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The K-12 Education Subcommittee of the Indiana Government Efficiency Commission

Report of Conclusions and Recommendations

- Efficient Allocation and Use of Financial Resources
- Legislative Reporting
- Fiscal 2003 Financial Reporting Results
- Expenditure Trends and Reporting
- State Accounting and Reporting Opportunities

October 2004

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A selection of draft reports from In$ite® – The Finance Analysis Model for Education™. These reports present state level Indiana K-12 expenditure information based on INDOE's 2003 data file.

Accounting Code Dimensions – Excerpts from NCES Handbook and INDOE Accounting Manual ..... **C**

Extracts of images from the Federal NCES Handbook and from the INDOE Accounting Manual presented side-by-side for comparison purposes.

Written Fox River Questions and INDOE Answers ..... **D**

Questions regarding the state's chart of accounts for K-12 school corporations written by Fox River and submitted to INDOE. Completed answers from INDOE also have been included.

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The detail coding of actual expenditure line items from the FY 2003 INDOE data file aligned to the questions in Exhibit D described above.

Consultant Services Agreement ..... **F**

Agreement effective January 25, 2004 between the K-12 Education Subcommittee of the Indiana Government Efficiency Commission and EDmin.com, Inc. d/b/a Fox River Learning, Inc.

Executive Summary

Background

The K-12 Education Subcommittee of the Indiana Government Efficiency Commission (Subcommittee) has need for a fact-based analysis of Indiana's K-12 school finances in support of its mandate to explore opportunities for improvement in the effective allocation and efficient use of the state's K-12 resources, as well as more effective financial accounting and reporting. Fox River Learning, Inc. (Fox River), a wholly owned subsidiary of EDmin.com, Inc., is a K-12 education consulting firm that has expertise and experience from work across the nation in the fields of school finance and accounting. Fox River is independent of the state of Indiana and its districts.

Scenario Assumptions

For focus, the Subcommittee has asked Fox River in its analysis and recommendations to assume two scenario facts:

- First, that Indiana, and all districts and schools in Indiana, must now educate a far broader range of students to meet new, higher standards in Language Arts (English), Mathematics, Science and Social Studies (History); and
- Second, that Indiana, and all districts and schools in Indiana, will have at best flat and most likely reduced financial resources with which to do so.

Issues

The Subcommittee hired Fox River to evaluate and report upon the following three issues:

- Derive from the data and analysis **a menu of possible recommendations** for the Subcommittee to consider in evaluating how the state or districts could be more efficient in the allocation and use of available financial resources.
- Organize the financial data into a presentation that enables exploration of **expenditure trends and patterns**, using its patented financial reporting software, In$ite® – The Financial Analysis Model for Education™ (In$ite).
- Identify whether, and if so where, the financial data required and maintained by the state is inadequate or incomplete for effective analysis of allocation and use.

The next five sections of this report respond to these requirements.

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DOE Assistance

As preparation for our work, the Indiana Department of Education (INDOE) assembled a project team to provide all data files and financial metrics required for our analysis. INDOE was a very good partner, working alongside Fox River Learning, and provided all the necessary information we required to author this report.

In$ite

Not only did we work with the Department to analyze all information received, but to complete our work, we used Fox River's patented, financial analysis tool, In$ite. In$ite is a *mission-driven* method of reporting school expenditures, by function and program. In$ite has been used in more than 40 states, in local and statewide applications, to report expenditure patterns and uses to individuals who have a "need to know" how money is spent in K-12 Education. It is widely known as a data standard for school finance, and it has been evaluated and reviewed by the National Center for Education Statistics (NCES). In methodology and application, the figures used in In$ite are reconciled to the exact dollars used in local reporting, in this case, the dollar amounts used for legislative and school corporation reporting in the state of Indiana.

State As A Whole

At the request of the Subcommittee, this report focuses exclusively on Indiana's revenue and expenditure patterns examined for the state as if it were, essentially, one "school corporation." This enables the Subcommittee to examine trend lines in expenditures and related opportunities for more effective allocation and more efficient use for the state as a whole. This also reflects the reality that there is no standardized requirement for how local districts maintain or analyze their financial expenditure data, other than to submit it to the state so that it fits with the state's required chart of accounts for audit (as opposed to analysis) purposes.

Current National Operating Environment

Today, critical legislative, policy, administrative and public demands drive the need for making fact-based resource allocation decisions and developing reporting responsive to those needs. A state's ability to produce fact-based decision-making and reporting depends upon the chart of accounts used in school corporations, as well as data maintained and aggregated at the state level. For the purpose of this evaluation, Fox River lists below a number of preemptive shifts in state strategy and policy in financial reporting and cost allocation that are just now emerging as best practices. The nation is moving:

- FROM use of one data source for compliance reporting and another data source for school district/corporation decision-making; TO the use of one data mart or warehouse for all student reporting and financial decision-making;

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- FROM *compliance* that means regulatory student testing and school corporation financial reporting; TO *compliance* meaning demonstrable outcomes in student performance and resource allocation decisions that support improvements in learning;
- FROM allocating resources equally; TO allocating resources equitably and effectively;
- FROM one-way school district/corporation reporting up to a DOE; TO two-way reporting benefiting school districts/corporations and DOEs; and,
- From compliance to accountability and from accountability to performance management.

One unyielding need in an environment of finite resources and growing student needs is the ability to make fact-based resource allocation decisions. Fox River's work across the nation has shown that the highest percentage variations in K-12 spending occur not in state-to-state comparisons but in school-to-school comparisons. Effective, fact-based resource allocation decision-making for improved student learning requires valid, reliable and comparable finance data at the school and classroom levels.

Report Section Summaries

Efficient Use of Financial Resources

The Subcommittee asked Fox River to provide a menu of cost-savings recommendations for the state of Indiana that offered improved ways to make efficient allocation and use of financial resources. We have evaluated cost savings and cash management opportunities in the categories of:

- Operating costs – non-instructional;
- Personnel, salaries, staffing patterns and benefits; and
- Cash management, state and federal funding practices and school construction.

For the purpose of the report, we use the word "efficiency" when speaking about cost savings within noninstructional categories, services like food service, transportation and building maintenance and upkeep. There have been a great many studies and examples given for prospective efficiency cost savings within noninstructional categories.

Fox River did not identify any prospective cost-savings improvements in teaching and learning in Indiana classrooms. Our work as presented in this report was confined to revenue and expenditures information, and thus, we did not review any test or other performance measures for student learning. However, we note in Section 4 of this report the fact that over the past ten years, Indiana expenditures *as a percentage of total spending* have decreased for instructional

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Regular Programs and increased in facilities-related areas and in special programs (see, for example, chart 4-3). The Subcommittee will have to decide whether this specific observation requires further discussion and evaluation at this point-in-time.

Methodology

Fox River's methodology for targeting and studying prospective cost savings is explained in detail in Section 1. We focused on expenditure categories and associated dollar amounts drawn from Indiana's Fiscal 2003 school year as our base of reference. ***All cost savings calculations seen in this report used Fiscal 2003 as the baseline***. Fox River also compared Indiana's 2003 expenditure patterns against national expenditure norms. To do this, we presented two states as comparable reference points. These states are labeled Comparison State 1 and Comparison State 2. As an alternative, Fox River also studied the trends in revenues and operating expenditures in Indiana over a ten-year period. Two five-year periods served our calculations, beginning with fiscal year 1993 and ending in fiscal 2003. This work is summarized in Section 4 of the report.

Menu of Recommendations

The list of operating, cost saving efficiencies is summarized below in Chart S1. We have presented our work in such a way as to allow the Subcommittee to focus on cost-savings that may be achieved using one of four methods. Indiana may target efficiency savings through:

- Savings initiated and implemented individually by each school corporation or by voluntary collections of school corporations;
- Savings initiated by Indiana's nine regional service corporations, on behalf of school corporations that are customers, or wish to be customers – with service corporations themselves performing the work regionally;
- Savings managed by regional service corporations that act as contracting agents for outsourcing non-instructional services on behalf of school corporations – with independent third party companies or institutions performing the work; and,
- Savings negotiated by one or more Indiana state agencies outsourcing one or more benefits' programs as a whole, on behalf of school corporations.

The columns in Chart S1, *Incremental* and *Total*, present the iterative cost-savings figure available in all four categories, without duplicating or double-counting savings from one category to another. Said differently, savings in service corporations would override school corporation savings, savings in outsourcing would override service corporation savings, and state savings from outsourcing would override school and service corporation savings. The Subcommittee is offered this menu, recognizing that there are many different institutions available today in the State that could participate in and support a cost rationalization and reduction program. **Depending on the combination of strategies used to achieve cost efficiencies, Fox River calculated and presented options that would allow for total savings ranging between $47.1 and $479.6 million for the state of Indiana.**

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Chart S1 – Table of Prospective Cost Savings

Potential Incremental and Total Savings Opportunities:	Incremental*		Total**	
Cost Saving Strategies	Low	High	Low	High
1-School Corporations -- Self Improvement with No Restructuring	$47.1	$193.7		
2-Leverage School Corporations -- Restructure & Centralize Common Functions	$66.5	$8.7	$113.6	$202.4
3-Outsource Transportation, Food Services & Facilities Maintenance	$73.7	$77.2	$187.3	$279.6
4-Systemic -- Target National Norm for Cost of Benefits	$150.0	$200.0	$337.3	$479.6
Total Potential Savings	$337.3	$479.6		

* The "Incremental" illustrates how much in cost savings would be *'left on the table'* by not implementing a specified strategy (1-4).

** The "Total" illustrates how much would be gained in total cost savings by implementing strategy #1, and one or more of strategies 2-4.

Cash Management Savings

During the course of our work, Fox River identified three areas of prospective cash flow improvements and a fourth area of prospective cost savings related to capital construction in Indiana, all of which merit further analysis. There appear to be cash-flow improvements possible in the areas of receipts and disbursements on Indiana state property taxes that are owed to school corporations and accelerated draw downs for specific K-12 educational programs that are funded through the Federal government and the provisions of the *No Child Left Behind* Act. Two other practices in the state, "hold harmless" funding for school corporations that enroll students in charter schools and prevailing wage construction for school buildings programs, should be examined for additional cash flow and cost-saving opportunities.

Table S1

Cost Category	Targeted Savings	Savings Rationale	Research References
Tax Payments for Property Tax Collections	Unknown – Confirm through INDOE	Improvements in the timing and receipt of tax collections will reduce short-term borrowing costs	Requires Discussions with State Taxing Authorities and Assessors
Federal Funding & Drawdown Practices (Unexpended Funds)	$63.6 million	Accelerate the allowable drawdown of Federal Funding streams available to every state.	See Section 1 / Cost Savings Summary – Cash Management
Hold Harmless Funding for Public Schools	Unknown – Confirm through INDOE	Double-funding of students who've enrolled in charter schools full-time	Requires Discussions with INDOE
Facilities Construction	Prevailing Wage	Prospective cost (labor) premiums in an ample labor market	See Section 1 / Cost Savings Summary – Facilities

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Legislative Reporting

Given that the Indiana legislature has a fiduciary and active role in Indiana's system of K-12 Education, Fox River made inquiries at the close of our review about the type and frequency of financial reporting or analysis the legislature requires for its annual legislative session.

State of Indiana websites were researched for electronic reports relative to financial reporting. Additionally, we also made inquiries of INDOE relative to their role in supplying the legislature with standard reporting or analytical packages of financial information. Fox River was unable to locate financial or analytical reports on the 2003 fiscal year on any publicly available website. Conversations with staff from the Department of Education confirmed that legislators are free to make information requests to the Agency as need dictates. These requests are serviced upon demand. However, our inquiry did not uncover any standard reports produced for legislators.

Thus, Fox River recommends that standard reports and a reporting calendar be implemented after the K-12 Education Subcommittee completes its review. The body of this report contains numerous examples of abbreviated financial reports and data extractions that may prove useful to legislators and their staffs on an ongoing basis. INDOE would be able to replicate all of the information and charts presented in this report.

For example, Fox River's top view examination of 2003 fiscal year spending and 10 year trend line expenditure patterns is as follows:

Chart S2 – Growth Statistics for Expenditures

	1993 Amount	% Change	1998 Amount	% Change	2003 Amount	10-Year Change
Pupil Enrollment-ADA	928,896	2.4%	951,274	1.8%	968,317	4.2%
Inflation-CPI*		12.8%		12.9%		27.3%
Expenditures (in millions)	$5,477	31.8%	$7,219	28.5%	$9,275	69.3%
Per Pupil Expenditure	$5,897	28.7%	$7,589	26.2%	$9,578	62.4%
Increase in Expenditures Over 10 years Adjusted for Inflation -- 1993-2003						32.9%

* SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, web site "Inflation Calculator." See web site at: http://www.bls.gov/cpi.

Source: The INDOE receipts and expenditures file for the state of Indiana provided to Fox River Learning under the terms of this engagement. The chart above, as in the remainder of this document, calculates growth factors in five-year increments. The "% Change" columns are placed in-between the two years for which growth is calculated. Thus, as an example, *Pupil Enrollment-ADA* grew 2.4% between 1993 and 1998.

The summary statistics for this effort are presented above in Chart S2. During this ten-year period, pupil growth was 4.2 percent while expenditures grew at a real rate (adjusted for inflation) over the same period of 32.9 percent. Clearly, costs have considerably outstripped pupil growth; both school corporations and the legislature should benefit from a close look at services provided and costs incurred. Chart S3 below shows percentages expended by function, using 100 percent of all spending and Indiana's summary object categories.

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Chart S3 – Total 2003 Uses / Expenditures by Summary Object

#	Summary Object	1993 Actual	% TTL	2003 Actual	% TTL	% Chg
1	Salaries	$3,125,789,838	57.1%	$4,661,605,787	50.3%	49.1%
2	Employee Benefits	$680,507,537	12.4%	$1,561,460,201	16.8%	129.5%
3	Purchased Services	$596,243,927	10.9%	$999,135,006	10.8%	67.6%
4	Supplies and Materials	$292,400,331	5.3%	$461,815,309	5.0%	57.9%
5	Capital Outlay	$469,079,775	8.6%	$817,321,199	8.8%	74.2%
6	Other Objects	$313,223,123	5.7%	$773,566,521	8.3%	147.0%
	Total	**$5,477,244,531**	**100.0%**	**$9,274,904,023**	**100.0%**	**69.3%**

Fiscal 2003 Financial Reporting

Fox River applied In$ite to Indiana's revenue and expenditures file as a starting point for this report. Charts S4, S5 and S6 below show the percentages used in the state for fiscal 2003 by functional spending categories. For the purpose of this study, Gifts and Donations funds of $66,884,323 were excluded in the financial analysis in order to align Indiana's expenditures with those in two comparison states. The total analyzed is $9.208 billion. "Total Spending" includes the dollars used for capital leases and, where appropriate, school corporation bond indebtedness spending and debt repayment. In order to examine annual operating expenditures alone in Indiana's school corporations, Other Commitments (largely capital dollars used in connection with school building and renovation programs) has been removed in Chart S4 and the spending percentages recalculated.

As seen in Chart S4, excluding capital obligations, Indiana spent 58.3 percent of its dollars on instruction.

As seen in Chart S5, including all dollars incurred both for operating *and* capital expenditures, Indiana spent 47.7 percent of its total on Instruction in Fiscal 2003.

Chart S4 – Total Spending Percentages Excluding Capital Obligations In$ite Reporting Framework

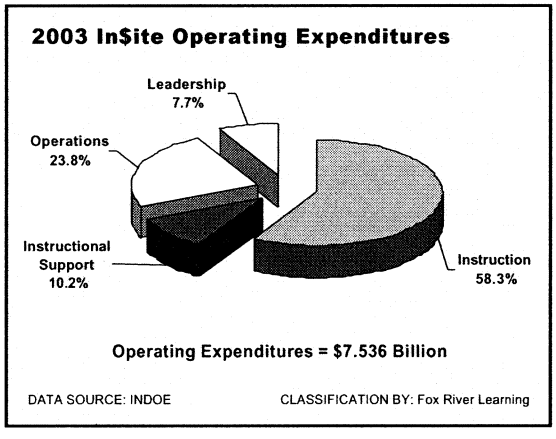

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Chart S5 – Total Spending Percentages Including Capital Obligations In$ite Reporting Framework

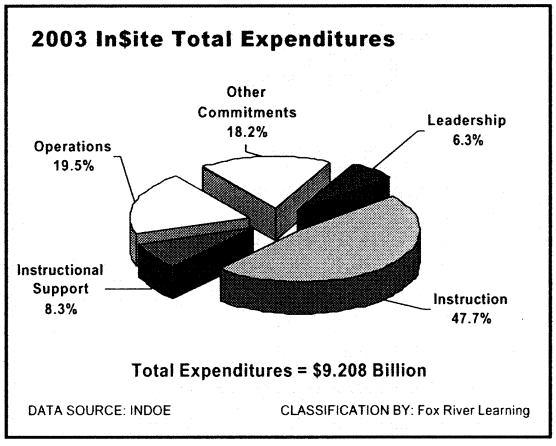

Chart S6 – Uses By In$ite Program Including Capital Obligations In$ite Reporting Framework

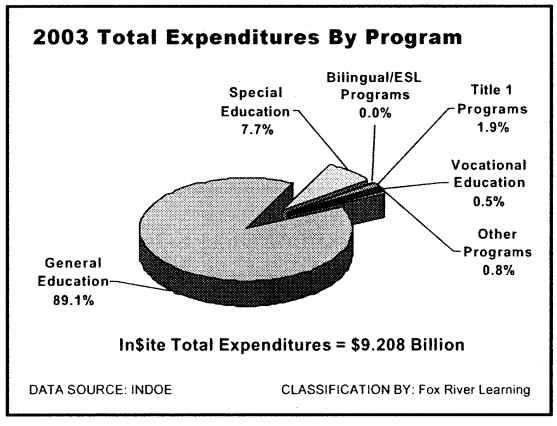

Chart S6 above moves beyond functional expenditures to examine the "categorical" funding and expenditure streams going to Indiana school corporations. Section 4, Chart 4-2 and Chart 4-3, below examines program spending over the past 10 years. The most significant expenditure trend over the past ten years is the shift in *Uses* from Instructional spending to Support Services' and Debt Services' spending and the shift within Instructional spending so that "Special Programs" have been increasing as a percentage of total spending while Regular Instruction spending as a percentage has been reducing over that same period.

Comparison States for Possible Cost-Saving Opportunities

Detailed analysis of Operations spending and its major cost elements is discussed in Section 1 and Section 3 of this report. As a secondary reference point, solely for the purpose of identifying possible areas for possible efficiencies, Fox River also researched national benchmarks for

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comparison purposes. We selected two states, Comparison States 1 and 2, to examine expenditure patterns and cost anomalies in greater detail for Indiana as a state.

Revenue (Receipts) and Expenditure Trends

All of the analysis and reporting on revenue and expenditure trends was produced using the State data file for the 1993, 1998 and 2003 fiscal years. Fox River used the State's data file in order to ensure that the numbers we present were easily recognized and verifiable by INDOE and legislative staff.

Chart S7 shows the percentage cost increases in major categories. The "% Chg" columns reflect the five-year total increases between 1993 and 1998, between 1998 and 2003 and over the full 10-year review period.

Together, from 1993 – 2003 student growth was 4.2 percent while expenditures grew at a real rate (adjusted for inflation) by 32.9 percent. Clearly, costs have considerably outstripped pupil growth. Inflation, while steady, was not a primary issue during this period, as it has been in other time periods.

Chart S7 – Cost Increases in Major Categories

DATA SOURCE: INDOE	Dollars in Millions								
	1993		%	1998		%	2003		10-Year
	Actual	% TTL	Chg	Actual	% TTL	Chg	Actual	% TTL	Chg
Expenditures By Function:									
Instruction	$2,276	41.6%	22.8%	$2,795	38.7%	18.2%	$3,304	35.6%	45.1%
Support Services	$2,667	48.7%	35.3%	$3,609	50.0%	35.0%	$4,871	52.5%	82.6%
Community Services	$40	0.7%	47.8%	$59	0.8%	33.5%	$79	0.8%	97.4%
Nonprogrammed Charges	$144	2.6%	39.0%	$200	2.8%	17.0%	$234	2.5%	62.6%
Debt Services	$350	6.4%	59.0%	$556	7.7%	41.5%	$787	8.5%	125.0%
Total Expenditures	**$5,477**	**100.0%**	**31.8%**	**$7,219**	**100.0%**	**28.5%**	**$9,275**	**100.0%**	**69.3%**

Financial Analysis

Chart S8 below illustrates which expenditure categories over the past 10 years have grown more than the 69.3% increase in total state expenditures seen in above in Chart S7. The arrows in the column entitled "% TTL" (%-To-Total) show a higher or lower %-To-Total in 2003 than in 1993. An upward pointing arrow in the "% TTL" column indicates that more was expended in 2003 than in 1993, relatively; a downward pointing arrow indicates less was expended in 2003 than in 1993, relatively. By example, the entire category labeled Instruction grew less than 69.3%, and now Instruction reflects a percent-to-total expenditure that is less than it was 10 years ago, as indicated by the downward pointing arrow. By contrast, Debt Services grew more than 69.3%, and now this category reflects a percent-to-total expenditure that is greater than it was 10 years ago, as indicated by the upward pointing arrow.

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As a general observation, Chart S8 below shows direct instruction to students *decreased* as a percent of total expenditures during the past 10 years. Conversely, many of the back office and capital expenditures *increased* as a percent of total expenditures. The following summarizes the arrows in the "% TTL" column:

Expended Less in 2003 than Expended in 1993 – as a %-To-Total:

- **Instruction** (except for Textbooks and Special Programs) – Including: *Instructional Teachers, Substitutes, Paraprofessionals, Pupil-Use Technology, and Instructional Materials.*
- **Pupil Support** (except for Athletic Coaches, Student Health Services, and Scholarships) – Including: *Guidance & Counseling, Library & Media, Attendance & Social Work Services.*
- **Operations** (excluding employee benefits) – Including: *Pupil Transportation, Food Services, Building Upkeep, Data Processing, and Business Operations.*
- **Principals, Assistant Principals, and School Office.**
- **Superintendent & Board, and Legal.**

Expended More in 2003 than Expended in 1993 – as a %-To-Total:

- **Teacher and Program Support** – Including: *Staff Development, Program Management, Therapists, Psychologists, Evaluators, Social Workers, and Personal Attendants.*
- **Debt Services** (except Interest on Debt and Other Debt Services) – Including: *Debt-Principal, Lease Rental, and Advancements & Obligations.*
- **Capital Projects / Facilities Acquisition & Construction.**
- **Non-Public School Pupil Services.**
- **Community Services.**
- **Legal Claims & Settlements.**
- **Deputies, Senior Administrators & Researchers (Superintendent's Cabinet).**
- **Athletic Coaches.**
- **Textbooks.**
- **Employee Benefits (Staff Services).**

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Chart S8: Summary Findings By Expenditure Category

Classification Crosswalk In$ite Functions to Indiana Account Codes				Expenditure Analyses 2003 (millions)	10-Year Trend % Change		% TTL
In$ite Functions		Indiana Account Codes					
Instruction	Instructional Teachers	11XXX	Regular Programs	$2,703	38.3%	47.2%	
	Substitutes	12XXX	Special Programs	$506	86.4%		
	Paraprofessionals	13XXX	Adult/Continuing Ed Programs	$28	25.7%		
	Pupil-Use Technology	14XXX	Summer School Programs	$28	-1.3%		
	Instructional Materials	15XXX	Enrichment Programs	$1	N/A		
		16XXX	Remediation	$39	N/A		
		258XX	Textbooks for Rent or Resale	$101	109.8%		
		391XX	High School Band Uniforms	$	-25.8%		
		41XXX	Payments to Oth Govtl Units in	$228	60.7%		
		42XXX	Payments to Govtl Units Outsid	$	16.4%		
		49XXX	Other Non-programming Charges	$	-95.2%		
Instructional Support	Guidance & Counseling	212XX	Guidance Services	$101	37.8%	52.0%	
	Library & Media	222XX	Educational Media Services	$115	44.0%		
	Extracurricular	34XXX	Athletic Coaches	$50	91.5%		
	Student Health & Srvs	211XX	Attendance & Social Work Serv	$24	58.5%		
		213XX	Health Services	$37	73.8%		
		492XX	Scholarship	$2	227.0%		
	Staff Development	221XX	Improvement of Instruction/Cur	$91	125.6%	129.0%	
	Program Management	216XX	Special Education Administrati	$25	100.2%		
		491XX	Indirect Costs	$4	-902.7%		
	Therapists, et al	214XX	Psychological Services	$25	79.6%		
		215XX	Speech Pathology & Audiology	$21	99.5%		
		415XX	Interlocal Agreements-Spec Ed	$10	5464.1%		
Operations	Transportation	255XX	Pupil Transportation Services	$413	61.3%	60.6%	
	Food Services	256XX	Food Services	$279	55.7%		
	Building Upkeep	254XX	Operation & Maint of Plant Ser	$738	51.0%		
	Data Processing	266XX	Data Processing	$8	-4.4%		
		267XX	Technology Coordinator	$65	N/A		
	Business Operations	251XX	Direction of Business Support	$19	63.1%		
		252XX	Fiscal Services	$26	61.3%		
		257XX	Internal Services	$12	7.5%		
		264XX	Staff Srvs (employee benefits)	$1,571	130.0%	130.0%	
Other Commitments	Debt Services	51XXX	Debt Services-Principal	$80	148.4%	125.0%	
		52XXX	Debt Services-Interest	$33	-8.6%		
		53XXX	Lease Rental	$617	147.6%		
		54XXX	Advancements and Obligations	$56	77.4%		
		59XXX	Other Debt Services	$	50.3%		
	Capital Projects	253XX	Facilities Acquisition & Const	$743	84.4%	84.4%	
	Pass-Throughs	37000	Nonpublic School Pupils Servic	$1	643.6%	643.6%	
	Enterprise/Cmmnty Srvs	3XXXX	Community Services	$28	115.4%	115.4%	
	Claims & Settlements	25910	Judgments	$3	1287.6%	114.1%	
		25920	Ditch Assessments	$	-20.2%		
		25940	Claims and Settlements	$2	3.0%		
		25950	Other Assessments	$	255.1%		
		259XX	Other Liabilities	$	66.7%		
Leadership	Principal & Asst. Prin.	241XX	Office of the Principal Servic	$303	53.0%	53.3%	
	School Office	249XX	Other Support Serv-Schl Admin	$13	60.2%		
	Deputies, Sr. Admin.	23220	Community Relations	$3	126.3%	72.4%	
		23230	Staff Relations and Negotiatio	$3	50.5%		
		23290	Other Executive Administration	$11	33.0%		
		26100	Direction of Central Support S	$	-36.4%		
		26200	Planning/Research/Develop/Eval	$3	54.1%		
		26300	Information Services	$1	12.7%		
		26500	Statistical Services	$	1266.1%		
		26900	Other Support Services-Central	$8	72.9%		
		29000	Support Services - Other	$13	158.9%		
	Superintendent & Board	231XX	Governing Body Services	$16	57.1%	50.7%	
		23210	Office of the Superintendent	$66	46.5%		
	Legal	23150	Legal Services	$9	74.5%		

NOTE: Total expenditures increased 69.3% in 10 years from 1993 to 2003; when adjusted for inflation, total expenditures increased 32.9%. Pupil enrollment increased 4.2% for the same ten-year period.

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State Accounting and Reporting Opportunities

In Section 1 – Efficient Allocation and Use of Financial Resources, a menu of potential cost-savings and cash flow options are presented. In Section 2 – Legislative Reporting, Fox River recommends that a standard reporting package, revenues (receipts), expenditures and cash flow statements be made a regular part of a legislator's information reporting and distribution cycle.

In order to have the appropriate information and resource data available within the state on an ongoing basis at the state level, school corporation level and school level, Fox River believes that it is critical for INDOE to redesign and implement a state chart of accounts and the accounting and reporting policy changes needed for improved financial analysis, resource allocation and expenditure review. The current chart structure does not support fact-based resource allocation decision-making, does not enable state oversight of funding impacts by school, does not allow for efficient Federal Reporting, does not leverage current relational database technologies through well-disciplined data dimensions, and is not sufficiently specific and functional to support state, school/corporation and school information needs. See Section 5. Specifically, Fox River draws the following conclusions:

- The federal "No Child Left Behind" act (NCLB), similar state initiatives (in Indiana, P.L. 221), and state budget pressures have raised the bar for all states in the nation for meaningful financial analysis to the level of *fact-based resource allocation decision-making*. States are struggling with these new reporting requirements, because their existing data structures and systems were designed for compliance reporting, not for decision support.

- Financial data maintained by Indiana is adequate only to perform a state level review of K-12 expenditures on an after-the-fact, periodic basis using specialized electronic reporting tools. The data is not adequate to provide information for ongoing resource allocation decisions and expenditure reviews for state and local decision-makers.

- Similar to most other states in the nation, Indiana's current state data is inadequate to support ongoing, local *fact-based resource allocation decision-making* at the school and school corporation levels.

Fox River recommends that Indiana take the steps necessary to be the first state in the nation to restructure its state chart of accounts for the purpose of informing fact-based resource allocation decisions. We believe it is pivotal, as the first step in the process, that Indiana includes school and student level financial data, rather than school corporation level data alone, in the state's annual data collection and reporting process.

Chart S9 on the next page provides a summary of Indiana's detailed expenditure information for the entire state from fiscal 2003. Phase I of our work required that we focus on presenting expenditures for the state taken as a whole. In Phase II of our work, Fox River will present examples of Chart S9 for various school corporations – so that community stakeholders may have a working understanding of the manner in which each corporation directs money for student instruction and achievement or for other purposes.

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Chart S9 – In$ite A-3 Report

A-3. Total District - Detail Functions

Number of Pupils 968,377	In$ite Function	Total District	Total District Per Pupil	% to Total Dist. Per Pupil
Total District		$ 9,208,019,702	$ 9,509	100.0%
Instruction	100	$ 4,395,873,584	$ 4,539	47.7%
Face-to-Face Teaching	110	$ 4,215,715,731	$ 4,353	45.8%
Instructional Teachers	111	3,978,853,998	4,109	43.2%
Substitutes	112	25,298,990	26	0.3%
Instructional Paraprofessionals	113	211,562,744	218	2.3%
Classroom Materials	120	$ 180,157,853	$ 186	2.0%
Pupil-Use Technology & Software	121	3,914,839	4	0.0%
Instructional Materials, Trips & Supplies	122	176,243,014	182	1.9%
Instructional Support	200	$ 766,950,023	$ 792	8.3%
Pupil Support	210	$ 415,906,691	$ 429	4.5%
Guidance & Counseling	211	130,282,308	135	1.4%
Library & Media	212	138,847,996	143	1.5%
Extracurricular	213	66,125,028	68	0.7%
Student Health & Services	214	80,651,359	83	0.9%
Teacher Support	220	$ 106,388,947	$ 110	1.2%
Curriculum Development	221	82,922,158	86	0.9%
In-Service, Staff Development & Support	222	23,466,788	24	0.3%
Sabbaticals	223	0	0	0.0%
Program Support	230	$ 244,654,385	$ 253	2.7%
Program Management	231	49,690,864	51	0.5%
Therapists,Psych,Eval,Pers Att. & Soc Workers	232	194,963,521	201	2.1%
Operations	300	$ 1,792,530,319	$ 1,851	19.5%
Non-Instructional Pupil Services	310	$ 745,541,735	$ 770	8.1%
Transportation	311	410,007,810	423	4.5%
Food Service	312	321,397,569	332	3.5%
Safety	313	14,146,256	15	0.2%
Facilities	320	$ 825,414,416	$ 852	9.0%
Building Upkeep, Utilities & Maintenance	321	825,414,416	852	9.0%
Business Services	330	$ 221,574,168	$ 229	2.4%
Data Processing	331	82,316,229	85	0.9%
Business Operations	332	139,257,939	144	1.5%
Other Commitments	400	$ 1,672,151,218	$ 1,727	18.2%
Contingencies	410	$ 0	$ 0	0.0%
Budgeted Contingencies	411	0	0	0.0%
Capital	420	$ 1,561,087,894	$ 1,612	17.0%
Debt Service	421	789,657,764	815	8.6%
Capital Projects	422	771,430,130	797	8.4%
Out-of-District Obligations	430	$ 105,498,082	$ 109	1.1%
Parochial, Pvt, Charter & Public Pass Through	431	903,814	1	0.0%
Retiree Benefits & Other	432	85,732,216	89	0.9%
Enterprise/Community Service Operations	433	18,862,050	19	0.2%
Legal Obligations	440	$ 5,565,243	$ 6	0.1%
Claims & Settlements	441	5,565,243	6	0.1%
Leadership	500	$ 580,514,558	$ 599	6.3%
School Management	510	$ 420,823,693	$ 436	4.6%
Principals & Assistant Principals	511	274,816,534	284	3.0%
School Office	512	146,004,159	151	1.6%
Program / Operations Management	520	$ 47,341,686	$ 49	0.5%
Deputies, Sr Administrators, and Researchers	521	47,341,888	49	0.5%
District Management	530	$ 112,351,677	$ 116	1.2%
Superintendent & School Board	531	103,391,512	107	1.1%
Legal	532	8,960,464	9	0.1%

Indiana School Corporations
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2002-2003 Actual
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Section 1 – Efficient Allocation and Use of Financial Resources

Requirements: This section of the report responds to the Subcommittee's specific request to:

Derive from the data and analysis a menu of possible recommendations for the Subcommittee to consider in evaluating how the state or districts could be more efficient in the allocation and use of available financial resources. The deliverable is recommendations on the efficient allocation and use of resources.

Highlights:

- In 10 years, state K-12 expenditures increased 69.3%; adjusted for inflation, 32.9%.
- In 10 years, student enrollment increased 4.2%.
- Areas for potential cost savings range from $337.3 to $479.6 million.
- Indiana Employee Benefit expenditures are higher than the national average.
- Indiana teacher salaries rank 7th of 51 states (including DC) compared to annual earnings in the private sector; rank 6th of 51 states compared to per capita personal income.

Examining Expenditure Patterns

Fox River used Indiana's ten-year history of financial revenue and expenditure trends to begin our detailed examination of 2003 fiscal year spending and expenditure patterns and trends. The results are as follows:

Chart 1-1 – Growth Statistics

	1993 Amount	% Change	1998 Amount	% Change	2003 Amount	10-Year Change
Pupil Enrollment-ADA	928,896	2.4%	951,274	1.8%	968,317	4.2%
Inflation-CPI*		12.8%		12.9%		27.3%
Expenditures (in millions)	$5,477	31.8%	$7,219	28.5%	$9,275	69.3%
Per Pupil Expenditure	$5,897	28.7%	$7,589	26.2%	$9,578	62.4%
Increase in Expenditures Over 10 years Adjusted for Inflation -- 1993-2003						32.9%

* SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, web site "Inflation Calculator." See web site at: http://www.bls.gov/cpi.

Source: The INDOE receipts and expenditures file for the state of Indiana provided to Fox River Learning under the terms of this engagement. The chart above, as in the remainder of this document, calculates growth factors in five-year increments. The "% Change" columns are placed in-between the two years for which growth is calculated. Thus, as an example, *Pupil Enrollment-ADA* grew 2.4% between 1993 and 1998.

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During this ten-year period, pupil growth was 4.2 percent while expenditures grew at a real rate (adjusted for inflation) over the same period of 32.9 percent. Clearly, costs have outstripped pupil growth considerably and thus, school corporations and the legislature should benefit from a close look at services provided and costs incurred. Chart S8: Summary Findings by Expenditure Category was presented in the Executive Summary to this report. Detailed trends in cost categories and percentage increases are examined in the chart. Since cost increases in public education are frequently a function of increasing enrollments, and in many states, a function of increased waves of immigration, those students who need significant remediation and intervention to join in the US system of education at grade level competency.

The question for Indiana is to what extent have K-12 expenditures in the state overall been influenced by significant increases in enrollment? Increases in students served, as a metric, have not been a primary factor in Indiana education, although certain cities have sustained considerable pupil growth.

According to the U.S. Department of Labor, inflation nationally was 12.8% between 1993 and 1998, and 12.9% between 1998 and 2003. Indiana's pupil enrollment growth over the past ten years was a modest 2.4% between 1993 and 1998, and 1.8% between 1998 and 2003. Yet, expenditures for public education in the state increased 32.9% during the same ten-year period.

Cost Saving Recommendations

Financial Analysis – Methodology and Process

Fox River performed the following work as preparation for the process of projecting cost savings for Indiana school corporations:

- A comprehensive review of the 2003 statewide revenues and expenditures, line-item by line-item, in order to prepare the financial information for analysis and reporting. We call this file the 2003 *State Data File*. In total, Fox River reviewed 216,577 lines of expenditures in the summary data file provided to us by the Indiana DOE.

- The 2003 State data file was "mapped" into In$ite Reporting Categories, the results of which are presented in detail in Section 1. In$ite presents all expenditures using 32 detailed, functional reporting categories. Where possible, expenditures were mapped not only to functional categories but to programmatic categories as well. Programmatic spending includes Federal programs like Title programs for disadvantaged students and Special Education.

- Taking the 2003 data analyzed using In$ite, Fox River compiled In$ite data for another two states where *we could ensure that the accounting and reporting standards were*

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consistent, and therefore comparable. Using the data from these two states, summary reports compare Indiana expenditures to Comparison States 1 and 2 using percent of total expenditures to draw comparisons. Comparison States 1 and 2 were used in order to flag 2003 expenditures in Indiana that appear to be higher than Fox River would expect and/or higher than that found in comparison states. Similarly, where comparison states reflected lower-than-average expenditure results; these categories were flagged for review as well.

- Where Indiana expenditures were higher-than-expected, cost patterns were then re-examined using the original 2003 State data file of line items. Detailed tables were constructed in order to examine these expenditures in greater detail.

- Those same expenditures were then studied for three time periods, fiscal 1993, fiscal 1998 and fiscal 2003. Summary and detailed trend reports have been provided for review.

Summary of Trends & Norms

Chart S9 summarizes results from a ten-year *trend analysis* of Indiana expenditures using Indiana account code categories; it shows cost increases and decreases from 1993 to 2003. We also used the two comparison states to establish "norms" against which we highlighted expenditure patterns in Indiana that fall outside the spending ranges found in these two states. The chart also presents a crosswalk of In$ite reporting categories to Indiana's account code categories.

The left-hand column of Chart 1-2 lists the five major Functions in In$ite: Instruction, Instructional Support, Operations, Other Commitments and Leadership. The next column, entitled "In$ite Functions," lists In$ite's detail functions within each of the five major functional categories. The third column, entitled "Indiana Account Codes," shows the Indiana Account Codes that are associated with, or cross-walked to, In$ite.

The ten-year expenditure trend analysis shows an increase of 69.3% in total expenditures over the past 10 years. The column entitled "% TTL" (%-To-Total) in Chart 1-2 below illustrates which expenditure categories over the past 10 years have grown more than the 69.3% increase in total state expenditures, and therefore have a higher %-To-Total in 2003 than in 1993, or less. An upward pointing arrow in the "% TTL" column indicates that more was expended in 2003 than in 1993, relatively; a downward pointing arrow indicates less was expended in 2003 than in 1993, relatively. By example, the entire category labeled Instruction grew less than 69.3%, and now Instruction reflects a percent-to-total expenditure that is less than the level recorded 10 years ago, as indicated by the downward pointing arrow. By contrast, Debt Services grew more than 69.3%, and now this category reflects a percent-to-total expenditure that is greater than it was 10 years ago, as indicated by the upward pointing arrow.

Indiana's In$ite-aligned expenditure data was compared to two other states, solely for the purpose of flagging possible areas for efficiency analysis and potential cost-savings.

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In short, the comparison state references suggest there may be opportunities for cost improvement in the following areas:

- Employee Benefits
- Operations
- Debt Services
- Deputies & Senior Administrators
- Superintendent & Board

As a general trend observation, Chart 1-2 below shows expenditures directly benefiting student learning decreased as a percent of total expenditures over the past 10 years. Expenditures supporting back-office functions increased as a percent of total expenditures.

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Chart 1-2: Summary Findings by Expenditure Category

Classification Crosswalk: In$ite Functions to Indiana Account Codes				Expenditure Analyses: 2003 (millions)	10-Year Trend: % Change		% TTL
In$ite Functions		Indiana Account Codes					
Instruction	Instructional Teachers	11XXX	Regular Programs	$2,703	38.3%	47.2%	
	Substitutes	12XXX	Special Programs	$506	86.4%		
	Paraprofessionals	13XXX	Adult/Continuing Ed Programs	$28	25.7%		
	Pupil-Use Technology	14XXX	Summer School Programs	$28	-1.3%		
	Instructional Materials	15XXX	Enrichment Programs	$1	N/A		
		16XXX	Remediation	$39	N/A		
		258XX	Textbooks for Rent or Resale	$101	109.8%		
		391XX	High School Band Uniforms	$	-25.8%		
		41XXX	Payments to Oth Govtl Units in	$228	60.7%		
		42XXX	Payments to Govtl Units Outsid	$	16.4%		
		49XXX	Other Non-programming Charges	$	-95.2%		
Instructional Support	Guidance & Counseling	212XX	Guidance Services	$101	37.8%	52.0%	
	Library & Media	222XX	Educational Media Services	$115	44.0%		
	Extracurricular	34XXX	Athletic Coaches	$50	91.5%		
	Student Health & Srvs	211XX	Attendance & Social Work Serv	$24	58.5%		
		213XX	Health Services	$37	73.8%		
		492XX	Scholarship	$2	227.0%		
	Staff Development	221XX	Improvement of Instruction/Cur	$91	125.6%	129.0%	
	Program Management	216XX	Special Education Administrati	$25	100.2%		
		491XX	Indirect Costs	$4	-902.7%		
	Therapists, et al	214XX	Psychological Services	$25	79.6%		
		215XX	Speech Pathology & Audiology	$21	99.5%		
		415XX	Interlocal Agreements-Spec Ed	$10	5464.1%		
Operations	Transportation	255XX	Pupil Transportation Services	$413	61.3%	60.6%	
	Food Services	256XX	Food Services	$279	55.7%		
	Building Upkeep	254XX	Operation & Maint of Plant Ser	$738	51.0%		
	Data Processing	266XX	Data Processing	$8	-4.4%		
		267XX	Technology Coordinator	$65	N/A		
	Business Operations	251XX	Direction of Business Support	$19	63.1%		
		252XX	Fiscal Services	$26	61.3%		
		257XX	Internal Services	$12	7.5%		
		264XX	Staff Srvs (employee benefits)	$1,571	130.0%	130.0%	
Other Commitments	Debt Services	51XXX	Debt Services-Principal	$80	148.4%	125.0%	
		52XXX	Debt Services-Interest	$33	-8.6%		
		53XXX	Lease Rental	$617	147.6%		
		54XXX	Advancements and Obligations	$56	77.4%		
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	Pass-Throughs	37000	Nonpublic School Pupils Servic	$1	643.6%	643.6%	
	Enterprise/Cmmnty Srvs	3XXXX	Community Services	$28	115.4%	115.4%	
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		23290	Other Executive Administration	$11	33.0%		
		26100	Direction of Central Support S	$	-36.4%		
		26200	Planning/Research/Develop/Eval	$3	54.1%		
		26300	Information Services	$1	12.7%		
		26500	Statistical Services	$	1266.1%		
		26900	Other Support Services-Central	$8	72.9%		
		29000	Support Services - Other	$13	158.9%		
	Superintendent & Board	231XX	Governing Body Services	$16	57.1%	50.7%	
		23210	Office of the Superintendent	$66	46.5%		
	Legal	23150	Legal Services	$9	74.5%		

NOTE: Total expenditures increased 69.3% in 10 years from 1993 to 2003; adjusted for inflation, total expenditures increased 32.9%. Pupil enrollment increased 4.2% for the same ten-year period.

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Specific findings:

- **Instruction:** Expenditures grew less than Total Expenditures over the past 10 years, Indiana's expenditures on instruction now reflect a lower percent of Total Expenditures compared to 10 years ago.

- **Instructional Support: Guidance & Counseling, Library & Media, Student Health & Services** – Expenditures grew less than Total Expenditures over the past 10 years and reflect a lower percent of Total Expenditures now than 10 years ago.

- **Instructional Support: Athletic Coaches, Staff Development, Program Management, Therapists, et al** – Expenditures grew more than Total Expenditures over the past 10 years and reflect a higher percent of Total Expenditures now than 10 years ago.

- **Operations: Pupil Transportation, Food Services, Building Upkeep, Business Operations, excluding Staff Services & Employee Benefits** – Expenditures grew less than Total Expenditures over the past 10 years and reflect a lower percent of Total Expenditures now than 10 years ago.

- **Operations: Data Processing, Staff Services, including Employee Benefits** – Expenditures grew more than Total Expenditures over the past 10 years and reflect a higher percent of Total Expenditures now than 10 years ago.

- **Other Commitments: Debt Services, Capital Projects, Pass-Throughs** – Expenditures grew more than Total Expenditures over the past 10 years and reflect a higher percent of Total Expenditures now than 10 years ago.

- **Other Commitments: Enterprise/Community Services, Claims & Settlements** – Expenditures grew less than Total Expenditures, reflecting a lower percent of Total Expenditures now than 10 years ago.

- **Leadership: Deputies & Senior Administrators** – Expenditures grew more than Total Expenditures over the past 10 years, reflecting a higher percent of Total Expenditures now than 10 years ago.

- **Leadership: Principals, School Office, Superintendent & Board, Legal** – Expenditures grew less than Total Expenditures over the past 10 years, reflecting a lower percent of Total Expenditures now than 10 years ago.

Operational Best Practices and Projected Cost Savings

When Fox River completed its financial analysis, we focused on studying best practices in K-12 operations. Results of our work were compiled from publicly-available information provided by states, school districts, educational associations and education consultants. Information has been

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collected that details efficient management practices that have been implemented and sustained around the country in a wide variety of school environments and geographic settings. Results of this study, i.e., those reports and productivity measures most relevant to Indiana's cost patterns and relevant needs, are compiled and attached in the Appendices to this Executive Briefing. These materials are organized under the title of "Reference Library."

Fox River also studied cost patterns within all expenditure categories in order to establish national, regional and local cost patterns or cost ranges – from which an evaluation could be made as to Indiana's spending patterns across all of its expenditure categories. Once these cost ranges were reviewed, projected savings were extrapolated from fiscal 2003 spending. These calculations are presented in Chart 1-2.

Last, for the reader's convenience, the Appendices also contain a detailed listing, for 11 primary expenditure categories, of individual changes made to K-12 operating practices around the country that have produced cost savings. The scope of these cost savings have ranged from modest to very significant, when calculated on a "savings-per-pupil basis."

Menu of Recommendations

Implementation strategies in K-12 education greatly impact the manner in which states can target and achieve savings in schools across the state. An effective way in which to organize and study cost savings opportunities is by using the following institutional framework:

- **Savings to be achieved within local school corporations**;

  → Fox River evaluated the scope of potential for savings in **non-instructional** functions, presuming that individual school corporations would undertake first the analysis of and cost-cutting decisions within their individual schools and operating facilities.

- **Savings to be achieved using service arrangements with regional service corporations**;

  → Fox River reviewed the role of service corporations in Indiana to understand how best to shift more services to these nine regional support services to expand the impact of the cost savings beyond those that could be achieved by the school corporation level on its own. Fox River studied opportunities for both ***direct services strategies*** and ***outsourcing strategies*** within service corporations.

- **Savings to be achieved in partnership with public and/or private providers using outsourcing contracts**;

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→ Fox River is familiar with the use of outsourcing in education. For the reader, an understanding and review of the practice and methods of outsourcing in K-12 education is contained in the *Reference Library*.

- **Savings to be achieved by considering the use of statewide bidding of selected services**;

  → As part of this analysis Fox River also evaluated potential state-system-wide opportunities for savings in salaries and employee benefits by comparing Indiana to national and regional norms.

Summary of Recommended Cost Savings

Chart 1-3 below illustrates a menu of total potential cost savings ranging between $337.3 and $479.6 million. The following menu items could be implemented in combination.

- At the school corporation level, experience from rigorous cost savings initiatives in other states indicates that school corporations/districts could apply known cost saving ideas borrowed from other states and reduce expenditures in all 11 functions listed on Chart 1-2 from $47.1 to $193.7 million annually.

- Using service center corporations for greater leverage in streamlining the provision of Transportation, Food Service, Facilities Maintenance, Cost Control and Personnel Systems, Administrative & Instructional Technology, and Facilities Construction to schools within the state could save from $100.0 to $150.0 million annually.

- Outsourcing Transportation, Food Services and Facilities Maintenance to private sector companies could produce annual savings of $131.0 to $146.0, based on completed projects elsewhere in the nation's K-12 school and county districts.

- Systemwide savings in all employee categories resulting from the statewide bidding of employee benefits could range between $150 and $200 million annually. The benefits calculation uses "full-time equivalent (FTE)" data produced by Indiana's Department of Education. Fox River calculated the opportunity for cost savings by reducing employee benefit spending from its current higher than national norm level to the national norm level. The detail presentation of this work may be seen in the report section headed "Quadrant 1 – Systemwide Human Resources."

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Chart 1-3 – Functional Analysis of Projected Cost Savings

Functional Areas Targeted for Potential Savings	Cost Savings Ranges in Millions									
	School Corporations[1]			Service Corporations[2]			Outsource[3]		Systemic[4]	
	Low	High		Low	High		Low	High	Low	High
Full-Time Equivalents									$0.0	$0.0
Salary				AND					$0.0	$0.0
Benefits									$150.0	$200.0
Transportation	$6.8	$24.9					$78.0	$87.0		
Food Service Operations	$4.4	$15.9				OR	$53.0	$59.0		
Facilities Maintenance	$8.0	$24.0					$112.0	$124.0		
Subtotal	**$19.2**	**$64.8**	OR	$100.0	$150.0		**$131.0**	**$146.0**		
Cost Control Systems & Personnel Systems & Benefits	$4.2	$17.5								
Admin and Instructional Tech	$0.3	$14.6								
Facilities Construction	$9.8	$44.4								
Subtotal	**$14.3**	**$76.5**		**$100.0**	**$150.0**					
Safety and Security	$0.4	$2.2								
Educational Service Delivery	$7.7	$33.0								
Management Structures	$5.1	$15.1								
Community Involvement	$0.4	$2.1								
Total	**$47.1**	**$193.7**		**$100.0**	**$150.0**		**$131.0**	**$146.0**	**$150.0**	**$200.0**

Potential Incremental and Total Savings Opportunities:	Incremental*		Total**	
Cost Saving Strategies	Low	High	Low	High
1-School Corporations -- Self Improvement with No Restructuring	$47.1	$193.7		
2-Leverage School Corporations -- Restructure & Centralize Common Functions	$66.5	$8.7	$113.6	$202.4
3-Outsource Transportation, Food Services & Facilities Maintenance	$73.7	$77.2	$187.3	$279.6
4-Systemic -- Target National Norm for Cost of Benefits	$150.0	$200.0	$337.3	$479.6
Total Potential Savings	$337.3	$479.6		

* The "Incremental" illustrates how much in cost savings would be *'left on the table'* by not implementing a specified strategy (1-4).

** The "Total" illustrates how much would be gained in total cost savings by implementing strategy #1, and one or more of strategies 2-4.

1 – Projections extrapolated for Indiana using state-sponsored cost savings work in Florida county districts and the Houston Independent School District.
2 – Based on centralization and a service center contracting model used in the New York City Public Schools.
3 – Based on outsourcing savings norms supported in materials drawn from an extensive literature search.
4 – Based on national and regional norms for government and educational staff classifications as reported by the Bureau of Labor Statistics.

A number of operational delivery methods are included above as alternatives (thus the "OR" notations). By example, cost savings initiatives implemented by school corporation/districts alone for Transportation could save from $6.8 to $24.9 million. If service corporations are better leveraged through restructuring and Transportation and other back-office, non-instructional functions were centralized into 10 or fewer centers, the savings would be from $100 to $150 million for these non-instructional services. Last, Transportation outsourcing to a private sector company would be expected to result in a $78 to $87 million cost savings.

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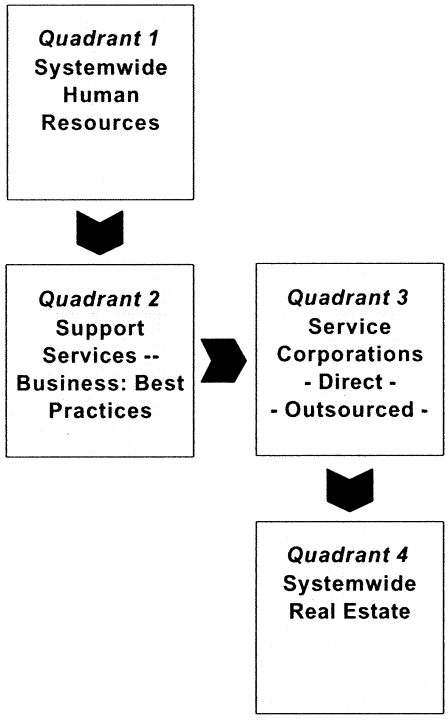
The $150 to $200 million cost savings projected for employee benefits is in addition to the remainder of the other cost savings targeted and reported in Chart 1-2 (resulting in the "AND" notation).

Four Quadrant Analysis

Chart 1-4 illustrates the sequence of Fox River's presentation of projected cost savings in specific expenditure categories. Fox River's evaluation began with our analyses of INDOE's receipts and expenditures file (sources and uses of funds). We conducted a ten-year trend analysis of Indiana uses of funds in reporting categories established by Indiana in its state chart of accounts for K-12 school corporations. Our second analysis was a fiscal 2003 comparative analysis of Indiana's spending patterns compared to two other states. This comparison was conducted using In$ite.

Chart 1-4 – Reporting and Discussion Sequence



Quadrant 1 – Systemwide Human Resources

Statewide full-time equivalent (FTE) employee positions, gross salaries and employee benefits were compared against national and regional cost norms as background for the identification of systemic cost-saving opportunities. Fox River's conclusions are:

- Indiana's *overall* FTE numbers and staffing patterns fall within nationally established norms;

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- Indiana's salaries are in the upper quartile of national and regional norms;
- Employee benefits borne by school corporations appear to be higher (cost more) than national and regional norms.

Full-Time Equivalent (FTE) Staffing Patterns and Efficiency Savings

The key FTE question is:

- Does Indiana systemically employ more staff in K-12 education than national norms?

The National Center for Education Statistics (NCES) provides the source to answer this question: Fall of 2000 data for state enrollments and for full-time equivalent (FTE) employees. As shown in the summary chart below, Indiana employs 128.2 FTEs per 1,000 students; the national average is 121.3 FTEs. Indiana is 5.7% higher in number of employees. When FTEs are examined by NCES job classification three specific areas have FTEs that are higher than national norms, as illustrated by the yellow highlighting in Chart 1-5 below.

- The national norm for Other Support Services Staff is 24.2 FTEs per 1,000 students. Indiana's FTE for Other Support Services Staff per 1,000 students is 31.0 FTEs, or 28.0% higher than the national norm. Other Support Services Staff comprise 31.0% of all FTE positions in Indiana, compared to a national average of 24.2%.
- The national norm for Instructional Aides is 13.6 FTEs per 1,000 students. Indiana's FTE for Instructional Aides per 1,000 students is 17.9 FTEs, or 31.6% higher than the national norm. Instructional Aides comprise 14.0% of all FTE positions in Indiana, compared to a national average of 11.2%.
- The national norm for School Library & Support Staff (excluding Librarians) is 5.6 FTEs per 1,000 students. Indiana's FTE for School Library & Support Staff per 1,000 students is 8.4 FTEs, or 49.8% higher than the national norm. School Library & Support Staff comprise 6.5% of all FTE positions in Indiana, compared to a national average of 4.6%.

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Chart 1-5 – FTEs per 1,000 Students, Fall 2000

	FTE Per 1,000 Students				FTE as %-To-Total		
	Indiana	U.S.	Diff	% Diff	Indiana	U.S.	Diff
School District Staff:							
Officials & Administrators	1.0	1.2	-0.3	-23.6%	0.7%	1.0%	-0.3%
Administrative Support	0.7	3.4	-2.7	-80.0%	0.5%	2.8%	-2.3%
Instructional Coordinators	1.5	0.9	0.7	80.0%	1.2%	0.7%	0.5%
Subtotal School District Staff	3.2	5.5	-2.3	-42.4%	2.5%	4.6%	-2.1%
School Staff:							
Principals & Asst. Principals	3.0	3.0	0.0	-0.5%	2.3%	2.5%	-0.1%
School Library & Support Staff	8.4	5.6	**2.8**	**49.8%**	6.5%	4.6%	1.9%
Teachers	59.9	62.5	-2.7	-4.3%	46.7%	51.6%	-4.9%
Instructional Aides	17.9	13.6	**4.3**	**31.6%**	14.0%	11.2%	2.7%
Guidance Counselors	1.9	2.1	-0.2	-10.2%	1.4%	1.7%	-0.3%
Librarians	1.1	1.1	-0.1	-6.5%	0.8%	0.9%	-0.1%
Subtotal School Staff	92.1	87.9	4.1	4.7%	71.8%	72.5%	-0.7%
Student Support Staff	2.0	3.6	-1.6	-44.7%	1.6%	3.0%	-1.4%
Other Support Services Staff	31.0	24.2	**6.8**	**28.0%**	24.2%	20.0%	4.2%
Total	128.2	121.3	6.9	5.7%	100.0%	100.0%	0.0%

Sources: NCES Tables #38 & #81 at: http://nces.ed.gov/programs/digest/d02/tables
FTE data provided by the Indiana Department of Education pursuant to the data requirements specified in the contract with Fox River Learning.

The NCES classification "Other Support Services Staff" includes the following Support Services-Business departments: Fiscal Services, Purchasing, Printing, Planning & Research, Instructional Development, Evaluations, Public Information, Personnel, and Information Technology.

Fox River concludes the following from the chart above:

- ***FTEs***, for the state as a whole, are above national norms;
- ***Teachers*** as a percent of total FTE are 4.9% below national norms;
- ***School Staff*** other than teachers collectively are 4.1% above national norms;
- ***School District Staff*** collectively are 2.1% below national norms;
- ***Other Support Services Staff*** as a percent of total FTE are 4.2% above national norms.

Because only three employee classifications are above national norms, Fox River has not projected cost savings in the staffing patterns of K-12 school corporations. We have noted that Indiana's unique governance structure for facilities acquisition and development, and for bond financing, may have a significant effect on FTE analyses in these areas. However, the scope of Fox River's engagement does not extend into analyses of other governmental entities that manage these real estate and financing related areas. Although capital financing and operating structures are not addressed in this section of the report, facilities maintenance is addressed

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within the scope of this report. Please see the remaining three quadrants of discussion below regarding other areas for potential cost savings.

Cost Savings Summary – Staffing

Cost Category	Targeted Savings	Savings Rationale	Research References
FTE Job Positions	None	N/A	NCES Enrollment Table 38 NCES FTE Table 81 FTE Per 1,000 Analysis

Statewide Salary Analysis and Conclusions

Teacher salaries dominate school corporation and state expenditures. Further, in most education enterprises, teacher salary schedules influence administrator salaries, coordinator salaries, and salaries for many other job positions. As a consequence, Fox River used teacher salaries as the baseline costs in the systematic review and presentation of salaries seen below.

The American Federation of Teachers' (AFT) Survey and Analysis of Teacher Salary Trends 2002 provides numerous rankings of state salary trends. The chart below presents a summary of data from the AFT's survey, which ranks Indiana's salary metrics against other states and regions. By example, the following conclusions can be reached from the AFT survey rankings as presented in the chart below:

- Indiana's average of teacher salaries rank 16th highest of 51 states (including D.C.);
- Indiana's teacher salaries rank 3rd highest among 6 Great Lakes states;
- Indiana's teacher salaries as a ratio to state per-capita personal income rank 6th of 51 states;
- Adjusted for cost-of-living, Indiana's teacher salaries rank 7th highest of 51 states;
- Indianapolis' maximum teacher salary is higher than the median for 51 states, and the minimum teacher salary is lower than the median for 51 states.
- The average Indiana maximum end of the salary scale is above the median for all states; and the average Indiana minimum is below the median for all states.

Setting teachers' salaries is a matter of state policy. In Indiana, collective bargaining is the means by which almost all teachers' salaries are established. In the absence of a state level initiative to address collective bargaining, it is not possible to predict the possible cost savings that might

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accrue if salaries (cost of living adjusted, or compared to state per-capita income) were, for example, returned to the median or mean of the country's salaries from their current high (6th or 7th in the country) level.

Chart 1-6 – Teacher Salary Rankings from AFT Salary Survey

Ranking Metric	Ranked Highest to Lowest
Average Teacher Salary (among 50 states and D.C.)	16th of 51
Average Teacher Salary: Great Lakes States (MI, IL, IN, OH, MN, WI)	3rd of 6
Average Teacher Salary Compared to Annual Earnings in the Private Sector	7th of 51
Average Teacher Salary Compared to Per Capita Personal Income	6th of 51
Average Teacher Salary Adjusted by the AFT Interstate Cost-of-Living Index	7th of 51
Teacher Salaries as a Percentage of Total Current Education Spending	42nd of 51
Average Teacher Salary Adjusted for Differences in Teaching Experience	21st of 51
Actual Average Beginning Teacher Salaries	26th of 51
MA-Maximum Salary for 100 Largest Cities:	
Indianapolis (12th by size)	24th of 100
Fort Wayne (98th by size)	42nd of 100
BA-Minimum Salary for 100 Largest Cities:	
Indianapolis (12th by size)	56th of 100
Fort Wayne (98th by size)	69th of 100
MA-Maximum Salary for 15 Midwest Cities:	
Indianapolis (3rd by size)	5th of 15
Fort Wayne (15th by size)	10th of 15
Ratio of MA-Maximum to BA-Minimum Salaries:	
Indianapolis (12th by size)	15th of 100
Fort Wayne (98th by size)	14th of 100
MA-Maximum Adjusted by Cost-of-Living Index:	
Indianapolis (12th by size)	13th of 100
Fort Wayne (98th by size)	17th of 100
Ratio of Average Teacher Salary to Average Annual Pay in the Metro Area	
Indianapolis (12th by size)	31st of 100
Fort Wayne (98th by size)	13th of 100
Ratio of Average Teacher Salary to Per-Capita Personal Income in Metro Area	
Indianapolis (12th by size)	34th of 100
Fort Wayne (98th by size)	20th of 100
Ratio of MA-Maximum Teacher Salaries to the State Average Teacher Salary	
Indianapolis (12th by size)	39th of 100
Fort Wayne (98th by size)	58th of 100

MA – Masters of Arts
BA – Bachelor of Arts

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Cost Savings Summary – Salaries

Cost Category	Targeted Savings	Savings Rationale	Research References
Salaries	None	N/A	AFT Teacher Salary Survey AFT Press Release Salary Survey

Statewide Employee Benefit Analysis and Conclusions

There is an opportunity for significant cost savings from moving from a higher than national average percentage of spending for employee benefits to the national average of spending. The sources and uses analysis performed by Fox River identified a significant ten-year increase in Account 264XX-Staff Services. Most of the increase was identified as employee benefits. Fox River attempted to isolate employee health insurance benefit costs for analysis, but the chart of account structure does not contain the necessary specificity to examine the cost of just health insurance (see Section 5 – State Accounting and Reporting Opportunities for recommended changes to Indiana's state chart of accounts). Object code 220 reports expenditures for: group life insurance, health insurance, and accident & workman's comp. Health insurance spending could not be isolated for comparison to national averages; however, the total of all benefits can be compared to national averages.

For fiscal year 2003, the total of all employee benefits in object code series 2XX was $1,561,460,201. The total of all salaries in object code series 1XX was $4,661,605,787. The percentage of benefits to salaries, therefore, is 33.5%. This percentage of benefits exceeds national norms. The U.S. Department of Labor, Bureau of Labor Statistics tracks "Total Benefits" for state and local government employees. At June 30, 2003, the national average percentage of total benefit costs to total salaries reported by the U.S. Department of Labor was 29.9% (3.6% less than Indiana's 33.5%). By reducing the cost of employee benefits, and/or increasing employee contributions consistent with national norms, there is a potential for Indiana to target a range of savings of from $150 million to $200 million annually (or specifically, 3.6% on total salaries of $4,661,605,787 = $167,817,808 of savings).

According to an Association of School Business Officials' survey, only 7% of school districts nationwide fully fund employee benefits with no employee contribution. Of those districts surveyed, 43.8% have employees pay 1-10% of health insurance cost; 23.6% have employees pay 11-20% of insurance costs; and, 13.6% have employees pay 21-30% of insurance costs. Indiana has more opportunity to raise employee contributions than it has to reduce them. The survey also indicated that only 35.5% of those districts surveyed compensate employees for not using district health insurance plans.

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Based on the fact that Indiana's salaries rank near the top of the nation (6th and 7th in the country on a cost of living and per capita personal income basis) and Indiana's employee benefits are 3.6% above national norms, Fox River believes that the total compensation package for Indiana K-12 school corporation employees will be at or very near the highest in the nation on a cost of living and per-capita personal income adjusted basis. Correspondingly, we recommend that the Subcommittee consider implementing cost savings measures in the area of employee benefits as seen below.

Cost Savings Summary – Benefits

Cost Category	Targeted Savings	Savings Rationale	Research References
Employee Benefits	$150-$200 million	% of benefits is 3.6% higher than national norms; salaries are 6th & 7th in the country on a cost-of-living and per capita personal income basis	Bureau of Labor Statistics.pdf; AFT Salary Survey.pdf; ASBO Survey Press; ASBO Survey Press.pdf; ASBO Survey.pdf

Quadrant 2 – Support Services: Business Best Practices

The chart below summarizes per pupil savings from financial improvement initiatives from Florida's county-based districts and the Houston Independent School District (HISD) and extrapolates those savings into potential savings at the district level in Indiana based on Indiana enrollment. Ten to fifty cost-saving initiatives presented for each county district in Florida generated a range of between $243.42 per pupil in five-year savings and $999.56 per pupil in five-year savings. This level of per pupil savings, divided by five to arrive at an annual savings figure, and multiplied by Indiana's enrollment, indicates that Indiana could save between $47,144,466 and $193,590,183 per year by considering and implementing similar cost saving measures in local schools.

The imputed potential savings were then tested for reasonableness by determining the percentages of cost reduction implied in the cost savings. The total district level cost savings represents a range of from .5% to 2.1% of total expenditures of $9,208,019,700. Additionally, Fox River examined cost savings potential from HISD cost saving measures. Based on HISD's per pupil cost savings results, Fox River imputed an Indiana cost savings by multiplying the per pupil HISD savings by Indiana's enrollment. The result is a reasonable $70,286,739 in cost savings – this is reasonable, as it falls within the imputed Indiana cost saving range from Florida of from $47,144,466 to $193,590,183.

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Chart 1-7 – District-Level Potential Savings (See Florida Reference Materials in Exhibit A)

Indiana Enrollment: 968,377	NOTES	Florida Districts' Savings Experience Range of 5 Year Savings Per Pupil		Indiana's Potential 1 Year Range of Savings Per Florida's Per Pupil Experience		Reasonableness Test of Savings Potential			
						% of Expenditure Savings			Houston's Savings Experience
						Expenditures	% Savings		
Functional Area		Low	High	Low	High	Per In$ite 2003	Low	High	
Admin and Instructional Tech	1	$1.45	$75.55	$280,829	$14,632,176	$275,375,854	0.1%	5.3%	-$0.14
Community Involvement	2	$2.13	$10.59	$412,529	$2,051,022	$165,638,437	0.2%	1.2%	$2.00
Cost Control Systems &	3	$14.20	$65.48	$4,152,401	$17,463,711	$221,574,168	1.9%	7.9%	$36.58
Personnel Systems & Benefits	4	$7.24	$24.69						
Educational Service Delivery	5	$39.68	$170.31	$7,685,040	$32,984,857	$4,740,671,363	0.2%	0.7%	-$7.90
Facilities Construction	6	$50.83	$229.27	$9,844,521	$44,403,959	$771,430,130	1.3%	5.8%	$19.08
Facilities Maintenance	7	$41.55	$124.08	$8,047,213	$24,031,244	$825,414,416	1.0%	2.9%	$0.00
Food Service Operations	8	$22.85	$81.85	$4,425,483	$15,852,331	$321,387,569	1.4%	4.9%	$15.97
Management Structures	9	$26.16	$77.80	$5,066,548	$15,067,946	$580,514,558	0.9%	2.6%	$6.71
Safety and Security	10	$2.15	$11.41	$416,402	$2,209,836	$14,146,256	2.9%	15.6%	$0.67
Transportation	11	$35.18	$128.53	$6,813,501	$24,893,099	$410,007,910	1.7%	6.1%	-$0.40
Other	12					$881,859,039			
Based on Florida Savings		$243.42	$999.56	$47,144,466	$193,590,183	$9,208,019,700	0.5%	2.1%	$72.58
Houston's Per Pupil Savings Times Indiana's Enrollment to Test for Reasonableness									$70,286,739

In$ite Functions Included:
1 - Pupil-Use Technology, Library & Media, Curriculum Development, Program Management
2 - Enterprise/Community Service Operations, Extracurricular, Student Health & Services
3 & 4 - Business Operations, Data Processing
5 - Teachers, Substitutes, Paraprofessionals, Instructional Materials, Guidance & Counseling, Staff Development, Therapists
6 - Capital Projects,
7 - Building Upkeep
8 - Food Services
9 - Leadership
10 - Safety
11 - Transportation
12 - Other includes: Debt Service, Pass-throughs, Other & Retiree Benefits, Claims & Settlements

Indiana's Potential Savings using Florida's Per Pupil Experience was calculated by taking the per-pupil savings times the number of pupils in Indiana. Florida savings may be examined using the Reference Library prepared for this report (see Table of Exhibits – Section A).

Quadrant 3 – Service Corporations: Direct and Outsourced Services

The term "Direct Services" refers to opportunities to leverage existing state resources, such as service corporations, cooperatives, and regional centers, and to new state structures developed to accommodate centralized/common functions that procure non-instructional goods or services on a competitive basis. One successful example of leveraging is Indiana's statewide purchasing used to lower the cost of technology purchases. A successful example from the New York City Public Schools is the centralization of certain business functions from many individual school districts into regional service centers. "Direct services" refers to an internal restructuring, based on competitive award, to improve efficiency and effectiveness.

The term "Outsourced Services" refers to opportunities to outsource non-instructional functions to any entity outside of Indiana local and state government, on a competitive basis. For purposes of the following discussion, "direct services" and "outsourced services" should be considered competitive alternatives. Any consideration of externally performing functions currently performed by school corporations must be based on a competitive analysis of options.

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Structure and Utilization of Service Corporations

Service corporations and cooperatives in Indiana provide a possible alternative source of administrative support for Indiana's school corporations. Service corporations generated more than $200 million in professional service fees and purchases in Indiana in fiscal 2003, inclusive of Federal and state sources to serve districts and students. Because Indiana's service corporation structure is already established and is significant in scale, there are opportunities to use the 23 organizations and cooperative arrangements located around the state to rethink the delivery of services such as business support services.

Are there any cost metrics that indicate that Indiana business and non-instructional services provide opportunities for cost savings? The NCES web site contains two Tables pertinent to this question: Table #162 provides calendar year 2000 expenditures by broad functional categories for all 50 states and the District of Columbia; Table #37 provides enrollment for each of the states and the District of Columbia. NCES data for Indiana are sometimes grouped for regional comparisons into the Great Lakes States (MI, IL, IN, OH, MN and WI). For the functional category of Operations & Maintenance in the year 2000, Indiana ranked second highest in expenditures out of the six Great Lakes regional districts. Indiana expended $55 per pupil more than the average of the other five Great Lakes States, demonstrating an opportunity to reduce expenditures by some $55 million by lowering the Indiana's cost to the average of its regional peer group. Compared to the national average, Indiana expended $114 more per pupil ($112,771,000) for Operations & Maintenance than the average of 50 states and D.C.

The NCES data include five non-instructional functions related to business services, operations and maintenance and real estate: Operations & Maintenance, Other Support Services, General Administration, Capital and Interest on Debt. The total of these functional expenditures for Indiana are higher than regional and national norms. Indiana's spending for these five functions in 2000 was $53 per pupil ($53 million) higher than the average of the five other Great Lakes regional districts, and was $405 per pupil ($400 million) higher than the national average for these five functions. There appears to be opportunity for cost savings in these functions because the current spending rate is higher than regional and national norms.

By way of example, a recent model for the leveraging of service corporations is found in the New York City Public Schools in an initiative known as The Children First Reform Agenda (http://www.nycenet.edu/Administration/Childrenfirst/CFAgenda.htm). The Children First Reform (CFR) is a comprehensive plan consisting of four core elements. One of these four elements is a goal that sought to reorganize the Department of Education's management structure into a streamlined system dedicated to instruction. This restructuring is mostly completed. All ancillary services important to the support of instruction have been shifted to ten regional centers for instruction; support operations for business functions have been consolidated into six regional operations centers. This restructuring was designed to generate significant cost savings, which have been reallocated into classroom investments for improved learning.

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This reorganization of the management structure is credited with recovery of $125 million in annual administrative costs, which since have been reallocated to instructional functions. The K-12 environments in Indiana and New York City Public Schools are of a similar size:

NYC Public Schools	State of Indiana
➢ $10.6 billion in expenditures ➢ 1.1 million students ➢ 1,200 schools	➢ $9.2 billion in expenditures ➢ 1.0 million students ➢ 1,981 schools

A similar reorganization in Indiana that utilizes and expands upon the existing structure of service corporations in Indiana has the potential to trim from $100 million to $150 million in administrative expenditures annually. The estimate of the annual cost savings would need to be netted against the restructuring charges the state would incur to create and implement such a plan. While it is impossible to know without further detail the magnitude of these charges, it is expected that restructuring charges would be incurred in the early years of the transition of business support services.

Working alongside a team of people drawn from both school corporations and service corporations, there would be two main issues to evaluate:

- Direct Services – The potential for service corporations to centralize direct business support services within their own organizations in order to lower overall annual operating costs and to improve quality for Indiana schools and school corporations; and,

- Outsourcing – The prospect of outsourcing selected services, using the process of statewide contracting and bidding to lower annual operating costs and to maintain or to improve quality. Recommended areas for statewide bidding would include food services, pupil transportation services and facilities services for both acquisition and construction and operation and maintenance of plant services.

Cost Savings Summary – Service Corporations / Direct Services

Cost Category	Targeted Savings	Savings Rationale	Research References
Service Corporations (direct services)	$100-$150 million	An existing, underutilized service and infrastructure; potentially, a target for improved services delivery, yet less expensive unit service costs.	NYCDOE Children First FAQs.pdf CF Press Release Books in Schls.pdf Gov Pataki Press Release CF.pdf NYCDOE Children First Intro.pdf

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Cost Savings Summary – Service Corporations / Outsourcing

Cost Category	Targeted Savings	Savings Rationale	Research References
Service Corporations Outsourcing Services Using Statewide Contracts		Savings by negotiating outsourcing contracts	Typical Outsourcing Savings.pdf
Pupil Transportation	$78 - $87 million	Same as above	Same as above
Food Service	$53 - $59 million	Same as above	Same as above
Technology	Not Available	Same as above	Same as above
Employee Benefits	See Quadrant 1 Above	Same as above	Same as above

Chart 1-8 is summary chart of Fox River's research into all of the services provided through the nine service centers in the state. Boxes colored gray highlight services offered in specific locations. As an example, all but one of the nine service centers can provide Cooperative Purchasing services, which is an excellent example of the use of scale to lower unit costs in purchasing.

Fox River recommends that the Subcommittee discuss the possibility of using this geographic service network to join together in organizing statewide bidding and procurement for other areas like Transportation and Food Services. In addition, it is recommended that other services below, like Technology Services, be expanded so as to lower costs within school corporations.

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Chart 1-8 – Services Provided by Educational Service Centers

Service	1. Southern	2. Wilson	3. West Central	4. East Central	5. Wabash Valley	6. Northwest	7. Northern	8. Northeast	9. Central
Media Library	■	■		■	■	■	■	■	
Distribution/Delivery Services	■		■		■			■	
Cooperative Purchasing	■	■	■		■	■	■	■	■
Online Procurement							■		
Technology Services									
Software Preview Library				■					
Distance Learning	■	■							
Internet Access	■				■			■	
Training	■								
Erate Assistance	■								
Planning	■								
Data Warehouse							■		
Email							■	■	
Bulletin Board							■		
Paging Gateway							■		
Survey Tools							■		
Mailing Lists							■		
School Home Pages							■	■	
Staff Home Pages							■		
Professional Development	■	■		■	■	■	■	■	■
Insurance Trust Support	■								
Vision	■								
Dental	■								
Long Term Disability	■								
Life	■								
Curriculum Development	■								
Grant Information	■				■				
Strategic Planning	■								
Bus Transportation	■								
Gifted & Talented	■	■			■			■	
Equipment Repair	■	■	■	■	■	■		■	
Career Guidance Information			■	■	■				
Textbook Adoption	■			■					
Substitute Training							■		
Procedures Manual							■		
Board Policies							■		
Substitute Employee Management								■	■
Application Tracking Service								■	
Driver Education									■
Link to Educational Service Centers	http://www.doe.state.in.us/htmls/esc.html								

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Quadrant 4 – Statewide Real Estate Practices: Funding, Facilities Operations and Maintenance

School corporation level savings were identified in Chart 1-3 for Facilities Maintenance (savings ranging between $8 and $24 million) and Facilities Construction (savings ranging between $9.8 and $44.4 million). Facilities are almost always a target for study in states and districts across the country – although well executed real estate studies usually show a need for both new investment and cost-cutting in school districts.

In 2003 Indiana spent 26 percent of its entire $9.2 billion of expenditures on operating and capital charges relating to the building, renovation, operation and maintenance of school and other facilities. Indiana also recorded a high percentage for capital costs related to debt service on bond indebtedness and capital projects.

The study of facilities operations and funding in Indiana should be accompanied by examination of those places in the state that are obligated by law to use "prevailing wages" in contracting for construction labor. Given the information received by Fox River, it was difficult for us to discern whether the relatively high expenditures Indiana experienced in fiscal 2003 are owed to operational staffing patterns, labor costing or overhead and infrastructure charges of institutions that open and renovate schools in Indiana. However, this is an area that merits close attention in the state by the K-12 Subcommittee.

Cost Savings Summary – Facilities

Cost Category	Targeted Savings	Savings Rationale	Research References
Facilities, Building Upkeep, Utilities and Maintenance (in general, Operations)	$112 - $124 million	Outsourcing Savings	See "Outsourcing – Cost Savings Summary" in table under Service Corporations
Construction – Prevailing Wages	Cannot be calculated without more information	Given the significant building expense in Indiana, construction and prevailing wage structures must be examined for cost saving measures.	fincostp, making_hay, healthcare _sum, sq_ft_report

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Cash Flow Improvements Recommended for Further Review

Fox River identified three other expenditure categories during the course of our review that we recommend to the Subcommittee for further evaluation. Our analyses alerted us to the fact that the mix of revenues funding the K-12 system were changing. In the Indiana Chamber of Commerce report, "The Indiana Project for Efficient Local Government – Phase II Study of the 1999 COMPETE Study," it recommended Property Assessment as an area that should be restructured; saying "Property assessment should be removed as a township function and assigned to the county." In conversations with INDOE about cash flows, annual receipts and expenditures and the COMPETE study, Fox River confirmed the fact that school corporations are seeing a slowing of receipts as the result of the statewide reassessment process of property taxes underway. We recommend improving the reassessment process in order to remedy any cash flow difficulties being experienced by local school corporations as a result.

Our second area of focus references the drawdown of Federal funds allocated to each of the states on an annual basis. The U.S. Department of Education has issued a memo recently (a copy for review is embedded as a document in the Reference Library) that identifies the 50 states and any funds that have not been drawn down on a timely basis.

The third item, "hold harmless" funding for school corporations to compensate for charter school enrollments that take students away from other public schools, is codified in the state's school funding and budgeting statutes. Although Fox River could not identify the size of the funds reimbursed to sending school corporations, INDOE should provide the Subcommittee with fiscal 2003 calculations of the expenditure impact resulting from "double payments" made on behalf of children attending charter schools.

Cost Savings Summary – Cash Management:

Cost Category	Targeted Savings	Savings Rationale	Research References
Tax Payments for Property Tax Collections	Unknown – Confirm through INDOE	Improvements in the timing and receipt of tax collections will reduce short-term borrowing costs	Requires Discussions with State Taxing Authorities and Assessors
Federal Funding & Drawdown Practices (Unexpended Funds)	$63.6 million	Accelerate the allowable drawdown of Federal Funding streams available to every state	See Section 1 / Cost Savings Summary – Cash Management
Hold Harmless Funding for Public Schools	Unknown – Confirm through INDOE	Double-funding of students who've enrolled in charter schools full-time	See Section 1 – $$ Confirmation from INDOE

Reference Materials – Research Library and Productivity Metrics

The background materials that follow offer information on additional ways to evaluate prospective cost savings. In$ite's 32 detailed categories serve as the master index for these materials. The time spent on investigating and implementing cost-savings must be considered in light of their significance within the overall spending of Indiana or its individual school corporations. Chart 1-9, as seen in the Executive Summary as Chart S-9 and again below, presents Indiana's 2003 fiscal year expenditures using In$ite's 32 functional reporting categories.

Chart 1-9 – Indiana 2003 Fiscal Year Expenditures Using In$ite Reporting

A-3. Total District - Detail Functions

Number of Pupils 963,377	In$ite Function	Total District	Total District Per Pupil	% to Total Dist Per Pupil
Total District		$ 8,298,010,732	$ 8,609	100.0%
Instruction	100	$ 4,365,873,594	$ 4,536	47.7%
Face-to-Face Teaching	110	$ 4,216,715,737	$ 4,380	45.8%
Instructional Teachers	111	3,978,853,998	4,130	43.2%
Substitutes	112	26,396,890	28	0.3%
Instructional Paraprofessionals	113	211,462,744	219	2.3%
Classroom Materials	120	$ 149,157,857	$ 155	2.0%
Pupil-Use Technology & Software	121	3,914,839	4	0.0%
Instructional Materials, Trips & Supplies	122	178,243,018	185	1.9%
Instructional Support	200	$ 798,950,020	$ 830	9.3%
Pupil Support	210	$ 415,906,491	$ 432	4.5%
Guidance & Counseling	211	136,282,338	126	1.4%
Library & Media	212	138,847,896	143	1.5%
Extracurricular	213	66,125,028	68	0.7%
Student Health & Services	214	80,651,269	83	0.9%
Teacher Support	220	$ 108,366,947	$ 113	1.2%
Curriculum Development	221	82,820,158	86	0.9%
In-Service, Staff Development & Support	222	23,466,789	24	0.3%
Sabbaticals	223	0	0	0.0%
Program Support	230	$ 244,684,385	$ 253	2.7%
Program Management	231	49,680,864	51	0.5%
Therapists Psych.&Eval.Pers.Att. & Soc.Workers	232	194,963,521	201	2.1%
Operations	300	$ 1,792,530,313	$ 1,861	19.5%
Non-Instructional Pupil Services	310	$ 746,641,735	$ 775	8.1%
Transportation	311	410,007,913	423	4.5%
Food Service	312	321,367,549	332	3.5%
Safety	313	14,146,258	15	0.2%
Facilities	320	$ 825,414,418	$ 857	9.0%
Building Upkeep, Utilities & Maintenance	321	825,414,418	857	9.0%
Business Services	330	$ 221,674,159	$ 229	2.4%
Data Processing	331	42,316,229	44	0.5%
Business Operations	332	139,257,930	144	1.5%
Other Commitments	400	$ 1,672,151,219	$ 1,737	18.2%
Contingencies	410	$ 0	$ 0	0.0%
Budgeted Contingencies	411	0	0	0.0%
Capital	420	$ 1,581,087,884	$ 1,642	17.0%
Debt Service	421	789,057,794	819	8.5%
Capital Projects	422	771,430,132	797	8.4%
Out-of-District Obligations	430	$ 109,486,042	$ 113	1.1%
Parochial, Pvt, Charter & Public Pass Through	431	903,874	1	0.0%
Retiree Benefits & Other	432	95,730,219	99	0.9%
Enterprise/Community Service Operations	433	13,852,049	15	0.2%
Legal Obligations	440	$ 5,566,243	$ 6	0.1%
Claims & Settlements	441	5,566,243	6	0.1%
Leadership	500	$ 580,514,035	$ 598	6.3%
School Management	510	$ 435,600,693	$ 436	4.6%
Principals & Assistant Principals	511	274,916,534	284	3.0%
School Office	512	148,004,159	153	1.6%
Program / Operations Management	520	$ 47,341,898	$ 49	0.5%
Deputies, Br Administrators, and Researchers	521	47,341,898	49	0.5%
District Management	530	$ 112,251,977	$ 116	1.2%
Superintendent & School Board	531	103,391,512	107	1.1%
Legal	532	8,860,464	9	0.1%

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Reference Library

The Reference Library incorporated in Exhibit A includes sources of information for best practices and cost reduction methodologies, productivity and instruction metrics, and the list of cost savings recommendations from Florida.

Section 2 – Legislative Reporting

Requirements: This section of the report responds to the Subcommittee's specific request to:

Prepare a report for The K-12 Education Subcommittee of the Indiana Government Efficiency Commission (Subcommittee), which has need for a fact-based analysis of Indiana's K-12 school finances.

Highlight:

- Indiana's traditional reporting structures for K-12 Public Education school corporations and related expenditures does not allow legislators, parents or education staff to understand readily the nature of changes in receipts and expenditures over the years.

Summary Observations

In order to present our fiscal 2003 analytics most effectively, Fox River started its work with a reconciliation that relies upon the summary financial data (receipt, expenditures and cash balance numbers) that are provided *upon request* to legislative staff and Indiana's legislators. To complete the analysis of financial data, Fox River interacted with and relied upon the information conveyed in conversations with INDOE staff. Data requests of INDOE were fulfilled promptly, emails were responded to, verbal and written questions were answered promptly. That analysis follows directly below.

Reconciliation to Legislative Reporting – Fiscal 2003

In order to minimize confusion, we asked INDOE to confirm the receipts and expenditure information, in order to make certain that Fox River used the correct totals as a starting point for our analysis. Once these figures were confirmed, we used these figures to derive the remainder of the work specified under the terms of our engagement.

School Corporation Receipts and Expenditures

The Department maintains an annual financial data file of receipts and expenditures for all school corporations, charter schools and fiscally independent cooperatives (special education, vocational education, and education service centers) in the state. This data file contains expenditures for all funds. For example, the total expenditures reported by INDOE for fiscal year 2003 were $9,419,913,715.

Chart 2-1 – 2003 K-12 Transactions

2003 K-12 Transactions

Fiscal Year 2003 (7/1/2002 to 6/30/2003)	Amount
Expenditures	$9,419,913,715

DATA SOURCE: INDOE CLASSIFICATION BY: INDOE

For 2003, duplicate transactions identified for Indiana's 22 fiscally independent cooperatives, whose expenditures duplicate the payments made by the school corporations and charter schools for services from these same organizations, as well as inter-fund transfers. These adjustments are made in Chart 2-2 to arrive at 2003 K-12 Expenditures for all fiscally independent cooperatives in Indiana and produce actual fiscal year 2003 K-12 expenditures of $9,274,904,024.

Chart 2-2 – 2003 K-12 Expenditures

2003 K-12 Expenditures

From Gross Expenditures To Expenditures		Amount
Gross Expenditures		$9,419,913,715
Less:	Service Centers/COOPs*	$122,528,421
	Fund Transfers**	$22,481,270
2003 K-12 Expenditures		$9,274,904,024

* Includes 22 independent service cooperatives, area vocational schools and education service centers. These expenditures are duplicated in the Gross Expenditures amount because the payments for services are also recorded by member or participating school corporations.

** Inter-fund transfers must be excluded to avoid double counting of expenditures across funds.

DATA SOURCE: INDOE CLASSIFICATION BY: Fox River Learning

Receipts and cash balances were beyond the scope of the analysis requested of us, which was limited to expenditures at the Subcommittee's request. We would note in passing that while the INDOE staff was able to respond to our questions concerning such matters, Indiana's traditional

financial reporting structures for K-12 school corporations do not allow legislators, parents or education staff to understand readily the nature of changes in expenditures over the years. It is apparent that the reporting structures for the data are used for auditing for compliance. They are not readily used for analysis.

Section 3 – Fiscal 2003 Financial Reporting

Requirements: This section of the report responds to the Subcommittee's specific request to:

Organize the financial data into a presentation that enables exploration of revenue and expenditure trends and patterns using a national financial reporting standard, In$ite®.

