

Time to Change the District Budget Dance

Getting maximum value from available dollars is imperative, and may require some changes to the traditional budget process.

By Marguerite Roza, PhD



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The school district budget dance—the process of developing and passing a budget every year—usually runs on something approaching autopilot. There’s a series of choreographed moves with the same rehearsal schedule and the same cast year after year, with built-in deference to continuing whatever the district did the year before.

The process starts in the fall and culminates late in the spring when the school board votes on a spreadsheet that officially becomes next year’s spending plan.

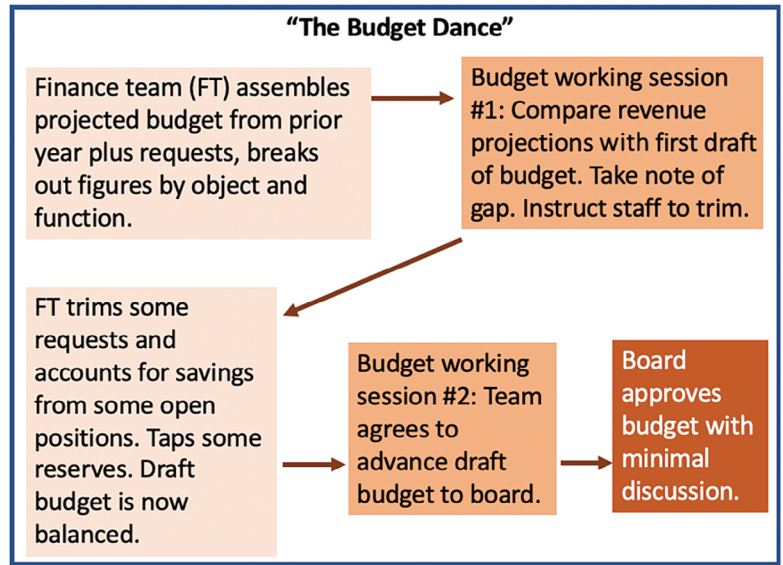
These budgets typically look like the previous year’s, even when districts face long-standing challenges,

including chronic low performance or frustrating spending inequities. It’s that inertia when known problems go years without being addressed that can be the most infuriating.

It starts in the fall with projected revenues and proposed expenses based on prior-year spending, all organized into a set of numbers sorted by “objects” and “functions.” Because the “asks” are always more significant than the projected revenues, the team looks to trim here or there to balance the budget. The next few months involve some back and forth between the finance staff, the executive team, and a subset of the school

board to balance the budget, pruning some requests, pulling savings from open positions, and tapping some rainy-day reserves to make the numbers add up.

Timing is everything. When the budget arrives for board approval, it's often considered fully baked, with no time to consider alternatives. Sometimes, there are public debates about what the budget will do for students when the school board votes on the budget in late spring. But by then, it's too late for any meaningful change in course. Case in point? In New York City, the school system's chancellor recently bemoaned the budget but implored the school board to sign off anyway to "keep the system moving" and to avoid hampering hiring.



What's Missing?

Much is missing from this budget process. Perhaps what's most obviously missing is a step to direct funds to address how previous investments are (or are not) paying off in student outcomes, a step where the public is offered several meaningful trade-offs or choices about where the path is leading, and how to take stock of the financial implications of the inflation-era teacher contract.

Also missing in the process is an opportunity to help the board understand what today's choices mean for the financial road ahead. With student enrollments projected to decline in the coming years, will the district have the right mix of buildings and staff?

Most school systems have a strategic plan with district priorities; districts may have an equity or curriculum team that helps shape that strategic plan. But too often, all of that is siphoned off from budget development, which means the budget may not align with the very things the district is telling the community the system needs to do for students.

In the end, the process doesn't set up leaders to have evidence-based discussions about spending trade-offs, the effect of the spending on kids, and changes that might do more for kids. With districts receiving historic one-time federal pandemic relief aid to help with massive learning loss, helping them get maximum value from the available dollars is even more imperative.

Adding Steps to the Dance

To maximize value from dollars, add steps to the budget dance.

Yes, finance teams need to take a measure of the district's financial health, forecasting costs and revenues when budget work starts in November. But they also need to look at equity and outcomes from the get-go.

That involves pulling in data that already exist on school-by-school spending and outcomes.

If board members viewing the budget don't know that the lowest-income schools get the least money per student while also posting the lowest performance, that's a problem because by then, it's too late to rethink the budget to address such patterns.

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Yes, those spreadsheets on spending by function and object make perfect accounting sense, but they don't shed light on what's driving the costs or what alternatives were considered. Did the district agree to big jumps in teacher salaries or benefit rates? Is enrollment declining? District decisions in areas like labor negotiations hugely affect costs; exploring the full menu of cost-saving or cost-equivalent options tends not to be part of the standard budget dance.

Toward that end, five steps can help leaders modernize the budget development process:

1. Involve more people, such as principals and academic administrators, from the very beginning (in the fall) to better understand the district's financial health and options to improve it. Require regular check-ins with more board members. This approach can help involve

key players long before the budget goes for board approval in late spring.

2. Take stock of equity by looking at how current spending varies across the district schools. Analyzing readily available school data on spending per pupil should be a first step in developing next year's budget. Board members need to know this information before being called to approve the budget.
3. Take stock of student performance by school. This step goes hand in hand with step 2 as baseline data used to develop next year's budget.
4. Examine prior-year investments to see whether they've worked. Use this step to help determine whether an investment should continue in next year's budget. This approach also goes for investments made with temporary federal relief money.
5. Require proposals for new investments to spell out the desired results, the risks involved, and how effectiveness will be measured. (Edunomics offers education leaders a tool for this step at <https://edunomicslab.org/wp-content/uploads/2022/10/Updated-GRID-withoutcomes.pdf>) Ask principals whether they think the new investments will work.

It's a call for school boards and other key district leaders to invest time throughout the year to complete all these steps long before the budget vote rolls around.

Building in these additional steps may well require more capacity and training. And to be clear, this call isn't directed at just the chief financial officer and finance

team. It's a call for school boards and other key district leaders to invest time throughout the year to complete all these steps long before the budget vote rolls around.

Putting in that time *now* can pay real dividends for students and school system finances going forward.

Resources and References

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Visit ASBO International's Toolkit Library on the Global School Business Network for resources focused on sound financial planning.

The Financial Planning Toolkit is designed to walk you through the process of creating a budget and to provide you the resources for stops along your route—and pointers for the unexpected detours. Financial planning may seem like a straightforward responsibility of school business professionals. However, it is important, whether

you're new or experienced, to understand the process of building a flexible and sustainable budget. Another key is to familiarize yourself with strategies to maximize your budgeting power to the greatest extent possible.

Learn more about the financial planning process. The toolkit includes general information, questions to consider, and best practices to help school business officials make effective decisions to support their schools. Download it at network.asbointl.org.