

THE EVOLUTION OF SCHOOL FINANCIAL ACCOUNTING
THE UNITED STATES FROM 1910 TO 1980 AND
OKLAHOMA FROM 1907 TO 1980

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CHAPTER I

INTRODUCTION

Background and Need for the Study

Accounting was defined as the art of recording, classifying and summarizing--in a significant manner and in terms of money--transactions and events which were, in part at least, of a financial character, and interpreting the results thereof.¹ Accounting was used to develop a history of a business or an institution.

Taxpayer revolts, the accountability movement, recent court decisions, enactment of federal legislation in response to recognized educational needs changed the need for government financial accounting. The spiraling cost of education and the spread of the teacher militancy movement increased the need for different and additional financial information to assist in planning and making decisions in education.

New challenges and opportunities for the nation's educational systems caused researchers and educational decisionmakers to focus on new questions or at least to look at old questions in different ways. The history of accounting procedures in light of past events and developments enabled the researcher to predict with some degree of assurance what was to evolve in the future.

¹Sam P. Tidwell, Public School Fund Accounting (New York, 1960), p. 4.

Statement of the Problem

The purpose of this study was to develop a history of school financial accounting in the United States and in Oklahoma. The findings in this study bridged some of the gaps in the verified knowledge about the changes in financial accounting. An attempt was made to identify and to analyze the events which caused the present school financial accounting systems to evolve. A unifying theme in this study was effected by identification and analyzation of the procedures used to bring about standardized educational terminology in elementary and secondary education in order to produce uniform records and reports. Specifically, the following research questions were addressed in this study:

1. What events caused the changes in school financial accounting?
2. What forces were responsible for the occurrence of the events?
3. What changes were made in the classifications of expenditures and receipts for elementary and secondary education in the public schools of the United States and in Oklahoma?
4. What changes were made in the basis of accounting?
5. What were the advantages of double-entry over single-entry accounting systems?

Definitions

Financial accounting was defined by Fowlkes as follows:

Financial accounting may well be defined as the identification, classification, and allocation of business transactions. It is, therefore, clear that the only sound basis for financial accounting in schools is an analysis of the types of school transactions and the development of a careful code for the

identification and classification of these transactions. Such an analysis demands recognition of the occasions for schools making financial obligations and the business procedures necessary in making and meeting such obligations.²

According to Tidwell:

The accounting system is the total structure of records and procedures which discover, record, classify and report information on the financial position and operations of a school system or any of its funds, balanced account groups, and organizational components.³

The first requirement of a system of financial accounting for schools was an accounting classification. Accounting became the basis for the formation and execution of administrative and educational policies.

Standardized educational terminology meant those terms which were identified, classified, defined, and agreed upon as important enough to be maintained in comparable form by schools, school systems, and state education agencies throughout the Nation. Standard receipts and expenditure accounts provided the nucleus for accurate recording, reporting, and interpreting financial statistics about local educational agencies.

Delimitations

The history of Federal Government activity in school financial accounting was limited to the period commencing with March, 1910, when the first National Committee on Uniform Records and Reports was formed at the meeting of the Department of Superintendence (later to

²John Guy Fowlkes, Principles and Practices of Financial Accounting for Schools (Milwaukee, 1934), p. 1.

³Tidwell, p. 492.

become the American Association of School Administrators) of the National Education Association. The period extended to 1979 when Financial Accounting: Classifications and Standard Terminology for Local and State School Systems, Educational Records and Report Series: Handbook II, Second Revision, 1979, was released for publication.

The history of Oklahoma School Financial Accounting was limited to the time period from 1907, when Oklahoma became a state, to June 28, 1979, when the State Board of Education adopted Financial Accounting: Classifications and Standard Terminology for Oklahoma Public Schools Systems, a multi-dimensional accounting system. This handbook was published by the Oklahoma State Department of Education for use by the public schools during 1979-80, as Bulletin No. 145-T.

Significance of the Study

Although financial accounting was always necessary to meet the legal requirements imposed by state and local governments, little research was done in the process to identify, to collect, to present, and to interpret school financial data necessary to make sound management decisions. Virtually no enterprise of enduring purpose would operate efficiently without an established "common language" of vital communication. Education was no exception, and its need for standardized terminology increased.

The study was important for the following reasons:

1. A knowledge of the history of financial accounting in the United States and in Oklahoma would be useful in the professional training of future school administrators.

2. Only by thoroughly understanding the origin and amount of financial information available now can evaluations be presented and used to predict the future needs in light of past decisions.
3. The changing and increasing functions of school financial accounting was identified.
4. Verified knowledge concerning the classifications of receipts and expenditures will be synthesized and preserved.

Methodology

The historical method, whereby primary documents and recordings of previous events were examined in an attempt to reconstruct the past, was utilized in this study. Historians emphasized problems and situations. There was an attempt through the historical method to evaluate the significance of events in which people and events related meaningfully to each other. The object of this historical research was to examine the past and to perceive a rationale and design from that which might be considered by others to be merely accidental.⁴

The historian depended upon the observations of others; therefore, the historical researcher analyzed the authenticity of observations made by others. The best method of reconstructing the past would be to come as close to the original occurrences as possible. Sources of information for historical research were classified as primary or secondary. Primary sources were the most defensible base for historical research because they were the original documents or remains, the first account of an event. Good clarified the definition of a primary source as follows: ". . . only one mind, that of the observer

⁴Paul D. Leedy, Practical Research: Planning and Design (New York, 1974), p. 71.

of the event, should come between the original happening and the use of the sources."⁵ In certain instances the observations of a participant in an event were directly recorded by the user of the sources by means of an interview.

Secondary sources were the reports of a person who related the testimony of an actual witness of, or participant in, an event. Secondary sources were valuable for verifying and validating back-sources.

Secondary sources were important because they:

1. lead to the causes of the original document;
2. interpreted the original document's purposes;
3. gave a history of changing interpretations of original documents.

Organization of the Study

This study of the evolution of school financial accounting was limited to the twentieth century for the United States. The Oklahoma study began with statehood during 1907. This study did not attempt to analyze all components that make up an adequate accounting system. The study endeavored to deal with the evolution of the basic components, classification of expenditures and receipts.

The "basis of accounting" determined the time accounting systems recorded transactions. The evolution of the cash basis, accrual basis and modified accrual basis was analyzed.

The first section of Chapter II presented the general history of the United States in the twentieth century. The events that caused

⁵Carter V. Good, The Methodology of Educational Research (New York), p. 141.

the changes in school financial accounting were identified. The forces that were responsible for the events were identified. The second section of Chapter II presents a general history of the State of Oklahoma. The events were analyzed. The forces that were unique to Oklahoma were described.

In the first section of Chapter III a history of education in the United States was presented. The changes and forces were identified that would have a relationship to the financial accounting system. The second section of Chapter III gave a history of education in the State of Oklahoma. The forces and events that affected Oklahoma education as a State were examined as they related to financial accounting.

In the first section of Chapter IV the financing of public education in the United States in the twentieth century was studied. The relationship of financing education and financial accounting were linked together. The second section gave a history of the financing of public schools in the State of Oklahoma. Significant events were identified.

Chapter V in the first section consisted of a chronology of the federal effort to standardize terminology and procedures in school financial accounting. The second section of Chapter V was focused on the history of Oklahoma school financial accounting since statehood. A comparison of the classifications used for school expenditures and receipts in Oklahoma with the ones recommended in the federal handbooks was made. Implementation of the Oklahoma version of Financial Accounting, Classifications and Standard Terminology for Local and State Systems Handbook II, Revised, 1973, was reviewed in some depth.

Chapter VI consisted of two sections. In the first section the findings of the study were summarized. In the second section conclusions were drawn and presented.

CHAPTER II

GENERAL HISTORY

History of United States 1900-1980

Some major historical events that occurred in the United States had significant impact on education, educational finance, and ultimately on school financial accounting. Those events are identified in the respective chapters that follow and are summarized at the conclusion of each chapter.

Pre-Twentieth Century

In early America education and its development was a personal, parent-controlled matter frequently linked to church affiliation. Any national system of free public education proposed in Colonial times would have run afoul of the issue of church administration and control.

Operating within this framework, the federal role with respect to education had been from the beginning a secondary one in principle and practice following the lead of the states. Early in the twentieth century, school finance struggles were often centered in local communities. Attempts were made to improve budgeting and accounting procedures so that the arguments for increased school funds could be adequately supported and expenditures accounted for properly.

Between 1865 and 1914, the United States transformed itself from a primarily agrarian nation to one heavily industrialized and highly

urban. By 1890 the "frontier" had officially ended. Although more Americans still lived in rural rather than in urban areas in 1914, the ratio was about to be reversed.

During this period Americans were optimistic. They were utilizing the available and rich supply of natural resources. Vast improvements were made in transportation and communication. This was a period of economic growth and stability. The United States was assuming a position of world power.

The educational system was changing to meet the needs of the industrial society. Major change was the increase in school enrollment. Between 1900 and 1920, for instance, the total high school enrollment increased from less than 700,000 to approximately 2.5 million. By 1930 the enrollment had soared to approximately 4.8 million.¹

New school buildings, additional personnel, books, supplies, and equipment were necessary to serve the increase in school enrollment. The expanding economy provided an adequate tax base to finance education for students.

Technical and vocational skills were needed in the growing industrial society. Educators enlarged the curriculum to supply the demand. Specialized schools were built in an effort to adapt education to the machine age.

The machine age also influenced the organization and administration of the schools. The availability of cars and buses made rural school

¹Merle Curti and Lewis Paul Todd, Rise of the American Nation, 3rd ed. (United States of America, 1972), p. 665.

consolidation feasible. In the cities a few high schools were constructed to accommodate as many as 5,000 to 10,000 students.²

The growth of public education was accompanied by an expansion and improvement in the administration of the schools. Departments of education were established in many states and were headed by a commissioner of education, a superintendent of public instruction, or an official with a similar title. These departments gradually came to be filled by professional appointees with experience and training in school matters.³

The Roosevelt-Wilson Years: Progressive
United States

Theodore Roosevelt promoted the idea that every American regardless of personal circumstances be afforded the opportunity for a "square deal." Roosevelt was exposed to crooked dealings during his term as police commissioner of New York.

Theodore Roosevelt won a decisive victory as President of the United States over Alton B. Parker of New York in the election of 1904. During his second term, Roosevelt pushed reform measures. These included conservation of natural resources, railroad regulations, and the Pure Food and Drug Act of 1906.

Theodore Roosevelt observed the two-term tradition set by Washington. William Howard Taft had the support of Roosevelt. Taft was

²Curti and Todd, p. 665.

³John L. Betts, History: USA (New York, 1976), p. 428.

nominated and elected president over Democrat William Jennings Bryan in the election of 1908.

Democrat Woodrow Wilson won the presidential election of 1912 over Republican Taft and Roosevelt seeking his third term with Taft's term in between. Roosevelt represented the Progressive or "Bull Moose" party after his break with Taft.

President Wilson promoted a "new freedom" program hoping to reduce the federal government's power. His philosophy was based on an agrarian free-trade, individualistic, and competitive type of liberalism. Important reforms with respect to tariff, banking, finance, and business regulations were achieved by Wilson's program.

Both the "new freedom" and the "square deal" were attempts by America's leaders, Democratic and Republican, to come to grips with the problems created by the transformation of the United States from an agricultural country to one of the leading industrial powers of the world.

Neutrality proved a difficult policy for the United States after the outbreak of war in Europe during the summer of 1914. America was drawn into the war during 1917 and the American people committed themselves to the war effort during 1917 and 1918.

In war, men were conscripted for the military services, steel and labor were allocated, food was rationed, and marginal land was ploughed up to produce additional wheat. Older youth left school for work or the battlefield. Standards of teacher preparation had to be lowered because men and women left teaching to earn higher wages in war industries.

During 1917 the German language was the first educational casualty of the war. German had been the favored modern foreign language, but it never recovered from the setback which it received during World War I.

Disillusionment with international power politics and weariness with reform characterized the United States during the immediate aftermath of World War I. With the change came unfettered business practices, labor strife, and a spirit of intolerance.

The Roaring Twenties and the Great Depression

The twenties produced an unusual mixture of ideas and events. The three Republican Presidents, Warren G. Harding, Calvin Coolidge, and Herbert Hoover, pursued policies favorable to big business. These administrations raised tariffs, lowered taxes, and created a Bureau of the Budget. Business prosperity continued an accelerating trend toward consolidations and monopolies in such new industries as automobiles and radio. Agriculture did not share in the industrial prosperity. Farm prices were low and farm surpluses were increasing. There was migration from the farm to the cities.

Undoubtedly, the auto industry had the greatest economic and social effect during this period. Road building programs, manufacture of auto components, and the tourist industry were brought about by the mass production of cars.

A mobile society was emerging. Leisure time activities expanded through motion pictures and professional sports. Prohibition and increase in crime were social problems. No strong force existed to

secure needed reforms. Even organized labor was weak during this Republican period.

Franklin D. Roosevelt and World War II:

America in Crisis

During October, 1929, the stock market crash brought down the entire American economy. With this beginning of the Great Depression, automobile output fell from 4.5 million units during 1929 to 1.1 million during 1932. When Ford closed his Detroit plants during 1931, some 75,000 men lost their jobs. The decline in auto production affected a host of suppliers and middlemen as well as the workers directly.

The Great Depression was caused basically by the industrialization and urbanization of the United States in the course of a century. The wealth was controlled by a minority. Consumers were unable to purchase all the goods produced. Consumption and production were out of balance.

A recently rich, prosperous nation was unable to care for its citizens. In a land of plenty, people were hungry and unemployed. Shack homes were erected on vacant lots in cities and towns. Drought and dust storms on the nation's once thriving farms added to the despair. These crudely built homes occupied by desperate families had children that needed to be educated.

A Citizens' Conference on the Crisis in Education was called by President Hoover during January, 1933.⁴ The states were urged to

⁴G. Good and James D. Teller, A History of American Education, 3rd edition (New York, 1973), p. 537).

reorganize their school districts into larger units to be more effective and efficient. Some reorganization did take place but not enough. These were disastrous years in educational history. The conference favored state and federal funds to supplement local property tax to finance public education.

Citizens were demanding action. World War I veterans requested a federal bonus. Economic conditions ruined Hoover's chance of re-election to the presidency during 1932. Franklin D. Roosevelt, a Democrat, won by an overwhelming majority. Between early November, 1932, and March 4, 1933, the defeated but still in office President Hoover hesitated to take action and economic conditions continued to decline.

Roosevelt's famous quotation on his inauguration day, March 4, 1933, "Let me assert my firm belief that the only thing we have to fear is fear itself", offered faith and hope to the American people. The President moved quickly with major programs of relief, recovery, and reform. He summoned Congress into special session to cope with the national emergency. Roosevelt communicated to the masses by delivering thirty of his famous "Fireside Chats" over the radio. He convinced millions that he was personally interested in their lives and welfare.

Congress passed the Federal Securities Act, May 27, 1933, in an effort to protect buyers of stocks and bonds. All securities sold in interstate commerce had to be registered with the Federal Trade Commission. The Act required promoters to provide investors with sworn information regarding the soundness of their stocks and bonds. The Securities and Exchange Commission was created by the Securities

Exchange Act during 1934. Municipalities were exempt from the registration process under this act. The first chairman was millionaire Joseph P. Kennedy, father of the future president.

The New Deal relief programs were designed to aid in some way to provide temporary assistance to unemployed millions. Other notable features of Roosevelt's New Deal reform program were closer regulation of the nation's banks, the development of the Tennessee Valley Authority, other public power and conservation projects, rural electrification, housing, and social security.

Roosevelt was re-elected by winning in forty-six of the forty-eight states during 1936. The New Deal program covered a span of about six years. The New Deal was unsuccessful in producing genuine economic recovery for the economy remained depressed until the Nation's entry into World War II in 1941. The New Deal, nevertheless, brought American capitalism through the depression largely intact, established better economic balance, and rehabilitated the national spirit.

As Hitler's German armies swept across continental Europe and Americans argued the issue of remaining neutral, Franklin Roosevelt was elected President to an unprecedented third term during 1940. Growing Japanese ambitions to dominate East and Southeast Asia led to the surprise attack on Pearl Harbor, December 7, 1941.

The United States retooled for all out war production. Time was of the essence. Washington was concerned with getting to Hitler first. Americans feared the highly skilled German scientists would perfect unbeatable secret weapons. Pearl Harbor unified the people of the United States as well as its allies.

For the first time rationing goods to consumers was attempted on a large scale. Substitutes had to be found for critical items in short supply. The synthetic rubber industry grew out of a desperate need for a substitute for rubber.

Germany's surrender on May 7, 1945, left Japan to fight alone against the Allies. During 1940, Roosevelt was convinced by American scientists to pursue the unlocking of the secret of an atomic bomb. Congress appropriated nearly two billion dollars for the atomic project. American ingenuity and industrial power were merged with scientific knowledge in pursuit of the goal. British and continental scientists, some of whom had been forced to flee the concentration camps of the dictators, provided some technical skills.⁵ The bomb was perfected during July, 1945.

President Roosevelt passed away on April 12, 1945. Vice-President Harry S. Truman assumed the Presidency. On August 6, 1945, Truman made the decision to use the atom bomb on Japan. A second bomb was dropped August 9, 1945. The formal end of the war came on September 2, 1945. The most horrible war in history ended in an atomic cloud.

Post War Era

Truman was the first President in many years without a college education. He was appointed to the United States Military Academy but he was rejected because of weak eyes. His father was a farmer and livestock dealer. Truman was a World War I Veteran. As President,

⁵Thomas A. Bailey, The American Pageant (Massachusetts, 1971), p. 939.

Truman was required to make one important decision after the other. He displayed courage, decisiveness, and a willingness to fight.

Representatives from fifty nations met at San Francisco on April 25, 1945, and drafted the United Nations' Charter. The United States Senate hastened to approve the United Nations' Charter. Realistic people, however, did not expect the United Nations to solve immediate problems arising out of the war wreckage.

The Potsdam Conference of July, 1945, was called to clean up some of this wreckage and make plans for the short-range future. The Soviets planned to establish Communist Satellite states in Germany and Eastern Europe. The United States thereupon adopted a policy of containment to prevent expansion of Communism.

The first test of the containment policy came in Greece and Turkey where Communist pressure was acute. Truman Doctrine pledged United States help to governments pressured by Communist revolts. The United States now saw that it must initiate a massive program of aid if the desperate peoples of Western Europe were to reject communism.

Such a program was the Marshall Plan. Under the Marshall Plan massive United States aid restored Europe to prewar productive capacity in a few short years. Unfortunately, success in Europe was accompanied by disaster in China where the Communists seized control during 1949.

The Cold War: America in the Post World

War II Period

In 1950, supported by Soviet and Chinese Communists, the North Koreans invaded South Korea. The United Nations' Security Council

ordered the invaders to withdraw. The council then called upon all member nations to help South Korea. Although Americans provided the bulk of the fighting forces, 42 nations provided some help.⁶

On April 11, 1951, General Douglas MacArthur was dismissed as commander of the forces in Southeast Asia by President Truman. MacArthur urged bombing of Chinese bases to achieve victory for United Nations forces. President Truman feared to escalate the war and felt the main point of clash between the West and Communists was in Europe, not in Asia.⁷

Republican Dwight Eisenhower won the election for president over Democrat Adlai Stevenson during 1952. Ever since Franklin D. Roosevelt's administration, the Federal Government had paid farmers subsidies and guaranteed parity or "Fair" farm prices. Eisenhower continued this policy. He also highlighted his administration's interest in education and public welfare by creating a new Department of Health, Education, and Welfare, with cabinet rank.

No social issue, educational or otherwise, was the subject of greater controversy during the 1950's than that of school desegregation. It developed in the process of the slow but steady progress of the American Negro toward political, economic, and social equality. The principle of "separate but equal" opportunity in public schools, as

⁶Betts, p. 144.

⁷Ibid.

set down by the Supreme Court in 1896 in the case of Plessy v. Ferguson, was a serious blow to the efforts of black Americans to improve their lives.

A change of major significance was set in action by the Supreme Court in May, 1954, through its ruling in the case of Brown v. Board of Education of Topeka. In the language of the Court, it was asserted that "separate educational facilities are inherently unequal." To place Negro pupils in racially segregated public schools, stated the Court, was to deprive them of the "equal protection of the law." In May, 1955, the Supreme Court gave the Federal District Courts responsibility for integrating school systems with "all deliberate speed."⁸

The first major episode in desegregation, one that became a matter of international interest, occurred in the city of Little Rock, Arkansas. In September, 1957, a Federal Court order directed the enrollment of nine Negro students into Central High School of Little Rock. After fruitless negotiation with state officials, President Eisenhower found it necessary to send federal troops to Little Rock to carry out the decision of the Court.

These earnest efforts by the Eisenhower administration made more believable American support of man's equality in a world of new struggling nations. A somewhat less warlike Russian policy after the death of Stalin during March, 1953, also appeared to encourage these emerging nations. Hopes for World peace remained stronger, but a new conflict broke out in Indochina.

⁸Betts, p. 643.

Communist victory in Indochina caused the United States to urge the creation of SEATO, an alliance of powers in territories in South-east Asia. If the SEATO allies, United States, Britain, France, Australia, New Zealand, Thailand, the Phillipines and Pakistan, stood together the United States could act more firmly against Red China in the Formosa crisis.

In the Suez crisis of 1956, the United States opposed the invasion of Egypt by its NATO Allies, France and Great Britain. Out of the Suez crisis came the Eisenhower Doctrine pledging American military aid to any Middle Eastern Country threatened by Communist aggression. Lingering American opposition to this doctrine was forgotten when Russia brutally crushed the Hungarian revolt in 1956.⁹

The 1956 elections resulted in another victory by Eisenhower over Adlai Stevenson. Eisenhower's prestige fell sharply, when the Soviets launched their first Sputnik, October 4, 1957, which was the first manmade satellite. The Soviet scientific triumph deflated the scientific and technological reputation of the United States. A month later a second Sputnik was launched. This one carried a live dog.

The Sputnik stimulus caused the American people to become engaged in bitter self-criticism. Eisenhower assured the American people that the United States was pursuing its own rocket and missile program. The space race was truly underway and on January 31, 1958, the United States launched a small satellite, Explorer I, into orbit.

⁹Betts, p. 149.

The National Defense Act of 1958 provided funds to improve instruction in mathematics, science, engineering, and modern foreign languages. In addition, some funds were available for the expansion and improvement of statistical and information services by the state departments of education.

The Office of Education in Washington, D. C., was especially charged to collect and disseminate information about the schools in the United States. The President's Commission on Education Beyond High School recognized the lack of accurate, uniform, and current educational statistics. This was especially glaring when compared to statistics regarding agriculture, banking, industry, labor, and other areas.¹⁰

Increasing school enrollments, resulting from the 1945 baby boom touched off by veterans returning from World War II, overwhelmed the schools during the fifties and sixties. The educational crisis facing the Nation could not be solved without additional revenue.

World War II revealed the weakness in the American high schools. Two-thirds of the college freshmen in a large number of colleges failed the arithmetic test for admission to the Naval Reserve Training Corps.¹¹

Exceptional changes had taken place in the labor market in the forties and fifties. White collar workers outnumbered the blue collar. More employees were in service occupations than in production. Highly

¹⁰Good and Teller, p. 531.

¹¹Ibid., p. 535.

skilled technicians were in demand. The unskilled workers were unemployed. Educational background and skills required by the labor market were out of balance with the educational level and technical training of job seekers. One third of the students in fifth grade were not completing high school, and only eight percent of Americans had completed college during 1963.

Juvenile delinquency spread in the sixties. The reasons were many and complex- influence of television, use of drugs, sex, boredom, mal-adjusted minorities, too much leisure time, stinking slums, poverty, increasing divorce rates, and unstable families. These were the problems with which the public schools had to cope.

During January, 1958, an East-West Exchange Agreement was negotiated. A summit meeting of the Big Four foreign ministers was held in Geneva during May, 1959. Plans were laid for another summit meeting in Paris, during May, 1960.

As the scheduled date for the Paris meeting approached, preliminary statements and negotiations raised serious doubt about holding the meeting. On May 5, 1960, just eleven days before the conference was scheduled to open, the Kremlin announced the shooting down of an American jet, a U-2 spy plane, on May 1. Meanwhile, a Communist take-over in Cuba would have made an East-West agreement difficult if not impossible.¹²

During January, 1959, Alaska officially became the forty-ninth state in the American Union. In what amounted to a kind of chain

¹²Betts, p. 149.

reaction, the Territory of Hawaii was admitted as the fiftieth state also during 1959.

Enjoying the benefits of economic abundance in a manner unmatched in the Nation's history, Americans were confronted with powerful revolutionary forces at home and abroad. There was the relentless thrust of technological innovation with promise of economic and social dislocation for millions of citizens. Equally evident on the domestic front were mounting pressures for equality from Black Americans, native American Indians, and other racial and ethnic minorities. Joining the equality movement were American women seeking new dimensions to their own liberation.

Kennedy and Johnson Years

The 1960 presidential election campaign between Vice-President Richard Nixon and his Democratic challenger, Senator John F. Kennedy, resulted in a narrow victory for Kennedy. John Fitzgerald Kennedy, at the age of 43, was the youngest man and the first Roman Catholic to win the highest office in the land. Kennedy was concerned about human welfare, economic stagnation, and civil liberties. He emphasized energy, education, and youth.

President Kennedy urged Congress to support a broad program of federal aid for education. In a message to Congress during January, 1963, he stated:

A free nation can rise no higher than the standard of excellence set in its schools and colleges. Ignorance and illiteracy, unskilled workers and school dropouts-- those and other failures of our economic system.¹³

¹³Betts, p. 687.

The youthful President was murdered while riding in a motorcade in Dallas, Texas, November 22, 1963. Vice-President Lyndon B. Johnson became President of the United States. He was sworn in on the presidential plane in Dallas, Texas, and was flown back to Washington, D. C., with Kennedy's corpse the same day.

President Johnson became known as the "Education President." His legislative record supported education. He had experience as a classroom teacher. Johnson emphasized educational opportunities for disadvantaged youth. He realized the difficulties encountered to teach in poverty areas with inadequate facilities.

During the mid sixties, the conflict in Vietnam had escalated. The object of American policy in Vietnam, according to the Johnson administration, was to help the South Vietnamese people hold off the Communist invader from the north while enabling them to work toward the establishment of a sound and effective political system.¹⁴ Anti-war sentiment was prevalent in the United States especially on college campuses.

Johnson overwhelmingly won the presidential election during 1964 over Republican Barry Goldwater. The President presented his Great Society program to the 89th Congress during January, 1965. Johnson considered his program an extension of Roosevelt's New Deal, The kind and amount of legislation in a short period of time compared favorably with Franklin Roosevelt's first hundred days Congress during 1933.

¹⁴ Betts, p. 695.

During 1965, medicare that provided health care benefits under social security for Americans over sixty-five was enacted. Truman had been a pioneer promoter of the long-blocked medicare scheme.

Of immense importance to education was the passage in 1965 of two red-letter laws. The first provided \$1.3 billion for elementary and secondary schools, both public and private, in proportion to the number of children from poor families. The second made available \$2.3 billion for higher education plus scholarships for needy students.

President Johnson, on March 31, 1968, announced he was halting bombing missions over most of Vietnam, and that he would not seek a second elected term as President. No President since Lincoln had labored harder or achieved more for civil rights. None had shown more sympathy for the poor, the poorly-educated, and the black, but the Vietnam War bitterly divided the American people.

Republican Richard M. Nixon won the presidential election during 1968 over Democratic Senator Hubert Humphrey and the American party candidate, Alabama Governor George Wallace. Nixon had been Vice-President during President Eisenhower's two terms.

Eighteen-year-olds were given the right to vote in federal elections in the Voting Rights Act of 1970. Many Americans hoped this would encourage this generation to work for social and political change within the democratic system.

Nixon was re-elected during 1972, over Democratic candidate George McGovern. Shortly after his second term began, Nixon's Secretary of State, Henry Kissinger, negotiated an end to the American military

involvement in South Vietnam together with a return of U. S. war prisoners.

Nixon was involved in an information-seeking burglary on the premises of the Democratic Headquarters in Washington, D. C., on June 17, 1972. Faced with an impeachment trial, Nixon resigned the Presidency on August 9, 1974.

Vice-President Gerald Ford became President. President Ford granted an unconditional pardon to Nixon for any crimes he committed or may have committed during his term in office from January 20, 1969 through August 9, 1974. In accepting the pardon Nixon did not admit any guilt.

The new President faced two major problems, inflation and recession. Inflation had made many Americans rich on paper. Recession and unemployment produced poverty for millions of disadvantaged citizens. As many as nine million people were supported by welfare payments during 1969. Welfare had become a way of life for millions, both white and Negro.

As the seventies began, Americans had no reason to grow complacent. Their "inexhaustible" natural resources were being exhausted at an alarming rate. World War II had taken a heavy toll on mineral deposits and oil pools. Increasingly the country was being forced to tap new reserves abroad. An exploding population pressed available essentials. During the late seventies, the country was experiencing a serious energy crisis.

In spite of the problems, by the 1970's the American people with six percent of the world population enjoyed approximately 50 percent of the

riches of the world.¹⁵ America was a nation built on faith in God and in future generations. Education was gaining useful knowledge, and knowledge was power. The United States had to improve constantly her national system of education—local, state, federal, private, public, and formal. Education was recognized as one of the most personal functions of government — it dealt with people's most prized possession, their children.

The 1976 presidential election campaign between President Gerald Ford and his Democratic challenger, James Earl Carter, Jr., resulted in victory for Carter. Inflation, recession, and the energy crisis remained the major problems facing the Carter administration. It was too early at the time of this writing to assess fairly the major accomplishments or inadequacies of President Carter.

History of Oklahoma: State and Territories

Pre-Statehood and Indian Background

The area known as the State of Oklahoma was integrated into the United States during 1803 by way of the Louisiana Purchase. The area at that time was the home of the Osages, the Quapaws, the Wichitas, the Caddos, the Comanches, and the Kiowa Indian tribes. The Federal Government decided that most of the area known as Oklahoma today would serve the Nation as Indian Territory. Between 1820 and 1907 Oklahoma appeared on the map of the United States as Indian Territory. Indian tribes east of the Mississippi River were forced to relocate and over 60

¹⁵Bailey, p. 1067.

tribes of Indians, of which the most important were the Kickapoos, Delawares, and Shawnees came from the Eastern United States and neighboring states before 1907 when Oklahoma became a state.

The Five Civilized Tribes were the Cherokees, Choctaws, Creeks, Seminoles and Chickasaws. These five tribes were forcibly moved into Indian Territory by 1837. They tamed the Oklahoma wilderness in the early part of the nineteenth century.

The Indians supported themselves by raising cattle, by farming, by hunting and fishing, and by gathering nuts, wild honey, and other products of nature. They cleared the land, hewed logs from thick forests, and built homes.

The Indians provided educational opportunities for their children. A large portion of the revenue received from the sale of their eastern lands was allocated for support of schools. Each of the Five Civilized Tribes elected a commissioner of education to manage their schools. The commissioners' responsibilities included choosing the location and supervising the construction of school buildings, training and certifying teachers, establishing curriculum, and managing the tribal schools.

The most outstanding schools were maintained by the Choctaws and Cherokees. They were Park Hill, Spencer Academy, Wheelock and Goodwater, Stockbridge, National Male Seminary, and National Female Seminary. Those schools provided instruction for kindergarten through grammar school and special education for the physically handicapped. Tribal scholarships were provided for the most intelligent students to complete their education at Yale and other eastern universities.

Several churches had worked among the Indians while they resided in the East. Missionaries supported by eastern churches came to Oklahoma after the forced removal of the Indians over the Trail of Tears and resumed their work. There were cases of dual school systems, public school systems operated by Indian officials and private schools operated by missionaries.

Those newly established schools suffered during the Civil War. Some were converted into military training camps to train Indian soldiers for the confederate army. Other schools were converted to hospitals or closed because of lack of teachers and funds.

The Indians rehabilitated their schools after the Civil War. By 1870 each of the Five Civilized Tribes had its national educational system functioning. The Cherokee agency located at Fort Gibson organized sixty public schools for 2,200 Indian students.¹⁶

Land was taken by the Federal Government from the Five Civilized Tribes on the Indian Territory's eastern side of what is now Oklahoma and used to settle tribes from other parts of the United States. Each Indian tribe reservation had at least one school. The intention was to hasten the civilizing process of the children of the transplanted Indians.

The Indian Territory also had black immigrants who had come as slaves to the Five Civilized Tribes over the "Trail of Tears," the road the Indians traveled west when they were ruthlessly uprooted to make room for settlers. Tribal law required segregated school systems

¹⁶ Arrell M. Gibson, Harlow's Oklahoma History, Sixth edition (Norman, Oklahoma, 1972), p. 66.

for Indian children and children of former slaves. Oklahoma's segregated school system started with Indian tribal law.

Meanwhile Missouri, Kansas, and Texas; Fort Smith and Western; the Choctaw and Gulf; and the Sante Fe railroad companies had constructed lines across Indian Territory and linked the Missouri and Kansas trade centers with the great Southwest. The railroad companies were anxious to have a farmer on every quarter section of land. Settlers coveted the rich farming land in Oklahoma.

The United States Congress had to remove the restrictions on homesteading in the Indian country. The settlers, railroad companies, farm organizations, and a group of professional promoters called "boomers" lobbied for years for removal of the barriers for homesteading.

On March 3, 1889, Congress adopted an amendment to the Indian Appropriation Act providing for the opening of the Unassigned Lands to settlers under the Homestead Act. On March 23, President Harrison issued a proclamation which declared that the Unassigned Lands could be entered by eligible settlers on April 22, 1889.¹⁷

An estimated 50,000 homeseekers made the run into Oklahoma's Unassigned Lands when the troops gave the signal at noon, April 22, 1889. By dark that day, most of the land had been staked by people walking, running, pedaling bicycles, riding swift horses, riding the trains (some of them on the cowcatchers), or riding in wagons pulled by rearing spans of mules.

¹⁷Gibson, p. 79.

Black leaders dreamed of establishing a black community on the Indian Territory frontier. The black leaders recruited from the South and nearly a thousand blacks participated in the run. Many obtained homesteads east of Guthrie. The town of Langston was established by those black pioneers.

Oklahoma operated under settlers' government for a year. Congress failed to provide for territorial government. Citizen boards settled disputes on land claims. The people organized local governments and elected mayors and town marshalls. A few subscription schools were organized.

On May 2, 1890, Congress passed the Oklahoma Organic Act. This became one of the most important laws for Oklahoma because it was the forerunner from which Oklahoma state government evolved.¹⁸

President Harrison appointed George W. Steele of Indiana as the first territorial Governor of Oklahoma. The first legislative assembly was elected during August, 1890. The assembly met in Guthrie during August and started passing a civil and criminal code which was necessary to activate the new territory.

The legislative assembly adopted the school laws of Kansas with some modification as the school laws of Oklahoma Territory. Bills passed during the first legislative session provided for the establishment of the territorial University at Norman, the territorial

¹⁸Gibson, p. 80.

Agricultural and Mechanical College at Stillwater, and the territorial normal or teacher training institution at Edmond.¹⁹

The western half of Oklahoma had been incorporated into Oklahoma Territory by 1906. The countryside was covered with neat farms and rustling towns. Most of the people were poor and money was scarce. Ingenuity was necessary for survival; barter was used; buffalo bones were sold to fertilizer companies for seven dollars a ton; and cedar brought two cents each. When their own crops were harvested, men followed the wheat harvest to Kansas to earn money to equip and stock their farms.²⁰

The first homes of the pioneers were tents or canvas covered wagons until homes could be constructed. The first more prominent homes were log cabins, excavated dugouts in hill sides or sod homes.

The first churches and school buildings on the frontier were built of logs, picket walls, or sod blocks. The settlers donated their labor to build those schoolhouses and churches.

Oklahoma Territory was linked with markets and supply houses across the Nation with the expansion of the railroads. By 1907, when Oklahoma became a state, 2,872 miles of railway service had been completed in the state.²¹

¹⁹Gibson, p. 82.

²⁰Ibid., p. 85.

²¹Ibid., p. 87.

The largest town in Oklahoma Territory was Guthrie with 6,000 people. Other trade centers developed along railroads. Some of these towns were Oklahoma City, Norman, Enid, and Woodward. The cities kept pace with the development of the agricultural and rural areas. Farmers needed a market for their grain, cotton, and livestock.

The territorial governors were appointed by the President, and with one exception, they were all Republicans. The elected congressional delegate serving in Washington promoted and protected the interest of the people in the territory. The territorial legislature and governor, and the citizens at large were interested in statehood for Oklahoma.

The Free Home Bill was passed during 1901 cancelling the \$1.25 per acre settlers were expected to pay the Federal Government for their homesteads. Homesteads were non-taxable until the title passed to the settler. Each settler was required to live on and improve his land from three to five years. Most of the Indian land was non-taxable. Most revenue to support local and State Government during that period was derived from tax on land. With so much land held by the Federal Government and the Indians, it was difficult for the state to support itself by the land tax.

Oklahoma's Natural Resources

Oklahoma's first commercial coal mines were opened during 1871 in the Choctaw Nation. The settlement around these mines was called McAlester. Coal seams ran in several directions and new towns developed fast--Krebs, Hartshorne, Wilburton, Coalgate, Bugtussle, and

Haileyville to name a few. The coal mines needed a tremendous amount of labor. The Choctaw Indians were not interested in becoming miners. Skilled miners came from Pennsylvania. Workers were even recruited from Europe. By 1907, more than 8,000 foreign workers from Italy, Poland, Russia, Germany, Belgium, France, and Great Britain had been imported to Indian Territory.²² New languages, customs and religions added richness and color to the culture of future Oklahoma.

The land of the Cherokee and Choctaw Nations also contained coal deposits. Labor in the mines was hard and dangerous. The hours were long and the pay averaged about two dollars a day. A unit of the United Mine Workers was organized to protest against the working conditions.

Lead and zinc mining was another important business in Indian Territory. Large deposits of lead and zinc were found near Picher and Commerce. A billion dollars worth of lead and zinc ores was mined in the area between 1900 and 1960.²³

The greatest fame for Oklahoma as a mineral producer came from the petroleum industry. Oil appeared as slicks on water in rivers, creeks, and streams. The chief use of the crude oil prior to the advent of the automobile was its refinement for grease as a lubricant and kerosene or coal oil for lighting.

The number of wildcat oil drillers increased steadily beginning during 1882. Producing wells with high yields were located near

²²Gibson, p. 90.

²³Ibid., p. 92.

Bartlesville, Cleveland, and Coody's Bluff. By 1907, oil wells in Indian Territory were producing more than 40,000,000 barrels of oil annually.

The lumber industry boomed in Indian Territory with the development of the railroads. Steam powered lumber mills were installed in Indian Territory. The demand for rail ties, bridge timber, and lumber for homes and furniture provided a rich market.

At statehood, Oklahoma had a population of nearly 1,500,000 people. At that time, Indian Territory, the eastern half of Oklahoma, had a total population of 750,000, with Indians and freedmen numbering approximately 100,000. The remainder was made up of immigrant population, both white and black.²⁴

During 1887, Congress passed the Dawes Allotment Act. That act required each Indian to accept an individual allotment and provided for the end of tribal ownership of Indian Lands in common. Originally the Five Civilized Tribes were exempt. During 1893 Congress applied the Dawes Allotment Act to the Five Civilized Tribes. That was another difficult time for the Indians. Change of tradition from common ownership to individual allotments caused many adjustments in tribal ways. Tribal governments were abolished. Indian citizenship was transferred from the tribe to the United States.

During 1906 Congress adopted a measure, the Hamilton Statehood Bill fusing Oklahoma and Indian Territories into a single state named

²⁴Gibson, p. 93.

Oklahoma.²⁵ The Oklahoma Enabling Act of 1906 provided for delegates to be elected to a constitutional convention and stipulated guidelines for drafting the constitution. The convention was in session in Guthrie from November 20, 1906 until July, 1907.

Territories Became a State

An article in the Saturday Evening Post, describing the work of the Constitutional Convention, said, "it was not merely the birth of a new state, it was the birth of a new kind of state." The Oklahoma statehood proclamation was signed by President Theodore Roosevelt on November 16, 1907. Charles N. Haskell was installed as Oklahoma's first Governor in Guthrie on that day.

Although mining, lumbering and some manufacturing were taking place in the new state, most Oklahomans lived in the country on farms and supported themselves by farming and ranching. The rural to urban ratio was approximately 75 percent rural and approximately 25 percent urban.²⁶

Oklahoma Political Scene

Oklahoma's first legislature enacted laws of the progressive reform type. Governor Haskell's theme was "Not just to create a new

²⁵Gibson, p. 97.

²⁶Third Biennial Report, Department of Public Instruction, State of Oklahoma, 1908-1910, p. 29.

state, but to create a new kind of state."²⁷ That was also the age of muckrackers. It was the time of reform and progressive changes.

Lee Cruce, a Democrat, was elected Governor of Oklahoma during 1910. During his administration progress was made on construction of the new Capitol. The Capitol was moved from Guthrie to Oklahoma City. The Oklahoma Department of Highways was also established. A one dollar annual license fee charged for each automobile was to finance the new state agency.

The third Governor was Democrat Robert Williams, elected during 1914. A great deal of his time was utilized in assembling the State's resources and manpower for World War I. The federal highway system in Oklahoma started during Williams's administration. All state agencies were moved into the newly completed Capitol Building during 1917.

Oklahoma mobilized its resources to assist the Nation in World War I. The governor promoted increased production and economy measures. Oklahoma citizens were encouraged to buy war bonds. More than 91,000 Oklahomans, including 5,000 blacks, saw active military duty.²⁸

The Spanish influenza that hit Europe and the United States during 1918 was rated as the worst epidemic ever to hit Oklahoma. Care for the ill was inadequate because one third of the physicians and a larger percentage of nurses were with troops in training centers or in Europe.

²⁷Gibson, p. 105.

²⁸Ibid., p. 116.

More than 125,000 cases of influenza were reported and an estimated 7,000 deaths resulted.²⁹

World War I ended on November 11, 1918. Oklahoma elected James B. Robertson as its fourth Governor the same month. Robertson, a Democrat, was the first Governor from the old Oklahoma Territorial portion of the State. The second half of his administration, 1920 to 1922, was a time of strikes, a race riot, and an economic recession. The economy depended chiefly on agriculture and oil production. Inflated war time prices encouraged farm expansion and an increase in farm debts. The post war decline in grain and beef prices caused extensive foreclosures and bank failures. There were strikes in the coal mines, railroads, building trades, manufacturing, and a race riot with the Blacks.

Democrat Jack Walton was elected as Oklahoma's fifth Governor during 1922. Walton forced the resignations of the presidents of Oklahoma A. & M. at Stillwater and Oklahoma University at Norman. He did this in order to appoint his friends in their places. On November 19, 1923, Walton was impeached and removed from office in a special called session of the legislature. Charges against Walton were illegal collection of campaign funds, padding the public payroll, suspension of habeas corpus, excessive use of pardon power, and general incompetency.

Lieutenant Governor Trapp became Governor on November 19, 1923. Trapp provided leadership in conserving state finances. Trapp left office with a \$2,000,000 surplus in the state treasury.

²⁹Gibson, p. 124.

Democrat Henry S. Johnston was elected Governor during 1926. On March 20, 1929, Johnston was impeached and removed from office for general incompetency.

Lieutenant Governor Holloway became Governor. He was concerned with educational reform. Holloway was able to gain adoption of increased aid to under-financed schools.

The Wall Street Crash during 1929 occurred late in the Holloway administration. The Great Depression gripped Oklahoma for a decade. Times were hard during the 1930's. Oklahoma was hit with drouths and dust storms. Throughout the State, farm prices hit rock bottom with few markets. Mines and factories closed and unemployment reached the highest level in Oklahoma's history.

Democrat William H. Murray was elected Governor during 1930. Oklahoma State Government was \$5,000,000 in debt.³⁰ Murray obtained legislative approval to provide free seed and emergency rations for the needy. He solicited money from private businessmen and State employees and gave much of his own salary to feed the destitute. He was instrumental in forming the National Council for Relief that met in Memphis during June, 1931. That council served as a guide to Congress as it developed a national program of emergency relief.

The Oklahoma legislature created the Oklahoma Tax Commission on the advice of Governor Murray. That agency closed loop holes in the system of tax collections thereby increasing state revenue from existing

³⁰Gibson, p. 124.

laws. The Board of Equalization gave relief to small property owners and reduced loss of property by tax sales by adjusting assessments on real property. The adjustments in assessments increased the amount of corporate property taxes by \$65,000,000.

Governor Murray used martial law and state troops to enforce his order to close banks. He used National Guard troops and martial law to supervise elections, to stop oil field production, and to open highways and bridges to public traffic.

Heavy production of oil in East Texas and Oklahoma wells in Seminole and Oklahoma City helped to glut the market and oil prices declined to fifteen cents a barrel. Gross production tax was a chief source of state revenue. The Governor placed 3,106 producing oil wells under martial law on August 4, 1931. He stopped production until each well was assigned a quota. Oklahoma troops guarded the oil fields and supervised production until April 11, 1933. The system worked and by 1934 oil was selling for one dollar a barrel.

During the second half of Governor Murray's administration. President Roosevelt's New Deal programs began in Oklahoma. During 1933, nearly 93,000 Oklahomans were on relief drawing commodities and clothing from the new Federal-State distribution system.³¹

Governor Murray's humanistic character and strong leadership qualities turned back the threat of financial collapse of Oklahoma State Government under the most extreme economic circumstances. He managed

³¹Gibson, p. 127.

to break the chain of governors being impeached by legislators because they wanted to lead instead of being led.

Democrat Ernest W. Marland, a one time multi-millionaire, was elected governor during 1934. Marland's program was called the Little New Deal. During 1935 an estimated 150,000 Oklahomans were out of work and 700,000 were on relief. By the close of Marland's administration, 90,000 Oklahomans were employed on 1,300 WPA projects.

Democrat Leon Phillips was elected Governor during 1938. He was opposed to Roosevelt's New Deal. Local Democrats were concerned about federal control of too many local matters.

During 1941 the Depression came to an end when World War II placed heavy demands on petroleum products and the oil industry boomed. Demand for ranch and farm products increased. War industries and military training stations created full employment.

Robert S. Kerr was elected as a Democratic Governor during 1942. He was the first native-born Governor. Kerr improved relations with the Federal Government. Oklahoma had twenty-eight army camps, thirteen naval bases, and several army air corps stations during the war years. Tinker Field at Mid West City was established and became the largest air depot in the world. Kerr actively recruited industries, portrayed a positive image of Oklahoma, and was proud of his state.

Roy J. Turner was elected Governor during 1946. Legislation for the Turner Turnpike between Oklahoma City and Tulsa was enacted during his administration. Racial desegregation began during this time. The Korean War erupted during 1950, and war efforts were reactivated or expanded to meet new demands.

Oklahoma lost population steadily from 1930 to 1950. The State was not keeping up with other progressive states in social programs, economics, public facilities, and education.

Johnston Murray, son of former Governor William H. Murray, was sworn in as Governor by his father during 1951. During Murray's tenure welfare recipients were reduced from nine percent to seven percent. The plans were laid for the Will Rogers Turnpike between Tulsa and Joplin, Missouri.

Raymond Gary, Oklahoma's fifteenth Governor, was a former teacher, a county superintendent of schools, and an independent oil operator. Desegregation of the public schools in compliance with a Supreme Court decision of 1954 in *Brown v. Topeka* occupied a great deal of Gary's time. Highway construction was a priority item for him. Gary tried to balance the State economy.

Howard Edmondson, Oklahoma's youngest Governor, was elected during 1958 at the age of thirty-three. He concentrated on repeal of prohibition and State Government reform. The passage of the Liquor Control Act during September, 1959, was a social revolution for Oklahoma.

Henry Bellmon, elected during 1962, was Oklahoma's first Republican Governor. He worked effectively with the legislature. During his administration the State oil depletion allowance was increased to 27.5 percent. The State employees' retirement system was established.

The Oklahoma Education Association demanded a \$1,000 increase per year for Oklahoma teachers during 1965. The National Education Association became involved, pointing out that Oklahoma ranked fortieth in expenditure per child and thirty-seventh in teachers' salaries in the

Nation. A \$500 per year annual raise was approved for teachers and \$5,200,000 was set up for free textbooks in the schools. Oklahoma was placed on a national blacklist and professional sanctions were imposed against the State by the Oklahoma Education Association.

Another Republican Governor was elected during 1966, Dewey Bartlett. During his tenure the legislature started meeting annually instead of biannually. The Unclaimed Property Act was passed. That act allowed the Oklahoma Tax Commission to liquidate assets of oil companies, utilities, and bank accounts which had been dormant for fourteen years and to convert those assets to public use. The tax on intangible personal property was repealed during 1968.

Inflation during the 1970's was a national economic problem and put real pressure on Oklahoma's public employees. Salaries did not keep up with inflation. Teachers requested increased funds for special education, reduced class size, free kindergartens, improved library facilities, and higher salaries. During May, 1968, after much compromising, a school bill was passed that included a salary increase for teachers of \$1,300 spread over three years.

A constitutional change was approved by Oklahoma voters allowing the Governor to succeed himself. Bartlett ran for re-election but was defeated by David Hall, a Democrat, during 1970.