Highlights:

In$ite's Expenditure Classifications show the following:

- Fiscal 2003 expenditures total $9.208 billion; $9,509 per pupil.
- Non-operating expenditures total $1.672 billion; 18.2% of total expenditures.
- Operating expenditures total $7.536 billion; $7,782 per pupil.
- Operating expenditures (excluding Capital and Debt) by function: Instruction, 58.3%; Instructional Support, 10.2%; Operations, 23.8%; and Leadership, 7.7%.

Presentation of Expenditure Patterns Using In$ite

Much of the government accounting and reporting of state and school district expenditures in American K-12 education is conducted using the accounting handbook maintained by the National Center for Education Statistics (NCES), entitled *Financial Accounting for Local and State School Systems, 2003 Edition* (NCES Handbook). While no federal mandate exists to use the NCES Handbook, it is held up as a lighthouse model of sound accounting practices for school districts/corporations and state use. Indiana aligned its own state and school corporation accounting practices to the NCES Handbook in 1973 and again in 2003. It is a fair statement that most individuals who are untrained in government and school accounting will find traditional accounting and reporting for public education to be difficult to understand and interpret.

In response to a need to present state and school education spending in a more easily understood manner, In$ite – The Finance Analysis Model for Education™ (a PC application under U.S. Patent No. 5,991,741) was developed and released in 1996 by Coopers & Lybrand L.L.C., now PricewaterhouseCoopers L.L.C. In$ite is America's only widely accepted national K-12 expenditure *reporting standard* for school districts at the state, school corporation and school level. The summary reporting categories of In$ite provide a national reporting model while leaving the general ledger and data files of a state unaltered in order to preserve accounting and reporting integrity. A detailed presentation of In$ite's reports may be seen in Exhibit B.

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In addition to the functional presentation of Indiana's expenditure reporting for fiscal 2003, we also used In$ite to report the state's total expenditures using six program types; General Education, Special Education, Bilingual/ESL Education, Title I Education, Vocational Education and Other Programs (all other programmatic spending not captured in the first five categories).

In$ite reports revenues and expenditures by function, location and program to provide a model that may be used to compare school finance revenues and expenditures to other entities. For example, Chart 3-1 below illustrates a final adjustment Fox River made to make Indiana's total expenditures comparable to comparison states used in Section 4 of the analysis. The total In$ite expenditures excludes the Gifts, Donations & Bequests Fund expenditures of $66,884,323 in order to make comparisons with the other states (which do not account for them) valid. The presentation of all In$ite expenditure information nets these out to reflect total expenditures of $9,208,019,701.

Chart 3-1 – Proof: INDOE Expenditures to In$ite Expenditures

2003 In$ite Total Expenditures

K-12 INDOE Expenditures to In$ite Expenditures	Amount
K-12 INDOE Expenditures	$9,274,904,024
Less: Gifts & Donations Fund*	$66,884,323
In$ite Expenditures	$9,208,019,701

* Subtracted to make numbers comparable to other states.

DATA SOURCE: INDOE CLASSIFICATION BY: Fox River Learning

Using the same INDOE expenditure source data, Fox River reclassified fiscal year 2003 expenditures consistent with a national model of reporting for K-12 education. The purpose was to make Indiana's data comparable to other states, and to enable examination of spending from two additional perspectives: by Function, and by Program. The reporting model, In$ite, classifies all expenditures by five summary functions and 32 detail functions; and separately, by six summary programs. The 32 detail functions are "intersected" with the six programs listed below to produce detailed reports that examine specific programs and functional spending within those same programs. In lay terms, this enables clarity as to both "what" (the function) the expenditure was made for and "for whom" (the program).

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In$ite's five summary functions are:

- Instruction
- Instructional Support
- Operations
- Other Commitments (Non-Operating)
- Leadership

In$ite's 6 summary programs are:

- General Education
- Special Education
- Bilingual/ESL
- Title 1/Compensatory
- Vocational Education
- Other Programs

Solely to identify areas of highest probability for cost savings, uses of expenditures were analyzed by In$ite detail and summary functions, and by In$ite programs in a comparative presentation with data from two other states. Each resulting functional and programmatic presentation was prepared two ways: for *total expenditures*, and for *operating expenditures*. Total expenditures include all expenditures in all funds. Operating expenditures are equal to total expenditures less Other Commitments (Non-Operating) expenditures.

Chart 3-2 and Chart 3-3 illustrate In$ite total expenditures by five summary functions in pie chart and table formats, respectively.

Chart 3-2 – Uses Chart: By In$ite's Five Functions – Including Capital Obligations

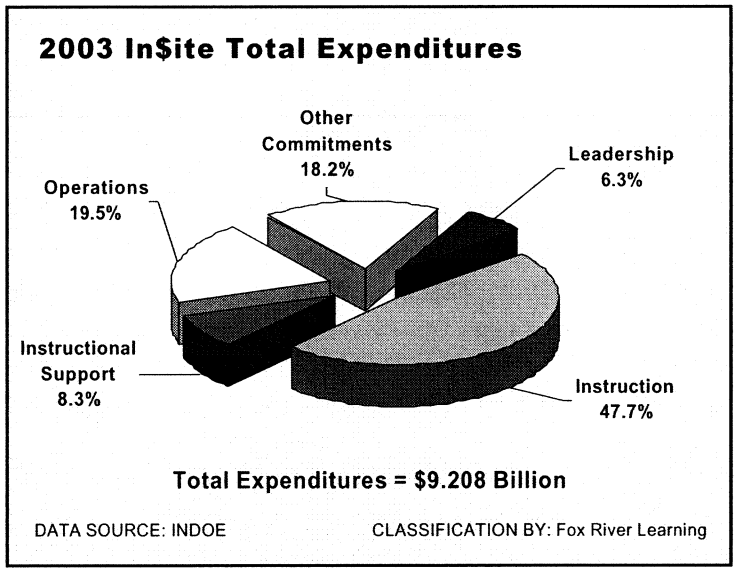


Chart 3-3 – Uses Table: By In$ite's Five Functions – Including Capital Obligations

In$ite Functions	Actual Dollars in Millions – Per Pupil in Whole Dollars		
	Indiana FY 2003		
	Pupils:		968,377
	Expenditures (in Millions)	% Total	Per Pupil
Instruction	$4,396	47.7%	$4,539
Instructional Support	$767	8.3%	$792
Operations	$1,793	19.5%	$1,851
Other Commitments	$1,672	18.2%	$1,727
Leadership	$581	6.3%	$599
In$ite Total Expenditures	$9,208	100.0%	$9,509
Plus Gifts & Donations Funds*	$67		
Total INDOE Expenditures	$9,275		

Source: Fox River Learning, Inc/EDmin.com, Inc. In$ite, U.S. Patent No. 5,991,741
* Gifts & Donations Funds were excluded from In$ite to make Indiana's expenditures comparable to other states.

The In$ite model presents non-operating expenditures in its "Other Commitments" function. Summary percentages can be presented on an operating expenditures basis when Other Commitments are removed. Non-operating expenditures include debt service, capital projects, pass-through payments, retiree benefits, enterprise and community operations, and other expenditures for goods and services not serving the needs of the current student body of the school corporation or doing so outside of the analyzed fiscal year.

Chart 3-4 – Uses Chart: In$ite Operating Expenditures by Four Functions – Excluding Capital Obligations

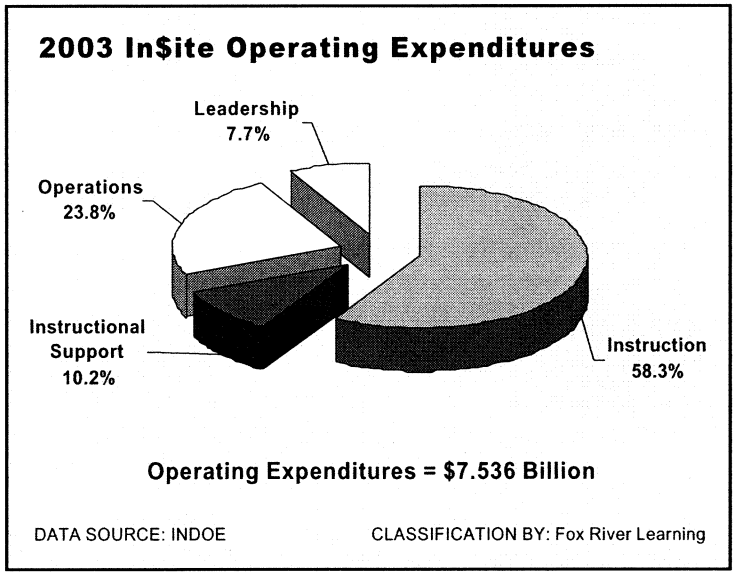


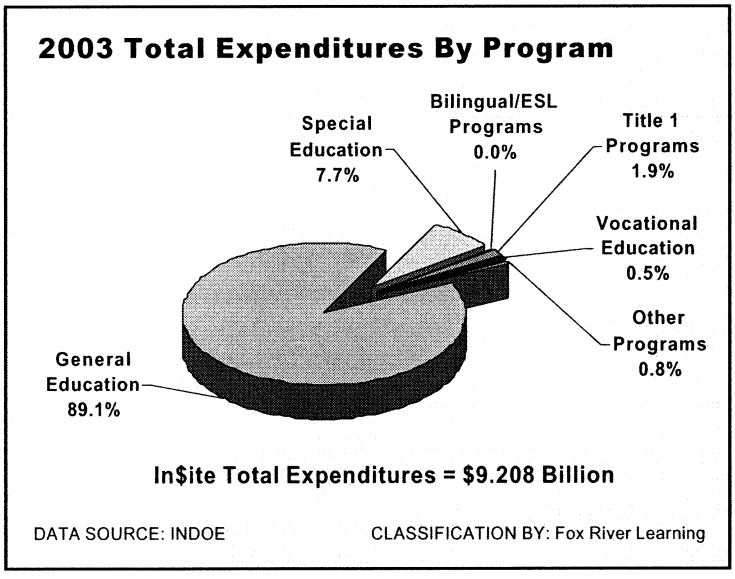
Chart 3-5 – Uses Table: In$ite Operating Expenditures by Four Functions – Excluding Capital Obligations

In$ite Functions	Actual Dollars in Millions – Per Pupil in Whole Dollars		
	Indiana FY 2003		
	Pupils:		968,377
	Expenditures (in Millions)	% Total	Per Pupil
Instruction	$4,396	58.3%	$4,539
Instructional Support	$767	10.2%	$792
Operations	$1,793	23.8%	$1,851
Other Commitments (Non-Operating) Expenditures Excluded			
Leadership	$581	7.7%	$599
In$ite Total Expenditures	$7,536	100.0%	$7,782
Plus Gifts & Donations Funds*	$67		
Total INDOE Expenditures	$7,603		

Source: Fox River Learning, Inc/EDmin.com, Inc. In$ite, U.S. Patent No. 5,991,741
* Gifts & Donations Funds were excluded from In$ite to make Indiana's expenditures comparable to other states.

Programmatic Spending

Chart 3-6 – Uses: By In$ite Program: Spending of $9.208 Billion – Including Capital Obligations



Many questions are asked today about supplemental instructional programs that are funded by the Federal Government and by the state of Indiana. In fiscal year 2003, Indiana expended 89.1% of total expenditures on the general education program and 7.7% on the special education program. Additional information on programmatic reporting and detail on Indiana's state-specific programs may be found in Section 4.

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Chart 3-7 presents program expenditures by summary function.

Chart 3-7 – In$ite Total Expenditures by Program and by Function

In$ite Functions	Dollars in Millions											
	General Ed		Special Ed		Bilingual/ESL		Title 1		Vocational		Other Progs	
	Amt	% TTL	Amt	% TTL	Amt	% TTL	Amt	% TTL	Amt	% TTL	Amt	% TTL
Instruction	$3,696	45.1%	$458	64.6%	$2	66.8%	$144	81.2%	$31	72.6%	$65	89.5%
Instructional Support	$519	6.3%	$217	30.6%	$1	28.3%	$23	13.0%	$4	10.5%	$2	3.4%
Operations	$1,772	21.6%	$14	2.0%	$	1.2%	$2	1.3%	$1	2.2%	$3	4.1%
Other Commitments	$1,653	20.2%	$8	1.1%	$	2.7%	$6	3.2%	$4	10.2%	$1	1.7%
Leadership	$563	6.9%	$12	1.7%	$	1.0%	$2	1.3%	$2	4.5%	$1	1.3%
Total Expenditures	$8,203	100.0%	$709	100.0%	$4	100.0%	$178	100.0%	$43	100.0%	$73	100.0%

In$ite has many levels of reporting, depending upon the needs of the user. For greater understanding, Fox River includes Charts 3-8 as the general expenditure template that is used in analysis in locations throughout the nation. Chart 3-9 below, presents Indiana's 32 detailed categories of functional expenditures. In$ite presents all of its information using total dollars, percentages of total spending and per-pupil spending in order to give a reader the most easily understood data, depending upon the nature of the analysis. In this report, percentages and per-pupil dollars are used most frequently to undertake the comparative analysis requested by the K-12 Education Subcommittee.

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Chart 3-8 – USA In$ite Functions – 32 Detailed Functions

Total Spending: Budget or Expenditures			Allocation Rules		
Functions	Sub-Functions	Detail Functions	Schools	Central	Other
1 Instruction	11 Face-To-Face Teaching	111 Instructional Teachers	All Exp	No Exp	No Exp
		112 Substitutes			
		113 Instructional Paraprofessionals			
	12 Classroom Materials	121 Pupil-Use Technology & Software			
		122 Instructional Materials, Trips & Supplies			
2 Instructional Support	21 Pupil Support	211 Guidance & Counseling			
		212 Library & Media			
		213 Extracurricular			
		214 Student Health & Services			
	22 Teacher Support	221 Curriculum Development			
		222 In-Service, Staff Development & Support			
		223 Sabbaticals			
	23 Program Support	231 Program Management			
		232 Therapists, Psychologists, Evaluators, Personal Attendants & Social Workers	Some Exp	Some Exp	No Exp
3 Operations	31 Non-Instructional Pupil Services	311 Transportation			
		312 Food Service			
		313 Safety			
	32 Facilities	321 Building Upkeep, Utilities & Maintenance			
	33 Business Services	331 Data Processing			
		332 Business Operations			
4 Other Commitments (Non-Operating)	41 Contingencies	411 Budgeted Contingencies			
	42 Capital	421 Debt Service			
		422 Capital Projects			
	43 Out-of-District Obligations	431 Public, Parochial, Private & Charter School Pass-Throughs			
		432 Retiree Benefits & Other			
		433 Enterprise/Community Service Operations			
	44 Legal Obligations	441 Claims & Settlements			
5 Leadership	51 School Management	511 Principals & Assistant Principals			
		512 School Office			
	52 Program/Operations Management	521 Deputies, Senior Administrators & Researchers (Superintendent's Cabinet)			
	53 District Management	531 Superintendent & School Board			
		532 Legal			

Fox River Learning, Inc. In$ite, U. S. Patent No. 5,991,741

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Chart 3-9 – Indiana's Detailed Expenditure Categories – In$ite's 32 Categories / Report A-3

A-3. Total District - Detail Functions

Number of Pupils 968,377	In$ite Function	Total District	Total District Per Pupil	% to Total Dist. Per Pupil
Total District		$ 9,208,019,702	$ 9,509	100.0%
Instruction	100	$ 4,395,873,584	$ 4,539	47.7%
Face-to-Face Teaching	110	$ 4,215,715,731	$ 4,353	45.8%
Instructional Teachers	111	3,978,853,998	4,109	43.2%
Substitutes	112	25,298,990	26	0.3%
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Classroom Materials	120	$ 180,157,853	$ 186	2.0%
Pupil-Use Technology & Software	121	3,914,839	4	0.0%
Instructional Materials, Trips & Supplies	122	176,243,014	182	1.9%
Instructional Support	200	$ 766,950,023	$ 792	8.3%
Pupil Support	210	$ 415,906,691	$ 429	4.5%
Guidance & Counseling	211	130,282,308	135	1.4%
Library & Media	212	138,847,996	143	1.5%
Extracurricular	213	66,125,028	68	0.7%
Student Health & Services	214	80,651,359	83	0.9%
Teacher Support	220	$ 106,388,947	$ 110	1.2%
Curriculum Development	221	82,922,158	86	0.9%
In-Service, Staff Development & Support	222	23,466,788	24	0.3%
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Program Support	230	$ 244,654,385	$ 253	2.7%
Program Management	231	49,690,864	51	0.5%
Therapists,Psych,Eval,Pers Att. & Soc Workers	232	194,963,521	201	2.1%
Operations	300	$ 1,792,530,319	$ 1,851	19.5%
Non-Instructional Pupil Services	310	$ 745,541,735	$ 770	8.1%
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Facilities	320	$ 825,414,416	$ 852	9.0%
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Budgeted Contingencies	411	0	0	0.0%
Capital	420	$ 1,561,087,894	$ 1,612	17.0%
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Capital Projects	422	771,430,130	797	8.4%
Out-of-District Obligations	430	$ 105,498,082	$ 109	1.1%
Parochial, Pvt, Charter & Public Pass Through	431	903,814	1	0.0%
Retiree Benefits & Other	432	85,732,218	89	0.9%
Enterprise/Community Service Operations	433	18,862,050	19	0.2%
Legal Obligations	440	$ 5,565,243	$ 6	0.1%
Claims & Settlements	441	5,565,243	6	0.1%
Leadership	500	$ 560,814,508	$ 579	6.3%
School Management	510	$ 420,920,693	$ 435	4.6%
Principals & Assistant Principals	511	274,916,534	284	3.0%
School Office	512	146,004,159	151	1.6%
Program / Operations Management	520	$ 47,341,886	$ 49	0.5%
Deputies, Sr Administrators, and Researchers	521	47,341,886	49	0.5%
District Management	530	$ 112,251,977	$ 116	1.2%
Superintendent & School Board	531	103,391,512	107	1.1%
Legal	532	8,860,464	9	0.1%

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Section 4 – Revenue (Receipts) and Expenditure Trends

Requirements: This section of the report responds to the Subcommittee's specific request to:

Identify the trends in expenditure amounts, allocation and growth using the State Data File maintained consistently by the state over the past 30 years. The time periods under study in this report began with fiscal 1993, continued though fiscal 1998 and ended with fiscal 2003.

Highlights:

Indiana Account Code Classifications:

- Fiscal 2003 salaries are 50.3% of total expenditures; they were 57.1% in 1993.
- Fiscal 2003 employee benefits are 16.8% of total expenditures; they were 12.4% in 1993.
- Fiscal 2003 "other" objects are 8.3% of total expenditures; they were 5.7% in 1993.
- Revenue receipts (federal, state, local & intermediate) in 2003 are 35.8% higher than in 1993.
- Non-Revenue receipts (bonds & advances, loans, and sale of property) are 271.6% higher than in 1993.
- Total expenditures increased 69.3%, 1993 to 2003; when adjusted for inflation, 32.9%
- Total Instruction expenditures increased 45.1% from 1993 to 2003; Regular Programs (a subset of Instruction) increased 38.3%; Special Programs (a subset of Instruction) increased 86.4%.
- The %-To-Total calculation for Instruction expenditures is 35.6% in 2003 and 41.6% in 1993; for Support Services, 52.5% in 2003 and 48.7% in 1993.
- Debt Services expenditures increased 125.0% from 1993 to 2003.
- Group Insurance expenditures increased 143.2% from 1993 to 2003.

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Analysis of Expenditures

Summary Statistics

Chart 4-1 illustrates pertinent growth statistics for Indiana's K-12 schools over the past 10 years, in five-year increments. The growth in student enrollment the past 10 years is a modest 2.4% between 1993 and 1998, and 1.8% between 1998 and 2003, totaling 4.2% for the 10-year period. Unlike many states, the increases in K-12 receipts and expenditures in Indiana are not driven by significant increases in enrollment. For the purpose of this financial review, Fox River based its analysis on statewide total spending, including expenditures for items that fall into our definition of Other Commitments (Capital, Debt Service). Unless otherwise noted, all data presented in this section includes the costs of Other Commitments in the total analysis. Some of the financial increases are due to inflation over the past ten-year period. According to the U. S. Department of Labor, inflation was 12.8% between 1993 and 1998, and 12.9% between 1998 and 2003.

Chart 4-1 – Growth Statistics for Expenditures

	1993 Amount	% Change	1998 Amount	% Change	2003 Amount	10-Year Change
Pupil Enrollment-ADA	928,896	2.4%	951,274	1.8%	968,317	4.2%
Inflation-CPI*		12.8%		12.9%		27.3%
Expenditures (in millions)	$5,477	31.8%	$7,219	28.5%	$9,275	69.3%
Per Pupil Expenditure	$5,897	28.7%	$7,589	26.2%	$9,578	62.4%
Increase in Expenditures Over 10 years Adjusted for Inflation -- 1993-2003						32.9%

* SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, web site "Inflation Calculator." See web site at: http://www.bls.gov/cpi.

In Indiana, over the last 10 years, the growth in expenditures has significantly outpaced the combined growth in enrollment and inflation.

Examination of Expenditures

Expenditures for Salaries and Employee Benefits

Chart 4-2 below presents total Indiana expenditures using expenditure categories. This information was compiled using the summary objects in INDOE-specified accounting and reporting guidelines for local school corporations. Legislators and parents often inquire as to the percentages of spending on human resources versus all other costs. The information that follows examines these spending categories in progressively greater detail, so as to allow the Subcommittee an understanding of how 2003 spending will influence expenditure trends into the future.

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Chart 4-2 – Total 2003 Uses / Expenditures by Summary Object

#	Summary Object	1993 Actual	% TTL	2003 Actual	% TTL	% Chg
1	Salaries	$3,125,789,838	57.1%	$4,661,605,787	50.3%	49.1%
2	Employee Benefits	$680,507,537	12.4%	$1,561,460,201	16.8%	129.5%
3	Purchased Services	$596,243,927	10.9%	$999,135,006	10.8%	67.6%
4	Supplies and Materials	$292,400,331	5.3%	$461,815,309	5.0%	57.9%
5	Capital Outlay	$469,079,775	8.6%	$817,321,199	8.8%	74.2%
6	Other Objects	$313,223,123	5.7%	$773,566,521	8.3%	147.0%
	Total	**$5,477,244,531**	**100.0%**	**$9,274,904,023**	**100.0%**	**69.3%**

Chart 4-2 demonstrates a consistent trend in type of expenditure and percentage spending patterns over 10 years. The most significant exceptions are the decrease in Salaries, increase in Employee Benefits and increase in other objects.

Public sector finance staffs believe that they have very little discretionary spending to pursue new resource allocation opportunities or needs, pointing to salaries that are fixed by contract, to restricted funding sources, and to collective bargaining agreements and contracts. Historical resource allocation practices and decisions are made using projections spanning a single year at a time, which compromises effective financial strategy and decision-making.

Fox River analyzed the uses of K-12 expenditures in aggregate for all school corporations and charter schools in Indiana. The expenditures were analyzed over the past ten years, in five-year increments, by INDOE Account Code; for fiscal years 1993, 1998 and 2003. In addition, the uses were analyzed by INDOE summary Object Code (the *object* being purchased) over the past 10 years, in five-year increments.

The full analysis is summarized in a single Excel spreadsheet (workbook). The following Summary presents a top-level review of Indiana's K-12 expenditure of funds.

Chart 4-3 – Expenditures Overview for 10 Years

DATA SOURCE: INDOE	Dollars in Millions								
	1993		%	1998		%	2003		10-Year
	Actual	% TTL	Chg	Actual	% TTL	Chg	Actual	% TTL	Chg
Expenditures By Function:									
Instruction	$2,276	41.6%	22.8%	$2,795	38.7%	18.2%	$3,304	35.6%	45.1%
Support Services	$2,667	48.7%	35.3%	$3,609	50.0%	35.0%	$4,871	52.5%	82.6%
Community Services	$40	0.7%	47.8%	$59	0.8%	33.5%	$79	0.8%	97.4%
Nonprogrammed Charges	$144	2.6%	39.0%	$200	2.8%	17.0%	$234	2.5%	62.6%
Debt Services	$350	6.4%	59.0%	$556	7.7%	41.5%	$787	8.5%	125.0%
Total Expenditures	**$5,477**	**100.0%**	**31.8%**	**$7,219**	**100.0%**	**28.5%**	**$9,275**	**100.0%**	**69.3%**

Based on INDOE's account code structure, Instruction and Support Services accounted for 88.1% of Indiana's $9.275 billion of expenditures in fiscal year 2003. The *Uses* were: Instruction

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(35.6%), Support Services (52.5%), Community Services (.8%), Non-programmed Charges (2.5%), and Debt Services (8.5%).

Trend Analysis – Expenditures

The most significant expenditure trend over the past 10 years is the shift in *Uses* from Instructional spending to Support Services and Debt Services spending. In 1993, 41.6% of K-12 dollars were expended for Instruction. In 2003, only 35.6% was expended on Instruction; a decrease of 6.0% of total spending. Conversely, in 1993, Support Services spending accounted for 48.7% of all K-12 spending, as compared to 52.5% in 2003, an increase of 3.8%. Debt service expenditures, as a percent-to-total, increased from 6.4% in 1993 to 8.5% in 2003, an increase of 2.1% of total expenditures. If debt expenses from Chart 4-3 are excluded from the analysis, the decline in instruction-related expenditures is confirmed again: 44.4% expended in 1993; 41.9% expended in 1998; and, 38.9% expended for instruction in 2003.

The Summary chart below, Chart 4-4, is the *top page* to a spreadsheet, which progressively details expenditures by INDOE account codes for fiscal years 1993, 1998, and 2003. The data source for this series of worksheets is INDOE. (This spreadsheet may be reviewed in Research Reference Document T.) The financial classifications in the worksheets are derived from INDOE account codes. Using those general parameters, Fox River created the summary *top page* below, and the 18 other pages detailing expenditures over this ten-year period, at five-year intervals.

One significant trend in Chart 4-4 is the decrease in the percent of total spending in Regular Programs (in Instruction) over the past 10 years. In 1993, 35.7% of total expenditures were expended on Regular Programs. In 2003, only 29.1% of total expenditures was expended on Regular Programs; a decrease of 6.6%. Another significant change in expenditures is the increase in Central expenditures (in Support Services). In 1993, 12.8% of total expenditures were expended on Central. In 2003, 17.9% of total expenditures was expended on Central; an increase of 5.1%.

The chart below shows how Instruction expenditures have shifted from Regular Programs to Special Programs over the past 10 years. In 1993, 85.9% of total Instruction dollars was expended on Regular Programs ($1,955 ÷ $2,276 = 85.89%). In 2003, that percentage is down to 81.8%, a decrease of 4.1%. Conversely, in 1993, 11.9% of total Instruction dollars was expended on Special Programs. In 2003, that percentage rose to 15.3%, an increase of 3.4%. Also notable, expenditures for Remediation have increased from zero dollars in 1993 to $39 million in 2003.

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Chart 4-4 –ExpendituresSummary
ALL EXPENDITURES

* CPI Data Source: U. S. Dept of Labor, Bureau of Labor Statictics, web site: http://www.bls.gov/cpi.		Dollars in Millions								
		1993		%	1998		%	2003		10-Yr
	Acct	Actual	% TTL	Chg	Actual	% TTL	Chg	Actual	% TTL	Chg
Growth Statistics:										
Pupil Enrollment-ADA		**928,896**		**2.4%**	**951,274**		**1.8%**	**968,317**		**4.2%**
Inflation-CPI*				**12.8%**			**12.9%**			**27.3%**
Expenditures (in millions)		**$5,477**		**31.8%**	**$7,219**		**28.5%**	**$9,275**		**69.3%**
Per Pupil Expenditure		**$5,897**		**28.7%**	**$7,589**		**26.2%**	**$9,578**		**62.4%**
Instruction:	11XXX									
Regular Programs	11XXX	$1,955	35.7%	18.8%	$2,323	32.2%	16.4%	$2,703	29.1%	38.3%
Special Programs	12XXX	$272	5.0%	40.9%	$383	5.3%	32.3%	$506	5.5%	86.4%
Adult/Continuing Ed	13XXX	$22	0.4%	7.6%	$24	0.3%	16.8%	$28	0.3%	25.7%
Summer School Progs	14XXX	$28	0.5%	-0.8%	$28	0.4%	-0.5%	$28	0.3%	-1.3%
Enrichment Programs	15XXX	$	0.0%	N/A	$1	0.0%	-5.2%	$1	0.0%	N/A
Remediation	16XXX	$	0.0%	N/A	$37	0.5%	2.9%	$39	0.4%	N/A
Subtotal: Instruction		$2,276	41.6%	22.8%	$2,795	38.7%	18.2%	$3,304	35.6%	45.1%
Support Services:										
Pupils	21XXX	$147	2.7%	27.8%	$188	2.6%	25.5%	$236	2.5%	60.3%
Instruction Staff	22XXX	$120	2.2%	41.9%	$171	2.4%	20.7%	$206	2.2%	71.3%
General Administration	23XXX	$73	1.3%	19.6%	$88	1.2%	24.4%	$109	1.2%	48.9%
School Administration	24XXX	$206	3.8%	24.4%	$256	3.6%	23.2%	$316	3.4%	53.2%
Business	25XXX	$1,416	25.9%	35.3%	$1,916	26.5%	21.9%	$2,336	25.2%	64.9%
Central	26XXX	$699	12.8%	40.5%	$982	13.6%	68.6%	$1,656	17.9%	136.8%
Other	29XXX	$5	0.1%	59.2%	$8	0.1%	62.7%	$13	0.1%	158.9%
Total Support Services	2XXXX	$2,667	48.7%	35.3%	$3,609	50.0%	35.0%	$4,871	52.5%	82.6%
Total Community Services	3XXXX	$40	0.7%	47.8%	$59	0.8%	33.5%	$79	0.8%	97.4%
Total Nonprogrammed Charges	4XXXX	$144	2.6%	39.0%	$200	2.8%	17.0%	$234	2.5%	62.6%
Total Debt Services	5XXXX	$350	6.4%	59.0%	$556	7.7%	41.5%	$787	8.5%	125.0%
Total Expenditures	XXXXX	**$5,477**	**100.0%**	**31.8%**	**$7,219**	**100.0%**	**28.5%**	**$9,275**	**100.0%**	**69.3%**

The above chart shows a significant ten-year increase of expenditures in Support Services-Business (25XXX), and in Support Services-Central (26XXX). The charts immediately below disaggregate this expenditure data for more specific analysis.

Recalling that the cost of living increase between 1993 and 2003 was 32.9% and enrollment growth was only 4.2%, the increases seen below in Chart 4-5 for most of the Support Services-Business spending grew at a higher rate. The significant expenditure items of Facilities Acquisition & Construction, Operation & Maintenance of Plant Service, Pupil Transportation and Food Services in total, increased between 51.0% and 84.4% over the ten-year period.

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Chart 4-5 – 2003 Expenditures – Support Services Business (25XXX)

#	Account Description	1993 Actual	2003 Actual	% Chg
251XX	Direction of Business Support	$11,723,093	$19,123,847	63.1%
252XX	Fiscal Services	$16,066,537	$25,918,517	61.3%
253XX	Facilities Acquisition & Const	$402,834,419	$742,764,685	84.4%
254XX	Operation & Maintenance of Plant Services	$488,718,019	$737,780,087	51.0%
255XX	Pupil Transportation Services	$256,029,212	$412,907,154	61.3%
256XX	Food Services	$178,987,863	$278,707,591	55.7%
257XX	Internal Services	$11,344,747	$12,200,660	7.5%
258XX	Textbooks for Rent or Resale	$48,005,884	$100,722,479	110.0%
259XX	Other Support Services - Business	$2,614,312	$5,377,133	106.0%
	Total	**$1,416,324,087**	**$2,335,502,153**	**64.9%**

The most significant expenditure trend in Support Services-Central, in Chart 4-6 below, is the size and growth of expenditures within INDOE's Staff Services Category (264XX).

Chart 4-6 – 2003 Expenditures – Support Services Central (26XXX)

#	Account Description	1993 Actual	2003 Actual	% Chg
261XX	Direction of Central Support Services	$410,376	$260,808	(36.4%)
262XX	Planning-Research-Development & Eval.	$2,032,987	$3,132,807	54.1%
263XX	Information Services	$708,858	$798,779	12.7%
264XX	Staff Services	$683,182,708	$1,571,408,659	130.0%
265XX	Statistical Services	$4,296	$58,691	1266.2%
266XX	Data Processing	$8,548,818	$8,170,492	(4.4%)
267XX	Technology Coordinator	$0	$64,606,995	N/A
269XX	Other Support Services-Central	$4,585,002	$7,926,440	72.9%
	Total	**$699,473,045**	**$1,656,363,672**	**136.8%**

Chart 4-7 below shows the detail of Support Services | Central | Staff Services. Expenditures within Staff Services are dominated by employee benefit costs. Group Insurance expenditures (inclusive of medical insurance, life insurance, and disability insurance) total $769 million, This dollar figure represents 49.0% of total Staff Services spending, and grew from $316 million in 1993 to $769 million in 2003, an increase of $453 million (143%).

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Chart 4-7 – Uses: Support Services | Central | Staff Services

Support Services (2XXXX) Central-Staff Services	Acct	Dollars in Millions 1993 Actual	1993 % TTL	% Chg	1998 Actual	1998 % TTL	% Chg	2003 Actual	2003 % TTL	10-Year Chg
Staff Services:										
Service Area Direction	26410	$3	0.4%	18.5%	$3	0.3%	28.4%	$4	0.3%	52.2%
Employment & Placement	26420	$2	0.2%	31.3%	$2	0.2%	59.2%	$3	0.2%	109.1%
Staff Accounting Services	26430	$	0.0%	74.1%	$	0.0%	-1.3%	$	0.0%	71.9%
Inservice Training (Noninstructional)	26440	$	0.0%	-1.3%	$	0.0%	215.9%	$1	0.0%	211.9%
Health Services	26450	$1	0.2%	8.8%	$1	0.2%	452.4%	$8	0.5%	501.1%
Other Staff Services:	2649X									
PERF	26491	$52	7.5%	27.9%	$66	6.8%	19.2%	$79	5.0%	52.4%
Social Security	26492	$236	34.5%	22.1%	$288	29.8%	20.5%	$347	22.1%	47.2%
Workmen's Compensation	26493	$12	1.7%	47.6%	$17	1.8%	61.8%	$28	1.8%	138.7%
Group Insurance	26494	$316	46.3%	38.2%	$437	45.3%	75.9%	$769	49.0%	143.2%
Official Bonds	26495	$	0.0%	30.1%	$	0.0%	14.1%	$	0.0%	48.4%
Unemployment Compensation	26496	$1	0.2%	16.0%	$1	0.1%	250.8%	$4	0.3%	306.8%
Teachers Retirement Fund	26497	$55	8.0%	109.3%	$115	11.9%	84.9%	$212	13.5%	287.1%
Severance/Early Retirement Pay	26498	$3	0.4%	818.3%	$28	2.9%	208.5%	$86	5.5%	2733.0%
Other	26499	$2	0.3%	154.3%	$6	0.6%	388.4%	$29	1.8%	1142.0%
Total Central-Staff Services	264XX	**$683**	**100.0%**	**41.4%**	**$966**	**100.0%**	**62.6%**	**$1,571**	**100.0%**	**130.0%**

Another significant trend is the increase seen in the Teacher Retirement Fund. In 1993, the Teacher Retirement Fund expenditures were $55 million. In 2003, the Teacher Retirement Fund expenditures were $212 million, an increase of 287.1%. Another significant trend is the increase in Severance/Early Retirement Pay. In 1993, Severance/Early Retirement Pay expenditures were $3 million. In 2003, they were $86 million, an increase of 2,733.0%.

Comment was made earlier about the fact that over the past 10 years expenditures have shifted from expenditures classified as Instructional to expenditures for Support Services and Debt Services. Chart 4-8 below further illustrates that spending within Instruction is shifting from Regular Programs to Special Programs. Instructional program spending in 2003 was a lower proportion for Regular Programs than in 1993. Conversely, a larger portion in 2003 was expended on Special Programs than in 1993. In other words, spending has shifted from Regular Programs into Special Programs.

In 1993, 85.9% of Instruction expenditures were classified as dedicated to Regular Programs; in 2003, 81.8% were dedicated to Regular Programs. In 1993, 11.9% of Instruction expenditures were expended on Special Programs; in 2003; 15.3% were expended on Special Programs.

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Chart 4-8 – Uses: INDOE Instruction Expenditures

		Dollars in Millions								
		1993		%	1998		%	2003		10-Year
Instruction (1XXXX)	**Acct**	**Actual**	**% TTL**	**Chg**	**Actual**	**% TTL**	**Chg**	**Actual**	**% TTL**	**Chg**
Regular Programs:	11XXX									
Full Day Kindergarten	11050	$	0.0%	N/A	$	0.0%	N/A	$20	0.6%	N/A
Elementary	11100	$949	41.7%	17.3%	$1,114	39.9%	16.5%	$1,298	39.3%	36.7%
Middle/Junior High	11200	$348	15.3%	25.0%	$435	15.6%	16.2%	$505	15.3%	45.2%
High School	113XX	$571	25.1%	18.2%	$675	24.1%	13.0%	$763	23.1%	33.6%
Vocational	114XX	$51	2.2%	10.8%	$56	2.0%	13.7%	$64	1.9%	26.0%
Vocational Education	115XX	$23	1.0%	37.7%	$31	1.1%	12.9%	$35	1.1%	55.5%
Alternative Education	116XX	$	0.0%	N/A	$4	0.1%	141.9%	$9	0.3%	N/A
Other Regular Programs	119XX	$12	0.5%	-42.5%	$7	0.3%	5.2%	$8	0.2%	-39.6%
Subtotal: Regular Programs	11XXX	**$1,955**	**85.9%**	**18.8%**	**$2,323**	**83.1%**	**16.4%**	**$2,703**	**81.8%**	**38.3%**
Special Programs	12000	$	0.0%	N/A	$	0.0%	411.9%	$	0.0%	N/A
Gifted & Talented	12100	$16	0.7%	19.8%	$20	0.7%	-9.3%	$18	0.5%	8.7%
Mental Handicap	122XX	$76	3.3%	35.8%	$103	3.7%	46.3%	$151	4.6%	98.7%
Physical Impairment	123XX	$19	0.8%	88.6%	$35	1.3%	30.3%	$46	1.4%	145.8%
Emotional Handicap	124XX	$20	0.9%	57.4%	$31	1.1%	39.8%	$43	1.3%	120.0%
Culturally Different	125XX	$28	1.2%	33.0%	$37	1.3%	-19.0%	$30	0.9%	7.7%
Learning Disability	126XX	$55	2.4%	34.5%	$74	2.7%	41.0%	$104	3.2%	89.6%
Equal Opportunity At Risk	127XX	$14	0.6%	56.0%	$21	0.8%	16.8%	$25	0.8%	82.2%
Special Education Preschl	128XX	$8	0.3%	149.5%	$19	0.7%	28.5%	$25	0.8%	220.7%
Other Special Programs	129XX	$36	1.6%	14.7%	$42	1.5%	52.9%	$63	1.9%	75.3%
Subtotal: Special Programs	12XXX	**$272**	**11.9%**	**40.9%**	**$383**	**13.7%**	**32.3%**	**$506**	**15.3%**	**86.4%**
Adult/Continuing Education	13XXX	$22	1.0%	7.6%	$24	0.9%	16.8%	$28	0.8%	25.7%
Summer School Programs	14XXX	$28	1.2%	-0.8%	$28	1.0%	-0.5%	$28	0.8%	-1.3%
Enrichment Programs	15XXX	$	0.0%	N/A	$1	0.0%	-5.2%	$1	0.0%	N/A
Remediation	16XXX	$	0.0%	N/A	$37	1.3%	2.9%	$39	1.2%	N/A
Subtotal: 13XXX-16XXX		**$50**	**2.2%**	**79.1%**	**$90**	**3.2%**	**5.5%**	**$95**	**2.9%**	**89.0%**
Total Instruction	1XXXX	**$2,276**	**100.0%**	**22.8%**	**$2,795**	**100.0%**	**18.2%**	**$3,304**	**100.0%**	**45.1%**

The comprehensive spreadsheet underpinning the analysis and charts seen above is included as Table of Research References-S to this report. The full spreadsheet contains other detailed cost trends. By example, the largest category of spending in the Debt Services summary category is Lease Rental-Buildings. Lease Rental-Buildings expenditures of $613 million in 2003 comprised 77.9% of total Debt Services expenditures of $787 million. In 1993, Lease Rental-Buildings expenditures were $248 million. In 2003 they were $613 million, an increase of 147.2% over 10 years.

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Section 5 – State Accounting and Reporting Opportunities

Requirements: This section of the report responds to the Subcommittee's specific request to:

Identify whether, and if so where, the financial data required and maintained by the state is inadequate or incomplete for effective analysis of [resource] allocation and use.

Highlights:

- Overhaul of the Indiana Chart of Accounts is recommended.
- Data are adequate for a *point-in-time* state level analysis.
- Data are not adequate for *ongoing* state level resource allocation decision-support.
- Data are not adequate for *ongoing* school and school corporation level resource allocation decision-support.

Adequacy of Data and Data Reporting

The state chart of accounts needs to be overhauled to meet current state, school corporation/district, and school reporting needs. The current chart structure does not support fact-based resource allocation decision-making, does not enable state oversight of funding equity by school, does not allow for efficient Federal Reporting, does not leverage current relational database technologies through well-disciplined data dimensions, and is not sufficiently specified to support state, school/corporation and school information needs. This section of the report provides the rationale for reaching this conclusion.

Fox River used In$ite, as well as developed and applied a database using Microsoft Access to further analyze Indiana's data, and to prepare a Cash Flow Statement of the sources and uses of funds on a comparative basis at three points in time over 10 years. To complete the analysis of financial data, Fox River interacted with and relied upon the information conveyed in conversations with INDOE staff. Based on an analysis of the state chart of accounts and INDOE's fiscal year 2003 financial data, Fox River has reached the following conclusions:

Data are Adequate for *Point-in-Time* State Level Analysis – For Compliance/Legislative Reporting Purposes

As demonstrated by Fox River's analysis and this report, financial data maintained by the state are adequate to perform a state level review of K-12 expenditures on an after-the-fact,

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periodic basis using specialized electronic analysis and reporting tools. *However, as mentioned earlier in this report, Section 2, Fox River recommends that a standard set of financial and cash flow reports be designed and distributed on a regular basis to legislators.* We confirmed with INDOE the fact that there is no consistent reporting calendar from which legislators receive periodic revenue and expenditure information – although ad hoc, upon request, information is readily available.

Data are Inadequate for *Ongoing State Level* Analysis – For Resource Allocation and Efficiency Decision-Making

The State's financial data are not adequate to provide information for state decision-makers owing first to the fact that its reporting format is modeled on traditional accounting and financial reporting standards, which are difficult to interpret by individuals untrained in the detail and statute of Indiana school corporation accounting practices. Further, the expenditures are not consistently allocated to the functions that use those same costs, a good example being the fact that employee benefits are not allocated to the functional categories where the salaries are accounting for. Today, education salaries and benefits are reported separately in Indiana.

Data are Inadequate for *Ongoing* Use by *School Corporations* – For Resource Allocation, Efficiency and Effectiveness Decision-Making

Similar to most other states in the nation, Indiana's current state data are not adequate to support ongoing, local, fact-based resource allocation decision-making at the school and school corporation levels.

Support for the Three Conclusions

Fox River reached the three conclusions listed above using the reality of a need for Indiana to undertake meaningful financial analysis for the purpose of *fact-based resource allocation decision-making.* Our detailed observations about the important elements of Indiana's accounting and reporting practices follow directly:

- **Chart of Accounts** – The account code structure of the Indiana chart of accounts for school corporations needs structural revision to meet the current and emerging analytical needs of school corporations and the state. Specifically, the current chart of accounts does not support the information needs for legislators and school corporations who need to make on-going, fact-based resource allocation decisions.

  - **Program/Subject Dimension** – The chart of account structure contains some elements of programs in the Account Code Dimension. However, the addition of a dedicated program code dimension would provide the ability to capture and report expenditures associated with additional high level programs like the Title 1 Program and the Bilingual Program, and enable a drill down within those programs to

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determine per pupil costs in the analysis of sub-programs (and in some cases subjects). This dedicated instructional program dimension is critical for making fact-based resource allocation decisions.

- **Alignment of Account Code Structure to Relational Database Technologies** – The accounting code structure does not fully leverage the benefits of relational database technology.

- **"Other" and "Miscellaneous" Reporting Categories** – Managing the scope of "other" and "miscellaneous" categories in the chart of accounts structure is customarily balanced with the need for school district/corporation flexibility. Indiana can use additional code specificity to optimize school corporation flexibility while reducing charges to "other" and "miscellaneous" code categories.

- **Specificity** – The chart of accounts structure can create instances where, for example: the expenditure delineation between *Teachers, Substitutes*, and *Instructional Paraprofessionals* is not precise. Fox River identified similar specificity concerns with *Instructional Materials, Supplies & Equipment* and *General Materials, Supplies & Equipment*. Expenditures for the *General Education Program* are merged with expenditures for the *Title 1/Compensatory Ed Program* and the *Bilingual Education Program.*

- **Federal Reporting** – Fox River was not requested to examine nor discuss the manner of INDOE's methods of completing Federal Reporting processes and cycle reviews. However, during our work the issues we discovered raise questions as to how INDOE uses its database to accurately and efficiently meet federal annual reporting obligations. A restructuring of the state chart of accounts will improve the ability to streamline the time and human resources required to complete the annual compliance process for the National Center for Education Statistics as well as USDOE Title reports.

- **INDOE Data Collection** – The INDOE collects financial data from school corporations aggregated at the school corporation level – there has been no requirement to focus on school-level financial analysis, or on determining the delineation between school expenditures vs. central office corporation expenditures. Owing to the need for state level and school corporation level fact-based analyses of resource allocations, INDOE has a greater need for school corporation data disaggregated to the school level.

- **Data Validation** – Given the sheer number of school corporations in Indiana and the volume of data they produce, coding errors inevitably surfaced in the 2003 data file delivered to Fox River. Data scrubbing or an edit check process could assure that INDOE's database reflects accurate expenditure information. The fact that INDOE receives only school corporation data greatly reduces INDOE's opportunity to perform

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more extensive edit checks as a means to correct corporation practices and maintain data accuracy and consistency across the state.

- **Sufficient Data to Begin to Prioritize and Focus Analyses** – Fox River successfully applied its national finance model and data standard to Indiana's 2003 financial data. The data are sufficient to be used at a high level to examine resource allocation alternatives on a periodic basis using advanced electronic tools and national methodologies.

Illustration – Using Improved Classifications of Expenditures for Indiana Account Codes

In$ite Classifications vs. INDOE Accounting Classifications

In$ite's functions differ significantly in concept and in definition from Indiana's Chart of Accounts. Indiana's treatment of revenues and expenditures is generally consistent with *financial accounting practices in* all states. Fox River Learning In$ite classifications are consistent with *managerial accounting* concepts.

While the In$ite model foots to the exact same dollar totals as found in Indiana's financial database, the essential difference is that In$ite formats revenues and expenditures to show who benefits from an expenditure instead of who controls an expenditure. By contrast, the cash and fund accounting standards mandated by the Government Accounting Standards Board (GASB) are focused on using the concept of agency or departmental control to report those same expenditures as found in In$ite. A simple example is that most states and school corporations show Bus Transportation as a single category of expenditures. When In$ite is used to analyze expenditures at a school corporation level, Bus Transportation expenditures will be reported for each and every school where buses are used to transport children to and from that location.

Accounting for Textbooks in Indiana

Examples of these two different perspectives, *financial accounting vs. managerial accounting*, are illustrated in the following discussion and charts.

In$ite's 2003 "Instruction Function" total of $4.396 billion includes $318,856,143 of expenditures (7.2%) that INDOE's Account Code series 1XXXX-Instruction does not include. Conversely, INDOE's Account Code series 1XXXX-Instruction includes $173,659,848 of expenditures (4.0%) that In$ite's Instruction function does not include. By example, In$ite's Instruction function includes expenditures for Textbooks because that expenditure benefits the Instruction function. Whereas, the Indiana chart of accounts includes textbooks in Account Code series 258XX-Texbooks for Rent or Resale, which is summarized into what department controls these expenditures, Business Services, not into Instruction. Conversely, the INDOE Account Code series 122XX-Mental Handicap and 123XX-Physical Impairment are included in Indiana's

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summary category called "Instruction." In In$ite, these expenditures are included in "Instructional Support," not Instruction.

Charts 5-1 and 5-2 illustrate the distinction between *who (or what department) controls dollars* vs. *who (or what function) benefits from dollars.* Chart 5-1 provides a *managerial accounting* (In$ite) perspective of Indiana's Textbook Rental Fund. Chart 5-2 provides a *financial accounting* perspective of the same fund.

Chart 5-1 – In$ite: What Functions Benefit from Textbook Rental Expenditures?

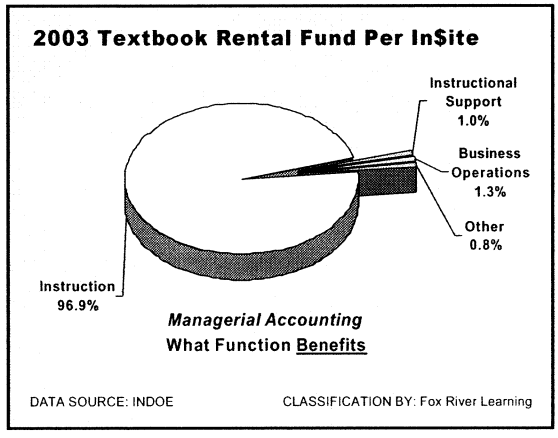
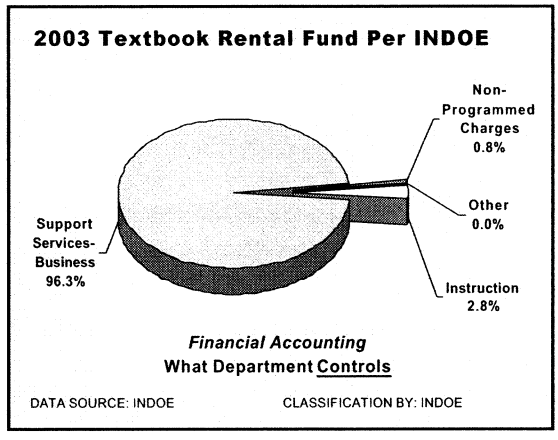


Chart 5-2 – INDOE: What Department Controls Textbook Rental Expenditures?



Current Technologies Not Optimized

Based on Fox River's entire analysis and on our discussions with INDOE personnel, it appears that current technologies supporting the chain of processes and operations from the school level, to the school corporation level, to the state level, and to the federal level are not as effective as they need be for resource allocation decisions and reporting requirements. These processes include processes dealing with data management. All of the conclusions above should be

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considered in concert with other resource allocation observations and recommendations considered by the Subcommittee.

Today's Data Requirements Suggest a Need to Clarify INDOE's Role

The sea change occurring nationwide in education data, analysis and reporting suggests a need to reevaluate the role of the INDOE as it relates to financial standards setting, data validation, and the establishment of valid, reliable and comparable analysis models.

Menu of Recommendations

Fox River offers the following menu of recommendations for consideration by the Subcommittee.

Improvements to the State Chart of Accounts

Fox River's primary recommendation for Indiana is to restructure the account code structure of the state chart of accounts to better meet the state's information needs. The problems in the underlying code structure for the current chart renders minor changes to individual codes ineffective for purposes of informing resource allocation decisions. Associated with a redrafting of the chart of accounts, Fox River offers the following menu of recommendations:

- **Draft a New State Chart of Accounts** – This process should begin by using the NCES Handbook model as the base model, and then Indiana should become the first state in the nation to improve upon that model. Fox River has a number of specific recommendations that could be used to significantly improve upon the NCES Handbook model. Indiana's specific information needs should be incorporated into the new and improved NCES model. If there is interest in this recommendation, Fox River would be pleased to draft recommendations for specific improvements to the NCES Handbook model within the scope of this project, after the Subcommittee has completed its work.

- **Allow for a "Position Control" Dimension within the Chart of Accounts** – The NCES Handbook provides minimal guidance on the potential use of integrating a position control dimension within a chart of accounts. The Handbook's suggestion regarding position control fields is not ideal, and should be improved upon. The basic idea is to allow for a dimension (field) in the general ledger-coding scheme for a position code. INDOE would set the standard for position code usage and definitions. School corporations whose payroll system may support providing a position code could electronically pass the standard codes to the general ledger. School corporations that utilize a specific position control system could have that system electronically pass the standard position codes to the general ledger. School districts without those abilities would incorporate the code into existing key entry processes used to enter transactions.

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- **Indiana Policy and Practice Review** – This self analysis would review the roles of the Legislature, the Governor, school corporation boards, and INDOE in the oversight of K-12 education in the state. Using a collaborative process involving state legislators, the executive branch, INDOE, state education governing boards, and school corporation representatives, the State of Indiana should reconsider how it can provide additional information to stakeholders that will allow for closer monitoring of the funding, expenditure and cash flow processes in state education.

- Specifically, such a reaffirmation should include consideration of issues, such as the responsibilities of INDOE for school corporation data accuracy and consistency, a position statement evaluating current funding and expenditure trends nationwide and improved methodologies for distributing per-pupil aid. This self policy and practice review should be intended to clarify reporting responsibilities, focus efforts across state government, and articulate the information needs necessary to address fact-based resource allocation decisions and other critical aspects of managing educational processes – financial, operational, and instructional.

Improvement of Effectiveness and Efficiency of Instructional Spending

Improvement of the effectiveness and efficiency of instructional spending requires review and analysis of a school corporation's entire set of financial data, not just the instructional category. Resource allocation analysis requires a holistic view of the data, because like a long balloon that gets squeezed in one section it expands in another. The obvious goal is to assure that freed up resources are reallocated to instructional processes. Fox River offers the following menu of recommendations for the improvement of effectiveness and efficiency of instructional spending:

- **Secure Statewide Consensus for a Measurement Methodology for Student Performance** – Effectiveness and efficiency of instructional spending cannot be determined without measuring "student performance" and analyzing the effect of instructional spending on student performance measures. Therefore, it is necessary to adopt a methodology for, and measure of, student performance. This measure has the potential to be the most controversial aspect of managing student performance. It is important therefore that the best possible measurement methodology is adopted – and that there is a consensus and acceptance across the state regarding that methodology.

- **Increase the Scope of INDOE Data Collection** – Today's technologies can accommodate large volumes of data. The simplest and most direct approach would be to collect from school corporations the finest detail level of general ledger data that is in the school corporation financial system using a standard electronic format. This can occur with a simple electronic file submission or transmission. The benefit of this approach is that then the INDOE would have all financial data that exists at the school corporation and will never have to make another change or addition to its financial data collection requests from school corporations.

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Different analyses and reporting processes require different levels of data aggregation/ disaggregation. One approach for managing 300+ fully detailed financial files would be to build an electronic "data summarization process" that would enable an INDOE user to easily summarize a school corporation file to best meet the reporting or analysis needs of a particular situation – possibly using simple data aggregation data marts. The "data summarization process," by example, could summarize all detail state data file submissions appropriate to the specific information request:

- Summarize by school corporation total;
- Summarize by school by fund by program by function (merging all objects);
- Summarize by school by object (merging all other dimensions);
- Summarize by school by program (merging all other dimensions).

One advantage of this approach would be the fact that the State DOE would control all of the classifications for summary financial data. It has been Fox River's experience that school districts/corporations are generally more accurate and consistent in posting original transactions to the correct detail coding, but they are less accurate and consistent in the way they classify underlying data into summary reports for end-users. Electronic INDOE control of the summarization of school corporation data could improve data quality and comparability.

Another benefit is that the INDOE has all the data available to help address unending ad hoc information requests. A last benefit is that then the INDOE can write extensive electronic edit checking routines to assure that the data are accurate and to assure that school corporations are following INDOE's standards for coding. Based on an analysis of the state chart of accounts and INDOE's fiscal year 2003 financial data, Fox River Learning, Inc. offers the following recommendations:

- Redesign the Underlying Code Structure of the Indiana Chart of Accounts.
  - Start with the NCES Handbook (the National standard for financial reporting), and improve upon it using the context of education in the state of Indiana.
  - Add a *position control* dimension to the revised chart of accounts.
  - Coordinate revisions to the chart of accounts with current technologies and with pertinent structural issues regarding opportunities for consolidation of business functions.
  - Coordinate the resulting chart of accounts design with the need to measure the cost of specific programs and their impact on student learning.
- Explore Purchase of Financial Systems, If Needed, to Accommodate the Revised Chart of Accounts.

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- Collect Disaggregated Financial Data from School Corporations.
  - INDOE should collect detail financial data from school corporations down to the school level.
  - Create extensive electronic *edit checks* to correct data and to identify where school corporations are not following state standards, so those practices can be corrected.
  - Create a financial system data summarization data mart consisting of various aggregations of school corporation data to meet various reporting needs.
- Clarify INDOE's Role and Responsibilities.
  - What role and responsibility for data accuracy.
  - What role and responsibility for data analysis.
  - What role and responsibility for establishing standard operating procedures for non-local operations and processes at school corporations.

Accounting Concepts Related to Indiana Practices

Indiana's Chart of Accounts Structure vs. The Ideal Relational Database

Chart 5-3 depicts the ideal accounting/relational database structure for a state chart of accounts for K-12 education. The NCES Handbook generally follows the ideal structure shown in Chart 5-3. Chart 5-4 depicts Indiana's chart of accounts structure. Please note that every individual code in each dimension (or silo) can be used with (or intersect with) every other code in every other dimension (or silo), but not with any other code in the same dimension (or silo).

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Chart 5-3 – Ideal Relational Database Code Structure Similar to the NCES Accounting Handbook

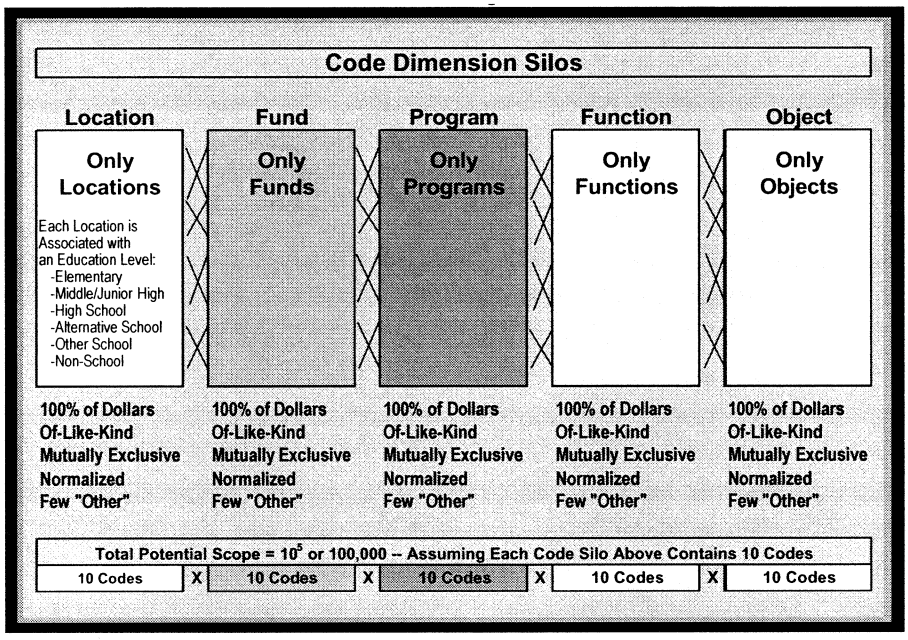
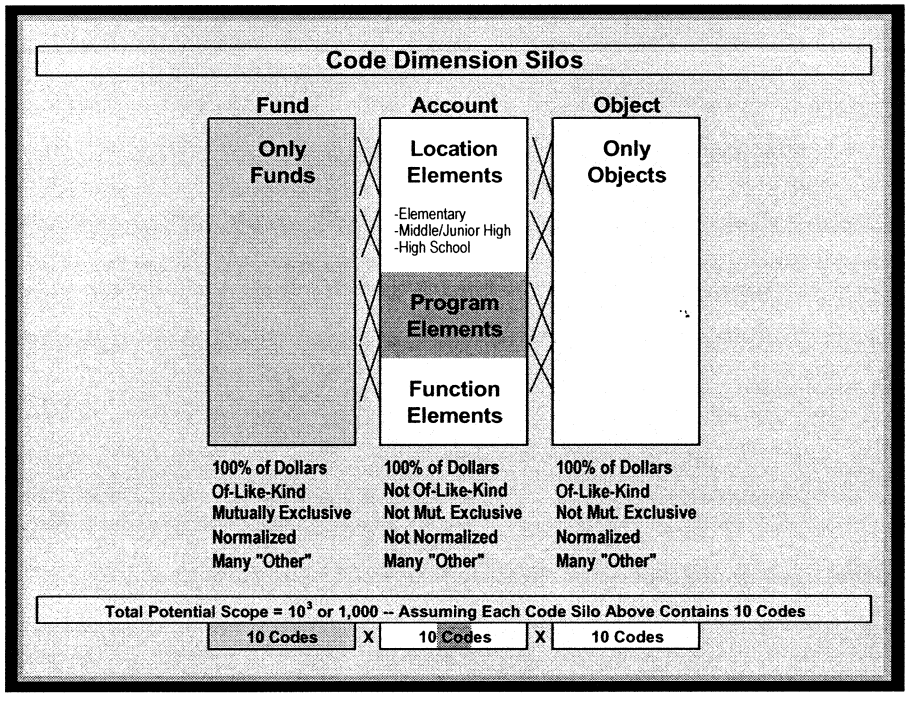


Chart 5-4 – Indiana's Code Structure



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The "Potential Scope" calculation at the bottom of Charts 5-3 and 5-4 illustrates the relative specificity of the two data structures. The ideal data structure in Chart 5-3 contains 100 times the specificity now found in Indiana's structure presented in Chart 5-4. An unrealistic but illustrative and comparable assumption of 10 descriptor codes per code dimension in both scenarios yields a possible 100,000 code combinations in the ideal data structure in Chart 5-3, but only 1,000 possible code combinations in Chart 5-4.

The point to be gleaned from the "Potential Scope" calculation is not that 100,000 actual code combinations are necessarily and always preferred over having only 1,000 actual code combinations. The point is that the 100,000 potential combinations indicate that for those combinations that actually exist in the real accounting structure there is greater flexibility and specificity opportunity than for a structure with only 1,000 potential combinations. The absolute values of 100,000 and 1,000 are meaningless – it is the fact that the ideal structure has 100 times the flexibility and specificity potential as Indiana's code structure; and that a single expenditure line is likely to be more fully described in the ideal structure.

As indicated in Chart-5-4 above, Indiana's code dimension for the Account Code is a combination of location code elements, program code elements and function code elements. The structure of this Account Code dimension does not adhere to the positive characteristics of the ideal code structure as follows:

> Please note that for the purpose of the discussion below, Fox River is using the entire 2003 data file provided by INDOE even though the file contains some items that are not expenditures and, in limited cases, uses a coding structure that duplicates certain transactions within the database – in the category of receipt and expenditure exceptions. INDOE worked with Fox River to ensure that we had in our possession a 2003 database with a comprehensive set of revenue and expenditure data and that duplicate line items were explicitly identified. Our objective to evaluate the account code structure was met with this data set.

Account Code Dimension

- **Not Of-Like-Kind** – INDOE's Account Code dimension includes location elements, program elements and function elements. These elements are not of one like kind. The result is that this dimension is not normalized, because it is necessary to duplicate location code elements to enable them to "intersect" with some of the program elements in the same Account Code Dimension. Specifically:

  - The following Account Codes exist under control account codes for 11XXX-Instruction/Regular Programs: 11100-Elementary, 11200-Middle/Junior High, 11300-High School. These same location elements exist also under different control accounts in the Account Code dimension for 115XX-Instruction/Regular Programs/Alternative Education Program: 11610-Elementary, 11620-Middle/Junior

High, and 11630-High School. These same location elements exist also under the control account 14XXX-Summer School Programs: 14100-Elementary, 14200-Middle/Junior High, and 14300-High School. See Exhibit-D, Fox River's question #10 and INDOE's answer for additional explanation.

- The 11XXX-Instruction/Regular Programs series of Account Codes merges together the General Education Program expenditures, the Title 1/Compensatory Ed Program expenditures, and the Bilingual Program expenditures. This construct appears to be the result of having combined three different coding elements into one dimension. The program codes in this dimension are not well differentiated. See Exhibit-D, Fox River's question #10 and INDOE's answer for additional explanation.

- The 12XXX-Special Programs series to the 16XXX Remediation series of Account Codes in this dimension represent various programs. The 2XXXX-Support Services to 59XXX-Other Debt Services series of Account Codes represent various functions in this same Account Code dimension. These are not "Of-Like-Kind." See Exhibit-D, Fox River's question #10 and INDOE's answer for additional explanation.

- **Not Mutually Exclusive** – Because the Account Code dimension contains location elements, program elements, and function elements these coding elements are not naturally, mutually exclusive. By example, an expenditure in an elementary school may be targeted for the gifted and talented program as well. The Account Code dimension contains multiple descriptors for "Elementary" and a descriptor, 12100-Gifted and Talented. This item must be charged to either "Elementary" or to Gifted and Talented, but cannot be charged to both. INDOE employs business rules for addressing which category to charge that item to (12100-Gifted and Talented), but the chart of accounts descriptions do not stand on their own. Furthermore, the account code structure does not capture Gifted and Talented expenditures for elementary schools – it is less flexible and contains less specificity than the ideal data structure.

One possible reason for this particular evolution of the Indiana chart of accounts is that INDOE collects only school corporation level data – no school level data, and no data to distinguish between central office corporation expenditures and school expenditures. Therefore, the "Elementary" category in the Account Code dimension may have evolved from a need to report some expenditures by Education Level, and there was no way to capture this data other than by creating this location element within a program/function code dimension. See Exhibit-B, Fox River's question #10 and INDOE's answer for more information. If this assumption is correct, the code structure still would not capture all the expenditures at schools within a school corporation as there are no codes for alternative schools nor for other schools (such as summer school or adult education).

- **Not Normalized** – The condition of data not being normalized is more a symptom or indicator associated with a sub-optimal data file structure than it is a specific problem by

itself. See the discussion above entitled, Not Of-Like-Kind for references to lack of normalized data. The repeating Account Code descriptors for "Elementary," "Middle/Junior High," and "High School" attached to various Account Code numbers is a symptom of a file data structure that is not aligned with relational database technologies and therefore cannot leverage those technology capabilities for analysis and reporting.

Object Code Dimension:

- **Not Mutually Exclusive** – The following is the full extent of eight salary code descriptors in the object code dimension for all employees in a school corporation in Indiana:

  - 110-Certified Salaries
  - 115-Certified Salaries/Board Members
  - 120-Noncertified Salaries
  - 130-Temporary Salaries
  - 135-Temporary/Licensed Employees
  - 136-Temporary/Nonlicensed Employees
  - 140-Overtime Salaries
  - 190-Other Salaries

  These salary related object codes represent 50.3% of total expenditures/debits in the state data file ($4,738,494,651.17 in a total file of $9,419,913,714.79). One concern about these salary categories is that, even using DOE's verbal decision rules, they do not provide sufficient specificity to always clearly delineate salaries incurred in pursuit of different functions and programs.

  The INDOE decision rule for identifying a teacher salary is that the "intersection" of a 1XXXX-Instruction Account Code and a 110-Certified Salary Object Code is "usually" a teacher, but not always. In a teaching organization this is not sufficient specificity. A noted example is that the Indianapolis school corporation uses Substitutes who are full-time certified employees. Using the current state data file, the state cannot identify the cost of those Substitutes because this fact is not consistent with DOE's decision rule (which states that Substitutes are "usually" identified at the "intersection of a 1XXXX-Instruction Account Code and a 130-Temporary Salary Object Code); therefore, Indianapolis codes their Substitutes as Teachers, which inflates the school corporation's expenditures on Teachers in the state data file.

  By comparison, the NCES Handbook recommends the following 12 salary Object Codes exclusively for the Instruction function:

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- 111-Salaries of Regular Employees Paid to Teachers
- 112-Salaries of Regular Employees Paid to Instructional Aides & Assistants
- 113-Salaries of Regular Employees Paid to Substitute Teachers
- 121-Salaries of Temporary Employees Paid to Teachers
- 122-Salaries of Temporary Employees Paid to Instructional Aides & Assts.
- 123-Salaries of Temporary Employees Paid to Substitute Teachers
- 131-Salaries of Overtime Employees Paid to Teachers
- 132-Salaries of Overtime Employees Paid to Instructional Aides & Assts.
- 133-Salaries of Overtime Employees Paid to Substitute Teachers
- 151-Additional Compensation Paid to Teachers
- 152-Additional Compensation Paid to Instructional Aides & Assistants
- 153-Additional Compensation Paid to Substitute Teachers

The NCES Handbook provides far more useful descriptors for reporting and analysis for teachers, instructional aides and substitutes.

Some of the object codes in the state chart of accounts are not mutually exclusive. By example, an employee can be a temporary, certified employee. It requires a decision rule to make the decision to charge such an employee's expense to 110-Certified Salary, or to 130-Temporary Employee. Either decision results in losing some potentially significant information because if charged to 110-Certified Salary then you no longer know it was a Temporary Employee; and if you charge it to 130-Temporary Employee then you no longer know that it was for a certified salary. See Exhibit-D, Fox River's question #11 and INDOE's answer for additional explanation.

Fund, Account, Object Code Dimensions:

- **Many "Other"** – Out of a total of 1,533 unique code numbers across the Fund, Account and Object dimensions in the Indiana data file, 345 codes contained descriptors inclusive of the word "other" or "miscellaneous," or 22.5%. The total dollar amount charged to an account that contains the word "other" or "miscellaneous" in any one of its code dimensions for Revenues/Receipts/Credits was $790,656,762 out of a total of $8,201,512,517 in Revenues/Receipts/Credits, or 9.6%. The total amount charged to an account that contains the word "other" or "miscellaneous" in any one of its code dimensions in Expenditures/Transfers/ Debits was $1,374,074,523 out of a total of $9,419,913,714, or 14.6%.

The scope of items charged to code strings containing the word "other" or "miscellaneous" appears larger than ideal. The significance is that these items may not be fully described, and it is difficult to analyze what is not described. Please note, however, many of the items coded "other" or "miscellaneous" in one code dimension have other

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code dimensions that may reasonably describe the nature of the item, or at least enable a user of the data to aggregate the line item into a particular function or program – these line items are not completely unspecified. Greater specificity in all code dimensions, however, could reduce the dollar amount charged to "other" categories.

Observations – Chart of Accounts Coding Structure

The state chart of accounts coding structure in Indiana does not make it easy for school corporations to make fact-based instructional resource allocation decisions. This conclusion is based on the following:

- Program Structure and Specificity – The state chart of accounts does not contain a dedicated Program dimension, and therefore programs cannot be "intersected" with all the other code dimensions to support a detailed level of analysis – i.e. viewing an instructional program by location, by fund, by function, by object. Some of those views exist in the Indiana structure, but not all of them. Chart 5-5, Ideal Chart of Account Code Dimension Intersections, found on the next page, illustrates the full capabilities of how a disciplined code structure can be enhanced using a relational database technology.

Note that Chart 5-5, illustrates that the total for each code dimension in the ideal code structure is only one query away, and that totals for any intersection of data is only one compound query away (the query searches for two code dimension elements). By contrast, the Indiana structure would require extensive querying and/or program coding to generate a report for total General Education, or Title 1, or Special Education programs. See INDOE's answer to Fox River's question #10 in Exhibit-D regarding a "single control" account.

- The implication to not having a "control account" by specific program for each program is that extensive querying or program coding would be necessary to report by program, rather than a simple one or two element query. INDOE's answer to Fox River's question #10 is another indication that the underlying code structure has not been optimized for answering resource allocation questions in a relational database environment.

The illustration for an ideal code structure in Chart 5-5 can be queried using all 5-code dimensions so as to narrow the analysis requested by a user. The query tool should support calculations and reports for the aggregate dollar of expenditures, percent-to-total, and per pupil expenditures at each "intersection" of the code structure.

Some programs are identified in the Indiana Account Code dimension, but this dimension does not follow coding standards that leverage relational database technologies. Because there is not a dedicated Program dimension, there also are no single control accounts that enable a user to view

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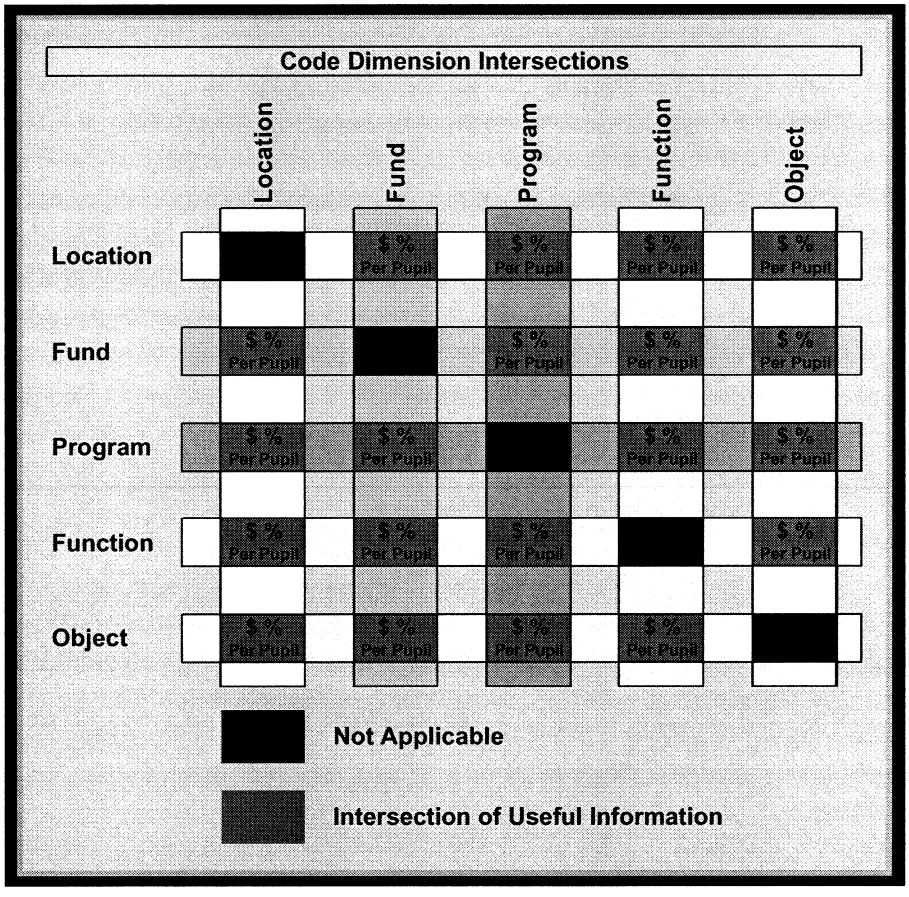
the total expenditures related to a single program without having to write a code-by-code, cross-dimensional ad hoc report every time data are desired – and, it is unlikely that those ad hoc reports would be written consistently by all school corporations.

Valid analyses supporting decision-making for instructional program resource allocations require precise data for all programs of interest, by school, by function, by object, per pupil. School corporations undoubtedly attach a location code to their coding string, but that one addition cannot correct for the blending of programs and functions in the Account Code dimension.

Chart 5-5 – Ideal Chart of Account Code Dimension Intersections



- **Lack of Object Code Specificity** – The Object Code dimension in the Indiana Chart of Accounts when intersected with the Account Code dimension can describe what an expenditure "*usually is*," but lacks sufficient specificity to:

- Identify expenditures related to every teacher who is teaching vs. performing administrative work;
- Differentiate, in some cases, between substitutes and teachers;
- Delineate precisely expenditures for Instructional Aides;
- Identify "additional compensation" and "overtime" by job function for all job functions;
- Differentiate between and among temporary, part-time, and regular full-time employment costs for every functional and programmatic category of employee; and,
- Differentiate explicitly between *General Supplies, Materials and Equipment vs. Instructional Supplies, Materials and Equipment*.

In addition, the state chart of accounts structure complicates the compilation of Federal Reporting. A chart that is more aligned with the NCES chart of accounts could help streamline Federal Reporting processes.

Footnote: Adequacy of the Data for Analysis

Fox River imported the state's fiscal year 2003 data file into In$ite for analysis. In$ite provides a national reporting standard for education expenditures by program and by function. In this phase of analysis, Fox River mapped all 224,116 line items of financial data in DOE's 2003 data file into In$ite's programs and functions. This process provides another basis for evaluating the sufficiency of specificity in the code structure represented in the data file.

Fox River was able to definitively map most, but not all, of the line items in the file to In$ite's 32 detail functions; subject to some subjectivity regarding teachers, substitutes and instructional assistants noted above. Fox River mapped every line item to In$ite's program dimension. However, the structure of the data merges some typical programs together in the area of Title 1/Compensatory Education and Bilingual; and, the data file does not have a specifically delineated General Education program.

The use of In$ite for this state-level analysis limits the traditional use of In$ite as an analytical tool that produces school level data out of a school corporation's general ledger file, even if a district does not currently produce revenue and expenditure reports at the school level. However, the In$ite analysis can be used to view current resource allocations at a state level and later, using school corporation data for further analysis.

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Body of Work Performed

Fox River's analysis included, but was not limited to, the following tasks:

- Obtained state finance data from INDOE for fiscal years 1993, 1998, and 2003;
- Obtained from INDOE school corporation enrollment for 1993, 1998, and 2003;
- Obtained the INDOE Accounting Manual from the INDOE web site;
- Obtained accounting code table descriptions prepared by DOE;
- Imported electronic data into MS Access so it could be reviewed electronically;
- Compared descriptors for the electronic data to those in the Accounting Manual;
- Integrated Accounting Manual descriptors with electronic data in Access;
- Integrated county codes with the Access data file;
- Performed cross-code dimensional reviews of the finance data;
- Compared Indiana data structure to the NCES Handbook data structure;
- Compared data structure to In$ite Functional and Programmatic structures;
- Compared data structure to the best practices of Relational Database use;
- Prepared written questions for DOE; obtained written responses;
- Compared definition of Instruction to NCES Handbook, with examples;
- Compared various practices with those in other state DOEs;
- Imported the 2003 data into In$ite; and,
- Mapped all items to In$ite Programs and Functions as a means to evaluate the adequacy of data specificity.

What is the Significance of a State Chart of Accounts?

Fox River frequently asks the question above of senior staff at State DOEs. The two most frequent answers are:

- The chart serves the needs of the DOE for reporting to the state legislature and the public; or,
- The chart is used to satisfy DOE's fiduciary responsibility to exercise fiscal accountability over school districts/corporations.

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While both of the above statements are accurate, they both disregard today's greatest need to develop a DOE mandatory chart of accounts and coding structure that allows all of the school corporations in the state to perform fact-based, resource allocation decisions.

As it stands, in Indiana, the fundamental account code structure for the state chart of accounts was modeled after a national 1973 standard. The account code classifications within the underlying account code structure were updated by INDOE in 2003.

The *compliance-based* reporting methodologies of State DOEs from the past 40 years are not meeting the *performance-based* student, political and policy needs of today or tomorrow. Upward-focused compliance reporting to state legislators by DOEs does not address the need to advance performance-based tools; methodologies and reporting as a means to assist school districts/corporations improve student performance.

The ideal goal is to promote a system across a whole state that enables school corporations to make frequent, fact-based resource allocation decisions as a standard operating procedure in-house. It is not efficient, nor effective for school personnel to rely on periodic analyses performed and reported by the State or other external stakeholders. This approach respects local control, respects the state DOE, and assures that finite resources can be redeployed as needed to meet growing student needs in such a manner as to optimize teaching and learning.

About the NCES Handbook

This document references the accounting handbook maintained by the National Center for Education Statistics (NCES), entitled *Financial Accounting for Local and State School Systems, 2003 Edition* (NCES Handbook). While no federal mandate exists to use the NCES Handbook, it is held up as a lighthouse model of sound accounting practices for school districts/corporations and state use. The NCES Handbook is an authoritative source for education accounting treatment and for the integration of appropriate account code structure with current technologies, such as common relational database uses.

Although the NCES Handbook provides the framework for an effective account coding structure, its intent and design in the November 2003 release was not specified in order to support resource allocation decisions. It is expected that each state will complete the framework specification and necessary processes to meet state needs, inclusive of the need to support decision-making.

Relational Database Theory Applied to K-12 Education Accounting

Revenue and expenditure coding in K-12 education accounting ideally consists of five primary descriptive code dimensions: location, fund, program, function and object. Each expenditure and

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revenue event is described using all five coding dimensions. Transaction events are summarized into general ledger accounts to the level of the unique combination of the five codes that the account code string consists of, i.e. location-fund-program-function-object-amount. The actual code number for each code dimension usually ranges from one digit to six digits. In the typical relational database the general ledger file consists of only the code numbers, and code tables are used to relate the number to a label description for each instance of code. The five dimensions of the code are:

- Location Codes, Fund Codes, Program Codes, Function Codes and Object Codes

Revenue items are treated very much in the same way as expenditure items for coding purposes. For the sake of simplicity, the following discussion refers only to expenditure items.

Each of the five code dimensions should adhere to the following strict rules:

- **100% of Dollars** – Each dimension should contain descriptive codes for 100% of the dollars in a financial file. If each coding dimension were totaled, they would each equal 100% of the total dollars in the financial file.

- **Of-Like-Kind** – The "location" code dimension should contain numerous instances of locations and nothing else. The fund code dimension should contain only funds; the program dimension only programs; the function dimension only functions; and the object dimension only objects. This assures that the various dimensions of codes can be intersected with all other dimensions to obtain a well-specified, meaningful result.

- **Mutually Exclusive** – No item of expenditure should classify as meeting two or more instances of codes within a single dimension. Said differently, the codes should be defined so that no line item of expenditure meets two different definitions within the same code dimension. By example, in the function dimension Student Health & Services is not also Instruction. In the object code dimension, for example, there should not be a "Temporary Salary" code and a "Certified Salary" code if it is possible that a certified employee can work temporary hours (those two would not then be mutually exclusive). When code dimensions are not mutually exclusive, business rules outside of the accounting system are required to determine which of two or more code descriptions should be charged for an expenditure.

- **Normalized** – In the field of relational databases, the word "normalized" means in simple terms that code descriptions should not have to be repeated for different code numbers within the accounting structure. It means that a fully normalized database structure is set up with various tables for defined dimensions and code table descriptions in such a way that it is not necessary, for example, to repeat a location ed level like "Elementary" as a description attached to more than one code number. When a code

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dimension structure contains dimensions that are not "Of-Like-Kind" and "Mutually Exclusive," it is likely that the data structure is also not "normalized."

As a practice, normalization cannot be applied absolutely. For various practical reasons, most relational database structures include some duplication of descriptors. A slightly non-normalized structure can be more practical than a fully normalized structure. However, a highly non-normalized data structure in a relational system is probably a sign that the accounting data structure is not consistent with, and does not leverage the capabilities of, the relational database technology in which it resides.

- **Few "Other"** – The primary purpose of a chart of accounts and related general ledger is to identify expenditures at the point of entry into a financial system. It is always a practical necessity to include some "other" or "miscellaneous" code descriptions for school districts/corporations to use for unanticipated transactions. However, the amount of dollars charged to "other" and "miscellaneous" categories should be kept to a minimum, because little accountability can exist for "other" categories.

Location Codes identify the location charged for the expenditure. If the location is a school, it is also related to an education level (Elementary, Middle/Junior High, High School, Alternative School, Other School, or Non-School). The non-school education level is for central district/corporation expenditures not charged to schools. A natural roll-up of the location code occurs by education level and by all schools vs. non-school expenditures.

Fund Codes identify the accounting fund to which the expenditure relates. School districts/corporations utilize fund accounting. The fund describes the source of money used for the expenditure.

Program Codes identify the instructional program to which an expenditure was charged. An instructional program is a plan of activities and procedures designed to accomplish a predetermined objective or set of learning objectives. In most cases, programs are characterized by being applied to a sub-set of the student population – e.g. the incremental costs of a bilingual program are applied to the sub-set of bilingual students; the incremental costs of a special education pull-out program are applied to the sub-set of special education students. General Education is the one program whose costs apply to all students, except in the case where special education or another program is "self-contained" (meaning a full-time dedicated special education school where students do not also take a seat in the general education classrooms).

Function Codes describe the activity for which a service or material object is acquired. Where program codes describe activities related to instructional activities applied to students; function codes tend to describe the activities related to staff in a school system. By example, Guidance & Counseling, Transportation and Instruction are functions.

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Object Codes describe the service or commodity obtained as the result of a specific expenditure. They describe the "object" that was acquired – inclusive of things and services.

The translation of the above accounting characteristics to relational database technologies is rather simple and direct. An account code for an expenditure will consist of the five code dimension instances and an amount for the expenditure similar to the following four records in an expenditure data file:

Location	Fund	Program	Function	Object	Amount
VV1	WW1	XX1	YY1	ZZ1	$A.AA
VV2	WW2	XX2	YY2	ZZ2	$AA.AA
VV3	WW3	XX3	YY3	ZZ3	$AAA.AA
VV4	WW4	XX4	YY4	ZZ4	$A,AAA.AA

Each of the descriptor codes in the expenditure file is related to a code table file, which attaches a description to each descriptor code, as follows:

Location Code Table	
VV1	Washington Elementary
VV2	District Central Office
VV3	Jefferson High School
VV4	Jefferson High School

Fund Code Table	
WW1	Title 1 Fund
WW2	General Fund
WW3	Special Education Fund
WW4	General Fund

Program Code Table	
XX1	Title 1/Compensatory Ed Program
XX2	General Education Program
XX3	Special Education Program
XX4	Special Education Program

Function Code Table	
YY1	Guidance & Counseling
YY2	Business Operations
YY3	Instructional Teachers
YY4	Pupil-Use Technology

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Object Code Table	
ZZ1	Secretary Salary
ZZ2	Copy Machine Toner
ZZ3	Teacher Salary
ZZ4	Computers

From the above you can see that the fourth record was expended from the general fund for computers at Jefferson High School supporting the pupil-use technology function in the special education program.

A chart of accounts and general ledger for the state and in school corporations should be able to stand on its own. That is, it should be fully descriptive of the accounting transactions without requiring a reviewer to have to ask a person what the business rules are to either clarify a description, or to clarify a choice based on business rules not inherent in the structure of the coding. This is the primary, simplistic purpose of a chart of accounts and general ledger – to describe all financial transactions without having to go ask a person for additional business rules outside of the general ledger.

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October 2004

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Research Reference A – FTE per 1,000 Analysis

FTE's Per 1,000 Students -- Fall 2000

Enrollment:	
U.S.	**47,222,778**
Indiana	**989,225**

SOURCE: NCES Tables #38 and #81 at:
http://nces.ed.gov/programs/digest/d02/tables

	School District Staff			School Staff							
	Officals & Administrators	Administrative Support	Instructional Coordinators	Principals & Asst. Principals	School Library & Support Staff	Teachers	Instructional Aides	Guidance Counselors	Librarians	Student Support Staff	Other Support Services Staff
Full-Time Equivalent (FTE) Staff:											
U.S. FTE	58,891	161,676	40,664	141,407	264,273	2,952,991	642,294	97,369	54,281	170,044	1,142,932
%-To-Total	1.0%	2.8%	0.7%	2.5%	4.6%	51.6%	11.2%	1.7%	0.9%	3.0%	20.0%
Subtotal	261,231			4,152,615						170,044	1,142,932
Grand Total	5,726,822										
Indiana FTE	942	676	1,533	2,946	8,291	59,226	17,708	1,832	1,063	1,971	30,646
%-To-Total	0.7%	0.5%	1.2%	2.3%	6.5%	46.7%	14.0%	1.4%	0.8%	1.6%	24.2%
Subtotal	3,151			91,066						1,971	30,646
Grand Total	126,834										
FTE per 1,000 Students:											
U.S	**1.2**	**3.4**	**0.9**	**3.0**	**5.6**	**62.5**	**13.6**	**2.1**	**1.1**	**3.6**	**24.2**
Subtotal	**5.5**			**87.9**						**3.6**	**24.2**
Grand Total	**121.3**										
Indiana	**1.0**	**0.7**	**1.5**	**3.0**	**8.4**	**59.9**	**17.9**	**1.9**	**1.1**	**2.0**	**31.0**
Subtotal	**3.2**			**92.1**						**2.0**	**31.0**
Grand Total	**128.2**										

Research Reference B – NCES Enrollment Table 38

- Download this table as a Microsoft Excel spreadsheet (121 kb).
- Download this table as a Lotus 123 spreadsheet (49 kb).
- Download this table in PDF format (25 kb).

