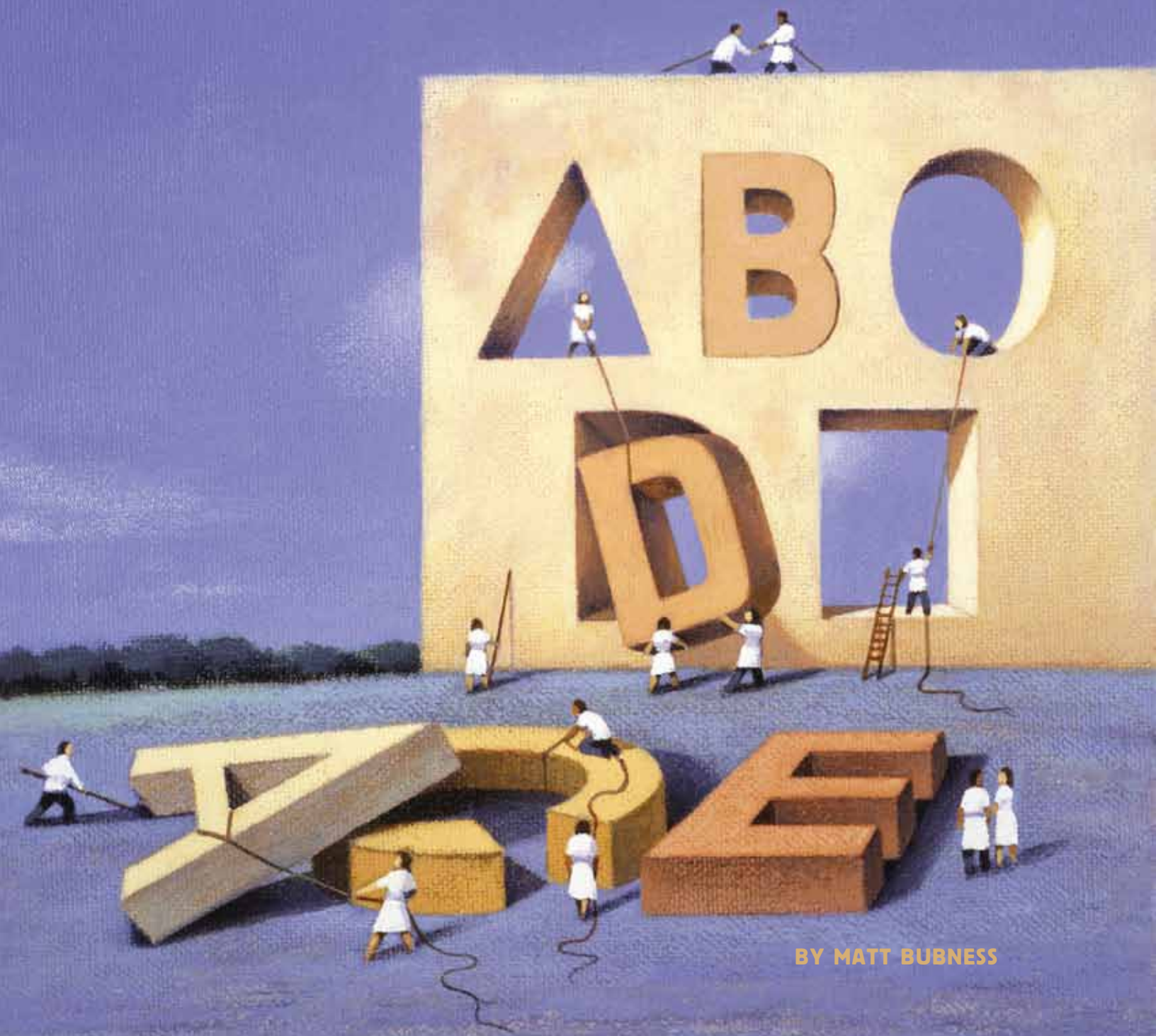


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## FIVE YEARS OF PROGRESS ON IMPROVING PROCESSES

Best Practices in School and Community College Budgeting



BY MATT BUBNESS

**G**FOA started developing its Best Practices in School Budgeting program five years ago to provide a comprehensive budget process framework for school districts. Budgeting and planning are crucial components of an organization's ability to succeed. While the development of comprehensive annual financial reports and audits are guided by generally accepted accounting principles, the Governmental Accounting Standards Board, GFOA's own guidelines, and other sources, budgeting is less structured by nature and has few broad guidelines — even though the basic principles of budgeting are fairly universal. In addition, the need for better budgeting is ever more pressing, given the constant pressures to provide high-quality services with limited resources. This is especially true in school districts, where budget decisions can affect the education of future generations. GFOA therefore took the opportunity to better support school districts by developing best practices to provide guidance and elevate standards for the budget process on a broader basis.

