# EAB

# Budget Prioritization for Strategic Initiatives

# District Leadership Forum

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# 1) Executive Overview

Key
Observations

**Administrators at profiled districts align funding priorities with the district-wide strategic plan.** District administrators at most profiled districts launched strategic planning processes to better align their budgets to district mission and goals. Administrators prioritize funding for initiatives that directly related to strategic goals. Prior to using the strategic plan to guide budget prioritization, administrators at **District D** and **District A** identified funding priorities based on demonstrated need.

**Administrators at profiled districts currently do not strategically assess programs and initiatives.** While administrators note that they do assess programs using student performance metrics, they do not use standard assessment procedures or lists of metrics to evaluate the success of initiatives. Contacts acknowledge that their districts should more strategically evaluate programs and initiatives, and many contacts are considering embedding more formal program assessment processes into strategic planning.

**Administrators at profiled districts benchmark themselves against local school districts to make budget decisions.** District administrators use publicly available data, such as budget and student performance reports, to benchmark their districts' budget allocations and funding priorities. Administrators also meet regularly with neighboring district administrators to discuss shared challenges and collaboratively problem solve. Administrators at **District B** benchmark themselves against approximately 15 neighboring districts in Texas using publicly-available data.

**Administrators at profiled districts solicit school board and community input when identifying funding priorities.** Administrators at profiled districts use school board input and community feedback to shape their strategic plans and annual budget priorities. By including both the school board and the community during budget prioritization, administrators can align their identified priorities with the expectations of other district stakeholders. Administrators at **District D** and **District C** convene community members through councils and meetings to gather input on strategic and funding priorities.

**District administrators at profiled districts pilot initiatives and programs in specific schools or grades before district-wide implementation.** Administrators at profiled districts typically implement new initiatives by piloting programs in single schools or classrooms to monitor the initiative for unexpected challenges. By piloting programs, district and school administrators can adjust the program as necessary before implementing the program district-wide. District administrators at **District B** allow school administrators to pilot new programs in the ways that best suit their school community, and school administrators from around the district meet monthly to discuss pilot programs' performance.

# 2) Strategic Planning to Prioritize Resources

**Strategic Plan Development**

## Develop a Strategic Plan to Identify and Align the Budget to District-Wide Priorities

District administrators at **District A**, **District C**, and **District D** recently launched strategic planning processes to better align their budgets to district mission and goals. Administrators at these three profiled districts initiated the strategic planning process within the last four years, and all hired consulting firms to guide the planning process.

Prior to having a strategic plan, administrators at District D and District A identified funding priorities in areas with the greatest demonstrated need. For example, programs or initiatives were labelled funding priorities if new instructional resources were needed to increase student success or additional teaching staff were needed to address growing program demand. Moving forward, administrators will prioritize funding for initiatives, programs, and staff based on their strategic goals.

In 2017, district administrators at **District A** decided to undergo a strategic planning process to change the district's budget prioritization method. Instead of using school board goals to prioritize the annual budget, administrators plan to align funds with initiatives that support strategic goals. The school board will be involved with strategic goal development, but district administrators will lead the creation of specific outcomes, metrics, resources, and practices to support each goal.

### Evolution of Strategic Planning at *District A*

District administrators at District A submitted a proposal to the school board that outlined an intensive strategic planning process involving months of work, identification of strengths and weaknesses, and community input.

The school board rejected the administrators' proposal, citing concerns that the board would lose oversight of the budget prioritization process, and the community would have too much input into the district's strategic goals.

District administrators revised the plan to address board concerns by limiting community and consultant involvement in the process. The final plan, accepted by the school board, includes a two-day facilitated conversation with various members of the school community with the remainder of the process conducted by district leadership and the school board.

# Community Feedback

## Collect Community Feedback to Garner Support for the District's Initiatives

While the school board at **District A** was concerned about extensive community input in the strategic planning process, district administrators at **District C** actively sought community feedback while designing the district's strategic plan. The superintendent sought community feedback about the district's direction, strengths, and challenges to assess community-identified priorities. District administrators prioritize community support not only to solicit input for strategic priorities but also to demonstrate district administrators' commitment to including the community in district decisions.