Table 38. Enrollment in public elementary and secondary schools, by grade and state: Fall 2000
(This is Part 1 of this table | Go to Part 2)

State or other area	Total, all levels	Prekinder			
		Total	Prekinder-garten\1\	Kinder-garten	Grade 1
1	2	3	4	5	6
United States	\2\47,222,778	33,708,832	795,597	3,381,629	3,634,72
Alabama	\2\ 740,176	538,818	\2\ 11,020	55,112	59,66
Alaska	133,356	94,442	1,210	9,677	9,78
Arizona	877,696	640,566	2,037	68,347	74,49
Arkansas	449,959	318,025	2,001	33,941	34,54
California	\2\ 6,142,348	4,409,365	\2\ 91,453	459,771	487,05
Colorado	724,508	516,568	15,377	51,039	55,14
Connecticut	562,179	406,445	10,484	41,570	44,34
Delaware	114,676	80,801	706	7,691	9,23
District of Columbia .	68,925	53,686	4,289	5,357	6,25
Florida	2,434,821	1,759,902	55,120	175,812	186,70
Georgia	1,444,937	1,059,983	32,248	110,960	114,04
Hawaii	184,360	132,293	840	14,071	14,98
Idaho	245,117	170,421	2,174	17,093	18,09
Illinois	2,048,792	1,473,939	60,712	147,619	161,14
Indiana.....	989,225	703,252	5,567	70,727	78,78
Iowa	495,080	333,804	5,797	33,977	33,94
Kansas	470,610	323,227	2,263	30,392	34,13
Kentucky	665,850	471,624	15,892	48,064	\3\ 51,34
Louisiana	743,089	546,575	16,210	55,293	60,40
Maine	207,037	145,709	1,062	13,769	14,56
Maryland	852,920	609,093	20,031	56,073	63,75
Massachusetts	975,150	702,575	19,938	70,647	70,59
Michigan	\2\ 1,743,337	1,255,789	\2\ 25,956	126,906	128,12
Minnesota	854,340	577,766	9,300	58,963	59,41
Mississippi	497,871	363,907	1,682	37,373	41,46
Missouri.....	912,744	644,803	17,980	63,634	66,04
Montana	154,875	105,226	537	10,129	10,95

Nebraska	286,199	195,486	4,900	20,210	20,38
Nevada	340,706	250,721	1,888	26,445	28,41
New Hampshire	208,461	147,124	1,879	9,188	16,33
New Jersey	1,307,828	952,628	21,931	89,717	99,88
New Mexico	320,306	224,879	3,090	22,065	24,20
New York	2,882,188	2,029,456	39,062	194,673	217,65
North Carolina	1,293,638	945,470	8,722	101,049	106,29
North Dakota	109,201	72,421	701	7,146	7,61
Ohio	1,835,049	1,293,646	22,988	128,640	139,80
Oklahoma	623,110	445,409	23,475	42,979	50,03
Oregon	546,231	379,283	686	37,739	40,20
Pennsylvania	1,814,311	1,257,824	2,479	119,318	134,81
Rhode Island	157,347	113,545	1,055	10,521	12,52
South Carolina	677,411	493,226	17,340	47,277	52,05
South Dakota	128,603	87,838	967	8,989	9,07
Tennessee	\2\ 909,388	668,350	\2\ 13,539	70,351	72,70
Texas	4,059,619	2,943,047	145,771	294,217	320,75
Utah	481,687	333,353	6,418	36,039	35,87
Vermont	102,049	70,320	2,371	6,511	7,05
Virginia	1,144,915	815,748	7,263	82,585	89,07
Washington	1,004,770	694,367	7,283	68,531	73,52
West Virginia	286,367	201,199	6,152	20,937	21,28
Wisconsin	879,476	594,740	23,751	56,507	59,96
Wyoming	89,940	60,148	(\4\)	5,988	6,15
Bureau of Indian Affairs	46,938	35,746	(\4\)	4,209	4,12
Department of Defense dependents schools:					
Overseas schools	73,581	59,299	1,846	6,892	7,13
Domestic schools	34,174	30,697	3,357	4,068	3,87
Outlying areas					
American Samoa	15,702	11,895	1,369	1,038	1,25
Guam	32,473	23,698	570	2,596	2,76
Northern Marianas	10,004	7,809	579	589	85
Puerto Rico	612,725	445,463	1,139	42,957	49,80
Virgin Islands	19,459	13,906	(\4\)	1,189	1,39

---Not available.

\1\Data include imputations for nonrespondents.
\2\Includes imputations for underreporting.
\3\Data disaggregated from reported data.
\4\No prekindergarten pupils reported.

NOTE: Allocation of ungraded students to elementary and secondary levels based on proportions derived from prior years.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data survey. (This table was prepared February 2002.)

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- JUST RELEASED! The High School Sophomore Class of 2002
- REMINDER! Ed Finance Training Registration Deadline April 27

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Institute of Education Sciences, U.S. Dept. of Education
(map) *1990 K Street, NW, Washington, DC 20006, USA, Phone: (202) 502-7300*

Research Reference C – NCES FTE Table 81

- Download this table as a Microsoft Excel spreadsheet (91 kb).
- Download this table as a Lotus 123 spreadsheet (34 kb).
- Download this table in PDF format (17 kb).

Table 81. Staff employed in public school systems, by type of assignment and state: Fall 2000 [In full-time equivalents]

State or other area	Total	School district staff			School staff				
		Officials and administrators	Administrative support staff	Instruction coordinators	Principals and assistant principals\1\	School and library support staff	Teachers	Instructional aides	Guidance counselors
1	2	3	4	5	6	7	8	9	10
United States\2\	5,726,822	58,891	161,676	40,664	141,407	264,273	2,952,991	642,294	97,3
Alabama\3\	89,823	1,203	1,292	484	3,294	2,507	48,199	6,738	1,6
Alaska\4\	15,988	239	659	139	739	933	7,880	2,197	2
Arizona	90,115	393	842	153	2,008	8,684	44,438	12,391	1,1
Arkansas	61,917	671	844	299	1,617	1,531	31,947	6,061	1,4
California\3\	539,301	2,599	20,200	6,342	13,009	34,462	298,064	63,852	6,3
Colorado	82,827	882	2,547	816	2,200	4,536	41,983	9,124	1,2
Connecticut	82,107	1,201	1,823	422	2,063	3,623	41,044	10,954	1,2
Delaware	12,618	268	315	135	349	448	7,471	928	2
District of Columbia ...	10,712	15	25	12	267	1,012	4,949	1,154	2
Florida	276,421	1,736	15,209	759	6,332	13,762	132,030	30,582	5,4
Georgia	184,867	1,726	2,033	1,205	4,573	8,725	91,044	21,612	3,0
Hawaii	18,352	136	250	445	475	746	10,927	1,316	6
Idaho	24,386	121	535	266	715	1,043	13,714	2,518	5

Illinois\5\	250,643	3,887	6,758	2,084	5,812	11,976	127,620	31,036	2,9
Indiana	126,834	942	676	1,533	2,946	8,291	59,226	17,708	1,8
Iowa	67,765	1,112	743	419	2,119	4,702	34,636	8,307	1,2
Kansas	64,152	1,234	1,123	106	1,755	2,713	32,742	6,902	1,1
Kentucky	89,674	486	2,808	141	1,856	1,986	39,589	14,487	1,3
Louisiana	101,201	319	834	1,212	2,611	3,292	49,916	10,945	3,0
Maine	33,305	527	711	162	902	1,434	16,559	5,434	6
Maryland	96,504	1,049	1,223	1,198	3,058	3,943	52,433	8,849	2,0
Massachusetts	122,481	1,817	3,782	1,159	3,083	4,980	67,432	15,667	2,3
Michigan	210,481	2,085	3,264	1,007	5,394	8,898	97,031	24,596	3,1
Minnesota\6\	103,570	1,973	2,604	509	1,871	4,963	53,457	15,283	1,0
Mississippi	64,723	980	1,693	594	1,686	2,334	31,006	8,652	9
Missouri	121,614	1,223	7,972	828	2,967	5,032	64,739	10,530	2,6
Montana\5\	19,512	152	511	159	502	905	10,411	2,346	4
Nebraska	39,925	543	745	347	972	1,586	20,983	4,277	7
Nevada	31,192	223	743	102	908	1,394	18,294	2,174	6
New Hampshire	28,055	439	614	175	540	943	14,341	5,056	7
New Jersey	186,523	1,375	7,235	2,994	4,737	9,876	99,718	19,785	3,1
New Mexico	44,980	1,616	1,735	581	984	2,453	21,043	5,102	7
New York	416,236	2,925	26,337	1,920	7,668	7,063	206,961	40,618	6,0
North Carolina	162,431	1,547	56	817	4,551	32	83,680	27,447	3,3
North Dakota	15,115	457	169	98	406	521	8,141	1,716	2
Ohio	222,961	5,753	10,917	459	5,112	14,714	118,361	14,862	3,4
Oklahoma	75,148	728	1,938	173	2,023	3,443	41,318	6,366	1,5
Oregon	56,168	838	1,640	301	1,631	3,708	28,094	8,106	1,2
Pennsylvania	223,935	1,537	6,158	1,441	4,392	10,956	116,963	22,508	4,0
Rhode Island	17,737	155	475	53	338	916	10,646	2,295	2
South Carolina\5\	85,584	258	2,234	561	2,862	3,960	45,380	10,262	1,6
South Dakota	18,072	454	349	369	426	569	9,397	2,280	3
Tennessee	113,272	1,092	2,540	981	4,188	5,209	61,233	12,532	1,8
Texas	542,791	2,844	3,034	1,288	13,550	28,835	274,826	55,468	9,4
Utah	40,717	106	827	599	956	2,284	22,008	5,426	6
Vermont	17,772	143	347	292	421	799	8,414	3,928	3
Virginia\3\	167,074	4,264	4,828	1,699	3,901	6,621	91,560	16,096	3,3
Washington	97,636	1,132	2,405	801	2,692	4,959	51,098	10,375	1,9
West Virginia	38,549	358	1,847	339	1,077	375	20,930	3,018	6
Wisconsin	109,104	937	2,833	1,505	2,529	4,829	62,332	10,696	2,0

Wyoming	13,952	191	394	181	340	767	6,783	1,732	3
Bureau of Indian Affairs	---	---	---	---	---	---	---	---	-
Department of Defense dependents schools:									
Overseas schools	7,736	44	33	83	269	681	5,105	531	2
Domestic schools	4,055	31	34	70	118	302	2,400	417	1
Outlying areas									
American Samoa	1,639	34	49	35	63	104	820	127	
Guam	3,836	21	180	125	51	541	1,975	693	
Northern Marianas	1,047	9	67	6	28	42	526	216	
Puerto Rico	69,188	1,721	59	397	1,399	4,685	37,620	236	8
Virgin Islands	2,899	79	133	19	86	82	1,511	307	

---Not available.
\1\Includes administers such as department chairpersons.
\2\Includes imputations for undercounts in designated states.
\3\Includes imputations for prekindergarten teachers.
\4\Includes imputations for instructional coordinators.
\5\Includes imputations for instructional aides and all support staff.
\6\Includes imputations for administrative support staff.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data survey; and unpublished estimates. (This table was prepared February 2002.)

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National Center for Education Statistics
Institute of Education Sciences, U.S. Dept. of Education
(map) *1990 K Street, NW, Washington, DC 20006, USA, Phone: (202) 502-7300*

Research Reference D – AFT Press Release Salary Survey

A Union of Professionals

AFT News Release

Embargoed for a.m. Release
July 11, 2003, 12:01 a.m.

Contact:
Public Affairs
202/879-4458

American Federation of Teachers, AFL-CIO

AFT Teachers
AFT PSRP
AFT Higher Education
AFT Public Employees
AFT Healthcare

Public Affairs Department
555 New Jersey Ave. N.W.
Washington, DC 20001
T: 202/879-4458
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www.aft.org

INDIANA RANKS 16TH IN AVERAGE TEACHER SALARY
AFT Releases Annual State-By-State Teacher Salary Survey

WASHINGTON – Indiana ranked 16th in the nation for its average teacher for the 2001-02 school year, according to the latest American Federation of Teachers state-by-state teacher salary survey released today.

Indiana's average teacher salary for 2001-02 was $44,609, up 3.0 percent from the previous year. The state ranked 26th for its average beginning teacher salary, which was $28,440, up 2 percent from the previous year. The report, which covers the 50 states and the District of Columbia, is based on the most recent data available.

The U.S. average teacher salary for the 2001-02 school year was $44,367. The average beginning teacher salary was $30,719. Nationally, the AFT salary survey found that improved beginning teacher salaries and a depressed job market have helped alleviate the teacher shortage. But the good news is tempered by the report's finding that overall salary growth has been slowed because of state fiscal crises.

"Thanks to better starting salaries, the shrinking teacher shortage should help reduce class sizes. But we can't afford to ignore and lose experienced teachers, whose salaries are not showing much improvement," said AFT President Sandra Feldman.

Indiana ranked 16th nationally and third regionally for its average teacher salary. Here are the national rankings for the other Great Lakes states: Michigan was second at $52,497; Illinois was ninth at $49,679; Ohio was 18th at $44,266; Minnesota was 21st at $42,175; and Wisconsin was 24th at $41,056.

The AFT report also found that the shortage of teachers for all subjects in 2002 dropped to 1999 levels. However, considerable shortages still remain for math, physics, chemistry, earth science, biology and Spanish-language teachers. At the other end of the spectrum, there was an oversupply of physical education teachers. The report found a balanced supply and demand for elementary school teachers.

# # #

The AFT represents more than 1.2 million pre-K through 12th-grade teachers, paraprofessionals and other school-related personnel, higher education faculty, nurses, healthcare workers, and federal, state and local government employees.

Research Reference E – AFT Teacher Salary Survey

The file containing this paper is protected and it could not be inserted as part of this document. It is available at http://www.aft.org/research/survey02/SalarySurvey02.pdf.

Research Reference F – Employer Costs for Employee Compensation (Bureau of Labor Statistics)

U.S. Department of Labor
Bureau of Labor Statistics
Bureau of Labor Statistics Data

Change Output Options: From: 1993 To: 2003 GO

More Formatting Options

Data extracted on: April 22, 2004 (1:14:51 PM)

Employer Costs for Employee Compensation

Series Id: CCU330000100000D
Compensation Component: Total benefits
Employer/Employee Charac.: All workers
Sector: State and local government

Year	Period	Cost of compensation (Cost per hour worked)	Percent of total compensation
1993	Annual	7.44	30.4
1994	Annual	7.71	30.5
1995	Annual	7.56	30.4
1996	Annual	7.77	30.2
1997	Annual	7.97	30.0
1998	Annual	8.10	29.7
1999	Annual	8.22	29.4
2000	Annual	8.48	29.2
2001	Annual	8.73	29.0
2002	Qtr1	9.15	29.2
2002	Qtr2	9.20	29.5
2002	Qtr3	9.49	29.8
2002	Qtr4	9.63	29.8
2003	Qtr1	9.77	30.0
2003	Qtr2	9.85	29.9
2003	Qtr3	10.20	30.3
2003	Qtr4	10.35	30.5

U.S. Bureau of Labor Statistics
Postal Square Building
2 Massachusetts Ave., NE
Washington, DC 20212-0001

Phone: (202) 691-5200
Fax-on-demand: (202) 691-6325
Data questions: **blsdata_staff@bls.gov**
Technical (web) questions: **webmaster@bls.gov**
Other comments: **feedback@bls.gov**

Research Reference G – ASBO Survey Press Release

March 3, 2004 **FOR IMMEDIATE RELEASE**

For additional information, contact Siobhan McMahon,
ASBO International, 703/708-7076

Rising Health Costs Hit School Maintenance, Tech and Teacher Budgets

School business officials say the cost of employee health insurance has risen so sharply that it has adversely hit their budgets—so much so that they've trimmed spending on building maintenance, teaching positions, technology upgrades and professional development for teachers.

The information comes from administrators across the country who belong to the Association of School Business Officials International (ASBO) in Reston, VA and who replied to a recent on-line survey. A vast majority (95%) agrees that the cost of health insurance in their district is a bigger problem now than ever before. Over 90% place the blame on the basic cost of health insurance.

More than 650 U.S. members responded to an ASBO survey on health care issues, and their answers highlight a financial crisis affecting already hard hit school systems struggling to meet, along with other existing fiscal pressures, new federal accountability requirements under the No Child Left Behind Act.

Of those responding to the survey:

- Almost half (49.8%) spend 9% or more of their operations budget on health insurance. Another 30% spend between 6% and 8%.
- More than half (55%) replied that the amount spent on health benefits had gone up more than 21% over the last three years; 17% said costs had risen a startling 40% or more.
- Almost 62% indicated that the rising cost of health insurance has had some negative effect on their ability to implement the No Child Left Behind Act.
- More than half indicated they reduced their building maintenance budget because of the rising cost of health insurance; 43% cut back on teaching positions and another 40% have trimmed technology upgrades and professional development for teachers.

"The significant increase in the cost of health insurance over the last few years has been felt nationally. We know about its impact on our own pocketbooks. But the public often doesn't realize this hits our schools hard economically and affects educational quality," said ASBO President William R. Fellmy, Ph.D. Fellmy is Deputy Superintendent of the Metropolitan School District of Washington Township, Indianapolis, Indiana.

According to ASBO Executive Director, Anne Miller, showing policy-makers the relationship between the rising cost of health insurance and the allocation of education resources could inspire positive action that would result in bringing the cost of health insurance under control.

ASBO International is a professional organization of 6,000 school business officials employed in public and private schools, as well as community and junior colleges and state departments of education. Members include non-instructional employees at the local, state and national levels from specialized areas in school business management, as well as the generalized field of school business administration.

The survey report can be accessed by visiting:
http://www.surveymonkey.com/Report.asp?U=37125730944

Research Reference H – ASBO Survey

Results Summary

Export...

Filter Results

To analyze a subset of your data, you can create one or more filters.

Add Filter... **Total:** 680
Visible: 680

1. Questions 1-3 of 13

1. Please select the state where you work.

	Response Percent	Response Total
Alabama	0.3%	2
Alaska	1.3%	9
Arizona	3.6%	24
Arkansas	0.7%	5
California	1.8%	12
Colorado	1.3%	9
Connecticut	1.6%	11
Delaware	0.1%	1
District of Columbia	0%	0
Florida	1.6%	11
Georgia	0%	0
Hawaii	0%	0
Idaho	1.2%	8
Illinois	7.9%	53
Indiana	3%	20
Iowa	3.6%	24
Kansas	2.2%	15
Kentucky	0.4%	3
Louisiana	0.9%	6
Maine	1.2%	8
Maryland	0.6%	4
Massachusetts	2.7%	18
Michigan	5.8%	39
Minnesota	3%	20
Mississippi	0.6%	4

Missouri	3.1%	21
Montana	1.2%	8
Nebraska	1%	7
Nevada	0.4%	3
New Hampshire	1.2%	8
New Jersey	5.8%	39
New Mexico	0.4%	3
New York	**11.4%**	**77**
North Carolina	0.4%	3
North Dakota	0.1%	1
Ohio	3.3%	22
Oklahoma	1.5%	10
Oregon	0.9%	6
Pennsylvania	6.5%	44
Rhode Island	0.4%	3
South Carolina	0.4%	3
South Dakota	1%	7
Tennessee	0.3%	2
Texas	3.3%	22
Utah	1.5%	10
Vermont	0.7%	5
Virginia	2.8%	19
Washington	1.3%	9
West Virginia	0%	0
Wisconsin	4.3%	29
Wyoming	1.2%	8
	Total Respondents	**675**
	(skipped this question)	**5**

2. What percentage of your operations budget are you spending on health insurance for your employees this school year?

	Response Percent	Response Total
0-2%	3.7%	24
3-5%	17.2%	111
6-8%	29.9%	193
9-12%	**34.4%**	**222**

More than 12%	14.7%	95
	Total Respondents	**645**
	(skipped this question)	**35**

3. How does the amount spent this year on employee health benefits differ when compared to the amount spent 3 years ago?

	Response Percent	Response Total
Lower	0.9%	6
Same	5.1%	33
1-10 percent higher	18.6%	120
11-20 percent higher	20.4%	132
21-30 percent higher	**22.9%**	**148**
31-40 percent higher	15.5%	100
over 40 percent higher	16.6%	107
	Total Respondents	**646**
	(skipped this question)	**34**

2. Questions 4-5 of 13

4. Consider this statement: The cost of health insurance in my district is a bigger problem now than ever before.

	Response Percent	Response Total
Strongly agree	**64.8%**	**417**
Agree	30.1%	194
Disagree	3.4%	22
Strongly disagree	1.7%	11
	Total Respondents	**644**
	(skipped this question)	**36**

5. If the rising cost of health insurance is a concern in your district, what do you feel is driving this increase in your district? Please check all that apply.

	Response Percent	Response Total
Increased population	13.2%	85
Higher experience rating	37.6%	242
Union contract	28%	180
Basic cost of health insurance	**90.7%**	**584**
Change of insurance plans	3%	19

Other (please specify)	21.1%	136
	Total Respondents	**644**
	(skipped this question)	**36**

3. Questions 6-10 of 13

6. Which areas of your budget have been reduced because of the rising cost of health insurance? (Please check all areas that apply.)

	Response Percent	Response Total
Textbook purchases	26.7%	150
Professional Development for teachers	39.9%	224
Student field trips	23.5%	132
After school programs (academic)	15.5%	87
Athletics	15.5%	87
The arts	14.4%	81
Teaching positions	43.4%	244
School building maintenance	**50.2%**	**282**
Tutors	5.9%	33
Student transportation	11.6%	65
Technology upgrades	43.4%	244
Food services	1.1%	6
Risk management / safety	6.2%	35
Paraprofessionals	31.5%	177
Other	30.2%	170
	Total Respondents	**562**
	(skipped this question)	**118**

7. Please indicate the most appropriate statement for your district.

	Response Percent	Response Total
The rising cost of health insurance has not had any effect on our ability to implement NCLB.	**37.8%**	**227**
The rising cost of health insurance has had some negative effect on our ability to implement NCLB.	30.3%	182
The rising cost of health insurance has had a moderately negative effect on our ability to implement NCLB.	20.3%	122
The rising cost of health insurance has had a significantly negative effect on our ability to implement NCLB.	11.6%	70

Total Respondents	**601**
(skipped this question)	**79**

8. Do your district employees have to pay a portion of their health insurance?

	Response Percent	Response Total
Yes	**66.9%**	**420**
No	33.1%	208
Total Respondents		**628**
(skipped this question)		**52**

9. If you answered yes to question 8, what percentage of the total cost do school district employees pay this year for their individual health insurance?

	Response Percent	Response Total
0	7.6%	34
1-10 percent	**43.8%**	**197**
11-20 percent	23.6%	106
21-30 percent	13.6%	61
31-40 percent	6.2%	28
41-50 percent	3.1%	14
Greater than 50 percent	2.2%	10
Total Respondents		**450**
(skipped this question)		**219**

10. Does your district compensate employees not using district health insurance plans?

	Response Percent	Response Total
Yes	35.5%	223
No	**64.5%**	**406**
Total Respondents		**629**
(skipped this question)		**51**

4. Questions 11-13 of 13

11. Whom do you rely on for health insurance advice?

	Response Percent	Response Total
Brokers / Benefits Managers	**69.9%**	**431**
Associations	29.5%	182

Other (please specify)	24.8%	153
	Total Respondents	**617**
	(skipped this question)	**63**

12. In the past 3 years, has your district taken any innovative steps to improve the management of health insurance costs?

	Response Percent	Response Total
Yes	39.8%	249
No	**60.2%**	**377**
	Total Respondents	**626**
	(skipped this question)	**54**

13. If you answered yes to question 12, would you be interested in sharing your successes with other ASBO members (such as writing an article, serving on a panel, etc.) (If you answer yes, please complete contact information after question 13.)

	Response Percent	Response Total
Yes	21.4%	56
No	**78.6%**	**206**
	Total Respondents	**262**
	(skipped this question)	**397**

5. Contact Information (Optional)

14. Full Name:

Total Respondents	**303**
(skipped this question)	**377**

15. School District / Company:

Total Respondents	**301**
(skipped this question)	**379**

16. Street Address:

Total Respondents	**298**
(skipped this question)	**382**

17. City / State

Total Respondents	**299**

(skipped this question)	**381**

18. Zip Code

Total Respondents	**297**
(skipped this question)	**383**

19. Telephone:

Total Respondents	**284**
(skipped this question)	**396**

20. Email address:

Total Respondents	**282**
(skipped this question)	**398**

Research Reference I – NYCDOE Children First FAQs

NYC Department Of Education

Joel I. Klein, Chancellor

Thursday, April 01, 2004

Frequently Asked Questions

FREQUENTLY ASKED QUESTIONS

QUESTIONS ABOUT THE REORGANIZATION OF THE SCHOOL SYSTEM

QUESTIONS ABOUT THE BUDGET ALLOCATION PROCESS

QUESTIONS ABOUT **PARENT SERVICES AND ENGAGEMENT**

QUESTIONS REGARDING THE NEW SYSTEM-WIDE INSTRUCTIONAL APPROACH TO **READING, WRITING AND MATHEMATICS**

QUESTIONS ABOUT THE SCHOOLS THAT WILL CONTINUE WITH THEIR CURRENT INSTRUCTIONAL PROGRAMS IN LITERACY AND MATH

QUESTIONS ABOUT PROFESSIONAL DEVELOPMENT

QUESTIONS ABOUT THE **LEADERSHIP ACADEMY**

QUESTIONS ABOUT NO CHILD LEFT BEHIND

QUESTIONS ABOUT THE REORGANIZATION OF THE SCHOOL SYSTEM:

What is the new management structure of the school system?

The new streamlined structure reorganizes all aspects of the school system to focus squarely on instruction and to support the goal of improving student achievement in all the City's schools. The reorganization reflects this focus and drives resources where they should be – into the schools.

The school system is now organized into 10 Regions across the city – each of which covers approximately 120 schools. Each Region contains 2, 3 or 4 Community School Districts, as well as the high schools located within their geographic boundaries.

The Regions are led by ten Regional Superintendents who, together, function as the senior instructional management team for the school system and report directly to Deputy Chancellor for Teaching and Learning Diana Lam.

Each Region has a Learning Support Center which houses the instructional leadership team for the Region as well as a full

service Parent Support Office. The Learning Support Centers in the three largest Regions also have satellite offices that house Parent Support Offices. Six of the Learning Support Centers house Regional Operations Centers, which provide operational support to schools.

Within each Region, the Regional Superintendent supervises approximately 10 to 12 Local Instructional Superintendents ("LIS's"), each of whom has supervisory responsibility for a network of about 10 to 12 schools and principals. The LIS's will provide schools in their networks with instructional leadership and will support principals and their teachers in implementing the new instructional approach and improving the quality of teaching and learning in their schools. Principals within each network will report directly to the Local Instructional Superintendent assigned to lead that network. Under the new structure, each school will receive greater individualized support and supervision.

In addition, 32 of the 113 LIS's are designated as Community School District Superintendents while continuing to serve as LIS's. The Community School District Superintendents fulfill the reorganization's commitment to linking the new management structure with the Community School Boards. These 32 LIS's each oversee a community school district office that currently will be staffed with one District Parent Support Officer and one clerical worker. The Community School District Superintendent will fulfill all statutory duties, including acting as a liaison to the Community School Boards. The district office will provide access within the district to all parents to answer questions on school admissions' standards, special programs, and other issues raised by parents. Parent support services will be coordinated with Parent Support Offices in the Learning Support Centers and the Parent Coordinators located on-site in schools. The Community School District Superintendent will have space in both the Learning Support Center servicing his or her Region and the district-based office to which he or she is assigned. District staff will be able to obtain assistance from the Regional level for a variety of parent and other support activities.

Under the new management structure, who is to be responsible for ensuring the new instruction and educational policies are implemented?

The new management structure ensures a clear line of accountability for instruction and educational policy. Deputy Chancellor for Teaching and Learning Diana Lam works directly with the 10 Regional Superintendents to: (1) develop and implement the new approach and best teaching practices; (2) establish and implement effective professional development programs; (3) create a culture of high standards and expectations for schools, principals, teachers, and students; and 4) share effective practice among schools.

Who are the Regional Superintendents?

The ten Regional Superintendents are experienced and exemplary educators who, with Deputy Chancellor for Teaching and Learning

Diana Lam, form the senior instructional management team of the school system:

- **Gloria Buckery, formerly superintendent of the Bronx/Brooklyn region of the Chancellor's District, heads Region Six;**
- **Kathleen M. Cashin, formerly superintendent of District 23, heads Region Five;**
- **Judith Chin, formerly supervising superintendent for the Center for Recruitment and Professional Development, heads Region Three;**
- **Carmen Fariña, formerly superintendent of District 15, heads Region Eight;**
- **Michelle Fratti, formerly superintendent of District 25, heads Region Seven;**
- **Peter Heaney, formerly a Local Instructional Superintendent in Region Nine, heads Region Nine;**
- **Reyes Irizarry, formerly superintendent of BASIS, heads Region Four;**
- **Laura Rodriguez, formerly the deputy superintendent for instruction in the Bronx, heads Region Two;**
- **Lucille Swarns, formerly a superintendent in the professional development area of the Chancellor's District, heads Region Ten; and**
- **Irma Zardoya, formerly superintendent of District 10, heads Region One.**

How were the 10 Regional Superintendents selected?

The 10 Regional Superintendents were selected on the basis of their demonstrated leadership in teaching and learning, and their ability to solve creatively the tough problems of systemic reform in public education. Deputy Chancellor Diana Lam spent a significant amount of time visiting schools and speaking with and observing the current leadership as well as soliciting community comment and input. She made recommendations to the Chancellor, who made the final decision.

What other key instructional leadership roles have been established?

The following educators are working with Deputy Chancellor for Teaching and Learning Diana Lam:

- **Dr. Sandra Kase, formerly a Supervising Superintendent of the Chancellor's District, now serves as *Senior Instructional Manager for Government and Grant Programs* and is responsible for all Summer School programs;**
- **Helen Santiago, former Superintendent of District 1, now serves as *Senior Instructional Manager for Teaching and Learning*;**
- **Rose DePinto, former Senior Superintendent for High Schools, now serves as *Senior Instructional Manager for Secondary Schools*;**
- **Dr. Angelo Gimondo, former Superintendent of District 30, now serves as *Senior Instructional Manager for Special***

Projects and the Arts;
- **Maria Santos, former Chief Academic Officer in San Francisco, now serves as the *Senior Instructional Manager of the Programs Office*; and**
- **Dr. Lori Mei, formerly Executive Director of the Division of Assessment and Accountability, now serves as *Senior Instructional Manager for Assessment and Accountability.***

John Lee, former Superintendent of Queens High Schools, is serving as a senior manager, working with the Deputy Chancellor for Operations and Planning. His responsibilities include student registration and transfer, and the implementation of the No Child Left Behind student choice program.

Elizabeth Sciabarra, former Superintendent for Specialized High Schools, now serves as *Chief Executive for New School Development*, working with Senior Counselor to the Chancellor for Education Policy Michele Cahill.

What are the responsibilities of the Local Instructional Superintendents?

Each of the Local Instructional Superintendents has direct supervisory responsibility for the instructional programs and principals in his or her network of about 10 to 12 schools. The LIS's will play key leadership roles in both the creation and implementation of policy and will ensure managerial accountability for student instruction in their network of schools. LIS's work with principals, coaches, and teachers to improve classroom instruction, import best practices into every classroom, and strengthen professional development. Principals within each network will report directly to the LIS assigned to lead that network. Principals will be evaluated by the designated District superintendent in consultation with the relevant Local Instructional Superintendent and Regional Superintendent. All LIS's (including the Community School District LIS) will report directly to the Regional Superintendent for their Region.

The names of the LIS's appointed and the network of schools to which each LIS is assigned are available on the Department of Education's website at www.nycenet.edu **under "News and Information."**

How were the networks for each Local Instructional Superintendent chosen?

Regional Superintendents were given wide discretion to decide how schools would be grouped within their Regions. They were asked to identify networks of schools using their "sound educational judgment." The only additional guideline provided by the Chancellor and Deputy Chancellor Diana Lam was that they help speed the transition to a smooth K-12 system by ensuring that at least one network in each of their Regions is comprised of schools with grades K-12.

Before making any network decisions, the Regional

Superintendents reviewed relevant student achievement data, visited schools and consulted with sitting superintendents and other instructional and school community personnel. Among the criteria they considered were the geographic location of schools and the possibility of team building, best practice sharing, and cross-fertilization of best practice ideas through exposing lower performing schools to other schools by grouping high, medium, and low performing schools together.

Will the current community school districts continue to exist?

The current district lines will remain intact. The 10 new Regions will be comprised of groups of 2-4 existing Community School Districts, as well as the high schools located within the geographic boundaries of the Regions.

What office will have jurisdiction over high schools?

Except for the few high schools that fall under the combined jurisdiction of the Chancellor and a community school district, community school boards have no jurisdiction over high schools physically located within their district boundaries. High schools continue to fall under the Chancellor's jurisdiction and high school principals will report to their designated LIS and Regional Superintendent.

What offices are replacing the functions of the former district offices in the current Community School Districts?

Each of the 10 Regions will have a Learning Support Center, which will house the instructional leadership team, including the Regional Superintendent and the Local Instructional Superintendents, for that Region. Because of geographic and other considerations, three of the 10 Regions will also have satellite offices to ensure appropriate access for all parents and school communities.

To better serve students, parents, and caretakers, the Department is establishing a Parent Support Office in each of the Learning Support Center sites throughout the City. These offices will be staffed by teams of full-time Parent Support Officers, who will promote parent engagement and respond to parent concerns. In addition to workday hours, these offices will be open on Monday and Wednesday evenings, Saturdays and on the first Sunday of every month so that parents can receive services at times most convenient to them. Parents will be able to drop in at any of the Learning Support Centers, regardless of the location of their children's school, and receive service.

In addition, 32 of the 113 LIS's are designated as Community School District Superintendents while continuing to serve as LIS's. The Community School District Superintendent position fulfills the reorganization's commitment to linking the new structure with the Community School Boards. These 32 LIS's will oversee a community school district office that currently will be staffed with one District Parent Support Officer and one clerical

worker. The Superintendent will fulfill statutory duties, including acting as a liaison to the Community School Boards.

The district office will provide access to parents within the district to answer and resolve parent issues and concerns. The Superintendent will have offices in both the Learning Support Center servicing his or her Region and the district-based office to which he or she is assigned. Parents will be able to visit any of the Learning Support Centers throughout the City to address school admissions standards, special programs, student admissions' variances and transfers, and other issues of concern.

Operational support to schools, which had resided in district offices, will be streamlined and located in six Regional Operations Centers, spread throughout the city geographically. Each of the Regional Operations Centers will be run by a single Regional Operations Manager, who will report directly to Deputy Chancellor Kathleen Grimm. The Regional Operations Centers will be co-located with six of the Learning Support Centers.

This new structure will ensure that first-rate services are provided to parents and students and will ultimately free up over 8,000 classroom seats in school buildings that have been used to house the current district bureaucracies.

Will school zones change?

This re-structuring does not affect the current zones for any schools.

Will test scores continue to be assessed and reported on a district-by-district basis?

Yes. Test scores will be assessed, analyzed and reported on a district-by-district basis as well as on a Region-by-Region basis.

Will there still be District Comprehensive Education Plans ("DCEPs") for each District?

Going forward, Comprehensive Education Plans will be developed for each of the ten Regions, with addenda providing plans for each of the community school districts within each Region. Regional planning teams comprised of instructional and operational staff will draft the initial document based on the goals and objectives of the Chancellor and of the Regional Superintendents. Subsequently, the draft document will be presented to parent and community representatives for comment at meetings scheduled in each region during the month of August by the Office of Government and Grant Programs and the Office of Parent and Community Engagement. School Board Presidents will also be consulted and will document this consultation by written sign-off on the DCEP. Parent representatives who participate in the DCEP consultation sessions will be encouraged to share this information with their constituencies to ensure appropriate input. If these plans are unsatisfactory to parents in Title I schools, they have the option of putting their concerns in writing to be submitted with the

DCEP to the State. Comments from parents, community representatives and School Board Presidents will be appended to the DCEP for submission to the State Education Department by August 29, 2003. This process will be coordinated and facilitated by the Office of Government and Grant Programs.

Who will be responsible for developing the district portion of these plans, and will there be any community input during the process?

Parents, selected from the district to be representatives, and community school boards will be forwarded copies of draft 2003-2004 DCEP language by the Office of Government and Grant Programs during the week of August 11th. Two parent representatives and one community school board member from each district will be invited to attend meetings during the week of August 18th to provide input and comment on draft plans. Parent representatives who participate in the DCEP consultation sessions will be encouraged to share this information with their constituencies to ensure appropriate input. If these plans are unsatisfactory to parents in Title I schools, they have the option of putting their concerns in writing to be submitted with the DCEP to the State. Written comments from parents and community school boards received before August 27th will be appended to the DCEP prior to submission to the State Education Department by August 29, 2003.

Will the community school board vote to approve the portion of the plan specific to its district?

State law does not require local community school boards to pass resolutions on DCEPs. However, to confirm that there has been appropriate consultation as in years past the School Board President must confirm her or his review and input by signing a "Consultation/Collaboration Documentation Form" affirming that they were consulted during the development of these plans.

How many Learning Support Centers will there be and where will they be?

We are establishing 10 Learning Support Centers at 13 sites throughout the City. Because of geographic and other considerations, three of the 10 Regions require satellite offices. All Learning Support Center sites, including the satellite offices, will have Parent Support Offices that will offer parents the same services and will be open on the same schedule.

Learning Support Center Sites:

Region	Districts	Learning Support Center	Telephone
1	9, 10	1 Fordham Plaza, Bronx	718-741-7090
2	8, 11, 12	1230 Zerega Avenue, Bronx	718-828-2440
3	25, 26, 28, 29	30-48 Linden Place, Queens	718-281-7575
		90-27 Sutphin Blvd., Queens	718-557-2600

4	24, 30, 32	28-11 Queens Plaza N., Queens	718-391-8300
5	19, 23, 27	82-01 Rockaway Blvd., Queens	718-642-5800
		1655 St. Mark's Ave., Brooklyn	718-922-4960
6	17, 18, 22	5619 Flatlands Avenue, Brooklyn	718-968-6100
7	20, 21, 31	715 Ocean Terrace, Staten Island	718-556-8350
		415 89th Street, Brooklyn	718-759-4900
8	13, 14, 15, 16	131 Livingston Street, Brooklyn	718-935-3900
9	1, 2, 4, 7	333 7th Avenue, Manhattan	212-356-7500
10	3, 5, 6	4360 Broadway, Manhattan	917-521-3700

**** Please note that a Learning Support Center serves as the district-based office for the district in which it is located.***

What offices will be located at the Learning Support Centers and what services will be provided?

Learning Support Center sites will house the instructional leadership teams, including the Regional Superintendents and the Local Instructional Superintendents, for the Regions in which the centers are located.

Six of the Learning Support Center sites house Regional Operations Centers that will provide information technology, food and transportation services, personnel management, and other back office support to schools. The Regional Operation Centers will perform the functions which were for many years handled by more than 80 district and administrative offices.

For parents, the Learning Support Centers will serve as a critical point of access – beyond their children's individual schools and the district offices – into the school system. Every one of the Learning Support Center sites, including the satellite offices, will contain a Parent Support Office offering a wide range of parent services. Parents can go to any Learning Support Center site in any Region to raise issues not resolved at the school level or to take care of school-business matters, including registration and transportation. All Learning Support Center sites will be open six days and two evenings a week to accommodate parents' different schedules.

Where will the Regional Operations Centers ("ROCs") be located and who will be the manager of each one?

The ROCs are located as follows:

The Regional Operations Center for Regions 1 and 2 is located at the Learning Support Center for Region 1 at 1 Fordham Plaza in the Bronx and is managed by Vincent Clark.

The Regional Operations Center for Region 3 is located in the Region's Learning Support Center at 30-48 Linden Place, Flushing, and is managed by Marlene Siegel.

The Regional Operations Center for Regions 4 and 5 is located at the Learning Support Center for Region 4 at 28-11 Queens Plaza North, Queens, and is managed by Sandy Brawer.

The Regional Operations Center for Regions 6 and 7 is located at the Learning Support Center for Region 7 at 715 Ocean Terrace, Staten Island, and is managed by Mark Gullo.

The Regional Operations Center for Region 8 is located in the Region's Learning Support Center at 131 Livingston Street, Brooklyn, and is managed by Donna Rey.

The Regional Operations Center for Regions 9 and 10 is located in the Learning Support Center for Regions 9 at 333 7th Avenue, Manhattan, and is managed by Jerry Schondorf.

Will the Learning Support Centers be able to provide the same services that the district offices provided?

Yes. The services that have in the past been provided at district offices will now be provided at the Learning Support Centers. The reorganization is streamlining the bureaucracy to provide services in a more cost effective manner. Services will not be decreased as a result of this streamlining process.

Who will perform operations functions that were performed by district office personnel?

Most of the operational functions performed in the past by district office staff will be handled in the new operational centers, housed in six of the Learning Support Centers. It is expected that there will be significant efficiencies in handling the support of more schools in one office, as well as clearer accountability. Subject to legal requirements, operational units will report to Kathleen Grimm, the Deputy Chancellor for Administration and Finance.

How did the Department of Education select the locations for the Learning Support Centers?

A major goal of reorganizing the school system is to drive resources from district bureaucracies into schools and classrooms. Accordingly, in determining the location of the Learning Support Centers sites, three considerations were weighed: (1) where district and other administrative office space could be converted easily and efficiently into either Learning Support Centers or classroom space; (2) where there was sufficient space in district and DOE offices outside schools to

accommodate the significant back-office operations needs; and (3) where the sites would be most accessible to parents. It was extremely important that the Learning Support Center sites and as many additional classroom seats as possible be fully functional by the first day of school in September. A premium was therefore placed on space that could be converted with minimal renovation and at minimal cost. Finally, due to geographic and other considerations, satellite offices were designated in the three largest Regions.

Are all of the Learning Support Centers already open for business?

Yes. All of the Learning Support Centers and the three satellite offices are up and running. The Regional Superintendents, Local Instructional Superintendents and Parent Support Officers are in place and serving schools and parents.

Are the new Community School District Offices open throughout the City?

Yes. In 19 Community School Districts there are separate district offices. In the 13 districts that have Learning Support Center sites, the Learning Support Center serves as the district office at those sites.

District	District Office	Telephone
1	80 Montgomery Street, Manhattan	212-602-9701
3	154 W. 93rd St, Manhattan	212-678-2880
4	319 E. 117th Street, Manhattan	212-828-3570
5	433 W. 123rd Street, Manhattan	212-769-7500
7	501 Courtland Avenue, Bronx	718-742-6500
9	1260 Franklin Avenue, Bronx	718-681-7402
11	1250 Arnow Avenue, Bronx	718-519-2614
12	1000 Jennings Street, Bronx	718-328-2310
13	355 Park Place, Brooklyn	718-636-3204
14	215 Heyward Street, Brooklyn	718-302-7600
16	1010 Lafayette Avenue, Brooklyn	718-574-2800
17	1224 Park Place, Brooklyn	718-493-5446
18	1106 E. 95 St - 121 Conklin Avenue, Brooklyn	718-927-5100
19	557 Pennsylvania Ave., Brooklyn	718-240-2700
21	521 West Avenue, Brooklyn	718-714-2500
24	8000 Cooper Avenue, Queens	718-417-2600
26	61-15 Oceania Street, Queens	718-631-6900
29	One Cross Island Plaza, Queens	718-978-5900
32	797 Bushwick Avenue, Brooklyn	718-574-1200

75	400 1st Avenue, Manhattan	212-802-1503

What services will be provided at the Community School District Offices?

Thirty-two of the 113 LIS's are also designated as Community School District Superintendents while continuing to serve as LIS's. These 32 LIS's will each oversee a community school district office that currently will be staffed with one District Parent Support Officer and one clerical worker. The Superintendent will fulfill statutory duties, including acting as a liaison to the Community School Boards. The district office will also provide access within the district to answer parent questions. However, Regional Parent Support Offices are available to serve all parents and have more extended hours and greater numbers of personnel to assist parents. In addition, the City's 311 hotline is available to answer and direct questions.

What will happen if people call the old District Office numbers?

Calls to the old district office numbers will automatically be answered and callers will be directed to the appropriate personnel at the new Learning Support Centers and district-based offices so that parents will be able to obtain the information and services that they need.

What will happen to the district and administrative offices that are not used for Community School District Offices or the Learning Support Centers?

A substantial number of the existing district and administrative offices are being converted for use as classrooms. As a result of the reorganization and the streamlining of district and administrative offices into Learning Support Centers, the Department of Education will be able to add 5,000 new classroom seats to schools by September 2003 and an additional 3,000 classroom seats by June 2004. The offices that are not used as Learning Support Centers or converted to classrooms may be used as district offices or may be closed altogether.

The Department of Education is constantly looking for ways to add capacity in areas that are overcrowded and creating 8,000 classroom seats through the conversion of district and administrative offices will make a substantial contribution to this goal.

Is the Department of Education creating other additional classroom seats?

Yes. In addition to the classroom seats being added as a result of the conversion of district and administrative offices to classrooms, under the Department of Education's Five Year Capital Plan 15,000 seats will be created across the City through new construction by September 2003 and another 5,000 seats will be created by September 2004.

Where will the new seats from the office conversions and the Capital Plan be located and how were those locations determined?

The location of new seats created from district and administrative offices was based on where suitable space was available that could be converted quickly and efficiently to classrooms at a reasonable cost. The seats resulting from the reorganization are spread out across the City in Regions 2, 3, 6, 8, 9 and 10. The locations throughout the City of the 15,000 seats that will be available this September, through the construction of new schools and school additions, were determined by the Capital Plan. The Capital Plan was approved by the Mayor, City Council, and the former Board of Education after consultation with community school districts.

Are there any areas in the City that are not getting any new classroom seats in 2003?

There are a handful of areas not getting any new construction this year under the current Capital Plan and in which there was no district or other administrative office space that could be converted into classrooms with limited renovation and, therefore, at an acceptable cost. Some of these areas will have Learning Support Center sites located in them.

Does this reorganization give more resources to the schools than would otherwise be available?

Yes. Above all, the goal of the reorganization is to drive resources from unnecessary bureaucracies into the schools - to focus on teaching and learning in the classroom. Despite significant reductions in City and State resources for public education necessitated by budget shortfalls, the implementation of the Children First reform efforts has reduced administrative costs at every level in the school system and has made it possible for the Department to redirect needed resources to schools. This has enabled the Department to limit the impact of the budget cuts on classroom instruction in schools.

Has the reorganization resulted in the re-allocation of resources?

Yes. The Department has identified areas of the school system, particularly at the district level, that were not effectively serving the school system's paramount purpose: education. The reorganization targeted ineffective administrative functions, duplicative operations, and a lack of coherence in the delivery of instructional services in both general and special education.

How is the Department spending the recovered money?

The money the Department has recovered and re-allocated will go toward implementation of the new instructional approach. Specifically, it will be redirected to help support the assignment of reading and math coaches to schools, the expansion of classroom libraries, the purchase of books and materials essential to the new reading, writing and math programs, enhanced parent engagement programs and instruction-focused special education services.

How does the reorganization affect the Chancellor's District?

Under the reorganization, the current Chancellor's District schools will be incorporated into their geographic Regions and will be under the supervision of the Regional Superintendents. However, the level of services currently provided to schools in the Chancellor's District will be maintained.

When will the reorganization be completed?

The reorganization will be completed by September 2003. The Department of Education has already taken significant measures to ensure that these new structures are effectively put into place before schools open in September.

QUESTIONS ABOUT THE BUDGET ALLOCATION PROCESS

Has the re-organization resulted in changes to the budget allocation process?

One of the goals of the re-organization has been to redirect resources from the district level to schools – where the education takes place. The Department is also seeking to give principals and schools more flexibility and discretion with respect to allocating their school budgets. In previous years preliminary budgets were sent by the Department to the district offices and the districts made allocations for schools. This year, the Department sent preliminary budgets directly to principals at schools so that principals would have a meaningful role in determining allocations for their schools, subject to the statutory review and approval process. Funding categories have also been simplified and consolidated where possible so that principals will have maximum flexibility. In addition, the preliminary budgets were provided in mid-June – much earlier than in previous years – so that principals would have sufficient time to plan their school budget allocations. The new Regional Operations Centers are conducting training sessions for principals and school liaisons this summer to assist principals in understanding and scheduling their school's budget in Galaxy, the DOE school budget tracking system.

Who in the new management structure is responsible for approving budget allocations?

Once principals have had a full opportunity to review their preliminary budget allocations and to plan their budgets they are required to submit proposed budgets to their Local Instructional

Superintendent, who will in turn be responsible for obtaining appropriate budget approval from the Community School District Superintendent and the Regional Superintendent.

Is the Community School Board's role in the budget allocation process being changed?

No. On July 2nd, the Department provided to Community School Boards, for review and comment, the allocation formulae used in the Preliminary FY2004 Initial Allocations to Schools. The Department requested that comments be provided by August 11, 2003, prior to the Department seeking approval of the budget allocation formulae from the Department of Education's Panel for Educational Policy.

QUESTIONS ABOUT PARENT SERVICES AND ENGAGEMENT

Under the new system, where will parents go if they have a concern about their child's school?

The reorganization creates many points of access for parents to address concerns and obtain information. Each school will have a trained Parent Coordinator who will be available on a full-time basis to help parents become further engaged in their schools and to address parent concerns and inquiries. The reorganization also establishes new Parent Support Offices in each of the Learning Support Centers sites, staffed by teams of full-time, trained Parent Support Officers to supplement the engagement and response functions of the school-based Parent Coordinators. In addition to workday hours, these Parent Support Offices will be open on Monday and Wednesday evenings, on Saturdays, and on the first Sunday of each month so that parents can receive services at times convenient to them.

In addition, the district offices led by the Community School District Superintendents will provide another point of access for parents. The 32 LIS's serving as Community School District Superintendents will oversee a community school district office that will be staffed with one District Parent Support Officer and one clerical worker. The district offices will provide access within districts to answer parent questions. The district Parent Support Officer will coordinate parent support services with the Parent Support Offices in the Learning Support Centers.

Are the Learning Support Centers providing all of the services that parents used to receive at District Offices?

Yes and more. Parents can go directly to any of the new Learning Support Centers to obtain information and receive a full range of services, including information on Summer School, Registration, NCLB transfers and other transfers and variances. Also, if parents wish to obtain information by telephone they can call the City's 311 hotline.

What will be the role of the new Parent Coordinators at each school?

Parent Coordinators will be responsible for encouraging and promoting active engagement by parents in their child's education. They will also work to make all our schools welcoming to parents. The Parent Coordinator will serve as the first point of entry for parents in each school and will be trained to respond effectively to parent concerns.

In addition, the Department of Education will soon launch a citywide Parent Academy, which will provide Parent Coordinators with training and school-based workshops. Workshops will cover a variety of topics including understanding the instructional programs and curricula, strengthening school-home connections, and developing parent leadership and participation in such key organizations as Parent Teacher Associations/Parent Associations and School Leadership Teams.

When will the Parent Coordinators begin work in schools?

Parent Coordinators are being trained this summer and will begin working in schools in September 2003.

What if a parent has a problem at the school level and it is not resolved there?

Parents can go to any Parent Support Office within any Learning Support Center to address concerns about instruction, registration, transportation, safety, security, facilities or other matters about which parents may have concerns. The district offices located in the community school districts will also be a point of access for parents to raise concerns or obtain information. In certain appropriate cases, however, the district office will refer parents to other offices for immediate and adequate resolution of the parent's concerns.

Where are the Parent Support Offices located?

There is a Parent Support Office at each Learning Support Center site. The Learning Support Center sites for each Region are located at the following addresses:

Region	Districts	Learning Support Center	Telephone
1	9, 10	1 Fordham Plaza, Bronx	718-741-7090
2	8, 11, 12	1230 Zerega Avenue, Bronx	718-828-2440
3	25, 26, 28, 29	30-48 Linden Place, Queens	718-281-7575
		90-27 Sutphin Blvd., Queens	718-557-2600
4	24, 30, 32	28-11 Queens Plaza N., Queens	718-391-8300

5	19, 23, 27	82-01 Rockaway Blvd., Queens	718-642-5800
		1655 St. Mark's Ave., Brooklyn	718-922-4960
6	17, 18, 22	5619 Flatlands Avenue, Brooklyn	718-968-6100
7	20, 21, 31	715 Ocean Terrace, Staten Island	718-556-8350
		415 89th Street, Brooklyn	718-759-4900
8	13, 14, 15, 16	131 Livingston Street, Brooklyn	718-935-3900
9	1, 2, 4, 7	333 7th Avenue, Manhattan	212-356-7500
10	3, 5, 6	4360 Broadway, Manhattan	917-521-3700

** Please note that a Learning Support Center serves as the district-based office for the district in which it is located.*

What will be the hours of the Parent Support Offices in the Learning Support Centers?

The Parent Support Offices will be open six days a week and on two week nights. The specific weeknights and weekend day for the Parent Support Offices are as follows:

Monday	8:00 am – 8:00 pm
Tuesday	8:00 am – 6:00 pm
Wednesday	8:00 am – 8:00 pm
Thursday	8:00 am – 6:00 pm
Friday	8:00 am – 6:00 pm
Saturday	10:00 am – 3:00 pm
Sunday	10:00 am – 3:00 pm (once a month)

The Parent Support Centers will be open on BOTH Saturday and Sunday the first Sunday of every month.

Can parents use any of the Learning Support Centers and Parent Support Offices in the City?

Yes. Every Parent Support Office will be equipped to handle any parent inquiry and will be open on the same schedule.

Where do parents go to obtain information about Summer School?

Parents who have inquiries about summer school should contact their child's school or the school their child is assigned to this summer. Parents can also obtain information from their Learning Support Centers or their district- based offices.

Where will parents now register their children?

Parents can continue to register their children at schools. Parents can also go to any Learning Support Center site to register their children. Community district offices will not register children.

Where will parents make requests for transfers under No Child Left Behind or other variances or transfers?

Parents can visit one of the Learning Support Centers to obtain information about NCLB transfers and other transfers and variances. Parents can also call the City's 311 hotline for additional information.

How will the Department of Education ensure that parents are welcomed into their children's schools and are responsive to their concerns?

Each school will have a full time dedicated Parent Coordinator who will be responsible for actively engaging parents in their child's education and responding to parental concerns at the school level. Parent engagement standards are part of every principal's performance review. The criteria for evaluating principals will include the effectiveness of each school in successfully engaging parents, keeping parents informed, addressing parent concerns and creating a school atmosphere that is welcoming to parents.

What is the Parent Academy?

The Parent Academy will be a full-service resource center with support and training for school-based Parent Coordinators and Parent Support Officers in the Learning Support Centers. The Academy will also provide training to parent leadership within schools. The Department of Education will provide more information about the Parent Academy in the months ahead.

QUESTIONS REGARDING THE NEW SYSTEM-WIDE INSTRUCTIONAL APPROACH TO READING, WRITING AND MATHEMATICS

What is the new system-wide instructional approach?

The new instructional approach has three major components: first, establishing through a careful choice of curriculum a strong foundation for students' learning in reading, writing and math; second, providing teachers and students with additional materials, including classroom libraries in Kindergarten through 9th grade in every school; and third, giving teachers the support and tools they need through enhanced professional development, including the assignment of trained reading and math coaches.

The new approach takes best practices that are proven to raise student performance and applies them across the school system. In sum, the new instructional approach ensures that the resources that characterize high quality programs – classroom libraries and reading and math coaches and excellent instructional materials – are available to every school and every teacher and every child in the New York City school system.

Why is the Department of Education implementing a new system-wide approach to reading, writing and math?

The new system-wide approach was developed specifically to address parents' concerns about low levels of student achievement in these core areas. Parents, students, community members, teachers, principals, superintendents and school staff – many of whom attended the numerous Children First meetings held across the City in the past months – shared their dissatisfaction with the quality of our schools in meeting these basic learning needs. National educational experts, including math and reading experts from New York City and around the nation, offered helpful advice that factored into the design of the new approach. The new citywide instructional approach answers the calls we heard from all these constituencies for greater consistency and for a rich curriculum that also provides a solid grounding in the basics.

The approach is designed to help our schools take students to the highest levels of achievement. Students need to know not only the "basics" – they need to learn how to think critically and analytically. This new approach helps get them there. It is demanding. It develops conceptual thinking skills and teaches children how to solve complex problems. It provides the foundation for strong learning, but at the same time allows teachers to tailor learning to individual student needs – to identify what a student needs to learn, spot when he or she is struggling academically, and employ proven strategies and materials to help the student meet high learning standards. A key component of the comprehensive approach is enhanced professional development – the new approach will provide stronger support to teachers and principals so that they can succeed in ensuring that the children in their schools master essential reading, writing and math skills.

Moreover, the New York City public school system formerly used approximately 30 different reading programs and 50 different math programs. The extraordinary mobility of the students in New York City's school system made the former patchwork of curricula unworkable. Similarly, less than half of all middle school teachers are teaching in the same school they were teaching in two years ago. Formerly, students and teachers had to adapt to new instructional approaches and curricula each time they changed schools. It takes time to master different programs and interrupts the learning process. Implementing a consistent system-wide approach will address this problem and benefit both students and teachers.

What is the new instructional approach to reading and writing?

The new approach ensures that students not only learn the "basics" of reading and writing – it also teaches them to how to think critically and analytically. Each day, students will spend time reading under the guidance of their teachers, reading by themselves, and reading and sharing books and the ideas in them with their classmates. Children learn how to read and write through the use of engaging books from classroom libraries and through carefully structured lessons that integrate basic reading skills (decoding sounds and letters) and comprehension and writing. The new instructional approach to reading and writing will include:

- **Daily practice in three major areas: reading, writing and word study (lower grades word study is called "phonics");**
- **Large blocks of time daily for reading and writing instruction in small groups;**
- **Use of classroom libraries of children's literature and non-fiction books instead of commercial reading textbooks; and**
- **Use of scientific, research-based instructional practices proven to raise student achievement and aligned with state and national standards.**

All students in grades K-8 will have 90 minutes of reading and writing instruction each day, with students in grades K-3 receiving an additional 30 minutes of phonics instruction. Students in grade 9 performing at levels 1 and 2 on state and city ELA tests, will receive 90 minutes of reading and writing instruction using the National Center for Education and the Economy's (NCEE's) Ramp Up to Literacy program.

What is phonics and why does the new comprehensive approach dedicate time to phonics instruction on a daily basis?

Phonics instruction is a way of teaching reading that stresses the acquisition of letter-sound correspondences and their use in reading and spelling. The primary focus of phonics instruction is to help beginning readers understand how letters are linked to sounds to form letter-sound correspondences and spelling patterns and to help them learn how to apply this knowledge in their reading. Systematic phonics instruction in the lower grades is recommended by the National Reading Panel because research has shown that it helps students decode, spell, and comprehend what they read. Phonics, however, is only one component of the Department's literacy program which addresses the National Reading Panel's recommended Five Dimensions in Reading for all students: Phonemic Awareness, Phonics, Vocabulary, Fluency, and Comprehension. Struggling readers in grades K-3 have the opportunity to receive additional instruction in the five dimensions through the Department's use of the NYC Passport Reading Intervention Program. The children are initially identified for this program through the Early Childhood Language Assessment System ("ECLAS") and then assessed regularly thereafter with Vital Indicators of Progress ("VIP") which measures their progress from when they start the program in November through the end of the school year.

Which specific reading/writing texts/programs will be required under the new instructional approach to reading?

Grades K-9:NYC Literacy Framework supplemented with Additional Word Study.

Grades K-3: A systematic phonics program, including the use of Month By Month Phonics and New York City Voyager Passport, will be implemented daily; existing classroom libraries will also be utilized.

Grades 4-9: New classroom libraries with a variety of age-appropriate children's literature and non-fiction books.

What are the specific components of the New York City reading and writing framework?

New York City is implementing its own reading and writing framework, which is based on the Primary Literacy Standards as developed by the NCEE. NCEE's Primary Literacy Standards are New York State's standards and clearly establish what students in grades K-3 need to know and be able to do with respect to reading and writing. All of the teachers in the school system have these standards and use them as a guide for planning instruction. In addition, teachers will be provided with tools for interim assessments and the following supports:

1. Supplementary Books/Texts
A variety of decodable texts
Repetitive books
Leveled texts
Big books for shared reading
Trade books

2. A Curriculum Guide for Teachers
Lesson plans
Pacing guide
Scope and Sequence
Samples of Student Work
Interim Assessments

3. Supplementary Materials
Alphabet cards - over-sized for teacher modeling, and individual sets for every student
Various charts illustrating letter-sound correspondence, common onsets and rimes, blends, digraphs, etc.
Chart paper pads for Shared Writing activities
Manipulatives (e.g., magnetic letters, words cards)
Pocket charts
Word frames
Over-sized blank books
Word Wall materials
All necessary photocopies of classroom materials

Why are classroom libraries important to the learning process?

The effective use of classroom libraries has led to increased

student achievement in school districts across the country and in many districts here in New York City (including CSD 2, 10, and 15). Children learn how to read and write best by practicing these skills every day with books which are interesting to them. Classroom libraries that include a wide range of engaging books encourage students to read and write about topics they know and like.

What is the new instructional approach to mathematics?

The new math curriculum is designed to ensure that every child in the school system acquires the fundamental math skills and comprehension of math concepts that he or she needs for college and the job market. The new instructional approach will:

- **Provide students with a strong foundation in basic math skills—the ability to accurately add, subtract, multiply, and divide whole numbers, fractions, decimals, and percents; and**
- **Develop students' ability to solve complex mathematical problems, reason mathematically, and apply math concepts to real-world situations.**

The math curriculum will be implemented every day in focused classroom sessions. Children in grades K -2 will be required to spend one hour each day on math. In grades 3-8, children will be required to spend 75 minutes each day on math.

Grades K-5 will use *Everyday Mathematics* supplemented by *Math Steps*, grades 6-8 will use *Impact Math* supplemented by *Hot Words Hot Topics*, and high school grades will use *Prentice Hall Math A* to prepare for the Regent's exam.

The textbooks and supplementary materials selected for the math curriculum will provide children with a strong foundation in basic math skills as well as the ability to take basic math concepts and apply them to complex problems. The math programs and supplements utilized will align well with New York State standards and exams by: (1) promoting the mastery of basic skills; and (2) developing the higher-order and conceptual math skills that are needed for the state math exams and success in the job market. The selected programs include strong supports for teachers and also provide materials that will enable parents to help their children with their math studies at home.

How did the Department of Education select this approach?

The staff of the Department of Education solicited advice from people across New York City and from all over the country including superintendents, principals, assistant principals, professional developers, teachers, education experts, parents, students, and community members. Department staff also examined best practices in New York City and urban schools in other cities. Using this input and research, the range of programs available was surveyed. Those that were best suited for the

diverse needs of New York City – and that met and went beyond federal requirements and state standards and tests – were selected for the new curriculum.

Given that the new instructional approach is adding extra math and reading time to school's daily schedules, will schools be teaching less of other subjects?

Although the new instructional approach focuses on ensuring that all students master the basics of reading, writing and math, we are working with schools on scheduling solutions to minimize the impact on time devoted to other subject areas. A variety of implementation models for the new instructional approach have been offered to teachers and administrators to assist in scheduling the school day. With appropriate school-day scheduling, use of before and after school time, integration of content areas, and other appropriate planning, schools should be able to schedule the time needed for reading, writing and math instruction without eliminating other subject areas.

When will the new curriculum be implemented in schools?

Beginning in September 2003, schools will implement the reading and writing program for grades K-9. For the math program, K-5 schools will have the choice of implementing the program in the fall of 2003 or 2004. In middle school, grade 6 will implement the new math program this fall, grade 7 will implement it in the fall of 2004, and grade 8 will implement it in the fall of 2005. Math A will be implemented in grades 9 and 10 this fall.

Will every school be expected to use the same reading, writing, and math programs?

The only schools that will not be required to implement the new instructional approach are those that have received a waiver from the Chancellor based on designated performance criteria in reading/writing and math. The list of schools that have received a waiver is posted on the Department of Education website.

Is the Department of Education providing professional development for the teachers who will be required to implement the new instructional approach?

Yes. The new organizational structure is specifically designed to provide high-quality professional development and support for classroom instruction. The Department will use a train-the-trainer model developed by Deputy Chancellor Diana Lam and the 10 Regional Superintendents to ensure consistency and coherence throughout the school system. Professional development will include coaching strategies, content knowledge, facilitation, and other skills training in line with the selected reading, writing and math programs. Professional development will occur through intensive summer training followed by sessions throughout the academic year.

What will the reading and math coaches do?

Reading and math coaches will work with principals to identify teachers' professional development needs and deliver training that meets those needs in line with the school's goals. The coaches will also facilitate learning and sharing of best practices in the school and organize teacher study groups, set up classrooms for other teachers to observe, work with small groups of teachers during planning time, and coordinate other critical training experiences that currently do not take place consistently in every school.

What kind of training will the reading and math coaches receive?

The coaches will be trained as a group by Local Instructional Superintendents and other education specialists to ensure coherence across the school system using a train-the-trainer model. The substance of the training will be designed by Deputy Chancellor for Teaching and Learning Diana Lam and the 10 Regional Superintendents to ensure consistency and coherence across the system. The training will include: coaching strategies, content knowledge, facilitation, and other skills in line with the selected reading/writing and math programs. The training will take place during intensive summer training sessions, followed by professional development sessions on an ongoing basis during the academic year.

What are the advantages of moving from a K-8 and 9-12 system to a K-12 system?

The school system is being transformed from a fragmented and divided system into one with greater curricular and instructional coherence and more effective use of resources. Under the new system, there will be consistency and appropriate planning and support for students transitioning from elementary to middle school and from middle to high school.

QUESTIONS ABOUT THE SCHOOLS THAT WILL CONTINUE WITH THEIR CURRENT INSTRUCTIONAL PROGRAMS IN LITERACY AND MATH

Why are some schools not subject to the requirements of the new instructional approach?

When the Department of Education assessed the state of the school system and developed the new instructional approach, it became evident that there were some schools in the system that were demonstrating positive results in reading, writing and math achievement with the curricula and academic programs that they had in place. So as not to interrupt the progress those schools were making, the Chancellor decided to provide them with a waiver from the requirements of the new instructional approach to

reading, writing and math.

Will the schools that are not subject to the requirements of the new instructional approach be separated from the other schools in the system?

No. These schools will remain in their geographic Regions. The schools will be part of the education team approach that the new organizational structure is designed to support. They will be studied to identify learning strategies that work and will, through the Local Instructional Superintendents in their region, partner with other schools in the Regions in delivering professional development to school staff.

Do the schools on the list use the instructional approach that is being introduced citywide in September?

Many of the schools on the list use elements of the instructional approach that is being introduced citywide. For example, reading and math coaches have been used at many of these schools for years. Most of the elementary schools that received waivers are already using a comprehensive approach to reading that includes the use of classroom libraries and a systematic phonics program. Under the new instructional approach, these proven best practices will be implemented in all of our schools.

How did the Department identify the schools that received waivers from the new instructional approach?

Initially, the Department identified 209 schools which, based on their level of student need, their ELA and math test scores, and their recent gains in test scores, were given waivers from the new instructional approach.

After the initial 209 schools were identified, schools and programs within schools were given the opportunity to apply for a waiver exempting them from the new literacy and/or math curriculum. Programs that met the specific criteria used in the initial round of waivers were granted waivers from the new curriculum. Schools and programs that only met the criteria for a waiver in one subject were granted a waiver in that subject, but are required to implement the new instructional approach for the other subject. Finally, those schools and programs that did not have available ELA and math test scores (for example, new schools or early childhood programs), that were making significant test score gains, or that were receiving grant funds dependent on a specific curriculum, were granted passes from the new instructional approach.

Should parents be concerned if their child is at a school that is subject to the new instructional approach and is not one of the schools that have received a waiver from the new, comprehensive reading, writing and math curricula?

No. The whole purpose of the new instructional approach is to

raise the level of achievement at all schools. The Department of Education is committed to bringing the best possible education to the children of New York City. The new comprehensive instructional approach, supported by the new management structure, is designed to accomplish this goal. It does so by establishing a strong foundation for students' learning, giving teachers and students additional materials – including classroom libraries in Kindergarten through 9th grade in every school, and by providing teachers with the support and tools they need through enhanced professional development.

The schools that have received waivers from the new comprehensive approach requirements have shown they are doing work that is achieving results in reading, writing and math through the approach they are currently using. That is the only distinction that the Chancellor is making with respect to these schools. Whether or not a school is required to implement the new curriculum, the Chancellor's office will evaluate and require improvement in all areas of every school's academic program and overall performance. Every principal and every school will be expected to continually work to improve student achievement levels. All schools in the system will be subject to the same rigorous evaluation process.

QUESTIONS ABOUT PROFESSIONAL DEVELOPMENT

How is the professional development program the Department is introducing different from the professional development that has been offered in past years?

For the first time, a coherent professional development program will be used across the school system. Previously, individual districts made choices independent of each other –quality and consistency were often lacking. The Department of Education has established, in cooperation with the Regional Superintendents, shared goals for professional development for various constituencies. Professional development will be provided by both Central and by each Region and will be consistent with these goals.

The Department of Education will provide professional development for the coaches and Local Instructional Superintendents who will be responsible for modeling best practices and working with principals and teachers in schools throughout the year.

How many teachers in the school system are already prepared to teach the new math and literacy curriculum?

There are currently a large number of schools in New York City that are using aspects of the new instructional approach to literacy and math. We have some of the best teachers of balanced literacy in the nation, whose classrooms are already being used as models for other teachers to emulate.

However, given that there are currently many different reading and math programs used throughout the school system, there will be some teachers who are unfamiliar with the new approaches to reading and math. We will offer extensive professional development throughout the school year, starting with optional professional development sessions this summer for any teacher who wants to attend. All teachers implementing the new instructional approach will be given an in-depth introduction to the approach through a rigorous three-day professional development session in September. Literacy and Math Coaches and principals will continue to work with teachers providing ongoing professional development throughout the school year.

What will be included in the summer professional development program?

Earlier this summer the Department distributed to all math and literacy teachers an instructional CD-ROM designed to acquaint teachers with the new instructional approach to teaching literacy and mathematics. The CD-ROM, produced by the Department's Teaching and Learning staff, in collaboration with *CompassLearning*, includes seven instructional modules that address key components of the new math and literacy curricula and can be used by math and literacy teachers as a resource over the summer and during the school year. Each CD-ROM provides teachers with approximately six hours of professional development that is self-paced and addresses a range of learning styles.

The Department has also designed voluntary professional development sessions on the new curriculum, which are being offered this summer to all math and literacy teachers who wish to enroll. The sessions are designed to provide teachers with an in-depth understanding of the new instructional approaches to literacy and math and will provide guidance on teaching methods, lesson planning, and the use of the new materials that support the curriculum, including the instructional handbooks on math and literacy instruction that the Department has prepared. The sessions will be led by New York City educators and administrators who have substantial experience with the new instructional approach and will be held in classrooms across the City, in each of the City's ten Regions, and at different dates and times to accommodate teachers' various summer schedules.

What credits will teachers get for attending these programs and what do these credits mean for the teachers?

Teachers will receive 2 G credits for participating in the voluntary summer courses. These credits are used to advance teachers along the pay scale. They will not receive credits for the mandatory September professional development.

How are the coaches being trained this summer?

Literacy and math coaches will receive seven to ten days of initial professional development. The training will cover both strategies

for effective coaching and the programs to be introduced in the math and literacy content areas.

What professional development will the Local Instructional Superintendents receive this summer?

The new Local Instructional Superintendents will attend the professional development programs dedicated to coaches, but will also have an additional six days of training geared exclusively to their positions. Training of the Local Instructional Superintendents will cover subjects like adult learning theory, change theory, coaching strategies, and the use of data to drive instruction. A second two-day retreat designed and led by the Department's Leadership Academy will also be included.

What will be included in the three-day professional development session in September prior to the start of school?

The Department will provide all teachers in schools implementing the new instructional approach with intensive professional development over a three-day period. Principals, coaches and Local Instructional Superintendents will conduct the sessions using professional development modules that they will have prepared during the summer for their schools. The focus of the sessions will be on familiarizing teachers with the Department's instructional handbooks on the new curriculum and on assisting with lesson planning and decision-making. In addition, those teachers implementing new curricular materials will receive specific instruction on the materials appropriate to the particular grade level they will be teaching. Teachers who teach subjects other than literacy and math will receive professional development focused on the methodologies that support the new instructional approach.

Is the September professional development program mandatory for all teachers?

Yes. All teachers in schools implementing the new instructional approach will be required to attend the professional development sessions scheduled for the three days before school opens.

What will be included in the handbooks for teaching literacy and math?

As part of its comprehensive professional development program, the Department will be providing teachers with the *New York City Department of Education's Handbook for a Comprehensive Approach to Balanced Literacy* and the *New York City Department of Education's Handbook for a Comprehensive Approach to Balanced Math*. The Department's instructional handbooks on the new curricula articulate the foundation, goals and concepts underlying the new instructional approach and provide a practical hands-on guide for teachers and coaches to use as they implement the new teaching strategies. The handbooks are comprehensive and include explanations of the teaching materials

supporting the new curriculum, the relationship between the educational philosophy of the new approach and specific teaching programs, the alignment of the new approach with State standards and Federal guidelines, and the strategies for assessing student work and achievement. The handbooks also contain sample curriculum maps, units of study and mini-lessons, as well as broad professional development resources and customized strategies for the wide range of educators in our school system. The handbooks are bound in loose-leaf binders so they can be progressively updated during the course of the school year to include additional sample curriculum maps and other teaching materials. We will begin distributing these handbooks over the summer.

What kind of professional development will occur after September and on an on-going basis?

The summer and September professional development sessions are just the beginning of the Department's effort to provide teachers with coherent and rigorous professional development throughout the school year. Ongoing, intensive professional development – including continued support for implementation of the new curriculum – will be delivered at each school by coaches, principals and Local Instructional Superintendents.

QUESTIONS ABOUT THE LEADERSHIP ACADEMY

What is the Leadership Academy?

The New York City Leadership Academy is a critical partner in the Department of Education's overall effort to change the culture of New York City schools. As school leaders, principals are the key to raising student achievement and bringing about the fundamental change that many schools require. The Leadership Academy will recruit, train and develop high quality principals as strong instructional leaders and managers. Best practices from corporate initiatives and successful principal development programs have been and will continue to be incorporated into the programs offered. The Academy is restructuring principal training and support so that it is job-focused, practical, and directly serves the goal of developing a team of 1,200 great principals who can inspire and empower teachers, students and parents in their school community.

Who will run the Leadership Academy?

Bob Knowling, Chief Executive Officer of the Leadership Academy, is a former CEO of high-tech companies SimDesk Technologies and Covad Communications. During his tenure as a senior officer at Ameritech and US West he built and managed highly regarded leadership academies at both telecommunications giants. Sandra Stein, former Director of the Aspiring Leaders program at Baruch College, will serve as Academic Dean. Both Mr. Knowling and Dr. Stein will work full-time developing leaders

throughout the school system.

Jack Welch, former CEO of General Electric, will serve as Chair of the Advisory Board of the Leadership Academy. Richard Parsons, CEO of AOL Time Warner, and Anthony Alvarado, former Chancellor of New York City Schools and current Chancellor of Instruction of San Diego's Institute for Learning and Superintendent of the San Diego City Schools Education Center, will serve as Vice Chairs of the Academy.

The Leadership Academy's work will be fully integrated into the Department of Education's overall effort to develop leadership at every level of the system.

What types of programs will the Academy offer? Will all current principals have to attend the Academy or is it just for new Principals?

The Academy has three distinct program tracks designed for aspiring principals, newly promoted and externally hired principals, and incumbent principals. Through the Aspiring Principals Program (APP) the Leadership Academy will develop new leaders for the school system. It is also critical to invest in developing and supporting the current base of principals through the New Principal On-Boarding Program (NPOBP) and the Principal Leadership Development Program (PLDP). The NPOBP will provide leadership development to newly appointed principals and externally hired principals to help them adjust to the system and to their role as instructional leaders. This program will include instructional leadership components and management functions so that the new principals can be effective in their jobs immediately. The PLDP will focus on developing incumbent principals to effectively lead their schools under the Children First reforms. Every current principal in the system will attend multiple day-long development sessions at the Academy over a six-month period as a way for the school system to re-train school leaders and align them with the new system, structure, and priorities.

Is the Leadership Academy in charge of all principal recruiting? If not, what other types of recruitment efforts does the Department have?

The Leadership Academy will work to recruit highly qualified candidates to its leadership training program and to principal vacancies in the system. People may also apply for principal positions through the normal postings by the Department of Human Resources.

QUESTIONS ABOUT NO CHILD LEFT BEHIND

What is No Child Left Behind?

The *No Child Left Behind Act of 2001 ("NCLB")*, signed into law on January 8, 2002, is the latest revision of the Elementary and

Secondary Education Act (ESEA). The ESEA was first enacted in 1965 and encompasses Title I, the federal government's flagship aid program for disadvantaged students.

At the core of the *No Child Left Behind Act* are a number of measures designed to hold states and schools accountable for the academic achievement of all students, ensure that the teaching and paraprofessional staff is highly qualified, and provide parents with access to information and choice.

Since the law's enactment, the New York City Department of Education has been working with the New York State Education Department, districts and schools on implementing several key provisions of the law. These include disseminating information about school performance, recruiting and hiring highly qualified teachers, and notifying parents about public school choice and Supplemental Educational Services ("SES").

How many schools in New York City were identified as "Schools in Need of Improvement" under NCLB?

In New York City, 315 schools are currently identified as "Schools in Need of Improvement." All New York City public schools that receive Title I funds and that have been identified by New York State as schools in need of improvement, schools in need of corrective action, or Schools Under Registration Review ("SURR") -- collectively these are "schools in need of improvement" under NCLB -- must offer every enrolled student the option to transfer to another public school that has not been identified as a "school in need of improvement."

How many children in New York City are eligible for Public School Choice under NCLB?

The approximately 300,000 students attending the "Schools in Need of Improvement" are eligible under NCLB for Public School Choice, which gives parents the option of transferring their child to a school that is not in need of improvement. Priority is given to the lowest performing students from low income families. Many of the 300,000 students may be eligible for Supplemental Educational Services, which include tutoring or other remedial services offered after school and/or on weekends; however, not all of the students who qualify for Public School Choice are eligible for Supplemental Educational Services. In addition, students that opt to transfer schools are no longer eligible for SES.

What were the options offered to the families of the children eligible under NCLB for Public School Choice?

Through extensive direct mailings, postings, meetings, phone calls and publications, the Department has offered parents three options for eligible children. Parents can request (1) to keep their child in his or her current school; (2) to obtain supplemental educational services for their child, if eligible for those services; or (3) to transfer their child to another school not in need of improvement. In the event that parents request a transfer, they are

offered 8 school options and asked to rank the schools in order of preference. The Department then notifies parents of the school option available to them and parents make the final school placement decision for their child.

How have eligible families responded?

As of mid- June, the Department received 55,801 responses. Of this total, 9,784 families chose to keep their child in his or her current school, 26,483 families requested information about Supplemental Educational Services, and 19,534 families requested transfers to schools not in need of improvement. Of the families that requested a transfer, 7,397 responded to the letter offering 8 schools as transfer options and 5,861 requested a transfer. The Department continues to receive additional responses.

What is the Department doing to address the impact of NCLB on schools receiving large numbers of transfers?

Regional Superintendents and Local Instructional Superintendents will be working with the schools receiving Public School Choice transfers to support the transfers and the transition of students. In addition, the Parent Coordinators located in each school and the Parent Support Offices at the Learning Support Centers will be prepared to assist families whose children are transferring schools.

Who is eligible for Supplemental Education Services ("SES")?

Students enrolled in Title I Schools In Need of Improvement (Year 2), SURR or Corrective Action Schools who are "free lunch eligible" are eligible to receive SES. If there is not sufficient funding for all eligible students whose parents request SES, priority is given to students who are furthest away from State standards.

Who provides SES?

The NY State Education Department approves providers who may include the Instructional Regions, private companies, faith and community based organizations. For New York City there are currently approximately forty approved providers, including the DOE in New York City. During the month of August the State is likely to amend available providers to add new programs. The State is expected to make the new list available by September 2003. Information will be sent to parents and will also be available both at the schools and on the DOE website.

How do parents request SES services for their child?

Parents of eligible students will receive a directory with provider information in September 2003. During the month of September parents will be able to visit programs and interview potential providers in order to make an informed selection. Parents of

eligible students will then complete a selection form with their choice of programs for their children. Additionally, orientation sessions and provider fairs will be conducted to assist parents in the selection process. It is expected that the process will be completed and programs will begin in October 2003. Currently, there are sufficient federal funds available to provide all eligible students with these services.

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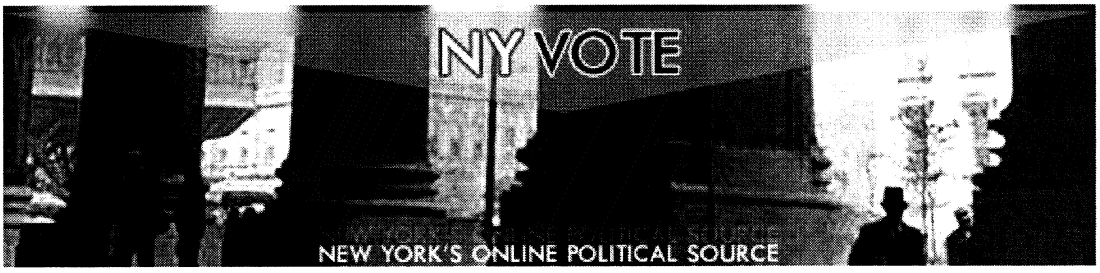
Research Reference J – Children First Press Release Books in Schools



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Mayor Bloomberg and Schools Chancellor: Arrival of Books for First Core Curriculum

9/4/2003

FOR IMMEDIATE RELEASE
September 4, 2003
No. 243
www.nyc.gov

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

MAYOR MICHAEL R. BLOOMBERG AND SCHOOLS CHANCELLOR JOEL I. KLEIN ANNOUNCE THE ARRIVAL OF BOOKS AND MATERIALS FOR CHILDREN FIRST CORE CURRICULUM AND DISCUSS THE STATUS OF SWEEPING EDUCATION REFORMS BEFORE THE FIRST DAY OF SCHOOL

Close to Eight Million Books Now in Classrooms; Schools are Prepared for Implementation of New, Comprehensive Approach to Literacy and Math Instruction that is Key Element of Children First Reform Agenda

Mayor Michael R. Bloomberg and Schools Chancellor Joel I. Klein today announced that textbooks and materials needed to support the new, citywide comprehensive curriculum in literacy and mathematics are now in classrooms ready for the first day of school. The Mayor and Chancellor also discussed the progress of major education reforms that were first presented in January of this year; including professional development for teachers, the creation of Parent Coordinators and an entirely new management structure. The announcement was made in a classroom at Dorothy Bonawit Kole School (PS 49) in Middle Village, Queens.

Close to eight million books have now been delivered and unpacked in classrooms across the City. The books include textbooks supporting the new math and literacy curriculum, as well as the contents of 14,500 new classroom libraries. The new curriculum in literacy and math is a central element of the Children First reform agenda that was announced by Mayor Bloomberg and Chancellor Klein last January.

"For too many years, we heard stories about books not being in classrooms in time for the first day of school. I am proud to say that we made good on our promise in January, and here they are, ready for Monday's classes," Mayor Bloomberg said. "Our Children First reform agenda is first and foremost about teaching and learning. We have said from the outset that we must be certain that our children are mastering the basic reading, writing, and math skills that they need to succeed both in school and after. The new citywide core curriculum brings to our classrooms a rigorous instructional approach to literacy and math that will help us raise student achievement across the board."

"The books and materials that support our new curriculum are in our classrooms ready for the arrival of our students on Monday," Chancellor Klein said. "This was no small logistical feat: close to 8 million books were delivered in 300,000 boxes to 1,400 delivery locations. It is a testament to the effectiveness and efficiency of our new management structure that our schools stand ready to implement the new curriculum."

New Management Structure

The preparedness of the City's schools is due to the effectiveness of the newly reorganized structure of the school system, completed this year as part of the Children First reform agenda. The new management structure is designed

to support the instructional goals of the new comprehensive curriculum and to enhance parent involvement. The reorganization streamlined the structure of the school system and redirected resources from bureaucracies to schools. The structure maximizes accountability for performance and achievement and increases the support provided to principals, teachers, and schools.

New Curriculum

The new books and instructional materials are the cornerstone of a new core curriculum dedicated to improving teaching and learning Citywide. The new instructional approach to math and literacy includes rigorous daily instruction for all elementary and middle school students. For students in kindergarten through third grade, the curriculum includes systematic phonics instruction integrated with reading and writing exercises. All kindergarten through eighth grade classrooms are now equipped with rich, varied classroom libraries stocked with books that will interest children and encourage independent reading. For high school students that continue to struggle with reading, writing and math, the curriculum includes special instructional programs designed to assist older students in these areas.

Professional Development

To introduce the new curriculum and raise student achievement Citywide, the City is also taking unprecedented steps to train teachers through strong and coherent professional development. Today, teachers in each region of the school system are completing an intensive three-day professional development program on the new curriculum that was coordinated and led by the Department's ten Regional Superintendents. The Department has distributed 80,000 instructional CDs and 80,000 literacy and math handbooks and offered voluntary courses on the new curriculum. The Department has also provided rigorous professional development programs for the expert literacy and math coaches that have been placed in schools to support teachers and classroom instruction and for the Local Instructional Superintendents that will be supervising and supporting networks of schools. Teachers will be provided with ongoing professional development throughout the school year, including an additional 50-minute period of professional development for teachers each week. In addition, all principals, whether experienced or new, are participating in rigorous and innovative leadership development programs conducted by the Leadership Academy. This summer, the Academy launched its programs for new and aspiring principals; the leadership program for incumbent principals will begin this month.

Including Parents

Hand-in-hand with these new measures to improve classroom instruction, the Department has also implemented Children First reforms to make schools more welcoming to parents and to strengthen the essential partnership between schools and their students' parents and families.

The Department has hired and trained 1,185 new Parent Coordinators who are now working full-time in schools to address parent concerns and expand parent outreach. The school-based Parent Coordinators will be supported by fully staffed regional Parent Support Offices - which will provide parents with additional access to the school system. Trained Parent Support Officers are available to parents at the Parent Support Offices in each of the City's 13 Learning Support Center sites. Parents may obtain help at any of the Parent Support Offices on weekdays, Monday and Wednesday evenings, Saturdays, and the first Sunday of each month.

"Active parent involvement is absolutely critical to raising student achievement," said Mayor Bloomberg. "We need to work together to motivate, support and encourage our schoolchildren. Our reforms recognize that parents must be full partners with our schools in the important work of education."

"We have new, trained Parent Coordinators in our schools ready to welcome students and parents on Monday," Chancellor Klein said. "They will be working to expand parent outreach and involve parents in the education of their children. We know that when parents get involved, schools improve and our children benefit."

Making Registration Easier

In an effort to ensure that as many students as possible were prepared to start classes on the first day of school and to reduce the strain on schools and parents caused by registration during the first weeks of school, the Department recently held an unprecedented citywide early registration drive. During the drive, the Department opened all City schools for the two-week period prior to the first day of school to students and parents to register. Well over 10,000 students were registered during the initial week.

Being More Responsive

The new regional structure has also enabled the Department to better prepare for the opening of school by establishing systems to address logistical problems that may arise in schools during the first few weeks of the school year. In particular, the Department has created in each Region a designated Rapid Response Team to provide effective support to schools and principals. The Rapid Response teams will work to ensure that: there is effective communication between schools, Regions, and Central about problems that may arise at the school level; problems are identified and solved as they arise; and there is accountability within the Region for the timely resolution of problems. Principals may contact the Regional Rapid Response team with problems they experience during the opening week of school.

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Research Reference K – Governor Pataki Press Release Children First

FOR IMMEDIATE RELEASE:
January 23, 1997

Governor Pataki Signs Historic Reform of NYC Schools into Law

Governor George E. Pataki today conducted a bill signing ceremony on his historic legislation that reforms the way New York City schools are governed by giving Chancellor Rudolph F. Crew the authority and responsibility he needs to effectively run the school system, while enhancing parental involvement in local decision making.

"With this historic legislation, we put the children of New York City, their education and their future, first," Governor Pataki said. "We have put an end to the years of gridlock and delay and taken an important first step toward reforming -- and revitalizing -- education in New York City.

"We have replaced a system that looked the other way as schools failed our children with a system that ensures school officials are held accountable for the performance of their pupils," the Governor said. "We have given parents new and important roles to play in the education of their children, while bringing an end to the partisan politics that allowed patronage and failure to fester and grow at the expense of our children's education.

