A review of the procedure for the allocation and disbursement of funds for elementary school

Joan Karen Prost
A REVIEW OF THE PROCEDURE FOR THE ALLOCATION AND
DISBURSEMENT OF FUNDS FOR ELEMENTARY SCHOOL

A Thesis
Presented to
Faculty of
California State University,
San Bernardino

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Joan Karen Prost
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ABSTRACT

The purpose of this thesis was to research and review three areas: the procedures districts use to allocate funds to schools, especially elementary schools; the methods site principals utilize to disburse these funds; and factors that influence decisions when both implementing site-based management and confronting a shortage of funds.

Elementary principals need to have knowledge of fiscal planning to be able to fulfill their job responsibilities. With the latest recession and limited resources in California and the United States, financial knowledge and financial management have become a priority for most elementary principals. The way site based management affects school budgeting is also a part of the focus of this paper.

Five elementary principals were interviewed and asked seven questions relating to their budget. For comparison, the principals represented rural and urban school districts as well as small, medium, and large school districts.

One of the findings is that all of the districts are decentralized with a specified amount of money being allocated to each site. The differences occurred in how each principal chose to disburse the funds that were allocated. State and federal funds have specific regulations, but district general funds are not as restricted. The responses of the principals show the similarities and the differences between school districts.
ACKNOWLEDGEMENTS

The idea for reviewing elementary school budgets as my topic was selected because finance was my weakest area of knowledge. Dr. Arthur Townley made me aware of that weakness when he suggested I take the budget courses, even if they weren't required under the program where my work originally started. He understood that resources for education were changing and it was going to be vitally important for any administrator to be knowledgeable about finances in the future. Being stubborn, I refused to take the courses but realized knowledge and understanding of fiscal management would be important to pursue. My goal is to be an elementary principal, so for these reasons I chose to review elementary school allocations and disbursements. Dr. Townley suggested many ideas for my inquiry including asking questions at the school where I teach.

The person who was the best teacher I had while pursuing my degree is Dr. Cheryl Fischer. Many professors are knowledgeable, but few use good teaching techniques. She has many outstanding qualities as a teacher, but the one that stands out in my mind the most is her ability to build self-esteem. Personally, I can not learn from anyone who does not make me feel confident that I can learn. Part of this confidence is imparted to Dr. Fischer's students because of her organizational ability, use of the latest learning techniques from brain research, and use of the best teaching strategies. For all these reasons, I chose Dr. Fischer to be my first reader. Dr. Fischer
suggested Dr. Townley as second reader because he has vast knowledge of educational finance.

My principal, Maryetta Ferre, granted me my first interview. She answered questions about the budget at Terrace View Elementary School. This interview helped generate more ideas and questions as well as continue to focus my study.

Pursuing this research turned into an interesting adventure. The interviews took place in the middle of the desert to the middle of the city. Without the information imparted by the following elementary school principals I would not have been able to complete my research: Steven Keller; David Renquist; Paul Sweet; Paul Shirk; and John Temple. Their cooperation and the information they gave me about elementary school allocations and disbursements is invaluable. They have my thanks for helping me.
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INTRODUCTION

The purpose of this thesis was to research and review three areas: the procedures districts use to allocate funds to schools, and elementary schools in particular; the methods site principals utilize to disburse these funds; and factors that influence decisions when both implementing site-based management and confronting a shortage of funds.

This study is important because it reveals how schools are dealing with lack of funds for education. School districts are utilizing many different, creative approaches in allocating funds. Some schools are allowed to be responsible for all the funds that come to the school district for that particular school. Other schools are allowed partial responsibility for handling the funds that come to the school district for that particular school. All schools are involving teachers, parents, and other staff in decision making through school site councils. Restructuring and allowing each site to have control over the decisions that affect the site is one result.

Restructuring is occurring due to the change in financial support to education. Lack of funds for education has created pressure on education leaders to produce more for the money. New ways are being devised to offer the same standard of education for less dollars. In some instances, more opportunities in education are being developed from this creative approach to financing education.

The economic change appears to be permanent. Education therefore needs to pursue new and different ways of financing
educational programs. Reviewing and evaluating how a business is organized can reveal some techniques and skills for a more efficient approach to financing education.

Restructuring education allows the decisions to be made by local people, or the people it will affect the most. Each school site neighborhood is becoming responsible for the decisions that affect the education of the children in the neighborhood.

By using local decision making, the decisions better fit the needs of the local school program. Each site is more responsive to its own needs. This means more effective use of resources. By using resources more effectively, costs are reduced and there is higher productivity.

This study is timely because of the changes taking place in the financing of education today. Most of these changes are caused by the fluctuating economics in California and in our country.

Findings of this study substantiate that monetary allocations come from various resources. Each district has general funds that are divided among the schools in the district and, depending on the classifications of students in attendance, numerous other resources are available from the state and federal government. One source of state funds is the School Improvement Program (SIP) and another is Gifted and Talented Education (GATE). Other sources are Chapter I and Chapter II, which are special programs from the federal government. Three other examples of categories for financial resources include special education, bilingual education, and
economic impact aid (EIA) for disadvantaged youth.

The disbursing of funds often has to take into account special considerations or conditions. State and federal funds have certain restrictions. What these funds may purchase and for whom they may be purchased is restricted. There may be single or multiple people involved in the decision-making process as well. For example, a bilingual coordinator for the district may be designated to make purchases for the bilingual students at one elementary school, but the same school receiving state SIP funds may require a school site council to make spending decisions of these monies. This council requires membership of the principal, staff, and parents. Usually the district general funds are at the discretion of the principal.

However, at two schools studied, the School Site Council made all the decisions for all the site's purchases. These purchases were only made with the approval of the superintendent and the board of education.

How budgets are administered is changing due to the continuing recession in the economy and reduction of funds for education. Districts are rethinking their fiscal policy and pursuing new ways to allocate and disburse funds. This research confirms that site-based management is one example of this new thinking. It is currently being implemented as one of the positive ways to restructure management and provide an effective method for dispersing funds.
REVIEW OF THE LITERATURE

History of California School Finance

Reviewing the literature provides insight into the history of California school finance and promotes the understanding of how the current process of allocation and disbursement in the elementary school evolved. Schmieder and Townley (1993, p.1) state that until 1971, education in each district was funded primarily by property taxes.