The legislature responded favorably to Hall's request for new State money with increases in the oil and gas tax, the State income tax, and liquor tax. Highways, public schools and higher education received most of the additional money available.

Democrat David Boren defeated Republican Jim Inhofe for Governor during 1974. The equalization of property assessments among counties was a major issue during Boren's term of office. The Supreme Court determined that all property should be assessed at 12 percent but did agree to allow a 3 percent deviation either way. Thus effectively permitting an actual range of from 9 to 15 percent. The State school finance formula was determined to be a defensible formula, but was based on the assumption that property throughout the State would be assessed on basically the same percentage of market value.

Democrat George Nigh was elected governor over Republican Ron Shotts during 1978. Teachers' salaries were increased to the regional average for the first time in Oklahoma history during 1980.

Oklahoma in Retrospect

Oklahoma's farms and ranches started with the early Indians. Farming was perpetuated by the Five Civilized Tribes and other Indian immigrants. Agriculture in Oklahoma really blossomed with the arrival of the homesteaders during 1889. During the early days, cotton was the largest cash crop. It was later replaced by wheat. Livestock was an important part of the agricultural industry.

Oklahoma farmers and ranchers reaped rewards from the outstanding research and experimental stations at Oklahoma State University in Stillwater. Agricultural remained as Oklahoma's most important business.

Nature bestowed Oklahoma with rich mineral resources. The State had a reserve of an estimated one billion tons of rock salt. Coal was a significant Oklahoma mineral. Lead and zinc were among Oklahoma's

principal sources of wealth, employment, and revenue for State Government. Oklahoma was known nationally and internationally for its oil production. Authorities rated the Bartlesville oil field, opened during 1897 by the Cudahy Oil Company with the drilling of Number One Nellie Johnstone, as the first important oil discovery in Oklahoma. Oklahoma developed lumbering and manufacturing industries. Service industries included tourism, government and transportation.

Oklahoma was a state of diversified climates. Will Rogers, a famous Oklahoma son, supposedly said, "If you don't like the weather in Oklahoma, just wait a minute." The State had a large variety of nationalities and cultures as well as a wide range of industries and occupations.

Summary

History revealed changing educational demands. Three major problem areas were identified that had an effect on the school financial accounting systems. The first was inadequate facilities and personnel due mainly to deferred spending during World War I. Then came the Great Depression followed by the post-war baby boom. The growing militancy of teachers' groups placed additional demands on resources.

The second problem was the inadequacy of training in science and mathematics. After the launching of Sputnik by the Russians, schools were under attack by parents and politicians. Criticism of educational outcomes coupled with growing resistance for additional funds led to counter demands for public accountability by educators. Educators were

held accountable in a fiscal sense for funds spent. Educators in the eighties were being ordered to render an accounting for educational quality.

The third problem area was the crisis in urban education. Schools were forced to assume new roles to help solve the pressing social and economic problems caused by racism and poverty. The school desegregation cases forced comprehensive change in the social and educational system. It generated some of the most heated conflict in the entire history of American education.

CHAPTER III

HISTORY OF EDUCATION

United States 1900-1980

Introduction

During the seventeenth and eighteenth century there was a transplantation of European culture and its conformity to a more open and pluralistic society in the United States. During this period of time, education was in an experimental stage. Society was struggling to determine the proper balance between formal schooling and education provided by home, church, and community. The colonies tried almost every variety of educational institution. There were parochial, sectarian, missionary, private, neighborhood, town, district, and other types of elementary schools. There were medieval, humanist, and realist secondary schools. There were apprenticeships and vocational schools, and old world colleges in the towns. In the colonial period the foundations were laid for a secular, common public, community school, but with a public policy that permitted private schooling to continue and to compete with the public school.¹

Slowly, the American people awoke to education as a legitimate function of government. This was the beginning of a crusade for

¹H. G. Good and James D. Teller, A History of American Education (New York, 1973), p. 2.

independent state systems of education comprising the kindergarten, the elementary school, the high school, and the university. The American dream was to provide an equality of opportunity for all pupils to climb an education ladder extending from the gutter to the university at public expense. This was necessary because a republican state requires an enlightened public opinion, as Washington expressed the need. It was needed to maintain individual liberty and civil rights as Jefferson claimed. By the close of the Civil War most of the northern states had developed the outlines of their unitary systems of public schools. The southern states had made similar progress toward parallel systems of public schools, one set of schools for the white and another for the black children.² Democracy was an evolving concept shaped by research, the thinking of leaders, small group discussions, and the experience of a free people. The public school was the most democratic institution in American life.³

Legal Basis of Education

The basic legal provisions for public education in the United States were found in the federal and state constitutions. The provisions or lack of provisions in the federal constitution were of significance for education throughout the nation. The constitutional provisions found in each state constitution established the legal basis for public schools within each state.

²Good and Teller, p. 76.

³American Association of School Administrators Yearbook 30 (1952), The American School Superintendency, p. 11.

Constitutional Provisions

The Federal Constitution. The Constitution as framed at the Constitutional Convention, during 1787, did not provide for "national" education. There were several reasons for the silence on educational provisions in describing the Constitution. A significant and simple reason was the accepted fact that schooling in those days was not considered a government function by any stretch of the imagination. Education was under the auspices of the church and home.

According to Cubberley:

When the Constitutional Convention met, in 1787, to formulate a national pact for the Union, it had many weighty problems of State to find a solution for, serious differences between states to reconcile, sources of revenue to find, and many important compromises to work out and make effective. Its great task was to establish a stable government for the new States, and in doing this all less important problems were left to the future for solution. One of these was education in all its forms.⁴

Thus, and almost by oversight, public education in the United States fell into a state and local framework, where it has remained. The United States does not have an educational system, but had fifty separate educational systems.

State Constitutional Provisions. The basic provisions for public schools in each of the fifty states were found in the individual states' constitutions. The framers of the state constitutions exercised considerable freedom as long as provisions did not violate the Federal Constitution or court decisions. Each state constitution

⁴Ellwood P. Cubberley, State School Administration (Massachusetts, 1927), p. 9.

determined the basic framework for the operation and support of education within the state.

One of the policies that has found expression in every state constitution was that the legislature must provide for a uniform and effective system of public schools.⁵ The people did not permit the legislature any choice as to whether or not schools would be established.

Local Boards of Education. All legal powers exercised by local boards of education had to be given by the state. The local school boards were a right arm of the State Department of Education and enforced the statutes and constitutional provisions as did any other subdivision of government.

In all states some limits of one kind or another had been placed on what school boards did in terms of finance, either on the basis of constitutional or legislative provisions, or by a requirement for approval by vote of the citizens under certain conditions.⁶ The states delegated its administrative powers to local boards of education.

Statutes

Federal Laws. The United State Constitution did not mention education, but there was nothing denying the Federal Government the power to promote education or to provide for schools. Congress

⁵Edgar L. Morphet, Roe L. Johns and Theodore L. Reller, Educational Organization and Administration Concepts, Practices, and Issues, 3rd ed. (Englewood Cliffs, New Jersey, 1974), p. 38.

⁶Morphet. Johns and Reller. p. 292.

appropriated funds to the states for educational purposes if its action did not interfere with the powers reserved to the states. The federal laws authorized funds to be appropriated to aid public schools, usually provided strict guidelines for their use, and provided controls.

In the twentieth century most federal funds appropriated for use in the elementary and secondary schools were administered by the State. Federal laws established questions and regulations for compliance by the state boards of education.

State Statutes. Each state had compiled a School Code that represented all the state laws governing education. They represented the ways and means to conduct the state's education function.

By enacting laws, the legislature created school districts, and determined the nature and amount of control to be exercised by local boards of education. The legislators provided a framework within which the state and local education agencies operated the schools. The state legislature was given freedom to establish the state school system as long as the statutes enacted did not violate the Federal or State Constitutions.

Court Decisions

U. S. Supreme Court. Since education was not mentioned in the federal constitution, it was never involved directly in questions that came before the United States Supreme Court. The involvement came through other questions.

Forty-five cases involving education to a rather significant extent came before the United States Supreme Court between the time the constitution was adopted and 1954. The cases were contests involving rights of parents and students; of teachers and touching on property rights and personal freedoms; of races in schools in states maintaining segregated schools; powers of school authorities in fiscal matters or in matters involving rights of citizens; and contests of non-public schools.⁷

One of the above cases that made a major impact on public education was the case of *Brown v. Board of Education of Topeka* during 1954. This case established the controlling legal principle that racial discrimination in the public schools was in violation of provisions of the constitution. The court decisions also emphasized the importance of education:

Today, education is perhaps the most important function of state and local government . . . in these days it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity, when the state has undertaken to provide it, is a right which must be made available to all on equal terms.⁸

Another significant decision of the United States Supreme Court was made on March 21, 1973, when the Court by a five to four vote reversed a lower court decision in the *Rodriguez v. San Antonio Independent School District* case. This case involved three urban school districts in Texas that brought suit against the Texas Board

⁷Morphet, Johns and Reller, p. 49.

⁸Ibid., p. 50.

of Education and the State Commissioner of Education to determine whether or not the Texas system of financing education was unfair.⁹

State Supreme Court. Decisions of the state supreme court in the various states technically affected only their particular state. Courts could not legislate, but their decisions had the effect of law. The basic role of state courts was to interpret state statutes in light of the state constitution. State laws when questioned were interpreted by state attorney generals and these opinions were official until tested in a state court.

A major state supreme court decision was made on August 30, 1971, when the Supreme Court of California ruled that the California system of financing public schools by means of local property tax was discriminatory and unconstitutional, and returned the decision to the lower courts for a trial on the facts of unequal financing. This case was discussed further in regard to school finance in Chapter Four of this report.

Administration in Education

U. S. Office of Education. Established in 1867, the Office of Education acted as a clearing house. Its main functions were educational research; educational services to local, state and international agencies; and the administration of federal educational grants. The role of the U. S. Office of Education was presented more in depth in Chapter Five of this paper in the areas of research and publications.

⁹Percy E. Burrup, Financing Education in a Climate of Change (Boston, 1976), p. 8.

During the period from 1867 to 1906 the Indians of Alaska were the responsibility of the Office, and it made provisions for the education of Alaskan children. The administration of \$5,000,000 annually to the land grant colleges was the responsibility of the Office.¹⁰

During 1906 to 1933 the Office provided experts for the purpose of surveying school districts. New divisions were created in the fields of rural education, higher education, and Negro education. The Office published School Life, a monthly publication that served a large number of major groups.

The period of 1933 to 1980 was a time of remarkable growth in the Office. It assumed the administration of vocational education during 1933. The depression during the thirties and World War II increased the duties of the Office. The Office handled the emergency education programs.

The passage of additional federal aid to education in the fifties and sixties increased the responsibilities of the Office tremendously. The Office had the responsibility to dispense, audit, and evaluate programs and services. The Office also provided the administrative regulations and guidelines.

U. S. Commissioner of Education. The Commissioner was the head of the United States Office of Education. He was appointed by the President with the consent of the Senate. The first U. S. Commissioner, Henry Barnard, was mentioned in Chapter Five of this report. The terms

¹⁰Emery Stoops and M. L. Rafferty, Jr., Practices and Trends in School Administration (Boston, 1961), p. 21.

of office were for an indefinite period of time. The duties of the Commissioner as originally prescribed by law were:

Collect such statistics and facts as shall show the condition and progress of education in the several states and territories; to diffuse information respecting the organization and management of schools and school systems and methods of teaching as shall aid the people in the maintenance of efficient school systems and otherwise promote the cause of education; and also to present annually to Congress a report embodying the result of his investigation and labors, together with a statement of such facts and recommendations, as will in his judgement, subserve the purpose for which the department is established.¹¹

State Boards of Education

The state boards of education were agencies created by the legislatures, in most cases, to develop a broad program of education for their states. These state boards, as the chief educational authority, were charged with responsibilities to develop policies and programs for the state departments of education.

The number of states having state boards of education for the public schools increased from 30 in 1900 to 49 in 1972. Wisconsin had not established a board for elementary and secondary schools, but had a state board for vocational education.¹²

Some of the members of the state boards of education were selected by popular election, and others were appointed by the governors. The size of the boards and length of terms varied between states. The

¹¹Chris A. De Young, Introduction to American Public Education (New York, 1955), p. 26.

¹²Morphet, Johns and Reller, p. 261.

qualifications were also varied and controversial. The powers and duties varied from one state to the other. Morphet, Johns, and Reller listed the major functions of state boards in most states during 1974 as:

- To appoint and fix the compensation of a competent chief state school officer who should serve as secretary and executive officer;
- To determine areas of service, establish qualifications, and appoint the necessary personnel for the state department of education;
- To adopt and administer a budget for the operation of the state education agency;
- To authorize needed studies and, with the assistance of appropriate committees and consultants, to develop and submit to the governor and legislature proposals for improving the organization, administration, financing accountability, and other aspects of education in the state;
- To adopt policies and minimum standards for the administration and supervision of the state educational enterprise;
- To represent the State in determining policies on all matters pertaining to education that involve relationships with other state agencies and the federal government; and
- When authorized to do so, to adopt policies for the operation of institutions of higher learning and other educational institutions and programs operated by the state or to approve major policies recommended by the board or boards of control for such institutions.¹³

State Superintendent. Each state had a chief state school officer. The most common title was superintendent of public instruction. There were variations such as commissioner of education and director of education. The responsibilities were to direct public education at the state level.

The method of selection, qualifications, salary, powers and duties, and length of terms varied according to the state that created the

¹³Morphet, Johns and Reller, pp. 262-263.

position. A perusal of the literature indicated the method of appointment, qualifications, and duties were changing. Two thirds of the states provided for the position in their constitutions, so the incumbent labored under both statutory and constitutional handicaps.

The duties and responsibilities of the chief state school officers vary from state to state; however, Morphet, Johns and Reller list the following as usually included in the most progressive states:

- To serve as secretary and executive officer of the state board of education;
- To serve as executive officer of any board or council that may be established to facilitate coordination of all aspects of the educational program;
- To select competent personnel for, and serve as the administrative head and professional leader of the state department of education to the end that it will contribute maximally to the improvement of education;
- To arrange for studies and organize committees and task forces as deemed necessary to identify problems, and to recommend plans and provisions for effecting improvements in education;
- To recommend to the state board of education needed policies, standards, and regulations relating to public education in the state;
- To recommend improvements in educational legislation and in provisions for financing the educational program;
- To explain and interpret the school laws of the state and the policies and regulations of the state board of education; and
- To prepare reports for the public, the state board, the governor, and the legislature that provide pertinent information about the accomplishments, conditions, and needs of the schools.¹⁴

State Department of Education. The state department of education included the chief state school officer and his staff. They were authorized by and functioned in accordance with the provisions of laws

¹⁴Morphet, Johns and Reller, p. 264.

and policies adopted by the state board of education. These duties and responsibilities of all state departments of education expanded greatly since 1940. During 1900, there were only 177 professional and other staff members in all state departments of education. This number increased to 3,718 during 1940, to approximately 15,000 by 1955, and increased more rapidly since that time.¹⁵

The role of the State Departments of Education changed. In the beginning the major responsibilities were accounting and reporting. The next stage of development was increasing the emphasis on regulation and inspection. During 1980, the emphasis was placed on developing procedures for accountability.

The complexity of the duties of the state department had placed major importance on the selection of competent personnel including the chief state school officers. State department personnel had to be qualified to organize conferences, plan and conduct studies, initiate improvements in the state educational program as well as local programs, and work effectively with the governor, the legislature, and representatives of other state and federal agencies.

County Superintendents. Schools were established in local communities before education had won full recognition from the state. The local school districts were eventually created by state statutes. The state responsibility was delegated to the district to direct the operation of the school. Uniform, standard, and organized information

¹⁵Morphet, Johns and Reller, p. 264.

relative to school enrollments, certification of teachers, financial, programs of study, and condition of the school buildings was virtually non-existent.

Accurate information was necessary for the state superintendent to provide efficient leadership to a state educational system comprised of hundreds of small administrative units. The state's urgent need for collecting educational statistics was an important factor in establishing the position of county superintendent. The job was mainly clerical in the beginning. County superintendents had to look after the school land grants given by the Federal Government. They also had to allocate, administer, and account for state aid. The legal requirements concerning the organization and operation of the small units could not be managed from the state level.

The county superintendency began as an arm of the state department of education as a downward extension of state administrative control.¹⁶ He was the reporting agency to the state department. He was the instructional leader and spokesman for the rural areas of the county.

The powers and duties of this position changed as the size and make up of the school districts changed. The state statutes that created the position were different in the various states. The method of selection, terms of office, and qualifications were varied. Possibly no educational administrative position remained in a more fluid evolution than that of the county superintendent.

¹⁶ American Association of School Administrators, The American School Superintendency, Thirtieth Yearbook, 1952, p. 45.

Local Boards of Education

The local board of education was the governing body of the local public school district. The district was created either by statute or the creation provided for by state law. Their duties and powers were determined by state laws and state boards of education regulations.

The members of local boards of education were usually elected by popular vote. They were usually elected for overlapping terms of three to six years. The size varied from three to nine members. Qualifications were determined by state statutes. Among the many powers of the Board of Education, Johns, Morphet and Reller have identified the following as being relevant during 1974:

1. The selection of a chief administrator, the superintendent of schools;
2. The establishment of policies and procedures in accord with which the educational services are administered and a range of programs are developed;
3. The establishment of policies relating to planning, improvements and to accountability;
4. The adoption of the budget and the enactment of provisions for the financing of the schools;
5. The acquisition and development of necessary property and the provision of supplies;
6. The adoption of policies regarding and the apportionment of necessary personnel to staff the varied services;
7. The appraisal of the work¹⁷ of the schools and adoption of plans for development.

The role of the board of education as a body and as individuals changed in the twentieth century. Statutes fixed the responsibilities on the boards of education as a unit instead of as individuals. Their role was legislative, which means adopting policies and approving

¹⁷Morphet, Johns and Reller, pp. 311-312.

administrative regulations. It was not uncommon in previous years for boards of education to become deeply involved in details of administration. They individually and as a board interviewed applicants and selected instructional materials. A perusal of Bartlesville, Oklahoma, and Ponca City, Oklahoma, boards of education minutes of proceedings from 1900 to 1980 indicated a great number of administrative decisions were made by the local boards.

Historically and professionally, instruction preceded administration. In the earliest schools there were only pupils and teachers. There were no administrators. Board members were forced to make the administrative decisions.

The local board of education had lost some of its authority in 1980 as the federal and state governments provided additional funds for education. Governments providing funds made decisions as to how the funds were used. Boards retained the most important decision they had to make which was the selection of the superintendent of schools.

The Local Superintendent of Schools. The position of superintendent of schools did not come into being to any major degree until the twentieth century. In an address before the Department of Superintendence in 1890, M. E. Gates stated "we have now four hundred cities of over five thousand inhabitants and all but forty of them have superintendents of schools."¹⁸

¹⁸Fred Engelhardt, Public School Organization and Administration (Boston, 1931), p. 101.

Because of the lack of uniformity in the titles given school executives, it was difficult to determine the exact number appearing on statistical records. In some states the term "supervising principal" was used synonymously with superintendent. The Federal Census of 1920 recorded 15,892 incorporated places.¹⁹ Practically each one of these was the nucleus of an incorporated school district employing a superintendent, supervising principal, or principal.

The laws relative to appointment of superintendents were to a large degree permissive. In many states during the 1930's, the responsibilities of the superintendent were specifically defined in the statutes.²⁰

The secretary of the school board in small urban and rural districts was usually a member of the board and acted in a clerical capacity. The secretary kept the records and performed the administrative duties since there was no professional officer hired by the district. The legal responsibilities most frequently assigned to the secretary in the law of the various states were listed.²¹

In the large school districts during the 1930's, the secretary was not selected from among the members of the board. It was against state statutes in Pennsylvania in certain size school districts. The title of "business manager" was assigned to the position corresponding

¹⁹Engelhardt, p. 102.

²⁰Ibid., p. 104.

²¹See Appendix A, p. 284.

to that of a secretary. Important changes in school administration were taking place in reference to the business manager position. The business manager was recognized as the legal financial officer of the board. However, in practice all the responsibilities for the business affairs were gradually becoming centered in the office of the superintendent. The superintendent was becoming the executive officer of the board of education.²² The change in status was legally made through the general statutes which granted the school board the power to delegate responsibilities. According to Englehardt during 1931:

No movement in the organization and administration of public schools has had such a far-reaching effect as this. The centralization of responsibility for both the educational affairs and the business affairs of a school system in the office of the superintendent is the foundation upon which modern schools²³ may be operated efficiently, effectively and economically.

Statistics gathered during 1920 indicated that the majority of superintendents were appointed to the superintendency from the high-school principalship. Rarely was the incumbent of any staff position other than the high school principalship promoted to the superintendency in cities having a population between ten thousand and twenty thousand. The exceptions were found in large cities where on occasion the assistant superintendent had been appointed.²⁴

During the twenties legal requirements for public school work other than teaching were developing very slowly. The first university

²²Englehardt, p. 75

²³Ibid., p. 76.

²⁴Ibid., p. 107.

course in public school administration and supervision was offered in 1924, and George D. Strayer's work Scientific Approach to the Problems of Educational Administration was published in 1926.²⁵ Until this time educational administration was not included in a university curriculum and professional literature was non-existent for adequate professional preparation.

Universities recognized this profession was emerging and began to include training for superintendents in their curricula. Certification for the position of superintendent evolved from the state by the same legal procedures required for teacher certification. The academic standards were increasingly extended and raised for the superintendents. He had to be well versed in the field of professional education if he was to be the educational expert.

As small school districts were consolidated and the population shifted to the cities and towns, larger school districts emerged. Each of these districts needed a superintendent.

As more districts chose superintendents, many followed the principle of one-man responsibility for individual elements in the system rather than for the system as a whole. There might have been five or six administrators rather than a chief administrator. Each administrator had the responsibility for a different area, such as, instruction, buildings, finance, or even individual subjects. Long and troubled experience with these fractionated systems led to their general disappearance.

²⁵Englehardt, p. 109.

The public schools were complex organizations. Any efficient and well-managed organization required an executive officer to be responsible to a board of directors.

Qualifications of Superintendent

A successful school superintendent had to have some general qualifications as any other executive position in a social organization. Qualifications of a personal nature desired were: sound physical, emotional, and mental health; endless patience and tact; good speaking voice; unblemished character; and sound judgement.

In its yearbook, The American School Superintendency, the American Association of School Administrators discusses eight functions of every superintendent. They were:

Planning and evaluation overlies the entire complex. Organization established a framework. Personnel, business and buildings, and auxiliary services establish the necessary operating conditions for the educative process. Information and advice provides a two-way sharing of knowledge and ideas with the public and the school staff as to the planning and the operation of the plan. Coordination binds all together so that the manpower and materials of the entire school system may be focused on the major function of instruction.²⁶

Professional Organizations

National Professional Organizations. No other profession was as extensively organized toward seeking its own improvement as was education. There were approximately 500 regional and national associations of education, approximately 150 college professional societies, 50

²⁶The American Association of School Administrators, Thirtieth Yearbook, p. 45.

religious educational associations, and 15 international associations which brought the total to nearly 1,000 groups that in some way were attempting to affect educational policies.²⁷ The main groups representing elementary and secondary education were the National Education Association, the American Association of School Administrators, the National School Boards Association, and the National Congress of Parent and Teachers Association.

The National Education Association was the largest teachers' association in the world. It was organized during 1857 when 43 educators gathered in Philadelphia and formed the National Teachers Association.²⁸ The association had established 29 departments. It served the profession through such national commissions as the following: Legislation, Educational Policies, the Defense of Democracy, Safety Education, Teacher Education, and Professional Standards.

The Committee on Educational Finance of the National Education Association was created during 1930 at the request of classroom teachers. The teachers insisted that the National Education Association should do something to remove both professional and public illiteracy with regard to school finance.

The National Council of Chief State School Officers was a very influential organization made up of the State Superintendents of Public Instruction in the United States. They promoted leadership on major changes needed in education.

²⁷John Thomas Thompson, Policymaking in American Public Education: A Framework for Analysis (Englewood Cliffs, New Jersey, 1976), p. 168.

²⁸Chris A. De Young, Introduction to American Public Education (New York, 1948), p. 360.

During 1865 the National Association of School Superintendents, now the American Association of School Administrators, was organized. It held its first meeting the following year in Washington, D. C. During 1866, Congressman James A. Garfield, in response to a request from the National Association of School Superintendents, introduced legislation in Congress leading to the establishment of a Department of Education (without Cabinet status). During 1870 the National Association of School Superintendents, the National Teachers Association, and the American Normal School Association joined forces to found the National Education Association.²⁹

The Association of School Accounting Officers (known in 1980 as the Association of School Business Officials) was formed by a group of school officials and others who met in Washington, D. C., during May of 1910 upon the invitation of the Commissioner of Education. This organization was the first permanent body formed for the express purpose of the "standardization of fiscal, physical, and educational data of school systems for the presentation in the form of public reports."³⁰ It was one of the active cooperating agencies in the development of Bulletin, 1912, No. 3 issued by the U. S. Department of Education.

The Association of School Business Officials of the United States and Canada, an international professional, educational, management-oriented organization, was the oldest and largest association in North

²⁹American Association of School Administrators, Thirtieth Year, book, pp. 54-55.

³⁰Robert F. Will, Historical Statement of the Development of the Uniform Records and Reports Movement, Unpublished paper, U. S. Office of Education, Washington, D. C., 1952.

America devoted exclusively to the improvement and advancement of school business management, public, and private during 1980. The Association of School Business Officials was dedicated to researching, analyzing, and publicizing improved methods of school business management in more than 22 specialties. This organization during 1980 had approximately 5,500 active members that represented all 50 states, and ten provinces of Canada and overseas.

The National School Boards Association was made up of school boards across the Nation. This organization during 1980 was among the most influential interest groups affecting educational policy.

The American Federation of Teachers was a rival organization of the National Education Association. The American Federation was a smaller organization during 1980 and appeared more union oriented than the National Education Association.

Most national organizations have affiliates at the state level. The state organizations worked for favorable state policies. State educational policies affected teachers most directly. State laws pertaining to such matters as minimum salaries, teacher retirement plans, tenure or dismissal provisions, and other conditions of employment vitally affected teachers. The effectiveness of education associations varied from state to state.

State organizations of teachers, whether National Education Association affiliates or American Federation of Teachers, were major

³¹Thompson, p. 105.

sources of educational demands on the states. By making such demands they performed an important role in the state legislative process.³¹

With the development of teacher militancy during the sixties and seventies the policy of all professional educators in the same organization became increasingly difficult. In the eighties, there were separate state associations of school administrators in a number of the states.

Local Professional Organizations

A number of professional organizations, especially teacher organizations were unified in the eighties. It was mandatory to join local, state, and national affiliates in order to qualify for membership in any one.

History of Education in Oklahoma

Pre-Statehood

On September 21, 1821, the first school in what is now Oklahoma began its first day of class. This was the school operated by missionaries sent by the United Foreign Missionary Society to establish and maintain Union Mission, dedicated to the conversion of the Osage Indians then living near Maizie in what is now northeastern Oklahoma.³²

The following is an excerpt contained in a journal which was kept of the events of the mission and now preserved in the Oklahoma

³²LuCelia Wise, Oklahoma's Blending of Many Cultures (LuCelia Wise, 1974), p. 98.

Historical Society:

There were three French-Osages--the Downie children, Joseph, 9, Abigail, 6, and Charles, 2. There were four Faill children far from their Connecticut home: Richard, 10, Sarah, 8, Elizabeth, 6, and Thomas Scott, 4. Soon came Robert Monroe and Stephen Rensselaer, Ruth Titus and the Swiss and Lombard children. In the third year came Osage Chief Tallie's children, Phillip and Margaret Milledaler. Later in 1828 Creek children began to appear with such names as McIntosh, Perryman, Conrad and McCullap showing up on the rolls. Also came Cherokees such as Rogers, Corey, Vann, Gentry and Kirby families.³³

Churches were complimented for their vision of the future. No society could promote religion nor democracy without the ability to read, write, and use information.

Oklahoma Territorial Governor Steele appointed the Territorial School Superintendent as provided by the Organic Act mentioned earlier. The Act provided for a bicameral legislative assembly. The House of Representatives was to contain twenty-six members and the Council thirteen members all to be elected by the people of the Territory.

The first meeting of the Territorial Legislature was on August 27, 1890, in Guthrie. The school laws of Kansas were basically adopted as the school laws for Oklahoma Territory. These laws provided for the organization of school districts. The districts were squared at three miles on each side or nine square miles per district. Each of the districts created assumed the responsibility for the education of the children within the district. Most of the schools were one-room, one-teacher, providing eight grades within walking distance of the rural homes. Some of the schools were soon overflowing with fifty or more

³³Wise, p. 98.

students. Education at that time, for most of the farm students, was terminal prior to completion of the eighth grades. During 1908, one county with nearly 5,000 children in 74 schools graduated only 42 from the eighth grade.³⁴

During 1890, the Territorial Legislature established a Territorial Normal School for the purpose of educating teachers. The Territorial Department of Education developed teachers' examinations to be given by the county superintendents. The certification of teachers was the responsibility and duty of the county superintendents. That plan for teacher certification existed until statehood. The selection of the state superintendent was changed from an appointive to an elective position at statehood and the State Board of Education came into being with statehood.

Realizing how important local control was to the community, the Territorial Legislature enacted legislation during 1895 enabling two or more districts to unite to offer instruction in the higher grades in a central school while still maintaining the district schools. Bridgeless creeks and poor roads that hindered transportation were major drawbacks to this plan. Very few districts organized union graded districts until several years later under laws enacted by the State Legislature.

There were no free public schools for white children in Indian Territory. The tribal governments of the Five Civilized Tribes

³⁴ Jim B. Pearson and Edgar Fuller, ed., Education in the States Historical Development and Outlook, Oklahoma by Guy H. Lambert and Guy M. Rankin; Published by National Education Association, 1969, p. 983.

established separate schools for the Indian and Black children. During 1898, congress passed the Curtis Act whereby the Federal Government assumed control of the schools in Indian Territory. A Superintendent of Schools was appointed for that area. Funds were appropriated in the amount of \$50,000 to increase the number and expand the day schools. The schools were made available to white children on a tuition basis. Under federal control, improvements were made in the schools. Vocational subjects replaced or supplemented liberal arts subjects. Teacher standards were raised by improvements made in summer training. It was possible for towns to incorporate, vote bonds, levy taxes, and provide schools through legal channels. The ground work for a state educational school system was being formed.

Oklahoma Territory and Indian Territory

Became a State

The Enabling Act, signed by President Theodore Roosevelt, during 1906, combined Indian Territory and Oklahoma Territory into a single state. The two school systems were merged into one on November 16, 1907, when Oklahoma became a state.

The 1907 constitution provided for the total state to be divided into 75 counties. Oklahoma Territory was divided into 34 counties and the Indian Territory was divided into 41 counties. Each county was to elect a county superintendent of schools with the authority to establish and administer the local schools. The first county superintendents divided the counties into school districts. In the first year of statehood 2,142 school districts were formed in what had been Indian

Territory.³⁵ When the two school systems merged, Oklahoma Territory contained 3,441 districts. There were 185 high schools all located in cities or towns.

It was stated in the new constitution specifically that "the legislature shall establish and maintain a system of free public schools wherein all of the children of the State may be educated."³⁶ The laws that were in force in Oklahoma Territory were to remain in force until they expired or were changed by newer statutes.

The Oklahoma School Code made provisions for bonded indebtedness, construction of school buildings, and financing of the schools. The code set requirements for the certification and licensing of teachers. A course of study was required for the public schools. It included the teaching of agriculture, horticulture, stock feeding, and domestic science to all students. The Oklahoma Textbook Commission was created by the first legislature. A system was set up for uniform textbooks for all the schools in the new States. A compulsory attendance law was adopted requiring enrollment and attendance of all children between the ages of eight and sixteen.

The first legislature adopted a series of laws to produce revenue to pay the cost of government. The code provided for a levy on personal and real property, and the revenue generated was for the support of local government and public schools.

³⁵Lambert and Rankin, p. 979.

³⁶Article XIII, Section 1, Oklahoma Constitution.

Common Schools

Common school diplomas in rural schools were issued to students completing the eighth grade work and passing a two day examination in the required branches. These examinations were prepared by the State Superintendent. The required subjects during 1980 were: spelling, physiology, composition, civics, United States history, Oklahoma history, grammar, arithmetic, reading, agriculture, horticulture, geography, penmanship, music, and domestic science. The examinations were given and graded by an examining committee with the county superintendent as chairman. Teachers holding active First Grade certificates were appointed to the committee by the superintendent. No teacher was involved in any way in the examining of his own students.

A complete report of the examination was made by the county superintendent to the state superintendent. The report listed names of successful and unsuccessful candidates and the grades made in each subject. To earn the common school diploma, the student had to make a general average of 75 percent, and at least a 60 percent score in each subject. Students that did not make the required average were able to keep their grades in those subjects where they scored at the eighty-fifth or higher percentile. The examination could be repeated the following year in those subjects where the student's grades were below 85 percent.

The state board of education issued a diploma to each successful candidate. This diploma was signed by the president and secretary of the state board of education. The diploma was then signed by the county superintendent and president of the local district school board. Finally, the diploma was signed by the teacher under whom the pupil

completed the course of study. The diplomas were presented to the graduates at a commencement held at a time and place designated by the county superintendents.

The state superintendent's report during 1912 revealed a major concern for the many different standards for graduation from the eighth grade in the different counties. He made some recommendations to assure a greater degree of uniformity. Two of his suggestions were: one examination to be given each year, and all papers to be graded by a state commission provided for that purpose. The common school graduates in the independent districts were promoted to the high school by the local superintendent and were not reported to the state superintendent.

The first inspector of common schools was employed by the state board of education. The inspector reported that during the year he worked in sixty-eight counties, traveled 2,212 miles by buggy, visited 279 schools, and made 76 educational addresses.³⁷ He was concerned with the classification and grading of pupils, the general management of the school, the enforcement of the compulsory attendance law, and the conditions of the buildings and grounds.

The results of the inspector's visits revealed numerous problems facing the state board of education. The rural schools did not have a uniform plan of work and did not have adequate supervision. Higher and different standards were needed for certification of teachers. Many of the teachers were unqualified.

³⁷Fourth Biennial Report of State Superintendent of Public Instruction, Bound Volume, State Board of Education, 1912, p. 23.

Oklahoma State Department of Education

The first statute changing the structure of the State Board of Education was passed during 1911. At statehood, the Governor, Secretary of State, and Attorney General were ex officio members of the State Board of Education. The legislature during 1911 created the State Board of Education which still existed at this writing. The Board was made up of seven members with the State Superintendent serving as president. The six remaining members were appointed by the Governor with the advice and consent of the senate. The new law continued to make the office of State Superintendent an elective position for a four year term. Statutory qualifications for State Superintendent included being a male, more than 30 years of age, and a qualified elector of the state for three years.

The powers and duties provided by Senate Bill No. 132 were recorded in the First Biennial Report of the State Board of Education for the period ending June 30, 1912. They included supervision, preparation of examinations, formulation and adoption of courses of study, and preparation of a biennial report.

The governing board of the State Department of Education was the State Board of Education. The State Department of Education was the administrative agency of the State Board of Education. The State Superintendent had a dual role. He was the constitutional president of the State Board of Education, and he was the chief administrative officer of the State Department.

During the school year 1907-08, Oklahoma had 5,656 school districts. The number had been increased to 5,880 for the 1913-14 school

year. This was the greatest number of school districts ever to exist in Oklahoma.

The number of school districts and the size of the districts had a definite effect on the responsibilities of the State Department of Education. It was stated in the State Superintendent's Report of 1908 that, "It is the opinion of this department that experience has shown that the average school district in that part of Oklahoma known as Oklahoma Territory is too small for the best school work."³⁸

The 5,880 school districts that existed during 1913-14 were made up of 105 independent districts, 345 village schools and, 5,430 rural schools. The enumeration of students taken in Oklahoma during 1914 indicated 24 percent lived in village and rural districts where school terms averaged 102 days.³⁹

The problem facing the State Department of Education was in rural schools where the untrained and inexperienced teachers gravitated. During 1914, reports showed an average of \$25.12 per capita cost for students in city schools, and \$11.81 for students in rural schools.⁴⁰

Rural School Districts and Consolidation

School districts classified as rural in the State Superintendent's Biennial Reports were all schools under the immediate supervision of

³⁸ Second Biennial Report, Department of Public Instruction, State Board of Education, Bound Volumes, 1908, p. 74.

³⁹ R. H. Wilson, A Brief Statement of the Growth of the Schools of Oklahoma for the Past Four Years (1915), p. 4 & 5.

⁴⁰ Ibid.

the county superintendent of schools. These included all village, union graded, consolidated, rural, and separate school districts.

The village districts were located in towns or villages that did not maintain four year high schools fully accredited by the State University. Those districts were under the supervision of county superintendents and local boards of education. The schools were graded. When the high school in an incorporated town or village was able to meet the required standards, the district became independent.

Union graded districts were those formed by the union of two or more districts. A central school provided instruction for seventh and eighth grade students and high school students. Elementary grades one through six were maintained at convenient locations in the district.

Consolidated districts were created by combining two or more districts and providing one school in a central location. These districts offered first grade through high school. All students living more than two miles from the school were furnished transportation by the district.

Separate schools were those maintained for the blacks. All were under the county superintendent's supervision except those located in cities.

Meanwhile Oklahoma had a shift in population from rural to cities and towns. The dream was to offer a free public education at least through high school. The Legislature in 1919 gave the county superintendents discretionary power to disorganize districts with fewer than eight children and to annex them to other school districts. It was always an emotional issue to disorganize a district or to close a building within a district. The county superintendent was an elected official, therefore, closing schools was usually political suicide.

Transportation was a major problem for schools prior to the age of motorized vehicles, modern highways, and all weather roads. During 1919 the legislature legalized motorized vehicles for transporting students and the horse-drawn wagons were replaced. Transportation expenses were generally paid from local sources of revenue until the General Equalization Aid Law of 1935 made transportation a part of the minimum school programs. One of the most active periods of consolidation of districts was from 1915 to 1930. The state and county superintendents were active in promoting consolidation. Terminal education was moved first to the high school and then to college and university during this period.

A stronger law was enacted by the Legislature during 1947 to ensure school district reorganization. An elementary district that did not maintain an average daily attendance of thirteen or more pupils was automatically annexed to another district unless it could be declared an "isolated" district."⁴¹ The law provided for a reduction in the number of small and inefficient high schools. During 1946, there were 4,450 school districts in Oklahoma. More than 1,100 of these did not maintain home schools. Some of these districts had too few students or could not obtain a suitable teacher to provide a school program.

The 32 year period from 1946 to 1978 was characterized as a period of tremendous changes in school district re-organization. During this

⁴⁰Lambert and Rankin, p. 985.

period, 2,381 annexations or consolidations were mandated. One thousand four hundred forty-seven annexations or consolidations were made by elections in the districts. Oklahoma then had 623 school districts as of June 30, 1978, which included 166 dependent elementary school districts.⁴¹

Major Changes in School Code

Cooperative efforts and the support of well established organizations were required to effect major changes in the schools. The approval of the Better Schools Amendments to the State Constitution during 1946 was an example of a cooperative effort. The Oklahoma Education Association, the Oklahoma States School Boards Association, and the Oklahoma Congress of Parents and Teachers supported those amendments in the general election of 1946. Those amendments made it possible for teachers to have greater flexibility in choosing textbooks. The amendments increased state aid to school districts.

Educators and legislators realized the need for the repeal and/or clarification of some school laws. Many of these were contradictory, antiquated, or actually interfered with the educational process. The Legislature passed the Oklahoma School Code during 1947. This act was one of the most significant educational measures for education approved since statehood.

⁴¹1977-78 Annual Report, Oklahoma State Department of Education, p. 299.

The code grouped all laws relating to specific subjects in a convenient arrangement. The code repealed many undesirable and outdated statutes.

The Textbook Law of 1947 was another vehicle for the state to aid in the common school and earmark the use of funds for elementary schools. The law provided for a legislative appropriation to furnish textbooks free of cost for use by all pupils. The law stated,

The Legislature shall authorize the Governor to appoint a committee composed of active educators of the State, whose duty it shall be to prepare official multiple textbook list from which textbooks for use in such shall be selected by committees composed of active educators in the local school districts in a manner to be designated by the Legislature.⁴²

Another major revision in the School Code was made during 1971 when the foundation and incentive aid formula for calculation of state aid was adopted. The Oklahoma State Department of Education was authorized by statute to compile, to publish and to distribute to local boards of education the school laws in force every two years, and to publish a supplement in the off years.

Federal School Funds

The State Department of Education allocated federal funds under various special acts to local school districts. The State Department of Education also distributed school lunch money and Indian money. Vocational aid reimbursement was disbursed by the State Board for

⁴²Oklahoma Constitution, 1907 as amended 1946, Act 13, Sec. 6.

Vocational Education. Total federal funds allocated to the public schools of Oklahoma during 1978-79 were \$103,870,357.⁴³

Oliver Hodge, State Superintendent for Public Instruction from 1947 to 1968, stated the following regarding federal funds:

In appropriating these millions, Congress reaffirms the principle and declares that state and local communities have, and must retain, control over the primary responsibility for public education. However, when Congress appropriates such sums, it expects that they be accounted for, and it is interested in the worth of such programs. It therefore behooves all recipients to (a) use the funds for the purpose they are intended (b) invest them in the most efficient and effective manner, and (c) properly account for every penny received.⁴⁴

Federal funds played an integral part in financing education in Oklahoma during the seventies. During the 1977-78 school year Oklahoma schools were financed by funds from 37 percent local, 52 percent State and 11 percent federal monies. The federal funds were allocated through the State Department. The local districts were accountable for these funds to the State Department and in turn, the State Department was accountable to the Federal Government. There was "no free lunch" when the State and the Local School District accepted those funds. They assumed the responsibilities to operate within the guidelines established by the federal bureaus.

As state aid appropriations and federal grants increased to the public schools, the State Department of Education was made the agency for the allocation and disbursement of those appropriations. The State Legislature safeguarded the expenditures of this money by creating

⁴³1978-79 Annual Report, Oklahoma State Department of Education, Insert.

⁴⁴Pearson and Fuller, p. 983.

a Division of Examiners.

The following was a change in the duties and the powers of the state department as found in Oklahoma School laws, 1953:

Prescribe all forms for school district and county officers to report to the State Board of Education where required. The State Board of Education shall also prescribe a list of appropriation accounts by which the funds of school districts and separate schools shall be budgeted, accounted for and expended; and it shall be the duty of the State Examiner and Inspector in prescribing all budgeting, accounting and reporting forms for such school funds to conform to such lists. The provision of Chapter 10, Title 68, Session Laws 1943, to the Contrary are hereby superseded.⁴⁵

In order to complete federal statistical reports on finances of Oklahoma schools, it was imperative that they conform to uniform reports and standard terminology. It was also necessary in order to qualify for primary and secondary aid. Funds were allocated to be expended for earmarked purposes. The above duties and powers remained the same in the School Laws of Oklahoma, 1978.

Elected State Superintendents

The State Superintendent of Public Instruction was the person responsible for providing the leadership and making plans for the future of Oklahoma Schools. Only eight men served in that position from statehood to 1980.

E. D. Cameron was the first State Superintendent of Public Instruction. Cameron presided over the 1909 convention of the Oklahoma Teachers Association as its President. He recommended rural high schools

⁴⁵The State Board of Education, State of Oklahoma, The School Finance and Transportation Laws Including The State Board of Education Regulations for Administration, Bulletin No. 145-H, 1953-55.

be established. He recognized teachers needed some type of job security.

R. H. Wilson became the second State Superintendent during January, 1911, and served until January, 1923. He was a former teacher and a county superintendent in Oklahoma. During his tenure in office the number of teachers was increased from 10,282 to 17,274. General fund expenditures for public education in Oklahoma for the same period was increased from \$6,759,412 to \$26,973,599.⁴⁶

M. A. Nash, former Secretary of the Oklahoma Education Association, was elected State Superintendent in January, 1923, and resigned in April, 1927, to become President of Oklahoma College for Women at Chickasha. Nash accomplished standardization of rural schools, added rural school supervision, emphasized reading skills, and promoted health education.

John A. Vaughan was appointed to fill the unexpired term of Nash during April, 1927. He was a former superintendent of schools; an Oklahoma Senator; and Dean, Registrar, and acting President of Southeastern State College at Durant, prior to his appointment. During Vaughan's term as State Superintendent state aid for Oklahoma school increased from \$1,489,762 to \$8,200,000.

Governor Marland appointed A. L. Crable during August, 1936, to complete Vaughan's term. Crable was a former Oklahoma High School Inspector, and a staff member of Oklahoma A. & M. College. State aid was

⁴⁶Guy H. Lambert and Guy M. Rankin, A History Outline for the Period 1900 to 1965, Oklahoma State Department of Education, (unpublished), p. 20.

increased to \$12,800,000 for 1937-38 and 1938-39 under House Bill 6. That law made provisions for every high school to have a nine months term of school. The number of accredited high schools and junior high schools increased partially due to the increased state aid. The position of Director of Curriculum and Instruction in the State Superintendent's office was created during Crable's administration. Transportation laws were enacted into a transportation code during his tenure. A state-wide program for improvement of instruction was launched in cooperation with the colleges of education within the state while Crable was State Superintendent. Crable was defeated by Oliver Hodge during November, 1946.

Hodge was a former Tulsa County School Superintendent, a classroom teacher, a principal, a coach, and a graduate instructor at the University of Oklahoma. School integration took place during Hodge's time. Teacher standards were updated. The textbook law was changed. The expenditures from general fund increased from \$46,181,162 during 1946-47 to \$182,744,540 during 1964-65. During 1963 a law was enacted authorizing annual workshops for newly elected school board members. Hodge passed away during January, 1968.

Governor Bartlett appointed D. D. Creech, former superintendent of schools at Pryor, Oklahoma, to fill Hodge's unexpired term as State Superintendent. Creech chose not to run for re-election, and Leslie G. Fisher was elected.

During Fisher's tenure collective bargaining for teachers under the Professional Negotiations Act was enacted. The major portion of the increase in state aid to local schools was in the form of teacher and support personnel salary increases.

Fisher recommended and the State Board of Education approved five schools in the state—Ardmore, Bartlesville, Miami, Pryor, and Watonga—to pilot a revised accounting system during the school year 1972-73.

A grant was received from the National Center on Educational Statistics during 1978 by the Oklahoma State Department of Education to develop a state plan and to conduct training sessions for implementation of Financial Accounting, Classifications and Standard Terminology for Local and State School Systems, 1973, Handbook II, Revised. The Oklahoma State Department through sub-contract with Oklahoma State University developed an Oklahoma Accounting manual.

Fisher established a Commission for Future Educational Leadership. The Commission was instructed to study the school superintendency during the years 1980-1990 to provide guidance in needed areas of improvement. Membership of this commission was made up of professional educators and persons from other related fields. The goal of the commission was to create a climate in the state utilizing a variety of resources to help the administrators increase their dimensions of impact and leadership competencies for changing and improving the state and local school communities' futures.

The responsibilities of the Oklahoma State Department of Education were many and varied. The effectiveness of the leadership of the department determined, in good measure, educational progress and change. The State Department performed a central function in determining the direction and the quality of education.

Summary

Education was a necessity for the democratic form of United States

government. The Federal Constitution did not provide for education, and it therefore became a function of state government. The legal provisions for education started with the state constitutions. The state legislatures enacted state laws governing education. The laws were further interpreted by state and federal courts.

Education was coordinated from the federal level by the United States Office of Education and the United States Commissioner of Education. It was administered from the state level in most states by the state board of education, a chief state school official with the title State Superintendent or State Commissioner of Education and the State Department of Education. The county superintendent, an intermediate administrator, was an extension of state government. The powers and duties of this administrative position were in a constant state of change. Schools were administered on a local school district level by a local board of education and a local superintendent of schools.

Educational personnel were unified in a united national-state-local professional organization. Professional educators were originally organized as the National Education Association. Slowly, educators performing different functions formed separate organizations. The various professional organizations were major factors in improving the school accounting systems.

CHAPTER IV

HISTORY OF SCHOOL FINANCE

United States 1900 to 1980

Introduction

A principle held from human history was that public education is a necessity in a democratic society. This was recognized by many of the great leaders in early American history. President Thomas Jefferson reflected the awareness when he said, "If a nation expects to be ignorant and free in a state of civilization, it expects what never was and what never will be." Universal free public education was invented by the United States to safeguard freedom and preserve its democratic institutions.¹ Another principle was held that only when people make some kind of financial sacrifice for their schools did they take an active and wholesome interest in education. ,

Early Methods of School Finance

Change, charity, churches, courts, chattel, commodities, credit, and cash were common sources of fiscal support during the early days of American public education. Lotteries and similar games of chance were legitimate means of raising money for schools and colleges in

¹Jefferson N. Eastmond and William Everett Rosentengel, School Finance: Its Theory and Practices (New York, 1957), p. 3.

colonial America. These indirect and painless ways of obtaining funds took the place of direct taxation. Much education was financed through charity. Direct gifts by individuals and groups to semipublic or charity schools enabled many poor children to obtain some "pauper schooling." Churches through their denominational schools financed the education of many children.