In 2013, district administrators at District C hired an external consulting firm to help the district conduct the strategic planning process. The consulting firm coached the superintendent on how to create an impactful community committee and how to facilitate constructive conversations with the community to help the district achieve its strategic goals.

District administrators used the feedback they gathered from community members to create a strategic plan with four focus areas and district commitments for each area, which describe what tactics administrators will employ to progress in each. Commitments may be added or altered over time and were assigned to be completed in either 2016, 2018, or 2020.

### Strategic Planning Timeline at *District C*

District administrators met with the consulting firm to identify opportunities for growth and established the community committee.

Superintendent held community-wide meetings six times between March and November to discover community-identified priority areas for the district.

Superintendent, consultant, and community committee present key findings and proposed strategic plan to school board.

**Feb. 2013** → **Dec. 2013**

**Community Committee**
- Chaired by two high-profile community members.
- Includes district faculty and staff, parents, and other community members.
- Helps the superintendent create presentations and feedback opportunities that resonate with the broader community.
- Analyzes community feedback for broader trends and aids in drafting proposed strategic plan.

**Community Meetings**
- Superintendent discusses the state of the district and describes administrators' recommendations to address district challenges.
- Community members give feedback about proposed recommendations presented at that meeting.
- District administrators use the feedback to create strategic goals and commitments.

# 3) Methods to Identify Priorities

**Benchmarking**

## Benchmark Against Local Districts and Publicly Available Budget Data to Inform Planning Processes

Administrators at **District B**, **District D**, and **District A** benchmark budget allocations, funding levels, and student success metrics against neighboring districts, even if neighboring district demographics differ.

Administrators at **District B** benchmark themselves against approximately 15 neighboring districts in the state of Texas. Administrators can easily benchmark themselves against these peer districts because every Texas public school district uploads annual budget and audit information in a state-wide database each fall. Therefore, district administrators can easily access historical and current budgets from districts across the state to use in benchmarking activities. While administrators can complete basic benchmarking internally, many hire consultants to analyze the data available across the state, which supplements district-wide strategic budgetary planning.

The benchmarking process is a very important step each year as administrators at District B prioritize budget items. Administrators specifically compare their annual budgets to peers to determine if they are allocating appropriate amounts of funding towards each spending category. These spending categories (e.g., instruction, library services, counseling services, central administration) are used state-wide, so budget administrators can easily draw comparisons districts. The available audit data for each district allows administrators to compare other metrics as well, such as class size and standardized test scores.

## Collaborate with Local Districts to Identify Shared Challenges and Potential Solutions

Superintendents at both **District D** and **District A** meet regularly with the superintendents of other local districts to discuss shared challenges. These opportunities for collaboration help districts solve pressing problems and stay in the loop with neighboring districts' initiatives and challenges.

Contacts at District D participate in monthly meetings of business managers from other local districts to discuss district challenges. All involved district financial administrators aim to ensure that their budgets align with those of their peers. Administrators design these meetings to be honest discussions to learn from each other and collectively problem-solve.

**School Board and Other Leadership**

## District Administrators Work with the School Board to Identify Priorities

District administrators at **District A** meet with the school board annually to plan the upcoming budget and use board member input to guide the prioritization process. Board members and district administrators both come prepared with topics that they feel should be priority areas, such as decreasing class sizes. Together, both groups create a collaborative set of district-wide budget priority areas that steer the subsequent conversations about funding.

At **District C**, the school board approves all funding allocations. To secure funding for new initiatives, district administrators must develop a comprehensive plan and budget for the initiative and communicate the value of the initiative to the superintendent's cabinet. Ten individuals compose the cabinet, and each member serves as an advocate for one of the district's strategic focus areas during annual budget discussions. District administrators discuss new and ongoing initiatives at the cabinet meeting each month, debating the feasibility of each initiative and its potential impacts. If the cabinet does not agree unanimously on new initiatives by the final budget discussion, the superintendent casts a deciding vote. Approved initiatives will then be integrated into the upcoming annual budget and funded.

