Strategic Budgeting for School Districts

How to Achieve Your Initiatives While Increasing Budget Transparency and Collaboration

See an overview of different strategic budgeting types.

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Budgeting for Districts — Old School vs. New School

Strategic budgeting frameworks allow school finance teams to make better decisions, build community trust, and—perhaps most importantly—increase the overall impact they make on their communities.

Guided by federal mandates and GFOA’s Best Practices in School Budgeting guidelines, school districts across the country have begun adopting these modern approaches to budget better.

But what is strategic budgeting?

In traditional “old school” budgeting, school districts rely on last year’s budget to make incremental, line-item changes in planning for the next year. Strategic budgeting frameworks, on the other hand, align the budget with the district’s priorities, helping district leaders create long-term budget plans that drive community outcomes.
Let’s make this concrete.

Using a traditional, incremental model for budgeting, a school district expecting a 1% increase in student population will increase its non-administrative budget by 1% across the district to continue the expected level of service and operations.

Using a strategic model for budgeting, a school district will start the process by looking at the council and district priorities, and the performance of each of the schools against those priorities. After this review, it will modify the wholistic budget per school to ensure investment into those specific priorities, reallocating funds that do not directly support those council or district priorities.

In this ebook, we’ll cover the benefits school districts are realizing by adopting strategic budgeting frameworks, share examples, and show how you can get started yourself—no matter how you currently budget.

Here’s the lesson plan:

- 3 Benefits of Strategic Budgeting for Schools
- Types of Strategic Budgeting Frameworks
- Where Are You in the Budgeting Journey?
- Case Study: Atlanta Public Schools
- How to Get Started
Benefits of Strategic Budgeting for Schools

1. Improve Community Outcomes

District goals are driven by initiatives, and the success of these initiatives is judged based on the outcomes produced. Strategic budgeting allows school districts to focus on the outcomes leaders want to achieve by providing a framework for allocating resources for those outcomes, helping districts achieve a greater impact with limited funds.

2. Build Community Trust

Strategic budgeting helps districts think about funds from a global perspective instead of school by school or line item by line item, driving long-term outcomes that may take several years to accomplish. To do this, districts are turning to modern software solutions like OpenGov to get a comprehensive view of the budget. The right budgeting software provides transparency into how funds are budgeted and spent in the form of detailed, customizable reporting for both internal and external stakeholders, helping build trust all around.

3. Make Better Decisions

Sometimes, traditional budgeting can unintentionally pit stakeholders against each other. Since funds are limited, taking a line-item approach to how all are allocated can mean that some may view an increase in one budget as a direct result of a decrease in theirs. Strategic budgeting can alleviate this problem by engaging the community and other departments in the budgeting process, creating shared goals established through consensus and collaboration, and helping make better decisions overall.
Types of Strategic Budgeting Frameworks

For school districts, there are two main strategic budgeting frameworks: outcome-based budgeting and priority-based budgeting. Public sector finance teams also use other strategic budgeting frameworks, which are covered below for reference.
The two main types of strategic budgeting for school districts sit at different stages in the budget cycle. You can use the budget approach that works best for your district, or combine the two methods. The key is to plan with your outcomes in mind.
Outcome-Based Budgeting

Focus on Your Most Important Initiatives

**What:** Strategic Initiatives

**How:** Regardless of structure, outcome-based budgeting links proposals to strategic goals to ensure money is going to fuel the desired results. District leaders evaluate and prioritize proposals based on how they impact the strategic plan.

**Who:** Districts that want to tie the budget directly to strategic priorities.
Priority-Based Budgeting

Rank Your Goals and Fund Them Accordingly

**What:** Setting Funding Priorities

**How:** This form of strategic budgeting uses predetermined budget priorities and criteria in a pre-screening of proposals before they are added to the budget process. District finance leaders ask the same set of questions against all proposals to rank them and evaluate them as a team.

**Who:** Organizations that want departments and community members to apply specifics when budgeting.
Other Types of Strategic Budgeting

This is a short overview of the other types of strategic budgeting included in the Strategic Budget Cycle image above. These approaches are less commonly used by school districts but may still provide useful frameworks for budget planning.

