SCHOOL BUDGETARY PROCEDURE AS STATED IN SCHOOL CODES

by

Oliver W. Crump
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Approved by:

[Signatures]

Instructor in Charge

Raymond F. Schrager
Head of Chairman of Dept.

Sept. 1928
ACKNOWLEDGEMENT

The writer is especially indebted to Professors E.A. Anderson and H.P. Smith, Dean R.A. Schwegler, and notably to Professor J.W. Twente, University of Kansas, who supplied him with materials and suggestions; and to officials and employees in various states throughout the country who so graciously gave him of their time and knowledge.

O.W.C.
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INTRODUCTION

Within the last decade, a strenuous effort has been made on the part of municipalities, bureaus of research, institutes of government research, to devise some scheme whereby the governments of our American political divisions might be more effectively administered. Considerable progress has been made in national and state governments in the use of the budget as an aid in administration. A majority of the states have recognized the value of adopting a school program for a future period, and following it in so far as conditions permit.

It has seemed to the writer that a study of the state laws on school-budgeting might lead to some interesting conclusions respecting the best procedure to follow in a given state, dependent upon its size, form of government and local restrictions. This study was commenced late in 1926 by a consideration of the state school codes.

School codes of forty-six states were examined and thirty-seven indicated that they were using the budget as a means of control. The writer has checked this material first hand. He has made a conscientious effort to revise the material as changes have been made in the various states from time to time.
It is believed that all of the latest changes in state school budgeting as expressed in the laws of the various states have been incorporated in this study.
CHAPTER I

The General Problem of Budgetary Procedure

The school budget is one of the factors of extreme importance that concerns school administrators. Its importance is being increasingly recognized by forward looking school men. School costs are mounting, not only because of the increased cost of materials and personnel, and because so much that is new is being added to the school plant, but also because of the increase in school population. Each innovation calls for an additional outlay and the result is that many are questioning the possibility of making greater expenditures.

Many important questions arise regarding the school budget. One of these is in regard to the legal basis of school budgetary procedure. The importance of this question may be realized by the following quotations:

Arthur B. Moehlman, director of statistics and reference, Detroit Michigan says: "There are three general steps in the preparation of school budgets, whether they be for village, city, county or state. There are,

(1) Preparation, Sale, Administration."

(2) A.F. Harman, superintendent of Montgomery county schools, Montgomery, Alabama in his discussion of the budget


offers the following suggestions. "There shall be equality of educational opportunity for every American child. In a democracy any other theory of education is unthinkable."

On account of present legal limitations of budgets, the children of rural America do not have and cannot have equality of educational opportunity either among themselves or with children of urban America. It is doubtful if county-wide budget making and spending are in force at this time in one fourth of the states. The gap between district control and state control of school funds makes a most serious difficulty. A.F. Harman in studying this question sent out a questionnaire. The returns demonstrated conclusively that on the whole the laws of the several states are peculiarly and emphatically defective in the matter of county school budgets. In approximately one half of the states, the county superintendent is not required by law to make a budget. Regardless of the basis of school administration, it appears that the law-making bodies of the states have set up no minimum requirements as to the machinery for the businesslike conduct of schools. The poor district and rich district of the same county cannot have equally good school facilities on the same basis of taxation unless there is a central control of the distribution of school funds.

(1)

E.F. Graves, commissioner of education of New York

(1) Graves, E.F. Budget making and spending by the state N.E.A. Proc. 1923.
State, says, "There are troublous times in state school administration, and probably the thing that has disturbed us as much as anything is our fiscal administration, and the matter of budgeting and spending. The details differ in various states due to statutory and constitutional arrangements, but after all, the budgeting is done very much in the same way in each state. The principle underlying the making of a scientific budget is to make a careful estimate of your income and see to it that your expenditures by no chance exceed the income. Every budget should show and indicate clearly the trend of increase or decrease in the various items for educational activities and undertake to defend them."

(1) Geo. D. Strayer, indicates in his report that we are marching steadily in the direction of state control. Forty-nine of the minor cities in New York have state control but there are eleven of the large cities which have not seen the light and do not propose to if they can help it. Delaware has arrived there completely and Maryland, after paying sixty-seven percent of the school costs for all counties, guarantees a minimum standard for all of the schools.

C.P. Mason gives this definition. "A budget is a financial statement, covering a fiscal year in advance, showing the anticipated revenues and apportionment of a body having control

of the distribution of public funds. A budget to be complete should not only show the purposes for which apportionments are made but also the sources of the revenue to be raised for meeting such appropriations."

Mr. Wolcott says, "A budget is a plan, for financing an enterprise or government during a definite period, which is prepared and submitted by a reasonable executive to a representative body (or duly constituted agent) whose approval and authorization are necessary before the plan may be executed."

A.R. Hattan defines a budget as follows: "The budget provides a means through which citizens may assure themselves that their effort which has been diverted to community ends is made to produce the maximum of results for the effort expended." For A.E. Buck the following statement serves as a definition: "The budget in the strict sense of that term, is a complete financial plan, for a definite period, which is based upon careful estimates both of the expenditure needs and of the probable income." Orville C. Pratt: "The budget is a scientifically formulated financial plan."

1. Mason, Charles P. Sec. Treasurer St. Louis Board of Ed.
4. Buck, A.E. Bureau of Municipal Research Staff, N.Y. City
Emmerson says, "Budgeting involves a cycle of operations, past, present, and future. We may have, first, the collection of past data of income and expenditure; second, the evaluation of both in the light of present conditions, such as sources of income and trends of cost, third, the preparation of an estimate for the next year, based on these findings; fourth, the enactment of the budget; and fifth, the execution of the budget, which it may be said is a test of the soundness of the prognosis, and furnishes a basis for evaluation of the correctness of the prognosis."  

