753  
 Iteration 1: log likelihood = -454.84812  
 Iteration 2: log likelihood = -454.84669

Multinomial logistic regression  
 Number of observations = 487  
 LR chi2(2) = 4.94  
 Prob > chi2 = 0.0845  
 Log likelihood = -454.84669  
 Pseudo R2 = 0.0054

Type	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal decline	0.867348	0.064857	-1.9	0.057	0.749107	1.004252
Unhealthy decline	0.872552	0.076961	-1.55	0.122	0.73403	1.037215

#### **High School Districts**

Iteration 0: log likelihood = -80.987997  
 Iteration 1: log likelihood = -80.855246  
 Iteration 2: log likelihood = -80.855195

Multinomial logistic regression  
 Number of observations = 82  
 LR chi2(2) = 0.27  
 Prob > chi2 = 0.8756  
 Log likelihood = -80.855195  
 Pseudo R2 = 0.0016

Type	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal decline	1.120036	0.252711	0.5	0.615	.7197427	1.742957

Unhealthy decline	1.06751	0.286005	0.24	0.807	0.631422	1.804779
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### Unified Districts

Iteration 0: log likelihood = -349.13695  
 Iteration 1: log likelihood = -347.59029  
 Iteration 2: log likelihood = -347.58414  
 Iteration 3: log likelihood = -347.58414

Multinomial logistic regression  
 Number of observations = 324  
 LR chi2(2) = 3.11  
 Prob > chi2 = 0.2117  
 Log likelihood = -347.58414  
 Pseudo R2 = 0.0044

Type	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal decline	0.98219	0.107368	-0.16	0.869	0.792772	1.216872
Unhealthy decline	0.81208	0.102807	-1.64	0.1	0.633633	1.040777

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**Table 7.** Survey responses regarding expected enrollment changes over the next three years, analyzed against district fiscal health

Reported district expectation	Number of Districts		
	Healthy	Marginal	Unhealthy
Enrollment Decline	24	24	21
Enrollment Increase	20	16	7
No Change	8	6	8
TOTAL	52	46	36

ANOVA: p-value = 0.191

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**Table 8.** District type and its relationship to fiscal health for districts statewide

Regression Analysis – Testing relationship between type of district and fiscal health – results compare against healthy, unified districts

Number of observations = 971  
 Log likelihood = -952.45924  
 Pseudo R2 = 0.0204

Type	RRR	Std. Error	P> z	95% Conf. Interval
Marginal				

Elementary	.4233236	.0687824	0.000 0.044	.3078702 - .5820728
High School	.5622222	.1606122		.3211752 - .9841789
Unhealthy				
Elementary	.3994538	.0750977	0.000 0.076	.2763376 - .5774219
High School	.556962	.1839855		.2915021 1.064166

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Relationship between revenue limit and fiscal health – (compared marginal and unhealthy to healthy by revenue limit)

**Elementary Districts**

Number of observations = 557  
 Log likelihood = -507.87314  
 Pseudo R2 = 0.0109

Type	RRR	Std. Error	P> z	95% Conf. Interval
Marginal	.9999558	.0000257	0.085	.9999055 1.000006
Unhealthy	.9998837	.0000477	0.015	.9997902 .9999772

**High School Districts**

Number of observations = 83  
 Log likelihood = -81.503244  
 Pseudo R2 = 0.0148

Type	RRR	Std. Error	P> z	95% Conf. Interval
Marginal	.9998049	.0001635	0.233	.9994845 1.000125
Unhealthy	.9999512	.0001014	0.630	.9997525 1.00015

**Unified Districts**

Number of observations = 331  
 Log likelihood = -345.88191  
 Pseudo R2 = 0.0292

Type	RRR	Std. Error	P> z	95% Conf. Interval
Marginal	0.999737	7.35E-05	0	0.999593 0.9998809
Unhealthy	0.999897	5.41E-05	0.056	0.9997907 1.000003

Relationship between district type, % of English learners, and fiscal health – no statistically significant relationship found –there is no indication that districts with more English learners are more likely to be fiscally unhealthy or moderately unhealthy.

