

MONOGRAPH 3

Financing of
Schools as a Function
of State Departments
of Education

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MONOGRAPH No. 3

Studies of
STATE DEPARTMENTS OF EDUCATION

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Foreword

When, by the tenth amendment of the Federal Constitution, there were left to each State of the Union the right and the responsibility to organize its educational system as it saw fit, the way was opened for establishing the beginnings of State policy with reference to public education. Moreover, the grants of land made for educational purposes and the creation of school funds, in the use of which local districts shared, brought early into the educational picture some form of State regulation. The receipt of aid from the State was accompanied by the necessity of making reports to the State, and this in turn evolved into compliance with other State demands as well. As a result, State officials were appointed to receive reports from the school corporations and to deal with them in matters relating to the apportionment of funds and other items of State policy.

The early duties of the officers thus appointed were largely clerical, statistical, and advisory with reference to the application of the State school law. But out of them grew the comprehensive structure of the modern State education department, with its chief State school officer acting in many cases as executive officer of the State board of education. Today myriad responsibilities of administrative, supervisory, and advisory services replace the original simple functions of tabulation of records and management of funds. State educational administration has become a challenging opportunity for exercising constructive leadership in the State's educational affairs.

Because of the individual authority of each State for its own educational program, practices and policies differ widely among the States in many respects. Yet in the midst of differences there are also common elements of development. The United States Office of Education in presenting this series of monographs, has attempted to point out those common elements, to analyze the differences, and to present significant factors in State educational structure. In so doing, it accedes to the requests of a large number of correspondents who are students of State school administration and who have experienced the need for the type of material offered in this series.

The sources of information have taken the form of both documentary evidence and personal interviews. During the year 1939, more than 20 representatives of the Office of Education were engaged in visiting State education departments throughout the country, conferring in each case with the chief State school officer and his assistants. Working in "teams" of from 2 to 7 persons, they spent several days in the

State offices of the respective States, seeking accurate and comprehensive data, gathering all available printed or mimeographed documents, and securing from each member of the department who was available, an oral statement of his duties, activities, and problems. Preceding this program of visitation and again preceding the compilation of reports, committees of chief State school officers met in Washington with members of the Office of Education staff, to assist in the drafting of plans and later in the formulation of conclusions. No effort was spared, either at the time of the visits or in studying and checking data subsequent thereto, to make of the final report for each State a reliable document.

The topics considered in the series include problems of administrative organization and relationships, financial control and assistance, legislative and regulatory standards, and various types of supervisory services. Each has been studied from the point of view of past developments and of organization existing at the time of the visit to the State. For some fields of activity a State-by-State description is given of policies, problems, and practices. For some, selected States are used as examples, with a summary of significant developments and trends in all States. The total series, it is hoped, will prove to be a helpful group of publications relating to the organization and functions of State education departments and of the boards of education to which they are related.

The present monograph is concerned with the very important work of State departments of education which has to do with the financing of the public schools. Since public education is a function of the State governments, State departments of education have many responsibilities regarding public-school finance. Among these responsibilities, the following are some of the most important: Supervision of public-school budgeting and accounting, establishment and administration of teachers' salary schedules, apportionment of State school moneys, administering teacher retirement systems, and auditing public-school business transactions. This study analyzes these responsibilities of State departments of education in considerable detail.

To the chief State school officers, to members of their respective staffs, and to other State officials who have assisted in furnishing data for this series of monographs, the U. S. Office of Education expresses its deepest appreciation. Without their wholehearted cooperation, the publications of the series could not have been realized. The entire project is an example of coordinated action, both on the part of Office of Education staff members who have participated in it and on the part of State officials who gave so generously of their time and effort to supply the needed information and materials.

BESS GOODYKOONTZ,
Assistant United States Commissioner of Education.

Financing of Schools as a Function of State Departments of Education

I. Introduction

THE PEOPLE of a local school community in any State exercise such control over the financial affairs of their school or schools as is delegated to them by the people of the whole State. This means that the final authority in such matters is the State government rather than the local school government and that, irrespective of the amount or kind of authority exercised by a locality, the State may change this at any time. As a matter of fact changes in the extent and degree of local autonomy with respect to school finance are constantly being made throughout the Nation.

Except for certain basic controls regarding public-school finance, there is wide variation among the States in delegating authority to local school districts. In some States there are few restrictions, other than those of a broad and general nature, on the people of any locality with respect to the levying of school taxes, the preparation of the school budget, the purchase of supplies, and the like. In other States such privileges may be exercised by the local school patrons only when permission from the constituted authorities of the State government has been obtained, and even then the privilege may be exercised only under close supervision of the State authorities.

What functions do agencies of the respective State governments have and what services do the officials of those governments render with respect to financing the public schools?

It is the purpose of this report to describe the several functions and services relating to the financing of public schools that are carried on by State educational agencies, and to show how each State Department is organized to render these functions. Some of these are specified in the law; others are implied by law. Since, in either case, their effect upon the schools is the same, or at any rate, may be important, this report includes both the expressed and the implied duties insofar as it has been possible to ascertain them.

II. Functions of State Departments of Education

Preparation, Revision, and Approval of School Budgets and Prescriptions for Making Budget Forms.

Preparation.—Excepting in Delaware, and certain areas in a few States, such as unorganized territory in Maine, State officials seldom prepare (initiate) budgets for the public schools although they do give advice regarding the preparation of budgets. However, forms for preparing school district budgets, at least for districts of certain types, are commonly supplied by the State. In general, local school district officials, including those of counties, townships, and smaller localities, are authorized and usually required by law to prepare the school budget for the schools under their control. There is a similar provision in the law of Delaware, too, but the schools of that State, excepting those of 14 districts, are financed entirely, and administered chiefly, by the State board of education, and in practice the school budgets are handled largely by that board.

The small school district, that is, the one usually smaller than the township, prevails in the majority of States; in these States, with the exception of Delaware, already noted, the school budget is usually prepared by the officials of the local district. (One other exception to this rule is in Texas, where the county superintendent prepares the budget for the small local school districts.) Likewise, school district officers prepare their respective budgets in one or more local districts in each State, excepting West Virginia, where the county, or similarly large area, as distinguished from the usually smaller local or common school district, constitutes an important unit for school administration. In these county unit States there are school districts, ranging in number from the one-city school district of Baltimore in Maryland to nearly 200 in Kentucky, which are in most respects independent of the larger school administrative units in which they are located.

School finance is entirely on a county-wide basis in West Virginia and the budget in each case is prepared by the county school officials. Officials of the county, or similarly large school districts, respectively, and those of the independent districts, respectively, in Alabama, Georgia, Kentucky, Louisiana, Maryland, North Carolina, Tennessee, Texas, Utah, and Virginia, prepare their school budgets. In New Mexico each county has a budget commission which performs this service, although officials of the school districts within the several counties submit their estimates to the county budget commissions. In Florida, the county is the unit for school administration, and the budget for the county school program is prepared, in each case, by the county school officials. However, the officers of local school taxing districts, where such districts exist within a county, may

submit to the county board of education, estimates of the needs of the local unit in addition to those to be met by the county budget.

In the New England States, New Jersey, Pennsylvania, Indiana, South Dakota, and in parts of Michigan, the town or township school district is the prevailing type in rural areas. The officials of such districts, and those of the city school districts, prepare the school budgets for their respective districts.

Revision.—Budgets for the public schools which, as pointed out in the foregoing section, are usually prepared by local school officials are in some States only tentative documents to be submitted to the voters at a school district meeting for any revision decided upon or to other officials of the township, the county, or the State government. In the majority of States, however, there is no legal requirement upon local boards of education to submit their school budgets to other bodies for revision.

In at least six States—Delaware, Florida, Louisiana, Mississippi, North Carolina, and West Virginia—officials of the State government are specifically authorized by law either to make revisions in local school budgets regularly submitted to them or to return the budgets to the local districts for correction. Such authority is given in Delaware to the State board of education, in Florida and Mississippi to the State superintendent of education, and in North Carolina, to the State school commission; in the other two, Louisiana and West Virginia, State fiscal bodies have such power. It should be noted in this connection that State officials in a number of other States exercise similar authority when passing on claims of local districts for certain State aids. Otherwise, however, local school budgets are not generally subject to revision by State officials.