Stourm puts the four following major operations in budget procedure; "First, preparing the budget, which is an executive responsibility; second, voting the budget which is a legislative responsibility, third, executing the budget which is again an executive responsibility, and fourth, enforcing accountability for such expenditure, which is a legislative function. It will be seen then that these four steps are alternately executive and legislative."

Preparation of Budget

A discussion of the procedure used in the preparation of the budget raises in succession the following questions: Who prepares the budget? When is the budget prepared? Spaulding

1. School Budget and Budget Procedure, Am. School Ed. J. May 1925
2. The Budget, Stourm, p. 52.
says that the business phase and the educational phase of
school administration should not be separated. If this is
true of the office of superintendent, of which he was speaking,
it is equally true in respect to that of the principal. There
must be no delegation of responsibility without comcomitant
powers. "The principal is justified in the assumption that
every prescribed duty implies conditions favorable to its
execution. Perhaps the position of the principal would be
clarified and the complaint of some superintendents about the
"non-conductivity" of principals in executing a general school
policy would be met if he were given authority to budget for
his unit of the school system."}

H.C. Adams, in answer to the question, by whom should the
budget be prepared, makes the following statement. "Wherever
fundamental law allows the executive to be an active member
of the legislative body the preparation of the budget should
be an act of the government, that word being used in its strict
parliamentary sense. Yet another reason for placing the pre-
paration of the budget in the hands of the administration, though
it may possibly be regarded as an application of the reason
already given, is found in the fact that under such circumstances
there is greater likelihood that a harmonious budget will be
eventually voted than would otherwise be the case."

An article in the Municipal Review, December 1916 states;

"The persons best fitted to prepare a program of service with an estimate of cost are those who are familiar with the services, namely, the officers who have given careful consideration to the problem and who are responsible for results. The chief executive is the one to be charged with the duty of presenting to the legislature early in the session a comprehensive review of service needs and of state financial conditions, with a revenue and borrowing program which is consistent with the welfare of the state.

(1) C.P. Mason, writes, "In the U.S. however, the influence of the executive branch of the government is normally a very small one. The recommendations of the executive officers are clothed with no particular authority but are taken for what they are worth in the legislative assemblies.

(2) S. Gabye Lowrie says: "In formulating the budget the executive in every instance obtains all the information necessary for the presentation of sound estimates and intelligent recommendations.

(3) I.D. Upson voices this view, "The first essential to successful budget making is the preparation of the estimates by the administrative officers responsible for carrying out the work program."

(1) The elements of State Budget Making Mun. R. Dec. 1916
"Of all the laws the financial law is the one, the initiative of which should most naturally be an attribute of the executive. The latter alone is in position to know the extent and the urgency of the needs of the government. The executive alone can judge from his vantage point at which limits taxation should stop. This knowledge can come only as the result of daily experience in all the branches of the administration as well as of the comparing and combining of information collected in the various parts of the kingdom and centralized in the same point of observation." 

Chateaubriand states, "The preparation of the budget is essentially a royal prerogative—it is the general rule that; the budget should be prepared by the ministry and not by the Chambre des Deputies, which has to pass on that budget. If the latter were preparing the budget it could not demand an account of its own work and the ministry would refuse to be responsible for the most important function of the administration.  

Stourm in Le Budget voices the opinion that although the countries necessarily entrust to their executives the work of preparing their budgets, each one does it with more or less restriction.  

(1) Report of Marquis de Garnier in the Chambre de Paris, relating to the budget of 1821.  
(2) De la Monarchie Selon la Charte, by Viscount de Chateaubriand, Paris 1825.  
(3) Le Budget
The practical conclusion is that in the interest of good administration of finance, the larger portion of initiative and authority should rest with the executive.

A.E. Buck, in commenting on the authorization of the budget, gives the following views: "In constituting the budget-making authority, it is necessary to take into consideration the organization and the existing methods and procedures of the government—The budget making authorities of states and cities may be classified under three general types, namely, (1) the executive type, when the chief executive officer is responsible for the formulation of the budget; (2) the board type, when a group of administrative, or administrative and legislative, officers is responsible for the preparation of the budget; and (3) the legislative type, when the legislative body, through one of its committees or agents, formulates the budget. Only in the executive type is the budget making authority of such character that responsibility can be definitely placed, for the formulation of the financial plan.

Meaning of the Budget

The term "budget," in its broadest sense and as it is now interpreted, means not only a request for appropriations and for authority to collect revenues with which to meet them, but

also the information which may be submitted by the administration in support of these requests.

The word has been used in continental countries, and in England for several years, Mayor-General Balfour, in a paper read before the Statistical Society of London, in 1866 said:

"England has applied it (the term "budget") to the great leather bag which for a long time contained the documents presented to Parliament to explain the resources and the wants of the country. This new interpretation has also been adopted in our (French) language in imitation of the forms and expressions of the constitutional idioms of Great Britain, and only appeared for the first time in the acts of the French Government, in the decrees of the councils, in the interval between the month of August 1802, and the month of April 1803, in which the term budget replaced the former estimate of receipts and expenditures."

The notion, as has been discussed, abroad then, seems to be that the term "budget" refers to an estimate of receipts and expenditures. This interpretation of the word has carried over into the United States, and is the view supported by many of our writers of note. For example, the following definition has been given by F.A. Cleveland:

(1) Journal of the Statistical Society XXIX, 325.
"A budget is a plan for financing an enterprise or government during a definite period, which is prepared and submitted by a responsible executive body to a representative body whose approval and authorization are necessary before the plan may be executed."

