

**Chapter 21: My  
School – Budget  
Monitoring At Its Best**



# All Pianos Have Keys & Other Stories

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## Chapter 21: My School – Budget Monitoring At Its Best

When people find out that there is a school named after me, they invariably ask why. I usually respond, “Because I stole the money for building it.” It isn’t really true, I didn’t steal the money for building the school, but acquiring the money for it was almost as easy as stealing it.

When teaching the graduate course in school finance at the University of Texas at San Antonio for many years, I commonly mentioned to the students that although the school finance system of the state has always been short of funds, and what funds are available are most inequitably distributed, the accounting procedures required by the state are excellent. The budgeting system is not as good as it should be, however, mostly because school systems are allowed to amend the budget all the way until the end of the fiscal period, therefore allowing school officials to spend money without regard to budget, and at the end of the year amend the budget in keeping with the way the money was spent.

An even bigger failure in the state’s school finance system is the lack of an adequate budget monitoring system. There is no requirement for monitoring expenditures, and few districts have sophisticated mechanisms for projecting funding needs and future resources necessary for meeting these needs. It is not unusual for a district to run out of money prior to the end of the school year and either make drastic cuts in spending for the remainder of the fiscal period, or else carry over a deficit balance into the next school year. Even more common is the use of conservative expenditure practices to ensure that all of the money in the various categories is not expended. Although this practice may seem commendable as a way to curb expenditures, it is regrettable that available money is not spent wisely in a state educational system, which is notorious for its unavailability of money. A lack of funds is a common excuse for lack of improvement in the performance of the schools.

While there is common agreement that schools suffer from insufficient funding, each year, staggering sums of money amounting to millions of dollars are returned unspent to federal and other external sources of funding because of the failure of the school systems to coordinate spending and available resources.

Many school districts do produce periodic reports on past expenditures, but such information is far from functioning as an adequate budget monitoring system. An adequate system determines the amount available in budget line items, notes the rate of expenditures, uses expenditure history to project future expenditures, takes into consideration encumbered funds, funds that are already committed for future expenditures, makes an adjustment for irregular and one-time expenditures, and then projects the status of the accounts at any future date until the end of the funding period.

Using such a sophisticated system at IDRA, two months into a year-long program, we can predict that at the end of the program year, 10 months in the future, there will be an over expenditure of \$152, or perhaps an unexpended balance of \$3.50.

The main purpose of using such a sophisticated system of budget monitoring is not to ensure that all of the money will be spent, nor to insure that we will not run out of money prior to the end of the program year, but rather to allow for the reallocation of resources in order to best meet program goals.

Cities, counties and states are not much better at budget monitoring than school districts. I am always reading in the newspapers that a governmental unit is drastically over expended and another unit has a large unexpended balance. Such deviations are not perceived as serious, since unexpended funds are usually placed in reserve accounts and over expenditures are taken care of simply by raising the tax rate for the following year. This is not usually the case with external categorical funding where unexpended funds must be returned and over expenditures must be repaid.

During the 1969-70 school year, the City of San Antonio began implementing the federal Model Cities program. Both the San Antonio school district and the Edgewood district, where I had just been appointed superintendent, were included in this federally-funded pilot program for improving life in the central cities as part of President Lyndon B. Johnson's war on poverty.

The approval of projects to be funded by the Model Cities program was a long and tedious process. Various committees reviewed proposed programs. Approvals, when given, were passed up the bureaucratic hierarchy where they were again reviewed and approved, although it was very common for proposed projects to be found wanting and sent back with recommendations for modification all the way down to the bottom of the bureaucracy where the entire process was repeated. The final product was sent to Washington where the federal bureaucrats went through their own time consuming review and approval processes.

This process, while commonly utilized by government, is so slow and cumbersome, that it was not unusual for final approval to be given and project activity to be initiated several months into the program year. During the 1970-71 Model Cities program year, which terminated on June 30, 1971, most of the projects were not initiated until three or four months after the beginning date of the program year. I noticed that about 70% of amount budgeted for the program year was in personnel costs. It didn't take me long to calculate that if \$15 million was available for funding, 70% was allocated for personnel, and one-fourth of the program year had expired before any staff was hired, the multiplication of \$15 million by 70% and by 25% produced an under expenditure of over \$2.5 million.

Since Edgewood was the poorest school district in the state, and no state funds were provided for school facilities, the district was always in desperate need for facilities. I called in Richard Moore, the school architect, in January 1971 and asked, "Are you willing to plan a school even though I can't guarantee that the funds will be available to build it?" He immediately agreed to do so and proceeded with the design, blueprints and specifications.

During the month of May, I called the San Antonio Model Cities coordinator and asked him to check the status of Model Cities accounts. He returned my call with the information that it appeared that there would be millions of dollars in unexpended funds. This was tragic, not only because so many funds would be returned unused, with an accompanying political liability, but also because a request was already being made for the next year's funding. Entities being funded dread hearing the words, "Why do you want so much money this year when you didn't even spend the funds we gave you last year."

Therefore, when I proposed to help them out by using the anticipated unexpended funds for building a new school in the Model Cities area, there was considerable interest in City Hall.

"The funds would have to be encumbered by a signed contract for the building of the school prior to June 30th. Can you meet that deadline?" I was asked.

“I guarantee that I can put it out for bids and have it contracted within 30 days after you give me final approval,” I responded.

The request for funding was steamrolled through the hierarchy and immediately sent to Washington for approval. I imagine that the federal bureaucracy was similarly concerned over not expending all the funds appropriated by the Congress, because approval for funding the building of the school was immediately given.

Bids for the construction of the school were opened, reviewed and approved by the Edgewood school board way before the June 30 deadline. The new school was finished by July 1972 and given my name by the board. I guess it was the proper thing to do since I almost stole the money for building it. By the way, I repeated the same process and again helped the City of San Antonio by building Gus García Middle School the following year.