Results compare against healthy districts of same type

### Elementary Districts

Number of observations = 557

Log likelihood = -512.53089

Pseudo R2 = 0.0018

Type	RRR	Std. Error	P> z	95% Conf. Interval
Elementary – Marginal	1.779508	.8942664	0.251	.6645702 4.764959
Elementary - Unhealthy	1.81768	1.086215	0.317	.5634475 5.863829

### High School Districts

Number of observations = 83

Log likelihood = -82.119353

Pseudo R2 = 0.0073

Type	RRR	Std. Error	P> z	95% Conf. Interval
High School – Marginal	1.112408	2.474547	0.962	.0142157 87.04803
High School - Unhealthy	.0481175	.1463201	0.318	.0001241 18.65151

### Unified Districts

Number of observations = 330

Log likelihood = -347.86948

Pseudo R2 = 0.0211

Type	RRR	Std. Error	P> z	95% Conf. Interval
Unified – Marginal	.163494	.1331259	0.026	.0331441 .8064875
Unified - Unhealthy	.0242137	.0254615	0.000	.0030831 .1901641

Relationship between Revenue Limit and fiscal health

### Elementary Districts

Iteration 0: log likelihood = -513.44646

Iteration 1: log likelihood = -506.53487

Iteration 2: log likelihood = -505.69536

Iteration 3: log likelihood = -505.63628

Iteration 4: log likelihood = -505.63579

Iteration 5: log likelihood = -505.63579

Multinomial logistic regression

Number of observations = 557

LR chi2(2) = 15.62

Prob > chi2 = 0.0004

Pseudo R2 = 0.0152

Log likelihood = -505.63579

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal Revenue Limit	0.99988	5.3E-05	-2.33	0.02	0.99977	0.99998
Unhealthy Revenue Limit	0.99977	9.5E-05	-2.43	0.015	0.99958	0.99996

### High School Districts

Iteration 0: log likelihood = -82.726838

Iteration 1: log likelihood = -81.424267

Iteration 2: log likelihood = -80.41972

Iteration 3: log likelihood = -79.988935

Iteration 4: log likelihood = -79.948766

Iteration 5: log likelihood = -79.948241

Iteration 6: log likelihood = -79.948241

Multinomial logistic regression

Number of observations = 83

LR chi2(2) = 5.56

Prob > chi2 = 0.0621

Pseudo R2 = 0.0336

Log likelihood = -79.948241

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal Revenue Limit	0.99928	0.000431	-1.67	0.096	0.998439	1.000127
Unhealthy Revenue Limit	0.99994	0.000138	-0.46	0.645	0.999666	1.000207

### Unified Districts

Iteration 0: log likelihood = -356.28594

Iteration 1: log likelihood = -347.57903

Iteration 2: log likelihood = -346.44264

Iteration 3: log likelihood = -346.3722

Iteration 4: log likelihood = -346.37186

Multinomial logistic regression

Number of observations = 331

LR chi2(2) = 19.83

Prob > chi2 = 0.0000

Pseudo R2 = 0.0278  
 Log likelihood = -346.37186

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal Revenue Limit	0.99957	0.00013	-3.35	0.001	0.999313	0.99982
Unhealthy Revenue Limit	0.99982	9.37E-05	-1.94	0.052	0.999635	1.000002

Relationship between Other revenues and fiscal health

### Elementary Districts

Iteration 0: log likelihood = -513.44646  
 Iteration 1: log likelihood = -511.24361  
 Iteration 2: log likelihood = -510.98645  
 Iteration 3: log likelihood = -510.9812  
 Iteration 4: log likelihood = -510.9812

Multinomial logistic regression

Number of observations = 557  
 LR chi2(2) = 4.93  
 Prob > chi2 = 0.0850  
 Pseudo R2 = 0.0048  
 Log likelihood = -510.9812

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal Other Revenues	0.99998	4.31E-05	-0.58	0.562	0.999891	1.000059
Unhealthy Other Revenues	0.99985	7.94E-05	-1.91	0.056	0.999693	1.000004

### High School Districts

Iteration 0: log likelihood = -82.726838  
 Iteration 1: log likelihood = -82.675206  
 Iteration 2: log likelihood = -82.67519