For purposes of this thesis, it seems best to favor the broader interpretation of the term, as set forth in the opening paragraph. That is, the budget has to do with requests for appropriations, together with any additional information to support them, and as well, with the authority to collect revenues and to meet the appropriations. The budget is concerned with expenditures and revenues, and, in the United States, it serves in the capacity of controlling these two important items.

It appears from readings and investigations that municipal budgets have passed through the following three stages:

(1) The simplest form is known as the tax levy. Thus a portion of tax levy was apportioned to various funds in accordance with rates fixed by law.

(2) The second step is a development in the direction of detailed estimates. There is, however, no legal significance attached to the detailed estimates.

(3) The third stage is marked by detailed appropriations, estimates of work to be done forming the basis.

CHAPTER II
The Specific Problem of this Study and Method of Procedure.

The specific problem of this study is to find out what school budget information with reference to expenditures, incomes and work programs is cited in the state school codes of the forty-eight states of the United States and the District of Columbia.

The treatment of the subject deals with the requirements for the budgets as given in state school codes. The expenditures and items of the state laws on budgetary procedure are classified according to the principles usually employed by administrators and finance experts.

Expenditures are classified, A--by function, B--by organization units, C--by objects, D--by character, and E--by funds. It is necessary, in budget planning to know the objects needed, that is, the services and commodities to be bought and the obligations to be met, in order to estimate properly and correctly for the future. Then these objects should be divided according to the character of expenditure for financing purposes. The expenditures, actual and estimated, for any department, bureau, division, or institution, are set up under these two classifications in the order of the titles in the composite classification given in Table I.

Frequencies of items in expenditure classification are given in Table II.
Revenues are classified, A--by local taxes, B--by appropriations, C--by grants, D--by tuition and other earnings, E--by miscellaneous sources, F--by interest. This classification is given in Table III.

In Table IV, a comparison between the states with reference to certain items appearing in the school codes is given.

Table V shows the frequencies with which general disbursement headings of the Bureau of Education Reports are used in the school codes of 46 states on the budget.

Data and conclusions are presented which are intended as an aid in drawing up school codes. Extracts from certain school codes are given in the appendix.
CHAPTER III
DEFINITION OF TERMS USED IN SCHOOL ACCOUNTING

Administration or General Control, according to the United States Bureau of Education, is to be defined as "that group of activities that deals with (1) the carrying out of policies that provide physical, financial and educational conditions under which pupil, teacher, principal, and supervisor may work to best advantage; (2) the provision of channels through which the course of study, general data and instructions may be quickly and effectively placed in operation; (3) the provision of channels through which information and conditions in the schools may be promptly transmitted to the central offices; (4) putting into operation standards of achievement; (5) the preparation of general data and reports; (6) research activities; (7) general publicity; (8) expenditures for personal bonds of school officers when such are paid for by the board of education."

Auxilliary Agencies. Under this heading should be included such activities carried on by the school system other than those listed as instructional or coordinate activities. Most common among these are: (1) operation of public libraries, (2) transportation of children, (3) payment of board, lodging, etc., of pupils in lieu of transportation cost, (4) public lunches and lunch room deficits, (5) community and social center activities, (6) school gardens, playground operation, etc.
Capital Outlay is money spent in the acquisition or appropriation of anything that results in an increase in the total amount of the property possessed, or payments of money resulting in additional values, or increased efficiency of property already owned.

Debt Service. Includes payment of bonds, short and time loans, all payments of interest, payments to sinking funds, etc.

Equipment. Includes all objects except buildings which are supposed to last from year to year when reasonably used.

Fixed Charges. This term applies to rents, insurance of all kinds, taxes, contributions, contingencies, retirement fund and all payments of this kind which year after year consume a portion of the school funds.

Function. The expense of a school system may be determined by the kind of service for which the moneys are expended.

Maintenance. Includes all expenditures made for the restoration of any piece of property, whether it be grounds, buildings, or equipment, to its original condition of efficiency or completeness.

Object. The object of a payment shows the actual things purchased or obtained.

Operation. The term used to denote expense involved in keeping buildings open and ready for daily use and in running the plant, janitorial service, or the operation of heating and lighting plants, the care of grounds, and services of similar nature.
Personal Services. In addition to the regular salaries, wages, fees, and other compensation, this term includes bonuses, special awards, etc.

Property Service. An accounting term which includes disposal and care of property, and making payments for the same.

Revenue Receipts. Revenue receipts may be defined as those receipts that do not result in increasing school indebtedness or in the depletion of school property. Furthermore, they are derived from specific sources more or less regularly and the amounts of which may be more or less accurately estimated.

Non-Revenue Receipts. Include all amounts obtained from loans and bond sales and from sales on property and supplies that originally were not intended to be sold.
CHAPTER IV

PRESENTATION OF DATA

Table I

Budget Items to be Included in Expenditure Estimates as Listed in School Codes

Expenditure classification for an organization unit arranged so as to show both the character and objects (services, commodities and obligations) of expenditures.

Key to Table

A-B-C-D-E-F-G-H = character classifications

A-General control
1 Superintendent's office - salaries
2 " " - supplies
3 Compulsory education - salaries
4 Ed. of Ed. Secy's office-salaries

B-Instructional service
1 Supervisors - salaries
2 Principal's office - salaries
3 Principal's supplies
4 Salaries of teachers
5 Textbooks

C-Operation of school plant
1 Wages of Janitor
2 Fuel
3 Water
4 Light and power
5 Janitor's supplies
6 Service other than personal

D-Maintenance of plant
1 Upkeep of grounds
2 Repair of buildings
3 Rep. and replacement
   furniture, plumbing, heat and light

E-Fixed charges
1 Pensions
2 Rents
3 Insurance
4 Taxes
5 Contingences

F-Debt Service
1 Payment of bond direct
2 Payment of bond sinking
3 Payment of interest
4 Refund of taxes and tuition

