

# BALANCED SCORECARDS FOR PUBLIC SCHOOLS: ACCOUNTABILITY BEYOND TEST SCORES

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In a time of increased accountability for public schools, student test scores serve as the prevailing measure of success. At the national level, the No Child Left Behind Act established broad performance goals based on student scores and states have adopted or adapted testing systems to meet those reporting requirements. This evidence, simply captured in a “met” or “not met” assessment of Annual Yearly Progress, provides a broad status report of our public schools at the national, state and local level. General wisdom holds that if the student test scores are high, then the school must be doing a good job (Ghezzi 2005).

This single accountability measure does indicate how well a school meets student achievement goals in tested areas, but does not provide adequate information regarding the effectiveness of the organization. The unanswered question remains: Is the school effectively “organized into a collective enterprise...to achieve a clear purpose for student learning.”(Newman, King et al. 1997) This question separates the old model for student learning, where an individual teacher or individual school was held solely accountable for the students in her classroom, from a new, more robust, accountability that assesses both the teacher and the collective organization in which she works.

While a popular and relatively simple school accountability measure, student achievement is a lagging indicator of organizational success. Leading indicators of success, or “micro programmatic level” measures, provide a more accurate assessment of organizational strength as it directly relates to organizational mission (Kaplan 2001). These additional measures provide a more balanced view of the organization and are referred to as a Balanced Scorecard or “BSC”. BSCs have been widely used in the for-profit sector since originally introduced by Harvard Business School Professors Robert Kaplan and Norton in 1996 (Abbott

1996; Stuttaford and Steinberg 1996; Allen 1997; Cohen 1997; Hepworth 1998; Kaplan and Norton 2004)

The need for these new measures in the public sector is widely documented in the emerging literature on the BSC.<sup>1</sup> The literature on the application of the BSC to school and district management is sparse, but their use is growing throughout the sector (Karathanos and Karathanos 2005). These robust measures are critical as they support an organization's effort to sustain high performance by using accurate, relevant measures to drive continuous improvement.

In the for-profit sector, the BSC emerged as a tool to replace the traditional financial measures of profit, shareholder value and net worth. These measures provided only a short-term focus and not long-term wealth, failed to capture the value of non-financial contributors to the organization and did not recognize value of organization's intangible assets, values or mission. A profit/loss statement, for example, captures only the historical performance of the enterprise, not its future performance.

The BSC starts with the mission and vision and translates them into a comprehensive set of performance measures. Balanced scorecards typically include at least the following four components though the specifics will vary depending on the specific goals and operational environment of the organization (Kaplan 2001)<sup>2</sup>:

1. *Customer perspective*: How do we create value for our customers?
2. *Internal business perspective*: To satisfy our customers and shareholders, at which processes must we excel?
3. *Innovation and learning perspective*: How can our organization continue to learn and improve?
4. *Financial perspective*: If we succeed, how will we look to our shareholders?

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<sup>1</sup> As described in the literature, other public sector fields currently applying BSCs include federal and state agencies (Wise 1997; Cavoli 2004; Niven 2004), institutions of higher education (O'Neil & Bensimon 1999, Sevilla 2004), nonprofits (Poister 2003, Sims 2005), distance education (Santovec 2004), and philanthropies (Sheehan 1996)

<sup>2</sup> See Appendix, Figure 1, for Kaplan's graphic organizer of the BSC.

By answering these questions in a BSC and assigning measurable objectives to each goal, an organization will have a robust picture of its strengths and weaknesses in addition to the traditional profit/loss statement or share price.

### **Benefits of the Balanced Scorecard**

The BSC brought many benefits to for-profit sector accountability, including alignment, communication and strategic planning.

Alignment. Most importantly, the BSC aligns performance evaluation measurement with the organization's long-term strategies (Olive, Roy et al. 1997). This tool allows managers and shareholders to measure the enterprise beyond the quarterly report or share price. In the short term, the BSC also aligns operating plans and management decisions with the same long term strategies. The alignment continues down the organization, ensuring that divisional and individual goals meet the larger organization's objectives.

