

Massachusetts Association of School Committees

## **Roles and Responsibilities of School Committees in their Communities:**

### **Budget Development, Implementation, and Monitoring**

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## **Don't Make it Harder Than Necessary**

“When caught by a failure to plan, issues around money ~ especially when there isn’t enough of it ~ can break up marriages, families, friendships, communities, and businesses. People are not objective when it comes to money.”

*Simon Davidson*

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## **FREQUENTLY ASKED QUESTIONS**

1. Must all budget deliberations be in public?
2. Does the public have the right to speak at budget meetings?
3. How much detail do we need for our budget to be complete?
4. Can the municipal officials cut our budget?
5. How can we make sure the policies and budget decisions we want are carried out during the year?
6. What’s a “Line Item” for the purposes of our budget?

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## The District Budget as a Critical Policy Instrument

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## The Budget and the Constitution

- Under the United States and Massachusetts Constitutions, only elected public officials may create revenue sources, assess taxes and fees, approve budgets, and proscribe the terms and conditions under which funds are disbursed.
  - With specific designation, by act, elected officials may assign to authorities and commissions the right to levy assessments or assess fees.
  - Under certain circumstances, elected public officials may designate, under carefully described arrangements, others to execute payments from funds legally appropriated.

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## As a result .....

- Local Elected Local Officials Must:
  - Approve local budgets.
  - Oversee changes to local budgets.
  - Approve expenditures with specificity from encumbered funds.
    - Rationale for signing warrants to pay bills.

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## **Budgetary Roles and Responsibilities and Education Reform**

- **The Massachusetts Education Reform Law differentiates role players for administration and policy.**
  - **Administration = Superintendent**
  - **Policy = School Committee**
  - **Budget = Policy**

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## **The Budget is a Policy Instrument**

- It sets priorities by funding them (or not).
  - Starting or Expanding New Programs
  - Cutting or Curtailing Programs
- It supports personnel policy including:
  - Collective Bargaining
  - Equal Opportunity and Anti Discrimination
  - Employment Process

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## **Budget is Policy - 2**

- Supports Student Related Policies/Services:
  - Transportation
  - Fees
- Affirms Policies In Grants
  - Federal Programs\*
  - Special Grants Awards

\* Any (federal grant) amounts so received by a school committee ...shall be expended by said school committee without further appropriation .. (MGL, c. 71, Sec. 37A), meaning the grant can be considered a "line item."

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## Policy vs. Administration

- The School Committee:
  - Establishes the Goals/(Strategic) Plan for the District.
  - Provides the Resources (Budget) to Achieve the Goals.
  - Sets the Guidelines/Parameters (Policy Manual, Budget Instructions) under Which Administrators will Pursue those Goals.
  - Monitors Progress (e.g., Data) Toward Meeting Goals.
- The Superintendent:
  - Administers the School District within the Policies of the School Committee (above).

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## Part 3

### YOUR ROLE AS A MEMBER OF THE SCHOOL COMMITTEE

(What the law says)

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#### **School Committee's Role in Budget Development and Implementation is Broad**

- **“Review and approve budgets  
for public education in the  
district.”**

**MGL Ch. 71, Sec. 34**

- **All Bills Must be Approved by  
the School Committee Prior to  
Payment**

**MGL Ch.41, Sec. 56**

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## **SCHOOL COMMITTEE'S ROLE IN BUDGETING**

- **Approve, Disapprove, or Modify the Budget as Presented to Them by the Superintendent.**
- **Approve Budget Line Items and Subsequent Transfers of Funds Between Line Items.**
- **Act on Mid-Year Line Item Adjustments.**
  - **“May Not Delegate This Authority”**
- **Sign-off (by majority) on Payments, including payroll (may be designated to single member, MGL Ch 41, Sec 41).**

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## **Why Sign-Off on Payments?**

- The School Committee has the right and obligation to ensure that services have not only been paid for, but also that they have been provided to the school district.
- The School Committee can be held accountable for fraud, misappropriation, or over-expenditure within a district.

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BUDGETARY

LINE

ITEMS

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## What's a Line Item

- A Line Item is a specifically designated fiscal entry (appropriation) designed to indicate the particular area of revenue or expense the district will receive or incur.
- Line Items may be few or many, at the discretion of the School Committee.
- Line Item definition is as the School Committee defines it in its budget process.
  - Not necessarily in the detail it forwards to the municipal authority.

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## Possible Levels of Line Items:

Case Example – How Much Detail is Too Much?