In some States, budgets of some or all local school districts must be submitted to county officers for their criticism. As are the State officers in the six States named in the foregoing paragraph, these county officers are authorized either to revise the budgets or to return them to the localities for revision. In California, the county superintendent of schools is required to examine the budget of each school district in his county and indicate thereon any changes which he deems necessary, but local school officers are not required to make the suggested revisions before resubmitting the budget to the county superintendent for his approval. In Arkansas, Maryland, Montana, New Mexico, Ohio, Oklahoma, Tennessee, and Washington, county fiscal officers are authorized under certain conditions to revise school budgets. Such authority in some States is conditional; in others it is not. The following are examples: Commissioners of any county in Maryland may reduce the budget of the county school board if the budget prepared by the board cannot be met with all available

funds, including the proceeds of a specified local (county) tax levy. In Montana the county budget board, which consists of the county commissioners and the county superintendent of schools, may change any item in the budget of a school district, but a majority of, all members of the district school board may by vote retain the items. In New Mexico, however, the school budget commissioners of the county, consisting of two persons of the county appointed by the county commissioners and the State educational budget officer, are authorized to fix, from estimates submitted by the governing boards of all school districts within the county, the budget allowance for all public elementary and high schools of the county. Hearings are held by these school budget commissions of the respective counties at which the interested school board members may present their cases for consideration by the commission. But the commission in each county has final authority to fix the budgets for the county school district and for the several independent school districts in the county.

In at least one State, Indiana, there is a township board which acts in an advisory capacity to the school officials on financial matters and it has power to revise school budgets.

Approval.—As a routine procedure in 11 States, local school budgets are regularly submitted to, and must receive the approval of, State officials before they become effective. In three of these, Delaware, Georgia, and Kentucky the budgets are submitted to the respective State boards of education for approval; in one, North Carolina, to the State school commission; in four, Alabama, Florida, Mississippi, and Washington, to the respective chief State school officers; and in each of the remaining three, Louisiana, New Mexico, and West Virginia, to a State fiscal board or commission. In a twelfth State, Indiana, a local school budget, or at least that part of the budget relating to school tax levies, goes to the State tax commission for approval on appeal of aggrieved taxpayers. There are, of course, other States wherein questions concerning local school budgets may be appealed by local school taxpayers to a State fiscal agency for final decision.

As previously explained, in practically every State where the distribution of State school moneys is based on the relation of the cost of the local school program to the financial ability of the local district, State officials have considerable discretionary power in the approval or disapproval of some phases of the school budgets. This authority will be discussed at greater length in another section which deals with apportionment of State school funds.

Table 1.—Procedures in public-school budgeting, by State

Services (steps taken) in making the budget, by State	Agencies which render services indicated in column 1				
	Local school officials	County school officials	Local or county fiscal officials	State department of education	State fiscal officials
1	2	3	4	5	6
ALABAMA					
Preparation					
Revision	X ¹	X			
Approval	X	X		X	
ARIZONA					
Preparation	X	X ¹			
Revision		X			
Approval	X	X			
ARKANSAS					
Preparation	X				
Revision		X			
Approval			X		
CALIFORNIA					
Preparation	X				
Revision		X			
Approval		X			
COLORADO					
Preparation	X				
Revision	X				
Approval	X				
CONNECTICUT					
Preparation	X				
Revision			X		
Approval			X		
DELAWARE					
Preparation	X				
Revision				X	
Approval				X	
FLORIDA					
Preparation		X ¹			
Revision		X		X	
Approval					
GEORGIA					
Preparation	X ¹	X			
Revision	X	X			
Approval				X	
IDAHO					
Preparation	X				
Revision	X				
Approval	X ⁴				
ILLINOIS					
Preparation	X				
Revision	X				
Approval	X ⁴				
INDIANA					
Preparation	X				
Revision			X		
Approval			X		X ¹
IOWA					
Preparation	X				
Revision	X				
Approval			X		
KANSAS					
Preparation	X				
Revision	X				
Approval	X				
KENTUCKY					
Preparation	X ¹	X			
Revision	X	X			
Approval				X	
LOUISIANA					
Preparation		X			
Revision					X
Approval		X			X
MAINE					
Preparation	X				
Revision					
Approval			X		

See footnotes at end of table.

Table 1.—Procedures in public-school budgeting, by State—Continued

Services (steps taken) in making the budget, by State	Agencies which render services indicated in column 1				
	Local school officials	County school officials	Local or county fiscal officials	State de- partment of educa- tion	State fiscal officials
1	2	3	4	5	6
MARYLAND					
Preparation		X ⁹			
Revision			X		
Approval			X		
MASSACHUSETTS					
Preparation	X				
Revision	X				
Approval			X		
MICHIGAN					
Preparation	X	X ⁷			
Revision					
Approval	X	X ⁸			
MINNESOTA					
Preparation	X	X ⁷			
Revision	X	X			
Approval	X	X			
MISSISSIPPI					
Preparation	X				
Revision		X			
Approval				X	
MISSOURI					
Preparation	X ⁹				
Revision	X				
Approval	X				
MONTANA					
Preparation	X	X ⁹			
Revision			X		
Approval			X	X ¹⁰	X ¹⁰
NEBRASKA					
Preparation	X				
Revision	X				
Approval	X				
NEVADA					
Preparation	X	X ¹¹			
Revision	X	X			
Approval	X		X		
NEW HAMPSHIRE					
Preparation	X				
Revision	X				
Approval	X				
NEW JERSEY					
Preparation	X				
Revision	X				
Approval	X		X ⁹		
NEW MEXICO					
Preparation	X ¹	X			
Revision			X		X
Approval			X		X
NEW YORK					
Preparation	X				
Revision	X				
Approval	X	X ⁹			
NORTH CAROLINA					
Preparation		X			
Revision					X
Approval					X
NORTH DAKOTA					
Preparation	X				
Revision	X				
Approval	X				
OHIO					
Preparation	X				
Revision			X		
Approval	X				X ⁸
OKLAHOMA					
Preparation	X				
Revision	X				
Approval			X		

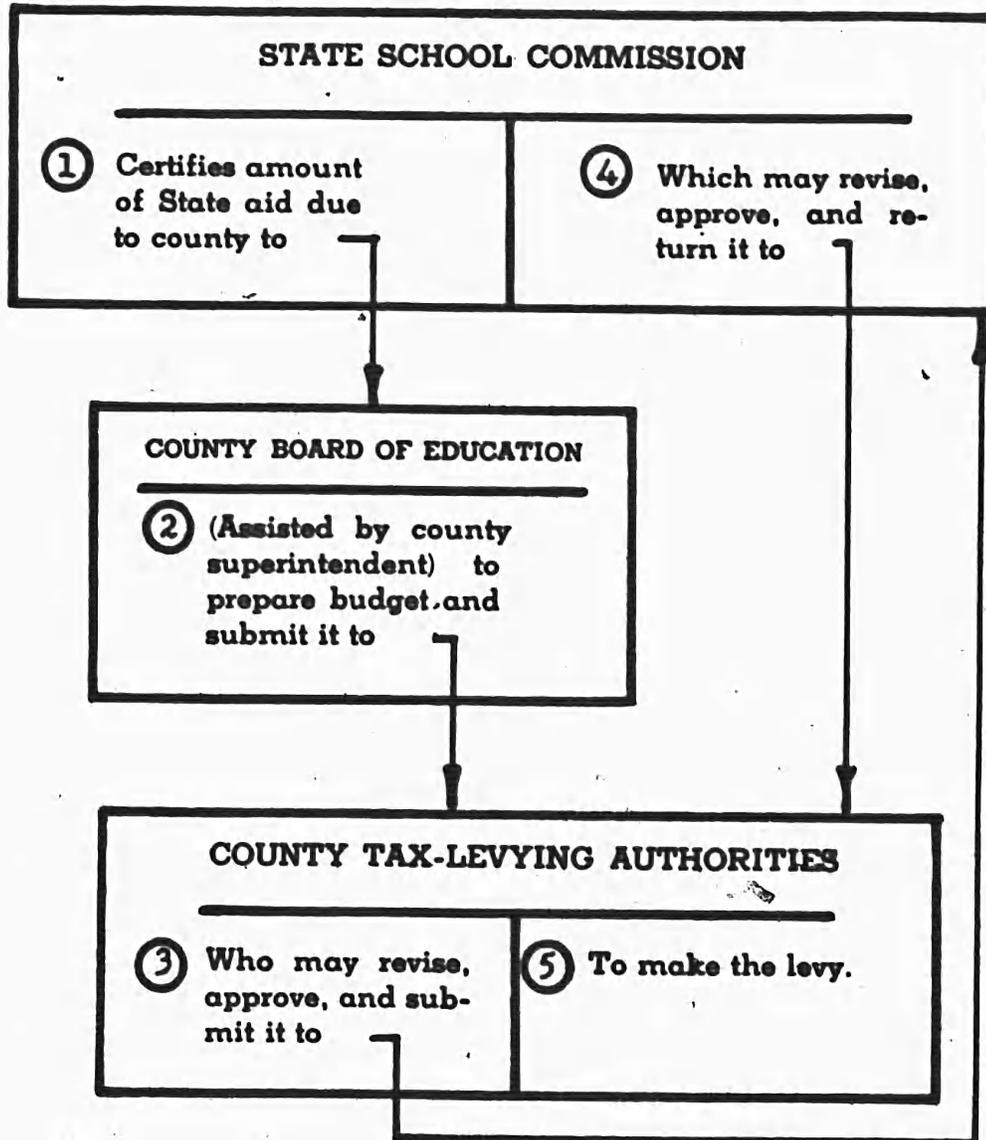
See footnotes at end of table.