Barter, the exchange of commodities and services, was frequently used even in the present century. One commodity was wood. In lieu of money a parent furnished the equivalent in wood to keep the schoolroom warm in winter. The teacher often "boarded around" receiving his board and room in exchange for part of his services. The practice of barter was revived during the depression of the 1930's when many school employees received gasoline coupons, grocery purchase orders, and I. O. U.'s in return for part or all of their services.²

The best means of school support, cash, was gradually made available for the operation of schools. Tuition was charged at an early date. A unique form of cash support was provided in the "rate tax" assessed against pupils on a per capita basis to cover the costs of schooling above the funds provided locally.

Taxation for school support was at first on a permissive basis. The word "or" in early legislation proved a hindrance in the development of mandatory public support. It was not until approximately

²Chris A. De Young, Introduction to American Public Education (New York, 1955), p. 499.

1825 that direct taxation of all property for the support of schools was generally recognized.³

Cubberley made the statement "the foundation of a state school fund was early in many of the states, and later the question of levying a general school tax was fought out in the legislatures or at the polls."⁴

The early major victories reported were:

1. Permission to communities to organize a school district and to levy a local tax for school purposes on the property of those consenting.
2. Local taxation extended to all property, regardless of consent.
3. The organization of school district made easy, and mandatory on proper petition.
4. Small state aid to all organized school districts to help support a school.
5. Compulsory local taxation to supplement the state aid.
6. Permissive, and later compulsory, township or county taxation to supplement the district taxation.
7. Larger and larger state support, and assumption of public education as a state function.
8. Extension of the taxation idea⁵ to include high schools as well as elementary schools.

After the Revolutionary War the formation of the new American government gave rise to some problems concerning the claims of some states to western lands. These were solved by 1786 when the states relinquished their claims to the Continental Congress with the

³De Young, p. 499.

⁴Ellwood P. Cubberley, School Funds and Their Apportionment (New York, 1905), p. 15.

⁵De Young, p. 499.

understanding that these lands were to be opened to settlement and ultimately admitted to the Union as new states.⁶

Although some evidence existed that the basic motive was to stimulate western migration rather than to promote education, the Congress during 1787 passed the famous Northwest Ordinance. This law provided that the sixteenth section of every township in the western lands was to be reserved for the maintenance of schools. It also contained the following statement of purpose which has come to be regarded as a kind of charter for public education in the United States: "Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall be forever encouraged."⁷ On the basis of this concept the Federal Government over the years granted more than 73 million acres of Federal lands to the states for the support of public education.⁸

Most of the states admitted to the Union after 1789 were first administered and organized as territories. The federal government administered the territories and consequently actually founded the public school system of many states. This direct responsibility of the federal indicated interest in education when the territories became states.⁹

⁶ Eastmond and Rosenstengel, p. 30.

⁷ Ibid.

⁸ John E. Corbally, Jr., School Finance (Boston, 1962), p. 92.

⁹ Roe L. Johns and Edgar L. Morphet, The Economics and Financing of Education: A Systems Approach, 3rd ed. (Englewood Cliffs, New Jersey, 1969), p. 369.

During 1802, Congress adopted the same general policy giving support of public education that had been adopted by the Congress of the Confederation seventeen years earlier. When Ohio was admitted to the Union during 1802, Congress initiated its policy of setting aside public lands for public education at the time of the admission of a state to the Union.¹⁰

The policy of setting aside the sixteenth section of each township for the public schools was followed for states admitted between 1802 and 1848. When the Oregon Territory was established during 1848, Congress set aside two sections of each township for the public schools. This policy was continued until 1896, when Utah was granted four sections in every township. Similar grants were made to other western states admitted after that year.¹¹

The older sixteen states did not share in these grants, so most of them had to set about providing a permanent school fund of their own. Even in the new states, the federal land grants were not adequate for the needs of public schools. The early federal land grants established a precedent for general state financial support for the public schools.

The characteristics of these early land grants were important. First, the grants were for general public school purposes. Second, the federal government exercised no control whatsoever over education as a condition for receiving the grants. Authorities on school finance

¹⁰Johns and Morphet, p. 370.

¹¹Ibid., p. 370.

almost unanimously recommended general federal aid for the public schools in preference to aid for specific educational purposes. Despite this fact, practically all federal grants-in-aid to the public school after 1862 were special purpose grants.¹²

Early Efforts of State Governments

The actual establishment of a state school system came, not with the enactment of a law, but when the state was able to enforce educational requirements or standards in the local districts and communities. The power of enforcement came when the state began to grant a substantial amount of aid to schools. The withholding of state funds served as an effective means of compelling a district to conform to state requirements.

A mandatory local tax for schools was one of the first requirements made by the various states. The states usually required local districts to match with local tax money any state aid funds received. The next regulation generally compelled districts to hold school for some specified minimum length of time.

It was a real achievement when a state attained the position where it could levy taxes for school support and compel local districts to do the same. Another creditable accomplishment deemed to be in the best interests of all the people of the state required school districts to meet certain standards.

¹²Johns and Morphet, p. 370.

Extending the State School Systems

The establishment of free, tax-supported schools that had occurred by about the middle of the nineteenth century included only the elementary or common schools. Education beyond the common schools at that time was carried on in private or semiprivate academies and colleges. Another major development in school finance came with the extension of the free schools to include the high school into the common system of public schools.¹³

In this extension, Massachusetts took the lead during 1827 by requiring that a high school be maintained in every town having more than 500 families. New York followed the lead of Massachusetts, but progress was slow in both states. The development of high schools in America lagged primarily because their support had to come entirely from increased local taxation. Another retarding factor was that all legislation concerning high schools was of a permissive type except in Massachusetts where it was mandatory.¹⁴

Legislative provisions for high schools were difficult to obtain and were frequently attacked in the courts. The most famous case of this kind came in Kalamazoo, Michigan, during 1872. The Michigan State Supreme Court decision influenced virtually all subsequent judicial opinions in matters pertaining to the establishment of tax supported high

¹³Eastmond and Rosenstengel, p. 34.

¹⁴Ibid.

schools. The Kalamazoo case is considered a landmark in the upward extension of the public school system.

Justice Cooley declared the decision of the court by stating, in part:

. . . Constitution . . . provided for the establishment of free schools in every school district for at least three months of every year, and for the university . . . reason to believe the people expected a complete collegiate education might be obtained . . . the people expected the tendency towards the establishment of high schools in the primary school districts would continue until every locality capable of supporting one was supplied . . . in the direction of free schools in which education, and at their option the elements of classical education, might be brought within the reach of all the children of the state, . . . with the statement that neither in our state policy, or in our constitution, or in our laws, do we find the primary school districts restricted in the branches of knowledge . . . or the grade of instruction that may be given, if their voters consent in regular form¹⁵ to bear the expense and raise the taxes for the purpose.

The result of the struggle for free schools was basically the determination that the school district or state rather than the family should assume the responsibility for financing schools. Education as a state function was beginning to be recognized.

At the time these issues were settled, school costs were low and wealth was fairly well distributed. Consequently, there were few problems in having communities or school districts support education almost wholly by local taxation. After the middle of the nineteenth century, however, America began to change from an agrarian society to an industrial one. With this change came a gradual concentration of

¹⁵Eastmond and Rosenstengel, p. 35.

wealth in limited areas. This was due to the development of natural resources and with the emergence of new industries in transportation and communications - to name a few the railroads, utilities, and steam printing presses. These developments brought sweeping social and political as well as economic changes throughout the United States.

The first cheap newspapers waged campaigns for public schools. As the newspapers became more common, they stimulated the desire of individuals to learn to read.

The property qualifications to vote and to hold office were being abolished in state after state. More and more offices were being abolished in state after state. More and more offices were thrown open to popular vote and more and more voters were taking part in the elections. The idea grew that if the mass of people were to govern, then the mass of people must be educated.

The growing heterogeneity of the population and the multiplication of religious sects was a social problem. Free public schools were necessary to unite America's diverse population.

All of these changes in America were crucial from the point of view of school finance. Within the states, wide differences arose in tax resources of the various school districts and great inequalities in educational opportunity began to appear. Increasing demands on the schools together with the establishment of more high schools made educational costs rise. All of these factors emphasized the need for a rational and more adequate system of state support for schools. Attempts at meeting these demands by the various states brought forth a wide variety of state-support patterns. These efforts were characterized by trial-and-

error procedures in seeking some satisfactory means of supporting the public schools.¹⁶

State Support Patterns

Ellwood P. Cubberley. Cubberley made a major contribution in his analytical approach to the proper distribution of revenue to support education. His publication, School Funds and Their Apportionment (1905), a revision of his doctoral dissertation, spoke to the two problems of equitable distribution and sufficient revenue. He recognized it was necessary to provide adequate funding for public schools of the different states. Cubberley was more concerned with the method of distribution of funds to secure the best results. He stated, "Justice and equity demand a rearrangement of the apportionment plan as to place a larger proportion of aid where it is most needed."¹⁷

Cubberley's basic concepts affected the thinking of school finance authorities and legislators for several decades. One concept was that he conceived a state system instead of a series of local systems. Without his philosophy, he felt that there could be no equalization of either the burdens or advantages of education. Secondly, he believed that the maintenance of school was not like the maintenance of streets, a matter of local interest, but was in part for the common good of all, and should in part be assumed by the state as a whole. Another basic concept was that aid should be not given indiscriminately to all without

¹⁶Eastmond and Rosenstengel, p. 36.

¹⁷Cubberley, School Funds and Their Apportionment, p. 3.

taking into consideration the relative needs or efforts being made by the local district. A summary statement of his theory on state aid follows:

Theoretically all the children of the state are equally important and are entitled to have the same advantages; practically this can never be quite true. The duty of the state is to secure for all as high a minimum of good instruction as is possible, but not to reduce all to this minimum; to equalize the advantages to all as nearly as can be done with the resources at hand; to place premium on those local efforts which will enable communities to rise above the legal minimum as far as possible; and to encourage communities to extend their educational energies to new and desirable undertakings.¹⁸

Cubberley assumed that state governments would meet a primary share of the costs of schools. The question of state financial responsibility was settled. He was interested in extending the range of educational programs by providing additional funds from the state. Adequate funding would encourage communities to provide secondary education, kindergartens, manual training, physical training, evening schools, special classes, and vocational schools. His objective was to include funding for the additional programs in the general apportionment plan without the necessity of separate legislation for each program.

Cubberley was concerned by the evidence of extreme inequalities in (1) the quality of school programs and in (2) the local financial ability to support schools. Examination of data from Indiana, Washington, Kansas, California, Missouri, and Wisconsin further convinced Cubberley that inequalities in the quality of school programs and in the local

¹⁸Cubberley, School Funds and Their Apportionments, p. 54.

tax loads were likely to be found over the whole of the United States. In general, low quality of programs and high tax loads were positively correlated. Even by taxing themselves far above the average, poor districts still were able to finance only a scant set of educational offerings. Cubberley concluded:

Any attempt at the equalization of the opportunities for education, much less any attempt at equalizing burdens, is clearly impossible under a system of exclusively local taxation. Some form of general aid is a necessity if any¹⁹ thing like common advantages are to be provided for all.

Having presented his rationale for state aid, Cubberley concentrated on his major interest: the formulas under which state funds might best be distributed. He searched for a plan of distribution that would reduce the extremes of financial inequality and at the same time would encourage his aim of extending the range of education programs. A number of alternatives were considered: allocation made on the basis of the amount of taxes collected; the total population of the district; the number of school age children in the district; the average daily attendance; and on the basis of the number of teachers employed.

Harlan Updegraff. Updegraff made a survey of the financial support of rural schools in the state of New York during 1921. The volume on Financial Support²⁰, Chapter X, according to Cubberley proposed:

¹⁹Cubberley, School Funds and Their Apportionment, p. 54.

²⁰The survey was published as Report of the Rural School Survey of New York State, 1922. This information taken from Cubberley, State School Administration (New York, 1927), p. 477.

The most comprehensive state apportionment plan that has so far been devised. Laying down certain criteria as to state action and fitting these to the needs of a strong district-system State, he worked out very complete automatic apportionment tables which would show at a glance what any school district would be entitled to receive from the State. He called the tables general-aid grants.²¹ Updegraff added certain special-aid grants.

Updegraff accepted the basic concepts of Cubberley and made some significant additions to Cubberley's formulas. It is obvious he gained Cubberley's respect. He recommended a sliding scale that provided for each increase of one-half mill of school taxes ranging from three and one-half to nine mills. He provided proportionately more state aid for a district with a low true property valuation per teacher unit. Under Updegraff's plan, the state would support variable levels of minimum programs ranging from \$840 per teacher unit to \$2,160, depending upon the amount of local tax effort. He attempted to incorporate the concepts of equalization of educational opportunity and reward for effort with the same formula.²²

George D. Strayer, Sr. Strayer made a great contribution to state finance theories. The "foundation program plan" or the "fixed-unit equalizing" plan dates from the work of the Educational Finance Inquiry Commission (1912-24). A report of the commission entitled The Financing of Education in the State of New York, by Strayer and Robert M. Haig, contained a theoretical conceptualization of the equalization of

²¹Ellwood P. Cubberley, State School Administration, pp. 478-480.

²²Roe L. Johns and Edgar L. Morphet, The Economics of Financing of Education: A Systems Approach, 3rd ed. (Englewood Cliffs, New Jersey, 1975), p. 209.

educational opportunity. The concept "equalization opportunity" that prevailed at that time was described as follows:

There exists today and has existed for many years a movement which has come to be known as the "equalization of educational opportunity" or the "equalization of school support." These phases are interpreted in various ways. In its most extreme form the interpretation is some what as follows: The state should insure equal educational facilities to every child within its borders at a uniform effort throughout the state in terms of the burden of taxation; the tax burden of education should throughout the state be uniform in relation to taxpaying ability, and the provision of the schools should be uniform in relation to the educable population desiring education. Most of the supporters of this proposition, however, would not preclude any particular community from offering at its own expense a particularly rich and costly educational program. They would insist that there be an adequate minimum offering everywhere, the expense of which should be considered a prior claim on the state's economic resources.²³

With this general definition of equalization, the next step was to determine how it could be established. Strayer and Haig stated:

To carry into effect the principle of "equalization of education opportunity" and "equalization of school support" as commonly understood it would be necessary (1) to establish schools or make other arrangements sufficient to furnish the children in every locality within the state with equal educational opportunities up to some prescribed minimum; (2) to raise the funds necessary for this purpose by local or state taxation adjusted in such manner as to bear upon the people in all localities at the same rate in relation to their taxpaying ability; and (3) to provide adequately either for the supervision and control of all the schools, or for their²⁴ direct administration, by a state department of education.

Strayer and Haig then presented the following conceptual model for formulating a plan of state support which incorporates the

²³Johns and Morphet, The Economics and Financing of Education: A Systems Approach, 3rd ed., p. 209.

²⁴Ibid., p. 211.

principles they had outlined:

- (1) A local school tax in support of the satisfactory minimum of offering would be levied in each district at a rate which would provide the necessary funds for that purpose in the richest district.
- (2) This richest district then might raise all of its school money by means of the local tax, assuming that a satisfactory tax, capable of being locally administered, could be devised.
- (3) Every other district could be permitted to levy a local tax at the same rate and apply the proceeds toward the cost of schools, but
- (4) Since the rate is uniform this tax would be sufficient to meet the cost only in the richest districts and the²⁵ deficiencies would be made up by the state subventions.

Paul R. Mort. Mort was one of Strayer's students and later became his colleague at Teachers College, Columbia University. Strayer and Haig referred to a "satisfactory minimum program" to be equalized, but they offered no suggestions concerning how to measure it. Mort assumed the task of defining a satisfactory minimum program as his doctoral problem. His doctoral dissertation, The Measurement of Educational Need, was published in 1924.²⁶

Mort perhaps should be classified as a disseminator and developer, but he was a theorist as well. Although he accepted completely the conceptualization of Strayer and Haig, he clarified their theories and advanced some concepts of his own concerning the formulation of state minimum programs. They were:

- (1) An education activity found in most or all communities throughout the state is acceptable as an element of an equalization program.

²⁵ Johns and Morphet, The Economics and Financing of Education: A Systems Approach, 3rd ed., p. 211.

²⁶ Ibid., p. 212.

- (2) Unusual expenditures for meeting the general requirement due to causes over which a local community has little or no control may be recognized as required by the equalization program. If they arise from causes reasonably within the control of the community they cannot be considered as demanded by the equalization program.
- (3) Some communities offer more years of control of schooling or a more costly type of education than is common. If it can be established that unusual conditions require any such additional offerings, they may²⁷ be recognized as a part of the equalization program.

Mort defined a satisfactory equalization program as follows:

A satisfactory equalization program would demand that each community have as many elementary and high school classroom or teacher units, or their equivalent, as is typical for communities having the same number of children to educate. It would demand that each of these classrooms meet certain requirements as to structure and physical environment. It would demand that each of these classrooms be provided with a teacher, a course of study, equipment supervision, and auxiliary activities meeting certain minimum requirements. It would demand that some communities²⁸ furnish special facilities, such as transportation.

Mort's concept of "weighting pupils"²⁹ was later extended to include weighting pupils enrolled in vocational education, exceptional education, and compensatory education in order to provide for the extra cost of these special programs.

²⁷ Johns and Morphet, The Economics and Financing of Education: A Systems Approach, 3rd ed., p. 212.

²⁸ Ibid., p. 213.

²⁹ "The weighted pupil" is based on the fact that the educational task faced by a community is roughly proportional to the number of pupils to be dealt with. The proportion is not exact because secondary education costs more than elementary education, and because in sparsely settled areas classes are necessarily smaller and therefore more costly than in villages and cities. To make adjustments for these high per-pupil costs the weighted-pupil technique has been devised. This technique gives extra weight to the actual number of pupils in those situations where the true pupil-cost of a given educational offering is high. Cubberley, State School Administration, p. 481.

Strayer-Haig-Mort Group. The Strayer-Haig-Mort group soon found that the use of the most wealthy district as a basis for determining the tax levy to be required in all districts, although rating high on equalization, was low on political acceptance among the more wealthy districts. The use of a key-district--that is, a more representative one--and of a lower local levy was one they proposed as a more acceptable alternative. Mort also later agreed that the term foundation program might be more appropriate than minimum program and that the use of average practice was indefensible for many reasons. Still later, Mort actually advocated that an incentive plan incorporating equalization features should be used to supplement the foundation program. The original model assumed or provided the following:

1. The financing would provide for the basic needs and costs, which would be supplemented by additional funds provided by the district, thus making term minimum program appropriate.
2. There should be one all-encompassing measure for all aspects of basic needs.
3. There should be no state requirements except for the mandated local levy.
4. Average practice should be used in arriving at the number of weighted pupils and costs, because the number of units could then be determined objectively.
5. The required local tax rate would be determined by the levy required in the most wealthy district in the state to finance the minimum program.
6. No additional state funds should be provided as a means of encouraging districts to increase their efforts beyond the required minimum.³⁰

Henry C. Morrison. Morrison wrote an important book, School Revenue, published during 1930, in which he made some significant

³⁰ Johns and Morphet, The Economics and Financing of Education: A Systems Approach, 2nd ed., p. 278.

contributions to the literature of school finance.³¹ Morrison, after studying provisions and developments in the various states, reached conclusions that differed in fundamental respects with those arrived at by most other students of school finance. He noted that constitutionally education is a function and responsibility of the state and that school districts generally have failed to perform effectively the responsibilities that have been delegated to them. He concluded that attempts to equalize educational opportunities by enlarging school districts, by providing state equalization funds, or by providing subsidies for special purposes all had failed. Morrison then proposed a model of state support that involved abolition of all local school districts with the state itself becoming both the unit for all taxation for the support of schools and for the administration of schools. Morrison's concepts generally were not well received because they were outside the mainstream of American political thought which placed great emphasis upon the value of local responsibility and government. The only state that had accepted Morrison's model was Hawaii.

Johns-Morphet Adaption. Johns and Morphet found, in working with many states, that whereas the "weighted pupil" concept is valid and useful as a measure of need, it was difficult to explain to legislators, to other lay citizens, and even to many educators. Moreover, it tended to direct primary attention to cost rather than to the educational program and services that should be financed, and it gave no indication of

³¹Johns and Morphet, The Economics and Financing of Education: A Systems Approach, 3rd ed., p. 214.

the components of that program. Johns and Morphet found it desirable to develop a program-budget approach that would provide equally objective measures of educational need that could be used as the basis for arriving at the cost of the foundation program. This was sometimes called the services-and-facilities needed method of measuring educational needs funded through the foundation program. Several states utilized this adaptation of the original foundation program model. This adaptation provided for four major categories: instruction, professional services; transportation; all other current expense; capital outlay and debt service.³²

Federal Aid for Common Schools

Vocational Education. The Federal Government's early policy was that of providing schools with grants which were unspecified as to their particular use. This policy was radically changed in 1862 with the passage of the Morrill Act which provided for the establishment of the land-grant colleges. This was followed by the Second Morrill Act, the Hatch Act, the Smith-Lever Act, and others which were concerned with experiment stations, agriculture, and home economics extension work, and did not directly affect the elementary and secondary schools of America.³³

During 1917, the passage of the Smith-Hughes Act provided for vocational education in the secondary schools. Under this law a Federal

³²Johns and Morphet, The Economics and Financing of Education: A Systems Approach, 2nd ed., pp. 278-279.

³³Eastmond and Rosenstengel, p. 152.

Board of Vocational Education was created and state boards for vocational education were to be organized within the various participating states. Although this program was to be offered only to students who were at least fourteen years old, the statute provided for federal cooperation in a number of other related facets including the preparation of vocational teachers and supervisors, the payment of teachers' salaries and other necessary expenditures. This act provided funds to conduct studies to determine needs and course offerings in agriculture, home economics, trades, industries, and commerce.³⁴

Congress passed a number of laws after 1917 either supplementing or extending the Smith-Hughes program. These included the George-Reed Act of 1929, the George-Ellzey Act of 1934, the George-Deen Act of 1937, and the George-Barden Act of 1946. All four of these laws provided for additional supplemental appropriations to the Smith-Hughes program. The George-Ellzey Act provided for extending the vocational programs to include distributive education and vocational guidance.³⁵

Federal Emergency Activities. Federal aid to America's elementary and secondary schools was not limited to vocational education. As a result of the Great Depression of the 1930's a number of federal activities were begun that had some effect on the schools either because of

³⁴Eastmond and Rosenstengel, p. 152.

³⁵Ibid.

direct aid or because of the establishment of some supplementary, parallel, or competitive educational function.³⁶

These emergency activities, which included the programs of the Civilian Conservation Corps, National Youth Administration, Works Progress Administration and Public Works Administration, were terminated with the advent of World War II in the early 1940's. The C. C. C. established its own educational programs and the N. Y. A. simply provided aid for needy students. The Federal Emergency Administration of P. W. A. and W. P. A. provided for the refurnishing, extending, and constructing of public school buildings.³⁷

The national defense efforts associated with World War II gave rise to some new federal activities associated with education. As early as 1940, under the control of the U. S. Office of Education, a series of intensive, short-term training courses at the secondary level were given to workers whose jobs linked with the national defense efforts. During 1941, the Lanham Act was passed by Congress. This act authorized the construction of many public school buildings in temporary federal housing projects.³⁸

Two other significant federal programs began during the 1940's. One of these was the school lunch program administered through the Department of Agriculture. It was initiated as a means of disposing of

³⁶ Eastmond and Rosenstengel, p. 152.

³⁷ Ibid., p. 153.

³⁸ Ibid.

food surpluses that accumulated after the great wartime demand had diminished. The other was the Servicemen's Readjustment Act of 1944 together with Public Law 16 for the rehabilitation of World War II veterans. These laws provided for educational opportunities for all servicemen whose education had been interrupted or who had sustained injuries requiring re-education as a result of World War II.³⁹

During the early 1950's other important school legislation was enacted by Congress. A modification of the G. I. Bill of Rights was provided for veterans of the Korean War. Two laws were enacted to provide funds for school operation and maintenance (Public Law 874) and school building construction (Public Law 815) in areas where federal activities resulted in overburdened school systems.⁴⁰

The National Defense Education Act of 1958 was a historic piece of educational legislation in that it represented a new emphasis in the Congressional approach to aid in the field of education. This act authorized the establishment of "area vocational schools" for the training of technicians necessary for national defense. It also authorized funds to strengthen critical areas in education. The act included assistance for science, mathematics, foreign languages, counseling, testing, guidance, graduate fellowships, research and experimentation

³⁹ Eastmond and Rosenstengel, p. 153.

⁴⁰ Ibid.

in modern teaching tools, and improvement in statistical and information services.⁴¹

During 1963, the Vocational Education Act revised, strengthened, and greatly expanded the federal vocational education program. New and emerging occupational fields were to be supported by this Act. The Act authorized appropriation of funds to any state that submitted to the Commissioner of Education a plan similar to the one required by the Smith-Hughes Act of 1917.⁴²

Elementary and Secondary Act of 1965. Clearly the most impressive legislative feat ever executed by Congress in the history of educational legislation was the Elementary and Secondary Education Act of 1965. Congress appropriated \$1.3 billion for public education. This was the largest commitment ever made at the Federal level to improve educational opportunities in elementary and secondary schools. It was designed to provide special programs for educationally deprived children, school library resources, textbooks, and other instructional materials. This act supported educational centers and services. It helped to establish assistance for strengthening state departments of education.⁴³

1965 was an unusual year in financing elementary and secondary schools. Local school districts found that money for badly needed

⁴¹Dale E. Kaiser and Harold R. O'Neil, The Impact of Federal Funding on Small School Districts, Research Bulletin #20 (Chicago, Illinois, 1975), p. 13.

⁴²Ibid., p. 14.

⁴³Ibid.

projects was available for the first time in many years. The mass infusion of federal money turned out to be a windfall for some school districts. Other districts struggled with the multiplicity of forms, statistical data, and application procedures as they tried to qualify for these federal funds.⁴⁴

Appropriations for the Elementary-Secondary Act were signed into effect by President Johnson on September 23, 1965, at which time he stated, "Act now. Get your plans made. Open your schools to the promise of these new programs. I hope that not a single day will be lost. For in education, the time we waste today can mean a life tomorrow."⁴⁵

The Elementary and Secondary Education Act was unique in regard to evaluation. As Bailey and Mosher put it:

Perhaps no piece of social legislation in American history has placed a greater premium upon the reporting and evaluating of results than ESEA the legislature mandate for formal reports and evaluations of programs was loud and clear, and unprecedented in scope. Each of the operating titles of the act provided either for the establishment of procedures for making continuing and periodic evaluations of the effectiveness of the programs; or for annual and other reports; or for both, including reports among various levels and branches of government.⁴⁶

The fear that the federal money going to the local school districts would be wasted had been a major topic during the hearings on the

⁴⁴Samuel Lee Sullivan, "President Lyndon Baines Johnson and the Common School, 1963-1969," (unpub. Ed.D dissertation, Oklahoma State University, 1973), p. 200.

⁴⁵Ibid., p. 201.

⁴⁶Stephen K. Bailey and Edith K. Mosher, ESEA The Office of Education Administers A Law (Syracuse, 1968), p. 162.

original proposal. A number of congressmen voiced fears that without some sort of evaluation of the programs, efforts would be wasted through insufficient administration. As a result, Congress established a formal structure in the bill for evaluation. This structure required the following: one, local school districts to report to the state agency; two, the state education agency to report to the U. S. Office of Education; and three, the creation of the National Advisory Council on the Education of Disadvantaged Children to report to the President and Congress.⁴⁷

In addition to the fact that the Congress required formal reports on the progress of the Act, the bill itself was a complicated piece of legislation which required a great deal of study in attempting to implement the programs authorized. All of this placed a tremendous burden upon the Office of Education whose responsibility it was to implement the Act. As a result, passage of the bill changed a relatively small Office of Education to one of the busiest and most controversial agencies of the federal government.⁴⁸

Title I. The monies under Title I of ESEA represented categorical aid in the sense that local school districts were to spend the funds only in improving services for the educationally disadvantaged. The program was intended to be categorical by client, as distinct from being

⁴⁷Sullivan, p. 210.

⁴⁸Ibid., p. 211.

categorical by program (for example, vocational versus academic) or type or purchase (for example, educational television). As the Office of Education stated:

Perhaps the major impact of Title I has been to provide educationally deprived children with more individual attention. In many cases, teaching focused for the first time directly⁴⁹ on the particular needs of the individual boy or girl.

Title I of the Elementary and Secondary Education Act established two principles, the significance of which could not be overestimated in the future of American education. The first was that the results obtained from different types of educational expenditures would be evaluated. Section 205 (5) of the act specified that "effective procedures including provision for appropriate objective measurement of educational achievement will be adopted for evaluating at least annually the effectiveness of the programs in meeting the special education needs of educationally deprived children." This provision was inserted partly in response to pressure from the Congress. In the hearings on the act, Senator Robert Kennedy repeatedly sought some assurance that assessment of results would be made. At one point he said:

Now, what I ask is whether it would be possible to have some kind of testing system at the end of a year or two years in which we could see whether the money that had been invested in the school district of New York City or Denver, Colorado, or Jackson, Mississippi, or whatever it might be, was coming up with a plan and program that made it worthwhile whether the child, in fact was gaining from the investment of these funds.⁵⁰

⁴⁹ Charles S. Benson, The Economics of Public Education, 2nd ed. (Boston, 1968), p. 211.

⁵⁰ Benson, p. 211.

The case for quantitative education was put in the following terms by Dean Lindley, University of Wisconsin:

The kinds of measurement of educational gains proposed herein are already possible. Standardized tests are used to establish college entrance qualifications for high school graduates. They are used as one basis for admission to graduate schools. They are employed to determine eligibility for credit in courses. Most elementary and secondary schools make regular use of a variety of achievement tests. In reading, mathematics, and the other subject fields, good tests are already available. A program to define and measure scientific literacy is now underway at the University of Wisconsin. In short, all that is needed is to make evaluation procedures a part of the program under Title I. . . The claim may be made that local autonomy is at stake or that the results might be embarrassing to some school systems or states. It is pointed out, however, that the primary reason for Federal assistance in the field of education is to overcome educational deficits that are detrimental to national interest as well as enslaving to individual human beings--deficits that local schools and States have failed to correct. Furthermore, the choice to apply for Title I funds will rest with the individual school systems and the programs recommended for support will be judged at the State level. Those who fear visibility are reminded that just as illiteracy is impossible of anonymity, educational failures cannot be hidden for long under the curtain of local autonomy. The first rule for strengthening educational programs is to identify and to admit weaknesses, by type and extent; the second, is to assess objectively the impact of remedies employed to correct them.⁵¹

The principle of evaluation introduced by Title I implied more than the systematization of quantitative measurement of pupil achievement. It implied, first of all, the statement (or definition) of the operational objectives that a given program (or project) was expected to yield. Secondly, the judgment of the effectiveness of the program on the basis of the degree to which the objective was reached, relative

⁵¹Benson, pp. 211-212.

to the cost of the program. This was output-oriented evaluation, in contrast to the older, process-oriented judgments that figured so prominently in the ranking of school quality. Under Title I, the schools were to be judged on the basis of whether they produced a change in the students' acquisition of knowledge and skills. It was no longer sufficient to assess the schools on the basis of whether they offered the student a more expensive set of services. Instead of providing "opportunity" for the students, the schools were to provide results for the society in the sense of reducing the incidence of school failures.⁵²

A second new principle established by Title I had to do with the distribution of educational resources. Title I made it clear that it was appropriate to spend markedly different amounts of money per pupil in different schools. This would be true even in schools of the same grade level and within the same school district. The passage of the act signaled the end of the "rule of thumb" concept of equality of educational provision. This old concept provided that the spending of the same amount of dollars per pupil in all schools of the district gave equitable treatment to the pupil. Carried to its ideal, the Title I principle of resource distribution would (1) define educational objectives in operational terms and (2) spend whatever amount of money is needed in the different schools to achieve the stated objectives. Since learning was influenced by family background characteristics and

⁵²Benson, p. 212.

since there was generally speaking, a neighborhood pattern of school attendance, this principle almost certainly called for different levels of expenditure in different schools.

Title V of Civil Rights Act of 1964. Another related development in regard to implementing this Act was the involvement of the Office of Education in school desegregation. Title V of the Civil Rights Act of 1964 prohibited racial discrimination in programs receiving federal financial assistance. The responsibility for ending this discrimination was given in this act:

Each Federal department and agency which is empowered to extend federal financial assistance to any program or activity. . . is authorized and directed to effectuate the provisions of this section . . . by⁵³ issuing rules, regulations, or orders of general applicability.

Thus, the Office of Education was responsible for making sure that segregation in schools did not occur. If segregation did occur federal funds would be cut off. The Civil Rights Act also assigned another activity to the Office of Education. Section 420 of Title VI read:

The Commissioner shall conduct a survey and make a report to the President and the Congress, within two years of the enactment of this Title, concerning the lack of availability of equal educational opportunities for individuals by reason of race, color, religion, or national origin in public educational institutions at all levels in the District of Columbia.⁵⁴

⁵³Sullivan, p. 216.

⁵⁴Ibid., p. 217.

The Coleman Report. A nationwide study was directed by Professor James Coleman of Johns Hopkins University that sampled 645,000 students, 60,000 teachers, and 4,000 schools. Among its most important generalized findings were the following:

1. Segregation: The greatest majority of American students through the nation attend schools where almost all of their fellow students are of the same racial background.
2. School facilities and curriculum. Minority group students on the whole have larger classes; less access to laboratories fewer books in school libraries and fewer textbooks available; less access to college preparatory or accelerated curricula, and fewer extracurricular activities.
3. Teachers. Teachers of Negro students are more apt to have spent all their lives in a single community than are those of white students. In terms of types of colleges attended, scoring on vocabulary tests, educational background of mothers, professional experience, and salary, teachers of Negro students are consistently of lower quality than those of white students.
4. Achievement. Achievement tests, administered as part of the survey in grades 1, 3, 6, 9, and 12, revealed that, with the exception of Oriental-Americans, minority group students scored lower at every level than the majority group and the gap increased with the number of years of school.⁵⁵

One of the most controversial of Coleman's findings was that he said in comparison with family background and socio-economic factors, "school factors" accounted for only a small fraction of the differences in student achievement. According to Coleman:

Thus, if a white pupil from a home that is strongly and effectively supportive of education is put in a school where most pupils do not come from such homes, his achievement will be little different than if he were in a school composed of others like himself. But if a minority pupil from a home without much educational strength, is put with schoolmates with

⁵⁵ James S. Coleman, et al., Equality of Educational Opportunity (Washington, 1966), pp. 1-23, and summarized in Bailey and Mosher, p. 158.

strong educational background, his achievement is likely to increase.⁵⁶

The Coleman report had a tremendous impact upon American education both educationally and politically. After its publication, it was the subject of numerous attacks. The report raised serious questions regarding low-achievers in society. Programs like the Elementary-Secondary Act aimed at remedying the plight of under-privileged school children came under question. More pressure was brought on Congress and the Office of Education following the publication of the Coleman report to re-evaluate the concept that mass infusion of federal money would solve the problems of the undereducated, poverty student. As a result, appropriations for educational research program evaluation, and more money for experimentation was passed by Congress.

As a result of the experiences of the Office of Education in trying to implement the Elementary and Secondary Education Act, Congress, as well as the President, was in a much better position to evaluate the program during 1966, 1967, and 1968, than they were during 1965. They would base their arguments, or suggestions, upon performance and impact, rather than suggested possibilities.⁵⁷

Serrano v. Priest. On August 30, 1971, the Supreme Court of California ruled that the California system of financing public schools by means of local property taxes was discriminatory and unconstitutional,

⁵⁶Sullivan, p. 218.

⁵⁷Ibid., p. 219.

and returned the decision to the lower court for a trial on the facts of unequal school financing.⁵⁸

During 1967, the educational expenditures per person in California ranged from \$274 in one district to \$1,710 in another, a ratio of 1 to 6.2. In the same year two districts in the same county, Beverly Hills and Baldwin Park, expended \$1,223 and \$577 per pupil, respectively. The difference was due to the differences in the assessed valuation of property per pupil to be educated -- \$50,885 in Beverly Hills and \$3,706 in Baldwin Park -- a ratio of nearly 14 to 1. The taxpayers in Baldwin Park paid a school tax of 54.8 mills (\$5.48 per \$100 assessed valuation) while those taxpayers in Beverly Hills paid school taxes of 23.8 mills (\$2.38 per \$100 of assessed valuation). The tax effort in the poorer school district was twice that in the wealthier district. Yet the school expenditures per pupil was only 47 percent of that in the wealthier district.⁵⁹

The following statement summarized the rationale of the court in the Serrano v. Priest decision:

The California public school financing system, as presented to us by the plaintiffs complaint supplemented by matters judicially noticed, since it deals intimately with education, obviously touches upon a fundamental interest. For the reasons we have explained in detail, this system conditions the full entitlement to such interest on wealth, classifies its recipients on the basis of their collective affluence and makes the quality of a child's education depend upon the resources of his school district and ultimately upon the

⁵⁸Current Documents--Serrano v. Priest, 1971, Current History (July, 1972), p. 28.

⁵⁹Burrupe, 1974, p. 5.

pocketbook of his parents. We find that such financing system as presently constituted is not necessary to the attainment of any compelling state interest. Since it does not withstand the requisite "strict scrutiny," it denies to the plaintiffs and others similarly situated the equal protection of the laws. . . . If the allegations of the complainant are sustained the financial system must fall and the statutes comprising it must be found unconstitutional.⁶⁰

The California Supreme Court's decision of August, 1971, in the *Serrano v. Priest* emerged as the first judicial pronouncement on fiscal neutrality as a constitutional principle. The "Final Report to the California Senate Select Committee on School District Finance" pointed out how states had created school finance systems characterized by the inequities condemned in *Serrano* and subsequent cases:

- (1) The state permits local school districts to exist,
- (2) The state gives each district the power to raise money through a local property tax on property physically located within the district's border,
- (3) The state permits each district to keep the money it raises, knowing that from district to district the ability to raise money for school varies widely because of dramatically uneven distribution of property wealth about the state, and
- (4) The state fails to equalize these wealth differences through "state aid".⁶¹

Soon after the California Court decision in the *Serrano v. Priest* case, a three-judge Federal Court in Texas reviewed the *Rodriguez v. San Antonio Independent School District* case and held that the Texas plan of school financing violated both the state and federal constitutions. The reasoning in the *Rodriguez* case followed the *Serrano*

⁶⁰ Current History (July, 1972), p. 33.

⁶¹ Pincus, 1974, p. 87.

decision very closely. During 1973, the United States Supreme Court by a five to four vote held that the Texas finance law did not violate the United States Constitution. The U. S. Supreme Court, however, did not endorse the Texas plan of financing. It suggested that it was the responsibility of the states to remedy the inequities in their school finance plans.⁶²

By the end of 1972, courts in a number of other states, including Michigan, Minnesota, New Jersey, Kansas, and Arizona, held that plans of school financing in these states violated either the state or federal constitutions or both.⁶³ The effect of the United States Supreme Court decision in Rodriguez was to rule out the "equal protection clause" in the Fourteenth Amendment as a legal basis for school finance reform. The Supreme Court refused to find that education was "fundamental: as a matter of constitutional law."

The practical consequence of this U. S. Supreme Court decision was that the pressure was not likely to be applied by or through the federal courts. But there were at least three other ways in which leverage could be exerted to bring about thorough-going reform on a state-by-state basis. One important possibility was legal action based on those state constitutions which were explicit about public responsibilities in education. A second possibility was that federal

⁶²Morphet, Johns and Reller, 1974, p. 509.

⁶³Ibid.

legislation would eventually compel or induce changes of the kind implied by the Serrano and the Rodriguez cases. This would happen if requirements or strong incentives for distributional reform were attached to a program of federal aid. These were suggested in a number of Nixon administration and congressional proposals during 1972 and 1973. The third possibility was that political efforts at the state level would lead to action by state legislation to develop more equitable financing systems.⁶⁴

Frank Hubbard, in his welcoming speech to the Fourth National School Finance Conference, during 1961, indicated this research was long overdue. He said in perusing an article on school finance published in 1960 that 65 percent of the citations were published prior to 1940. The 1940's accounted for 17 percent; and the 1950's produced 18 percent.⁶⁵

The decisions handed down in the Serrano v. Priest by the California Supreme Court implied a major change in American School finance. The decision handed down in Rodriguez v. San Antonio Independent School District did not foreclose the possibility of major restructuring of American school finance.

⁶⁴Pincus, 1974, p. 25.

⁶⁵Frank W. Hubbard, "Greetings - And Where Do We Go Next?", Proceedings of the Fourth National School Finance Conference National Education Association (April, 1961), p. 7.

School Finance Reform Studies

The Ford Foundation, during 1971 and 1972, commissioned a number of studies concerning the impact of school finance reform in view of the substantial nature of the reforms should the Serrano principle be upheld widely. The Rand Corporation was asked to call upon a number of specialists in education and public finance to write a connected series of essays discussing the legal, financial, educational, and social implications of the then recently concluded school finance cases.⁶⁶

Henry M. Levin, an associate professor of Education at Stanford University, was one of the contributors in the Rand Educational Policy Study.⁶⁷ Levin's study was "Effects of Expenditures: Increase on Educational Resource Allocation and Effectiveness."

An analysis of this article revealed some far reaching effects on school finance and school expenditures in the future. Dr. Levin shifted from the amount of funds available for schools and sources of revenue to linking dollars and school outcomes.

According to Levin, it was necessary to consider the answer to the question -- Can court-mandated edicts change deeply-rooted social and political behavior? Reviewing the 1954 Brown decision, during 1972 the schools of the nation were more highly stratified racially than they

⁶⁶Pincus, 1974, Preface VII.

⁶⁷Levin, Henry M., study was included in A Rand Educational Study, School Finance in Transition, The Courts and Educational Reform, Edited by John Pincus, Ballenger Publishing Company (Cambridge, Mass., 1974), pp. 177-198.

were in 1954. This was true despite almost twenty years of litigation, moral suasion, and social agitation concerning the issue. Levin presented the argument that court decisions aimed at equalizing educational opportunity resulted in little change for the students for whom the equal protection was intended. Unless a redistribution of expenditures was accompanied by a substantial redistribution of decisionmaking authority, the educational outcomes and life chances of those who were the ostensible recipients of higher expenditures would hardly be affected.⁶⁸

In the Serrano case, Levin pointed out that the court was concerned with the "quality of a child's education" and not expenditures per se. Thus Serrano and similar decisions could be approached at two levels. First, was the question concerning the kind of funding arrangement that was consistent with the assertion of the court that the educational expenditures on a child should not be a function of the wealth of his parents and his neighbors? And, second, what kind of administrative arrangement would translate increases in educational expenditures into improvements in the educational welfare of the intended students?⁶⁹

Most of the response to Serrano v. Priest deal only with the first issue. Serrano and similar cases were ultimately concerned with a

⁶⁸Levin, 1974, p. 177.

⁶⁹Ibid., p. 178.

redistribution of educational opportunities among children. This is not just the redistribution of dollars among school districts. Accordingly, the question was asked how the additional monies would be transformed into school services that would improve the educational and social outcomes for the target groups?⁷⁰

Several processes took place before school dollars were converted into educational resources and outcomes. Budget authority gave the local boards of education the legal resources available for the general support of school services. The funds themselves had to be translated into specific resources that could be used in the schooling process.

The next stage of the budget process was allocation of funds by various classifications. States and local school districts using the Financial Accounting: Local and State School Systems, State Educational Records and Reports Series: Handbook II, Bulletin 1957, used as broad categories the classifications in the general or operating fund discussed in Chapter V of this study.

Often these decisions were made in consultation with and through direct negotiations with the major personnel organizations acting in behalf of their constituencies to influence employment levels, salaries, employee mobility, and other personnel policies.⁷¹

⁷⁰Levin, 1974, p. 178.

⁷¹Ibid., p. 179.

The selected resources were combined into the schooling process to produce such outcomes as changes in attitudes, knowledge, reading and numerical proficiencies, values, and other aspects of student development. This referred to the organization of schools, classes, and personnel configurations, as well as methods (curriculum) by which resources were brought together to obtain educational results. In this phase, attempts to improve schooling productivity were made through the way resources were used as well as by increasing the amount of resources in the process.⁷²

Society found it worthwhile to invest in the educational process and made the broad assumption that more funds invested would automatically be translated into improved schooling outcomes and social benefits. An analysis of the effects of greater spending raised at least three questions (1) How will additional budget dollars be allocated? (2) What changes will these allocations make in the schooling process? (3) What changes in schooling outcomes will take place? Efforts to enhance school outcomes were reflected in the responses to those questions.⁷³

Prior to 1973 it had always been assumed that school decision-makers would make financial decisions that would normally improve the effectiveness of their educational programs. After 1973 research and

⁷²Levin, 1974, p. 180.

⁷³Ibid., p. 181.

evaluation on the subject demonstrated that this assumption could not be upheld.⁷⁴

The conditions under which education expenditures would be translated into improved educational outcomes were fairly stringent. First, there was substantial agreement concerning which outcomes were important; second, there had to be knowledge as to how added resources could be used to improve those outcomes; and third, those who were responsible for the educational process had to have incentives to maximize the socially desirable outcomes.⁷⁵

There were many divergent views on the goals of the schools. If the goals for a district or instructional program were decided, there was no body of knowledge that would guide decisionmakers in converting additional resources into improved outcomes. Even if the improvement of reading scores was one of the prime objectives, there was no body of literature that could be utilized to describe with any degree of reliability how changes in the amounts and organizations of inputs would raise reading level. There was no evidence to support the contention that reducing class size would improve such outcomes even though that was the most common application of additional schooling dollars.⁷⁶

It was difficult to ascertain any direct relationship between the incentives provided to those responsible for the educational

⁷⁴Levin, p. 181.

⁷⁵Ibid.

⁷⁶Ibid.

process and such educational outcomes as improved reading scores. Personnel in schools that fail to teach basic skills or motivate students were not penalized in any way.⁷⁷

Levin reviewed the decisionmaking body of the local school districts with respect to the allocation of funds from higher levels of government. He designed the model of decisionmaking that could be applied specifically to the experiences derived from Title I allocations under the Elementary and Secondary Education Act of 1965. The model was illustrated in Table I.⁷⁸ Under that Act appropriations

TABLE I
LOCAL CONSTITUENCIES AND THE DECISION FOR ALLOCATING INCREASED REVENUES FROM STATE OR FEDERAL GOVERNMENT

Constituency	Goal	Power	Coalition	Outcome
1 Local Taxpayer	Minimize local burden	Moderate	With 4	Substitution of-outside money for local
2 Disadvantaged Parent	Improve educational outcomes for disadvantaged children	Low	No	No change
3 Disadvantaged student	Improve educational environment	Low	No	No change
4 School Board	Minimize conflict	High	With 1 & 6	Low conflict
5 Teachers	Increase employment and job benefits	High	With 6	More employment
6 Administrators	Increase employment and minimize conflict	High	With 4 & 5	More employment Low conflict

⁷⁷Levin, p. 182.

⁷⁸Ibid., p. 183.

were distributed to the states to provide supplemental educational support for the schooling of children from low-income backgrounds. The applications from local educational agencies for these funds, as well as the subsequent audits and evaluation, provided reasonably good knowledge concerning the procedure by which the money was allocated and which groups benefited.⁷⁹

The model was designed to explain how local educational agencies spent money provided to them by state and federal governments. In the example, the local agencies were provided with an additional sum of money from state and federal sources to improve educational outcomes for disadvantaged children. Levin raised the following questions:

- (1) Who are the major constituencies at the local level that have a strong interest in how the money is allocated?
- (2) What are the goals of each constituency?
- (3) What is the relative power of each group, and what kind of coalitions seem probable?
- (4) Which goals are actually attained and which are sacrificed?⁸⁰

Levin, in his model, attempted to provide an heuristic approach to answering the above questions. Six major constituencies were denoted and their goals, relative power, and abilities to form coalitions are posited. In each case, constituency referred to a group with a common interest. This did not mean that every member of a group shared common interest. This did not mean that every member of a group shared this interest there were many diverse views represented

⁷⁹Levin, p. 183.

⁸⁰Ibid., p. 182.

within a particular constituency. If that group exhibited a consistent behavior that obscured those underlying diversities, then Levin assumed that the consistencies adequately summarized the behavior of the group.⁸¹

The six major constituencies or groups had a legitimate interest in the allocation of revenues designated for schooling of disadvantaged students. Levin made the assumption that the local taxpayers would like to be relieved of some of the heavy property tax burden by using federal funds to supplant rather than to supplement local funds. He saw their power to effect that outcome as only moderate since they were not a direct party to the allocation decision.⁸²

The parents of disadvantaged students represented a second constituency that had a direct interest in the allocation of state and federal funds for schooling disadvantaged youngsters. The parents of disadvantaged students were themselves disadvantaged with regard to political and economic power. They were not a first party to the allocation decision either.⁸³

The disadvantaged student was central - in theory - to the decision to allocate increased revenues to his education. For many, if not most of these children, schools were not very enjoyable places to be. This

⁸¹Levin, p. 183.

⁸²Ibid.