The court case of Serrano v. Priest resolved that this method of financing was unconstitutional. "The court ruled that neither a child's place of residence nor the wealth of a community should determine the financial support for the educational program" (Schmieder and Townley, 1993, p.1). What has emerged in California school finance is a strong control of finance and education by the state (Schmieder and Townley, 1993, p.1). State influence began when the Serrano decision was upheld. The Serrano decision declared students' rights to receive an equal education were being violated by the state tax system. This led to passage of Senate Bill 90 in 1972. This bill was designed to adjust the per student amount so it would be more equal.

The revenue limit formula set a base amount per student, added an adjustment for special needs of students, and further increased the limit in response to inflation. The key equalization feature was an inflation increase that provided a higher dollar amount to low revenue districts. The high revenue districts found their revenue limits leveling down toward a statewide average (Schmieder
Burrup, Brimley and Garfield (1988, 4th ed., p.114) state that the passage of Proposition 13 marked the real beginning of attempts to curtail the use of property tax to finance local government, which included education. Proposition 13 legally restricted the use of property tax in an effort to adjust the dollar amount spent per student on education.

In 1979, the Gann Limit established constitutional limits on the allowable growth in state and local government spending. This created more problems with the resources available.

According to Schmieder and Townley (1993, p.3), the first step in the rehabilitation of education in California was the passage of Senate Bill 813 in 1983. This bill was backed by parents and other community members and it extended the school day and the school year. It established the mentor teacher program, increased starting salaries, provided counseling for high school students, and promoted mini-grants for teachers to acquire additional instructional supplies. Even with all of this bill's provisions, California still ranked below the national average for funding education.

Proposition 98 was passed in 1988. It resolved to maintain sufficient reserve funds, adopt a "School Accountability Report Card," create a formula to adjust revenue allocation beyond the Gann limitations, and established a funding base of 40.9% of the tax revenue.

A third formula developed to determine a minimum funding
guarantee was introduced in 1990 by Proposition 111. This proposition changed the cost-of-living basis by requiring that per capita income in California be used as the cost-of-living-allotment (COLA) to determine maintenance effort (Schmieder and Townley, 1993, p.5).

The finances for education are thus influenced by the fluctuation in the revenues of the state. Now, the district allocation comes from the state, based on a per pupil formula. This formula attempts to provide equal financial support for all students in California, regardless of the school district they attend. At the same time, school districts are continually confronted with the uncertainty of the state's financial support.
A Good Budget

"The annual budget is one of the most important documents in any district" (Schmieder and Townley, 1993, p.11). A good budget includes input from the staff and the community, while fulfilling the legal requirements of government.

A key document for identifying dates where additions or reductions may be discussed is the budget calendar. Dates are established when some important policy decisions are to be made, when worksheets are due, and when enrollment projections are required. The calendar also provides a timeline or a plan for administrative responsibility for the budget. Legal requirements are met in this way, too. The actual dates may vary from school district to school district, but the basic steps are the same. Doyle (August, 1992) presents the following outline for a basic budget:

• **September and October**: The central office and the school board confer and set up guidelines for budget deliberations. That means they provide an estimate of the following year's revenues and an estimate of expenditures.

• **November and December**: This is the time for broad-based staff involvement in the budget process.

• **December**: At this time, the school board should give preliminary approval to any proposed changes in the instructional program.

• **January and February**: This is the time to be more precise. The superintendent and the business manager will want to pull all probable costs together into an expenditure budget.
- April and May: The school board should offer approval of any changes in the instructional program for the next year.

- June or July: Adopt the budget formally. Doyle (1992, p. 35).

Another important aspect of a good budget is a financial advisory committee. This group reports directly to the School Board. The leader of the committee usually is the Chief Business Officer (CBO), and includes community, staff, and parents as members.

Many districts are currently employing both decentralized and centralized budgeting procedures. In decentralizing processes, the principal, the staff, and representatives from the community participate on a committee to discuss budget policies that relate to this specific site. Typically, the principal organizes this committee. It is often referred to as the School Site Council. Budget sheets and computer printouts of fiscal activity are sent from the business office to the principals on a regular basis. While the board encourages input from all sites and the superintendent, they have the final decision in the budget framework.

Regardless of the process used to prepare a budget, good budget building takes four steps:

1) Planning and allocation
2) Adoption
3) Administration and coordination
District Allocation of Resources

Due to the financial changes in allocation of funds for education, school districts are using new procedures with budgeting to accomplish their goals. Some school districts are now decentralized and allow each school site to take responsibility for disbursement of funds. Decentralization, according to Daniel J. Brown (1991, p.11), means "the devolution of decision-making authority from central office to local sites." With decentralization of the budget, the central office encourages each school in the district to state what resources are needed to accomplish its goals.

Brown (1991) states three key beliefs about decentralization. First, some variability is good. All schools don't need exactly the same resources to accomplish their goals. The resources should be matched to student needs. Second, schools often know more about the educational needs of students. The close contact with the students every day allows the teachers to diagnose and prescribe more accurately for their students. Teachers have had years of training and professional experience to make these decisions. Third, schools are usually trustworthy. Generally, when a school is entrusted with public money, purchases are taken seriously. The students' interests come first (Brown, 1991, p.12).

Decentralization has created what is termed site-based management. Site-based management allows each school site to be responsible and to make decisions for the educational program being offered. This structure requires a site to develop a budget. This
process is called school site budgeting. Greenhalgh (1984, p.43) believes school site budgeting is a process providing for the full capability of local schools to plan their future operations in a manner to best serve the instructional needs of their students. Site-based management involves input from personnel at the specific site, input from parents, and is usually organized by the principal. The process has five basic parts:

1) Establishment of an overall district budget target.

2) Establishment of basic (non-school site) costs.

3) Assignment of all remaining funds to individual schools on a per capita basis.

4) Development of individual school expenditure plans.

5) Assembly of individual school expenditure plans into a comprehensive district budget in accordance with the overall budget target.

Brown (1991) agrees with Greenhalgh (1984) that decisions made closest to the students are best. Greenhalgh argues that school site budgeting gives each student equal access to educational resources and program decisions can be carried out quickly and effectively. Another advantage Greenhalgh sees is that support for the school becomes stronger by including the community in the planning process. By involving all the staff members, parents,
alumni, and even students, everyone becomes full-share participants in the process.

Restructuring, according to (Reavis and Griffiths, 1992, p. 2), means a complete change in the culture, organizational assumptions, leadership, curriculum, instructional approach, and accountability of the school. The decision is made by the person closest to the issue to be resolved. There is wide participation in a number of areas that traditionally have been reserved for administrators. For example, the teachers may interview and hire new personnel for the school site and the principal have no involvement in the process.