Table 1.—Procedures in public-school budgeting, by State—Continued

Services (steps taken) in making the budget, by State	Agencies which render services indicated in column 1				
	Local school officials	County school officials	Local or county fiscal officials	State department of education	State fiscal officials
1	2	3	4	5	6
OREGON					
Preparation.....	X				
Revision.....	X				
Approval.....	X				X ¹
PENNSYLVANIA					
Preparation.....	X				
Revision.....	X				
Approval.....	X				
RHODE ISLAND					
Preparation.....	X				
Revision.....	X				
Approval.....	X				
SOUTH CAROLINA					
Preparation.....	X		X		
Revision.....	X				
Approval.....	X				
SOUTH DAKOTA					
Preparation.....	X	X ¹⁰			
Revision.....	X	X			
Approval.....	X		X ¹⁰		
TENNESSEE					
Preparation.....	X ¹	X			
Revision.....	X		X		
Approval.....	X		X		
TEXAS					
Preparation.....	X	X ¹⁰			
Revision.....	X	X			
Approval.....	X				
UTAH					
Preparation.....	X ¹	X			
Revision.....	X	X			
Approval.....	X	X			
VERMONT					
Preparation.....	X				
Revision.....	X				
Approval.....	X				
VIRGINIA					
Preparation.....		X			
Revision.....		X ²			
Approval.....			X		
WASHINGTON					
Preparation.....	X				
Revision.....			X		
Approval.....			X	X	
WEST VIRGINIA					
Preparation.....		X			
Revision.....					X
Approval.....					X
WISCONSIN					
Preparation.....	X				
Revision.....	X				
Approval.....	X				
WYOMING					
Preparation.....	X				
Revision.....	X				
Approval.....	X				

¹ In school districts independent of the county school district.
² Each of a few counties has a county high school and a county board for its administration.
³ With the advice of and after consultation with local district officers.
⁴ Filed with State department of education. ⁵ Upon appeal.
⁶ Board of estimates in Baltimore; approval by city council. ⁷ 1 county only.
⁸ Schools received proceeds of a 4-mill tax; above that county officers must allocate.
⁹ Estimate of amount to be raised by taxes for each fund.
¹⁰ In some cases, or under certain circumstances. ¹¹ For county high-school purposes where such exist.
¹² Applies to 4 unorganized counties. ¹³ Applies to common-school districts.

County superintendents, as executive officers of county school boards, approve school budgets in Georgia, Louisiana, and Tennessee; in the first two of these States the budgets are then submitted to the respective State boards of education for final approval. It is the



Encircled figures show progressive steps in budget procedure.

Figure 1.—Procedures for budget preparation, revision, and approval in North Carolina.

duty of the county superintendent of schools in California to approve local school district budgets. Before giving approval, however, this officer may return the budget to the local school boards for suggested corrections; after it is submitted to him the second time, with or without the suggested revisions, he is obliged to approve it. In Texas, the

county superintendent in cooperation with common-school district trustees approves the school budgets.

School budgets must, before they become effective, have the approval of local fiscal officers in Connecticut and Maine and of county fiscal officers in Iowa, Maryland, Michigan, Montana, Nevada, Oklahoma, Tennessee, Utah, and Virginia and also in four unorganized counties in South Dakota. In some cases budgets of city school systems must be approved by the fiscal officers of the city before they become legal. It has not been possible in every instance to indicate these provisions.

While this study pertains chiefly to the work of State departments of education with respect to school finance, there are a number of reasons for including in such study general provisions for and procedures in the preparation, revision, and approval of local school budgets. Much depends upon these documents in the administration of the State's education program, as well as in the administration of the education programs of the localities. For this reason, procedures in local school budgeting, particularly where the procedure eventually involves work for the State department of education, have been described in some detail on the foregoing pages. The remaining sections of the study devote less attention to functions of local school officials.

The State of North Carolina has a unique plan of administering its State school moneys, in that the work is done by a State school commission established primarily for such function. The State provides funds for the support of a foundation school program for 8 months. The State school budget is made by the State school commission. Local school administrative units, of which there are 100 county districts and 69 city districts, may, with the approval of the State school commission, levy local school taxes to supplement the State funds. Each school administrative unit which desires to make such levy is required to submit a budget request to the State school commission on forms supplied by that commission, through the local-tax-levying authorities. The procedure followed in making the request for such levy in a county school administrative unit is indicated in figure 1. The procedure is similar for a city school administrative unit.

Forms for budgets.—The Montana State department of education prepares, as do those of practically all States, budget forms for the use of local school officers. In this State, local school budgets are submitted for approval to a county board of school-budget supervisors. This board consists of the county board of commissioners and county superintendent of schools. The accompanying is a facsimile of the first page of the 4-page form used in Montana.

(Budget Form 1)

School District Budget and Application for Tax Levies

TO THE BOARD OF COUNTY COMMISSIONERS OF _____
COUNTY, MONTANA:

The following Budget and Application for Tax Levies is submitted for School District No. _____ for operation of schools for the school year beginning July 1, 19.....

SECTION I. GENERAL FUND EXPENSE

	1	2	3
	Actual Expend- itures Last Completed School Year	Estimated Ex- penditures Ensuing School Year	Approved Ex- penditures Current School Year
1. General Control: School Officers' Salaries and Expenses, Election Expenses, Census Expenses, etc.....	\$.....	\$.....	\$.....
2. Salaries of Teachers, Principals, Superintendents, and Supervisors.....
3. Stationery, Supplies, Misc. Instruction Expenses, etc.....
4. Wages of Janitors, Engineers, etc.....
5. Fuel, Light, Water, Janitors' Supplies, etc.....
6. Repairs and Upkeep Charges.....
7. Library and Reference Books (Not Textbooks).....
8. Health and Aid for Indigent Children.....
9. Transportation, Rent and Board for Children.....
10. Insurance, Rent, Pensions, etc.....
11. New Buildings and Alterations (Not financed from sale of bonds).....
12. New Equipment (Not financed from sale of bonds).....
13. Textbooks.....
14. Reserve Cash to Maintain School from July 1 to Dec. 1, following school year.....
15. TOTALS.....	\$.....	\$.....	\$.....

SECTION II. PROPOSED EXPENDITURES TO BE FINANCED FROM SALE OF BONDS

	1	2	3
	Actual Expend- itures Last Completed School Year	Estimated Ex- penditures Ensuing School Year	Approved Ex- penditures Current School Year
1. New Buildings and Grounds.....	\$.....	\$.....	\$.....
2. Alterations and Additions to Old Buildings.....
3. New Equipment.....
4. TOTALS.....	\$.....	\$.....	\$.....

Chairman of Board of Trustees.

Dated....., 19.....

Clerk of School District.

The following is quoted from that part of page 3 of the Montana budget form which is designed for approval purposes and from the instructions appearing on the same page:

Final Budget Approved and Adopted..... 19.....

.....
County Superintendent and Clerk of Budget Board

.....
Board of School Budget Supervisors

INSTRUCTIONS—READ CAREFULLY

The school budget law, chapter 146, session laws 1931, is mandatory and a budget must be adopted by each school district and taxes levied in accordance therewith. If a school district does not adopt a budget in the manner provided by such law, no taxes can be levied for such district, no school can be held therein, children cannot be transported to any other district, and no expenditures can be made for any purpose whatever.

The making of public-school budgets in New Mexico is closely supervised by State officials. The procedure, as indicated by the accompanying form, is in brief as follows: Each board of education within a county (the county board of education for the rural districts and a board of education of each independent district of the county) prepares a budget of estimates for the schools under its control and submits such estimates to a county budget board. This county budget board consists of two resident taxpayers, one from each of the two dominant political parties, and the State educational budget director. The two resident commissioners are appointed by the board of county commissioners in odd-numbered years for terms of 2 years. The county budget board meets at the county seat to receive the annual budget estimates from the respective school districts of the county. After hearings have been held upon such estimates, the budget board makes such changes as deemed desirable before giving their approval. The budgets are then subject to review and revision by the State board of education and to revision and final approval by the State tax commission.

