



FUNDING: DISTRICT BUDGET DEVELOPMENT

The standard annual budgeting process for many districts begins with reviewing the prior year’s budget and making incremental changes. Yet to achieve transformational change so that every school can succeed for every student, the budget process needs to evolve and be integrated into the district’s strategic development and review.

Like many changes, this means breaking routines and building new ones—across all departments, not just on the finance team. And it takes time. This checklist provides an overview of this strategic budget development process with specific steps to get there.

MOVING TO A NEW PROCESS

	From this:		To this:
BEGINS...	<ul style="list-style-type: none"> • Mid-year • With last year’s budget • As a process initiated by finance 		<ul style="list-style-type: none"> • Early in the year • As part of the district’s ongoing strategic plan • By having decision makers align on strategic priorities and tradeoffs/ ROI mindset
INCLUDES...	<ul style="list-style-type: none"> • Finance team as leaders of the process • Central departments in silos • Board members and other stakeholders only at the time of approval/ authorization 		<ul style="list-style-type: none"> • Finance team facilitates cross-department collaboration • Key stakeholders (principals, board members, community) ask for input, feedback, and approval
USES DATA AND TOOLS THAT...	<ul style="list-style-type: none"> • Compare current and previous years’ expenditures • Separate budgets by fund types and revenue sources • Aim for a specific budget target 		<ul style="list-style-type: none"> • Enable multi-year cost and ROI comparisons • Include all funds that allow districts to make decisions around strategy, not individual programs • Allow investments/cuts to be prioritized so they can be mapped to range of revenue levels
ENDS WITH...	<ul style="list-style-type: none"> • Incremental changes from previous year that are not informed by key stakeholders outside of central office • Investments that may not be coherently aligned to strategy or schools’ ability to implement • The ability to monitor cost (track expenses against budget) 		<ul style="list-style-type: none"> • Informed stakeholders • Coherent budget decisions that are implementable and aligned to district strategy • The ability to monitor cost, track implementation, and measure ROI

The Checklist Principles for a Strategic Budgeting Process:

Focus decisions on strategic goals, not departments

- Clarify budget imperatives and priorities first
- Determine how/if proposed budget changes align with your strategic plan to meet student performance goals
- Create a collaborative, cross functional team that determines priorities together (even if the Superintendent makes the final decision) to prevent fiefdoms or fragmented decision making structures tied to revenue streams
- Concentrate on decisions that are of the same grain size in order to prioritize those that create big shifts in resource allocation
- Use previous budget as reference, rather than default, as you start with your goals and make your budget work to achieve them in the current year

Include all funds for consideration

- Integrate restricted funds allocation processes and timelines when possible, which includes working off of estimates and then revising as grant revenue becomes known
- Integrate all funds in the budget process and align them around other resource-related decisions (i.e. Compensation, school openings/closings)

Integrate stakeholder perspective in decision-making

- At a minimum, include school leaders and key community members
- Include follow up meetings/communication to show engaged stakeholders their feedback, how it was considered in the process, and leadership's final decisions

Ensure that the process and tools enable ROI comparison

- Consider cost per unit AND quality of service (operations decisions aren't just cost/unit and strategic investments aren't just quality of service) in decisions
- Include multi-year considerations: Value investments for the future appropriately (e.g., deferred maintenance, professional development)
- Consider the full picture in ROI comparisons: Reflect on new and ongoing investments

Balance budgeted expenses with revenue

- By the end of the process, incorporate all general-ledger level budgets into the financial system
- Consider impact of proposed expenses against forecasted revenue in future years
- Be strategic about adding to or using reserve funds based on specific annual circumstances

- Make all investments and reallocations strategically coherent and implementable**
 - Make investments focused and deep versus broad and narrow: Limit the quantity of changes to that which you can carry out well
 - Explicitly consider capacity of school leaders to manage change and effectively implement planned activities during decision making

- Manage uncertainty: Investments and cuts are prioritized and mapped to a range of potential revenue levels**
 - If the revenue mark falls below the request, minimize the need to start a whole new process by deciding the priority of changes in advance

- Set up the ability to actively monitor and respond to investment results to ensure sustainability**
 - Feed decisions directly into the school budget development process, including plans for monitoring and school leader support
 - As part of the budget development process, ensure the district can monitor key investments and reallocations in terms of cost (*Are we on budget?*), implementation (*Are we executing what we intended?*), and performance (*Are we achieving the output/outcome we intended?*)

NOT SURE WHERE TO START?

Check out our interactive School Budget Hold'em tool at ERStrategies.org/hold-em.



Education Resource Strategies (ERS) is a non-profit organization dedicated to transforming how urban school systems organize resources—people, time, and money—so that every school succeeds for every student.

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