G-Capital outlay
1 Land
2 New Buildings
3 Alterations
4 Equipment

H-Auxiliary agencies
1 Libraries
2 Health
3 Trans. of pupils
4 Provision of lunch

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<th>State</th>
<th>Initial date of fiscal yr.</th>
<th>The law states that these items shall be included in the budget estimate</th>
<th>Total no. of items for estimate</th>
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<td>5. Colorado</td>
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<td>A1 B5 D2 E3 H</td>
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*Not included in this study.*
PRESENTATION OF BUDGETS

School codes of 33 states indicate the initial date of the artificial division of the calendar for financial purposes for school districts as follows: In 25 states, it is provided that this date be July 1st. In Georgia and Massachusetts January 1st, Maryland August 1st, Nebraska, the second Monday in July, and Washington, March 1st, Pennsylvania first Monday in July and Ohio July 15th.

The budget must be presented no later than the first day of the fiscal year in Alabama, Arizona, California, than four months in Delaware, before the beginning of the fiscal year, no later than first Tuesday in December in Georgia, first Monday in June in North Carolina, and no later than a month and a half before the beginning of the fiscal year in Missouri, and no later than the second Monday in July in Ohio.

Object-Character Classification of Budget Material

The school codes of 24 states define, either in detail or in general, classification of items, on an object-character basis, expenditures that must be included in the budget estimate.

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<th>(1) Ibid., school law reference no.</th>
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<td>(3) &quot;</td>
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<tr>
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<td>&quot; 31</td>
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<tr>
<td>(15) &quot;</td>
<td>&quot; 23</td>
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<tr>
<td>(16) &quot;</td>
<td>&quot; 2, 3, 4, 6, 7, 9, 10, 11, 13, 15, 18, 19, 20, 23, 25, 29, 31, 35, 37, 40, 44, 45, 47</td>
</tr>
</tbody>
</table>
States requiring expenditure estimates for general control
(1) Delaware, Illinois, Maryland, Massachusetts
(2) (3) (4)
are: Delaware, Illinois, Maryland, Massachusetts
(5) (6) (7) (8) and Washington-
(9) Michigan, New Mexico, North Carolina, Oregon.

States requiring expenditures estimates for instructional
(10) (11) (12) (13)
service are: California, Delaware, Georgia, Kentucky,
(14) (15) (16) (17)
Maryland, Massachusetts, Missouri, New Mexico, North
(18) (19) (20) (21) (22)
Carolina, Oregon, Michigan, Rhode Island, Washington.

States requiring expenditure estimates for operation of school
(23) (24) (25) (26)
plants are: Arkansas, Georgia, Iowa, Maryland,
(27) (28) (29) (30) Nebraskan, New Mexico, North Carolina, Oregon,
(31)
Wisconsin.

States requiring expenditure estimates for maintenance of
(32) (33) (34) (35)
plant: (upkeep) are: Delaware, Idaho, Illinois, Kentucky.

(1) Ibid, school law reference no. 7 (31) Ibid., Sch. Law Ref. No. 47
(2) (3) (4) (5)
(6) (7) (8) (9)
(10) (11) (12) (13)
(14) (15) (16) (17)
(18) (19) (20) (21)
(22) (23) (24) (25)
(26) (27) (28) (29)
(30) (31) (32) (33)
(34) (35)
<table>
<thead>
<tr>
<th>States requiring expenditure estimates for fixed charges:</th>
<th>States requiring expenditure estimates for debt service:</th>
<th>States requiring expenditure estimates for capital outlay:</th>
<th>States requiring expenditure estimates for auxiliary agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas, Delaware, Georgia, Iowa, Nebraska, New Mexico, North Carolina, Oregon, Wisconsin.</td>
<td>Delaware, Georgia, Kentucky, Missouri, New Mexico, North Carolina, and Tennessee.</td>
<td>Arizona, California, Delaware, Kentucky, Oregon, R. Island.</td>
<td>Delaware, Maryland, and Virginia.</td>
</tr>
</tbody>
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(1) Ibid., school law reference no. 18. (2) " " " " " 20 (3) " " " " " 29 (4) " " " " " 31 (5) " " " " " 35 (6) " " " " " 36 (7) " " " " " 37 (8) " " " " " 44 (9) " " " " " 3 (10) " " " " " 7 (11) " " " " " 9 (12) " " " " " 13 (13) " " " " " 25 (14) " " " " " 29 (15) " " " " " 31 (16) " " " " " 35 (17) " " " " " 47 (18) " " " " " 8 (19) " " " " " 9 (20) " " " " " 15 (21) " " " " " 23 (22) " " " " " 29 (23) " " " " " 31 (24) " " " " " 40 (25) " " " " " 2 (26) " " " " " 4 (27) " " " " " 7 (28) " " " " " 15 (29) " " " " " 35 (30) " " " " " 37 (31) " " " " " 7 (32) " " " " " 18 (33) " " " " " 44
The frequency of character classifications follows:

(1) Seven in Delaware, six in Oregon, six in New Mexico,
(2) six in North Carolina, five in Maryland, four in Georgia,
(3) six in Kentucky, three in Michigan, three in Rhode Island,
(4) three in Washington, two in Arkansas, two in California,
(5) two in Illinois, two in Iowa, two in Massachusetts,
(6) two in Missouri, two in Nebraska, two in Virginia,
(7) two in Wisconsin, one in Arizona, one in Connecticut,
(8) one in Idaho, one in Pennsylvania, one in South Carolina,
(9) one in Tennessee,

