

Bad Management, Weak Oversight The Latest Fiscal Crisis in Our Schools

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The Santa Barbara School Districts are between a rock and a hard place. On the one hand, they recently agreed to give teachers and staff a much deserved salary increase. On the other, they are not getting an expected \$500,000± that was built into the financial calculations underlying that agreement.

The \$500,000 was due from the Cafeteria Fund. A few years back, that fund had accumulated large surpluses. But, last year, it was \$500,000± in the red. The School Board approved a bailout with the understanding that the full half-million would be repaid this year.

The repayment fell \$375,000 short. That shortfall jeopardizes the district's ability to fund the salary increases to which it agreed. If the full \$500,000 had been repaid, the salary increases could be covered, and the Elementary District's reserves would meet minimum requirements.

One solution that has been proposed is to use \$110,000 of State Lottery funds. That would take money away from school sites. In my opinion, it would be improper to use Lottery funds to bail out a losing food-service operation. Lottery funds are intended for instructional purposes, not to cover bureaucratic failures. Worse, even the \$110,000 would not be enough. The Elementary District's reserves would be well below the required minimum.

It appears that the only recourse is to seek a waiver of the reserve requirement. Apparently, the County Superintendent of Schools has the power to grant such a waiver. The Elementary District received one this past year. District officials are now talking to the County Superintendent about another waiver. With so much hanging on this request, one can only hope that it will be granted.

The broader question is: Where was the oversight? How could a food-service operation have been allowed to get to the point that its red ink can jeopardize a school district's fiscal viability? It has become increasingly clear that oversight is not a priority in the school district. Indeed, some board members and the Superintendent have argued that *trust* should be the guiding principle.

I hold to an alternative view—that of the Founding Fathers. Trust is for angels. Checks and balances are for governance.

“Ambition must be made to counteract ambition. ... It may be a reflection on human nature, that such devices should be necessary to control the abuses of government. But, what is government itself, but the greatest of all reflections on human nature? ... If angels were to govern men, neither external nor internal controls on government would be necessary.” (James Madison or Alexander Hamilton, Federalist Paper 51, 1788)

Transparency and oversight are essential checks on administrative power. They should be engrained in the organizational culture. Rather, they seem to be on the wane in the governance of the public schools. To be sure, transparency and oversight carry the risk of exposure and embarrassment. But, that would have been a small price to pay to avoid this most recent fiscal crisis.