Conclusions.—Since the State is responsible for providing a system of public schools and, in the final analysis, for their support, authorities in school administration and finance quite generally hold the opinion that school budgets should be subject to review and approval by officials of the State department of education. Authority of this kind, however, is far from universal throughout the country. Most State departments of education do prepare school budget forms, at least for some of their districts, and all such departments have authority to require reports on school financial matters. Furthermore,

budgets in certain State-aid districts in most States are subject to revision under the terms of their respective public-school equalization laws. It would appear to be in accordance with good business administration to give State school officials authority to review the budgets for all school districts of the State and, on justifiable grounds, to require revision of the budget of a local school district before

COUNTY, NEW MEXICO
MAINTENANCE AND DISTRICT CHARGES EXPENDITURE, RECEIPTS AND APPROVED FOR SCHOOL DISTRICTS
 For the Fiscal Year Beginning July 1st, 19__ and Ending June 30, 19__

Name of District	MAINTENANCE (Sec. 201, Ch. 20)		DISTRICT CHARGES (Sec. 201, Ch. 20)		Total	Approved by School Board	Approved by State Board
	Expended	Received	Expended	Received			
Albuquerque							
Bernalillo							
Doña Ana							
El Paso							
Hidalgo							
Lincoln							
McKinley							
Mora							
Navajo							
Que Pasa							
Sandoval							
Santa Fe							
Torrance							
Valencia							
Yuma							
Unassigned							
Total							

Approved by School Board of Districts in column 7, after the balance sheet is prepared.

Approved by State Board of Education in column 8, after the balance sheet is prepared.

State Board of Education, Santa Fe, N. M.

Figure 2.—Form used by all school districts in New Mexico in submitting their budgets to county budget commissioners.

approving it. Certainly budget forms should be uniform in order particularly to expedite the work of State officials in determining whether or not relevant legal provisions have been met.

Apportionment of State School Moneys on Various Bases and for Various Purposes.

No other administrative duties of State officials relating to education are more important than those having to do with the apportionment of State school funds. As the State assumes in one way or

another greater responsibility for the support of public schools, as many States have been doing in the last 2 decades, the work of apportioning State funds for the schools increases in extent and also in importance. When the State provided a small amount of funds for distribution to local districts in direct proportion to the number of children in each, the work was simple compared with the present multiple and complex responsibilities in most States. The duties which must be performed by State officials range from simple arithmetical computations by a statistical clerk, such as dividing the total amount available for apportionment by the number of children on the census roll to determine the amount for apportionment per pupil, to the preparation and application of complicated formulas for analyzing costs of a foundation education program throughout the State by persons who are authorities in school finance.

The duties and services which lend themselves to classification are few in some States while in others they are numerous. A number of States continue to rely chiefly upon the school census as the basis for the apportionment of school funds. In general, however, State funds are provided for a number of specific purposes; for example, to assist with tuition payments for children under certain conditions to attend high school outside their own districts. Determining the legality and amounts of such tuition claims not only involves considerable painstaking work but requires special training for the staff members of the State agency which administers the law. While it is not the purpose here to attempt to measure the work done by agents and agencies of the respective State governments in connection with the apportionment of State school funds, the accompanying tabulation does indicate the scope of such work.

Of the duties of State officials in the apportionment of State school funds to local public schools which are found most frequently in the various States, 17 have been tabulated by States. While there probably are other such duties in a few States, each of the ones named is found in at least 9 States.

Flat unit bases.—State school funds are apportioned in every State on some such unit basis as the school census, average daily attendance, or teachers employed. In each of 38 States it is necessary to make computations in the office of the chief State school officer or the State board of education regarding the amount to be apportioned per unit for at least a part of such apportionment. In the remaining States the amount is fixed by law. In each State, however, computations are made by State officials to show the amount or amounts of funds for apportionment to the respective school districts. (See columns 2 and 3, table 2.)

STATE SUPERVISORY PROGRAMS

Table 2.—Duties of and services rendered¹ by State agents and agencies regarding the apportionment of State school funds, by State

State	When the apportionment is on the basis of the school census, average daily attendance, or number of teaching units		When the apportionment is made to promote special school projects or phases of the school program										When the apportionment is for the specific purpose of equalizing school costs										
	Com-putes amount per basic unit from total amount available	Com-putes amount for each school administrative unit	Com-putes amount of State aid due each school administrative unit for —	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
Alabama.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Arizona.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Arkansas.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
California.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Colorado.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Connecticut.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Delaware.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Florida.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Georgia.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Idaho.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Illinois.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Indiana.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Iowa.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Kansas.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Kentucky.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Louisiana.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Maine.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Maryland.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Massachusetts.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Michigan.....	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Special projects.—Funds are provided by each State for one or more special education purposes. In some cases the amount of funds for allotment per school or per other basic unit is stated in the law while in others considerable discretion, within minimum and maximum limits in fixing the exact amount, is left to State officials. The work, therefore, varies considerably even among those States which provide funds for the same purposes. At any rate, it is the duty of State officials in each case to pass on the local claims for the funds. (See column 4, table 2.)

Attention has already been called to the increasing responsibility of State officials as additional funds have been provided by the States for distribution to local districts for specific education purposes. Obviously the proper administration of the apportionment of such funds includes authority to determine which claims for them by local districts are and which are not meritorious in accordance with law. Such authority is placed in and the duty of exercising it is mandatory upon the State department of education. Consequently, an official or officials of the State government in each State must pass upon the authenticity of each claim for special State aid. Accordingly, the accompanying tabulation indicates these special purposes to show in which States work for computing them is necessary.

There are 11 different education purposes indicated in the table for which special State aids are granted. Of the 11 special purposes, that for vocational and rehabilitation education only is common to all States. (See column 5, table 2.) The number of States which provide funds for each of the remaining 10 purposes follow: For tuition payments for pupils attending school, usually high school, in a district other than their home district, 21; to assist with the education of atypical children in local districts, 21; for various types of classes and/or schools such as agricultural high schools, 27; for the expenses of pupil transportation or for the board of pupils in lieu of transportation, 28; for the supervision of instruction in local public schools, 26; for teacher training in or connected with local high schools, 9; for adult education in local districts, 14; for supplying free textbooks and/or supplies and equipment, 20; for assisting with the expense of school libraries, 18; and for school-building purposes, 8.

*Equalizing school costs.*¹—The establishment and administration of a State plan for equalizing school costs places much responsibility on the staff of the chief State school officer and/or the State board of education. In the establishment of the plan, the first necessary step is the setting up, usually in the law, of a definition of the partial or complete school program the cost of which the State is willing to

¹ As used here the term "Equalizing school costs" refers to specific legal provisions for distributing State moneys on the basis of ability to pay. Some States which have no such provision otherwise effect school cost equalization quite completely, as in North Carolina, for example.

guarantee or equalize. In connection with this work it is, of course, necessary to determine and legally specify the cost of such program for no State would undertake to guarantee school costs without limit. The establishment of the plan also requires the formulation of a method or methods for apportioning the State equalization funds. Much of the preliminary work connected with these three steps must necessarily be done by staff members in State educational offices, who are as a rule without special statutory assignment. In each of 16 States, however, the law assigns partial or complete responsibility to the State board of education for preparing rules and regulations for the distribution of the State fund used to equalize school costs among the local school districts. (See column 17, table 2.)

In each State which has the equalization provision, it is the duty of State officials to examine and pass on claims from local districts. (See column 16, table 2.) This has become a large task in many State departments of education; in every State where such work is necessary it requires workers with more than ordinary clerical ability, for such technical questions as equalized assessed valuations, weighed pupil unit, and adjustments due to density of population are involved in the claims. All claims which are approved must likewise be computed in the State offices. This work, too, involves a highly trained personnel in the respective State departments of education. Since equalization funds are for the purpose of helping districts which cannot support the foundation program with all other available resources, all State funds apportioned on other bases and all local funds must be considered in making the computations.

Conclusions.—Provisions regarding State plans for financing the public schools are rightly written into the law in considerable detail in each State. However, an ever-increasing amount of responsibility is imposed upon the State department of education in the administration of these plans, particularly in relation to school cost equalization programs. Although the law may state the conditions under which funds are to be apportioned, questions within the law arise, the answers to which demand the considered judgment of well-trained minds. For illustration, the decision as to whether or not a district's request for equalization funds should be granted may depend upon the maintenance or closing of one or more small schools, the accuracy or inaccuracy of determining assessed valuations, the feasibility of establishing a high school or in lieu thereof to transport the pupils and pay tuition to a school of suitable grade in another district. These and many other equally important questions in connection with the apportionment of State school moneys come for decision to members of the State department of education.

