

Smart School Budgeting: Resources for Districts

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Smart School Budgeting Overview

- Data-driven decision making is needed to maximize school districts' investments in teaching and learning.
 - ▣ Ideal: School budgets are built from comprehensive information systems that link financial data and educational outcomes.
 - ▣ Reality: These systems rarely exist. School budget models are often constructed piecemeal over time to meet new and emerging needs.
- To address this gap, *Smart School Budgeting: Resources for Districts* offers a guide to relevant literature and tools in school finance research.

Overview of the toolkit

□ **Section 1: Introduction**

- ▣ The state of school budgets
- ▣ Why local budget analysis is needed

□ **Section 2: Setting goals**

- ▣ Transparency and communication about resource allocation

□ **Section 3: Types of budgets**

- ▣ Popular school budgets (table)
- ▣ Site-based budgets
- ▣ Student-based budgets / Weighted student funding

□ **Section 4: Strategies for analyzing current spending**

- ▣ Formulas to analyze budget allocations
- ▣ Budget analysis in practice
- ▣ Evidence for reallocation strategies
- ▣ Research on spending in classrooms

□ **Section 5: Tools for budget analysis**

- ▣ Tools for budget analysis (table)

□ **Section 6: Cost saving strategies**

- ▣ Outsourcing
- ▣ Examples of cost saving strategies

Sample page

Budget analysis in practice

In most education settings, linking spending to outcomes is extremely difficult, if not impossible. Due to the structure of traditional school budgets—which lack data relevant to outcomes—few researchers have attempted to measure student achievement in terms of district spending. Some, as seen below, have used cost analysis models to analyze school budgets, while others have used available data to create frameworks and offer innovative suggestions for districts to analyze their own budgets.

Breaking Down School Budgets

Analysis in this study uses a “cost of services” model to inform a cost analysis of three school districts. The approach breaks down per-pupil expenditures by discrete services provided, and clarifies the influence of organizational features on resource allocation. Findings reveal that per-pupil spending varies by subject and course level. By isolating spending, districts can: identify the relationships between priorities, current spending, and outcomes; clarify relative spending on discrete services and organizational practices that influence how resources are allocated; and establish the current cost of providing services as a necessary precursor to identifying other services.

Resources: Budget analysis in practice

[Financial Accounting for Local and State School Systems](#)

Author: National Center for Education Statistics

[Making education dollars work: Understanding resource allocation](#)

Authors: Clark, Alexander, Rudo, Pan & Boyer

[Breaking Down School Budgets](#)

Author: Roza

[Toward Effective Resource Use: Assessing How Education Dollars are Spent](#)

Author: Willis, Durante & Gazzo

Section 1: Introduction

- Most school finance models are not designed to support current education reforms, such as uniformly high levels of learning across diverse populations.
- Existing funding arrangements may be so complex they don't lend themselves to a comprehensive budget strategy focused on school goals.
- Local budget analysis is needed to help school districts better support the needs of students, families, educators, and community.
- Budget changes can be unpopular with the school community. Using analysis to support reallocation decisions may address common problems, such as:
 - targeting achievement gaps
 - alignment of resources to support learning improvement agendas
 - managing the politics of learning-focused leadership
 - developing the human capital of the school or districts

Section 2: Setting goals

- Identifying ambitious goals—and designing a budget so all elements support those goals—may improve how education dollars are spent.
- Research- and practice-based steps for goal-setting:
 1. Use self-examination and stakeholder communication to identify and clarify beliefs, values, expectations, and strengths.
 2. Identify needs and priorities of all students by examining disaggregated data. Build goals based on this data.
 3. Track where money is currently allocated, assess available resources, and align spending with goals.
 4. Continually evaluate progress towards goals.

Section 3: Types of budgets

Budget	What is it?	Pros	Cons	Resources
Performance-based	<ul style="list-style-type: none"> • Based on standard cost of inputs multiplied by number of units of an activity to be provided in a time period. • Descriptions of each program included in the budget. 	<ul style="list-style-type: none"> • Focuses on measuring/evaluating outcomes. • Provides useful info for consideration and evaluation by administrators. • Each school given flexibility over budgets if they meet goals. 	<ul style="list-style-type: none"> • Most useful for measurable activities (e.g. vehicle maintenance). • Lack of reliable standard cost information. 	<p>Financial Accounting for Local and State School Systems (Ch. 3)</p> <p>Incentive-Based Financing of Schools</p>
Site-based	<ul style="list-style-type: none"> • Decentralizes budget authority and process. • Resources allocated to individual sites and budgetary authority granted to school. • Allows for aligning goals with resources. • Considered practical. 	<ul style="list-style-type: none"> • Those who best know needs make decisions. • Provides greater control and reporting of school-level data and accountability. • Staff/community given a voice, generating public support. 	<ul style="list-style-type: none"> • Training required to manage the process. • May be a burden to some local managers. 	<p>See “Site-based budgets” on page 8.</p>