Nationwide, a consensus is beginning to emerge on the seven elements of restructuring.

(1) Site-based decision making in the critical areas of budget, staff development, curriculum and instruction, and personnel
(2) A shift to a market-driven orientation, usually on the basis of parental choice of school
(3) An increase in and shift in the focus of technology use, from simple drill to an integrated instructional package
(4) A shift in instructional emphasis to conform more closely to new understandings of human cognition
(5) A shift in curriculum from an emphasis on coverage of a wide range of topics to an emphasis on understanding and assisting students in constructing their own meaning
(6) A shift to hierarchies within teaching, reflecting differing levels of responsibilities with various sizes of student groups
(7) A change in accountability toward more performance-

Decentralization and site-based management mean a change in the source of decisions (Ibid, p. 3). There is no major restructuring of the school district. The organization and bureaucratic structure doesn't change. Site-based management takes decentralization one step further by allowing each site to make decisions. These decisions usually involve curriculum but do not involve other areas. The behaviors of central office personnel remain the same.

Teamwork is central to restructuring. Everyone must participate in the organization and be empowered to search for ways to improve and upgrade the organization.

Certain characteristics emerge from a restructured system. These characteristics include fewer levels of management, coordinators to facilitate the work of groups, decisions made by groups and made at the lowest possible level in the organization, more diversity observed in schools within the same district, a greater latitude in the instructional process, accountability based on more than standard achievement test scores, teachers trusted to assume more responsibility for the total school reform, collaborative relationships between teachers and building administrators, student learning is the primary basis upon which decisions are made, and continual review and evaluation of the organization. (Ibid, p. 7 and 8).
Factors That Influence Site Decision-Making

There are many factors that influence decisions at a school site. The list includes projecting the population, grade level needs, textbook needs, current inventory, age of the site, maintenance needs, repair and replacement of equipment, administrative office needs, new programs, deletion of old programs, staff development, and amount of categorical funds.

Projecting the school population is usually the responsibility of a person connected with the central office of the school district. It is the principal's responsibility, however, to report pertinent information that would affect the school population the following year. For example, information such as a new housing development, shifts of population, factory closings or expansions, military base closings, or other factors that would change the school population is pertinent information that the principal should report to the central office of the school district.

Grade level needs require teacher input about the supplies and equipment necessary for the implementation of the instructional program. Teachers may have requests for new equipment or have old equipment that needs to be replaced. Textbooks may have a high priority in the district. The philosophy may be a textbook for each child. In this case, if a new science textbook were being ordered, the old social studies textbooks may have to be used one more year. Math and literature may need replacements at each grade level.
Keeping a current, accurate inventory is extremely important. It can save tax dollars from being wasted. Ordering duplicate materials is unnecessary. Some materials or equipment can be shared. Grade level meetings on a regular basis can encourage accurate communication and sharing of equipment. The tax dollars that are saved can be used to enhance the instructional program in other ways.

Maintenance needs depend on the age of the school site. An older site may need more repairs and upkeep, while a newer site may require less attention to repairs and upkeep. The building and grounds can be inspected for decisions on repainting interior walls or exterior doors, replacing a clock-bell system, or repairing the ceiling in the auditorium.

A new program proposal takes time to develop the idea into a written proposal that can be sent to the district office to request funds for implementing the new program. It is best to document the reasons for the request. Include the names of other locations where the program is being utilized. State the results that have been achieved in these other locations. State what the costs are and what desired improvements will result. Methods to evaluate the new program need to be elaborated.

Deleting a nonproductive program is more difficult but it can be done. Develop the proposal in writing. State the reasons why elimination of the program would not decrease the effectiveness of
the educational program. Suggest an alternative program or make a request to utilize the savings for another program.

After all requests by teachers and staff have been submitted, reviewed for accuracy and correct format, and checked for totals, then requests should be organized and prioritized. Certain items, such as textbooks, may have high priority. Other items, such as compact discs which would be "nice to have," may have low priority. If the school is implementing a new science program, then buying the science kits may take precedence over ordering a new social studies series.
DESIGN, PROCEDURES, AND INSTRUMENTATION

The purpose of this study is to review procedures for allocation of funds, methods of disbursement to sites, and factors that influence decision making at the site.

To review procedures for allocation of funds, to find out the methods of disbursement to sites, and reveal the factors that influence decision making, five elementary principals were interviewed. Interviewees were selected from San Bernardino County rural and urban unified school districts. For comparison, two small and medium sized rural and urban schools were chosen. One large urban school district was selected. There are no large rural school districts in San Bernardino County.

Whether the district was rural or urban was determined by locating the district on a map. Rural refers to of, or relating to the country and urban refers to of, or relating to the city. If the school was located where all the population was spread over a large area, it was considered rural. If the school was located where all the population was situated in a small area, close together, it was considered urban.

The questions were:
1. How does your school district decide how much money is allocated to your school? Do financial experts in your district give advice on how to spend your money?
2. What are you required to purchase with this money?
3. What method do you use to disburse funds to your
staff?

4. What is the source of funds for emergency expenditures, such as vandalism, new fences, flooding, and so forth?

5. Does the district require a proposed budget for the following year? If so, what time of year is it submitted?

6. Is there any carryover of funds if you don't use all of them during the course of the school year?

7. Are you allowed to transfer funds from one category to another during the school year?

The questions were created from a discussion with college advisors, Townley and Fischer. Townley proposed questions to be asked of the principal by the interviewer at the elementary school where she is currently employed. The interview stimulated more questions. Fischer then reviewed the original questions.

Interviews were conducted in an open-ended question format with the same seven questions posed to each principal. The principals responded from the perspective of their current position and experience. The interviews were conducted in the principal's office on the elementary school campus, with the exception of one. That particular interview was held in an empty classroom of a building that houses the one room school that was part of the sample. The principal's office is at a different school than the one chosen for the research. Therefore, the interview was held in the building that housed the school that was part of the research. All interviews were conducted and recorded by the researcher.
The Sample

The subjects for the interviews were selected from personnel in San Bernardino County schools. The selection was made from the San Bernardino County Superintendent of Schools Directory of Public Schools for 1990-1991. Using the district's total enrollment figures from the same source cited above, the size of the district was determined. School populations between 1-5,000 were considered small districts. School populations between 5,000-15,000 were considered medium, and school populations over 15,000 were considered large districts. To determine these figures, the researcher made columns starting with 0-1000, 1000-2000, 2000-3,000, and so forth. Next, the name of the school and its enrollment were placed in the correct column. When this process was finished, the researcher counted the number of schools and, at her discretion, decided where the divisions would occur.

