Strategies to Maintain School District Financial Solvency: Illinois School Business Officials' Recommendations

This manuscript has been peer-reviewed, accepted, and endorsed by the National Council of Professors of Educational Administration (NCPEA) as a significant contribution to the scholarship and practice of school administration and K-12 education.

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The purpose of this study was to identify financial management strategies that school business officials have found most successful in achieving school district financial stability. To accomplish, 208 Illinois school business officials in six counties: Cook, DuPage, Kane, Lake, McHenry, and Will counties, excluding Chicago School District 299, were asked to complete a qualitative online survey. One hundred and thirty-five completed responses were received, which resulted in a 65% response rate. In addition, three survey participants, who had lead their school districts from financial difficulty to solvency, were interviewed to further probe survey responses. The study identified 122 financial management strategies that school business officials should consider to maintain financial solvency in school districts. Those mentioned most often included communicating effectively with stakeholders and updating financial projections regularly. Respondents also noted the importance of:

- *Managing collective bargaining agreements/proposals and their implications;*
- *Creating and adhering to long range financial plan;*
- *Creating and maintaining balanced budgets;*
- *Staying current with economic information at the local, state, and federal levels;*
- *Meeting with their service providers to discuss possible cost reduction options;*
- *Becoming active in Illinois ASBO, which provides professional development and networking opportunities to school business officials nationwide;*
- *Spending time gaining a more thorough understanding of their districts finances before making any changes; and,*
- *Collaborating with stakeholders to ensure sound decision making occurs.*

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Introduction

In recent years, Illinois school districts have struggled to balance revenues against expenditures. In fact, a growing number of school districts find themselves forced to make expenditure reductions that often compromise the quality of education (People for the American Way, 2013). As a result of fiscal constraints, school districts must focus on providing the best educational program and services within the complex financial constraints of today's economy. The school business official (SBO) plays a critical role in meeting these challenges. Musso, past executive director of the Association of School Business Officials International (ASBO International), describes the role of school business officials as follows:

> The school business official must be visible in the community; be able to articulate the school district's instructional vision and mission, understand staffing patterns and their affect upon the educational process, progress towards student achievement and school improvement; as well as have a complete understanding of the school systems support structure including facilities, maintenance, technology, nutrition services, transportation, purchasing, budgeting, finance & accounting and taxing structures and laws. (Agron, 2007, p. 65)

According to the *School Business Office Job Description Handbook* (American Association of School Administrators, 1994), school business officials are responsible for budgeting, accounting, finance, purchasing, risk management, buildings and grounds, food service, transportation, data processing, staff management, human relations, and employee contract negotiations. As fiscal leaders, school business officials are largely responsible for school finance as well as most, if not all, other non-instructional school functions. Because of the significant role school business officials' play in a school district's financial solvency, their perspectives on financial management strategies are important for school administrators to understand.

Statement of Problem

Most Illinois public school districts today struggle to maintain financial solvency. The Illinois State Board of Education's Annual Statistical Report (2010) stated that Illinois school district expenditures have continued to outpace revenues. Illinois state superintendent Christopher Koch noted that limited and late payments from the state have contributed to school districts' weakened financial positions (ISBE, 2011). Over the past two years, the state of Illinois has at times owed school districts more than $1 billion dollars. As a result, many districts have been forced to make tough expenditure reductions to balance their budgets (Evans, 2011). While many districts were successful at reducing expenditures and presenting balanced budgets, some districts had to plan for deficit spending. According to the Illinois State Board of Education's website, more than 10% of school districts reported operational deficits for fiscal year 2010 budgets (ISBE, n.d.).

While school districts across the country have felt the financial impact of the nation's recession, it is anticipated that the decline in state funding will continue for several years (Howard, 2011). According to the Illinois ASBO Past President Mohsin Dada (2009a), it is important to recognize that school business managers must consider future events that may impact school district budgets over the long term. In order to plan successfully, business officials must utilize effective leadership strategies.

School districts need highly skilled school business officials if they are to succeed in these difficult financial times. What would be especially important these school business officials is to understand financial management strategies that other school business officials have found most successful in achieving school district financial stability.