> **Keep the Board Informed of Prospective Initiatives**
>
> Because cabinet consensus is key to funding new initiatives at **District C**, educating the board about potential initiatives and programs well ahead of the final budget discussions is advantageous to garnering board member support. Contacts note that in the past, district administrators did not adequately educate the cabinet on incoming initiatives and therefore did not achieve high levels of support for their proposed initiatives. Moving forward, contacts now include more potential initiatives into ongoing cabinet discussions to increase transparency.

## School Board at *District A* Has Significant Input on Launching New Initiatives

At **District A**, the school board recently prioritized digital integration. While district administrators did not feel strongly about this initiative, the school board strongly believed that digital integration should be a top priority in the upcoming budget. Board members sought to implement technology solutions throughout the district to enable classroom innovation. Therefore, district administrators used general funding to hire technology support analysts, technology curriculum development specialists, and device managers. Administrators used bond funds to purchase new Chromebooks for their classrooms.

## Select Key District Leaders to Identify Funding Priorities

The superintendent, chief of schools, assistant superintendent of human resources, and other district-level administrators at **District B** meet each January to discuss the next annual budget and identify priority areas. The assistant superintendent of human resources joins this discussion because staff salaries and professional development account for the majority of expenditures.

At **District D**, the superintendent's leadership team makes all major decisions that impact the district. This team includes assistant superintendents and executive directors of major operational areas (e.g., finance, technology, instruction). The team members collaborate on all major decisions to advocate for the various stakeholders they oversee. The superintendent's leadership team meets weekly throughout the school year to discuss pressing issues and budget priority areas. During the budget finalization period, most of these meetings are dedicated to discussing budget-related topics.

**Administrators at *District D* Prioritize Student Success**

Despite decreased state funding, administrators at **District D** always aim to prioritize initiatives that benefit student success and improve the classroom experience across the district. Administrators shield factors that impact the classroom (e.g., instructional materials, class size) from any funding reductions and instead seek savings in other aspects of the budget, like decreasing custodial staff or leaving administrative positions unfilled.

## Community

## Involve the School Community in Identifying Funding Priorities and Initiatives

At **District D**, administrators at each school in the district convene a building council to bring together individuals from the school community (e.g., teachers, support staff, parents) quarterly to discuss district decisions, upcoming assessments, and initiatives. The building councils from each school meet biannually to form a district council of over 200 members. The district council meets to discuss decisions, initiatives, and challenges. If district administrators identify budget challenges that require funding cuts, they will include the topic in the upcoming district council meeting.

### District Council Meeting Budget Discussions at *District D*

| Seeking Feedback | Aligning Priorities | Avoiding Crisis |
|---|---|---|
| District administrators break the council into smaller focus groups and ask each group to review the proposed priority areas and areas to reduce funding. | District administrators use these focus groups to gauge whether the council agrees with the budget plan and to better understand where their schools identify areas of improvement. | Because meetings occur on a set schedule, administrators avoid holding last-minute meetings to discuss budget issues that might create concern about budget cuts. |

## Local Community Members Vote on Bonds to Fund Initiatives at *District A*

While administrators and the school board at **District A** choose strategic priorities, they rely on local community members to vote in favor of bonds to finance strategic initiatives. Administrators use bond funds to pay for special equipment and capital improvements, while general funds pay for hiring staff to support new initiatives.

**Bond Proposal Process at *District A***

| Identifying Priority Areas | Board Considers Bonds | Bonds Proposed to Community | Bonds Up for Election |
|---|---|---|---|
| Administrators develop a list of priority areas that can be supported by bond funds and present the list to the school board. | The school board then votes on whether to pursue bond funding. | Together, administrators and the school board draft a bond proposal to present to the community. | The community votes on bond elections every two years. |

The local community surrounding District A is experiencing rapid population growth and an increase in property values. Because of short bond terms (all bonds have five-year terms) and rapid growth in their area, district administrators can increase the requested amounts of bond funds without raising taxes in their community. Contacts note that District A has had significant taxpayer support and community members have approved nearly every bond up for election. Administrators attribute their success to the community's commitment to student learning improvements.