Communication. Beyond strategic alignment, the BSC also plays an important communication role in the organization. The BSC ensures that organizational strategies are updated and highly visible, improving communication within the organization and to external stakeholders (Hepworth 1998; Kaplan and Norton 2004). The BSC "lifts the lid" off of internal processes, assigning value up and down the organization.

Strategic Planning. Finally, the BSC forces organizations into rigorous and continuous strategic planning based on performance data. Organizational strategies are designed to drive organizational objectives and performance measures are continuously updated to maintain tight alignment and to respond to changing environments (Edds 2000; Cavoli 2004; Meyer 2005). The BSC requires "active formulation" of strategic plans, involving all members of the

organization in the development of the plan (Sims and Sims 2005). As a result, the strategic plan drives future success.

### **Applying the Balanced Scorecard to Public Schools**

Leaders in education face many of the same challenges as their peers in the for-profit sector. In measuring the organization, school leaders are looking beyond the single accountability system (Jones 2004). Like business enterprises, schools are not stagnant organizations, have heavy investments in human resources and have multiple stakeholders. The same BSC benefits of alignment, communication and strategic planning will be realized by the managers in the education sector.

Alignment. As principals seek to improve the performance of their school, they do so in the context of the district objectives, the state accountability system and the federal No Child Left Behind Act. All classroom instruction and school activities must, at a minimum, be aligned to each of those successive layers of accountability. The day to day instructional decisions made by teachers in the classroom must be tied directly to these broader strategic objectives. This alignment ensures that time, talent and instructional processes are aligned and purposeful in support of the school's mission and goals (Newman, King et al. 1997; Sims and Sims 2005).

Communication. Public schools by design have a myriad of stakeholders, including children and parents as direct clients, taxpayers as consumers, communities as beneficiaries, teachers associations as workers and the local, state and federal governments as investors and regulators, not all of which have interests that are directly linked to the strategic objectives of the school. In developing a balanced scorecard, school leaders create a high degree of transparency in the organization, seek stakeholder input and provide data-based progress reports on the schools performance (Jones 2004). The BSC provides robust measures that enable school

leaders to more effectively communicate with their stakeholders to maintain support for the implementation of mission and vision.

Strategic Planning. Effective strategic planning efforts require school leaders to look beyond short-term “tactical decision making” and to articulate long-term strategies for change (Sims and Sims 2005). This is “new work” for many school leaders but does enable them to address the ever-increasing demands for school improvement (Brown 2004).

### **Modifying the Balanced Scorecard for Public School Accountability**

Without taking away from the critical focus of Kaplan’s four key areas, school leaders have modified the balanced scorecard to address these management challenges. Specifically, district BSC have articulated both “student achievement” and “stakeholder engagement” as measurable domains on the balanced scorecard.<sup>3</sup>

Because of the difficulty in building consensus for a vision and in sustaining stakeholder involvement, the balanced scorecard for educators specifically addresses stakeholder management (Jones 2004). While the original for-profit balanced scorecard looks at customers and clients, the educational leaders ask the same questions about stakeholders. While the term “customers” could be used, the more inclusive term “stakeholders” eliminates debate about who is the school’s customer and focuses on building consensus among the wide range of partners with an interest in the quality of public education.

With the increased attention to state and national accountability, student achievement rightly remains the key reporting element for schools. Kaplan’s original financial measure on the BSC codifies one objective of a for-profit enterprise: to make a profit. In the context of public education, a similarly simple measure is one of student test scores. In the evolving use of the BSC in school districts, additional measures such as student retention, graduation rates, college-

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<sup>3</sup> See Appendix, Figure 2, for a modified version of Kaplan’s graphic organizer.

going rates, student attendance and formative academic assessments are added to the BSC to provide a more robust picture of school performance.<sup>4</sup>

Despite the sparse evidence in the research literature regarding the efficacy of the Balanced Scorecard for use in public education, schools and districts are beginning to utilize this business-based accountability system. The BSC with its multiple benefits of improved alignment, communication and strategic planning provides school leaders the tools they need to effectively manage school improvement in a rapidly changing and high-stakes environment.