(1) Ibid. school law reference no. 7
(2) Ibid. school law reference no. 7
(3) Ibid. school law reference no. 7
(4) Ibid. school law reference no. 7
(5) Ibid. school law reference no. 7
(6) Ibid. school law reference no. 7
(7) Ibid. school law reference no. 7
(8) Ibid. school law reference no. 7
(9) Ibid. school law reference no. 7
(10) Ibid. school law reference no. 7
(11) Ibid. school law reference no. 7
(12) Ibid. school law reference no. 7
(13) Ibid. school law reference no. 7
(14) Ibid. school law reference no. 7
(15) Ibid. school law reference no. 7
(16) Ibid. school law reference no. 7
(17) Ibid. school law reference no. 7
(18) Ibid. school law reference no. 7
(19) Ibid. school law reference no. 7
(20) Ibid. school law reference no. 7
(21) Ibid. school law reference no. 7
(22) Ibid. school law reference no. 7
(23) Ibid. school law reference no. 7
(24) Ibid. school law reference no. 7
(25) Ibid. school law reference no. 7
Table II

Frequency of Expenditure Classifications by State School Codes.

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<td>4</td>
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<td>5</td>
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<td>Object</td>
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<td>Wyoming</td>
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<tr>
<td>Washington, D.C.</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*Not included in this study
States of which Laws Were Studied to Obtain Material for This Thesis.

1. Alabama
2. Arizona
3. Arkansas
4. California
5. Connecticut
6. Delaware
7. Florida
8. Georgia
9. Idaho
10. Illinois
11. Indiana
12. Iowa
13. Kansas
14. Kentucky
15. Louisiana
16. Maine
17. Maryland
18. Massachusetts
19. Michigan
20. Minnesota
21. Missouri
22. Montana
23. Nebraska
24. Nevada
25. New Hampshire
26. New Jersey
27. New Mexico
28. New York
29. North Carolina
30. North Dakota
31. Ohio
32. Oklahoma
33. Oregon
34. Pennsylvania
35. Rhode Island
36. South Carolina
37. South Dakota
38. Tennessee
39. Texas
40. Utah
41. Vermont
42. Virginia
43. Washington
44. West Virginia
45. Wisconsin
46. Wyoming

School codes of Colorado, District of Columbia, and Mississippi were not immediately available.
One hundred and ten different classifications for budget estimate were listed by checking school codes. The frequency of any one specific classification varies from 13 to 1. The number of classification items required for budget estimate varies from 25 in Delaware, 24 in Oregon, 16 in Washington, 13 in New Mexico, Kentucky and California, 12 in Iowa, 11 in Nevada, 9 in Maryland and Arizona, 8 in Utah, North Carolina, and Idaho, 6 in Virginia, Rhode Island, Louisiana, Illinois and Florida, 5 in Pennsylvania and Oklahoma, Nebraska and Connecticut, 4 in Wisconsin, Tennessee, Massachusetts, and Alabama, 3 in Michigan and Ohio to 2 in Arkansas and Missouri.

(1) Ibid. school law reference no. 7
(2) " " " " " " 35
(3) " " " " " " 45
(4) " " " " " " 29, 15, 4
(5) " " " " " " 12
(6) " " " " " " 26
(7) " " " " " " 18, 35
(8) " " " " " " 42, 31, 10
(9) " " " " " " 44, 37, 15, 11, 9
(10) " " " " " " 36, 34, 25, 6
(11) " " " " " " 47, 40, 19, 1
(12) " " " " " " 20, 33
(13) " " " " " " 3, 23
In Oklahoma besides an estimate of the expenditures and revenues, the budget must include and provide funds for the school poultry and egg show and also the county and state poultry and egg show. An estimate of the amount needed for the Americanization of foreign born children is required in Delaware. Standard forms of reports are required in California, Delaware, Georgia, Idaho, Illinois, Kentucky, Oregon, and Washington.

Who submits the budget? The superintendent in Alabama, Illinois, Montana, Oregon, Rhode Island, Utah and Washington; the Board of Education in Arizona, Connecticut, Idaho, Louisiana, Maryland, Oklahoma, Wisconsin and the mayor of commissioner in Massachusetts.

Debt service estimates are not generally required. Delaware and Georgia in their school codes require an estimate of debt service for the ensuing fiscal year. All states having a school budget, require an estimate of revenue and expenditures. Florida, Georgia, Illinois, Iowa, Louisiana, Maine, Oklahoma, Oregon, Utah, Washington, Nevada and Ohio require a detailed estimate of revenues and expenditures. Several states require that the amount for the general fund be estimated. Idaho and Oregon demand estimates for certain objects.

In New Hampshire, the law concerning budgets is very general, i.e.; prepare a budget for such expenditures, give to the public information as to the educational conditions in different parts of the state and the opportunities open to pupils in the public schools.

(1) Ibid, school law reference no. 4
(2) " " " " " " 4,7,8,10,11,12,13,15
(3) " " " " " " 1,2,3,35,37,38,42,45
(4) " " " " " " 1,2,3,4,5,6,10,16,18,34,47
(5) " " " " " " 19
(6) " " " " " " 7
(7) " " " " " " 7
(8) " " " " " " 8,9,11,13,16,17,34,35,42,45,33
and all such further information in respect to educational matters as will promote the cause of education. For this purpose it may employ lecturers and publish and distribute books and pamphlets on education and educational subjects.

(1) Maryland has an Equilization Fund which makes it possible for every county, poor or rich, without increasing local taxes to fill from year to year every school vacancy with a professionally trained teacher and to provide this teacher with the requisite materials for instruction. The general state school fund is distributed on a basis of census and attendance. A state appropriation of fifteen hundred annually is made to the county board of education that has established a central colored Industrial School.

The Equilization Fund is computed by assembling the following facts for each teacher from each county superintendent:

School
Name of teacher
Years of experience
Grade of certificate
Salary
Change in certificate grade by:
(a) Raising grade of certificate
(b) Replacing teacher with another having additional training.