After conducting research, GFOA developed a similar comprehensive framework for community colleges, as the similarities and focus on student outcomes created synergies between the projects. The Best Practices for Community College Budgeting were developed using an approach that was similar to the one outlined below for school district best practices.

While the goal of each project — to offer a high-quality award based on budget process improvements — is just coming to fruition, participants in the development process and early adopter groups have realized a number of benefits. This article will provide highlights of how the project was developed and adopted, an overview of the framework, and summaries of some participants' success stories.

## TWO PROJECTS MERGE

Initially, the Best Practices in School Budgeting was two separate projects — the GFOA-led best practices development and the Smarter School Spending project, led by sev-

eral consulting firms working in conjunction with four large school districts from across the United States. The similarities between the two projects were apparent from the beginning, as they both relied on the knowledge of school districts and on developing similar frameworks for a comprehensive budget process. The intended outputs of each project, however, were quite different.

The GFOA project produced a comprehensive framework and, eventually, a corresponding publication, clearly laying out concepts and guidelines for school districts to follow while working toward an improved budget process. Smarter School Spending laid out a similar high-level framework through a new website, [smarterschoolspending.org](http://smarterschoolspending.org). It also provided tools and resources that the management consult-

ing firms developed while working intensively with the four districts to completely revamp their budget processes over a period of one year. After a year or two working more independently, the two projects were merged, and GFOA ultimately took ownership of the content and management of the Smarter School Spending to ensure the long-term alignment and provision of the associated resources to a wider audience at no cost.

The Best Practices in School Budgeting began as a way for GFOA to expand its budget-related offerings

beyond its more budget document-centered best practices and information about specific, often quite technical, aspects of budgeting. The project also provided an opportunity to pursue ways of expanding and improving the scope of GFOA's Distinguished Budget Presentation Award program. The best practices were designed as a framework to provide guidance on key aspects related to the budget process, including developing goals and strategies, and more commonly associated items such as effective budget presentations. GFOA relied on the expertise of a number of school districts and other practitioners within the education finance field to ensure the budget process framework resonated with a broad audience and was readily accessible, from a practical standpoint, to school districts nationwide.

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## THE BUDGET PROCESS FRAMEWORK

Ultimately, the framework that was developed blended the budget and planning processes to ensure that engagement and collaboration were at the forefront. The intensive communication was to ensure alignment with the strategies being pursued and the end goal of maximizing the alignment of resources with desired student outcomes.

The Best Practices in School Budgeting framework centers on these five major steps:

1. Plan and Prepare
2. Set Instructional Priorities

### Best Practices in Community College Budgeting

The Best Practices in Community College Budgeting program doesn't include additional implementation supports, like the Alliance and Smarter School Spending programs, but it has also seen a strong level of engagement and participation from community colleges that want to improve their budget processes. GFOA continues outreach and related efforts for its community college members through presentations at associations, trainings, and also developing additional research.

As with the school budgeting program, GFOA expects to announce the inaugural winners of the Award for Best Practices in Community College Budgeting in the weeks leading up to GFOA's annual conference, May 6 to 9, in St. Louis. GFOA is encouraged by the level of participation it has received to date from its community college members. The level of thought and hard work shown in the applications for the new award indicates the level of sophistication and also the willingness to keep striving for improvements among our community college members and broader community college audience.

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3. Pay for Priorities
4. Implement Plan
5. Ensure Sustainability

Within each step, sub-steps were developed to provide further guidance that districts would be able to use in improving their budget and planning processes. These range from the aforementioned collaboration and communication, to goal setting and root cause analysis, to developing effective strategic financial plans and budget documents.

The amount of setup and follow-through is key to the framework. The traditional aspect of budgeting — the actual allocation of funds — is not discussed without substantial front-end work. This rigorous planning is grounded in academic and finance collaboration, framing the process through principles and policies, analyzing baseline student performance, and engaging stakeholders (all in the “Plan and Prepare” step). Next comes the “Set Instructional Priorities” step, which emphasizes collaborative goal setting and root cause analysis, which helps develop strategies to achieve goals, followed by a comprehensive evaluation of those strategies. When the strategies are developed and evaluated, the “Pay for Priorities” step comes into play, addressing the allocation of funds, the application of cost-effectiveness measurements, and the evaluation of resources to pay for the strategies the district selects.