"Chancellor Crew will now have the powers he needs to put in place superintendents and principals who will put children first. With the help of parents, teachers and administrators, as well as the leadership in City Hall and in Albany, I am confident he will get the job done."

The Governor's Program Bill, which passed both the Senate and Assembly during a Special Session in December called by Governor Pataki, gives the City School's Chancellor the ability to select superintendents from a list of candidates recommended by the local school board, doing away with the existing patronage system of hiring and ensuring that high-caliber managers are selected to run the city schools.

"With the signing of this bill, we are beginning to replace a culture of unaccountability with a culture of performance in the New York City School system," Mayor Rudolph W. Giuliani said. "I would like to thank Governor Pataki, the State Legislature, the City Council, Chancellor Crew and the Board of Education for joining in partnership to pass this landmark legislation."

Chancellor Crew said, "This truly historic legislation ensures that, for the first time in decades, the Chancellor will have the power and the responsibility to make meaningful change in the school system."

"Thanks to the courageous efforts of the Governor and these legislators, I now have the authority -- and obligation -- to take quick, decisive action to improve low-performing schools and districts without the threat of protracted litigation," the Chancellor said. "For the children who have been pawns in a fragmented system, this legislation means that their educational needs will now come first."

The legislation increases the Chancellor's authority to intervene when a community school district fails to meet performance standards, gives superintendents the power to hire principals, calls for placing financial monitors in each community school district, requires the Chancellor to establish a comprehensive system of school-based budgeting and expenditure disclosure, requires mandatory training for community school board members.

The legislation maintains borough involvement and identity in the city schools by requiring that Deputy Superintendents be appointed in each borough to work with the Chancellor, the Borough Presidents and other elected officials, parents and school officials.

The legislation also begins to reform school board elections by mandating that elections be conducted using voting machines, while also creating a task force to study and make recommendations for changing the current system of school board elections. The task force is to recommend alternatives to the present system of proportional voting.

"By creating a system with a strong chancellor, strong superintendents and strong principals, we have brought accountability to a system that was in dire need of reform," Governor Pataki said.

"Throughout this process, I was focused on one thing: improving the future for children of New York City by making sure they got the best education possible," the Governor said. "By putting aside partisan differences and finding common ground, we have achieved historic reforms and made a real difference in lives of our children."

Return to the Press Releases
Return to the Office of the Governor

Research Reference L – NYCDOE Children First Intro

NYC Department Of Education

Joel I. Klein, Chancellor

Thursday, April 01, 2004

The Children First Reform Agenda

The Children First reform agenda grew out of a city-wide series of community engagement meetings in the fall and winter of 2002-03. Chancellor Joel Klein and his staff met with people from throughout the school system, including thousands of parents, students, teachers, principals, Department staff, community groups, education experts, faith-based leaders, and business groups. Through this process, the Department received an enormous amount of information directly from people who work in schools and from parents who entrust their children to schools. Most importantly, New Yorkers offered concrete suggestions on how our school system could be improved.

That input was coupled with an analysis of what is working well in various districts in New York City and other urban areas throughout the country. Then the Chancellor, together with the Mayor, developed core proposals for fundamental changes to our school system. Over the past several months, the Department has implemented many of the reforms, which you will see in all schools starting this September.

The Children First reform agenda focuses the school system on improving teaching and learning in individual schools and classrooms. The goal of the reform agenda is to give all of our schools, and the teachers and principals within our schools, the necessary resources and support to improve instruction. We want to ensure that students have the opportunity to fulfill their highest potential. Student achievement is the result of the work done everyday at each individual school by the principals, teachers, and staff who work with the City's 1.1 million students.

There are four core elements of the Children First reforms:

- Adoption of a single, coherent system-wide approach for instruction in reading, writing and math that is supported by strong professional development;
- Establishment of a new parent support system to make schools more welcoming to students' families and to give families the access and tools they need to be full partners in the education of their children;
- Development of principals as the key instructional leaders of their schools through unprecedented leadership development programs at the new Leadership Academy; and
- Reorganization of the Department of Education's management structure into a unified, streamlined system dedicated to instruction and designed to drive resources from bureaucratic offices into the classroom.

By focusing the school system on instruction in schools and classrooms, the implementation of the Children First reform agenda will help realize the goal of creating a system of 1,200 great schools.

To learn more about the Children First reform agenda and the changes you will see in schools this fall, please click here to view Frequently Asked Questions.

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Research Reference M – Citizens' Budget 2003-05: A 10-Point Plan to Balance the California Budget and Protect Quality-of-Life Priorities

CITIZENS' Budget 2003-05

A 10-Point Plan to Balance the California Budget and Protect Quality-of-Life Priorities

Reason

The Performance Institute

Project Director: Carl DeMaio

Part 7

Protect and Improve Education

"During these times of fiscal crisis and uncertainty, districts need maximum flexibility to review all options for accomplishing support service tasks, particularly when the only major cost cutting alternative is to drastically reduce services in the regular education program."
– James Fleming, Capistrano Unified School District

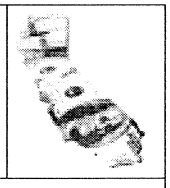
Summary of Citizen Budget Recommendations in This Section:

1. Make Education a Priority by Adhering to Proposition 98 Funding Requirements during the 2003-2005 budget cycles.
2. Reform Categorical Funding System to streamline funding provided to school districts.
3. Adopt a "Funding to Follow the Child" Model that distributes education funds within districts and among districts using a weighted student funding formula to more appropriately and effectively reflect individual student needs.
4. Implement Competitive Sourcing for Non-Instructional Services to ensure cuts proposed by the Governor do not affect classroom funding
5. Move toward Greater Local and Parental Control of Education Funding through expanded pilot projects in school choice.

The Citizens' Budget sees education as the most important function state government can play—as well as the most important investment to safeguard in a state budget. Toward that end, our budget firmly commits to making all budget expenditures necessary for keeping the funding commitments outlined under Proposition 98. Indeed, under our plan, Proposition 98 will not have to be suspended. However, the Citizens' Budget does call for fundamental education reform.

The Governor's 2003-2004 Budget includes a total of $52.1 billion in operational funding from state, local, and federal sources for K-12 schools for 2003-04. This is a decrease of $1.4 billion, or 2.7 percent,

California Budget FACTS:



100%
The amount of funding the Citizens' Budget fulfills of Proposition 98 funding

$8750
Amount spent per pupil in state public schools this year

70%
Percent of students in 7th grade that do not meet state proficiency standards in math

67%
Percent of students in 7th grade that do not meet state proficiency standards in language arts

29%
Percent of each dollar spent at school district level that goes to non-instructional activities (transportation, food service, etc.)

from estimated expenditures in the current year. The budget also includes a total of $30.3 billion in state, local, and federal sources for higher education. This is an increase of $447 million, or 1.5 percent, over estimated expenditures in the current year.[101]

While our budget accepts the reductions to education funding called for in the Governor's plan, we do not share the Governor's view that across-the-board cuts are the best way to make reductions. School districts across the state are reacting by giving teachers pink slips. State law requires that teachers be put on notice six months in advance of layoffs.[102] These pink slips may be one method to put pressure on the legislature to raise taxes rather than cutting education spending.

In contrast to the behavior above, we propose to achieve the Governor's proposed 2.3 percent reduction without taking a single dollar from the classroom and without issuing a pink slip to a single teacher. Finally, the state cannot simply make education "whole" by maintaining Proposition 98 funding levels. It must ensure that the money spent under Proposition 98 and other sources is put to good use and achieves the best academic performance possible. In order to ensure California has a world-class education system that leaves no child behind, fundamental reforms must be enacted to improve the entire education system.

Rather than announcing teacher layoffs, local school districts need to enact the 1.2 percent reduction through three key reforms. First, school districts should have the ability to competitively source non-instructional services through performance-based contracting. Additionally, school districts need local flexibility to manage the one-third of education revenue (approximately $12 billion in restricted categorical funding) by collapsing these programs into general block grant funding on a per-pupil funding allotment. Finally, academic performance should be tied to individual per-pupil funding through a general public school choice program that allows students to attend any public school using a weighted student formula and through an opportunity scholarship program that allows students in failing schools to transfer to private or higher-performing public schools.

Table 9: Governor's Proposed K-12 and Higher Education Funding 2001-02 Through 2003-04 (Dollars in Millions)

	Actual 2001-02	Estimated 2002-03	Proposed 2003-04	Amount Change from '02-03	% Change from '02-03
K-12[a]	$51,663	$53,521	$52,078	-$1,443	-2.7%
Higher education[b]	28,890	29,874	30,320	447	1.5%
Totals	$80,553	$83,395	$82,398	-$997	-1.2%

[a] Includes state, local, and federal funds. Excludes debt service for general obligation bonds.

[b] Includes state, federal, and local funds. Excludes direct capital outlay spending and debt service for general obligation bonds.

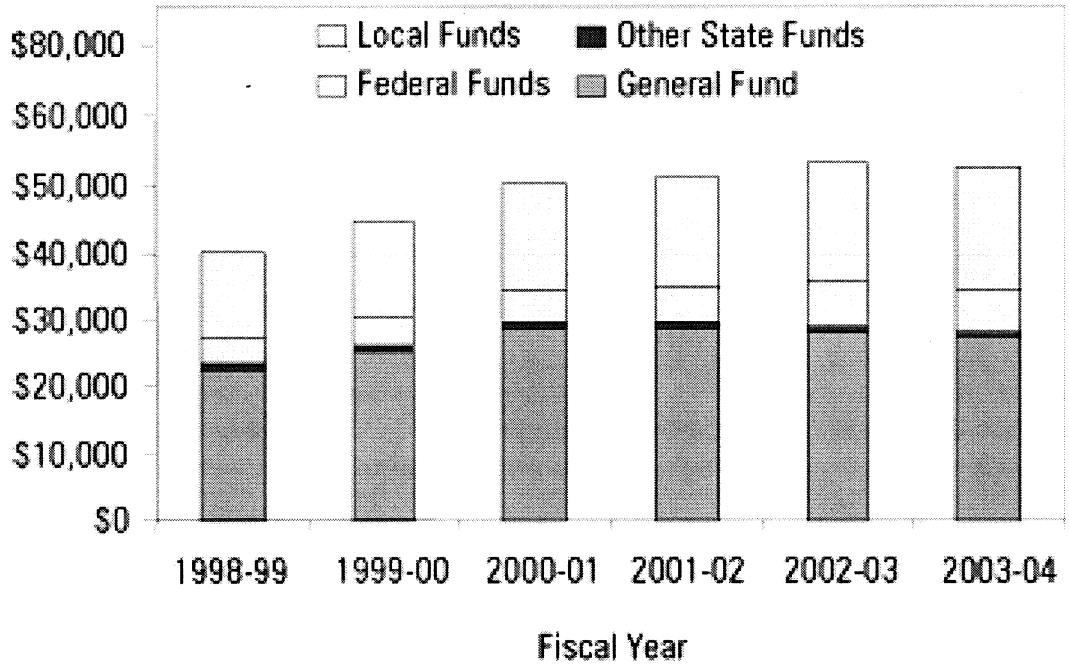
Source: Legislative Analyst's Office, http://www.lao.ca.gov/analysis_2003/education/ed_1_ov_anl03.htm#_Toc32819890

More Money, Less Performance

California enrolls approximately 6 million students in its public schools, 12.5 percent of the nation's total. In a forthcoming article in *California Policy Options 2003*, UCLA, school management expert William G. Ouchi describes the state of California education:

> *By most measures, these schools are failing in their mission. On the 2000 National Assessment of Educational Progress—Science Examination, California's eighth graders tied for last in the nation with those of Hawaii. California's fourth graders had sole claim to last place in the nation. In the 2001 TIMSS international mathematics test, California again ranked dead last in the U.S., this time tied with Mississippi. A 2000 study by RAND concluded that California ranks last in the nation when reading and math scores are compared for students of the same socio-economic categories. Fewer than 25 percent of California students scored either proficient or advanced in reading.*[103]

Figure 13: Total Revenue for K-12 Education by Funding Source (Dollars in Millions)



Source: Data from Governor's Budget Summary, 2003-04, http://www.dof.ca.gov/HTML/Budgt03-04/BudgetSum03/10_K-12.pdf

Other indicators also demonstrate how poorly California's schools are performing. The Legislative Analyst's Office estimates that by 2007 100 percent of Title I schools will be failing by federal standards. California ranked 34th in the nation in terms of educational inputs and math scores on the National Assessment of Education Progress for 8th graders and ranked 36th in the nation in terms of educational inputs versus SAT scores. Finally, when examining proficiency exams, between approximately 30 and 38 percent of all California students are proficient in reading and math at grade level (see below).

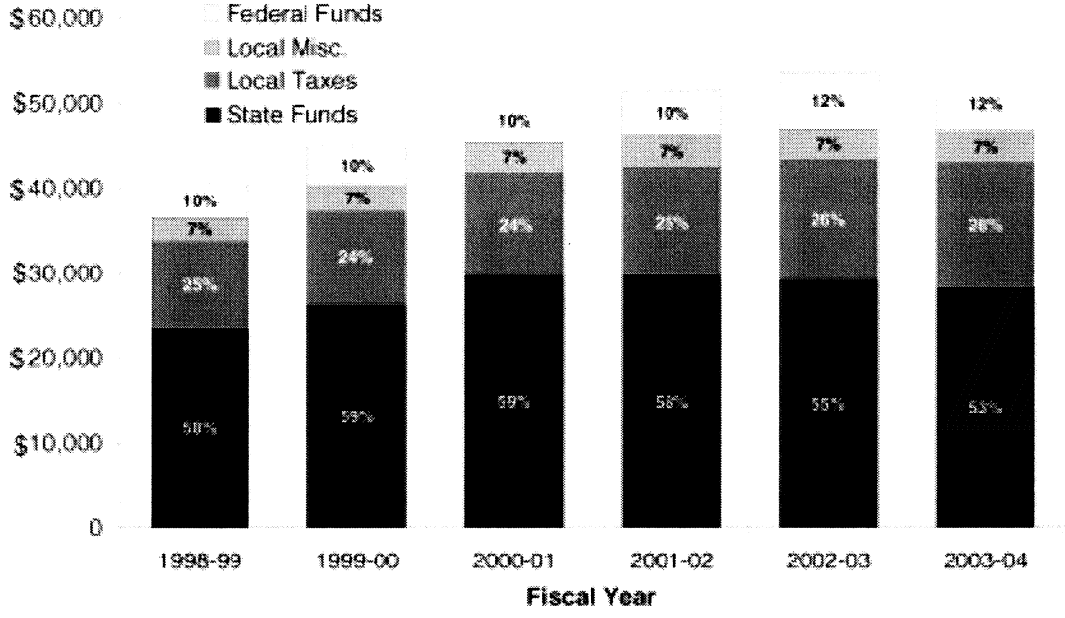
Table 10: Percent of Students Proficient or Above in English Language Arts and Mathematics (Results From the 2002 California Standards Test)

	English Language Arts		Mathematics	
	Grade 3	Grade 7	Grade 3	Grade 7
All students	34%	33%	38%	30%
English language learners	12	5	22	9
Economically disadvantaged	18	16	25	16
Special education	17	6	21	6

Despite dismal performance, funding is not the issue. In fact, by a number of accounts, the state is spending more on education but getting less. Despite the much-publicized cries that Sacramento budget cuts are causing financial strain on our schools, analysis of education spending in California shows steady increases in the past five years, especially when all revenue sources to schools are accounted for.

Estimates of per-pupil spending vary depending on which funding sources are included. The Legislative Analyst's Office projects that spending from all sources will total $8,750 per pupil in 2003-2004.[104] This does not include expenses for capital costs. In other comparisons, a study by the *Los Angeles Business Journal* reported that for 25 independent schools in Los Angeles, the average annual tuition was $7,091.[105] A recent study by Ouchi found that the 298 Catholic schools in Los Angeles spend an average of about $2,500 per student in elementary schools and $5,100 per student in high school. By contrast, when school facility construction costs are added into the funding mix, the Los Angeles Unified School District spent a total of $13,267 per student for the 2000-2001 school year.[106]

Figure 14: Revenue for California's K-12 Schools: Source for Revenues ($ Millions, % of Total)



Source: Governor's Budget Summary, 2003-04, http://www.dof.ca.gov/HTML/Budgt03-04/BudgetSum03/10_K-12.pdf

So how can it be that California has dumped billions more into its education system but has seen the same old poor levels of education performance? Research by the American Legislative Exchange council finds that there appears to be *no significant correlation* between four measures of educational inputs: per-pupil expenditures, total funds received from the federal government, average teacher salaries, and student achievement.[107] For example, Washington, Iowa , and Wisconsin rank below the top ten in each of these measures and yet have achieved the highest average test scores in the nation. Several other states including California spend a relatively high amount of resources as measured per pupil and receive significant support from the federal government yet do not demonstrate high levels of student achievement.

One of the most clear-cut ways school districts can save money or improve services is to outsource non-instructional services. California classrooms and students will sustain less damage in this financial debacle only if local school districts have maximum flexibility to manage their budgets. In May 2002, the city of Philadelphia's school district, which has faced budget deficits the last four years, passed a $1.7 billion budget that projected a $28 million deficit by the end of this fiscal year. Now, the district expects a $2 million surplus. Officials credit administrative cuts, better facilities management, and across-the-board cuts in programs not tied to the classroom. Philadelphia's school district has saved over $29 million in just two years by relying on privatized transportation, food service, custodial, and other support functions. Philadelphia made these financial cutbacks without a teacher hiring freeze or firing any teachers. In fact, Philadelphia is still running a robust teacher recruitment program.[108] Similarly, Chicago's school district saved $20 million over three years by contracting its bus services.[109]

According to the U.S. Department of Education, National Center on Education Statistics, and the California Department of Education, California schools spend between 26 and 28 percent of their budgets on non-instructional services, including operation and maintenance, transportation, and food service.[110] In the 2002-03 and the 2003-04 budgets, this amounts to more than $13 billion each year spent on non-instructional school-site services. According to the American School & University school privatization surveys from 1997-2001, 40 percent of the nation's school districts outsource transportation and more than 20 percent outsource food service.[111] Literature reviews of education privatization cost savings have found between 20 and 40 percent savings from school outsourcing.[112] If 25 percent of the more than $13 billion in California non-instructional services were outsourced at a savings of 20 percent, California school districts would save approximately $651 million in each of the 2002-03 and 2003-04 fiscal years on non-instructional services.

A new California law will cripple the flexibility of local school officials to target spending cuts to non-instructional services and away from teachers and other instructional programs. The privatization law, SB 1419, effective January 1, 2003, requires school officials to analyze potential cost savings from privatization, forbids the private firm from paying workers less than industry standards, and forbids the layoff or demotions of school employees as a result of the contract. The law requires school districts to use the same standards that state agencies must comply with before privatizing jobs done by classified, i.e.non-teaching, school employees. While analyzing potential cost savings is an important step of all school privatization programs, this law provides a serious disincentive to privatizing school support services in California; control of personnel is one of the most crucial aspects of any successful privatization effort. We therefore

recommend that this law be suspended during the state fiscal emergency so that districts may achieve efficiencies through outsourcing.

The Governor's Budget also proposes an $890 million decrease in General Fund expenditures for higher education in 2003-2004. Outsourcing non-instructional services could also lead to cost savings for higher education expenditures. Colleges tend to outsource services at a higher rate than school districts. Conservatively, if California colleges and universities spend 10 percent of their $30.3 billion budget on services that could be potentially outsourced and achieve cost savings of 25 percent, that would result in cost savings of $757 million each year.

When considering the potential of non-instructional competitive outsourcing, the $1.2 billion in proposed cuts to education are not that extreme and demonstrate that additional state monies could be saved if the state took a few specific actions:

- Suspend recently enacted restrictions that have dramatically limited the ability of school districts to outsource support services;
- Tie budget cuts to school districts with incentives that encourage outsourcing; and
- Outsource support services at the UC, CSU, and CC systems.

Reform Categorical Programs

California's state government distributes tax dollars to local school districts and county offices of education in two ways. One method allocates tax dollars to local districts that districts may spend as they deem appropriate. The second method, which accounts for one-third of total K-12 programs from all sources, is through categorical programs. These programs earmark tax dollars for specific purposes and programs. A recent exposé in *The Sacramento Bee* describes California's categorical education funding system as "a monumental mess."[113] The categorical system has grown into a massive and convoluted web, filled with deep disparities, outdated programs, and unaccountable cash streams.

The state has more than 100 categories of money for specific purposes, such as helping poor children or training algebra teachers or educating the academically gifted. Each has a different history, a different funding pattern, and different people in charge. The distribution of categorical money from district to district is uneven, with politics often determining who gets the most cash. A lot of the money is doled out based on outdated programs and formulas with little connection to needs in schools.

In the 1988-89 school year, categoricals together made up about 22 percent of the state budget for education. By 2001-02, that share had grown to about 31 percent—more than $12 billion in a $40 billion budget.[114] The state has at least 20 separate categoricals devoted to the training of teachers and school staff, each with its own bureaucracy. And a dozen or so programs cover some aspect of school safety, but there's no coordinated plan for safe schools.[115]

The Little Hoover Commission explains the administrative costs of a categorical system:

> *Categorical programs have their own paperwork, justifying district eligibility and documenting expenditures. Teams of district personnel to fill out the paperwork are matched by teams of state workers to check it. In addition, most school districts of any size spend money on consultants for advice*

on how to maximize funding or pass audits. The commission also found that districts with high amounts of categorical funding spent a disproportionate amount of money on administration linked to those programs. The Legislative Analyst's Office and a more recent Pacific Research Institute report, and the Sacramento Bee report that there is little evidence that any categorical program is actually meeting its stated purpose.[116]

The Governor's Budget proposes to create a $5.1 billion categorical block grant in lieu of funding 58 individual K-12 programs in order to provide school districts with greater fiscal and program flexibility.[117] The Legislative Analyst's Office proposes an alternate categorical block grant program that would collapse 62 categorical programs into 5 block grants.[118]

The Governor's 2003-04 proposal would continue separate funding for 13 categorical programs because they reflect an administration priority (such as K-3 class size reduction [CSR]), satisfy a federal mandate (such as special education), or would be discontinued in the near future (year-round schools, principal training, and mathematics and reading staff development). The 13 separately funded programs would distribute $5.6 billion in 2003-04. Four programs—special education, K-3 CSR, child development, and summer school—account for $5 billion, or 90 percent of the total.

The Governor's proposal and Legislative Analyst's Office proposal would yield state and district savings by reducing the administrative effort entailed in operating multiple categorical programs. Currently, districts must apply for, separately track, and monitor the appropriate use of categorical funds. The amount of local savings that would result is unknown, however, as established in the chapter on reorganization and streamlining government, estimates confirm an overall savings rate of 15 percent. The budget identifies significant state savings, however, proposing to reduce State Department of Education (SDE) administrative support by $6.7 million and 97 positions to reflect workload savings resulting from the consolidation. In the end, this represents 15 percent of the department's 2002-03 General Fund support.

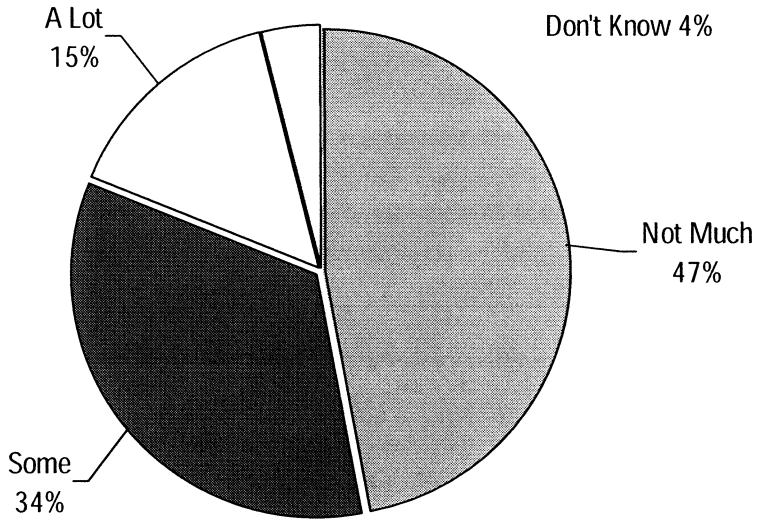
We recommend providing local schools maximum flexibility by creating a block grant for the entire $12 billion and changing the California school finance system to have funding follow the child using a weighted funding formula and devolve fiscal accountability to the school level, which is discussed in the next recommendation. Approximately, 15 percent of the $12 billion covers various administrative costs at the state, district, and local level, for a total cost of $1.8 billion. By collapsing the categorical programs and reducing reporting and compliance activity at the local level, school districts would be able to "stretch" block granted dollars. Therefore, the state could reduce total categorical spending by 5 percent and save $600 million in 2003-2004.

Implement a "Funding to Follow the Child" System

California has one of the most centralized public school systems in the United States. In California, local property taxes are aggregated in Sacramento and then re-allocated to school districts on a per-capita basis. These reallocated funds—both general revenue and categorical funds—flow not directly to schools, but to school district central offices. The central offices then allocate people to schools rather than money based on complex formulas. It is ironic that in California the state accountability systems hold principals accountable for student achievement, but give the principals no authority to make local spending decisions. In Los Angeles, for example, school principals control only 6.7 percent of their school budgets.[119]

In a recent study, UCLA school management expert and management Professor William G. Ouchi found that school districts that use more decentralized management organizations and allow principals to control a larger percentage of the local school budget have better outcomes in terms of student achievement and cost containment. For example, Ouchi's study compared the highly centralized Los Angeles Unified School District and the more decentralized Houston Independent School District. Both districts have 90 percent minority students, and both are heavily low-income, with Los Angeles at 74 percent and Houston at 71 percent. Given these similarities, it is striking that Houston students outperform those of Los Angles by nine or ten points in reading, and by six or seven points in mathematics, on the same Stanford 9 standardized test.[120]

Figure 14: Do you have a lot of confidence, some confidence or not much confidence that your local school district officials are spending money wisely?"



Source: PPIC, March 2002

The study also found that more decentralized districts, such as Edmonton, Seattle, and Houston, had less fraud and corruption and smaller central audit staff per 100,000 students than New York City, Los Angeles, and Chicago.

These decentralized districts use an innovative budgeting system known as Weighted Student Formula. Ouchi explains how the model works in Seattle:

> *All that is needed is to capture the several state-allocated categorical funds, such as those for Special Education, Reading Programs, and GATE (Gifted and Talented Education) and assign the money to the student who qualifies for each special fund. Thus, the money follows the student. In the Seattle system, a "minimum" student—one who qualifies for no categorical funds, receives only his or her per capita basic state allocation. The "maximum" student—one who has multiple learning disabilities, is from a low-income home, and who is a non-English speaker, carries a weighting of up to 9.2 times the basic*

allocation. In addition, each school receives a flat block grant of more than $200,000, so that smaller schools can meet their basic costs.

In addition to the rule that the money follows the student, Weighted Student Formula has a second rule, that each family has a choice of any public school in the system. If a family chooses an out-of-area school, and if the child does not qualify for transportation funding, the family must transport the child to that distant school. Schools must compete for students, and under Weighted Student Formula, they actively seek to enroll Special Education and other students who bring additional Weighted Student Formula funding. The families are empowered by this system, and schools must respond to the needs of families, or suffer declining enrollments. Weighted Student Formula does not create a punitive environment for teachers and does not increase the number of teachers who are subject to discipline or to dismissal. Principals are more publicly accountable under the system.[121]

As Pacific Research Institute's *Grand Theft Education* report recommended, "parental choice in education would overhaul the system and make financial efficiency, student achievement, and parental satisfaction the priority benchmarks."[122] In addition to using a weighted student formula and a public school choice program, California could tie student performance more directly to per-pupil funding by instituting an opportunity scholarship program to allow students in failing schools to transfer to private or better performing public schools.

Rather than using the perverse incentive that offers more funding to failing schools, California could set up an accountability program that allows the lowest performing students to use scholarships to attend private schools. If funding followed children in the bottom 25 percent of school districts, (including more than 25 percent of the student population because of large low-performing districts like LAUSD and Oakland) this would result in at least $2.6 billion in savings. Using the Los Angeles Independent School tuition figure of $7,000 (which is higher than the national per-pupil spending average) and letting the $7,000 follow each of the students in the bottom 25 percent of academic achievement would save more than $2.6 billion.

A complete school choice system where the money follows the child to any public or private school represents the most decentralized system on the school funding continuum and will likely yield the most cost savings. As a thought experiment, if $7,000 followed each of the 5,954,154 California children to a school of his or her parent's choice the cost would equal close to $42 billion and save California close to $10 billion in 2003-2004 in education spending.

Research Reference N – Prevailing Wage Regulations and School Construction Costs: Evidence from British Columbia

Journal of Education Finance
Vol. 24 (Winter 2000) pp. 415-432

The *Journal of Education Finance* is published by the Association of School Business Officials International, 11401 North Shore Drive, Reston VA 20190-4232
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PREVAILING WAGE REGULATIONS AND SCHOOL CONSTRUCTION COSTS: EVIDENCE FROM BRITISH COLUMBIA

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PREVAILING WAGE REGULATIONS AND SCHOOL CONSTRUCTION COSTS: EVIDENCE FROM BRITISH COLUMBIA

The stock of public school buildings constructed during the baby boom is aging along with that generation of Americans. Soon much of this building stock will have to be replaced.[1] The financing of this rebuilding of America's schools is an emergent political issue of considerable importance. Given these pressures on school construction financing, any proposal that promises to substantially lower the price tag for this reconstruction garners considerable public interest and potential support. One such proposal is the elimination of prevailing wage regulations that in 31 states and the District of Columbia govern the payment of wage rates on public school construction.[2] Prevailing wage laws require that state mandated wage rates be paid on public road and building construction. The purpose of these laws is to encourage collective bargaining in construction and to discourage the payment on public works of wages below those prevailing locally. Critics of prevailing wage laws assert that these laws raise public construction costs and discourage nonunion contractors from bidding on public works.

Some politicians and school officials believe that the elimination of prevailing wage regulations could cut public school construction costs by 10 to 40 percent. For instance, Gary Johnson, the Governor of New Mexico, in his 1997 address to the New Mexico state legislature foretold a 33 percent reduction in total state school construction costs from the elimination of the state's prevailing wage law.[3] In Ohio in 1997 the state legislature held hearings on the possible elimination of prevailing wage regulations for school construction. School officials foresaw substantial cost savings from such an exemption. For instance, Rick Savors,

Deputy Director of Legislative Networks for the Ohio School Boards Association (OSBA) testified that

> The OSBA believes that the state's current prevailing wage law adds significant costs to a project and limits the number of contractors willing to offer bids on school contracts…The cost savings for districts, taxpayers and the state can be significant…those savings could reach perhaps as high as 30-40 percent in some instances.[4]

In the same hearings, Richard Maxwell, Deputy Executive Director for Government Relations for the Buckeye Association of School Administrators (BASA) testified:

> BASA supports the exclusion of the prevailing wage provision for school construction and facility improvements. This exclusion will benefit Ohio's schools by extending the scarce taxpayer's dollars to improve facilities. As a superintendent of schools for 23 years in districts I managed many school buildings built in 1912 through 1964. We had an extensive program of renovation and improvement of these buildings…BASA members tell us they believe they can do 10-15 percent more construction and renovation if the prevailing wage provisions did not apply to school construction and renovations.[5]

The primary basis for asserting that the elimination of prevailing wage regulations on school construction will substantially lower total school construction costs is the proposition that absent these regulations, wage rates on school construction would be substantially lower. In consideration of Ohio Senate Bill 102, Jim Shirey, Legislative Liaison for the Athens Ohio City Schools Board of Education made this argument explicit.

"Prevailing Wage" is *nothing less* than price fixing perpetrated by state government. Prevailing Wage sets the price of construction labor at union scale, *regardless* if the local labor market. One of the contractors who testified on this bill before the Senate Finance Committee did a study of *actual* construction costs and he showed *very clearly* that Prevailing Wage can inflate the cost of construction labor by as much as 60 percent.[6]

There are no academic studies on the relationship between prevailing wage regulations and school construction costs. This paper attempts to inform the ongoing debate over the impact of the prevailing wage laws on school construction costs by using a unique dataset from Canada. Wages including benefits constitute about 30 percent of the total construction cost, excluding land acquisition and architectural costs.[7] The province of British Columbia (B.C.) established the Skill Development and Fair Wage Policy (SDFWP) on March 30, 1992. It mandated payment of the prevailing wage on public construction projects and determined "fair" wage schedules for each occupation within the building trades. The fair wage was set at about 90 percent of the collectively bargained wage rate for each construction occupation in B.C. The B.C. experiment with prevailing wages provides a new opportunity to make an empirical assessment of the debated question of whether or not prevailing wage regulations measurably increase school construction costs. The objective of this paper is to compare final construction costs before and after the SDFWP was implemented in order to determine whether legislated wages resulted in higher school construction cost in British Columbia. For this purpose we will use final cost data from new elementary and secondary public school construction projects from six school districts in B.C. tendered between 1989 and 1995.

The paper is organized as follows. Section 1 presents a brief review of the empirical studies on the impact of the prevailing wage laws on public construction, and states the contribution of this paper to that literature. Section 2 describes the data. Section 3 presents an empirical model to test for the impact of the SDFWP. The model is estimated and results are discussed in section 4. Section 5 concludes.

1. The Literature

In this section we will first outline the general features of the debate over the prevailing wage laws. In the last part of the section we will outline the specific findings concerning school construction.

The literature on the construction cost impact of prevailing wage laws focuses almost exclusively on the U.S. federal Davis Bacon Act. With one exception, the Davis-Bacon literature estimates cost savings from the elimination of the federal regulation to range from 1 to 3 percent of total federal construction costs. The one exception estimates a 26 percent savings in rural building construction from the elimination of federal prevailing wage regulations.

Because the Davis Bacon Act was passed in 1931, there is no possibility of comparing the cost of construction prior to and subsequent to the passage of this act. This leaves three avenues of research. The first estimates what wage rates would be paid on federal construction absent prevailing wage regulations and then tries to compute what total costs would be under two wage rate regimes. The second exploits a moment of time in 1971 when the Davis Bacon act was suspended for 34 days. The last compares the cost of construction on public works with comparable private construction projects.

The first and most common method in the literature tries to assess what wage rates would be paid on federal construction absent Davis-Bacon. With this calculation in hand, these studies then attempt to estimate theoretically what construction costs would be under these hypothetical wage rates. Finally, these studies then attempt to compare hypothetical construction costs under hypothetical wage payments. As expected, this line of research is fraught with debates over the methodology.

Most studies of this type conclude that the Davis-Bacon wage rate is biased upwards toward the union wage, and consequently predict that Davis Bacon raises the cost of construction.[8] The estimated cost inflation attributable to this wage differential is in the order of 1.5 to 3 percent of public construction expenditure (Gujarati, 1967; GAO, 1979, 1983; Goldfarb and Morrall, 1978, 1981; Gould, 1971; Gould and Bittlingmayer, 1980; GAO, 1979,

1983; Thieblot, 1986). On the other hand, Bourdon and Levitt (1980) found no such bias, and Allen (1983) argued that the Davis-Bacon effect is modest, raising construction costs merely by 0.3 to 0.4 percent.

Thieblot (1975) adopted a second, more direct approach by taking advantage of President Nixon's temporary suspension of the Davis-Bacon in 1971. Thieblot compared bid prices of projects tendered but not contracted in this period with their rebid prices in the following period. He concluded that in the absence of Davis-Bacon the lowest bid were lower by 0.63 percent. Thieblot's re-examination of the data leads him to the conclusion that savings, including administration and wage costs, would be as much as 4.74 percent if the Davis-Bacon were repealed (Thieblot, 1986, 105-106).

Fraundorf *et al.* (1983), followed a third methodology. They utilized multivariate methods to determine the impact of prevailing wage laws on construction costs directly. Fraundorf *et al.* compared 215 federal and private non-residential construction projects controlling for non-labor cost factors (such as the type of structure, technical characteristics, size, and geographic location). They found that federal projects were 26 percent more expensive than the private projects, and attributed this difference to the Federal Davis-Bacon Act.

The Fraundorf result is substantially higher than previous studies and may be the academic basis for claims by school officials that total construction costs can be cut by 10 to 40 percent through the elimination of prevailing wage regulations. However, the Fraundorf study has two weaknesses that the present study overcomes. First, the Fraundorf study is not a study of school construction costs. It may be that school construction is distinct from rural building construction. Second, the Fraundorf study derives its projected cost savings from a comparison of public building costs to private building costs. If private buildings differ from public buildings in ways that are not adequately controlled for, this may conflate cost differences derived from public-private building differences with cost differences derived from prevailing wage regulations. Our study attempts to overcome these potentially confounding factors by focusing only on public school construction.

Because state and provincial prevailing wage regulations differ in their specifications and implementations, and school construction is regulated at the state and provincial level, a variety of case studies are needed. Our study is limited to assessing the effect of one prevailing wage law in one province at one particular period of time.

2. The Data

The recent experience of B.C. with the SDFWP permits an assessment of the impact of wage regulation on us the school construction cost by controlling for many factors that confounded the results of the studies mentioned above. The empirical analysis of this paper is based on tender data compiled by the Construction Labour Relations Association of B.C. from six school districts (out of 18) for a study of the impact of the SDFWP on construction costs (Government of Canada, 1997). These school districts are all located in the southern Lower mainland education region of B.C. and are geographically in close proximity. The data cover 54 new school construction projects tendered and completed between 1989 and 1995. Of the 54 tenders, 25 were received before March 31, 1992 and 29 were received afterwards, allowing the comparison of costs before and after the establishment of the SDFWP. All projects cost more than $250,000[9] and were therefore covered by the Fair Wage Policy during the period it was in effect. In addition to the final cost, the raw data also provide information on the list of bidders and bid prices for all projects, the contract price, the type of school (elementary or secondary), and structural characteristics of projects, including gross area, construction type, foundations, and special features (e.g. remote location, difficult site). For many projects estimated and/or actual durations of construction are available. Thus, while the number of observations is relatively small, the data have the advantage of being appropriately detailed. In addition, we also collected information on the size of the general contractors to whom the contract was awarded.

Table 1 summarizes the distribution of school types across the two periods. The number and the type of schools are distributed approximately evenly across the two periods. Gross

sizes of elementary schools range from 2,017 to 3,950 square-meters, while secondary school gross sizes range from 6,033 to 15,787 square-meters.

Table 2 reports summary statistics for the unit (square-meter) final cost (in 1989 prices). The average unit cost is $1,423 but there is a significant difference between the pre- and post-SDFWP periods. After the establishment of the Policy, the average unit final cost increases by $207, from $1,308 to $1,515. This 16 percent difference, which is statistically significant at the one percent level suggests that the SDFWP constitutes a serious burden on the public purse.

In the next section, we will address this question in a multi-variate context controlling for other potentially relevant factors that may impinge on the unit cost of construction.

3. The Empirical Model

The cost of construction, by definition, is equal to the sum of the bid price and change orders. The unit bid price, in turn, is equal to the sum of the estimated cost of production and the profit margin. Let FP stand for the unit final price, m be the mark-up rate, and CO be the total change orders cost, the latter including the mark-up on change orders.[10] Estimated total cost of construction, in turn, can be written as the sum of labor and non-labor costs. Letting w and n stand for the prices of labor and non-labor inputs, and L and N stand for the quantities of labor and non-labor inputs, the final cost can be written as:

$$FP = (1+m)(wL + nN) + CO. \qquad (1)$$

This equation is the basis of the empirical model to be used in predicting the cost of construction. Four sets of factors that potentially affect the independent variables are the physical features of the project, state of the construction business cycle and the degree of competition among contractors, regulatory environment in the labor market, and characteristics of the contractor.

Physical features of the project (including the size, the type of foundation and frame, location, number of stories, type of school) influence the quantity and the type of inputs.

Fraundorf *et al.*, controlled for technical characteristics such as foundation, frame, exterior walls, floor finishing, and frame type. In our sample there is little, if any, variation in technical characteristics for which information is available. Structural specifications of all projects were reported in the cost estimation forms prepared by the architect prior to bidding. Almost all schools are steel frame structures with slab on grade foundation. The type of school -- elementary vs. secondary -- summarizes most of the other technical differences. Secondary schools are larger than elementary and require approximately twice as long to build. If there exist economies of scale to size or longer construction period, secondary schools are expected to have lower unit costs. Finally, secondary schools are more likely to include higher unit cost structures (e.g. laboratories) on the one hand, lower cost areas such as sports fields, on the other.[11] These considerations make it difficult to form an expectation on how the school type would affect the unit cost. In order to control for these technical features we introduce a dummy variable that takes the value of one for secondary schools and zero for the elementary. We also utilize dummies for school districts to control for any potential location effects.

Input prices vary with the state of the economy, reflecting relative abundance of the labor, capital and intermediate goods. Hence the unit cost is expected to be pro-cyclical. The impact of the cycle on the mark-up is indeterminate. During the expansion of the economic activity, for instance, the firm may raise the profit margins taking advantage of rising demand. It is also conceivable that the firm shaves the mark-up in order to protect its market share from potential entrants attracted to the industry. In order to capture the construction industry business cycle effects we fitted a linear annual trend to the values of non-residential building permits (in constant prices) over the 1989-1995 period by ordinary least squares. We then measured the cyclical fluctuation in the construction sector activity as the percentage deviations of actual values of permits from the trend values. It should be borne in mind that this measurement of the cycle based on the annual experience of only seven year is crude. Quarterly data would probably yield a more precise profile of the cycles, but they are not yet available.

The immediate effect of the SDFWP on the construction cost is via the wage rate. If the legislated wage is higher than the market wage, then labor costs increase. This anticipation is the basis of most of the empirical studies on the cost effect of the prevailing wage laws. It should be

kept in mind that this cost effect would be tempered by substitution between different qualities of labor as well as between labor and capital. Total cost is not expected to rise proportionately because contractors facing higher labor costs would alter techniques of production, employing more capital and skilled labor intensive techniques.

In addition, the SDFWP may also affect the final cost by changing the type of uncertainty facing the bidders. Assuming that there is a monotonic relationship between the accepted bid price and the final cost of construction, the final cost would be influenced by the degree of competition because each contractor takes into consideration the number of bidders its competing against in determining the mark-up. The auction theory predicts that if the "independent private values" model applies then bidders lower their mark-ups in the face of higher competition in order to maximize their chances of winning the contract.[12] This "competition effect" implies that the mark-up and the bid price are inversely related to the number of bidders. When the "common values" model applies, however, bidders would be subject to the so-called "winner's curse." The winner's curse refers to the fact that in a first-price sealed-bid auction, although expected value of each bidder's bid is unbiased, the winning bid will be biased downward, or that the winner is the one who underestimated the construction cost the most. Consequently, the winner is likely to make less than anticipated profits or may even lose money (Thaler, 1988). Since rational bidders do not make consistent errors, the optimum bidding requires experienced bidders protect themselves from the winner's curse by adding a surcharge to the estimated cost. Optimal behavior under the common values model requires this surcharge to rise with the number of competing bidders, offsetting the competition effect. To the extent that the SDFWP reduces uncertainty over labor costs, the relationship between the bid price and the degree of competition measured in terms of the number of bidders would change from more to less positive or from less to more negative following the implementation of the Law. In the extreme case where introduction of the law results in a switch from common to private values model, the degree of competition would influence bid prices positively before the passage of the Law and negatively afterwards. Bilginsoy (1999) uses the B.C school tender data of the projects considered in this paper to provide evidence for such a switch in the response of bid prices to the degree of competition.

The cost of construction also depends on the capital stock and capacity utilization of the contractor. If there are economies of scale associated with larger size, final cost should decline with the size of the firm. If the contractor faces diminishing returns as it approaches full capacity, final cost would increase. Ideally, one should be able to control for the capital and the level of activity separately, but the data do not allow this. Instead, it is possible to build a dataset for the "size" of the contractor, defined as the average annual volume of sales. The obvious shortcoming of this variable is that it cannot distinguish between the capital stock and capacity utilization, and therefore its impact on the final cost is indeterminate. In the absence of data that can make finer distinctions, we used this as a proxy to control for the firm characteristics. We constructed data series on size from the *Canadata* database and the *Journal of Commerce*'s "Substantial Performers" and "Leaders" reports of the leading contractors for 1992, 1995 and 1996.[13]

Theory suggests little about determinants of change orders. There is some evidence indicating that cost overruns may be directly related to the size of the project, and that the cost overrun is more likely if the bid is below the owner's estimate (Jahren and Ashe, 1990). Although it is possible to control for the area of the school, data on owner's pre-tender estimate are far from complete in our sample and therefore not included as an explanatory variable. There may be a direct link between change orders and the SDFWP, however. Dyer and Kagel (1996, p.1470) identify negotiations over the change orders one method whereby a contractor who has underbid may recoup his/her losses. If we follow this argument, change orders are expected to be higher in the SDFWP period when contractors are more likely to be victims of the winner's curse. We calculated the change orders for the projects in the data set as a percentage of the accepted bid price. For all the projects in the dataset, the average change order was 2.08 percent of the lowest bid price. For the pre- and post-SDFWP periods, however, the mean values of change orders were 2.54 and 1.68 percent, respectively. The difference in means is statistically significant at the 10 percent level, providing some evidence for the hypothesis that change orders declined after the establishment of the Policy. Hence it may be hypothesized that the SDFWP affects the final cost directly by lowering the final unit cost.

Finally, the final cost of construction may change gradually over time for reasons other than those listed above. Such factors may include technological changes which raise productivity and lower cost over time, improving methods of cost estimation, gradual specification changes in construction,[14] or adjustment process of contractors to the new legal regime. In order to capture the effect of these gradual changes we add a monthly time index starting in January 1989 to the explanatory variables. Since it is impossible to distinguish between the separate effects of these secular factors on this monthly time trend we do not have any priors on the direction of its impact on the final cost.

The project size was excluded from the final regression equation because it was highly correlated with the school type and therefore introduced collinearity problems. The estimated regression equation is then:

$$\begin{aligned} ln(Final\ Cost) = {} & \beta_0 + \beta_1 Secondary\ school + \beta_2 Construction\ cycle \\ & + \beta_3 (1/Number\ of\ bidders) + \beta_{4i} Contractor\ size_i \\ & + \beta_5 Time + \beta_{6j} District_j + \eta. \end{aligned} \tag{2}$$

Final Cost is the square-meter final cost of construction deflated by the non-residential construction price index, *Number of bidders* is the number of bidders per tender, *Contractor size* is a vector of dummy variables for contractor size categories (indexed by *i*), *Time* is the monthly time trend starting in January 1989, and *District* is a vector of dummy variables for the six school districts (indexed by *j*). η is the error term.

4. Estimation

We estimated regression equation (2) for the whole period, as well as the pre- and post-SDFWP periods by the ordinary least squares method. This method not only shows how the SDFWP affected the final cost controlling for these variables, but also if and how the response of the final cost to these variables were altered after the establishment of the Policy. In estimation, contractor size turned out to be statistically insignificant in all regressions and, given degree of freedom constraints, we decided to exclude these from the final regressions results reported on Table 3.

Table 3 reports the parameter estimates of equation (2) for two specifications of the model. In the first specification, reported by columns (1) to (3) the time index is omitted. In column (1) the regression is run over the complete sample. According to the adjusted R2 of column (1) the equation explains 33 percent of the total variation of the variation in unit final costs for the whole sample Columns (2) and (3) apply the equation separately to the pre- and post-SDFWP sub-periods. We tested the hypothesis that the coefficients of explanatory variables are equal across the two sub-periods. This test yielded the F-value of 5.73, which is statistically significant at the one percent level. Rejection of the hypothesis of stability of coefficients across the periods indicates that it is inappropriate to pool the pre- and post-SDFWP periods in estimating the final cost regression equation.

Indeed the explanatory power of the regression increases significantly once the sample is divided on the basis of the legal regime. Adjusted coefficients of determination reported in columns (2) and (3) are 0.55 and 0.48, substantially higher than what is found in the case of the full sample. According to the second column of Table 3, before the establishment of the Policy, secondary school unit cost was on average 14.4 percent higher than that of the elementary schools. The negative coefficient of *Construction cycle* indicates countercyclical behavior for final cost but the parameter estimate is not statistically significantly different from zero. The final cost increases with the number of bidders for the project and this result is statistically highly significant (p=0.003). All else being constant, an increase in the number of bidders (at the mean)

raises the square-meter final cost by 3.3 percent. This is consistent with the optimum bidding behavior of contractors who realize that they are susceptible to the "winner's curse." Contractors face collective uncertainty over the cost of the project prior to the SDFWP and, as economic theory suggests, they increase their bid prices in response to an increase in the number of bidders.

The third column shows that after the SDFWP secondary school unit cost was still higher than that of the elementary but now only by 5.6 percent and this result is not statistically significant. Final cost is pro-cyclical and, again, the result is statistically significant (p=0.03): a one percent increase above the trend growth raised the square-meter cost by approximately 0.7 percent. The most striking effect of the SDFWP concerns the impact of the number of bidders. The sign of the coefficient is now positive (p=0.03): a unit increase in the number of bidders (at the mean) now lowers the unit final cost by 1.8 percent. In comparison with the pre-SDFWP period, this finding suggests a change in the type of uncertainty facing the bidders. It is now private uncertainty, rather than collective, that is more relevant in the bidding process and rising competition induces contractors to lower their mark-ups (and consequently bids and final cost) in order to increase the probability of winning the contract.[15]

In order to compare average unit costs of the pre and post-SDFWP periods we predicted the construction cost of an elementary school in school district 6. We assumed that the building permits grow at the trend rate and that eight contractors make bids for the project. Under these assumptions, the predicted average construction cost is $1,238 before the SDFWP and $1,313 afterwards. This cost differential is not statistically significantly different from zero. The 95 percent confidence interval for the pre-SDFWP prediction ($1,097-$1,397) includes the post-SDFWP figure.

The remaining three columns of Table 3 report estimation results of the specification including the time index. Estimation of this specification yields results that are consistent with those reported earlier.Again the hypothesis of structural stability of coefficients across the two periods is rejected at the one percent level (F-value=5.20). In the pre-SDFWP period secondary schools are more expensive to build by 12.5 percent (p=0.02). The cost of construction is varies directly with the number of bidders. An increase in the number of bidders

(at the mean) is estimated to raise the final cost by 2.0 percent (p=0.09). Unit construction cost is also estimated to rise at 0.6 percent per month (p=0.08). In the post-SDFWP period, the type of school no longer makes a difference on the cost of construction. Similar to the earlier finding reported on column (3), final cost is inversely related to the number of bidders. It declines by 2.27 percent in response to a unit rise in the number of bidders (at the mean). The final price also declines by 0.05 percent per month in the post-SDFWP period. Final cost is not responsive to the business cycle in either period. While the theory did not predict unambiguous sign for the coefficient of this variable, it should still be remembered that quarterly data on business cycles would have yielded more reliable assessment of the cyclical behavior of the final school construction costs.

We again predicted the average cost of construction under the assumptions stated above. These predictions do not indicate a significant change in the cost of construction following the establishment of the SDFWP. The predicted cost increased gradually between January 1989 and March 1992, reaching $1,347 just before the establishment of the SDFWP. At the end of March 1992, the SDFWP was established. On April 1992, the predicted price jumped to $1,474, and then it declined gradually. It took about 20 months for the price to decline to its March 1992 level.

5. Conclusion

A number of politicians and school officials proposed the elimination of prevailing wage regulations as a means to lower public school construction costs. The B.C. data, at first sight, seem to support this view. The bi-variate "before and after" comparison of final unit price indicate that the SDFWP caused the construction cost to increase by 16 percent, even higher than some of the figures estimated by the critiques of the U.S. prevailing wage law. This difference is also found to be statistically highly significant. However, when the same experiment is carried out controlling for other factors including the construction business cycle, number of competitors, type of school, district dummies, and the time trend, this result is no longer holds. There is indeed a structural break in the determination of the final cost after the SDFWP, but

there is no evidence of significant changes in the unit costs before and after the establishment of the SDFWP. Instead, what is observed is a 6.1 percent increase in price, if the impact of the time trend is ignored. No statistical significance can be attached to this figure. If time trend is also included in the analysis, the price rises by 9.4 percent at the time of introduction of the Law followed by a steady decline afterwards. This steady decline, over time, offsets the immediate inflationary cost impact. These findings indicate that the appeal for the repeal of prevailing wage laws to reduce the school construction costs and the burden on the public budget is misguided.

Regression results also indicate that the prevailing wage affects construction costs through a variety of subtle channels that are overlooked in the literature. Present findings suggest two factors playing important roles in cost determination. The first is the impact of competition on the final price. The final price is directly (inversely) related to the number of bidders before (after) the SDFWP. This finding supports the hypothesis that the SDFWP altered the nature of uncertainty facing the bidders and made bid surcharges to avoid the winner's curse unnecessary. The second factor is the trend change. We do not know exactly which factors lie behind the rising trend costs in the pre-SDFWP and declining trend of the post-SDFWP periods. Possible answers to this question may lie in the areas of technological and non-wage regulatory changes, as well as the learning behavior of contractors and their adjustment process to the changing regulatory environment. SDFWP may also affect costs by lowering the cost of change orders.

TABLES

Table 1: School Construction Projects in Six B.C. Districts: 1989-1995

	Pre-SDFWP	Post-SDFWP	Whole period
Elementary School	18	21	39
Secondary School	7	8	15
All Schools	25	29	54

Table 2: Final Square-meter School Construction Cost (in 1989 prices – Can.$)

	No. of Obs.	Mean	Median	Stan. Dev.	Range
All Tenders	54	$1,423	$1,440	$217	$968-1,811
Pre-SDFWP	25	1,308[a]	1,248	189	968-1,690
Post-SDFWP	29	1,515[a]	1,508	195	1,194-1,811

Note: We tested the hypotheses that means and standard deviations of the post-SDFWP periods are equal to their pre-SDFWP counterparts (one-tailed tests). Superscript a indicates that the hypothesis is rejected at the one percent level.

Table 3: Regression Model for Final Cost

(Dependent variable: natural log of square-meter cost)

	Specification 1			Specification 2		
	Whole Period	Pre-SDFWP	Post-SDFWP	Whole Period	Pre- SDFWP	Post-SDFWP
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	7.272	7.379	7.007	7.118	7.115	7.260
	(88.30)***	(81.84)***	(70.39)***	(76.11)***	(42.97)***	(49.28)***
School type	0.090	0.144	0.056	0.094	0.125	0.040
(=1 if secondary)	(1.94)*	(3.03)***	(1.26)	(2.56)**	(2.75)**	(0.97)
Construction	0.007	-0.008	0.007	0.008	-0.009	-0.002
Cycle	(1.94)**	(1.24)	(2.27)**	(2.47)**	(1.50)	(0.45)
1/(No. of bidders)	-0.646	-2.063	1.390	-0.380	-1.268	1.757
	(1.31)	(3.50)***	(2.36)**	(0.81)	(1.82)*	(3.11)***
Time				0.002	0.006	-0.005
				(2.85)***	(1.85)*	(2.18)**
District dummies	Included	Included	Included	Included	Included	Included
R^2	0.43	0.70	0.63	0.52	0.76	0.71
Adj. R^2	0.33	0.55	0.48	0.42	0.61	0.57
F	4.19***	4.74***	4.28***	5.21***	5.23***	5.05***
Observations	54	25	29	54	25	29

NOTE: t-statistics in parentheses. ***, ** and * indicate statistical significance at the 1 5, and 10 percent levels, respectively.

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ENDNOTES

[1] For instance, Thompson, *et al.* (1994, p. 553) state "...it is truly startling to recognize that almost half of all school buildings in the nation have only marginal future utility, and another 20%-30% are candidates for reconstruction or abandonment because they are more than 50 years old."

[2] The first state prevailing wage law was passed in Kansas in 1891. Eventually 41 states would adopt such legislation. Between 1979 and 1988, nine states repealed their prevailing wage laws. In 1995, Oklahoma's law was judicially overturned and in 1997 Ohio exempted school construction from the purview of its prevailing wage law. The federal Davis Bacon Act was passed in 1931. Because most public school construction does not include federal funds in the U.S., public school construction is regulated by state laws.

[3] "...without the constraint of the Little Davis-Bacon Act, we could build four schools instead of three for the same amount of money." New Mexico Governor Gary Johnson, State of the State Address, January 16, 1996.

[4] Rick Savors, Ohio School Boards Association Deputy Director of Legislative Networks, Testimony on Ohio Senate Bill 102, May 8, 1997.

[5] Richard Maxwell, Testimony on Ohio Senate Bill 102, May 8, 1997.

[6] Jim Shirey, Testimony on Ohio Senate Bill 102, May 8, 1997 (emphasis in the original).

[7] This result is from the U.S. *Census of the Construction Industry, 1992, Industry Series, United States Summary*, CC92-I-27 Table 3, page 27-8. There is no comparable

construction census for Canada. The data are for contractors with payroll. The numerator of the ratio of labor costs to total costs includes total wages paid to construction workers plus the value of both legally mandated benefits (such as social security) and voluntary benefits (such as a private pension) paid for by the employer. This benefit figure includes not only benefits paid to construction workers but also to all other clerical and support workers employed by construction contractors. Thus, this is an overestimate of the wages and benefits paid to workers covered by prevailing wage regulations. The denominator is the net value of construction work done. This figure avoids double counting associated with subcontracting.

Anecdotally construction contractors sometimes report higher labor costs as a percent of total costs. While labor costs as a percent of total costs vary among contractors and any one contractor is unlikely to reflect the average, anecdotal reports suffer from a second handicap. Often when contractors calculate their labor costs as a percent of total costs, they are thinking of labor costs to them. Consequently they exclude their charge for capital depreciation and profit to the purchaser of their services. The U.S. *Census of Construction* figure includes the contractor's markup in the total costs paid by the owner or purchaser of the construction. This is the relevant figure when trying to assess the effect of a savings on labor costs to school board construction costs.

[8] Davis Bacon periodically surveys counties. Davis Bacon sets the "prevailing" wage rate at the modal rate found in the survey for specific occupations if the mode accounts for 50 percent plus one wage rates found. Otherwise, the average wage rate is said to prevail.

[9] All prices are in Canadian $.

[10] The mark-up on change order is likely to be different from *m* because the change order price is negotiated separately. Dyer and Kagel (1996) argue on the basis of U.S. field data that contractors who underbid may use these negotiations to recover their losses.

[11] The data provide only the gross area size.

[12] Private values model implies that the bidders' estimation errors of cost of construction are independent. In the alternative case of common values model, estimation errors are interdependent. The latter would be the case if all bidders face some common uncertainty concerning the cost of construction which may be attributable to factors such as weather conditions or the state of the general labor market (Milgrom, 1989).

[13] We identified six size categories in terms of average volume of sales: less than $15 million, $15 to 30 million, $30 to 60 million, $60 to 100 million, $100 to 200 million, and above $200 million.

[14] In B.C., school construction specifications, including building, mechanical and electrical codes, were changed in the late 1980s and early 1990s in order to make structures more earthquake resilient.

[15] The assumption of exogeneity of the number of bidders deserves further comment. The number of bidders may be exogenously determined if the bid/no-bid decision is influenced by the desirability of the project. If so, the number of bidders would no longer be an appropriate measure of the degree of competition, and the estimated parameters would be biased and inefficient. In the economics of auctions literature it is suggested that the decision to bid would be affected by factors including the variance of the estimated value of the project and

asymmetric distribution of information across the bidders. These factors were shown to be significant in the outer continental shelf (OCS) hydrocarbon lease auctions (Gilley and Karels, 1981; Hendricks and Porter, 1988). In addition, in school construction some contractors may chose not to bid in school districts that are difficult to work with. These problems are not serious in our sample because school construction is a far more standard item to bid in comparison with the OCS leases and the scope of asymmetric information across contractors, if any exists, is likely to be very narrow. The variance of the submitted bids for any project suggests a much smaller variation in cost estimates. Inspection of "special features" in the architect's cost estimation forms indicates little variation across projects and between the pre- and post-SDFWP periods, and supports these contentions. Finally, the spread of the average number of bidders across districts is quite narrow, ranging from 7.3 to 9.3, and do not suggest that contractors deem any district to be less desirable than the others.

Research Reference O – Making Hay When It Rains: The Effect Prevailing Wage Regulations, Scale Economies, Seasonal, Cyclical and Local Business Patterns Have On School Construction Costs

The file containing this paper is protected and it could not be inserted as part of this document. It is available at http://www.constructionalliance.org/pdf/MakingHay.pdf.

Research Reference P – Health Care and Pension Benefits for Construction Workers: The Role of Prevailing Wage Laws

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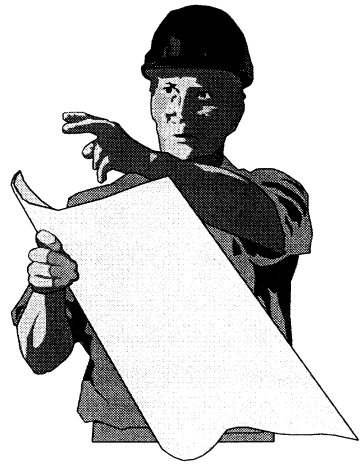
Research Reference Q – Square Foot Construction Costs for Newly Constructed State and Local Schools, Offices and Warehouses in Nine Southwestern and Intermountain States 1992-1994



Square Foot Construction Costs for Newly Constructed State and Local Schools, Offices and Warehouses in Nine Southwestern and Intermountain States

1992-1994

Prepared for the Legislative Education Study Committee
of the New Mexico State Legislature
September 6, 1996

by

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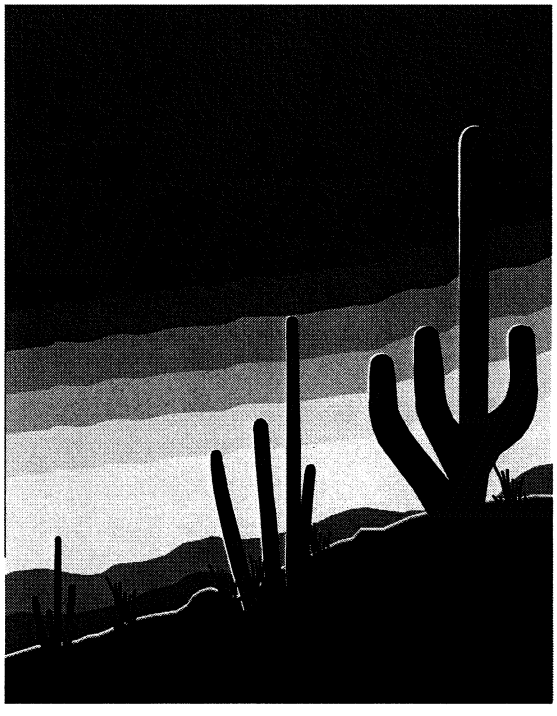
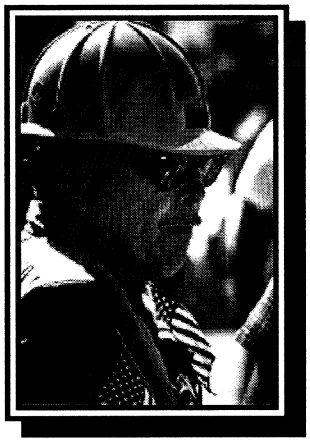
Abstract: This study compares public square foot construction costs in five southwestern and Intermountain states that have state prevailing wage laws with four states in the same region that do not have state prevailing wage laws. The five "have-law" states are New Mexico, Texas, Oklahoma, Wyoming and Nevada. The four "no-law" states are Arizona, Utah, Idaho and Colorado.[1] These states are often used by either New Mexico or Utah in making public school teacher salary comparisons. During the time period of the study, 1992-94, elementary schools cost $6 per square foot less in the five-state group with prevailing wage laws. Middle schools cost $11 less per square foot in the states with prevailing wage laws. High schools cost $11 less per square foot in the states with prevailing wage laws. Warehouses cost $35 dollars less per square foot in states with prevailing wage laws and office buildings cost $2 per square foot more in the five state group with prevailing wage laws. When Texas is removed from the "have-law" group, elementary and middle schools still cost less in the remaining four "have-law" states while high schools cost $5 more per square foot in the remaining "have law" states and offices cost $8 more per square foot in the remaining "have law" states. By far, the highest number of observations is for elementary schools and this group generates the most stable and reliable results with an 8% cost advantage favoring the "have-law' group when Texas is included and a 5% cost advantage favoring the "have-law" group when Texas is excluded. New Mexico's 14 newly built elementary schools during the time period of the study, 1992-94, cost $66 per square foot as compared to $72 in Arizona, $72 in Utah and $80 in Colorado, the three surrounding states without state prevailing wage laws. Construction costs are sensitive to regional differences in cost of living as well as prevailing wage law regulations, building design and other factors. Consequently, when the number of observations falls for a specific building type, these results must be treated cautiously. An aggressive conclusion from these data would be that prevailing wage laws promote collective bargaining and apprenticeship training and consequently lower public construction costs. A more conservative conclusion from these data notices that these cost differences found do not provide support for the proposition that the elimination of prevailing wage laws saves on public construction costs.



[1] Two cities in Colorado, Denver and Peublo retain prevailing wage regulations.



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I. About the Author

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II. Acknowledgments

This report was prepared in cooperation with Sharon Ball, Senior Research Analyst, Legislative Education Study Committee, New Mexico State Legislature and presented to the Legislative Education Study Committee on Friday, September 6, 1996 in Albuquerque, New Mexico. Helpful comments and suggestions were received from Cihan Bilginsoy, visiting Assistant Professor, University of Utah, Hamid Azari, Instructor, Economics Department, Alabama State University at Montgomery and Evalyn Hunemuller, New Mexico School Administrators. These individuals have been most helpful. The content and any errors in this report remain the responsibility of the author. Some of the material on the effect of the repeal of Utah's state prevailing wage law on apprenticeship training in construction in that state was previously published in Hamid Azari, Anne Yeagle and Peter Philips, "The Effects of the Repeal of Utah's Prevailing Wage Law on the Labor Market in Construction" in Sheldon Friedman, et al., *Restoring the Promise of American Labor Law*, Cornell University ILR Press, Ithaca, New York, 1994, pp. 207-22.

III. Introduction

A primary reason to repeal state prevailing wage laws is to attempt to save on state public construction costs. It is argued that state prevailing wage laws encourage the use of unionized construction contractors. It is well known that union construction workers receive higher wage rates and consequently, it is argued that these higher wage rates lead to unnecessarily higher public construction costs. This report attempts to test the proposition that the elimination of state prevailing wage laws lowers public construction costs by focusing on the states surrounding New Mexico that do and do not have state prevailing wage laws. The design of this study is to select states that New Mexico uses when making comparisons of public teacher salaries. New Mexico is well situated for such a study design because some of the surrounding states have state prevailing wage laws (Texas and Oklahoma[2]) and some do not (Utah, Arizona, Colorado).

In addition, because the author is from Utah and has an interest in the effect of Utah's repeal of its prevailing wage law on state expenditures, the states surrounding Utah are also included in this study.

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[2] The time period for this study is 1992 to 1994. In the fall of 1995, Oklahoma's state supreme court declared its state law unconstitutional. In 1982 Oklahoma's legislature, in order to save administrative costs, dropped its procedure for determining what the prevailing wage rate was and adopted the federal Davis-Bacon rates. In 1995, the state supreme court declared this an unconstitutional delegation of state powers to the federal government. For the purposes of this study, Oklahoma is treated as a state with a prevailing wage law.

These are Nevada and Wyoming which have state prevailing wage laws and Idaho which does not have a prevailing wage law. Also, I understand Nevada school teacher salaries are sometimes used in comparison with New Mexico public teacher salary comparisons. In any case, the data are presented in such a way as to see the effects of the inclusion or exclusion of any one or several of these states. States such as California are excluded from this comparison of public construction costs for the same reason that California would be excluded from a comparison of school teacher salaries. Significant variations in the cost of living alter private and public sector construction costs. One way to control for this effect is to select states with similar costs of living.

This study also focuses on a short time period, 1992 to 1994 in order to reduce the confounding effects of inflation and the business cycle on comparison of construction costs. All costs are analyzed in 1994 dollars using the consumer price index urban as a deflator.

The major focus of this study is on school construction costs because this type of construction is commonly affected by state prevailing wage laws and because this type of public construction provides many observations allowing for more reliable statistical results. For comparison, this study also includes public offices and warehouses. Not surprisingly, there are considerably fewer public office buildings and warehouses built in the selected region during the selected time period. The results for these types of buildings should be viewed conservatively for both statistical and practical reasons. Statistically, the fewer observations only permit more tentative conclusions. Practically, if one wished to save public construction cost by altering prevailing wage law regulations, one should focus on where most state public construction takes place. That would lead to a relatively sharper focus on school construction compared to other building types.

This study is in three main parts plus two appendices. Section IV reviews the relevant literature on school construction. No published studies exist that focus on school construction and prevailing wage laws. However, the U.S. Bureau of Labor Statistics did publish one study of school construction costs in the early 1970s. This study found that despite an almost 50% wage rate differential in school construction between the Northeast and the South in 1972, labor costs as a percent of total construction costs were basically the same. The study attributed this to possible differences in labor productivity and the cost of materials by region.

Again studying construction in the 1970s, economist Steven Allen found that union construction labor productivity was 20 percent to 50 percent higher than nonunion construction labor productivity. However, Allen also found that schools built by union contractors were more expensive than schools built by nonunion contractors. Allen's sample was small so that he was forced to combine elementary schools with middle and high schools. Furthermore, Allen's sample contained only 11 nonunion schools and 57 union-built schools across the entire U.S.. In contrast to Allen, this study presents data for 223 schools built only in nine Intermountain and Southwestern states. This allows me to control for differences in square foot costs associated with differences between high schools and elementary schools as well as eliminate the confounding effects of regional differences in cost of living.

Section V presents an analysis of training in construction as it relates to prevailing wage laws and union/nonunion differences in contractor strategies. This section shows that in the case of Utah, apprenticeship training declined dramatically after the repeal of Utah's state prevailing wage law. Neither nonunion contractors nor state vocational education programs significantly made up for the loss in jointly managed union-contractor programs in the union sector of construction. Economic theory identifies two problems or market failures that lead to greater training when there is collective bargaining in construction. These are the free rider problem and the bait-and-switch problem. Basically, because construction workers often move from contractor to contractor as work shifts from construction site to construction site, nonunion contractors are hesitant to train workers who will only end up working for their competitors. In the collective bargaining context, the rule is "who comes around goes around". For example, I train the apprentice who may end up working for you while you train the apprentice who because he or she is a member of the union and I am a union contractor, I know he or she may end up working for me. Thus, the

collectively bargained contract tends to overcome the free rider problem and permit training. U.S. Bureau of Apprenticeship data reflect this by showing that three out of every four construction apprentices enrolls in a joint union-management apprenticeship program even though union contractors employ only 25% to 50% of the labor force. Furthermore, in union-management apprenticeship programs graduation rates are relatively high. This is because there is a jointly hired apprenticeship coordinator who serves as a policeman insuring that the quality of the training is good and apprentices are rotated through a variety of work experiences. On the nonunion side there usually is no policeman insuring that training takes place. Thus, some nonunion contractors are tempted into a bait-and-switch strategy of promising training but only providing helper experience. Consequently, the graduation rate on the nonunion side of apprenticeship training is much lower. The combined consequence of free-ride and bait-and-switch problems means that almost nine out of every ten journeyman construction workers graduating from formal, monitored, structured and planned apprenticeship programs come from the unionized sector of construction. This accounts for the higher productivity of unionized construction contractors that tends to pay for the higher union wage rates.

Section VI presents the results of comparing the square foot construction costs in five types of public buildings (elementary schools, middle schools, high schools, offices and warehouses) in five states with prevailing wage laws (New Mexico, Texas, Oklahoma, Wyoming and Nevada) with four states without prevailing wage law regulations (Utah, Arizona, Colorado and Idaho). These results show that if anything, square foot construction costs are lower in the states with state prevailing wage laws compared to those without these laws. Comparing New Mexico to the four states without prevailing wage laws yields the same result. Excluding Texas from the group of states with prevailing wage laws (because Texas has a majority of observations in this group) also yields the same result. While one cannot conclude that prevailing wage laws definitely lower state construction costs, one can conclude that in this region of the country and these types of structures, especially schools and especially elementary schools (where we have the largest number of observations) there is no evidence to support the proposition that state prevailing wage laws raise public construction costs.

Appendix A lists the F.W. Dodge data for New Mexico used in this study. It should be noted that all cost data in this study are accepted bid prices or start costs. These costs do not include change orders or other sources of cost over-runs. F.W. Dodge does not collect final cost data. An attempt was made to collect final cost data but this proved to be impractical. A large and well financed study might succeed in collecting final cost data but there is no central source for these kind of statistics.

In Appendix B to this report, this study presents data from the *U.S. Census of Construction* showing that labor costs as a percent of total costs in construction runs around 25% to 30%. This is helpful data in setting the limits on plausible estimates of how much money one might save by eliminating state prevailing wage laws. Clearly any estimate asserting that one might save 25% to 30% on total public construction costs by eliminating state prevailing wage laws is unrealistic given that labor costs including benefits are only 25% to 30% of total costs.

IV. Review of the Relevant Literature.

Summary of a U.S. Bureau of Labor Statistics Study of Wages and School Construction Costs

In 1979, the U.S. Bureau of Labor Statistics published a study of school construction costs by region in the United States. In contrast to the material I will present below, the BLS study did not break out schools into elementary, middle and high schools. Nor did it break down construction by state. Rather, the BLS study aggregated school types and presented data on four regions, northeast, midwest, south and west. The relevant data for our purposes is presented below.

Table 1: Hourly Wage Rates and Total Costs as a % of Total Construction Costs

Elementary and Secondary School Construction		
1972	**Hourly Wage Rate**	**Wages as a Percent of Total Cost**
Northeast	$7.75	27.9%
North Central	$7.43	29.3%
South	$5.22	27.3%
West	$7.22	29.0%

Source: U.S. Bureau of Labor Statistics, John G. Olsen, "Labor and Material Requirements for New School Construction," *Monthly Labor Review*, April 1979, Vol. 102, Number 4, p. 41.

The key point to be derived from Table 1 is to note that hourly wage rates varied considerably between the Northeast region and the South ($7.75 versus $5.22 in 1972). In contrast, wage costs as a percent of total costs were almost the same in the two regions (27.9% versus 27.3%). The analyst, John Olsen, commented on these facts as follows:

> Average hourly earnings also varied by region. Hourly earnings for all construction workers averaged $6.78, ranging from $5.22 in the South to $7.75 in the Northeast. Wages as a percent of contract costs varied from just above 27 percent in the South to slightly above 29 percent in the North Central. Although average hourly wage rates in the Northeast were higher than those in the North Central region, wage costs as a percent of total contract costs were lower. Among other factors, this irregular trend could result from regional differences in productivity rates and in relative material costs. (pp. 40-41)

Why could differences in labor productivity account for the fact that an almost 50% difference in wage rates between the South and the Northeast did not result in any difference in labor costs as a percent of total costs? The answer is simple. If labor productivity in the Northeast was 50% greater than labor productivity in the South, either because of better training, better equipment or both, then the higher wage rates of the more productive workers would be offset by that greater labor productivity. Is it reasonable to believe that construction workers in the Northeast in 1972 were roughly 50% more productive than Southern construction workers at the time?

Summary of Steven G. Allen's Work

In 1984, an economist at North Carolina State university, Steven G. Allen, published in The Quarterly Journal of Economics an article entitled "Unionized Construction Workers Are More Productive".[3] Professor Allen summarizes his study as follows:

> Apprenticeship training and hiring halls probably raise union productivity [compared to nonunion workers] while jurisdictional disputes and restrictive work rules lower it. Using Brown and Medoff's methodology, union productivity measured by value added per employee is 44 to 53 percent higher than nonunion. The estimate declines to 17 to 22 percent when estimates of interarea construction price differences are used to deflate value added. (p. 251)

In other words, prior to adjusting for differences in regional cost-of-living and differences in regional construction material costs, union construction labor in the 1970s, the period of Allen's study, was roughly 50% more productive than nonunion labor. The wage rates and material costs in the BLS study were not altered to factor in the effect of differences in regional cost-of-living. Thus, the BLS study is quite consistent with Allen's work and their conclusions are similar. Wage rate differences of 50% across regions with differences in productivity and cost-of-living may not alter labor costs as a percent of total costs. Within a region such as New Mexico or the Intermountain west, where the cost-of-living and the material costs of construction is similar, 20 percent differences in wage rates in construction can be offset by differences in productivity between union and nonunion labor.

In a subsequent paper also published in the *Quarterly Journal of Economics*, Allen comes up with slightly different conclusions. In "Can Union Labor Ever Cost Less?" Allen concludes:

> ...union contractors have greater economies of scale. This gives them a cost advantage in large commercial office buildings, but in school and hospital construction, nonunion contractors have lower costs at all output levels. Despite the cost differences, profits for nonunion contractors in school and hospital construction are no higher than those for union contractors because the burden of higher union costs is shifted to the buyer.[4]

In other words, based on a study of 57 union built elementary and secondary schools and 11 nonunion built elementary and secondary schools, Allen concludes in his second article that the union built schools cost more and that the union contractor did not absorb those added costs. Rather those added higher costs were passed on to the school boards and tax payers who paid for that construction.

I emphasize Allen's result because it is not consistent with the data I have analyzed for New Mexico and eight other Intermountain or Southwestern states from the early 1990s. The differences in my results which I present below compared to Allen's may be due to 1) differences in time, Allen's data are from the early 1970s, 2) differences in region, Allen does not indicate what region of the country his school data are drawn from while my results are specific to nine states, 3) effects of mixing elementary, middle and high schools together--Allen does not break out school types while I do; or 4) differences in sample size. Allen is comparing 57 union built schools with 11 nonunion built schools while I compare 223 schools built in prevailing wage law states with 109 schools built in non-prevailing wage law states.

As I will point out below, the results of the this study are that square foot cost of school construction in the selected states are, if anything, lower in the states with prevailing wage laws compared to those without prevailing wage laws. Obviously, not all schools in states with prevailing wage laws in this region are built

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[3] *Quarterly Journal of Economics*, May, 1984, pp. 251 to 274. *The Quarterly Journal of Economics* is the second oldest economics journal in the United States and is published by Harvard University. It is considered one of the premier journals in economics.

[4] Steven G. Allen, "Can Union Labor Ever Cost Less?" *Quarterly Journal of Economics*, May, 1987, pp. 347 to 373.

by union contractors and not all schools in states without prevailing wage laws are built by nonunion contractors. Allen does not break his analysis down along the dimension of legal regulations. For the purpose of analyzing the advisability and usefulness of prevailing wage law regulations, it is more useful to break construction projects out by whether they were built under these regulations or not rather than whether they were built union or nonunion. Nonetheless, it is appropriate to address the question of differences between union and nonunion contractors as this issue underlies much of the debate surrounding prevailing wage laws.

V. Why Union Contractors Train More

The Case of Utah's Prevailing Wage Law Repeal[5]

When Utah repealed its state prevailing wage law in 1981, training for construction, both in union apprenticeships and through vocational schools declined in Utah. Union apprenticeships are tied to the availability of union jobs. For example, unionized plumbers and pipe fitters in Utah, United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, historically have attempted to maintain apprenticeship rates at between 10 and 15 percent of the number of union journeymen plumbers in the state (fig. 14.3). As employment boomed in the 1970s, however, the union could not meet the demand for journeymen from the unionized contractors. Consequently, the union increased apprenticeship rates to a peak of 25 percent in 1975. The boom persisted, but the backlog had been remedied. So the union lowered its apprenticeship rate back to normal ranges by 1978. Employment during the construction boom peaked in 1979 and membership in the plumbers and pipe fitters' union peaked in 1981. With the repeal of the Utah prevailing wage law, the union dropped its apprenticeship rate to 10 percent, a historical low. Union membership fell slightly in 1982 and then began a steeper decline in 1983. Faced with these sustained declines in membership, the union cut its apprenticeship rate to historical lows in 1986 and thereafter. Unions hit harder by declines in membership have scaled back their apprenticeship programs further. The carpenters' union, Utah locals 184 and 1498 of the United Brotherhood of Carpenters and Joiners of America, which graduated seventy in a class in 1977, graduated five in 1992 (Hansen, Paul. Weber Basin Job Corps Carpenters Union Instructor, personal interview, Sept. 2, 1993). The Utah International Union of Bricklayers and Allied Craftsmen suspended its apprenticeship program altogether.

The decline in union apprenticeship training in Utah has not been offset by a rise in other sources of training. Because the repeal of Utah's prevailing wage law was motivated by a desire to limit state expenditures, state legislators were not eager to raise funding for state-sponsored vocational training. Delmar Stevens, who has taught building trades construction at Salt Lake Community College since 1971, chronicles the decline in enrollment.

> I started at the college in 1971. We went about two or three years and then the enrollment just really started to grow. [When I started we had] probably about 45 students with the first year and second year programs. Then about 1973 or 74 it really started to grow. It jumped up to 200 students and then the crunch came in the last part of the 70s and early 80s it just dropped back to 30 or 40 students. Right now we let in anybody who can walk or crawl. We'll probably graduate 6 or 7 this year (Personal interview, September 14, 1993).

Although the number of vocational graduates in construction grew in the 1970s, the construction labor force grew more rapidly. Thus, while the 1970s was the heyday of vocational training at Salt Lake Community College, vocational graduates as a percentage of the construction labor force had already begun to decline.

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[5] The next two subsections of this report are drawn from Hamid Azari, Anne Yeagle and Peter Philips, "The Effects of the Repeal of Utah's Prevailing Wage Law on the Construction Labor Market" in Sheldon Friedman, et al., *Restoring the Promise of American Labor Law*, Cornell University, ILR Press, 1994, pp. 207-22.

Stevens argues that the decline in enrollment is driven by a lack of demand for training. "The staff is hanging on by their fingernails because there's not enough students that want to get into the program." He adds that many of his graduates do not stay in construction: "They get out, and they find out that they don't want to work in the cold in the winter and they want to get into something more secure, something that's got benefits." Construction has always required workers to work in the cold, but the loss of benefits and security has occurred since 1980 along with stagnating employment, declining rate of unionization, and falling relative wages.

Stevens also argues that the decline in construction training is a function of shifting government priorities in education:

> I can't speak for the school—I don't want to get in trouble that way—but we do have more general ed classes feeding the University [than in the past] and the vocational programs are really suffering. You look at Weber State. They used to have vocational programs and with academic drift, they don't have any vocational programs anymore.

Tom Lewis, director of the plumber and pipe fitters' union apprenticeship program, agrees with Stevens that there is an institutional tendency to move away from vocational education.

> We used to have a pretty good relationship with the community colleges. The reason we bought our own building and moved out here [away from Salt Lake Community College] is that you have an administrator of a vocational school and they don't want to remain the administrator of a vocational school. They move to an applied technology center, then they're a community college, and then they're a university. I started my apprenticeship at Weber Vocational Center which is now Weber State University. Vocational training seems to get set aside as this evolution happens and we eventually just get moved out the back door(Personal interview, Sept.3,1993).

The steady decline in vocational training as a percentage of the construction labor force through good times and bad supports the notion that the state has simply tried to get out of the business of vocational training in construction. The fall in union membership and wages has made construction a less attractive career. At the same time, unions are less able to train construction workers. As unions are weakened and schools drift toward academic offerings, the capacity to respond smoothly to an upsurge in construction jobs is undercut. And federally sponsored Job Corps vocational training is not in a position to fill in the gap.

Federal revenues pay for Job Corps training in Utah at both the Weber Basin and Clearfield centers. Federal funding in real terms for these centers has not expanded, but the Weber Basin Job Corps Center, which draws predominately from the Utah population, has significantly contracted its construction worker training throughout the 1980s. This center committed itself to changing from an all-male student population in 1980 to 50 percent female by 1990. To accommodate this switch, training for traditionally male occupations such as construction have been scaled back to accommodate new offerings in traditionally female occupations, such as office management and clerical work. Cement masonry and heavy-equipment training have been eliminated, and instruction in carpentry, painting, and brick laying has been cut in half.

The Clearfield Center has graduated approximately one hundred construction trainees per year since the early 1970s. Fewer Clearfield graduates go into the Utah labor market compared with Weber Basin because most of Clearfield's students are from out of state. On the whole, perhaps 10 percent of Clearfield's graduates go into the Utah labor market, but this percentage rises during periods of local labor shortage. It is estimated, however, that at most only 25 percent of Clearfield's graduates will stay in Utah (Hill, Merle. Vocational Education Manager, Clearfield Job Corps, personal interview, Sept. 9, 1993).

Even without union pressure, a skill shortage in Utah construction may raise wages and induce a new generation of young people to enter vocational training. When that happens, however, high-quality training programs, which take time to create, may not be in place to meet that demand, which will add an additional lag to the natural time it takes to train a skilled laborer.

Why the Nonunion Sector Did Not Make Up for the Loss of Union Training

The market has not successfully made up for the decline in union and state-sponsored training. At the national level, the nonunion Association of Building Contractors (ABC) has attempted to replicate the union system of bargaining for hourly contributions to a training fund. It is difficult, however, to induce ABC's member contractors to include general training costs in their bids. Each contractor fears his competitors will not include training costs. Thus, in an attempt to be low-cost bidder, ABC contractors often refrain from including training costs despite the ABC's initiative. Consequently, very little ABC training has occurred in Utah.

Nonunion apprenticeship programs operate, however, in the licensed trades of electricians and plumbers. In 1992, there were 846 nonunion licensed apprentice electricians in Utah and 2,068 nonunion journeymen. Thus, there are 4 apprentices for every 10 journeymen in the nonunion sector. In contrast, there were 123 apprentices and 607 journeymen in the union sector in 1992 or 2 apprentices for every 10 journeymen. In the nonunion sector, apprentices begin at around $6 per hour with no benefits. Over a four-year period, the state mandates that their wage rise to 80 percent of a journeyman's pay. In the union sector, apprentices begin at $7 per hour with an additional $3 in benefits. Their wages rise to $14 per hour plus $3 in benefits over a five-year period (Leroy, Julie. Assistant Business Manager, IBEW Local 354, Sept.25, 1993). Nonunion apprentices are sponsored by a particular contractor that oversees their on-the-job training, and these apprentices also take classwork at a participating community college. Union apprentices work under the direction of an apprenticeship coordinator, rotate among employers for on-the-job training, and take classes at community colleges and union apprenticeship centers. Roughly 90 to 95 percent of the union apprentices complete their programs and graduate to journeymen status, while only 15 to 20 percent of the nonunion apprentices graduate (Dean, Frank. Home Builders Institute Electrical Instructor, Clearfield Job Corps, Sept. 9, 1993). Given these rates, in four years, out of 846 nonunion apprentices, we should expect 125 to 170 journeymen to be graduated. In five years in the union sector, out of 123 apprentices, 110 to 115 apprentices would graduate to journeymen electrician. Thus, while the nonunion sector accounts for more than 85 percent of all electrician apprentices, it accounts for about 60 percent of journeymen graduates. Economic theory is consistent with this pattern wherein nonunion apprentices are paid less and graduate at a lower rate than union apprentices.

Economic theory posits that in the absence of marketwide institutions or government subsidies, individual workers will have to pay for their own on-the-job training when the skills learned are general to an industry and not specific and unique to the activities of a particular firm. The worker-learner pays for training by accepting a wage that is lower than the value to the firm of that worker's marginal product. By working for less than what the worker is worth to the employer, the worker pays the employer for on-the-job training. That beginning nonunion electrical apprentices earn $6 per hour while union apprentices earn $10 per hour (including benefits) is consistent with the theoretical proposition that nonunion apprentices pay for their own training by taking a discounted wage below their marginal value to the contractor.

Because the employer does not pay for nonunion training, the theory suggests that the employer has no stake in the worker's training. Consequently, if the worker leaves, the employer does not lose any investment in the worker's human capital. Thus, the employer will tolerate high levels of turnover. Because the worker is receiving less than what the worker can earn in other jobs with no on-the-job training, the worker may be tempted to exit jobs with training when current personal budget needs become pressing. So, on both the employer side and the worker side, turnover is tolerated in the nonunion sector. This is consistent with the higher turnover rates among nonunion apprentices, but other factors also contribute to the 15 to 95 percent differential in nonunion to union graduation rates.

Because the nonunion employer prices new hands at discounted wages that shield the employer from investing in the human capital of the new workers, the employer does not screen new workers extensively to forestall subsequent turnover. Failure to preselect new workers for aptitudes and attitudes consistent with a long-term attachment to construction work adds to the turnover among nonunion construction apprentices. In contrast, the joint apprenticeship boards of unions and union contractors do considerable preselection for both aptitude and attitude before letting a candidate into an apprenticeship program. This is because both the union

contractors and unions will invest in the union apprentices' training. Not wanting to lose their up-front investment, they seek to eliminate exit once the apprenticeship is begun.