## Communicating Decisions

## Communicate Funding Decisions with Transparency to the School Community

Administrators at profiled districts communicate district-wide decisions to the greater school community by creating a clear description of the problem, the proposed solution, and the rationale behind their decision. At each profiled district, district administrators collaborate to develop a cohesive message to tell those who are impacted by the decision.

For more information on developing communication strategies, explore our **Improving Communication Strategies for K-12 Districts** toolkit.

At **District B**, the superintendent and chief financial officer typically work together to communicate district-level financial decisions to other administrators, teachers, and the school community.

For district-wide financial decisions that impact all schools within **District D**, the superintendent's leadership team moves through the decision-making process with various senior leaders. The superintendent's leadership team then announces the necessary changes to school administrators, who then communicate the decisions to their teachers and staff. District administrators involve school leadership in most funding decisions that impact individual schools. School-level administrators are then responsible for communicating the decision to their school communities.

## Frame Funding Decreases and Staffing Cuts as Temporary Measures

When communicating any decision that involves a decrease in funding to an established program or eliminating staff positions, district administrators take great care to reiterate their commitment to quality instruction and classroom experience for students and teachers. Administrators frame these decisions as a temporary measure

to assuage concerns among teachers and parents that they are making long-term, detrimental changes to district or school policies.

For example, administrators at **District D** increased the minimum class size for elementary school teachers to apply for teaching aides from 22 to 25. Due to budget constraints, administrators could not afford to hire additional teaching aides despite increased class size and had to reduce the number of classrooms eligible to receive support. While this measure concerned teachers and parents, district administrators framed the measure as a temporary adjustment due to current budget issues. They acknowledged the value of the lower threshold but noted that the current financial climate limited their ability to support the prior threshold. District administrators plan to re-evaluate this measure annually and will choose to renew the increased threshold based on available funding.

# 4) Launching and Assessing New Initiatives

## Pilot Programs

### Pilot New Initiatives in Individual Schools or Classrooms to Limit Risk

Administrators at contact districts typically implement new initiatives by piloting them in individual schools or classrooms to monitor the initiative for unexpected challenges. By piloting programs, district and school administrators can adjust the program as necessary before implementing the program district-wide.

District administrators at **District B** provide school-level administrators the freedom to introduce new student success initiatives as they see fit while district administrators oversee any operational or personnel initiatives. District administrators expect school principals to show the return on investment for strategic initiatives that are employed at each school. School administrators can tailor new initiatives to the needs of their students and are responsible for monitoring and assessing initiatives during the pilot phase. For example, if the district purchases a new software program to improve math scores for intermediate students, district administrators expect school principals to track student math scores and software engagement to gauge program success.

District administrators at District B strongly support their school administrators' implementation of innovative initiatives that may improve student success. They also support school administrators should the initiative fail. Contacts note that they actively create an open environment where school administrators can try new initiatives knowing that they have the district's support whether the initiative succeeds or fails.

School administrators across District B meet monthly to discuss pilot programs, new initiatives, and student success. This cross-district collaboration enables schools to learn from each other's successes and mistakes, leading to reduced risk at the school and district level. Because administrators can examine the results of a pilot program launched at one school in the district, they can better assess if that program would suit the needs of their school community without incurring any financial risk.

## Assessment

### Metrics for Assessing Programs and Initiatives

Administrators at profiled districts do not strategically assess programs or initiatives. Contacts did not discuss any formal program launch, evaluation, or assessment procedures. Most administrators use student performance metrics, such as test scores, and anecdotal or qualitive faculty and staff input to evaluate programs on an ad hoc basis. While contacts at many profiled districts recognize that current assessment methods are not strategic, they also reiterated a commitment to developing thorough performance metrics in the future through strategic planning processes or board discussions.

While contact districts do not have standard key performance indicators (KPIs), administrators should consider creating an assessment framework for each program or initiative that clearly outlines the ideal learning objectives and outcomes as well as processes to measure both. Administrators should use a mix of KPIs and anecdotal reviews from faculty and staff to evaluate programs. Below is a list of suggested KPIs, which include student performance data and financial considerations.

