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# **Fiscal Accountability in the Department of Education: How Accurate Are Textbook Costs?**

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A Report to the  
Governor  
and the  
Legislature of  
the State of  
Hawaii

Report No. 97-1  
January 1997

**THE AUDITOR**  
STATE OF HAWAII

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## Foreword

This is our third report prepared in response to Section 296-92, Hawaii Revised Statutes (HRS), which directs the State Auditor to prepare fiscal accountability reports and evaluations of the Department of Education. Our first annual fiscal accountability report examined the department's attribution of central costs to school costs. Our second report identified expenditure costs at the school level by location and function using one elementary school (Royal Elementary School) as our sample. In this third report we review and assess the accuracy of the reported costs of textbooks and other instructional materials in the public schools for FY 1995-96. We also describe the coding process used to account for textbook and other materials expenditures.

We wish to express our appreciation for the cooperation and assistance extended to us by the officials and staff of the Department of Education during the course of our audit.

Marion M. Higa  
State Auditor



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# Chapter 1

## Introduction

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In the past four years the State Auditor, directed by legislative mandate, has published a series of reports on the Department of Education's budget process, programs, and expenditures. This current review of the costs of textbooks and other instructional materials is the third annual fiscal accountability report required by Section 296-92, Hawaii Revised Statutes (HRS). Section 296-92 also directs the Department of Education to provide the Legislature and State Auditor with electronic access to the department's computer-based financial management, student information, and other information systems.

In this report, we review and assess the accuracy of the reported costs of textbooks and other instructional materials in the public schools for FY1995-96. During this period the department reported expenditures of approximately \$4.1 million for textbooks and \$15.9 million for educational supplies, for a total of approximately \$20 million for FY1995-96. We also describe the coding process used to account for textbook and other instructional materials expenditures.

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## Background

In response to the Legislature's desire to more fully comprehend the structure and nature of the Department of Education's budget process, programs, and expenditures, we issued a series of reports that identified issues related to the three areas. Our 1994 study, *The Feasibility of Applying the Micro-Financial Analysis Model to Expenditures for Public Education in Hawaii: What Reaches the Classroom?*, Report No. 94-6, contracted with Dr. Bruce S. Cooper, demonstrated that it is possible to track expenditures on a state, district, and school-by-school basis. The report also showed it is possible to place expenditures into administrative, instructional, and other categories. Our 1995 study, *Status Report on Monitoring Fiscal Responsibility of the Department of Education*, Report No. 95-5, found that the department's current reporting of cost by function does not reliably identify how educational dollars are being spent. In addition, we noted the department lacked management controls to account for expenditures for state and district office services provided at schools. Therefore, we could not verify the accuracy of state and district office costs attributed to the schools.

In our second status report on monitoring the department's fiscal accountability, we used a case study approach in which we examined all costs attributed to one elementary school. Our report, *Status Report on Monitoring Fiscal Accountability of the Department of Education: Case Study - Royal Elementary School*, Report No. 95-23, noted that the department does not have adequate state, district, and other support

agency expenditure information to determine the operational costs of specific schools and programs. We also found that the financial analysis capabilities of the department's Financial Management System were not fully used.

In 1995, we conducted an audit of two of the department's programs, *Audit of the Comprehensive School Alienation Program and the Pregnant and Parenting Teen Program of the Department of Education*, Report No. 96-2, and found that the department expended \$10 million on these programs without appropriate program planning and evaluation to justify the expenditure. In addition, we noted that the department's School Information System could not provide program planners with reliable information that could be used to identify eligible students and evaluate the programs. In our Report No. 96-8, *Financial Audit of the Public School System*, we found that the Financial Management System's response time had degenerated since our previous review in 1993 and that system availability had not improved appreciably. We also found that the department had not incorporated school/unit-based budgeting into its financial management system and had resisted legislative mandates to report expenditures at the school level. Finally, we found that financial reports were not always useful or understood by users.

In April 1996, we provided an update on our attempt to gain electronic access to the department's information systems, *Status Report - Gaining Electronic Access to the Department of Education's Computerized Information Systems*, Report No. 96-10. We are now connected to the department's Financial Management System. We are able to review the department's current fiscal data on-line and can print Financial Management System reports.

This report, our third fiscal accountability review mandated by Section 296-92, HRS, focuses on the accuracy of the department's expenditures on textbooks and other instructional materials. Given the Legislature's interest in determining the true costs of instruction and the community's interest in ensuring that students have access to adequate instructional material, this review is both timely and relevant.

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## Objectives

The objectives of this review were to:

1. Review and assess the accuracy of the costs of textbooks and other instructional materials in the Department of Education.
2. Make recommendations as appropriate.

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## Scope and Methodology

We examined the costs of textbooks and other instructional materials in the public schools for FY1995-96. In addition, we reviewed the process by which schools account for textbook and other instructional material expenditures.

We reviewed the department's Financial Management System expenditure reports for FY1995-96 to determine textbook and other instructional materials costs. We focused our review on these expenditure reports since the Financial Management System is designed to provide readily available, timely, and accurate expenditure information. Costs were tracked by school and program. Our ability to access the Financial Management System electronically allowed us to review costs per school and program, and enabled us to select a sample of purchase orders from 15 schools.

We reviewed a sample of over 300 purchase orders and interviewed school and state office personnel. Departmental policies and procedures were also reviewed to assess the department's management controls over the collection of data and reporting of textbook and other instructional materials costs.

We also interviewed personnel in departments of education in other states to learn how other jurisdictions code the purchase of textbooks and other instructional materials.

Our work was performed from July 1996 through October 1996 in accordance with generally accepted government auditing standards.



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# Chapter 2

## Cost Data Is Unreliable

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A fundamental fiscal accountability standard in state government is the collection, storage, and dissemination of accurate expenditure information to ensure that government entities wisely use their limited resources. If government entities do not know the true cost of their programs and services, they cannot say whether those costs are appropriate. Our two previous fiscal accountability reports on the Department of Education found the department could not provide reliable reports on its operational costs, and thus did not comply with this basic fiscal standard. As a result of that failure, the department has difficulty in defending its budget request as well as its expenditures.

In this report, we find that the department does not have reliable data about its textbook and other instructional materials expenditures. In addition, the department's Financial Management System (FMS) account code structure lacks sufficient definition and scope to capture the actual costs of instructional materials.