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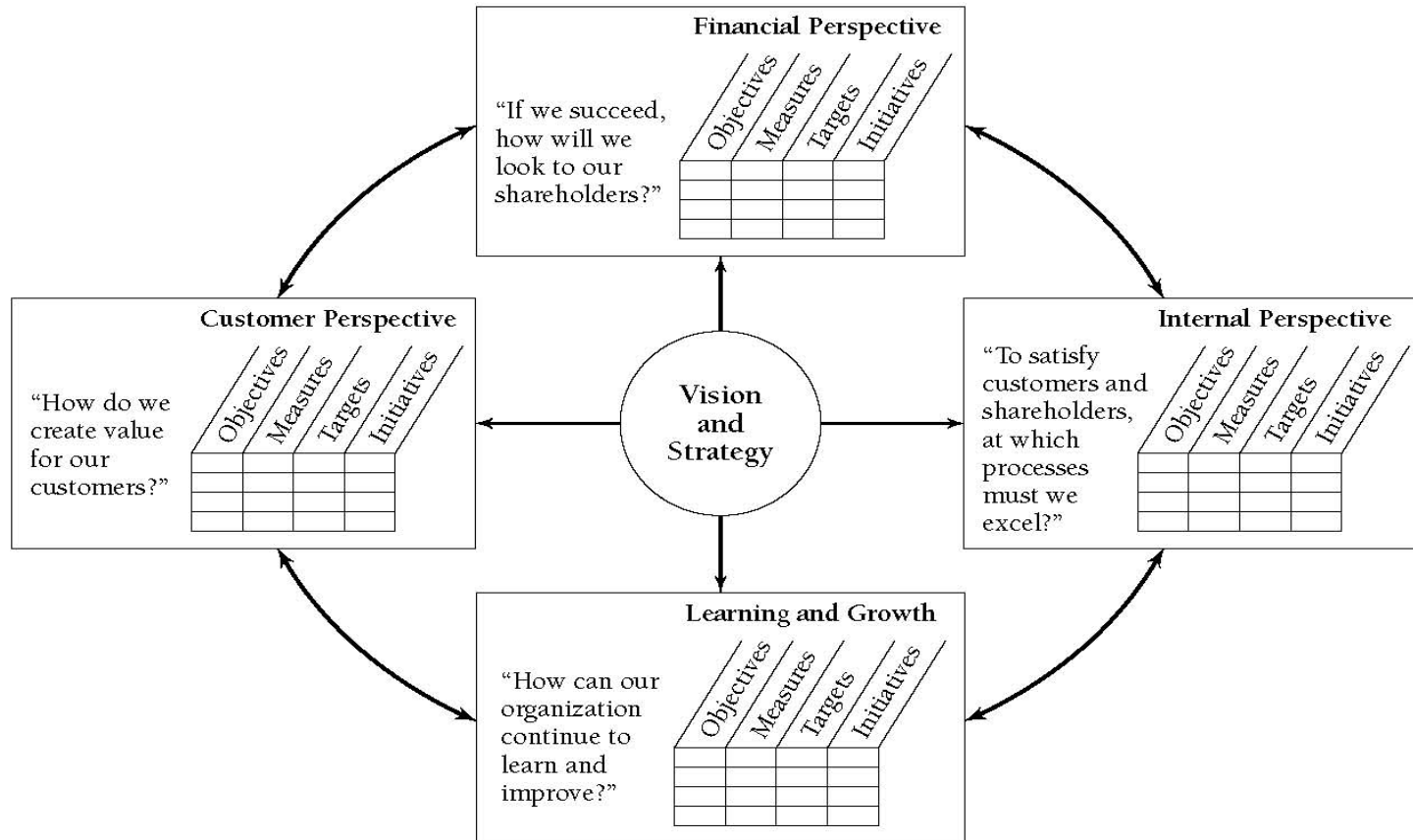
<sup>4</sup> See Appendix, Figure 3, for a sample BSC from Monroe County, Georgia that has developed multiple measures of student achievement.