**Suggested KPIs**

- ✓ Standardized Test Scores
- ✓ Graduation Rates
- ✓ Student Participation Rates
- ✓ Financial Sustainability

- ✓ Course-level Grades
- ✓ Reading Levels
- ✓ Student Survey Results
- ✓ Instructional Expenses

Contacts at **District C** note that administrators have not thought strategically about how to assess new initiatives or their strategic focus areas. Contacts believe that administrators should create metrics to assess progress towards strategic focus areas when the strategic plan was announced. If these metrics were included in the initial implementation of the plan, administrators could better track progress towards the goals, decide whether to continue a program, and implement new initiatives. Administrators comment that they could be more diligent about incorporating assessment metrics into proposals for new initiatives, including outlining the potential impacts of the initiative and the outcomes that administrators will use to assess the success of any given initiative at a designated time after implementation.

## Discontinue Programs and Initiatives That No Longer Make an Impact

Administrators at **District C** assess programs and initiatives using some standard performance indicators and teacher or student feedback. Administrators also evaluate the level of support for the initiative across students, teachers, and administrators. If other school or district administrators do not fully support the initiative, administrators consider discontinuing the initiative. Should an initiative be unsuccessful, the superintendent's cabinet will discontinue the program by reducing funding in the subsequent year or eliminating funding altogether. Administrators only communicate an initiative's elimination to the school community if it was a prominent initiative or if it had received significant funding.

> Contacts note that a decline in support is typically indicative of the perception of declining impact on student success or administrative efficiency.

District administrators at **District D** eliminated elementary Spanish to protect their commitment to quality classroom instruction. Contacts note that, due to poor administrative oversight, the program deteriorated over time. Upon assessment of student academic achievements, district administrators saw that students in the Spanish program were not performing as well as their peers who were not in the program. District administrators chose to end the program outright, as opposed to phasing out the program over time, to maximize budget savings. Contacts believe that the district may attempt to pilot a similar program in the future if they secure the resources to ensure quality instruction and support student success.

District administrators at District D also evaluated summer school offerings to assess financial feasibility. Administrators found that remedial summer school supported more students than enrichment summer school, and so the district chose to eliminate the enrichment summer program. The budget for their summer enrichment program was re-allocated to provide additional funding to remedial summer school and address critical needs. Administrators distributed he remainder of this funding to the general budget.

## Incorporate Processes to Discontinue Programs That Do Not Meet Predetermined Success Metrics

EAB has found that innovative institutions in higher education include processes to discontinue programs or initiatives into implementation plans. This helps to limit financial risk for programs that do not perform well. Administrators consider discontinuing programs when programs or initiatives fail to meet specified KPIs during a designated timeframe. Program administrators and district leadership should both design the metrics used for assessment and establish a timeframe before implementation to ensure all stakeholders agree on and understand assessment procedures at the onset of a program.

# 5) Research Methodology

## Project Challenge

Leadership at the member district approached the Forum with the following questions:

- What processes do contact districts use to prioritize and allocate funding to strategic district initiatives?
  - o Who do contact districts include in these prioritization processes?
- Do contact districts have a pilot process in place for any (or all) district initiatives or programs?
- What assessment measures do contact districts have in place to evaluate district initiatives?
- What initiatives are subject to assessment measures?
- What KPIs do contact districts use to assess district initiatives?
  - o How do contact districts determine these KPIs?
- What other ways do contact districts measure the success of district initiatives?
  - o How do contact districts measure failure?
- Which metrics do contact districts find most useful when assessing district initiatives?
  - o Which metrics are least helpful?
- Do contact districts have a mechanism to discontinue funding for or replace district initiatives that do not meet assessment standards
  - o If so, how do contact districts communicate this process to relevant stakeholders?

## Project Sources

The Forum consulted the following sources for this report:

- EAB's internal and online research libraries (eab.com)
- The Chronicle of Higher Education (http://chronicle.com)
- National Center for Education Statistics (NCES) (http://nces.ed.gov/)

## Research Parameters

The Forum interviewed financial leaders at public school districts.

**A Guide to Institutions Profiled in this Brief**

| Institution | State | Approximate Enrollment |
|---|---|---|
| District A | Oklahoma | 22,500 |
| District B | Texas | 33,600 |
| District C | Illinois | 16,700 |
| District D | Kansas | 29,600 |