In the nonunion sector, workers may also leave apprenticeships if it becomes apparent that the employer offering training at a discounted wage is not delivering on that training promise to train. Because employers are able to discount wages of apprentices below their current worth to the employer, it is tempting to engage in bait-and-switch tactics whereby training is promised but not delivered. By saving on training costs, the employer can earn an additional profit from employing green hands at discounted wages. In the union sector, because employers and union journeymen invest in the training of the apprentices, bait-and-switch tactics are less attractive. Because the apprentices' wage is not discounted as much below what they could earn elsewhere, the apprentices are not as tempted to leave. Thus, economic theory predicts the observed pattern whereby the nonunion sector must begin training five apprentices to graduate one journeyman while the ratio in the union sector is close to one to one.

The General Pattern of Training in Construction

In basic terms, nonunion contractors have difficulty training because one, the relationship between the contractor and the construction worker is often brief. This leads to a free-rider problem. Why should I train you when you are likely to go down the road and work for my competitor. I would just be helping him out and not myself. Two, without an apprenticeship coordinator there is no one policing the training to insure that on-the-job training takes place and is of decent quality. Thus, some contractors are tempted into bait-and-switch strategies where they promise an apprenticeship experience but deliver only the job experiences of a helper. The apprentice spends his or her time holding the dumb end of a measuring tape. The result of these two market failures, the free-rider and bait-and-switch phenomena lead to lower numbers of apprentices in the nonunion sector and lower rates of graduation into journeyman status. Data from the U.S. Bureau of Apprenticeship Training illustrate these effects.

Table 2 shows data for the entering class of construction apprentices in 1989. The data exclude California, New York, Delaware and Hawaii . These states currently do not report into the U.S. Bureau of Apprenticeship Training data base. For the remaining states, basically three out of every four construction apprentices enrolled into a jointly managed union-contractor apprenticeship programs despite the fact that union contractors account for less than half of all construction workers.

Table 2: Apprentices Enrolled in 1989 by Union and Nonunion Sectors and Craft

Apprenticeship in Construction The Class of 1989			
(1)	(2)	(3)	(4)
	Entering Apprentices		
	Total	% Union	% Nonunion
Electrician	7,245	58.4%	41.6%
Carpenter	4,752	88.8%	11.2%
Plumber/Pipefitter	4,467	65.6%	34.4%
Sheet Metal	1,856	74.0%	26.0%
Structural Steel	1,234	97.4%	2.6%
Roofer	1,162	88.0%	12.1%
Painter	972	90.6%	9.4%
Bricklayer	830	90.0%	10.0%
Operating Engineer	729	87.9%	12.1%
Other	3,675	78.5%	21.5%
All trades	**26,922**	**74.8%**	**25.2%**

Table 3 shows that the graduation rates are very different in the union and nonunion sectors of construction. By 1995, six years after enrollment, 55.8% of the apprentices in joint union-management programs had turned out as journeymen. In contrast, among the smaller number of nonunion apprentices only 28.7% turned out as journeymen by 1995. The lower number of apprentices in the nonunion sector despite the fact that the nonunion sector employs more workers is an example of the problem of free-rider market failures. The lower graduation rate among the nonunion apprentices reflects the problem of bait-and-switch. Together these problems feed on each other.

Table 3: Graduation Rates for the Entering Class of 1989 by Sector and Craft

Apprenticeship in Construction The Class of 1989		
(1)	(5)	(6)
	% of Each Group Graduating	
	Union	Non-union
Electrician	69.0%	29.5%
Carpenter	44.8%	29.5%
Plumber/Pipefitter	61.5%	26.0%
Sheet Metal	67.4%	43.6%
Structural Steel	56.2%	9.4%
Roofer	29.2%	17.9%
Painter	39.9%	18.7%
Bricklayer	49.9%	48.2%
Operating Engineer	53.8%	6.8%
Other	57.3%	25.7%
All trades	**55.8%**	**28.7%**

Table 4 shows the combined effects of free rider and bait-and-switch problems. The higher ratio of apprentices to journeymen in the union sector combines with the higher graduation rate in the union sector resulting in union contractors accounting for 85% of all the new journeymen coming from the entering class of 1989.

Table 4: The Share of All New Journeymen Coming from the Entering Class of 1989

Apprenticeship in Construction The Class of 1989		
(1)	(7)	(8)
	Share of All Graduates	
	Union	Nonunion
Electrician	76.7%	23.3%
Carpenter	92.3%	7.7%
Plumber/Pipefitter	81.8%	18.2%
Sheet Metal	81.5%	18.5%
Structural Steel	99.6%	0.4%
Roofer	92.3%	7.7%
Painter	95.4%	4.6%
Bricklayer	90.3%	9.7%
Operating Engineer	98.3%	1.7%
Other	89.1%	10.9%
All trades	**85.2%**	**14.8%**

Not all good construction workers learned their trade through formal apprenticeship. Not all union construction workers come from formal apprenticeship. Not all union apprenticeship graduates stay within the union sector of construction. However, the fact that almost nine out of every ten journeymen coming out of formal, monitored, planned and supervised apprenticeships come out of union apprenticeships means that union construction contractors are more likely to have a core of well trained craft workers. This allows these contractors to confidently invest in larger or more specialized machinery that require greater skill. This allows those contractors to employ capital intensive and human capital intensive technologies where wage rates can be higher without necessarily raising unit costs.

VI. An Analysis of Square Foot Public Construction Costs in Nine Southwestern and Intermountain States

The F.W. Dodge Corporation collects data on the accepted bid price or start cost of construction projects across all states and in both the public and private sector. Dodge does this as an information service to contractors bidding on construction jobs. From these data, I have selected five types of new structures built for non-federal public entities for analysis. These structures are elementary schools, middle schools, high schools, offices and warehouses. I limited my analysis to new construction in order to bring my

comparisons as closely as possible to similar construction projects.[6] Renovations have more widely varying characteristics. (For instance a new boiler put into an elementary school will have a much higher square foot cost than would the installation of a portable class room.) I looked at construction that began sometime between July 1, 1992 to July 1, 1994. I translated all accepted bid prices into 1994 dollars using the consumer price index.

I selected construction in nine western states. These states include five states with state prevailing wage laws regulating wage rates on public construction and four states free from these regulations on state and local public construction. The states selected were Utah which does not have a state prevailing wage law and New Mexico which does have such a law. Plus I selected all surrounding states that either border New Mexico or border Utah or both. Based on this criterion, the five selected states with prevailing wage laws are 1) New Mexico, 2) Texas, 3) Oklahoma[7], 4) Wyoming and Nevada. The four states in which contractors were free from state prevailing wage regulations in my selected group are Arizona, Utah, Colorado and Idaho. With the exception of Nevada where the two main cities, Las Vegas and Reno tend to have cost-of-living characteristics similar to California, the states in this selected group tend to have similar cost-of-living characteristics.

Table 5: The Distribution of Construction by Type within the Selected Nine States

New State Construction 1992-94 in 9 States

Structure Type	Count	Column %
OFFICES	43	10.90%
WAREHOUSES	20	5.10%
ELEMENTARY SCHOOLS	175	44.30%
MIDDLE SCHOOLS	104	26.30%
HIGH SCHOOLS	53	13.40%

In the nine selected states, during the years 1992 to 1994, elementary schools accounted for the largest single type of new non-federal public construction.

Table 5 shows the distribution of construction projects across the five selected types. Elementary schools are the most common while warehouses are the least common. In order to make statistically meaningful comparisons between the average square foot public construction costs in states with and without state prevailing wage laws it is necessary to have a sufficient number observations. Thus, results for elementary schools are most reliable and results for warehouses are least reliable.

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[6] I excluded from my sample any project that reported square foot costs less than $20 or over $500. In unreported statistical analyses, I included these outliers. The conclusions of this report are not substantially altered by the exclusion of these cases.

[7] In October, 1995, Oklahoma's state supreme court declared Oklahoma's law unconstitutional. It is no longer in effect. However, during the period under study, Oklahoma had a prevailing wage law regulating state public works.

Table 6 shows the breakdown of construction sites by type of structure grouped by states with and without state prevailing wage laws. The distribution of structure types is basically the same in the five states with prevailing wage laws compared to the four states without such laws. Elementary schools are most common and public warehouses are least common. More construction in the selected structure types took place in the five states with prevailing wage laws compared to the four states without such laws. In general, there are sufficient numbers of sites by type in each group of states to make meaningful comparisons with the possible exception of warehouses where there were only 12 built in states with prevailing wage laws and 8 built in states without prevailing wage laws. In contrast, 116 elementary schools were built in states with prevailing wage laws and 59 in states without prevailing wage laws. This is clearly enough observations to overcome the random effects of special aspects on any one particular job site that might raise or lower square foot construction costs.

Table 6: Distribution of New Construction by Type and Prevailing Wage Law Status

	Status of State Prevailing Wage Law			
	Has P.W. Law		No P.W. Law	
	Count	Column %	Count	Column %
Structure Type				
OFFICES	23	8.90%	20	14.60%
WAREHOUSES	12	4.70%	8	5.80%
ELEMENTARY SCHOOLS	116	45.00%	59	43.10%
MIDDLE SCHOOLS	76	29.50%	28	20.40%
HIGH SCHOOLS	31	12.00%	22	16.10%

More new public construction took place in the five states with state prevailing wage laws compared to the four states without prevailing wages laws during the period under study. However, the distribution of types of structures was similar in the two groups of states.

Table 7 shows Texas (a state with a prevailing wage law) accounts for the most construction projects of any of the nine selected states. Arizona (a state without a prevailing wage law) is second while Wyoming provides the least number of construction sites to analyze. New Mexico built 24 new public structures of the types under analysis during the time period under analysis. Of these 24, 14 were elementary schools. This is a sufficient number to make comparisons using New Mexico alone compared to other states. (These structures are listed in Appendix A.)

Table 7: Distribution of New Construction by Type and State

Number of New State and Local Construction Projects by State									
State	AZ	CO	ID	NM	NV	OK	TX	UT	WY
OFFICES	6	4	5	4	2	1	13	5	3
WAREHOUSES	1	6	1	0	0	0	12	0	0
ELEMENTARY	24	14	8	14	10	12	79	13	1
MIDDLE SCHOOLS	9	6	7	4	5	8	58	6	1
HIGH SCHOOLS	10	2	5	2	5	3	21	5	0
Total	***50***	***32***	***26***	***24***	***22***	***24***	***183***	***29***	***5***

Texas accounts for the largest amount of new construction projects. Arizona is a distant second. Wyoming accounts for the fewest projects.

Table 8 presents data on average square foot cost of construction in 1994 dollars broken down by structure type for the selected four states that do not apply prevailing wage regulations to state and local public works. In addition to average (or mean) square foot costs, Table 4 shows the number of new structures built, the minimum square foot cost on the least costly of these structures and the maximum square foot cost on the most costly of these structures.

In each state, elementary schools were the most common structure built. Average square foot costs ranged from a low of $60 per square foot for 8 elementary schools in Idaho to $80 per square foot for 14 elementary schools in Colorado. In terms of individual schools, one elementary school in Arizona and one in Idaho were built for $46 per square foot while at the other extreme, one elementary school in Arizona was built at the cost of $155 per square foot. These cost variations in elementary school construction may have to do with urban versus rural settings, differences in installed equipment, the size of the school or other factors. In comparing square foot construction costs across states with and without prevailing wage laws, my analysis assumes that with increased sample size the effects of these special factors driving costs up or down will offset each other in state averages. This is more likely to be true as the sample size rises.

In Table 9 the same square foot construction costs are presented for states with prevailing wage laws. Again, elementary schools are the most commonly found type of new public structure in each state. The average square foot cost ranges from a low of $49 per square foot for 8 elementary schools in Oklahoma to a high of $96 per square foot for 10 elementary schools in Nevada. The 14 elementary schools in New Mexico averaged $66 per square foot with the cheapest coming in at $35 per square foot and the most expensive at $87.[8] Oklahoma had the single cheapest elementary school built at $27 per square foot while Texas had one elementary school cost $368 per square foot. The difference in these very cheap and very expensive projects are probably due primarily to distinct differences in specifications of the buildings. However, when the expensive Texas school is averaged in with the 78 other elementary schools built in that state, its effect on the statewide average is minimal.

[8] The cheapest New Mexico elementary school project involved portable metal classroom buildings and the most expensive was the building of Chaparral Elementary School in Santa Fe. In comparing construction costs, one tries to compare apples to apples. Elementary schools as a building type are relatively homogeneous. However, as the example of portable classrooms suggests, even within the category of elementary schools/new construction there can be considerable differences in building design driving square foot cost differences. Similarly, it may be that Santa Fe is a more expensive region within New Mexico. This is why more observations lead to better comparisons of averages as the atypical project or the atypical area gets swamped by a larger number of more typical projects and more representative areas within a state.

Table 8: Square Foot Construction Costs in States without Prevailing Wage Laws

	Arizona			
	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	6	$100	$64	$179
WAREHOUSES	1	$65	$65	$65
ELEMENTARY	24	$72	$46	$155
MIDDLE SCHOOLS	9	$77	$53	$100
HIGH SCHOOLS	10	$86	$69	$104

	Colorado			
	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	4	$108	$62	$168
WAREHOUSES	6	$106	$21	$297
ELEMENTARY	14	$80	$61	$95
MIDDLE SCHOOLS	6	$79	$41	$130
HIGH SCHOOLS	2	$107	$96	$118

	Idaho			
	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	5	$96	$44	$174
WAREHOUSES	1	$65	$65	$65
ELEMENTARY	8	$60	$46	$71
MIDDLE SCHOOLS	7	$62	$53	$78
HIGH SCHOOLS	5	$77	$59	$106

	Utah			
	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	5	$71	$34	$121
WAREHOUSES	-	-	-	-
ELEMENTARY	13	$72	$53	$98
MIDDLE SCHOOLS	6	$91	$59	$205
HIGH SCHOOLS	5	$65	$50	$86

Average square foot cost of construction by structure type in four states without state prevailing wages laws by structure type. Also lowest and highest cost projects for each structure type by state.

Table 9: Square Foot Construction Costs in States with Prevailing Wage Laws

New Mexico	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	4	$76	$64	$95
WAREHOUSES	-	-	-	-
ELEMENTARY SCHOOLS	14	$66	$35	$87
MIDDLE SCHOOLS	4	$71	$58	$85
HIGH SCHOOLS	2	$105	$92	$117

Nevada	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	$2	$127	$85	$170
WAREHOUSES	-	-	-	-
ELEMENTARY SCHOOLS	10	$96	$67	$146
MIDDLE SCHOOLS	5	$99	$75	$110
HIGH SCHOOLS	5	$101	$79	$115

Oklahoma	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	1	$119	$119	$119
WAREHOUSES	-	-	-	-
ELEMENTARY SCHOOLS	12	$49	$27	$70
MIDDLE SCHOOLS	8	$49	$38	$71
HIGH SCHOOLS	3	$49	$48	$50

Texas	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	13	$90	$25	$191
WAREHOUSES	12	$61	$22	$178
ELEMENTARY SCHOOLS	79	$67	$34	$368
MIDDLE SCHOOLS	58	$66	$30	$199
HIGH SCHOOLS	21	$63	$39	$90

Wyoming	Count	Mean	Minimum	Maximum
Structure Type				
OFFICES	3	$112	$96	$142
WAREHOUSES	-	-	-	-
ELEMENTARY SCHOOLS	1	$69	$69	$69
MIDDLE SCHOOLS	1	$39	$39	$39
HIGH SCHOOLS	-	-	-	-

Average square foot cost of construction by structure type in five states with state prevailing wages laws by structure type. Also lowest and highest cost projects for each structure type by state.

Table 10: Comparing Average Square Foot Cost of New Public Construction by Type and Prevailing Wage Law Status

Status of State Prevailing Wage Law (All 9 States)	Has P.W. Law		No P.W. Law	
	Count	Mean	Count	Mean
Structure Type				
OFFICES	23	$95	20	$93
WAREHOUSES	12	$61	8	$96
ELEMENTARY SCHOOLS	116	$67	59	$73
MIDDLE SCHOOLS	76	$66	28	$77
HIGH SCHOOLS	31	$70	22	$81

Square foot construction costs on public projects are not higher in states with prevailing wage laws compared to states without prevailing wage laws.

Table 10 presents the key results from the F.W. Dodge data. Let us focus on elementary schools first because this is the largest group. Average square foot new construction costs are $67 in the five Intermountain and southwestern states with prevailing wage laws and $73 per square foot in the four Intermountain and southwestern states without prevailing wage laws. The sample sizes are large and statistical tests show that this difference of $6 per square foot is real.[9] Referring back to Tables 4 and 5 one can compare New Mexico to the group of states without prevailing wage laws. The average square foot cost for building 14 elementary schools in New Mexico was $66 compared to an average of $73 for 59 schools in the group of states without prevailing wage laws. Comparing New Mexico with Colorado, Utah and Arizona, the three non-prevailing wage law states bordering New Mexico yields similar results. In Utah, 13 elementary schools were built at an average square foot cost of $72. In Arizona, 24 elementary schools were newly built at an average square foot cost of $72, and in Colorado, 14 elementary schools were built at a cost of $80 per square foot. These compare with New Mexico's 14 schools built at a cost of $67 per square foot. Of the four states without prevailing wage laws, only Idaho had a lower average than New Mexico. Idaho built 8 elementary schools at a cost of $60 per square foot.

These data do not support the proposition that eliminating prevailing wage laws are likely to lower public elementary school construction costs in a measurable way. Because the sample size for elementary schools is the largest, this is the single most reliable conclusion from the Dodge data.

Table 10 also shows that the square foot construction cost of middle schools and high schools are lower in the five states with prevailing wage laws compared to the four states without these laws. The 76 middle schools built in prevailing wage law states cost an average of $66 per square foot while the 28 middle schools built in the four states without prevailing wage laws cost an average of $77 per square foot. In the case of high schools, the contrast is similar. In states with prevailing wage laws, square foot costs for 31 schools were $70 while in states without prevailing wage laws it was $81 for 22 schools. However, this last result disappears when Texas is removed from the group of states that have prevailing wage laws. The sample of high schools in the remaining four states with prevailing wage laws falls from 31 to 10 and the square foot costs rises to $86. Removing Texas lowers the sample sizes for elementary schools in the remaining prevailing wage law states from 116 to 37 and middle schools from 76 to 18. However, the basic results in these two cases are unaltered. Square foot construction costs are still, on average, lower in the remaining four states with prevailing wage laws compared to the four states without prevailing wage laws.

[9] A two-tailed t-test shows that these are statistically different numbers at the 5% level of significance.

The sample sizes for middle schools and high schools in New Mexico are low. New Mexico built only four new middle schools and two new high schools during the period under study. The four New Mexican middle schools cost on average $71 per square foot. This compares with square foot costs for middle schools in the four states without prevailing wage laws of $77 in Arizona (9 schools), $79 in Colorado (6 schools), $62 in Idaho (7 schools) and $91 in Utah (6 schools).

The two New Mexican high schools cost $105 per square foot (one at $92 and the other at $117). This compares with square foot costs of high schools in the four states without prevailing wage laws of $86 in Arizona (10 schools), $107 in Colorado (2 schools), $77 in Idaho (schools) and $65 in Utah (5 schools). Thus, there is some suggestion that in contrast to elementary schools and middle schools, high school construction in New Mexico might cost more than in surrounding states with state prevailing wage laws. But this conclusion would be premature. The New Mexico sample is small (two schools) and is in line with the more expensive schools built in each of the states without prevailing wage laws. The high-end costs were $104 per square foot in Arizona, $118 in Colorado, $106 in Idaho and $86 in Utah. The small New Mexican sample may simply only include two more richly designed high schools. Basically, as sample sizes fall, conclusions drawn from comparing averages must become more tentative.

The cost of office buildings (Table 6) were basically the same in states with and without prevailing wage laws. The cost of constructing 23 new state office buildings in states with prevailing wage laws was $95 per square foot while the 20 new office buildings in states without prevailing wage laws cost $93 per square foot. When Texas is eliminated from the sample of five states with prevailing wage laws, the sample size falls to 10 and the average square foot cost rises to $101. However, from a statistical standpoint, there is no significant difference between the averages of $101 and $93.[10]

New Mexico built 4 public office buildings during this period with a square foot cost of $76. Contrasting this $76 square foot cost to the four states without state prevailing wage laws—Arizona built 6 office buildings at an average cost of $100 per square foot; Colorado built 4 public office buildings as an average square foot cost of $108; Idaho built 5 public office buildings at a square foot cost of $96 and Utah built 5 public office buildings at a square foot cost of $71.

Texas was the only prevailing wage law state to build public warehouses during the time period under study. Texas built 12 warehouses at an average square foot cost of $61 while in the group of states without prevailing wage laws, Arizona, Colorado and Idaho together built 8 warehouses at a square foot cost of $96. (Utah did not build a public warehouse during this period.)

In summary, start cost data from the F.W. Dodge Corporation do not support the notion that square foot construction costs on state and local construction will be cheaper in the absence of state prevailing wage laws. In the largest and perhaps the most homogeneous sample of public construction, elementary schools, if anything, square foot construction costs are cheaper in Intermountain and southwestern states with prevailing wage laws compared to those without these laws. This conclusion holds when comparing New Mexico to the surrounding states without prevailing wage laws. Even though sample sizes decrease, the general conclusion that construction costs for middle schools and high schools are, if anything, lower in states with prevailing wage laws compared to those without prevailing wage laws continues to hold. This is also true for New Mexico compared to surrounding states without prevailing wage laws in the case of middle schools. However, in the case of two high schools built in New Mexico, their costs were on the high range of square foot costs in surrounding states with no state prevailing wage laws. This may simply be due to the specific design of these two schools. Sample sizes for office buildings and warehouses are smaller than those for schools, particularly if Texas is excluded from the group of states with prevailing wage laws. In these small sample cases, one cannot conclude that construction costs are any different in Intermountain and southwestern states with or without prevailing wage laws.

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[10] A t-test indicates that these means are not significantly different at a 5% level. What this means is that given the small sample sizes and the wide variation of square foot cost within each sample, one cannot conclude that the average differences are the result of anything other than randomness.

Table 11: Excluding Texas and Comparing Average Square Foot Cost of New Public Construction by Type and Prevailing Wage Law Status

Status of State Prevailing Wage Law				
(Only 8 States)	Has P.W. Law		No P.W. Law	
(Excludes Texas)	Count	Mean	Count	Mean
Structure Type				
OFFICES	10	$101	20	$93
WAREHOUSES	-	-	8	$96
ELEMENTARY SCHOOLS	37	$69	59	$73
MIDDLE SCHOOLS	18	$67	28	$77
HIGH SCHOOLS	10	$86	22	$81

Excluding Texas from the group of states with prevailing wage laws does not alter the general conclusion that public construction costs are not higher in states with prevailing wage laws compared to states without prevailing wage laws.

VII. Conclusions

There are no previous published studies that analyze the relationship between state prevailing wage laws and public school construction costs. Steven Allen's study of union and nonunion contractors in the early 1970s found that while union workers were 20% to 50% more productive than nonunion workers, nonunion contractors were the low-cost contractors in public school construction. Allen's study was limited to 57 union-built and 11 nonunion-built schools. Consequently, he had to collapse together elementary and secondary school buildings and include various regions of the country. The U.S. Bureau of Labor Statistics found that in the early 1970s labor costs as a percent of total costs in school construction did not vary widely by region despite wage rate variations of 50%. The BLS attributed this to differences in regional labor productivity and construction material costs.

Azari, Yeagle and Philips show that in the case of Utah, the repeal of the state prevailing wage law in 1981 corresponded to a rapid decline in apprenticeship training in that state, a decline that was not compensated by any increase in job corps or community college training. Bureau of Apprenticeship Training data for the 1990s show that 85% of all apprenticeship-trained construction journeymen come out of jointly sponsored union-management apprenticeship programs. The reasons that nonunion construction contractors are less likely to train are associated with market failures tied to the problems of free-riding contractors waiting for others to train and bait-and-switch contractors offering training but only providing helper experiences on-the-job. Collectively bargained contracts calling for jointly managed apprenticeship programs provides the policing mechanism to overcome these market failures. Thus, regulations that discourage collective bargaining in construction also discourage formal apprenticeship training in construction. The resulting lower productivity helps account for the fact that lower wage rates in construction do not necessarily lead to lower construction costs.

In the case of the nine southwestern and Intermountain states selected for this cost study, Table 10 shows the basic result. The average square foot construction costs for 116 elementary schools built in five states with prevailing wage laws was $67 while for 59 elementary schools built in four states without prevailing wage laws the cost was $73 per square foot. For 76 middle schools built in the states with prevailing wage laws, the average square foot cost was $66 while in the states without prevailing wage laws the cost was $77 per square foot. For 31 high schools built in the five states with prevailing wage laws, the square foot cost

was $70 while in the four states without state prevailing wage laws the cost was $81. The difference in all of these averages was statistically significant.

When New Mexico's 14 newly built elementary schools was compared to elementary schools in the four surrounding states without prevailing wage laws, the average New Mexico square foot cost of $66 was lower than the square foot elementary school cost in Arizona ($72), Colorado ($80) and Utah ($72) but higher than in Idaho ($60). During the time period selected for the study (fiscal years 1992-94) New Mexico built on 4 new middle schools and 2 new high schools. Thus, the average costs for these schools is more sensitive to the effect of small numbers. Nonetheless, the average New Mexico square foot cost for middle schools ($71) was lower than that for Arizona ($77), Colorado ($79) and Utah ($91) while higher than Idaho ($62). In the case of two high schools in New Mexico, the square foot construction cost was $105. This compare with $86 for 10 high schools in Arizona, $107 for 2 high schools in Colorado, $77 for 5 high schools in Idaho and $65 for 5 high schools in Utah. The smaller number of high schools built compared to middle schools and elementary schools make this comparison more sensitive to the effects of small numbers on averages.

Similar small number problems exist for offices and warehouses. During the time period under study, New Mexico built four public office buildings and no warehouses. The average square foot cost for public office buildings in New Mexico was $76. This compares to an average of $93 for 20 public office buildings built in the four surrounding states without prevailing wage laws.

The basic conclusion of this study is that in the case of New Mexico there is no strong evidence to suggest that the repeal of the state's prevailing wage law would save substantial costs in the construction of public schools. This is especially true in the long run. The reason higher wage rates for construction workers do not necessarily lead to higher construction costs is because those higher wage rate appear to be offset by higher labor productivity. In the short run, lower wage rates might not lead to lower productivity simply because trained construction workers might be forced to accept those lower wage rates. However, in the long run, a migration of trained workers out of construction and a decline in the training of new construction workers would lead to lower productivity canceling out any savings from lower wage rates.

Appendix A: New Mexico Data Used in Study

City	Project Description	Structure Type	Project Value	Square Feet	Sq. Ft. Cost	Sq. Ft. Cost 1994 $
SANTA FE	SCHOOL ADMINISTRATION OFFICE(ADD/REMOD/DEMOLITION)	Office	$1,290,600	14,000	$92	$95
ALBUQUERQUE	OFFICE BUILDING	Office	$4,000,000	65,000	$62	$64
ALBUQUERQUE	STATE BAR CENTER PROJECT (OFFICE BUILDING)	Office	$1,800,000	28,000	$64	$66
SOCORRO	EMRTC COMPLEX (OFFICE/LABORATORY/SHOP)(3 BLDGS)(PRE ENGR)	Office	$3,405,596	43,000	$79	$79
ALBUQUERQUE	TOMASITA ELEMENTARY SCHOOL	Elementary	$2,899,900	48,000	$60	$64
SANTA FE	CHAPARRAL ELEMENTARY SCHOOL 12	Elementary	$2,117,922	26,000	$81	$87
PORTALES	PORTALES ELEMENTARY SCHOOL (9212)	Elementary	$3,698,921	59,000	$63	$67
ZUNI	A:SHIWI ELEMENTARY SCHOOL (PH	Elementary	$1,177,080	17,450	$67	$72
ALBUQUERQUE	PAJARITO ELEMENTARY SCHOOL CORE FACILITY	Elementary	$1,287,426	21,000	$61	$65
TOME	TOME ELEMENTARY SCHOOL (PH 2)(	Elementary	$800,000	11,000	$73	$77
ARTESIA	YESO ELEMENTARY SCHOOL (24 CLASSROOM) (944)	Elementary	$3,924,500	51,500	$76	$76
LOS LUNAS	LOS LUNAS ELEMENTARY SCHOOL	Elementary	$2,311,000	42,500	$54	$56
RUIDOSO	RUIDOSO ELEMENTARY SCHOOL	Elementary	$1,879,700	32,000	$59	$61
ALBUQUERQUE	1993 PORTABLE METAL CLASSROOM BLDGS (120 UNITS) (93112)	Elementary	$3,611,080	108,000	$33	$35
LOVING	LOVING ELEMENTARY SCHOOL (NEW)(PH 1) (A9315)	Elementary	$2,000,000	33,000	$61	$61
LAS CRUCES	ELEMENTARY SCHOOL (B9325)	Elementary	$3,257,687	53,768	$61	$61
MORIARTY	MORIARTY ELEMENTARY SCHOOL(PH 2)(23 CLSRMS)	Elementary	$1,741,351	27,000	$64	$67
GALLUP	EAST ELEMENTARY SCHOOL (PH 1)	Elementary	$2,410,000	29,700	$81	$81
SANTA FE	NEW MID SCHOOL	Middle	$7,696,771	94,000	$82	$85
BELEN	BELEN JUNIOR HIGH SCHOOL (PH 2	Middle	$1,504,850	27,116	$56	$59
FARMINGTON	FARMINGTON JR HIGH SCHOOL	Middle	$5,655,423	100,000	$57	$58
AZTEC	KOOGLER MIDDLE SCHOOL (8 CLASS	Middle	$829,616	10,940	$76	$81
LAS CRUCES	ONATE HIGH SCHOOL (B91.04)	High	$19,768,874	180,000	$110	$117
ALBUQUERQUE	LA CUEVA HIGH SCHOOL (PH 3)	High	$2,606,500	30,000	$87	$92

Research Reference R – Spreadsheet Analysis of INDOE State Data File

ALL EXPENDITURES

* CPI Data Source: U. S. Dept of Labor, Bureau of Labor Statictics, web site: http://www.bls.gov/cpi.	Acct	Dollars in Millions								
		1993		%	1998		%	2003		10-Yr
		Actual	% TTL	Chg	Actual	% TTL	Chg	Actual	% TTL	Chg
Growth Statistics:										
Pupil Enrollment-ADA		**928,896**		**2.4%**	**951,274**		**1.8%**	**968,317**		**4.2%**
Inflation-CPI*				**12.8%**			**12.9%**			**27.3%**
Expenditures (in millions)		**$5,477**		**31.8%**	**$7,219**		**28.5%**	**$9,275**		**69.3%**
Per Pupil Expenditure		**$5,897**		**28.7%**	**$7,589**		**26.2%**	**$9,578**		**62.4%**
Instruction:	11XXX									
Regular Programs	11XXX	$1,955	35.7%	18.8%	$2,323	32.2%	16.4%	$2,703	29.1%	38.3%
Special Programs	12XXX	$272	5.0%	40.9%	$383	5.3%	32.3%	$506	5.5%	86.4%
Adult/Continuing Ed	13XXX	$22	0.4%	7.6%	$24	0.3%	16.8%	$28	0.3%	25.7%
Summer School Progs	14XXX	$28	0.5%	-0.8%	$28	0.4%	-0.5%	$28	0.3%	-1.3%
Enrichment Programs	15XXX	$	0.0%	N/A	$1	0.0%	-5.2%	$1	0.0%	N/A
Remediation	16XXX	$	0.0%	N/A	$37	0.5%	2.9%	$39	0.4%	N/A
Subtotal: Instruction		$2,276	41.6%	22.8%	$2,795	38.7%	18.2%	$3,304	35.6%	45.1%
Support Services:										
Pupils	21XXX	$147	2.7%	27.8%	$188	2.6%	25.5%	$236	2.5%	60.3%
Instruction Staff	22XXX	$120	2.2%	41.9%	$171	2.4%	20.7%	$206	2.2%	71.3%
General Administration	23XXX	$73	1.3%	19.6%	$88	1.2%	24.4%	$109	1.2%	48.9%
School Administration	24XXX	$206	3.8%	24.4%	$256	3.6%	23.2%	$316	3.4%	53.2%
Business	25XXX	$1,416	25.9%	35.3%	$1,916	26.5%	21.9%	$2,336	25.2%	64.9%
Central	26XXX	$699	12.8%	40.5%	$982	13.6%	68.6%	$1,656	17.9%	136.8%
Other	29XXX	$5	0.1%	59.2%	$8	0.1%	62.7%	$13	0.1%	158.9%
Total Support Services	2XXXX	$2,667	48.7%	35.3%	$3,609	50.0%	35.0%	$4,871	52.5%	82.6%
Total Community Services	3XXXX	$40	0.7%	47.8%	$59	0.8%	33.5%	$79	0.8%	97.4%
Total Nonprogrammed Charges	4XXXX	$144	2.6%	39.0%	$200	2.8%	17.0%	$234	2.5%	62.6%
Total Debt Services	5XXXX	$350	6.4%	59.0%	$556	7.7%	41.5%	$787	8.5%	125.0%
Total Expenditures	XXXXX	**$5,477**	**100.0%**	**31.8%**	**$7,219**	**100.0%**	**28.5%**	**$9,275**	**100.0%**	**69.3%**

EXPENDITURES BY OBJECT

		Dollars in Millions							
		1993		%	1998		%	2003	
Objects	**Acct**	**Actual**	**% TTL**	**Chg**	**Actual**	**% TTL**	**Chg**	**Actual**	**% TTL**
Salaries	1XX	$3,126	57.1%	23.5%	$3,860	53.5%	20.8%	$4,662	50.3%
Employee Benefits	2XX	$681	12.4%	40.3%	$955	13.2%	63.5%	$1,561	16.8%
Purchased Services	3XX	$596	10.9%	30.9%	$781	10.8%	28.0%	$999	10.8%
Supplies & Materials	4XX	$292	5.3%	27.5%	$373	5.2%	23.9%	$462	5.0%
Capital Outlay	5XX	$469	8.6%	65.2%	$775	10.7%	5.5%	$817	8.8%
Other Objects	6XX	$313	5.7%	51.8%	$475	6.6%	62.7%	$774	8.3%
Total By Object	XXX	**$5,477**	**100.0%**	**31.8%**	**$7,219**	**100.0%**	**28.5%**	**$9,275**	**100.0%**

INSTRUCTION EXPENDITURES

		Dollars in Millions								
		1993		%	1998		%	2003		10-Yr
Instruction (1XXXX)	**Acct**	**Actual**	**% TTL**	**Chg**	**Actual**	**% TTL**	**Chg**	**Actual**	**% TTL**	**Chg**
Regular Programs:	11XXX									
Full Day Kindergarten	11050	$	0.0%	N/A	$	0.0%	N/A	$20	0.6%	N/A
Elementary	11100	$949	41.7%	17.3%	$1,114	39.9%	16.5%	$1,298	39.3%	36.7%
Middle/Junior High	11200	$348	15.3%	25.0%	$435	15.6%	16.2%	$505	15.3%	45.2%
High School	113XX	$571	25.1%	18.2%	$675	24.1%	13.0%	$763	23.1%	33.6%
Vocational	114XX	$51	2.2%	10.8%	$56	2.0%	13.7%	$64	1.9%	26.0%
Vocational Education	115XX	$23	1.0%	37.7%	$31	1.1%	12.9%	$35	1.1%	55.5%
Alternative Education	116XX	$	0.0%	N/A	$4	0.1%	141.9%	$9	0.3%	N/A
Other Regular Programs	119XX	$12	0.5%	-42.5%	$7	0.3%	5.2%	$8	0.2%	-39.6%
Subtotal: Regular Programs	11XXX	**$1,955**	**85.9%**	**18.8%**	**$2,323**	**83.1%**	**16.4%**	**$2,703**	**81.8%**	**38.3%**
Special Programs	12000	$	0.0%	N/A	$	0.0%	411.9%	$	0.0%	N/A
Gifted & Talented	12100	$16	0.7%	19.8%	$20	0.7%	-9.3%	$18	0.5%	8.7%
Mental Handicap	122XX	$76	3.3%	35.8%	$103	3.7%	46.3%	$151	4.6%	98.7%
Physical Impairment	123XX	$19	0.8%	88.6%	$35	1.3%	30.3%	$46	1.4%	145.8%
Emotional Handicap	124XX	$20	0.9%	57.4%	$31	1.1%	39.8%	$43	1.3%	120.0%
Culturally Different	125XX	$28	1.2%	33.0%	$37	1.3%	-19.0%	$30	0.9%	7.7%
Learning Disability	126XX	$55	2.4%	34.5%	$74	2.7%	41.0%	$104	3.2%	89.6%
Equal Opportunity At Risk	127XX	$14	0.6%	56.0%	$21	0.8%	16.8%	$25	0.8%	82.2%
Special Education Preschl	128XX	$8	0.3%	149.5%	$19	0.7%	28.5%	$25	0.8%	220.7%
Other Special Programs	129XX	$36	1.6%	14.7%	$42	1.5%	52.9%	$63	1.9%	75.3%
Subtotal: Special Programs	12XXX	**$272**	**11.9%**	**40.9%**	**$383**	**13.7%**	**32.3%**	**$506**	**15.3%**	**86.4%**
Adult/Continuing Education	13XXX	$22	1.0%	7.6%	$24	0.9%	16.8%	$28	0.8%	25.7%
Summer School Programs	14XXX	$28	1.2%	-0.8%	$28	1.0%	-0.5%	$28	0.8%	-1.3%
Enrichment Programs	15XXX	$	0.0%	N/A	$1	0.0%	-5.2%	$1	0.0%	N/A
Remediation	16XXX	$	0.0%	N/A	$37	1.3%	2.9%	$39	1.2%	N/A
Subtotal: 13XXX-16XXX		**$50**	**2.2%**	**79.1%**	**$90**	**3.2%**	**5.5%**	**$95**	**2.9%**	**89.0%**
Total Instruction	1XXXX	**$2,276**	**100.0%**	**22.8%**	**$2,795**	**100.0%**	**18.2%**	**$3,304**	**100.0%**	**45.1%**

SUPPORT SERVICES EXPENDITURES

		Dollars in Millions							
		1993		%	1998		%	2003	
Support Services (2XXXX)	**Acct**	**Actual**	**% TTL**	**Chg**	**Actual**	**% TTL**	**Chg**	**Actual**	**% TTL**
Pupils:	21XXX								
Attendance & Social Work	211XX	$15	0.6%	34.9%	$21	0.6%	17.4%	$24	0.5%
Guidance Services	212XX	$74	2.8%	19.0%	$88	2.4%	15.8%	$101	2.1%
Health Services	213XX	$22	0.8%	31.4%	$28	0.8%	32.2%	$37	0.8%
Psychological Services	214XX	$14	0.5%	37.8%	$19	0.5%	30.3%	$25	0.5%
Speech Pathology & Audiology	215XX	$11	0.4%	52.4%	$16	0.5%	30.9%	$21	0.4%
Special Education Administration	216XX	$12	0.5%	31.9%	$16	0.4%	51.8%	$25	0.5%
Other Student Services	217XX	$	0.0%	N/A	$	0.0%	N/A	$2	0.0%
Subtotal: Pupils	21XXX	**$147**	**5.5%**	**27.8%**	**$188**	**5.2%**	**25.5%**	**$236**	**4.8%**
Instruction Staff:	22XXX								
Improvemt of Instrn & Curriculum	221XX	$40	1.5%	49.2%	$60	1.7%	51.1%	$91	1.9%
Education Media Services	222XX	$80	3.0%	38.3%	$110	3.1%	4.1%	$115	2.4%
Subtotal: Instruction Staff	**22XXX**	**$120**	**4.5%**	**41.9%**	**$171**	**4.7%**	**20.7%**	**$206**	**4.2%**
General Administration:	23XXX								
Governing Body Services	231XX	$16	0.6%	24.0%	$20	0.6%	26.7%	$25	0.5%
Executive Administration	232XX	$57	2.1%	18.4%	$68	1.9%	23.7%	$84	1.7%
Subtotal: General Administration	**23XXX**	**$73**	**2.7%**	**19.6%**	**$88**	**2.4%**	**24.4%**	**$109**	**2.2%**
School Administration:	24XXX								
Office of the Principal Services	241XX	$198	7.4%	24.8%	$247	6.8%	22.5%	$303	6.2%
Other-School Administration	249XX	$8	0.3%	12.3%	$9	0.3%	42.7%	$13	0.3%
Subtotal: School Administration	**24XXX**	**$206**	**7.7%**	**24.4%**	**$256**	**7.1%**	**23.2%**	**$316**	**6.5%**
Business:	25XXX								
Direction of Business	251XX	$12	0.4%	24.4%	$15	0.4%	31.1%	$19	0.4%
Fiscal Services	252XX	$16	0.6%	17.8%	$19	0.5%	37.0%	$26	0.5%
Facilitites Acquisition & Cnstrctn	253XX	$403	15.1%	63.6%	$659	18.3%	12.7%	$743	15.2%
Operation & Maintenance of Plant	254XX	$489	18.3%	19.8%	$586	16.2%	26.0%	$738	15.1%
Pupil Transportation Services	255XX	$256	9.6%	27.6%	$327	9.1%	26.4%	$413	8.5%
Food Services	256XX	$179	6.7%	28.4%	$230	6.4%	21.3%	$279	5.7%
Internal Services	257XX	$11	0.4%	-4.1%	$11	0.3%	12.2%	$12	0.3%
Textbooks for Rent or Resale	258XX	$48	1.8%	41.0%	$68	1.9%	48.8%	$101	2.1%
Other Support Services-Business	259XX	$3	0.1%	-17.3%	$2	0.1%	148.6%	$5	0.1%
Subtotal: Business	25XXX	**$1,416**	**53.1%**	**35.3%**	**$1,916**	**53.1%**	**21.9%**	**$2,336**	**47.9%**
Central:	26XXX								
Direction of Central	261XX	$	0.0%	8.9%	$	0.0%	-41.6%	$	0.0%
Planning, Resrch, Dvlpmt & Eval	262XX	$2	0.1%	34.7%	$3	0.1%	14.4%	$3	0.1%
Information Services	263XX	$1	0.0%	-18.2%	$1	0.0%	37.7%	$1	0.0%
Staff Services	264XX	$683	25.6%	41.4%	$966	26.8%	62.6%	$1,571	32.3%
Statistical Services	265XX	$	0.0%	-91.6%	$	0.0%	16203.1%	$	0.0%
Data Processing	266XX	$9	0.3%	-13.3%	$7	0.2%	10.2%	$8	0.2%
Technology Coordinator	267XX	$	0.0%	N/A	$1	0.0%	6007.3%	$65	1.3%
Other Support Services-Central	269XX	$5	0.2%	-13.0%	$4	0.1%	98.7%	$8	0.2%
Subtotal: Central	26XXX	**$699**	**26.2%**	**40.5%**	**$982**	**27.2%**	**68.6%**	**$1,656**	**34.0%**
Support Services-Other	29XXX	**$5**	**0.2%**	**59.2%**	**$8**	**0.2%**	**62.7%**	**$13**	**0.3%**
Total Support Services	2XXXX	**$2,667**	**100.0%**	**35.3%**	**$3,609**	**100.0%**	**35.0%**	**$4,871**	**100.0%**

SUPPORT SERVICES -- CENTRAL STAFF EXPENDITURES

Support Services (2XXXX) Central-Staff Services	Acct	Dollars in Millions								
		1993		%	1998		%	2003		10-Year
		Actual	% TTL	Chg	Actual	% TTL	Chg	Actual	% TTL	Chg
Staff Services:										
Service Area Direction	26410	$3	0.4%	18.5%	$3	0.3%	28.4%	$4	0.3%	52.2%
Employment & Placement	26420	$2	0.2%	31.3%	$2	0.2%	59.2%	$3	0.2%	109.1%
Staff Accounting Services	26430	$	0.0%	74.1%	$	0.0%	-1.3%	$	0.0%	71.9%
Inservice Training (Noninstructional)	26440	$	0.0%	-1.3%	$	0.0%	215.9%	$1	0.0%	211.9%
Health Services	26450	$1	0.2%	8.8%	$1	0.2%	452.4%	$8	0.5%	501.1%
Other Staff Services:	2649X									
PERF	26491	$52	7.5%	27.9%	$66	6.8%	19.2%	$79	5.0%	52.4%
Social Security	26492	$236	34.5%	22.1%	$288	29.8%	20.5%	$347	22.1%	47.2%
Workmen's Compensation	26493	$12	1.7%	47.6%	$17	1.8%	61.8%	$28	1.8%	138.7%
Group Insurance	26494	$316	46.3%	38.2%	$437	45.3%	75.9%	$769	49.0%	143.2%
Official Bonds	26495	$	0.0%	30.1%	$	0.0%	14.1%	$	0.0%	48.4%
Unemployment Compensation	26496	$1	0.2%	16.0%	$1	0.1%	250.8%	$4	0.3%	306.8%
Teachers Retirement Fund	26497	$55	8.0%	109.3%	$115	11.9%	84.9%	$212	13.5%	287.1%
Severance/Early Retirement Pay	26498	$3	0.4%	818.3%	$28	2.9%	208.5%	$86	5.5%	2733.0%
Other	26499	$2	0.3%	154.3%	$6	0.6%	388.4%	$29	1.8%	1142.0%
Total Central-Staff Services	264XX	**$683**	**100.0%**	**41.4%**	**$966**	**100.0%**	**62.6%**	**$1,571**	**100.0%**	**130.0%**

COMMUNITY SERVICES EXPENDITURES

Community Services	Acct	Dollars in Millions							
		1993		%	1998		%	2003	
		Actual	% TTL	Change	Actual	% TTL	Change	Actual	% TTL
Direction of Community Services	31XXX	$1	3.0%	15.7%	$1	2.4%	127.1%	$3	4.0%
Community Recreation	32XXX	$4	10.8%	-7.8%	$4	6.8%	12.5%	$4	5.7%
Civic Services	33XXX	$1	1.8%	213.7%	$2	3.8%	51.3%	$3	4.3%
Athletic Coaches	34XXX	$26	65.7%	47.0%	$39	65.3%	30.3%	$50	63.8%
Wlfare Activities Services	36XXX	$1	1.6%	-75.9%	$	0.3%	308.8%	$1	0.8%
Nonpublic School Pupils Services	37XXX	$	0.3%	115.4%	$	0.4%	245.2%	$1	1.1%
Other Community Services	39XXX	$7	16.7%	N/A	$12	21.1%	N/A	$16	20.3%
Total Community Services	3XXXX	**$40**	**100.0%**	**47.8%**	**$59**	**100.0%**	**33.5%**	**$79**	**100.0%**

NONPROGRAMMED CHARGES EXPENDITURES

Nonprogrammed Charges	Acct	Dollars in Millions							
		1993		%	1998		%	2003	
		Actual	% TTL	Change	Actual	% TTL	Change	Actual	% TTL
Pymts to State Governmental Units	41XXX								
Transfer Tuition	411XX	$36	25.0%	22.5%	$44	22.1%	-4.6%	$42	18.0%
Area Voc Ed Sch (Partcptg Shre)	413XX	$18	12.5%	25.4%	$22	11.2%	21.9%	$27	11.7%
Jt Services & Supply-Special Ed	414XX	$84	58.1%	47.6%	$124	61.7%	16.3%	$144	61.3%
Special Ed-Interlocal Agreements	415XX	$	0.1%	958.2%	$2	1.0%	425.8%	$10	4.3%
Joint Services & Supply-Other	416XX	$	0.1%	1428.2%	$1	0.6%	53.5%	$2	0.8%
Interlocal Agreements-Other	417XX	$	0.0%	1335.7%	$1	0.3%	44.9%	$1	0.3%
Payments to Charter Schools	418XX	$	0.0%	N/A	$	0.0%	N/A	$	0.0%
Other	419XX	$4	2.9%	-68.4%	$1	0.7%	83.7%	$2	1.0%
Subtotal: Pymts to State Gvtml Units		$142	98.7%	37.4%	$195	97.5%	17.0%	$228	97.5%
Pymts to Gvtml Units Outside State	42XXX	$	0.0%	217.0%	$	0.0%	-63.3%	$	0.0%
Indirect Costs	491XX	-$1	-0.4%	-587.8%	$3	1.3%	64.6%	$4	1.8%
Scholarship	492XX	$	0.3%	368.5%	$2	1.2%	-30.2%	$2	0.7%
Other Nonprogrammed Charges	49XXX	$2	1.3%	-92.2%	$	0.1%	-38.7%	$	0.0%
Nonprogrammed Charges	4XXXX	**$144**	**100.0%**	**39.0%**	**$200**	**100.0%**	**17.0%**	**$234**	**100.0%**

DEBT SERVICES EXPENDITURES

Debt Services (5XXXX)	Acct	Dollars in Millions							
		1993		%	1998		%	2003	
		Actual	% TTL	Chg	Actual	% TTL	Chg	Actual	% TTL
Principal on Debt:	51XXX								
Bonds	511XX	$23	6.5%	1.9%	$23	4.1%	220.1%	$74	9.4%
Temporary Loans	512XX	$	0.0%	N/A	$	0.0%	N/A	$	0.0%
Emergency Loans	513XX	$2	0.5%	-90.5%	$	0.0%	910.1%	$2	0.2%
School Bus Loans	514XX	$3	0.8%	-68.9%	$1	0.1%	-49.5%	$	0.1%
Bond Anticipation Loans	515XX	$5	1.6%	4.3%	$6	1.0%	-57.6%	$2	0.3%
Other DLGF* Approved Debt	516XX	$	0.0%	N/A	$1	0.1%	292.6%	$2	0.3%
Subtotal: Princiapl on Debt	51XXX	**$32**	**9.2%**	**-6.4%**	**$30**	**5.4%**	**165.6%**	**$80**	**10.2%**
Interest on Debt:	52XXX								
Bonds	521XX	$12	3.5%	29.8%	$16	2.8%	21.5%	$19	2.4%
Temporary Loans	522XX	$20	5.6%	-4.5%	$19	3.4%	-36.3%	$12	1.5%
Emergency Loans	523XX	$3	0.9%	-94.1%	$	0.0%	-89.4%	$	0.0%
School Bus Loans	524XX	$	0.1%	-44.3%	$	0.0%	124.4%	$	0.0%
Bond Anticipation Loans	525XX	$1	0.4%	-73.0%	$	0.1%	-0.7%	$	0.0%
Other DLGF* Approved Debt	526XX	$	0.0%	N/A	$	0.0%	1750.6%	$1	0.2%
Subtotal: Interest on Debt	52XXX	**$36**	**10.4%**	**-3.2%**	**$35**	**6.3%**	**-5.6%**	**$33**	**4.2%**
Lease Rental:	53XXX								
Buildings	531XX	$248	70.9%	77.6%	$440	79.2%	39.4%	$613	78.0%
Equipment	532XX	$1	0.4%	171.8%	$4	0.7%	-17.6%	$3	0.4%
School Buses	533XX	$	0.0%	N/A	$	0.0%	861.8%	$1	0.1%
Subtotal: Lease Rental	53XXX	**$249**	**71.3%**	**78.1%**	**$444**	**79.8%**	**39.0%**	**$617**	**78.4%**
Advances & Obligations:	54XXX								
Veteran's Memorial Fund	541XX	$1	0.4%	-31.8%	$1	0.2%	58.2%	$1	0.2%
Common School Fund	542XX	$30	8.5%	53.3%	$45	8.2%	18.4%	$54	6.8%
Civil Aid Bond Obligations	543XX	$	0.1%	-98.0%	$	0.0%	4796.3%	$	0.1%
Subtotal: Advances & Oblgtns	54XXX	**$31**	**9.0%**	**47.6%**	**$46**	**8.3%**	**20.2%**	**$56**	**7.1%**
Other Debt Services	59XXX	**$**	**0.1%**	**-12.9%**	**$**	**0.0%**	**72.6%**	**$**	**0.0%**
Total Debt Services	5XXXX	**$350**	**100.0%**	**59.0%**	**$556**	**100.0%**	**41.5%**	**$787**	**100.0%**

* DLGF = Department of Local Government Finance

EXPENDITURES BY IN$ITE'S 5 FUNCTIONS & SUB-FUNCTIONS

In$ite Total Expenditures

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$3,979	43.2%	$4,109	$929	31.1%	$2,694	$755	47.9%	$4,840
	Substitutes	$25	0.3%	$26	$20	0.7%	$59	$25	1.6%	$163
	Paraprofessionals	$212	2.3%	$218	$26	0.9%	$75	$71	4.5%	$453
	Pupil Use Technology	$4	0.0%	$4	$38	1.3%	$109	$16	1.0%	$105
	Instructional Materials	$176	1.9%	$182	$48	1.6%	$140	$33	2.1%	$213
	Subtotal Instruction	**$4,396**	**47.7%**	**$4,539**	**$1,060**	**35.5%**	**$3,077**	**$901**	**57.1%**	**$5,774**
Instructional Support	Guidance & Counseling	$130	1.4%	$135	$49	1.7%	$143	$34	2.1%	$217
	Library & Media	$139	1.5%	$143	$39	1.3%	$114	$23	1.5%	$149
	Extracurricular	$66	0.7%	$68	$17	0.6%	$49	$15	1.0%	$96
	Student Health & Services	$81	0.9%	$83	$37	1.2%	$108	$26	1.7%	$168
	Curriculum Development	$83	0.9%	$86	$6	0.2%	$17	$14	0.9%	$88
	In-Service, Staff Development	$23	0.3%	$24	$43	1.4%	$124	$16	1.0%	$104
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$1
	Program Management	$50	0.5%	$51	$181	6.1%	$525	$17	1.1%	$106
	Therapists, et.al.	$195	2.1%	$201	$85	2.9%	$248	$59	3.8%	$379
	Subtotal Instructnl Support	**$767**	**8.3%**	**$792**	**$457**	**15.3%**	**$1,327**	**$204**	**12.9%**	**$1,309**
Operations	Transportation	$410	4.5%	$423	$88	2.9%	$255	$58	3.6%	$369
	Food Service	$321	3.5%	$332	$73	2.4%	$210	$41	2.6%	$261
	Safety	$14	0.2%	$15	$21	0.7%	$61	$6	0.3%	$35
	Building Upkeep	$825	9.0%	$852	$204	6.8%	$592	$118	7.5%	$754
	Data Processing	$82	0.9%	$85	$13	0.4%	$38	$5	0.3%	$30
	Business Operations	$139	1.5%	$144	$38	1.3%	$110	$20	1.3%	$131
	Subtotal Operations	**$1,793**	**19.5%**	**$1,851**	**$437**	**14.6%**	**$1,267**	**$247**	**15.6%**	**$1,581**
Other Commitments	Debt Service	$790	8.6%	$815	$281	9.4%	$815	$16	1.0%	$101
	Capital Projects	$771	8.4%	$797	$562	18.8%	$1,631	$5	0.3%	$32
	Pass Throughs	$1	0.0%	$1	$34	1.1%	$99	$95	6.0%	$611
	Retiree Benefits & Other	$86	0.9%	$89	$3	0.1%	$10	$14	0.9%	$87
	Enterprise/Community Srvs	$19	0.2%	$19	$1	0.0%	$2	$1	0.1%	$7
	Claims & Settlements	$6	0.1%	$6	$	0.0%	$0	$1	0.0%	$3
	Subtotal Other Commitmts	**$1,672**	**18.2%**	**$1,727**	**$881**	**29.5%**	**$2,558**	**$131**	**8.3%**	**$840**
Leadership	Principals & Asst. Principals	$275	3.0%	$284	$77	2.6%	$224	$46	2.9%	$296
	School Office	$146	1.6%	$151	$52	1.7%	$150	$29	1.9%	$188
	Deputies, Sr. Admin	$47	0.5%	$49	$7	0.2%	$21	$6	0.4%	$38
	Superintendent & Schl Board	$103	1.1%	$107	$12	0.4%	$33	$11	0.7%	$70
	Legal	$9	0.1%	$9	$3	0.1%	$10	$2	0.1%	$14
	Subtotal Leadership	**$581**	**6.3%**	**$599**	**$151**	**5.1%**	**$438**	**$94**	**6.0%**	**$606**
In$ite Total Expenditures		**$9,208**	**100.0%**	**$9,509**	**$2,987**	**100.0%**	**$8,667**	**$1,577**	**100.0%**	**$10,109**
Plus: Gifts & Donations Funds*		**$67**								
Total INDOE Expenditures		**$9,275**								

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

* Gifts & Donations Funds were excluded from In$ite to make Indiana's expenditures comparable to other states.

EXPENDITURES BY IN$ITE'S 4 FUNCTIONS & SUB-FUNCTIONS

In$ite Operating Expenditures

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$3,979	52.8%	$4,109	$929	44.1%	$2,694	$755	52.2%	$4,840
	Substitutes	$25	0.3%	$26	$20	1.0%	$59	$25	1.8%	$163
	Paraprofessionals	$212	2.8%	$218	$26	1.2%	$75	$71	4.9%	$453
	Pupil Use Technology	$4	0.1%	$4	$38	1.8%	$109	$16	1.1%	$105
	Instructional Materials	$176	2.3%	$182	$48	2.3%	$140	$33	2.3%	$213
	Subtotal Instruction	**$4,396**	**58.3%**	**$4,539**	**$1,060**	**50.4%**	**$3,077**	**$901**	**62.3%**	**$5,774**
Instructional Support	Guidance & Counseling	$130	1.7%	$135	$49	2.3%	$143	$34	2.3%	$217
	Library & Media	$139	1.8%	$143	$39	1.9%	$114	$23	1.6%	$149
	Extracurricular	$66	0.9%	$68	$17	0.8%	$49	$15	1.0%	$96
	Student Health & Services	$81	1.1%	$83	$37	1.8%	$108	$26	1.8%	$168
	Curriculum Development	$83	1.1%	$86	$6	0.3%	$17	$14	0.9%	$88
	In-Service, Staff Development	$23	0.3%	$24	$43	2.0%	$124	$16	1.1%	$104
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$1
	Program Management	$50	0.7%	$51	$181	8.6%	$525	$17	1.1%	$106
	Therapists, et.al.	$195	2.6%	$201	$85	4.1%	$248	$59	4.1%	$379
	Subtotal Instructnl Support	**$767**	**10.2%**	**$792**	**$457**	**21.7%**	**$1,327**	**$204**	**14.1%**	**$1,309**
Operations	Transportation	$410	5.4%	$423	$88	4.2%	$255	$58	4.0%	$369
	Food Service	$321	4.3%	$332	$73	3.4%	$210	$41	2.8%	$261
	Safety	$14	0.2%	$15	$21	1.0%	$61	$6	0.4%	$35
	Building Upkeep	$825	11.0%	$852	$204	9.7%	$592	$118	8.1%	$754
	Data Processing	$82	1.1%	$85	$13	0.6%	$38	$5	0.3%	$30
	Business Operations	$139	1.8%	$144	$38	1.8%	$110	$20	1.4%	$131
	Subtotal Operations	**$1,793**	**23.8%**	**$1,851**	**$437**	**20.7%**	**$1,267**	**$247**	**17.1%**	**$1,581**
Other Commitments	Debt Service	**Other Commitments (Non-Operating) Expenditures Excluded**								
	Capital Projects									
	Pass Throughs									
	Retiree Benefits & Other									
	Enterprise/Community Srvs									
	Claims & Settlements									
	Subtotal Other Commitmts	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Leadership	Principals & Asst. Principals	$275	3.6%	$284	$77	3.7%	$224	$46	3.2%	$296
	School Office	$146	1.9%	$151	$52	2.5%	$150	$29	2.0%	$188
	Deputies, Sr. Admin	$47	0.6%	$49	$7	0.3%	$21	$6	0.4%	$38
	Superintendent & Schl Board	$103	1.4%	$107	$12	0.5%	$33	$11	0.8%	$70
	Legal	$9	0.1%	$9	$3	0.2%	$10	$2	0.2%	$14
	Subtotal Leadership	**$581**	**7.7%**	**$599**	**$151**	**7.2%**	**$438**	**$94**	**6.5%**	**$606**
In$ite Operating Expenditures		**$7,536**	**100.0%**	**$7,782**	**$2,105**	**100.0%**	**$6,109**	**$1,446**	**100.0%**	**$9,269**
Plus: Gifts & Donations Funds*		**$67**								
Adjusted Operating Expenditures		**$7,603**								

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

* Gifts & Donations Funds were excluded from In$ite to make Indiana's expenditures comparable to other states.

IN$ITE GENERAL EDUCATION PROGRAM EXPENDITURES
Total General Education (By 5 Functions)

In$ite Functions	In$ite Detail Functions	Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			Comparison State 1			Comparison State 2		
		Pupils:		968,377	Pupils:		344,637	Pupils:		155,998
		Actual	% TTL	Per Pupil	Actual	% TTL	Per Pupil	Actual	% TTL	Per Pupil
Instruction	Instructional Teachers	$3,357	40.9%	$3,467	$782	29.8%	$2,269	$579	50.0%	$3,715
	Substitutes	$17	0.2%	$18	$19	0.7%	$55	$24	2.0%	$151
	Paraprofessionals	$158	1.9%	$163	$22	0.8%	$63	$13	1.1%	$84
	Pupil Use Technology	$2	0.0%	$2	$35	1.3%	$102	$15	1.3%	$97
	Instructional Materials	$161	2.0%	$167	$41	1.5%	$118	$27	2.3%	$173
	Subtotal Instruction	**$3,696**	**45.1%**	**$3,816**	**$899**	**34.2%**	**$2,607**	**$658**	**56.8%**	**$4,220**
Instructional Support	Guidance & Counseling	$127	1.5%	$131	$46	1.7%	$132	$32	2.7%	$203
	Library & Media	$136	1.7%	$141	$39	1.5%	$114	$23	2.0%	$148
	Extracurricular	$66	0.8%	$68	$14	0.5%	$39	$15	1.3%	$95
	Student Health & Services	$74	0.9%	$76	$22	0.8%	$64	$24	2.1%	$156
	Curriculum Development	$65	0.8%	$67	$5	0.2%	$15	$12	1.1%	$79
	In-Service, Staff Development	$16	0.2%	$16	$28	1.1%	$80	$15	1.3%	$94
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$25	0.3%	$26	$136	5.2%	$395	$4	0.3%	$24
	Therapists, et.al.	$10	0.1%	$11	$3	0.1%	$9	$	0.0%	$2
	Subtotal Instructnl Support	**$519**	**6.3%**	**$536**	**$293**	**11.1%**	**$849**	**$125**	**10.8%**	**$802**
Operations	Transportation	$403	4.9%	$417	$62	2.4%	$180	$43	3.7%	$277
	Food Service	$321	3.9%	$332	$72	2.8%	$210	$41	3.5%	$261
	Safety	$14	0.2%	$15	$21	0.8%	$60	$5	0.5%	$35
	Building Upkeep	$818	10.0%	$845	$203	7.7%	$590	$116	10.0%	$745
	Data Processing	$80	1.0%	$83	$12	0.5%	$36	$5	0.4%	$30
	Business Operations	$135	1.6%	$139	$37	1.4%	$108	$20	1.8%	$131
	Subtotal Operations	**$1,772**	**21.6%**	**$1,830**	**$408**	**15.5%**	**$1,185**	**$231**	**19.9%**	**$1,479**
Other Commitments	Debt Service	$789	9.6%	$815	$281	10.7%	$815	$16	1.4%	$101
	Capital Projects	$757	9.2%	$782	$562	21.4%	$1,630	$5	0.4%	$32
	Pass Throughs	$	0.0%	$0	$32	1.2%	$93	$18	1.6%	$116
	Retiree Benefits & Other	$85	1.0%	$87	$3	0.1%	$10	$13	1.2%	$86
	Enterprise/Community Srvs	$16	0.2%	$16	$1	0.0%	$2	$	0.0%	$2
	Claims & Settlements	$6	0.1%	$6	$	0.0%	$0	$	0.0%	$3
	Subtotal Other Commitmts	**$1,653**	**20.2%**	**$1,707**	**$879**	**33.4%**	**$2,550**	**$53**	**4.6%**	**$339**
Leadership	Principals & Asst. Principals	$273	3.3%	$282	$77	2.9%	$223	$45	3.9%	$287
	School Office	$136	1.7%	$141	$52	2.0%	$149	$28	2.4%	$181
	Deputies, Sr. Admin	$43	0.5%	$44	$7	0.3%	$21	$5	0.5%	$34
	Superintendent & Schl Board	$103	1.3%	$106	$11	0.4%	$33	$11	0.9%	$70
	Legal	$9	0.1%	$9	$3	0.1%	$9	$2	0.2%	$13
	Subtotal Leadership	**$563**	**6.9%**	**$582**	**$150**	**5.7%**	**$435**	**$91**	**7.9%**	**$586**
Total General Education		**$8,203**	**100.0%**	**$8,471**	**$2,628**	**100.0%**	**$7,626**	**$1,158**	**100.0%**	**$7,426**
Plus: Gifts & Donations Funds*		**$67**								
Adjusted General Education		**$8,270**								

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

* Gifts & Donations Funds were excluded from In$ite to make Indiana's expenditures comparable to other states.

IN$ITE GENERAL EDUCATION PROGRAM EXPENDITURES
Operating General Education (By 4 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			Comparison State 1			Comparison State 2		
		Pupils:		968,377	Pupils:		344,637	Pupils:		155,998
In$ite Functions	In$ite Detail Functions	Actual	% TTL	Per Pupil	Actual	% TTL	Per Pupil	Actual	% TTL	Per Pupil
Instruction	Instructional Teachers	$3,357	51.3%	$3,467	$782	44.7%	$2,269	$579	52.4%	$3,715
	Substitutes	$17	0.3%	$18	$19	1.1%	$55	$24	2.1%	$151
	Paraprofessionals	$158	2.4%	$163	$22	1.2%	$63	$13	1.2%	$84
	Pupil Use Technology	$2	0.0%	$2	$35	2.0%	$102	$15	1.4%	$97
	Instructional Materials	$161	2.5%	$167	$41	2.3%	$118	$27	2.4%	$173
	Subtotal Instruction	**$3,696**	**56.4%**	**$3,816**	**$899**	**51.4%**	**$2,607**	**$658**	**59.6%**	**$4,220**
Instructional Support	Guidance & Counseling	$127	1.9%	$131	$46	2.6%	$132	$32	2.9%	$203
	Library & Media	$136	2.1%	$141	$39	2.2%	$114	$23	2.1%	$148
	Extracurricular	$66	1.0%	$68	$14	0.8%	$39	$15	1.3%	$95
	Student Health & Services	$74	1.1%	$76	$22	1.3%	$64	$24	2.2%	$156
	Curriculum Development	$65	1.0%	$67	$5	0.3%	$15	$12	1.1%	$79
	In-Service, Staff Development	$16	0.2%	$16	$28	1.6%	$80	$15	1.3%	$94
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$25	0.4%	$26	$136	7.8%	$395	$4	0.3%	$24
	Therapists, et.al.	$10	0.2%	$11	$3	0.2%	$9	$	0.0%	$2
	Subtotal Instructnl Support	**$519**	**7.9%**	**$536**	**$293**	**16.7%**	**$849**	**$125**	**11.3%**	**$802**
Operations	Transportation	$403	6.2%	$417	$62	3.5%	$180	$43	3.9%	$277
	Food Service	$321	4.9%	$332	$72	4.1%	$210	$41	3.7%	$261
	Safety	$14	0.2%	$15	$21	1.2%	$60	$5	0.5%	$35
	Building Upkeep	$818	12.5%	$845	$203	11.6%	$590	$116	10.5%	$745
	Data Processing	$80	1.2%	$83	$12	0.7%	$36	$5	0.4%	$30
	Business Operations	$135	2.1%	$139	$37	2.1%	$108	$20	1.8%	$131
	Subtotal Operations	**$1,772**	**27.1%**	**$1,830**	**$408**	**23.3%**	**$1,185**	**$231**	**20.9%**	**$1,479**
Other Commitments	Debt Service Capital Projects Pass Throughs Retiree Benefits & Other Enterprise/Community Srvs Claims & Settlements	**Other Commitments (Non-Operating) Expenditures Excluded**								
	Subtotal Other Commitmts	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Leadership	Principals & Asst. Principals	$273	4.2%	$282	$77	4.4%	$223	$45	4.1%	$287
	School Office	$136	2.1%	$141	$52	2.9%	$149	$28	2.6%	$181
	Deputies, Sr. Admin	$43	0.7%	$44	$7	0.4%	$21	$5	0.5%	$34
	Superintendent & Schl Board	$103	1.6%	$106	$11	0.7%	$33	$11	1.0%	$70
	Legal	$9	0.1%	$9	$3	0.2%	$9	$2	0.2%	$13
	Subtotal Leadership	**$563**	**8.6%**	**$582**	**$150**	**8.6%**	**$435**	**$91**	**8.3%**	**$586**
Operating General Education		**$6,550**	**100.0%**	**$6,764**	**$1,750**	**100.0%**	**$5,076**	**$1,105**	**100.0%**	**$7,087**
Plus: Gifts & Donations Funds*		**$67**								
Adj'd Operating General Ed		**$6,617**								

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

* Gifts & Donations Funds were excluded from In$ite to make Indiana's expenditures comparable to other states.

IN$ITE SPECIAL EDUCATION PROGRAM EXPENDITURES
Total Special Education (By 5 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$447	63.1%	$461	$104	39.2%	$302	$124	36.8%	$794
	Substitutes	$4	0.6%	$4	$1	0.4%	$3	$2	0.5%	$10
	Paraprofessionals	$	0.0%	$0	$1	0.3%	$2	$49	14.6%	$314
	Pupil Use Technology	$	0.1%	$1	$	0.2%	$1	$	0.1%	$2
	Instructional Materials	$6	0.8%	$6	$3	1.0%	$8	$2	0.7%	$15
	Subtotal Instruction	**$458**	**64.6%**	**$472**	**$109**	**41.1%**	**$316**	**$177**	**52.6%**	**$1,135**
Instructional Support	Guidance & Counseling	$1	0.1%	$1	$3	1.0%	$7	$1	0.3%	$6
	Library & Media	$1	0.1%	$1	$	0.0%	$0	$	0.0%	$1
	Extracurricular	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Student Health & Services	$5	0.7%	$5	$10	3.9%	$30	$1	0.2%	$5
	Curriculum Development	$3	0.4%	$3	$	0.1%	$1	$	0.1%	$3
	In-Service, Staff Development	$2	0.3%	$2	$8	3.2%	$24	$1	0.2%	$4
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$22	3.2%	$23	$24	9.0%	$69	$10	3.0%	$64
	Therapists, et.al.	$183	25.8%	$189	$81	30.4%	$234	$59	17.5%	$377
	Subtotal Instructnl Support	**$217**	**30.6%**	**$224**	**$126**	**47.6%**	**$366**	**$72**	**21.3%**	**$460**
Operations	Transportation	$6	0.8%	$6	$26	9.7%	$75	$14	4.2%	$91
	Food Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Building Upkeep	$6	0.8%	$6	$	0.1%	$1	$	0.1%	$2
	Data Processing	$	0.0%	$0	$1	0.2%	$1	$	0.0%	$0
	Business Operations	$2	0.3%	$2	$1	0.2%	$2	$	0.0%	$0
	Subtotal Operations	**$14**	**2.0%**	**$15**	**$27**	**10.3%**	**$79**	**$15**	**4.3%**	**$93**
Other Commitments	Debt Service	$	0.1%	$0	$	0.0%	$0	$	0.0%	$0
	Capital Projects	$6	0.8%	$6	$	0.0%	$0	$	0.0%	$0
	Pass Throughs	$	0.0%	$0	$2	0.8%	$6	$72	21.3%	$460
	Retiree Benefits & Other	$1	0.1%	$1	$	0.0%	$0	$	0.0%	$1
	Enterprise/Community Srvs	$1	0.1%	$1	$	0.0%	$0	$	0.0%	$0
	Claims & Settlements	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Other Commitmts	**$8**	**1.1%**	**$8**	**$2**	**0.8%**	**$6**	**$72**	**21.4%**	**$461**
Leadership	Principals & Asst. Principals	$2	0.3%	$2	$	0.2%	$1	$	0.1%	$2
	School Office	$7	1.0%	$7	$	0.0%	$0	$	0.1%	$1
	Deputies, Sr. Admin	$2	0.3%	$2	$	0.0%	($0)	$1	0.2%	$4
	Superintendent & Schl Board	$1	0.1%	$1	$	0.0%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.1%	$1	$	0.0%	$1
	Subtotal Leadership	**$12**	**1.7%**	**$13**	**$1**	**0.3%**	**$2**	**$1**	**0.4%**	**$8**
Total Special Education		**$709**	**100.0%**	**$732**	**$265**	**100.0%**	**$769**	**$337**	**100.0%**	**$2,158**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE SPECIAL EDUCATION PROGRAM EXPENDITURES
Operating Special Education (By 4 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$447	63.8%	$461	$104	39.5%	$302	$124	46.8%	$794
	Substitutes	$4	0.6%	$4	$1	0.4%	$3	$2	0.6%	$10
	Paraprofessionals	$	0.0%	$0	$1	0.3%	$2	$49	18.5%	$314
	Pupil Use Technology	$	0.1%	$1	$	0.2%	$1	$	0.1%	$2
	Instructional Materials	$6	0.9%	$6	$3	1.0%	$8	$2	0.9%	$15
	Subtotal Instruction	**$458**	**65.3%**	**$472**	**$109**	**41.4%**	**$316**	**$177**	**66.9%**	**$1,135**
Instructional Support	Guidance & Counseling	$1	0.1%	$1	$3	1.0%	$7	$1	0.4%	$6
	Library & Media	$1	0.1%	$1	$	0.0%	$0	$	0.0%	$1
	Extracurricular	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Student Health & Services	$5	0.7%	$5	$10	3.9%	$30	$1	0.3%	$5
	Curriculum Development	$3	0.4%	$3	$	0.1%	$1	$	0.2%	$3
	In-Service, Staff Development	$2	0.3%	$2	$8	3.2%	$24	$1	0.3%	$4
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$22	3.2%	$23	$24	9.1%	$69	$10	3.8%	$64
	Therapists, et.al.	$183	26.1%	$189	$81	30.7%	$234	$59	22.2%	$377
	Subtotal Instructnl Support	**$217**	**31.0%**	**$224**	**$126**	**48.0%**	**$366**	**$72**	**27.1%**	**$460**
Operations	Transportation	$6	0.8%	$6	$26	9.8%	$75	$14	5.4%	$91
	Food Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Building Upkeep	$6	0.8%	$6	$	0.1%	$1	$	0.1%	$2
	Data Processing	$	0.0%	$0	$1	0.2%	$1	$	0.0%	$0
	Business Operations	$2	0.3%	$2	$1	0.2%	$2	$	0.0%	$0
	Subtotal Operations	**$14**	**2.0%**	**$15**	**$27**	**10.3%**	**$79**	**$15**	**5.5%**	**$93**
Other Commitments	Debt Service	**Other Commitments (Non-Operating) Expenditures Excluded**								
	Capital Projects									
	Pass Throughs									
	Retiree Benefits & Other									
	Enterprise/Community Srvs									
	Claims & Settlements									
	Subtotal Other Commitmts	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Leadership	Principals & Asst. Principals	$2	0.3%	$2	$	0.2%	$1	$	0.1%	$2
	School Office	$7	1.0%	$7	$	0.0%	$0	$	0.1%	$1
	Deputies, Sr. Admin	$2	0.3%	$2	$	0.0%	($0)	$1	0.2%	$4
	Superintendent & Schl Board	$1	0.1%	$1	$	0.0%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.1%	$1	$	0.0%	$1
	Subtotal Leadership	**$12**	**1.7%**	**$13**	**$1**	**0.3%**	**$2**	**$1**	**0.5%**	**$8**
Operating Special Education		**$701**	**100.0%**	**$724**	**$263**	**100.0%**	**$763**	**$265**	**100.0%**	**$1,696**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE BILINGUAL/ESL PROGRAM EXPENDITURES
Total Bilingual/ESL Education (By 5 Functions)

In$ite Functions	In$ite Detail Functions	Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			Comparison State 1			Comparison State 2		
		Pupils:		968,377	Pupils:		344,637	Pupils:		155,998
		Actual	% TTL	Per Pupil	Actual	% TTL	Per Pupil	Actual	% TTL	Per Pupil
Instruction	Instructional Teachers	$1	24.2%	$1	$8	69.8%	$23	$29	89.8%	$189
	Substitutes	$	0.4%	$0	$	0.1%	$0	$	0.3%	$1
	Paraprofessionals	$1	29.4%	$1	$	3.4%	$1	$1	2.4%	$5
	Pupil Use Technology	$	0.5%	$0	$	0.0%	$0	$	0.0%	$0
	Instructional Materials	$	12.3%	$0	$	1.1%	$0	$1	1.7%	$4
	Subtotal Instruction	**$2**	**66.8%**	**$2**	**$9**	**74.3%**	**$25**	**$31**	**94.3%**	**$198**
Instructional Support	Guidance & Counseling	$	0.0%	$0	$	0.7%	$0	$	0.5%	$1
	Library & Media	$	2.2%	$0	$	0.0%	$0	$	0.0%	$0
	Extracurricular	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Student Health & Services	$	6.1%	$0	$	0.0%	$0	$	1.0%	$2
	Curriculum Development	$1	14.6%	$1	$	0.0%	$0	$	0.0%	$0
	In-Service, Staff Development	$	3.2%	$0	$1	8.2%	$3	$	0.1%	$0
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$	0.9%	$0	$2	16.0%	$5	$1	4.0%	$8
	Therapists, et.al.	$	1.2%	$0	$	0.8%	$0	$	0.0%	$0
	Subtotal Instructnl Support	**$1**	**28.3%**	**$1**	**$3**	**25.7%**	**$9**	**$2**	**5.7%**	**$12**
Operations	Transportation	$	0.1%	$0	$	0.0%	$0	$	0.0%	$0
	Food Service	$	0.4%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Building Upkeep	$	0.1%	$0	$	0.0%	$0	$	0.0%	$0
	Data Processing	$	0.4%	$0	$	0.0%	$0	$	0.0%	$0
	Business Operations	$	0.2%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Operations	**$**	**1.2%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Other Commitments	Debt Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Capital Projects	$	2.3%	$0	$	0.0%	$0	$	0.0%	$0
	Pass Throughs	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Retiree Benefits & Other	$	0.1%	$0	$	0.0%	$0	$	0.0%	$0
	Enterprise/Community Srvs	$	0.3%	$0	$	0.0%	$0	$	0.0%	$0
	Claims & Settlements	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Other Commitmts	**$**	**2.7%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Leadership	Principals & Asst. Principals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	School Office	$	0.2%	$0	$	0.0%	$0	$	0.0%	$0
	Deputies, Sr. Admin	$	0.7%	$0	$	0.0%	$0	$	0.0%	$0
	Superintendent & Schl Board	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Leadership	**$**	**1.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Total Bilingual/ESL Education		**$4**	**100.0%**	**$4**	**$12**	**100.0%**	**$33**	**$33**	**100.0%**	**$210**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE BILINGUAL/ESL PROGRAM EXPENDITURES
Operating Bilingual/ESL Education (By 4 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$1	24.9%	$1	$8	69.8%	$23	$29	89.9%	$189
	Substitutes	$	0.4%	$0	$	0.1%	$0	$	0.3%	$1
	Paraprofessionals	$1	30.2%	$1	$	3.4%	$1	$1	2.4%	$5
	Pupil Use Technology	$	0.5%	$0	$	0.0%	$0	$	0.0%	$0
	Instructional Materials	$	12.7%	$0	$	1.1%	$0	$1	1.7%	$4
	Subtotal Instruction	**$2**	**68.7%**	**$2**	**$9**	**74.3%**	**$25**	**$31**	**94.3%**	**$198**
Instructional Support	Guidance & Counseling	$	0.0%	$0	$	0.7%	$0	$	0.5%	$1
	Library & Media	$	2.3%	$0	$	0.0%	$0	$	0.0%	$0
	Extracurricular	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Student Health & Services	$	6.3%	$0	$	0.0%	$0	$	1.0%	$2
	Curriculum Development	$1	15.0%	$1	$	0.0%	$0	$	0.0%	$0
	In-Service, Staff Development	$	3.3%	$0	$1	8.2%	$3	$	0.1%	$0
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$	0.9%	$0	$2	16.0%	$5	$1	4.0%	$8
	Therapists, et.al.	$	1.2%	$0	$	0.8%	$0	$	0.0%	$0
	Subtotal Instructnl Support	**$1**	**29.1%**	**$1**	**$3**	**25.7%**	**$9**	**$2**	**5.7%**	**$12**
Operations	Transportation	$	0.1%	$0	$	0.0%	$0	$	0.0%	$0
	Food Service	$	0.4%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Building Upkeep	$	0.1%	$0	$	0.0%	$0	$	0.0%	$0
	Data Processing	$	0.4%	$0	$	0.0%	$0	$	0.0%	$0
	Business Operations	$	0.2%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Operations	**$**	**1.2%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Other Commitments	Debt Service	**Other Commitments (Non-Operating) Expenditures Excluded**								
	Capital Projects									
	Pass Throughs									
	Retiree Benefits & Other									
	Enterprise/Community Srvs									
	Claims & Settlements									
	Subtotal Other Commitmts	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Leadership	Principals & Asst. Principals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	School Office	$	0.2%	$0	$	0.0%	$0	$	0.0%	$0
	Deputies, Sr. Admin	$	0.8%	$0	$	0.0%	$0	$	0.0%	$0
	Superintendent & Schl Board	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Leadership	**$**	**1.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Operating Bilingual/ESL Ed		**$3**	**100.0%**	**$4**	**$12**	**100.0%**	**$33**	**$33**	**100.0%**	**$210**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE TITLE1/COMPENSATORY PROGRAM EXPENDITURES
Total Title 1 Education (By 5 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$100	56.6%	$104	$6	18.4%	$18	$11	47.9%	$72
	Substitutes	$	0.2%	$0	$	0.4%	$0	$	0.1%	$0
	Paraprofessionals	$38	21.7%	$40	$2	7.3%	$7	$7	29.7%	$45
	Pupil Use Technology	$1	0.5%	$1	$1	2.6%	$2	$	1.5%	$2
	Instructional Materials	$4	2.3%	$4	$2	4.6%	$4	$1	6.1%	$9
	Subtotal Instruction	**$144**	**81.2%**	**$149**	**$11**	**33.3%**	**$32**	**$20**	**85.4%**	**$129**
Instructional Support	Guidance & Counseling	$	0.3%	$0	$	0.4%	$0	$	0.3%	$0
	Library & Media	$1	0.7%	$1	$	0.3%	$0	$	0.1%	$0
	Extracurricular	$	0.0%	$0	$	0.0%	$0	$	0.1%	$0
	Student Health & Services	$2	1.0%	$2	$5	13.7%	$13	$1	3.1%	$5
	Curriculum Development	$14	7.8%	$14	$	0.6%	$1	$1	2.7%	$4
	In-Service, Staff Development	$3	1.6%	$3	$4	12.3%	$12	$1	2.2%	$3
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$1	0.8%	$2	$12	36.5%	$35	$1	4.4%	$7
	Therapists, et.al.	$1	0.8%	$1	$	1.0%	$1	$	0.1%	$0
	Subtotal Instructnl Support	**$23**	**13.0%**	**$24**	**$22**	**64.8%**	**$62**	**$3**	**13.0%**	**$20**
Operations	Transportation	$1	0.4%	$1	$	0.1%	$0	$	0.0%	$0
	Food Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Building Upkeep	$	0.1%	$0	$	0.6%	$1	$	0.0%	$0
	Data Processing	$	0.2%	$0	$	0.0%	$0	$	0.2%	$0
	Business Operations	$1	0.6%	$1	$	0.1%	$0	$	0.1%	$0
	Subtotal Operations	**$2**	**1.3%**	**$2**	**$**	**0.8%**	**$1**	**$**	**0.3%**	**$1**
Other Commitments	Debt Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Capital Projects	$3	1.5%	$3	$	0.3%	$0	$	0.0%	$0
	Pass Throughs	$1	0.3%	$1	$	0.2%	$0	$	0.7%	$1
	Retiree Benefits & Other	$	0.1%	$0	$	0.0%	$0	$	0.0%	$0
	Enterprise/Community Srvs	$2	1.3%	$2	$	0.4%	$0	$	0.0%	$0
	Claims & Settlements	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Other Commitmts	**$6**	**3.2%**	**$6**	**$**	**0.9%**	**$1**	**$**	**0.7%**	**$1**
Leadership	Principals & Asst. Principals	$	0.0%	$0	$	0.0%	$0	$	0.1%	$0
	School Office	$1	0.5%	$1	$	0.0%	$0	$	0.4%	$1
	Deputies, Sr. Admin	$1	0.6%	$1	$	0.1%	$0	$	0.0%	$0
	Superintendent & Schl Board	$	0.1%	$0	$	0.1%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Leadership	**$2**	**1.3%**	**$2**	**$**	**0.2%**	**$0**	**$**	**0.5%**	**$1**
Total Title 1 Education		**$178**	**100.0%**	**$183**	**$33**	**100.0%**	**$96**	**$24**	**100.0%**	**$151**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE TITLE1/COMPENSATORY PROGRAM EXPENDITURES
Operating Title 1 Education (By 4 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$100	58.5%	$104	$6	18.6%	$18	$11	48.3%	$72
	Substitutes	$	0.2%	$0	$	0.4%	$0	$	0.1%	$0
	Paraprofessionals	$38	22.4%	$40	$2	7.3%	$7	$7	30.0%	$45
	Pupil Use Technology	$1	0.5%	$1	$1	2.6%	$2	$	1.6%	$2
	Instructional Materials	$4	2.4%	$4	$2	4.6%	$4	$1	6.1%	$9
	Subtotal Instruction	**$144**	**84.0%**	**$149**	**$11**	**33.6%**	**$32**	**$20**	**86.0%**	**$129**
Instructional Support	Guidance & Counseling	$	0.3%	$0	$	0.4%	$0	$	0.3%	$0
	Library & Media	$1	0.8%	$1	$	0.3%	$0	$	0.1%	$0
	Extracurricular	$	0.0%	$0	$	0.0%	$0	$	0.1%	$0
	Student Health & Services	$2	1.0%	$2	$5	13.9%	$13	$1	3.2%	$5
	Curriculum Development	$14	8.1%	$14	$	0.6%	$1	$1	2.7%	$4
	In-Service, Staff Development	$3	1.7%	$3	$4	12.4%	$12	$1	2.3%	$3
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$1	0.9%	$2	$12	36.8%	$35	$1	4.4%	$7
	Therapists, et.al.	$1	0.8%	$1	$	1.0%	$1	$	0.1%	$0
	Subtotal Instructnl Support	**$23**	**13.4%**	**$24**	**$22**	**65.4%**	**$62**	**$3**	**13.1%**	**$20**
Operations	Transportation	$1	0.4%	$1	$	0.1%	$0	$	0.0%	$0
	Food Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Building Upkeep	$	0.1%	$0	$	0.6%	$1	$	0.0%	$0
	Data Processing	$	0.2%	$0	$	0.0%	$0	$	0.2%	$0
	Business Operations	$1	0.6%	$1	$	0.1%	$0	$	0.1%	$0
	Subtotal Operations	**$2**	**1.3%**	**$2**	**$**	**0.8%**	**$1**	**$**	**0.3%**	**$1**
Other Commitments	Debt Service	**Other Commitments (Non-Operating) Expenditures Excluded**								
	Capital Projects									
	Pass Throughs									
	Retiree Benefits & Other									
	Enterprise/Community Srvs									
	Claims & Settlements									
	Subtotal Other Commitmts	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Leadership	Principals & Asst. Principals	$	0.0%	$0	$	0.0%	$0	$	0.1%	$0
	School Office	$1	0.6%	$1	$	0.0%	$0	$	0.4%	$1
	Deputies, Sr. Admin	$1	0.6%	$1	$	0.1%	$0	$	0.0%	$0
	Superintendent & Schl Board	$	0.1%	$0	$	0.1%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Leadership	**$2**	**1.3%**	**$2**	**$**	**0.2%**	**$0**	**$**	**0.5%**	**$1**
Operating Title 1 Education		**$172**	**100.0%**	**$177**	**$33**	**100.0%**	**$95**	**$23**	**100.0%**	**$150**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE VOCATIONAL PROGRAM EXPENDITURES
Total Vocational Education (By 5 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$21	49.0%	$22	$22	73.4%	$63	$10	46.5%	$67
	Substitutes	$1	2.6%	$1	$	0.4%	$0	$	0.9%	$1
	Paraprofessionals	$7	16.7%	$7	$	1.0%	$1	$1	3.0%	$4
	Pupil Use Technology	$	0.4%	$0	$	1.0%	$1	$1	2.7%	$4
	Instructional Materials	$2	3.9%	$2	$2	6.1%	$5	$2	7.7%	$11
	Subtotal Instruction	**$31**	**72.6%**	**$32**	**$24**	**81.9%**	**$71**	**$14**	**60.8%**	**$88**
Instructional Support	Guidance & Counseling	$1	2.1%	$1	$	0.4%	$0	$1	4.6%	$7
	Library & Media	$	0.7%	$0	$	0.1%	$0	$	0.0%	$0
	Extracurricular	$	0.5%	$0	$	0.0%	$0	$	0.2%	$0
	Student Health & Services	$	0.1%	$0	$	0.0%	$0	$	0.2%	$0
	Curriculum Development	$	1.0%	$0	$	0.1%	$0	$	1.0%	$1
	In-Service, Staff Development	$2	5.1%	$2	$1	4.2%	$4	$	1.2%	$2
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$	0.6%	$0	$4	13.0%	$11	$	1.2%	$2
	Therapists, et.al.	$	0.6%	$0	$	0.0%	$0	$	0.6%	$1
	Subtotal Instructnl Support	**$4**	**10.5%**	**$5**	**$5**	**17.8%**	**$15**	**$2**	**8.9%**	**$13**
Operations	Transportation	$	0.0%	$0	$	0.0%	$0	$	0.2%	$0
	Food Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	$0	$	0.0%	$0	$	0.1%	$0
	Building Upkeep	$	0.6%	$0	$	0.1%	$0	$1	5.2%	$8
	Data Processing	$	0.2%	$0	$	0.2%	$0	$	0.0%	$0
	Business Operations	$1	1.3%	$1	$	0.0%	$0	$	0.0%	$0
	Subtotal Operations	**$1**	**2.2%**	**$1**	**$**	**0.2%**	**$0**	**$1**	**5.5%**	**$8**
Other Commitments	Debt Service	$	0.1%	$0	$	0.0%	$0	$	0.0%	$0
	Capital Projects	$4	10.0%	$4	$	0.0%	$0	$	0.0%	$0
	Pass Throughs	$	0.0%	$0	$	0.0%	$0	$4	16.8%	$24
	Retiree Benefits & Other	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Enterprise/Community Srvs	$	0.1%	$0	$	0.0%	$0	$	1.1%	$2
	Claims & Settlements	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Other Commitmts	**$4**	**10.2%**	**$4**	**$**	**0.0%**	**$0**	**$4**	**17.9%**	**$26**
Leadership	Principals & Asst. Principals	$	0.2%	$0	$	0.0%	$0	$1	3.8%	$5
	School Office	$1	2.6%	$1	$	0.0%	$0	$1	3.1%	$4
	Deputies, Sr. Admin	$1	1.7%	$1	$	0.0%	$0	$	0.0%	$0
	Superintendent & Schl Board	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Leadership	**$2**	**4.5%**	**$2**	**$**	**0.0%**	**$0**	**$2**	**6.8%**	**$10**
Total Vocational Education		**$43**	**100.0%**	**$44**	**$30**	**100.0%**	**$86**	**$22**	**100.0%**	**$144**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE VOCATIONAL PROGRAM EXPENDITURES
Operating Vocational Education (By 4 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$21	54.6%	$22	$22	73.4%	$63	$10	56.6%	$67
	Substitutes	$1	2.9%	$1	$	0.4%	$0	$	1.1%	$1
	Paraprofessionals	$7	18.6%	$7	$	1.0%	$1	$1	3.7%	$4
	Pupil Use Technology	$	0.5%	$0	$	1.0%	$1	$1	3.2%	$4
	Instructional Materials	$2	4.3%	$2	$2	6.1%	$5	$2	9.4%	$11
	Subtotal Instruction	**$31**	**80.8%**	**$32**	**$24**	**81.9%**	**$71**	**$14**	**74.1%**	**$88**
Instructional Support	Guidance & Counseling	$1	2.3%	$1	$	0.4%	$0	$1	5.6%	$7
	Library & Media	$	0.8%	$0	$	0.1%	$0	$	0.0%	$0
	Extracurricular	$	0.5%	$0	$	0.0%	$0	$	0.2%	$0
	Student Health & Services	$	0.2%	$0	$	0.0%	$0	$	0.2%	$0
	Curriculum Development	$	1.1%	$0	$	0.1%	$0	$	1.2%	$1
	In-Service, Staff Development	$2	5.6%	$2	$1	4.2%	$4	$	1.5%	$2
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$	0.6%	$0	$4	13.0%	$11	$	1.5%	$2
	Therapists, et.al.	$	0.7%	$0	$	0.0%	$0	$	0.7%	$1
	Subtotal Instructnl Support	**$4**	**11.7%**	**$5**	**$5**	**17.8%**	**$15**	**$2**	**10.9%**	**$13**
Operations	Transportation	$	0.0%	$0	$	0.0%	$0	$	0.2%	$0
	Food Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	$0	$	0.0%	$0	$	0.1%	$0
	Building Upkeep	$	0.7%	$0	$	0.1%	$0	$1	6.4%	$8
	Data Processing	$	0.2%	$0	$	0.2%	$0	$	0.0%	$0
	Business Operations	$1	1.5%	$1	$	0.0%	$0	$	0.0%	$0
	Subtotal Operations	**$1**	**2.4%**	**$1**	**$**	**0.2%**	**$0**	**$1**	**6.6%**	**$8**
Other Commitments	Debt Service Capital Projects Pass Throughs Retiree Benefits & Other Enterprise/Community Srvs Claims & Settlements	**Other Commitments (Non-Operating) Expenditures Excluded**								
	Subtotal Other Commitmts	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Leadership	Principals & Asst. Principals	$	0.2%	$0	$	0.0%	$0	$1	4.6%	$5
	School Office	$1	2.9%	$1	$	0.0%	$0	$1	3.7%	$4
	Deputies, Sr. Admin	$1	1.9%	$1	$	0.0%	$0	$	0.0%	$0
	Superintendent & Schl Board	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Leadership	**$2**	**5.0%**	**$2**	**$**	**0.0%**	**$0**	**$2**	**8.3%**	**$10**
Operating Vocational Education		**$38**	**100.0%**	**$39**	**$30**	**100.0%**	**$86**	**$18**	**100.0%**	**$118**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE OTHER PROGRAM EXPENDITURES
Total Other Programs (By 5 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$53	72.6%	$55	$6	34.2%	$19	$1	17.3%	$4
	Substitutes	$2	3.3%	$2	$	0.6%	$0	$	0.0%	$0
	Paraprofessionals	$7	9.9%	$7	$	1.8%	$1	$	0.1%	$0
	Pupil Use Technology	$	0.0%	$0	$1	4.1%	$2	$	0.2%	$0
	Instructional Materials	$3	3.7%	$3	$1	6.8%	$4	$	1.0%	$0
	Subtotal Instruction	**$65**	**89.5%**	**$67**	**$9**	**47.4%**	**$26**	**$1**	**18.6%**	**$4**
Instructional Support	Guidance & Counseling	$1	1.8%	$1	$1	4.2%	$2	$	0.2%	$0
	Library & Media	$	0.2%	$0	$	-0.2%	($0)	$	0.0%	$0
	Extracurricular	$	0.0%	$0	$3	16.9%	$9	$	1.1%	$0
	Student Health & Services	$	0.0%	$0	$	1.0%	$1	$	0.0%	$0
	Curriculum Development	$	0.5%	$0	$	0.0%	$0	$	0.5%	$0
	In-Service, Staff Development	$	0.5%	$0	$	1.8%	$1	$	1.5%	$0
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$	0.2%	$0	$3	16.9%	$9	$	9.3%	$2
	Therapists, et.al.	$	0.1%	$0	$1	6.0%	$3	$	0.0%	$0
	Subtotal Instructnl Support	**$2**	**3.4%**	**$3**	**$9**	**46.6%**	**$26**	**$**	**12.5%**	**$3**
Operations	Transportation	$	0.1%	$0	$	0.3%	$0	$	0.8%	$0
	Food Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	($0)	$	1.1%	$1	$	0.1%	$0
	Building Upkeep	$1	1.4%	$1	$	1.9%	$1	$	1.1%	$0
	Data Processing	$2	2.1%	$2	$	0.0%	$0	$	0.0%	$0
	Business Operations	$	0.4%	$0	$	0.5%	$0	$	0.0%	$0
	Subtotal Operations	**$3**	**4.1%**	**$3**	**$1**	**3.9%**	**$2**	**$**	**2.0%**	**$0**
Other Commitments	Debt Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Capital Projects	$1	1.5%	$1	$	0.9%	$0	$	0.0%	$0
	Pass Throughs	$	0.0%	$0	$	0.0%	$0	$2	46.2%	$10
	Retiree Benefits & Other	$	0.0%	($0)	$	0.0%	$0	$	0.0%	$0
	Enterprise/Community Srvs	$	0.2%	$0	$	0.0%	$0	$1	15.8%	$3
	Claims & Settlements	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Other Commitmts	**$1**	**1.7%**	**$1**	**$**	**0.9%**	**$0**	**$2**	**62.0%**	**$13**
Leadership	Principals & Asst. Principals	$	0.0%	$0	$	0.0%	$0	$	2.4%	$1
	School Office	$	0.7%	$0	$	0.7%	$0	$	2.5%	$1
	Deputies, Sr. Admin	$	0.7%	$1	$	0.4%	$0	$	0.0%	$0
	Superintendent & Schl Board	$	0.0%	($0)	$	0.0%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Leadership	**$1**	**1.3%**	**$1**	**$**	**1.2%**	**$1**	**$**	**4.9%**	**$1**
Total Other Programs		**$73**	**100.0%**	**$75**	**$19**	**100.0%**	**$55**	**$3**	**100.0%**	**$21**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