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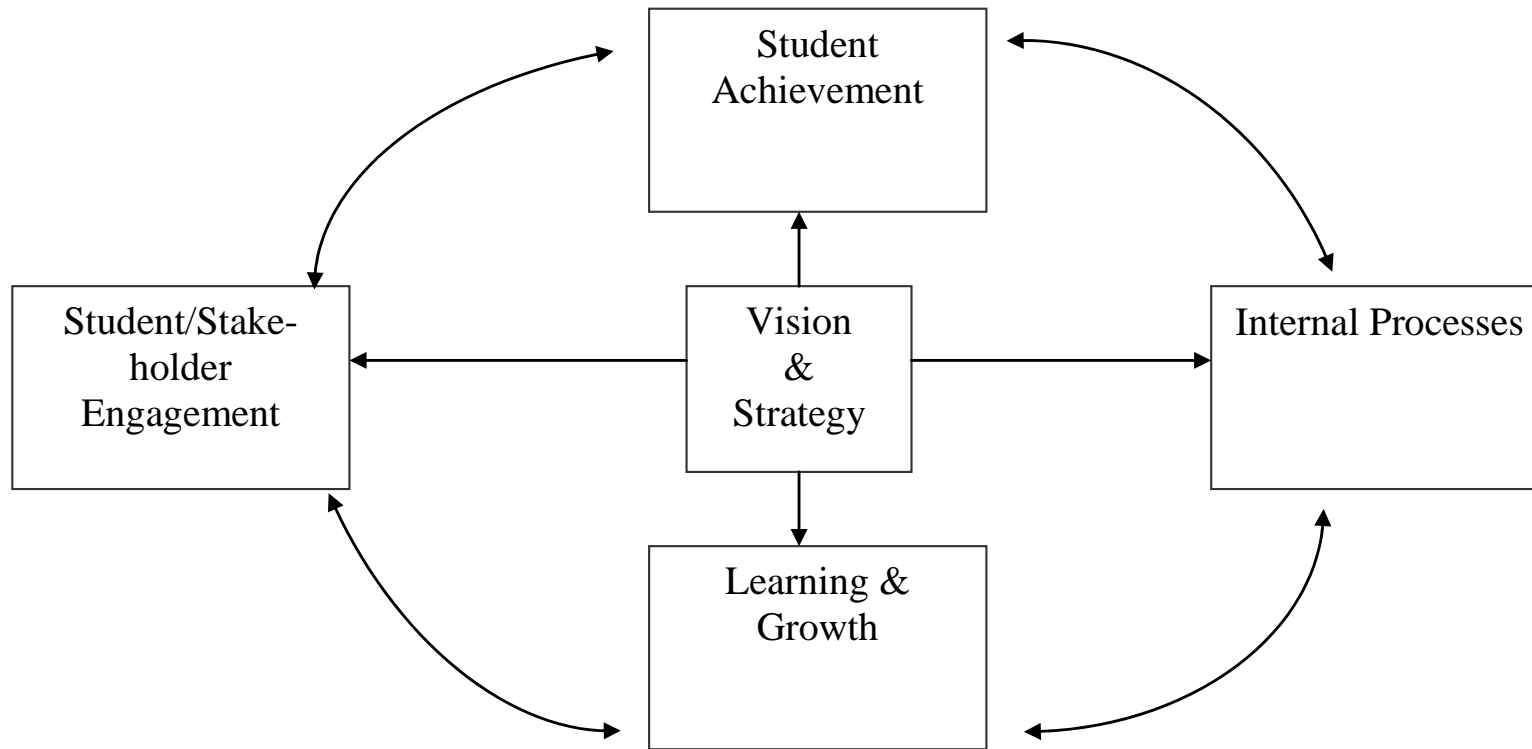
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Figure 1. The Balanced Scorecard: Four Perspectives



From Kaplan, R. S. (2001). "Strategic Performance Measurement and Management in Nonprofit Organizations." *Nonprofit Management & Leadership* 11(3), page 355.

**BALANCED SCORECARD MODEL FOR PUBLIC SCHOOLS**



From Vanairsdale, M. (2005). *Balanced Scorecard*, P-16 Presentation. A. Duffy. Atlanta, GA: Internal Planning Document for GLISI Balanced Scorecard Training.