**Program-Based Budgeting**
The budget is built from proposals submitted based on programs or initiatives instead of departments. This means cross-collaboration is a must between departments to coordinate services and budget proposals. Program-based budgeting can be a good fit for organizations that want to prioritize bringing all department needs to the table.

**Participatory-Based Budgeting**
Regardless of the strategic budgeting method you choose, participatory budgeting can be a powerful tool in strategic planning. In this approach, finance leaders and budget decision-makers bring the voice of the community into key decisions. Participatory budgeting can be a good fit for organizations that want to bring the community into the budget process.

**Performance-Based Budgeting**
Data drives the budgeting conversation. When building a budget with a performance focus, finance leaders may ask for metrics like ROI, historical performance, and anticipated performance to help evaluate proposals. Performance-based budgeting can be a good fit for organizations that want to make sure the budget produces specific outcomes.

As you can see, these other types of strategic budgeting could inform school district budgeting, even though they’re not as commonly used by districts.

Districts focused on developing specific programs or initiatives may glean something from the program-based approach; districts who are using an outcomes-based approach may eventually want to incorporate aspects of performance-based budgeting as well to include data reflecting the actual impact of key initiatives; and districts who want to include the voice of the community may want to use aspects of participatory-based budgeting for guidance in making key decisions.
Where are you in the Budgeting Journey?

All district budget leaders face challenges to being more strategic, and all are continually working to optimize their budgeting process to drive outcomes in their communities. Use the chart below to identify where your district currently sits in your budgeting journey—and where you’d like to go.

In a recent OpenGov survey of public sector finance leaders, 50% of respondents positioned their budget in the Initial or Managed stage, while only 6% considered their budget to be in the Optimizing stage. Regardless of where you currently sit, there are actions you can take now to move forward.
CASE STUDY

Increasing Collaboration and Efficiency at Atlanta Public Schools

Atlanta Public Schools (APS) is a recognized leader in school district budgeting. The district has won GFOA’s Award for Best Practices in School Budgeting, is part of the Rethinking Budgeting initiative, and is a national leader for equality, innovation, and adaptation.

Despite these impressive budget accomplishments, when Harpreet Hora joined APS as the executive director of budget services she saw opportunities for improvement. When it came to the district’s budgeting, she wanted to increase transparency, improve collaboration, and find ways to make the entire process more efficient.
Increasing Collaboration and Efficiency at Atlanta Public Schools

An important step she took to meet these goals was adopting a cloud-based software solution to streamline the district’s budgeting processes. After exhaustive research, the district chose OpenGov Budgeting & Planning.

The software allowed Hora to connect the budgets of all 91 learning sites in the district, leading to centralized decision-making. Housing correct financial, operating, and performance data on a single platform allowed ASP to create easy-to-understand visual reports and dashboards that could be shared across departments and externally with the community. New reporting features enabled a significant increase in transparency, helping show stakeholders how the budget was being shaped to achieve district initiatives.

By tracking and reporting performance data and enabling communication, OpenGov also improved collaboration across department members and with the community. Finally, the online tool made the entire budgeting process much more efficient, eliminating the need to use spreadsheets and potentially reducing the time needed to develop the budget by as much as 80%.

“It’s all about allocating your resources towards those strategic priorities that you’ve laid as an organization. Where is it that you want to go? What are those outcomes that you’re trying to achieve? How can we align those resources to be able to achieve those outcomes?”

HARPREET HORA | Executive Director of Budget Services, Atlanta Public Schools
How to Get Started

Want to implement strategic budgeting in your school district? We’re here to help. OpenGov lets you plan and manage your strategic initiatives by capturing priorities, tying budgets to initiatives, identifying key outcomes, and engaging stakeholders.

Drive Community Outcomes and Increase Trust

School districts across the country are leveraging OpenGov to streamline budgeting, financial, procurement, and asset management workflows. Experience unprecedented spend efficiency, improved collaboration at a single source, and intelligent reporting that’s accessible and transparent.

- Achieve strategic procurement
- Monitor unique budgeting needs
- Inform board members, parents, and staff members
- Streamline district-wide personnel planning
- Project long-term costs of assets

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