Whether the district was rural or urban was determined by locating the district on a map. Rural refers to of, or relating to, the country and urban refers to of, or relating to, the city. If the school was located where the population was small in numbers, it was considered rural. If the school was located where the population was high in numbers, it was considered urban.

Appointments for the interviews were arranged by telephone. Notes were taken during each of the interviews, and the interviews were all recorded to ensure that the information reviewed was accurate. The summaries are presented here in the numbered
accounts of the five interviews.

Following the summary paragraphs, a comparison of the results is presented. The comparison explains the similarities and differences that each principal experienced in obtaining operating funds and the procedures for dispensing those funds.
Definition of Terms

**ADA** - average daily attendance calculated by counting students in attendance or legally excused every day of the school year and dividing by the number of school days.

**Allocation** - part of an *appropriation* that is designated for expenditure by a specific organizational unit or for a specific purpose.

**Alternatives** - possible *objectives* and/or means of achieving objectives. Alternatives are evaluated in terms of cost as related to outcomes.

**Appropriation** - an authorization by a legislative body (tax levying body to the board, board to staff) to make expenditures and incur obligations for specific purposes (up to a limited amount and within a specified time).

**Assets** - property owned or obligations against others that can be applied to cover *liabilities*.

**Audit** - an examination of documents and procedures to ascertain that school operations have been handled accurately, legally, and responsibly.

**Budget** - a plan of financial operations that contain an estimate of proposed expenditures for a given period or purpose, and proposed revenues for financing the expenditures.

**Budget calendar** - a schedule of activities, responsibilities, and deadlines relative to budget development and adoption.

**Budget transfers** - charges (made after budget adoption) in
which funds are moved from one program to another.

*Capital* - money or property owned or accumulated.

*Categorical funds* - allowance for specific areas.

*COLA* - cost of living adjustments.

*Disbursements* - payments in cash.

*Encumbrances* - obligations in the form of *purchase orders*, contracts, salaries, or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved.

*Expenditure* - amount paid or liability incurred.

*Goal* - a statement of broad direction, general purpose, or intent.

*Levy* - impose a tax or special assessment.

*Liability* - a debt or obligation arising from a past transaction that must be refunded or repaid in the future.

*Objective* - a desired accomplishment that can be measured within a given time frame and under specific conditions.

*Purchase Order* - a document submitted to a *vendor* which requests material or services at a price set forth in the order.

*Resources* - *capital, assets*, or other tangible or intangible supplies (equipment, time, and so on) that can be drawn upon to help accomplish goals and objectives.

*Revenue* - additions to *assets* that do not increase *liability* or do not represent recovery of an *expenditure*.

*SIP* - school improvement program.

*School Site Budgeting* - budget development based at school
sites, intended to encourage the diversity of expenditure needed to meet the needs of students at individual schools.

School Site Council - usually the principal organizes and participates in this group consisting of parents, teachers, and higher administration personnel to discuss all policies relevant to the site.

Vendor - a person or organization that sells a product(s) or service(s). Partial excerpts were taken from Wagner and Sniderman (1984, p. 261-264).
FINDINGS
Allocations and Disbursements

The purpose of this study was to review procedures for allocation of funds, methods of disbursement to sites, and factors that influence decision making.

Five principals in San Bernardino County were interviewed and asked the same seven questions. The principals and schools were selected on the following criteria: size and location. For comparison, two small and medium size rural and urban schools were chosen. One large urban school district was selected.

The interviews were conducted between March 24, 1993, and April 30, 1993. Each principal was asked the same seven questions.

Allocations and disbursements of the funds for elementary school budgets are summarized below. These statements are a synopsis of the interviews that follow this section.

**Allocations:**

- District general funds based on a formula per ADA, average daily enrollment: $35 per ADA from the general fund and $15 per ADA out of lottery funds for a total of $50 per student.
- School Improvement Funds from the state based on enrollment.
- Chapter I and Chapter II from the federal government.
- Economic Impact Aid for Disadvantaged Youth from the government.
- Local business donations

**Disbursement:**

- The School Site Council decides how all the money is spent.

Allocations:
- District general funds based on ADA, average daily enrollment, $45 per student.
- Categorical programs providing funds from the state and federal governments.
- SIP provided by the state.
- Special education enrollment funds.
- Bilingual education enrollment funds.

Disbursements:
- District financial experts give advice.
- District general funds are decided by the principal.
- SIP funds are decided by School Site Council.
- Bilingual Program funds are handled by district coordinator.

**Allocations:**
- General district funds based on enrollment formula: $30 per ADA from the general fund and $15 per ADA from the lottery for a total of $45 per student.
- SIP provided by the state.
- Chapter I from the federal government.

**Disbursements:**
- *Site Based Management Council determines the budget purchases.*

Allocations:
- District general funds based on enrollment formula: $24 per ADA from the general fund.
- School Improvement Funds from the state.

Disbursements:
- The major part of the district general funds are given to the teachers.
- The rest is held in a general fund at the school site.
- School Improvement Funds are determined by the principal and the staff.

**Allocations:**
- The district following state and federal guidelines based on enrollment: $55 total per ADA from the general fund and the lottery fund.

**Disbursements:**
- A task force of parents, teachers, principal, and staff decide about funds and align it with the programs.
- The School Site Council provides guidance for SIP.
Summary of the Interviews

Interview 1

Amboy Elementary School

Principal: Larry Renquist
Grade: K-8
Enrollment: 17
Date Interviewed: March 24, 1993
Type: Small rural

Larry Renquist, principal of Amboy School, Needles Joint Unified School District, indicated that the school district has a budget committee that decides how much money is allocated to each school based on a formula created by the state. The amount is calculated based on student enrollment. The formula this year was $35 per ADA from the general fund and $15 per ADA out of lottery funds for a total of $50 per student. District wide volunteers comprise the budget committee that meets once a month.

The committee includes principals, teachers, aides, board members, and parents who are interested in the financial decisions of the district. General funds, used primarily to purchase instructional materials, are allocated by this district budget committee.

Other funds that Amboy School has in its budget are School Improvement Funds, Chapter I and Chapter II federal funds, Economic Impact Aid for Disadvantaged Youth, and local business donations. School Improvement Funds, also known as SIP funds, are
from the state and are distributed to schools based on student enrollment. The total school site budget for the 1992-1993 school year was $7,936, including $600 from local business donations.