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### Summary of Findings

1. The Department of Education's textbook and other instructional materials expenditure data is unreliable.
2. The Department of Education's Financial Management System account code structure is incomplete and therefore fails to capture the true cost of instructional materials.

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### The Reported Cost Of Textbooks And Other Instructional Materials Is Unreliable

The Department of Education has developed an elaborate and complex financial management system with the intent of providing accurate, timely, and comprehensive financial information to decision makers. Despite the department's efforts to achieve this objective, its reported expenditures for textbooks and other instructional materials are unreliable. Acquiring an adequate store of textbooks and other instructional materials is a significant ongoing expenditure. Surprisingly, our review of the department's expenditure reports shows not all schools report textbook expenses. We found that 17 percent of the elementary schools in Hawaii reported no textbook expenditures in the past fiscal year. Another 10 percent reported spending less than \$1,000. These figures led us to question the reliability of the cost data.

With access to a systemwide financial management system, schools can make their purchases electronically. However, that ability is

compromised because the department has not yet given the schools clear and specific guidelines on classifying textbook and other instructional materials expenditures. Left on their own, school personnel are incorrectly coding textbook and other instructional materials purchases. Consequently, the system's reports do not provide schools with reliable expenditure data for developing school budgets and monitoring school expenditures.

Accurate textbook and other instructional materials expenditure data can be collected and reported. Modifications to the department's Financial Management System and clear guidelines on coding the purchase of textbooks and other instructional materials would correct these deficiencies.

***Actual costs are tracked through purchasing codes***

The Financial Management System allows schools to accomplish virtually all of their purchasing functions electronically. For example, schools can generate a purchase order on-line, check if funds remain in the program accounts to which the order will be charged, and monitor payments to the vendor. As schools purchase services and goods and enter those transactions into the system, they are required to input specific codes to ensure the system properly charges the account and monitors expenditures. When this coding information is correctly entered by schools, decision makers at all levels can determine what has been purchased and for what purpose.

At least three pieces of information are needed: (1) who makes the purchase, (2) why the purchase is made, and (3) what is purchased. Schools must therefore identify: (1) the school and, if necessary, the class or department being charged, (2) the applicable program identification, and (3) the type or class of item being purchased. These elements are identified in the Financial Management System as the Organization ID, the Program ID, and the Object Code respectively.

**Organization ID identifies who makes the purchase**

A six-digit code (referred to as the Organization ID, or Org ID) identifies the school, and if necessary, the department or other sub-unit within the school to which the purchase is charged. For example, the six-digit Financial Management System code for Farrington High School is 106000, whereas the code for the science department at Farrington is 106035.

### **Program ID identifies the purpose of the expenditure**

A five-digit code, referred to as the Program ID, or Prog ID, specifies the program to which the cost can be assigned. The Program ID broadly identifies the purpose of the expenditure. For example, the purpose of expenditures under the School-to-Work Transition Center program, Program ID 15112, is to assist students in making realistic career decisions. The purpose of expenditures under the Science Equipment program, Program ID 15816, is to purchase new science equipment to replace equipment that is beyond economical repair, unsafe, or outdated and to meet program needs.

Program IDs are classed as either “school lumpsum budget programs” or “categorical programs.” Lumpsum budget programs are those whose individual allotments are decided by the school that has received a lumpsum for all such programs. Categorical programs are those whose allotment is dictated through the normal budget process. Under lumpsum budgeting, schools are allowed to budget and spend their share of the lumpsum funds for specific programs and expenditure categories. They have the flexibility to transfer funds among these programs. Examples of such programs in FY1996-97 are Basic Needs (Program ID 15110), School Administration (Program ID 23105), and School Libraries (Program ID 24317).

The Financial Management System also contains almost 200 categorical programs. In contrast to the lumpsum programs, the allotment ceiling for each categorical program means schools must spend the funds as allocated for each program. Examples of categorical programs in FY1996-97 include such instructional programs as Computer Education, Program ID 16820, as well as such non-instructional programs as Cafeteria Management, Program ID 35162.

### **Object Code specifies the type of product or service being purchased**

A four-digit code, or Object Code, refers to the type of service or product being purchased or used. It is through the Object Codes that the costs for specific materials such as textbooks and other supplies are captured. Object Codes fall under three major cost categories: Personal Services, Current Expenses, and Equipment. Over 100 different Object Codes are assigned to the Current Expenses and Equipment categories, a sample of which are listed in Exhibit 2.1.

### Exhibit 2.1 Selected Object Codes for Current Expenses and Equipment

<u>Object Code</u>	<u>Description</u>
2901	Personal Services — Other State Employees
3001	Agricultural Supplies
3004	Clothing Supplies
3006	Educational Supplies
3009	Library Supplies
3602	Freight and Delivery Charges
3701	Postage
4802	Excursion and Fieldtrips
5001	Electricity
5801	Repair and Maintenance — Audio Visual Equipment
7706	Library Books
7710	Reference Books
7711	Textbooks
7801	Computer Software

If a school uses the Financial Management System properly and accurately, it can easily monitor textbook expenditures for each department or grade level in the school and track those expenditures over time to determine whether the departments are spending their resources appropriately.

#### Object Codes should be defined

Schools typically account for the purchase of most instructional materials under two Object Codes: Textbooks — Object Code 7711, and Educational Supplies — Object Code 3006. However, the department has not clearly defined either code for the schools. Without access to clearly defined codes, those responsible for inputting purchase orders at the school or office level may assign inappropriate codes, which defeats the purpose of establishing a coding structure. Some schools may inappropriately capture textbook costs into another code, or may include educational supplies or other non-instructional costs under the textbook code.

The department does provide a list of items considered to be educational supplies. That list includes both instructional and non-instructional items. Instructional items include brushes and paints, crayons, construction paper, rulers, and scissors. Non-instructional items under this category include blankets, batteries, book ends, card filing cabinets,

teacher planning books, and flags. Notably absent from the list of instructional items are posters, worksheets, paperback novels, and other printed materials.

Instructional materials may also apply to CD-ROMs and computer software used to instruct students in a variety of subjects including reading, mathematics, and foreign languages. Currently such items are coded as computer supplies — Object Code 3010 — or computer software — Object Code 7801.

***The true costs are unknown***

We examined a report of the department's Financial Management System to determine whether the reported textbook costs could reasonably represent actual school purchasing patterns. *Expenditure Status by Program - School View*, report DAFR385A, showed textbook expenditures, as listed under Object Code 7711, totaled \$4.1 million during FY1995-96. This averaged almost \$22 per student. Average textbook expenditures varied significantly by type of school, with elementary schools reportedly spending the lowest amount.