Financial Crisis in Illinois Schools

According to the Center for Public Education (2010), the United States' economic recession has not only taken a toll on the country's economic output, but has affected almost every classroom in the nation as well. While many school districts were able to reduce expenditures with minimal student impact between 2008 and 2010, more severe expenditure reductions were required in most districts for the 2010-2011 school year. These included reducing staff and extracurricular activities, including the number of courses not required for graduation; eliminating summer school; eliminating preschool programs; adopting a four day school week; eliminating field trips; reducing instructional programs; and cutting professional development for teachers and staff.

Many of Illinois' eight hundred and sixty-eight school districts are struggling to provide quality educational programs due to the Illinois State Board of Education's failure to fund its obligations in a timely manner (May, 2011). The Illinois State Board of Education has begun to make significant cuts to education funds in an attempt to balance its own budget (Dada, 2009a). Many Illinois school districts that depend on general state aid and other state grant programs are suffering as a result (Dada, 2009a). For the 2010-11 school year, the total reduction in state funding for education was approximately $170 million dollars with the majority of the reduction coming from General State Aid (ISBE, 2011). Other notable reductions included $17 million dollars for the Early Childhood Grant program and the elimination of teacher and principal mentoring grants (ISBE, 2011a).

Due to the financial problems in Illinois, schools statewide are often forced to make decisions that lower the quality of education (PAW, 2004). May (2011) believes the disastrous condition of Illinois' financial status has forced many school districts to reduce programs and services. Many districts have enacted massive layoffs as part of their solution to the state crisis. According to May, the impact to schools includes: (a) fewer course offerings, (b) increasing class sizes, (c) fewer extracurricular and sports opportunities, (d) fewer supplies and educational materials, and ultimately (e) greater difficulty in preparing students to meet or exceed testing scores established under the No Child Left Behind legislation (2011). Until Illinois is able to balance its budget, Illinois schools will struggle with staff and program cuts to balance budgets (May, 2011).

Local School Districts

Locally, Illinois school districts revenues have been negatively impacted by a poor housing market. According to Dada (2009a), "while local property tax is the main source of revenue for Illinois schools, failing property values and home foreclosures have had a negative impact on education" (p. 5). During the 1990s, school districts reacted to increased enrollments by planning for rapid growth. In Community Unit School District 300, for example, enrollment grew at a rate of 421 students per year from 1995 – 2010 (Matkowski, 2011). Early in the next decade, the stability of the housing market came into question. By 2008, real estate growth became stagnant at best.

According to Matkowski (2011), "In 2005, 48,699 new housing 'starts' were recorded in Illinois" (p. 12). In 2010, that number fell to 7,925. The decline in the housing market and subsequent loss of property tax revenue led to significant changes in financial, staffing, and capital plans for schools. Some districts in the midst of major capital projects found themselves without the resources to staff and operate new or renovated facilities (Dada, 2011). Further, some were contractually obligated to continue with projects even if these facilities were no longer needed. During such challenging economic times, school administrators must be thoughtful and careful so they develop budgets that reflect the realities of today's environment (Matkowski, 2011).

Dada (2009a) noted that school resources have been burdened by the property tax extension limitation law (PTELL), unfunded mandates, increased needs in special programs, and higher health care costs. These, each in their own way, limit school district revenues.

Theoretical Framework for the Study

This descriptive research study was guided by Fiedler's contingency model for leadership effectiveness. The study sought to identify management strategies successful school business officials employ as they manage their school district business functions as well as help make decisions to maintain a sound school district financial position. According to Fiedler (1967), group performance is a multifaceted phenomenon affected not only by the leader's personality but by the group members' abilities and motivations, the tasks involved, and the situational determinants. Fiedler theorized that the performance of a group is contingent upon the appropriate matching of leadership style and the degree to which the leader has control and influence in a particular situation (Fiedler, 1967; Fiedler & Chemers, 1974). In other words, Fielder (1967) suggested that effective leadership is dependent on the leader selecting the most effective leadership style given the situation.

Fiedler suggests that organizational success is contingent on the leader's ability to make the best decisions at any given time (Fiedler, 1967). Further, Fiedler notes that leaders who understand the group members' abilities and make the best decisions under the given circumstances are most successful. Fielder theorized that effective leadership is tied to three variables: the leader's abilities, the group's abilities and motivations, and consideration of the situational factors (Ayman, Chemers & Fiedler, 2007; Fiedler, 1967).