The framework includes support and guidance on implementation. The “Implement Plan” phase begins with developing a strategic financial plan to promote sustainability and an action plan to ensure that strategies are implemented soundly. Also included are guidelines for developing a budget document that focuses on telling the district's story, including its challenges and how the allocation of resources to fund strategies will help it to achieve its goals. The framework is rounded out with the “Ensure Sustainability,” step, which focuses on monitoring progress toward student outcomes and evaluating the effectiveness of the budget process itself.



Each of the sub-steps within the best practices are supported by resources to help implement them, such as additional publications and research, district case studies and examples, and tools and templates that districts can download and make their own. These resources have been developed by GFOA, school districts that have implemented the best practices, and the best practices and also other nonprofits and consulting firms working with the adopting districts. This provides for a rich set of tools and resources from a diverse range of districts, and the information is available at no charge to any organization looking to improve its budget and planning processes on both the aforementioned Smarter School Spending website ([www.smarterschoolspending.org](http://www.smarterschoolspending.org)) and GFOA's website ([www.gfoa.org/pk12budget](http://www.gfoa.org/pk12budget)).

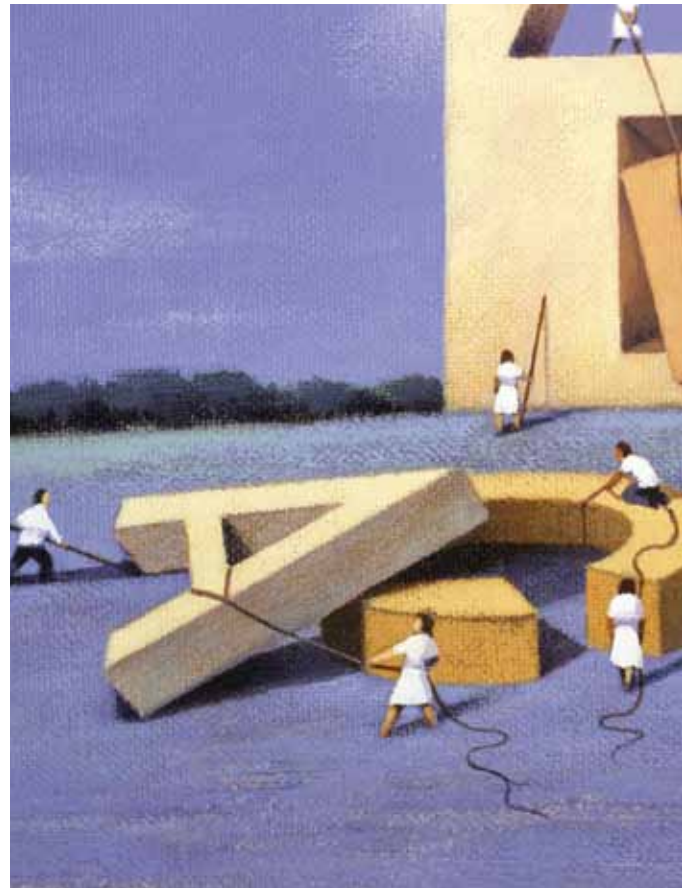
Highlights of the tools include the following:

- **Financial Policy Templates.** Specifically designed for school districts for both a general fund reserve and structurally balanced budget template.
- **Instructional Priority Planner.** Leads districts through a process to better align programs toward specific district goals.
- **Spending Money Wisely.** Expands on and offers additional insights to promote more effective budgeting and planning.
- **AROI Whitepaper.** Guides districts in making better use of cost-effectiveness measures such as academic return on investment.
- **Strategic Financial Plan Template.** Creates a starting point for a comprehensive strategic financial plan and offers guidance in key areas.

This doesn't include the dozen plus case studies from a number of districts who have been working on implementation of the budget process improvements. These case studies provide valuable insights about the successes, challenges, and the ability of districts to utilize the best practices to help support broader achievement improvements within their districts. Excerpts are provided within this articles form three districts who have worked on implementing budget process improvements utilizing the Best Practices in School Budgeting to date.