These facts are verified. The number of teachers in each elementary school is checked to see that it conforms to the following schedule:

(1) Ibid., school law reference no. 17.
Average Attendance | No. in Teaching Staff
---|---
Less than 41 | 1
41-80 | 2
81-120 | 3
121-160 | 4
161-200 | 5
201-240 | 6 etc.

The sum of the salaries of necessary teachers corrected as above is divided by 76 to determine the county school budget required. The salary budget should not be more than 76 percent of the total budget according to Section 133 of the State School Laws. The additional 24 percent is needed to cover the current cost of administration and supervision, books, supplies, cleaning, heating, repairing buildings, transporting pupils, providing library and health service.

The Equalization Fund is the difference between the amount required above and the amount available for school purposes from State aid for high schools, census and attendance, books and supplies, part payment of salaries of county officials plus the amount available from a county tax of 67 cents on the assessed valuation of property taxable at 39 the full rate for county purposes.

The counties receiving the Equalization Fund are therefore those in greatest need of help in carrying the minimum essentials of the State requirements without having to tax themselves above the school tax rate prevailing in the average county of the State.

The North Carolina legislature at its 1927 session made

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(1) School budgets in North Carolina, American School Board Journal: March 1928.
changes in the school law providing revenues for public education. In connection with these changes, the legislature amended sections 175 to 179, outlining the contents and the operation of school budgets.

Under the amended law, the May budget of county boards of education will provide for three separate funds (a) a current expenses fund, (b) capital outlay fund, and (c) a debt service fund.

The new budget law makes it possible to unify under a common form the May budget, the accounting system that is carried through the year, the annual report to the state superintendent's office, and the audit now required of every county board of education and city board of trustees. All the documents will be arranged in the same way and will be classified according to the same standards of distribution so that it will be possible to compare one with the other. The system will be of service to the counties in allaying the suspicion on the part of the taxpayers that the schools are managed in an extravagant way.

The Georgia State Board of Education on December 20, 1927, unanimously adopted the plan recommended by State Superintendent M.L. Duggan, for the distribution of the $1,000,000 equalization fund appropriated by the legislature during the summer of 1927.

(1) Georgia’s Plan for Distribution of her Equalization School Fund, American School Board Journal, March 1928.
The purpose of the equalization fund as stated in the act is to "more nearly equalize educational opportunities as between the rural counties of the state."

The state has for several years distributed about $5,000,000 to counties and independent school systems on the basis of census enrollment.

Educational needs will be expressed in terms of total daily attendance for the purposes of this distribution; average daily attendance of 30 pupils will be regarded a teacher load; and an average salary of $630 for a seven-months' school year will be set up.

The total average daily attendance of any county or independent system divided by the teacher-load of 30 pupils will determine the number of teacher units, which when multiplied by $630 will express the educational needs in terms of dollars and cents.

(1) Ibid

### Table III

Budget Item to be Included in Revenue Estimate as Listed in School Codes Unit so as to Show the Same Source of Revenues.

**Key to Table**

<table>
<thead>
<tr>
<th>Source</th>
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<td>2. Polls</td>
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<td>3. Special school</td>
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<tr>
<td>4. Dog and other special taxes</td>
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</tr>
<tr>
<td>B. Appropriations</td>
<td>D. Tuition and other earnings</td>
</tr>
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<td>1. State</td>
<td>E. Miscellaneous</td>
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<td>2. Federal</td>
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<td>3. County</td>
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<td>4. Special school</td>
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<td>5. County</td>
<td>F. Interest</td>
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<table>
<thead>
<tr>
<th>State</th>
<th>Initial dates of fiscal year</th>
<th>The law states that those items or classifications shall be included in the budget estimate</th>
<th>Totals</th>
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<td>Score</td>
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<tr>
<td>32</td>
<td>North Dakota*</td>
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<tr>
<td>33</td>
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<td>34</td>
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<td>47.</td>
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<td>A</td>
</tr>
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<td>48.</td>
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<td>7-1</td>
</tr>
<tr>
<td>49.</td>
<td>Washington, D.C.</td>
<td></td>
<td></td>
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</tbody>
</table>

*Not included in this study*
What Sources of Revenue Classification are Required by State School Codes?

States requiring revenue estimates from local taxation are:
(1) Alabama, (2) California, (3) Iowa, (4) Kentucky, (5) Nevada, (6) Oregon,
(7) Virginia, (8) Wisconsin.

States requiring revenue estimates from appropriations, (9) federal, (10) state and (11) county are:

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<tr>
<td>(1)</td>
<td>Ibid., School Law Reference No. 1</td>
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<td>(2)</td>
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<td>(23)</td>
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</tbody>
</table>
States requiring revenue estimates from miscellaneous sources are: Arkansas, California, Florida, Georgia, Idaho, Iowa, Louisiana, Nevada, Oklahoma, Virginia, Washington.

The frequency of revenue classifications varies from four in California and Nevada, three in Alabama, Georgia, Iowa, and Nebraska, two in Delaware, Florida, Kentucky and Virginia to one in Arizona, Arkansas, Idaho, Louisiana, Maine, Maryland, New Mexico, Ohio, Oklahoma, Tennessee, Washington, and Wisconsin.

(1) Ibid., School Law Reference No. 5
(2) " " " " " " 4
(3) " " " " " " 8
(4) " " " " " " 9
(5) " " " " " " 10
(6) " " " " " " 13
(7) " " " " " " 16
(8) " " " " " " 26
(9) " " " " " " 34
(10) " " " " " " 44
(11) " " " " " " 45
(12) " " " " " " 4,26
(13) " " " " " " 1,9,13,25
(14) " " " " " " 2,3,10,11,17
(15) " " " " " " 18,29,33,34,40,45,47.
Table IV

Frequency With Which Certain Items Appear in the School Codes.