Multinomial logistic regression

Number of observations = 83  
 LR chi2(2) = 0.10  
 Prob > chi2 = 0.9497  
 Pseudo R2 = 0.0006  
 Log likelihood = -82.67519

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal Other Revenues	0.99995	0.000201	-0.27	0.785	0.999552	1.000338
Unhealthy Other Revenues	0.99995	0.000235	-0.23	0.82	0.999486	1.000407

**Unified Districts**

Iteration 0: log likelihood = -356.28594  
 Iteration 1: log likelihood = -349.77152  
 Iteration 2: log likelihood = -349.42755  
 Iteration 3: log likelihood = -349.42397  
 Iteration 4: log likelihood = -349.42397

Multinomial logistic regression  
 Number of observations = 331  
 LR chi2(2) = 13.72  
 Prob > chi2 = 0.0010  
 Pseudo R2 = 0.0193  
 Log likelihood = -349.42397

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal Other Revenues	0.99961	0.000122	-3.17	0.002	0.999372	0.999852
Unhealthy Other Revenues	0.99985	0.000101	-1.52	0.129	0.999649	1.000044

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Personnel Practices

Statewide Superintendent Volatility (over 5 years)	Number of Districts		
	Healthy	Marginal	Unhealthy
1 superintendent	219	111	43
2 superintendents	217	126	95
3 superintendents	70	30	34
4 superintendents	7	7	2
5 superintendents	1	0	0
Total	514	274	174

CBOs highest degree attained	Number of CBOs		
	Healthy	Marginal	Unhealthy
AAA	5	0	2
BA/BS	12	18	8
MA/MS	24	16	17
Doctoral	7	9	4
Total	48	43	31

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Relationship between CBO training and tenure to fiscal health

CBOs who completed one or more training program	Number of CBOs		
	Healthy	Marginal	Unhealthy
1 program	28	20	19



2 programs	7	12	3
3 programs	1	1	1
4 programs	0	1	0
Total	36	34	23

Relationship between years in current district as CBO and fiscal health

	Healthy	Marginal	Unhealthy	Total
1 year or less	12	13	11	36
1+ year to 4 years	17	19	11	47
4+ years to 10 years	12	12	10	34
Greater than 10 years	9	0	3	12

Chi-Squared: P-value = 0.138

Relationship between years as CBO and fiscal health

	Healthy	Marginal	Unhealthy	Total
1 year or less	5	4	3	12
1+ year to 4 years	10	11	8	29
4+ years to 10 years	11	14	8	33
Greater than 10 years	23	16	17	56

Chi-Squared: P-value = 0.915

Relationship between AA degree area of study and fiscal health

	Healthy	Marginal	Unhealthy	Total
Business major	7	5	6	18
Education major	2	0	0	2
Public admin major	0	1	0	1
Other major	3	3	2	8

Chi-Squared: P-value = 0.480

Relationship between BA/BS degree area of study and fiscal health

	Healthy	Marginal	Unhealthy	Total
Business major	19	21	11	51
Economics major	4	4	3	11
Education major	4	4	4	12
Public admin major	1	3	2	6
Other major	11	8	5	24

Chi-Squared: P-value = 0.952

Relationship between MA/MS degree area of study and fiscal health

	Healthy	Marginal	Unhealthy	Total
Business major	11	8	10	29
Economics major	0	1	0	1
Education major	8	5	6	19
Public admin major	4	5	3	12
Other major	8	5	2	15

Chi-Squared: P-value = 0.711

Relationship between doctoral degree area of study and fiscal health

	Healthy	Marginal	Unhealthy	Total
Education major	6	7	4	17
Public admin major	0	1	0	1
Other major	1	1	0	2

Chi-Squared: P-value = 0.750

Relationship between CASBO training and fiscal health

	Healthy	Marginal	Unhealthy	Total
Completed Training	19	19	14	52
All other responses	25	20	17	62

Chi-Squared: P-value = 0.879

Relationship between certificate program training and fiscal health

	Healthy	Marginal	Unhealthy	Total
Completed Training	6	8	3	17
All other responses	28	26	21	75