Elementary schools reported an average textbook expenditure of \$8,383 per school and \$14 per student. Intermediate schools reported higher expenditures, an average of \$19,609 per school and \$24 per student. High schools spent the greatest amount, an average of \$48,022 per school and \$34 per student. See Exhibit 2.2 for expenditures by school level and district. Appendix A lists reported textbook and educational supplies expenditures by school, FY1995-96.

The Financial Management System also reports that the department expended \$15.9 million for educational supplies — Object Code 3006 — during the same period. Exhibit 2.3 displays average expenditures for educational supplies by school level and district.

General funds, special funds, and federal funds are used to purchase textbooks and other instructional materials. Although schools are allowed to purchase textbooks under virtually any Program ID, they mostly use the following: (1) the Basic Needs Program ID, (2) a federally-funded reimbursement program, (3) various instructional programs, and (4) a special fund for the replacement of lost or destroyed books, equipment, and supplies.

Two of these programs were specifically designed in FY1995-96 for textbook purchases. The first, a special fund, *Reimbursement for Lost Textbooks and Equipment*, received special fees and charges from students. The department allotted \$450,000 to the schools and district offices in FY1995-96 to replace lost or destroyed books, equipment, and supplies.

**Exhibit 2.2**  
**Reported Textbook Expenditures, FY1995-96**

District	Elementary		Intermediate		High School	
	Per Student	Per School	Per Student	Per School	Per Student	Per School
Honolulu	\$9.74	\$4,564	\$26.95	\$19,558	\$34.25	\$54,159
Central	\$12.30	\$9,131	\$24.47	\$23,074	\$26.83	\$45,554
Leeward	\$18.62	\$13,642	\$25.48	\$30,143	\$31.73	\$60,329
Windward	\$14.26	\$6,705	\$21.19	\$18,866	\$25.03	\$31,725
Hawaii	\$16.51	\$10,031	\$21.37	\$14,762	\$33.59	\$39,976
Maui	\$15.81	\$9,263	\$26.30	\$22,400	\$52.80	\$51,100
Kauai	\$9.09	\$5,760	\$30.00	\$10,905	\$38.94	\$61,608
Statewide	\$14.00	\$8,363	\$24.49	\$19,609	\$33.96	\$48,022

**Exhibit 2.3**  
**Reported Educational Supplies Expenditures, FY1995-96**

District	Elementary		Intermediate		High School	
	Per Student	Per School	Per Student	Per School	Per Student	Per School
Honolulu	\$82.34	\$38,579	\$58.62	\$42,548	\$69.31	\$109,618
Central	\$65.28	\$48,474	\$46.01	\$43,381	\$73.15	\$124,214
Leeward	\$88.35	\$64,716	\$52.03	\$61,555	\$68.12	\$119,943
Windward	\$74.34	\$34,941	\$58.02	\$51,655	\$94.64	\$129,538
Hawaii	\$84.32	\$51,216	\$87.49	\$60,443	\$92.85	\$110,499
Maui	\$75.26	\$44,087	\$59.84	\$50,961	\$75.30	\$72,876
Kauai	\$109.12	\$69,133	\$68.41	\$24,866	\$79.43	\$125,689
Statewide	\$80.18	\$47,960	\$63.09	\$50,524	\$78.17	\$110,540

The second was the *Department of Defense — School Improvement FY96* program. The federal government, in acknowledging the significant proportion of military dependent students in Hawaii schools, provided over \$3 million in FY1995-96. Hawaii has received funds under this federal provision since the 1993-94 school year and can use the funds for textbooks.

We note that if textbook costs are captured under Textbooks - Object Code 7711, the costs are treated as equipment, fixed, or grouped assets, thus requiring the books to be regularly inventoried. For this reason, some schools may be hesitant to code book purchases as textbooks, although it would be beneficial to do so, particularly for insurance purposes on lost or damaged textbooks.

### **Some schools reported no textbook expenditures**

In our review of year-end Financial Management System reports, we noted that 28 elementary schools did not spend any funds for textbooks during FY1995-96. No purchases were assigned the Object Code 7711. Another 17 elementary schools reportedly spent less than \$1,000 for textbooks. These 45 elementary schools account for 27 percent of all elementary schools in the public school system (45 out of 166).

### **FMS data does not tell the whole story**

The fact that 45 schools reported no textbook expenditures or less than \$1,000 in expenditures suggests that either schools are not purchasing sufficient instructional materials or that they are not correctly coding such purchases. If elementary schools have indeed acquired the textbooks they needed, then the reportedly low figures underrepresent their actual expenses. Inappropriate coding seems more likely. In virtually all of the elementary schools with no reported textbook expenditures, their personnel asserted that the schools did in fact purchase books during FY1995-96. They also reported that these purchases were typically coded as educational supplies rather than as textbooks.

While the Financial Management System reports are expected to accurately report school expenditures, our review illustrates the current problem with that information. Textbook expenditure data is underreported and therefore is unreliable.

### **Effect of federal reimbursement is uncertain**

We believe that textbook expenditures are underreported for FY1995-96. As noted earlier, the department received federal assistance moneys from the Department of Defense and used those funds for textbooks and

library books. It is unclear from the Financial Management System data whether this assistance enabled schools to purchase more textbooks in FY1996-95 than they normally would have with state general funds only.

The Department of Defense reimbursed \$3.6 million to Hawaii for military and federally connected students in Hawaii's public schools. In 1995, the Legislature appropriated \$3.3 million in Act 218, Section 48, Session Laws of Hawaii, specifically for textbooks for regular instruction and library books, but did not specify that the department utilize the Department of Defense reimbursement for this purpose. Evidently the department interpreted Section 48 to refer to the federal reimbursement and allocated the \$3.3 million for textbooks and library books. Our review of the expenditure reports shows that schools expended almost \$1.9 million in FY1995-96 for textbooks under this program. Remaining funds for this program carryover to FY1996-97. It is not clear whether this federal reimbursement supplemented or supplanted state general funds, or to what extent.

### **Schools incorrectly code expenditures**

Our interviews with school personnel and our review of purchase orders confirmed incorrect coding practices at the school level. We reviewed 310 purchase orders at 15 elementary, intermediate, and high schools during the course of the audit. We found 49, or 16 percent, of the purchase orders contained definite coding errors.