## Beaverton School District

Beaverton (Oregon) School District started using the Best Practices in School Budgeting when district revenues began to recover after the Great Recession. Wanting to use its replenished funds wisely, the district started using GFOA's best practices to improve its budget process. While Beaverton was ultimately able to identify its highest-priority academic opportunities and make targeted investments in areas that helped students most, not all stakeholders were immediately enthusiastic about the twists and turns along the way. But Beaverton persevered, and the new approach to planning and budgeting contributed to Beaverton students making the highest gain in test scores of any school district in the state. Beaverton also achieved an all-time high in its graduation rates. (For more information, see "Making Investments Where It Matters Most at Beaverton School District" in the August 2016 issue of *Government Finance Review*.)



## HOW IT'S WORKED SO FAR

Implementing and improving a process as complex and crucial as budgeting isn't easy, so it will take time to realize results from these changes. In the five years that have passed since starting development of the new budget process best practices, school districts have started to realize the benefits of making process improvements for budgeting and also making the broader connections that are advocated in the best practices. These include collaboration, communication, and alignment of the budget and academic goals and outcomes.

Some of the best success stories so far are from districts that worked with GFOA on the initial development of the best practices. Again, the concepts recommended in

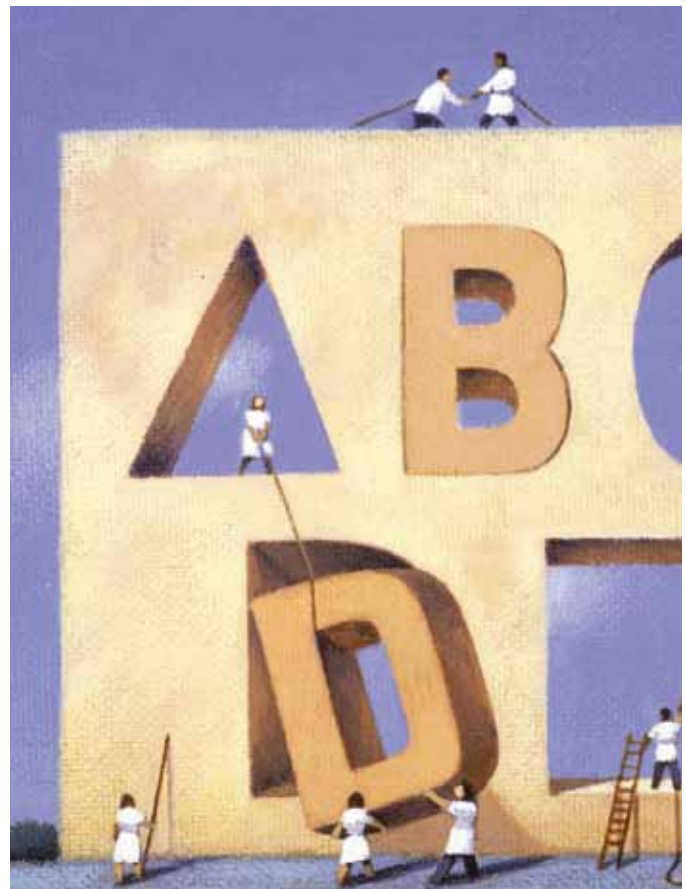
**The Best Practices in School Budgeting began as a way for GFOA to expand its budget-related offerings beyond its more budget document-centered best practices and information about specific, often quite technical, aspects of budgeting.**

the best practices cannot be implemented overnight — and even with the best intentions, your organizational environment may not be optimal, or it may need time to acclimate to changing a process as complex as the budget. That said, GFOA has seen indications of how following the best practice recommendations have supported broader improvement. Examples include the Beaverton (Oregon) School District, Traverse City (Michigan) Area Public Schools, and Wylie (Texas) Independent School District.

GFOA realized early on that it would need different ways of supporting districts that wanted to tackle budget process improvements, and the Alliance for Excellence in School Budgeting was created as a result. The Alliance is made

## TCAPS

Traverse City (Michigan) Area Public Schools (TCAPS) faced a number of pressing issues, including declining enrollment, revenues, and aging facilities. TCAPS realized that it needed to make smart investments to reach its student achievement goals, given the serious financial pressures it faced. The district translated GFOA's Best Practices in School Budgeting into a series of principles that supported better decision making. The principles helped lead TCAPS to conduct a rigorous yearlong pilot test to select the most cost-effective new math curriculum and to make hard decisions about whether to close low-enrollment schools. In addition to producing higher quality decisions, the principles helped generate a high degree of support for the decisions and for TCAPS' continued progress on making process improvements utilizing the best practices.



up of school districts from across the country (of various shapes, sizes, demographics and achievement levels) that are committed to working as an academic and finance team toward making budget process improvements to better connect resource allocations and student outcomes. Going on its fourth year, the Alliance has included at each of its three gatherings more than 100 attendees from approximately 40 districts. Attendees learn more about the budget process framework from other districts, outside experts, and GFOA staff, but more importantly, they are given ample time to work through challenges as a team and to network, share, and learn from other districts in attendance.