It is obvious that the officials responsible for rendering service in the program must have adequate leeway and discretionary powers

within the law to make decisions if the State's plans are to function to the best advantage. Situations arise in considering applications for State aid which, however clear the legal provisions may be, call for special attention and the making of decisions upon the individual merits of the case. Some State departments of education are authorized by law to withhold State funds from small schools when it appears that such schools can feasibly be closed and their pupils transferred to another school. The State law should give to the State department of education the right of approving all plans for equalization allotments to school districts and the settlement of all disputes occurring in the administration of the law.

Preparation and Administration of State Salary Schedules for Teachers.

State school officials in the majority of States have certain duties pertaining to salaries of teachers in the public schools. These duties range from mere inspectorial and routine services by a fiscal clerk in some States to complete responsibility for salary schedule making by the State board of education in others. In practically all cases reports on salaries of teachers, as on other fiscal affairs of the schools, are required by the State. Forms for reporting such salary data as are desired by the State are prepared by State departments of education or other agency of the State.

In some States (see table 3) salary standards appear in the law or the regulations of the State board of education. In such States it usually is the duty of State officials to determine, by inspection of reports or by other means, whether or not the standards have been met. This is particularly true where the apportionment of State school funds involves computations of school costs.

Nine States go to the extent of setting up complete basic salary schedules for teachers. (See columns 4 and 5, table 3.) Some of these schedules are written in the law; others are prepared as authorized by law by the State board of education. In either case there is certain preliminary work for State school officials and their staff members in organizing such an undertaking and constant duties thereafter in the administration of the program.

Duties seldom appearing in the statutes, but implied therein, relating to teachers' salary schedules are in the nature of advisory services. Local school officials usually have authority, even where the State has a schedule for minimum salary standards, to establish higher standards than the minimum required by the State. Professional staff members of the respective State departments of education are called upon by local school board members to assist with this work. A number of chief State school officers, at the time data for the present

study were being collected, referred to this type of advisory service in discussing their cooperative relationships with local school officials.

Minimum State salary requirements.—Minimum salaries for public-school teachers appear in the school codes of 17 States. (See column 2, table 3.) Except in connection with the establishment of salary schedules, authority to fix minimum salaries for teachers is seldom delegated to the State board of education or other agency of the State. The Colorado law is a good illustration of existing legal provisions with respect to minimum salaries for teachers. In that State the law

Table 3.—Legal provisions for and duties of State officials regarding the administration of State salary standards for public-school teachers, in 26 States.

State	Specified in the law			Established by State officials as authorized by law		State offices compute amounts due local districts as State's share of salary payments
	Minimum salary rate in any school	Schedules for computing salary costs		Salary schedules applicable to any district	Schedules for computing salary costs in the State's foundation, guaranteed, or equalization program	
		In the State's foundation, guaranteed, or equalization program	As basis for determining State's obligation to all districts			
1	2	3	4	5	6	7
Alabama.....						
Colorado.....	X	X			X	X
Delaware.....						X
Georgia.....				X	X	X
Indiana.....	X	X	X			X
Iowa.....	X					
Kentucky.....	X					
Maryland.....	X	X				X
Massachusetts.....	X	X				X
Mississippi.....					X	X
Missouri.....		X				X
New Jersey.....	X					
New York.....	X					X
North Carolina.....						X
North Dakota.....	X			X		X
Ohio.....	(1)	X	X			
Oklahoma.....	(1)	X	X			X
Oregon.....	X					
Pennsylvania.....	X	X	X			
Rhode Island.....	X					X
South Carolina.....						
Tennessee.....	X				X	X
Vermont.....	X					
Washington.....	X					
West Virginia.....	X	X	X			X
Wisconsin.....	X					

¹ None except inferentially in compliance with the regulations for apportioning State school funds.

specifies a minimum of \$1,000 per year for the salary of a teacher with 2 years of college training and \$1,200 for one with 4 years of such training. Regarding the absolute minimum for any full-time teachers, however, the law states:²

The minimum salary that shall be paid to any teacher in the public schools, except substitute teachers, part-time teachers, and the teachers of special subjects, shall be seventy-five dollars (\$75.00) per month.

State salary schedules for teachers.—State salary schedules are written into the laws of nine States. In at least six others it is the legal duty of State school officials to establish salary schedules. These schedules apply in some instances to certain schools only and in all cases they are set up as State minimum standards. Local districts may, and frequently do, on their own initiative and resources exceed the State standards. (See columns 3 and 4, table 3, for a list of States in which salary schedules appear in the law and columns 5 and 6 of the same table for the States in which State boards of education are authorized to establish State salary schedules.)

Certain information pertaining to salaries of public-school teachers is compiled by each State department of education. In a number of States,³ but not in all, computations regarding expenditures for teachers' salaries are made in the offices of the chief State school officers or other official or officials to determine the State's financial obligations to the local districts. Such computations are necessary when teachers' salaries constitute a basis for the apportionment of State school funds. (See column 7, table 3).

Conclusions.—For the successful operation of a State's educational program, it is necessary to have for all schools adequately trained and qualified teachers. The tax-supported teacher-training institutions to be found in every State are proof that this fact is universally recognized throughout the country. If there is no statutory provision in the State for salary standards for teachers, however, some communities will not have well-trained and qualified teachers. It would seem, therefore, that standards for teachers' salaries, in the form of definite schedules or minimum rates of pay guaranteed by State aid where necessary, should be provided in every State.

Officials responsible to the State for the oversight and administration of the school program certainly should have a definite part in the establishment of such standards and in their necessary revisions from time to time. Routine administrative duties regarding teachers' salaries, of course, belong to State school officials, but duties with respect to policy forming are just as surely their responsibilities.

² School Laws of the State of Colorado. 1933. p. 169, sec. 351.

³ Computations on teachers' salaries are actually made in State departments of education in every State for each State provides funds for certain special teachers, as those teaching vocational education. However, the number of these teachers constitutes a small part of the total number in the State.

Tuition and Transportation Expense for Public-School Pupils.

In attempting to provide or to encourage the provision of adequate school facilities for all children, a large number of States recognize the fact that in some situations, instead of providing local school facilities, it is more feasible to send children to school and pay their tuition in a district other than their home district. Likewise, it is considered advantageous to the educational welfare of the children and possibly little more expensive, under some conditions, to transport children to a school of suitable grade. For these reasons, tuition and transportation expense are frequently considered legitimate parts of the cost of the States' foundation programs. In this respect they are somewhat different from special services or special phases of the school program to be promoted by the State.

Most chief State school officers and some State boards of education have legal duties relating to the establishment and/or administration of tuition rates for public-school pupils. In some cases the duties are limited to inspection of reports from school districts to determine whether or not legal provisions regarding tuition have been complied with. The importance and extent of such duties become evident when it is realized that fully three-fourths of the States provide in some way for the use of State funds for the payment of tuition costs.

Regarding the cost of the program in which the States share, the item of tuition is significant. In a number of States, tuition pupils are counted the same as resident pupils in computing classroom units, while in some the approved cost of tuition is allowed in computing the cost of the program in State-aid districts. Specific allotments for tuition payments, as previously indicated, are made under various conditions. These include payments for certain wards of the State, for high-school tuition charged pupils attending schools in another district, and for children of certain employees of the Federal Government stationed within the respective States.

Transportation of pupils to school is constantly increasing in importance. This is due, in part at least, to efforts put forth by State school officials in bringing about school improvement in general. The use of State funds is permitted for pupil transportation expense, or such funds are specifically provided for this expense in more than half of the States. This item of expense is considered necessary in computing the cost of the foundation program in many States wherever distances to school are great. In a number of instances, the States exercise close supervision over pupil transportation; in at least one State, North Carolina, all public-school transportation equipment is owned by the State government and the system is administered entirely by a State board, legally designated State school commission. While no other State controls pupil transportation to quite the extent

that it is controlled in the State of North Carolina, many are assuming more and more supervision of this important school service.

Duties in connection with the administration of the respective State provisions for assisting local districts with tuition and transportation expense are important in many States. They demand more than merely inspectorial and statistical treatment. In many cases the question of school improvement is involved and demands the attention of those with much training and experience in school administration and supervision.

Conclusions.—Since tuition payments and transportation service are necessary for children, in many instances, if school facilities are to be made available for all, these are legitimate items of cost in the State's basic education program. It is therefore essential that State departments of education have authority to determine when and where tuition payments and transportation service are necessary as phases of such programs and for administering expenditures for these items of cost.

State Retirement Systems for Public-School Teachers.