Although schools typically use Object Code 3006 to account for the purchase of instructional materials such as workbooks or activity books that students "consume" during the school year, some schools have used this code for textbooks such as hardcover physics, mathematics, and history books that every student in a classroom would receive. Some schools, on the other hand, have used Object Code 3006 or Object Code 7711 for the purchase of hardcover books that teachers may use to become more effective teachers. Such books are neither educational supplies nor textbooks. The books are not used by students and could be more appropriately counted as reference books -- Object Code 7710. For example, an intermediate school purchased hardcover books for teachers to use in assessing intelligence and adapting learning styles to intelligence. These books are clearly not classroom textbooks or supplies for students, but the purchase was given an educational supplies Object Code. That same school made four other purchases for textbooks totaling approximately \$1,500 but categorized the book purchases as educational supplies rather than the more appropriate textbook code.

### ***Schools lack sufficient guidance***

Schools improperly code textbooks and other instructional material purchases because they lack sufficient guidance from the department on proper coding procedures. Schools need guidance and clear definitions

for coding textbooks. They also need periodic training to keep staff current on changes in procedures and codes. Guidance in this regard will enable the schools to use the financial management system more effectively and will promote greater fiscal accountability at the school level. In turn, the system will provide reliable cost reports.

### **No consistent definition is available**

The department has not provided sufficient guidance or a clear definition for what constitutes textbook purchases. Schools do not have any written guidelines that clearly distinguish textbooks from educational supplies.

The closest approximation to a definition that the department provides is a list of Commodity Codes for book purchases. A Commodity Code is used to identify the item or service being purchased. When schools create a new purchase order, they are prompted by FMS to provide details about the commodity being purchased. The Commodity Code that they enter on the FMS screen has several purposes. Among those purposes are: (1) identify the item or services purchased from an outside vendor, (2) identify the specific item ordered from the DOE Storeroom, (3) provide a default Object Code on the purchase order, and (4) identify to FMS the items that require special approval before they can be purchased.

In the Financial Management System, a Commodity Code can be the same as an Object Code. For example, the code 3006 is a Commodity Code for educational supplies, as well as an Object Code for educational supplies. However, usually Commodity Codes are different from Object Codes. For example, under the Object Code 3006 is a seven-digit Commodity Code for black finger paint (0160010). However, there are no accompanying instructions on how to account for the purchase of teacher's editions, paperbacks, activity books, workbooks, and instructional materials in computer software. Simply providing a list of Commodity Codes is insufficient.

Defining what constitutes a textbook purchase is left to the schools to determine. Allowing schools to arbitrarily choose whether to use one Object Code or another does not promote consistent and accurate accounting practices.

We found that schools define a textbook in different ways. While some schools typically consider textbooks to have "hardcovers," other schools use cost as a criteria for assigning a textbook code to a purchase. Other schools consider how the book is used, that is, whether it is used for direct instruction or supplements a basic text. If the book is used for instruction or a major component of the classroom curriculum, then

some schools consider the book to be a textbook. Consequently, what one school considers to be a textbook may be coded as an educational supply by another school.

The decision to allow schools to determine the types of book purchases that should be coded as textbooks also creates a potential problem. Books that should appropriately be classified as textbooks may not be so classified if schools wish to avoid the inventory requirements. Coding a book as a textbook (Object Code 7711) requires the book to be inventoried and a record of the book be maintained for insurance purposes. Without adequate guidelines and supervision, schools may elect to classify books as some other Object Code in order to avoid the inventory and tracking requirements.

At the Object Code level, “educational supplies” appears to be used as a catch all term for anything not included in any other Object Code. However, under educational supplies, there is no Commodity Code for paperbacks, activity books, and workbooks. Schools assign purchases to “educational supplies” when they feel that no other Object Code fits the purchase.

When asked whether the department has provided any guidance on how to code textbooks, schools claimed that they had no guidance. One school simply showed us a copy of a Commodity Code ID table for books that specified Object Codes and Commodity Codes for encyclopedias, library books, textbooks, and other miscellaneous books respectively.

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## The Coding System Can Be Improved

The department’s account code structure is incomplete and does not account for the actual costs of instructional materials. It has not been updated to accommodate the use of such materials as CD-ROMs for instructional purposes. Schools no longer rely solely upon hardcover books for instruction in core subjects such as reading, mathematics, and science. A broader variety of materials are now used for instruction. The department’s Financial Management System coding structure has not kept pace with changes in instructional strategies and materials. Modifications to the coding structure can enable the department and the schools to accommodate those changes and more accurately report their instructional costs.

***Code must accommodate a variety of instructional materials***

The department’s current codes do not accommodate the variety of instructional materials used in the schools. Some elementary schools no longer use the basal or traditional hardcover textbooks for instruction. Instead, teachers use activity books, workbooks, and paperbacks, especially for developing language skills. In math classes teachers may

use manipulatives or hands-on learning tools rather than books for instruction. With increased usage of the computer and CD-ROMs, either as supplements or replacements of traditional texts, a "traditional" definition for textbooks no longer applies.

In addition, schools use CD-ROMs and other computer software to instruct students, yet typically code those purchases as computer software or as computer supplies.

***The current system has not kept pace with changes***

Currently computer software is considered software at the Object Code level. Some software is used for administrative or other non-instructional purposes. However, teachers now use computers and computer software for a variety of instructional purposes. Revising the account code structure to capture the purchase of these types of items as instructional costs would be beneficial to the schools and the department.

***Codes can be improved***

We believe that the Financial Management System should be sufficiently flexible to adjust to changes in the ways that schools purchase and use materials and services. Yet the system should be clearly structured. For instance, every code which classifies a purchase should be clearly defined and accurately represent the character of that purchase. The account code structure can be modified to reflect the evolving use of the term instructional materials. The existing Financial Management System codes are not sufficiently complete and well planned to account for what is being purchased and the purpose for the purchase. As a result, schools cannot accurately plan, monitor, and report their own expenditures and use that information to formulate school level budgets. In addition, the Legislature lacks accurate information on the department's expenditures, thereby limiting the Legislature's ability to monitor expenditures and properly appropriate moneys for Hawaii's public schools.