Fiedler's model (Ayman, Chemers & Fielder, 2007) can be useful in explaining how successful business officials are able to maintain financial solvency during challenging economic times. School business officials who have the knowledge and skills necessary as well as an understanding of how to lead in a variety of situations have the most potential to be successful leaders. This implies that school business officials who are best at evaluating situations and consistently make the best financial decisions for all stakeholders will be most successful at maintaining financial solvency in school districts.

Research Question

The primary research question was:

What strategies do successful Illinois school business officials recommend to help school districts maintain financial solvency?

Significance of the Study

Limited research exists to date on the role of school business officials. Phillip's (2003) identified a major void in literature related to the role of school business officials during his study of Texas school business officials. Phillip noted a compelling need to investigate further the leadership role of school business officials.

More and more school districts are struggling to remain financially solvent. They depend on school business officials to make sound financial decisions. In Illinois, these problems are especially acute as school districts struggle to balance their budgets. As school districts grapple with financial problems, they must depend on their school business officials for financial leadership. This study is especially important for all school business officials because it will provided important information that can use as they seek to keep their school district financial viable in these tough economic times.

Research Design

This descriptive research study utilized a qualitative research method (Johnson & Christensen, 2008). Marshall and Rossman (2006) noted that qualitative methodology is most useful in evaluating trends in social phenomena. A web-based survey was employed to identify financial management strategies school business officials employ to maintain financial stability in their schools. Interviews were also conducted to provide an increased understanding of the school business official's role in maintaining financial stability. Through these interviews, the researcher probed the perceptions of several successful school business officials on the strategies employed to lead their school districts from financial difficulty to stability.

Survey

A web-based survey was developed and used as one source of data. Thomas (2003) noted the following:

> Survey methods involve gathering information about the current status of some *target variable* within a particular *collectivity*, then reporting a summary of the

> findings…A *target variable* is a specified characteristic of a group or collectivity….A *collectivity* is a group of things in a specified kind that becomes the focus of a survey. (p. 41)

The survey instrument consisted of two sections. In Part I, participants provided demographic information including years of professional experience as a school business official, educational background, school business official certification, school district enrollment, and the school district's percentage of low income students as reported on the 2010 Illinois District Report Card.

In Part II, school business officials were asked to respond to the following open ended question: What strategies do you recommend to help school districts maintain financial solvency?

To ensure face validity, the researchers reviewed each survey item to ensure proper alignment to the research question. Two certified school business officials were provided with the research question, the proposed survey, and a survey validation form. They were asked to assess the survey for alignment to the research question. They were also asked to rate the efficacy of the instrument itself. Finally, the certified school business officials reviewed the directions and prompts within the survey instrument for clarity and accuracy. They were encouraged to offer suggestions which were reviewed by the researcher and dissertation chair. After modification, the survey was submitted to the University Institutional Review Board, which approved it.

Interviews

The interview questions focused on the research question. These questions were also reviewed by the researchers and the Executive Director of Illinois ASBO to ensure alignment with the study's theoretical framework and the research question. The interview questions were also submitted to the University Institutional Review Board.

Survey Participants

This study included school business officials from six counties in Illinois: Cook, DuPage, Kane, Lake, McHenry, and Will Counties. A listing of school business officials residing in these counties was obtained from Illinois ASBO. Districts that did not employ school business officials were excluded from the study. Chicago Public Schools District 299 was excluded because of its size.

Interview Participants

This study sought to identify the financial management strategies of successful school business officials. In order to gather relevant data, purposive sampling was elected. In purposive sampling, research participants are purposely selected because of their perceived perspectives (Esterberg, 2002). Creswell (2007) defines purposive sampling as a strategy used to select participants who can properly inform an understanding of the central phenomenon of the study.

In order to identify qualified interview participants, a subject matter expert, the Executive Director of Illinois ASBO, was asked to identify five school business officials who met the participation selection criteria. The criteria were:

- Illinois certification as a chief school business official;
- Five or more years' experience as a school business official in Illinois;
- Successful experience leading a school district from financial difficulty to solvency for a minimum of three years; and,
- Convenience of access.

All five were contacted and the first three to agree were selected.