After the school receives its allotment of general funds and categorical funds for the year, the School Site Council schedules a meeting in June and decides how to spend it. Purchases are based on what has been written in the School Plan for the coming year. The Council consists of the principal, the teacher, and several parents. Since this is a one room school, there is only one teacher to serve on the School Site Council. The principal and the teacher have preplanned the educational goals a year in advance to determine what materials and equipment needs to be purchased. The parents also suggest ideas for purchases that coordinate with the educational goals. Additionally, there is a very active parent group that sponsors fund raisers. In the past, they have purchased a computer and a printer for the school.

Primarily, the general funds are used to purchase instructional materials, but the district does not impose any restrictions on the use of the funds. The categorical funds, such as SIP, Chapter I, and Chapter II, have special regulations from the state and federal governments that must be followed when a purchase is made.

The method used for disbursing funds is a meeting of the teacher and the principal to plan the goals for the year. It is held in April or May with a follow-up meeting of the School Site Council to complete the plan. The budget includes buying textbooks, new
equipment, office supplies, postage, repair of office machines, and instructional supplies, which constitutes the largest percentage of the budget. The district bilingual coordinator handles the bilingual budget for all schools in the district. Requests for purchases are made by this person. It is the coordinator's responsibility to get input from the school site principal and teacher.

If there is any major or emergency expenditure, it is paid from the district funds or insurance revenues. These expenditures include acts of vandalism, flooding, a new roof, repair from an earthquake, and so forth.

The district requires a proposed budget to be submitted in May for the following school year. The Board of Education has to approve and adopt it.

In this district, there is no carryover of funds from one school year to the next. Each school in the district is expected to use all funds during the current school year. During the school year, transferring of funds from one area of the general budget to another is allowable. The principal can choose to make these adjustments without prior approval, as long as the transfer is within district budget committee guidelines. Funds cannot be transferred between categorical groups. For example, SIP funds cannot be transferred to Chapter I funds or vice versa.
Steven Keller, principal of Cucamonga Elementary, Rancho Cucamonga School District, stated that the money that is allocated to his school is based on ADA or average daily attendance. Other revenue comes from categorical programs sponsored by the state and federal governments. Depending on the various types of students who attend the school, a school can qualify for different funds. Special education enrollment creates money based on that enrollment. School Improvement Funds, or SIP, is provided at this site and is referred to as School Based Coordinated Program. The amount per student this year was $45 per student.

Financial experts in the district give advice on how to spend the money the school receives. Expenditures from SIP funds have to be preapproved by the School Site Council before they can be spent. As part of the state requirement for receiving SIP funds, an elementary school has to create a School Site Council. The Council consists of the principal, representatives from the certificated and classified staff, and several parents. The staff is enlisted from the leadership team for the school. The parents are notified by the
principal of the need for volunteers to serve on this special committee. Most parents who can serve volunteer. The principal makes the decision about purchases from the general district funds, allocated by the central office. It is not a site based decision made by general consensus. Teachers ask for general funds to buy materials and equipment that will support their program, and the principal makes the decision what to buy.

The method used to disburse funds is based on past practice, with modifications. The principal assessed last year's budget and tried to minimize red tape, and excessive spending. If there is a sensitive subject, for example an after school program where the funds are being reduced $10,000, the staff it affects are asked to participate in the budget decision. Teachers can ask the principal for a purchase they feel is necessary to conduct their program successfully. The principal tries to be fair, firm, and consistent giving teachers their requests. He is willing to share a copy of his budget plans with any teacher who requests it, and he is very careful to give even distribution of money at each grade level.

Suggestions for school purchases have to be made with the student as the focus. Teachers are not told exactly what to buy, but the purchases have to be within the constraints of each specific fund. Instructional materials is the main category.

The source of funds for emergency expenditures, such as vandalism, new fences, flooding, major repairs to fences or roofs, and so forth, comes from district funds. The district has insurance
monies available to cover the cost of these emergencies.

Every May, the principal submits a proposed budget to the district. The general budget is a generic proposal while the School Based Management budget has to be more specific. Chapter I budget requires a specific breakdown, also.

In past years, there has been no carryover of funds. During the 1992-1993 year, the process may be modified. There is a new superintendent, and the principals requested a change in policy. Some projects that a principal would like to pursue may require larger sums of money than usual. Allowing funds to carry over would provide the opportunity for the principal to accumulate larger sums of money. This action would have to be within the restraints of the state and federal government.

Transferring of funds from one category to another is not allowed without board approval. The principal chooses not to do this because he believes it leaves the impression that there is poor management. Within each category, funds can be transferred if desired without school board consent. Within the SIP budget, money can be transferred from the fund's staff supplies to instructional supplies. Within the general fund, money can be transferred from conferences to field trips.

The district bilingual budget is handled by a district coordinator. The principal can provide input but does not make any of the decisions for this budget.
Interview 3

Landers Elementary School

Principal: Paul Sweet
Grade: K-6
Enrollment: 307
Date Interviewed: April 1, 1993
Type: Medium rural

Paul Sweet, principal of Landers Elementary School, Morongo Unified School District, indicated that the money allocated to his school is based on enrollment. The formula this year was $30 per ADA, average daily attendance, from the general fund and $15 per ADA out of lottery funds for a total of $45 per student.

Categorical funds included approximately $71,000 of Chapter I and approximately $32,000 of School Improvement Funds (SIP). Since this district utilizes school based management, each school decides how the money is going to be spent. This year the board is emphasizing the improvement in the district's math and reading achievement. Therefore, if an unusually large purchase were to be made this year, it would be expected to be in one of these areas of emphasis.

Required purchases include office supplies, curriculum materials, and conferences. Some conferences are also funded by SIP. Help is available with the budget from the central office if it is requested. It is not required since the school is a site based management school with a School Based Management Council that
determines the budget purchases. The method used to disburse funds to the staff is through the School Based Management Council.

The School Based Management Council is composed of the principal, some staff, and several parents. As part of their job description, all of the teachers are required to be on a committee. They can volunteer to serve on the School Based Management Council to fulfill this duty. There is no difference between a School Site Council and a School Based Management Committee. The requirement for members of both groups is the same. Only the name is different.