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**Conclusion**

Our three fiscal accountability reports on the Department of Education point to a common theme: the department cannot verify the costs of its schools and programs. Despite the development of a sophisticated financial management system, even such a simple task as accurately identifying the costs of textbooks in each public school has become difficult to accomplish. With only unreliable data to depend upon, the schools cannot determine whether their textbook costs are appropriate. Providing clear guidance to the schools and making adjustments to the coding system would rectify the situation.

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## Recommendations

1. The Department of Education should develop clear code definitions and guidelines on how textbook expenditures should be coded in the department's Financial Management System by schools and department offices.
2. The Department of Education should provide training to school level personnel on how to properly code expenditures for textbooks and other instructional materials.
3. The Department should update its coding system to account for the purchase of "textbooks" which do not meet or fit the traditional textbook definition.

## Appendix 1

### Textbooks and Educational Supplies Expenditures by Schools, FY1995-96

Honolulu District	Elementary		Intermediate		High School	
	Textbooks	Educational Supplies	Textbooks	Educational Supplies	Textbooks	Educational Supplies
Aina Haina Elementary	\$ 5,090	\$ 32,986				
Ala Wai Elementary	\$ 13,196	\$ 29,056				
Ali'iolani Elementary	\$ 6,045	\$ 21,063				
Anuenue	\$ 375	\$ 13,659				
Central Intermediate			\$ 15,452	\$ 32,259		
Dole Intermediate			\$ 3,196	\$ 70,012		
Farrington High School					\$ 55,081	\$ 240,779
Fern Elementary	\$ -	\$ 48,821				
Haha'ione Elementary	\$ 15,727	\$ 27,761				
Hokulani Elementary	\$ 4,534	\$ 32,607				
Jarrett Intermediate			\$ 5,029	\$ 29,983		
Jefferson Elementary	\$ 864	\$ 50,052				
Ka'ahumanu Elementary	\$ -	\$ 117,764				
Ka'ewai Elementary	\$ 6,886	\$ 61,169				
Kahala Elementary	\$ 9,049	\$ 36,044				
Kaimuki High					\$ 56,430	\$ 101,282
Kaimuki Intermediate			\$ 16,549	\$ 33,670		
Kaiser High					\$ 46,830	\$ 56,429
Kaiulani Elementary	\$ -	\$ 52,886				
Kalakaua Intermediate			\$ 22,895	\$ 60,999		
Kalani High					\$ 34,090	\$ 23,009
Kalihi Elementary	\$ -	\$ 44,361				
Kalihi Kai Elementary	\$ 39,147	\$ 28,201				
Kalihi Uka Elementary	\$ 342	\$ 31,060				
Kalihi Waena Elementary	\$ 1,840	\$ 76,424				
Kamiloiki Elementary	\$ 5,213	\$ 32,829				
Kapalama Elementary	\$ 1,473	\$ 31,548				
Kauluwela Elementary	\$ 13,011	\$ 55,790				
Kawanakoa Intermediate			\$ 42,574	\$ 26,911		
Koko Head Elementary	\$ 4,791	\$ 9,807				
Kuhio Elementary	\$ 5,075	\$ 34,449				
Lanakila Elementary	\$ -	\$ 49,986				
Liholiho Elementary	\$ 219	\$ 23,856				
Likelike Elementary	\$ -	\$ 72,517				
Lili'uokalani Elementary	\$ 4,679	\$ 7,709				
Linapuni Elementary	\$ 917	\$ 35,568				
Lincoln Elementary	\$ 2,795	\$ 15,079				
Lunalilo Elementary	\$ -	\$ 32,947				
Ma'ema'e Elementary	\$ 4,615	\$ 51,646				
Manoa Elementary	\$ 1,448	\$ 43,369				
McKinley High					\$ 71,487	\$ 118,408
Niu Valley Intermediate			\$ 17,661	\$ 14,442		
Noelani Elementary	\$ 2,431	\$ 23,956				
Nu'uano Elementary	\$ -	\$ 19,854				
Palolo Elementary	\$ 1,077	\$ 83,001				
Pauoa Elementary	\$ 1,649	\$ 37,929				
Pu'u hale Elementary	\$ -	\$ 48,907				
Roosevelt High School					\$ 61,034	\$ 117,800
Royal Elementary	\$ 13,844	\$ 40,720				
Stevenson Intermediate			\$ 15,257	\$ 53,301		
Wai'ala'e Elementary	\$ 396	\$ 49,570				
Waikiki Elementary	\$ 6,154	\$ 20,118				
Wailupe Valley Elementary	\$ 4,484	\$ 13,802				
Washington Intermediate			\$ 37,407	\$ 61,356		
Wilson Elementary	\$ 9,633	\$ 41,191				
<b>Totals:</b>	<b>\$186,999</b>	<b>\$1,580,062</b>	<b>\$ 176,020</b>	<b>\$ 382,933</b>	<b>\$ 324,952</b>	<b>\$ 657,707</b>

Note: Does not include special schools

Although Anuenue is a K-9 school, we have categorized it as an elementary school.