Data Collection

Survey

An electronic letter was sent to each chief school business official. The letter included an overview of the study and its purpose, the rights of study participants, the guidelines for voluntary participation, and assurance that all responses would remain confidential. Within one week of the initial contact, emails were sent soliciting participation of school business officials for the study. Follow up emails were sent encouraging participation from those who had yet to respond.

Interviews

Interviews were conducted to allow participants to provide more detailed responses for interpretation and analysis (Creswell, 2007). Interviews provide an opportunity for reflection and understandings to be shared. Because conducting interviews requires a degree of systemization for multi-case studies, the researcher conducted follow up interviews with three successful school business officials (Marshall & Rossman, 2006). While the interviews were initially structured to address the research question, participant responses were clarified and probed through additional questioning.

Timeline for Data Collection

Data collection occurred from January 2012 to March 2012. The electronic survey was confidentially administered in January. The survey period closed in February. Follow up interviews were conducted in late February and March.

Data Analysis Methods

An integrated analysis of the qualitative data was completed. Data analysis consists of preparing and organizing data, analyzing the data, and representing the data in figures and tables as well as discussion (Creswell, 2007; Johnson & Christensen, 2008).

Survey

Demographic data and responses to open-ended questions were analyzed by the researchers. Trends that might appear in contextual categories were identified from the qualitative comments of the study participants. A practicing school business official assisted in the analysis. Both the researchers and the practicing school business official independently analyzed the data then shared their independent findings. From this process, common patterns and themes were identified.

Interviews

The researchers also sought information on financial management strategies through interviews with select school business officials. During this phase, the researchers looked for common patterns and themes within the interview transcripts that addressed the research questions. Additional probing questions were used to provide additional insights into the participants' recommendations on role responsibilities most critical to financial success as well as strategies school business officials recommended their colleagues consider in maintaining school district financial stability.

Data Presentation and Analysis

The study sought to identify strategies school business officials recommend that other school business officials should consider as they work to maintain financial solvency in their school districts. More specifically, this descriptive study examined the following question:

What strategies do Illinois school business officials recommend to help school districts maintain financial solvency?

Demographic Information

In Part I of the survey, school business officials were asked to provide some demographic information. Nineteen percent of respondents reported that they have been school business officials for 1-4 years. Another 31.7% reported having been school business officials for 5-10 years. While 34.5% reported that they have been school business officials for 11-20 years, only 14.8% of respondents reported being school business officials for more than 20 years. Based upon the reported data, 93.6% of survey respondents were certified as school business officials in the state of Illinois.

In the demographic information section, participants also reported the highest degree they had earned. Eighty-one percent reported a master's degree. Another 7.3% indicated their highest degree as education specialist (Ed.S./CAS). Finally, 11.7% of respondents reported a doctorate. Also, participants were asked if they held a Masters of Business Administration, of which 36.6% did.

Respondents also reported their school district's student enrollment. Only 2.8% reported school district enrollments between 1-500 students. In contrast, 31.5% indicated student enrollments of 501-2000, while 42.7% reported 2001-5000 students. Finally, 23.1% served 5000 or more students.

Respondents provided the percentage of low income students as reported on their 2011 Illinois School District Report Card. While 25.4% said their low income student populations were 10% or less, 40.1% fell in the 11%-39% range. Another 16.9% said that they had between 40-59% low income students, 9.9% reported low income student enrollments of 60%-75%, and 7.7% reported more than 75%.

Open Survey Question

In section II of the electronic survey, survey participants were also asked to provide recommendations to other school business officials on how to maintain financial solvency in their school districts. School business officials were asked the following open-ended question, "What school business official responsibilities do you believe are most important to maintaining the financial solvency of a school district?" School business officials provided a total of 127 responses, which are summarized in Table 1. It is worth noting that many responses included multiple recommendations. The recommendations are listed from most to least often cited.

