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 in California, the budget process needs to evolve and be fully integrated into the district’s annual LCAP and Strategic planning processes.

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:

- **Align budgeting, strategic planning and LCAP development processes**
  - Develop a calendar that includes major milestones from budgeting, strategic planning, and accountability processes, adjusting timelines to allow input from strategic planning and LCAP development to inform budgeting decisions
  - Establish collaborative structures across these processes either through a core team that will lead all of them, or a process to share information

- **Focus budget decisions on strategic goals, not departments**
  - Reference LCAP and strategic planning documents throughout budgeting process
  - 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

- Solicit feedback from school leaders, administrators, parents, key community members and other stakeholders consistently throughout the development of the district’s strategic plan, LCAP and budget, not just at the beginning of the process
- Build feedback opportunities that encourage stakeholders to consider trade-offs and opportunity costs within 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

- Leverage LCAP documentation to inform assessment of past investments
- 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?)
- As part of budget development process ensure the district will be able to track expenditures and outcomes for LCFF funds

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)