- **DISTRICT PERSONNEL**
  - Personnel Assigned to Middle School
    - Personnel Assigned to Mathematics
      - Personnel Assigned to Mathematics – Grade 7
- **SUPPLIES AND EQUIPMENT**
  - Supplies: Art Supplies
    - Supplies: Art Supplies, Elementary School
      - Supplies: Art Supplies, Elementary School, Grade 2

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## ANALYSIS: Line Item Detail

- Superintendent will generally present full detail to the School Committee for budget deliberations:
  - develop budget adequately with ample documentation.
  - demonstrate to School Committee the appropriateness of costs.
  - guide principals and administrators.
  - comply with state and GASB standards.
- School Committee generally promulgates less detail to:
  - discourage unwanted intrusion into district budget process
  - avoid unnecessary involvement in intra-school and intra-program matters.

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## HOW MUCH DETAIL TO YOU WANT/NEED

- How much detail should the School Committee require at various stages?
  - Responses are widely variable among Massachusetts School Committees.
  - Level of detail often stems from:
    - District history and experience.
    - District experience with policy implementation.
    - Local political concerns with municipal officials.
    - Extraordinary local experiences

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## MASC Recommendations

1. Line Items should clearly define major categories
2. Line Items should be sufficiently detailed to allow for monitoring of policy.
  - This includes programmatic policy.
3. Line Items should give building administrators flexibility to adjust spending needs within their buildings so long as they do not change district policy.

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## MASC Recommends - 2

- Work with budget data at three degrees of detail:
  1. The fine detail to develop the overall district budget.
  2. The official internal budget and policy document you will use to monitor during the year.
  3. The budget you will “promulgate” (in reasonable detail) for official municipal review.

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### Reasons for Fewer Line Items

- Provides Superintendent with greater discretion and flexibility to administer budget and carry out duties.
  - Some approved budgets can have, literally, hundreds of line items.
  - Some decisions must be made quickly, especially late in the year.

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### Reasons for Fewer Line Items - 2

- Speeds up budget corrections by allowing intra-school and intra-program adjustments.
  - Avoids intrusion by special interests when sub-level adjustments need to be made.
  - Provides building administrators with flexibility to make intra-school, program, grade or classroom adjustments.

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### Reasons for Fewer Line Items - 3

- Protects the School Committee from political heat should there be mid-year changes or controversial adjustments.
  - Some elected bodies depend upon administrators to take the heat for mid-year changes that impact students.
  - Discourages debate.

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### Reasons for More Line Items

- Allows the School Committee to follow progress on expenditures that implement or support policy.
  - Financial reports include information that boards use for data-driven decision making.
  - Vehicle for accountability to monitor if programs implemented are as budgeted.

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### Reasons for More Line Items - 2

- Provide scrutiny during the year to ensure that district operates within established financial parameters.
  - Provides early alert to specific reasons for possible deficits.
  - Less possibility of embarrassing surprises.

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### Reasons for More Line Items - 3

- Public interest in following budget expenditures – especially in bad times.
  - Municipal officials may demand fine detail during the year as the balance to their not being able to set the line items during budget approval process.
  - Budget details are public information. More information brings scrutiny. Less information brings more scrutiny.

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### Reasons for More Line Items - 4

- Governmental Accounting Standards Board (GASB) will require ample documentation of governmental unit budgets.
  - Details need not necessarily be promulgated, but must be accessible.
  - Required for documentation of relationship between budget and expenditure tracking.

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### Legal Interpretations

- The courts have had little to say about the construction of line items.
- “Reasonableness,” however, suggests that excessive detail may intrude upon the ability of principals or superintendents to carry out their administrative responsibilities.

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### Monitoring Line Items: Budget Accountability

- Superintendents and School Business Officers use several strategies to keep School Committees and the public updated on budget implementation:
  - Monthly or Quarterly Reports
  - Quarterly Reports with Policy Implications
  - Reports Integrated with Next Year’s Budget Proposal

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### Why is School Committee Role Important

- In the past few years:
  - Four major scandals have erupted over theft or misappropriation of funds by school officials.
  - Dozens of districts have projected deficits after year's start, requiring mid-year corrections.
- In each instance, School Committee members were vulnerable to public criticism for failing to fulfill their duties.

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### Relationship to the Municipal Authorities

- **School Committees submit the budget for approval of the appropriate authorities.**
- **Municipal authorities may approve or reduce the total appropriation subject to specific applicable laws or per individual city or town charters.**
  - Municipal authorities may not identify specific components of the school budget for adjustment.

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### BUDGET IS APPROVED

*"The vote of the legislative body of a city or town shall establish the total appropriation for support of the public schools, but may not limit the authority of the school committee to determine expenditures within the total appropriation."*

*MGL CH. 71, Sec. 34*

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