

# Bureau Brief

Appointed v.  
Elected School  
Committee



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October 8, 1996

BB96-5

## Question 2 - A Choice That Will Impact Boston's Finances

The ballot referendum question on the appointed School Committee on November 5th has profound implications not only for the future of the educational system in Boston but also for the fiscal stability of the City. The fundamental flaw in the elected structure was that it did not insure direct accountability in either the Mayor or the Committee. With both the 5-member and 13-member elected committee structures, this lack of direct accountability created a condition for fiscal instability in the City.

### *Overspending by the Elected Committee*

The division of responsibilities between the Mayor and School Committee over school financial matters prior to FY92 led to a culture of mistrust and chronic overspending by the elected School Committee. As shown in the table, prior to FY92, the elected School Committee incurred operating deficits in 11 out of 14 years. The appointed School Committee has proven its commitment to exercising both its educational and financial responsibilities, producing operating surpluses over the last five years. During this time, a larger share of school funds has been shifted to classroom needs.

School spending over authorized budgets required the City to fund the excess from limited reserves or year-end surpluses. This strategy created serious financial problems during times of fiscal stress and at best limited resources available for subsequent year needs. A return to this situation is more alarming now considering that the FY97 School Department budget is \$471.8 million and represents 35% of the City's total spending.

### *Elected Structure Lacks Accountability*

The lack of accountability under the elected structure stems from the School Committee being responsible for setting the school budget and determining how the funds were spent but not responsible for raising the revenue to fund it. The Mayor was responsible for funding the school system and determining the final school budget number. However, the Mayor had no authority over how the money was allocated and limited control over spending. This system included no incentive for the School Committee to control spending or penalty if it did not. It also provided no incentive for the Mayor to become directly invested in school performance. Other urban school systems achieve accountability by making the elected board responsible for raising its own revenue or having the mayor appoint the committee. Boston's old system of dual responsibilities blurred accountability, resulting in finger-pointing and no one official or board in charge.

### BOSTON PUBLIC SCHOOLS OPERATING SURPLUS (DEFICITS)

FISCAL YEAR	SURPLUS/ (DEFICIT)	SCHOOL COMMITTEE
1978	(\$1,704,652)	5-Member -Elected
1979	(7,546,410)	5-Member -Elected
1980	(9,138,435)	5-Member -Elected
1981	(30,788,885)	5-Member -Elected
1982	(12,191,546)	5-Member -Elected
1983	(334,100)	5-Member -Elected
1984	8,562,372	5 & 13-Member-Elected *
1985	834,325	13-Member-Elected
1986	(3,862,308)	13-Member-Elected
1987	(7,620,052)	13-Member-Elected
1988	(6,978,076)	13-Member-Elected
1989	(12,745,775)	13-Member-Elected
1990	(3,327,000)	13-Member-Elected
1991	26,674	13-Member-Elected
1992	38,000	Elected/Appointed **
1993	17,095	7-Member-Appointed
1994	18,849	7-Member-Appointed
1995	5,429	7-Member-Appointed
1996	16,325	7-Member-Appointed

\* The 13-Member elected Committee took office half-way through the fiscal year (Jan. 1984). Surplus due to supplementary budget for BTU contract in excess of actual costs. Surplus carried over to FY85.

\*\*The 7-Member Appointed Committee took office half-way through the fiscal year (Jan. 1992). The appointed Committee inherited a projected \$16.5 million budget deficit.



The divided fiscal responsibilities of the Mayor and elected School Committee contributed to a culture of mistrust which influenced spending and resource decisions. Too often the elected Committee would start the year with a school budget in excess of the appropriation set by the Mayor and City Council and then reluctantly work to reduce its spending level to that appropriation, most often not succeeding. In a few years, tacit agreements between the Mayor and Committee or funding decisions by the Mayor contributed to the School Department's operating deficit. In fiscal 1986, the school deficit was due to the fact that funds originally intended for that fiscal year were credited to the next year. In fiscal 1988, the Mayor promised resources that never materialized. In fiscal 1989, the deficit was due, in part, to some creative accounting on the part of the City which increased the fiscal 1989 deficit, freeing-up funds for fiscal 1990. This situation of gamesmanship and competition under the elected structure resulted in school operating deficits.

### ***Rating Agencies Note Change***

The lack of fiscal discipline exercised by the elected School Committee was a source of concern for the bond rating agencies which independently assess the financial condition of the City. Moody's and Standard & Poors are the two major agencies that rate the City's bonds as to their investment quality. The ratings influence the interest the City must pay on the bonds issued. In a rating report in 1991, Moody's cautioned that any overspending by the School Department in fiscal 1992 "could throw the city budget out of balance and require further cuts in other departments." In February, 1992, one month after the appointed Committee assumed office, reports by both agencies positively noted the creation of the appointed Committee, with one agency stating that the appointed Committee "is expected to be a significant benefit to the city in managing its fiscal affairs as school overspending had previously been a problem."

### ***High Cost of Elected School Committee***

The cost to the Boston taxpayers of supporting the elected School Committee was significantly greater than it is for the appointed Committee. In FY89, committee operations cost in excess of \$1.0 million while the appointed Committee's budget in FY97 is only \$270,000. The biggest cost difference was the personal staff for each elected member. In FY89, each School Committee member received a personal staff allocation of \$54,000 for a total cost of \$702,000. A survey at that time of 25 large urban boards indicated that only Boston and Los Angeles provided for personal staffs. The appointed members have no personal staff. The Office of the Secretary to the School Committee has a staff of four to handle central functions.

### ***Conclusion***

The outcome of Question 2 does have serious implication for the City's fiscal stability. A "No" vote on November 5th to preserve the appointed Committee is a vote for continual fiscal responsibility, direct accountability and mayoral investment. A "Yes" vote to restore the elected Committee is a return to divided responsibilities and creation of a situation for possible fiscal instability in the City. The Bureau believes that the current appointed School Committee with direct accountability in the Mayor has proven over five years to be more fiscally responsible and educationally focused than the track record demonstrated by either the 5-member or 13-member elected Committee.

**Vote NO on Question 2 - keep accountability and fiscal stability in the BPS.**