



case study

From *The New York Times* to *The Wall Street Journal*, from the *Daily News* to the *New York Post* and *Newsday*, the story of the board opening its books to the public made headlines.

New York City Board of Education

School-Based Budget Reports Make History

When Rudy Crew became chancellor of New York City schools in 1995, one of his top priorities was to meet Mayor Giuliani's request for a full accounting of the school system's spending. So in March 1996, he had the board of education's budget office engage KPMG—the firm had already worked with the board to implement its financial management and budget preparation systems—to design and develop a school-based budget reporting system (SBRS).

The SBRS is an integrated database that brings together budget expenditure and allocation information, student data, and other student service information. Responding to the board's desire to have the system developed in time to report on the 1995–1996 school year, KPMG quickly went to work. In addition

to reviewing and confirming technology and data requirements, the team developed a reporting system data model including:

- The transformation process for extracting, transforming, and loading live data into SBRS from numerous board systems
- Designation and allocation rule processes to allow for school-level reporting of all budgeted and actual expenditures
- A reporting module to allow for multiple reporting levels: functional, student type, instruction level, funding source, and “where funds are budgeted” categories.

In just seven months KPMG completed the enormous task of building the SBRS and its database, which contains more than 17 million separate records. And in November 1996 the New York board of education released its first-ever school-based budget reports on the nation's largest school system—a historic event that was met with significant interest by both policy makers and parents.

Front-Page News

Suddenly parents and policy makers had access to a detailed breakdown of the board's \$8.8 billion budget according to each of the system's 1,100 schools. As noted in the introduction to the reports, “The Reports provide unprecedented insight into how education dollars are budgeted. For the first time, we can see what resources are being directed toward classroom instruction, administration, transportation, and so on—at each school, for different types of students and different levels of instruction. Moreover, the reports indicate the level of organizational management and control over these resources, and they also detail the substantial monies that pass through our budget that are not earmarked for public school children.”

The New York Times quoted New York University's vice president for academic development, Robert Berne—someone who had studied the school system's budget for more than 20 years—who characterized the school-based budget reports as "by far the most comprehensive and detailed report that has ever been issued on spending in the New York City school system, and it will change the nature of the debate over school spending."

Crew's "Message from the Chancellor" introducing the school-based budget reports was indicative of his personal views on their importance. "The future of every child in our schools depends on our ability to use our money as efficiently and effectively as possible," said Crew. "Services must be provided in the context of an educational plan designed to align school resources to student needs. These school-based budget reports give us a framework to begin assessing how resource decisions relate to student outcomes."

Ongoing Reports and Ongoing Support
With its SBRS fully operational, the board of education now releases the school-based budget reports every year. They have also retained KPMG to enhance the system with auxiliary

reporting capabilities—a project that is being accomplished using a phased approach. In fact, in addition to reporting on how the board's budget was allocated to each school, the school-based budget reports for 1996–1997 reported on the actual expenditures.

One of KPMG's most significant accomplishments has been the migration of the SBRS from a mainframe environment to a Windows NT/Oracle environment, making it a complete client/server application. This has resulted in improved system speed and functionality. Currently, KPMG is modifying the SBRS to integrate it with the board's client/server-based budgeting system, which is under development in-house.

School system executives have made no secret of their admiration for the KPMG team. Deputy Chancellor Lewis Spence has remarked on the team's "absolute commitment to the project," characterizing them as "true partners with the board staff. Their ability to devise new technical solutions to meet the emerging business needs of the client was truly exemplary."

Project director Kathleen Nadurak echoes these sentiments, noting, "The reports were dependent on the professional competence of an outstanding team of KPMG consultants."

We're on Your Team

At KPMG, we consider ourselves part of your team. Our job is to help you realize your potential and achieve optimal performance. Outstanding services and products are only the beginning—equally important is the lasting relationship we develop with you. We strive to make you our client for life.

KPMG partners and professionals provide a wide range of accounting, tax, and consulting services. KPMG is a thought leader and recognized authority for enabling a new class of integrated, Web-enabled, customer-facing applications that are driven by Internet-based business imperatives. Through a skillful combination of products, e-Engineering services, and alliances, KPMG provides the strategic and infrastructure components to support new and highly dynamic e-business models in mid-and large-scale public sector organizations.

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