Table 1
School Business Officials' Recommendations to Maintain Financial Solvency by Frequency

Response Category	Number of Responses
Communicate openly with stakeholders (transparency)	26
Timely and regular updating of five year financial projections	17
Manage collective bargaining agreements/proposals and their implications	13
Create and adhere to long range financial plan	12
Create and maintain balanced budgets	12
Collaborate with stakeholders to ensure sound decision making occurs	11
Establish and maintain a fund balance policy for reserves	9
Communicate and evaluate programmatic needs annually	9
Manage revenue and expenses to build sustainability	9
Seek out inefficiencies and opportunities for cost containment	8
Tie expenditure growth to revenue growth (rate of inflation)	6
Be hands-on with staffing allocations, attrition provides opportunities	6
Network with other professionals (i.e. Illinois ASBO)	4
Be accountable and proactive	3
Establish trust with Superintendent, Board of Education, and community	3
Manage or avoid deficit spending	3
Maintain adequate cash flow to meet district needs	3
Explain the effects of compounding as it relates to salary and benefits	3
Join consortiums and cooperatives to obtain better pricing	3
Minimize available debt and associated costs	3
Tie business decisions to the strategic plan of the district	3
Evaluate vendor contracts	2
Competitively bid projects	2
Maintain and implement a regular maintenance schedule	2
Assessment of every contract	2
Bring in outside consults to increase credibility and validate data	2

Hire knowledgeable staff	2
Focus on financial oversight; resist attempts to be financially irresponsible	2
Stay current with legislative and financial issues	2
Look for creative ways to increase revenues and decrease expenditures	2
Stay current with best practices, trends, and legal updates	2
Pay attention to detail	2
Avoid penalizing cost centers for under execution of their budgets	1
Do not sell bonds for regular operating expenses	1
Be prepared for flat state and federal funding	1
Outsource operations whenever possible (food service, transportation, etc.)	1
Expect the unexpected and budget accordingly	1
Cut budgets in non-academic programs first	1
Increase knowledge whenever possible, be open minded	1
Implement a wellness policy to reduce benefit costs	1
Be the expert in your district	1
Do not recognize more than two payments for any state categorical grant	1
Minimize union strength	1
Plan for the worst case scenario	1
Ensure a finance committee is active and in place	1
Budget based on anticipated revenue and staff based on enrollment projections	1
Manage those things within your control	1
Tie program expense to student or operational outcomes	1
Analyze budget variances	1
Ensure budgetary controls are in place	1
Clearly articulate the district's financial vision	1
Develop capital expenditure projections	1
Maximize investment returns	1
Be realistic in budget preparation	1
Ensure expenses promote student achievement	1
Ask questions	1
Don't try to do it all, delegate appropriately	1
Fight all PTABs	1
Perform cost-benefit analysis on current and future programs	1
Utilize zero based budgeting	1
Prepare all budgets and forecasts on a modified accrual basis	1
Strive to improve operations, never be satisfied with your performance,	1
Develop a monthly financial checkup/routine	1

Although the school business officials offered a wide variety of suggestions, six were mentioned most frequently. Communication and financial projections were mentioned most often. One respondent noted that, "School business officials must communicate with all stakeholders while taking these steps: plan, review, adjust, plan, review, adjust, plan, review, adjust." Another emphasized that school business officials should, "Continuously collaborate with stakeholder, maintain transparency in finance and operations, be innovative, and communicate, communicate, communicate."

Another stated that:

> There is only one basic strategy. Over the long haul, you cannot expend more than you receive. There may be years when this is necessary and your projections show you can ride out the storm….but over the course of many years you must align your revenues and expenditures.

Respondents also noted the importance of:

- Managing collective bargaining agreements/proposals and their implications,
- Creating and adhering to long range financial plan,
- Creating and maintaining balanced budgets; and,
- Collaborating with stakeholders to ensure sound decision making occurs.

Finally, no substantial differences were identified based on demographic characteristics.

Interviews

The interviews were also conducted with three successful school business officials to develop a more in-depth understanding of the school business officials' recommendations to maintain financial solvency. All school business officials had at least ten years of experience. All served as school business officials. Of the three, two worked in Pre-K-8 districts while one was employed in a Pre-K-12. Two interviewees had experience serving as school business officials in multiple school districts. Finally, two interviewees were male and one was female.

During the follow up interviews, each interviewee was asked, "What strategies do you recommend other school business officials employ to maintain the financial solvency of their school districts?" By probing topics identified by survey participants, the researcher sought to develop a more thorough understanding of SBO responses.

