

Research Brief

Dealing with Budget Cuts

Question: What are successful approaches used by schools when they need to reduce their budget?

In a Nutshell

Virtually every school district in the country is dealing with the need to reduce their budget. The process used to make those decisions varies from state to state but almost always includes a combination of short and long-term approaches. In many school districts the emphasis is on reducing individual budget line items and not filling vacant positions. In others, the approach is to look more wholly at the mission and vision of the district and align budget expenditures with that mission and vision. Invariably, interest groups seek to minimize reductions to their favored programs by lobbying the superintendent and Board of Education. Confounding the issue is the continuing need to reduce expenditures. Most school districts have repeatedly made reductions only to find they need to plan for further budget cuts.

Summary of Findings:

Schools in every state are confronted with the need to make budget reductions and to carefully examine expenditures. In most cases, reductions have occurred for several years and are now a routine part of the annual budgeting process. As a result of the current financial crisis the easiest, least disruptive, reductions have already taken place. Further reductions will require a more complex process of assessing the contribution of every function to the core mission of schools and balancing competing interests.

How to Proceed

There is no single process that makes decisions about reducing budgets acceptable. Because school districts are comprised of varied interest groups, all with a vested interest in the districts programs and practices, the process is often highly politicized. Bolman and Deal (2008) suggest that organizations are most political when confronted by scarce resources like money. The tension around budget priorities, in a very politicized environment, leads to conflict among groups. The result is intense bargaining, negotiating and jockeying for position to minimize the impact on favored programs.

When districts develop their budgets they generally consider four factors:

- Existing and proposed programs with attention paid to any that have been mandated by the state;
- An assessment of the district's financial strengths and projected needs;
- Review of any collective bargaining agreements including upcoming negotiations;
- Projected revenues.

Districts use a variety of approaches and weigh the four factors differently. Some have an ongoing process to review and evaluate current programs and services. Some use a “zero-based”

budgeting process where all expenditures must be justified each year. Yet others use an “incremental budgeting” process where every line item receives a similar increase or decrease. Still others use a combination of items.

Long-Term or Short Term Decision

Faced by the perennial need to reduce budgets many schools and districts face the need to adopt a long-term budgeting process that focuses on a mutually agreed upon mission and vision for the district. Unfortunately because of the contentious nature of any discussion about budget reductions many schools and districts choose to look for short-term solutions that may solve the immediate financial problem but do little to advance the district’s mission and vision.

For example, many districts choose to “skinny down” the budget by reducing each line item rather than examining whether some items should be reduced entirely and those savings used to fund other functions. Rarely do schools look at the costs of programs outside of the school day such as sports and extra-curricular activities.

Because the current financial climate may reflect the long-term reality for most public institutions groups like the National School Boards Association (www.nsba.org) and the Association of School Business Officials (www.asbointl.org) recommend that schools and districts adopt a long-range budget planning process, one that includes identifying the school/districts core mission and vision, and a process to carefully assess the contributions of every function to that mission and vision through the use of agreed upon indicators or measures of success.

Checklist for Budget Planning

- Do we have a plan for focusing on long-term budget planning rather than short-term decisions?
- Do we have an agreed upon mission and vision for our school or district?
- How will we gather data about our programs and services so that we can assess their effectiveness?
- What process will we use to reach our budget planning decisions?

Characteristics of Successful Budgeting Processes

While no process to reduce budgets is described as ideal, there are several characteristics of those that result in less contentious discussion and debate.

Use an Inclusive Process

Involving all stakeholders builds greater support and commitment to the outcomes of any budgeting process. While the final decision always rests with the superintendent and Board of Education, it is important to identify a way to engage constituents in the process. Many districts find it helpful to have a budget advisory committee, or to convene a group of stakeholders to suggest recommendations to the Board of Education.

Once such a group is convened it is important to be clear about how the collaboration will take place. It can be helpful to have an agreed upon set of norms about group operations and decision-making. Garmston and Wellman (2009) suggest seven norms of collaboration that can make discussion, particularly about contentious issues, more productive. Information about the norms, including a self-assessment for use by any group, is available at www.adaptiveschools.com/inventories.htm

Checklist of Planning Activities

- Have we identified critical stakeholders to be involved?
- How will we use our mission and vision to guide decisions?
- Do we have data and information about current conditions?
- Have we identified a process for making decisions?

Maintain an Open, Transparent Process

Nothing detracts more from a successful budgeting process than the appearance that decisions are made without sufficient public involvement and knowledge. Provide a mechanism to both gather and share information with constituent groups. Conduct all meetings in public and share information about those meetings. As you make decisions about reductions be sure that you are able to explain the rationale for why each reduction is recommended.

Align Budget with Mission and Vision of the District

While difficult to do in a highly politicized environment, the most successful budgeting processes occur when the district has a clearly articulated mission and vision that was mutually agreed to by constituent groups. When reductions are needed it is easy to select options that may detract from your mission and vision. For example, choosing to eliminate all vacant positions may, depending on the vacancy, reduce staffing for vital programs that are key to achieving your vision. More challenging is to reduce staff in less vital programs and functions and use those savings to fund positions in programs needed to achieve your vision.

Recognize the Importance of Communication

Resistance tends to be greater when people feel uninformed and lack information about both the process and the results. When making budgeting decisions it is important to provide constituents with useful information. For example, you might want to provide information about how schools are funded in your state, why there is a need for reductions (slow economy, state funding cuts, rising health care costs), how the financial crisis affects your school (amount of reduction), and what reductions you've made in prior years. You will also want to share the budget planning timeline including how citizens and employees can be involved and how to suggest reductions.