<table>
<thead>
<tr>
<th>Item</th>
<th>No. of States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Expenditures For Last Fiscal Year</td>
<td>1</td>
</tr>
<tr>
<td>Estimated Expenditures For Ensuing Fiscal Year</td>
<td>13</td>
</tr>
<tr>
<td>Estimated Receipts From State For Elementary Schools</td>
<td>6</td>
</tr>
<tr>
<td>Estimated Receipts From State For High Schools</td>
<td>6</td>
</tr>
<tr>
<td>Detailed Budget of Revenues</td>
<td>11</td>
</tr>
<tr>
<td>Detailed Budget of Expenditures</td>
<td>11</td>
</tr>
</tbody>
</table>
Table V
Frequencies With Which General Disbursement
Headings of the Bureau of Education Reports
Are Used in the School Codes of 46 States
on Budgets.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Instruction</td>
</tr>
<tr>
<td>II</td>
<td>Operation of school plant</td>
</tr>
<tr>
<td>III</td>
<td>Maintenance of plant</td>
</tr>
<tr>
<td>IV</td>
<td>Fixed Charges</td>
</tr>
<tr>
<td>V</td>
<td>Debt Service</td>
</tr>
<tr>
<td>VI</td>
<td>Capital Outlay</td>
</tr>
<tr>
<td>VII</td>
<td>Auxiliary Agencies</td>
</tr>
</tbody>
</table>

Total 20
An estimate of the salary of each officer and employee is prescribed by Maryland, Massachusetts, Michigan, North Carolina, Oregon, and Washington.

Standard forms of reports are required by California, Delaware, Georgia, Idaho, Illinois, Kentucky, Ohio, Oregon, Washington.

An estimate of teachers salary is prescribed by California, Delaware, Georgia, Kentucky, Maryland, Michigan, New Mexico, North Carolina, Rhode Island.

(1) Ibid., school law reference no. 18.
(2) " " " " " " 19
(3) " " " " " " 20
(4) " " " " " " 31
(5) " " " " " " 35
(6) " " " " " " 45
(7) " " " " " " 4
(8) " " " " " " 7
(9) " " " " " " 9
(10) " " " " " " 10
(11) " " " " " " 11
(12) " " " " " " 15
(13) " " " " " " 23
(14) " " " " " " 35
(15) " " " " " " 45
(16) " " " " " " 4
(17) " " " " " " 7
(18) " " " " " " 9
(19) " " " " " " 15
(20) " " " " " " 18
(21) " " " " " " 20
(22) " " " " " " 29
(23) " " " " " " 31
(24) " " " " " " 37
Chapter V
Summary and Conclusions

In the introduction to this thesis the general problem of budgetary procedure is discussed. Definitions and quotations are listed from various authorities on the budget.

The school code of the various states used in this study were available for use at the University of Kansas.

One hundred and ten items of budgetary information were listed so that the frequency of appearance of each item for each state could be checked.

All but two of the forty-eight states and the District of Columbia were studied.

It would be possible for the state budget laws to prescribe the type of information which should be included in the budget.

If states were to follow a uniform procedure in matters of this kind, they would secure the advantages of uniformity, and at the same time the disadvantages.

In the study it was found that California, Delaware, Illinois, Idaho, Georgia, Kentucky, Oregon, Ohio, and Washington made use of uniform blanks in drawing up the budget.

Estimated expenditures by departments are required by Massachusetts.

Eleven state school codes require that detailed written estimates be made by the spending authorities but usually nothing
as is said to the collection of the material for the estimates.

There is no agreement whatever about the beginning of the fiscal year. Twenty-five states, however, date from the first of July, two from the first of January, and the rest, begin with few exceptions, before the first of May.

The budget year with a few exceptions conforms to the time when the taxes are levied and collected, especially when the budget is based upon the tax levy.

Out of thirty-three states, which state definitely the time of the beginning of the fiscal year, we have five different dates.

Alabama, Delaware, Florida, Georgia, Iowa, Kentucky, Maine, Maryland, Nevada, Ohio, and Oregon require an estimate of the amount to be received from the state.

Arizona and Idaho require a statement of the amount expended for each pupil.

In Georgia and Utah there are various methods whereby additional appropriations may be made, or existing appropriations increased.

The New Jersey school code makes very general statements concerning the budget. The law provides that; whenever the annual election shall be held in two or more public places, the board of education shall present to each voter at said election the annual report of the board, and the budget for the ensuing year in printed form.
Section 643 of the New Jersey code states that no budget heretofore adopted by any school district of board of school estimate, shall be invalidated by reason of the approval, advertising, hearing or adoption thereof subsequent to the time fixed for such approval, advertising, hearing or adoption.
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3. Arkansas, 1923 School Laws--see 89, 28.
8. Florida
9. Georgia, 1924 sec. 27.
11. Idaho
14. Kansas
15. Kentucky, 1926, Common School Laws, p. 68
21. Minnesota, General Laws
22. Mississippi, 1926 School Laws
24. Montana


29. New Mexico, Revised 1925 School Code see Chapter VI.


31. North Carolina 1923 Codification of, p. 44.


37. Rhode Island Supplement 1 and 11 Acts of 1924-25-26-Sec. 9, 10, 8, p. 19, 1923.


39. South Dakota.


41. Texas, Public School Laws 1927.


43. Vermont General Laws 1925.


46. West Virginia, School Law 1927.

47. Wisconsin.


49. Washington, D.C.
Appendix A

Extracts From School Laws Relating
To The Budget

Arizona, Revised 1925

Paragraph 2697. Powers and Duties

The powers and duties of the Board are as follows:

Make Budget for State School Fund.--To devise plans for the increase and management of the State school fund, and prepare a budget of the necessary expenditures for the proper maintenance of the State Board of Education and the carrying out of the necessary investigations, and present the same to the legislature for its approval and shall have control of the expenditure of all money so appropriated.