⁸³Ibid., p. 184.

fact was reflected in the lower attendance rates for such children as well as higher dropout statistics. In most respects they were in the same relative powerless position as their parents. They were disenfranchised as well. Their only sanctions were those of cutting school, dropping out, disruption, and vandalizing. These actions often lead to greater repression in the schools never-ending quest to maintain control.⁸⁴

In theory, the school board was responsible for making the decision for allocating increased revenues from state and federal governments for the schooling of disadvantaged youngsters. The school board was the legally sanctioned arm of the state for governing the local school district. School boards were beset by many conflicting pressures and a substantial amount of administrative trivia without the resources and information to perceive clearly the educational implications of their decisions. The immediate goal of the board was to minimize conflict. The avoidance of obvious clashes implied a high degree of control and competence in guiding the rudder of school policy.⁸⁵

The school board had a substantial amount of power to avoid or minimize conflict on allocation matters. It could limit the items that appeared on the agenda; it could refer potential problems to the bureaucracy to resolve; it could fail to provide information on school performance to the public when such information was likely to spur

⁸⁴Levin, pp. 184-185.

⁸⁵Ibid., p. 185.

controversy; it could be "selective" in determining whether or not parents complaints truly represented the interests of the segments that they claimed to; and it could ratify agreements worked out between the other two powerful constituencies--the teachers and administrators.⁸⁶

The teacher group had a powerful influence on the decision for allocating revenues for schooling of the disadvantaged. First, they represented a first party to the decision by virtue of their ability to negotiate directly with the school board on how additional funds would be spent. Second, they had many sanctions at their disposal including the subtle non-cooperation. They could refuse to perform what they might define arbitrarily as duties that required additional remuneration; and they had the ultimate sanction, the strike. Teachers also had heavy support for their position at the state levels where legislatures had shown a willingness to support the special pleadings of the educational professional for laws that required added personnel.⁸⁷

The last constituency in the model was the school administrator. In theory, he served the role of carrying out the policies established by the board. Conceptually, the school board set educational policy and administrators managed the schools in a manner consistent with those guidelines. In fact, studies of school boards and administrators have been utilized to show that the reverse was often the case--the

⁸⁶Levin, p. 185.

⁸⁷Ibid., p. 186.

school board was charged with processing minutiae while the administrators set policy by their daily actions.⁸⁸

Administrators appeared to have two goals with regard to the expenditures of additional state and federal revenues for schooling disadvantaged children. First, the school board had the authority to reward and sanction administrators, meaning that there would be a desire to pursue the school board's objective of minimizing conflict. Second, administrator status and mobility was closely tied to the size and financial magnitude of the organization that he administered. Increases in the numbers and salaries of teachers and other employees tend to increase the salaries of administrators upward.⁸⁹

School administrators were a first party to the allocation decision by virtue of their role as the bargaining agent for the school board. The second party constituencies had neither the resources, the information nor the professional status to challenge them.⁹⁰

Increased employment and greater job benefits were attractive to both teachers and administrators. It appeared impossible to form a coalition with each other or with either one with the other groups.

If Levin's model for decisionmaking was accepted, it appeared the group most likely to receive benefits from additional state and federal

⁸⁸Levin, p. 186.

⁸⁹Ibid.

⁹⁰Ibid., p. 187.

funds to improve the education of disadvantaged students would be teachers, administrators, school boards and the local taxpayers. The disadvantaged student and their parents would benefit the least.

Levin's review of literature on the results of evaluation of Title I Programs revealed the following:

(1) Title I funds were commonly used to supplant the use of local monies rather than to supplement them as the law intended; (2) most of the Title I funds went toward larger and better paid staffs; (3) there was very little conflict over the local utilization of Title I monies since the information dissemination and community participation provisions of the law were consistently violated by local educational agencies, and the decisions were made by professionals themselves; and (4) extensive evaluations of Title I programs have found that on the average there were no changes in educational outcomes for disadvantaged children.⁹¹

Levin concluded his essay by saying:

Educational personnel will always benefit from the expenditure of additional money on the schooling of disadvantaged youngsters,⁹² but only rarely will the children themselves benefit.

Elementary and secondary education in the United States was a nearly fifty billion dollar business serving more than fifty million remarkably steady customers at some one hundred thousand locations. Approximately 90 percent of this enterprise was "public" financed through a bewildering array of local taxes, bond issues, state and federal grants.⁹³

⁹¹Levin, p. 188.

⁹²Ibid., p. 191.

⁹³James W. Guthrie, "American School Costs Compared," Current History, Vol. 63, No. 371 (July, 1972), pp. 1-3.

The financing of education, like the financing of virtually all public services, was a source of controversy, if for no other reason than the average citizen's distaste for being taxed. In the seventies, however, the way our schools were financed had been recognized as fundamental to a broad range of social and educational issues. These included: the equality of educational opportunity; the goals of education; the efficiency of education; control of the school; and the distribution of income.⁹⁴

The provision of elementary and secondary education had historically been delegated by the states to local school districts. Occasionally, districts were simply units of the local municipal or county governments; more often, they were independent units with their own boundaries and the right to collect their own taxes. In forty-nine of the fifty states (all but Hawaii), these school districts relied upon local taxation for some portion of their financing, ranging from 86 percent in New Hampshire to 19 percent in North Carolina.⁹⁵

Locally raised taxes were supplemented by state grants apportioned among districts by complex formulae generally designed to provide some state revenue to all districts, but also partially to equalize total school expenditures in recognition of differences in local revenue-raising capacity. Obviously, state grants played a relatively minor role in New Hampshire and a very major role in North Carolina. In

⁹⁴Current History (July, 1972), p. 1.

⁹⁵Bruce Johnstone, "Financing American Education Today: An Overview," Current History, Vol. 62, No. 370 (June, 1972), p. 274.

Hawaii, local financing was eliminated. State revenues provided all basic public education financing.⁹⁶

State aid formulas varied enormously, but most could be fitted within one of the following types or combinations of one or more: flat grants; foundation program plans;⁹⁷ percentage equalizing grants; or state financing.⁹⁸ Each formula was in most cases an attempt by the state legislatures to equalize educational opportunities. Because children vary in their educational needs, the per pupil costs varied widely and required substantial financial equalization.

The factors that affected educational needs and costs were many and varied. At least 80 percent of the 18,000 school districts in various states did not have sufficient enrollments to provide even minimally adequate programs and services without excessive costs. However, this generalization did not apply to all states. The age characteristics of the population were important with trends in birth rates having a direct impact on school finance. Mobility was a big factor in the United States. Substantial numbers of pupils attended anywhere from two to four schools per year with some slippage in individual progress each time a move was made. Often these children spoke little or no English and came from varying backgrounds:

⁹⁶Current History (June, 1972), p. 274.

⁹⁷The term foundation program was the term used in the seventies instead of equalization program or minimum program.

⁹⁸Current History (July, 1972), p. 274.

Mexican-American, Puerto Rican, Indian or other ethnic groups. Children in culturally impoverished areas often required more services to compensate for handicaps and learning difficulties.⁹⁹

Programs that required specially trained instructors, special equipment, supplementary materials, individually designed curricula and even specially designed classrooms and schools cost more, often much more, than the basic elementary and secondary programs provided by most districts.

It was essential to identify the areas of greater cost, for example early childhood education; adult and continuing education; education for the handicapped; compensatory education; vocational programs; special services--food and transportation. It was also essential to provide the funds to furnish those services.

The federal government was a third source of revenue for the public schools. Federal aid reached most districts in widely varying amounts through one or more "categorical," or special purpose, grant programs.

Senator Edward Kennedy, speaking before the national convention of the Association of School Business Officials, during 1976, had the following to say in regard to the federal government's role in financing education:

What is needed from Washington--from both the executive and legislative branches--is a sense of direction, a sense of purpose, a sense of ideals.

⁹⁹ National Educational Finance Project, Future Directions for School Financing, A Response to Demands for Fiscal Equity in American Education (Gainesville, Florida, 1971), pp. 22-23.

In no single area is that more crucial than in the area of education. In the recent past, we have seen two different views of the role of the federal government in education. Under President Kennedy and Johnson there was innovative leadership in education and the first real acceptance of the federal government as a partner in the improvement of the quality of education.

In recent years, under both Nixon and Ford there has been a retreat from National leadership. We have seen seven vetoes for education appropriation bills during their eight years. . . . It might be well to recall the comments of John Adams. Long ago, he said 'The whole people must take upon themselves the education of the whole people, and must be willing to bear the expense of it.'¹⁰⁰

All money utilized to support the public schools was raised by taxes of various kinds levied by the federal and state governments and by the local school districts from taxes on real property. During 1970-71 in the nation as a whole, 52 percent of school revenue was provided by local sources, 41 percent came from state sources and 7 percent from the federal government. Some of the different forms of taxes were: property tax; sales tax; personal income tax; corporate income tax; excise taxes; estate and inheritance taxes; and severance taxes.¹⁰¹

Just as the fiscal ability between districts within a state was unequal, the fiscal ability between states was also unequal. Since the states were not able to alter their fiscal ability in any substantial amount, it appeared that only the federal government was in a position to eliminate the fiscal variations among the states insofar as education was concerned.¹⁰²

¹⁰⁰ ASBO, Annual Volume of Proceedings, Addresses, and Research Papers, Senator Edward Kennedy.

¹⁰¹ National Education Finance Project, p. 9-13.

¹⁰² Ibid., p. 18.

The configuration of the population was of major importance in all phases of national life, including education. For education there were fiscal implications because:

35 percent of all Americans lived in cities of 50,000 or more
 38 percent lived in cities of 2,500 to 50,000
 27 percent lived in rural America which included villages up to 2,500

The education available to children in the various parts of the nation was as different as the topography, the resources, and the people that made up the many social, economic and governmental problems with which each had to cope. These included the complex and inequitable systems of local property taxes which carried the burden of such a large share of school costs.¹⁰³

History seemed to show that financing of education from colonial days to the present, additional funds did not guarantee an excellent education. History did not reveal an outstanding cheap school.

Oklahoma 1900 to 1980

The first schools in Oklahoma were supported financially by Baptists, Methodists, Catholics, Moravians, Presbyterians, and Quaker churches. The schools established to educate the children of the Five Civilized Tribes in Indian Territory were financed from a portion of the annual income from the sale of the Tribes' eastern lands. The federal government allocated a portion of its public funds for the support of their tribal schools. Each of the Five Civilized Tribes in Indian

¹⁰³National Education Finance Project, p. 21.

Territory maintained schools for Indian Children and a separate school for black children. Subscription schools were the only schools available to non-Indian students.

During 1889, under the Curtis Act, Congress assumed control of the schools in Indian Territory and undertook to create a uniform educational system for whites, blacks and Indians. The federal law gave the Secretary of the Interior the authority to assume management of tribal finances and schools. Under government management only Indians and blacks attended the tribal boarding schools. White children could attend a day school, if one was available, upon payment of tuition. The federal government made funds available to increase the number of day schools and opened them to white children on a tuition basis.

Schools in Oklahoma Territory prior to 1890, were subscription schools. In this area some leader would organize a nucleus of parents to build a school by subscription and donated labor. The textbooks were the ones the parents had brought from their original homes. The teacher received approximately twenty-five dollars per month and the school terms were seldom more than three months in duration.

Oklahoma Territory's first public school fund came as federal aid in the amount of \$50,000 provided for by the Organic Act of 1890. That sum was to replace local revenue lost by the tax-exempt status afforded to the owner of the land. Indian allotments could not be taxed, and homesteads of settlers were exempt from local taxes for a period of five years.¹⁰⁴

¹⁰⁴ Arrell M. Gibson, Harlow's Oklahoma History, 6th ed. (Norman, Oklahoma, 1972), p. 164.

During the territorial period all districts were authorized by law to levy a maximum tax of 10 mills per \$1000 of assessed value on real property if a majority of the school district electors voted to do so. In addition to the amount this levy raised for the schools, each district was entitled to a pro rata share of a county 2 mill tax levy and to receive a share in the funds from the public school land leases. Those funds were distributed on the basis of pupil enumeration. In the few independent districts, the city council could levy a maximum tax of 15 mills for school purposes.¹⁰⁵

Public School Funds

The Organic Act, 1890, for Oklahoma Territory made provision for setting aside certain land as an endowment for public schools. Each act of Congress opening additional lands to settlement in Oklahoma Territory reserved certain sections of public land for educational purposes. The Enabling Act confirmed those reservations of the public domain and added thereto. By the terms of the Enabling Act, sections sixteen and thirty-six in every township in Oklahoma Territory and all indemnity lands that had been selected in lieu thereof, were granted to the State for the use and benefit of the common schools. That common school grant consisted of 1,415,000 acres.¹⁰⁶

¹⁰⁵Gibson, p. 164.

¹⁰⁶State Superintendents' Biennial Report, 5th, 1914, Bound Volumes,
p. 138.

Land Grants for State Colleges

Higher education was provided for by the terms of the Organic Act of 1890:

Section thirteen in the Cherokee outlet, the Tonkawa Indian Reservation, and the Pawnee Indian Reservation, reserved by the President of the United States by proclamation issued August 19, 1893, opening to settlement the lands and by any act or acts of Congress since said date, and section thirteen in all other lands which have been or may be opened to settlement in the Territory¹⁰⁷ of Oklahoma, and all lands selected in lieu thereof,

were granted to the institutions of higher learning. That grant consisted of 350,000 acres. Land in Oklahoma, under the control of the government and not filed on prior to the date of the Enabling Act was granted to the State for the use and benefit of the educational institutions. Under Section 3, Article 2, Chapter 28, Session laws of Oklahoma, 1909, these lands were designated "New College Lands" and were so carried on the records of the land office. Those "New College Lands" were located principally in Beaver, Cimarron and Texas counties. The grant consisted of 1,050,000 acres, which when added to the section thirteen grant, resulted in a total of 1,400,000 acres of land set aside for the State's educational institutions of higher learning.¹⁰⁸

Section thirty-three in each township was set aside for public buildings, penal and charitable institutions, etc. During January, 1897, Congress reserved section thirty-three in Greer County to

¹⁰⁷The Oklahoma Red Book II (Oklahoma City, 1912), p. 33.

¹⁰⁸State Superintendents' Biennial Report, 5th, p. 138.

Oklahoma "for such purposes as the Legislature of the future state may prescribe." The Legislature of the State during March, 1911, set aside section thirty-three in each township in Greer County to be used to assist in promoting consolidated rural schools. That consisted of 40,480 acres.¹⁰⁹

By an act of the Legislature approved March 13, 1913, the residue of the "Public Building Fund" in excess of the amount required for the payment of all outstanding bonds and interest thereon issued against said fund, was set aside for the union graded or consolidated school act fund. The number of acres of land available under that act could not be determined until the lands were sold or the bonds liquidated.¹¹⁰

The total land set aside for educational purposes in Oklahoma by 1914 was 2,855,480 acres. This total included 1,415,000 acres in Sections 16 and 36 for common schools; 350,000 acres in Section 13 and Indemnity for state schools; 1,050,000 acres for "New College"; and 40,480 acres in Section 13 for Greer County Consolidated Schools. Because sections sixteen and thirty-six and other lands of the Indian Territory were not available to be set aside for school purposes, \$5,000,000 was appropriated by Congress at the time Oklahoma was admitted to statehood during 1907.¹¹¹

¹⁰⁹ State Superintendent's Biennial Report, 5th, p. 138.

¹¹⁰ Ibid.

¹¹¹ Ibid.

The 2,855,480 acres of land and the five million dollars appropriated by Congress constituted the basis of Oklahoma's permanent school fund. Part of the school land, 1,203,006 acres had been sold by 1914, and the net proceeds of the sale, \$9,011,562.15, had been placed to the credit of the permanent school fund of the State.¹¹²

The school lands remaining unsold were leased and the school funds were loaned on approved farm collateral. The income derived from the rentals of the land and the interest on money loaned was apportioned to the school districts in the State each year. The apportionment was made on a per capita basis at the time other state money was apportioned to the schools. During the year 1912-13 the apportionment amounted to \$1.95 per capita and during the school year 1913-14 it was \$2.25 per capita.¹¹³

When Oklahoma was admitted to statehood during 1907, the Constitution permitted each school district to levy a tax of 5 mills against the assessed valuation. By a majority vote of the people, the district could levy an additional 10 mills.¹¹⁴

The State also levied taxes in support of the common schools. The rate of levy was one-fourth mill. During the fiscal year ending June 30, 1913, the State collected and apportioned \$142,078.25 to the

¹¹²State Superintendents' Biennial Report, 5th, p. 139.

¹¹³Ibid.

¹¹⁴Jim B. Pearson and Edgar Fuller, ed., Education in the States: Historical Development and Outlook, Oklahoma by Guy H. Lambert and Guy M. Rankin; Published by National Education Association, 1201 Sixteenth St., N. W., Washington, D.C. 20036 (1969), p. 983.

common schools. During the fiscal year ending June 30, 1914, the state collected and apportioned \$140,737.17 in state taxes for the common schools.¹¹⁵

During 1914 all of the income tax levied by the state was deposited in the common school fund. In addition to this one-half of the inheritance tax collected was deposited into the common school fund. The other half of this tax went into the general revenue fund. During the fiscal year 1913-1914 the income tax and one-half of the inheritance tax amounted to \$9,342.49. All persons whose annual incomes were in excess of \$3,500 were subject to this tax. School directors were asked to report to the State Auditor the names of all persons residing in the district who were subject to income tax.

In addition to the school taxes levied by the State, each county made a levy for the support of the common schools in the county. The rate varied in each county. The people in the school districts through their directors, made levies to supplement the funds.¹¹⁶

Buildings were provided for by bond issues in the school districts. They were also provided from current expenses where the people of the districts chose to build by the rental plan.

The various sources of income for the support of the common school and comparative amounts during the year 1914 are shown in Table II. As the State School fund was increased it was possible to reduce the

¹¹⁵State Superintendents' Biennial Report, 5th, p. 139.

¹¹⁶Ibid.

TABLE II
INCOME FOR COMMON SCHOOLS

Sources of Income	Amounts
Income from Common school lands	\$ 624,034.83
Income from \$5,000,000 fund (farm loans)	242,646.97
Income from Greer County, Section 33	13,900.17
Income from state tax	140,737.17
Income from inheritance tax	9,342.49
Income from county tax	126,769.85
Income from district tax	5,702.052.81
Income from sale of bonds	933,574.57
Income from tuition and other sources	554,502.40
Total Income for the Common Schools for the year (1914) ¹⁴	\$8,347,559.26

TABLE III
STATE SCHOOL FUND

Year	Enumeration	Apportionment	Per Capita Distribution
1906	225,943	343,931.00	\$1.52
1907	218,817	306,343.80	1.40
1908	472,683	310,993.95	.65
1909	500,281	750,226.00	1.50
1910	515,478	770,010.50	1.50
1911	539,058	970,304.80	1.80
1912	556,818	1,085,795.10	1.95
1913	541,828	1,056,564.00	1.95
1914	557,004	1,271,246.00	2.25

percentage of money levied for the support of the schools by local authorities. It is illustrated in Table III that the growth of the state school fund for nine years was increased significantly from 1906 to 1914.¹¹⁷

In addition to the funds mentioned, during 1913 Congress included \$300,000 in the Indian Appropriation Bill for the relief of the schools in the eastern part of Oklahoma, or that part formerly occupied by the Five Civilized Tribes. The appropriation was later amended in the Senate to include Osage County and Quapaw reservations. The appropriation was made necessary by reason of the fact that the school districts in that section of the State were embarrassed by the decision of the Supreme Court declaring the Indian lands exempt from taxation. The same amount was appropriated during 1914. Those bills provided that the \$300,000 should be apportioned by the Supervisor of Indian Schools. The apportionment was made in accordance with the plan outlined in a letter which was sent by the supervisor to the county superintendent in the eastern part of the State.¹¹⁸

This federal relief fund was disbursed by the County Superintendent and no report was required to be made by the state department by the terms of the act appropriating the money. The state department was unable to give a detailed report of the expenditure of the revenue mentioned above.¹¹⁹

¹¹⁷ State Superintendents' Biennial Report, 5th, pp. 139-140.

¹¹⁸ See Appendix B, p. 286.

¹¹⁹ State Superintendents' Biennial Report, 5th, p. 141.

The boards of education were permitted to charge non-resident pupils tuition. That was done in cases where the pupils who had finished the common school course in the rural districts attended high school in an independent or other district without having been regularly transferred by the county superintendent.

Formerly all income tax and one-half of all inheritance taxes collected in Oklahoma were placed in the state common school fund, but under the laws of 1916 revenue from those sources were credited as general revenue of the State.¹²⁰

The Congress of the United States appropriated \$275,000 to be used in extending aid to the common schools of eastern Oklahoma during the fiscal year ending June 30, 1915. A like amount for the same purpose was appropriated during the fiscal year ending June 30, 1915. That fund was apportioned to 2,219 school districts situated in 41 counties. Practically every district assisted had an eight month term of school. The exceptions included the few districts that had levies of less than five mills. They were assisted by providing funds necessary for a six month term.¹²¹

The various school districts received, on a per capita basis, money known as the county apportionment derived from fines paid. This county fund also received money from the gross production tax of three percent. The gross production tax was sent to the State. One-half

¹²⁰State Superintendents' Biennial Report, 6th, 1916, Bound
Volume, p. 62.

¹²¹Ibid.

of the amount returned to the county was placed in the country road and bridge fund. That is the common school fund received twenty-five percent of the gross production tax collected in the county. The amount, together with other unapportioned money in the common school fund, was apportioned monthly on a per capita basis to the various districts of the county.¹²²

The State apportionment allocated to the various counties on a per capita basis included money received from counties where the "old" inheritance tax was paid. That money came from a law enacted during 1908 and amended during 1915. It was not in operation during 1918. Under the "old" law, one-half of the inheritance tax sent in from the county was returned to the county and apportioned to the schools as was other common schools funds. For the fiscal year closing June 30, 1917, \$7,324.82 was apportioned. For the fiscal year closing June 30, 1918, \$4,235.92 was apportioned. For this biennial period a total of \$11,560.74 was available from this source.

School districts were permitted by special elections to issue bonds for purpose of securing sites and the erection and equipping of school buildings.¹²³

A considerable amount of money was derived from transfer fees paid by districts for pupils regularly transferred to other school districts. The amount collected from tuition fees for pupils not transferred was

¹²²State Superintendents' Biennial Report, 7th, 1917, Bound Volume, p. 8.

¹²³Ibid.

decreasing because of operation of the transfer law as passed by the 1917 Legislature.¹²⁴

School districts qualifying throughout the state received federal matching funds for vocational education provided by the Smith-Hughes Act of 1917.¹²⁵ These funds could be used for salaries for vocational education.

A substantial amount of money was received by school districts from other local sources. The money came largely from local community gatherings for the expressed purpose of purchasing school equipment, such as library books, musical instruments and other items not included by the board of education in the annual estimate of needs necessary for a successful school term.¹²⁶

The federal government aided the common schools in the Cherokee, Creek, Choctaw, Chickasaw and Seminole Nations and the Quapaw Agency by direct appropriation from Congress. This aid was given to weak districts in order that an eight months school could be maintained: provided, however, that the local districts made a conscientious effort through their own resources for as long a term as they could maintain. Aid from this source was for teachers' salaries. It was paid to the districts on the basis of 10 cents per day for the Indian pupils in

¹²⁴ State Superintendents' Biennial Report, 7th, p. 8.

¹²⁵ Ibid.

¹²⁶ Ibid.

regular attendance. That source of revenue provided \$275,000 in 1916-1917 and 1917-18. The amount appropriated by Congress for the school year 1918-19 was \$250,000.00.¹²⁷

The 1917 session of the Oklahoma Legislature appropriated \$175,000.00 for aid to consolidated and union graded districts. Consolidated districts were those that had been formed by uniting two or more districts and providing a central school which children of all grades attended. Union graded districts were those that had been formed by the union of two or more districts. Central school was maintained for grades seven through twelve. Grade schools were located at convenient points for grades one through six. The number of centralized graded schools increased throughout the state.¹²⁸

Legislative adjustments relative to school finance were recommended to the legislature by M. A. Nash, State Superintendent of Public Instruction, December 1, 1924, in his tenth biennial report. These recommendations were valid as legislation enacted in the following years verified.¹²⁹

Great variations in assessed valuations, which affected the ability of school districts to finance their schools, appeared among the counties of the state. This unequal distribution of wealth made state aid imperative for Oklahoma's schools. From 1907 to 1933 school districts

¹²⁷ State Superintendents' Biennial Report, 7th, p. 8.

¹²⁸ Ibid.

¹²⁹ See Appendix C, p. 288.

participated in the distribution of a 0.25 mill statewide tax levy. That was abolished, however, by an amendment to the State constitution during 1933 which abolished all state ad valorem taxes. The State utilized other sources of revenue such as county mortgage taxes, gross production taxes, and automobile and farm truck licenses. Those additional sources did little to equalize the school districts' ability to provide adequate educational programs for all students.¹³⁰

The 1927 Legislature earmarked one-fourth of the revenue from the gross production tax to create a State Equalization fund stipulating that not more than \$1.5 million could be apportioned during a school year. During 1929, the Legislature supplemented that fund by \$250,000, by another \$175,000 during 1931, and by \$500,000 during 1933. Although those were depression years, state aid to schools had been increased from \$1,489,762 during 1927-28 to \$8,180,000 during 1935-36. In order to participate in this fund a high school was required to have an average daily attendance of twenty-five pupils.¹³¹

The chief weakness of those early efforts was that no objective method had been designed for distribution of the funds. The state department put forth every effort to make an equitable distribution but too often allowed the squeaking wheels of the needy districts to receive the grease. Undisputedly, some districts received more than their share while others equally deserving received little or no state

¹³⁰ Fuller and Pearson, p. 982.

¹³¹ Ibid.

aid. Appropriations with certain limitations that excluded many worthy and needy districts from receiving any benefits was a major weakness.¹³²

State Aid for the Support of the Common Schools
of Oklahoma

The State Board of Education was authorized, under the provisions of House Bill 212 passed by the Fifteenth Legislature during 1935, to administer the distribution of State Aid appropriated for the support of the common schools of Oklahoma for the fiscal years 1935-36 and 1936-37. Under the provisions of House Bill 212, a total of \$8,200,000 was appropriated. That amount was to be apportioned to the school districts in accordance with the provisions of the bill and the regulations formulated by the State Board of Education.¹³³

House Bill 212 provided for two types of State Aid. It provided for Primary Aid which was allocated to all districts alike on the basis of the average daily attendance for the previous year. The Primary Aid was provided for all districts regardless of their financial ability, a sum not to exceed \$5,400,000 was apportioned for this purpose. The remainder of the total amount appropriated under the provisions of House Bill 212 was designated as Secondary Aid. It was to be distributed to those districts in which a ten-mill local tax levy and other revenue,

¹³²State Superintendents' Biennial Report, 10th, 1924, Bound Volume, p. 28.

¹³³State Superintendents' Biennial Report, 17th, 1938, Bound Volume, p. 154.

including Primary Aid, would not maintain the school for the minimum term. It was provided in the bill that the pupil transfer fees payable by the State should be paid from the money appropriated for Secondary Aid. The minimum program was defined by the State Board of Education. The minimum program for any district was the basic salary of teachers plus the general maintenance and transportation allowance.¹³⁴

During 1937 the Sixteenth Legislature enacted House Bill 6 which appropriated \$12,800,000 for each of the fiscal years 1937-38 and 1938-39 for the purpose of aiding in the support and maintenance of the public schools of Oklahoma. The State Board of Education was authorized to administer and distribute the money appropriated under House Bill 6 to the several school districts of Oklahoma according to the provisions of the bill.¹³⁵

House Bill 6 authorized the State Board of Education to apportion each year, on a pro rata basis \$1,800,000 of the money appropriated by the bill to the school districts of the State of Oklahoma. That sum was set aside for the purpose of supplying to each school district the loss sustained by it because of the exemption of homesteads from ad valorem taxation under the provisions of House Bill Number 3 of the First Extraordinary Session of the Sixteenth Legislature. This money also helped to replace the losses sustained by the various counties

¹³⁴State Superintendents' Biennial Report, 17th, p. 154.

¹³⁵Ibid.

due to the general decreases in the assessed valuation of property since 1930.¹³⁶

House Bill 6 provided for Primary and Secondary Aid. The State Board of Education was authorized to apportion a sum not to exceed \$5,200,000 plus any unexpended balance of the Homestead Exemption fund to the school districts of the State which levied and used not less than eight mills of taxation on the lawfully assessed valuation in the district and which voted an eight-month or longer term of school. That amount designated as Primary Aid, was distributed to the schools on the basis of the average daily attendance for the previous year according to the schedule set forth in the law.¹³⁷

According to the provisions of House Bill 6, the sum of \$5,800,000 was set aside and designated as Secondary Aid. The State Board of Education was authorized to apportion Secondary Aid to each school district in the State in which (1) the people voted at least an eight-month term of school, (2) in which a ten-mill ad valorem tax levy for the general fund of the current school year was levied and used, (3) an average daily attendance sufficient to qualify for Primary Aid or was classified as isolated by the State Board of Education, and (4) which did not have sufficient income as defined in House Bill 6 to support the minimum program of education.¹³⁸

¹³⁶ State Superintendents' Biennial Report, 17th, p. 154.

¹³⁷ Ibid., p. 155.

¹³⁸ Ibid.

House Bill 6 provided that the State's share of the pupil transfer fees for all districts not qualifying for Secondary Aid should be paid from the Primary Aid fund. It also provided that for all districts qualifying for Secondary Aid, the district's share of transfer fees due to other school districts should be paid by the State from the Secondary Aid fund.¹³⁹

The common schools of Oklahoma were placed on a much sounder financial basis for the fiscal year of 1937-38 by the passage of House Bill 6 than that which existed under the provisions of House Bill 212 for the fiscal years 1935-36 and 1936-37. The total appropriation under House Bill 212 for State Aid to schools was \$8,200,000. Under House Bill 6 a sum of \$12,800,000 was appropriated for each year 1937-38 and 1938-39.¹⁴⁰

The difference of \$4,600,000 between the appropriations made by House Bill 212 and House Bill 6 was not a direct increase in the amount of money available for the support of the common schools. It was really a fund for the replacement of losses accruing to the various school districts due to partial exemption of homesteads from taxation and to the general decreases in the assessed valuation of property.¹⁴¹

During 1939, the Seventeenth Legislature passed Senate Bill No. 22 which appropriated \$11,500,000 for each year of the biennium ending

¹³⁹ State Superintendents' Biennial Report, 17th, p. 155.

¹⁴⁰ Ibid.

¹⁴¹ Ibid., p. 156.

June 30, 1941. Under the provisions of that act, the State Board of Education was authorized to apportion to the school districts \$1,400,000 to replace the loss sustained because of the exemption of homesteads. The sum of \$4,000,000 of that appropriation was to be allocated as Primary Aid to school districts voting at least an eight month term and levying not less than 10 mills ad valorem tax. The sum of \$5,800,000 was appropriated as an equalization fund known as Secondary Aid, and in addition the sum of \$300,000 was to be held as a reserve fund to supplement Secondary Aid. In order to be eligible to participate in the \$300,000, school districts in counties with less than \$5,000,000 assessed valuation voted a 12 mill tax levy. School districts also were required to vote at least an eight months term of school. Any district that was unable to maintain a minimum program as defined in the act after making the required levy was entitled to receive State Aid to assist it in maintaining the program. The State Board of Education was required to allocate the State Aid for a specific item of appropriation. Eighty-five percent of the school district's funds were required to be appropriated for the item identified in the law. Those restrictions proved very unsatisfactory in most instances.¹⁴²

During 1941, the Eighteenth Legislature passed Senate Bill No. 14 providing for the method of expenditure of the funds appropriated by the House Bill 542 for the biennium ending June 6, 1943. The

¹⁴²State Superintendents' Biennial Report, 20th, 1944, Bound Volumes.

legislature appropriated \$8,000,000 for the first year of the biennium and \$7,500,000 for the second year. An additional amount of \$600,000 was appropriated for each year to be used only if the sums first appropriated were insufficient to comply with the provisions of Senate Bill No. 14, and of House Bill No. 268, the Transfer Fee Law. This bill differed from the other State Aid laws passed after 1935 in that it provided for only an equalization fund. Primary Aid and Homestead Exemption Replacement were eliminated. Senate Bill No. 14 also provided that State Aid allocated to a school district could be estimated by the county Excise Board as revenue receivable and warrants written against the appropriation prior to the time the cash was received by the treasurer of the district.

Teachers' salary schedules were increased \$10.00 per month. The brackets in transportation allowance were broken into additional divisions, and many of the restrictions relating to items of expenditure were eliminated. The State Aid payments under the bill became a part of the general fund appropriation and could be used for any legal purpose requested by the school district board. The only requirements were that the district maintain a full term of school, pay not less than the minimum teachers' salaries for which State Aid was calculated, and meet the standards set by the State Board of Education.¹⁴³

During 1941, the Eighteenth Legislature passed House Bill No. 528 which provided that 90 percent of the Automobile License and Farm

¹⁴³State Superintendents' Biennial Report, 20th, pp. 47-48.

Tractor Tax be returned to the counties where collected to be apportioned for the use of the common schools. During 1941-42 that amounted to \$4,370,312.57. House Bill No. 77 of the Nineteenth Legislature provided that if in any year the collections from that source fell below that amount the difference should be replaced from Beverage Tax. Any part of the Beverage Tax not used for that purpose was to be used to supplement the State Aid Equalization Fund.¹⁴⁴

With modifications, the program of state aid established during 1935 was the program of state aid that Oklahoma followed for the next thirty-five years. The program was supplemented by additional funds from larger appropriations or from additional sources of revenue.

The Legislature during 1970 approved a complicated formula for calculating Foundation and Incentive Aid which included flat grants for pupil transportation, special education programs, and vocational programs. Factors in the formula were determined by appropriations by the legislature.

The formula was designed to equalize educational opportunities throughout the school districts of the state. However, after 1973 the Legislature appropriated large sums of money for mandated salary increases for teachers outside the formula. Since the formula was designed to equalize and some districts would be affected adversely, the law provided that no district would receive less than it did under the old formula. That tended to negate the equalization aspect of the formula.

¹⁴⁴State Superintendents' Biennial Report, 20th, pp. 47-48.

Other Revenue

The Legislature passed the first special education law during 1945 to provide for individual children whose handicaps made it impossible or impractical for them to benefit from regular school programs. Subsequently that law was amended a number of times and during 1980 authorized the school districts to organize classes for children who were mentally retarded, mentally handicapped, physically handicapped or emotionally disturbed. With the exception of new programs, homebound children, special education transportation, special education from the state level is funded in the foundation aid formula.

The State allocated a small amount of money as reimbursement for completing driver education courses. In addition to categorical aid for employee salary increases funds were also allocated for elementary counseling to qualifying school districts.

Oklahoma had the same opportunities to apply for and receive federal aid for education as did other states. From territorial days Oklahoma benefited from federal money. Because federal law exempted Indian land from taxation, the Federal government had to assume some responsibility for supporting local schools.

Existing Local Tax Levies

When the separate or segregated schools provided for in the original constitution were discontinued during 1959, the 4 mill county wide tax levy apportioned to school districts on an average daily

attendance basis reserved for those segregated schools was continued by law for the use of all public schools.

By certifying the need, a school district could levy 20 mills of taxation against the assessed value of real property in the district. If a majority of the electors in the school district approved an excess levy of 5 mills was authorized. In addition to those levies a school district could vote to authorize an additional 10 mills as a local support levy. Funds from all of those levies went into the general operating fund of the school district. Districts could also authorize a building fund levy of five mills for erection of new buildings, for remodeling and repair of existing buildings, and for the purchase of furniture and equipment.¹⁴⁵

By 1980 there were two major problems in school finance--adequacy and equitability. The newly organized Fair School Finance Council in Oklahoma had as its objective to challenge the equity of the existing method of financing schools and allocation of funds in the state of Oklahoma. That council represented the Oklahoma schools that ranked in the bottom one-third of income per child.

The study of financing schools in Oklahoma past, current and future resembled the national scene. Legislators, the Oklahoma Association of School Business Officials, and other authorities and experts searched for a better way to provide an equal educational opportunity to every child in Oklahoma. Those authorities attempted to find ways to distribute the tax burden evenly.

¹⁴⁵Oklahoma State Department of Education. School Laws of Oklahoma 1978, Section 472 (Oklahoma City, 1978), pp. 221-223.

In order to provide equal educational opportunities for students the first requirement was considered to be the preparation of an educational objective. Different programs were required for different students and costs varied between programs. Educators needed to be able to identify costs of educating all students by determining the costs of the program required rather than how much a particular school district received from a particular source of revenue. When these identifications were determined a better argument was presented for increased revenue and for the distribution of such revenue to provide equal educational opportunities.

The first general state aid in Oklahoma was designed to aid weak school districts and to encourage consolidation of rural districts. The next state aid was in the form of primary aid and secondary aid. The additional revenue was allocated in order for the districts to provide a minimum program. When the funds were expended they were identified with teachers' salaries and general maintenance costs not by programs.

Education was accepted as a function of the state. Oklahoma was responsible for providing the vehicle to accomplish this function. The federal government gave Oklahoma a financial base for providing schools with the permanent school lands. The federal government also provided in lieu funds for the tax-exempt Indian lands. At one time, the revenue from the permanent school lands produced a large percentage of school income. The districts were small, students walked to school, the course of study was simple, and the terms of school short.

After statehood during 1907, there was a great explosion of knowledge. The method of transportation and communication made the one-room

school house within walking distance of homes of pupils impractical and obsolete. The shift of population from the 160 acre homesteads to cities and towns affected schools.

During the years of the Great Depression, 1929 to the early forties, using the assessed valuations for a local tax base, schools were unable to remain open for full school terms. Oklahoma attempted to assume the responsibility for education by various means. Some of those were by amendments to the Constitution that permitted additional levies against the assessed valuation of property when needed was certified or the electors approved. During 1980 there were at least seven sources of dedicated state revenue for schools. The legislature made general appropriations to local school districts through the Foundation and Incentive Aid formulas. The State approved employees' salary increases, provided funds for elementary counseling positions, and paid reimbursements for vocational salaries, through categorical state aid. The State provided a small amount of revenue for exceptional student programs, such as driver education and community education. The Legislature appropriated some funds to reimburse the local district's partial cost for student meals.¹⁴⁶

The federal government came to the aid of Oklahoma just as the State came to the aid of the local district. The early land grants demonstrated clearly that the federal government was interested in education. The passage of the Smith-Hughes Act and other acts which provided

¹⁴⁶ Oklahoma State Department of Education, Financial Accounting Classifications and Standard Terminology for Oklahoma Public School Systems (Oklahoma, 1979-80), pp. 3-16.

for the high cost of vocational education programs revealed a continued concern. The National Defense Education Act to aid and encourage local school districts to offer and enrich scientific programs was evidence of another concern for national defense through education.

The Elementary and Secondary Education Act of 1965, to expand and improve programs to meet the needs of educationally deprived children in low income areas, displayed national concern for disadvantaged students. Public Law 94-142 Education for all Handicapped Children Program, Title VI, making revenue available to ensure that all handicapped children had available to them an appropriate public education including special education and related services to meet their needs was another example of national concern. By the passage of various laws the federal government provided funds to plan, develop and implement supplemental programs and projects for the improvement of educational opportunities for minority students.

State and federal revenues to local school districts demonstrated an interesting similarity in Oklahoma. Additional appropriations made to local school districts since 1973 by the Oklahoma legislature were for the most part in the form of categorical aid earmarked to provide specific programs rather than for general use to be determined by the the local boards of education. The major portions of federal funds were either categorical or earmarked to provide specific programs rather than for general use to be determined by the local boards of education. The local boards were not able to decide how the additional funds would be spent nor how the programs would be improved or added.

During 1980 the trend for additional funds from the state and federal governments appeared to be allocated by programs. Checks and balances were required when funds were allocated for a specific program. An accounting system designed to receipt revenue by programs would have provided useful information. During the complex society of the seventies, the dollar amount the schools spent for various functions, such as administration, teachers salaries, and maintenance, did not provide a good debate for adequacy or equity.

In a mobile society, with modern transportation and communication, education might have been a function of the state, but was becoming more and more responsibility of the federal government. When the local school districts needed help, the State came to their rescue. When the State needed help, the federal government came to its rescue. The big question continued to be the accounting system. Would the accounting system of the seventies provide answers for the next decade?

Summary

Prior to statehood, minimal territorial school systems were founded by the Secretary of Interior and territorial governments, but were funded from general funds allocated to the territory. Consequently, simple or minimal school financial accounting was necessary. As a condition of granting statehood, the federal government required that education be provided for in each of the state constitution. This included a provision for funding. However, most states delegated primary responsibility for control and funding of elementary and secondary schools to local districts. Therefore, external reporting or sophisticated school accounting procedures were still not required.

During the first quarter of the Twentieth Century, the states began increasing the amount and percentage of funds made available from state sources to fund the elementary and secondary schools. With increased funding came the initial need for local schools to develop accounting systems that allowed them to report to an external body--the state. As society and schools became more complex, it was necessary for the level of state and federal funding to be increased. Each subsequent increase in funding by the State and Federal Governments was accompanied by increased levels of accountability.

CHAPTER V

EVOLUTION OF SCHOOL FINANCIAL ACCOUNTING

United States 1910 to 1980

Early Developments

School administrators, at the national, state and local levels, have always realized that statistical information was an absolute necessity in the decisionmaking process. The National Association of State and City School Superintendents (forerunner to the American Association of School Administrators) under the influence of outstanding educators like Henry Barnard, took the initiative to coordinate all phases of education on a national level. As a result of their efforts a proposal was presented to Congress by President James A. Garfield during 1866 for the establishment of a federal bureau of education.

The "Department of Education" bill was approved by the 39th Congress, 2nd Session, and by President Andrew Johnson on March 12, 1867.

The basic law was as follows:

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress Assembled, That there shall be established at the city of Washington, a department of education, for the purpose of collecting such statistics and facts as shall show the condition and progress of education in the several states and territories, and of diffusing such information respecting the organization and management of schools and school systems and methods of teaching as shall aid the people of the United States in the establishment and maintenance of efficient school

systems, and otherwise promote the cause of education throughout the country.¹

The main functions of the Department of Education created during 1867 were (1) to collect statistics and events, (2) to disseminate management information, (3) to promote and coordinate educational activities. The early efforts of this new department were made under the leadership of Henry Barnard. He was the person who had been most influential in the creation of the department. Barnard brought a wealth of experience to the department. He had served as a principal of the New Britain State Normal School in New Britain, Connecticut. He was the first state superintendent in Rhode Island and had been a state superintendent in Connecticut. The goals of the new department had to be established and pioneered. Barnard knew from his background of experiences the kind of reliable facts that he had needed for decision-making as principal of a normal school and as a state superintendent of two states. Barnard's most widely quoted statement was: "The common school should be as common as the light and the air because its blessings are open to all and enjoyed by all."²

Barnard apparently created a lot of activity. On July 12, 1870, Congress granted the commissioner three additional clerks and \$3,000 for work in computing statistics and preparing reports. During 1872, Congress appropriated the sum of \$1,800 for the employment of a statistician.

¹Chris A. De Young, Introduction to American Public Education (New York, 1955), p. 22.

²Ibid., p. 26.

This was the earliest specialist provided in the office of education.

One of the main duties of the United States Commissioner of Education was the preparation of Annual Reports and Biennial Surveys. After 1917 the Report of the Commissioner of Education was changed to the Biennial Survey of Education. The Annual Report became a concise summary of the activities of the Office of Education and of education in general.³

During 1874 a committee in the Department of Superintendence of the National Education Association started work on the improvement of statistical forms. A report of this committee was presented at the National Education Association convention held in Chicago during 1899. The committee proposed a form entitled: "Report for the School Receipts and Expenditures of the City." One of the objectives of the committee in presenting this report was that it would be used as a basis for uniform financial reports by state superintendents of public instruction. The following is a quotation from the report:

. . . one of the most useful means of estimating proper expenditures and the necessity for particular expenditures, should be afforded by a study of the financial reports of other, similar cities or districts. As these reports are at present made, they are of little use in this respect. Items given in one report are omitted from another. Items of income and outgo are differently grouped in different reports, and the statement is made in such a way that is impossible to separate the items for the purpose of reclassification. . . One of the chief studies of a wise administrator of schools is to make the cost of education per child as low as consistent with the best service. . . Attention to this end and to a comparative study of reports

³De Young, p. 27.

for a period of years. . should give an idea of the average or normal cost of education per child. Having this, the manager of the schools may know how expense in his systems differs from this normal standard and, if not normal, why it is above or below. This knowledge cannot be arrived at, however, until the same items are included when computing cost of education and the same divisor is used in obtaining the average.⁴

During 1907, Edward L. Thorndike was called on by the United States Commissioner of Education to study statistical methods and reports of the Office of Education. Later he was asked to:

- a. coordinate statistics with the Bureau of Census.
- b. meet with heads of state departments on cooperative reporting.
- c. meet with city schools to study reporting problems.

Activities of National Committees 1910 to 1950

The first National Committee on Uniform Records and Reports was formed during the March, 1910, meeting of the Department of Superintendence of the National Education Association. At that meeting, the committee on resolutions of the Department included the following recommendation in its report:

That, because the statistics published in school reports are inadequate for the purpose of comparison, the president

⁴Dr. Frank W. Hubbard in his welcoming address at the Fourth National School Finance Conference held in St. Louis, Missouri, on April 27-28, 1961, used the above reference taken from the National Education Association. Proceedings and Addresses, 1899: the Association, 1899, page 345. Dr. Hubbard was the assistant executive secretary for Information Services for the NEA during 1961. Dr. Hubbard said, "While those turn-of-the-century superintendents may appear a bit amusing because of their intense interest in the computation of per-pupil costs, we must recognize their wisdom in trying to get uniform, nation wide statistics. We still have that basic problem." Committee on Educational Finance National Education Association, Financing Education for Our Changing Population (St. Louis, Missouri, 1961) pp. 6-7.

of this Department is hereby authorized to appoint a committee of five to formulate and report at the next annual meeting of this Department a system of statistics which will secure uniformity in reports on all points of common concern.⁵

This recommendation was approved and the "Committee of Statistics" was formed with the following individuals accepting appointments: Payson Smith, George D. Strayer, William H. Elson, E. C. Warriner and Chas. M. Lamphrey.

During 1910, a standard form for reporting financial statistics of public schools was developed by this committee in cooperation with the United States Bureau of Education, the census office, and the Association of School Accounting Officers. The payments and receipts monitored by the United States Bureau of Education during 1912 were reported on a form for reporting statistics.⁶

The "Committee of Statistics" presented a preliminary report during the 1911 meeting of the Department of Superintendence of the National Education Association. The name of the committee was changed to the "Committee on Uniform Records and Reports." The change in the committee name was significant because the latter title was more in accord with the material content of the preliminary report.

The final report of the Committee on Uniform Records and Reports was adopted by the Department of Superintendence of the National Education Association, February 29, 1912. The Office of Education published

⁵Robert F. Will, Historical Statement of the Development of the Uniform Records and Reports Movement, unpublished paper, U. S. Office of Education, Washington, D. C., 1952.

⁶See Appendix D, pp. 290-292.

the report as United States Bureau of Education Bulletin, 1912:

No. 3.

The report contained forty-six pages, and was divided into the following sections: (1) records and reports for state school systems; (2) records and reports for city school systems; (3) pupil records with special reference to the cumulative record card; and (4) the report of fiscal statistics. The report stated that 216 cities were using the cumulative record card as indicated by statistics gathered by the United States Bureau of Education. There were 48 cities able to report their fiscal statistics on the form prepared during 1910, by the United States Bureau of Education, the Census Office, and the Association of School Accounting Officers.

The section on state reports in the 1912 Report gave the following recommendations relating to state reports:

A. That the state departments adopt forms for receiving statistics from the units within the states similar, as far as practicable, in arrangement to those used by the Bureau of Education.

B. That all the State Departments in gathering information adopt as a basis the items accepted by the practice of a majority of States and of the Bureau of Education.

C. That educational statistics be reported for the year ending June 30.

D. That each State report be made the clearing house of information of all educational institutions and activities within the state.

E. That the state report give publicity to any local investigations whose findings would have general interest and that it include the findings of State-wide investigations covering matters of State-wide application.

F. That special bulletins or reports be issued at opportune times.

G. That tables be arranged to show comparisons covering a range of years and that certain phases of educational activity be reported at decennial or other periods.

H. That larger attention be paid to the interpretation of statistics.

The section dealing with city school reports in the 1912 Report gave the following rationale for collection of accurate school statistics:

If the school is to be scientifically managed, and its effectiveness definitely measured by fixed tests, eliminating mere personal bias and unsupported opinion, facts must be collected and employed as a guide to administration.

The committee giving its report during 1912 was concerned with units of cost. The following quotation taken from the final report might have been the forerunner of program budgeting and site accounting:

Increasing interest centers in cost. It is important that the per capita cost of instruction, on the one hand, and of equipment and supplies on the other, should be shown not only city wide, but also per building. The per capita cost for each subject in the high school, for example, chemistry, physics, manual training, etc., should be shown for each building, and also city wide. Moreover, for purposes of comparison, these tables of cost should cover a period of 5 or even 10 years.

The fiscal statistics section in the Bulletin, 1912, No. 3 presented the following logic in support of the reporting form presented in the appendix.

In order to determine the cost of any particular part of our system of education, it is necessary not only to have adequate statistics concerning pupils and teachers, but also a report of fiscal statistics differentiated, not only with

⁷Bulletin, 1912, No. 3, p. 11.

⁸Ibid., p. 12.

