



# 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.*

## 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 structure 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 in process to maximize alignment and transparency of restricted funds**
  - 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
  - Process considers perspective of stakeholders on trade-offs given revenue and other constraints
  - 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

- 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

- Set up the ability to actively monitor and respond to investment results to ensure sustainability and effective use of resources**
  - 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?)

- Ensure process supports strategic school planning**
  - School budgets released early enough for principals to make strategic resource decisions (on schedules, personnel, and other investments)
  - Finance team supports principals in this decision making (an understanding of school-level resource levers is key)

### **NOT SURE WHERE TO START?**

Check out our interactive Budget Hold'em for Districts tool at [ERStrategies.org/hold-em](https://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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