Parents are recruited by notification from the school that volunteers are needed to serve on the School Site Council. Most of the time, all parents who respond are accepted. If the response of volunteers is too large, the principal sends out notification to all parents in the school to vote on representation. Instructional assistants and a half time teacher were hired with funds this year. If a teacher has an additional purchase request, it is honored by the principal if the funds are available and it is curriculum based. Sometimes, when funds are available, teachers are asked to provide a "wish list" and "wishes" are granted if they help to promote the program.

If an emergency should arise, such as vandalism, flooding, and so forth, the district is financially responsible and would utilize insurance funds. Major repairs, such as a fence or a roof repair, are funded by district monies.
By March 15th of every year, the school has to submit a budget. Each school in the district receives budget preparation guidelines in advance. These guidelines are prepared by the superintendent in collaboration with the business manager. When the budget is submitted, the business manager and the superintendent review it, make suggestions or needed changes, ask for the board's approval, and return it to the school.

Categorical funds cannot be carried over from year to year. Only noncategorical funds are transferred to the following year. During the course of the year, funds can be transferred from one category to another with the school board's approval, should the need occur.
John N. Temple, principal of Sierra Vista Elementary School, Upland Unified School District, indicated the district allocates money to each school on the basis of student enrollment. There is a formula that is used to determine the amount per student. This fund is called the general district funds and currently is $24 per student. It is used primarily to purchase instructional materials. Each teacher is then allocated fifteen dollars per student. The remaining $9 is placed in a general fund at the school site and is used for such expenses as duplicating machines and a newsletter. In addition, there is $58,000 from School Improvement Funds that the principal and the staff decide how to use.

A leadership committee from all school staff is appointed by the principal. This committee organizes the creation of the school plan and at weekly meetings, helps the staff to develop it. Parents are involved through the School Site Council, consisting of the principal, some parents, and some teachers. Parents are recruited through notification by the principal about the need for parents to serve on this committee. Teachers volunteer to work on this
committee to fulfill part of their job description. At a staff meeting
the principal has a prepared sign-up sheet for various committees
for the coming year. These committees include district-wide
committees as well as school site committees. It can be the
Curriculum Committee, the Social Committee, Wellness Committee,
Longevity and Retirement Committee, or School Site Council. Each
member of the staff is asked to sign on a sheet with so many places
available on each committee. As the available places are filled,
teachers have to sign up for another committee.

School Improvement Program (SIP) funds are for educational
materials, equipment, and salaries for teachers' aides, based on
meeting the educational goals and objectives of the plan.

The School Improvement Plan is organized by goals and
objectives and is prepared by the leadership team in collaboration
with the entire staff. The basic day by day instructional supplies are
purchased with this money. Materials are purchased according to
what is needed to meet the goals and objectives of the school plan.
This plan is created a year in advance of disbursing funds.

The method used to disperse funds to the staff is to give the
teachers a specific amount of money per pupil. During the 1992-
1993 year it was $15 per student. The principal chooses to give the
majority of the district allocation to the teachers. The rest of the
allocation is placed in a general fund at the school site. This year $9
was placed in the general fund at the school site by the principal.
The principal makes disbursement decisions for this school site to
spend general funds to buy machines and equipment or to send a newsletter to parents every month.

The source of funds for emergency expenditures, such as vandalism, new fences, flooding, repairs, and so forth, is from the district's general fund. Each year this fund is getting smaller. If an emergency arises, the principal requests the money from the district office. The district has insurance to cover natural disasters.

According to the principal, the district does not require a proposed budget for the following year. Each year the principal is informed of the amount of money per child that is to be allocated to the school. The principal, with no input from any other groups, decides how to allocate the money at the school site. He chooses to give a large percentage to each teacher.

All of the funds can be carried over to the next year. This encourages saving of funds for larger purchases. It discourages spending the money hastily in order to be sure it is all used during a certain year.

Twice a year the schools are allowed to transfer funds in the School Improvement budget. Funds in the general budget cannot be transferred.

This school site has a bilingual budget of $20 per student for their bilingual, or ESL, program. It pays the salaries of two aides and can be spent on materials, conferences, or inservices for staff members.
Interview 5
San Bernardino Elementary

Principal: Paul Shirk
Grade: K-6
Enrollment: 111
Date Interviewed: April 16, 1993
Type: Large urban

Paul Shirk, principal of Ninth Street School, San Bernardino City Unified School District, says his school district follows the federal and the state guidelines for allocation of money to his school. The categorical funds are redistributed following specific regulations according to the enrollment in his school. The formula this year allowed $55 per student.

There is a school task force of principal, parents, teachers, and staff that decide about funds and align it with the programs. The teachers, staff, and parents volunteer to help on the task force. Teachers and staff serve to fulfill a requirement of their job description. Parents are notified by the principal of the need for recruits to assist in planning school programs and disbursing funds to achieve educational goals. Should there be too many volunteers, the principal sends a letter to all the parents in the school. The letter includes the list of volunteers, and parents are asked to vote for a specified number they would like as representatives.

There are many people available at the central office as resources. Financial experts in the district include fiscal services, as
well as curriculum and categorical advisors. Instructional Improvement Plan's guidance is provided by the School Site Council.

No money can be spent that does not meet the criteria set up by the district, state, or federal education guidelines. Expenditures are expected to follow the school plan as the guide for materials, equipment, and other items to be purchased with all funds allocated to the school. Prudent advice is given by the district's business manager on the legal requirements for distribution of the funds.

A variety of methods is used to disburse the funds to the staff. The staff gives input and guidance on needs to accomplish the goals set up in the school plan. This is accomplished through discussion at staff meetings. A certain amount is distributed to each teacher to be spent on instructional supplies. Another amount is earmarked for literature materials because the school is emphasizing thematic instruction. Literature materials include books and any other materials that enhance the literature program. Furthermore, each grade level receives money specifically for conferences, field trips, or additional materials. This amount comes from the school plan as created by the task force.

If an emergency should arise, the district has insurance to cover the cost of most expenditures. When there is vandalism to the school, the district does the clean up. Earthquake or flood damage is also paid by district funds. Emergencies are not paid from school site funds. The district has funds to cover emergencies.

The district requires a proposed budget for the coming year. It
is to be submitted in March for the following year. The task force is instrumental in planning the programs and preparing this budget.