In 1939 State retirement systems for public-school employees were in operation in 27 States and under serious consideration for adoption in at least 2 other States. There are, of course, in addition to these State systems local teacher-retirement plans in operation in some of these 27 States as well as in some which do not have State systems. However, it appears that no provisions for the retirement of public-school employees have been made on the part of the State government and few, if any, by local districts in 7 States. These facts are indicated in columns 2 and 3 of table 4.

In each of 22 of the 27 States which have retirement systems for public-school employees the law provides for the establishment of a board especially for the administration of the system; in each of 4 others, this responsibility is given to the State board of education; and in the remaining one, it is placed jointly in the offices of the State superintendent of public instruction and the State budget director. The chief State school officer serves as a member of the special administrative board in each of 14 States and in another one he appoints 2 members of such board.

The work of administering the State laws for the retirement of public-school employees varies greatly among the States which have them. In those States where retirement systems have been in operation for some time, particularly if there is a large number of public-school employees in the State, the administrative work is considerable and the funds to be administered usually amount to a very large sum. These facts are indicated by the size of the Eighteenth Annual Report of the Pennsylvania Public School Employees' Retirement

Board which is for the year ended June 30, 1937. That report consists of 79 pages devoted entirely to relevant business transactions of the board during the year.

Table 4—Legal provisions and agencies for administering State and local systems for the retirement of public-school employees¹

State	State board of education	Other State agency	Legal provision for local teacher-retirement systems	State	State board of education	Other State agency	Legal provision for local teacher-retirement systems
1	2	3	4	1	2	3	4
Arizona	x			New Hampshire			x
Arkansas		x ¹		New Jersey		x ²	
California		x	x	New Mexico	x ³	x ⁴	
Colorado			x	New York		x ⁵	
Connecticut		x ¹		North Dakota		x ⁶	
Delaware			x ⁷	Ohio		x ⁸	
Florida		x ¹		Oregon			x ⁹
Georgia			x	Pennsylvania		x ¹⁰	
Idaho			x	Rhode Island	x		
Illinois		x		South Carolina			x
Indiana		x		Tennessee			x
Iowa			x	Texas			x
Kentucky		x ¹		Utah			x
Louisiana			x	Vermont		x ¹¹	
Maine		x ¹		Virginia	x		
Maryland		x ¹		Washington		x ¹²	
Massachusetts		x ¹		West Virginia			x ¹³
Michigan		x ¹		Wisconsin		x ¹⁴	
Minnesota		x ¹					
Missouri			x				
Montana		x ¹					
Nebraska			x				
Nevada	x						

¹ Plan in process of establishment in Alabama.

² State superintendent is member ex officio.

³ Consists of State board of education and 2 teachers.

⁴ Retirement effected by local board with approval of State educational budget director and State superintendent of public instruction.

⁵ Commissioner of education appoints 2 members.

⁶ State board of education appoints 1 member.

⁷ Administered under rules and regulations of State board of education.

Public-school retirement systems without exception make numerous and exacting demands upon the respective State departments of education at the time such systems are being established and continually thereafter; for much of the necessary information concerning individual employees is available in no other office. As a consequence the working relationship between the office of the chief State school officers and the agency which administers the retirement system is universally a close one.

Conclusions.—The administration of retirement systems for public-school teachers has become an important responsibility of State governments. Probably no other phase of the State's responsibility

regarding school fiscal affairs is more in need of attention in some States at the present time. Whether this service is rendered by a division of the State department of education or by an agency of the State concerned more exclusively with social security problems, such department has certain duties to perform in connection with the system. One of these is the keeping of adequate teacher personnel records. This is a service that every State department of education should render. Facilities of the department of education should be expanded whenever necessary to enhance this important service for the public-school teachers and indirectly for the public schools themselves.

Auditing of Local School District Financial Transactions.

The laws of most States now require that the financial affairs of school districts be audited annually or at specified times. This requirement may be met in various ways in the different States.⁴ Local or county school district auditing is done by a committee selected by the respective boards of education or voters, by a certified public accountant employed by the board of education, or by local or county fiscal officers in about half of the States. The State auditor or other State fiscal officer is given the responsibility of making regular audits for school districts, or when called upon, special audits in at least 20 States; in a few States only is such duty placed in the State department of education.

There seems to be no definite legal requirement in a few States for regular audits of school-district accounts, at least for those of small districts. The general laws of every State, of course, outline the judicial procedure for handling cases of fraudulent bookkeeping on the part of public officers.

Auditing by State Fiscal Officers.—The State auditor, or similar officer, in each of the following States appears to have specified duties with respect to public-school auditing: Alabama, Arizona, Delaware, Florida, Georgia, Iowa, Maine, Michigan, Minnesota, Montana, Ohio, Oklahoma, Rhode Island, South Carolina, Vermont, Virginia, Washington, and West Virginia. In Indiana the State board of examiners is the State's designated agency for auditing public-school accounts and in New Mexico the responsibility appears to be vested jointly in the State budget officer and State auditor.

The work of public-school auditing by fiscal officers of the States named in the preceding paragraph vary from regular yearly audits for all districts to occasional ones for some districts made under certain prescribed conditions. For example the Iowa law states:⁵

⁴ In a number of States school funds are under the custody of local fiscal officers and the auditing is handled as are the audits of other public funds.

⁵ School laws of Iowa. 1935, ch. 10, sec. 113.

The auditor of State shall cause the financial condition and transactions of all county and school offices to be examined at least once each year by the State examiners of accounts, and shall cause a like examination to be made at least once each year of cities and towns having a population of two thousand or more, including offices of cities acting under special charter.

The Oklahoma law illustrates the occasional State audit of school district books. It states:⁶

The county treasurer of each county is hereby constituted the custodian of school district funds of the several districts of this county, except in independent districts and cities of the first class: Provided, that in all independent districts and cities of the first class the books and accounts of all school treasurers shall be examined by the State examiner and inspector, or by his deputy, upon the written petition of twenty-five (25%) percent of the legal voters of such independent district or city of the first class

Auditing by State Departments of Education.—The Kentucky State department of education is one of the few such departments which has the responsibility of auditing local school accounts. The State superintendent of public instruction in that State since 1912 has been empowered and directed to act as special inspector and examiner of school accounts. To assist in this work, that officer was authorized to appoint two inspectors. In describing the State's financial accounting system for the schools, a former director of research in the State department of education states:⁷

* * * The new uniform financial accounting system was inaugurated after two years of intensive study of Kentucky school indebtedness and the practices of financial administration.

The new system contains numerous protective devices and safeguards. Briefly, it provides for (1) a basic record book wherein are recorded all transactions of the board of education; (2) a monthly report of the tax collector on the sources of all taxes collected; (3) a monthly treasurer's report which is a check on the report of the tax collector and which is basic to the records of receipts in the financial record book; (4) a financial record book wherein are recorded all receipts into and disbursements from the funds of the board; (5) a summary budget which is used at the time the local levy is made; (6) a revised detailed budget setting out the break-down of the major items of the budget and a salary schedule which are adopted when better estimates of receipts and expenditures can be made; (7) a record showing the history of the financial affairs of each school district for a six-year period; (8) an order on the treasurer for accounts to be paid, which must be signed by the chairman and secretary of the board, and a copy of the same certified to the depository; (9) requisitions, purchase orders, and claims which serve as added safeguards in the internal administration of the district; (10) a monthly report which shows each month the receipts and expenditures and how the budget is being carried out; and (11) an annual report which furnishes a check on how the financial plan of the district, as set up in the budget, was carried out. A handbook of instructions and explanations of the system has been prepared and furnished school administrators.

⁶ School laws of Oklahoma. 1937, sec. 400.

⁷ Cammack, J. W., Jr. The new financial accounting system as a safeguard. In *Protecting public-school funds in Kentucky*. Lexington, Ky. College of education, University of Kentucky, June 1935. Bulletin of the Bureau of school service, vol. VII, no. 4, p. 143-44.

The operation of this system is supervised by the division of the State Department of Education. This division audits the accounts of school districts also, but it is not sufficiently staffed to carry on properly this phase of its work. The checking of tax records is seldom included in these audits.

In North Carolina the law provides for the auditing of school accounts by a State school commission. That commission is the agency which controls and administers all funds provided by the State for the public schools. Since the State provides the principal part of the funds used by the schools and since all expenditures of the State funds must be approved by the State school commission, the auditing of school accounts in North Carolina is in reality preauditing by a State agency which cooperates closely with the State department of education.

The State department of education acts in an advisory capacity regarding school budgets and audits in Colorado and Florida. Such departments may audit school accounts in Louisiana and Maryland, but when such State oversight is necessary, the State auditor is usually called upon or some other qualified accountant employed to do it. In Ohio the State department of education receives reports of irregularities in school accounting from school districts for transmission to the State auditor. In practice the State department of education in Vermont does the necessary auditing for local school districts, but the State auditor may be called upon to do such work.