Appendix: Figure 3  
Balanced Scorecard, Monroe County Public Schools

SO #1	Performance Objective	Performance Measures	Unit of Measure	Actual				Target	Rating
				02/03	03/04	04/05	05/06	05/06	
Attaining High Academic Achievement & Success	I.1 Student Mastery of Curriculum	I.1.a CRCT All Students	% of students meeting or exceeding standard in grades 4, 6 & 8 on the first CRCT administration						
		4th Grade Reading		85%	89%	93%		94%	I.1.a ___
		6th Grade Reading		83%	83%	91%		92%	I.1.a ___
		8th Grade Reading		80%	86%	87%		88%	I.1.a ___
		4th Grade Math		75%	83%	77%		78%	I.1.a ___
		6th Grade Math		75%	86%	85%		86%	I.1.a ___
		8th Grade Math		65%	75%	80%		81%	I.1.a ___
		I.1.b CRCT Black Students	% of black students meeting or exceeding standard						
		4th Grade Math		61%	73%	65%		73%	I.1.d ___
		6th Grade Math		62%	62%	75%		76%	I.1.d ___
		8th Grade Math		52%	59%	64%		65%	I.1.d ___
		I.1.c GHS GT all areas (first attempt)	% of students passing	62%	65%	64%		65%	I.1.b ___
		I.1.d GHS GT SES Students - Math	% of students meeting or exceeding standard	55%	57%	78%		79%	I.1.d ___
		I.1.e AYP Status	% of schools meeting AYP	75%	75%	40%		100%	I.1.d ___
	I.1.f Aligned Curriculum Documents	3-5 & 7-12 Math, 3-12 SS and 3-5 & 8 Sci. curriculum documents produced by June 2005	Yes	Yes	Yes		Yes	I.1.c ___	
	I.2.c Student Success	1.2.a 3rd Grade Students reading on grade level as measured by Lexia	% reading on grade level	NA	NA	70%		75%	I.2.a ___
		1.2.b Elementary Retentions	% of retentions	NA	31	4.90%		≤ 5%	I.2.b ___
	I.3 Effective Instructional Program	I.3.a Certified teaching staff trained with LFS instructional strategies	% Trained	NA	52%	55%		95%	I.3.a ___
		I.3.a Certified teaching staff trained in Differentiated Instructional strategies	% Trained	NA	5%	32%		50%	I.3.a ___
		I.3.a Principals trained in use of GPS	% Trained	NA	NA	100%		Yes	I.3.a ___
I.4 Effective Student Support Services	I.4.a Exemplary Media Centers	% scoring proficient or higher on MC Media Rubric	NA	NA	100%		100%	I.4.a ___	
	I.4.a Staff & student perception of Media Center Quality	Survey rating on Media Questions	3	3	3.3		2.9	I.4.a ___	
	I.4.b System guidance rubric	Rubric Implemented	NA	NA	P		Yes	I.4.b ___	
	I.4.b Staff & student perception of Guidance Program	Survey rating on Guidance Questions	2.8	3.1	3.2		2.9	I.4.b ___	