⁹Ibid., p. 13.

regard to the purpose for which money is spent, but also with regard to the special types of schools which are found in a given city. The form of report recommended by the committee provided for such differentiation that would enable anyone to make adequate comparisons among the several cities of the United States, and at the same time calls for a system of accounts which would make it possible to discover the cost of particular types of schools within the system itself.¹⁰

The Report of the Committee of Uniform Records and Reports during 1912 was especially significant in that it did much to awaken local, state, and national interests relative to the need for a uniform and adequate system of gathering educational information. That committee requested assistance and solicited the cooperation of the United States Bureau of Education, the Bureau of Census and the Association of School Accounting Officers. It acted as the primer for all subsequent efforts. After the publication of Bulletin, 1912, No. 3, no other concerted effort to develop a uniform system of reporting and recording was forthcoming for twelve years.

The work of the National Association of School Accounting Officers, an organization known by various other names during the years that followed, was significant. That organization was formed by school officials and others who met in Washington, D. C., May, 1910, upon the invitation of the Commissioner of Education. The meeting was called for the purpose of forming a national organization to aid the commissioner in securing standardized school facts. These standardized statistics were essential for him to further the interests of educational administration generally. That organization was the first permanent body formed for the expressed purpose of the standardization

¹⁰Bulletin, 1912, No. 3, p. 36.

of fiscal, physical, and educational data of school systems for presentation in the form of public reports. It was one of the active cooperating agencies in the development of Bulletin, 1912, No. 3. The organization became the Association of School Business Officials of the United States and Canada.

At its meeting in Indianapolis during 1924, the National Association of School Business Officials appointed a committee to cooperate with the United States Bureau of Education in the revision of Bulletin, 1912, No. 3. The Bureau of Education in turn requested the Department of Superintendence of the National Education Association to appoint a committee to cooperate in this endeavor. The Department of Superintendence complied with the request during its 1925 meeting in Cincinnati, Ohio. The National League of Compulsory Education also appointed a committee to cooperate in this venture during 1927. Professors in eleven universities and colleges were listed as cooperators. These cooperators included Fred Englehardt and John Guy Fowlkes. The reports of these cooperating committees were edited and abridged by Emory M. Foster, the principal statistical assistant in the United States Bureau of Education.

The abridged report included only those portions which were directly applicable to the Bureau of Education. The combined abridged report of the cooperating committees was published as Bulletin, 1928, No. 24, Report of Committees on Uniform Records and Reports.

The Bulletin, 1928, No. 24, did not recommend any particular set of forms for financial records. Guidelines were developed to be used

in evaluating a set of forms for effective administration and instruction. Those guidelines emphasized that the material presented in Bulletin, 1928, No. 24, should be viewed by the local school system as a starting point in the development of a system of records and reports.

The following list of characteristics was presented as an acceptable local system of school records in the Bulletin, 1928, No. 24:

1. They should make for uniformity and comparability, both as they concern data from different sources within the school system and as they concern data collected in other school systems. There must be agreement as to the meaning of items on which information is collected and as to the procedure used in recording data. Record forms should always provide for the collection of certain minimal facts, such as those required by State and Federal Governments and such information as is desired locally for the whole school system.
2. The amount of data recorded should be no more than is needed and will be used. School procedures to be efficient must be based upon exact information . . . Such records facilitate wise administrative control, make possible the measurement of the efficiency of school procedure and its improvement, make possible the prediction of future needs. . . The recording of information is not an end in itself. Unless the information recorded functions in pertinent research and better school practice, its collection is wasted.
3. The various records of a school system should be coordinated and unified. Not only should the financial records of a school system be unified in themselves but these records should be coordinated with those having to do with child accounting, supply and textbook accounting, and other essential records. The information collected in one set of records should coordinate with and supplement that recorded in other records.¹¹

¹¹Department of the Interior, Bureau of Education, Report of Committees on Uniform Records and Reports, Bulletin, 1928, No. 24 (Washington, 1928), pp. 1-2.

The committee making the 1928 report on fiscal statistics recognized that the classification of accounts should be sufficiently comprehensive to cover all aspects of financial management. The committee attempted to condense the account classification for small school systems hindered by the lack of clerical staff. An effort was made to retain the advantages of uniformity without placing a burden on the administrative offices of the smaller school systems.

Bulletin, 1928, No. 24, recommended the following classification of expenditures according to their character: general control, operation, maintenance, instruction, auxiliary agencies, coordinate activities, fixed charges, capital outlay, and debt service. The standard classification of accounts was shown on the distribution ledger.¹²

The section in Bulletin, 1928, No. 24, entitled Superintendent and Board Reports to county or state, revealed that the number and different kinds of local administrative units increased the problem of securing accurate information. Those units were in the process of evolution. During 1928, there were prominent administrative units: (1) the district; (2) the town, township, or city; (3) the county; and (4) the state.

The functions of the state were condensed into two broad assignments. The first was administratively divided into education of certain controls established or authorized by the legislature and assigned commonly to the state departments. The second function was educational

¹²See Appendix E, pp. 294-296.

leadership. The activities associated with leadership were supervisory, service, research, and publicity.

It was apparent that accurate and uniform records and reports from the local units to the state departments were of great significance. All of the activities of leadership were to be strong or weak to the extent that leadership was based on adequate and accurate data from the local units.

The essential elements necessary in the development and operation of a system of reports to state departments of education were determined to:

comprise (1) a system of records, (2) reports developed from these records, (3) interpretive and educational service in the keeping of records and the making of reports, (4) audit and inspectional service to insure accuracy and (5) a plan to insure leadership and cooperative enterprise in the development of the system.¹³

It was asserted in Bulletin, 1928, No. 24, that every state in the Union required that school boards submit an annual financial report. Some state statutes authorized the state departments to require the essential educational returns from local school districts.

Another section in Bulletin, 1928, No. 24, stated that every state in the Union required that school boards submit an annual financial report. Some state statutes authorized the state departments to require the essential educational returns from local school districts.

Another section in Bulletin, 1928, No. 24, was concerned with state reports to the public. Specifically the annual or biennial report of the chief state school officer was fundamentally a report of

¹³Bulletin, 1928, No. 24, p. 48.

accountability. At least three respects in which the state officers were accountable to the people were (1) for a record of past accomplishments, (2) for an estimate of present conditions, and (3) for the statement of a constructive program for the future.¹⁴

A section in Bulletin, 1928, No. 24, contained the following summary of recommendations relating to state reports:

1. That the State report consist of two parts.
2. That the first or narrative part of the report relate to educational conditions throughout the State, with recommendations for a constructive program of advance.
3. That there be a clear statement of the terms used and meticulous care in the collection and in the accuracy of the data used.
4. That State educational statistics conform as completely as possible to those collected by the Federal Bureau of Education.
5. That the statistical data of the periodic report cover all essential activities of the local and State educational systems.
6. That statistical tables, charts and graphs be accompanied by adequate explanations and interpretation.
7. That special bulletins covering studies and research be issued at opportune times.
8. That there be regular and more frequent bulletins than the legal report issued to the public and to the professional staffs of the schools.
9. That a clear distinction be made in departmental recommendations between those matters to be affected by legislation and board action and those which depend upon a larger degree of professional insight and skill.¹⁵

The section on state Reports to the Federal Government in Bulletin, 1928, No. 24, included the following rationale:

The increasing social importance of a system of public education in a democracy makes it imperative that widespread uniform, and accurate statistical information be available

¹⁴Bulletin, 1928, No. 24, p. 48.

¹⁵Ibid., p. 54.

from the several states. The rising cost of education; the rapid increase in student enrollment; the growing demand for professional improvement of teachers; the tremendous outlay of new school plants; and the increasing tendency to reorganize the units of the system to incorporate the junior high school were a few factors mentioned that called for information from the several states of the nation.¹⁶

The statistical report forms of the United States Bureau contained in Bulletin, 1928, No. 24, included general statistics, payments, receipts, and miscellaneous statistics.¹⁷

The first meeting of the organization which later became known as the National Council of Chief State School Officers took place at Washington, D. C. during December, 1928. Upon the request of the Bureau of Education, the group took up several topics including one dealing with "Methods and Means of Securing Uniformity in Educational Statistics Through State Departments of Education." Realizing that "detailed discussion by the conference participants was not possible," a five member committee of statisticians and research workers was appointed to consider the whole matter and report at the next meeting.

The report made by this committee at the 1929 conference was very important. It isolated and defined the scope of the problem and called for the participation and the aid of the Federal Government in effecting plausible solutions:

While the appointment of your committee may have been inspired at first by the desire to study and suggest revisions of the form used for the report on state school systems, the real problem has been found to be much broader in scope. It involves the fundamental reorganization and development of a federal system of educational statistics.

¹⁶ Bulletin, 1928, No. 24, p. 54.

¹⁷ See Appendix F, pp. 298-303.

In view also of the existence of forty-eight distinct state school systems in this country the problem of a nation-wide system of educational statistics becomes one of mutual state approach and accomplishment with or without the aid of the federal government. Since, however, the very problem is that the federal system of educational statistics and this in itself is possible only to the degree that statistical uniformity exists among the states, the participation and aid of the federal government comes to be an essential. Accordingly, your committee's problem is seen to include also ways and means for effecting this federal participation.¹⁸

The committee suggested a two-phased program for attacking the problem. One was of an immediate though temporary nature and the other a proposal by means of which there would be attained more permanent and effective accomplishments. The committee recommended that the undertaking be placed in the hands of the United States Commissioner of Education. The committee further recommended that Congress be petitioned for an appropriation of \$500,000 to enable the Office of Education to carry on the study essential to effect the collection of uniform and adequate educational information at local, state and national levels. The turmoil of the depression years during the 1930's brought forth more pressing problems in the educational world. The recommendations of this committee were not acted upon.

During 1934 the Office of Education joined with the directors of research in state departments of education in an attempt to clarify statistical terms used on the school report forms of the federal government. A study was inaugurated at this time to determine the uniformity of terminology and procedures of the several states as compared with the

¹⁸Report of the Committee on Reports of State School Systems National Council of State Superintendents and Commissioners of Education, December, 1929, p. 1.

the uniform definitions and procedures prescribed by the Office of Education in Washington, D. C. The study, published as Circular No. 137, February, 1935, was helpful in the work undertaken by two committees formed during the 1935 session of the National Education Association at Atlantic City.

These National Education Association committees prepared two check lists. One was concerned with the statistical items entered in a report of a state department of education to the United States Office of Education. The other was concerned with definitions of statistical items. The lists were sent to state departments of education to gather the information essential for study purposes. The information provided by the check lists that were returned was the bias for the Conference on School Statistical Reports which was called by the Commissioner of Education for June 19-21, 1935.

The National Council of Chief State School Officers in session during December, 1935, adopted a resolution requesting the Office of Education "to take such steps as were necessary to complete the study of uniform statistical reports of State School Systems, to determine uniform procedures and definitions, and to assist the state departments of education to set up uniform records, . . ." ¹⁹ In compliance with this request, the Office of Education set out to develop a program of closer cooperation with the several states in the development of uniform adequate records and reports. To unify the efforts of all cooperating

¹⁹Will, unpublished paper.

agencies, on January 30, 1936, the United States Commissioner of Education appointed the National Advisory Committee on State School Statistics. The first meeting of this committee was held in joint session with the National Association of Directors of Research in State Departments of Education on February 24, 1936. This advisory committee met again during June of the same year. At that time recommendations were submitted relative to future study in the development of recording and reporting forms for gathering state school statistics. With that as a base, another Conference on School Records and Reports was called for June 27, 1937.

This preparatory work led to the intensive study programs of 1937-39. During that time the following basic report forms were cooperatively developed and issued by the Office of Education: (1) Suggested teacher's register (emphasis on coding of pupil data) (2) teacher's periodic report, (3) local administrative unit report to state, (4) revised form 8-051 (state school statistics), (5) revised statistical Circular No. 10 (Office of Education), (6) suggested a series of recording and reporting forms for transportation.

Two grants made it possible to carry out certain aspects of these programs during 1936 to 1938 for which there were no Office of Education funds available. These grants, for \$2,500 and \$3,500 respectively were made by the General Education Board upon the request of the National Council of Chief State School Officers. That financial assistance made it possible to plan conferences of the National Advisory Committee on State School Statistics to give the total program direction. A request

for a third grant to permit the holding of follow-up conferences during 1938-39 was refused.

Financial Accounting for Public Schools, Circular 204, a Preliminary Report of the National Advisory Committee on School Records and Reports, was produced during 1940. The circular contained the standard financial records and reports recommended by the National Advisory Committee on School Records and Reports after six years of reappraisal and study from 1934 to 1940. The U. S. Office of Education had the cooperation of the Association of School Business Officials and state departments of education in the production of Circular 204. Circular 204 was a landmark document although it was mimeographed in the Office of Education by the clerical staff. The circular reached the field and was used by many states.

Circular 204 contained the main headings necessary for a complete system of financial accounting for school expenditures as Administration (General Control), Instruction, Auxiliary Services, Operation of Plant, Maintenance of Plant, Fixed Charges, Capital Outlay, and Debt Service. Those were the same classifications found in the biennial financial reports to the state departments of public instruction or to the county superintendents' offices. They were identical or similar in structure to those in local school budgets. The first six were known as the current expense accounts.²⁰

²⁰Federal Security Agency, U. S. Office of Education, Financial Accounting for Public Schools, Circular 204, Preliminary Report of National Advisory Committee on School Records and Reports, (Washington, D. C., 1940), p. 2.

Circular 204 mentioned that no one distribution of expenditure figures would give data for both function and object costs. Large school systems would need two and probably three distributions for each expenditure.

The former main heading classifications of "coordinate activities" and auxiliary agencies were grouped together under the main heading "Auxiliary Services." This was separated into three parts: (1) School Services, (2) Transportation, and (3) Community Services.

All the ledger or main heading classification of accounts were distributed by personnel and non-personnel items. The main distribution ledgers indicated the object costs to be identified and to be reported through the state to the U. S. Office of Education in Circular 204.

All the main distributions or classifications of expenditures were discussed in detail in Circular 204 as to whether or not the various types of expenditures should be allocated or not allocated to pupil cost. Definite recommendations and examples were given. Areas where different interpretations would likely occur were maintenance of plant, fixed charges, and auxiliary services. The maintenance of plant classification required judgment as to whether or not an expenditure was a current expense or a capital outlay expenditure.

Receipts were referred to in Circular 204 as revenue and non-revenue receipts. It was noted that the distinction between revenue and non-revenue receipts was not based on whether the money was available for current expenses. Revenue receipts were defined as "Additions to cash or other current assets which do not increase any liability or

reserve, nor represent the recovery of an expenditure."²¹ Non-revenue receipts were defined as "Amounts received from sales of property for money and represent no additions to assets, and amounts received from loans or bond sales which must be received again from revenue sources before these bonds or loans are paid."²²

Revenue receipts were classified in Circular 204 in terms of the taxing unit or source from which they came. Those sources were federal, state, county, local (school district, city, town, township) and philanthropic. Or the receipts were classified in terms of method of production as permanent funds, income from leasing school lands, direct appropriation, and receipts from specific taxes. Non-revenue receipts were those receipts which incurred an obligation which had to be met at some future date therefore decreased the amount and value of school property. Moneys received from loans, sale of bonds, sale of property, and proceeds from insurance adjustments constituted the most common type of non-revenue receipts.

Circular 204, 1940, contained the following statement in regard to the local board of education formally adopting an accounting system:

Only after the adoption of a financial accounting system is recorded in the minutes of the board of education does it become official. In the adoption of a system of financial accounting for schools the board of education should give due consideration to the recommendations of the state department of public instruction and the U. S.

²¹Circular 204, 1940, p. 15.

²²Ibid., pp. 15-16.

Office of Education and other financial information which is requested by these agencies.²³

From 1939 to 1947, very little was done to further the study on school records and reports primarily because of inadequate funds and the immediate problems of World War II years. Upon the repeated requests of the National Council of Chief State School Officers, efforts were renewed at a conference on School Records and Reports called by the Commissioner of Education during June 19-21, 1947. In preparation for this conference, the National Council of Chief State School Officers, through its planning committee, worked with staff members of the Office of Education in developing a tentative plan for the study to be undertaken. This tentative plan, as set forth at the conference, was to begin with a study of records and reports used in the field of pupil transportation. It was to continue with studies of financial accounting and other aspects of the program as rapidly as staff and finances permitted.

After the initial orientation session, the members of the conference were assigned to two committees. One committee was to develop a long-range program of study and the other was to prepare tentative materials for the consideration of regional groups in a study of pupil transportation records and reports. The first committee outlined a plan on what records and reports should be included in the study and set forth the sequence to be followed in a three to five year program. The committee suggested that the United States Commissioner of Education

²³ Circular 204, 1940, p. 11.

appoint representatives from agencies it enumerated to serve as a national committee on "The Cooperative Program for the Revision of School Records and Reports." The second committee produced an outline which set forth a well-rounded study program for transportation records and reports. The committee reports were presented on the last day of the conference and approved as amended.

Early during 1948, the United States Commissioner of Education appointed the National Committee on the Cooperative Program on School Records and Reports. That committee first met in conference during January 19-21, 1948. The report of the committee outlined the plan to be used as a guide in initiating the proposed long-range study. It was anticipated that the final reports would be made in the major areas of Finance, Personnel, and Property, supplemented by reports from several committees on special problems such as transportation, school lunches, and student activities. The committee work occasioned by the 1947-48 effort produced the following studies:

1. Financial Accounting for Public Schools (Revision of Circular 204, Office of Education, August, 1948 was an interim revision pending a complete review of all school accounting and reporting procedures).
2. Records and Reports for Pupil Transportation (Special Series No. 2, Office of Education, 1949).
3. Property Accounting: 1950 Progress Report (Report on Committee on Property Accounting).

It was emphasized in Revised Circular 204, 1948, that in determining an accounting policy no one classification of expenditures would answer all questions. Different accounting dimensions identified by code number were to be developed. The following dimensions were identified:

- A. Type of school, such as nursery, kindergarten, elementary, junior high, senior high, etc.
- B. Building by name or number
- C. Object classification, such as salaries, travel, printing, supplies, miscellaneous
- D. Functional classification, such as administration, instruction, operation, maintenance, auxiliary service, fixed charges, capital outlay and debt service.²⁴

The Revised Circular 204 mentioned for the first time "fund accounting" and contained this statement:

There will have to be separate accounting for transactions in separate funds such as:

- A. Current funds
- B. Capital funds (for new buildings, grounds, and equipment)
- C. Revolving funds, sometimes called advancement funds for commercial operations
- D. Trust funds established by gift or legacy
- F. Government funds which are paid by other governmental bodies for school purposes
- G. Imprest or Petty Cash funds²⁵
- H. Insurance funds

Another change in the revision was the following statement in regard to formal adoption of an accounting system:

The form in which the accounts are kept should be officially adopted by the board of education and included in the minutes of the board as the authorization and assurance of proper classification of accounts.²⁶

Income was classified first by source and then by fund, and then budgeted as to restricted, non-restricted, or other purpose. Circular

²⁴Federal Security Agency, Office of Education, Financial Accounting for Public Schools, Circular 204, Revised, 1948, Revised by Emery M. Foster, Head Reports and Analysis Section Research and Statistical Service and Harold E. Akerly, Chairman Committee on School Accounting Practice Association of School Business Officials (Washington, D. C., 1948), p. 2.

²⁵Ibid.

²⁶Ibid., p. 3.

204, Revised, income accounts were diagrammed. A distinction was made between revenue and non-revenue receipts.²⁷

The need for continued study on educational records and reports steadily increased. The National Council of Chief State School Officers at their annual meeting held at Biloxi, Mississippi, during December 6-10, 1949, adopted the following resolution:

The United States Office of Education is urged to complete on an emergency basis the necessary basic studies and in cooperation with representatives from the 48 State departments of education to work out before the next annual meeting of the council a recommended uniform system of basic school records and reports.²⁸

Four sincere attempts to produce uniform records and reports and standardize educational terminology were made between 1910 and 1950 to solve the problem. The committees were national in scope and cooperative in nature. They undisputedly had an important impact, but did not bring about improved comparability of educational information. The problem was tremendous. The states had established their own records, reports, and procedures. A "teacher" in one state would mean all certified personnel. "Schools" indicated buildings or districts in other states. Reports based on non-standardized terms were of little value and unreliable.

State Education Records and Reports

Series of Handbooks

The U. S. Office of Education was aware of the magnitude of the

²⁷ See Appendix G, p. 305.

²⁸ Will, unpublished paper.

problem. A small unit in the United States Office of Education was established during the 1950's with the major charge to promote and coordinate a national effort to standardize educational terminology.

That unit working with national organizations was virtually interested and concerned with the problems involved in defining terms and in publishing manuals. The manuals were referred to as handbooks. The handbooks made up the State Educational Records and Reports Series and were widely used.

Handbook I, The Common Core of Education Information, 1953, was a reporting manual used in state education agencies. Its purpose was to increase comparability of educational reports. It set forth 516 combined or derived items agreed upon as important enough to be collected annually by each state agency.

Handbook II, Financial Accounting for Local and State School Systems--Standard Receipt and Expenditure Accounts, 1957, was a guide for use in local school systems. This handbook was a product of the American Association of School Administrators, the Association of School Business Officials of the United States and Canada, the Council of Chief State School Officers, the Department of Rural Education of the National Education Association, the National School Boards Association, the Office of Education and hundreds of individuals during a period from September, 1954 to 1957. Representatives of the five organizations and the Office of Education met at the request of the U. S. Commissioner of Education during September, 1954, to discuss the financial accounting project. A planning conference was held during

November 22-23, 1954, to determine the scope and content of the financial accounting manual. Reason followed the guidelines established at the planning conference.

A committee of three representatives from the Association of School Business Officials of the United States and Canada held a five day meeting with the Office of Education during May, 1955. The meeting played an important part in preparing the document to be considered at the First National Conference.

The First National Conference on Financial Accounting for Local and State School Systems was held in Washington, D. C., August 15-19, 1955, to consider the preliminary manual as it had been revised at the May meeting. Twenty-seven representatives of the cooperating organizations reviewed the second draft page by page.

The updated draft of the accounting manual was reviewed in a series of eight three-day regional conferences held during January and February, 1956, in Washington, D. C.; Boston, Massachusetts; Atlanta, Georgia; Little Rock, Arkansas; Lincoln, Nebraska; Salt Lake City, Utah; Spokane, Washington; and Chicago, Illinois. The 193 conferees at these meetings, designated by the cooperating organizations, represented the states and localities where they were serving education.

The second National Conference on Financial Accounting for Local and State School Systems was held June 18-20, 1956. Differences were resolved and final decisions were made on the contents of the financial accounting handbook. The Handbook was a guide to receipt and expenditure accounting for local and state school systems. Most educational data having validity, relevance and quality emerged from the operation

of education where deliberate programs of education happened. Handbook II was a remarkable manual for its time. It was geared to old record systems. The handbook was structured heavily on the format of Circular 204, 1940, and Circular 204, Revised, 1948. Handbook II contained those items identified and defined. This handbook classified items and terms agreed upon as being sufficiently important to be maintained in comparable form by all school systems. It was used by all the states as a guide for formulating a state manual. A high degree of comparability of school financial information was brought about nationally through the use of this handbook. Referred to as the Black Book it was the standard text for school accounting for several years. This handbook was reprinted five times.

The handbook did not treat all phases of financial accounting. Additional handbooks were planned during 1957 to deal with student body activity funds, stores, the general ledger, and fund accounting.

A condensed summary of the fourteen basic expenditure accounts in Handbook II provided an overview of the main expenditure classifications.²⁹ Auxiliary services in Circular 204, Revised, August, 1948, was deleted. Attendance Services, Health Services, Pupil Transportation Services, Food Services, Student-body Activities, Community Services, and Out-going Transfer Accounts were added. Incoming Transfer Accounts were added as a main heading in classifying receipts.

The handbook explained the "cash basis" of accounting as the process of recording revenues only when actually received and actual

²⁹See Appendix H, p. 307.

disbursements only as expenditures. The "accrual basis" of accounting consisted of the recording of revenues when earned or when levies were made. Expenditures were recorded as soon as they resulted in liabilities, regardless of when the payment was actually made. Falling between these two bases were various plans referred to as "modified cash basis."

Handbook II, 1957, did not recommend any particular basis of accounting over another. The accounts presented in the handbook were for use with any basis: cash, modified cash, or accrual.

The accounts in Handbook II were for use with any method of bookkeeping, double entry or single entry. The handbook made no recommendations as to the method of bookkeeping that should be used.

It was recognized that Handbook II would need to be revised from time to time to meet changing financial accounting needs if its effectiveness was to be maintained.³⁰

Handbook III, Property Accounting for Local and State School Systems, 1959, did the same for terminology about school sites, school buildings, space in buildings, and school equipment as Handbook II did for finance. The information contained in this handbook was used as a data base for decisionmaking and planning.

Bulletin 21, Financial Accounting for School Activities, 1959, was a supplement to Handbook II and brought about compatibility of information about the sizeable number of financial transactions

³⁰U. S. Department of Health, Education, and Welfare, Financial Accounting for Local and State School Systems-Standard Receipt and Expenditure Accounts, State Educational Records and Reports Series: Handbook II, Bulletin, 1957, No. 4, (Washington, 1966) p. VIII.

generated by extra curricular activities of students. School activities were defined.

Handbook IV, Staff Accounting for Local and State School Systems, 1965, was used to identify, classify and define terms which described school system employees, their assignments, preparation, and experiences.

Handbook II-B, Principles of School Finance Accounting, 1967, was a procedural manual and supplement to the other handbooks in the series. The handbook was a product of an extensive cooperative effort of the American Association of School Administrators, the Association of School Business Officials of the United States and Canada, the Council of Chief State School Officers, the National School Boards Association, and the United States Office of Education. It utilized the account classifications and standardized terminology of Handbook II, 1957, Financial Accounting for State School Systems. The handbook was designed for persons recording and reporting financial information concerning a school district.

During 1960, the Board of Directors of the Association of School Business Officials of the United States and Canada requested the United States Commissioner of Education to initiate a project to produce an elementary accounting manual for local school systems. In response to this request, the project resulting in Handbook II-B, was started during the fall of 1962.

During the annual meeting, October, 1964, the Association of School Business Officials adopted a statement of accounting principles and procedures relating to public school accounting. The accounting principles and procedures served as an important guide in the development of Handbook II-B.

A policy committee met on April 17, 1963, at the request of the United States Commissioner of Education, and defined the purpose of the project as that of producing a manual-guide of procedures in school finance accounting based on fundamental principles of recordkeeping for funds. An agreement was reached that a committee known as the National Committee for the Improvement of Public Schools Accounting be appointed by the participating organizations to serve for the duration of the project.

The first National Conference on the development of the handbook was held in Washington, D. C., during August 19-20, 1963. The participants in this conference decided the handbook's depth, its nature and its detail.

The second National Conference was held in Washington, D. C., during September 29-30, 1965, to peruse the second draft of the handbook. A third and final draft was completed following the Conference and the Manual was published as Handbook II-B during 1968. Ten years later Handbook II, Financial Accounting for Local and State School Systems was published.

The guidelines in Handbook II-B stressed that a model school accounting system should follow most standards used by commercial enterprises in their accounting systems. In this handbook the Office of Education illustrated and encouraged the use of double-entry bookkeeping as a basis for financial accounting for school systems. Double-entry accounting was defined as a system of bookkeeping in which for every entry made to the debit side of an account or accounts an entry

for a corresponding amount or amounts be made to the credit side of another account or accounts.³¹

Financial recordkeeping was commonly known as bookkeeping. Bookkeeping, however, reported only one phase of accounting. Accounting has been defined as the art of recording, classifying, summarizing, reporting, and interpreting the results of the financial activities of an organization.³²

Handbook II-B listed the following criteria as minimums for an adequate school accounting system:

(a) A school financial record system should be adequate to provide financial and related operational information for all interested parties—the school board; the administration; the public; auditors; local, State, and Federal authorities; and school employees. The adequacy of the accounting system depends on whether both current and historical information is available for decisionmaking purposes.

(b) The accounting system should be designed to demand accuracy and a reasonable degree of internal control. If so designed, it will automatically assist those who are performing the daily work on the records as well as those who supervise them.

(c) A school accounting system should be consistent with generally accepted governmental accounting principles, and consistent as between one period of time and another. Valid comparisons of monthly or yearly operations in different time periods can be made only if the items are treated in the same way throughout. Changes and improvements in the accounting system may prove necessary, and these should be made at logical times in the accounting periods.

(d) A school accounting system should be flexible. Change is inevitable. New programs will develop; old programs will be dropped. Provisions should be made for taking care of changes with as little disruption as possible.

³¹Prof. Sam B. Tidwell, C.P.A., Financial and Managerial Accounting for Elementary and Secondary School Systems (Chicago, Illinois, 1957), p. 504.

³²Bert K. Adams et al., Principles of Public School Accounting State Educational Records and Reports Series: Handbook II-B (Washington, D. C., 1967, p. 2.

(e) School financial accounting systems should be uniform; to permit maximum usefulness, they should allow for financial operational, or performance comparisons with other school districts on local as well as State and national levels. Uniformity will insure that the items being compared are similar items, and standard terminology and definitions should be used. This is one of the primary reasons for the cooperative development of the handbook series published by the Office of Education of the U. S. Department of Health, Education, and Welfare.

(f) A financial accounting system should be as simple as possible and still fulfill the pertinent requirements. It is essential that the system not become merely frustrating "busy" work. A good accounting system will assist in improving the education processes, not hinder them.

(g) A school financial accounting system should provide ready access to information about individual financial transactions as well as summaries of information about groups of financial transactions. Unless the recordkeeping system is organized as indicated in the criteria above, it may be exceedingly difficult to gain ready access to information about the current and projected financial operations and status of the school district.³³

During November, 1968, the Council of Chief State School Officers, at its annual meeting in Salt Lake City, Utah, adopted a resolution requesting and urging the U. S. Office of Education to undertake the cooperative preparation of a handbook of standardized state education agency terminology. Handbook VII, The State Education Agency, a Handbook of Standard Terminology and a Guide for Recording and Reporting Information about State Educational Agencies, was published during 1971. The handbook, devoted to the work of state educational agencies, was aimed at reflecting the broad responsibilities of those agencies. The handbook was designed to be flexible because the authors realized it would need to be revised to keep abreast of the emerging responsibilities of state educational agencies.

³³U. S. Department of Health, Education, and Welfare, Principles of Public School Accounting, State Education Records and Reports Series: Handbook II-B (Washington, D. C., 1967) pp. 3-4.

In the meantime, program budgeting was becoming a topic of discussion at national meetings of professional educators' organizations. The Association of School Business Officials received a federal grant for a specialized study of program budgeting during 1968.

After President Johnson's directive on August 25, 1965, to implement a system of planning, programming, and budgeting throughout the vast federal government, there were definite commitments made for various segments of the federal government to develop a program and implement the process of planning, programming, budgeting, and evaluating systems. The United States Office of Education was becoming involved in the financial support of education at the state and local levels to promote various programs. The legislation appropriating funds for various educational programs was geared to program planning, budgeting, and evaluating.

There were various conceptions of planning, programs, budgeting, evaluation systems (PPBES). It was not a system that could be implemented by the finance officer in a school district. It was a sophisticated approach to decisionmaking requiring team effort. The major task was to devise a budget format that would lend itself to the measurement of educational outcomes to costs. That was a difficult matter. Progress to appraise effectively the relationship of educational gains to additional resources was needed. A new system of accounting for educational costs was a pressing problem.

School accounting in the late sixties was generally viewed as a system for recording financial transactions, reporting legal and prudential stewardship of public money, and to summarize periodically

the financial position of the district. Handbook II provided a line item classification of object within broad functions. Professional educators attempted to revise the budget and accounting structure to make it more meaningful and useful as an aid to management and policy formation. Within the broad functions, e. g., a complete reclassification of accounts was needed which stressed program rather than the traditional objects of expenditures. For example, English, mathematics, and science were designated as programs under the function of instruction.

A budget based on an account classification by programs was supposed to be an expression of what a board of education thought important. Programs considered most important had funds budgeted to them. The less important programs received less money or were delayed for another year. Proper knowledge of and accounting for school costs by programs were important because they made information available as a basis for making sound management decisions.

The Federal Government, under the Elementary Secondary Education Act, appropriated funds for certain groups, especially the culturally deprived, on the rationale that educational programs were more expensive for certain groups. The accounting system used in the public schools did not have the capability to calculate expenditures by programs.

Handbook II, Revision Process

Allan R. Lichtenberger, Chief Educational Data Standards Branch, United States Office of Education, announced at the annual convention of the American School Business Officials of the United States and Canada, October, 1969, "Handbook II is being revised." The 1957 black,

paperbound manual had been in circulation for twelve years. It had been reprinted five times, and at least 100,000 copies had been distributed throughout the United States. A high degree of comparability of information about money received and expended for education at the elementary, secondary, adult education, and junior college level had been attained. The original purpose of Handbook II had been achieved.³⁴

An important change had taken place. The term "accounting" once synonymous with "financial accounting" now applied to a whole range of educational records. The concept of interrelating information among all of the educational files was possible with the release of the other handbooks in the series.

Handbook II needed to be revised, restructured, and cast in a mold that would accommodate the changing educational environment.

Lichtenberger analyzed the problem by stating:

We are in a time characterized by the systems approach of exploration into management by objective, of a growing awareness of the total ecology of education, and a strong movement toward better accountability - on the part of all social enterprises. The emphasis is on what can and must be happening in the future, not only tomorrow but 10, 20, 30, even 50 years from now. A day-to-day, year-to-year operation of education with vague understanding of the future³⁵ and what it will hold is simply too much of a risk.

For the first time in the history of the development of the handbook series of standard educational technology, contract arrangements

³⁴ 55th Annual Volume of Proceedings, Addresses, and Research Papers." Association of School Business Officials of the United States and Canada Yearbook 55 (Chicago, Illinois, 1969), pp. 177-178.

³⁵ Ibid.

with an accounting firm were used. Time was of the essence. There was a national committee representing the following organizations that cooperated with Peat, Marwick, Mitchell, and Company in the revision of Handbook II: the American Association of School Administrators, the American Economics Association, the Association Educational Data Systems, the American Institute of Certified Public Accountants, the Association of School Business Officials of the United States and Canada, the Council of Chief State School Officers, the NEA Department of Rural Education, and the National School Boards Association.

The first draft of the revised handbook was designed to be the basis for the kinds of financial accounting deemed essential to planning, programming, budgeting systems. Those terms were used in reference to a system of management popular during the late sixties. It was planned to coordinate with the other files of educational information. It was intended to be an aid to improved accountability. One of the greatest drawbacks to the original Handbook II was simply that it had one dimension for accounting. It was inflexible. It combined object function and other elements.

Handbook II Revised (Draft) was not an information management system. It provided the basic items that were essential to successful program accounting. It was a vehicle designed to enable educators to communicate financial information for decisionmaking in the best interest of students.

The states were anxious for the final draft of the revision of Handbook II to be printed and distributed. By 1972, at least sixteen states were implementing the handbook from drafts of proposed revisions.

Oklahoma was one of those states. Handbook II, Revised, contained a program dimension that created most of the delay in publication.

The use of Revised Handbook II (Draft) enabled educators to link school financial records to staff, student, property and curriculum data. Each dimension told its own story. The revised handbook was to be an avenue to negotiated relationships, agreements, and the kinds of evaluation which took into account the fact that each learner was a unique and special person.

The second draft of Handbook II, Revised, was sent to all state education agencies, to approximately 2000 large school systems, to the National Steering Committee, and to selected consultants for extensive review and testing.³⁶

Regional conferences were conducted to review the draft. The draft was revised many times. The process of converting an accounting system from the traditional line item budget to one of program accounting raised many questions.

A study was made under contract with Notre Dame University to make recommendations concerning the structure of the revised handbook. Finance officers in the different states were interviewed.

The Center for Study of Evaluation of Instructional Programs, University of California at Los Angeles, under financial arrangement with the U. S. Office of Education, conducted a conference on "Program

³⁶ Charles T. Roberts and Allan R. Lichtenberger, Financial Accounting Classifications and Standard Terminology for Local and State School Systems 1973, State Educational Records and Reports Series: Handbook II, Revised (Washington, 1973, p. iii.

Accounting for the Public Schools" during 1968 to identify the common elements in program accounting and recommended those which should be included in the revised handbook.³⁷

Another project funded by the Office of Education, from 1968 to 1971, was the development of an Educational Resources Management Design under the sponsorship of the Association of School Business Officials' Research Corporation. The emphasis on that project was to develop a goal oriented system for evaluating educational programs.

Handbook II, Revised

State Educational Records and Reports Series: Handbook II, Revised, Financial Accounting Classifications and Standard Terminology for Local and State School Systems 1973, was published in a paperback form. It was a remarkable departure from the annual report arrangement of Original Handbook II and it was a more complex framework. Peat, Marwick, Mitchell, and Company was used but the revision was compiled and edited in the Office of Education by Charles Roberts, specialist in educational records and reports, and Allan R. Lichtenberger, chief educational data standards branch.

Handbook II, Revised, 1973, replaced Original Handbook II, published in 1957, as a part of the State Educational Records and Report Series. The revised version was designed to serve the same users more effectively as a vehicle for accumulating data for management decisions concerning educational programs and students.

³⁷Roberts and Lichtenberger, p. iii.

The original Handbook II had fourteen broad classifications. Revised Handbook II had five broad function classifications: instruction, supporting services, community services, non-programmed charges, and debt service. The instruction function classification was separated into three broad categories: regular programs, special programs, and adult/continuing education programs. The supporting services function classification was separated into categories: pupil support, instructional staff support, general administration support, school administration support, business administration support, school administration support, central administration support, and other supporting services. The related expenditure accounts and types of expenditures or dimensions were summarized.³⁸

All of the instruction classifications in the original version of Handbook II were budgeted and accounted for as salaries, textbooks, library, audio visual, teaching supplies into programs or division of programs, instructional and support programs. A major difference in Handbook II, Revised, was that money was spent for a program that had a purpose or a goal to be achieved.

The majority of fixed charges in the original Handbook II were employee benefits and insurance classified as functions. Fixed charges in Handbook II, Revised, were classified as objects in the revision and charged to the corresponding function and program to which the employees were assigned.

³⁸ See Appendix I, pp. 309-317.

The general logic in the conversion was centered around the theme that the budget was classified by instructional programs and supporting programs rather than by functions only where instruction was one of several functions. Another dimension in Handbook II, Revised, was the operational unit. Each school building would be an operational unit. That was also the case with other units such as transportation, warehousing, data processing.

The expenditure accounts were classified into dimensions seven of which were considered important enough for each district to use in establishing accounting procedures for accountability. Four other dimensions were available to be used as needed for management information to aid in decisionmaking. The suggested dimensions were: fund, function, object, operational unit, program, fiscal year. When they were put together they represented one transaction code. The other four dimensions were: instructional organization, job classification activity, term, and special costs center.

There was a significant difference between the original handbook and revised Handbook II. The classification structure in the original handbook prohibited the ability to accumulate costs of programs. The revised handbook had a mechanism for ascertaining program costs of accounting. The revised Handbook II allowed for cash basis or accrual basis only. The cash basis of accounting was the basis under which revenues were recorded only when received, and only cash disbursements were recorded as expenditures. The accrual basis of accounting was the basis under which revenues were recorded as soon as they resulted in

liabilities, regardless of when the revenue was actually received or the payment was actually made.

The original Handbook II had no balance sheet accounts. The revised Handbook II had balance sheet accounts and defined them. Balance sheet accounts were necessary to determine the financial conditions of the local education agency at any given time. The revised Handbook II was written to conform to the accounting principles described and illustrated in Handbook II-B which adhered "to most of the criteria used by a commercial enterprise in its accounting system."

The original Handbook II contained revenue receipts and non-revenue receipts and classified the revenue by sources.⁴⁰ Revenues in Handbook II, Revised, were classified by type and source for the various funds of a local education agency.⁴¹

Expenditure accounts differed in several areas. The original had functions such as administration, instruction, and pupil services with objects of salaries and supplies listed under each, as illustrated.⁴² The revised handbook classified all functions in one dimension and objects in another dimension. This flexibility provided the capability of relating cost to programs. One dimension was labeled "program" without any suggested programs. However, it did contain suggestions as to how the dimension might be used. Some of the

³⁹Handbook II, p. 4.

⁴⁰See Appendix, p. 319.

⁴¹See Appendix, pp. 321-323

⁴²See Appendix H.

functions in the original handbook were changed to objects in the revised edition. Capital outlay was a function in the original edition. Fixed charges were objects in the revised editions and charged to a specific function. For example, fringe benefits were charged to the program to which the staff member was assigned.

The revision of Handbook II was not developed by the Office of Education. It was produced instead through a cooperative effort with the Office of Education serving as a funding and coordinating body. It was revised because state and local education agencies needed relevant information for decisionmaking. Suggestions for the revision began as far back as 1964 at the same time the federal government was talking about program budgeting.

Implementing Handbook II, Revised, 1973

The demand for accountability produced a surge across the land to develop and pursue greatly improved systems of school financial accounting. A great effort to change and improve educational financial accounting would have come about in all probability with or without the revision of Handbook II. The new Handbook was not the catalyst as much as it was a kind of vehicle for the thrust toward development of more modern school financial accounting.

The thrust did not come from the pressure to account for money more efficiently. The force came from a need in education to compare resources more accurately with what educators were truly trying to accomplish. Managers in education wanted to determine what their school systems looked like and how they acted.

The goal of implementing a sophisticated financial accounting system was to improve education by improving the development of each student, each learner, as a unique and special person. Part of the problem was described as an attitude adjustment. There was a growing acceptance and understanding of educational costs as investments in human capital from which a return could be expected. That represented a contrast to the prevailing prior attitude that educational costs were an expense. Education was recognized as a big business industry. Business investments called for planning programs, budgeting resources, accounting for expenditures, and evaluating results.

The educational process was becoming more complex. The intuitive judgments of the non-theoretical school administrator establishing programs on a "crash" basis were being questioned. State legislators and the U. S. Congress needed information to evaluate the effectiveness of various grant-in-aid programs. Standardized accounting procedures were intended to produce uniformity among school systems. Such uniformity of accounting procedures was needed to facilitate comparisons of the costs of school programs in different cities and to provide valid information concerning their costs for state legislators and for the U. S. Congress. Classifications of school expenditures for such programs as special education, compensatory education, or vocational education had not been standardized. Those were the very programs for which state legislatures and the Congress had appropriated categorical aid funds and for which valid cost information was needed by the legislature and Congress.

Change from the federal level to the state agencies and to the local school district where all educational statistics originated represented a slow tedious process. The National Center for Educational Statistics was under the United States Office of Education in the Education Division of the United States Department of Health, Education, and Welfare during 1973, when Handbook II, Revised, was published. The National Center for Educational Statistics had not previously provided field training and it was not recognized as their function.

The concept in Handbook II, Revised, was too complex to implement without field training. The school districts within the various states selected to pilot the revised system found the job extremely difficult to accomplish without strong commitment and leadership from their state departments of education. State and national reports were not comparable. All financial information had to be converted back to the coding classification of the original Handbook or permission had to be obtained to use a different classification of accounts. Many superintendents and some board members were familiar with the original handbook classifications but not the new. Budgets based on the new classification were difficult to compare with the old format of account classifications.

During 1974, under public law 93-380, the National Center for Educational Statistics had a definite basis in law to undertake some field training. During September, 1976, the National Center for Educational Statistical contracted with Robert Davis Associates to conduct a series of workshops for state education agency representatives

concerning the implementation of Handbook II, Revised, in states and local education agencies.

Handbook II, First Revision Implementation Workshops

The contract with Robert Davis and Associates, made during September, 1976, called for five assignments to be completed: (1) a review was to be made to establish the current status of Handbook II users, (2) training materials were to be developed, (3) six workshops were to be conducted (4) assistance was to be provided to 11 states, (5) a final report and evaluation was to be made.

The survey revealed thirty-three states had already made substantial progress in implementing Handbook II, Revised, in their local educational agencies. The six workshops were held in Washington, D. C.; Portland, Oregon; Stillwater, Oklahoma; Des Moines, Iowa; Atlanta, Georgia; and Providence, Rhode Island. The workshop participants were for the most part state agency personnel. The workshops were designed to train the trainers for local education agencies.

Another objective of the project was to sell the Handbook II, Revised, classification scheme to the states in order to improve the comparability of reported educational finance for Congress and other users. That proved to be the most difficult objective to achieve. There were so many different approaches already undertaken in the different states in their relative degree of independence from federal government.

The national Center for Educational Statistics worked very closely with the Council of Chief State School Officers Committee for Evaluation

and Information Systems in the design of the project and in development of the local education agency fiscal report, proposed as part of the Federal Common Core of Data. Part of Robert Davis and Associates' charge was to identify any differences which existed between Handbook II, Revised, and the local education agency fiscal report, from the original requirements. They were to develop guidelines for reconciling the differences.

Handbook II, Second Revision

When Handbook II, First Revision, was published during 1973, it was recognized that it was subject to updating at brief intervals because experience had shown that constant revision was necessary for management purposes. Constant updating was paramount in the interest of education.

A first draft of Handbook II, Second Revision, was prepared by contract with Robert Davis and Associates and was distributed during 1979 for discussion purposes only. The draft was prepared with the cooperation and guidance of a national review committee. The national review committee consisted of sixteen members representing the American Association of School Administrators, the Association of School Business Officials of the United States and Canada, the American Institute of Certified Public Accountants, the Municipal Finance Officers, the American Education Finance Association, the National School Boards Association, the Council on American Private Education, state education agencies and local education agencies.

In addition to the national review committee input, four regional conferences were held across the Nation to review a draft of the handbook. One representative from each state was invited to attend these conferences.

The primary purpose of the project for the second revision was to reflect changes that had occurred since 1973 in governmental accounting and educational finance. The first revision to original Handbook II, 1973, was designed to serve as a vehicle for program cost accounting at the local and intermediate level. When programs were identified and benefits could be measured, a full program budgeting and evaluation system could be implemented. The need for program cost accounting had not changed; however, a greater emphasis had been placed on governmental accounting and reporting resulting from the financial failure of some major governmental agencies. The financing of public education had been questioned by the public. All of these events placed a greater emphasis on financial reporting of all governmental agencies. The first draft of a second revision of Handbook II addressed those events.

Handbook II, First Revision, had been implemented in numerous school districts between 1973 and 1979. Deficiencies had been identified and changes recommended. The first draft of the second revision incorporated some of the changes and corrected some of the deficiencies.

The emphasis in the first draft of Handbook II, Second Revision, 1979, was to define account classifications that provided meaningful management information for its users. As a part of that emphasis, the second revision of Handbook II was written to conform to generally

accepted accounting principles for governmental agencies (GAAP). GAAP were uniform minimum standards of the guidelines for financial accounting and reporting.

In keeping with GAAP, the first draft of the second revision of Handbook II, was based entirely on the assumption that the local education agency would use both double-entry and the accrual basis of accounting. The developers of the second revision realized that because of some state laws or individual choices, some state departments of education would continue to expect their local education agencies to maintain their records on a cash-basis, or a single entry system, or both.

The local education agencies would be the users of the account classifications described in the second revision of the handbook because that is where all account classifications originated. The different state education agencies would be the organizations most likely to be the direct users of the handbook. In most states, the second revision of Handbook II could not be adopted without certain changes because of state statutes. In those cases, the state education agencies were urged to prepare a state manual based upon Handbook II, Second Revision, and to make whatever modifications were necessary because of state statutes, state regulations, and special state reporting needs.

Handbook II, Second Revision, 1979, first draft, had a complete section in implementation of the Handbook II account classification system. That chapter was intended as a guide to state departments

of education and local education agencies in implementing the account classification system in the handbook in a uniform manner.

Handbook II-B, Revision

A final draft of Principles of Public School Accounting, Handbook II-B, Revised, 1980, was distributed March 28, 1980, to readers of the working draft of Handbook II-B, Revised. One of the reasons for the revision was to update the handbook to reflect changes in governmental accounting since 1967. The revised version was broader in scope than the original.

The 1967 edition utilized the account classifications and standard terminology of Handbook II published during 1957. Handbook II had been revised twice since that date. The revised edition of Handbook II-B utilized the account classification and standardized the terminology of the second revision of Handbook II.

The National Council on Governmental Accounting published the basic principles applicable to the accounting and reporting of all governmental organizations including local education agencies. A summary of those principles that were applicable to the operation of local education agencies were presented in Revised Handbook II-B, 1980, as presented in the second revision of Handbook II.

Handbook II-B Revised and Handbook II, Second Revision, were complementary of each other. For example, types of funds were categorized as governmental; proprietary; and fiduciary. Specific generally accepted accounting principles applied to different types of funds. The basis of accounting depended on the type of fund and the purpose for

which it was established. Where applicable both handbooks adhered to the principles described in the "bible" of Governmental Accounting, Auditing and Financial Reporting (GAAFR) published in 1968.

Educational accountability increased the amount of pressure on school financial accounting and reporting systems. Some examples were special programs for exceptional children, establishment of minimum educational competencies, efficient utilization of energy resources, and extensive child nutrition programs. All of these programs had to be funded. During the late seventies, the American public was less willing to pay for new programs automatically. It was more likely to reject bond issues, to deny new tax levies, and to vote legislators out of office.