Chi-Squared: P-value = 0.560

Relationship between CBO Mentor training and fiscal health

	Healthy	Marginal	Unhealthy	Total
Completed Training	3	3	0	6
All other responses	29	30	21	80

Chi-Squared: P-value = 0.352

Relationship between ACSA CBO Academy training and fiscal health

	Healthy	Marginal	Unhealthy	Total
Completed Training	15	21	9	45
All other responses	23	19	16	58

Chi-Squared: P-value = 0.343

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Characteristics of boards and fiscal health

Relationship between high quality board training and fiscal health

	Healthy	Marginal	Unhealthy	Total
Yes of High Quality	26	14	11	51
All other responses	27	32	25	84
Total	53	46	36	135

Chi-Squared: P-value = 0.094

Relationship between high quality procedures to limit staff spending and fiscal health

	Healthy	Marginal	Unhealthy	Total
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Yes of High Quality	28	19	11	58
All other responses	25	27	25	77
Total	53	46	36	135

Chi-Squared: P-value = 0.110

Relationship between high quality written board policies and fiscal health

	Healthy	Marginal	Unhealthy	Total
Yes of High Quality	39	30	16	85
All other responses	14	16	20	50
Total	53	46	36	135

Chi-Squared: P-value = 0.019

Relationship between high quality regulations that are updated regularly and fiscal health

	Healthy	Marginal	Unhealthy	Total
Yes of High Quality	21	14	9	44
All other responses	32	32	27	91
Total	53	46	36	135

Chi-Squared: P-value = 0.327

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Relationship between availability of procedures to evaluate impact of budget amendments and fiscal health (question 3d)

	Healthy	Marginal	Unhealthy	Total
Yes of High Quality	12	12	6	30
All other responses	41	34	30	105
Total	53	46	36	135

Chi-Square: P-value = 0.593

Relationship between ability to cut programs not aligned with strategic goals and fiscal health (question 3e)

	Healthy	Marginal	Unhealthy	Total
Yes of High Quality	12	12	6	30
All other responses	18	5	7	30
Total	53	46	36	135

Chi-Square: P-value = 0.0.20

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Relationship between process to analyze significant expenditures to ensure control and fiscal health (question 11a)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	42	34	21	97
All other responses	11	12	15	38
Total	53	46	36	135

Chi-Square: P-value = 0.0.92

Relationship between process to analyze contract cost fluctuations and fiscal health (question 11b)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	42	34	21	97
All other responses	8	10	15	33
Total	53	46	36	135

Chi-Square: P-value = 0.0.92

Relationship between ability to identify internal control weaknesses and fiscal health (question 11f)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	35	28	17	80
All other responses	18	18	19	55
Total	53	46	36	135

Chi-Square: P-value = 0.200

Relationship between assigning responsibility to address internal control weaknesses and fiscal health (question 11g)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	40	25	19	84
All other responses	13	21	17	51
Total	53	46	36	135

Chi-Square: P-value = 0.038

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Position Control

Relationship between effective position control and fiscal health (question 11c)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	17	22	15	54
All other responses	36	23	21	80
Total	53	45	36	134

Chi-Square: P-value = 0.235

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Debt Capacity by fiscal health

Relationship between strategic use of debt and fiscal health (question 12a)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	28	32	19	79
All other responses	21	14	15	50
Total	49	46	34	129

Chi-Square: P-value = 0.350

Relationship between written debt policies and fiscal health (question 12b)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	17	16	7	40
All other responses	32	28	27	87
Total	49	44	34	127

Chi-Square: P-value = 0.274

Relationship between debt service requirements/timely payment and fiscal health (question 12c)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	41	44	27	112
All other responses	6	2	7	15
Total	47	46	34	127

Chi-Square: P-value = 0.081

Relationship between federal compliance/bond covenants and fiscal health (question 12d)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	411	41	33	115
All other responses	7	5	1	13
Total	48	46	34	128

Chi-Square: P-value = 0.224

Relationship between formal process for debt capacity evaluation and fiscal health (question 12e)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	32	34	16	82
All other responses	15	12	18	45
Total	47	46	34	127