If all the funds are not used, they can be carried over into the next year. This procedure allows savings for special projects that may be planned. The transferring of funds during the school year is also permitted but within each specific fund. For example, general funds can be shifted among divisions within the general funds only. School Improvement Program (SIP) funds can be shifted among divisions within SIP funds only. School Improvement Program funds are not interchangeable with general funds from the district. Transference is restricted within each categorical budget.
Summary of the Findings

In response to the question "How does your school district decide how much money is allocated to your school?" allotments for the elementary schools included in this study were based on student enrollment or average daily attendance. Whether the school was small, medium, or large, or in a rural or urban district, the allocation of money came from the district and several different resources from the state and federal government. The categorical funds differ at each school according to the type of student who attends. If the school had special education students or bilingual students in attendance, they received money to use for the education of those students. Other categories included Disadvantaged Youth and Chapter I and Chapter II grants. The bilingual funds were based on the bilingual enrollment, whereas general district funds were based on average daily attendance of all students enrolled. See Table 1 for a summary of the source for budget allocations.

Financial experts were available at all schools for consultation should the principal request it. Every district had a business manager who was responsible for fiscal management of all school funds. This manager allocated a percent of the money to each site in the district and kept the remaining percent for central office disbursement. It was this person's job to be knowledgeable of all guidelines and laws concerning the finances for education.

School Improvement Funds were received at all schools in the study. It was a requirement of this funding source to involve the
principal, some staff, and some parents on site in the decision-making process for disbursement of these special funds.

Some schools used the School Site Council, while other schools used the Site Based Management Council to determine purchases for the school. The primary sources for disbursement decisions is summarized in Table 2. One school called the group a Task Force, but it was still made up of parents, teachers, principal, and staff. The selection of members for this committee was organized by the principal. A letter was sent home to all parents in the school asking for volunteers. If too many parents signed up, then the principal sent home a letter with the list of parents who volunteered and asked the parents to vote for three. The three with the most votes were elected to serve. Teachers were given a chance to sign up for committees at the beginning of the school year. Each committee required two or three volunteers. Most of the teachers were able to serve on a committee of their choice.

All of the schools involved in this research were required to purchase materials that enhanced their programs. Each school created an instructional plan to be followed for three years. Priorities were established and purchases were made based on this three year plan. The guidelines set up for each category of funds had to be followed. For example, bilingual funds could only be used for the bilingual school population. Everyday instructional supplies and office supplies could be purchased from general district allotment.

A variety of methods was used to disperse funds. In the rural
schools, regardless of the size of the district, decisions on the use of the general funds, as well as SIP funds or other allocations to the school, were made by the School Site or School Based Management Council. Some differences occurred in how much control the principal maintained over general district funds. In the small and medium urban schools, one principal used his discretion for spending the district's general funds and the other principal held back an amount of the district's general allotment to be established as a general fund at the site. The largest percentage of this allotment was given to the teachers to use for instructional materials that enhanced their programs. The principal put the rest of the percentage in a general fund at the school site and used it to buy machines, equipment, and to send a newsletter to the parents every month. In the large urban school, the principal used a Task Force, another name for School Site Council, consisting of principal, parents, teachers, and staff, for decisions on spending.

Emergency expenditures for all schools were maintained by the central office. In most cases, the district had insurance to cover the problem. If they didn't have insurance, the district had a fund to provide for all emergencies, such as vandalism, new fences, flooding, and other substantial plant maintenance. Emergencies do arise and all districts provided funds for these unexpected costs when planning the finances for the year.

The medium urban school district did not require a proposed budget for the next school year. All of the other school districts
required a written budget proposal. The small rural and the small urban schools were required to submit a budget in May for the following year. The medium rural and the large urban schools were required to submit a budget in March for the following year.

Each school in this study that was required to submit a budget proposal received guidance in preparing the budget. Some of this guidance was in written form with timelines to keep the process flowing in a smooth manner. The major difference was the month the proposal was expected to be submitted. Although, the required months were both in the spring for the following year.

Carryover of funds revealed differences in the districts' policies. The large urban district and the medium urban district allowed all funds carried over to the next school year. All of the other districts did not allow funds to be held over for the following year. The medium rural district had one exception. They could carry over the funds they received from the district, called district general funds, for purchases the next year. The small urban district was in the process of modification of their policy. A new superintendent and requests from several principals generated a review of the old policy.

All schools required the same procedures for transfer of funds during the current year. Transfer of funds within each specific category was allowed. However, Budget Committee guidelines were to be followed if this procedure took place. When taking funds from one category and putting that money in another category, all schools
required the board's approval. For example, SIP funds could not be transferred to general funds without prior approval.

Transferring funds, even within each specific budget category, took careful consideration and was a serious procedure. Most schools in this study had budget committee guidelines to follow.

To transfer funds from one category to another was even more serious. This transfer could not be completed without the School Board's approval. For this reason, in most instances, it was not accomplished. Principals felt it was a sign of poor financial management if they requested this type of money transfer.

In summary, all of the schools in the study received allocations based on enrollment and daily student attendance. Financial experts were available for consultation should the principal desire advice. Written budget guidelines and a budget timeline was used in most schools in this research. All purchases had to follow the instructional plan and the guidelines of the general or categorical funds being used. Emergency expenditures for all schools were maintained by the central office.

Only one of the five schools did not require a proposed budget for the following year. The medium urban school was the only school that wasn't required to submit a budget proposal for the following year.

Two schools submitted their proposed budget in March, and two schools submitted their proposed budget in May. The medium rural district, with a school population between 5,000 and 15,000,
submitted its budget proposal in March. The large urban district with a school population over 15,000 submitted its budget proposal in March, also. The small rural and urban districts, with a school population between 1 and 5,000, submitted their budget proposals in May.

The medium and the large urban schools allowed carryover of all funds for the following year. The medium rural district had one exception. They could carry over general funds received from the district. Modification of the transfer policy was being pursued in the small urban district.
### Table 1

**Source of Budget Allocations**

#### School Sites

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<th>Amboy*</th>
<th>Rancho</th>
<th>Cucamonga**</th>
<th>Landers*</th>
<th>Upland**</th>
<th>San Bernardino○</th>
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#### Funds

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<th>Chapter II</th>
<th>Special Education</th>
<th>Bilingual Education</th>
<th>Economic Impact Aid For Disadvantaged Youth</th>
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#### Key:

- * Small Rural
- ** Small Urban
- * Medium Rural
- ** Medium Urban
- ○ Large Urban
Table 2

**Primary Source of Disbursements Decisions**

**School Sites**

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<th>District Teacher Force</th>
<th>Task Force</th>
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**Funds**

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<th>Task Force</th>
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**Key:**

- * Small Rural
- ** Small Urban
- ♠ Medium Rural
- ★★ Medium Urban
- ○ Large Urban
List of Findings

The focus of this thesis was to research and review three areas: the procedures districts use to allocate funds to elementary schools; the methods site principals utilize to disburse these funds; and factors that influence decisions when both implementing site-based management and confronting a shortage of funds.