## Textbooks and Educational Supplies Expenditures by Schools, FY1995-96

Central District	Elementary		Intermediate		High School	
	Textbooks	Educational Supplies	Textbooks	Educational Supplies	Textbooks	Educational Supplies
Aiea Elementary	\$ 10,376	\$ 16,339				
Aiea Intermediate			\$ 17,836	\$ 40,099		
Aiea High					\$ 65,823	\$ 111,985
Aliamanu Elementary	\$ 22,925	\$ 46,815				
Aliamanu Intermediate			\$ 22,097	\$ 36,452		
Hale Kula Elementary	\$ 6,018	\$ 60,879				
Haleiwa Elementary	\$ 6,538	\$ 49,490				
Halemano Elementary	\$ 8,268	\$ 52,080				
Hickam Elementary	\$ 584	\$ 52,978				
Iliahi Elementary	\$ 105	\$ 73,901				
Kaala Elementary	\$ 7,522	\$ 33,780				
Kipapa Elementary	\$ 366	\$ 76,299				
Leilehua High					\$ 28,715	\$ 120,784
Makalapa Elementary	\$ 9,029	\$ 40,005				
Mililani High					\$ 66,008	\$ 159,568
Mililani Mauka Elementary	\$ -	\$ 59,315				
Mililani Uka Elementary	\$ 21,450	\$ 55,042				
Mililani Waena Elementary	\$ 25,926	\$ 49,604				
Moanalua Elementary	\$ 16,115	\$ 50,452				
Moanalua High					\$ 46,717	\$ 120,296
Moanalua Intermediate			\$ 16,784	\$ 38,838		
Mokulele Elementary	\$ 15,499	\$ 28,988				
Nimitz Elementary	\$ -	\$ 88,155				
Pearl Harbor Elementary	\$ 186	\$ 52,234				
Pearl Harbor Kai Elementary	\$ -	\$ 41,901				
Pearl Ridge Elementary	\$ 6,866	\$ 39,414				
Radford High					\$ 44,195	\$ 80,722
Red Hill Elementary	\$ 4,546	\$ 29,328				
Salt Lake Elementary	\$ 7,377	\$ 48,101				
Scott Elementary	\$ 17,927	\$ 43,609				
Shafter Elementary	\$ 7,566	\$ 26,850				
Solomon Elementary	\$ 33,687	\$ 58,339				
Wahiawa Elementary	\$ 14,486	\$ 49,973				
Wahiawa Intermediate			\$ 27,753	\$ 61,736		
Waialua Elementary	\$ 6,685	\$ 26,334				
Waialua High & Inter.					\$ 21,864	\$ 151,929
Waimalu Elementary	\$ 1	\$ 53,025				
Webling Elementary	\$ 14,748	\$ 23,104				
Wheeler Elementary	\$ -	\$ 79,408				
Wheeler Intermediate			\$ 30,900	\$ 39,781		
<b>Totals:</b>	<b>\$ 264,796</b>	<b>\$ 1,405,740</b>	<b>\$ 115,370</b>	<b>\$ 216,906</b>	<b>\$ 273,322</b>	<b>\$ 745,284</b>

Source: DOE Financial Management System Report DAFR385A

## Textbooks and Educational Supplies Expenditures by Schools, FY1995-96

Leeward District	Elementary		Intermediate		High School	
	Textbooks	Educational Supplies	Textbooks	Educational Supplies	Textbooks	Educational Supplies
Ahrens Elementary	\$ -	\$ 166,495				
Barbers Point Elementary	\$ 22,503	\$ 23,536				
Campbell High					\$ 100,701	\$ 125,370
Ewa Beach Elementary	\$ 7,684	\$ 25,721				
Ewa Elementary	\$ 3,631	\$ 31,537				
Highlands Intermediate			\$ 26,658	\$ 63,954		
Holomua Elementary	\$ 24,911	\$ 130,368				
Honowai Elementary	\$ 12,653	\$ 106,254				
Ilima Intermediate			\$ 43,781	\$ 51,254		
Iroquois Point Elementary	\$ 40,325	\$ 76,247				
Kaimiloa Elementary	\$ 10,942	\$ 42,088				
Kaleiopuu Elementary	\$ 11,686	\$ 76,388				
Kamaile Elementary	\$ 18,499	\$ 75,855				
Kanoelani Elementary	\$ 23,259	\$ 54,952				
Kapolei Elementary	\$ 85,023	\$ 131,552				
Lehua Elementary	\$ 7,229	\$ 29,574				
Leihoku Elementary	\$ -	\$ 50,597				
Ma'ili Elementary	\$ -	\$ 100,782				
Makaha Elementary	\$ 10,702	\$ 106,440				
Makakilo Elementary	\$ 15,923	\$ 33,079				
Manana Elementary	\$ 10,864	\$ 35,435				
Mauka Lani Elementary	\$ 20,640	\$ 30,173				
Momilani Elementary	\$ 2,683	\$ 30,888				
Nanaikapono Elementary	\$ 12,425	\$ 59,904				
Nanakuli Elementary	\$ 5,893	\$ 46,727				
Nanakuli High & Intermediate					\$ 26,141	\$ 43,700
Palisades Elementary	\$ -	\$ 30,171				
Pearl City Elementary	\$ 10,367	\$ 40,546				
Pearl City High					\$ 60,480	\$ 111,228
Pearl City Highlands Elem.	\$ 2,629	\$ 41,334				
Pohakea Elementary	\$ -	\$ 52,111				
Waianae Elementary	\$ -	\$ 85,840				
Waianae High					\$ 70,432	\$ 131,514
Waianae Intermediate			\$ 27,158	\$ 56,490		
Waiau Elementary	\$ 23,903	\$ 48,295				
Waipahu Elementary	\$ 11,236	\$ 113,879				
Waipahu High					\$ 43,890	\$ 235,880
Waipahu Intermediate			\$ 43,781	\$ 51,254		
<b>Totals:</b>	<b>\$ 395,610</b>	<b>\$ 1,876,768</b>	<b>\$ 120,571</b>	<b>\$ 246,219</b>	<b>\$ 301,645</b>	<b>\$ 647,692</b>

## Textbooks and Educational Supplies Expenditures by Schools, FY1995-96

Windward District	Elementary		Intermediate		High School	
	Textbooks	Educational Supplies	Textbooks	Educational Supplies	Textbooks	Educational Supplies
'Ahuimanu Elementary	\$ 6,699	\$ 32,662				
'Aikahi Elementary	\$ 10,442	\$ 56,683				
Castle High					\$ 55,963	\$ 154,987
Enchanted Lake Elementary	\$ 301	\$ 30,662				
Hau'ula Elementary	\$ 2,442	\$ 28,874				
Heeia Elementary	\$ 18,963	\$ 47,275				
Ka'a'awa Elementary	\$ 2,037	\$ 19,170				
Ka'elepulu Elementary	\$ -	\$ 8,597				
Kahaluu Elementary	\$ 6,211	\$ 13,211				
Kahuku Elementary	\$ 6,626	\$ 52,377				
Kahuku High & Intermediate					\$ 47,425	\$ 245,169
Kailua Elementary	\$ 27,085	\$ 38,274				
Kailua High					\$ 23,702	\$ 78,174
Kailua Intermediate			\$ 24,604	\$ 52,274		
Kainalu Elementary	\$ 12,396	\$ 34,460				
Kalaheo High					\$ 26,051	\$ 72,498
Kane'ohe Elementary	\$ 3,792	\$ 46,169				
Kapunahala Elementary	\$ 552	\$ 38,687				
Keolu Elementary	\$ 4,811	\$ 24,182				
King Intermediate			\$ 16,310	\$ 62,763		
La'ie Elementary	\$ 13,326	\$ 64,586				
Lanikai Elementary	\$ 5,355	\$ 17,963				
Maunawili Elementary	\$ 1,803	\$ 39,426				
Mokapu Elementary	\$ 4,466	\$ 74,000				
Parker Elementary	\$ 5,365	\$ 26,013				
Pope Elementary	\$ 12,535	\$ 22,871				
Pu'ohala Elementary	\$ -	\$ 53,569				
Sunset Beach Elementary	\$ 5,727	\$ 24,752				
Waiahole Elementary	\$ 3,283	\$ 9,184				
Waimanalo Elem. & Inter.			\$ 15,685	\$ 39,929		
Olomana					\$ 5,482	\$ 48,889
<b>Totals:</b>	<b>\$ 154,217</b>	<b>\$ 803,647</b>	<b>\$ 56,599</b>	<b>\$ 154,966</b>	<b>\$ 158,623</b>	<b>\$ 599,717</b>