Chi-Square: P-value = 0.038

Relationship between financing alternatives when making acquiring capital assets and fiscal health (question 12f)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	41	34	20	95
All other responses	9	12	14	35
Total	50	46	34	130

Chi-Square: P-value = 0.062

### **Page 63**

Relationship between software for capital project tracking and fiscal health (question 9b)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	17	17	7	41
All other responses	36	29	29	94
Total	53	46	36	135

Chi-Square: P-value = 0.218

Relationship between ability to produce reports from financial system that are easy for board to understand and fiscal health (question 9d)

	Healthy	Marginal	Unhealthy	Total
Completely Agree (practice is in place)	12	9	4	25
All other responses	41	37	32	110
Total	53	46	36	135

Chi-Square: P-value = 0.379

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Relationship between preparation of high quality expenditure estimates prior to collective bargaining (question 25a)

	Healthy	Marginal	Unhealthy	Total
Yes, of High Quality	32	28	20	80
All other responses	21	18	16	55
Total	53	46	36	135

Chi-Square: P-value = 0.869

Relationship between preparation of high quality revenue estimates prior to collective bargaining (question 25b)

	Healthy	Marginal	Unhealthy	Total
Yes, of High Quality	31	31	21	83
All other responses	22	15	15	52
Total	53	46	36	135

Chi-Square: P-value = 0.598

Relationship between providing high quality training to bargaining teams and fiscal health (question 25f)

### **Page 70**

Retiree health benefits – regression analysis

#### **Elementary Districts**

Iteration 0: log likelihood = -269.79432

Iteration 1: log likelihood = -269.76352

Iteration 2: log likelihood = -269.7635

Multinomial logistic regression

Number of observations = 277

LR chi2(2) = 0.06

Prob > chi2 = 0.9696

Log likelihood = -269.7635

Pseudo R2 = 0.0001

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]
Marginal Benefits End	0.95	0.397062	-0.12	0.902	0.418751 2.15522

Unhealthy Benefits End	0.8848	0.445019	-0.24	0.808	0.330163	2.371186
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### High School Districts

Iteration 0: log likelihood = -64.570035  
 Iteration 1: log likelihood = -63.986421  
 Iteration 2: log likelihood = -63.984588  
 Iteration 3: log likelihood = -63.984588

Multinomial logistic regression  
 Number of observations = 66  
 LR chi2(2) = 1.17  
 Prob > chi2 = 0.5569  
 Log likelihood = -63.984588  
 Pseudo R2 = 0.0091

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal Benefits End	2.17241	1.859789	0.91	0.365	0.405728	11.63189
Unhealthy Benefits End	2.17241	2.465906	0.68	0.494	0.234825	20.09745

### Unified Districts

Iteration 0: log likelihood = -263.64473  
 Iteration 1: log likelihood = -260.96637  
 Iteration 2: log likelihood = -260.90765  
 Iteration 3: log likelihood = -260.90752

Multinomial logistic regression  
 Number of observations = 246  
 LR chi2(2) = 5.47  
 Prob > chi2 = 0.0648  
 Log likelihood = -260.90752  
 Pseudo R2 = 0.0104

Type per ADA	RRR	Std. Err	z	P> z	[95% Conf. Interval]	
Marginal Benefits End	0.32905	0.178678	-2.05	0.041	0.113516	0.953837
Unhealthy Benefits End	0.33708	0.201422	-1.82	0.069	0.104495	1.087344

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Relationship between providing training related to fiscal management and budgeting to principals and fiscal health (question 6f)

	Healthy	Marginal	Unhealthy	Total
To a great extent	12	6	3	21
All other responses	41	40	33	114
Total	53	46	36	135

Chi-Square: P-value = 0.159

Relationship between linking site resources to outcomes and fiscal health (question 6b)

	Healthy	Marginal	Unhealthy	Total
To a great extent	26	17	6	49
All other responses	27	29	30	86
Total	53	46	36	135

Chi-Square: P-value = 0.008

Relationship between providing site budgeting flexibility and fiscal health (question 6c)

	Healthy	Marginal	Unhealthy	Total
To a great extent	24	8	2	34
All other responses	29	38	34	101
Total	53	46	36	135

Chi-Square: P-value = 0.000