Paragraph 2817, section b.

County School Superintendent File Budget, on or before August 1st of each year, with Board of Supervisors.--District Budgets considered in computation.--The county school superintendent in each county shall on or before the first day of August of each year, furnish the board of supervisors an estimate in writing of the amount of school funds needed for the ensuing year. In making up his estimate the county school superintendent shall take into consideration all moneys asked for by the boards of trustees of common schools and the boards of education of high schools in accordance with the preceding section.
Paragraph 2728 1/2, section 22.

Budget for building or sites—To include in their annual budget an item or items for the purpose of purchasing sites or for erecting or purchasing school buildings, which item or items the County School Superintendent shall include in his estimate to the Boards of Supervisors, and the Boards of Supervisors, may, in its discretion, make a sufficient levy on the property of said district to produce the amount asked for; provided, that said levy for such purpose shall not be in excess of ten cents on each one hundred dollars of valuation of such property.

California General Laws 1925

Paragraph 1612 a. School district budget.

Each board of school trustees, city board of education, and high school board shall have power and it shall be its duty annually in the month of June to make a school budget showing all the purposes for which the school district will need money and the amount of money that will be needed for each of said purposes for the next ensuing school year. The budget shall be made in quadruplicate upon blanks approved by the superintendent of schools and shall be billed with the county superintendent of schools of the county or city and county not later than the first day of July next succeeding.
Paragraph 1756. Estimate of tax support of high schools.

It shall be the duty of every high school board to make and file with the county superintendent of schools of each county in which any part of their high school district is situated, at least fifteen days before the first day of the month in which the board of supervisors is required by law to levy the taxes required for county purposes, an estimate of the amount of money required for maintaining the high school in said district for the current year, including rent or construction of temporary quarters, if any or additions to the plant already constructed. Such estimates shall be itemized so as to show the amount required for each of the following items:

(a. Teachers' salaries;)

Items included

(b. current expenses;)

(c. Books, magazines and apparatus;)

(d. Sites, buildings, and furniture;)

(e. other miscellaneous expenses.)

Whenever the amount estimated for any item exceeds by ten per cent or more the amount expended for said item during the preceding school year, a written statement showing the reason for such increase must be submitted with said estimate.

First estimate (The first such estimate after the formation, of any high school district after establishment (shall also include, if temporary quarters have been secured for the high school, the amount of money required to provide the necessary furniture and apparatus for such temporary quarters. Every county
board of education, acting as trustees of the county high school, shall annually make and file with the county superintendent of schools of their county the estimate required by this section.

Failure to make estimate (Should the trustees of county high school or the high school board of any high school district, fail to make the estimate provided for in this section, it shall be the duty of the superintendent of schools of the county, or having jurisdiction over such high school district to make such estimate.

Delaware, School Laws 1925.

Article I, Section 9, State School Budgets:—On or before the first day of March, the State Board of Education shall transmit biennially to the Governor and to the General Assembly, a State School Budget including the amounts required for:

1. The support of the State Board of Education, its office and its officers;
2. The payment of teachers' expenses for summer school attendance;
3. The training of teachers for rural schools in standard high schools;
4. The encouragement of consolidation of schools by state appropriations for new buildings and grounds;
5. Meeting the provisions of the Smith-Hughes Vocational Education Act, and such other educational acts as may be passed by Congress;
6. The general appropriation for teachers' salaries and text books;
7. The maintenance and support of approved state high schools;
8. The maintenance and support of elementary schools;
9. Debt Service, for the liquidation of the boarded and other debts of the school districts of the State;
10. The maintenance of the State School Tax Department.

This biennial State School Budget shall be reported on standard forms adopted by the State Board of Education and shall give the sums required for each general item of such budget and for each detail under such general item. The State Board of Education shall transmit to the Governor and to the General Assembly as part of the biennial State School Budget, copies of the annual budgets of the various special school districts, including Wilmington, and of the various school districts with a summary showing the total funds estimated necessary for the conduct of the public schools for two years, with recommendation as to the amount to be appropriated by the Legislature.

New Hampshire, Laws Relating to Public Schools and the Welfare of Children, Chap. 117;11, Sec. III.

Budget, Information. Prepare a budget for such expenditures, give to the public information as to the educational conditions in different parts of the state and the opportunities open to pupils in the public schools, and all such further information in respect to educational matters as will promote the cause of education. For this purpose it may employ lecturers and publish and distribute books and pamphlets on education and educational subjects.
State of Washington  
1923  
Code of Public Instruction Annotated  
Art. VI—823 Preliminary Budget on or before the Second Saturday in March in each year, beginning with the year 1924, the board of directors shall prepare the preliminary budget of the district for the ensuing fiscal year. Such budget shall set forth the complete financial program of the district for such ensuing fiscal year, showing in detail the expenditure program and the sources of revenue from which it is to be financed.  
828. Expenditures limited by budget.  
The budget as finally adopted shall constitute the appropriations of the district for the ensuing fiscal year and the board of directors shall be limited in the making of expenditures and the incurring of liabilities to the grand total of such appropriations: Provided, that the board of directors shall make no expenditures nor incur any liability for any purpose not provided for in said budget, except for emergencies as herein—after provided. Expenditures made, liabilities incurred or warrants issued in excess of said appropriations shall not be a liability of the district. (L. '23, p. 357, sec. 7)  
Cross-reference: Directors not to contract indebtedness in excess of income, sec. 780.