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SO #2	Performance Objective	Performance Measures	Unit of Measure	Actual				Target	Rating
				02/03	03/04	04/05	05/06	05/06	
Developing Organizational Effectiveness	II.1 Effective Operational Processes	II.1.a Student, parent and staff perception of Transportation Program	Survey rating on Transportation Questions	2.8	2.9	3.2		2.9	II.1.a__
		II.1.b On Time Bus Delivery	Benchmark on time bus delivery %'s	NA	NA	96%		≥ 96%	II.1.b__
		II.1.c Preventable accidents per 100,000 miles traveled	Benchmark data on # of preventable accidents per 100,000 mile transported	NA	NA	0.93		≤ .93	II.1.c__
		II.1.d Positive System SNP Budget	Positive budget as of June, 2005	Yes	Yes	Yes		Yes	II.1.d__
		II.1.e SNP paid participation rate	Benchmark system average paid student participation rate	85%	86%	75.6%		≥ 77%	II.1.e__
		II.1.f SNP Health & Sanitation Scores	System average health inspection rating	95	96	96		≥ 95	II.1.f__
		II.1.g Network reliability rate	Network reliability rating	NA	Yes	96.40%		≥ 96%	II.1.g__
		II.1.h Staff perception of technology support	Survey rating on Technology Support questions	2.6	2.9	2.9		≥ 2.9	II.1.h__
		II.1.i Facility Inspection Scores	Avg. facilities inspection scores	NA	Yes	99		≥ 96	II.1.i__
		II.1.j Phase IV of HMS	Started by June 2006	NA	NA	NA		Yes	II.1.j__
	II.2 Effective Personnel Processes	II.2.a Use of highly qualified teachers	% of cert. teachers highly qualified	No	Yes	98%		95%	II.2.a__
		II.2.b Use of highly qualified paraprofessionals	% of system paraprofessionals highly qualified	No	Yes	88.70%		95%	II.2.b__
		II.2.c Targeted professional development	# of targeted Professional Learning Training Sessions	NA	5	5%		4	II.2.d__
		II.2.d Staff Retention	% of staff retention vs. 2 yr. Avg.	86%	87%	89%		90%	II.2.e__
	II.3 Effective Financial Processes	II.3.a Variance of System budget to actual	% variance of system approved budget to actual	1.9%	1.4%	2.00%		≤ 2%	II.3.a__
		II.3.b Audit Status	Non-Risk Financial status	Yes	Yes	Yes		Yes	II.3.b__
		II.3.c Direct Inst. Expenditures	% of Direct Inst. Expenditures ≥ 3 yr. Avg.	72.4%	74%	76%		≥ 76%	II.3.c__
	II.4 Effective Continuous Improvement Processes	II.4.a SACS accredited schools	District SACS Accreditation	100%	100%	100%		100%	II.4.a__
		II.4.b System Strategy Maps for SO #2 & SO#3	Strategy Maps Complete	NA	NA	50%		Yes	II.4.b__
		II.4.c New Five Year Facilities Plan by June 2006	New Five Year Facilities Plan Complete	NA	NA	NA		Yes	II.4.c__

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SO #3	Performance Objective	Performance Measures	Unit of Measure	Actual				Target	Rating
				02/03	03/04	04/05	05/06	05/06	
Ensuring Student/Stakeholder Support and Satisfaction	III.1 School Climate is Safe and Enriching	III.1.a Student perception of safety	% agreeing that schools are safe	90%	80%	82%		≥85	III.1.a__
		III.1.b Parent perception of safety		92%	86%	95%		≥89	III.1.b__
		III.1.c Staff perception of Safety		89%	92%	97%		≥90	III.1.c__
		III.1.d Level III Discipline Incidents	# of Level III infractions at MS & HS level	NA	NA	61		≤ 61	III.1.d__
	III.2 Students, staff, parents and community will be satisfied and involved with the educational program in Monroe County	III.2.a System personnel perception of Central Office support of schools	Staff survey rating on Central Office support questions	3	3	3		≥2.9	III.2.a__
		III.2.b Staff perception of quality	Staff survey rating	2.9	3	3.2		≥2.9	III.2.b__
		III.2.c Parent perception of quality	Parent survey rating	3.2	2.8	3		≥2.9	III.2.c__
		III.2.d Community perception of quality	Community survey rating	2.9	2.9	2.9		≥2.9	III.2.d__
		III.2.e Student perceptions of quality	Student survey rating	2.9	2.8	2.9		≥2.9	III.2.e__
		III.2.f Elem. student attendance	% of students absent 15 days or less	84.4%	90.6%	90.4%		>91%	III.2.f__
		III.2.f MS student attendance		80.2%	89%	89.4%		>91%	III.2.f__
		III.2.f HS student attendance		82.1%	77%	91.6%		>91%	III.2.f__
		III.2.g Staff Attendance	Staff attendance %	93%	94%	95.5%		≥94%	III.2.g__
	III.2.h Community/Business Partnerships	# Community/Business Partnerships	NA	35	43		≥45	III.2.h__	
III.2.i Volunteer Hours	# of Volunteer Hours	3519	4396	7949		>7949	III.2.i__		

Rating Scale: 1-Below Expectations 2-Progress towards Expectations 3-Meets Expectations