Section 4: Strategies for analyzing spending

- Districts must understand how money is being spent to create a realistic and needs-based budget moving forward.
- In this section, the guide discusses literature on the following topics:
 - *Formulas to analyze current budget allocations*
 - *Budget analysis in practice*
 - *Evidence for reallocation strategies*
 - *Research on spending in classrooms*

Section 5: Tools for budget analysis

Name of tool	Author	Type of data	Purpose	Comments
Tools to compare against other districts				
Education Finance Statistics Center	NCES	National	<ul style="list-style-type: none"> Provides financial information on public elementary and secondary education. 	<ul style="list-style-type: none"> For summary figures and tables, visit the “Finance Graphs” page. For specific school district finance data, comparisons with other districts, and district fiscal/non-fiscal data over time, visit “Data Tools”.
District Analysis, Review, & Assistance Tools (DART)	MA DESE	District	<ul style="list-style-type: none"> Interactive Excel file that can be used to make cross-district comparisons on finance and budgeting in Massachusetts. Allows users to compare district expenditures with multiple comparison MA districts and with state averages. 	<ul style="list-style-type: none"> Includes information about school districts’ full-time employees, total per pupil expenditures, expenditures by source, and out-of-district expenditures. Foundation budget & Ch. 70 aid trends are also displayed. For a manual, click here.
Education Spending by District	MA Budget & Policy Center	District	<ul style="list-style-type: none"> Online interactive map that displays MA school districts’ actual spending in health insurance and special education costs compared to amount that the foundation budget deems appropriate. 	<ul style="list-style-type: none"> The bar graph shows average spending across a variety of categories. Useful if districts are interested in actual vs. foundation budget allocations for certain education spending areas.

Section 5: Tools for budget analysis, cont'd.

Name of tool	Author	Type of data	Purpose	Comments
Tools to assess impacts of manipulating budget allocations				
<u>Smarter Budgets, Smarter Schools</u>	Smarter Budgets	District	<ul style="list-style-type: none"> • Set of interactive Excel files include: <ul style="list-style-type: none"> ○ Calculate the impact of changing class sizes. ○ Elementary staffing decision tool. ○ Sample transportation expense summary table. 	<ul style="list-style-type: none"> • Spreadsheets can be easily manipulated, even by those who do not have finance backgrounds. • Useful for preliminary calculations.
<u>District Resource Allocation Modeler (DREAM)</u>	ERS	District (Large urban)	<ul style="list-style-type: none"> • Allows users to see the effects of manipulating several key budget levers on a “model district” budget. • Key levers include: class size; teacher compensation; PD; SPED; and instructional time. 	<ul style="list-style-type: none"> • Builds on data from large urban districts. • Uses national data, but does not allow users to plug in other district data. • <u>Click</u> for more information.
<u>Reallocating Resources for School Improvement</u>	CSRI	District	<ul style="list-style-type: none"> • Allows administrators to analyze current budget and help make decisions to reach goals. • Two categories of tools: <ul style="list-style-type: none"> ○ Analyze the current use of resources ○ Help deciding how to best use resources to accomplish school improvement goals 	<ul style="list-style-type: none"> • Non-electronic tool containing printable forms to be filled out by hand. • Links in “Content” box provide more information. • Complete all forms or only those that are appropriate.

Section 6: Cost saving strategies

- Little school finance literature focuses on cost saving strategies due to a lack of research evidence. This section discusses the following topics:
 - ▣ *Outsourcing*
 - ▣ *Examples of cost saving strategies*

Focus area	Strategies	Related resources (hyperlink)
District funding strategy	<ul style="list-style-type: none"> ● Provide schools with “lump sum” budgets and encourage them to align new budget with strategy. ● Divide district into zones based; reallocate based on zones. ● Close or combine schools with declining enrollment. ● Use federal money creatively. 	<p>Better Return on Investment</p> <p>Investing in Improvement: Strategy and Resource Allocation in Public School Districts</p> <p>A Case Study of District Decentralization and Site-Based Budgeting</p>
Teaching and learning time	<ul style="list-style-type: none"> ● Alter student schedules to provide time for teachers: allow students to volunteer or take college courses. ● Offer low-enrollment courses once every 3 years, or combine upper level classes. ● Integrate online learning. 	<p>A Strategic Spending Review of Syracuse City School District</p> <p>Is Online Learning Cost-Effective?</p>

Thank You!

For additional information, email or call:

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About the Rennie Center

The Rennie Center's mission is to develop a public agenda that informs and promotes significant improvement of public education in Massachusetts. Our work is motivated by a vision of an education system that creates the opportunity to educate every child to be successful in life, citizenship, employment and life-long learning. Applying nonpartisan, independent research, journalism and civic engagement, the Rennie Center is creating a civil space to foster thoughtful public discourse to inform and shape effective policy. For more information, please visit www.renniecenter.org