As a result of those pressures, the federal and state governments increased their roles in the funding of education. The greatest pressure, however, on inadequate funding was always at the local level. History revealed that as local funding resources reached their limits, higher levels of government became more involved and demanded accountability. Accountability was delivered in part through financial and other reports.

Financial reports were needed to present a full disclosure of financial activities, a clearer presentation of the results of operations and a full accountability in all areas of government including schools. Handbook II, Second Revision, first draft spoke to the changes in accounting techniques that were necessary.

Oklahoma 1907 to 1980

The First Legislature created a State textbook commission by passing House Bill No. 331, with authority to adopt a "uniform system of textbooks, registers, records and school apparatus for use in all the grades of the public schools up to and including the twelfth grade."⁴³ The State Superintendent was required by law to make and transmit to the Governor on or prior to the first day of December preceding the meeting of the legislative assembly a report showing the general conditions of the schools of the State. That report was based upon the annual reports of the county superintendents who were required to make their reports to the State Department of Education on or prior to October 15. The reports from the county superintendents were compiled from reports submitted by trustees from the various school districts of the counties.

Senate Bill No. 259, Section 6, contained the following provision in regard to apportionment of State School Funds:

The Commissioners of the land office shall apportion the income of the State school fund, and the annual taxes collected by the State for the support of public schools, to those counties of the State from which proper reports have been received by the Superintendent of Public Instruction. . . . The apportionment to each county shall be made in proportion to the number of children over the age of 6 years and under the age of 21 years, resident therein, as shown by the last annual report of the county superintendent of schools. The commissioners of the land office, in distributing all funds mentioned in this section, shall draw their order on the State Treasurer or other officer having custody of such funds, in favor of the county treasurer of the counties respectively entitled to school moneys. . . and to certify the amount of such order

⁴³ Biennial Reports of Oklahoma Department of Education, State Board of Education, Oliver Hodge Building, 1908, p. 147.

to the State treasurer; and also to the county clerk and superintendent of the proper county.⁴⁴

One classification of revenue that was distinct in Oklahoma was the apportionment of school land funds on the basis of per capita enumeration and later average daily attendance. The State Superintendent's Third Biennial Report, 1912, gave the average teachers' salaries by male and female and the total paid for teachers' salaries by counties.

Several bulletins were offered by the Department of Education during the years 1911 and 1912. Two of the bulletins were Outline of Requirements for the Common Schools and Annual Statistical Report.

The summary of county superintendent's report, 1911, in the State Superintendent's Fourth Biennial Report during 1912, classified expenditures by counties as follows: paid on outstanding warrants; teachers' salaries; rents, repairing and fuel; library and apparatus; amount paid for sites, buildings and furniture; other sources; and warrants outstanding on June 30, 1910. They also gave the values of buildings and other property. No mention of a particular fund was made. Only the source of funds and the object of expenditures were mentioned.

The Fifth Biennial Report of the State Superintendent during 1914 gave the following classification of income for the common schools: school lands, state tax, inheritance tax, county tax, district tax, sale of bonds, tuition and other sources. Sale of bonds was classified as income. Apportionment of county school funds was another item of

⁴⁴Biennial Reports of Oklahoma Department of Education, 1908,
pp. 102-103.

income added to the summary of county superintendents' reports of 1913. The expenditures were classified in the fifth report June 30, 1914, as: teachers' salary; rents, repairing and fuel; libraries and apparatus; sites, buildings and furniture; interest; other purposes; cash on hand; and unpaid warrants. The difference from the last report was a new classification for interest.

In addition to the sources of funds listed \$300,000 was received from the Indian Appropriation Bill for relief of schools in the eastern part of the State. That \$300,000 was apportioned by the supervisor of Indian schools. The federal relief fund was not disbursed by the county superintendents and no report was required to be made to the State Department by the terms of the act appropriating the money. Therefore, the county or state superintendent was unable to provide a detailed report of the expenditures from the Indian Appropriation Bill.

Oklahoma received funds from benevolent sources restricted to definite uses. The General Education Board was created in 1903 when Rockefeller obtained an incorporating act from Congress "to promote education within the United States of America, without distinction to race, sex, or creed."⁴⁵ Contributions from that fund were used to pay the salary and expenses of a rural school supervisor. Contributions from the Slater and Jeanes Fund were made to certain counties and schools. The Rosenwald Fund was the source of funds utilized to construct school houses for Negroes.

⁴⁵ Ellwood P. Cubberley, State School Administration A Textbook of Principles (Massachusetts, 1927) p. 745.

Division of Research and Service

The Division of Research and Service was established in the Oklahoma State Department of Education, July 1, 1929. It was made possible through a grant of money by the General Education Board of New York City.⁴⁶ The grant of \$6,000 provided for a director, a secretary and travel expense.

The projects of the newly created division were primarily to collect and disseminate information concerning the schools of Oklahoma; to make systematic studies of administrative problems pertaining to the schools of the state educational system; and to cooperate with other members of the department and with educational agencies in the study of school problems.

During the first year the research staff made an analysis of all the reports and applications made to the state office during the previous years. Conferences were held with members of the department regarding all statistical data requested and disseminated.

The study of the records and reports revealed inconsistencies and inaccuracies. The research division attempted to make a comprehensive and detailed statistical history of the status of education during each year since statehood.

One of the first requirements of a research program was complete and accurate data. A tentative selection of the information needed in

⁴⁶Biennial Reports of Oklahoma Department of Education, State Board of Education, Oliver Hodge Building, 1930, p. 119.

the department was made. The criteria for selection was: the necessity for the continuity of records in the office; the necessity for data for comparative studies of education in Oklahoma and in other states; and the desirability of having complete and detailed information concerning the most pressing administrative problems confronting the department or the schools of the state.

After the various types of information had been selected it was necessary to revise the report forms made to the State Department by the local school systems. All of the information with which the Division of Research and Service had to work had to come from local school districts.

The following guidelines were kept in mind during the revision of all of the report forms:

- (a) They should be complete; for example, they should obtain all the information necessary to get a complete picture of the local school systems or of the particular problems being studied.
- (b) There should be no duplication of reports, and particular information should be reported to the Department of Education only once.
- (c) No information should be requested from the local district unless the department expected to summarize it and publish the summaries.
- (d) Every report blank should be accompanied by a manual of instructions, interpreting the various questions on the blank. This was expected to lead toward reliability of reports and homogeneity of the statistics.
- (e) The report form should be so constructed that the clerical work of filling it out would be minimum.⁴⁷

During 1929-30, four reports were revised. They were: the annual statistical reports for independent school districts;

⁴⁷Biennial Reports of Oklahoma Department of Education, 1930,
p. 120.

the county superintendent's annual report; the transportation reports for all districts furnishing transportation; and the list of teachers employed in the Oklahoma schools.

The Oklahoma school laws of 1929, section 135, provided that:

Boards of Education in the independent districts are hereby required to make an annual financial and statistical report to the State Superintendent of Public Instruction on forms to be prescribed and supplied by the State Superintendent of Public Instruction. This report shall be made on or before the first day of July of each year.⁴⁸

The 1930 annual statistical report form was divided into two parts. Part I of the revised report contained the request for information regarding school enrollment and attendance. This form was to be completed and returned to the State Department immediately after the close of the school terms. Part II of the revised form or report contained all of the information pertaining to finances of the district.

To facilitate completion of the revised report form, an effort was made to harmonize the expenditure headings of the report with the appropriation headings of the estimate forms prepared by the examiner and inspector. Comparative cost studies could be made to correspond to those recommended by (1) the National Education Association, (2) the United States Office of Education, and (3) the National Association of Public School Business Officials. It was believed that a complete agreement between the headings on the financial report form prescribed by the State Examiner and Inspector would save time for school superintendents, clerks, and treasurers of boards of education.

⁴⁸Biennial Reports of Oklahoma Department of Education, 1930,
p. 120.

They were expected to result in more reliable financial data than was previously available.

The county superintendents' reports were also revised to ensure that the data would be comparable to the information obtained from the independent districts' reports. The financial headings on the county reports were made to more nearly correspond to the appropriation account headings of the budget estimate forms.

A representative of the Division of Research and Service and other members of the State Department of Education visited the Oklahoma teachers' colleges during the summer of 1930 for the purpose of assisting superintendents in making out the new reports and to obtain constructive criticisms concerning the revised report forms. Six institutions were visited and fifteen conferences with city and county superintendents were held to discuss the various forms.⁴⁹

The only way to obtain complete and accurate statistics was from reports based on complete and well kept records in the local school districts. It was recommended that a uniform system of financial and pupil accounting for schools be prescribed for each school district of the State on forms approved by the State Board of Education.

A distribution ledger for general fund expenditures was also designed during 1930-32. That form was the Oklahoma Uniform School Accounting Form 31R2. The purposes of the distribution ledger was to simplify the classification of school expenditures and to provide a

⁴⁹Biennial Reports of Oklahoma Department of Education, 1930,
p. 121.

definite procedure for segregating elementary and high school costs. The Oklahoma school law required that high school and elementary school costs be calculated separately for the transfer of pupils from one school district to another.⁵⁰ The total cost of such transfer fees was more than \$800,000 a year during 1932. Therefore, it was important that a definite, legal procedure for making this calculation be established. The Form 31R2 was the only form which provided the necessary information for making the calculation of high school per capita cost.

Bulletin No. 135

To facilitate the classification of school expenditures and the assignment of those costs to the proper appropriation account, a mimeographed handbook entitled A Uniform Financial Procedure for General Fund Expenditures in Oklahoma Schools, Bulletin No. 135, 1933, was issued by the State Department of Education. Two hundred copies were distributed to persons requesting the handbook. It was an excellent handbook of information for all persons having responsibility in the public schools. The handbook covered preparation of the budget; purchasing and paying for school services and materials; accounting for school expenditures; and the classification of school expenditures.

School accounting was required by law. The statutes provided that each clerk or other issuing officer shall open and keep an account with the amount of each item of appropriation showing the purpose for which the same is appropriated and the date, number and amount of each warrant drawn thereon.⁵¹

⁵⁰Biennial Reports of Oklahoma Department of Education, 1932, p. 103.

⁵¹Constitution of State of Oklahoma, Article IV, Section 746.

The law mandated that every school clerk keep an itemized account of the warrants issued for the district. However, it was pointed out that accounting was necessary whether mandated or not. An accurate accounting system served as a basis to determine that public money had been legally spent for the purposes intended.

Adequate financial accounting provided management with facts for efficient and intelligent administration. It was pointed out in Bulletin 135 that, "the program of studies, the budget, the insurance schedule and other similar administrative problems could not be effectively solved without adequate financial accounts."

A form entitled, "Clerk's Record and Warrants Issued" was recommended for use for warrants issued against the General Fund. It was indicated that the form would not be changed unless changes in the statutes or court decisions rendered it obsolete.

Oklahoma used the school accounts for classifications that had become standardized through use by the federal government.⁵² They were: general control, instruction, auxiliary agencies, coordinate activities (including auxiliary agencies), plant operation, plant maintenance, fixed charges, debt service and "permanent improvements."

In the Oklahoma Bulletin No. 135 the nine accounts noted above were further subdivided in the official budgets of independent school districts classifications of accounts, Oklahoma, 1933.⁵³

⁵²Department of the Interior Bureau of Education, 1928, No. 24, Report of Committees on Uniform Records and Reports (Washington, 1928), p. 10.

⁵³See Appendix L, pp. 325-326.

It was recommended that every independent school district should have an audit of its financial records each year, and under no circumstances should a district operate for more than three years without an audit. The auditor was expected to prepare all financial statements needed to develop the detailed annual budget and the annual financial report to the State Superintendent. The official budget later became the "estimate made and approved."⁵⁴

The law provided that General Fund appropriations for school districts be itemized in accordance with the purposes for which they were used. The law also provided that if the specific appropriation accounts had a surplus during the year and another appropriation account appeared to have a deficit balance, the board of education was required to apply to the county excise board for a transfer of funds. It was important that every expenditure be charged against the correct appropriation. The improper charging of expenditures to appropriation accounts could be classed as a form of misappropriation of funds. A detailed list of school expenditures classified according to the proper appropriation account was presented in Bulletin No. 135.

Bulletin No. 145 Series

Bulletin No. 145 was issued by the State Board of Education on June 2, 1937. It contained House Bill 6, the State support law enacted by the Sixteenth Legislature and signed by the Governor on May 25, 1937.

⁵⁴ Bulletin No. 135, 1933, p. 27.

Bulletin No. 145 contained the rules, regulations, interpretations and policies of the State Board of Education pertaining to the apportionment of Primary and Secondary Aid, and the funds to place losses due to Homestead Exemptions.

Funds apportioned to the school districts to replace funds lost due to homestead exemption could be used for any purpose for which the General Revenue Fund could be used except interest on warrants. No reserve for delinquent collections was allowed and non-payable warrants could be written against this fund.

Primary Aid apportioned to school districts could be used only for payment of teachers' salaries. Primary Aid apportioned to the school districts had to be handled as a cash fund. No non-payable warrants could be issued against the Primary Aid Fund. Primary aid had to be disbursed on a separate and independent series of warrants. Part I of the annual statistical report for both dependent and independent districts was made a part of the report for the apportionment of Primary Aid and had to be filed by June 15 each year.

Secondary Aid was the part of money made available by House Bill 6 to aid those districts which did not have sufficient income to support the minimum program. In calculating the amount of Secondary Aid for each district income was defined to include: the net proceeds of the ten-mill levy on the lawfully assessed valuation of the district after deducting the loss to homestead exemption; state apportionment; county apportionment; gross production tax; beverage tax; transfer fees; tuition for orphan children; primary aid; moneys received for restoration of losses incurred through homestead

exemptions for that part of the budget financed by the ten mill levy; one-half of federal Indian tuition; all other revenue receipts except unexpired surpluses from previous years and funds provided by the Federal Government for the payment of teachers' salaries in excess of the minimum program.

In order to qualify for and receive Secondary Aid, it was imperative that all the income of the school district be classified correctly and strictly accounted for by source. The minimum program section of the law dealt with expenditures.

The minimum program was defined in House Bill 6 as "the program of educational opportunity which the state would undertake to guarantee to every child in the State. The minimum program for any given school district was the sum of the allowance for (1) general maintenance, (2) transportation, and (3) basic teachers' salaries."⁵⁵ The Bill further defined minimum program allowances for the three categories of expenditures. It was absolutely necessary that expenditures be classified correctly in order to qualify for and receive Secondary Aid.

House Bill No. 6 contained the following in regard to reports and applications considered to be a part of the Secondary Aid Application:

Parts I and II of the annual statistical report for both dependent and independent districts, the annual personnel report for dependent and independent districts, the application for high school accrediting, the annual transportation report, and such other reports as the State Board of Education

⁵⁵State of Oklahoma State Board of Education, The School Finance Law, House Bill 6, Bulletin 145, (1937) p. 22.

may require, are hereby made a part of the application for Secondary Aid and shall be filed in due form before Secondary Aid shall be paid to any district.⁵⁶

A separate and independent series of warrants was required in order to spend Secondary Aid. No non-payable warrants could be written against Secondary Aid.

Accounting for revenue and expenditures by regulations set out in the School Finance Law, House Bill No. 6, was required in order for a district to receive and retain Primary and/or Secondary Aid. The Department of Education had the responsibility for apportioning funds within the regulations set forth in House Bill No. 6. They were responsible to see that the money was used for the purposes for which it was apportioned. Indirectly the state legislature had mandated classification of revenue and expenditures.

The State Board of Education issued Bulletin No. 145-A, The School Finance Law, May 27, 1939. That bulletin contained the Senate Bill No. 22, enacted by the Seventeenth Legislature. The law governed the distribution of state aid to the public schools of Oklahoma during the biennium ending June 30, 1941. The bulletin contained, in addition, the regulations of the State Board of Education pertaining to administration.

Section 1 of the Act appropriated \$11,500,000 for each fiscal year for the purpose of aiding in the support and maintenance of the public schools of Oklahoma. The funds appropriated could be used for the

⁵⁶Bulletin 145, p. 26.

following purposes: salaries of teachers, librarians, principals, and superintendents; instructional supplies; library supplies; salaries of janitors; light, water, fuel and power; maintenance of buildings; repair of furniture and fixtures; repair of school apparatus; transportation including drivers' salaries, maintenance and operation of vehicles, new vehicles, and rental or hire of vehicles; insurance premiums; transfer fees as provided for in the Act.

The state aid in Senate Bill 22 consisted of Primary Aid, Secondary aid, and Homestead Exemption funds. No state aid was paid to any school district or any separate schools of a county until there had been filed with the State Board of Education an itemized sworn account of the expenditures made from all funds except the sinking fund during the next preceding fiscal year. Part II of the Annual Statistical Report was used for making that report.

No primary or secondary aid could be paid to any district unless and until the district budget filed with the State auditor showed that not less than 85 percent of all funds available for current school expense purposes, exclusive of state aid, had been appropriated for the following purposes: salaries of teachers, librarians, principals, and superintendent; instruction supplies; library supplies; salaries of janitors; light, water, fuel, and power; maintenance of buildings; repair of furniture and fixtures; repair of school apparatus for instructional purposes; transportation, including drivers' salaries, maintenance and operation of vehicles, new vehicles, and rental or hire of vehicles; insurance premium; and transfer fees. It was specified in the law how the funds were to be expended, and therefore how they would

classified in order to make the necessary reports to receive and retain state aid. Senate Bill No. 22 and the regulations of the State Department of Education covered the biennium ending June 30, 1941.

In calculating the State aid the following sources of revenue were interpreted as minimum program income:

- (a) Unexpended balances of any state funds received under the provisions of House Bill 212, House Bill 6, and Senate Bill 22.
- (b) The income of the district from an eleven (11) mill levy (10 mills in counties having an assessed valuation less homestead exemption of less than \$5,000,000) (1.5 mills combined levy for separate schools) on the lawfully assessed valuation after deducting the loss due to homestead exemption.
- (c) State Apportionment
- (d) County Apportionment
- (e) Gross Production Tax
- (f) Beverage Tax
- (g) Transfer Fees
- (h) Tuition for Orphan Children
- (i) Primary Aid
- (j) Intangible Tax (Not applicable to budgets for fiscal year 1939-40)
- (k) Unexpended surpluses from previous years
- (l) One-half of the Federal Indian Tuition
- (m) Moneys received for restoration of losses incurred through homestead exemption for that part of the budget financed by the eleven (11) mill levy (10 mills in counties having as assessed valuation less homestead exemption of less than \$5,000,000) (1.5 mills for separate schools).
- (n) All other revenue receipts except funds provided by the Federal Government for the payment of teachers' salaries actually used by the district to supplement the minimum program schedule of teachers' salaries.⁵⁷

It was recommended in Circular 204, Financial Accounting for Public Schools, issued in 1940, that revenue receipts be classified as follows:

⁵⁷ State of Oklahoma, The School Finance Law, Senate Bill No. 22, 1939-1941, Bulletin No. 145-A, 1939, Issued by the State Board of Education, pp. 20-21.

Revenue receipts are recorded in terms of the taxing unit or other source from which they come, as federal, state, county, local (school district, city, town, township, or other local municipal corporation), philanthropic and all other sources, or in terms of the method of production as income from permanent funds, income from leasing school lands, appropriations, and receipts from specific taxes.

The sources of revenue were different in each state. A comparison between Oklahoma's minimum program during 1939-41, and any attempt to be uniform and comparable with national statistic was difficult if not almost impossible to accomplish without standard terminology between state and federal handbooks and/or laws and regulations.

The School Finance and Transportation Law, Bulletin 145-B, 1941, contained Senate Bill Number 14 and House Bill Number 155 enacted by the Eighteenth Legislature. Those laws governed the distribution of state aid to the public schools of Oklahoma. The handbook also contained the regulations of the State Board of Education which were issued to supplement and assist in interpreting the laws.

The regulations of the State Board of Education were as binding as the provisions of the law unless it was shown that the regulations were contrary to the law. The amount of state aid a district qualified for was the amount by which the minimum program exceeded the minimum program income.

State aid could not be paid to a school district or the separate schools of a county until there had been filed with the State Board of Education, an itemized sworn account of the expenditures made from

⁵⁸ Federal Security Agency, U. S. Office of Education, Financial Accounting for Public Schools, Circular 204 (Washington, 1940), p. 16

all funds except the sinking fund and building fund. It was stipulated that Part II of the Annual Statistical Report would be used to make this report. Surplus cash balances received under any School Finance Law prior to June 30, 1941, had to be brought forward to the teachers' salary fund for the school year 1941-42.

The School Finance and Transportation Laws - Bulletin No. 145-C, 1943, was issued by the State Department of Education. This bulletin contained House Bill No. 361, enacted by the Nineteenth Legislature, and House Bill No. 155, enacted by the Eighteenth Legislature. They were the laws governing the distribution of State Aid to the public schools of Oklahoma during the biennium ending June 30, 1945.

The amount of State Aid for which a district qualified was the amount by which the minimum program as specified in the law exceeded the minimum program income as defined in the law. A time schedule for regular reports and applications to the State Board of Education was listed. The form number for independent and dependent districts reports was given.

The School Finance and Transportation Laws Including the State Board of Education Regulations were issued by the State Department as Bulletin No. 145-D, 1945. The bulletin contained House Bill No. 361, enacted by the Nineteenth Legislature, and Senate Bill No. 152, of the Twentieth Legislature. These Laws provided that all state aid apportionment be made by the State Board of Education through the Director of Finance. All apportionments and expenditures of state aid were audited by the examiners appointed by the State Board of Education.

The State Board specified the minimum amount of state aid each district would be required to appropriate for teacher salaries, maintenance, and transportation. The term "teacher" as used in House Bill 361 included any person regularly employed as superintendent, principal, librarian, or teacher to give instruction in a classroom or to superintend or supervise classroom instruction provided said person had properly qualified as provided by law.

The School Finance and Transportation Laws, Including the State Board of Education Regulations for Administration, Bulletin No. 145-E, was issued during 1947. That bulletin contained House Bill 85, Senate Bill 141, House Bill 454, and Senate Bill 195 enacted by the Twenty-first Legislature.

State aid was not paid to any school district or separate schools of a county, until an itemized sworn account of the expenditures made from all funds except the sinking fund and building fund during the next preceding fiscal year had been filed with the State Board of Education. The Annual Financial Report 47R3 or 47R4 was used for making the report.

The State Board of Education was authorized to appoint, in the Finance Division, a Head Examiner and not more than four Deputy Examiners. All schools receiving State Aid Funds were required to make available to the State Examiners all registers, records and reports. No state aid was paid to any school district until an audit had been made of its attendance records of the previous year. State aid appropriations and expenditures of the previous year were also audited.

The School Finance and Transportation Laws, Including the State Board of Education Regulations for Administration, Bulletin No. 145-F, issued during 1950, contained Articles 9 and 18, and selected excerpts of House Bill 120 enacted by the Twenty-second Legislature. The bulletin contained regulations of the State Board of Education pertaining to the administration of those articles.

The bulletin contained a suggested classification of expenditures for general fund current expense. The appropriations, as made by the County Excise Board, were lump sum appropriations for salaries, maintenance, transportation, and capital outlay. School district warrants were required to show the account number or appropriation against which the payment was made, as well as the object or purpose for which drawn. An accounting in the following classifications (with salaries segregated from other expenses within each classification): administration, instruction, operation of school plant, maintenance of school plant, auxiliary agencies and services, fixed charges, capital outlay from the general fund, and debt service were required in the annual financial report for school districts. They were the same account classifications as recommended in Financial Accounting for Public Schools, Circular 204, Revised, August 1948, issued by the United States Office of Education.

A cost distribution between elementary and secondary costs was required in the annual financial report. However, no distribution of cost between elementary and secondary education was made for debt service. A suggested detailed breakdown within the broad classifications was given in the handbook.

The School Finance and Transportation Laws Including the State Board of Education Regulations for Administration, Bulletin No. 145-G, 1951-53, was issued by the State Board of Education. That bulletin contained Articles 9 and 18, and selected excerpts of the Oklahoma School Code as amended by the Twenty-third Legislature. The suggested classification of expenditures for the general fund, given in Bulletin No. 145-F, were repeated verbatim in Bulletin No. 145-G.

The School Finance and Transportation Laws, Including the State Board of Education Regulations for Administration, Bulletin No. 145-H, 1953-55, was issued by the State Board of Education. That bulletin contained the following excerpt from the Oklahoma School Code, Article II, Section 4, Sub-section 20:

The State Board of Education shall prescribe all forms for school district and county officers to report to the State Board of Education where required. The State Board of Education shall also prescribe a list of appropriation accounts and separate schools shall be budgeted, accounted for and expended; and it shall be the duty of the State Examiner and Inspector in prescribing all budgeting, accounting and reporting forms for school funds to conform to such lists. The provisions of Chapter 10, Title 68, Session Laws 1943, to the contrary are hereby superseded, set aside and held for naught.⁵⁹

The suggested classification of expenditures for general fund current expense was again the same as found in Bulletin 145-F, and 145-G. It was noted in the bulletin that those expenditure classifications conform to the accepted standards for classifying current expenses for public education.

⁵⁹State Board of Education, The School Finance and Transportation Laws Including the State Board of Education Regulations for Administration, State Department of Education, Bulletin No. 145-H, 1953-55 (Oklahoma City, 1955), p. 43.

The School Finance and Transportation Laws Including the State Board of Education Regulations for Administration, Bulletin No. 145-I, 1955-57, was issued by the State Department of Education. The bulletin contained Articles 9 and 18, and selected excerpts of the Oklahoma School Code as amended. The suggested classification of expenditures from the general fund was exactly as the three previous bulletins. It was suggested that those classifications of expenditures would be helpful to superintendents and boards of education in setting up a detailed cost accounting system.

The School Finance and Transportation Laws Including the State Board of Education Regulations for Administration and Handbook on Budgeting and Business Management, Bulletin No. 145-J, 1957-59, was issued by the state Board of Education. The section in the bulletin on the management of the business affairs of the school district was an addition in the Bulletin 145 Series.

The financial structure of an Oklahoma public school system consisted of a number of types of resources earmarked and dedicated to particular types of operational purposes. Each such grouping of resources and general plan for expenditures constituted a "fund". The general fund, building fund, bond fund, sinking fund, and school activity funds were the various types commonly found in school districts of Oklahoma.⁶⁰

The following recommendation was made by Emans, Director of Finance, and unanimously approved by the State Board of Education during their

⁶⁰ State of Oklahoma Department of Education, The School Finance and Transportation Laws Including The State Board of Education and Handbook on Budgeting and Business Management, Bulletin No. 145-J, 1957-59, p. 63.

meeting on March 23, 1956:

The Oklahoma School Code, Article 2, Section 20 requires the State Board of Education to prescribe the list of appropriation accounts by which the funds of school districts shall be budgeted, accounted for, and expended.

Article 18, Section 7 (b) of the Code also provides that school districts shall file with the State Board of Education on forms prescribed by such Board an itemized sworn account of the expenditures of the school district during the next preceding year.

In compliance with the above cited statutes, I recommend that the appropriation accounts made by the County Excise Board subject to warrant issue shall be:

1. Current Expense
2. Capital Outlay

I also recommend that the accounts, by which school district funds shall be budgeted, accounted for, expended and reported, shall be defined and classified in accordance with the definitions and classifications made in the "Common Accounting Handbook" prepared by the U. S. Office of Education.⁶¹

Within the general fund there were two major expenditure accounts or classifications. These were current expenses and capital outlay. The current expense account was further divided into accounts for administrative services, instructional services, attendance and health services, operation of plant, maintenance of plant, fixed charges, food services and student body activities, and community services. Further subdivisions are found under all of the headings describing in detail the types of expenditures.

Logically, reporting followed accounting. In reality reporting usually preceded accounting in the sense that the report was anticipated and the accounting records were arranged accordingly. That was true of nearly all state reports, especially the annual reports which involved

⁶¹Minutes of the Meeting, State Board of Education, Bound Volumes, March 23, 1956, p. 189.

financial accounting. Anticipated use of records determined the accounting program for the district.⁶²

The Committee on Budgeting, Accounting, Reporting and Business Management of the Oklahoma Commission on Education Administration in cooperation with the State Department of Education, the State Examiner and Inspector's Office, accountants and others worked on the various forms which were the legal and recommended forms for use by Oklahoma school districts pertaining to the budgeting, accounting and reporting procedures.

The School Finance and Transportation Laws Including the State Board of Education Regulations for Administration and Handbook on Budgeting and Business Management, Bulletin 145-K, 1959-61, were compiled by the State Board of Education. The bulletin contained a glossary of terms for classification of expenditures and receipts.

It was pointed out in the bulletin that in Oklahoma, classification of and accounting for receipts was done by the school district's treasurer and was not generally included in the records of the superintendent's office. It was suggested in the bulletin that for information concerning the proper general classification of receipts and procedures for accounting reference should be made to chapters one and two of Financial Accounting for Local and Public School Systems, Handbook II, 1957. The expenditure classifications given in Bulletin 145-K were the same basic definitions contained in Chapter Four of

⁶²The School Finance and Transportation Laws Including The State Board of Education and Handbook On Budgeting and Business Management, p. 63-64.

Handbook II, 1957, except the code numbers had been changed to conform to those established for use in Oklahoma beginning July 1, 1956.

The School Finance, Transportation and Activity Fund Laws, Including the State Board of Education Regulations and the Handbook on Budgeting and Business Management, Bulletin No. 145-N, 1965-67, was compiled by the State Board of Education. That handbook contained Senate Bill No. 339, an Alternate Accounting System for school districts having independent treasurers. The alternate accounting system was a technique where purchase orders or encumbrances were charged against appropriations at the time purchase or contracts for goods or services were made. Under the claim system the charge against the appropriation was made when the payment was made for goods or services. This was a major improvement for management. The encumbrance record was designed to assist management in controlling commitments. The alternate system applied to all funds except the sinking fund and student activity funds. A flow chart with explanations was presented in the handbook as a guide to the steps necessary to utilize fully and be in compliance with the alternate system of accounting.

Additional dimensions for coding expenditures, in addition to the six digit dimensions for expenditure classification, namely, fiscal year of fund, primary classification of fund were presented in the handbook.

A coding system for revenue was presented in the handbook using five dimensions: namely, fiscal year, primary classification of fund,

secondary classification of fund, classification of revenue by source, project and program indicated by number assigned locally.

The School Finance, Transportation and Activity Fund Laws, Including the State Board of Education Regulations and Handbook on Budgeting and Business Management, Bulletin No. 145-P, 1969-70, was compiled by the State Board of Education. That bulletin contained Article 18 of the Oklahoma School Code as amended. The act was cited as "The Public School Improvement Act of 1968." The state aid under that act was classified as Foundation Program Aid and Incentive Aid. Foundation and Incentive Aid were provided for in House Bill No. 906. Tentative allocations were made by the State Department and included in the school districts Estimate of Needs and Financial Statement approved by the Excise Board.

Pilot Program-Revised Accounting System

Charles Weber, Assistant State Superintendent and Director of Finance for the Oklahoma State Department of Education, attended a regional workshop held in Dallas, Texas, during 1970, to review the first draft of the revision of Handbook II. During 1971, the first draft of the revision of Handbook II was discussed with Weber's colleagues in the Oklahoma State Department of Education, the State Department of Vocational and Technical Education, the Oklahoma Association of School Business Officials, local school district auditors and representatives of data centers performing accounting work for the public schools in Oklahoma. The purpose of those discussions was to determine the feasibility of adapting the revision for Oklahoma.

A program of accounting for Oklahoma had to be designed for use in all school districts including the area vocational technical schools. Any acceptable accounting system had to serve as a vehicle to meet the needs of management by objectives and program cost accounting. Any suitable revision of Handbook II for Oklahoma had to meet the then current reporting requirements of the Department of Health, Education and Welfare and the State of Oklahoma and still provide the program budgeting capability desired.

During January of 1972, a preliminary draft of a system for Oklahoma containing agreed upon guidelines, account codes, flow charts, system of accounts, minimum and maximum classifications and limits of the design was presented to selected school administrators, auditors, data center personnel and State Department of Education administrators.

The following recommendation was made by Weber and approved by the the State Board of Education during its meeting, April 28, 1972, for a pilot program for a revised accounting system:

Permission is requested for the Finance Division of the State Department of Education and State Department of Vocational-Technical Education to conduct a pilot program using a revised accounting system to the Handbook on Budgeting and Business Management Bulletin No. 145. Due to the continued pressure by the general public and Legislature for more precise information concerning the expenditure of public funds, it is imperative that a study be conducted to determine the feasibility of program accounting as opposed to line item accounting. The revised system to be used in this study would retain the same reporting capabilities as our present system and in addition will provide the school district the capability of determining actual expenditures by instructional program categories. Such capability should be invaluable for decisionmakers at all levels of school funding and program development. The revised accounting procedure in this proposal is constructed so that the minimum reporting and accounting

demands could be handled manually by the smallest district⁶³ without additional cost or time over the present Handbook.

The second draft of Handbook II, Financial Accounting, Classifications and Standard Terminology for Local and State School Systems, was sent to members of cooperating organizations and all states education agencies during June, 1972, for their review, for testing in their school systems, and for constructive criticism. The cooperating organizations were: the American Association of School Administrators; the American Economic Association; the Association of Educational Data Systems; the American Institute of Certified Public Accountants; the Association of School Business Officials; the Council of Chief State School Officers; the National Education Association-Research Department; the National Education Association-Rural Education; and the National School Boards Association.

An Oklahoma manual, entitled Revised Accounting System for Handbook II, was for a pilot program and was based on the first draft of the revision of Handbook II, a mimeographed working copy. At one time or another, the following school systems were utilized in the pilot program: Ardmore, Bartlesville, Blackwell, Miami, Muskogee, Oklahoma City, Pryor, Stillwater, and Watonga.

After field testing the pilot program for two years, Cecil Folks, Assistant State Superintendent for Finance of the State Department of Education, in cooperation with the pilot schools issued a bulletin. The bulletin, Pilot Project, Financial Accounting for Public Schools

⁶³Minutes of the Meeting, State Board of Education, Bound Volumes, April 28, 1972.

was published during 1974. Four hundred copies were printed and distributed. The bulletin was the Oklahoma version of U. S. Office of Education document entitled Financial Accounting, Classifications and Standard Terminology for Local and State School Systems, 1973, Handbook II, Revised.

Eight dimensions were utilized in the Oklahoma version. They were: fiscal year of fund, fund, source of funds, function, object, organization, subject, and school site. The classification was accomplished by using a seventeen digit code. The handbook contained two sections for coding subject matter. One was for the public schools and another for vocational-technical schools. A scheme for classification of revenue was included in the Pilot Project bulletin.

The Pilot Project, Financial Accounting for Oklahoma Public Schools, was available for use by all public schools and area vocational technical school districts that requested and received approval from the State Board of Education as pilot schools for financial accounting. The account classifications for expenditures in the Pilot Project were summarized.⁶⁴

Financial Accounting, Classifications and Standard Terminology for Oklahoma Public School Systems 1979-80, Bulletin No. 145-T was published by the State Department of Education during 1979. Seven hundred copies were prepared and distributed.

The State Board of Education took the following action regarding the above publication in their meeting on June 28, 1979:

⁶⁴See Appendix M, pp. 328-340.

Oklahoma Handbook II Revised
Financial Accounting - Classifications and Standard
Terminology for Oklahoma Public School Systems
Hearing Held - Adopted

At the hour of 8:30 p.m., Mr. Murl Venard, Assistant Director of Finance, presented for final approval the Oklahoma Handbook II revised which was approved on an emergency basis at the June Board meeting. The Handbook II Revised replaces the Pilot Project, however, Mr. Venard recommended that it be continued for one more year in order to give schools time to convert.

A hearing notice was published in the Friday, June 1, 1979, issue of The Oklahoma Gazette, as required by law. After discussion, Mr. Carleton moved final adoption and the extension of Pilot Project for one year. Mr. Sanders seconded and it carried on a 6-0 vote: Mr. Sanders, yes; Mr. Mace, yes; Mr. Carleton, yes; Mr. Collins, yes; Mr. Shackelford, yes; and Dr. Wright, yes.

A copy of the manual is on file in the office of the Secretary of the State Board of Education, the Department of libraries and the Secretary of State.⁶⁵

Bulletin No. 145-T was designed to serve all public schools in the State of Oklahoma as a vehicle for accumulating data for making management decisions concerning educational programs and students. The bulletin was made possible by a grant from the National Center for Educational Statistics to the Oklahoma State Department of Education and through it by sub-contract with the College of Education at Oklahoma State University. The handbook was cooperatively developed by a Task Force consisting of professors at Oklahoma State University; an assistant superintendent for business affairs from one of the pilot schools; a Certified Public Accountant; and an administrator in the Finance Division of the State Board of Education. The Task Force was

⁶⁵Minutes of the Meeting, State Board of Education, Bound Volumes, June 28, 1979, p. 23.

guided in its deliberations by an advisory committee of practicing school administrators.

It was the first bulletin in the 145 series that was utilized to present a detailed listing and set of definitions for revenue accounts. It was strongly recommended that double-entry and modified accrual-based accounting be used. Accounting for all funds available for use in the public and area vocational-technical schools could be adapted to the classification of expenditures and receipts summarized.⁶⁶

In order to gain maximum benefit from Bulletin No. 145-T, a local education agency was required to prepare a local handbook using all the basic accounts and dimension and expanding them to meet local needs and requirements. The dimensions were flexible and expandable to meet local, state, and federal accounting, reporting and management information requirements.

The public schools of Oklahoma were to continue the classification of expenditures in Bulletin No. 145-S based on Financial Accounting for Local and State School Systems, Handbook II, 1957, or by approval by the State Board of Education, convert their accounting system in part or in total to Bulletin 145-T, 1979-80. All of the area vocational schools in Oklahoma were using the classifications in 145-T as of July 1, 1980.

School districts in the Pilot Project were required to convert to the Classifications of Accounts in the State Board of Education Regulations for Administration and Handbook on Budgeting and Business Management, Bulletin No. 145-S, or to Financial Accounting, Classifications

⁶⁶See Appendix N, pp. 342-364.

and Standard Terminology for Oklahoma Public School Systems, 1979-80, Bulletin No. 145-T by July 1, 1980. Bartlesville adopted the new multi-dimensional system immediately upon its approval by the State Board of Education. Oklahoma City and Catoosa experimented with it during the 1979-80 school year. The other pilot schools were expected to revert to the familiarity of Bulletin No. 145-S.

Non-area vocational and pilot schools were eligible to adopt the new accounting system but because it was not mandated, few if any were expected to make the change until required to do so. The change from Bulletin No. 145-S to Bulletin No. 145-T needed in depth orientation and field training for administrators and accounting officers.

Summary

After the states developed accounting systems that assured proper stewardship by local districts, the next desire was to promote uniformity among the school districts within each state. As a result, fifty separate school financial accounting systems were developed with varying degrees of success. But generally, by the end of the first quarter of the Twentieth Century, the states had something that could be classified as a statewide system of school financial accounting.

However, because each state developed its own system without respect to the other states, it was not possible to make meaningful comparisons with schools in other parts of the Nation. Large city schools experienced particular frustration with the handicapped, because their peer groups were other large city schools in different states, more so than did small districts within their own state. Consequently, a group

consisting of representatives of large school systems across the nation initiated an effort during 1910 to develop a system of uniform records and reports that would allow them to share comparable information as a basis on which to make management decisions.

The thrust of the large city schools led the U. S. Office of Education to launch a nationwide effort as a leadership function to help all fifty states to develop state accounting systems that would produce comparable data on a national basis. This effort resulted in a series of federal handbooks being produced and/or revised during the period from 1953 to 1980 that reflected the thinking of leaders and scholars in professional educational organizations, state departments, the U. S. Office of Education, and universities concerning the latest developments in school financial accounting.

CHAPTER VI

SUMMARY AND CONCLUSIONS

The first section of this chapter represents a summary of the four preceding chapters that were devoted to a discussion of United States and Oklahoma history as it relates to education, educational finance, and school accounting. The second section is comprised of a discussion of the conclusions which were drawn from the findings.

Summary

United States and Oklahoma History

The history of the United States reflected a complex society with many diversities. All levels of government shared in the making of fundamental educational policies, such as who would attend school, which programs would be offered, who would teach, and how the educational system would be administered, financed, and accounted for.

There were three areas of events or occurrences in the United States and Oklahoma history that had an impact on education, educational finance, and eventually school accounting. Those events were related to societal changes, national forces, and international advances and competition in technology.

Population mobility in the United States was from east to west, from rural areas to cities, and from the cities back to the

suburban areas and rural areas. Each of those societal changes created different demands on education and eventually finance and school accounting.

During the formative stages of United States history, the population expanded in a predictable and systematic manner. Following each world war, particularly World War II, the pattern changed. Baby booms created hardships for the public school systems as they attempted to meet the need for facilities and personnel.

The teaching profession, during the early years of this country, was characterized as a low level occupation. Almost anyone wishing to be employed as a teacher was considered qualified and eligible. Consequently, the cost for personnel in the public schools was minimal. During the 1960's, teachers became organized and demanded the same financial considerations that other segments of society had enjoyed for the past fifty years. Teacher militancy created considerable stress and financial strain on an already underfunded segment of government.

During 1954, the Brown v. Topeka case started the egalitarian movements including desegregation, women's rights, and the differential needs of exceptional children. Each of those movements had a monumental effect on education, educational finance, and eventually school accounting.

Approximately every twenty years during the Twentieth Century, the Nation experienced a major military conflict of some kind. Each of the wars caused a deferment in spending for education and, thus, created an inadequacy in the quantity and quality of physical facilities and the number and type of professional personnel needed to staff the schools.

The Great Depression of the thirties also caused a deferment of spending for schools for approximately ten years. Eventually, as a result of the depression and the localities' inability to finance education, the states began to provide a larger percentage of the necessary funds for public education. With the influx of state money came the need for external reporting and sound accounting procedures.

The second half of the Twentieth Century experienced inflation in a manner unknown during previous history. As a consequence, it was incumbent upon the schools to ensure that they were as efficient as possible and to be certain they knew what programs cost and where their money was spent.

Following the launching of Sputnik by the Russians during 1957, the Federal Government redirected its priorities toward education. Based on the presumed superiority of the Soviets over the United States with respect to scientific knowledge, federal money was allocated for the improvement of mathematics and science education. Later, that program was expanded to include other academic areas as well as other federal programs.

During the sixties and early seventies, it became abruptly apparent that the United States was dependent upon foreign countries for the cost of energy rose from a negligible amount to an amount that had a very noticeable, negative effect on the ability of schools to provide for other needed programs. The need for capital improvements to ensure energy efficient buildings was expected to continue to be a financial drain on the public school systems.

The information explosion that was made possible by advances in technology also created demands on the public school systems as they attempted to acquire computers and other technological innovations for use in instructional programs. It became necessary for public school systems to monitor computer-assisted programs to ensure that the costs associated with them could be justified. The international advances in technology increased the need for statistical information by managers of educational systems at all levels.

Demands on education growing out of the urban school crisis called for a revamping of the entire educational system. The legal and political attacks on the method of financing education through the property tax required major alterations in the States' tax systems. It was much easier to make a change in a state financial formula for supporting schools than it was to enact originally such formula or to rework the entire system of financing education.

Public education in the United States operated within a legal and constitutional framework largely set by state legislatures. The states assumed the responsibility for their educational systems. All of the leadership to improve records and reports, however, came from the federal level. The necessity for uniform and accurate financial information was recognized by the leadership of the national and professional organizations. The United States Office of Education did not have the expertise to provide leadership to improve financial records and reports. They cooperated with the national professional organizations to publish the first bulletin during the Twentieth Century on uniform records and reports during 1912.

The Association of School Business Officials of the United States and Canada was the first permanent body established for the expressed purpose of standardizing fiscal and educational data for presentation in public reports. They always worked in cooperation with other professional organizations.

Major changes had taken place between 1912 when the first accounting bulletin was published and 1928 when the next accounting bulletin was published. School enrollment had increased and shifted from mostly rural to urban. As a result of World War I, it was revealed that a high rate of illiteracy prevailed in the Nation. The United States went through a post-world war readjustment.

The depression of 1929 succeeded the prosperous boom times. Economic conditions during the thirties remained deplorable. During the period from 1928 to 1940 when Circular 204 was published, financing the schools and maintaining a full term of school were priorities. Uniform classification of expenditures and receipts could not be effectively mandated until the states started to participate in the financing of education. It was stipulated exactly in most of the financial formulae how funds could be used. Therefore, expenditures had to be classified in a certain way in order for a local school system to be able to demonstrate accountability to the state. Local boards were advised through Circular 204 to adopt a financial system of accounts giving due consideration to the recommendations of the State departments and U. S. Office of Education. From 1940 to 1948 when Circular 204 was revised, very little thought was given to accounting. No progress was made in accounting methodology because of inadequate funds and

immediate problems of the World War II years. Circular 204, Revised, represented an interim revision of the original document pending a complete review of all school accounting and reporting systems. Fund accounting was recommended as being absolutely necessary.

Handbook II, published in 1957, was a good manual and was well received by the states and local school districts. It was accepted because it was geared to the accounting systems in use at that time which were based on Circular 204, 1940, and Circular 204, Revised, 1948. It was not a drastic or major change, and did not treat all phases of financial accounting.

Handbook II-B, Principles of School Finance Accounting, 1967, was a procedural manual. It utilized the account classification of Handbook II, 1957. The handbook encouraged the use of double-entry bookkeeping.

During the meantime, program budgeting was mandated by President Johnson for various agencies of the Federal Government. The legislature appropriated funds for various educational programs. The appropriations were geared to program planning, budgeting, and evaluation. A complete reclassification of accounts was needed in which programs rather than objects of expenditures were stressed. Handbook II had to be revised to accommodate the changing educational environment.

Handbook II, Revised, published during 1973, represented a major departure from the original Handbook II, and encompassed a more complex framework than was found in the original version. It represented the most drastic and important change in classifications of expenditures and receipts in the history of school financial accounting. No

important change was ever smooth. Implementation of Handbook II, Revised 1973, was not accomplished easily. State manuals based on Revised Handbook II had to be published by each state and implemented at the local school district level where all school financial accounting originated. The change was brought about by educators, legislators and Congress requesting information by program. The change was a slow, tedious process and at the time of this writing was still in process. The second revision of Handbook II was made during 1980. Program cost accounting was still a major priority. Emphasis was placed on governmental accounting and reporting as a result of the financial failure of some major governmental agencies. Generally accepted accounting principles were stressed in the second revision.

It was apparent that Handbook II, first or second revision, could not be implemented at the local school district level by issuing a state handbook and holding a few workshops. The school districts of a state could or would not convert from Handbook II to Handbook II, First or Second Revision, without a strong commitment and outstanding leadership and expertise emanating from the chief state educational officials.

Conclusions

Major changes in education have in many instances reflected a manifestation of some non-educational event such as the westward movement or the launching of Sputnik. It is reasonable to conclude that future educational changes will also result from future historical events.

As society became more complex each succeeding period, the demand for more refined accounting techniques increased. This pattern will not only continue to exist but will be accelerated.

When legislatures or the courts mandated special programs, they usually required that special reports be submitted at a future date specifying that the program was implemented. This created a demand for effective accounting systems. There is an apparent trend for the legislatures and courts to express themselves in more specific ways than during past years. It is concluded that the trend will continue and accounting systems will have to be developed to satisfy the need.

Local ad valorem taxes represent a declining part of the tax base for education. State and Federal taxes for education represent larger percentages. As a consequence, more importance has been placed on the process of reporting to external agencies. It appears this process will continue. In fact, there is reason to anticipate that other states will provide full state funding as Hawaii had since becoming a state.

Improvements in financial accounting systems resulted from leadership provided at the federal level with expertise being derived from state and local personnel and professional organizations. Based on the mission of the United States Office of Education and the independence of the states, the nature of the process will not change dramatically.

The development of school financial accounting was dissimilar to that for private enterprise. However, during the mid-1900's the trend has been for schools to be perceived as major industries requiring similar accounting systems. This trend will continue to the point that

certified public accountants will apply the same system to schools that they do to industry.

During the period from 1957 to 1980 considerable progress was made in standardizing the terminology and classifications of financial records and reports across state lines. Because of advances in technology and the impact of education in one state on another, further uniformity will be required in the future.

Institutions of higher learning preparing educational administrators during past decades have introduced their students to the local state system of accounting only. In the future, they will have to graduate personnel who are competent to apply sound accounting principles in any state.

Those states that had chief state school officials or an immediate subordinate who was interested in and knowledgeable of the modern school accounting practices experienced a higher success ratio in the percentage of local districts utilizing advances in the state-of-the-art than have states where the leadership was not particularly interested or concerned. Advances will continue to be made in all states but probably in relationship to the leadership provided by the State Department of Education.