Checklist of Communication Considerations

- _____ Do we have a process for routinely communicating with constituents about budget planning?
- _____ How will we both gather and share information?
- _____ How might we use social media to engage constituents in the budget planning process?
- _____ What is our plan for using and responding to this information?

Common Approaches to Budget Reductions

While every district designs its own process for making budget decisions, there are some common approaches that are used. In states where reductions have occurred for several years, most of these approaches have already been considered but may be worthy of further discussion.

Low-Hanging Fruit

In orchards some trees have branches that animals and humans can reach with little effort. The fruit on these branches may be easier to harvest and is commonly called “low-hanging fruit.” In budgeting, the term is used to identify items in a budget that might be easily “harvested” without significantly disrupting the operation of the school or district. Two common examples include reducing office supplies or increasing the cost of school lunches. The problem with “low-hanging fruit” is that most of these reductions have little impact on the overall budget and many of them may only be “harvested” once, they are not ongoing budget expenditures. In most schools and districts most of the “low-hanging fruit” has been harvested.

Rethink Current Operations

Another strategy is to rethink the organization of the school day or school week. Many districts have adopted a four-day week by lengthening each of the four remaining days. This maintains the same hours of instruction but saves on related costs for transportation, clerical, food service, heating and other functions. In some schools the fifth day is devoted to more focused teacher and administrator planning and professional development that positively impacts student learning. A Research Brief on the Four-Day Week is available at www.principalspartnership.com/fourdayschoolweek.pdf. Data from the National Conference of State Legislatures reports that over 120 school districts, in 20 states, have adopted the four-day week schedule.

Some districts have begun to examine other practices that have been long accepted as the norm. For example, principals may serve more than one school, professional development may be shared with other districts, or curriculum development may be done in conjunction with a consortium of districts or with a nearby college or university. Other districts reduce transportation costs by only providing transportation for elementary and middle school students. Yet others rely on booster groups to fund extra-curricular activities.

Outsourcing

Outsourcing refers to the practice of using an external company to provide services that may currently be provided by district employees. Many school districts have chosen to focus on the core function of teaching and learning and outsourced custodial, maintenance, food service,

transportation, human resources and payroll functions. While outsourcing is an attractive option it almost always includes lay off of current employees. Most districts that outsource negotiate an agreement with the external company to hire current district employees displaced by the outsourcing.

Consolidating or Shared Services

Yet another approach has been for several contiguous districts to work together on some functions in order to reduce expenditures. Like outsourcing, the most common areas of consolidation include transportation, food service, custodial and maintenance services. In some states regional education agencies provide services that traditionally have been conducted in individual school districts.

However, a number of school districts have begun to share teaching and administrative staff as well. Some teachers are employees of one district but work in other districts to provide specific services or instruction. This is most often the case when teaching a highly specialized curricular area or when providing services for handicapped students. Several smaller districts in the Midwest have shared superintendents. Generally one school district contracts with a neighboring district to provide the administrative services.

Use Technology

Another way to reduce expenditures is to use technology as a tool to access instruction in specific content areas. For example, Utah provides an *Electronic High School* (www.schools.utah.gov/ehs/) that makes classes available to students in every region of the state. It is designed to provide classes that may not be available in the local school district and also offers a way for students to accelerate their graduation from high school or to recover from failed classes. *Oregon Online* (www.o2learning.org/welcome.html) provides over 70 online courses for high school students in many content areas including world languages and advanced mathematics.

Secure Other Funding

Anderson (2011) suggests several strategies that can be used to secure additional funding. The first involves diversifying funding streams. He suggests investigating other public funding, seeking grants from private foundations, and conducting direct fundraising. The second is to coordinate funding from various sources that may be targeted at specific populations of students. For example, blending categorical funding for Title I, Head Start, IDEA's Grants for Infants and Families with Disabilities, and Social Services Block Grants. Federal legislation, including NCLB has provided provisions allowing more blending of funding streams.

Summary

The current economic environment means that schools and districts must continue to carefully examine their budgets and identify ways to make reductions while maintaining a quality educational experience for students. The challenge is to sustain the core function of schools--- high quality teaching and learning, while prudently managing their budget. The evidence is that schools and districts are most successful when they have a clear mission and vision and always make budgeting decisions that support that mission and vision.

Resources:

Sustaining Educational Quality in Financially Challenging Times (Anderson, D, 2011) – This article discusses different funding ‘streams’ that can be used to sustain programs in difficult times. www.principalspartnership.com/feature311.html

Center for Adaptive Schools – This site provides useful ideas and tools for facilitating the work of groups. www.adaptiveschools.com

Related Research Briefs

Four Day Week Schedule - www.principalspartnership.com/fourdayweek.pdf

Four Day Week - www.principalspartnership.com/fourdayschoolweek.pdf

Budget Saving Ideas - www.ehow.com/list_6391050_money-saving-ideas-school-districts.html

Examples of School District Sites – The following websites provide examples of how some school districts share information about their budgeting process.

Clarkston Community Schools (MI) -

www.clarkston.k12.mi.us/education/components/scrapbook/default.php?sectiondetailid=36340&

Santa Barbara School Districts (CA) - www.sbsdk12.org/news/2011/01/13budget.shtm

Bedford Public schools (MA) -

<http://superintendent.wordpress.bedford.k12.ma.us/2011/01/12/bedford-school-committee-begins-budget-reduction-process-for-fy-2012/>

Ross Valley school District (CA) -

www.rossvalleyschools.org/vnews/display.v/ART/4d5f136c27d4a

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