

'99 Session Parents

By Ted Kolderie

Thanks to the '99 session parents, the press, policymakers and the public in Minnesota are all going to know a lot more about where the money goes in public education, and about how money relates to performance.

Beginning this coming school year districts will have to report the amount of general education and referendum revenue brought to each school by the students enrolled there. Everyone will now be able to see (a) where the revenue is, by school; (b) where the expenditures are, by school and (c) how students perform, by school.

The changes this year build on legislation in '97 and '98 that required 'compensatory' revenue — the extra revenue originally voted in 1971 for low-income students — actually to be allocated to the schools those students attend. The Department is also beginning now to require the reporting of expenditures, including actual salary expenditures, by school.

Districts are not enthusiastic about having to do this. Up front they like to say this reporting is too difficult; too complicated. It's a bit like the complaint of local units generally about the new rules of the Governmental Accounting Standards Board, that compliance would be "too costly".

What the reporting involves, in fact, is simply counting the students in the school and identifying each by the dollar-amounts s/he brings: so much for an elementary pupil, so much more for secondary, so much more if eligible for ESL (English as a Second Language), so much more if eligible for free/reduced lunch, etc. Add, multiply, then add again. District business officials would be embarrassed to say this is beyond their capacity.

Nothing in the new law restricts the board's authority to reallocate and to expend that revenue in whatever way and for whatever purpose it wishes: The law does not enact "site management". A board if it wishes can simply pass a resolution transferring all the revenue from the by-school accounts to the district general fund; then proceed to appropriate, expend and run the district as it always has in the past.

Almost certainly the districts' real concern is that, with revenue initially allocated by school, board decisions about how-the-money-is-used . . . about who-gets-how-much and about how that relates to the improvement of student performance . . . will in the future have to be made in the open, where the tradeoffs are more explicit. Reallocations and expenditures will now have to be justified in a way they did not have to be justified before. (Boards got a taste of this while adopting preliminary budgets in June, as reporters began to ask how there could be 'cuts' in program and teachers with so much new money coming in.)

Everywhere, says Sheree Speakman, the trend is toward the states arranging for money to move with the student, and toward clearer reporting of actual expenditure by school. After some years with Coopers & Lybrand, one of the big accounting firms she is now president of a consulting firm. They developed software to analyze expenditure; by site, by program, by student. They use figures from the general ledger; the numbers districts report to their auditors. Not the reports districts prepare for public consumption. Their "InSite" analysis was used in New York City and was recently adopted by the state department in South Carolina.

In Minnesota the law was also simplified in '99 to recognize revenue to the district where a student is served. Previously revenue was recognized where a student lived; so accounts had to be adjusted when a student chose to attend another district or a charter school. State aid now belongs to the organization where a student enrolls; belongs to a district only when a student enrolls in that district.

The reporting of revenue and expenditure is one of several areas of activity in '99, in K-12 education finance. In addition:

- This is a bargaining year; the first for "Education Minnesota", the new name for the newly-merged teachers union. The question is how much of the additional revenue the Legislature voted will be taken up simply by increases in compensation; rather than used for reductions in class size, for professional development, for research, for evaluation, for technology, for new programs, etc.

The school boards association as well as the teachers union fought hard during the session for all the new money to be "on the formula"; which means, available for the salary-settlement. So boards are now really on the spot. Legislators like others are watching closely. Early reports are that some inner-ring Minneapolis suburbs are agreeing to settlements running between 10 and 11 per cent for the new two-year contracts.

- The Legislative Auditor, if somewhat reluctantly, will be looking into the dispute between districts and legislators: Do districts (as they say) really have to 'cut' because the Legislature doesn't give them enough? Or are the districts themselves responsible for the cuts/reallocations (as legislators tend to say) because they always overspend, on compensation, whatever the Legislature gives them? A report is due by January.
- The Ventura administration will soon begin a set of policy studies. One will be on performance-based funding. The state will contract with Augenblick & Myers, Denver-based consultants, for this. There will be another, on 'best practices' for learning. A third, on governance and accountability, may look especially at moving to county boundaries, or even to county government, for K-12 education outside the Twin Cities area. (Historically the "county superintendent of schools" was an officer of the county board.)
- Something has to be decided re: the two big lawsuits; the one by the Saint Paul district for more money and the one by the NAACP in Minneapolis seeking, as is now clear, opportunity for low-income students to choose where they attend, in Minneapolis or in other districts. The suits must be tried, settled out of court or withdrawn.

The huge amount of new money voted this year by the state suggests the Saint Paul suit is unlikely to go to trial. And the state is bound to feel it has met its responsibility for adequately financing that district. The state can certainly argue, too, that with the changes in finance both in '97-'98 and in '99 it has responded to the challenge from Gary Sudduth, the late president of the Minneapolis Urban League, to "Show us the money!" for low-income and low-performing students . . . even if it has not yet required all districts to be open to the enrollment of all kids.

The state really does mean to have more money spent on the low-income and low-performing students, not simply given to districts because districts have such students. The Legislature is now trying to say nicely to boards, as President Lincoln once wrote to Secretary Stanton: "Please do it."