IN$ITE OTHER PROGRAM EXPENDITURES
Operating Other Programs (By 4 Functions)

		Actual Dollars in Millions -- Per Pupil in Whole Dollars								
		Indiana FY 2003			**Comparison State 1**			**Comparison State 2**		
		Pupils:		**968,377**	**Pupils:**		**344,637**	**Pupils:**		**155,998**
In$ite Functions	**In$ite Detail Functions**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**	**Actual**	**% TTL**	**Per Pupil**
Instruction	Instructional Teachers	$53	73.8%	$55	$6	34.5%	$19	$1	45.4%	$4
	Substitutes	$2	3.3%	$2	$	0.6%	$0	$	0.1%	$0
	Paraprofessionals	$7	10.1%	$7	$	1.8%	$1	$	0.1%	$0
	Pupil Use Technology	$	0.0%	$0	$1	4.1%	$2	$	0.5%	$0
	Instructional Materials	$3	3.7%	$3	$1	6.8%	$4	$	2.7%	$0
	Subtotal Instruction	**$65**	**91.0%**	**$67**	**$9**	**47.9%**	**$26**	**$1**	**48.9%**	**$4**
Instructional Support	Guidance & Counseling	$1	1.9%	$1	$1	4.2%	$2	$	0.6%	$0
	Library & Media	$	0.2%	$0	$	-0.2%	($0)	$	0.0%	$0
	Extracurricular	$	0.0%	$0	$3	17.1%	$9	$	2.8%	$0
	Student Health & Services	$	0.0%	$0	$	1.1%	$1	$	0.0%	$0
	Curriculum Development	$	0.5%	$0	$	0.0%	$0	$	1.3%	$0
	In-Service, Staff Development	$	0.5%	$0	$	1.8%	$1	$	4.0%	$0
	Sabbaticals	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Program Management	$	0.2%	$0	$3	17.0%	$9	$	24.4%	$2
	Therapists, et.al.	$	0.1%	$0	$1	6.0%	$3	$	0.0%	$0
	Subtotal Instructnl Support	**$2**	**3.5%**	**$3**	**$9**	**47.1%**	**$26**	**$**	**33.0%**	**$3**
Operations	Transportation	$	0.1%	$0	$	0.3%	$0	$	2.2%	$0
	Food Service	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Safety	$	0.0%	($0)	$	1.1%	$1	$	0.1%	$0
	Building Upkeep	$1	1.5%	$1	$	1.9%	$1	$	2.9%	$0
	Data Processing	$2	2.2%	$2	$	0.0%	$0	$	0.0%	$0
	Business Operations	$	0.5%	$0	$	0.6%	$0	$	0.0%	$0
	Subtotal Operations	**$3**	**4.1%**	**$3**	**$1**	**3.9%**	**$2**	**$**	**5.2%**	**$0**
Other Commitments	Debt Service	**Other Commitments (Non-Operating) Expenditures Excluded**								
	Capital Projects									
	Pass Throughs									
	Retiree Benefits & Other									
	Enterprise/Community Srvs									
	Claims & Settlements									
	Subtotal Other Commitmts	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**	**$**	**0.0%**	**$0**
Leadership	Principals & Asst. Principals	$	0.0%	$0	$	0.0%	$0	$	6.3%	$1
	School Office	$	0.7%	$0	$	0.7%	$0	$	6.5%	$1
	Deputies, Sr. Admin	$	0.7%	$1	$	0.4%	$0	$	0.1%	$0
	Superintendent & Schl Board	$	0.0%	($0)	$	0.0%	$0	$	0.0%	$0
	Legal	$	0.0%	$0	$	0.0%	$0	$	0.0%	$0
	Subtotal Leadership	**$1**	**1.4%**	**$1**	**$**	**1.2%**	**$1**	**$**	**12.9%**	**$1**
Operating Other Programs		**$72**	**100.0%**	**$74**	**$19**	**100.0%**	**$55**	**$1**	**100.0%**	**$8**

Source: Fox River Learning, Inc./EDmin.com, Inc.

In$ite, U.S. Patent No. 5,991,741

EDMIN.COM

The K-12 Education Subcommittee of the Indiana Government Efficiency Commission

Exhibits to the Report of Conclusions and Recommendations

October 2004

Table of Contents

Table of Exhibits

(Bound and submitted separately from the Report of Conclusions and Recommendations)

Reference Library ..... **A**

A selection of documents on CD-ROM representing best practices in K-12 aligned to In$ite® detail functions. These documents are presented as a Microsoft™ Word document but require Adobe Acrobat Reader for review.

Draft In$ite Reports – Fiscal Year 2003, INDOE Data ..... **B**

A selection of draft reports from In$ite® – The Finance Analysis Model for Education™. These reports present state level Indiana K-12 expenditure information based on INDOE's 2003 data file.

Accounting Code Dimensions – Excerpts from NCES Handbook and INDOE Accounting Manual ..... **C**

Extracts of images from the Federal NCES Handbook and from the INDOE Accounting Manual presented side-by-side for comparison purposes.

Written Fox River Questions and INDOE Answers ..... **D**

Questions regarding the state's chart of accounts for K-12 school corporations written by Fox River and submitted to INDOE. Completed answers from INDOE also have been included.

Expenditure Items Supporting Fox River's Questions in Exhibit D ..... **E**

The detail coding of actual expenditure line items from the FY 2003 INDOE data file aligned to the questions in Exhibit D described above.

Consultant Services Agreement ..... **F**

Agreement effective January 25, 2004 between the K-12 Education Subcommittee of the Indiana Government Efficiency Commission and EDmin.com, Inc. d/b/a Fox River Learning, Inc.

Exhibit A – Reference Library

The Reference Library contains sources of information for best practices and cost reduction methodologies, aligned to In$ite's detailed functions. Some of the research references may apply across several of the In$ite functions but, for convenience to the reader, are listed only once in the Reference Library. All of the referenced documents are listed in a matrix, cross-referenced by In$ite detail function. This matrix provides a straightforward reference to determine which documents correspond to each In$ite detail function.

Included in the library are several practical guides such as worksheets for determining cost effectiveness for outsourcing and other decision-making strategies. Documents B1 through B4, shown in Chart A-1, related to benefits may be of special interest. They include a report from the Bureau of Labor Statistics on benefits provided to employees of state and local governments and a recent survey from the Association of School Business Officials (ASBO).

Chart A-1 – Reference Library Documents With Links

Doc #	Legislative Topics	Description	Link
A1	Legislation/ Admin. Code	Indiana Code Title 20 – Education	http://www.in.gov/legislative/ic/code/title20/
A2	Legislation/ Admin. Code	Indiana Code Title 21 – Education Finance	http://www.in.gov/legislative/ic/code/title21/
A3	Legislation/ Admin. Code	Indiana Administrative Code Title 511 Indiana State Board of Education	http://www.state.in.us/legislative/iac/title511.html
A4	Legislation/ Admin. Code	Indiana Administrative Code Title 515 Professional Standards Board	http://www.in.gov/legislative/iac/title515.html
A5	Legislation/ Admin. Code	Indiana Administrative Code Title 560 Indiana Education Employment Relations Board	http://www.in.gov/legislative/iac/title560.html
A6	Legislation/ Admin. Code	Indiana Administrative Code Title 575 State School Bus Committee	http://www.in.gov/legislative/iac/title575.html
A7	Charter School Funding	Indiana's Strategy for Funding Charter Schools	http://www.charterschoolaw.com/indianachartherfunding.pdf
A8	Charter School Funding	2003 Digest of New K-12 Education Laws	http://www.doe.state.in.us/legwatch/2003/2003_digest.htm
A9	Charter School Funding	2001 Digest of New K-12 Education Laws Passed by the Indiana General Assembly	http://www.doe.state.in.us/legwatch/2001/digestedlaws.html

Doc #	Salary & Benefits Topic	Description	Link
B1	Benefits	Employee Benefits in State and Local Governments, 1998	http://www.bls.gov/ncs/ebs/sp/ebbl0018.pdf
B2	Benefits	Health Costs Strain School Budgets	http://www.edweek.org/ew/ewstory.cfm?slug=25insure.h23
B3	Benefits	Rising Health Costs Hit School Maintenance, Tech and Teacher Budgets: Press Release	http://asbointl.org/asbo/files/CCPAGECONTENT/DOCFILENAME/0000005627/2004_0219_Rising_Health_Costs_School_Maintenance.doc
B4	Benefits	Rising Health Costs Hit School Maintenance, Tech and Teacher Budgets: Survey Results	http://www.surveymonkey.com/DisplaySummary.asp?SID=371257&U=37125730944
B5	Benefits	Proposed Statement of the Governmental Accounting Standards Board: Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions	http://www.gasb.org/exp/rev_ed_opeb_employers.pdf
B6	Benefits	Compensation Costs in State and Local Governments – March 1991 to March 2003	http://www.ebri.org/facts/0903fact.pdf
B7	Salary	Indianapolis, IN National Compensation Survey, January 2003	http://www.bls.gov/ncs/ocs/sp/ncbl0557.pdf
B8	Salary	Bloomington, IN National Compensation Survey, March 2003	http://www.bls.gov/ncs/ocs/sp/ncbl0574.pdf

Doc #	Salary & Benefits Topic	Description	Link
B9	Salary	Chicago - Gary - Kenosha, IL-IN-WI, National Compensation Survey, October 2002	http://www.bls.gov/ncs/ocs/sp/ncbl0518.pdf
B10	Salary	Cincinnati - Hamilton, OH-KY-IN, National Compensation Survey, September 2002	http://www.bls.gov/ncs/ocs/sp/ncbl0526.pdf
B11	Salary	Elkhart - Goshen, IN, National Compensation Survey, September 2002	http://www.bls.gov/ncs/ocs/sp/ncbl0523.pdf
B12	Salary	Louisville, KY-IN, National Compensation Survey, November 2002	http://www.bls.gov/ncs/ocs/sp/ncbl0505.pdf
B13	Personnel Systems and Benefits	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/personnel_indicators2002.pdf
B14	Salary & Cost of Living Comparison Salary	Average Teacher Salary in 1999-2000, State Rankings	http://www.aft.org/press/2001/download/1-1.pdf
B15	Salary & Cost of Living Comparison	Average Annual Salary of Instructional Staff in Elementary and Secondary Schools (Not Adjusted for Cost of Living) 2001-2002 (dollars)	http://www.stateline.org/stateline/?pa=fact&sa=showFact&id=327394
B16	Salary & Cost of Living Comparison	State Tax Collection as a Percent of Income, 2001	http://www.stateline.org/stateline/?pa=fact&sa=showFact&id=242231
B17	Salary & Cost of Living Comparison	Housing Costs of Homeowners: 2000 Census 2000 Brief, Issued September 2003	http://www.census.gov/prod/2003pubs/c2kbr-27.pdf
B18	Salary & Cost of Living Comparison	Average Price of Natural Gas Sold to Residential Consumers, by State, 2001-2003	http://www.eia.doe.gov/pub/oil_gas/natural_gas/data_publications/natural_gas_monthly/current/pdf/table_21.pdf
B19	Salary & Cost of Living Comparison	Chapter 5. Retail Sales, Revenue, and Average Retail Price of Electricity — Table 5.6.A. Average Retail Price of Electricity to Ultimate Customers by Sector, by State, November 2003 and 2002	http://www.eia.doe.gov/cneaf/electricity/epm/chap5.pdf
B20	Salary	Survey and Analysis of Teacher Salary Trends 2002	http://www.aft.org/research/survey02/SalarySurvey02.pdf
B21	Salary	Indiana Ranks 16th In Average Teacher Salary – AFT Releases Annual State-By-State Teacher Salary Survey	http://www.aft.org/press/salary/downloads/SalarySurvey-IN.pdf

Doc #	Instruction and Instructional Programs Topic	Description	Link
111a	Special Education	Effects of Funding Incentives on Special Education Enrollment	http://www.manhattan-institute.org/cr_32.pdf

Doc #	Instruction and Instructional Programs Topic	Description	Link
111b	NCLB	Evaluation Report: No Child Left Behind — Office of the Legislative Auditor, State of Minnesota, Report #04-04	http://www.auditor.leg.state.mn.us/Ped/pedrep/0404all.pdf
111c	Standards	Kindergarten: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_00_081303.pdf
111d	Standards	Grade 1: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_01_081303.pdf
111e	Standards	Grade 2: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_02_081303.pdf
111f	Standards	Grade 3: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_03_081303.pdf
111g	Standards	Grade 4: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_04_081303.pdf
111h	Standards	Grade 5: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_05_081303.pdf
111i	Standards	Grade 6: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_06_081303.pdf
111j	Standards	Grade 7: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_07_081303.pdf
111k	Standards	Grade 8: Indiana's Academic Standards	http://www.doe.state.in.us/standards/pdf_k-8/Grade_08_081303.pdf
111l	Standards	Grade 9: Indiana's Academic Standards – English/Language Arts	http://www.doe.state.in.us/standards/pdf_hs_eng/Grade_09_Eng_081303.pdf
111m	Standards	Grade 10: Indiana's Academic Standards – English/Language Arts	http://www.doe.state.in.us/standards/pdf_hs_eng/Grade_10_Eng_081303.pdf
111n	Standards	Grade 11: Indiana's Academic Standards – English/Language Arts	http://www.doe.state.in.us/standards/pdf_hs_eng/Grade_11_Eng_081303.pdf
111o	Standards	Grade 12: Indiana's Academic Standards – English/Language Arts	http://www.doe.state.in.us/standards/pdf_hs_eng/Grade_12_Eng_081303.pdf
111p	Standards	Scope and Sequence: Indiana's Academic Standards for Grades K-12 English/Language Arts	http://www.indianastandards.org/files/eng/ela_scope.pdf
111q	Educational Service Delivery	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/educsvs_indicators2002.pdf
111r	Performance Accountability Systems	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/perform_indicators2002.pdf
111s	State Comparability Data	Public School Student/Teacher Ratio, Student Membership, and Teachers, by Level of Instruction and State: School Year 2001–02	http://nces.ed.gov/pubs2003/snf_report03/table_02.asp

Doc #	Pupil-Use Technology Topic	Description	Link
121a	Pupil-Use Technology	Gifted and Talented Pilot Project – Demonstrate the use of electronic commerce in delivering educational opportunities	http://www.window.state.tx.us/tspr/gifted/

Doc #	Transportation Topic	Description	Link
311a	Outsourcing	School Transportation Privatization	http://www.school-bus.org/Production/Docs/Articles/School%20Transportation%20Privatization.pdf
311b	Accounting	Cost Per Running Mile	http://www.school-bus.org/Production/Docs/Articles/Cost%20Per%20Running%20Mile.PDF
311c	Best Practices	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/trans_indicators2002.pdf
311d	Misc. Issues	Schools looking to the skies to track buses: Hamilton Southeastern, one of area districts using Global Positioning System, says security is worth cost	http://www.indystar.com/articles/8/135547-9318-009.html

Doc #	Food Service Topic	Description	Link
312a	Best Practices	School Meal Programs: Sharing Information on Best Practices May Improve Programs' Operations	http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPaddress=162.140.64.21&filename=rc97126.txt&directory=/diskb/wais/data/gao
312b	Financial Management	Financial Management Information System: Technical Report	http://www.nfsmi.org/Information/fmis_all.pdf
312c	Management	Issues and Trends in Food Service Management	http://www.nfsmi.org/Information/trends.pdf
312e	Financial Management	Insight No. 19 – Quality Financial Decision Making	http://www.nfsmi.org/Information/Newsletters/insight19.pdf
312f	Cost Control	Insight No. 10 – Revenue Generation and Cost Control Measures Currently Used in Financially Successful CNPs	http://www.nfsmi.org/Information/Newsletters/insight10.pdf
312g	Purchasing	Purchasing Decisions for Cost Effective Implementation of the Dietary Guidelines for Americans	http://www.nfsmi.org/Information/Newsletters/insight4.pdf
312h	Continuous Improvement	Keys to Excellence in School Food and Nutrition Programs	http://www.asfsa.org/childnutrition/keys/downloads/keysclassic.pdf
312i	Outsourcing	School Foodservice Operations Self Op vs Contract Management – Administrative Options Comparative Financial Worksheet	http://www.asfsa.org/childnutrition/fsoperations/fin_wksht.pdf
312j	Operational Improvements	Food for Thought: Ideas for Improving School Food Service Operations	http://www.window.state.tx.us/tpr/tspr/food/index.html
312k	Best Practices	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/foodsvs_indicators2002.pdf

Doc #	Safety Topic	Description	Link
313a	Safety	Common Sense Solutions to Help Address the Safety Issues and Challenges Facing Most Public School Districts	http://www.window.state.tx.us/tspr/childsafe.html

Doc #	Building Upkeep, Utilities & Maintenance Topic	Description	Link
321a	Planning	Planning Guide for Maintaining School Facilities	http://nces.ed.gov/pubs2003/2003347.pdf
321b	Capacity	Myth and Reality: A Study of Excess Space in the District of Columbia Public High Schools	http://www.21csf.org/csf-home/Documents/space_study/
321c	Capacity	School Capacity Update: An Essential but Often Forgotten Planning Process	http://www.hehd.clemson.edu/SRCEA/YrBkv1n1/Chan.htm
321d	Adequacy	Facility Assessment Survey Maryland Public Schools	http://www.mlis.state.md.us/other/education/public_school_facilities_2003/SchoolSurvey.pdf
321e	Acreage	Formulas for School Site Analysis	http://www.cefpi.org/pdf/state_guidelines.pdf
321f	Staffing	Custodial Staffing Guidelines for Educational Facilities Survey	http://appa.files.associationdirector.com/General/AllCustodialAnalysis.pdf
321g	Staffing	Maintenance Staffing Standards for Zero-Based Budgeting	http://www.appa.org/FacilitiesManager/articleDetail.cfm?ItemNumber=671
321h	Staffing	Custodial Staffing Guidelines for Educational Facilities, 2nd edition ISBN 0-890956-06-6, Item A727	http://www.appa.org/applications/publications/pubs.cfm?Category_ID=2
321i	Staffing	School Custodial Staffing Formula	http://oms.k12.hi.us/oms.nsf/0/306f35439af1177f0a256c840077aefb/$FILE/School%20Custodial%20Staffing%20Formula.pdf
321j	Deferred Maintenance	Investing in Energy Efficiency: A Proven Strategy for Reducing Operating Costs	http://www.facilitymanagement.com/articles/arthvac4.html
321k	Deferred Maintenance	Save a Penny, Lose a School: The Real Cost of Deferred Maintenance	http://www.ruraledu.org/docs/penny.pdf
321l	Outsourcing	Housekeeping Solutions – Contracting Maintenance Service: An Easy Question, A Difficult Answer	http://www.peterli.com/archive/spm/522.shtm
321m	Energy Efficiency	Energy-Efficient Education: Cutting Utility Costs in Schools	http://www.window.state.tx.us/tspr/energy/
321n	General	Cutting Costs	http://asumag.com/ar/university_cutting_costs/index.htm
321o	Facilities Maintenance	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/facmaint_indicators2002.pdf
321p	Energy Efficiency	Energy-Efficient Schools Policies & Opportunities	http://www.ncsl.org/public/catalog/pubs.cfm?topic=Education&topiccode=xedu

Doc #	Data Processing Topic	Description	Link
331a	Technology	Helping Schools Make Technology Work: Managing Information Technology from Classrooms to Lunchrooms – Innovative Solutions to Help Address the Issues and Challenges Facing Most Public School Districts	http://www.window.state.tx.us/tpr/tspr/tech10.html
331b	Administrative and Instructional Technology	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/admintech_indicators2002.pdf

Doc #	Business Operations Topic	Description	Link
332a	Cost Control Systems	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/costcontrol_indicators2002.pdf
332b	General	Balancing the Budget: 101 Ideas for Cutting Costs and Maximizing Revenues	http://www.window.state.tx.us/tspr/cutting/
332c	General	Top 10 Ways to Improve Public Schools	http://www.window.state.tx.us/tpr/tspr/t9.html
332d	Finance	National Conference of State Legislatures Education Finance Database – State: Indiana	http://www.ncsl.org/programs/educ/ed_finance/index.cfm?stateid=15&fuseaction=statedata
332e	Finance	Digest of Public School Finance in Indiana 2003-2005 Biennium	http://www.doe.state.in.us/publications/pdf_finance/FinanceDigest03-05.pdf
332f	Finance	Unspent Federal Education Funds as of January 2004 and a List of States and the Balances Available for Federal FY 2000 through FY 2002	http://www.ncsl.org/statefed/fundsed04.htm
332g	Budget Cuts	Many States Cut Budgets As Fiscal Squeeze Continues- Center of Budget and Policy Priorities	http://www.cbpp.org/4-22-04sfp.pdf

Doc #	Debt Service Topic	Description	Link
421a	Bond Management	Banks to Bonds: A Practical Path to Sound School District Investing	http://www.window.state.tx.us/tspr/inv/

Doc #	Capital Projects Topic	Description	Link
422a	School Construction	Prevailing Wage Regulations and School Construction Costs: Evidence From British Columbia, *Journal of Education Finance*, Winter 2000	http://www.smacna.org/fincostp.pdf
422b	Facilities Construction	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/facconst_indicators2002.pdf

Doc #	Capital Projects Topic	Description	Link
422c	School Construction Costs	Making Hay When It Rains: The Effect Prevailing Wage Regulations, Scale Economies, Seasonal, Cyclical And Local Business Patterns Have On School Construction Costs, *Journal of Education Finance*, Spring 2002	http://www.smacna.org/making_hay.pdf
422d	School Construction Costs	A Comparison of Public School Construction Costs In Three Midwestern States that Have Changed Their Prevailing Wage Laws in the 1990's	http://www.smacna.org/healthcare%20_summary.pdf
422e	School Construction Costs	Square Foot Construction Costs for Newly Constructed State and Local Schools, Offices and Warehouses in Nine Southwestern and Intermountain States 1992-1994 Prepared for the Legislative Education Study Committee of the New Mexico State Legislature September 6, 1996	http://www.smacna.org/sq_ft_report.pdf

Doc #	Superintendent & School Board Topic	Description	Link
531a	Management Structure	Best Financial Management Practices and Indicators	http://www.oppaga.state.fl.us/reports/pdf/manstruc_indicators2002.pdf

Doc #	Legal Topic	Description	Link
532a	Legal Services	Navigating the Legal Maze: A Practical Guide For Controlling the Cost of School District Legal Services	http://www.window.state.tx.us/tspr/legal/

Chart A-2 – Research Library Indexed to In$ite® Function

Functions	Sub-Functions	Detail Functions	References						
1 Instruction	11 Face-To-Face Teaching	111 Instructional Teachers	A1-5	B1-20	111a-s	332b	332c	332e	
		112 Substitutes	A1-5	B1-20	332b	332c			
		113 Instructional Paraprofessionals	A1-5	B1-20	332b	332c	332e		
	12 Classroom Materials	121 Pupil-Use Technology & Software	A1-5	B1-20	121a	331b	332c	332e	
		122 Instructional Materials, Trips & Supplies	A1-5	B1-20	332b	332c			
2 Instructional Support	21 Pupil Support	211 Guidance & Counseling	A1-5	B1-20	332c				
		212 Library & Media	A1-5	B1-20	332c				
		213 Extracurricular	A1-5	B1-20	332b	332c			
		214 Student Health & Services	A1-5	B1-20	332b	332c			
	22 Teacher Support	221 Curriculum Development	A1-5	B1-20	332c				
		222 In-Service, Staff Development & Support	A1-5	B1-20	332b	332c	332e		
		223 Sabbaticals	A1-5	B1-20					
	23 Program Support	231 Program Management	A1-5	B1-20	332b	332c			
		232 Therapists, Psychologists, Evaluators, Personal Attendants & Social Workers	A1-5	B1-20	332b	332c			
3 Operations	31 Non-Instructional Pupil Services	311 Transportation	A1-6	B1-20	111r	311a-d	332b	332c	332e
		312 Food Service	A1-5	B1-20	111r	312a-k	332b	332c	332e
		313 Safety	A1-5	B1-20	111r	313a	332b	332c	
	32 Facilities	321 Building Upkeep, Utilities & Maintenance	A1-5	B1-20	111r	321a-p	332b	332c	
	33 Business Services	331 Data Processing	A1-5	B1-20	331a-k	332b	332c		
		332 Business Operations	A1-5	B1-20	332a-e	332c			
4 Other Commitments (Non-Operating)	41 Contingencies	411 Budgeted Contingencies	A1-5	332c					
	42 Capital	421 Debt Service	A1-5	B1-20	332a	332b	332c	332e	421a
		422 Capital Projects	A1-5	B1-20	332a	332c	332e	422a-e	
	43 Out-of-District Obligations	431 Public, Parochial, Private & Charter School Pass-Throughs	A1-5	B1-20	332c	332e			
		432 Retiree Benefits & Other	A1-5	B1-20	332c				
		433 Enterprise/Community Service Operations	A1-5	B1-20	332a	332b	332c		
	44 Legal Obligations	441 Claims & Settlements	A1-5	332a	332c				
5 Leadership	51 School Management	511 Principals & Assistant Principals	A1-5	B1-20	332c				
		512 School Office	A1-5	B1-20	332b	332c			
	52 Program/Operations Management	521 Deputies, Senior Administrators & Researchers (Superintendent's Cabinet)	A1-5	B1-20	332b	332c			
	53 District Management	531 Superintendent & School Board	A1-5	B1-20	332b	332c	531a		
		532 Legal	A1-5	B1-20	332b	332c	532a		

Chart A-3– Indiana In$ite® Functions Indexed to Available Productivity Metrics

Functions	Sub-Functions	Detail Functions	Productivity Metric No.	Productivity Metric No.	Productivity Metric No.
1 Instruction	11 Face-To-Face Teaching	111 Instructional Teachers	See Indiana Instruction Metrics		
		112 Substitutes			
		113 Instructional Paraprofessionals			
	12 Classroom Materials	121 Pupil-Use Technology & Software			
		122 Instructional Materials, Trips & Supplies			
2 Instructional Support	21 Pupil Support	211 Guidance & Counseling	Counselor ES/1	Counselor M-HS/5	
		212 Library & Media			
		213 Extracurricular			
		214 Student Health & Services	Reg. Nurse/4	Psychologist/3	
	22 Teacher Support	221 Curriculum Development			
		222 In-Service, Staff Development & Support			
		223 Sabbaticals			
	23 Program Support	231 Program Management			
		232 Therapists, Psychologists, Evaluators, Personal Attendants & Social Workers			
3 Operations	31 Non-Instructional Pupil Services	311 Transportation			
		312 Food Service	Food Svc/5		
		313 Safety			
	32 Facilities	321 Building Upkeep, Utilities & Maintenance	Grounds Care/6-8	Custodians/11-14	Utilities/15-18
	33 Business Services	331 Data Processing			
		332 Business Operations			
4 Other Commitments (Non-Operating)	41 Contingencies	411 Budgeted Contingencies			
	42 Capital	421 Debt Service			
		422 Capital Projects			
	43 Out-of-District Obligations	431 Public, Parochial, Private & Charter School Pass-Throughs			
		432 Retiree Benefits & Other			
		433 Enterprise/Community Service Operations			
	44 Legal Obligations	441 Claims & Settlements			
5 Leadership	51 School Management	511 Principals & Assistant Principals	Principals ES/20-22	Principals M-HS/23	
		512 School Office			
	52 Program/Operations Management	521 Deputies, Senior Administrators & Researchers (Superintendent's Cabinet)			
	53 District Management	531 Superintendent & School Board			
		532 Legal			

Productivity and Instruction Metrics

The productivity metrics include either best productivity practices or state-mandated FTE specifications. The productivity metrics are aligned to correspond to In$ite detail functions and serve as the "key" to the "Productivity Metric No." columns in the "Indiana In$ite® Expenditures by Function with Productivity Metrics" worksheet.

A basic way to consider and quantify specific cost savings is to use established productivity measures as a comparison to the productivity of these same workers in local schools. Fox River was not given information for school corporation workers and the attendant information on hours worked and students served. As a consequence, these materials are presented to the Subcommittee for future reference, once its summary report is completed for the legislature.

Chart A-4 – Full-time Equivalents (FTE) or Productivity Metrics

Metric No.	Position or Functional Area	Type	Metric	Description	Source
1	Counselor	Educational & Career Services	1:600 students grades 1-6		511 IAC 4-1.5-2(b)(1)
2	Counselor	Educational & Career Services	1:300 students grades 7-12		511 IAC 4-1.5-2(b)(2)
3	Counselor/Psychologist/ Social Worker	Assistance Services	1:700 students	Masters Level	511 IAC 4-1.5-2(b)(2)
4	Registered Nurse	Health Services	1:750 students[1]		511 IAC 4-1.5-2(b)(3)
5	Food Service		14 to 16 Meals Per Labor Hour (MPLH)		School Food Service Management for the 21st Century, 5th Edition
6	Basic Grounds Care	Acceptable	staff 1.20 acres		Planning Guide for Maintaining School Facilities, p. 85
7	Basic Grounds Care	Standard	staff 1.18 acres		Planning Guide for Maintaining School Facilities, p. 85
8	Basic Grounds Care	High	staff 1.15 acres		Planning Guide for Maintaining School Facilities, p. 85
9	Athletic Field Aeration	Acceptable	Once (1) year		Planning Guide for Maintaining School Facilities, p. 85
10	Athletic Field Aeration	High	five (5) times/year		Planning Guide for Maintaining School Facilities, p. 85
11	Custodian[2]	Level One Cleaning	A custodian with proper supplies and tools can clean approximately 10,000 to 11,000 sq feet in an 8 hour period	Results in a "spotless" building as might normally be found in a hospital environment or corporate suite.	Planning Guide for Maintaining School Facilities, p. 82

Metric No.	Position or Functional Area	Type	Metric	Description	Source
12	Custodian[2]	Level Two Cleaning	A custodian can clean approximately 18,000 to 20,000 sq feet in an 8 hour period	Uppermost standard for most school cleaning and is generally reserved for restrooms, special education areas, kindergarten areas, or food service areas.	Planning Guide for Maintaining School Facilities, p. 82
13	Custodian[2]	Level Three Cleaning	A custodian can clean approximately 28,000 to 31,000 sq feet in an 8 hour period	Norm for most school facilities. It is acceptable to most stakeholders and does not pose any health issues	Planning Guide for Maintaining School Facilities, p. 82
14	Custodian[2]	Level Four Cleaning	A custodian can clean approximately 45,000 to 50,000 sq feet in an 8 hour period	Not normally acceptable in school environment. Classrooms would be clean every other day, carpets would be vacuumed every third day and dusting would occur once a month.	Planning Guide for Maintaining School Facilities, p. 82
15	Utilities - Energy	Avg. school cost	avg. 90 per sq foot		Cutting Costs
16	Utilities - Energy	Avg. school cost	avg. 45 to .68 per sq foot	With Energy Upgrades	Cutting Costs
17	Utilities - Water	low flow devices	reduce water consumption by 15 to 20%		Cutting Costs
18	Utilities - Water	low flow devices	reduce water consumption by 15 to 20%		Cutting Costs
19	Teachers		The average pupil/teacher ratio for a single school shall not exceed 30/1.	Pupil/teacher ratios shall be figured on a fulltime equivalency basis only on regular classroom teachers assigned to instruction.	511 IAC 6.1-4-1
20	Principal	Elementary School	At least a one-half (1/2) time principal to an elementary school with an enrollment up to two hundred fifty (250) pupils.		511 IAC 6.1-4-2(1)
21	Principal	Elementary School	At least a three-quarter (3/4) time principal to an elementary school with an enrollment of two hundred fifty (250) through five hundred (500) pupils.		511 IAC 6.1-4-2(2)

Metric No.	Position or Functional Area	Type	Metric	Description	Source
22	Principal Assistant Principals/ Administrators	Elementary School	At least one (1) full-time principal to an elementary school with an enrollment over five hundred (500) pupils, with an additional administrative or supervisory assistant for each additional five hundred (500) pupils enrolled.		512 IAC 6.1-4-2(3)
23	Principal Assistant Principals/ Administrators	Middle/Junior High School High School	At least one (1) full-time principal to a high school or middle/junior high school. A high school or middle/junior high school with an enrollment over five hundred (500) pupils shall employ an additional administrative or supervisory assistant for each additional five hundred (500) pupils enrolled.		513 IAC 6.1-4-2(4)
24	Teachers	All	Teacher Training and Licensing Requirements	Teacher Education and Certification	515 IAC 1

Metric No.	Position or Functional Area	Type	Metric	Description	Source
	Notes: Note 1: The code reads that the school corporation "shall employ at least one" (511 IAC 4-1.5-6)				
	Note 2:				
	Custodian figures above are estimates.		actual sq feet per 8 hours that a custodian can clean will depend on additional variables, type of flooring, wall covers, number of windows.		Planning Guide for Maintaining School Facilities
	Team Cleaning Versus Area Cleaning				
	Area cleaning	custodian is responsible for all aspects of cleaning in a specific area	more time intensive, and each custodian would need their own equipment.	results in cleaner facilities as one custodian responsible for an area.	Planning Guide for Maintaining School Facilities

Metric No.	Position or Functional Area	Type	Metric	Description	Source
	Team cleaning	relies on specialists with one person handling all the vacuuming, one person cleaning all bathrooms, etc.	this approach is more efficient, a four person team can be expected to clean more than four times the sq footage of a generalist custodian in the same time period. Also equipment efficient as each specialist just needs his equipment. Tends to be somewhat less expensive	Down side- specialist can burn out more quickly (rotating helps this). Inhibits the personal interaction between custodians and faculty	Planning Guide for Maintaining School Facilities

Chart A-5 – Indiana's Instruction Metrics

The instruction metric chart lists the graduation requirements and the time-on-task references for the grade configurations in Indiana accredited schools (see sources footnote below).

Metric No.	Instruction Area	Type	Metric	Description	Source
I1	Graduation requirements	Credit	Minimum of 250 minutes of instruction per week for 1 semester	Subjects other than basic physical education	511 IAC 6-7-1(d)
I2	Graduation requirements	Credit	One school year of instruction	Basic physical education	511 IAC 6-7-1(d)
I3	Graduation requirements	Required and Elective Credits	A minimum of 38 credits is necessary (22 required/16 elective)	Students entering high school before 2000-01 school year	511 IAC 6-7-6
I4	Graduation requirements	Required and Elective Credits	A minimum of 40 credits is necessary (24 required/16 elective)	Students entering high school in 2000-01 school year and thereafter	511 IAC 6-7-6.1
I5	Graduation requirements	Required and Elective Credits	A minimum of 47 credits is necessary	Academic honors diploma	511 IAC 6-7-6.5
I6	Time on Task	Grades 1 - 6	Minimum of five (5) hours of instructional time.	Students are participating in an approved course, curriculum, or educationally related activity under the direction of a teacher, including a reasonable amount of passing time between classes.	IC 20-10.1-2-1(b)
I7	Time on Task	Grades 7 - 12	Minimum of six (6) hours of instructional time.	Students are participating in an approved course, curriculum, or educationally related activity under the direction of a teacher, including a reasonable amount of passing time between classes.	IC 20-10.1-2-1(b)
I8	Time on Task	School Year	One hundred eighty (180) student instructional days		IC 20-10.1-2-1(c)
I9	Time on Task	Grades 1 - 6	Elementary school curriculum.	Recommended time allocations per subject for elementary school curriculum.	511 IAC 6.1-5-2.5(m)
I10	Time on Task	Grades 6 - 8	Middle level curriculum.	Recommended time allocations per subject for middle school curriculum. (Grades 7 and 8, and Grade 6 when it is included in a middle school.)	511 IAC 6.1-5-3.5(o)
I11	Time on Task	Grades 9 - 12	High school curriculum.	Recommended time allocations per subject for high school curriculum.	511 IAC 6.1-5-4(c)
I12	Time on Task	Kindergarten through Grade 12	Indiana's Academic Standards English/Language Arts	No detailed timed scope and sequence or defined time requirements for any standards.	English Language Arts Standards

Sources: Indiana's state policy, legislative or administrative code. For further detail see the Reference *Library*.

Master List of Cost Savings Recommendations – Florida

The following lists illustrate the various cost saving measures executed by Florida county districts as the result of efforts stemming from a state-initiated Performance-Based Program Budgeting project. Since 1996, reviews by the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), as part of the State's Sharpening the Pencil Program, have identified hundreds of ways that Florida school districts can control costs, reduce overhead, streamline operations and improve services. Although the districts reviewed varied widely in terms of the number of students, demographics of the students served, relative wealth of the community, and geographic location in the state, common themes have emerged – themes that are applicable to school district operations in other states. To help all Florida school districts in their efforts to improve, OPPAGA has organized this information by major program area below. Each item on the lists presented below is supported by a full cost evaluation on a Florida web site. Links to these sources are available in the Reference Library in this report.

A projected five-year savings amount is calculated for each of the efficiency recommendations listed below. In order for one district's recommendations to be relevant to other school districts, the projected five-year savings is divided by the district's enrollment to provide a "Savings Per Student" amount in the column at the far right of the lists below.

Chart A-6 – Initiatives Taken to Reduce District-Level Spending in Florida

Specific Recommendation	County	Projected Five-Year Savings	Enrollment	Savings Per Student
Administrative and Instructional Technology				
Develop a Strategic Technology Plan	Miami-Dade	$27,700,000	366,639.09	$75.55
Eliminate the Director and Two Senior Administrative Positions and One Clerical Position	Orange	$1,235,000	156,918.43	$7.87
Implement Curriculum Management Software	Lake	$1,000,000	31,426.66	$31.82
Eliminate Five Document Processing Positions	Orange	$757,000	156,918.43	$4.82
Eliminate the Associate Superintendent Position and a Clerical Position	Orange	$680,000	156,918.43	$4.33
Phase Out the Data Entry Function	Hillsborough	$491,940	171,936.54	$2.86
Implement a Document Imaging, Storage, and Retrieval System	Lake	$450,000	31,426.66	$14.32
Eliminate the Administrator for the Distance Learning and Instructional Television Program	Orange	$156,918	156,918.43	$1.00
Eliminate the Photographer Position	Orange	$156,918	156,918.43	$1.00
Sell Two Color Presses	Orange	$180,000	156,918.43	$1.15
Restrict the Use of Color Printers	Hamilton	$2,940	2,032.07	$1.45
Community Involvement				
Reduce the Number of Positions in the Pupil Assignment Department	Orange	$740,000	156,918.43	$4.72
Eliminate Two Support Clerk Positions and Three Administrative Assistant Positions	Orange	$510,250	156,918.43	$3.25
Fund the Education Foundation	Broward	$438,900	262,703.54	$1.67
Eliminate the Supervisor for District, Publications and Internal Communications Position	Hillsborough	$325,000	171,936.54	$1.89
Eliminate Two Clerk Specialist Positions	Orange	$249,000	156,918.43	$1.59
Eliminate a Secretarial Position	Orange	$162,500	156,918.43	$1.04
Eliminate the Intergovernmental Relations Staff Positions	Broward	$133,000	262,703.54	$0.51
Eliminate One Switchboard Operator Position	Brevard	$130,000	71,451.26	$1.82
Create a Volunteer Coordinator Position	Clay	$115,000	29,509.99	$3.90
Change the Graphic Arts Funding	Broward	$70,000	262,703.54	$0.27
Augment Business Partnerships	Clay	$67,500	29,509.99	$2.29
Reclassify a Supervisor Position as a Coordinator	Hillsborough	$41,200	171,936.54	$0.24
Create an Executive Director of the Foundation Position	Clay	$34,600	29,509.99	$1.17
Eliminate the Outside Consultant	Clay	$22,500	29,509.99	$0.76
Create a Process to Promote Community Input	Glades	$22,500	1,022.36	$22.01
Amend the Advertising Policy	Hamilton	$15,000	2,032.07	$7.38
Charge a User Fee for the Wellness Center	Hamilton	$3,720	2,032.07	$1.83

Specific Recommendation	County	Projected Five-Year Savings	Enrollment	Savings Per Student
Cost Control Systems				
Explore Lower-Cost Health Plan Alternatives	Hillsborough	$5,673,000	171,936.54	$32.99
Establish an Internal Service Fund	Hillsborough	$2,806,200	171,936.54	$16.32
Mandate Direct Payroll Deposit	Broward	$2,565,000	262,703.54	$9.76
Reduce Warehouse Positions	Broward	$1,440,000	262,703.54	$5.48
Eliminate Eight Purchasing Positions	Lee	$1,424,894	62,114.97	$22.94
Give Directors and School Principals Responsibility for Asset Inventories	Orange	$1,395,000	156,918.43	$8.89
Implement a Purchasing Card Program	Orange	$1,225,000	156,918.43	$7.81
Take Advantage of Payment Terms	Orange	$1,160,000	156,918.43	$7.39
Eliminate the Clerk Specialist Positions	Broward	$805,000	262,703.54	$3.06
Eliminate the Positions of Four Lead Clerks and a Clerk Specialist	Orange	$780,000	156,918.43	$4.97
Reduce the Insurance Subsidy	Hamilton	$698,400	2,032.07	$343.69
Implement a Passive Order System	Hillsborough	$687,360	171,936.54	$4.00
Eliminate Five Purchasing Positions	Manatee	$657,000	38,512.80	$17.06
Retain Useable Furniture	Lee	$625,000	62,114.97	$10.06
Eliminate the Positions of Director of Payroll Services and a Support Clerk	Orange	$520,000	156,918.43	$3.31
Standardize Classroom Furniture Purchases	Lee	$500,000	62,114.97	$8.05
Eliminate the Word Processing Unit	Hillsborough	$469,460	171,936.54	$2.73
Reduce Inventory Levels	Broward	$425,000	262,703.54	$1.62
Improve Grant Monitoring	Brevard	$375,000	71,451.26	$5.25
Eliminate Three Accounts Payable Clerk Positions	Hillsborough	$328,000	171,936.54	$1.91
Privatize Inspections	Broward	$318,000	262,703.54	$1.21
Fully Implement the Procurement Card	Broward	$306,000	262,703.54	$1.16
Eliminate the Senior Manager of Risk Management Position	Orange	$305,000	156,918.43	$1.94
Eliminate the Senior Manager of Property Control and Internal Audit Position	Orange	$305,000	156,918.43	$1.94
Establish a Recycling Program	Clay	$303,500	29,509.99	$10.28
Increase Room Rental Fees	Lee	$300,000	62,114.97	$4.83
Eliminate Two Payroll Clerk Positions	Hillsborough	$295,806	171,936.54	$1.72
Reduce the Number of Payroll Checks	Broward	$279,585	262,703.54	$1.06
Increase Interest Income	Brevard	$250,000	71,451.26	$3.50
Eliminate Two Technician Positions	Broward	$234,800	262,703.54	$0.89
Use Purchasing Cards for Supply Items	Lake	$230,400	31,426.66	$7.33
Reduce Travel Costs by 50%	Hamilton	$227,500	2,032.07	$111.95
Eliminate the Property Control Manager Position	Hillsborough	$218,960	171,936.54	$1.27
Use Purchasing Cards to Reduce Inventory	Lake	$215,840	31,426.66	$6.87
Change the Payroll Structure to Semi-Monthly	Orange	$211,750	156,918.43	$1.35
Implement an On-Line Warehouse Requisition System	Hillsborough	$190,652	171,936.54	$1.11
Eliminate Free Meals	Lee	$180,000	62,114.97	$2.90
Implement Purchasing Procedures	Hamilton	$180,000	2,032.07	$88.58
Consolidate the Risk Management and Facilities Compliance Inspections	Hillsborough	$168,960	171,936.54	$0.98
Combine the Warehousing Functions	Orange	$160,000	156,918.43	$1.02
Install a Racking System in the Warehouse	Hillsborough	$148,619	171,936.54	$0.86
Eliminate a Property Control Clerk Position	Hillsborough	$135,894	171,936.54	$0.79
Centralize the Delivery Function	Lee	$127,200	62,114.97	$2.05
Reduce the Number of Vehicles	Broward	$93,900	262,703.54	$0.36
Discontinue Warehouse Items	Lee	$92,970	62,114.97	$1.50
Mandate Direct Deposit for All Employees	Orange	$87,500	156,918.43	$0.56
Implement Procurement Cards	Hillsborough	$59,816	171,936.54	$0.35
Combine Vendor and Bidder Databases	Hillsborough	$59,812	171,936.54	$0.35
Use Permanent Storage Space	Lee	$24,900	62,114.97	$0.40
Implement New Methods to Distribute Requests For Proposals	Hillsborough	$15,500	171,936.54	$0.09

Specific Recommendation	County	Projected Five-Year Savings	Enrollment	Savings Per Student
Educational Service Delivery				
Document Students That Are Eligible for Medicaid Reimbursement	Orange	$15,286,000	156,918.43	$97.41
Improve Projections of At-Risk and Exceptional Students	Manatee	$14,400,000	38,512.80	$373.90
Reclassify the NOVA Schools	Broward	$5,895,856	262,703.54	$22.44
Replace the New Educator Support System Program	Broward	$5,732,000	262,703.54	$21.82
Respond to Curriculum Needs	Broward	$5,720,000	262,703.54	$21.77
Conduct a Review of the Individual Education Plan Process	Orange	$4,993,500	156,918.43	$31.82
Run a Fee-Based Summer Gifted Program	Hillsborough	$3,301,381	171,936.54	$19.20
Combine Middle and Secondary Education Administrative Units	Hillsborough	$2,294,000	171,936.54	$13.34
Increase the Amount Applied for Medicaid Reimbursement	Clay	$1,741,000	29,509.99	$59.00
Improve the Accountability for Grants	Broward	$1,650,000	262,703.54	$6.28
Eliminate Secretarial and Clerical Positions	Orange	$1,594,125	156,918.43	$10.16
Eliminate a Behavior Analyst, Two Instructional Support Counselors, a Placement/Follow-up Instructional Support Teacher, and Two Behavior Specialists	Orange	$1,562,500	156,918.43	$9.96
File for Medicaid Direct Services Reimbursement	Lake	$1,152,000	31,426.66	$36.66
Restructure the Title I Department	Orange	$1,035,000	156,918.43	$6.60
Implement Printing Improvements	Hillsborough	$1,010,000	171,936.54	$5.87
Accelerate Medicaid Reporting	Broward	$864,000	262,703.54	$3.29
Generate Revenue for Community Education	Lee	$850,000	62,114.97	$13.68
Reduce the Number of Inappropriate Referrals for Exceptional Student Education Evaluations	Miami-Dade	$670,000	366,639.09	$1.83
Reduce the Purchases of Tests	Broward	$656,250	262,703.54	$2.50
Eliminate Four Teachers	Hamilton	$611,680	2,032.07	$301.01
Eliminate Two Positions	Hamilton	$602,509	2,032.07	$296.50
Combine the Pre-K and Kindergarten Programs	Hillsborough	$584,800	171,936.54	$3.40
Restructure Adult and Community Education	Hillsborough	$528,600	171,936.54	$3.07
Eliminate Three Secretarial Positions	Lee	$518,400	62,114.97	$8.35
Restructure the Bilingual/ESOL Department	Orange	$487,500	156,918.43	$3.11
Eliminate Two Instructional Support Teachers	Orange	$485,000	156,918.43	$3.09
Eliminate the School-to-Work Director	Broward	$470,250	262,703.54	$1.79
Combine Elementary Art and Music	Hillsborough	$460,000	171,936.54	$2.68
Eliminate Three Secretarial Positions in Vocational Education	Hillsborough	$420,000	171,936.54	$2.44
Eliminate Two Generalists Positions	Lee	$402,633	62,114.97	$6.48
Eliminate the Director of Special Instructional Services Administration	Hillsborough	$401,600	171,936.54	$2.34
Eliminate the Director of the Compact Mentoring Program	Orange	$387,050	156,918.43	$2.47
Eliminate Four Aides	Hamilton	$371,536	2,032.07	$182.84
Eliminate Secretarial Staff	Orange	$354,250	156,918.43	$2.26
Eliminate the Director of Curriculum Services	Lee	$335,947	62,114.97	$5.41
Eliminate the Coordinator of Diversity/ Cultural Outreach	Broward	$323,400	262,703.54	$1.23
Eliminate the Program Specialist for Agribusiness	Orange	$288,000	156,918.43	$1.84
Combine the Positions of Coordinator, Health Education and Supervisor, Physical Education into One Position	Hillsborough	$283,600	171,936.54	$1.65
Reduce Time Between Initial Exceptional Student Education Assessments and Referrals	Miami-Dade	$274,000	366,639.09	$0.75
Eliminate the Director of Exceptional Student Education	Lee	$262,548	62,114.97	$4.23
Eliminate the Coordinator of Vocational Technical and Adult Education	Hamilton	$256,784	2,032.07	$126.37
Eliminate One Title I Teacher on Special Assignment	Lee	$213,804	62,114.97	$3.44
Modify the Printing Operation	Clay	$210,000	29,509.99	$7.12
Eliminate a Generalist Position	Lee	$201,317	62,114.97	$3.24
Eliminate the Business Academy Coordinator	Hamilton	$161,208	2,032.07	$79.33
Eliminate a Program Assistant	Orange	$136,500	156,918.43	$0.87
Eliminate One Clerk Specialist	Orange	$115,500	156,918.43	$0.74
Change the Position of Title I General Director to a Director	Hillsborough	$103,488	171,936.54	$0.60
Strengthen the Accountability for Lost and Damaged Books	Lake	$95,000	31,426.66	$3.02
Change Five Exceptional Student Education Coordinators to Specialists	Lee	$73,058	62,114.97	$1.18
Change the Director to a Coordinator	Lee	$61,227	62,114.97	$0.99
Change the Coordinator to a Specialist	Lee	$14,612	62,114.97	$0.24

Specific Recommendation	County	Projected Five-Year Savings	Enrollment	Savings Per Student
Facilities Construction				
Expand the Use of Double Sessions in Middle and High Schools and the Number of Year-Round Elementary Schools	Miami-Dade	$365,300,000	366,639.09	$996.35
Implement a Multi-Track, Year-Round Calendar	Broward	$20,162,500	262,703.54	$76.75
Implement a Multi-Track, Year-Round Calendar	Polk	$9,000,000	81,291.96	$110.71
Reduce the Staffing of Capital Program by 20%	Miami-Dade	$7,850,000	366,639.09	$21.41
Reduce Construction Costs	Broward	$7,790,400	262,703.54	$29.65
Implement Alternatives to New Construction	Brevard	$4,500,000	71,451.26	$62.98
Implement Year-Round Programs to Reduce the Need for New Facilities	Manatee	$4,400,000	38,512.80	$114.25
Use Construction Alternatives	Manatee	$3,700,000	38,512.80	$96.07
Develop an Asset Management Function	Miami-Dade	$3,000,000	366,639.09	$8.18
Implement Construction Cost Savings Measures	Hillsborough	$2,200,000	171,936.54	$12.80
Restructure the Direct Purchase Program	Clay	$1,500,000	29,509.99	$50.83
Implement Value Engineering	Manatee	$730,000	38,512.80	$18.95
Implement Value Engineering	Brevard	$700,000	71,451.26	$9.80
Employ a Construction Management Firm	Lee	$693,700	62,114.97	$11.17
Implement Value Engineering	Polk	$345,000	81,291.96	$4.24
Reorganize the Facilities Department	Hillsborough	$132,000	171,936.54	$0.77
Upgrade Facilities Planning	Glades	$96,100	1,022.36	$94.00
Reduce the Number of Portable Classrooms	Hamilton	$67,500	2,032.07	$33.22
Promote the Community Use of Facilities	Hamilton	$50,000	2,032.07	$24.61
Pay for Copying Costs Directly	Martin	$12,500	16,977.58	$0.74
Facilities Maintenance				
Modify the Custodial Staffing Formula	Miami-Dade	$18,540,000	366,639.09	$50.57
Assign Unskilled Maintenance Functions to Custodial Staff	Miami-Dade	$18,000,000	366,639.09	$49.09
Develop a Staffing Formula for the Maintenance Trades	Miami-Dade	$17,000,000	366,639.09	$46.37
Consider Implementation of Energy Management Program	Orange	$7,500,000	156,918.43	$47.80
Reduce the Number of Custodians to Achieve a Productivity Level of 20,000 Square Foot Per Custodian	Hillsborough	$6,480,000	171,936.54	$37.69
Implement Performance Standards	Broward	$6,000,000	262,703.54	$22.84
Reduce the Number of Custodians to Achieve a Productivity Level of 19,000 Square Foot Per Custodian	Lee	$5,570,400	62,114.97	$89.68
Create a Passive Order System and Standards	Broward	$4,500,000	262,703.54	$17.13
Implement a Preventative Maintenance Program	Hillsborough	$3,301,000	171,936.54	$19.20
Expand the Custodial Outsourcing Program	Orange	$2,700,000	156,918.43	$17.21
Increase the Custodian Productivity Standards to 20,000 Square Feet per Custodian	Lake	$1,650,000	31,426.66	$52.50
Employ a Conservation Educator	Lee	$1,211,864	62,114.97	$19.51
Hire a Technical Assistant	Hillsborough	$1,200,000	171,936.54	$6.98
Hire a Conservation Educator and Conserve Energy	Hillsborough	$1,188,800	171,936.54	$6.91
Reduce the Number of Custodians	Martin	$1,125,000	16,977.58	$66.26
Eliminate Eight Special Crews Staff	Orange	$1,060,000	156,918.43	$6.76
Eliminate Facilities Maintenance Technician Program	Orange	$975,000	156,918.43	$6.21
Eliminate 4 of the 15 Environmental Compliance Positions	Orange	$755,000	156,918.43	$4.81
Develop Standards to Improve the Maintenance Staff Efficiency	Manatee	$593,200	38,512.80	$15.40
Create a Passive Order System	Hillsborough	$561,150	171,936.54	$3.26
Implement a Preventative Maintenance Program	Lee	$500,000	62,114.97	$8.05
Create a Passive Order System	Lee	$425,250	62,114.97	$6.85
Establish Satellite Offices	Broward	$415,000	262,703.54	$1.58
Eliminate a Coordinator Position	Clay	$305,000	29,509.99	$10.34
Establish a Uniform Building Management System	Lake	$247,000	31,426.66	$7.86
Reduce Energy Costs	Glades	$136,000	1,022.36	$133.03
Create a Passive Order System	Clay	$123,000	29,509.99	$4.17
Employ an Energy Coordinator	Clay	$85,000	29,509.99	$2.88
Outsource Custodial Services	Hamilton	$68,350	2,032.07	$33.64
Standardize Materials to Lower Future Maintenance Costs	Manatee	$50,000	38,512.80	$1.30
Implement Preventative Maintenance	Hamilton	$34,500	2,032.07	$16.98
Bid the Pricing for Custodial Supplies	Hamilton	$30,500	2,032.07	$15.01
Increase Energy Efficiency	Hamilton	$14,700	2,032.07	$7.23

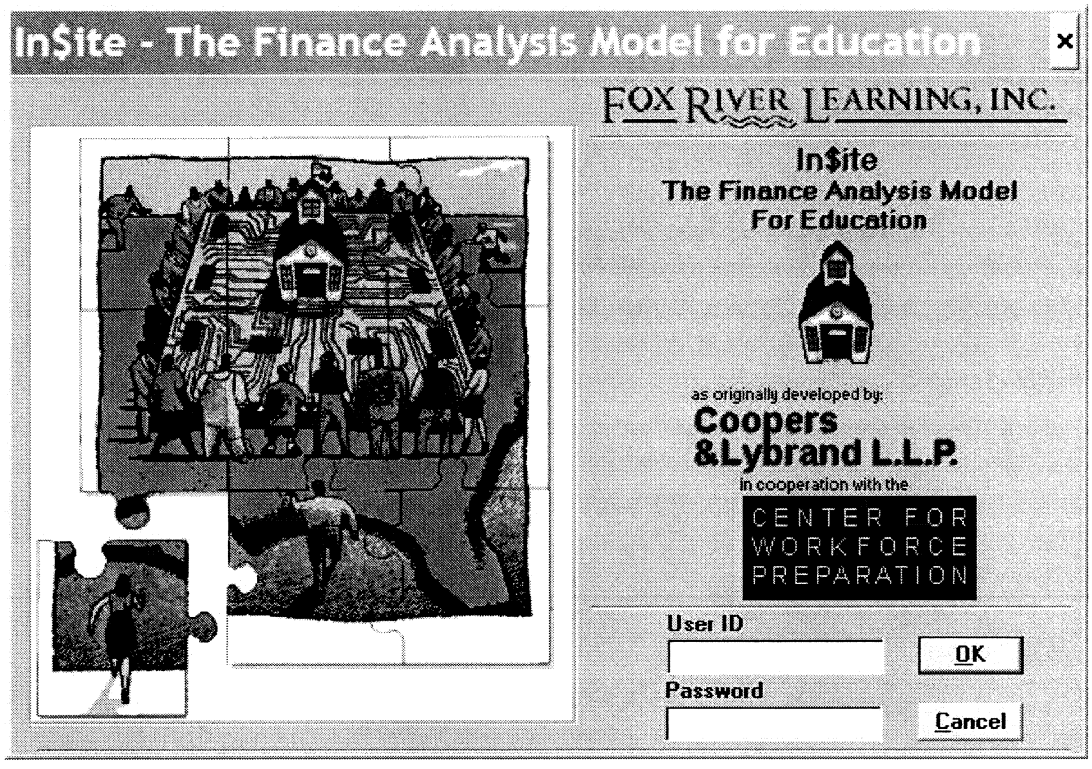
Specific Recommendation	County	Projected Five-Year Savings	Enrollment	Savings Per Student
Food Service Operations				
Establish a New Meals Per Labor Hour Standard	Miami-Dade	$22,500,000	366,639.09	$61.37
Increase Eligible Student Participation in the Free/Reduced Lunch Program	Orange	$5,580,000	156,918.43	$35.56
Prepare the Claims for Reimbursement on a Timely Basis	Miami-Dade	$3,000,000	366,639.09	$8.18
Charge the Food Services Fund for All Operating Costs	Orange	$3,000,000	156,918.43	$19.12
Process Additional USDA Commodities	Miami-Dade	$3,000,000	366,639.09	$8.18
Reduce Food Costs	Hillsborough	$2,024,000	171,936.54	$11.77
Discontinue Part-Time Position Benefits	Hillsborough	$1,875,000	171,936.54	$10.91
Raise Selected Meal Prices	Manatee	$1,820,191	38,512.80	$47.26
Reduce Paid Cafeteria Monitors	Hillsborough	$1,643,200	171,936.54	$9.56
Change from Low-Fat Chocolate Milk to Nonfat Chocolate Milk	Miami-Dade	$880,000	366,639.09	$2.40
Increase Participation in the Dual Manager Program	Broward	$863,400	262,703.54	$3.29
Discontinue Providing Free Meals to Adults and Custodians	Orange	$815,500	156,918.43	$5.20
Revise Meal Prices	Martin	$680,395	16,977.58	$40.08
Reduce Use of Disposable Items	Hillsborough	$666,000	171,936.54	$3.87
Convert Full-Time to Part-Time Positions	Lee	$582,458	62,114.97	$9.38
Discontinue Separate Menus and Serving Lines	Lee	$579,600	62,114.97	$9.33
Reduce Food Costs	Clay	$579,500	29,509.99	$19.64
Expand Catering Services	Broward	$512,975	262,703.54	$1.95
Purchase Additional Items Through the Commodity Food Distribution	Miami-Dade	$500,000	366,639.09	$1.36
Hire Food Service Staff Only as Part-Time Employees	Broward	$458,000	262,703.54	$1.74
Discontinue the Free Lunch for Custodians	Hillsborough	$308,000	171,936.54	$1.79
Expand Nutritional Programs	Lake	$271,200	31,426.66	$8.63
Implement a Promotional Campaign	Manatee	$233,628	38,512.80	$6.07
Reduce Storage Costs	Manatee	$232,500	38,512.80	$6.04
Increase Student Lunch Participation	Hillsborough	$216,000	171,936.54	$1.26
Eliminate Clerk Specialists	Broward	$192,250	262,703.54	$0.73
Reduce Food Service Costs	Glades	$170,000	1,022.36	$166.28
Discontinue Credit for Meals	Hillsborough	$165,600	171,936.54	$0.96
Delete Part-time Position Benefits	Clay	$159,700	29,509.99	$5.41
Implement the Breakfast Program in All District Schools	Manatee	$152,928	38,512.80	$3.97
Discontinue the Subsidy for the Central Office Snack Bar	Lee	$120,000	62,114.97	$1.93
Increase Student Breakfast Participation	Hillsborough	$114,500	171,936.54	$0.67
Reduce Food Costs by 2%	Hamilton	$93,000	2,032.07	$45.77
Increase Student Lunch Participation	Lee	$75,800	62,114.97	$1.22
Implement the Breakfast Program at Secondary Schools	Lee	$61,560	62,114.97	$0.99
Phase Out Use of Leased Warehouse Space	Hillsborough	$37,750	171,936.54	$0.22
Reduce the Number of Hours by Future Employees	Hamilton	$33,965	2,032.07	$16.71
Transfer Vending Items to A-la-carte	Hamilton	$32,500	2,032.07	$15.99
Reduce Supply Costs by 5%	Hamilton	$32,250	2,032.07	$15.87
Create a Roving Substitute Position	Hamilton	$30,250	2,032.07	$14.89
Close the Campus at Lunch	Hamilton	$28,125	2,032.07	$13.84
Reduce the Employee Hours at South Elementary	Hamilton	$26,500	2,032.07	$13.04
Formalize a Catering Program	Hamilton	$12,500	2,032.07	$6.15

Specific Recommendation	County	Projected Five-Year Savings	Enrollment	Savings Per Student
Management Structures				
Reduce the Number of Teachers on Assignment	Broward	$10,816,000	262,703.54	$41.17
Reduce the Number of Assistant Principals	Broward	$3,556,000	262,703.54	$13.54
Reduce the Number of Teachers on Assignment	Hillsborough	$3,278,240	171,936.54	$19.07
Eliminate Four Area Superintendents	Broward	$3,026,400	262,703.54	$11.52
Reduce the Number of Assistant Principals	Brevard	$2,558,400	71,451.26	$35.81
Reduce the Number of Assistant Principals	Clay	$2,021,448	29,509.99	$68.50
Combine School Board Office Support Positions	Broward	$1,634,500	262,703.54	$6.22
Reduce the Number of Teachers on Assignment	Clay	$1,578,330	29,509.99	$53.48
Eliminate the Assistant Superintendents	Lee	$889,664	62,114.97	$14.32
Eliminate the Associate Superintendent for District Administration	Broward	$792,000	262,703.54	$3.01
Reduce Legal Costs	Hillsborough	$787,000	171,936.54	$4.58
Reduce the Number of Assistant Principals	Lee	$664,248	62,114.97	$10.69
Eliminate the Director of District Administration	Broward	$613,000	262,703.54	$2.33
Modify the District's Organizational Structure	Miami-Dade	$600,000	366,639.09	$1.64
Eliminate Four Clerical Support Staff	Hamilton	$569,718	2,032.07	$280.36
Eliminate the Senior Director of Multicultural Service	Orange	$452,000	156,918.43	$2.88
Eliminate the Executive Director of Curriculum and School Improvement	Lee	$435,213	62,114.97	$7.01
Eliminate the Director of Comprehensive Planning	Hillsborough	$432,800	171,936.54	$2.52
Eliminate the Director of Operations	Lee	$414,014	62,114.97	$6.67
Assign Work to Legal Staff	Miami-Dade	$381,500	366,639.09	$1.04
Reduce Legal Costs Related to Labor	Lee	$346,500	62,114.97	$5.58
Reduce the Number of Stipends	Lee	$231,930	62,114.97	$3.73
Eliminate a Secretary	Lee	$197,406	62,114.97	$3.18
Combine Departments	Lee	$146,615	62,114.97	$2.36
Reduce Consultant Fees	Lee	$54,000	62,114.97	$0.87
Reduce the Number of Transcripts	Lee	$22,500	62,114.97	$0.36
Reduce the Number of Student Hearings	Lee	$21,250	62,114.97	$0.34
Reduce Copying Costs	Lee	$2,400	62,114.97	$0.04
Reduce Copying Costs	Hamilton	$1,440	2,032.07	$0.71
Reduce the Number of Copies of the Policy Manual	Clay	$640	29,509.99	$0.02
Personnel Systems and Benefits				
Reduce the District Subsidy of Health Benefit Costs	Manatee	$10,250,000	38,512.80	$266.15
Reduce the District Subsidy of Health Benefit Costs	Martin	$10,000,000	16,977.58	$589.01
Reduce Salaries Through Improved Labor Negotiations	Martin	$6,000,000	16,977.58	$353.41
Eliminate the DATA Center	Miami-Dade	$6,000,000	366,639.09	$16.36
Improve the Management of the Early Return to Work Program	Miami-Dade	$2,500,000	366,639.09	$6.82
Reorganize and Restructure the Human Resources Department	Orange	$1,750,000	156,918.43	$11.15
Eliminate Six Clerical Positions	Broward	$666,000	262,703.54	$2.54
Acquire and Install New Human Resource Systems	Orange	$462,000	156,918.43	$2.94
Eliminate Position of Supervisor of Risk Management	Hillsborough	$428,000	171,936.54	$2.49
Eliminate Position of Supervisor of Human Resources	Clay	$390,600	29,509.99	$13.24
Delete a Senior Manager Position	Orange	$357,500	156,918.43	$2.28
Eliminate the Supervisor of Employee Relations Position	Hillsborough	$342,400	171,936.54	$1.99
Eliminate the Supervisor of Instructional Personnel Position	Hillsborough	$342,400	171,936.54	$1.99
Eliminate Personnel Assistants Positions	Clay	$338,020	29,509.99	$11.45
Eliminate Five Clerical Positions	Broward	$336,900	262,703.54	$1.28
Eliminate the Coordinator Position	Lee	$314,636	62,114.97	$5.07
Eliminate the Recruitment Clerk Positions	Brevard	$245,770	71,451.26	$3.44
Eliminate Two Personnel Specialists	Lee	$225,208	62,114.97	$3.63
Eliminate a Secretarial Position	Lee	$136,453	62,114.97	$2.20
Eliminate One Secretary	Lee	$136,453	62,114.97	$2.20
Replace the Risk Management Secretary Position with Clerical Staff	Hillsborough	$121,320	171,936.54	$0.71
Reduce Human Resource Department Overtime	Brevard	$39,600	71,451.26	$0.55
Replace Two Secretarial Positions with Clerical Staff	Hillsborough	$10,060	171,936.54	$0.06

Specific Recommendation	County	Projected Five-Year Savings	Enrollment	Savings Per Student
Safety and Security				
Discontinue the Vandal Watch Program	Orange	$1,565,800	156,918.43	$9.98
Conduct Monitoring In-House	Lee	$605,000	62,114.97	$9.74
Eliminate Five Security Officers	Hillsborough	$571,200	171,936.54	$3.32
Eliminate Four Data Entry Positions	Broward	$565,500	262,703.54	$2.15
Install Surveillance Cameras and Eliminate Four Security Officer Positions	Hillsborough	$332,600	171,936.54	$1.93
Consolidate Security Functions	Hillsborough	$330,232	171,936.54	$1.92
Eliminate the Security Guard Program	Clay	$237,600	29,509.99	$8.05
Reclassify the Site Administrator and Eliminate a Support Clerk	Orange	$152,050	156,918.43	$0.97
Eliminate the Contracted Safety Coordinator	Lee	$103,500	62,114.97	$1.67
Transportation				
Develop a Transportation Plan to Increase Bus Occupancy	Miami-Dade	$8,500,000	366,639.09	$23.18
Review the Size of Buses in the Transportation Fleet	Miami-Dade	$5,300,000	366,639.09	$14.46
Reduce the Number of Bus Routes	Broward	$4,965,000	262,703.54	$18.90
Reduce the Amount of Overtime	Broward	$4,550,000	262,703.54	$17.32
Implement an Electronic Routing System	Hillsborough	$3,492,000	171,936.54	$20.31
Change the Bus Replacement Policy	Broward	$2,676,888	262,703.54	$10.19
Centralize the Bus Routing Function	Miami-Dade	$2,500,000	366,639.09	$6.82
Eliminate Bus Driver Stand-by Time	Lee	$1,998,000	62,114.97	$32.17
Eliminate 15 Field Supervisors	Broward	$1,951,320	262,703.54	$7.43
Centralize Transportation Functions	Miami-Dade	$1,750,000	366,639.09	$4.77
Eliminate Courtesy Riders	Clay	$1,657,850	29,509.99	$56.18
Develop Two Bus Compounds	Hillsborough	$1,347,720	171,936.54	$7.84
Eliminate the Purchase of 26 Buses	Lee	$1,103,830	62,114.97	$17.77
Eliminate Courtesy Riders	Martin	$1,055,000	16,977.58	$62.14
Use Public Transportation HART Line Passes	Hillsborough	$1,017,000	171,936.54	$5.91
Eliminate Courtesy Riders	Lake	$872,500	31,426.66	$27.76
Use Computerized MapNet Capability	Lee	$868,480	62,114.97	$13.98
Discontinue Bus Service to Students Who Walk to School	Manatee	$805,000	38,512.80	$20.90
Reorganize the Transportation Department	Lee	$718,332	62,114.97	$11.56
Decrease Maintenance Requirements and Fuel Purchases	Lee	$702,000	62,114.97	$11.30
Eliminate Part-Time Benefits	Clay	$610,000	29,509.99	$20.67
Eliminate the Purchase of 14 Buses	Lee	$594,370	62,114.97	$9.57
Collect Medicaid Reimbursement Transporting Eligible Exceptional Students	Polk	$515,000	81,291.96	$6.34
Reduce the Spare Bus Ratio	Miami-Dade	$463,000	366,639.09	$1.26
Eliminate 10 Bus Driver Positions	Hamilton	$413,910	2,032.07	$203.69
Decrease Maintenance Requirements and Fuel Purchases	Lee	$378,000	62,114.97	$6.09
Implement Medicaid Reimbursement Accounting Procedures	Manatee	$365,000	38,512.80	$9.48
Eliminate the Assistant Director	Hillsborough	$355,000	171,936.54	$2.06
Charge School Groups for Field Trips	Lake	$283,000	31,426.66	$9.01
Sell the Surplus Buses	Lee	$248,000	62,114.97	$3.99
Eliminate Driver Uniforms	Clay	$217,020	29,509.99	$7.35
Apply for Revenue from the State	Hamilton	$213,645	2,032.07	$105.14
Reduce the Number of Yearly Bus Purchases	Hamilton	$212,275	2,032.07	$104.46
Charge School Groups for Field Trips	Manatee	$185,000	38,512.80	$4.80
Eliminate Some of the Bus Purchases	Hamilton	$169,820	2,032.07	$83.57
Eliminate T1 Communication Lines	Lee	$144,000	62,114.97	$2.32
Eliminate Maintenance and Fuel for 10 Buses	Hamilton	$135,000	2,032.07	$66.43
Pursue Reimbursement from Medicaid	Lake	$115,500	31,426.66	$3.68
Reduce the Number of Trainers	Broward	$113,400	262,703.54	$0.43
Upgrade the Bus Fleet and Facility	Glades	$108,000	1,022.36	$105.64
Retain Trained Operators	Lee	$105,000	62,114.97	$1.69
Increase Productivity of Mechanics	Lee	$91,375	62,114.97	$1.47
Modify the Shop Rate to Reflect Maintenance Costs	Lee	$72,350	62,114.97	$1.16
Charge Courtesy Rider Fees	Hillsborough	$62,400	171,936.54	$0.36
Eliminate Dirt Road Service	Clay	$61,850	29,509.99	$2.10
Eliminate Nine Buses from Inventory	Hamilton	$45,000	2,032.07	$22.14
Sell a 47 Passenger Bus	Hamilton	$40,000	2,032.07	$19.68
Modify the Bus Program	Glades	$23,400	1,022.36	$22.89
Invoice for Future Transportation Services	Hamilton	$12,580	2,032.07	$6.19
Sell 10 Buses	Hamilton	$10,000	2,032.07	$4.92
Reduce Pay for Overnight Trips	Hamilton	$3,690	2,032.07	$1.82
Sell Two Buses	Lee	$2,000	62,114.97	$0.03
Collect for Past Transportation Services	Hamilton	$1,492	2,032.07	$0.73
Increase the Shop Rate	Hamilton	$750	2,032.07	$0.37

Exhibit B – Draft In$ite Reports – Fiscal Year 2003, INDOE Data

Exhibit B
Draft In$ite Reports, FY 2003, INDOE Data



A-1. Total District - Functions

Total District

$ 9,208,019,702 100.0%

Instruction

$ 4,395,873,584 47.7%

Instructional Support

$ 766,950,023 8.3%

Operations

$ 1,792,530,319 19.5%

Other Commitments

$ 1,672,151,218 18.2%

Leadership

$ 580,514,558 6.3%

A-2. Total District - Sub-Functions

Total District	**$ 9,208,019,702** **100.0%**

Instruction	**$ 4,395,873,584** **47.7%**	Face-to-Face Teaching	4,215,715,731 45.8%
		Classroom Materials	180,157,853 2.0%
Instructional Support	**$ 766,950,023** **8.3%**	Pupil Support	415,906,691 4.5%
		Teacher Support	106,388,947 1.2%
		Program Support	244,654,385 2.7%
Operations	**$ 1,792,530,319** **19.5%**	Non-Instructional Pupil Services	745,541,735 8.1%
		Facilities	825,414,416 9.0%
		Business Services	221,574,168 2.4%
Other Commitments	**$ 1,672,151,218** **18.2%**	Contingencies	0 0.0%
		Capital	1,561,087,894 17.0%
		Out-of-District Obligations	105,498,082 1.1%
		Legal Obligations	5,565,243 0.1%
Leadership	**$ 580,514,558** **6.3%**	School Management	420,920,693 4.6%
		Program / Operations Management	47,341,888 0.5%
		District Management	112,251,977 1.2%

A-3. Total District - Detail Functions

Number of Pupils 968,377	In$ite Function	Total District	Total District Per Pupil	% to Total Dist. Per Pupil
Total District		$ 9,208,019,702	$ 9,509	100.0%
Instruction	100	$ 4,395,873,584	$ 4,539	47.7%
Face-to-Face Teaching	110	$ 4,215,715,731	$ 4,353	45.8%
Instructional Teachers	111	3,978,853,998	4,109	43.2%
Substitutes	112	25,298,990	26	0.3%
Instructional Paraprofessionals	113	211,562,744	218	2.3%
Classroom Materials	120	$ 180,157,853	$ 186	2.0%
Pupil-Use Technology & Software	121	3,914,839	4	0.0%
Instructional Materials, Trips & Supplies	122	176,243,014	182	1.9%
Instructional Support	200	$ 766,950,023	$ 792	8.3%
Pupil Support	210	$ 415,906,691	$ 429	4.5%
Guidance & Counseling	211	130,282,308	135	1.4%
Library & Media	212	138,847,996	143	1.5%
Extracurricular	213	66,125,028	68	0.7%
Student Health & Services	214	80,651,359	83	0.9%
Teacher Support	220	$ 106,388,947	$ 110	1.2%
Curriculum Development	221	82,922,158	86	0.9%
In-Service, Staff Development & Support	222	23,466,788	24	0.3%
Sabbaticals	223	0	0	0.0%
Program Support	230	$ 244,654,385	$ 253	2.7%
Program Management	231	49,690,864	51	0.5%
Therapists,Psych,Eval,Pers Att. & Soc Workers	232	194,963,521	201	2.1%
Operations	300	$ 1,792,530,319	$ 1,851	19.5%
Non-Instructional Pupil Services	310	$ 745,541,735	$ 770	8.1%
Transportation	311	410,007,910	423	4.5%
Food Service	312	321,387,569	332	3.5%
Safety	313	14,146,256	15	0.2%
Facilities	320	$ 825,414,416	$ 852	9.0%
Building Upkeep, Utilities & Maintenance	321	825,414,416	852	9.0%
Business Services	330	$ 221,574,168	$ 229	2.4%
Data Processing	331	82,316,229	85	0.9%
Business Operations	332	139,257,939	144	1.5%
Other Commitments	400	$ 1,672,151,218	$ 1,727	18.2%
Contingencies	410	$ 0	$ 0	0.0%
Budgeted Contingencies	411	0	0	0.0%
Capital	420	$ 1,561,087,894	$ 1,612	17.0%
Debt Service	421	789,657,764	815	8.6%
Capital Projects	422	771,430,130	797	8.4%
Out-of-District Obligations	430	$ 105,498,082	$ 109	1.1%
Parochial, Pvt, Charter & Public Pass Through	431	903,814	1	0.0%
Retiree Benefits & Other	432	85,732,218	89	0.9%
Enterprise/Community Service Operations	433	18,862,050	19	0.2%
Legal Obligations	440	$ 5,565,243	$ 6	0.1%
Claims & Settlements	441	5,565,243	6	0.1%
Leadership	500	$ 580,514,558	$ 599	6.3%
School Management	510	$ 420,920,693	$ 435	4.6%
Principals & Assistant Principals	511	274,916,534	284	3.0%
School Office	512	146,004,159	151	1.6%
Program / Operations Management	520	$ 47,341,888	$ 49	0.5%
Deputies, Sr Administrators, and Researchers	521	47,341,888	49	0.5%
District Management	530	$ 112,251,977	$ 116	1.2%
Superintendent & School Board	531	103,391,512	107	1.1%
Legal	532	8,860,464	9	0.1%