While a variety of recommendations were discussed, the most often mentioned was the importance of school business officials developing a deep understanding of their school districts' financial data. They noted that this was critical in understanding the ramifications of any financial actions the administration and school board members were considering. One interviewee suggested using financial projection models to assist with training school board members on what will occur if the district maintains the status quo. Another respondent suggested stressing the importance of understanding the climate of the community as financial decisions are made. The respondent stated:

> …understanding the climate of your community, that's a big one. Understand the climate of your community, get out and meet your mayor and village managers, find out what they know and what their perceptions are, be the liaison if you will, of the whole community, because you do represent the whole community.

Another strategy identified was developing community partnerships. One suggested that school business officials investigate opportunities to partner with other governmental entities to share costs. The school business official said:

> We do a lot of partnerships with our village. For example, the village helped us with our football field. In our community, we don't have parks. In fact, we barely have play lots so we run our fields in conjunction with the village. We also partnered with the village to renovate our auditorium a few years ago. Instead of buying new seats we refurbished the existing ones. We also added air conditioning. I don't know how many times I've

> received phone calls from people inquiring about what we've done and why we've done it….. And it's because we have a partnership with our village and together we made the best decision for the whole.

Two interview participants discussed the importance of staying current with economic information at the local, state, and federal levels. As one respondent stated:

> I think business officials must keep up with what is going on in Springfield, because at any moment, they can decide, or make pronouncements that they are going to fund a particular program or not fund it and to what level. I also think they need to keep an eye on what's going on in the economy, not just nationally but specifically the local economy...be aware of the fact that the majority of the homes up for sale in your district in foreclosure or not, you know, that sort of thing. I think they also need to be aware of changing demographics in their school districts.

Another suggested that school business officials meet with their service providers to discuss possible cost reduction options. Using transportation services as an example she said:

> Whether they have in house transportation or they contract transportation, I think that's a big thing to sit down with either your in-house person or your outside contractor and discuss how they can tighten up routes……we know transportation funding has been cut dramatically, just because it's an outside contractor doesn't mean you shouldn't be having these face to face conversations … for example, if there are 5 buses now can we get them down to four?

Interviewees also recommended that school business officials become active in Illinois ASBO. Interestingly, this response was identified by survey respondents also. Illinois ASBO provides professional development and networking opportunities to school business officials nationwide. A participant stated:

> Get involved with Illinois ASBO. No one knows it all and if someone comes in thinking they do, they are fooling themselves. You can't know this business without having help and being able to contact people and saying how do you do this or how do you do that. All the networking that happens at Illinois ASBO conferences and workshops is invaluable.

Two interview participants urged new school business officials to spend time gaining a more thorough understanding of their districts finances before making any changes. One stated:

> For new business managers, what I would try to do is learn as much as possible... you don't have the full comprehension yet, so don't try to set as

> your goal as something dramatic as soon as you come in. Learn as much as possible. Really dig in and know the finances of the district. Know where the pitfalls are and where the money is being spent... get to know your board members, get to know your superintendent, get to know your administrators and staff.

Another had the same message but focused on school business officials without educational backgrounds. He stated:

> If you are new to the district don't try to overhaul it in two days, it never works. I think the folks that aren't in schools and come in from outside businesses want to run it like a business from the get go, and that's not a bad strategy long term, however it's not as though you have inefficiencies. Most school districts have very few staff in terms of running the operations on a day to day. It's a matter of training, not only staff but board members and everyone else.

While there were many strategies suggested by the survey participants, all three interview participants identified the use of financial projections as a key strategy to solvency within their district. One school business official stated, "The five year projection model helps me and my board realize the global picture…based on long term projects and long term goals, the projection model increases our understanding of the future financial impact of our decisions." Several respondents suggested using an independent consultant to present projections in efforts to increase the validity and credibility of the data presented to stakeholders. One noted that there are, "companies that provide financial projections and work with multiple school districts so they are able to compare what we're doing to other school districts." Another stated simply "there is a credibility factor there for boards…they seem to pay more attention if financial professionals or attorneys are presenting information."

Another strategy utilized by a survey participant was issuance of working cash bonds to increase revenue. The participant recommended hiring an experienced bond consultant to explore all potential bond options. At the same time, the school business official suggested reducing expenditures for district support services.

> We made cuts every year along the way….then the state got behind in distributing what they owed us so we cut even more to balance the budget. The Board of Education and the Superintendent all agreed that we would live within our means.