The best practices were designed as a framework to provide guidance on key aspects related to the budget process, including developing goals and strategies, and more commonly associated items such as effective budget presentations.

In addition to the Alliance, GFOA has developed other training and engagement opportunities to inform a broader audience about the best practices budgeting framework and associated resources. Several times a year, GFOA offers two-day training sessions that are centered on the Best Practices in School Budgeting and include hands-on exercises. GFOA has also used the best practices framework as an opportunity to produce its first eLearning courses. These are interactive, self-paced webinars on key elements of the new budget process framework. Some Alliance members have used these courses to help convey concepts on a broader basis within their districts, and others have used them to learn more about implementing and improving key aspects of their budget processes.

## WHAT'S COMING UP

GFOA is in the process of awarding inaugural recipi-

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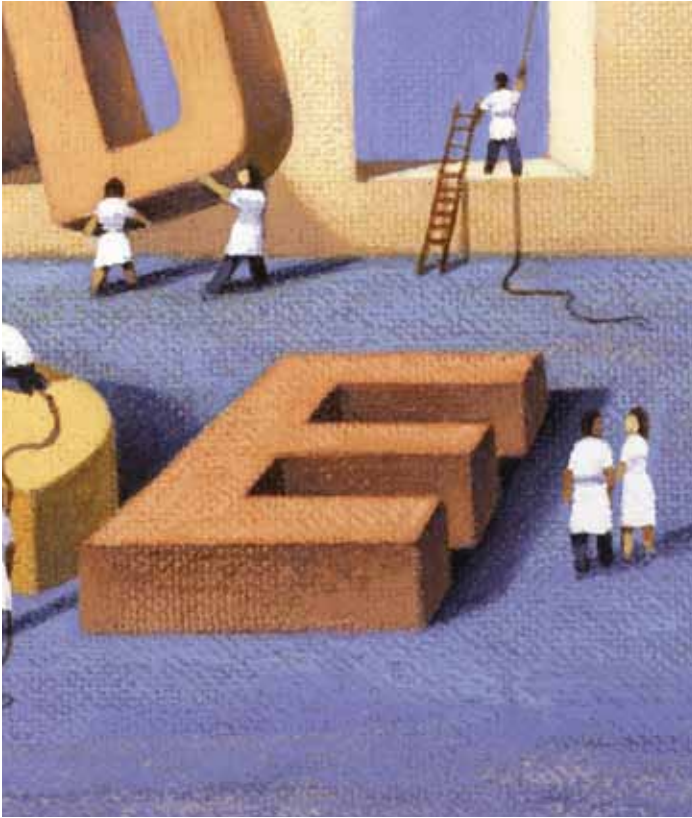


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## Wylie Independent School District

Wylie (Texas) Independent School District is a rapidly growing suburban school district; unfortunately, its budget hasn't grown at the same pace as its enrollment. Wylie used GFOA's Best Practices in School Budgeting framework to meet its student learning goals, despite the increasing financial scarcity. The district got started by looking for ways to shift resources toward its plan to purchase digital devices, determining the most cost-effective course offerings for career and technical education, and better aligning the entire budget with its academic priorities. It accomplished the latter by linking the budget to the five goals laid out in Wylie's district improvement plan. In all, the best practices contributed to Wylie's students making the largest gains on the statewide standardized test of any district in Texas with more than 5,000 students.





ents of the Award for Best Practices in School Budgeting in the weeks leading up to the annual conference, May 6 to 9, in St. Louis, Missouri. Unlike the Distinguished Budget Presentation Award, the Award for Best Practices in School Budgeting focuses on the entire budget process. Award submissions include not only the district's budget document, but also supplementary materials and interviews with finance and academic leads to further discuss the budget process. Participants in the award program can expect to receive quality comments and recommendations on their budget process framework. In addition, the broader school district community can expect to see GFOA providing even more quality examples of how districts across the United States are implementing key aspects of their budgeting and planning process. ■

**MATT BUBNESS** is a senior manager with GFOA. He leads the outreach efforts related to the best practices in budgeting for school districts and community colleges that are a part of GFOA's new awards centered on budget process improvements.



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