Conclusions.—There can be no question concerning the desirability of having careful and periodic auditing of the business transactions of school districts. Since the welfare of the schools is a matter of State-wide concern, final responsibility for school district auditing should be placed in the office of the State auditor or the State department of education. This is in the interest of good business administration and in many situations in the interest of improved educational facilities.

III. Organizations of State Departments of Education for Rendering Services With Respect to School Finance

The foregoing sections deal with functions of and services rendered by the respective State governments regarding public-school finance. This section deals with provisions in the several States for carrying such functions into effect and for rendering such services.

Each State provides a staff of professional and clerical workers for its chief school officer. A few States provide another staff for their respective boards of education. One State, North Carolina, provides

for a school commission which administers that State's program of school finance practically independently of the State board or department of education. In most cases, however, the major responsibility for administering and carrying into effect the State's program for financing the public schools or supervising the local district's financial operations belongs to the chief State school officer acting as such, or as the executive officer of the State board of education. It should be noted, however, that in a number of States the responsibilities of administering the financial transactions in connection with the State's vocational education program are not assumed by the same division which administers the State's financial program in connection with the public schools. No attempt has been made in this report to show such separation of responsibilities.

As explained in the preceding sections, greater demands regarding the administration of State programs of school finance are made upon some State departments of education than upon others. Consequently, the organization facilities of State departments of education for administering State plans for school finance vary greatly among the States. If there is little more done in the State than to provide funds for distribution to local school districts on an objective basis, the administrative facilities are apt to be meager. In this case the work is chiefly the making of comparatively simple computations and is usually assigned to one or more statistical clerks of the general office staff. On the other hand, in States having plans involving complicated formulas for equalizing the costs of a foundation education program the facilities for rendering this service include a major division⁸ or section of the State department of education.

It is difficult to analyze provisions for administering State programs for financing the public schools owing to the fact that the work is frequently performed in a division of the department of education which carries on a number of functions. In such cases the director of the division and staff members have duties pertaining not only to school finance, but to other administrative problems as well. For example, the director of the Division of Administration and Finance in Alabama devotes a part of his time to duties relating to school finance, a part to school building problems, and a part to problems of school attendance. In some States there is no organized entity of the department of education designated as a division of finance. Usually in such instances a staff member is assigned one or more specific duties pertaining to the administration of the State's school finance program under the supervision of the deputy to the chief State school officer.

⁸ A division is defined in Monograph No. 2 of this series, as an organized entity, with an assignment of personnel, of the State department of education responsible for exercising functions of government in a designated area or areas of service.

The following tabulation names the division in the respective State departments of education in which the States' programs for school finance are administered; usually, as already explained, the division has other administrative duties.

TABLE 5.—*Organization provisions in State departments of education for rendering services pertaining to school finance*

<i>State</i>	<i>Division of the department in which the services are centered and directed</i>
Alabama.....	Division of Administration and Finance.
Arizona.....	Division of Research and Statistics.
Arkansas.....	Division of School Finance. Division of Budgets.
California.....	Division of Research and Statistics.
Colorado.....	Division of Business and Finance.
Connecticut.....	Division of Administration.
Delaware.....	Do.
Florida.....	Division of Administration and Finance.
Georgia.....	Division of School Administration, Finance, and Statistics.
Idaho.....	Division of Administration.
Illinois.....	Division of Statistics.
Indiana.....	Division of Statistics and Finance.
Iowa.....	Division of Statistics.
Kansas.....	Do.
Kentucky.....	Division of School Finance.
Louisiana.....	Division of Reference and Service.
Maine.....	Division of Accounting, Statistics, and School Funds.
Maryland.....	Office of the Statistician.
Massachusetts.....	Division of Research and Statistics.
Michigan.....	Division of Finance.
Minnesota.....	Division of Statistics. Division of High-School Pupil Aid.
Mississippi.....	Division of Administration.
Missouri.....	Do.
Montana.....	Office of Deputy Superintendent of Public Instruc- tion.
Nebraska.....	Division of Administration.
Nevada.....	Office of Deputy Superintendent of Public Instruc- tion.
New Hampshire.....	Division of Accounting. Division of Administration.
New Jersey.....	Division of Business Administration.
New Mexico.....	Office of State Budget Auditor.
New York.....	Office of Assistant Commissioner for Finance.
North Carolina.....	Division of Finance and Statistics.
North Dakota.....	Office of Deputy Superintendent of Public Instruc- tion.
Ohio.....	Division of Business Administration.
Oklahoma.....	Division of Finance and Financial Statistics.
Oregon.....	Division of School Law, Americanization, and Sta- tistics.

Table 5.—Organization provisions in State departments of education for rendering services pertaining to school finance—Continued

<i>State</i>	<i>Division of the department in which the services are centered and directed</i>
Pennsylvania	Bureau of Administration and Finance.
Rhode Island	Office of Assistant Director of Education.
South Carolina	Division of Statistics.
South Dakota	Office of Deputy State Superintendent of Public Instruction.
Tennessee	Division of Finance.
Texas	Division of Auditing.
	Division of Equilization.
	Division of Textbooks.
	Division of Vocational Education.
Utah	Division of School Finance and Research.
Vermont	Division of Educational Research and Guidance.
Virginia	Division of Administration, Finance, and Guidance.
Washington	Division of Research and Statistics.
West Virginia	Division of Research.
Wisconsin	Division of Statistics.
	Division of Accounting.
Wyoming	Office of Deputy Superintendent of Public Instruction.

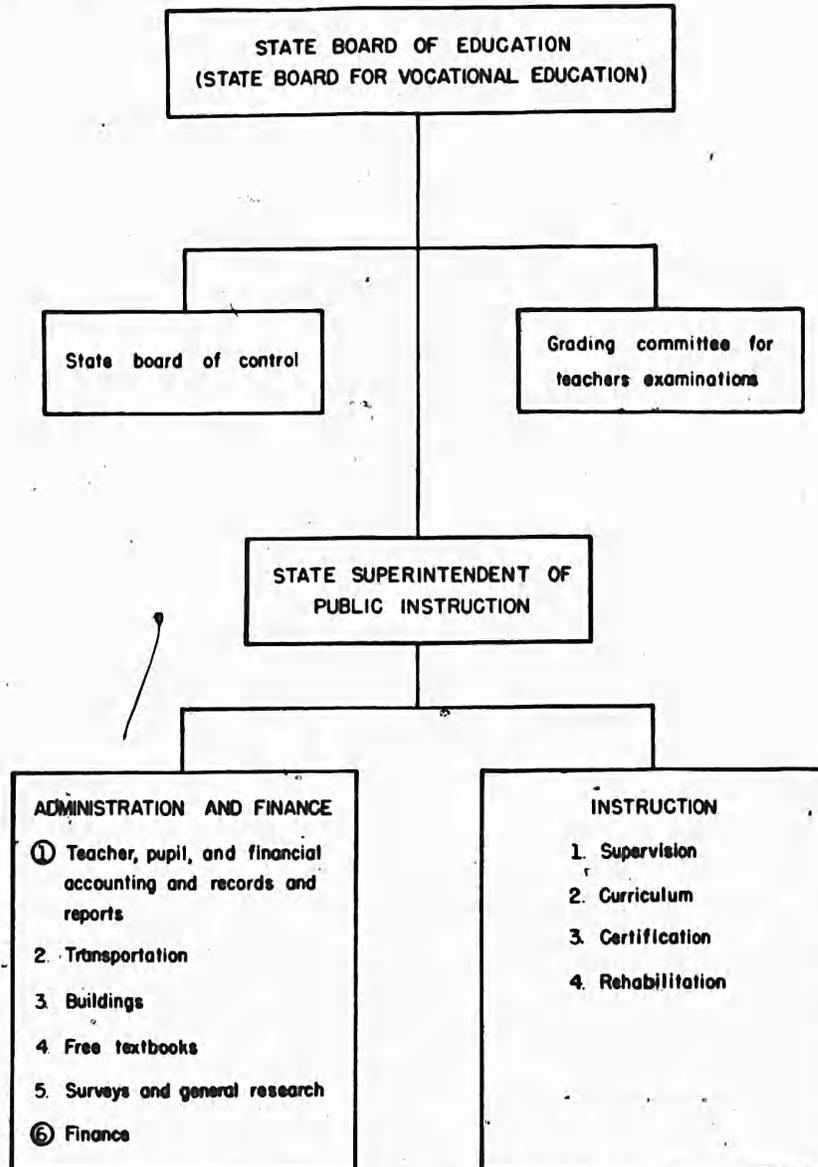
In most States much of the work of administering State programs for financing the public schools is centered and, in large part, directed in one or more organized entities of the department of education. Reports from 35 State departments of education show (see table 5) that each has a departmental division (in one case a bureau and in another an office) for such work, while each of 5 others has two or more divisions in which the work is directed. In each of 8 States the service is rendered in the office of an assistant or deputy to the chief State school officer. In the remaining States the work is done chiefly by the budget officer.

