

Mandates and Shortfalls

When cash reserves are low and no money is coming in, districts must do more with less. Establishing a foundation could be the answer

arlier this year, Minnesota's Albert Lea School District was confronted with the possible elimination of its athletic department, two elementary school principals, and a high school administrator if its operating tax levy could not be renewed. California's Carlsbad Unified School District has contemplated the dismissal of 16 classified employees along with reductions in work hours or workdays for another 30 employees. Reductions also were proposed for staff training, maintenance contracts, and supplies and materials.

Around the country, school districts often struggle to meet the educational needs of their children while finding the

necessary funds to do so. Budget shortfalls occur for many reasons. Deficits can result from situations such as the removal of a large parcel of land from the tax rolls, cuts in state aid, or reduced school tax revenues related to declines in local economic activity. School districts are expected to do more with less.

The No Child Left Behind Act is just one example of the ever-increasing demands placed on districts to cut costs and improve academic outcomes. In addition to federal mandates, districts are often subjected to requirements issued by the state legislature or department of education. While every board desires to enhance student performance, difficulties arise when insufficient funding is allocated to accomplish goals defined by others.

In most cases, severe financial penalties are associated with noncompliance with federal and state mandates. These penalties may be political, financial, or both. For example, districts may be placed on lists distributed to the media or they may face reductions in state aid or funding allocations.

Painful solutions

Public school districts have few financial alternatives if legislators or district voters do not provide the funding required to achieve mandated results.

One possible strategy, of course, is to raise taxes. However, this usually is not a popular solution.

It is challenging to get voters to accept predictable budget increases necessary to keep pace with inflation or rising fuel costs. Add to that the increases needed to fund additional testing, special education requirements, or other mandates, and districts may experience a voter backlash at the polls.

Among the typical solutions are trimming programs and other vital resources. For example, to sustain stateand federal-monitored academic programs, some districts have been forced to eliminate professional development programs for teachers and administrators. Some districts must defer maintenance on plants and equipment. Others have reluctantly cut sports programs, dropped music courses, curtailed drama and dance instruction, and instituted parking and instrument rental fees.

It is widely recognized that cutting extracurricular programs devalues the total education experience. Under such constraints, many students no longer have the opportunity to identify a potential passion for music, drama, or art. They also lose the experience of developing team spirit and learning the value of cooperating with others. The end result is a sterile educational experience that is focused solely on mandated results.

Education foundations

Some public school districts have identified an alternative solution, taking a page from the private school playbook. Forming an education foundation is an effective strategy for generating additional money that will help fill the gap between unfunded mandates and an enriched educational program.

By establishing a tax-exempt education foundation, districts can provide some of the extras that make the difference between a bare-bones program of "teaching to the test" and a broader educational experience for their students.

Foundations provide a formal legal structure for individuals and corporations to make tax-deductible contributions of money and services to districts for the purpose of improving education. In close collaboration with the superintendent and with board approval, these gifts enhance the district on many levels. With such support, items that are usually the first to be eliminated when budgets get tight can be funded without creating a negative impact on taxpayers.

As a result of foundation gifts, professional training opportunities that are so important to maintaining teacher enthusiasm and morale can continue to be offered. Gifted money can be used to fund guest speakers for students and parents, provide class trips, and supply special equipment for classrooms or after-school programs.

For example, an arts program may need a kiln for pottery instruction or wireless microphones for stage productions. Teachers may seek funding for "smart boards" in classrooms, providing integrated projection and Internet access for classroom instruction. An education foundation can provide funding for these areas and more.

Initially, it takes considerable effort to establish an education foundation. Done properly, the formation of a foundation has proven to be a vehicle for positive change in district-wide programs. And when taxpayers are satisfied that their district is offering an educational program that is meeting the needs of their children, support for the board and the budget is enhanced.

Getting started

To start a foundation you will want to

enlist the help of a volunteer task force. It is especially helpful to recruit those who are held in high esteem or considered very successful by the community.

Before going public with the idea of a foundation, these volunteers can research whether there is widespread support for the concept among the public and the administration. In addition, they can contact other public school foundations to benefit from their knowledge and experience. Your task force also can research the literature on education foundations.

Prior to launching your foundation, you will need to develop a mission statement and goals. Consider the desired structure of the foundation. For example, you may want to incorporate term limits for foundation board members. Of course, recognition of volunteers and donors will be essential to success.

You also will want to elicit creative input from your educators. Remember that the establishment of good internal controls and an annual audit with published financial reports are both critically important for the foundation's integrity and reputation. Naturally, careful attention must be directed toward managing a collaborative relationship between the foundation and the district.

Proceed with caution

Be cautious about the relationship between the foundation and the administration. Sometimes enthusiastic foundation participants may forget that their role is to provide financial support, and they may unwittingly intrude into the district's operations. School boards need to work closely with foundation organizers to establish policies and procedures to guide the relationship when opposing views emerge.

School districts have many issues to consider before accepting gifts from anyone, including foundations. Sometimes what initially appears to be a great idea turns out to be a problem. For example, the foundation may suggest financing an expansion of technology for the district. The plan may be to introduce a large number of laptops into classrooms, expanding students' access to the digital world.

However, without administrative support to integrate new technology into the curriculum and teacher willingness to receive the required training, the hardware may simply sit in a storeroom gathering dust. In addition to having wasted funds, there may be other consequences.

Consider, for example, that the additional equipment must be insured and added to inventory records. And, since unused equipment tends to disappear, it has to be protected from theft. It's the board that must identify and resolve potential conflicts. In the end, what happens in the district is the school board's responsibility, and that point must be clear to all participants in the process.

The initial stages of establishing a foundation may seem daunting to some. Don't be discouraged. If you can attract motivated, hard working volunteers the foundation will project the image of an endeavor worthy of the public's support. Foundations are an important resource for the extras that make an educational difference for students.

Facilitating an education foundation's development is a gift your board can give to both current and future students. You can find additional information about public school foundations at the National School Foundation Association's website at www.school foundations.org. This is the perfect time of year to give your district a gift that keeps on giving for many years to come.

Charles K. Trainor (mgmtaudit@aol.com), an *ASBJ* contributing editor, is a certified fraud examiner and certified internal auditor. He is president of Management Audit Consultants, Inc., and a 21-year member of New York's Briarcliff Manor School Board.