Source: DOE Financial Management System Report DAFR385A

## Textbook and Educational Supplies Expenditures by Schools, FY1995-96

Hawaii District	Elementary		Intermediate		High School	
	Textbooks	Educational Supplies	Textbooks	Educational Supplies	Textbooks	Educational Supplies
DeSilva Elementary	\$ 1,053	\$ 35,044				
Ha'aheo Elementary	\$ -	\$ 26,194				
Hilo High					\$ 46,832	\$ 108,151
Hilo Intermediate			\$ 11,479	\$ 77,610		
Hilo Union Elementary	\$ 10,309	\$ 46,891				
Holualoa Elementary	\$ 10,089	\$ 23,767				
Honaunau Elem & Inter			\$ 10,826	\$ 42,535		
Honoka'a Elementary	\$ 2,086	\$ 36,622				
Honoka'a High & Inter					\$ 36,833	\$ 109,014
Ho'okena Elem & Inter			\$ 6,574	\$ 65,877		
Kahakai Elementary	\$ 5,832	\$ 57,603				
Kalaniana'ole Elem & Inter			\$ 16,775	\$ 29,235		
Kapi'olani Elementary	\$ 9,675	\$ 40,480				
Ka'u High & Pahala Elem					\$ 13,548	\$ 140,489
Kaumana Elementary	\$ 5,773	\$ 30,198				
Kea'au Elem & Intermediate			\$ 32,844	\$ 113,534		
Kealakehe Elementary	\$ 22,212	\$ 79,346				
Kealakehe Intermediate			\$ 18,913	\$ 57,360		
Keaukaha Elementary	\$ 1,922	\$ 40,075				
Keonepoko Elementary	\$ 22,107	\$ 46,359				
Kohala Elementary	\$ 4,356	\$ 37,121				
Kohala High & Intermediate					\$ 24,748	\$ 56,785
Konawaena Elementary	\$ 18,230	\$ 51,937				
Konawaena High					\$ 79,333	\$ 186,925
Konawaena Intermediate			\$ 8,806	\$ 16,301		
Laupahoehoe High & Elem					\$ 14,601	\$ 16,408
Mt. View Elementary	\$ 16,450	\$ 75,989				
Na'alehu Elem & Inter			\$ 8,213	\$ 51,439		
Pahoa Elementary	\$ 16,396	\$ 42,650				
Pahoa High & Intermediate					\$ 31,048	\$ 89,128
Pa'auilo Elem & Inter			\$ 16,862	\$ 20,450		
Waiakea Elementary	\$ 33,685	\$ 71,150				
Waiakea High					\$ 72,864	\$ 177,089
Waiakea Intermediate			\$ 23,480	\$ 66,592		
Waiakeawaena Elementary	\$ 109	\$ 100,364				
Waikoloa Elementary	\$ 274	\$ 80,093				
Waimea Elem & Inter			\$ 7,614	\$ 123,941		
<b>Totals:</b>	<b>\$ 180,558</b>	<b>\$ 921,883</b>	<b>\$ 162,386</b>	<b>\$ 664,874</b>	<b>\$ 319,807</b>	<b>\$ 883,989</b>

## Textbooks and Educational Supplies Expenditures by Schools, FY1995-96

Maui District	Elementary		Intermediate		High School	
	Textbooks	Educational Supplies	Textbooks	Educational Supplies	Textbooks	Educational Supplies
Baldwin High					\$ 70,306	\$ 96,880
Ha'iku Elementary	\$ 22,064	\$ 34,982				
Hana High & Elementary					\$ 10,880	\$ 56,954
'Iao			\$ 33,871	\$ 36,961		
Kahului Elementary	\$ 24,731	\$ 66,342				
Kalama Intermediate			\$ 27,429	\$ 79,409		
Kamalii Elementary	\$ 32,313	\$ 54,148				
Kamehameha III Elementary	\$ 4,459	\$ 38,777				
Kaunakakai Elementary	\$ -	\$ 66,931				
Ke'anae Elementary	\$ 1,819	\$ 2,147				
Kekaulike High					\$ 76,964	\$ 57,064
Kihei Elementary	\$ 32,541	\$ 67,412				
Kilohana Elementary	\$ 6,720	\$ 12,125				
Kualapu'u Elementary	\$ -	\$ 51,724				
Kula Elementary	\$ 4,931	\$ 40,062				
Lahaina Intermediate			\$ 30,826	\$ 21,001		
Lahainaluna High					\$ 34,489	\$ 72,167
Lanai High & Elementary					\$ 35,384	\$ 63,007
Lihikai Elementary	\$ 10,667	\$ 50,458				
Lokelani Intermediate			\$ 11,494	\$ 47,475		
Makawao Elementary	\$ 8,577	\$ 66,469				
Maui High					\$ 96,960	\$ 102,228
Maui Waena Intermediate			\$ 8,381	\$ 69,960		
Maunaloa Elementary	\$ -	\$ 23,398				
Moloka'i High & Intermediate					\$ 32,716	\$ 61,834
Nahienaena Elementary	\$ 7,708	\$ 67,563				
Pa'ia Elementary	\$ -	\$ 20,817				
Pukalani Elementary	\$ 7,896	\$ 52,046				
Waihe'e Elementary	\$ 9,433	\$ 48,461				
Wailuku Elementary	\$ 15,922	\$ 39,761				
<b>Totals:</b>	<b>\$ 189,781</b>	<b>\$ 803,623</b>	<b>\$ 112,001</b>	<b>\$ 254,806</b>	<b>\$ 357,699</b>	<b>\$ 510,134</b>