A-4. Total District - Program Summary $

	Total District	Special Education	Bilingual / ESL	Chapter 1 / Title 1	Vocational Education	Other Programs	General Education
Total Program	$ 9,208,019,702	$ 708,657,844	$ 3,537,499	$ 177,500,534	$ 42,572,197	$ 72,774,355	$ 8,202,977,271
Instruction	$ 4,395,873,584	$ 457,524,608	$ 2,363,182	$ 144,189,493	$ 30,902,053	$ 65,125,175	$ 3,695,769,073
Teaching	$ 4,215,715,731	$ 451,058,997	$ 1,910,064	$ 139,267,213	$ 29,060,646	$ 62,413,586	$ 3,532,005,224
Instrl Teachers	3,978,853,998	446,896,084	856,305	100,410,212	20,859,013	52,807,196	3,357,025,187
Substitutes	25,298,990	4,162,913	12,876	359,789	1,108,827	2,394,359	17,260,226
Instrl Paraprof	211,562,744	0	1,040,883	38,497,212	7,092,806	7,212,032	157,719,811
Classrm Material	$ 180,157,853	$ 6,465,610	$ 453,118	$ 4,922,279	$ 1,841,407	$ 2,711,589	$ 163,763,849
Pupil Technology	3,914,839	499,077	16,881	821,341	189,221	35,157	2,353,161
Instrl Materials	176,243,014	5,966,533	436,237	4,100,938	1,652,186	2,676,432	161,410,688
Support	$ 766,950,023	$ 216,953,572	$ 1,001,073	$ 23,032,817	$ 4,490,810	$ 2,497,292	$ 518,974,459
Pupil Support	$ 415,906,691	$ 6,273,112	$ 295,766	$ 3,513,393	$ 1,427,357	$ 1,546,100	$ 402,850,964
Guidance	130,282,308	711,119	107	451,045	880,680	1,332,475	126,906,883
Library Media	138,847,996	543,651	79,476	1,326,728	290,057	153,260	136,454,823
Extracurricular	66,125,028	43,924	0	6,287	193,770	32,001	65,849,046
Student Health	80,651,359	4,974,418	216,183	1,729,333	62,850	28,364	73,640,212
Teacher Support	$ 106,388,947	$ 5,189,891	$ 631,433	$ 16,706,397	$ 2,575,757	$ 749,000	$ 80,536,468
Curriculum Dev	82,922,158	3,028,227	517,692	13,837,377	419,035	357,503	64,762,324
Staff Dev	23,466,788	2,161,664	113,741	2,869,020	2,156,722	391,497	15,774,144
Sabbaticals	0	0	0	0	0	0	0
Program Support	$ 244,654,385	$ 205,490,570	$ 73,874	$ 2,813,027	$ 487,696	$ 202,192	$ 35,587,027
Program Mgmt	49,690,864	22,420,180	30,910	1,471,710	238,902	117,912	25,411,250
Therapists et al	194,963,521	183,070,390	42,964	1,341,317	248,794	84,279	10,175,777
Operations	$ 1,792,530,319	$ 14,124,755	$ 42,872	$ 2,283,703	$ 922,320	$ 2,957,449	$ 1,772,199,220
Pupil Services	$ 745,541,735	$ 5,904,211	$ 17,562	$ 748,400	$ 7,901	$ 44,108	$ 738,819,554
Transportation	410,007,910	5,754,746	3,382	708,471	7,901	44,969	403,488,440
Food Service	321,387,569	149,464	14,180	39,929	0	0	321,183,996
Safety	14,146,256	0	0	0	0	(861)	14,147,118
Facilities	$ 825,414,416	$ 5,729,569	$ 3,726	$ 171,400	$ 274,697	$ 1,038,724	$ 818,196,299
Building Upkeep	825,414,416	5,729,569	3,726	171,400	274,697	1,038,724	818,196,299
Business Svcs	$ 221,574,168	$ 2,490,975	$ 21,583	$ 1,363,903	$ 639,722	$ 1,874,617	$ 215,183,367
Data Processing	82,316,229	80,803	14,301	335,117	65,901	1,547,827	80,272,281
Business Ops	139,257,939	2,410,173	7,282	1,028,787	573,821	326,790	134,911,087
Other Commits	$ 1,672,151,218	$ 7,806,319	$ 96,232	$ 5,762,802	$ 4,350,456	$ 1,219,098	$ 1,652,916,310
Contingencies	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Bgt Contingncies	0	0	0	0	0	0	0
Capital	$ 1,561,087,894	$ 6,132,410	$ 81,185	$ 2,732,401	$ 4,304,991	$ 1,110,602	$ 1,546,726,304
Debt Service	789,657,764	379,018	0	0	29,975	0	789,248,771
Capital Projects	771,430,130	5,753,391	81,185	2,732,401	4,275,016	1,110,602	757,477,533
Out-of-District	$ 105,498,082	$ 1,668,587	$ 15,046	$ 2,973,478	$ 45,415	$ 108,346	$ 100,687,209
Pass-Throughs	903,814	632	0	521,453	0	0	381,729
Retiree Benefits	85,732,218	930,421	4,937	182,867	7,282	(21,899)	84,628,610
Enterprise Ops	18,862,050	737,534	10,110	2,269,159	38,133	130,245	15,676,869
Legal Obligation	$ 5,565,243	$ 5,322	$ 0	$ 56,923	$ 50	$ 150	$ 5,502,798
Claims/Setlments	5,565,243	5,322	0	56,923	50	150	5,502,798
Leadership	$ 580,514,558	$ 12,248,590	$ 34,141	$ 2,231,720	$ 1,906,557	$ 975,342	$ 563,118,208
School Mgmt	$ 420,920,693	$ 9,011,548	$ 7,114	$ 1,024,225	$ 1,174,178	$ 480,655	$ 409,222,974
Principals	274,916,534	1,894,337	0	52,023	66,233	0	272,903,941
School Office	146,004,159	7,117,211	7,114	972,202	1,107,945	480,655	136,319,032
Prog/Ops Mgmt	$ 47,341,888	$ 2,367,904	$ 26,494	$ 1,044,430	$ 732,030	$ 495,062	$ 42,675,969
Deputs/SrAdm/Rsr	47,341,888	2,367,904	26,494	1,044,430	732,030	495,062	42,675,969
District Mgmt	$ 112,251,977	$ 869,139	$ 532	$ 163,065	$ 350	($ 376)	$ 111,219,266
Superintendnt/Bd	103,391,512	670,897	532	163,065	350	(376)	102,557,044
Legal	8,860,464	198,242	0	0	0	0	8,662,222

A-5. Total District - Program Summary %

	Total District	Special Education	Bilingual / ESL	Chapter 1 / Title 1	Vocational Education	Other Programs	General Education
Total Program	$ 9,208,019,702	7.7%	0.0%	1.9%	0.5%	0.8%	89.1%
Instruction	$ 4,395,873,584	10.4%	0.1%	3.3%	0.7%	1.5%	84.1%
Teaching	$ 4,215,715,731	10.7%	0.0%	3.3%	0.7%	1.5%	83.8%
Instrl Teachers	3,978,853,998	11.2%	0.0%	2.5%	0.5%	1.3%	84.4%
Substitutes	25,298,990	16.5%	0.1%	1.4%	4.4%	9.5%	68.2%
Instrl Paraprof	211,562,744	0.0%	0.5%	18.2%	3.4%	3.4%	74.5%
Classrm Material	$ 180,157,853	3.6%	0.3%	2.7%	1.0%	1.5%	90.9%
Pupil Technology	3,914,839	12.7%	0.4%	21.0%	4.8%	0.9%	60.1%
Instrl Materials	176,243,014	3.4%	0.2%	2.3%	0.9%	1.5%	91.6%
Support	$ 766,950,023	28.3%	0.1%	3.0%	0.6%	0.3%	67.7%
Pupil Support	$ 415,906,691	1.5%	0.1%	0.8%	0.3%	0.4%	96.9%
Guidance	130,282,308	0.5%	0.0%	0.3%	0.7%	1.0%	97.4%
Library Media	138,847,996	0.4%	0.1%	1.0%	0.2%	0.1%	98.3%
Extracurricular	66,125,028	0.1%	0.0%	0.0%	0.3%	0.0%	99.6%
Student Health	80,651,359	6.2%	0.3%	2.1%	0.1%	0.0%	91.3%
Teacher Support	$ 106,388,947	4.9%	0.6%	15.7%	2.4%	0.7%	75.7%
Curriculum Dev	82,922,158	3.7%	0.6%	16.7%	0.5%	0.4%	78.1%
Staff Dev	23,466,788	9.2%	0.5%	12.2%	9.2%	1.7%	67.2%
Sabbaticals	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Program Support	$ 244,654,385	84.0%	0.0%	1.1%	0.2%	0.1%	14.5%
Program Mgmt	49,690,864	45.1%	0.1%	3.0%	0.5%	0.2%	51.1%
Therapists et al	194,963,521	93.9%	0.0%	0.7%	0.1%	0.0%	5.2%
Operations	$ 1,792,530,319	0.8%	0.0%	0.1%	0.1%	0.2%	98.9%
Pupil Services	$ 745,541,735	0.8%	0.0%	0.1%	0.0%	0.0%	99.1%
Transportation	410,007,910	1.4%	0.0%	0.2%	0.0%	0.0%	98.4%
Food Service	321,387,569	0.0%	0.0%	0.0%	0.0%	0.0%	99.9%
Safety	14,146,256	0.0%	0.0%	0.0%	0.0%	-0.0%	100.0%
Facilities	$ 825,414,416	0.7%	0.0%	0.0%	0.0%	0.1%	99.1%
Building Upkeep	825,414,416	0.7%	0.0%	0.0%	0.0%	0.1%	99.1%
Business Svcs	$ 221,574,168	1.1%	0.0%	0.6%	0.3%	0.8%	97.1%
Data Processing	82,316,229	0.1%	0.0%	0.4%	0.1%	1.9%	97.5%
Business Ops	139,257,939	1.7%	0.0%	0.7%	0.4%	0.2%	96.9%
Other Commits	$ 1,672,151,218	0.5%	0.0%	0.3%	0.3%	0.1%	98.8%
Contingencies	$ 0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bgt Contingncies	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital	$ 1,561,087,894	0.4%	0.0%	0.2%	0.3%	0.1%	99.1%
Debt Service	789,657,764	0.0%	0.0%	0.0%	0.0%	0.0%	99.9%
Capital Projects	771,430,130	0.7%	0.0%	0.4%	0.6%	0.1%	98.2%
Out-of-District	$ 105,498,082	1.6%	0.0%	2.8%	0.0%	0.1%	95.4%
Pass-Throughs	903,814	0.1%	0.0%	57.7%	0.0%	0.0%	42.2%
Retiree Benefits	85,732,218	1.1%	0.0%	0.2%	0.0%	-0.0%	98.7%
Enterprise Ops	18,862,050	3.9%	0.1%	12.0%	0.2%	0.7%	83.1%
Legal Obligation	$ 5,565,243	0.1%	0.0%	1.0%	0.0%	0.0%	98.9%
Claims/Setlments	5,565,243	0.1%	0.0%	1.0%	0.0%	0.0%	98.9%
Leadership	$ 580,514,558	2.1%	0.0%	0.4%	0.3%	0.2%	97.0%
School Mgmt	$ 420,920,693	2.1%	0.0%	0.2%	0.3%	0.1%	97.2%
Principals	274,916,534	0.7%	0.0%	0.0%	0.0%	0.0%	99.3%
School Office	146,004,159	4.9%	0.0%	0.7%	0.8%	0.3%	93.4%
Prog/Ops Mgmt	$ 47,341,888	5.0%	0.1%	2.2%	1.5%	1.0%	90.1%
Deputs/SrAdm/Rsr	47,341,888	5.0%	0.1%	2.2%	1.5%	1.0%	90.1%
District Mgmt	$ 112,251,977	0.8%	0.0%	0.1%	0.0%	-0.0%	99.1%
Superintendnt/Bd	103,391,512	0.6%	0.0%	0.2%	0.0%	-0.0%	99.2%
Legal	8,860,464	2.2%	0.0%	0.0%	0.0%	0.0%	97.8%

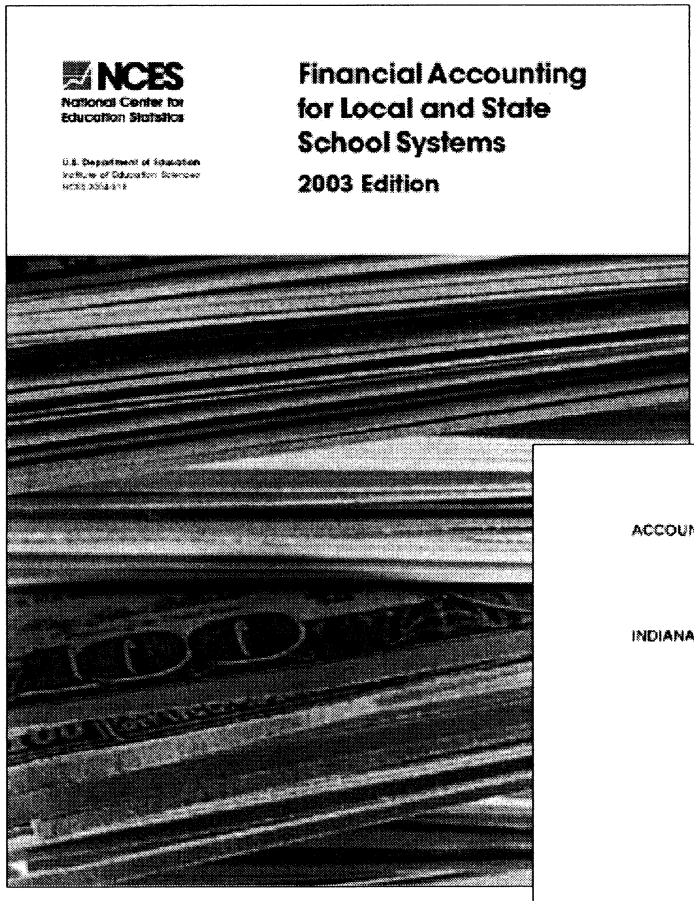
Exhibit C – Accounting Code Dimensions – Excerpts from NCES Handbook and INDOE Accounting Manual

Excerpts from NCES Handbook and IDOE Accounting Manual

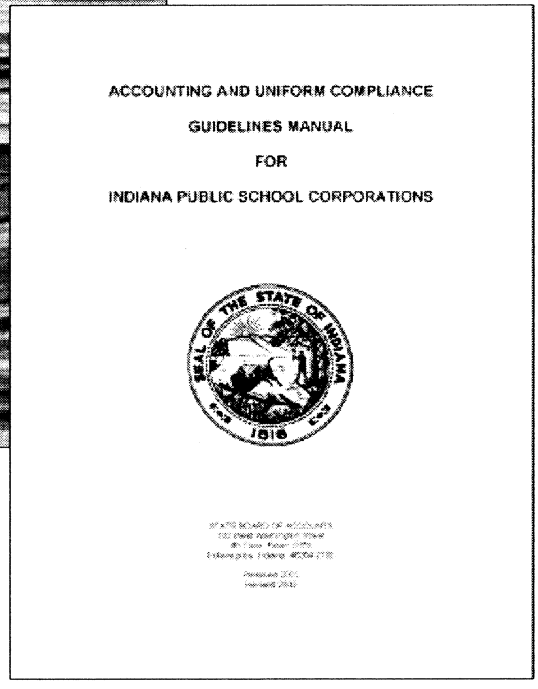
Images pages from the NCES Handbook and from the IDOE Accounting Manual presented for Comparison Purposes.

Accounting Manual

NCES Handbook



IDOE Accounting Manual



Fund Codes

The page images in the upper left portion of the pages below are extracts from the 2003 NCES Handbook, the lower-right portion of the pages contain extracts from the 2003 Indiana Accounting Manual.

NCES Handbook

FUND CLASSIFICATIONS

A "Permanent Fund" (code 5) was added in the draft 2003 handbook to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used by the school district. Codes for Enterprise Funds and Internal Service Funds were moved up to make room for the new Permanent Fund code. The Trust and Agency Fund in the 1990 handbook was broken out into two funds in the 2003 handbook: Trust Funds (code 8) and Agency Funds (code 9). The General Fixed Assests (in the 1990 handbook) was deleted. The new fund classifications are presented below.

Code	Description
Governmental Fund Types	
1	**General Fund.** This fund is the chief operating fund of the school district. It is used to account for all financial resources of the school district except for those required to be accounted for in another fund. A district may have only one general fund.
2	**Special Revenue Funds.** This fund is used to account for the proceeds of specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditure for specified purposes. Some examples of special revenue funds are • restricted state or federal grants-in-aid and • restricted tax levies. A separate fund may be used for each identified restricted source, or one fund supplemented by the classification Project/Reporting code.
3	**Capital Projects Funds.** This fund is used to account for financial resource to acquire or construct major capital facilities (other than those of Proprieta trust funds). The most common source of capital projects funding is the sal other capital financing instruments. A separate fund may be used for each c or one fund may be used, supplemented by the classification Project/Report
4	**Debt Service Funds.** This fund is used to account for the accumulation of r and the payment of, general long-term debt principal and interest.
5	**Permanent Funds.** This fund is used to account for resources that are legal the extent that only earnings, and not principal, may be used for purposes th school district's programs.
Proprietary Fund Types	
6	**Enterprise Funds.** This fund may be used to account for any activity for w charged to external users for goods or services. Enterprise funds are require

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Numerical designations for each of these funds shall be as follows:

General Fund	Fund Number 010
Referendum Fund	Fund Number 016
Debt Service Fund	Fund Number 020
Retirement/Severance Bond Debt Service Fund	Fund Number 025
Capital Projects Fund	Fund Number 035
School Transportation Fund	Fund Number 041
School Bus Replacement Fund	Fund Number 042
Special Education Preschool Fund	Fund Number 060
Rainy Day Fund	Fund Number 061
Retirement/Severance Bond Fund	Fund Number 062
Post-Retirement/Severance Future Benefits Fund	Fund Number 063
Construction Fund	Fund Number 070
School Lunch Fund	Fund Number 080
Textbook Rental Fund	Fund Number 090
Repair and Replacement Fund	Fund Number 100
Self-Insurance Fund	Fund Number 110
Levy Excess Fund	Fund Number 120
Enhanced Access Fund	Fund Number 125
Electronic Map Generation Fund	Fund Number 126
Joint Services and Supply - Special Education Cooperative Fund	Fund Number 130
Joint Service and Supply - Area Vocational School Fund	Fund Number 140
Joint Services and Supply - Other	Fund Number 150
Art Association	Fund Number 160
Child Care Program	Fund Number 165
Historical Society	Fund Number 170
Playground Fund	Fund Number 175
Judgments	Fund Number 180
Educational License Plates	Fund Number 185
Alternative Education	Fund Number 190
School Library Printed Material	Fund Number 191
SAFE School Haven	Fund Number 192
Early Intervention Grant	Fund Number 193
Reading Recovery	Fund Number 194
School Intervention and Career Counseling	Fund Number 195

Fund Codes (Continued)

NCES Handbook

account for any activity whose principal revenue sources meet any of the following criteria:

- Debt backed solely by revenues from fees and charges (thus, not debt that is backed by the full faith and credit of the school district)
- Legal requirement to recover costs through fees and charges
- Policy decision of the governing board of management to recover the costs of providing services through fees or charges

Some examples of enterprise funds are activities such as the food service program, the bookstore operation, the athletic stadium, or the community swimming pool.

7 **Internal Service Funds.** This fund may be used to account for any activity within the school district that provides goods or services to other funds, departments, component units, or other governments on a cost-reimbursement basis. The use of an internal servi fund is appropriate only for activities in which the school district is the predominant p the activity. Otherwise, the activity should be reported as an enterprise fund. F internal service funds are such activities as central warehousing and purchasin processing, and central printing and duplicating.

Fiduciary Fund Types

8 **Trust Funds.** These funds are used to account for assets held by a school dist capacity for others (e.g., members and beneficiaries of pension plans, external pools, or private purpose trust arrangements) and therefore cannot be used to school district's own programs. Trust funds are generally accounted for on th resources measurement focus and the accrual basis of accounting (except for t of certain liabilities of defined benefit pension plans and certain post-employ plans; refer to GASB 26 and 27 for guidance on the recognition of these liabil funds include pension trust funds, investment trust funds, and private-purpose described below).

- **Pension Trust Funds.** This fund is used to account for resources that a be held in trust for members and beneficiaries of defined benefit pensio defined contribution plans, other post-employment benefit plans, or oth plans. Typically, these funds are used to account for local pension and benefit funds that are provided by a school district in lieu of or in additi retirement system.
- **Investment Trust Funds.** This fund is used to account for the external p portion that does not belong to the school district) of investment pools op school district.

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Instruction Support Fund	Fund Number 210
Adult and Continuing Education Fund	Fund Number 220
Extra-Curricular Activities Fund	Fund Number 230
Recreational Activities Fund	Fund Number 240
Cultural Arts Fund	Fund Number 250
Welfare Activities Fund	Fund Number 260
Scholarships and Awards Fund	Fund Number 270
Construction, Remodeling, and Equipping Buildings Fund	Fund Number 280
Miscellaneous Programs	Fund Number 290

300 Series - Other. Identify funds where the sources of revenue are not specified elsewher

Instruction Support Fund	Fund Number 310
Teacher Quality Improvement Program	Fund Number 314
Principal Leadership Academy	Fund Number 316
Economic Education Mini Grant	Fund Number 318
Education Technology	Fund Number 319
Adult and Continuing Education Fund	Fund Number 320
Step Ahead	Fund Number 321
Drug Free Communities	Fund Number 322
Early Childhood Intervention (First Steps)	Fund Number 323
Social Service Block Grant - State	Fund Number 324
Medicaid Reimbursement Fund	Fund Number 325
Extra-Curricular Activities Fund	Fund Number 330
Recreational Activities Fund	Fund Number 340
Cultural Arts Fund	Fund Number 350
Welfare Activities Fund	Fund Number 360
Scholarships and Awards Fund	Fund Number 370
Non-English Speaking Programs, P.L. 273-1999	Fund Number 371
School Technology Fund	Fund Number 372
Tech. Plan Buddy	Fund Number 373
Technology Grants [IC 20-10.1-25.3]	Fund Number 374
Performance Based Awards	Fund Number 375
Ind. School Academic Improvement Program (ISAIP)	Fund Number 376
Access Indiana	Fund Number 377
Technology Planning Grant	Fund Number 378
21st Century Scholars	Fund Number 379
Construction, Remodeling, and Equipping Buildings Fund	Fund Number 380
Miscellaneous Programs	Fund Number 390

400, 500, 600, and 700 Series - Federal Programs. Projects found in each federal program w red with the third digit; i.e., 411 would be a federal project funded under P. L. 103-382 IASA T

Title I, P.L. 107-110 IASA	Fund Number 410
Innovative Education Program Strategies Title V (Part A) P.L. 107-110 IASA	Fund Number 420
Title I Migrant, P.L. 100-297 IASA	Fund Number 430
Refugee Child Assistance, P.L. 96-212 IASA	Fund Number 440
Title II-B	Fund Number 450
Title II-C	Fund Number 460
Youth Employment Training	Fund Number 470
Summer Youth Employment	Fund Number 480
Migrant Farm Workers	Fund Number 490
Local Reading Improvement	Fund Number 492

Fund Codes (Continued)

NCES Handbook

- **Private-Purpose Trust Funds.** This fund is used to account for other trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

9 **Agency Funds.** This account is used for funds that are held in a custodial capacity by a school district for individuals, private organizations, or other governments. Agency funds may include those used to account for student activities or taxes collected for another government.

PROGRAM

A program is a plan of activities and procedures designed to accomplish a predetermined objective or set of objectives. Nine broad program areas are identified in this guide that are intended to capture similar instructional services delivered to both public and charter schools: regular education, special education, vocational education, other instructional (PK–12), non-public school, adult/continuing education, community/junior college education, community services, and co-curricular/extra-curricular activities. The program classification provides the school district with a framework to classify instructional and other expenditures by determine cost. For purposes of designating program codes for non-instructional ex may be necessary to create a designation for those costs which cannot be attributed program. Many state departments of education use a function/object matrix only, fo financial information from the school district to the state. Under this system, the fu subclassified to gather instructional program information. The results in only direct costs being classified to the instruction function. Those support costs, which provid specific instructional programs, are classified as a general support function.

Code	Description
100	**Regular Elementary/Secondary Education Programs.** Activities that pro in prekindergarten* through grade 12 with learning experiences to prepare t further education or training and for responsibilities as citizens, family men workers. Regular programs should be distinguished from special education focus on adapting curriculum or instruction to accommodate a specific disa vocational/technical programs that focus on career skills; and from alternati programs that focus on the educational needs of students at risk of failing o of school because of academic, behavioral, or situational factors.
200	**Special Programs.** Special Programs include activities for elementary and se students (prekindergarten* through grade 12) receiving services outside the re "regular programs." These services are related to mental retardation, orthoped emotional disturbance, developmental delay, specific learning disabilities, mu disabilities, hearing impairment, other health impairments, visual impairment blindness, autism, deaf-blindness, traumatic brain injury, and speech or langu

*Prekindergarten refers to all programs and ages preceding kindergarten, including infant and early childhood

IDOE Accounting Manual

Tutorial Assistance Subgrant (Under Reading Excellence Act)	Fund Number 494
Community Conservation	Fund Number 510
Stewart Homeless Assistance Act	Fund Number 511
Serve America	Fund Number 515
IDEA, P.L. 101-476	Fund Number 520
(IDEA, Part B) LEA Capacity Building (Sliver) Grants, P.L. 105-17	Fund Number 525
Title I Amendment P.L. 95-561	Fund Number 530
Federal Assistance Educational Preschool Handicapped P.L. 99-457	Fund Number 540
Adult Education and Family Literacy, Title II, P.L. 105-220	Fund Number 550
CETA Program (JTPA)	Fund Number 560
Career Incentive	Fund Number 570
Drug Free Schools	Fund Number 580
Nutritional Grant – State, P.L. 95-166	Fund Number 590
Removal of Architectural Barrier to Handicapped	Fund Number 591
Education for Economic Security, P.L. 98-377	Fund Number 592
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	Fund Number 593
Technology Related Assistance for Individuals With Disabilities (Division of Family and Children) P.L. 100-407	Fund Number 594
Title III - Energy Conservation, P.L. 95-619	Fund Number 610
Vocational and Technical Board Grants	Fund Number 620
Title VII Bilingual, P.L. 95-380 and P.L. 95-561 (Includes Lau Program)	Fund Number 630
Dependent Care	Fund Number 640
Child Care and Development Block Grant	Fund Number 641
First Steps	Fund Number 642
Child Development Assoc. Scholarship	Fund Number 643
DOE Drug Education	Fund Number 644
Social Service Block Grant - Federal	Fund Number 645
Medicaid Reimbursement - Federal	Fund Number 646
Step Ahead 4-B, Part II, Family Preservation and Support	Fund Number 647
Enhanced Act Education Programs	Fund Number 648
Educating America, Title III, P.L. 103-227	Fund Number 650
National Science Foundation	Fund Number 660
Other Federal Programs	Fund Number 661
School to Work Development Act, P.L. 103-239	Fund Number 670
School to Work Opportunity Implementation	Fund Number 671
Challenge Grant for Tech (Dir USDOE)	Fund Number 672
Class Size Reduction, P.L. 105-277, Section 307	Fund Number 675
School Renovation, P.L. 106-554	Fund Number 681
IDEA, P.L. 106-554	Fund Number 682
School Technology, P.L. 106-554	Fund Number 683
Improving Teaching Quality, No Child Left Behind, Title II Part A	Fund Number 684
Improving Teaching Quality, Enhanced Education Through Technology, Title II, Part D	Fund Number 685
Rural Schools-Direct, (Achievement Programs), P.L. 107-110	Fund Number 686
Rural Schools and Low Income Program-Pass Through State P.L. 107-110	Fund Number 687
Title III, Language Instruction	Fund Number 688
Public Charter School ESEA Title X, Part C	Fund Number 689
Reading First, No Child Left Behind	Fund Number 694
Technology Literacy Challenge, Title III	Fund Number 698

Program Codes

The NCES Handbook contains a dedicated program dimension. The IDOE Accounting Manual does not have a dedicated program dimension, so there are no Accounting Manual pages illustrated here. Some, but not all of, the NCES programs listed are combined with functions in the IDOE Accounting Manual's Account Code dimension (see Function Codes below).

NCES Handbook

impairments. Special Programs is also inclusive of students receiving services related to gifted and talented programs.

Mental retardation means significantly subaverage general intellectual functioning, existing concurrently with deficits in adaptive behavior and manifested during the developmental period, that adversely affects a child's educational performance.

Orthopedic impairment means a severe orthopedic impairment that adversely affects a child's educational performance. The term includes impairments caused by a congenital anomaly (e.g., clubfoot, absence of some member), impairments caused by disease (e.g., poliomyelitis, bone tuberculosis), and impairments from other causes (e.g., cerebral palsy, amputations, and fractures or burns that cause contractures).

Emotional disturbance is defined as follows:

(i) A condition exhibiting one or more of the following characteristics over a long period of time and to a marked degree that adversely affects a child's educational performance:

(A) An inability to learn that cannot be explained by intellectual, sensory, or health factors.

(B) An inability to build or maintain satisfactory interpersonal relationships with peers and teachers.

(C) Inappropriate types of behavior or feelings under normal circumstances.

(D) A general pervasive mood of unhappiness or depression.

(E) A tendency to develop physical symptoms or fears associated with personal or school problems.

(ii) The term includes schizophrenia. The term does not apply to children who are socially maladjusted, unless it is determined that they have an emotional disturbance.

Developmental delay programs are for children aged 3 through 9 who are experiencing developmental delays, as defined by the state and as measured by appropriate diagnostic instruments and procedures, in one or more of the following areas: physical development, cognitive development, communication development, social or emotional development, or adaptive development.

Specific learning disability is defined as follows:

(i) The term means a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, that may manifest itself in an imperfect ability to listen, think, speak, read, write, spell, or do mathematical calculations, including conditions such as perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia.

(ii) The term does not include learning problems that are primarily the result of visual, hearing, or motor disabilities; of mental retardation; of emotional disturbance; or of environmental, cultural, or economic disadvantage.

Multiple disabilities means concomitant impairments (e.g., mental retardation-blindness, mental retardation-orthopedic impairment), the combination of which causes such severe educational needs that the student cannot be accommodated in special education programs solely for one of the impairments. The term does not include deaf-blindness.

Hearing impairment means impairment in hearing, whether permanent or fluctuating, that adversely affects a child's educational performance but that is not included under the definition of deafness in this chapter.

Other health impairment means having limited strength, vitality, or alertness, including a heightened alertness to environmental stimuli, that results in limited alertness with respect to the educational environment, that—

(i) is due to chronic or acute health problems such as asthma, attention deficit disorder or attention deficit hyperactivity disorder, diabetes, epilepsy, a heart condition, hemophilia, lead poisoning, leukemia, nephritis, rheumatic fever, and sickle cell anemia; and

(ii) adversely affects a child's educational performance.

Visual impairment, including blindness, means impairment in vision that, even with correction, adversely affects a child's educational performance. The term includes both partial sight and blindness.

Autism means a developmental disability significantly affecting verbal and nonverbal communication and social interaction, generally evident before age 3, that adversely affects a child's educational performance. Other characteristics often associated with autism are engagement in repetitive activities and stereotyped movements, resistance to environmental change or change in daily routines, and unusual responses to sensory experiences. The term does not apply if a child's educational performance is adversely affected primarily because the child has an emotional disturbance, as previously defined in this chapter.

Deaf-blindness means concomitant hearing and visual impairments, the combination of which causes such severe communication and other developmental and educational needs that the child cannot be accommodated in special education programs solely for children with deafness or children with blindness.

Traumatic brain injury means an acquired injury to the brain caused by an external physical force, resulting in total or partial functional disability or psychosocial impairment, or both, that adversely affects a child's educational performance. The term applies to open or closed head injuries resulting in impairments in one or more areas, such as cognition; language; memory; attention; reasoning; abstract thinking; judgment; problem-solving; sensory, perceptual, and motor abilities; psychosocial behavior; physical functions; information processing; and speech. The term does not apply to brain injuries that are congenital or degenerative or to brain injuries induced by birth trauma.

Speech or language impairment means a communication disorder, such as stuttering, impaired articulation, language impairment, or voice impairment, that adversely affects a child's educational performance.

Gifted and talented behavior consists of behaviors that reflect an interaction among three basic clusters of human traits: above average general and/or specific abilities, high levels of task commitment, and high levels of creativity. Individuals capable of developing gifted behavior are those possessing or capable of developing this composite set of traits and applying them to any potentially valuable area of human performance. Persons who manifest or are capable of developing an interaction among the three clusters require a wide variety of educational opportunities and services that are not ordinarily provided through regular instructional programs (Renzulli and Reis 1997).

300 **Vocational and Technical Programs.** Activities delivered through traditional comprehensive and vocational-technical high schools or recognized charter schools that prepare students to meet challenging academic standards as well as industry skill standards while preparing students for broad-based careers and further education beyond high school in the following 16 career cluster areas:

- **Agriculture and Natural Resources.** Activities that prepare students for a wide range of agriculturally related careers from veterinarian to underground mine mechanic.
- **Architecture and Construction.** Activities that prepare students for careers in the construction industry such as plumber, painter, construction manager, and architect.

Program Codes (Continued)

- **Arts, A/V Technology and Communication.** Activities that prepare students for careers in arts and communication, including writing, editing, radio and television broadcasting, acting, and music.
- **Business and Administration.** Activities that prepare students for careers in business-related areas, such as administrative support, accounting, management, and supervision.
- **Education and Training.** Activities that prepare students for careers in education, such as teacher, librarian, coach, and counselor.
- **Finance.** Activities that prepare students for careers in the financial services industry, including insurance services, financial analysis, and banking.
- **Government and Public Administration.** Activities that prepare students for public service careers, such as legislator, urban planner, city manager, and parks/recreation director.
- **Health Science.** Activities that prepare students for careers in the health services industry, including nursing, medicine, physical therapy, pharmacy, and medical support.
- **Hospitality and Tourism.** Activities that prepare students for careers in the hospitality and tourism industry, such as travel agent, food preparation worker, hotel manager, and bartender.
- **Human Services.** Activities that prepare students for careers in community services, such as social worker, religious worker, recreation worker, and clergy.
- **Information Technology.** Activities that prepare students for careers in the information technology services area, including working with databases, designing software, and programming and repairing computers.
- **Law and Public Safety.** Activities that prepare students for careers in legal and protective services, such as correction officer, police officer, lawyer, and judge.
- **Manufacturing.** Activities that prepare students for careers in traditional industries such as steel and textiles or cutting-edge industries such as aerospace and electronics.
- **Retail/Wholesale Sales and Service.** Activities that prepare students for careers in the sales and service industry, such as marketing/public relations manager, real estate agent, hairdresser, retail salesperson, and telemarketer.
- **Scientific Research and Engineering.** Activities that prepare students for careers in science and engineering, including chemical, civil, and mechanical engineering; biological and chemical sciences; surveying; and astronomy.

- **Transportation, Distribution, and Logistics.** Activities that prepare students for careers in the transportation industry, such as aircraft mechanic, railroad conductor, school bus driver, truck driver, and ship pilot.

400 **Other Instructional Programs—Elementary/Secondary.** Activities that provide students in prekindergarten* through K–12 with learning experiences not included in the Program codes 100–300 or 500–900. Examples of such programs follow:

- **Bilingual-English for Speakers of Other Languages (ESOL).** Activities for students from homes where the English language is not the primary language spoken.

- **Alternative (and At Risk) Education Programs.** Activities for students assigned to alternative campuses, centers, or classrooms designed to provide improved behavior modification and/or an enhanced learning experience. Typically, alternative education programs are designed to meet the needs of students that cannot be addressed in a traditional classroom setting.

500 **Non-Public School Programs.** Activities for students attending a school established by an agency other than the state, a subdivision of the state, or the federal government, which usually is supported primarily by other than public funds. The services consist of such activities as those involved in providing instructional services, attendance and social work services, health services, and transportation services for non-public school students.

600 **Adult/Continuing Education Programs.** Activities that develop knowledge and skills to meet immediate and long-range educational objectives of adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities. Programs include activities to foster the development of fundamental tools of learning; prepare students for a postsecondary career; prepare students for postsecondary education programs; upgrade occupational competence; prepare students for a new or different career; develop skills and appreciation for special interests; or enrich the aesthetic qualities of life. Adult basic education programs are included in this category.

700 **Community/Junior College Education Programs.** Activities for students attending an institution of higher education that usually offers the first two years of college instruction. If the school district is responsible for providing this program, all costs of the program should be coded here.

800 **Community Services Programs.** Activities that are not directly related to the provision of educational services in a school district. These include such services as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities provided by the district for the community as a whole or for some segment of the community.

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*Prekindergarten refers to all programs and ages preceding kindergarten, including infant and early childhood programs.

Community Recreation. Activities concerned with providing recreation for the community as a whole or for some segment of the community. Included are such staff activities as organizing and supervising playgrounds, swimming pools, and similar programs.

Civic Services. Activities concerned with providing services to civic affairs or organizations. This program area includes services to parent-teacher association meetings, public forums, lectures, and civil defense planning.

Public Library Services. Activities pertaining to the operation of public libraries by a school district or the provision of library services to the general public through the school library. Included are such activities as budgeting, planning, and augmenting the library's collection in relation to the community and informing the community of public library resources and services.

Custody and Child Care Services. Activities pertaining to the provision of programs for the custodial care of children in residential day schools or child-care centers that are not part of, or directly related to, the instructional program and where the attendance of the children is not included in the attendance figures for the district.

Welfare Activities. Activities pertaining to the provision of personal needs of individuals who have been designated as needy by an appropriate governmental entity. These needs include stipends for school attendance; salaries paid to students for work performed (whether for the school district or for an outside concern); and funds for clothing, food, or other personal needs.

Other Community Services. Activities provided to the community that cannot be classified under the other program 800 codes.

900 **Co-curricular and Extra-curricular Activities.** Activities that add to a student's educational experience but are not related to educational activities. These activities typically include events and activities that take place outside the traditional classroom. Some examples of such activities are student government, athletics, band, choir, clubs, and honors societies.

Function (NCES) Codes/Account (IDOE) Codes

NCES Handbook

CLASSIFICATIONS OF EXPENDITURES

FUNCTION

The function describes the activity for which a service or material object is acquire
functions of a school district are classified into five broad areas: Instruction, Suppo
Operation of Non-Instructional Services, Facilities Acquisition and Construction, a
Service. Functions are further classified into subfunctions.

Code	Description
1000*	**Instruction.** Instruction includes the activities dealing directly with the inter teachers and students. Teaching may be provided for students in a school cla another location such as a home or hospital, and in other learning situations s involving cocurricular activities. It may also be provided through some other medium, such as television, radio, computer, Internet, multimedia telephone, correspondence, that is delivered inside or outside the classroom or in other t settings. Included here are the activities of aides or classroom assistants of a graders, teaching machines, etc.) who assist in the instructional process. If p expenditures is not possible for department chairpersons who also teach, incl chairpersons who also teach in instruction. Full-time department chairperson should be included only in 2490. (Used with all programs 100–900)
2000	**Support Services.** Support services provide administrative, technical (such and health), and logistical support to facilitate and enhance instruction. Thes as adjuncts for fulfilling the objectives of instruction, community services, a programs, rather than as entities within themselves.
2100*	**Support Services—Students.** Activities designed to assess and improve the students and to supplement the teaching process.
2110	**Attendance and Social Work Services.** Activities designed to improve stu at school that attempt to prevent or solve student problems involving the hom and the community. Registration activities for adult education programs are Some examples of other services to be reported within this function code are services, attendance services, and student accounting services. (Used with al 100–900).
2120	**Guidance Services.** Activities involving counseling with students and paren with other staff members on learning problems; evaluating the abilities of stu students as they make their own educational and career plans and choices; as in personal and social development; providing referral assistance; and workin staff members in planning and conducting guidance programs for students. (

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

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MASTER CHART OF ACCOUNTS
EXPENDITURE ACCOUNTS

10000 INSTRUCTION
- 11000 Regular Programs
  - 11050 Full Day Kindergarten
  - 11100 Elementary
  - 11200 Middle/Junior High
  - 11300 High School
    - 11350 Academic Honors Diploma
  - 11400 Vocational
    - 11410 Agriculture A
    - 11420 Agriculture B
    - 11430 Distributive Education
    - 11440 Health Occupations
    - 11450 Consumer and Homemaking
    - 11460 Occupational Home Economics
    - 11470 Business Education
    - 11480 Industrial Education A
    - 11490 Industrial Education B
  - 11500 Vocational Education
    - 11510 Cooperative Education
    - 11520 Area School Participation
    - 11590 Other Vocational Education Programs
  - 11600 Alternative Education Programs
    - 11610 Elementary
    - 11620 Middle/Junior High School
    - 11630 High School
  - 11900 Other Regular Programs
    - 11910 Competency Testing
    - 11920 Project 4R
- 12000 Special Programs
  - 12100 Gifted and Talented
  - 12200 Mental Handicap
    - 12210 Mild Mental Handicap
    - 12220 Moderate Mental Handicap
    - 12230 Mental Handicap
  - 12300 Physical Impairment
    - 12310 Orthopedic Impairment
    - 12320 Multiple Handicap
    - 12330 Visual Impairment
    - 12340 Hearing Impairment
    - 12350 Homebound
  - 12400 Emotional Handicap
    - 12410 Emotional Handicap - Full Time
    - 12420 Emotional Handicap - All Others
  - 12500 Culturally Different
    - 12510 Communication Disorders
    - 12520 Compensatory

Function (NCES) Codes/Account (IDOE) Codes (Continued)

NCES Handbook

services may include supervision services, counseling services, appraisal services, student record services, and placement services. (Used with all programs 100–900)

2130 **Health Services.** Physical and mental health services that are not direct instruction. Included are activities that provide students with appropriate medical, dental, and nursing services. (Used with all programs 100–900)

2140 **Psychological Services.** Activities concerned with administering psychological tests and interpreting the results; gathering and interpreting information about student behavior; working with other staff members in planning school programs to meet the special needs of students as indicated by psychological tests and behavioral evaluation; and planning and managing a program of psychological services, including psychological counse students, staff, and parents. This function includes the supervision of psycholo services, related testing and counseling services, and psychotherapy services. (programs 100–900)

2150 **Speech Pathology and Audiology Services.** Activities that identify, assess, a children with speech, hearing, and language impairments. (Usually used with p

2160 **Occupational Therapy–Related Services.** Activities that assess, diagnose, o students for all conditions requiring the services of an occupational therapist. (with program 200)

2190 **Other Support Services—Student.** Other support services to students not cla elsewhere in the 2100 series.

2200* **Support Services—Instruction.** Activities associated with assisting the instru with the content and process of providing learning experiences for students.

2210 **Improvement of Instruction.** Activities primarily for assisting instructional s planning, developing, and evaluating the process of providing learning experie students. These activities include curriculum development, techniques of instru development and understanding, and staff training. (Used with all programs 10

2212 **Instruction and Curriculum Development.** Activities that aid teachers in de curriculum, preparing and using special curriculum materials, and understandi appreciating the various techniques that stimulate and motivate students.

2213 **Instructional Staff Training.** Activities associated with the professional de and training of instructional personnel. These include such activities as in-se training (including mentor teachers), workshops, conferences, demonstration courses for college credit (tuition reimbursement), and other activities related ongoing growth and development of instructional personnel. Training that s

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

IDOE Accounting Manual

- 12600 Learning Disability
  - 12610 Learning Disability - Full Time
  - 12620 Learning Disability - All Others
- 12700 Equal Opportunity At Risk
  - 12710 Equal Opportunity At Risk
- 12800 Special Education Preschool
  - 12810 Special Education Preschool
- 12900 Other Special Programs

13000 Adult/Continuing Education Programs
- 13100 Adult Basic Education
- 13200 Advanced Adult Education
- 13300 Occupational Programs
- 13600 Special Interest Programs
- 13900 Other Adult/Continuing Education Program

14000 Summer School Programs
- 14100 Elementary
- 14200 Middle/Junior High School
- 14300 High School

15000 Enrichment Programs
- 15100 Non-Credit

16000 Remediation
- 16100 Remediation Testing
- 16200 Preventive Remediation

20000 SUPPORT SERVICES

21000 Support Services - Pupils
- 21100 Attendance and Social Work Services
  - 21110 Service Area Direction
  - 21120 Attendance Services
  - 21130 Social Work Services
  - 21140 Pupil Accounting
  - 21190 Other Attendance and Social Work Services
- 21200 Guidance Services
  - 21210 Service Area Direction
  - 21220 Counseling Services
  - 21230 Appraisal Services
  - 21240 Information Services
  - 21250 Records Maintenance
  - 21290 Other Guidance Services
- 21300 Health Services
  - 21310 Service Area Direction
  - 21320 Medical Services

Function (NCES) Codes/Account (IDOE) Codes (Continued)

NCES Handbook

use of technology for instruction should be included in this code (states may establish a subobject code for specific tracking of technology-related training costs). The incremental costs associated with providing substitute teachers in the classro regular teachers attend training) should be captured in this function code. A should be charged to this code regardless of whether training services are pr internally or purchased from external vendors.

2219 **Other Improvement of Instruction Services.** Activities for improving instru than those classified above.

2220 **Library/Media Services.** Activities concerned with directing, managing, and educational media services (e.g., supervisory personnel) as well as such activi selecting, acquiring, preparing, cataloging, and circulating books and other pri materials; planning for the use of the library by students, teachers, and other m instructional staff; and guiding individuals in their use of library books, refere and materials, catalog materials, special collections, and other materials, whet maintained separately or as a part of an instructional materials center. These a include developing and acquiring library materials and operating library facili Textbooks are not charged to this function but rather to the instruction functio all programs 100–900)

2230 **Instruction-Related Technology.** This functional category encompasses all activities and services for the purpose of supporting instruction. These activit expenditures for internal technology support as well as support provided by vendors using operating funds. These activities include costs associated wit administration and supervision of technology personnel, systems planning a systems application development, systems operations, network support servi maintenance and support services, and other technology-related costs that re support of instructional activities. Specifically, costs associated with the op support of computer learning labs, media center computer labs, instructional centers, instructional networks, and similar operations should be captured in (Used with all programs 100–900)

Student Learning Centers. Activities concerned with supporting and ma and centers (outside the classroom) that are established to support the instr environment. These labs and centers may be located in the library or in ot but are not primarily dedicated to student-teacher learning. Labs or learni are primarily dedicated to instruction should be coded to Instruction.

Technology Service Supervision and Administration. Activities conce directing, managing, and supervising data-processing services.

Systems Analysis and Planning. Activities concerned with searching fo evaluating alternatives for achieving defined objectives, based on judgme wherever possible, on quantitative methods. Where applicable, these acti

IDOE Accounting Manual

21330 Dental Services
21340 Nurse Services
21390 Other Health Services
21400 Psychological Services
21410 Service Area Direction
21420 Psychological Testing
21430 Psychological Counseling
21490 Other Psychological Services
21500 Speech Pathology and Audiology Services
21510 Service Area Direction
21520 Speech Pathology Services
21530 Audiology Services
21590 Other Speech Pathology and Audiology Services
21600 Special Education Administration
21610 Service Area Direction
21690 Other Special Education Administration
21700 Other Student Services
21710 Service Area Direction
21790 Other Student Services

22000 Support Services - Instruction Staff
22100 Improvement of Instruction and Curriculum
22110 Service Area Direction
22120 Instruction and Curriculum Development
22130 Instructional Staff Training Services
22190 Other Improvement of Instructional Services Staff
22200 Educational Media Services
22210 Service Area Direction
22220 School Library
22230 Audiovisual
22240 Educational Television
22250 Computer Assisted Instruction Services
22290 Other Educational Media Services

23000 Support Services - General Administration
23100 Governing Body Services
23110 Service Area Direction
23120 Service Area Assistants
23150 Legal Services
23160 Promotion Expenses
23190 Other Governing Body Services
23200 Executive Administration Services
23210 Office of the Superintendent
23220 Community Relations
23230 Staff Relations and Negotiations
23290 Other Executive Administration Services
24000 Support Services - School Administration
24100 Office of the Principal Services
24900 Other Support Services - School Administration

to the development of data processing procedures or application to electronic data-processing equipment.

Systems Application Development. Activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving problems or processing data. These activities also involve preparing coded instructions and data for such sequences.

Systems Operations. Activities concerned with scheduling, maintaining, and producing data. These activities include operating business machines, data preparation devices, and data-processing machines.

Network Support. Services that support the networks used for instruction-related activities.

Hardware Maintenance and Support

Professional Development for Instruction-Focused Technology Personnel. Costs that are incurred as a result of acquiring knowledge and skills to support instructional technologies.

Technology training for instructional staff should be reported in 2213 (Instructional Staff Training).

2240 **Academic Student Assessment.** This function is inclusive of those services rendered for the academic assessment of the student. (Used with programs 100–400, 600, 700)

2290 **Other Support Services—Instructional Staff.** Services supporting the instructional staff not properly classified elsewhere in the 2200 series. (Used with all programs 100–900)

2300* **Support Services—General Administration.** Activities concerned with establishing and administering policy for operating the school district.

2310 **Board of Education.** Activities of the elected body that has been created according to state law and vested with responsibilities for educational activities in a given administrative unit. Some examples of services to be included here are board secretary and clerk service. (Used with all programs 100–900).

Supervision of Board of Education Services. Activities concerned with directing and managing the general operation of the Board of Education. These include the activities of the members of the Board of Education, but do not include any special activities defined in the other areas of responsibility described below. They also include any activities of the district performed in support of the school district meeting. Legal

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

activities to interpret the laws and statutes and general liability situations are charged here, as are the activities of external auditors.

Board Secretary/Clerk Services. The activities required to perform the duties of the Secretary or Clerk of the Board of Education.

Board Treasurer Services. The activities required to perform the duties of the Treasurer of the Board of Education.

Election Services. Services rendered in connection with any school system election, including elections of officers and bond elections.

Tax Assessment and Collection Services. Services rendered in connection with tax assessment and collection.

Staff Relations and Negotiations . Activities concerned with staff relations systemwide and the responsibilities for contractual negotiations with both instructional and non-instructional personnel.

Other Board of Education Services. Board of Education services that cannot be classified under the preceding areas of responsibility.

Legal Services.

2320 **Executive Administration.** Activities associated with the overall general administration of or executive responsibility for the entire school district. (Used with all programs 100–900) Some typical services included in this function code follow:

Office of the Superintendent. Activities performed by the superintendent and such assistants as deputy, associate, and assistant superintendents in generally directing and managing all affairs of the school district. These include all personnel and materials in the office of the chief executive officer. Activities of the offices of the deputy superintendents should be charged here, unless the activities can be placed properly into a service area. In this case, they would be charged to service area direction in that service area.

Community Relations. Activities and programs developed and operated systemwide for bettering school-community relations.

State and Federal Relations. Activities associated with developing and maintaining good relationships with state and federal officials. The activities associated with grant procurement are included.

Other Executive Administration. Other general administrative services that cannot be recorded under the preceding categories.

Function (NCES) Codes/Account (IDOE) Codes (Continued)

NCES Handbook

2400* **Support Services—School Administration.** Activities concerned with overall administrative responsibility for a school.

2410 **Office of the Principal.** Activities concerned with directing and managing the operation of a particular school. They include the activities performed by the principal, assistant principals, and other assistants while they supervise all operations of the school, evaluate the staff members of the school, assign duties to staff members, supervise and maintain the records of the school, and coordinate school instructional activities with those of the school district. These activities also include the work of clerical staff in support of the teaching and administrative duties. (Used with all programs 100–900)

2490 **Other Support Services—School Administration.** Other school administration sc
This function includes graduation expenditure and expenses and full-time departmen
chairpersons. (Used with all programs 100–900)

2500* **Central Services.** Activities that support other administrative and instructional func
including fiscal services, human resources, planning, and administrative information
technology.

2510 **Fiscal Services.** Activities concerned with the fiscal operations of the school distric
function includes budgeting, receiving and disbursing, financial and property accoun
payroll, inventory control, internal auditing, and funds managing. Fiscal services ar
inclusive of supervision of fiscal services, budgeting services, and payroll, internal a
and general accounting functions. (Used with all programs 100–900)

2520 **Purchasing, Warehousing, and Distributing Services.** Activities concerned with
purchasing, receiving, storing, and distributing supplies, furniture, equipment, and m
used in schools or school system operations. (Used with all programs 100–900)

2530 **Printing, Publishing, and Duplicating Services.** The activities of printing and pub
administrative publications such as annual reports, school directories, and manuals.
Activities here also include centralized services for duplicating school materials and
instruments such as school bulletins, newsletters, and notices. (Used with all progra
100–900)

2540 **Planning, Research, Development, and Evaluation Services.** Activities associate
conducting and managing systemwide programs of planning, research, development,
evaluation for a school system. (Used with all programs 100–900)

Planning services include activities concerned with selecting or identifying the
long-range goals and priorities of the organization or program. They also involv
formulating various courses of action needed to achieve these goals by identifyin
and the relative costs and benefits of each course of action.

*Accounting codes that are necessary for the NCES reporting are noted with an asterisk (*).

IDOE Accounting Manual

- 25000 Support Services - Business
  - 25100 Direction of Business Support Services
    - 25110 Office of the Business Manager
  - 25200 Fiscal Services
    - 25210 Service Area Direction
    - 25220 Budgeting
    - 25230 Receiving and Disbursing Funds
    - 25240 Payroll Services
    - 25250 Financial Accounting
    - 25260 Internal Auditing
    - 25270 Property Accounting
    - 25290 Other Fiscal Services
      - 25291 Refund of Revenue
      - 25292 Petty Cash
      - 25293 Printed Forms
      - 25295 Bank Account Service Charge
      - 25296 Cash Change
      - 25299 Other
  - 25300 Facilities Acquisition and Construction
    - 25310 Service Area Direction
    - 25320 Land Acquisition and Development
    - 25330 Professional Services
    - 25340 Educational Specifications Development
    - 25350 Building Acquisition, Construction and Improvement
      - 25351 Building Acquisition, Construction and Improvements
      - 25352 Energy Savings Contracts
      - 25353 Skilled Craft Employees
      - 25355 Sports Facilities
    - 25360 Rent of Buildings, Grounds, Equipment
    - 25370 Purchase of Moveable Equipment
    - 25380 Purchase of Mobile or Fixed Equipment
    - 25390 Other Facilities Acquisition and Construction
  - 25400 Operation and Maintenance of Plant Services
    - 25410 Service Area Direction
    - 25420 Maintenance of Buildings
    - 25430 Maintenance of Grounds
    - 25440 Maintenance of Equipment
    - 25450 Vehicle Maintenance (not buses)
    - 25460 Security Services
    - 25470 Insurance
    - 25490 Other Operating and Maintenance of Plant
  - 25500 Pupil Transportation Services
    - 25510 Service Area Direction
    - 25520 Vehicle Operation
    - 25530 Monitoring Services
    - 25540 Vehicle Servicing and Maintenance

Research services include activities concerned with the systematic study and investigation of the various aspects of education, undertaken to establish facts and principles.

Development services include activities in the deliberate, evolving process of improving educational programs.

Evaluation services include activities concerned with ascertaining or judging the value or amount of an action or an outcome. This is done through careful appraisal of previously specified data in light of the particular situation and the goals previously established.

2560 **Public Information Services.** Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to students, staff, managers, and the general public through direct mailing, the various news media, e-mail, the Internet and web sites, and personal contact. The information services function code includes related supervision and internal and public information services. Technology that supports this code is included in 2580. (Used with all programs 100–900)

2570 **Personnel Services.** Activities concerned with maintaining efficient personnel for the school system. It includes such activities as recruitment and placement, non-instructional staff training, staff transfers, in-service training, health services, and staff accounting. (Used with all programs 100–900)

Supervision of Personnel Services. The activities of directing, managing, and supervising staff services.

Recruitment and Placement. Activities concerned with employing and assigning personnel for the school district.

Personnel Information. Services rendered in connection with the systematic recording and summarizing of information relating to staff members employed by the school district.

Non-Instructional Personnel Training. Activities associated with the professional development and training of non-instructional personnel. These include such activities as in-service training, seminars and conferences, continuing professional education, courses for college credit (tuition reimbursement), and other activities related to the ongoing growth and development of non-instructional personnel. The incremental costs associated with providing temporary employees to perform job duties while regular employees attend training should be captured in this function code. All costs should be charged to this code regardless of whether training services are provided internally or purchased from external vendors.

Health Services. Activities concerned with medical, dental, and nursing services provided for school district employees. Included are physical examinations, referrals, and emergency care.

Other Personnel Services. Personnel services that cannot be classified under the preceding functions.

2580 **Administrative Technology Services.** Activities concerned with supporting the school district's information technology systems, including supporting administrative networks, maintaining administrative information systems, and processing data for administrative and managerial purposes. These activities include expenditures for internal technology support, as well as support provided by external vendors using operating funds. These activities include costs associated with the administration and supervision of technology personnel, systems planning and analysis, systems application development, systems operations, network support services, hardware maintenance and support services, and other technology-related administrative costs. (Used with all programs 100–900)

Technology Service Supervision and Administration. Activities concerned with directing, managing, and supervising data processing services.

Systems Analysis and Planning. Activities concerned with searching for and evaluating alternatives for achieving defined objectives, based on judgment and, wherever possible, on quantitative methods. Where applicable, these activities pertain to the development of data processing procedures or application to electronic data-processing equipment.

Systems Application Development. Activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving problems or processing data. These activities also involve preparing coded instructions and data for such sequences.

Systems Operations. Activities concerned with scheduling, maintaining, and producing data. These activities include operating business machines, data preparation devices, and data-processing machines.

Network Support

Hardware Maintenance and Support

Professional Development Costs for Administrative Technology Personnel

Other Technology Services. Activities concerned with data processing not described above.

Function (NCES) Codes/Account (IDOE) Codes (Continued)

NCES Handbook

2590 **Other Support Services—Central Services.** Other support services to business not classified elsewhere in the 2500 series. (Used with all programs 100–900)

2600* **Operation and Maintenance of Plant.** Activities concerned with keeping the physical plant open, comfortable, and safe for use and with keeping the grounds, buildi equipment in effective working condition and state of repair. These include th maintaining safety in buildings, on the grounds, and in the vicinity of schools.

2610 **Operation of Buildings.** Activities concerned with keeping the physical plan ready for daily use. They include operating lighting and HVAC systems and d repairs. Also included are the costs of building rental and property insurance. all programs 100–900)

2620 **Maintenance of Buildings.** Activities associated with keeping buildings at a level of efficiency through repairs and preventative maintenance. (Used with 100–900)

2630 **Care and Upkeep of Grounds.** Activities involved in maintaining and impro (but not the buildings). These include snow removal, landscaping, grounds m and the like. (Used with all programs 100–900)

2640 **Care and Upkeep of Equipment.** Activities involved in maintaining equipm used by the school district. They include such activities as servicing and repai machines, and movable equipment. (Used with all programs 100–900)

2650 **Vehicle Operation and Maintenance (Other Than Student Transportatio** Activities involved in maintaining general purpose vehicles such as trucks, tra and staff vehicles. These include such activities as repairing vehicles; replacin parts; and cleaning, painting, greasing, fueling, and inspecting vehicles for saf preventive maintenance). (Used with all programs 100–900)

2660 **Security.** Activities concerned with maintaining a secure environment for s staff, whether they are in transit to or from school, on a campus or administr or participating in school-sponsored events. These include costs associated plan development and implementation, installation of security monitoring de cameras, metal detectors), security personnel (e.g., campus police, security g purchase of security vehicles and communication equipment, and related co associated with in-service training related to school safety, drug and violenc training, and alternative schools should not be accounted for under this func (Used with all programs 100–900)

2670 **Safety.** Activities concerned with maintaining a safe environment for studen whether they are in transit to or from school, on a campus or administrative

* Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

IDOE Accounting Manual

25550 Purchase of School Buses
25560 Insurance on Buses
25570 Insurance on Pupils
25580 Contracted Transportation Services
25590 Other Pupil Transportation Services
25591 Bus Driver Training

25600 Food Services
25610 Service Area Direction
25620 Food Preparation and Dispensing
25630 Food Delivery
25640 Food Purchases
25680 Distribution of School Lunch Reimbursements
25690 Other Food Services

25700 Internal Services
25710 Service Area Direction
25720 Purchasing
25730 Warehousing and Distributing
25740 Printing, Publishing, Duplicating
25790 Other Internal Services

25800 Textbooks for Rent or Resale
25810 Direction of Rental Service
25820 Textbooks, Workbooks and Repairs
25830 Distribution of Textbook Reimbursement
25840 Other Textbook Rental Services
25850 Direction of Resale Service
25860 Textbooks and Workbooks
25870 Materials and Supplies
25890 Other Textbook Resale Services

25900 Other Support Services - Business
25910 Judgments
25920 Ditch Assessments
25930 Easements
25940 Settlements
25950 Other Assessments

26000 Support Services - Central
26100 Direction of Central Support Services
26200 Planning, Research, Development and Evaluation
26300 Information Services
26400 Staff Services
26410 Service Area Direction
26420 Employment and Placement
26430 Staff Accounting Services
26440 Inservice Training (Noninstructional)
26450 Health Services

Function (NCES) Codes/Account (IDOE) Codes (Continued)

NCES Handbook

participating in school-sponsored events. These include costs associated wi
and monitoring school fire alarm systems and providing school crossing gu
as other costs incurred in an effort to ensure the basic safety of students and
associated with in-service training related to school safety, drug and violen
training, and alternative schools should not be accounted for under this fun
(Used with all programs 100–900)

2680 **Other Operation and Maintenance of Plant.** Operations and maintenance
services that cannot be classified elsewhere in the 2600 series. (Used with all
100-900)

2700* **Student Transportation.** Activities concerned with conveying students to a
school, as provided by state and federal law. This includes trips between hom
and trips to school activities.

2710 **Vehicle Operation.** Activities involved in operating vehicles for student tra
from the time the vehicles leave the point of storage until they return to the p
These include driving buses or other student transportation vehicles. (Used w
programs 100–900)

2720 **Monitoring Services.** Activities concerned with supervising students in the
being transported between home and school and between school and school a
supervision can occur while students are in transit and while they are being l
unloaded and it includes directing traffic at the loading stations. (Used with a
100–900)

2730 **Vehicle Servicing and Maintenance.** Activities involved in maintaining stu
transportation vehicles. These include repairing vehicle parts; replacing vehi
cleaning, painting, fueling, and inspecting vehicles for safety. (Used with pro
400, 900)

2790 **Other Student Transportation Services.** Student transportation services th
classified elsewhere in the 2700 series. (Used with programs 100–400, 900)

2900* **Other Support Services.** All other support services not classified elsewhere
series. (Used with all programs 100–900)

3000 **Operation of Noninstructional Services.** Activities concerned with providi
noninstructional services to students, staff, or the community.

3100* **Food Services Operations.** Activities concerned with providing food to stu
in a school or school district. This service area includes preparing and servin

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

IDOE Accounting Manual

26490 Other Staff Services
- 26491 P.E.R.F.
- 26492 Social Security
- 26493 Workmen's Compensation
- 26494 Group Insurance
- 26495 Official Bonds
- 26496 Unemployment Compensation
- 26497 Teachers Retirement Fund
- 26498 Severance/Early Retirement Pay
- 26499 Other

26500 Statistical Services
26600 Data Processing
26700 Technology Coordinator
- 26710 Technology Support and Maintenance

26900 Other Support Services - Central

29000 Support Services - Other

30000 COMMUNITY SERVICES
31000 Direction of Community Services

32000 Community Recreation

33000 Civic Services

34000 Athletic Coaches

36000 Welfare Activities Services

37000 Nonpublic School Pupils Services

39000 Other Community Services
- 39100 High School Band Uniforms
- 39200 Contributions to Historical Societies
- 39400 Latch Key Kid Program
- 39500 Child Care Services
- 39600 Step Ahead
- 39900 Other

40000 NONPROGRAMMED CHARGES
41000 Payments to Other Governmental Units Within State
- 41100 Transfer Tuition
- 41300 Area Vocational School (Participating Share)
- 41400 Joint Services and Supply - Special Education
- 41500 Special Education - Interlocal Agreements
- 41600 Joint Services and Supply - Other
- 41700 Interlocal Agreements - Other
- 41800 Payments to Charter Schools
- 41900 Other

*Read definition carefully.

incidental meals, lunches, or snacks in connection with school activities and food delivery. (Used with all programs 100–900)

3200* **Enterprise Operations.** Activities that are financed and operated in a manner similar to private business enterprises where the stated intent is to finance or recover the costs primarily through user charges. Food services should not be charged here but rather to function 3100. One example could be the school district bookstore. (Used with all programs 100–900)

3300* **Community Services Operations.** Activities concerned with providing community services to students, staff, or other community participants. Examples of this function would be offering parental training or operating a community swimming pool, a recreation program for the elderly, or a childcare center for working mothers. (Used only with program 800)

4000* **Facilities Acquisition and Construction.** Activities concerned with acquiring land and buildings; remodeling buildings; constructing buildings and additions to buildings; initially installing or extending service systems and other built-in equipment; and improving sites. (Used with all programs 100–900)

4100 **Land Acquisition.** Activities concerned with initially acquiring and improving land.

4200 **Land Improvement.** Activities concerned with making permanent improvements to land, such as grading, fill, and environmental remediation.

4300 **Architecture and Engineering.** The activities of architects and engineers related to acquiring and improving sites and improving buildings. Charges are made to this function only for those preliminary activities that may or may not result in additions to the school district's property. Otherwise, charge these services to 4100, 4200, 4500, or 4600, as appropriate.

4400 **Educational Specifications Development.** Activities concerned with preparing and interpreting descriptions of specific space requirements to be accommodated in a building. These specifications are interpreted to the architects and engineers in the early stages of blueprint development.

4500 **Building Acquisition and Construction.** Activities concerned with buying or constructing buildings.

4600 **Site Improvement.** Activities concerned with making nonpermanent improvements or enhancements to building sites. These improvements include fencing, walkways, tunnels, and temporary landscaping.

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*Account codes that are necessary for the NCES reporting are noted with an asterisk (*)

Function (NCES) Codes/Account (IDOE) Codes (Continued)

NCES Handbook

4700 **Building Improvements.** Activities concerned with building additions and with installing or extending service systems and other built-in equipment.

4900 **Other Facilities Acquisition and Construction.** Facilities acquisition and construction activities that cannot be classified above.

5000* **Debt Service.** Activities related to servicing the long-term debt of the school district, including payments of both principal and interest. This function should be used to account for bond interest payments, retirement of bonded debt (including current and advance refundings), capital lease payments, and other long-term notes. Interest on short-term notes or loans (repayable within one year of receiving the obligation) is charged to function 2513. The receipt and payment of principal on those loans are treated as adjustments to the balance sheet account 451. (Used with all programs 100–900)

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

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42000 Payments to Governmental Units Outside State

43000 Interfund Transfers
- 43100 Transfers From One Fund to Another
  - 43120 Self-Insurance
- 43200 Loans From One Fund to Another
- 43300 Securities Purchased
- 43400 FICA Transfers - Co-ops

49000 Other Nonprogrammed Charges
- 49100 Indirect Costs
- 49200 Scholarship

50000 DEBT SERVICES

51000 Principal of Debt
- 51100 Bonds
- 51200 Temporary Loans
- 51300 Emergency Loans
- 51400 School Bus Loans
- 51500 Bond Anticipation Loans
- 51600 Other Department of Local Government Finance Approved Debt

52000 Interest on Debt
- 52100 Bonds
- 52200 Temporary Loans
- 52300 Emergency Loans
- 52400 School Bus Loans
- 52500 Bond Anticipation Loans
- 52600 Other Department of Local Government Finance Approved Debt

53000 Lease Rental
- 53100 Buildings
- 53200 Equipment
- 53300 School Buses

54000 Advancements and Obligations
- 54100 Veterans' Memorial Fund
- 54200 Common School Fund
- 54300 Civil Aid Bond Obligations

59000 Other Debt Services (Specify)
- 59100 Bond Registrars Fee
- 59200 Bond Bank Fee

Object Codes

NCES Handbook

OBJECT

This classification is used to describe the service or commodity obtained as the result of a specific expenditure. The nine major object categories are further subdivided. The definitions of the object classes and selected sub-object categories follow:

Code	Description
100*	**Personal Services—Salaries.** Amounts paid to both permanent and temporary school district employees, including personnel substituting for those in permanent positions. This includes gross salary for personal services rendered while on the payroll of the school district. The third position in this group of objects has been left unused (i.e., 0) so that a job classification code can be inserted by the school district if desired. (Used with all functions except 5000, Debt Service)
101	**Salaries Paid to Teachers**
102	**Salaries Paid to Instructional Aides or Assistants**
103	**Salaries Paid to Substitute Teachers**
110	**Salaries of Regular Employees.** Full-time, part-time, and prorated portions of the costs for work performed by permanent employees of the school district.
111	**Salaries of Regular Employees Paid to Teachers**
112	**Salaries of Regular Employees Paid to Instructional Aides and Assistants**
113	**Salaries of Regular Employees Paid to Substitute Teachers**
120	**Salaries of Temporary Employees.** Full-time, part-time, and prorated portions of the costs for work performed by employees of the school district who are hired on a temporary or substitute basis.
121	**Salaries of Temporary Employees Paid to Teachers**
122	**Salaries of Temporary Employees Paid to Instructional Aides and Assistants**
123	**Salaries of Temporary Employees Paid to Substitute Teachers**
130	**Salaries for Overtime.** Amounts paid to employees of the school district in either temporary or permanent positions for work performed in addition to the normal work period for which the employee is compensated under regular salaries and temporary salaries above. The terms of such payment for overtime is a matter of state and local regulation and interpretation.
131	**Salaries for Overtime Employees Paid to Te**
132	**Salaries for Overtime Employees Paid to In**
133	**Salaries for Overtime Employees Paid to Su**
140	**Salaries for Sabbatical Leave.** Amounts paid sabbatical leave.

*Account codes that are necessary for the NCES reporting are noted w

IDOE Accounting Manual

OBJECTS

OBJECT means the service or commodity obtained as the result of a specific expenditure. Seven major Object categories are identified and described in the manual. (100) Salaries, (200) Employee Benefits, (300) Purchased Services, (400) Supplies and Materials, (500) Capital Outlay, (600) Other Objects, and (700) Transfers. These broad categories are subdivided to obtain more detailed information about objects of expenditures. Following are definitions of the major categories and subcategories.

100 Salaries. Amounts paid to employees of the school corporation who are considered to be in positions of a permanent nature or hired temporarily, including personnel substituting for those in permanent positions.

110 Certified Salaries. Amounts paid to employees who are required to be certified by the Professional Standards Board in order to engage in a contractual agreement with the school corporation. Administrative staff and instructional staff salaries are recorded here.

115 Board Members. Compensation paid to persons for serving as members of the governing body; does not include expenses or fringe benefits.

120 Noncertified Salaries. Amounts paid to employees of the school corporation who are classified as noncertified. These employees are not required to be certified as teachers by the Indiana Department of Education. Included there are the salaries of custodians, maintenance personnel, mechanics, bus drivers, secretaries, clerks, teacher aides, aides to librarian, etc.

Object Codes (Continued)

NCES Handbook

141 **Salaries for Sabbatical Leave Paid to Teachers**
142 **Salaries for Sabbatical Leave Paid to Instructional Aides and Assistants**
143 **Salaries for Sabbatical Leave Paid to Substitute Teachers**

150 **Additional Compensation Such as Bonuses, or Incentives.**

151 **Additional Compensation Paid to Teachers**
152 **Additional Compensation Paid to Instructio**
153 **Additional Compensation Paid to Substitute**

200* **Personal Services—Employee Benefits.** Am
employees (amounts not included in gross sala
payments are fringe benefit payments and, alth
nevertheless are part of the cost of personal ser
objects has been left unused (i.e., 0) so that a jo
school district if desired. (Used with all functio

201 **Employee Benefits for Teachers**
202 **Employee Benefits for Instructional Aides o**
203 **Employee Benefits for Substitute Teachers**

210 **Group Insurance.** Employer's share of any in

211 **Group Insurance for Teacher**
212 **Group Insurance for Instructional Aides or**
213 **Group Insurance for Substitute Teachers**

220 **Social Security Contributions.** Employer's s
district.

221 **Social Security Payments for Teachers**
222 **Social Security Payments for Instructional A**
223 **Social Security Payments for Substitute Tea**

230 **Retirement Contributions.** Employer's share
system paid by the school district, including th
federal programs.

231 **Retirement Contributions for Teachers**
232 **Retirement Contributions for Instructional**
233 **Retirement Contributions for Substitute Te**

*Account codes that are necessary for the NCES reporting are noted wi

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IDOE Accounting Manual

130 Temporary Salaries. Full-time, part-time, and prorated portions of the costs for work performed by employees of the school corporation who are hired on a temporary or substitute basis to perform work in positions of either temporary or permanent nature. Substitute teachers are accounted for here. Certified and non-certified temporary salaries are classified here. Teachers on temporary contracts are recorded in Certified Salaries (110). Temporary Salaries will not be required for separate state reporting.

135 Licensed Employees

136 Nonlicensed Employees.

140 Overtime Salaries. Money paid to employees of the school corporation in positions of either a temporary or permanent nature for work performed in addition to the normal work period for which the employee is compensated under non-certified and temporary salaries above. The terms of such payment for overtime is a matter of local regulation and interpretation. Overtime salaries will not be required for separate state reporting.

200 Employee Benefits. Amounts paid by the school corporation on behalf of employees: these amounts are not included in the gross salary, but are over and above. Such payments are fringe benefit payments, and, while not paid directly to employees, nevertheless are part of the cost of salaries benefits. Examples are: (a) Group Health or Life. (b) Contributions to Employee Retirement, (c) Social Security, (d) Workmen's Compensation, and (e) employment security contributions.

210 Employee Retirement Contributions by the school to state and federal retirement programs. Included here are Social Security and Public Employees' Retirement Fund.

211 Social Security. Contributions by the school corporation for noncertified employees.

212 Social Security. Contributions by the school corporation for certified employees.

213 Severance/Early Retirement Pay. Contributions made by school corporations for these programs.

214 Public Employees Retirement Fund. Contributions by the school corporation for noncertified employees.

215 Teacher Retirement Fund, Prior to 7-1-95. Contributions by the school corporation for certified employees employed prior to 7-1-95.

216 Teacher Retirement Fund, After 7-1-95. Contributions made by the school corporation for certified employees employed after 7-1-95.

217 Public Employees Retirement Fund - Optional contributions.

218 Teacher Retirement Fund - Optional contributions.

220 Employee Insurance. Group life, health and accident insurance for employees. Also workmen's compensation insurance.

230 Unemployment Compensation. Contributions by the school corporation for unemployment compensation.

235 Meals Provided. Payment by the school corporation in accordance with "The School Administrator" Volume 117, March 1992.

240 to 290 Other Employee Benefits. Employee benefits which have not been classified above.

240* **On-Behalf Payments.** Payments made by the state or other governments on behalf of the school district that benefit active employees of the school district. These payments typically include state matching of the retirement contributions of school district personnel. An equal revenue amount should be recorded in account 2900, 3900, or 4900 depending on the source of the payment.

241 **On-Behalf Payments for Teachers**
242 **On-Behalf Payments for Instructional Aides or Assistants**
243 **On-Behalf Payments for Substitute Teachers**

250 **Tuition Reimbursement.** Amounts reimbursed by the school district to any employee qualifying for tuition reimbursement on the basis of school district policy.

251 **Tuition Reimbursement for Teachers**
252 **Tuition Reimbursement for Instructional Aides or Assistants**
253 **Tuition Reimbursement for Substitute Teachers**

260 **Unemployment Compensation.** Amounts paid by the school district to provide unemployment compensation for its employees. These charges should be distributed to the appropriate functions in accordance with the salary expenditures.

261 **Unemployment Compensation Paid for Teachers**
262 **Unemployment Compensation Paid for Instructional Aides or Assistants**
263 **Unemployment Compensation Paid for Substitute Teachers**

270 **Workers' Compensation.** Amounts paid by the school district to provide workers' compensation insurance for its employees. These charges should be distributed to the appropriate functions in accordance with the salary budget or may be charged to function 2310.

271 **Worker's Compensation Paid for Teachers**
272 **Worker's Compensation Paid for Instructional Aides or Assistants**
273 **Worker's Compensation for Substitute Teachers**

280 **Health Benefits.** Amounts paid by the school district to provide health benefits for its current employees or employees now retired for whom benefits are paid. These charges should be distributed to the appropriate functions in accordance with the related salary expenditures.

281 **Health Benefits Paid for Teachers**
282 **Health Benefits Paid for Instructional Aides or Assistants**
283 **Health Benefits Paid for Substitute Teachers**

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

Object Codes (Continued)

NCES Handbook

290 **Other Employee Benefits.** Employee benefits other than those classified above, including fringe benefits such as automobile allowances, housing or related supplements, moving expenses, and paid parking. These charges should be distributed to the appropriate functions in accordance with the related salary expenditures.

291 **Other Employee Benefits Paid for Teachers**
292 **Other Employee Benefits Paid for Instructional Aides or Assistants**
293 **Other Employee Benefits for Substitute Teachers**

300* **Purchased Professional and Technical Services.** Services that by their nature can be performed only by persons or firms with specialized s
product may or may not result from the transaction, th
the service provided. Included are the services of arc
medical doctors, lawyers, consultants, teachers, and a
separate account be established for each type of servic
Services purchased from another school district or fi
be coded to one of the object codes from 590 throug

310 **Official/Administrative Services.** Services in suppo
managerial activities of the school district. Included a
oriented to general governance or business and financ
school management support activities; and election se
services. (Usually used with functions 2300, 2400, a

320 **Professional Educational Services.** Services suppo
administration. Included are curriculum improvemen
guidance services, library and media support, and con
(Usually used with functions 1000, 2100, 2200, 2300

330 **Professional Employee Training and Developme**
professional development of school district personn
administrative employees. Included are course regis
reimbursement), charges from external vendors to co
school district facilities or off-site), and other expen
professional development by third-party vendors. A
this account regardless of the type or intent of the tra
development activity. (Usually used with functions

340 **Other Professional Services.** Professional services
support the operation of the school district. Included
architects, auditors, accountants, therapists, audiologi
specialists, systems analysts, planners, and the like. (

*Account codes that are necessary for the NCES reporting are noted with an as

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300 Purchased Services. Amounts paid for personal services rendered by personnel who are not on the payroll of the corporation, and other services which the school corporation may purchase. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

310 Professional and Technical Services. Services which can be performed only by persons with specialized skills and knowledge. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, etc.

311 Instruction Services. Nonpayroll services performed by qualified persons directly engaged in providing learning experiences for pupils. Included are the services of interns engaged in teaching activities.

312 Instructional Programs Improvement Services. Services performed by persons qualified to assist teachers and supervisors enhance the quality of the teaching process. The category includes curriculum consultants, inservice training specialists, etc., not on the payroll.

313 Pupil Services. Nonpayroll services of qualified personnel to assist pupils and their parents in solving mental and physical problems to supplement the teaching process.

314 Staff Services. Services performed by qualified personnel to assist management either in the broad policy area or in the general operation of the school corporation. The category includes consultants, individually or as a team, to assist the chief executive in conference or through systematic studies.

316 Data Processing Services. Services performed by persons, organizations, or another agency qualified to process data. The category includes those data processing services purchased from another agency or concern or specialists who are contracted to perform a specific task on a short term basis.

317 Statistical Services. Nonpayroll services performed by persons or an organization qualified to assist in handling statistics. The category includes special services for analysis, tabulations, or similar work.

318 Board of Education Services. Services performed by qualified persons to assist the governing body of the school corporation in its particular activities. The category includes the specialized services of legal counsel, counseling the governing body in employing a chief executive officer, counsel on tax policy, etc.

319 Other Professional and Technical Services. Services which are professional and technical in nature which have not been classified above.

320 Property Services. Services purchased to operate, repair, maintain, insure, and rent property owned and/or used by the school corporation. These services are performed by persons other than school corporation employees.

322 Cleaning Services. Services purchased to clean buildings other than those provided by school corporation employees.

323 Repairs and Maintenance Services. Expenditures for repairs and maintenance services not provided directly by school corporation personnel. The category includes contracts and agreements covering the upkeep of grounds, buildings, and equipment. Costs for new construction, renovating and remodeling are not included here, but are considered under Capital Outlay (500 Object Area).

Object Codes (Continued)

NCES Handbook

350 **Technical Services.** Services to the school district that are not regarded as professional, but that require basic scientific knowledge, manual skills, or both. Included are data processing services, purchasing and warehousing services, graphic arts, and the like. (Usually used with function 2000)

351 **Data Processing and Coding Services.** Data entry, formatting, and processing services other than programming. (Usually used with functions 2110, Attendance and Social Work; 2240, Academic Student Assessment; 2410, Office of the Principal; and 2500, Central Services)

352 **Other Technical Services.** Technical services other than data processing and related services. (Usually used with functions 1000–4000)

400* **Purchased Property Services.** Services purchased to operate, repair, maintain, and rent property owned or used by the school district. These services are performed by persons other than school district employees. Although transaction, the primary reason for the purchase

410 **Utility Services.** Expenditures for utility servic public or private organizations. Water and sew telegraph are not included here but are classifie 2600)

420 **Cleaning Services.** Services purchased to clea school district employees), including, but not li custodial services, and lawn care services. (Us

430 **Repairs and Maintenance Services.** Expendi not provided directly by school district personn

431 **Non-Technology-Related Repairs and Maint** the upkeep of buildings and non-technology eq remodeling are not included here but are classif

432 **Technology-Related Repairs and Mainteman** maintenance services for technology equipment district personnel. This includes ongoing servic personal computers and servers). (Used with fu

440 **Rentals.** Costs for renting or leasing land, buil

441 **Renting Land and Buildings.** Expenditures f both temporary and long-range use by the scho

*Account codes that are necessary for the NCES reporting are noted wi

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324 Insurance. Expenditures for all insurance on any type property owned or leased by the school corporation, liability insurance, and transportation insurance. Workmen's compensation is considered in Employee Benefits (220 - Employee Insurance).

325 Rentals. Expenditures for leasing or renting land, buildings, uniforms, and equipment for both temporary and long range use of the school corporation. The category includes vehicle rental when operated by school corporation personnel, lease on data processing equipment, lease-purchase arrangements, and similar rental agreements. Costs for single agreements covering equipment as well as operators are not included here, but are considered elsewhere under Purchased Services [see Transportation (330), Printing and Binding (360), Public Utility Services (380), Servicing and Maintenance Services (323)].

326 to 329 Other Property Services. Property Services purchased which are not classified above.

330 Transportation Services. Expenditures for transporting children to and from school and official travel of school corporation employees.

331 Pupil Transportation. Expenditures to persons or contract agencies for the purpose of transporting children to and from school. These include those expenditures to individual or contractors who transport children or to employees or parents who transport children by way of a contract.

332 Travel. Costs for transportation, meals, hotel, and other expenses associated with reimbursement for traveling on business for the school corporation.

333 to 339 Other Transportation Services. Transportation services other than those classified above.

340 Communication. Services provided by persons or businesses to assist in transmitting and receiving messages or information. The category includes telephone and telegraph services as well as postage machine rental and postage.

341 Telephone. All expenditures of the school corporation for telephone and telegraph services, including rental of telephone equipment, for all purposes except school-to-home telephone for home bound instruction.

343 Postage and Postage Machine Rental. Expenditures related to postage and postage machine rental.

344 to 349 Other Communication Services. Expenditures for Communication services other than those classified above.

350 Advertising. Expenditures for printed legal notices in papers. These expenditures include advertising for such purposes as tax levies, bond sales, used equipment sales, and other objects. Costs for professional fees for advertising are not recorded here but are charged to Professional Services (310 Object Area).

360 Printing and Binding. Expenditures for job printing and binding usually according to specifications of the school corporation. The category includes the design and printing of forms and posters as well as printing and binding of school corporation publications. Preprinted standard forms are not charged here, but are recorded under Supplies and Materials (400 Object Area).

Object Codes (Continued)

NCES Handbook

vehicle rentals when operated by a local school district, lease purchase arrangements, and similar rental agreements. (Used with function 2610)

442 **Rental of Equipment and Vehicles.** Expenditures for leasing or renting equipment or vehicles for both temporary and long-range use by the school district. This includes bus and other vehicle rental when operated by a local school district, lease-purchase arrangements, and similar rental agreements. This code excludes costs associated with the rental of computers or other technology-related equipment. These costs should be coded to expenditure object 443 as described below.

443 **Rentals of Computers and Related Equipment.** Expenditures for leasing or renting computers and related equipment for both tempo

450* **Construction Services.** Includes amounts for c buildings or infrastructure assets paid to contract account for the costs of non-permanent site impr roads that are related to buildings and building s

490 **Other Purchased Property Services.** Purchase above. (Communication services are not includ 530)

500* **Other Purchased Services.** Amounts paid for s personnel not on the payroll of the school distric Services or Property Services). Although a prod transaction, the primary reason for the purchase

510 **Student Transportation Services.** Expenditur school and other activities. (Used only with fun

511* **Student Transportation Purchased From An** Amounts paid to other school districts within th school and school-related events. These include themselves or their own children or for reimburs expenditure/expenses on public carriers. Expen operated by personnel on the school district payr 442. (Used only with function 2700)

512* **Student Transportation Purchased From An** Payments to other school districts outside the sta school and school-related events. (Used only wi

*Account codes that are necessary for the NCES reporting are noted with

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370 Transfer Tuition. Expenditures to reimburse other educational agencies for services rendered to students residing in the legal boundaries described for the paying school corporation.

380 Public or Private Utility Services. Expenditures for services usually provided by public utilities such as water, sewage, electricity, gas, and garbage collection. The category includes those same services whether the utility company is public or private. Costs for telephone and telegraph are not included here, but are included in Communication (340 Object Area).

381 Heating and Cooling for Buildings - Electricity. Electricity used in heating and cooling all school corporation owned buildings.

382 Heating and Cooling for Buildings - Gas. Gas used in heating and cooling all school corporation owned building.

383 Heating and Cooling for Buildings - Fuel Oil. Fuel oil used in heating and cooling all school corporation owned buildings.

384 Heating and Cooling for Buildings - Other Energy Sources. All other energy sources used in heating and cooling all school corporation owned buildings.

385 Water and Sewage. Charges for water used in all buildings and on all grounds; also all charges for sewage disposal.

386 Light and Power - Other Than Heating and Cooling. Expenditures for electric current for all purposes used in school system, except for heating.

387 Gas - Other Than Heating and Cooling. Expenditures for gas for use for all purposes except for heating or cooling buildings.

388 Removal of Refuse and Garbage. Expenditures for removing ashes, trash, garbage, etc.

389 Other Public or Private Utility Services. Expenditures for public or private utility services not classified above.

390 Other Purchased Services. Expenditures for all other purchased services not classified above. Included here are physical examinations for employees and immunization programs for students. T.B. tests, etc.

400 Supplies and Materials. Amounts paid for material items of expendable nature that are consumed, worn out, or deteriorated by use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

410 Supplies.

411 Operational Supplies. Expenditures for all supplies for the operation of a school corporation, including freight. Types of supplies included here are office, instructional, custodial, maintenance, etc.

412 Tires and Repairs. Charges for repairs and replacements of tires and tubes.

413 Gas and Lubricants. Cost of gasoline, oil, grease and gear lubricants.

414 Food Purchases. Cost of food.

415 Other Supplies. Expenditures for Supplies not classified above.

Object Codes (Continued)

NCES Handbook

519 **Student Transportation Purchased From Other Sources.** Payments to persons or agencies other than school districts for transporting children to and from school and school-related events. (Used only with function 2700)

520 **Insurance (Other Than Employee Benefits).** Expenditures for all types of insurance coverage, including property, liability, and fidelity. Insurance for group health is not charged here but is recorded under object 200. (Used with functions 2310 or 2610)

530 **Communications.** Services provided by persons or businesses to assist in transmitting and receiving messages or information. This categ communication services, telephone, and voicem establish or maintain computer-based communi video communications services to establish or m communications via satellite, cable, or other de establish or maintain postage machine rentals, p couriers. (Usually used with functions 2230, 23

540 **Advertising.** Expenditures for announcements broadcasts over radio and television. These exp purposes as personnel recruitment, legal ads, ne Costs for professional advertising or public rela charged to object 340. (Usually used with func

550 **Printing and Binding.** Expenditures for job pr specifications of the school district. This includ as well as printing and binding school district p not charged here but are recorded under object (may be assigned to other functions)

560 **Tuition.** Expenditures to reimburse other educ students residing within the legal boundaries de only with function 1000)

561* **Tuition to Other School Districts Within the** within the state.

562* **Tuition to Other School Districts Outside th** outside the state.

563* **Tuition to Private Sources.** Tuition paid to pr

564* **Tuition to Educational Service Agencies Wit** as regional educational service centers for educ

*Account codes that are necessary for the NCES reporting are noted wi

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420 Textbooks. Expenditures for adopted textbooks which are purchased for pupils or groups of pupils, and resold or furnished free to them. The category includes the cost of workbooks, textbook binding or repairs, as well as the net amount of textbooks which are purchased to be resold or rented.

430 Library Books. Expenditures for regular or incidental purchases of library books available for general use of students including any reference books, even though such reference books may be used solely in the classroom. Also recorded here are costs of binding or other repairs to school library books. The initial purchase of books for a new school library or any material accessions involving an expansion of the library are recorded under Capital Outlay (560 Object Area).

440 Periodicals. Expenditures for periodicals and newspapers. A periodical is any publication appearing at regular intervals of less than a year and continuing for an indefinite period.

450 to 490 Other Supplies and Materials. Expenditures for all other supplies and materials not included above.

500 Capital Outlay. Expenditures for the acquisition of fixed assets or additions to fixed assets. They are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment.

510 Land. Expenditures for the purchase of land.

515 Easements. Expenditures in procuring easement rights.

520 Buildings. Expenditures for acquiring buildings and additions, either existing or to be constructed. Included are expenditures for installment or lease payments (except interest) which have a terminal date and result in the acquisition of buildings, except payments to public school housing authorities or similar agencies. Expenditures for major permanent structural alterations and the initial or additional installation of heating and ventilating systems, electrical systems, plumbing systems, fire protection systems and other service systems in existing buildings are included also.