The respondent confirmed that budget reductions that affect the classroom should be minimized. He stated, "we cut lot of support staff…we had 29 administrators and are currently down to 24 with plans to cut another position next year….we're pretty much bare bones." He said that his district also focused on reducing personnel in areas such as counseling, social work, and psychology. The respondent went on to discuss his staff reduction philosophy by noting that any initial reductions should be in areas that do not directly impact educational programs and services.

Another important strategy identified was passing of a referendum. The SBO noted that additional revenues generated through a property tax increase can resolve school district financial problems for many years. She stated, “We were able to capture more of the approved levy earlier in the first couple of years before the economy got so bad, so we were able to take better advantage of that rate increase.”

Finally, she recommended that school business officials thoroughly review every existing contract and renegotiate those that offer the promise of reduced expenditures. A school business official said, “We looked at every contract….copiers, utilities, food service, lawn care, snow removal, you know, down the line so that every dollar that can be put into the classroom is put into the classroom rather than on the entire periphery.” She stated that a prudent approach to expense management is important to maintaining financial solvency.

Similarities and Differences

Recommendations for school business officials from survey participants and interviewees were also compared for similarities and differences. While recommendations for school business officials surveyed were more general in nature than those of the interview participants, two common recommendations were identified by survey and the interview respondents. First, they discussed the critical importance of completing and monitoring of financial projections on a regular basis. Second, school business officials discussed the value of communicating openly with other business managers, especially by networking with Illinois ASBO members, to ensure consideration of as many strategies as possible.

Summary and Conclusion

This study focused on strategies school business officials should consider to maintain financial solvency in school districts. Participants identified several key strategies, which have important implications for school business officials who want to maintain the financial stability school districts especially in tight economic times.

The most widely recommended strategy was for school business officials to make long-range financial planning an integral element of their regular responsibilities. They need to look beyond the current school year by developing of five-year financial projections if they are to anticipate the potential impact of any administrative or school board decision or policy on the district's long-term fiscal stability.

Another recommended strategy was for SBOs to take an active role in employee collective bargaining. As school boards negotiate collective bargaining agreements with employee groups, they need to understand the long-term financial implications of any decisions they make. SBOs should be active members of the school board team because they have the knowledge and perspective needed to provide critical financial data as well as interpret the impact of any contract provisions under consideration. Without the advice of the SBO, school boards will not have an adequate understanding of the implications of both board and employee proposals, which can lead to agreements that erode the financial stability of the school district.

SBOS should work to create and maintain balanced budgets whenever possible. Although this may not be realistic in all instances, their leadership in stressing the importance of a balanced budget will help school boards understand the future financial impact of any decisions they make. This will result in more effective long-range financial management.

Another recommended strategy was to collaborate with stakeholders to ensure sound district decision-making. SBOs are in the unique position to help stakeholders understand the financial impact of any suggestions these stakeholders may offer. Often individuals or groups propose programs and services without understanding the broader financial implications. School business officials should be active partners with stakeholders to ensure that they understand the financial impact of any ideas they are considering. By doing so, SBOs can help school board make sound education decisions more often within constraints of available district resources.

Participants noted the importance of guiding the school board to establish a fund balance policy. This will discourage unnecessary spending. It will create a natural check and balance on district spending while making it easier for boards of education to say no to requests for new programs and services. It will also encourage the efficient management of revenues and expenditures.

Finally, SBOs were encouraged to seek out inefficiencies and cost containment options. School business officials need to take a leadership role in establishing a structure and process for continuous assessment of district spending. Such proactive leadership will offer increased potential to minimize district inefficiencies while controlling expenditures and improving the school district's financial position.

Over the past 171 years, the role of school business officials has evolved from paying bills to serving as critical members of school district senior leadership teams. Now more than ever, school business officials are vital to the success of schools (Thompson, Wood, & Honeyman, 1994). As school districts are expected to be increasingly responsible for student achievement, school business officials are key individuals in helping school boards support quality education by leading efforts to operate with limited funding. Regrettably, as the economy continues to struggle, the fiscal challenges school business officials will face will only be greater. Their participation will be more critical than ever as many Illinois school districts struggle to maintain financial solvency during challenging economic times.

The perspectives of Illinois school business officials can be particularly valuable to other school business officials facing financial difficulty. The findings of this study provide school business officials with important financial management strategies they can use to maintain school district financial solvency.

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