Source: DOE Financial Management System Report DAFR385A

## Textbooks and Educational Supplies Expenditures by Schools, FY1995-96

	Elementary		Intermediate		High School	
	Textbooks	Educational Supplies	Textbooks	Educational Supplies	Textbooks	Educational Supplies
<b>Kauai District</b>						
Eleele Elementary	\$ 19,560	\$ 75,469				
Hanalei Elementary	\$ 190	\$ 35,894				
Kalaheo Elementary	\$ 12,845	\$ 39,020				
Kapaa Elementary	\$ -	\$ 182,282				
Kapaa High & Intermediate					\$ 81,360	\$ 163,244
Kauai High & Intermediate					\$ 57,352	\$ 130,216
Kaumualii Elementary	\$ 122	\$ 99,076				
Kekaha Elementary	\$ 9,407	\$ 48,391				
Kilauea Elementary	\$ 6,580	\$ 28,979				
Koloa Elementary	\$ 3,140	\$ 24,815				
Niihau Elementary & Inter.			\$ -	\$ 5,571		
Waimea Canyon Elem. & Inter.			\$ 21,810	\$ 44,161		
Waimea High					\$ 46,113	\$ 83,607
Wilcox Elementary	\$ -	\$ 88,272				
<b>Totals:</b>	<b>\$ 51,844</b>	<b>\$ 622,198</b>	<b>\$ 21,810</b>	<b>\$ 49,732</b>	<b>\$ 184,825</b>	<b>\$ 377,067</b>



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## Response of the Affected Agency

### Comments on Agency Response

We transmitted drafts of this report to the superintendent of education on December 17, 1996. A copy of the transmittal letter to the superintendent is included as Attachment 1. The superintendent's response for the department is included as Attachment 2.

The department indicated that steps would be taken to comply with the three recommendations in the report. The department also provided additional comments on the variability of textbook expenditures among schools and on the school planning process. The department believes that it is not the coding of textbook or educational supply expenditures that leads to educational improvements, but the appropriations of materials for each school. But that is not our point. Neither the Legislature nor the department can make informed decisions on how much money to spend on instructional materials if neither has an accurate picture of how much is currently being spent for the large range of items. That accurate picture can be drawn only if the coding correctly reflects the purpose of the expenditures.

ATTACHMENT 1

STATE OF HAWAII  
OFFICE OF THE AUDITOR  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813-2917



MARION M. HIGA  
State Auditor

(808) 587-0800  
FAX: (808) 587-0830

December 17, 1996

*COPY*

The Honorable Herman M. Aizawa  
Superintendent of Education  
Department of Education  
Queen Liliuokalani Building  
1390 Miller Street, Room 309  
Honolulu, Hawaii 96813

Dear Dr. Aizawa:

Enclosed for your information are three copies, numbered 6 to 8 of our draft report, *Fiscal Accountability in the Department of Education: How Accurate Are Textbook Costs?* We ask that you telephone us by Thursday, December 19, 1996, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Friday, December 27, 1996.

The Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

Marion M. Higa  
State Auditor

Enclosures

BENJAMIN J. CAYETANO  
GOVERNOR

HERMAN M. AIZAWA, PH.D.  
SUPERINTENDENT



STATE OF HAWAII  
DEPARTMENT OF EDUCATION

P. O. BOX 2360  
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

DATE: December 26, 1996

MEMO TO: Ms. Marion M. Higa, State Auditor

FROM: Herman M. Aizawa, Ph.D., Superintendent

SUBJECT: **RESPONSE TO AUDITOR'S REPORT:**  
**Fiscal Accountability in the Department of Education:**  
**How Accurate Are Textbook Costs?**

RECEIVED  
DEC 26 10 49 AM '96  
OFFICE OF THE AUDITOR  
STATE OF HAWAII

Thank you for the opportunity to review and comment on the above-named audit report. Your conclusions about the reliability of cost information regarding textbooks and other instructional materials were based on the findings that several elementary schools reported little or no textbook expenditures in a particular year. We believe your conclusions should be viewed in the following context:

- \* Textbooks are not widely purchased as such by elementary schools, compared to secondary schools. Secondary schools have content-oriented courses that require more usage of textbooks, e.g. biology, physics, world history, business applications.
- \* Some purchases will be made at elementary schools for "basals," (standard primer) books. However, more funds are expended at the elementary school level for other kinds of learning materials. More generic and alternative forms of educational materials are commonly used by elementary schools in place of textbooks.
- \* On page 9 of your report, and in your Exhibit 2.2, you identify large variances in the average amounts expended in fiscal year 1995-96 for textbooks in elementary schools compared to intermediate and high schools, as follows:

Elementary	\$ 14.00 per student, textbook expenditures
Intermediate	\$ 24.49 per student
High School	\$ 33.96 per student

Based on the above statewide averages, one would expect that a particular elementary school's textbook expenditures would be low, particularly compared to intermediate and high schools.

Therefore, the relatively low amounts cited for textbook expenditures may be very appropriate for elementary schools; accordingly, one would not conclude that the cost data is unreliable.

All schools develop their own school budget, under the flexible funding process. Schools focus their efforts on planning and preparation for instructional programs. School decisions are based on what is needed to support the implementation of their instructional programs. Therefore, at the school decision-making level, it has not been seen as critical to focus on whether amounts are expended for textbooks versus other educational supplies. We acknowledge that, as noted on page 2 of your report, the Legislature is interested in determining the true costs of instruction, and that the community is interested in ensuring that students have access to adequate instructional material. The Department believes that the true cost of instruction includes the sum total of costs of educational supplies as well as textbooks.

**We also believe that it is not the coding of textbook or educational supply expenditures that would lead to instructional improvements, but the appropriateness of educational materials for each particular school. The sum total cost amounts of textbooks and educational supplies should be evaluated as to whether they adequately contribute to the successful education of our students.**

Each school is also responsible for:

- \* School Improvement Plans, and
- \* Replacement Plans for Textbooks and Equipment.

Each school's planning and implementation process, including replacement plans for textbooks, takes place annually. These plans help determine and guide the school's decision-making process. Are students being provided with sufficient learning materials, including both textbooks and other educational materials? The flexible funding and budgeting process allows schools to make these decisions.

**The Department will take steps to comply with the three recommendations as noted in the report, by providing assistance to each particular school to further guide their decision-making process as they continually work towards giving the best education possible for our students.**

HMA:EK