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APPENDIXES

APPENDIX A

THE MORE FREQUENT DUTIES DELEGATED BY
LAW TO THE SECRETARY OF THE
SCHOOL BOARD, 1927

THE MORE FREQUENT DUTIES DELEGATED BY
LAW TO THE SECRETARY OF THE
SCHOOL BOARD, 1927

<u>Activity</u>	<u>Frequency of Occurrences</u>
Keep a record of board meetings.	39
Sign orders on the treasurer	30
Sign official papers	23
Keep records, books, and official papers	23
Keep financial accounts.	22
Give notice of meetings.	22
Prescribe functions by the local board	16
Make census returns to the superintendent.	16
Furnish a bond satisfactory to the local board	13
Keep records of district meetings.	13
Report to the county superintendent the addresses of the trustees	11
Make an annual report.	11
Take the census.	11
Furnish to the superintendent the names of pupils who should attend and those excused.	11
Deliver books and records to successor	9
Furnish a bond	8
Record copies of own reports	7
Report to county superintendent receipts and disbursements in detail.	6
Furnish books, ballots, and other supplies	6
Take oath of office.	6
Report to county superintendent all items ordered by the state superintendent.	5
Report to the county superintendent facts in regard to the hiring of teachers.	5
Make any report called for by the local board.	5
Make any report that the state board may require	5

SOURCE: Fred Engelhardt, Public School Organization and Administration (Boston, 1931), p. 76.

APPENDIX B

APPORTIONMENT OF INDIAN

APPROPRIATION BILL

APPORTIONMENT OF INDIAN APPROPRIATION BILL

Muskogee, Oklahoma,
November 3, 1913

To County Superintendents

According to plans approved by the Secretary of the Interior October 25, 1913, the Congressional appropriation of \$300,000 for aid of common schools in Eastern Oklahoma, will be paid on the following basis:

1. In all districts outside incorporated towns, having an enumeration of eight or more Indian children, tuition at the rate of 10 cents per day will be paid for their actual attendance: reports to be submitted by teachers December 31, March 31, and at the close of the years term. If at the close of the term the tuition, with other district funds, is not sufficient to have maintained an eight months term of school the deficit will be paid in a lump sum.
2. In all other districts, outside incorporated towns, having made a levy of five mills or more, that cannot maintain an eight months' term of school, a sufficient amount will be paid, based on the salary of teacher or teachers, to extend the term to eight months.
If in any of these districts, a levy of more than five mills is made, the amount will be increased by a premium of five percent for each additional mill levied.
Minority schools will receive aid for a term equal to that given to the majority school in the same district.
3. Any balance remaining after distribution has been made or provided for in accordance with the foregoing paragraphs, will be distributed to districts outside incorporated towns or cities, on a per capita basis, in accordance with the state enumeration of all pupils of school age.

Respectively, (Signed) John B. Brown

SOURCE: Bound Volumes, Superintendents Biennial Report, 5th, 1914, p. 41.

APPENDIX C

RECOMMENDED LEGAL CHANGES RELATIVE TO OKLAHOMA
SCHOOL FINANCE BY M. A. NASH, STATE SUPER-
INTENDENT OF PUBLIC INSTRUCTION

RECOMMENDED LEGAL CHANGES RELATIVE TO OKLAHOMA SCHOOL FINANCE
BY M. A. NASH, STATE SUPERINTENDENT
OF PUBLIC INSTRUCTION

The most important subject relative to the public schools is a fiscal one. A revised system of financing the common schools is necessary. A permanent solution of this problem will involve a constitutional amendment.

Experience in recent years has proved that to maintain a reasonable length of school term, under reasonably accepted conditions throughout the state, is impossible so long as the school is the sole unit of finance. So long as the schools are financed almost entirely by the local school districts inequality of opportunity will prevail. This is true because in some districts the property valuation is very low in proportion to the number of children in the district, while in other districts the property valuation is high compared with the teaching load.

The principle is now universally accepted that it is the business of the state to help educate the child, and that it is not purely a function of the local school district. The property of all the people throughout the state, wherever it is located, should bear its proportionate share of the education of all the children throughout the state, no matter where they live, whether in the city or in the rural districts. It is only through this means that equality of education opportunity may be guaranteed by the state. Under the present system five thousand school districts of the state vary widely in their individual abilities to maintain a school locally.

The proposed remedy is that there be submitted to the people an amendment to the Constitution whereby revenue may be derived from the whole state on a blanket basis, to create a common fund from which all districts may share annually in proportion to the number of children in average daily attendance.

This remedy is recommended in the educational survey of Oklahoma made two years ago. The principle is fundamentally sound and is in line with the system in use in states which are educationally progressive. Some such amendment was adopted by the people in an election held October 2, 1923, but was subsequently nullified by the supreme court of the state.

SOURCE: State Superintendents Biennial Report, 10th, 1924, Bound Volumes, p. 10.

APPENDIX D

UNIFORM RECORDS AND REPORTS BULLETIN, 1912:

NO. 3 FORM FOR REPORTING STATISTICS

FISCAL STATISTICS.

A. PAYMENTS—Continued.

III. OTHER PAYMENTS.

53. Redemption of bonds.....	\$.....
54. Redemption of short-term loans.....	.....
55. Payment of warrants and orders of preceding year.....	.....
56. Payments to sinking funds.....	.....
57. Payments of interest.....	.....
58. Miscellaneous payments, including payments to trust funds, textbooks to be sold to pupils, etc.....	.....
59. Total.....	.....
60. Balances at close of year at.....	\$.....
61. Total payments and balances.....	.....

B. RECEIPTS.

REVENUE RECEIPTS.

62. Subventions and grants from State.....	\$.....
63. Subventions and grants from county.....	.....
64. Subventions and grants from other civil divisions.....	.....
65. Appropriations from city treasury.....	.....
66. General property taxes.....	.....
67. Business taxes (licenses, excise taxes, taxes on corporations, taxes on occupations, etc.).....	.....
68. Poll taxes.....	.....
69. Fines and penalties.....	.....
70. Rents and interest.....	.....
71. Tuition and other fees from patrons.....	.....
72. Transfers from other districts in payment of tuition.....	.....
73. All other revenue.....	.....
74. Total revenue receipts.....	.....

NONREVENUE RECEIPTS.

75. Loans and bond sales.....	\$.....
76. Warrants issued and unpaid.....	.....
77. Sales of real property and proceeds of insurance adjustments.....	.....
78. Sales of equipment and supplies.....	.....
79. Refund of payments.....	.....
80. Other nonrevenue receipts.....	.....
81. Total nonrevenue receipts.....	.....
82. Total receipts.....	.....
83. Balances at beginning of year.....	.....
84. Total receipts and balances.....	.....

C. VALUE OF SCHOOL PROPERTIES.

Class of buildings.	Total value of sites, buildings, and equipment.	Value of sites and buildings.	Value of equipment.	Interest on value of school plant.
General control.....
Elementary schools.....
Secondary schools.....
Normal schools.....
Schools for the industries.....
Special schools.....

SOURCE: Uniform Records and Reports, Bulletin, 1912, No. 3, Adopted by the Department of Superintendence of the National Education Association, February 29, 1912, (Washington, 1912).

APPENDIX E

DISTRIBUTION OF EXPENDITURES STANDARD

CLASSIFICATION OF ACCOUNTS

BULLETIN, 1928, NO. 24

**DISTRIBUTION LEDGER
FORM 7.—GENERAL CONTROL**

Use this same form in case distribution by buildings or administrative units is desired.

Name.....

Date	TO WHOM, FOR WHAT, OR VOUCHER NUMBER	Code	Total	BUSINESS ADMINISTRATION						EDUCATIONAL ADMINISTRATION				
				School Elections	School Census	Board of Educ.	Secretary & Clerical	Other Expenses	Superintendent Salary	Clerical	Supplies	Other Expenses		
	Code Number →													
	Budget Appropriations →													

**DISTRIBUTION LEDGER
FORM 8.—INSTRUCTION**

Use this same form in case distribution by buildings or administrative units is desired.

Name.....

Date	TO WHOM, FOR WHAT, OR VOUCHER NUMBER	Code	Total	ADMINISTRATION AND SUPERVISION					INSTRUCTIONAL SERVICE				
				Superintendent Salary	Principal Salary	Clerical	Other Expenses	Teachers Salary	Instr. Supplies	Free Text-books	Other Expenses		
	Code Number →												
	Budget Appropriations →												

FORM 9.—DISTRIBUTION LEDGER

Date	TO WHOM, FOR WHAT, OR VOUCHER NUMBER	Code	Total	OPERATION OF PLANT					FIXED CHARGES			
				Salaries	Janitors Supplies	Fuel, Water & Light	Power	Other Expenses	Total	Insurance	Other Expenses	
	Code Number →											
	Budget Appropriations →											

FORM 10.—DISTRIBUTION LEDGER

Use this same form in case distribution by buildings or administrative units is desired.

Name

Date	TO WHOM, FOR WHAT, OR VOUCHER NUMBER	Code	AUXILIARY AGENCIES					COORDINATE ACTIVITIES					
			Total	Library Salaries	Transportation	Lunch Room	Other Expenses	Total	Attendance Service	Medical Service	Other Expenses		
	Code Number →												
	Budget Appropriations →												

DISTRIBUTION LEDGER
FORM 11.—MAINTENANCE OF PLANT

Use this same form in case distribution by buildings or administrative units is desired.

Name

Date	TO WHOM, FOR WHAT, OR VOUCHER NUMBER	Code	Total G+B+Sal	UPKEEP OF GROUNDS			UPKEEP OF BUILDINGS			UPKEEP OF SERV. SYS.			Other Expenses
				Total G	Labor	Materials	Total B	Labor	Materials	Total S	Labor	Materials	
	Code Number →												
	Budget Appropriations →												

DISTRIBUTION LEDGER
FORM 12.—CAPITAL OUTLAY

Use this same form in case distribution by buildings or administrative units is desired.

Name.....

Date	TO WHOM, FOR WHAT, OR VOUCHER NUMBER	Code	Total	LAND				SCHOOL PLANT						Other Expenses
				Purchase	Improvements of Sites		Buildings		Service Systems		Equipment			
					New	Old	Alter. & Add. to Old	New Structures	Alterations of Old	New Additions	Furniture	Instructional Equipment		
	Code Number →													
	Deduct Appropriations →													

DISTRIBUTION LEDGER
FORM 13.—DEBT SERVICE

Date	TO WHOM OR FOR WHAT	Code	Total	Redemption of			Interest Payments on Bonds from		Interest Payments on		Other Expenses	Payments made	
				Bonds from		Short Term Loans	Current Funds	Sinking Funds	Short Term Loans	Warrants		To Sinking Fund	From Sinking Fund
				Current Funds	Sinking Funds								

SOURCE: Report on Committees on Uniform Records and Reports, Bulletin, 1928, No. 24, Department of the Interior Bureau of Education, (Washington, 1928), pp. 59-65.

APPENDIX F

STATE SCHOOL SYSTEMS FORM 30

FORM 30—Continued

D.—MISCELLANEOUS STATISTICS

- 34. School census ages years to years, inclusive. Date of latest census.....
 number of children enumerated, boys; girls
- 35. Total number of schoolhouses used; number used exclusively for high-school purposes
; number of 1-room school houses used; number of consolidated
 schools; number of consolidated schools established this year.....
- 36. Number of pupils enrolled in day schools that were actually in session: Fewer than 81 days.....;
 81 to 100 days; 101 to 120 days; 121 to 140 days;
 141 to 160 days.....; 161 to 180 days; 181 to 200 days;
 over 200 days
- 37. Public summer schools: Number of teachers—Men, women; number
 of pupils enrolled, male, female
- 38. Public evening schools:
 1. Elementary—Number of teachers—Men, women; number
 of pupils enrolled, male, female
- 2. Secondary—Number of teachers—Men, women; number
 of pupils enrolled, male, female

39. ENROLLMENT OF PUPILS BY GRADES (DAY SCHOOLS). (EXCLUDE DUPLICATES)

Include pupils in elementary grades of junior high schools under elementary

Elementary schools	Boys		Girls		Junior high schools	Boys		Girls		Regular and senior high schools	Boys		Girls	
Kindergarten.....					Elementary.....					First secondary year.....				
First grade.....					Elementary.....					Second secondary year.....				
Second grade.....					Elementary.....					Third secondary year.....				
Third grade.....					Secondary.....					Fourth (senior) year.....				
Fourth grade.....					Secondary.....									
Fifth grade.....					Secondary.....									
Sixth grade.....										Special and ungraded.....				
Seventh grade.....														
Eighth grade.....														

- 40. Principal of permanent school funds (invested money, not including university and agricultural college funds), \$..... This total includes the State permanent funds, amounting to \$.....; county funds, \$.....; township and district funds, \$.....; municipal funds, \$.....; endowment funds of individual public schools, \$.....
- 41. Unsold school lands (not including university and agricultural college lands): Number of acres Estimated value, \$.....
- 42. School bonds outstanding (State, county, township, district, city, etc.), \$..... Other forms of debt, \$.....
- 43. Total amount in sinking funds (State, county, township, district, city, etc.), \$.....

PRIVATE AND PAROCHIAL SCHOOLS

Grade of schools	Number of schools	Teachers		Pupils		Total expenditures
		Men	Women	Boys	Girls	
Kindergarten.....						
Elementary.....						
Secondary.....						

(Name and title of reporting officer)

FORM 30—Continued
UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF EDUCATION
 WASHINGTON

Statistics of.....
 (State or Territory)
 For the year ending.....

SUPPLEMENTARY REPORT FOR RURAL SCHOOLS

(Read carefully Statistical Circular No. 10 for explanation of items before filling the blank)

Data for rural schools should be included in the general statistics of State school systems upon the blank to which this is a supplement, and should be reported separately upon this blank. "Rural schools" in the meaning of this inquiry are schools in the open country or in villages of not more than 2,500 inhabitants. If it is not practicable to make the report of rural schools upon this basis, make it upon the basis upon which rural-school statistics are compiled in your State. In many States schools under the direction of county superintendents or county school commissioners and reported by them would comply with the definition of "rural." All consolidated schools should be regarded as rural. *Describe clearly the basis of the statistics reported.*

E.—GENERAL STATISTICS (PUBLIC SCHOOLS)

PUBLIC DAY SCHOOLS	State de- partment	County superin- tendents' offices	Township and district superin- tendents	Total
45. General control: Administrative officers and employees devoting half or more of their time to rural school activities.....				
46. Instructional personnel:				
A. Supervisory staff— ¹				
(a) Supervision of general instruction (several subject or grades).....				
(b) Supervisors of special subjects, music, art, etc.....				

	Rural elementary schools			Rural secondary schools				Total
	One- teacher schools	Consoli- dated schools ²	Two or more teacher rural schools	Junior high schools ³	Junior- senior high schools	Senior high schools	Regular 4-year high school		Regular high school less than 4 years
B. Principals (supervisory).....								
C. Teachers—								
(a) Number of teaching positions (count each position but once)— ⁴								
1. Filled by men.....								
2. Filled by women.....								
(b) Number of different individuals employed as teachers—								
1. Men.....								
2. Women.....								
47. Pupils enrolled (net registration, excluding duplicates):								
1. Boys.....								
2. Girls.....								
48. Aggregate attendance in days.....								
49. Average daily attendance.....								
50. Average number of days schools were actually in session (excluding holidays).....								

¹ List here all supervisors devoting half or more of their time to rural school supervision.
² Consolidated schools are defined as rural schools which have been formed by the union or combination of two or more districts or schools formerly existing separately, either with or without transportation.
³ Report any form of junior high school in this column except those listed as junior-senior high schools.
⁴ Report as teachers all principals and supervisors who devote half or more of their time to teaching.

FORM 30—Continued

F.—PAYMENTS

(Report all moneys expended for various types of rural schools whether they come from taxes levied specifically for schools or from general funds appropriated for school purposes)

PUBLIC DAY SCHOOLS	State department	County superintendents' offices	Township and district superintendents	Total
51. General control: Salaries and expenses of administrative officers and employees devoting half or more of their time to rural school activities.....	\$-----	\$-----	\$-----	\$-----
52. Supervisors: Salaries and expenses of supervisors of instruction in rural schools.....	\$-----	\$-----	\$-----	\$-----

	Rural elementary schools			Rural secondary schools					Total
	One-teacher schools	Consolidated schools	Two or more teacher rural schools	Junior high schools	Junior-senior high schools	Senior high schools	Regular 4-year high school	Regular high school less than 4 years	
53. Instructional personnel (day schools):									
(a) Salaries and expenses of supervisory principals.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
(b) Salaries of teachers—									
1. Men.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
2. Women.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
(c) Supplies, textbooks, school libraries, and other expenses of instruction.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
54. Operation of school plant: Wages of janitors, engineers, etc.; fuel, water, light, power, janitors' supplies, and other expenses.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
55. Maintenance of school plant (repairs, replacement of equipment, and other upkeep charges).....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
56. Auxiliary agencies and coordinate activities:									
(a) Transportation of pupils.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
(b) Other auxiliary agencies.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
57. Fixed charges (pensions, rent, insurance, contributions, contingencies, etc.).....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
58. Capital outlays.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
59. Total of payments, excluding debt service.....	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----

60. Of the amounts included in items 53 to 59, inclusive, how much was distributed by the State from State funds to stimulate or promote rural education: (1) As building aids, \$-----; (2) as transportation aids, \$-----; (3) as library aids, \$-----; (4) for promotion of consolidation, \$-----; (5) as aids for other purposes (specify), \$-----.
61. Total number of rural schoolhouses used, -----; number used exclusively for high-school purposes, -----; number of 1-room schoolhouses used, -----; number of consolidated schools, -----; number of consolidated schools established this year, -----.
62. Total number of vehicles used for transporting pupils, -----; motorized, -----; horse-drawn, -----; total number of pupils transported, -----; number transported to consolidated schools, -----.

(Name and title of reporting officer)

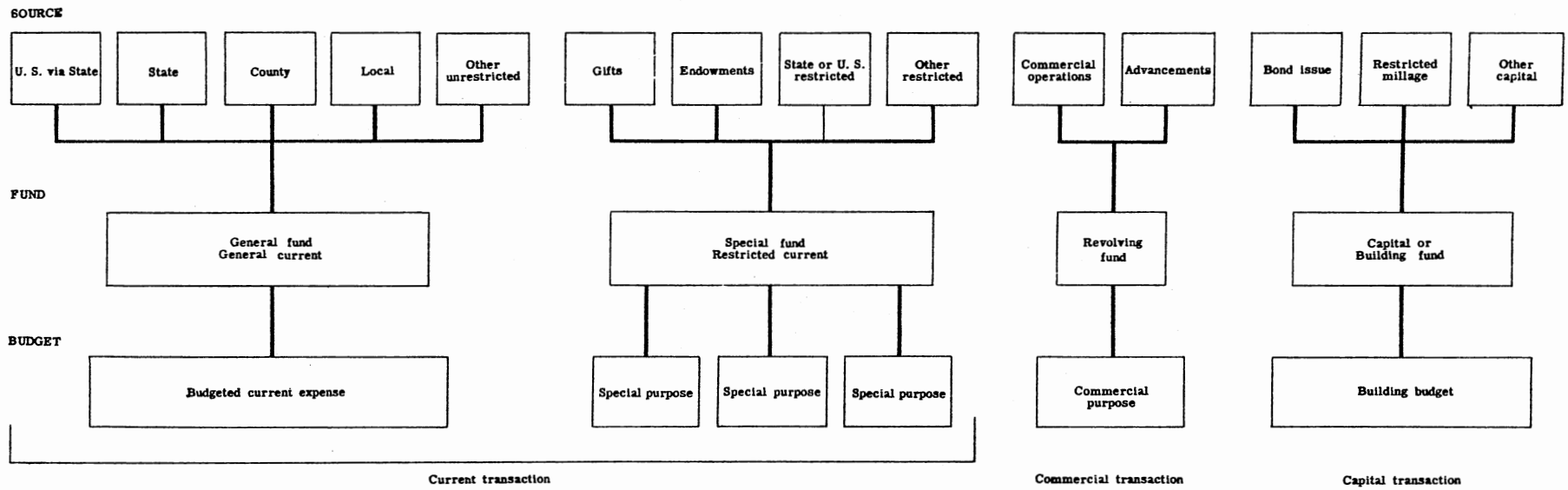
Source: Report on Committees on Uniform Records and Reports Bulletin, 1928, No. 24, Department of the Interior Bureau of Education, (Washington, 1928), pp. 59-65.

APPENDIX G

INCOME ACCOUNTS CIRCULAR 204

REVISED, AUGUST 1948

INCOME ACCOUNTS
CIRCULAR 204,
REVISED, AUGUST 1948



SOURCE: Financial Accounting For Public Schools, Circular 204, Revised, 1948, Office of Education (Washington, 1948), p. 6.

APPENDIX H

SUMMARY OF EXPENDITURE ACCOUNTS

HANDBOOK II, 1957

Expenditure Accounts

The detailed classification and definitions of accounts will be found in chapters 3 and 4.

<p style="text-align: center;">ADMINISTRATION 100 SERIES</p> <p>110. SALARIES 120. CONTRACTED SERVICES 130. OTHER EXPENSES</p> <p style="text-align: center;">INSTRUCTION 200 SERIES</p> <p>210. SALARIES 211. PRINCIPALS 212. CONSULTANTS OR SUPERVISORS 213. TEACHERS 214. OTHER INSTRUCTIONAL STAFF 215. SEC. & CLER. ASS'TS. 216. OTHER SALARIES FOR INSTR. 220. TEXTBOOKS 230. SCHOOL LIBRARIES & AUDIOVISUAL 240. TEACHING SUPPLIES 250. OTHER EXPENSES</p> <p style="text-align: center;">ATTENDANCE AND HEALTH SERVICES 300-400 SERIES</p> <p>300. ATTENDANCE SERVICES 310. SALARIES 320. OTHER EXPENSES 400. HEALTH SERVICES 410. SALARIES 420. OTHER EXPENSES</p> <p style="text-align: center;">PUPIL TRANSPORTATION SERVICES 500 SERIES</p> <p>510. SALARIES 520. CONTRACTED SER. & PUB. CARRIERS 530. REPLACEMENTS OF VEHICLES 540. TRANSPORTATION INSURANCE 550. EXPENDITURES IN LIEU OF TRANS. 560. OTHER EXPENSES</p>	<p style="text-align: center;">OPERATION OF PLANT 600 SERIES</p> <p>610. SALARIES 620. CONTRACTED SERVICES 630. HEAT FOR BUILDINGS 640. UTILITIES, EXCEPT HEAT 650. SUPPLIES 660. OTHER EXPENSES</p> <p style="text-align: center;">MAINTENANCE OF PLANT 700 SERIES</p> <p>710. SALARIES 720. CONTRACTED SERVICES 730. REPLACEMENTS OF EQUIPMENT 740. OTHER EXPENSES</p> <p style="text-align: center;">FIXED CHARGES 800 SERIES</p> <p>810. EMPLOYEE RETIREMENT 820. INSURANCE AND JUDGMENTS 830. RENTAL OF LAND AND BUILDINGS 840. INTEREST ON CURRENT LOANS 850. OTHER FIXED CHARGES</p> <p style="text-align: center;">FOOD SERVICES AND STUDENT-BODY ACTIVITIES 900-1000 SERIES</p> <p>900. FOOD SERVICES 910. SALARIES 920. OTHER EXPENSES 930. SEPARATE FUND OR ACCOUNT 1000. STUDENT-BODY ACTIVITIES 1010. SALARIES 1020. OTHER EXPENSES 1030. SEPARATE FUND OR ACCOUNT</p>	<p style="text-align: center;">COMMUNITY SERVICES 1100 SERIES</p> <p>1110. RECREATION 1120. CIVIC ACTIVITIES 1130. PUBLIC LIBRARIES 1140. CUSTODIAL AND DETENTION CARE OF CHILDREN 1150. WELFARE ACTIVITIES 1160. NONPUBLIC SCHOOL PUPILS 1161. INSTRUCTIONAL SERVICES 1162. ATTEND. & HEALTH SERVICES 1163. TRANSPORTATION SERVICES</p> <p style="text-align: center;">CAPITAL OUTLAY 1200 SERIES</p> <p>1210. SITES 1220. BUILDINGS 1230. EQUIPMENT</p> <p style="text-align: center;">DEBT SERVICE FROM CURRENT FUNDS 1300 SERIES</p> <p>1310. PRINCIPAL OF DEBT 1320. INTEREST ON DEBT 1330. PAID INTO SINKING FUNDS 1340. SCHOOLHOUSING AUTHORITY 1350. OTHER DEBT SERVICE</p> <p style="text-align: center;">OUTGOING TRANSFER ACCOUNTS 1400 SERIES</p> <p>1410. DISTRICTS IN THE STATE 1420. DISTRICTS IN ANOTHER STATE 1430. TUITION TO OTHER THAN PUBLIC SCHOOLS</p>
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SOURCE: Financial Accounting for Local and State School Systems: Standard Receipt and Expenditure Accounts, State Educational Records and Reports Series: Handbook II Bulletin 1957, No. 4, U. S. Department of Health, Education, and Welfare, Office of Education (Washington, 1966), p. XIX.

APPENDIX I

HANDBOOK II, REVISED SUMMARY OF
EXPENDITURE ACCOUNTS

HANDBOOK II, REVISED
SUMMARY OF EXPENDITURE ACCOUNTS

A - Fund

1	General Fund
2	Special Revenue Fund
3	Debt Service Fund.
4	Capital Project Fund
5	Food Service Fund.
6	Pupil Activity Fund.
7	Trust & Agency Funds
8	General Fixed Assets
9	General Long-Term Debt

B - Objects

100	- Salaries.
110	Regular Salaries.
120	Temporary Salaries.
130	Overtime Salaries
200	- Employee Benefits
300	- Purchased Services.
310	Professional and Technical Services
311	Instruction Services
312	Instructional Programs Improvement Services.
313	Pupil Services
314	Staff Services
315	Management Services.
316	Data Processing Services
317	Statistical Services
318	Board of Education Services.
319	Other Professional and Technical Services.
320	Property Services
321	Public Utilities Services.
322	Cleaning Services.
323	Repairs and Maintenance Services
324	Property Insurance
325	Rentals.
329	Other Property Services.
330	Transportation Services
331	Pupil Transportation
332	Travel
339	Other Transportation Services.
340	Communication
350	Advertising
360	Printing and Binding.

Summary of Expenditure Accounts-Continued

370	Tuition
390	Other Purchased Services.
400	- Supplies and Materials.
410	Supplies.
420	Textbooks
430	Library Books
440	Periodicals
450	Warehouse Inventory Adjustment.
490	Other Supplies and Materials.
500	- Capital Outlay.
510	Land.
520	Buildings
530	Improvements Other Than Buildings
540	Equipment
550	Vehicles
560	Library Books
590	Other Capital Outlay.
600	- Other Objects
610	Redemption of Principal
620	Interest.
630	Housing Authority Obligations
640	Dues and Fees
650	Insurance and Judgements.
651	Liability Insurance.
652	Fidelity Bond Premiums
653	Judgements Against the LEA
659	Other Insurance and Judgements
690	Miscellaneous Objects
700	- Transfers
710	Fund Modifications.
720	Transits.
790	Other Transfers

Summary of Expenditure Accounts-Continued

C - Function

1000	-	Instruction.	
1100	-	Regular Programs	
1110		Elementary Programs	
1120		Middle/Junior High Programs	
1130		High School Programs.	
1131		Preparatory, Postsecondary Education Programs.	
1132		Preparatory, Postsecondary Employment Programs	
1139		Other High School Programs	
1190		Other Regular Programs.	
1200	-	Special Programs	
1210		Programs for Gifted and Talented.	
1220		Programs for Mentally Retarded.	
1230		Programs for Physically Handicapped	
1240		Programs for Emotionally Disturbed.	
1250		Programs for Culturally Different	
1260		Programs for Pupils With Learning Disabilities.	
1290		Other Special Programs.	
1300	-	Adult Continuing Education Programs.	
1310		Adult Basic Education Programs.	
1320		Advanced Adult Education Programs	
1330		Occupational Programs	
1340		Upgrading in Current Occupation Programs.	
1350		Retraining for New Occupation Programs.	
1360		Special Interest Programs	
1370		Life Enrichment Programs.	
1390		Other Adult/Continuing Education Programs	
2000	-	Supporting Services.	
2100	-	Support Services Pupils.	
2110		Attendance and Social Work Services	
2111		Service Area Direction	
2112		Attendance Services.	
2113		Social Work Services	
2114		Pupil Accounting Services.	
2119		Other Attendance and Social Work Services.	
2120		Guidance Services	
2121		Service Area Directon.	

Summary of Expenditure Accounts--Continued

2122	Counseling Services
2123	Appraisal Services
2124	Information Services
2125	Record Maintenance Services
2126	Placement Services
2129	Other Guidance Services
2130	Health Services
2131	Service Area Direction
2132	Medical Services
2133	Dental Services
2134	Nurse Services
2139	Other Health Services
2140	Psychological Services
2141	Service Area Direction
2142	Psychological Testing Services
2143	Psychological Counseling Services
2144	Psychotherapy Services
2149	Other Psychological Services
2150	Speech Pathology and Audiology Services
2151	Service Area Direction
2152	Speech Pathology Services
2153	Audiology Services
2159	Other Speech Pathology and Audiology Services
2200	- Support Services--Instructional Staff
2210	Improvement of Instruction Services
2211	Service Area Direction
2212	Instruction and Curriculum Development Services
2213	Instructional Staff Training Services
2219	Other Improvement of Instruction Services
2220	Educational Media Services
2221	Service Area Direction
2222	School Library Services
2223	Audiovisual Services
2224	Educational Television
2225	Computer-Assisted Instruction Services
2229	Other Educational Media Services
2300	- Support Services--General Fund
2310	Board of Education Services
2311	Service Area Direction
2312	Board Secretary Services
2313	Board Treasurer Services
2314	Election Services
2315	Legal Services
2316	Tax Assessment and Collection Services
2317	Audit Services
2319	Other Board of Education Services
2320	Executive Administration Services
2321	Office of the Superintendent
2322	Community Relations Services

Summary of Expenditure Accounts-Continued

2323	Staff Relations and Negotiations Services.
2324	State and Federal Relations Services
2329	Other Executive Administration Services.
2400 -	Support Services-School Administration
2410	Office of the Principal Services.
2490	Other Support Services-School Administration.
2500 -	Support Services-Business.
2510	Direction of Business Support Services.
2520	Fiscal Services
2521	Service Area Direction
2522	Budgeting Services
2523	Receiving and Disbursing Funds Services.
2524	Payroll Services
2525	Financial Accounting Services.
2526	Internal Auditing Services
2527	Property Accounting Services
2529	Other Fiscal Services.
2530	Facilities Acquisition and Construction Services.
2531	Service Area Direction
2532	Land Acquisition and Development Services
2533	Architecture and Engineering Services.
2534	Educational Specifications Development Services.
2535	Building Acquisition, Construction, and Improvements Services
2539	Other Facilities Acquisition, and Construction Services
2540	Operation and Maintenance of Plant Services
2541	Service Area Direction.
2542	Care and Upkeep of Buildings Services.
2543	Care and Upkeep of Grounds Services.
2544	Care and Upkeep of Equipment Services.
2545	Vehicle Servicing and Maintenance Services (other than buses).
2546	Security Services.
2549	Other Operation and Maintenance of Plant Services.
2550	Pupil Transportation Services
2551	Service Area Direction
2552	Vehicle Operation.
2553	Monitoring Services.
2554	Vehicle Servicing and Maintenance Services
2559	Other Pupil Transportation Services.
2560	Food Services
2561	Service Area Direction
2562	Food Preparation and Dispensing Services
2563	Food Delivery Services
2569	Other Food Services.

Summary of Expenditure Accounts--Continued

2570	Internal Services
2571	Service Area Direction
2572	Purchasing Services
2573	Warehousing and Distributing Services
2574	Printing, Publishing, and Duplicating Services
2579	Other Internal Services
2600 -	Support Services-Central
2610	Direction of Central Support Services
2620	Planning, Research, Development and Evaluation Services
2630	Information Services
2631	Service Area Direction
2632	Internal Information Services
2633	Public Information Services
2634	Management Information Services
2639	Other Information Services
2640	Staff Services
2641	Service Area Direction
2642	Recruitment and Placement Services
2643	Staff Accounting Services
2644	Inservice Training Services (for noninstructional staff
2645	Health Services
2649	Other Staff Services
2650	Statistical Services
2651	Service Area Direction
2652	Statistical Analysis Services
2653	Statistical Reporting Services
2659	Other Statistical Services
2660	Data Processing Services
2661	Service Area Direction
2662	Systems Analysis Services
2663	Programing Services
2664	Operations Services
2669	Other Data Processing Services
2690	Other Supporting Services
2900 -	Other Supporting Services
3000 -	Community Services
3100 -	Direction of Community Services
3200 -	Community Recreation Services
3300 -	Civic Services
3400 -	Public Library Services
3500 -	Custody and Care of Children Services

Summary of Expenditure Accounts-Continued

3600 - Welfare Activities Services

3800 - Nonpublic School Pupils Services

3900 - Other Community Services

4000 - Nonprogramed Charges

4100 - Payments to Other Governmental Units (Within the State)

4200 - Payments to Other Governmental Units (Outside the State)

4300 - Transfers of Funds

5000 - Debt Services

D - Operational Unit (Example Only)

001 Friedley Elementary School

501 McLune Middle School

701 Jones High Schools

751 Chismore Vocational-Technical School

781 Curtis Junior College

901 Central Administrative Office

911 Main Warehouse

921 Main Bus Garage

E - Program (Example Only)

(Function, Program, and Operational Unit merge into one array as cost centers in system development)

1100 000 Regular Programs

1110 000 Elementary Programs

1111 001 Program No. 1 - Friedley Elementary School

1112 001 Program No. 2 - Friedley Elementary School

X X X X X X

1111 121 Program No. 1 - Johnson Elementary School

1112 121 Program No. 2 - Johnson Elementary School

X X X X X X

1120 000 Middle/Junior High School Programs

1121 501 Program No. 1 - McLune Middle School

1122 501 Program No. 2 - McLune Middle School

X X X X X X

1121 535 Program No. 1 - Taft Junior High School

1121 535 Program No. 2 - Taft Junior High School

Summary of Expenditure Accounts-Continued

I - Job Classification Activity	
100 Official/Administrative	
200 Professional-Educational	
300 Professional Other	
400 Technical	
500 Office/Clerical	
600 Crafts and Trades	
700 Operative	
800 Laborer	
900 Service Work	
J - Term	
1 Fall Term-Day	
2 Fall Term-Evening	
3 Winter Term-Day	
4 Winter Term-Evening	
5 Spring Term-Day	
6 Spring Term-Evening	
7 Summer Term-Day	
8 Summer Term-Evening	
K - Special Cost Centers	

SOURCE: Financial Accounting: Classifications and Standard Terminology for Local and State School Systems, 1973, State Educational Records and Reports Series: Handbook II, Revised (Washington, 1973), pp. 23-29.

APPENDIX J

SUMMARY OF RECEIPT ACCOUNTS

HANDBOOK II, 1957

SUMMARY OF RECEIPT ACCOUNTS
HANDBOOK II, 1957

CONDENSED OUTLINE OF BASIC ACCOUNTS

Receipt Accounts

The detailed classification and definitions of accounts will be found in chapters 1 and 2.

REVENUE RECEIPTS 10-40 SERIES	NONREVENUE RECEIPTS 50-70 SERIES
10. REVENUE FROM LOCAL SOURCES 11. TAXATION AND APPROPRIATIONS RECEIVED 12. TUITION FROM PATRONS 13. TRANSPORTATION FEES FROM PATRONS 14. OTHER REVENUE FROM LOCAL SOURCES 20. REVENUE FROM INTERMEDIATE SOURCES 30. REVENUE FROM STATE SOURCES 40. REVENUE FROM FEDERAL SOURCES	50. SALE OF BONDS 60. LOANS 70. SALE OF SCHOOL PROPERTY AND INSURANCE ADJUSTMENTS
	INCOMING TRANSFER ACCOUNTS 80-90 SERIES
	80. AMOUNTS RECEIVED FROM OTHER SCHOOL DISTRICTS IN THE STATE 90. AMOUNTS RECEIVED FROM SCHOOL DISTRICTS IN ANOTHER STATE

SOURCE: Financial Accounting for Local and State School Systems: Standard Receipt and Expenditure Accounts, State Educational Records and Reports Series: Handbook II Bulletin 1957, No. 4, U. S. Department of Health Education, and Welfare, Office of Education (Washington, 1966) p. XVIII.

APPENDIX K

SUMMARY OF RECEIPT ACCOUNTS

HANDBOOK II, REVISED, 1973

1000	REVENUE FROM LOCAL SOURCES
1100	Taxes
1110	Ad Valorem Taxes Levied by LEA
1120	Ad Valorem Taxes Levied by Another Governmental Unit
1130	Sales and Use Taxes
1140	Income Taxes
1180	Other Taxes
1190	Penalties and Interest on Taxes
1200	Revenue From Local Governmental Units Other Than LEAs
1300	Tuition
1310	Regular Day School Tuition
1311	Tuition From Pupils or Parents
1312	Tuition From Other LEAs Within the State
1313	Tuition From Other LEAs Outside the State
1320	Adult/Continuing Education Tuition
1321	Tuition From Pupils or Parents
1322	Tuition From Other LEAs Within the State
1323	Tuition From Other LEAs Outside the State
1330	Summer School Tuition
1331	Tuition From Pupils or Parents
1332	Tuition From Other LEAs Within the State
1333	Tuition From Other LEAs Outside the State
1400	Transportation Fees
1410	Regular Day School Transportation Fees
1411	Transportation Fees From Pupils or Parents
1412	Transportation Fees From Other LEAs Within the State
1413	Transportation Fees From Other LEAs Outside the State
1420	Summer School Transportation Fees
1421	Transportation Fees From Pupils or Parents
1422	Transportation Fees From Other LEAs Within the State
1423	Transportation Fees From Other LEAs Outside the State
1500	Earnings on Investments
1510	Interest on Investments
1520	Dividends on Investments
1530	Gain or Loss on Sale of Investments
1600	Food Services
1610	Sales to Pupils
1620	Sales to Adults
1700	Pupil Activities
1710	Admissions
1720	Bookstore Sales
1730	Pupil Organization Membership
1790	Other Pupil Activity Income

1000 REVENUE FROM LOCAL SOURCES (Continued)

1900	Other Revenue From Local Sources
1910	Rentals
1920	Contributions and Donations From Private Sources
1930	*Sale and Loss of Fixed Assets
1931	Sale of Fixed Assets
1932	Compensation for Loss of Fixed Assets
1940	Services Provided Other LEAs
1941	LEAs Within the State
1942	LEAs Outside the State
1950	*Refund of Prior Year's Expenditures
1960	*Transfer From Other Funds
1970	*Sales of Bonds
1980	Premium on Bonds Sold
1990	Miscellaneous

2000 REVENUE FROM INTERMEDIATE SOURCES

2100	Grants-In-Aid
2110	Unrestricted Grants-In-Aid
2120	Restricted Grants-In-Aid
2200	Revenue in Lieu of Taxes
2300	Revenue for/on Behalf of the LEA

3000 REVENUE FROM STATE SOURCES

3100	Grants-In-Aid
3110	Unrestricted Grants-In-Aid
3120	Restricted Grants-In-Aid
3200	Revenue in Lieu of Taxes
3300	Revenue for/on Behalf of the LEA

4000 REVENUE FROM FEDERAL SOURCES

4100	Grants-In-Aid
4110	Unrestricted Grants-In-Aid Received Directly From Federal Government
4120	Unrestricted Grants-In-Aid Received Directly From Federal Government Through the State
4130	Restricted Grants-In-Aid Received Directly From Federal Government
4140	Restricted Grants-In-Aid Received From Federal Government Through the State

4000 REVENUE FROM FEDERAL SOURCES (Continued)

- 4200 Revenue in Lieu of Taxes
- 4300 Revenue for/on Behalf of the LEA

* Revenues with an asterisk are not revenues to a LEA.

APPENDIX L

UNIFORM FINANCIAL PROCEDURES FOR GENERAL

FUND EXPENDITURES OKLAHOMA STATE

DEPARTMENT OF EDUCATION

UNIFORM FINANCIAL PROCEDURES FOR GENERAL
FUND EXPENDITURES OKLAHOMA STATE
DEPARTMENT OF EDUCATION

Explanation of Appropriation Accounts

Oklahoma uses the school accounts that have become standardized through use by the Federal Government and the majority of the states. All school expenditures are classified in the following nine character accounts:

1. General Control
2. Instruction
3. Auxiliary Agencies
4. Coordinate Activities (included under auxiliary agencies)
5. Plant Operation
6. Plant Maintenance
7. Fixed Charges
8. Debt Service (included under fixed charges)
9. Permanent Improvements

In Oklahoma these nine accounts have been further subdivided on the official budget of independent districts as follows:

Character Account	Appropriation Account
General Control -----	Salary of Superintendent Salaries of Clerk and Clerical Help Office Supplies, Printing, etc. Annual Audit Enumeration
Instruction -----	*Other General Control Accounts Salaries of Teachers Instructional Supplies School Library
Plant Operations -----	*Other Instructional Accounts Janitors' Salaries Janitors' Supplies Light, Power, Fuel and Water
Plant Maintenance -----	*Other Plant Operation Accounts Maintenance of Buildings Upkeep and Grounds Repair and Replacement of Furniture and Fixtures
Auxiliary Agencies -----	*Other Plant Maintenance Accounts Transportation of Pupils - Drivers' Salaries Maintenance and Operation of Vehicles Maintenance of Part-time School Physical Education *Other Auxiliary Agency Accounts

A Uniform Financial Procedure-Continued

Fixed Charges -----	Insurance
	Special Taxes
	Interest on Warrants
	Transfer Fees
	Rent
	*Other Fixed Charges Accounts
Permanent Improvements -----	Purchase of Site
	Construction of Buildings
	Furniture and Fixtures-New
	Instructional Apparatus-New
	Trucks or Vehicles-New
	*Other Permanent Improvement Accounts

Source: State of Oklahoma, Department of Education, A Uniform Financial Procedure for General Fund Expenditures in Oklahoma Schools, Bulletin No. 135, 1933, pp. 24-25.

APPENDIX M

PILOT PROJECT FINANCIAL ACCOUNTING FOR
OKLAHOMA PUBLIC SCHOOLS SUMMARY
OF EXPENDITURE ACCOUNTS

PILOT PROJECT FINANCIAL ACCOUNTING FOR
OKLAHOMA PUBLIC SCHOOLS SUMMARY
OF EXPENDITURE ACCOUNTS

A - Fiscal Year of Fund

B - Fund

- 1 General Fund
- 2 Building Fund.
- 4 Sinking Fund
- 5 Bond Fund.
- 6 Gifts and Endowments Fund.
- 7 Insurance Fund
- 8 Special Federal Funds.

C - Source of Funds

- 01 Normal Transaction not requiring additional classification
(unrestricted)
- 04 Food Service
- 05 Enrollment
- 06 Instrumental Rental.
- 07 Music Fees
- 08 Physical Education Fees.
- 09 Auto Mechancis
- 10 Home Economics Fees.
- 11 Johnson O'Mally - Parental Cost.
- 12 Johnson O'Mally - Special Programs
- 13 Industrial Arts Fees
- 15 New Buildings (Building Fund).
- 16 Remodel and Repair (Building Fund.
- 17 Furniture and Equipment (Building Fund).
- 18 Motorcycle Safety Education.
- 19 Driver Education
- 20 Title I, E.S.E.A. (Low Income)
- 21 Title I, E.S.E.A. (Migrant).
- 22 Title I, E.S.E.A. (Delinquent)
- 23 Indian Education
- 28 Special Library Project, E.S.E.A..
- 29 Title II, E.S.E.A. Library Services.
- 30 Vocational Program--Special Programs
- 31 Vocational Program--Distributive Education
- 32 Vocational Program--Agriculture.
- 33 Vocational Program--Home Economics
- 34 Vocational Program--Trade and Industrial
- 35 Vocational Program--Technical.
- 36 Vocational Program--Business and Office.
- 37 Vocational Program--Health Occupation.
- 38 Emergency Employment Act
- 39 Manpower Development and Training.
- 40 Area Vocational-Technical Schools.
- 41 Vo-Tech--Handicapped
- 42 Vo-Tech--Disadvantaged
- 43 Vo-Tech--Exemplary
- 44 Vo-Tech--Research.