Most elementary schools in the sample obtain the majority of their allocations from the school district's general fund. There are some other sources depending on the population of the school. And School Improvement Program provides additional funds. This program encourages participation by all local people the decisions will affect. The current trend is to restructure and allow each site control over decisions that affect their site.

The following is a list of the findings:

1. Allotments for the elementary schools included in this study were based on student enrollment or average daily attendance.
2. The categorical funds differ at each school according to the type of student who attends.
3. Financial experts were available at the school for consultation.
4. School Improvement Funds were received at all schools in the study.
5. All of the schools involved in this research were required to purchase materials that enhanced their programs.
6. A variety of methods was used to disburse funds.
7. Emergency expenditures for all schools were maintained by the
8. All of the school districts, except one, were required to submit a proposed budget for the following year.

9. Carryover of funds revealed differences in the districts' policies. Two districts allowed carryover of all funds into the next school year. All of the other districts did not allow funds to be held over for the following year. The one exception allowed only district general funds to carryover.

10. All schools required the same procedures for transfer of funds. Budget guideline had to be followed. A transfer from one category to another could not be completed without the School Board's approval.
CONCLUSIONS AND RECOMMENDATIONS

Because of economic trends and cutbacks in state support, the 90's will mean more budget reductions for education. This will generate the need for more creativity and accountability. Bolick states (1991, p.34) just about anywhere a person turns these days, the news about school finance is the same:

More demands are being placed on the public schools, and less money is available to meet them. A lagging economy, cuts in state aid, and spiraling costs are putting a severe financial strain on the American education system.

Ornstein says (1990, p.36), "Many school systems still have too many administrators in the central office, too few dollars in the maintenance budget, and too few school board members looking at future revenues and expenses." The dollars are short, and, in order for education to keep up with the increasing demands, fiscal management must be the top priority.

A review of recent literature leads to the conclusion that allocation and disbursement of funds are going to be even more important in the future. In California, since the Serrano decision, the state legislature has been passing propositions to adjust the revenue per child for education in an effort to equalize the amount spent per student all over the state. Because of legislation since that time, 1971, school districts in the state are more dependent on state revenues rather than on property tax. Equality of school finances continues to be a topic of concern and propositions continue to be
placed on the ballot to address this problem. When state finances fluctuate, then the education finances fluctuate.

Presently, the status of the economy in California does not look promising. Military bases are closing, aerospace industry is leaving, and new business is not coming to replace these losses. The cost of opening new business in California is prohibitive. This does not produce a very encouraging vision for holding the current level, or gaining increased funding for education. Therefore, education is going to have to continue to be creative in its efforts to maintain and improve the level of learning. "Management of money will have a significant impact on the educational system," Ornstein states (1990, p.36).

The research of this thesis shows elementary schools are implementing site-based management. Not all the schools studied are going about it in the same way, but all are involved in the process. Continued use of site-based management is recommended because site-based management is one of the ways to improve the cost effectiveness of education (Odden, 1992, p.455). Involving teachers, staff, parents, and community representatives in budget planning may lead to acceptance of budget reductions more successfully.

It may also lead to increased productivity without increased pay. According to Bolick (1991, p.36), some maintenance staff in North Colony, New York, agreed to work on Saturday for regular pay rather than overtime in exchange for a day off during the week.
Business manager Robert Gara says, "That way, they can work in the buildings when the kids aren't around, and it will save money" Bolick (1991, p.36).

Another financial advantage of site-based management is that some of the central office administration may be able to be eliminated by giving some of the responsibility to the site. Eliminating a position anywhere in the school district saves a salary.

Site-based management involves additional parents and teachers in the operation of the school. By getting more people involved in the thinking, more ideas will evolve, more support will be generated, and it is more likely to produce increased benefits for a school's money. Educators will not have to sell their fiscal policies to the public when the community has been instrumental in creating the instructional programs that affect their children and know what it costs. Being involved in a committee of this nature also enhances the public knowledge of the fiscal resources available.

The concern is how much longer all the state and federal funds will be available as a source of finances for education. Allocations are currently being reviewed due to the lagging economy. Education is being encouraged to seek other sources for funding. Elementary schools are presently being adopted by community businesses as a source for alternative funding.

Disbursement of funds will continue to need input and careful planning from all interested and responsible parties in order to produce the most effective program possible. Ingram states (1985,
Planning is fundamental to any system. "The more accurate and further into the future such planning can be made, the better the system will function and the more efficiently it will meet the clients' needs and expectations" (Ingram, 1985, p15). Principals are going to have to be more proactive in their leadership styles to encourage all staff and others involved in the education of children to think of solutions for the financial problems currently facing education.

Only two schools in this research, the large and medium urban districts, allowed all funds carried over to the next year. All the schools are using SIP funds, so they are required to have a three-year plan. The further into the future planning can be made, the better and more efficiently the system will meet expectations. The carryover of funds is important for the purchase of materials to fulfill this three-year educational plan. The two elementary schools that are allowing funds to be carried over are encouraging their staff to make wise purchases. There is no pressure to spend the money quickly and make a poor purchase choice. In my opinion, these two schools are more efficiently and effectively utilizing their budgets due to their ability to carry over funds.

Four schools in the research submitted a budget for the following year. The medium urban school was not required to submit a budget. Every elementary school should have a budget plan. A plan helps accomplish the goals set forth in the school's and district's instructional objectives. Planning helps prevent impulse purchases and gives direction to the spending. Even if changes are
made as the year progresses, they would be within a financial
guideline.

Two principals in this study held back some allocations to be
used at their discretion. Current research shows it's more
advantageous to involve all participants in decisions directly related
to the educational process. It gives a sense of ownership and helps
acceptance of reduction in funds when that is necessary. As
participants take on more responsibility for their instructional plan,
they seem to increase their effectiveness in the areas of creativity,
self involvement, resource allocation, better organizational fit, and
decision making closer to main objectives.

To meet the increasing awareness of societies' economic
expectations of education today, essential focus to future revenues
and expenses must become one of the main components in a school
board's agenda. The current implementation of site-based
management has encouraged better fiscal management. All people
involved should acquire some financial literacy. It will take
knowledgeable, well-informed people to ensure the successful future
of education when that future is confronted by so many financial
uncertainties.
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