530 Improvements Other Than Buildings. Expenditures for the initial and additional improvement of sites and adjacent ways after acquisition by the school corporation consisting of such work as grading, landscaping, seeding, and planting of shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers and storm drains, installing hydrants; initial surfacing and soil treatment of playgrounds and tennis courts; furnishing and installing for the first time, fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks which are not parts of building service systems; and demolition work. Special assessments against the school corporation for capital improvements such as streets, curbs and drains are also recorded here.

540 Equipment. Expenditures for the initial, additional, and replacement items of equipment, such as furniture and machinery.

550 Vehicles. Expenditures for the purchase of conveyances to transport persons or objects.

560 Library Books. Expenditures for books which constitute the initial furnishing of a newly constructed building. These include books outside the library if they are capitalized and any appreciable accession involving an expansion of the library.

570 to 590 Other Capital Outlay. Expenditures for all other Capital Outlay not classified above.

600 Other Objects. Amounts paid for goods and services not otherwise classified above. This includes expenditures for the retirement of debt, the payment of interest on debt, the payment of dues and fees, purchase of investments, payments of service charges, and allowable amounts paid for band uniforms.

565* **Tuition to Educational Service Agencies Outside the State.** Tuition paid to agencies such as regional educational service centers for educational services to students.

566* **Tuition to Charter Schools.** Tuition paid to charter schools for services provided in accordance with the established charter for that school.

567* **Tuition to School Districts for Voucher Payments.** Tuition paid to school districts for students using a state or local voucher program. School districts and state departments of education should use this code for all payments made to school districts for voucher programs.

569* **Tuition—Other.** Tuition paid to the state and other governmental organizations as reimbursement for providing specialized instructional services to students residing within the boundaries of the paying school district.

So-called reverse state aid payments, which arise out of education finance equalization efforts, are not coded here. Rather, these should be established on the balance sheet or statement of net assets at the time taxes are levied as Due To State Government. (These amounts are not shown as revenues to the school district.)

570 **Food Service Management.** Expenditures for the operation of a local food service facility by other than employees of the school district. Included are contracted services, such as food preparation, associated with the food service operation. Direct expenditures by the school district for food, supplies, labor, and equipment would be charged to the appropriate object codes. (Used only with function 3100)

580 **Travel.** Expenditures for transportation, meals, hotel, and other expenditure/expenses associated with staff travel for the school district. Payments for per diem in lieu of reimbursements for subsistence (room and board) also are charged here. (Used with all functions except 5000)

590 **Intereducational, Interagency Purchased Services.** Purchased services other than those described above. Any interdistrict payments other than tuition or transportation should be classified here. This code identifies other payments for services made between a school district and other governmental entities. This code should be used so that all interdistrict payments can be eliminated when consolidating reports from multiple school districts at state and federal levels (when a question arises about whether to code such payments to the 300 series of objects or to this code). (Used primarily with function code 2000)

591* **Services Purchased From Another School District or Educational Services Agency Within the State.** Payments to another school district within the state for services rendered, other than tuition and transportation fees. Examples of such services are data

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

Object Codes (Continued)

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processing, purchasing, nursing, and guidance. This code should be used so that all interdistrict payments can be eliminated when consolidating reports from multiple school districts at state and federal levels (when a question arises about whether to code such payments to the 300 series of objects or to this code).

592* **Services Purchased From Another School District or Educational Service Agency Outside the State.** Payments to another school district outside the state for services rendered, other than tuition and transportation fees. Examples of such services are data processing, purchasing, nursing, and guidance. This code should be used so that all interdistrict payments can be eliminated when consolidating reports from multiple school districts at state and federal levels (when a question arises about whether to code such payments to the 300 series of objects or to this code).

600* **Supplies.** Amounts paid for items that are consumed, are worn out, or have deteriorated through use or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Refer to Appendix E for the criteria for distinguishing between a supply item and an equipment item. Equipment that has a cost lower than the school district's capitalization threshold should be coded in this series instead of to a 700 series code.

610 **General Supplies.** Expenditures for all supplies operation of a school district, including freight a

A more thorough classification of supply expend object with the function—for example, audiovis supplies. (Used with all functions except 5000)

620 **Energy.** Expenditures for energy, including gas received from public or private utility companies

621 **Natural Gas.** Expenditures for gas utility servic company. (Used with functions 1000, 2610, and

622 **Electricity.** Expenditures for electric utility serv company. (Used with functions 1000, 2610, and

623 **Bottled Gas.** Expenditures for bottled gas, such with functions 1000, 2610, and 3100)

624 **Oil.** Expenditures for bulk oil normally used for

625 **Coal.** Expenditures for raw coal normally used

*Account codes that are necessary for the NCES reporting are noted with

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610 Investments. Expenditures for purchase of investments.

620 Service Charges. Expenditures for amounts paid as service charges where provided by law.

621 Bank Service Charges.

622 Late Payments. On contracts, etc., where permitted by law.

630 Seldom or Non-Recurring Purchases. Expenditures for items purchased not qualified to be included as capital outlay.

631 Band Uniforms.

640 Dues and Fees. Expenditures or assessments for membership in professional or other organizations or associations or payments to a paying agent for services rendered.

645 Awards. Expenditures for all types of authorized awards.

650 Bonds and Judgments. Expenditures for official bond premiums, etc., to protect the school corporation, board members, employees, and taxpayers against loss due to error, neglect, certain court judgments and other similar causes.

652 Official Bond Premiums. Expenditures for bonds guaranteeing the school corporation against losses resulting from the actions of the treasurer, employees, or other persons of the school corporation.

653 Judgments Against the School Corporation. Expenditures from current funds for all judgments (except as indicated) against the school corporation that are not covered by liability insurance, but are of a type that might have been covered by insurance. Only amounts paid as the result of court decisions are recorded here. Judgments against the school corporation resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due.

654 Other Bonds and Judgments. Payments for bonds and judgments not classified elsewhere.

660 Debt Retirement. Expenditures which are from current funds to retire serial bonds, emergency loans and temporary loans. Also expenditures from current funds for interest on serial bonds, lease with option to buy, emergency loans and temporary loans.

670 to 680 Miscellaneous Objects. Amounts paid from all other expenses not classified above.

690 Technology. Expenditures for all funds for any technology related expenses. These objects are required for compliance with IC 21-2-18-4.

691 Computer Hardware. Expenditures for both administrative and instructional uses. Computer hardware includes Central Processing Units (CPUs) and other digital equipment (excluding peripherals and telecommunications equipment) that may be necessary to operate a school. Monitors and network cards are included. Items that attach to the network for the primary purpose of accessing or using the CPUs such as network workstations would also be included here (dumb terminals, personal computers, etc.)

Object Codes (Continued)

NCES Handbook

626 **Gasoline.** Expenditures for gasoline purchased in bulk or periodically from a gasoline service station. (Used with functions 2650 and 2710)

629 **Other.** Expenditures for energy that cannot be classified in one of the foregoing categories.

630 **Food.** Expenditures for food used in the school food service program. Food used in instructional programs is charged under object 610. (Used only with function 3100)

640 **Books and Periodicals.** Expenditures for books, textbooks, and periodicals prescribed and available for general use, including reference books. This category includes the cost of workbooks, textbook binding or repairs, and textbooks that are purchased to be resold or rented. Also recorded here are the costs of binding or other repairs to school library books. (Used with all functions except 5000)

650 **Supplies—Technology-related.** Technology-related supplies include supplies that are typically used in conjunction with technology-related hardware or software. Some examples are diskettes, parallel cables, and monitor stands. (Used with all functions but primarily used with 2230 and 2580)

700* **Property.** Expenditures for acquiring capital assets, including land, existing buildings, existing infrastructure assets, and equipment.

710* **Land and Land Improvements.** Expenditures for the purchase of land and the improvements thereon. Purchases of air rights, mineral rights, and the like are included here. Also included are special assessments against the school district for capital improvements such as streets, curbs, and drains. Not included here, but generally charged to objects 450 or 340 as appropriate, are expenditures for improving sites and adjacent ways after acquisition by the school district. (Used with functions 4100, 4200, and 4600)

720* **Buildings.** Expenditures for acquiring existing
installment or lease payments (except interest)
acquisition of buildings, except payments to pu
agencies. Expenditures for the contracted cons
structural alterations, and for the initial or addit
ventilating systems, fire protection systems, an
buildings are recorded under object 450. Build
school district's own staff are charged to object
This code is used with governmental funds only

730* **Equipment.** Expenditures for the initial, addit
equipment, such as machinery, furniture and fix

*Account codes that are necessary for the NCES reporting are noted wit

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692 Distance Learning Equipment. Expenditures for contacts for services that relate to the operation of distance learning equipment. Included may be expenses directly related to distance learning including specialized equipment necessary to participate in distance learning programs. Service contracts such as "Vision Athena", "Classroom Content", and the "Indiana ONLine Academy" would be included.

693 Wireless Equipment. Expenditures for all wireless equipment that may be used for Local Area Network (LANs), Wide Area Network (WANs) and other uses, including room systems. Wireless equipment may include towers, broadcast equipment (airwave), and any other equipment that is used in either sending or receiving a wireless signal.

694 Connectivity. Expenditures for initial installation and ongoing costs of all circuits used to connect buildings and classrooms within a school corporation. Included also is Internet, and any connection, except for wireless, that serves to connect the LAN/WAN. Ongoing as well as one time costs are included. Cabling to classrooms, between buildings, and ongoing costs (non-personnel) to provide support are included there.

695 Telecommunications Equipment. Expenditures for telecommunications equipment, including routers, hubs, switches, main distribution facilities and intermediate distribution facilities are included here. Included also is equipment needed for voice communications that may be leased or purchased by the local school corporation.

696 Other Technology Hardware. Expenditures for other technology hardware. Peripherals such as printers, scanners, web cameras, etc. are included. Expenditures for Personal Digital Assistants (PDAs) and other digital equipment are included here also.

697 Content. Content can be described as any software, application systems, or productivity applications that are needed in the operation of a school, including classroom management software, instructional management systems, administrative systems, and other purchase or license/fee related costs. Excluded are video and distance learning contracts and service agreements.

698 Professional Development. Training expenditures for technology related development of teachers, administrators and other staff.

700 Transfers. This object category does not represent a purchase; rather, it is used as an accounting entity to show that funds have been handled without having goods and services rendered in return. Included here are transactions for interchanging money from one fund to the other and for transmitting flow-through funds to the recipient (person or agency).

731 **Machinery.** Expenditures for equipment usually composed of a complex combination of parts (excluding vehicles). Examples are lathes, drill press, and printing presses. (Usually used with functions 1000 and 2600)

732 **Vehicles.** Expenditures for equipment used to transport persons or objects. Examples are automobiles, trucks, buses, station wagons, and vans. (Usually used with functions 2650 and 2700)

733 **Furniture and Fixtures.** Expenditures for equipment used for sitting; as a support for writing and work activities; and as storage space for material items. (Used with all functions, except 5000)

734 **Technology-Related Hardware.** Expenditures for technology-related equipment and technology infrastructure. These costs include those associated with the purchase of network equipment, servers, PCs, printers, other peripherals, and devices. Equipment that has a cost lower than the school district's capitalization threshold should be coded to object code 650, Supplies—Technology-Related. (Used with all functions but primarily used with 2230 and 2580)

735 **Technology Software.** Expenditures for purchased software used for educational or administrative purposes that exceed the capitalization threshold. Software costs that are below the school district's capitalization threshold should be coded to object code 650, Supplies—Technology-Related. (Used with all functions but primarily used with 2230 and 2580)

739 **Other Equipment.** Expenditures for all other equipment not classified elsewhere in the 730 object series.

740* **Infrastructure.** Expenditures for purchased infrastructure assets by the school district. These items include water/sewer systems, roads, bridges, and other assets that have significantly longer useful lives than other capital assets. (Used with functions 4000 only but primarily used with functions 4200 and 4600)

790 **Depreciation.** The portion of the cost of a capital asset that is charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is apportioned over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the cost of the asset is ultimately charged off as an expense. (Used with all functions, except 5000)

800 **Debt Service and Miscellaneous.** Amounts paid for goods and services not otherwise classified above.

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*).

810* **Dues and Fees.** Expenditures or assessments for membership in professional or other organizations or payments to a paying agent for services rendered. (Used with functions 1000 and 2000)

820 **Judgments Against the School District.** Expenditures from current funds for all judgments (except as indicated below) against the school district that are not covered by liability insurance, but are of a type that might have been covered by insurance. Only amounts paid as the result of court decisions are recorded here. Judgments against the school district resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due. (Used only with function 5000)

830 **Debt-Related Expenditures/Expenses**

831* **Redemption of Principal.** Expenditures to retire bonds (including current and advance refundings) and long-term loans. (Used only with function 5000)

832* **Interest.** Expenditures for interest on bonds or notes. (Used only with function 5000)

833 **Amortization of Bond Issuance and Other Debt-Related Costs.** Expenses in connection with the amortization of bond and other debt issuance costs, including lease-purchase debt issuance costs. Included are amortized deferred gain and loss amounts in connection with the defeasance of bonds. This code is used in Proprietary and Fiduciary funds only. (Used only with function 5000)

834 **Amortization of Premium and Discount on Issuance of Bonds.** Expenses amortized as debt premium and/or discount in connection with the issuance of debt. This account is used in Proprietary and Fiduciary funds only.

An additional account (revenue object code 6200) has been established for accounting for the amortization of debt premiums such that districts may report premium and discount amortization separately as required in certain states (or where only credits may be reported for revenue codes and only debits for expenditure codes). However, account 834 may be used to record all discount and premium amortization (reported as a contra revenue). (Used only with function 5000)

890 **Miscellaneous Expenditures.** Amounts paid for goods or services not properly classified in one of the objects included above.

900 **Other Items.** Used to classify transactions that are not properly recorded as expenditures/expenses but require control and reporting by the school district.

*Account codes that are necessary for the NCES reporting are noted with an asterisk (*)

910 **Fund Transfers Out.** Includes all transactions conveying financial resources from one fund to another within the district.

920 **Payments to Escrow Agents for Defeasance of Debt.** (Used only with function 5000)

930 **Net Decreases in the Fair Value of Investments.** Losses recognized from the sale of investments or changes in the fair value of investments. Losses represent the excess of the cost or any other basis at the date of sale (or valuation) over sales value (or fair value). For financial reporting purposes, GASB Statement 31 requires that all investment income, including changes in the fair value of investments, be reported as revenue in the operating statement.

This account has been established for investment losses so that districts may report gains or losses separately as required in certain states (or where only credits may be reported for revenue codes and only debits for expenditure codes). However, account 1530 may be used to record all investment gains or losses (reported as a contra revenue).

931 **Realized Losses on Investments.** Losses recognized from the sale of investments. Losses represent the excess of the cost or any other basis at the date of sale over sales value. For financial reporting purposes, the net of all realized and unrealized investment gains and losses should be reported as a single line in the financial statements; however, this account and the following account may be used for internal tracking purposes.

932 **Unrealized Losses on Investments.** Losses recognized from changes in the value of investments. Losses represent the excess of the cost or any other basis at the date of valuation over fair value. For financial reporting purposes, the net of all realized and unrealized investment gains and losses should be reported as a single line in the financial statements; however, this account and the previous account may be used for internal tracking purposes.

940 **Losses on the Sale of Capital Assets.** The excess of book value of the capital assets sold over the amount received. This account is used in Proprietary and Fiduciary funds only and the statement of activities. Revenue account 5300 is used for Governmental funds.

This account has been established for accounting for losses from capital asset sales such that districts may report gains or losses separately as required in certain states (or where only credits may be reported for revenue codes and only debits for expenditure codes). However, account 1930 may be used to record all gains or losses on these sales (reported as a contra revenue).

950 **Special Items.** Used to classify special items in accordance with GASB Statement 34. Included are transactions or events within the control of the school district administration that are either unusual in nature or infrequent in occurrence. For some districts, this may include termination benefits resulting from workforce reductions or costs in connection with an early retirement program offered to all employees represented in one or more classes of

employees. Special items also include events that are not within the control of the district. In the governmental funds, these items should be separately captioned or disclosed.

960 **Extraordinary Items.** Used to classify items in accordance with APB Opinion No. 30 that are transactions or events that are both unusual in nature and infrequent in occurrence. For some districts, this includes significant costs related to a natural disaster caused by fire, flood, tornado, hurricane, or hail storm or costs related to an environmental disaster.

PROJECT/REPORTING

The project/reporting code permits school districts to accumulate expenditures to meet a variety of specialized reporting requirements at local, state, and federal levels. It is a three-digit code with the format 00X. The first two digits identify the particular funding source, authority, or expenditure purpose for which a special record or report is required. The third digit is available to identify particular projects and the fiscal year of the appropriation within that funding source.

Code	Description
010–190	**Local Projects.** Expenditures that require specialized reporting and are funded from local sources. One example is a project funded by the local service club to provide intramural activities for students in the community.
200–390	**State Projects.** Expenditures that require specialized reporting for categorically funded state programs.
400–990	**Federal Projects.** Expenditures that require specialized reporting to the federal government directly or through the state.
000	**Non-Categorical.** Expenditures that do not require specialized reporting.

LEVEL OF INSTRUCTION

This classification permits expenditures to be segregated by instructional level. Many state departments of education differentiate elementary, secondary, and postsecondary costs so they can calculate interdistrict tuition rates, compute general state aid, or both.

In the following definitions, grade span can be changed to age span when structuring a nongraded school or school district.

Code	Description
10	**Elementary.** A school organization classified as elementary by state and local practice and composed of any span of grades from preprimary through eighth grade.

Exhibit D – Written Fox River Questions and INDOE Answers

Report questions regarding the state's chart of accounts for K-12 school corporations written by Fox River and submitted to IDOE. Completed answers from IDOE have also been included.

Exhibit E contains the 2003 IDOE data file lines of expenditures provided to IDOE in support of the following questions.

Written Fox River Questions and IDOE Answers

Review of Indiana's Chart of Accounts for School Corporations Questions at 2/6/2004

Note: You should have and use data for 311 operating school corporations and/or charter schools for FY 2003. The data sets you have forwarded to us containing questions contain stand alone special education cooperatives and/or stand alone vocational area schools and/or educational service centers. All of these receive their cash inflows from member or participating school corporations. Counting expenditures for these fiscally independent units would result in a double count of expenditures. These facilities are captured at the end of this document.

EDmin has performed an initial review of the state chart of accounts utilizing 2003 expenditure data. Please respond where indicated to the following questions.

1-Board Member Expenditures – See Exhibit-1 for Details

Why are some expenditures for object code 115-Board Members not charged to the Function series 231XX-Governing Body Services?

Please respond here >>> We believe that these expenses either have been miscoded as to function or object and it is not possible to determine which is the case. Neither the State Board of Accounts (the state's official audit agency), nor the Department of Education audit expenditures by object with the specificity requested herein.

In the current NCES Handbook these expenditures would be classified as function 2310-Board of Education. Federal reporting categories flow from the NCES Handbook categories. Does Indiana adjust these expenditures to conform to federal reporting classifications?

Please respond here >>> No

2-Professional Development – See Exhibit-2 for Details

Why are some professional development expenditures for object code 698-Professional Development charged to various Instruction functions in series 1XXXX?

Please respond here >>> Object 698, per the State Board of Accounts chart of accounts is for Professional Development (Training expenditures for technology related development of teachers, administrators and other staff).

Does summary reporting in the state for Instruction include these expenditures, as suggested by the chart of accounts?

Please respond here >>> Yes

Written Fox River Questions (in black) and IDOE Answers (in blue)

In the current NCES Handbook these expenditures would be classified as function 2213-Instructional Staff Training. Federal reporting categories flow from the NCES Handbook categories. Does Indiana adjust these expenditures reported in state Instruction functions in federal reports for this difference?

Please respond here >>> No

3-Advertising – See Exhibit-3 for Details

Why are some advertising expenditures for object code 350-Advertising charged to various Instruction functions in series 1XXXX?

Please respond here >>> We suspect that this is a coding error and that the expenditures should be object 360.

Does summary reporting in the state for Instruction include these expenditures, as suggested by the chart of accounts?

Please respond here >>> Yes

In the current NCES Handbook these expenditures would be classified as a 2XXX series Support Services function – the specific function depends on what the advertising was for – but, would not be classified as Instruction. Federal reporting categories flow from the NCES Handbook categories. Does Indiana adjust these expenditures reported in state Instruction functions in federal reports for this difference?

Please respond here >>> No

4-Board of Education Services – See Exhibit-4 for Details

Why are some expenditures for object code 318-Board of Education Services charged to various Instruction function in series 1XXXX?

Please respond here >>> We contacted the MSD of Lawrence Township and learned that the amounts expended were for occupational and physical therapists for professional services rendered to students. In all likelihood the appropriate object that should be used for this expense is object 313. See discussion concerning item 6.

Does summary reporting in the state for Instruction include these expenditures, as suggested by the chart of accounts?

Please respond here >>> Yes

In the current NCES Handbook these expenditures would be classified as a 2310-Board of Education, not as Instruction. Federal reporting categories flow from the NCES

Handbook categories. Does Indiana adjust these expenditures reported in state Instruction functions in federal reports for this difference?

Please respond here >>> No

5-Insurance – See Exhibit-5 for Details

Why are some expenditures for object code 324-Insurance charged to various Instruction function in series 1XXXX?

Please respond here >>> We believe this coding is correct. Those school corporations still offering driver education charge the insurance for the driver education car to this account.

Does summary reporting in the state for Instruction include these expenditures, as suggested by the chart of accounts?

Please respond here >>> Yes

In the current NCES Handbook these expenditures would be classified as a 2XXX series Support Services function – the specific function depends on what the insurance was for – but, would not be classified as Instruction. Federal reporting categories flow from the NCES Handbook categories. Does Indiana adjust these expenditures reported in state Instruction functions in federal reports for this difference?

Please respond here >>> No

6-Pupil Services – See Exhibit-6 for Details

Why are some expenditures for object code 313-Pupil Services charged to various Instruction function in series 1XXXX?

Please respond here >>> Object 313 is defined as non-payroll services of qualified personnel to assist pupils and their parents in solving mental and physical problems to supplement the teaching process. Since a significant number of the expenditures listed under this exhibit are for special education related service, we feel the expenditures are properly coded within the Indiana accounting system.

Does summary reporting in the state for Instruction include these expenditures, as suggested by the chart of accounts?

Please respond here >>> Yes

In the current NCES Handbook these expenditures would be classified as one of the functions in 2100-Support Services-Students, not as Instruction. Federal reporting

Written Fox River Questions and IDOE Answers (Continued)

categories flow from the NCES Handbook categories. Does Indiana adjust these expenditures reported in state Instruction functions in federal reports for this difference?

Please respond here >>> No

7-Removal of Refuse and Garbage – See Exhibit-7 for Details

Why are some expenditures for object code 388-Removal of Refuse and Garbage charged to various Instruction function in series 1XXXX?

Please respond here >>> We believe this is a coding error, however the dollar magnitude is not material.

Does summary reporting in the state for Instruction include these expenditures, as suggested by the chart of accounts?

Please respond here >>> Yes

In the current NCES Handbook these expenditures would be classified as 2620-Maintenance of Buildings, not as Instruction. Federal reporting categories flow from the NCES Handbook categories. Does Indiana adjust these expenditures reported in state Instruction functions in federal reports for this difference?

Please respond here >>> No

8-Cleaning Services – See Exhibit-8 for Details

Why are some expenditures for object code 322-Cleaning Services charged to various Instruction function in series 1XXXX?

Please respond here >>> We believe this to be a miscoding of the object of expense and in the case of one corporation the actual coding should have been object 323, repair and maintenance of equipment. The dollar amount is not material.

Does summary reporting in the state for Instruction include these expenditures, as suggested by the chart of accounts?

Please respond here >>> Yes

In the current NCES Handbook these expenditures would be classified as 2620-Maintenance of Buildings, not as Instruction. Federal reporting categories flow from the NCES Handbook categories. Does Indiana adjust these expenditures reported in state Instruction functions in federal reports for this difference?

Please respond here >>> No

9-Indiana's Definition of Instruction vs. the NCES Handbook

The current NCES Handbook's definition of instruction is:

"Instruction includes the activities dealing directly with the interaction between teachers and students."

Indiana's definition of instruction is:

"Activities dealing directly with the teaching of pupils or the interaction between teacher and pupils." [underline emphasis added]

Is Indiana's intended definition of Instruction deliberately and significantly different from that in the NCES Handbook?

Please respond here >>> Not to our knowledge. The Indiana State Board of Accounts prescribes this definition. Since "activities dealing directly with the teaching of pupils" would seem to be included in "activities dealing directly with the interaction between teachers and pupils," the end result would seem to be the same.

If the definition is deliberately different, what is the impetus for this difference? A state law or reporting requirement? A DOE mandate? A state executive mandate? Other?

Please respond here >>> Unknown.

If the definition is deliberating different, would that explain many of the questions 1 through 8 above?

Please respond here >>> Unknown

10-Program Dimension

The NCES Handbook specifies a separate code (separate reporting dimension) for tracking program expenditures. The key dimensions are: Fund, Program, Function and Object. The Indiana chart of accounts does not contain a separate code structure (or separate dimension) for programs. Its key dimensions are: Fund, Function and Object. The Indiana chart attempts to replicate the NCES concept of programs using the Function code in the 1XXXX series. Where the NCES Handbook contains one Function category for Instruction, the Indiana chart defines numerous programs. This programmatic structure is the subject of the following questions.

General Education Program
Do Functions in the 11XXX series represent the General Education Program?

Written Fox River Questions (in black) and IDOE Answers (in blue)

Please respond here >>> Regular programs include Elementary, Middle/Junior High School, High School, Vocational, Alternative Education and "other" regular programs.

Is there a single "control account" or summary roll-up in the chart of account structure that would provide total expenditures for the General Education Program (i.e. students who do not receive any supplemental special education services, compensatory education services, vocational services, bilingual services, or other special program services)?

Please respond here >>> No. Vocational education is included in "regular programs" as noted above.

Compensatory Education Program
A compensatory education program may include expenditures from various federal Title funds, state funds and local funds. Compensatory education includes spending for at risk students, economically disadvantaged students, and any other group of students who need additional supplemental programs to "compensate" for their disadvantage (except for other defined programs like Special Ed, Vocational, etc. Is there a single "control account" or summary roll-up that would provide total expenditures for a Compensatory Education Program, like having a separate dimension of program codes as in the NCES Handbook would provide? If so, what is total compensatory education spending in the 2003 data file, inclusive of all sources of funds?

Please respond here >>> No. Control is by program description.

Numerous Title 1 funds in the 2003 data file are charged to Function series 1XXXX Instruction – **see Exhibit-10**. These supplemental funds provided to a sub-population of students do not fit the definition of a General Education Program. Does Indiana track a General Education Program? If so, using your chart of accounts structure, how do you define General Education?

Please respond here >>> No. See "regular program" above.

Do school corporations ever spend General Fund money on Compensatory Education Programs? If "no," is it possible that they ever will?

Please respond here >>> We do not know. However, we believe such expenditures do take place.

Bilingual Education Program
Can all bilingual expenditures from any source of funds be totaled using one "control account" or via a summary of one chart of account code? If so, how?

Please respond here >>> No

Do school corporations ever spend General Fund money on Bilingual Education Programs? If so, how would it get reported by Fund, Function and Object? If not, is it possible that they ever will?

Please respond here >>> We do not know. However, we believe such expenditures do take place.

Special Education Program
Special education spending is reported under various Functions 12XXX-Special Programs, 214XX-Psychological Services, 215XX-Speech Pathology and Audiology Services, and 216XX-Special Education Administration. In the Fund dimension, special education expenditures can be charged to: 060-Special Education Preschool Fund, 520-IDEA, 525-IDEA Part B, 540-Handicapped, 591-Architectural Barriers to Handicapped, 594-Technology for Individuals with Disabilities, and 682-IDEA PL 106-554.

Can all special education expenditures from any source of funds be totaled using one "control account" or via a summary of one chart of account code? If so, how?

Please respond here >>> Special education expenditures are also in 010-General Fund. They cannot be totaled using one "control account."

Do school corporations ever spend General Fund money on Special Education Programs? If so, how would it get reported by Fund, Function and Object? If not, is it possible that they ever will?

Please respond here >>> Yes, corporations use fund 010- General Fund – and the functions (programs) are listed under the 12000 series of account numbers, and includes gifted and talented education expenditures, along with other special programs.

11-Salary Specificity in Object Codes

Salary object codes consist of the following:

- 110-Certified Salaries
- 115-Board Members
- 120-Non-certified Salaries
- 130-Temporary Salaries
- 135-License Employees
- 136-Non-licensed Employees
- 140-Overtime Salaries

Will a 110-Certified Salary object code charged to Function series 1XXXX-Instruction from any source of funds **always** be a teacher? If not, what are the possible exceptions? Is there any other way to identify all teacher salaries?

Please respond here >>> Generally, expenditures reported under this function and object are all certified teachers; however, it is possible to have a certified teacher salary captured

here and the certified teacher is actually filling the position of an "instructional assistant". There is no way to identify such salaries.

Will a 120-Non-Certified Salary object code charged to Function series 1XXXX-Instruction from any source of funds **always** be an instructional aide? If not, what are the possible exceptions? Is there any other way to identify all instructional aide salaries?

Please respond here >>> Could have some specialized staff for special education purposes that would not be a certified teacher, per se, but have credentialing and their full-time salary be recorded in this object classification.

Will a 130-Temporary Salary object code charged to Function series 1XXXX-Instruction from any source of funds **always** be a substitute for a teacher? If not, what are the possible exceptions? Is there any other way to identify all teacher substitute salaries?

Please respond here >>> The accounting manual defines object 130 as full-time, part-time, and prorated portions of the costs for work performed by employees of the school corporation who are hired on a temporary or substitute basis to perform work in positions of either temporary or permanent nature. Substitute teachers are accounted for here. Certified and non-certified temporary salaries are accounted for here. Teachers on a temporary contract are recorded in Certified Salaries (object 110). Temporary salaries will not be required for separate state reporting.

Salary object codes 130-Temporary and 140-Overtime are not mutually exclusive of the other salary codes – there could be a temporary certified employee, or a non-certified employee with overtime. Do the chart of account definitions contain business rules explaining what to do when an expenditure meets the qualifications for two or more of these codes?

Please respond here >>> See discussion above relative to temporary salaries. Object 140 defines overtime as money paid to employees of the corporation in positions of either a temporary or permanent nature for work performed in addition to the normal work period for which the employee is to be compensated under non-certified and temporary salaries above. The terms of such payment for overtime is a matter of local regulation and interpretation. Overtime salaries will not be required for separate state reporting.

12-Federal Funds

In general, do the same expenditure classification rules for Functions and Objects apply to Federal Funds as they do for the General Fund? To the extent that there may be differences, what are those differences?

Please respond here >>> The same general classification rules apply.

Written Fox River Questions and IDOE Answers (Continued)

Written Fox River Questions (in black) and IDOE Answers (in blue)

Fiscally independent special education cooperatives, area vocational schools, and education service centers.

CORPORATION NAME	CORP #
Twin Rivers Vocational Area	1425
Daviess-Martin Special Ed Coop	1440
Gibson-Pike-Warrick Coop	2695
Greene-Sullivan Sp Ed Coop	2990
Madison Area Ed Spec Srv Unit	4005
Special Services - Johnson Co	4138
Central Nine Career Center	4255
Northwest Indiana Spec Ed Coop	4970
Joint Ed Services IN Spec Ed	5450
South Central Area Vocational School	6105
Porter County Education Interlocal	6455
Greater Randolph Interlocal Coop	6845
Southeastern Career Center	6915
Blue River Special Ed Coop	7355
Blue River Career Programs	7375
Covered Bridge Spec Ed Dist	8035
Heartland Career Center	9065
Adams-Wells Special Services Coop	8455
West Central Education Service Center	9400
Wilson Education Service Center	9540
Region 8 Education Service Center	9560
Central Indiana Education Service Center	9580

Exhibit E – Expenditure Items Supporting Fox River's Questions in Exhibit D

The detail coding of actual expenditure line items from the 2003 IDOE data file associated with the questions in Exhibit D.

Exhibit-1

2003 – Board Member Expenditures Charged to Unexpected Functions

Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Actual	Corp	Corporation Name
010	General Fund	23290	Other Executive Administration Services	115	Board Members	$7,870	1820	Garrett-Keyser-Butler Corp
010	General Fund	23290	Other Executive Administration Services	115	Board Members	$8,960	1820	Garrett-Keyser-Butler Corp
010	General Fund	24100	Office of the Principal Services	115	Board Members	$306,541	0940	West Clark Community Schools
010	General Fund	24100	Office of the Principal Services	115	Board Members	$294,738	0940	West Clark Community Schools
010	General Fund	26700	Technology Coordinator	115	Board Members	$21,455	5370	M S D Washington Township
010	General Fund	26700	Technology Coordinator	115	Board Members	$11,454	5370	M S D Washington Township
130	Jt Serv/Supply Special Ed Coop Fund	24100	Office of the Principal Services	115	Board Members	$107,712	2395	Fayette County School Corp
130	Jt Serv/Supply Special Ed Coop Fund	24100	Office of the Principal Services	115	Board Members	$84,370	2395	Fayette County School Corp
310	Instruction Support Fund	12100	Gifted and Talented	115	Board Members	$4,000	5370	M S D Washington Township
415	P.L. 100-297 ECIA Chapter I	12020	Compensatory	115	Board Members	-$3,690	5370	M S D Washington Township
416	P.L. 100-297 ECIA Chapter I	12020	Compensatory	115	Board Members	$10,413	5370	M S D Washington Township
523	P.L. 101-476 IDEA	21660	Other Special Education Administration	115	Board Members	$36,848	5370	M S D Washington Township
527	P.L. 101-476 IDEA	21660	Other Special Education Administration	115	Board Members	$47,823	5370	M S D Washington Township
527	P.L. 101-476 IDEA	21660	Other Special Education Administration	115	Board Members	$85,891	5370	M S D Washington Township
526	P.L. 101-476 IDEA	21660	Other Special Education Administration	115	Board Members	$8,654	5370	M S D Washington Township
584	Drug Free Schools	21220	Counseling Services	115	Board Members	$8,870	5370	M S D Washington Township
585	Drug Free Schools	21220	Counseling Services	115	Board Members	$17,372	5370	M S D Washington Township
585	Drug Free Schools	21220	Counseling Services	115	Board Members	$26,790	5370	M S D Washington Township
						$1,086,277		

Exhibit-2

2003 – Professional Development Charged to Instruction Functions

Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Amount	Corp	Corporation Name
010	General Fund	11100	Elementary	598	Professional Development	$410	4945	LaPorte Community School Corp
010	General Fund	11100	Elementary	598	Professional Development	$270	5470	Argos Community Schools
010	General Fund	11100	Elementary	598	Professional Development	$15	7365	Shelbyville Central Schools
685	Improving Teacher Quality - Enhanced Education T	12900	Other Special Programs	598	Professional Development	$2,475	4650	Lake Ridge Schools
010	General Fund	11100	Elementary	598	Professional Development	$375	4515	Prairie Heights Com Sch Corp
010	General Fund	11200	Middle/Junior High	598	Professional Development	$447	4515	Prairie Heights Com Sch Corp
620	Vocational and Technical Board Grants	11590	Other Vocational Education Progra	598	Professional Development	$375	6455	Porter County Education Interlocal
372	School Technology Fund	11100	Elementary	598	Professional Development	$4,345	3675	Seymour Community Schools
010	General Fund	11300	High School	598	Professional Development	$630	4000	Southwestern-Jefferson Co Con
399	Miscellaneous Programs	12100	Gifted and Talented	598	Professional Development	$275	4945	LaPorte Community School Corp
428	Innovative Education Program Strategies Title V	11100	Elementary	598	Professional Development	$3,346	4945	LaPorte Community School Corp
516	Community Conservation	11200	Middle/Junior High	598	Professional Development	$798	4730	School City of Hobart
010	General Fund	11100	Elementary	598	Professional Development	$1,526	7945	Tipton Community School Corp
010	General Fund	11200	Middle/Junior High	598	Professional Development	$1,430	7945	Tipton Community School Corp
620	Vocational and Technical Board Grants	11300	High School	598	Professional Development	$2,106	3460	Taylor Community School Corp
010	General Fund	11300	High School	598	Professional Development	$415	4515	Prairie Heights Com Sch Corp
306	Instruction Support Fund	11300	High School	598	Professional Development	$23,020	4925	Michigan City Area Schools
010	General Fund	11300	High School	598	Professional Development	$350	5470	Argos Community Schools
010	General Fund	11920	Project 48%	598	Professional Development	$858	5470	Argos Community Schools
010	General Fund	11100	Elementary	598	Professional Development	$471	5455	Culver Community Schools Corp
010	General Fund	14100	Elementary	598	Professional Development	$2,042	6900	Jac-Cen-Del Community Sch Corp
010	General Fund	14300	High School	598	Professional Development	$3,317	6900	Jac-Cen-Del Community Sch Corp
299	Miscellaneous Programs	12900	Other Special Programs	598	Professional Development	$23,708	7715	Southwest School Corp
306	Instruction Support Fund	11200	Middle/Junior High	598	Professional Development	$1,734	4925	Michigan City Area Schools
010	General Fund	11200	Middle/Junior High	598	Professional Development	$45	3460	Taylor Community School Corp
010	General Fund	11100	Elementary	598	Professional Development	$2,246	2735	North Gibson School Corp
010	General Fund	11300	High School	598	Professional Development	$1,530	2735	North Gibson School Corp
372	School Technology Fund	11300	High School	598	Professional Development	$644	2920	Bloomfield School District
420	Innovative Education Program Strategies Title V	11300	High School	598	Professional Development	$798	1375	North Daviess Com Schools
302	Construct/Remodel/Equip Bldgs Fund	11100	Elementary	598	Professional Development	$1,045	0395	Benton Community School Corp
010	General Fund	11100	Elementary	598	Professional Development	$1,612	4000	Southwestern-Jefferson Co Con
306	Instruction Support Fund	11100	Elementary	598	Professional Development	$2,043	4925	Michigan City Area Schools
010	General Fund	11300	High School	598	Professional Development	$2,226	4515	Prairie Heights Com Sch Corp
685	Improving Teacher Quality - Enhanced Education T	11100	Elementary	598	Professional Development	$448	7935	Northern Com Sch Tipton Co
010	General Fund	11100	Elementary	598	Professional Development	$1,630	4000	Southwestern-Jefferson Co Con
010	General Fund	11300	High School	598	Professional Development	$3,231	4000	Southwestern-Jefferson Co Con
679	Federal Programs	11200	Middle/Junior High	598	Professional Development	$1,900	3500	Kokomo-Center Twp Con Sch Corp
372	School Technology Fund	11100	Elementary	598	Professional Development	$4,326	3675	Seymour Community Schools
684	Improving Teacher Quality	11300	High School	598	Professional Development	$1,030	4790	Dewey Township Schools
010	General Fund	11200	Middle/Junior High	598	Professional Development	$2,613	4515	Prairie Heights Com Sch Corp
010	General Fund	11200	Middle/Junior High	598	Professional Development	$105	2735	North Gibson School Corp
684	Improving Teacher Quality	11300	High School	598	Professional Development	$6,010	4790	Dewey Township Schools
010	General Fund	11200	Middle/Junior High	598	Professional Development	$897	7945	Tipton Community School Corp
010	General Fund	11100	Elementary	598	Professional Development	$886	3460	Taylor Community School Corp
010	General Fund	11200	Middle/Junior High	598	Professional Development	$168	3460	Taylor Community School Corp

010	General Fund	11300	High School	698	Professional Development	$1,408	3460	Taylor Community School Corp
820	Vocational and Technical Board Grants	11300	High School	698	Professional Development	$649	3460	Taylor Community School Corp
010	General Fund	11100	Elementary	698	Professional Development	$6,282	4515	Prairie Heights Com Sch Corp
010	General Fund	11920	Project 4R's	698	Professional Development	$2,214	1805	DeKalb Co Eastern Com Sch Dist
682	IDEA Pl. 105-554	11300	High School	698	Professional Development	$750	6340	Cannelton City Schools
010	General Fund	11300	High School	698	Professional Development	$371	3460	Taylor Community School Corp
684	Improving Teacher Quality	11100	Elementary	698	Professional Development	$755	4770	Cass Township Schools
684	Improving Teacher Quality	11200	Middle/Junior High	698	Professional Development	$199	4770	Cass Township Schools
010	General Fund	11100	Elementary	698	Professional Development	$2,961	5470	Argos Community Schools
010	General Fund	11920	Project 4R's	698	Professional Development	$4,166	5470	Argos Community Schools
305	Instruction Support Fund	11100	Elementary	698	Professional Development	$3,124	4925	Michigan City Area Schools
010	General Fund	11100	Elementary	698	Professional Development	$315	5455	Culver Community Schools Corp
010	General Fund	11300	High School	698	Professional Development	$210	2735	North Gibson School Corp
382	Construct/Remodel/Equip Bldgs Fund	11100	Elementary	698	Professional Development	$614	0395	Benton Community School Corp
299	Miscellaneous Programs	12900	Other Special Programs	698	Professional Development	$11,266	7715	Southwest School Corp
010	General Fund	11100	Elementary	698	Professional Development	$700	2155	Fairfield Community Schools
374	Technology Grants - Equipment	11100	Elementary	698	Professional Development	$2,843	2155	Fairfield Community Schools
010	General Fund	11100	Elementary	698	Professional Development	$2,009	2735	North Gibson School Corp
010	General Fund	11100	Elementary	698	Professional Development	$2,278	3460	Taylor Community School Corp
301	Instruction Support Fund	11100	Elementary	698	Professional Development	$1,320	7855	Lafayette School Corporation
						$153,921		

Exhibit-3

2003 -- Advertising Charged to Instruction

Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Actual	Corp	Corporation Name
599	Other	11300	High School	350	Advertising	$350	5385	Indianapolis Public Schools
010	General Fund	13300	Occupational Programs	350	Advertising	$6,024	7995	Evansville-Vanderburgh Sch Corp
010	General Fund	13300	Occupational Programs	350	Advertising	$6,295	2305	Elkhart Community Schools
289	Construct/Remodel/Equip/Bldgs Fund	13600	Special Interest Programs	350	Advertising	$7,650	2305	Elkhart Community Schools
661	Other General Programs	11100	Elementary	350	Advertising	$48	1300	Crawford Co Com School Corp
010	General Fund	11300	High School	350	Advertising	$9,175	9590	Central IN Education Service Ctr
595	Other	11100	Elementary	350	Advertising	$632	5385	Indianapolis Public Schools
595	Other	11200	Middle/Junior High	350	Advertising	$440	5385	Indianapolis Public Schools
010	General Fund	13200	Advanced Adult Education	350	Advertising	$6,000	5360	M S D Warren Township
599	Other	11300	Middle/Junior High	350	Advertising	$755	5385	Indianapolis Public Schools
010	General Fund	13600	Special Interest Programs	350	Advertising	$3,129	5360	M S D Warren Township
693	Other Federal Programs	12100	Gifted and Talented	350	Advertising	$5,000	5385	Indianapolis Public Schools
010	General Fund	11500	Area School Participation	350	Advertising	$467	4710	School City of Hammond
320	Adult and Continuing Education Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$4,496	0235	Fort Wayne Community Schools
313	Instruction Support Fund	11300	High School	350	Advertising	$961	6530	Union Township School Corp
699	Other Federal Programs	11300	High School	350	Advertising	$3,777	6530	Union Township School Corp
010	General Fund	13200	Advanced Adult Education	350	Advertising	$242	6915	Southeastern Career Center
165	Child Care Program	12900	Other Special Programs	350	Advertising	-$38	5350	M S D Pike Township
595	Other	11300	High School	350	Advertising	$433	5385	Indianapolis Public Schools
220	Adult and Continuing Education Fund	13100	Adult Basic Education	350	Advertising	$489	6610	New Harmony Town & Twp Com Sch
010	General Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$725	0515	Blackford County Schools
010	General Fund	11100	Elementary	350	Advertising	$1,513	4000	Southwestern-Jefferson Co Con
010	General Fund	11300	High School	350	Advertising	$2,768	4000	Southwestern-Jefferson Co Con
010	General Fund	13200	Advanced Adult Education	350	Advertising	$802	5370	M S D Washington Township
010	General Fund	13600	Special Interest Programs	350	Advertising	$3,379	5370	M S D Washington Township
627	P.L. 101-476 IDEA	12900	Other Special Programs	350	Advertising	$128	5370	M S D Washington Township
010	General Fund	12100	Gifted and Talented	350	Advertising	$118	1010	Greater Clark County Schools
255	Cultural Arts Fund	13100	Adult Basic Education	350	Advertising	$850	5385	Indianapolis Public Schools
010	General Fund	13300	Occupational Programs	350	Advertising	$210	7855	Lafayette School Corporation
140	Jt Serv/Supply Area Vocational Fund	13300	Occupational Programs	350	Advertising	$2,618	5275	Anderson Community School Corp
559	P.L. 100-297 Adult Basic Ed	13100	Adult Basic Education	350	Advertising	$2,427	8065	Heartland Career Center
010	General Fund	13200	Advanced Adult Education	350	Advertising	$1,751	1000	Clarksville Com School Corp
010	General Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$5,149	2865	Marion Community Schools
379	Scholarships and Awards Fund	11590	Other Vocational Education Programs	350	Advertising	$5,400	2865	Marion Community Schools
010	General Fund	13300	Occupational Programs	350	Advertising	$5,693	4265	Central Nine Career Center
010	General Fund	13600	Special Interest Programs	350	Advertising	$390	4265	Central Nine Career Center
010	General Fund	13300	Occupational Programs	350	Advertising	$1,000	5360	M S D Warren Township
010	General Fund	13300	Occupational Programs	350	Advertising	$3,000	5360	M S D Warren Township
010	General Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$1,164	1010	Greater Clark County Schools
693	Other Federal Programs	12100	Gifted and Talented	350	Advertising	$4,500	5385	Indianapolis Public Schools
010	General Fund	11300	High School	350	Advertising	$846	4000	Southwestern-Jefferson Co Con
010	General Fund	13300	Occupational Programs	350	Advertising	$1,347	4265	Central Nine Career Center
010	General Fund	13600	Special Interest Programs	350	Advertising	$106	4265	Central Nine Career Center

010	General Fund	13100	Adult Basic Education	350	Advertising	$511	6590	M S D Mount Vernon
010	General Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$200	3500	Kokomo-Center Twp Con Sch Corp
010	General Fund	11300	High School	350	Advertising	$9,630	8115	M S D Warren County
598	Other	11100	Elementary	350	Advertising	$72	5385	Indianapolis Public Schools
010	General Fund	12900	Other Special Programs	350	Advertising	$905	8035	Covered Bridge Spec Ed Dist
595	Other	11300	High School	350	Advertising	$4,769	5385	Indianapolis Public Schools
010	General Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$4,024	2865	Marion Community Schools
140	Jt Serv/Supply Area Vocational Fund	11520	Area School Participation	350	Advertising	$405	0365	Bartholomew Con School Corp
010	General Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$1,208	1010	Greater Clark County Schools
010	General Fund	11300	High School	350	Advertising	$8,782	9580	Central IN Education Service Ctr
220	Adult and Continuing Education Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$12,614	0235	Fort Wayne Community Schools
622	Vocational and Technical Board Grants	11590	Other Vocational Education Programs	350	Advertising	$446	6195	Spencer-Owen Community Schools
651	School Renovation PL 106-554	11590	Other Vocational Education Programs	350	Advertising	$28,357	6195	Spencer-Owen Community Schools
661	Other Federal Programs	11100	Elementary	350	Advertising	$148	1300	Crawford Co Com School Corp
598	Other	11200	Middle/Junior High	350	Advertising	$2,718	5385	Indianapolis Public Schools
165	Child Care Program	12900	Other Special Programs	350	Advertising	$1,526	5350	M S D Pike Township
010	General Fund	13800	Special Interest Programs	350	Advertising	$2,877	5360	M S D Warren Township
010	General Fund	13900	Other Adult/Continuing Ed Programs	350	Advertising	$674	0515	Blackford County Schools
313	Instruction Support Fund	11300	High School	350	Advertising	$4,091	6530	Union Township School Corp
374	Technology Grants - Equipment	11300	High School	350	Advertising	$2,460	6530	Union Township School Corp
620	Vocational and Technical Board Grants	11590	Other Vocational Education Programs	350	Advertising	$2,002	6530	Union Township School Corp
699	Other Federal Programs	11300	High School	350	Advertising	$8,656	6530	Union Township School Corp
010	General Fund	13300	Occupational Programs	350	Advertising	$5,498	2305	Elkhart Community Schools
010	General Fund	11100	Elementary	350	Advertising	$552	4000	Southwestern-Jefferson Co Con
140	Jt Serv/Supply Area Vocational Fund	13300	Occupational Programs	350	Advertising	$1,069	5275	Anderson Community School Corp
379	Scholarships and Awards Fund	11590	Other Vocational Education Programs	350	Advertising	$2,702	2865	Marion Community Schools
010	General Fund	13200	Advanced Adult Education	350	Advertising	$1,703	1000	Clarksville Com School Corp
010	General Fund	13200	Advanced Adult Education	350	Advertising	$1,108	5370	M S D Washington Township
010	General Fund	13300	Occupational Programs	350	Advertising	$1,703	5370	M S D Washington Township
010	General Fund	13800	Special Interest Programs	350	Advertising	$2,771	5370	M S D Washington Township
010	General Fund	13300	Occupational Programs	350	Advertising	$10,038	7995	Evansville-Vanderburgh Sch Corp
626	Vocational and Technical Board Grants	11590	Other Vocational Education Programs	350	Advertising	$24	7995	Evansville-Vanderburgh Sch Corp
559	P L 100-297 Adult Basic Ed	13100	Adult Basic Education	350	Advertising	$1,763	5065	Heartland Career Center
010	General Fund	11200	Middle/Junior High	350	Advertising	$1,328	4770	Cass Township Schools
289	Construct/Remodel/Equip/Bldgs Fund	13800	Special Interest Programs	350	Advertising	$4,949	2305	Elkhart Community Schools
						$235,217		

Exhibit-4

2003 -- Board of Education Services Charged to Instruction

Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Actual	Corp	Corporation Name
010	General Fund	11600	High School	315	Board of Education Services	$510	3205	Brownsburg Community Sch Corp
010	General Fund	12210	Mild Mental Handicap	315	Board of Education Services	$34	3205	Brownsburg Community Sch Corp
010	General Fund	12510	Communication Handicapped	315	Board of Education Services	$3,228	3675	Seymour Community Schools
010	General Fund	12510	Communication Handicapped	315	Board of Education Services	$1,932	3675	Seymour Community Schools
010	General Fund	12900	Other Special Programs	315	Board of Education Services	$219,654	5330	M S D Lawrence Township
010	General Fund	12900	Other Special Programs	315	Board of Education Services	$338,842	5330	M S D Lawrence Township
130	Jt Serv/Supply Special Ed Coop Fund	12420	Emotional Handicap - All Others	315	Board of Education Services	$500	1010	Greater Clark County Schools
135	Jt Serv/Supply Special Ed Coop Fund	12410	Emotional Handicap - Full Time	315	Board of Education Services	$68,453	2315	Goshen Community Schools
135	Jt Serv/Supply Special Ed Coop Fund	12410	Emotional Handicap - Full Time	315	Board of Education Services	$108,900	2315	Goshen Community Schools
136	Jt Serv/Supply Special Ed Coop Fund	12420	Emotional Handicap - All Others	315	Board of Education Services	$31,667	2315	Goshen Community Schools
311	Instruction Support Fund	12100	Gifted and Talented	315	Board of Education Services	$600	1560	Sunman-Dearborn Com Sch Corp
311	Instruction Support Fund	12100	Gifted and Talented	315	Board of Education Services	$635	1560	Sunman-Dearborn Com Sch Corp
411	P L 100-297 ECIA Chapter I	11100	Elementary	315	Board of Education Services	$902	3675	Seymour Community Schools
411	P L 100-297 ECIA Chapter I	11100	Elementary	315	Board of Education Services	$1,581	3675	Seymour Community Schools
						$797,418		

Exhibit-5

2003 – Insurance Charged to Instruction

Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Actual	Corp	Corporation Name
010	General Fund	11300	High School	324	Insurance	$200	6985	Rush County Schools
010	General Fund	11300	High School	324	Insurance	$224	3460	Taylor Community School Corp
010	General Fund	11300	High School	324	Insurance	$1,181	8050	M S D Wabash County Schools
010	General Fund	11300	High School	324	Insurance	$313	7715	Southwest School Corp
010	General Fund	11300	High School	324	Insurance	$30	7385	North Spencer County Sch Corp
010	General Fund	11300	High School	324	Insurance	$1,421	7715	Southwest School Corp
010	General Fund	11300	High School	324	Insurance	$471	6495	Triton School Corporation
010	General Fund	11300	High School	324	Insurance	$255	7855	Lafayette School Corporation
010	General Fund	15200	Advanced Adult Education	324	Insurance	$534	5370	M S D Washington Township
010	General Fund	14300	High School	324	Insurance	$1,625	2815	Eastbrook Community Sch Corp
010	General Fund	14300	High School	324	Insurance	$204	2155	Fairfield Community Schools
010	General Fund	14300	High School	324	Insurance	$1,401	5485	Plymouth Community School Corp
010	General Fund	14300	High School	324	Insurance	$4,400	7865	Tippecanoe School Corp
010	General Fund	14300	High School	324	Insurance	$58	1805	DeKalb Co Eastern Com Sch Dist
010	General Fund	14300	High School	324	Insurance	$1,482	0255	East Allen County Schools
010	General Fund	14300	High School	324	Insurance	$1,087	3825	Huntington Co Com Sch Corp
010	General Fund	14300	High School	324	Insurance	$205	6820	Monroe Central School Corp
010	General Fund	14300	High School	324	Insurance	$124	1125	Clay Community Schools
010	General Fund	14300	High School	324	Insurance	$290	3025	Hamilton Heights School Corp
010	General Fund	14300	High School	324	Insurance	$2,087	3355	Mill Creek Community Sch Corp
010	General Fund	14300	High School	324	Insurance	$1,089	7815	M S D Steuben County
010	General Fund	14300	High School	324	Insurance	$240	5460	Bremen Public Schools
010	General Fund	14300	High School	324	Insurance	-$142	6820	Monroe Central School Corp
010	General Fund	14300	High School	324	Insurance	$72	5485	Plymouth Community School Corp
010	General Fund	14300	High School	324	Insurance	$326	6865	South Ripley Com Sch Corp
010	General Fund	14300	High School	324	Insurance	$713	4700	Griffith Public Schools
010	General Fund	14300	High School	324	Insurance	$242	8525	Frontier School Corporation
010	General Fund	14300	High School	324	Insurance	$504	6470	Dunkirk School Corporation
010	General Fund	14300	High School	324	Insurance	$74	5085	Mitchell Community Schools
010	General Fund	14300	High School	324	Insurance	$873	6795	Union School Corporation
010	General Fund	14300	High School	324	Insurance	$1,573	7200	School City of Mishawaka
010	General Fund	14300	High School	324	Insurance	$411	4335	Vincennes Community Sch Corp
010	General Fund	14300	High School	324	Insurance	$1,178	3490	Western School Corp
010	General Fund	14300	High School	324	Insurance	$550	3405	Blue River Valley Schools
010	General Fund	14300	High School	324	Insurance	$175	7360	Southwestern Con Sch Shelby Co
010	General Fund	14300	High School	324	Insurance	$153	3785	Kankakee Valley School Corp
010	General Fund	14300	High School	324	Insurance	$810	2285	Wa-Nee Community Schools
010	General Fund	14300	High School	324	Insurance	$502	7815	M S D Steuben County
010	General Fund	14300	High School	324	Insurance	$388	7810	Hamilton Community Schools
010	General Fund	14300	High School	324	Insurance	$210	8445	M S D Bluffton-Harrison
010	General Fund	14300	High School	324	Insurance	$621	4345	Warsaw Community School Corp
010	General Fund	14300	High School	324	Insurance	$5,306	4805	New Prairie United School Corp
010	General Fund	14300	High School	324	Insurance	$170	5460	Bremen Public Schools
130	Jt Serv/Supply Special Ed Corp Fund	12210	Orthopedic Impairment	324	Insurance	$44,795	5375	M S D Wayne Township
140	Jt Serv/Supply Area Vocational Fund	11440	Health Occupations	324	Insurance	$3,561	1425	Twin Rivers Vocational Area
140	Jt Serv/Supply Area Vocational Fund	11440	Health Occupations	324	Insurance	$382	5370	M S D Washington Township
140	Jt Serv/Supply Area Vocational Fund	11480	Industrial Education A	324	Insurance	$14,780	1425	Twin Rivers Vocational Area
150	Joint Services and Supply - Other	12900	Other Special Programs	324	Insurance	$6,442	7175	Penn-Harris-Madison Sch Corp
150	Joint Services and Supply - Other	12000	Other Special Programs	324	Insurance	$1,998	7175	Penn-Harris-Madison Sch Corp
220	Adult and Continuing Education Fund	13100	Adult Basic Education	324	Insurance	$113	6610	New Harmony Town & Twp Con Sch
293	Miscellaneous Programs	11300	High School	324	Insurance	$115	4455	Whiteo Community School Corp
526	P.L. 101-476 IDEA	12330	Visual Impairment	324	Insurance	$523	4005	Madison Area Ed Spec Srv Unit
526	P.L. 101-476 IDEA	12330	Visual Impairment	324	Insurance	$239	4005	Madison Area Ed Spec Srv Unit
540	Ed for Preschool Handicap (PL99-457)	12810	Special Education Preschool	324	Insurance	$400	5705	Richland-Bean Blossom C S C
540	Ed for Preschool Handicap (PL99-457)	12810	Special Education Preschool	324	Insurance	$880	5705	Richland-Bean Blossom C S C
558	P.L. 100-297 Adult Basic Ed	13900	Other Adult/Continuing Ed Programs	324	Insurance	$400	5485	Plymouth Community School Corp
						$108,083		

There were numerous pages of the following "Pupil Services" examples provided to IDOE. Only the first page and last page of these examples are included in this Exhibit.

Exhibit-6

2003 -- Pupil Services Charged to Instruction

Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Actual	Corp	Corporation Name
520	P.L. 101-476 IDEA	12900	Other Special Programs	313	Pupil Services	$20,054	2990	Greene-Sullivan Sp Ed Coop
010	General Fund	12120	Multiple Handicapped	313	Pupil Services	$2,200	1125	Clay Community Schools
010	General Fund	12350	Homebound	313	Pupil Services	$96	4225	Franklin Community School Corp
010	General Fund	12900	Other Special Programs	313	Pupil Services	$1,053	6560	Valparaiso Community Schools
581	Drug Free Schools	11300	High School	313	Pupil Services	$90	6805	Randolph Southern School Corp
010	General Fund	11100	Elementary	313	Pupil Services	$150	5375	M S D Wayne Township
010	General Fund	12310	Orthopedic Impairment	313	Pupil Services	$15,471	5375	M S D Wayne Township
589	Drug Free Schools	12900	Other Special Programs	313	Pupil Services	$800	5375	M S D Wayne Township
010	General Fund	11300	High School	313	Pupil Services	$475	6705	South Putnam Community Schools
130	Jt Serv/Supply Special Ed Coop Fund	12900	Other Special Programs	313	Pupil Services	$836	2990	Greene-Sullivan Sp Ed Coop
010	General Fund	11100	Elementary	313	Pupil Services	$153	6705	South Putnam Community Schools
010	General Fund	11910	Competency Testing	313	Pupil Services	$376	6630	West Central School Corp
522	P.L. 101-476 IDEA	12410	Emotional Handicap - Full Time	313	Pupil Services	$163,706	6630	West Central School Corp
416	P.L. 100-297 ECIA Chapter I	19000	Other Adult/Continuing Ed Programs	313	Pupil Services	$200	7995	Evansville-Vanderburgh Sch Corp
626	Vocational and Technical Board Grants	13100	Adult Basic Education	313	Pupil Services	$578	7995	Evansville-Vanderburgh Sch Corp
190	Alternative Education Fund	12710	Equal Opportunity At-Risk Students	313	Pupil Services	$82	8385	Richmond Community School Corp
589	Drug Free Schools	11100	Elementary	313	Pupil Services	$26	8385	Richmond Community School Corp
133	Jt Serv/Supply Special Ed Coop Fund	12510	Communication Handicapped	313	Pupil Services	$6,564	1560	Sunman-Dearborn Com Sch Corp
523	P.L. 101-476 IDEA	12310	Orthopedic Impairment	313	Pupil Services	$1,560	1560	Sunman-Dearborn Com Sch Corp
584	Drug Free Schools	11300	Middle/Junior High	313	Pupil Services	$566	2040	Northeast Dubois Co Sch Corp
010	General Fund	12310	Orthopedic Impairment	313	Pupil Services	$3,903	5835	North Montgomery Com Sch Corp
142	Jt Serv/Supply Area Vocational Fund	12220	Moderate Mental Handicap	313	Pupil Services	$85,000	7200	School City of Mishawaka
317	Instruction Support Fund	12100	Gifted and Talented	313	Pupil Services	$275	7200	School City of Mishawaka
527	P.L. 101-476 IDEA	12220	Moderate Mental Handicap	313	Pupil Services	$24,408	7200	School City of Mishawaka
529	P.L. 101-476 IDEA	12900	Other Special Programs	313	Pupil Services	$5,150	1970	Muncie Community Schools
603	Other	11580	Other Vocational Education Programs	313	Pupil Services	$1,900	1970	Muncie Community Schools
010	General Fund	11520	Area School Participation	313	Pupil Services	$19,248	3290	North West Hendricks Schools
293	Miscellaneous Programs	11300	High School	313	Pupil Services	$800	4405	Whitko Community School Corp
010	General Fund	11100	Elementary	313	Pupil Services	$134	3710	Crothersville Community Schools
299	Miscellaneous Programs	12900	Other Special Programs	313	Pupil Services	$4,000	4845	Tri-Creek School Corp
210	Instruction Support Fund	11910	Competency Testing	313	Pupil Services	$159	2305	Elkhart Community Schools
010	General Fund	12900	Other Special Programs	313	Pupil Services	$1,835	5835	North Montgomery Com Sch Corp
525	PL 105-17 IDEA Part B	12340	Hearing Impairment	313	Pupil Services	$416	3190	South Harrison Com Schools
527	P.L. 101-476 IDEA	12410	Emotional Handicap - Full Time	313	Pupil Services	$22,956	3190	South Harrison Com Schools
526	P.L. 101-476 IDEA	12810	Special Education Preschool	313	Pupil Services	$700	3190	South Harrison Com Schools
010	General Fund	12310	Orthopedic Impairment	313	Pupil Services	$32,300	5925	M S D Martinsville Schools
060	Special Education Preschool	12810	Special Education Preschool	313	Pupil Services	$6,713	5925	M S D Martinsville Schools
522	P.L. 101-476 IDEA	12320	Multiple Handicapped	313	Pupil Services	$2,901	5925	M S D Martinsville Schools
525	PL 105-17 IDEA Part B	12420	Emotional Handicap - All Others	313	Pupil Services	$6,380	5925	M S D Martinsville Schools
010	General Fund	12310	Orthopedic Impairment	313	Pupil Services	$44,595	5360	M S D Warren Township
010	General Fund	12610	Learning Disability - Full Time	313	Pupil Services	$1,272	6590	M S D Mount Vernon
592	Ed for Economic Security (PL98-377)	12900	Other Special Programs	313	Pupil Services	$356	7445	Tipton Community School Corp
582	Drug Free Schools	11300	High School	313	Pupil Services	$1,120	4215	Edinburgh Community Sch Corp
010	General Fund	11100	Elementary	313	Pupil Services	$856	8115	M S D Warren County
526	P.L. 101-476 IDEA	12900	Other Special Programs	313	Pupil Services	$13,037	5330	M S D Lawrence Township
060	Special Education Preschool	12810	Special Education Preschool	313	Pupil Services	$4,045	1150	Clinton Central School Corp
010	General Fund	11350	Academic Honors	313	Pupil Services	$65	2645	Rochester Community Sch Corp
010	General Fund	11300	High School	313	Pupil Services	$10,000	4445	Tippecanoe Valley School Corp
010	General Fund	12710	Equal Opportunity At-Risk Students	313	Pupil Services	$18,900	4870	School City of East Chicago
581	Drug Free Schools	12900	Other Special Programs	313	Pupil Services	$81	4890	River Forest Community Sch Corp
526	P.L. 101-476 IDEA	12410	Emotional Handicap - Full Time	313	Pupil Services	$380	5370	M S D Washington Township
527	P.L. 101-476 IDEA	12410	Emotional Handicap - Full Time	313	Pupil Services	$525	4415	Warsaw Community Schools
623	Vocational and Technical Board Grants	13100	Adult Basic Education	313	Pupil Services	$703	7995	Evansville-Vanderburgh Sch Corp
626	Vocational and Technical Board Grants	13100	Adult Basic Education	313	Pupil Services	$823	7995	Evansville-Vanderburgh Sch Corp
060	Special Education Preschool	12810	Special Education Preschool	313	Pupil Services	$5,818	1900	Clown Community School Corp
547	Ed for Preschool Handicap (PL99-457)	12900	Other Special Programs	313	Pupil Services	$479	2395	Fayette County School Corp
302	Instruction Support Fund	12900	Other Special Programs	313	Pupil Services	$1,291	3480	Eastern Howard School Corp
303	Instruction Support Fund	12900	Other Special Programs	313	Pupil Services	-$438	3480	Eastern Howard School Corp
060	Special Education Preschool	12810	Special Education Preschool	313	Pupil Services	$10,300	1620	Lawrenceburg Com School Corp
010	General Fund	12310	Orthopedic Impairment	313	Pupil Services	$3,095	5835	North Montgomery Com Sch Corp
399	Miscellaneous Programs	12220	Moderate Mental Handicap	313	Pupil Services	$696	5370	M S D Washington Township
010	General Fund	12900	Other Special Programs	313	Pupil Services	$28,944	3180	North Harrison Com School Corp
060	Special Education Preschool	12810	Special Education Preschool	313	Pupil Services	$15,160	1180	Rosedale Con School District
581	Drug Free Schools	12900	Other Special Programs	313	Pupil Services	$200	6620	Eastern Pulaski Com Sch Corp
582	Drug Free Schools	12900	Other Special Programs	313	Pupil Services	$800	6620	Eastern Pulaski Com Sch Corp
010	General Fund	12510	Communication Handicapped	313	Pupil Services	$100	6835	Randolph Eastern School Corp
010	General Fund	11300	High School	313	Pupil Services	$3,000	0615	Western Boone Co Com Sch Dist
010	General Fund	12900	Other Special Programs	313	Pupil Services	$4,076	1730	Greensburg Community Schools
130	Jt Serv/Supply Special Ed Coop Fund	12340	Hearing Impairment	313	Pupil Services	$134	2990	Greene-Sullivan Sp Ed Coop
130	Jt Serv/Supply Special Ed Coop Fund	12900	Other Special Programs	313	Pupil Services	$5,240	2990	Greene-Sullivan Sp Ed Coop
525	PL 105-17 IDEA Part B	12900	Other Special Programs	313	Pupil Services	$857	5330	M S D Lawrence Township
520	P.L. 101-476 IDEA	12900	Other Special Programs	313	Pupil Services	$4,864	2990	Greene-Sullivan Sp Ed Coop
503	P.L. 101-476 IDEA	12900	Other Special Programs	313	Pupil Services	$2,475	5330	M S D Lawrence Township
193	Early Intervention Fund	11100	Elementary	313	Pupil Services	$3,944	3180	North Harrison Com School Corp
010	General Fund	12710	Equal Opportunity At-Risk Students	313	Pupil Services	$4,880	4525	Westview School Corporation
581	Drug Free Schools	11300	High School	313	Pupil Services	$120	6805	Randolph Southern School Corp
010	General Fund	11520	Area School Participation	313	Pupil Services	$38,253	3295	North West Hendricks Schools
292	Miscellaneous Programs	11100	Elementary	313	Pupil Services	$300	4415	Warsaw Community Schools
522	P.L. 101-476 IDEA	12340	Hearing Impairment	313	Pupil Services	$2,508	4415	Warsaw Community Schools
526	P.L. 101-476 IDEA	12410	Emotional Handicap - Full Time	313	Pupil Services	$2,227	4415	Warsaw Community Schools
375	Performance Based Awards	11100	Elementary	313	Pupil Services	$228	4790	Dewey Township Schools
312	Instruction Support Fund	12900	Other Special Programs	313	Pupil Services	$1,770	2990	Greene-Sullivan Sp Ed Coop
						$3,438,389		

Exhibit-7

2003 -- Removal of Refuse and Garbage Charged to Instruction								
Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Actual	Corp	Corporation Name
140	Jt Serv/Supply Area Vocational Fund	11480	Industrial Education A	388	Removal of Refuse and Garbage	$344	1425	Twin Rivers Vocational Area
140	Jt Serv/Supply Area Vocational Fund	11440	Health Occupations	388	Removal of Refuse and Garbage	$84	1425	Twin Rivers Vocational Area
050	Special Education Preschool	12810	Special Education Preschool	388	Removal of Refuse and Garbage	$108	0235	Fort Wayne Community Schools
140	Jt Serv/Supply Area Vocational Fund	11480	Industrial Education A	388	Removal of Refuse and Garbage	$430	1425	Twin Rivers Vocational Area
140	Jt Serv/Supply Area Vocational Fund	11440	Health Occupations	388	Removal of Refuse and Garbage	$42	1425	Twin Rivers Vocational Area
050	Special Education Preschool	12810	Special Education Preschool	388	Removal of Refuse and Garbage	$195	0235	Fort Wayne Community Schools
						$1,203		

Exhibit-8

2003 -- Cleaning Services Charged to Instruction								
Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Actual	Corp	Corporation Name
010	General Fund	11440	Health Occupations	322	Cleaning Services	$335	4265	Central Nine Career Center
010	General Fund	11440	Health Occupations	322	Cleaning Services	$1,116	0365	Bartholomew Con School Corp
010	General Fund	11440	Health Occupations	322	Cleaning Services	$764	4265	Central Nine Career Center
010	General Fund	14300	High School	322	Cleaning Services	$11	7215	Union-North United School Corp
527	P.L. 101-476 IDEA	12320	Multiple Handicapped	322	Cleaning Services	$8,374	2400	New Albany-Floyd Co Con Sch
526	P.L. 101-476 IDEA	12320	Multiple Handicapped	322	Cleaning Services	$1,812	2400	New Albany-Floyd Co Con Sch
						$12,410		

There were numerous pages of the following "Title 1" examples provided to IDOE. Only the first page and last page of these examples are included in this Exhibit.

[There is no Exhibit-9]

Exhibit-10

2003 -- Title 1 Expenditures Charged to General Education-like Functions

Fund	Fund Description	Func	Function Description	Obj	Object Descrip	Actual	Corp	Corporation Name
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$23,573	6325	Perry Central Com Schools Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$8,153	1900	Gowen Community School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$29,318	3995	Madison Consolidated Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$13,169	3005	Hamilton Southeastern Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$11,589	2110	Southwest Dubois Co Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$25,344	6310	Turkey Run Community Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$35,673	8145	Orleans Community Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$22,293	2100	Southeast Dubois Co Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$5,355	1180	Rossville Con School District
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$34,514	7850	Union Co/Clg Corner Joint Sch Dist
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$7,170	6620	Porter Township School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$10,282	4860	M S D of New Durham Township
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$9,282	3055	Marion-Adams Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$43,015	6445	Pike County School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$64,705	0515	Blackford County Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$19,831	6805	Randolph Southern School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$54,490	6825	Randolph Central School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$49,694	5930	Mooresville Con School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$100,956	1170	Community Schools of Frankfort
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$60,799	6885	South Ripley Com Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$16,760	3190	South Harrison Com Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$36,972	3625	Huntington Co Com Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$13,120	5280	Elwood Community School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$62,183	6705	Richland-Bean Blossom C S C
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$5,735	1125	Clay Community Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$9,597	4770	Cass Township Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$167,809	0365	Bartholomew Con School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$19,288	3870	Noblesville Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$158,872	4335	Vincennes Community Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$22,356	2645	Rochester Community Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	-$10,053	3135	Mt Vernon Community Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$196,006	3500	Kokomo-Center Twp Com Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$1,083	3490	Western School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$17,524	3435	Shenandoah School Corporation
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$139,622	1970	Muncie Community Schools
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$9,371	6775	Pioneer Regional School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$7,528	4720	School Town of Highland
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$12,404	1895	Liberty-Perry Com School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$9,443	1660	Sunman-Dearborn Com Sch Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$38,700	8305	Nettle Creek School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$321,456	8365	Richmond Community School Corp
410	P.L. 100-297 ECIA Chapter I	11100	Elementary	110	Certified Salaries	$15,068	8215	East Washington School Corp

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430	P.L. 100-297 ECIA Title I Migrant	11300	Middle/Junior High	411	Operational Supplies	$276	3785	Kankakee Valley School Corp
430	P.L. 100-297 ECIA Title I Migrant	11300	High School	120	NonCertified Salaries	$1,645	0365	Indianapolis Public Schools
430	P.L. 100-297 ECIA Title I Migrant	11300	High School	411	Operational Supplies	$158	3785	Kankakee Valley School Corp
430	P.L. 100-297 ECIA Title I Migrant	11300	High School	411	Operational Supplies	$266	3785	Kankakee Valley School Corp
430	P.L. 100-297 ECIA Title I Migrant	11300	Other Vocational Educatio	411	Operational Supplies	$45	0365	Indianapolis Public Schools
530	P.L. 95-561 Title I Amendment	11100	Elementary	110	Certified Salaries	$284,938	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	110	Certified Salaries	$548,845	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	120	NonCertified Salaries	$175,085	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	120	NonCertified Salaries	$82,187	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	130	Temporary Salaries	$1,560	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	130	Temporary Salaries	$12,585	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	140	Overtime Salaries	$1,453	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	140	Overtime Salaries	$372	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	312	Instruct Programs/Improve/Services	$780	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	411	Operational Supplies	$296	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	411	Operational Supplies	$9,987	4870	School City of East Chicago
530	P.L. 95-561 Title I Amendment	11100	Elementary	540	Equipment	$803	4870	School City of East Chicago
						$15,295,558		

Exhibit F – Consultant Services Agreement

ORIGINAL

CONSULTANT SERVICES AGREEMENT

This Agreement is made effective January 25, 2004 by and between the K-12 Education Subcommittee of the Indiana Government Efficiency Commission ("the Subcommittee") and EDmin.com, Inc. d/b/a Fox River Learning, Inc. ("Fox River"). The Subcommittee has need for fact-based analysis of Indiana's K-12 school finances in support of its mandate to explore more efficient allocation and use of the state's K-12 resources. Fox River has developed expertise, experience and programming capability i. analysis of K-12 school finances at the state, district and school level. Fox River will assist the Subcommittee by providing fiscal summaries and analyses and developing recommendations concerning efficient allocation and use of resources.

1. Scope and Nature of Services

a. Methodology

The work will proceed in three phases:

- Phase I: State financial analysis of the state as a whole, as if it were a single school district;
- Phase II: Districts – financial analysis of a group of twelve (12) participating school districts representative of the school financing and expenditure patterns experienced in Indiana on an annual basis (four large urban, four suburban and four rural), as school districts; and
- Phase III: Schools – financial analysis of the financing and expenditure patterns of three (3) of the twelve (12) participating school districts (one urban, one suburban and one rural) who make available information adequate to undertake such school-level financial analysis.

For focus, the Subcommittee has asked Fox River in its analysis and recommendations to assume two scenario facts:

- first, that Indiana, and all districts and schools in Indiana, must now educate a far broader range of students to meet new, higher standards in Language Arts (English), Mathematics, Science and Social Studies (History); and
- second, that Indiana, and all districts and schools in Indiana, will have at best flat and most likely reduced financial resources to do so.

It is understood that Fox River is independent of the state and its districts and schools. Fox River is not being asked to make specific recommendations for Indiana districts but rather to use its accumulated experience and expertise to create a full menu of recommendations from which Indiana districts might evaluate ways to achieve cost efficiencies. It shall be the work of the Subcommittee to determine which, if any, of Fox River's specific recommendations are referenced and adopted by the Subcommittee in its interim and final report(s).

The work will be completed using In$ite® – The Finance Analysis Model for Education™ and Fox River's consultants. In$ite® is Fox River's patented finance

analysis and reporting software application (U. S. Patent No. 5,991,741), which organizes financial information from a state, district and/or school accounting system into consistent, understandable information for use in decision-making and publication. In$ite® is stand-alone, Windows-based software designed to analyze and report school district finances and is a long-standing, national standard for consistent, function-based school site expenditure reporting.

For this work, In$ite® will be supported by the following Fox River consultants – Sheree Speakman and Larry Maloney, who have experience and expertise developed in similar projects at the district, state and federal levels.

b. Dependencies

The analytical work completed using In$ite® will require obtaining the financial file for the most recently completed 2002-2003 full school year (July 1, 2002 through June 30, 2003) for (a) the state as a whole, using the Oracle database maintained by the Finance Office of the Indiana Department of Education; (2) the district general ledger for each of the participating districts and (3) district and school information concerning the associated schools. Indiana DOE financial officials will be available to assist Fox River consultants in understanding the data. Fox River consultants will be provided access through district business managers to the district and school level data and related information.

To minimize the creation of additional work for the Indiana DOE and to reduce expenses, Fox River will itself use the In$ite® software to perform the work. The scope of work required of Fox River's designated project management contact at Indiana DOE prior to implementation will be limited to provision of the following data:

- The Indiana DOE master expenditure database for the 2002-2003 school year that includes the associated revenues and expenditures for the participating school districts;
- Data to do trend-line analysis for the DOE master expenditure database for school years 1992-93, 1997-98 and 2002-03.
- Definitions for each code found in the financial system (function, object, location, etc.) for both state and district-level databases;
- Delimited text file from each participating district's financial system;
- Enrollment by state, district and school;
- Program enrollment by state, district and school;
- A copy of the FY03 audit for the state and each participating district and its schools;
- Other data needs outlined by Fox River in advance that will be used for the purpose of allocating expenditures to the participating schools;
- The FTE summary file from each participating district's human resource system (if not already collected under the state annual education reporting statutes);
- Definitions for each FTE code found in the human resource file.

c. Related Deliverables

Phase I:

In Phase I, Fox River's state analysis will:

(1) Organize the financial data into a presentation that enables exploration of revenue and expenditure trends and patterns. The deliverable is Financial Analysis. Fox River will use In$ite® to analyze state level revenues and expenses. Fox River will provide:
- summary analysis of all state revenue sources, regardless of origin;
- a comprehensive analysis of all expenditures at the state level, with these same expenditures reported in detail; and,
- a summary of findings for the state of:
  - → revenue analysis; and,
  - → primary dollar expenditure patterns by fund, function and entity (state, district and school), presented using In$ite®'s 32 detail functions.

(2) Identify whether, and if so where, the financial data required and maintained by the state is inadequate or incomplete for effective analysis of allocation and use. The deliverable is recommendations as to any improvements in state-level policy or accounting and reporting practices for the state, districts or schools that would support and improve the ongoing analysis of efficient allocation and use of resources. Fox River will review the Indiana DOE financial data file so as to understand the patterns of accounting and reporting in the information collected for the State's Annual Expenditure Data File. Fox River will provide recommendations to the Subcommittee:
- on how the state chart of accounts can be modified to improve the state's analysis of subject area and programmatic expenditures in districts;
- for high-level changes in Indiana accounting and collection practices that would need to be enacted to evaluate the effectiveness and efficiency of instructional spending on an ongoing basis; and,
- on other possible changes identified by Fox River that would assist state, district and school level officials, leaders, practitioners and the public in understanding allocation and use of financial resources in K-12 schools.

(3) Derive from the data and analysis a menu of possible recommendations for the Subcommittee to consider in evaluating how the state or districts could be more efficient in the allocation and use of available financial resources. The deliverable is recommendations on the efficient allocation and use of resources. Fox River will draw on its prior experience and developed expertise to develop the menu of possible specific recommendations to improve the efficient allocation and use of financial resources in the context of flat or reduced resources. In doing so, Fox River will analyze the expenditures of the state and compare them with available national and best practice norms and ratios, including both non-instructional and instructional

expenses. Fox River will also review employee FTE/headcount data, and where possible, identify possible opportunities to increase the effectiveness of the use of these same expenditures. Fox River will draw on its own experience, its identification of best practice in other jurisdictions, and its analysis of the Indiana data and provide recommendations to the Subcommittee:

- on potential areas for more efficient expenditures in non-instructional expenses; and,
- to make observations about a more efficient allocation of employee FTEs or headcounts to instructional requirements. This analysis will tie specific employee classifications (based on the quality of data available) at the participating schools to the In$ite® detail functions and to the six In$ite® Program categories. The presented data will provide the commission with the following for the state generally and for the participating districts and their schools:
  - → total salary expenditures for the five major functions, the total FTE/headcount for that function, the per FTE/headcount expenditure within that function, and the percent of total salaries expended by the district accounted for within that function;
  - → the percentage of salary expenditures expended within each of the 32 In$ite® detail functions; and,
  - → total salary expenditures by the six program categories, the total FTE/headcount for each program category, the per FTE/headcount expenditure within that program, and the percent of total salaries expended accounted for within that program.

Phase II and III: Financial Analyses – Fox River will use In$ite® to analyze district level revenue and district and/or school level expense. The deliverable is a detailed analysis of expenditures at the district and school levels, together with appropriate general recommendations. Fox River will provide:

- summary analysis of all district revenue sources, regardless of origin;
- comprehensive analysis of all expenditures at the district level for the targeted districts, as found in each district's general ledger system, with these same expenditures reported in detail;
- comprehensive analysis of all expenditures at the school level for the targeted districts, with these same expenditures reported in detail; and
- a summary of findings for the 12 participating districts, analyzed as to the:
  - → revenue analysis; and the,
  - → primary dollar expenditure patterns by fund, function and entity (state, district and school), presented using In$ite®'s 32 detail functions.

Closing Conference: Recommendations On Addressing Efficiency In The Context Of Effectiveness. Fox River will meet for a two-day on-site closing conference with the Subcommittee, DOE and participating district personnel at the conclusion of the engagement. When Fox River consultants meet with the Subcommittee to review the

work of the three Phases and associated deliverables, they will also discuss and provide preliminary thoughts and recommendations as to:

- how other jurisdictions are addressing the issue of effective and efficient resource allocation in the context of improvements in educational achievement resulting from higher educational standards, more intensive expectations for educational performance, and increased educational accountability;
- how Indiana may develop a better understanding of the efficiency and effectiveness of annual district and school-level spending within the state, including how to determine expenditure comparability among districts and their schools and achieve clearer understanding of related costs for non-instructional and instructional services;
- how the link between financial analysis and student performance may be clarified and considered using methodology appropriate to Indiana instructional norms and outcome metrics; and,
- straightforward ways to address cost-benefit information and analysis in the allocation and use of resources for K-12 education, including how to prioritize potential areas of focus and potential next steps for legislative, agency and district actions.

2. Fees and Expenses

The total fee to be paid to Fox River for the services rendered under this Agreement and engagement is $120,150, broken down as follows:

- Phase I: $14,000
- Phase II: $85,700
- Phase III: $20,450

These fees and expenses are inclusive of all travel and subsistence requirements for Fox River's consultants. Fox River will bill monthly for work completed to date. Out-of-pocket expenses will be billed at cost. This fee and expenses arrangement contemplates a one-day on-site visit with DOE and participating district personnel at the start of the engagement and the two-day on-site Closing Conference with the Subcommittee, DOE and participating district personnel at the conclusion of the engagement.

3. Timetable

All services rendered by Fox River shall begin approximately January 26, 2004, and be completed by July 31, 2004, as follows:

- Phase I(a)*, by February 15, 2004.
  * The deliverable for Phase I(a) relates exclusively to the language found on page 3 under the heading Phase I(2) whereby Fox River will identify whether, and if so where, the financial data required and maintained by the state is inadequate or incomplete for effective analysis of allocation and district use. All remaining Phase I deliverables will be completed under the Phase I(b) timetable directly below.
- Phase I(b), by March 22, 2004.
- Phase II, by May 28, 2004.

- The Closing Conference scheduled for the completion of Phases I and II shall be held during June, 2004.
- Phase III, by July 31, 2004.

4. **Statewide In$ite® Licenses**

As part of this Agreement, Fox River will offer Indiana a menu of licensing options for In$ite® so that, if the Subcommittee determines to make recommendations for the State and its districts and schools to conduct their own recurring analyses of expenditures they may use In$ite® on an ongoing basis. The options are not mutually exclusive.

- **Option 1: State provided district-level analysis.** If the State determines to conduct financial analysis work each year, without assistance from Fox River, the State may purchase a license for the perpetual use of In$ite® at the state level. This license will allow the State to download financial information from the state's Oracle system into In$ite® for analysis in subsequent years. The State will have the option to load the basic state-level license version of the software on as many computers at state agencies as necessary. Any updates to the In$ite® system will be provided to the State free of charge, unless the updates are material in nature (defined as an enhancement) and thus add value to the software's functionality. If this is the case, the State will be charged a fee equal to the percentage of increased value resulting from the enhancement. The fee for this perpetual basic state-level license is $40,000. The database "seat" for the statewide Oracle data download is included in this fee.

- **Option 2: State provided school-level analysis.** If the State determines to conduct school-level analyses within any districts, without the assistance of Fox River, the State can purchase a database seat for each In$ite® database it creates. This license allows the State to download financial information from the district's general ledger system into In$ite® for analysis in subsequent years. To create a database seat for an individual district, the State can call Fox River's 800-support number and provide the name of the district for which a database seat is needed. Fox River's support staff then will provide the State with an identification code and password unique to that database seat. The fee for this perpetual state-provided district-level database analysis is dependent on the number of district-level seats used at the state level:

  - $4,750 for 50 database seats
  - $14,250 for 150 database seats
  - $28,120 for 296 database seats

- **Option 3: District provided school-level analysis.** If the State determines that districts should conduct their own financial analysis each year and submit their databases to the State, each district will require a license in order to use the software. If the State chooses this option, a district can call Fox River's 800-support number to register as a user at which time they will be provided an identification code and password. The fee for this perpetual district-provided school-level database analysis is dependent on the number of district-level seats:

- $1,000 per district for up to 50 districts
- $500 per district for the 51st to the 150th district
- $250 per district for any district above 150 districts.

If the Subcommittee elects to recommend continued use of In$ite®, Fox River will work with the Subcommittee to identify the option(s) most suitable to the needs of the State of Indiana as the final report of the Subcommittee is completed. Fox River will honor the pricing of these menu options until April 30, 2005.

5. Changes

No change in the proposed services shall be made except by written agreement between Fox River and the Subcommittee. The party desiring such change shall notify the other party in writing.

6. Cancellation of Contract

The Subcommittee shall have the right to partially or completely cancel this Agreement upon seven (7) days written notice to Fox River or at the conclusion of each phase of the work. In that event, Fox River shall be entitled to payment for services actually rendered, expenses actually incurred, supplies and materials actually purchased, and other financial obligations normally incurred upon the signing of this Agreement. In such event, all finished or draft documents or other materials produced shall become the property of the Subcommittee.

Fox River may cancel this Agreement for non payment of any amounts due without forfeiting its right to payment for services actually rendered, expenses actually incurred, supplies and materials actually purchased and any other financial obligations normally incurred upon the signing of this Agreement.

7. Ownership

The ownership of the In$ite® program shall at all times remain with Fox River. The data as configured and analyzed and the work product generated by Fox River under this Agreement shall be the property of the Subcommittee and through it the State of Indiana.

8. Disclaimer

The process of using In$ite® shall not be considered to produce an "audit" of any state, district or school general ledger used to complete the analysis. In$ite® is an analysis tool for better understanding the distribution of financial resources and expenditure patterns throughout a state, district or school using general ledger or other expenditure data provided. Likewise, it is not within the scope of this Agreement for Fox River to, and In$ite® should not be used with the intent to, search for or identify financial inconsistencies, improprieties or malfeasance.

9. Independent Contractor

All services provided by Fox River pursuant to this Agreement shall be performed by Fox River or its designees as an independent contractor. Fox River shall have full power to select the means, manner, and method of performing the services without detail, control, or direction by the Subcommittee. The Subcommittee shall direct Fox River only as to the final products or services to be delivered.

10. Entire Agreement

This Agreement is the entire agreement between the parties and shall not be modified or amended except in writing signed by the parties hereto. Fox River has provided the Subcommittee with the attached Appendix, which has been used by the Subcommittee to determine to enter into this Agreement.

Fox River Learning, Inc.

By Sheree L. Speakman

Title CONSULTANT TO EDMIN

Date 2.18.04

K-12 Education Subcommittee of the Indiana Government Efficiency Commission

By [illegible]

Title Chair

Date 2/18/04

EDmin.com, Inc.

By [illegible]

Title Vice President - Finance

Date 2/18/04

Sheree T. Speakman, Project Manager

By Sheree L. Speakman

Title CONSULTANT TO EDMIN

Date 2.18.04