Summary of Expenditure Accounts-Continued

45	Vo-Tech--Inmate Training.
46	Vo-Tech
47	Vo-Tech
48	Vo-Tech
49	Vo-Tech
50	Vocational Adult Education.
51	Vocational Adult Education.
52	College Work Study.
53	Vocational Work Study
65	Items for Resale.
66	Follow Through.
67	E.O.A. (NYC Headstart).
68	Title III, E.S.E.A. Supplementary Centers
69	Title IV, E.S.E.A. Research
70	Adult Basic Education (PL 89-750)
76	O.R.C. Grants-Construction.
77	O.R.C. Grants-Operational
78	E.D.A. Grants-Construction.
79	E.D.A. Grants-Operational
80	P.L. 815-Buildings.
81	P.L. 874-Operation.
82	Title III, N.D.E.A., Critical Subjects.
83	Title V-A, N.D.E.A., Guidance and Counseling.
84	P.L. 91380.
90	Title IV, P.L. 88-352 Civil Rights Act.
91	Title V, E.S.E.A., Strengthening Leadership
92	Title VI, E.S.E.A., Elementary Counseling and Prescriptive Teaching Center
93	Title VII, E.S.E.A. Bi-lingual Education.
94	Title VIII, E.S.E.A. Dropout Prevention
95	Drug Education
96	Gifts and Endowments.
98	Capital Outlay.
99	Insurance Loss Recovery

D - Functions

100	- Instructional Activities.
110	Classroom Activities.
111	Teachers
112	Aides.
113	Other personnel.
114	Supplies and Equipment
115	Maintenance of Instructional Equipment
119	Other Classroom Activities
120	Improvement of Instruction
121	Service Area Direction
122	Instruction and Curriculum Development
123	Instructional Staff Training
124	Coordinator of Instructional Services.
129	Other Improvement of Instruction Services.
130	Instructional Media Services
131	Service Area Direction

Summary of Expenditure Accounts-Continued

132	School Library Services
133	Audiovisual Services
134	Educational Television
135	Computer-Assisted Instruction
139	Other Instructional Media Services
140	Guidance Services
141	Service Area Direction
142	Counseling Services
143	Pupil Appraisal Services
144	Information Services
145	Records Maintenance Services
146	Placement Services
149	Other Guidance Services
150	Psychological Services
151	Service Area Direction
152	Psychological Testing
153	Psychological Counseling
154	Psychotherapy
159	Other Psychological Services
160	Speech Pathology and Audiology Services
161	Service Area Direction
162	Speech Pathology Services
163	Audiology Services
169	Other Speech Pathology and Audiology Services
170	School Administration Single Site
171	Office of the Principal - all principals and vice principals . .
172	Office of Supervisor
173	Office of Coordinator
174	Office of Director
179	Other Services of the Office of the Principal
200	- Support Services
210	Board of Education
211	Service Area Direction
212	Board Secretary
213	Board Treasurer
214	Elections
215	Legal Services
216	Tax Assessment and Collection
217	Adult Services
219	Other Board of Education Services
220	General Administration
221	Office of the Superintendent
222	Community Relations
223	Staff Relations and Negotiations
224	Land Acquisition and Improvement
225	Architecture and Engineering
226	Education Specifications Development
227	Building Acquisition, Construction, and Improvements
228	Research, Planning, Development, and Evaluation
229	Fiscal Services
231	Warehousing and Distribution
232	Printing, Publishing, and Duplicating Services

Summary of Expenditure Accounts-Continued

233	Public Information
234	Data Processing Services
235	Statistical Services
236	Information Services
237	Bookstore Services
239	Other Central Services
240	Pupil Transportation Services
241	Service Area Direction
242	Vehicle Operation
243	Monitoring Services
244	Vehicle Servicing and Maintenance
245	Transportation Equipment
246	Contract for Transportation Services
249	Other Pupil Transportation Services
250	Operation and Maintenance of Plant
251	Service Area Direction
252	Care and Upkeep of Buildings
253	Care and Upkeep of Grounds
254	Care and Upkeep of Equipment (Exception - Instructional Equipment)
255	Vehicle Servicing and Maintenance (Other than buses)
259	Other Operation and Maintenance of Plant Services
260	Support Services - Pupils
261	Attendance and Social Work Services
262	Service Area Direction
263	Attendance Services
264	Social Work Services
265	Pupil Accounting Services
269	Other Attendance and Social Work Services
270	Health Services
271	Service Area Direction
272	Medical Services
273	Dental Services
274	Nurse Services
279	Other Health Services
280	Food Services
281	Service Area Direction
282	Food Preparation and Serving
283	Food Delivery
284	Cafeteria Aides
289	Other Food Services
290	Student Body Activities
291	Service Area Direction
299	Other Services to Student Body Activities
300	- Community Services
311	Community Recreation
312	Civic Activities
313	Public Library
314	Custody and Care of Children
315	Welfare Activities
316	Non-public School Pupils

Summary of Expenditure Accounts-Continued

- 319 Other Community Services
- 400 - Non-Program Charges
 - 410 Payments to Other Governmental Units (within the state)
 - 411 Payments to other School Districts
 - 412 Payments to Area Vocational-Technical School Districts
 - 413 Revaluation Property Payments to County Assessor's Office
 - 414 Sale Tax
 - 419 Other
 - 420 Payments to Other Governmental Units (outside the state)
 - 421 Payments to School Districts
 - 422 Payments to Area Vocational-Technical School Districts
 - 425 Other
 - 430 Refunds to Other School Districts or Other Administrative Units in or out of the state
 - 440 Refund within School District
 - 450 Student Aid

E - Object

- 100 - Salaries
 - 100 Regular Salaries
 - 111 Certified Teaching Personnel
 - 112 Certified Non-Teaching Personnel
 - 113 Clerical Personnel
 - 119 Other Personnal
 - 120 Temporary Salaries
 - 121 Substitute Teacher
 - 122 Other Substitutes
 - 123 Other Types of Temporary Employment
 - 124 Summer School Salary
 - 125 Homebound
 - 129 Other
 - 130 Overtime Salaries
 - 131 Custodians
 - 132 Bus Drivers
 - 133 Clerical
 - 134 Lunch Room Personnal
 - 135 Maintenance Personnel
 - 139 Other Personnel
- 200 - Employee Benefits
 - 211 Health and Accident Insurance
 - 212 Life Insurance
 - 213 Contributions to Employee Retirement
 - 214 Social Security Contributions
 - 215 Workmen's Compensation Insurance
 - 219 Other Employee Benefits

Summary of Expenditure Accounts-Continued

300	- Purchased Services	
310	Professional and Technical Services	
311	Instruction Services	
312	Instructional Program Improvement Services	
313	Staff Services	
314	Management Services	
315	Data Processing Services	
316	Statistical Services	
317	Board of Education Services	
319	Other Professional and Technical Services	
320	Communications	
321	Telephone	
322	Meals and Lodging	
323	Postage	
324	Postage Machine Rental	
329	Other	
330	Travel	
331	Transportation	
332	Meals and Lodging	
333	Per Diem	
339	Other	
340	Transportation	
341	Transportation of Children by Contract to Agency	
342	Transportation of Children by Parent	
343	Reimbursement of Parent for Payment made to Other for Transporting Children	
349	Other	
350	Legal Notice	
351	Newspaper	
352	Radio	
359	Other	
360	Printing and Binding	
361	Board of Education Annual Reports	
362	School Directory	
363	Student Handbook	
364	Board Policies	
365	Legal Documents	
369	Other	
370	Insurance and Bond Premiums	
371	Real Property (Building & Equipment)	
372	Transportation Equipment	
373	Vehicles other than Transportation	
374	Liability	
375	Bond Premiums	
376	Judgements	
377	Band Instruments	
379	Other	
380	Public Utility Services	
381	Water	
382	Sewage	

Summary of Expenditure Accounts-Continued

383	Electricity.
384	Gas.
385	Garbage.
389	Other.
410	Repairs and Maintenance Services
411	Labor.
412	Material
413	Electricity.
414	Air Conditioning
415	Plumbing
416	Office Machines.
417	Maintenance Contracts.
419	Other.
420	Rentals
421	Land
422	Buildings.
423	Equipment.
429	Other.
430	Tuition.
450	Other Purchased Services
500	- Supplies and Materials
510	Supplies
511	Gasoline
512	Oil.
513	Tires.
514	Staff Supplies
515	Janitor.
516	Batteries.
517	Parts.
519	Other.
520	Textbooks.
521	Regular and Supplementary Texts.
522	Workbooks.
523	Binding and Repair
524	Testing Materials.
529	Other.
530	Library Books.
531	Reference.
532	General.
533	Binding and Repair
539	Other.
540	Periodicals.
541	Newspaper.
542	Magazines.
543	Bulletins.
549	Other.
550	Supply Inventory
551	Instructional Supplies

Summary of Expenditure Accounts-Continued

552	Small Tools and Equipment (non-inventorable)
553	Custodial Supplies
559	Other
560	Other Supplies and Materials
561	Milk
562	Food
569	Other
570	Audiovisual Services
571	Printing and Duplication
572	Photographic
573	Television Production and Duplication
574	Graphics
575	Audio Taping and Duplication
579	Other
580	Audiovisual Materials
581	Motion Pictures
582	Filmstrips and Slides
583	Audio and Video Tapes
584	Disc Recordings
585	Transparencies
586	Study Prints
587	Models, Mock-ups, and Realia
588	Charts, Maps, and Posters
589	Other
600	Capital Outlay
610	Land
620	Buildings
621	Remodeling
622	New Building
624	Installation of Heating and Cooling System
625	Plumbing
626	Electrical
629	Other
630	Improvements other than Building
631	Landscapings
632	Sidewalks and Curbing
633	Streets
634	Utility Lines
635	Athletic Fields
636	Playground Equipment
637	Parking
639	Other
640	Equipment
641	Initial Expenditure for Equipment
642	Replacement of Equipment
649	Other
650	Vehicles
651	Bus
652	Auto

Summary of Expenditure Accounts-Continued

653	Truck.
654	Van.
655	Tractors
659	Other.
660	Library Books (Initial Purchase of Books).
690	Other Capital Outlay
700 -	Other Expenses
710	Redemption of Principal.
720	Interest
721	Bond Interest.
722	Interest Paid on Lease Agreement
723	Interest Paid on Warrants Registered to General Fund Appropriation
729	Other Interest Payments.
730	Housing Authority Obligations.
740	School District Membership
750	Judgements Against the School System
760	Micellaneous Expenses (Examples - Sales Tax)
800 -	Transfers
810	Fund Modification.
820	Transits
890	Other Transfers.
F -	Organization
10	Elementary
11	Regular Program.
12	Gifted and Talented.
13	Mentally Retarded.
14	Physically Handicapped
15	Socially and/or Emotionally Handicapped.
16	Culturally Disadvantaged
17	Pupils with Learning Disabilities.
18	Remedial Programs.
19	Kindergarten
20	Secondary (see Junior and Senior High)
30	Adult Continuing Education Programs.
31	Adult Basic Education Programs
32	Occupational Programs.
33	Upgrading in Current Occupation Programs
34	Retraining for New Occupation Programs
35	Special Interest Programs.
36	Life Enrichment Programs
39	Other Adult Continuing Education Programs.

Summary of Expenditure Accounts-Continued

40	Vocational Technical Education
41	Regular Program.
42	Disadvantaged.
43	Handicapped
44	Exemplary.
45	Research
49	Other.
50	Vocational Technical Education (Post Secondary).
51	Regular Program
52	Disadvantaged.
53	Handicapped.
54	Exemplary.
55	Research
59	Other.
60	Junior High School
61	Regular Program.
62	Gifted and Talented.
63	Mentally Retarded.
64	Physically Handicapped
65	Socially and/or Emotionally Handicapped.
66	Culturally Disadvantaged
67	Pupils with Learning Disabilities.
68	Remedial Programs.
69	Other Special Programs
70	High School.
71	Regular Program.
72	Gifted and Talented.
73	Mentally Retarded.
74	Physically Handicapped
75	Socially and/or Emotionally Handicapped.
76	Culturally Disadvantaged
77	Pupils with Learning Disabilities.
78	Remedial Programs.
79	Other Special Programs
80	Middle School.
81	Regular Program.
82	Gifted and Talented.
83	Mentally Retarded.
84	Physically Handicapped
85	Socially and/or Emotionally Handicapped.
86	Culturally Disadvantaged
87	Pupils with Learning Disabilities.
88	Remedial Programs
89	Other Special Programs
90	Undistributed.
G -	Subject.
00	Not able to change
01	Agriculture.
02	Art.

Summary of Expenditure Accounts--Continued

03	Business.
04	Distributive Education.
05	English Language Arts
06	Foreign Languages
07	Health Occupations Education.
08	Health and Safety in Daily Living, Physical Education, and Recreation.
09	Home Economics.
10	Industrial Arts
11	Mathematics
12	Music
13	Natural Sciences.
14	Office Occupations (COE).
15	Social Sciences/Social Studies.
16	Technical Education
17	Trade and Industrial Occupations.
18	General Elementary and Secondary Education.
19	Differentiated Curriculum for Handicapped Pupils.
20	Co-Curriculum Activities.
21	Safety and Driver Education
22	Junior ROTC

Summary of Expenditure Accounts-Continued

Coding for Area Vocational-Technical Schools

00	Agriculture Education
01	Agri - Business
02	Horticulture - Landscaping.
10	Business and Office Education
11	Business and Office I
12	Business and Office II.
13	Cashier Checker
14	Computer Science I.
15	Computer Science II
16	Cooperative Office Education.
17	Data Processing I
18	Data Processing II.
19	General Office Education.
20	Graphics Communication.
21	Medical &/or Dental Secretary
22	Stenography
23	Banking
30	Cooperative Vocational Education.
31	Learning Lab
32	Communication Skills.
35	CVE I
36	CVE II.
35	Distributive Education.
40	Health Occupations.
41	Dental Office Assistant
42	Health Service Careers.
43	Medical Office.
44	Practical Nursing
50	Home Economics Education.
51	Care and Guidance of Children
52	Clothing Management, Production & Services.
53	Food Management, Production & Services.
54	Home Furnishing, Equipment & Services
55	Hospitality Careers
56	Occupational Services-Girls
60	Trade and Industrial Education.
61	Aircraft Mechanics I.
62	Aircraft Mechanics II
63	Air Conditioning &/or Refrigeration
64	Air Frame
65	Auto Body
66	Auto Mechanics I.
67	Auto Mechanics II
68	Carpentry
69	Chemical Technology
70	Commercial Art.
71	Cosmetology

Summary of Expenditure Accounts-Continued

72	Diesel Mechanics I
73	Diesel Mechanics II
74	Drafting I,
75	Drafting II
76	Electricity
77	Electronics I
78	Electronics II.
79	Farm Equipment Repair
80	Industrial Cooperative Training
81	Machine Shop.
82	Masonry
83	Meat Cutting.
84	Occupational Service-Boys
85	Photography
86	Plumbing.
87	Printing I.
88	Printing II
89	Sheet Metal
90	Small Engine Repair
91	Welding
92	Heavy Equipment
93	Truck Driver Training
94	Upholstery.

Part-Time Adult

98	Preparatory
99	Supplementary

SOURCE: Oklahoma State Department of Vocational and Technical Education,
Pilot Project Financial Accounting for Oklahoma Public Schools,
(Oklahoma, 1974), pp. 48-63.

APPENDIX N

CLASSIFICATION OF EXPENDITURES AND RECEIPTS

OKLAHOMA FINANCIAL ACCOUNTING 1979-80

CLASSIFICATION OF EXPENDITURES
OKLAHOMA FINANCIAL ACCOUNTING 1979-80

The expanding budgeting demands of LEAs for more services in the nature of special programs for exceptional pupils, for example, requires prudent budgetary control to efficiently utilize available resources. The purpose of classifying expenditures is to provide a basis for grouping the expenditures so that meaningful analyses can be made. Expenditures are classified by: fiscal year (when); fund (which); project/reporting (origin); function (why); object (what); operational unit and program (for whom); and job classification activity (kind).

No single expenditure classification grouping (referred to in the chart of accounts as dimension) would provide enough information for accountability and responsive management. Objects of expenditures such as salaries, purchased services, supplies, and materials can be made meaningful if they can be related directly to the service areas and responsibility units for which they were purchased. Thus, by relating a specific expenditure to all or at least most dimensions, more complete accountability is realized and more information is available to management than if only some of the dimensions were utilized. Careful evaluation of the results of classification of expenditures proves it to be well worth the time and expense involved. This provides maximum utilization of accounting information for planning, budgeting, accounting, evaluating, reporting, and analyzing.

The amount of detailed information needed is not the same for all LEAs. The extent to which the chart of accounts is implemented depends upon the degree of detail necessary to meet the needs of all users of the financial information of a LEA. The classification of expenditures listed in this handbook has been developed as a guide for collecting and recording the financial information of a LEA in order to satisfy statutory requirements, provide prudent stewardship of funds, and meet various management needs. In addition, the records system developed enables LEAs to summarize data in usable formats for state and federal reports.

The following classification system has built-in flexibility in that any or most accounts may have additional subaccounts based on the need for more detailed information, or accounts may sometimes be combined for aggregate information. Some LEAs may not need or desire to utilize all of the dimensions, either for economy or other reasons, but any reduction in the number of accounts used should be made only after local, state, and federal information requirements have been reviewed.

BASIC EXPENDITURE DIMENSIONS

The following are dimensions required to satisfy the reporting needs of the various levels of government or dictated by sound accounting procedures:

- A. Fiscal Year (necessary for sound accounting reasons)
- B. Fund (required for state reporting)
- C. Project/Reporting (necessary for both state and federal reporting requirements)
- D. Function (required for federal reporting)
- E. Object (required for federal reporting)
- F. Operational Unit (mandatory because of state and federal requirements to extract elementary-secondary costs from all others)

OPTIONAL EXPENDITURE DIMENSIONS

The following are dimensions made available for LEAs in whose judgment a more detailed and customized accounting system is useful for managerial purposes:

- G. Program (strongly recommended for all LEAs)
- H. Job Classification Activity

Underscored accounts:
Each particular account is required
for federal reporting purposes.

SUMMARY OF EXPENDITURE ACCOUNT DIMENSIONS

Related expenditure accounts and types of expenditures are summarized below.

A. FISCAL YEAR

- 8 FY 1977-78
- 9 FY 1978-79
- 0 FY 1979-80
- 1 FY 1980-81
- 2 FY 1981-82

Key: Basic
Optional

B. FUND

GOVERNMENTAL FUNDS

- 1 General
- 2 Special Revenue (Building)
- 3 Debt Service (Sinking)
- 4 Capital Projects (Bond)

PROPRIETARY FUNDS

- 5 Food Service

FIDUCIARY FUNDS (TRUST AND AGENCY)

- 6 Pupil Activity
- 7 Gifts and Endowments
- 8 Insurance

ACCOUNT GROUPS

- X General Fixed Assets
- X General Long-Term Debt

C. PROJECT/REPORTING

- 00 Non-Categorical/Unrestricted
- 01 through 10 (reserved for those schools who wish to isolate expenditures made by responsibility centers)
- 11 Food Service
- 12 Pupil Activities
- 13 Insurance Loss Recovery
- 14 Self-Insurance
- 15 Principal's Discretionary Account
- 16 Gifts and Endowments
- 41 Exceptional Education
- 42 Prescriptive Teaching Act of 1974
- 51 Johnson O'Mally Programs
- 53 ESEA, Title I, Regular (Low Income)
- 54 ESEA, Title I, Migrant
- 55 ESEA, Title IVB, Libraries and Learning Resources
- 64 ESEA, Title IVC, Educational Innovation and Support

- 65 ESEA, Title VII, Bilingual Education
- 66 ESEA, Title IX, Ethnic Heritage Study Program
- 67 EHA-B, Handicapped Children, PL 94-142
- 68 Office of Civil Rights, Title IV, PL 88-352
- 69 Headstart, Title V, PL 93-644
- 70 Right to Read, Title VIIB, Sec. 723, PL 93-580
- 71 Right to Read, Title VIIA, PL 93-380
- 72 EOA, Title V, Follow Through, PL 93-644
- 73 ESAA, Title VII, PL 93-380
- 75 Impact Aid, PL 815, Buildings
- 76 Impact Aid, PL 874
- 78 CETA, Title I
- 86 Adult Education, Title III
- 87 Community Education
- 88 Energy
- 99

D. FUNCTION

INSTRUCTION
(100 Series)

- 110 Regular Education
 - 111 Pre-Kindergarten*
 - 112 Kindergarten*
 - 113 Elementary*
 - 114 Middle*
 - 115 Junior*
 - 116 High School*
 - 119 Other Regular Education*
- *120 Gifted/Talented
- *130 Mentally Handicapped
 - 131 *Educable*
 - 132 *Trainable*
 - 139 Other Mentally Handicapped*
- *140 Physically Handicapped
 - 141 *Deaf*
 - 142 *Hard of Hearing*
 - 143 *Deaf-Blind*
 - 144 *Visually Handicapped*
 - 145 *Speech Impaired*
 - 146 *Crippled*
 - 149 *Other Physically Handicapped (Health Impaired)*
- *150 Other Exceptional Students
 - 151 *Emotionally Disturbed*
 - 152 *Culturally Disadvantaged*
 - 153 *Learning Disabled*
 - 154 *Remedial*
 - 155 *Homebound*
 - 156 *Bilingual*
 - 159 *Other Exceptional Students*

*The 120 through 150 series total all exceptional children.

- 160 Vocational Education
 - 161 Agriculture
 - 162 Distributive Education
 - 163 Office Occupations
 - 164 Health Occupations Education
 - 165 Trade and Industrial Occupations
 - 166 Technical
 - 167 Occupational Home Economics
 - 168 Consumer & Homemaking Home Economics
 - 169 Industrial Arts
- 170 Adult/Continuing Education
 - 171 Adult Basic Education
 - 172 Advanced Adult Education
 - 173 Occupational Education
 - 174 Upgrading in Current Occupation
 - 175 Retraining for New Occupation
 - 176 Special Interest
 - 177 Life Enrichment
 - 179 Other Adult/Continuing Education
- 180 Additional Instructional Services
 - 181 Systemwide
 - 182 Summer School
 - 189 Other Instructional

SUPPORT FOR INSTRUCTION--PUPILS AND STAFF
(200 Series)

- 210 School Administration Services
 - 211 Office of the Principal
 - 219 Other School Administration
- 220 Attendance and Social Work Services
 - 221 Attendance and Social Work Direction
 - 222 Attendance
 - 223 Social Work
 - 224 Pupil Accounting
 - 229 Other Attendance and Social Work
- 230 Guidance Services
 - 231 Guidance Direction
 - 232 Counseling
 - 233 Pupil Appraisal
 - 234 Information
 - 235 Record Maintenance
 - 236 Placement
 - 239 Other Guidance
- 240 Psychological Services
 - 241 Psychological Services Direction
 - 242 Psychological Testing
 - 243 Psychological Counseling
 - 244 Psychotherapy
 - 249 Other Psychological

- 250 **Speech Pathology and Audiology Services**
 - 251 *Speech Pathology Direction*
 - 252 *Speech Pathology*
 - 253 *Audiology*
 - 259 *Other Speech Pathology and Audiology*
- 260 **Health Services**
 - 261 *Health Services Direction*
 - 262 *Medical*
 - 263 *Dental*
 - 264 *Nurse*
 - 269 *Other Health*
- 270 **Improvement of Instruction Services**
 - 271 *Improvement of Instruction Direction*
 - 272 *Instruction and Curriculum Development*
 - 273 *Instructional Staff Training*
 - 279 *Other Improvement of Instruction*
- 280 **Instructional Media Services**
 - 281 *Instructional Media Direction*
 - 282 *School Library*
 - 283 *Audiovisual*
 - 284 *Educational Television*
 - 285 *Computer-Assisted Instructional*
 - 289 *Other Instructional Media*
- 290 **Other Support Services--Instructional Staff and Pupils**
 - SUPPORT SERVICES--GENERAL ADMINISTRATION
(300 Series)
- 310 **Board of Education Services**
 - 311 *Board of Education Direction*
 - 312 *Board Secretary*
 - 313 *Board Treasurer*
 - 314 *Election*
 - 315 *Legal*
 - 316 *Tax Assessment and Collection*
 - 317 *Audit*
 - 319 *Other Board of Education*
- 320 **Executive Administration Services**
 - 321 *Office of Superintendent*
 - 322 *Community Relations*
 - 323 *Staff Relations and Negotiations*
 - 324 *State Relations*
 - 325 *Federal Relations*
 - 329 *Other Executive Administration*
- 330 **Fiscal Services**
 - 331 *Fiscal Services Direction*
 - 332 *Budget*
 - 333 *Receiving and Disbursing Funds*
 - 334 *Payroll*
 - 335 *Financial Accounting*

- 336 *Internal Auditing*
 - 337 *Property Accounting*
 - 339 *Other Fiscal*
 - 340** **Operation and Maintenance of Plant Services**
 - 341 *Operation and Maintenance Direction*
 - 342 *Care and Upkeep of Buildings*
 - 343 *Care and Upkeep of Grounds*
 - 344 *Care and Upkeep of Equipment (other than instructional equipment)*
 - 345 *Vehicle Servicing and Maintenance*
 - 346 *Security*
 - 349 *Other Operation and Maintenance of Plant*
 - 350** **Food Services**
 - 351 *Food Service Area Direction*
 - 352 *Food Preparation and Dispensing Services*
 - 353 *Food Delivery*
 - 359 *Other Food*
 - 360** **Internal Services**
 - 361 *Internal Service Direction*
 - 362 *Purchasing*
 - 363 *Warehousing and Distributing*
 - 364 *Printing, Publishing, and Duplicating*
 - 369 *Other Internal*
 - 370** **Pupil Transportation Services**
 - 371 *Pupil Transportation Services Direction*
 - 372 *Vehicle Operation*
 - 373 *Monitoring*
 - 374 *Vehicle Servicing and Maintenance*
 - 379 *Other Pupil Transportation*
 - 390** **Other General Administrative Support Services**
- SUPPORT SERVICES--CENTRAL**
(400 Series)
- 410** **Planning, Research, Development, and Evaluation Services**
 - 411 *Planning, Research, Development, and Evaluation Direction*
 - 412 *Development*
 - 413 *Evaluation*
 - 414 *Planning*
 - 415 *Research*
 - 419 *Other Planning, Research, Development, and Evaluation*
 - 420** **Information Services**
 - 421 *Information Service Direction*
 - 422 *Internal Information*
 - 423 *Public Information*
 - 424 *Management Information*
 - 429 *Other Information*
 - 430** **Staff Services**
 - 431 *Staff Service Direction*
 - 432 *Recruitment and Placement*
 - 433 *Staff Accounting*

- 434 Inservice Training (for noninstructional staff)
- 439 Other Staff
- 440 Statistical Services
 - 441 Statistical Service Direction
 - 442 Statistical Analysis
 - 443 Statistical Reporting
 - 449 Other Statistical
- 450 Data Processing Services
 - 451 Data Processing Direction
 - 452 Systems Analysis
 - 453 Programming
 - 454 Operations
 - 459 Other Data Processing
- 490 Other Support Services--Central

COMMUNITY SERVICES
(500 Series)

- 510 Community Recreation
- 520 Civic
- 530 Public Library
- 540 Custody and Care of Children
- 550 Welfare Activities
- 560 Nonpublic School Rights
- 590 Other Community

FACILITIES ACQUISITION AND CONSTRUCTION SERVICES
(600 Series)

- 610 Facilities Acquisition and Construction Direction
- 620 Site Acquisition
- 630 Architecture and Engineering
- 640 Educational Specifications Development
- 650 Building Acquisition and Construction
- 660 Building Improvement
- 670 Site Improvement
- 680 Debt Service
- 690 Other Facilities Acquisition and Construction

NON-PROGRAM CHARGES AND CONTINGENCY
(700 Series)

- 710 Refund to Patrons
- 720 Unreserved Fund Balances (Lapsed Appropriations)
- 730 Specific Contingencies (for budgeting purposes only)
- 790 Other Non-Program Charges

COCURRICULAR ACTIVITIES
(800-900 Series)

Numbers may be assigned to clubs and organizations by LEA, preferably in alphabetical order. Examples are listed below.

- 801 Athletics
- 802 Band
- 803 Cheerleaders
- 804 Class of 1983
- 805 Class of 1984

- 806 Drama
- 807 FHA
- 808 Student Council
- 999 Other Cocurricular Activities

E. OBJECT

SALARIES
(100 Series)

- 110 Regular Salaries
- 120 Temporary Salaries
- 130 Overtime Salaries

EMPLOYEE BENEFITS
(200 Series)

- 210 Group Insurance
 - 211 Health and Accident
 - 212 Life
 - 213 Long-Term Disability
 - 219 Other Group
- 220 Social Security Contributions
- 230 Retirement Contributions--State Plans
- 240 Retirement Contributions--Local Plans
- 250 Unemployment Compensation (Tax)
- 260 Worker's Compensation
- 290 Other Employee Benefits

PURCHASED PROFESSIONAL AND TECHNICAL SERVICES
(300 Series)

- 310 Instruction Services
- 320 Instructional Program Improvement Services
- 330 Pupil Services
- 340 Staff Services
- 350 Management Services
- 360 Data Processing Services
- 370 Statistical Services
- 380 Board of Education Services
- 390 Other Purchased Professional and Technical Services

PURCHASED PROPERTY SERVICES
(400 Series)

- 410 Energy Utility Services
 - 411 Electricity
 - 412 Gas
 - 413 Bottled Gas
 - 414 Coal
 - 419 Other Energy Utility
- 420 Non-Energy Utility Services
 - 421 Water
 - 422 Sewage
 - 423 Garbage
 - 429 Other Non-Energy Utilities

- 430 **Cleaning Services**
 - 431 *Disposal*
 - 432 *Snow Plowing*
 - 433 *Custodial*
 - 439 *Other Cleaning*
- 440 **Repair and Maintenance Services**
 - 441 *Electrical*
 - 442 *Air Conditioning*
 - 443 *Plumbing*
 - 444 *Heating*
 - 445 *Audiovisual*
 - 446 *Office Machines*
 - 447 *Maintenance Contracts*
 - 448 *Other Instructional Equipment and Materials*
 - 449 *Other Non-Instructional Equipment and Materials*
- 450 **Rentals**
 - 451 *Land and Buildings*
 - 452 *Equipment*
 - 453 *Vehicles*
 - 454 *Materials*
 - 459 *Other Rentals*
- 490 **Other Purchased Property Services**

OTHER PURCHASED SERVICES
(500 Series)

- 510 **Pupil Transportation Services**
 - 511 *Another LEA Within the State*
 - 512 *Another LEA Outside the State*
 - 513 *Other Sources*
 - 519 *Other Transportation*
- 520 **Insurance, Other Than Employee Benefits**
 - 521 *Property*
 - 522 *Liability*
 - 523 *Surety Bonds*
 - 524 *Pupil Transportation Vehicles*
 - 529 *Other Insurance*
- 530 **Communications**
 - 531 *Telephone*
 - 532 *Postage*
 - 539 *Other Communications*
- 540 **Advertising**
 - 541 *Printed*
 - 542 *Electronic*
 - 549 *Other Advertising*
- 550 **Printing and Binding**
 - 551 *Reports*
 - 552 *Directories*
 - 553 *Handbooks*
 - 559 *Other Printing and Binding*

- 560 Student Tuition
 - 561 Tuition to Other LEAs Within the State
 - 562 Tuition to Other LEAs Outside the State
 - 569 Other Student Tuition
- 570 Contracted Food Services
 - 571 Student Food
 - 579 Other Food
- 580 Travel (Staff)
- 590 Other Purchased Services
 - 591 Local
 - 592 Another LEA Within the State
 - 593 Another LEA Outside the State
 - 599 Other Purchases Services

SUPPLIES AND MATERIALS
(500 Series)

- 610 Classroom Instructional Supplies and Materials
- 620 Books
 - 621 Regular and Supplementary Textbooks
 - 622 Workbooks
 - 623 Library
 - 629 Other Books
- 630 Periodicals
 - 631 Newspapers
 - 632 Magazines
 - 633 Bulletins
 - 634 Journals
 - 639 Other Periodicals
- 640 Testing Supplies and Materials
- 650 Office Supplies and Materials
- 660 Custodial Operation and Maintenance Supplies and Materials
- 670 Vehicle Supplies and Materials
 - 671 Gasoline
 - 672 Oil
 - 673 Tires
 - 674 Batteries
 - 675 Parts
 - 679 Other Vehicle Supplies and Materials
- 680 Supply and Material Inventory
 - 681 Classroom Instructional
 - 682 Books
 - 683 Small Tools and Equipment
 - 684 Testing
 - 685 Office
 - 686 Custodial Operation and Maintenance
 - 687 Vehicle
 - 689 Other Inventory Supplies and Materials

- 690 Other Supplies and Materials
 - 691 Audiovisual
 - 692 Health
 - 693 Food
 - 694 Library
 - 699 Other Supplies and Materials

PROPERTY
(700 Series)

- 710 Land and Site Improvements
- 720 Buildings
 - 721 New
 - 722 Remodeling
 - 723 Heating and Cooling Systems
 - 724 Plumbing Systems
 - 725 Electrical Systems
 - 726 Roofs
 - 727 Security and Fire Systems
 - 729 Other Capital Improvements to Buildings
- 730 Improvements Other Than Buildings
 - 731 Landscaping
 - 732 Sidewalks and Curbin
 - 733 Streets
 - 734 Utility Lines
 - 735 Athletic Fields
 - 736 Playground Equipment
 - 737 Parking
 - 738 Playgrounds
 - 739 All Other Improvements
- 740 Equipment
 - 741 Furniture
 - 742 Machines
 - 749 Other Equipment
- 750 Vehicles
 - 751 Automobiles
 - 752 Buses
 - 753 Tractors
 - 754 Trucks
 - 755 Vans
 - 759 Other Vehicles
- 790 Other Property

OTHER OBJECTS
(800 Series)

- 810 Dues, Fees, Memberships
- 820 Judgments Against the LEA
- 890 Miscellaneous Objects

OTHER COSTS OF EDUCATION
(900 Series)

- 910 Depreciation (Proprietary Fund only)
 - 911 Plant

- 912 Equipment
- 913 Vehicles
- 919 Other Depreciation
- 920 Interest
 - 921 Interest on Non-Payable Warrants
 - 929 All Other Interest
- 930 Redemption of Principal
- 940 Housing Authority Obligations
- 950 Fund Transfer
- 990 Miscellaneous Costs of Education

F. OPERATIONAL UNIT

- 001-059 Districtwide
- 060-099 Reserved*
- 100-499 Elementary
- 500-799 Secondary
- 800-899 Adult
- 900-999 Vo-Tech

- 001-059 Districtwide
- 060-099 Reserved*
- 100-499 Elementary
- 500-599 Middle
- 600-699 Junior High
- 700-799 Senior High
- 800-899 Adult
- 900-999 Vo-Tech

*for optional assignment by the State Department of Education upon request.

*for optional assignment by the State Department of Education upon request.

N.B. In order to determine Instructional Organization, the Optional Plan must be used.

G. PROGRAM

REGULAR INSTRUCTIONAL PROGRAMS (100-849 Series)

**Language Arts
10(0) - 14 (9)**

- 100 Language Arts
 - 101 English I
 - 102 English II
 - 103 Creative Writing
 - 104 Journalism
 - 105 Remedial Reading

← Examples only. LEAs should identify sub-programs and number according to local needs.

**Mathematics
15(9) - 19(9)**

- 150 Mathematics
 - 151 Algebra I
 - 152 Geometry
 - 153 General Math

**Social Studies
20(0) - 24(9)**

- 200 Social Studies
 - 201 American History
 - 202 Oklahoma History
 - 203 Problems in American Society

- Science**
25(0) - 29(9)
- 250 Science
 251 *Biology*
 252 *Physics*
 253 *Chemistry*
- Business Education**
30(0) - 34(9)
- 300 Business Education
 301 *Bookkeeping*
 302 *Typing I*
 303 *Shorthand*
- Fine Arts**
35(0) - 39(9)
- 350 Fine Arts
 351 *General Music*
 352 *Band*
 353 *Orchestra*
 354 *Vocal Music*
- Health and Safety Education**
40(9) - 44(9)
- 400 Health and Safety Education
 401 *Physical*
 402 *Cardio-Pulmonary Resuscitation*
- Foreign Language**
45(0) - 49(9)
- 450 Foreign Language
 451 *Spanish*
 452 *French*
 453 *Russian*
- Practical Arts**
50(0) - 54(9)
- 500 Practical Arts
 501 *Family Living*
 502 *Woodwork*
 503 *Sheet Metal*
- Vocational Education (Home School)**
55(0) - 59(9)
- 550 Vocational Education
 551 *Auto Mechanics*
 551 *General Agriculture*
- Athletics**
60(0) - 64(9)
- 600 Athletics
 601 *Football*
 602 *Boys' Basketball*
 603 *Girls' Basketball*
- *Area Vo-Tech School**
65(0) - 84(9)
- 650 Area Vo-Tech School

*The Area Vocational-Technical Schools currently list courses as programs. As of this writing, there are 113 Vo-Tech courses. This recommended numbering scheme will permit several courses to be added. Enough digits are reserved to expand the Vo-Tech offerings from 113 to 149.

OTHER INSTRUCTIONAL PROGRAMS (850-899 Series)

To be assigned by local school district. Within this program series, such programs as ROTC; aeronautics; Differentiated Curriculum for Exceptional Students; etc. might be listed.

SPECIAL SUPPORT PROGRAMS (900-970 Series)

To be assigned by local school district. Within this program series, a drug abuse program; bond issue; etc. might be listed.

GENERAL SUPPORT PROGRAMS (970-999 Series)**970 General Support Programs**

- 971 *Districtwide*
- 972 *Elementary*
- 973 *Middle*
- 974 *Junior High*
- 975 *Senior High*
- 976 *Adult*
- 977 *Vo-Tech*

This program series is intended to be used for those costs which cannot be traced to a specific instructional or support program; e.g., general administration costs such as salary of superintendent, of maintenance crew, etc. If these costs can be traced to a particular organizational unit such as elementary or senior high, for example, they may be coded as such. However, for those costs which are districtwide, number 951 could be used.

H. JOB CLASSIFICATION ACTIVITY**OPTION I (Personnel Purposes)**

- 10 **Official/Administrative**
 - 11 *Administrative Assistant*
 - 12 *Assistant Deputy/Associate Superintendent*
 - 13 *Assistant Principal*
 - 14 *Board of Education Member*
 - 15 *Foreperson*
 - 16 *Principal*
 - 17 *Superintendent*
 - 19 *Other Official/Administrative*
- 20 **Professional-Educational**
 - 21 *Curriculum Specialist*
 - 22 *Counseling*
 - 23 *Librarian/Media*
 - 24 *Remedial*
 - 25 *Teaching*
 - 29 *Other Professional-Educational*
- 30 **Professional-Other**
 - 31 *Accounting/Auditing*
 - 32 *Health*
 - 33 *Legal*

- 34 *Negotiating*
- 35 *Personnel*
- 36 *Public Relations*
- 37 *Research and Development*
- 39 *Other Professional-Other*
- 40 **Technical**
 - 41 *Computer Operating/Programming*
 - 42 *Psychometrist*
 - 43 *Health Paraprofessionals*
 - 44 *Purchasing*
 - 49 *Other Technical*
- 50 **Office/Clerical**
 - 51 *Bookkeeping*
 - 52 *Clerical*
 - 53 *Records Managing*
 - 54 *Teaching Aide*
 - 59 *Other*
- 60 **Crafts and Trades**
 - 61 *Carpentry*
 - 62 *Electrician*
 - 63 *General Maintenance*
 - 64 *Masonry*
 - 65 *Mechanic*
 - 66 *Painting*
 - 67 *Plastering*
 - 68 *Plumbing*
 - 69 *Other Crafter and Trades*
- 70 **Operative**
 - 71 *Crafts and Trades Apprenticeship*
 - 72 *Dispatching*
 - 73 *Vehicle Operating*
 - 79 *Other Operative*
- 80 **Laborer**
 - 81 *Groundskeeping*
 - 89 *Other Laborer*
- 90 **Service Work**
 - 91 *Attendance Officer*
 - 92 *Custodian*
 - 93 *Elevator Operator*
 - 94 *Food Service*
 - 95 *Guard/Watchperson*
 - 96 *Monitoring*
 - 97 *Stores Handling*
 - 99 *Other Service Work*

SOURCE: State Department of Education, Financial Accounting: Classifications and Standard Terminology for Oklahoma Public School Systems, Bulletin 145-T 1979-80, pp. 4-2 to 4-15.

CLASSIFICATION OF RECEIPTS
OKLAHOMA FINANCIAL ACCOUNTING 1979-80

Income includes both revenue and nonrevenue receipts. Revenue receipts are additions to assets for which no obligations are incurred by the school district and which may be expended at the discretion of the governing board of the district. Primary sources of revenue are State apportionments and district taxes. Nonrevenue receipts consist of money received in exchange for property of the school district or receipts for which the district incurs an obligation, such as through loans or the sale of bonds. Bond or loan receipts must be used by the governing board of the district for the purposes outlined at the time loans are secured or bonds are issued.

This chapter provides for uniform identification and classification of receipts for all funds and accounts of a school district. The classifications should be used in 1) the day-to-day accounting for receipts; 2) the preparation of budgets; and 3) the preparation of all financial reports. The classifications are applicable to the budgeting, accounting, and reporting of all funds of each school district.

Since each fund is independent of others, it has its own resources, obligations, revenues, expenditures, and fund balances. Consequently, some distinction must be made between revenue of an individual fund and revenue of a school district.

The amount of detailed information needed is not the same for all LEAs or for all funds. The extent to which income is classified depends upon the degree of detail necessary to meet the needs of all users of the financial information of LEAs. The classification of income listed in this handbook has been developed as a guide for collecting and recording the financial information of a LEA in order to satisfy statutory requirements, provide prudent stewardship of funds, and meet various management needs. In addition, the records system developed enables LEAs to summarize data in usable formats for local, state, and federal reports.

The general requirements for income and expenditure accounting are relatively the same. Revenue accounting and reporting requirements are not as extensive as those for expenditure reporting, either in terms of the number of dimensions or in differentiation within dimensions.

INCOME ACCOUNT DIMENSIONS

Some of the following dimensions might be used with one or more of the funds:

- | | |
|----------------------|---|
| A. Fiscal Year | E. Function (only applicable when coding Pupil Activity Fund) |
| B. Fund | F. Operational Unit |
| C. Project/Reporting | G. Program (may be used to identify income by specific sports or to identify income for other special support programs) |
| D. Source of Income | |

SUMMARY OF INCOME ACCOUNT DIMENSIONS

Related income accounts and types of income are summarized below:

- A. FISCAL YEAR
- 8 FY 1977-78
 - 9 FY 1978-79
 - 0 FY 1979-80
 - 1 FY 1980-81
 - 2 FY 1981-82

<p>Underscored accounts: Each particular account is required for Federal reporting purposes.</p>
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B. FUND

GOVERNMENTAL FUNDS

- 1 General
- 2 Special Revenue (Building)
- 3 Debt Service
- 4 Capital Projects (Bond)

PROPRIETARY FUNDS

- 5 Food Service

FIDUCIARY FUNDS (TRUST AND AGENCY)

- 6 Pupil Activity
- 7 Gifts and Endowments
- 8 Insurance

ACCOUNT GROUPS

- X General Fixed Assets
- X General Long-Term Debt

C. PROJECT/REPORTING

- 00 Non-Categorical/Unrestricted
- 01 through 10 (reserved for those schools who wish to isolate income received by responsibility centers)
- 11 Food Service
- 12 Pupil Activities
- 13 Insurance Loss Recovery
- 14 Self Insurance
- 15 Principal's Discretionary Account
- 16 Gifts and Endowments
- 41 Exceptional Education
- 42 Prescriptive Teaching Act of 1974
- 51 Johnson O'Mally Programs
- 53 ESEA, Title I, Regular (Low Income)
- 54 ESEA, Title I, Migrant
- 63 ESEA, Title IVB, Libraries and Learning Resources
- 64 ESEA, Title IVC, Educational Innovation and Support
- 65 ESEA, Title VII, Bilingual Education
- 66 ESEA, Title IX, Ethnic Heritage Study Program
- 67 EHA-B, Handicapped Children, PL 94-142
- 68 Office of Civil Rights, Title IV, PL 88-352
- 69 Headstart, Title V, PL 93-644
- 70 Right to Read, Title VIIB, Sec. 723, PL 93-380
- 71 Right to Read, Title VIIA, PL 93-380
- 72 EOA, Title V, Follow Through, PL 93-644
- 73 ESAA, Title VII, PL 93-380
- 75 Impact Aid, PL 815, Buildings
- 76 Impact Aid, PL 874
- 78 CETA, Title I
- 86 Adult Education, Title III
- 87 Community Education
- 88 Energy
- 99

D. SOURCE OF INCOME

	<u>LOCAL INCOME</u> <u>(100 Series)</u>
110 Taxes	
<u>111</u> Ad Valorem Tax Levy (Current Year)	
112 Ad Valorem Tax Levy (Prior Year)	
113 Building Fund Levy	
114 Sinking Fund Levy	
115 Sales Tax	
116 Revenue in Lieu of Taxes	
117 Homesteads	
118 Other Taxes	
120 Tuition and Fees	
121 Summer School	
122 Full-Time Adult Education	
123 Part-Time Adult Education	
124 Continuing Education	
<u>125</u> Transfer Per Capita Cost	
<u>126</u> Non-Resident	
<u>127</u> Under Age	
<u>128</u> Over Age	
129 Other Tuition and Fees	
<u>130</u> Earnings on Investments	
<u>131</u> Interest on Investments	
132 Dividend on Insurance Policies	
133 Premium on Bonds Sold	
134 Accrued Interest on Bonds Sold	
139 Other Earnings on Investments	
140 Food Service	
<u>141</u> Student Lunches and Milk	
142 Adult Lunches	
<u>143</u> Student Breakfast	
144 Special Functions	
145 A la Carte	
146 Gifts and Donations	
<u>147</u> Special Milk	
149 Other Food Service	
<u>150-160</u> Pupil Activities	
151 Admissions	
152 Advertising and Program Sales	
153 Concessions	
154 Dues and Memberships	
155 Fees, Penalties, and Fines	
156 Game Contracts and Guarantees	
157 Gifts and Donations	
158 Season Tickets	
159 Student Activity Tickets	
161 Supplies and Materials Sold to Students	
169 Other Pupil Activities	

- 170 Rentals, Disposals, and Commissions
 - 171 Rental of School Facilities
 - 172 Rental of Property Other Than School Facilities
 - 173 Sales of Building and/or Real Estate
 - 174 Sales of Equipment and Material
 - 175 Sales of Original Bonds
 - 176 Bookstore Income
 - 177 Commissions--Telephone Service, Vending Machines, etc.
 - 178 Shop Income
 - 179 Other Rentals, Disposals, and Commissions
- 180 Reimbursements
 - 181 Insurance Loss Recoveries
 - 182 Insurance Reimbursements
 - 183 Damages to School Property
 - 184 Jury Duty
 - 185 Workers Compensation
 - 186 Media Services
 - 187 Recovery of Overpayments
 - 188 Custodian Services and Utilities
 - 189 Extra Curricular Transportation Fees
- 190 Other Income from Local Sources
 - 191 Contributions and Donations from Private Sources
 - 192 Community Services
 - 193 Insurance Premiums
 - 194 Endowments
 - 195 Local Contracts
 - 196 Mineral Royalties and Lease Income
 - 197 Transfer of Surplus from Other Districts
 - 198 Transfer from Other Funds
 - 199 Miscellaneous Income from Local Sources

INTERMEDIATE SOURCES OF INCOME
(200 Series)

- 210 County 4 Mill Ad Valorem Tax Levy
- 220 County Apportionment
- 230 Resale Property Fund Distribution
- 290 Other Intermediate Sources

STATE INCOME
(300 Series)

- 310 Dedicated
 - 311 Auto License
 - 312 Boat and Motor License
 - 313 Gross Production Tax
 - 314 Motor Vehicle Tax Stamp
 - 315 R.E.A. Tax
 - 316 School Land Earnings
 - 317 Trailers and Mobile Homes
 - 319 Other Dedicated Revenue

- 320 State Aid--General
 - 321 Foundation and Incentive
 - 322 Allocation Guarantee
 - 323 Minimum Revenue Guarantee
 - 324
 - 325 Vocational Capital Outlay--Buildings
 - 326 Vocational Capital Outlay--Equipment
 - 327 Vocational Area Schools Operation
 - 329 Other General State Aid
- 330
- 340 State Aid--Categorical
 - 341 Employees Salary Increase (emp. sal. inc.)
 - 342 Teacher Salary Increase (Current Year)
 - 343 Support Personnel Salary Increase (Current Year)
 - 344 Elementary Counseling
 - 345 Comprehensive High Schools Vocational Salaries Reimbursements
 - 349 Other Categorical State Aid
- 350 Exceptional Students
 - 351 New Programs
 - 352 Homebound
 - 353 Transportation
 - 354 Gifted and Talented
 - 355 Handicapped--Area Vocational Schools
 - 356 Blind Program
 - 357 Prescriptive Teaching Act of 1974
 - 359 Other Exceptional Student Revenue
- 360 Special
 - 361 Industrial Training
 - 362 Exemplary
 - 363 Research
 - 364 Contracts
 - 365 Rehabilitation
 - 366 Prescriptive Teaching Act of 1974
 - 369 Other Special
- 370 Food Service
 - 371 State Reimbursement
 - 379 Other Food Service
- 380 Disadvantaged Students
- 390 Other State Revenue
 - 391 Driver Education
 - 392 Community Education
 - 399 Other State Income

FEDERAL INCOME
(400 Series)

- 410 Capital Outlay
 - 411 ESEA, Title IVB, Library and Learning Resources
 - 412 Impact Aid, PL 313, Buildings

- 413 Vocational Act of 1963, Buildings
- 414 Vocational Act of 1963, Tools and Equipment
- 419 Other Capital Outlay
- 420 Disadvantaged Students
 - 421 ESEA, Title I, Part A
 - 422 ESEA, Title I, Migrant
 - 423 ESEA, Title I, Part B
 - 424 Economic Opportunity Act, PL 93-633, Follow Through
 - 429 Other Disadvantaged Students
- 430 Exceptional Students
 - 431 PL 94-142, Title VI, Part B
 - 432 PL 94-142, Title VI, Part E
 - 433 Regional Education Programs
 - 439 Other Exceptional Students
- 440 Minority
 - 441 Indian Education, Title IV, Part A
 - 442 Johnson O'Malley Programs
 - 444 Indo Chinese Program
 - 445 ESAA, Title VII, PL 93-380
 - 447 Office of Civil Rights, Title IV, PL 88-352
 - 449 Other Minority
- 450 Operations
 - 451
 - 452
 - 453 In Lieu of Taxes
 - 454 Flood Control
 - 455 Forest Reserve Rentals
 - 456 Impact Aid, PL 874, Maintenance and Operations
 - 457 Taylor Grazing Act
 - 459 Submarginal Lands
- 460 Food Service
 - 461 Federal Reimbursement
 - 469 Other Food Service
- 470 Student Aid
 - 471
 - 472 Vocational Secondary Programs
 - 473 Vocational Work Study Program
 - 479 Other Student Aid
- 480 Special
 - 481 Adult Education, Title III
 - 482 Bilingual Education
 - 483 Community Education
 - 484 Cultural Programs
 - 485 Drug and Alcohol Abuse
 - 486 Innovative and Support, Title IV, Part C
 - 487 National Energy Conservation Policy Act, PL 95-619, Title III
 - 488 EOA, Title V, Follow Through, PL 93-644
 - 489 Other Specials

- 490 Other Federal Income (Identify)
- 491 Right to Read, Title VIIB, Sec. 723, PL 93-380
- 492 Right to Read, Title VIIA, PL 93-380
- 493 CETA, Title II-B
- 494 CETA, Tital II-D
- 495 CETA, Tital IV
- 496 CETA, Title VI
- 499 Other Federal Revenue

OTHER SOURCES
(500 Series)

510 Cash Forward

E. FUNCTION

INSTRUCTION
(100 Series)

(not applicable for receipts)

SUPPORT FOR INSTRUCTION--PUPILS AND STAFF
(200 Series)

(not applicable for receipts)

SUPPORT SERVICES --GENERAL ADMINISTRATION
(300 Series)

(not applicable for receipts)

SUPPORT SERVICES--CENTRAL
(400 Series)

(not applicable for receipts)

COMMUNITY SERVICES
(500 Series)

(not applicable for receipts)

FACILITIES ACQUISITION AND CONSTRUCTION SERVICES
(600 Series)

(not applicable for receipts)

NON-PROGRAM CHARGES AND CONTINGENCY
(700 Series)

(not applicable for receipts)

COCURRICULAR ACTIVITIES (used only with Pupil Activity Fund)
(800-900 Series)

Numbers may be assigned to clubs and organizations by LEA, preferably in alphabetical order. Examples are listed below.

- 801 Athletics
- 802 Band
- 803 Cheerleaders
- 804 Class of 1983
- 805 Class of 1984
- 806 Drama
- 807 FHA
- 808 Student Council
- 999 Other Cocurricular Activities

F. OPERATIONAL UNIT

001-059 Districtwide
 060-099 Reserved*
 100-499 Elementary
 500-799 Secondary
 800-899 Adult
 900-999 Vo-Tech
 *for optional assignment by the
 State Department of Education
 upon request.

Basic Plan
Optional Plan

001-059 Districtwide
 060-099 Reserved*
 100-499 Elementary
 599-599 Middle
 600-699 Junior High
 700-799 Senior High
 800-899 Vo-Tech

*for optional assignment by the State
 Department of Education upon request.

N.B. In order to determine Instructional
 Organization, the Optional Plan must
 be used.

G. PROGRAM

If this dimension is used, the LEA may assign its own numbers in the 600-649 series for athletics when coding in the Pupil Activity Fund (see page 4-13).

REGULAR INSTRUCTIONAL PROGRAMS
 (100-849 Series)

(not applicable for receipts except Athletics)

Cocurricular Athletics
 60(0) - 64(4)

600 Cocurricular Athletics
 601 Football
 602 Boys' Basketball
 603 Girls' Basketball

← Examples only. LEAs should identify
 sub-programs and number according to
 local needs.

SPECIAL SUPPORT PROGRAMS
 (900-949 Series)

(LEA may assign its own numbers here to account for revenue for special programs.)

GENERAL SUPPORT PROGRAMS
 (950-999 Series)

(not applicable for receipts)

SOURCE: State Department of Education, Financial Accounting: Classifications and Standard Terminology for Oklahoma Public School Systems, Bulletin No. 145-T, 1979-80, pp. 3-1 to 3-8.

VITA

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