Each of 8 of the 35 departmental divisions has 1 or more subdivisions or sections. These subdivisions or sections have special assignments with respect to the State's program of financing the public schools. Usually where the assignment is to the office of an assistant to the chief State school officer much of the administrative responsibility is delegated to a statistician of that office. In 1 State (New York), however, the Office of the Assistant Commissioner for Finance consists of a central administrative office, a cashier's office, and 3 bureaus each of considerable size.

The accompanying charts, reproduced from Monograph No. 2 of the present series of studies of State departments of education, show how the departments are organized in the 2 States of Florida and Texas.

These two organization charts were selected because they illustrate somewhat different provisions for rendering service with regard to school finance in the organization of State departments of education. In Florida there are but two major divisions, the Division of Admini-

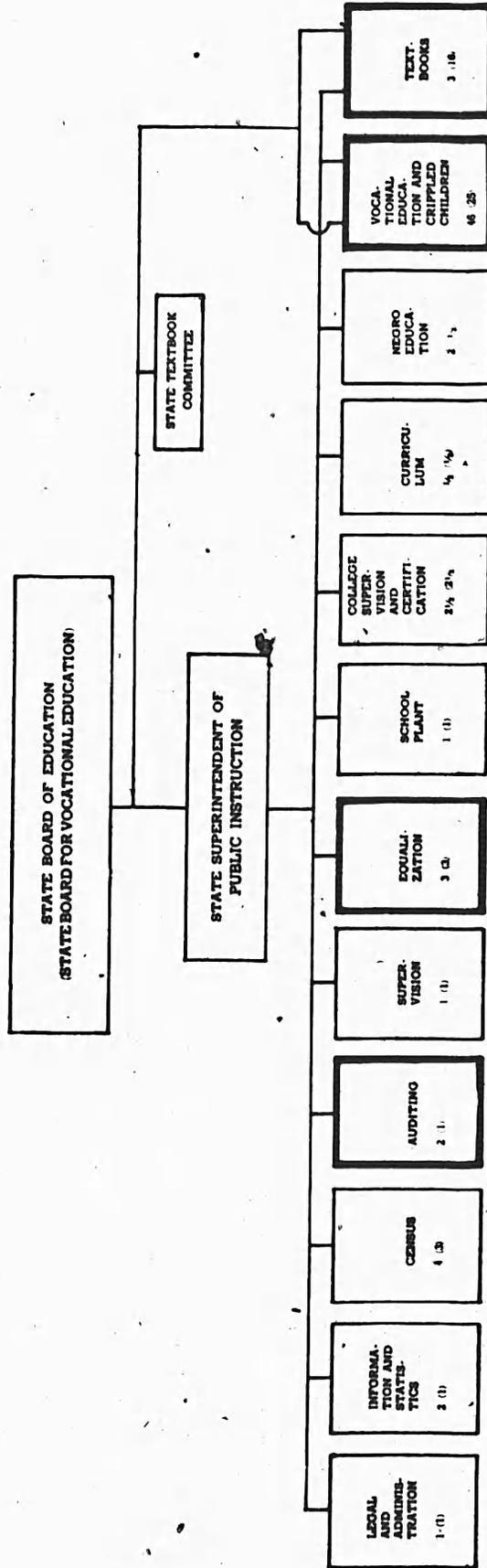
stration and Finance and the Division of Instruction. All work pertaining to financial matters, including the preparation of various financial forms for the use of local school districts; inspection, revision and approval of local district budgets; and the making of computations



(Services pertaining to school finance rendered in one division—Administration and Finance. Of six areas of service in this division, two have to do with financial matters, indicated by encircled figures.)

Figure 3.—Organization chart of Florida State Department of Education.

for the apportionment of all State school funds is done in the Division of Administration and Finance. In Texas, the department of education consists of 12 divisions and the work pertaining to school finance is performed by 4 different divisions. These are the Division of Auditing, the Division of Equalization, the Division of Textbooks, and the Division of Vocational Education. Each of these 4 divisions is assigned specific duties with respect to the State's program of school finance.



Legend:

Heavy ruled boxes indicate divisions rendering financial services.

Number of staff members in each division is indicated by arabic numerals: The first number indicates professional and the second number, in parentheses, the nonprofessional.

Figure 4.—Organization Chart of Texas State Department of Education.

Conclusions.—There seems to be considerable room for improvement in the organization provisions of some State Departments of education for rendering services with respect to school finance. In some, fiscal affairs are administered in a division of the department which was organized not for administrative purposes, but primarily to render service directly pertaining to instruction and supervision. In others, there appears to be division of responsibility which makes it difficult for the State's program to be coordinated.

It is exceedingly important that there be close cooperation between divisions of the State department of education, which are directly concerned with instructional problems and the division which is responsible for administering the State's school fiscal affairs. This does not mean, however, that work pertaining to finance need or should be assigned to various divisions of the department. On the contrary, intelligent cooperation among divisions and coordination of the work of the whole department probably points to the desirability of centralizing the fiscal affairs in one division.

The arguments advanced for placing responsibility for distributing State school funds with individuals engaged in the work of instruction or supervision attempt to show that by this procedure decisions can be made to harmonize more closely with the State's program than is possible if all the financial work is centralized in one division. In other words, the supervisor who sees and is acquainted with the actual situation is in a more favorable position to pass on claims for State aid than officials who do not come in close contact with the situation.

In the interest of rendering the best service, there appears to be considerable indication that the work of school finance will eventually be centralized to a greater extent in a single division of the State department of education than it has been in the past. Likewise the best evidence and the preponderance of expert opinion seem to indicate that the work of State departments of education in school finance can be carried on more logically as a service in the larger divisions of school administration rather than in separate divisions devoted exclusively to financial matters.

IV. Cooperation of State Departments of Education With Various State Agents and Agencies With Respect to Public-School Finance.

Few significant financial transactions between the State governments and their respective local school administrative units are consummated without the cooperative efforts of two or more State agents or agencies. It would be next to impossible to describe or even enumerate all operating relationships between the different State agents and agencies with respect to their work with the administration of public-school finance. Some are specified by law, but

more perhaps are informal, but necessary in conducting the affairs of the respective offices.

An example of the operating relationships between two is to be found in North Carolina as indicated by the following quotation:⁹

The State Board of Education and the State School Commission shall fix and determine a State standard salary schedule for teachers, principals, and superintendents, which shall be the maximum standard State salaries to be paid from State funds to the teachers, principals, and superintendents. * * *

Other State officers are called upon constantly, or whenever necessary, for information and advice pertaining to public school finance. While such service may have a basis in law, it is not specifically set forth therein. For illustration, advice from the State planning board or the department of health, may result in withholding State aid for, or granting it to, a small school in a location questionable as to its suitability for a school site. School census data, too, or other basic data, used in making computations for the apportionment of State school funds are in most States collected by State school officials, the necessary computations made, and the results certified to the proper State fiscal officer who makes the apportionments.

There are also a number of agencies such as the State school fund commission in some States, whose membership consists of the chief State school officer and other State officials. The work of such agencies in effect is cooperative with respect to financing the schools, for their duties in administering the permanent school funds affect the financial well-being of the public schools. Among the agencies of the various State governments which most frequently work cooperatively with State school offices in administering and supervising financial affairs of the public schools are the offices of the treasurer, the auditor, the comptroller, the tax commission, the school fund commission, the board of health, and the planning board.

Representatives of agencies of the Federal Government stationed in the several States maintain important working relationships with State departments of education pertaining to school finance. These include the United States Office of Education—particularly the Vocational Education Division, the Public Works Administration, the Work Projects Administration, the Civilian Conservation Corps, the National Youth Administration, and the Children's Bureau. In some instances these undertakings are definitely in close cooperation with the respective State departments of education.

Conclusions.—Coordination of the operating relationships between those agencies of the State government whose work relates to school finance should be such that each phase of it is efficiently handled with a minimum of delay. To insure proper coordination, it is essential that revisions in the legal provision for financing the schools be

⁹ North Carolina. 1939 School Machinery Act. p. 11. Secretary of State, Raleigh, N. C.

accompanied by adequate legal provisions for such coordination. This is not always done and as a consequence considerable duplication of work results.

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