

Sustaining Educational Quality in Financially Challenging Times

By: David Anderson

Schools face the most challenging economic environment in decades. To sustain the quality of teaching, learning, and educational support services, they must find ways to expand their resources while at the same time using their resources more efficiently. School leaders must be knowledgeable about the funding “streams” that provide an opportunity to help sustain their programs in these difficult times.

Strategy 1: Diversify Funding Streams: Rethinking Revenues

Public schools receive most of their revenue through either local property taxes and/or their state funding formula. These resources are included in the general revenue for the district and are typically used for "Current Operating Expenditures" (which means the regular, ongoing expenses). In virtually every state those funding streams are, at best, stable and most often declining. There are several ways to diversify a school or district's funding streams including these possibilities: alternative public funding, forms of private funding, and direct fund raising.

Secure Other Public Funding

The easiest source of significant stable funding is to identify categorical federal assistance programs that meet specific needs. Categorical funding sources provide revenues for specific categories of recipients, such as at-risk children and their families. Examples of categorical funding include Head Start, Title I, and the Individual with Disabilities Act (IDEA), education of homeless children (McKinney-Vento Education for Homeless Children & Youth Act) or the impact of families working in major federal facilities like military bases (Impact Aid Program). Many schools do not take advantage of the wide range of available federal assistance programs. For example, there are numerous programs to support “comprehensive school health centers” (through IDEA) and “community schools”. A good website for identifying potential categorical funding sources is the “Catalog of Federal Domestic Assistance” (<https://www.cfda.gov/>). This site lists numerous programs and their eligibility requirements.

Unfortunately, categorical funding has its limitations. First, these programs are not as stable as they have been given the budget cutting fervor in Congress. Second, these programs incur significant administrative costs, because of the need to document program need and oversight requirements. Third, these programs often have rigid application requirements that restrict the number of eligible districts. Finally, these programs often have strict limitations on the use of funds that limit your ability to coordinate the use of these funds for broad program sustainability (see the “coordination” section below).

Many districts are not eligible for categorical programs. In this case, districts can often “leverage” additional public funding by developing relationships with community groups and/or professionals who may have access to categorical funds. A good example is the Medicaid

program. Districts that are not directly Medicaid eligible can develop a relationship with a Medicaid-certified provider who can bill for Medicaid services for Medicaid-eligible students. Another strategy for leveraging public funding is to use federal and state entitlement programs as substitutes for local expenditures, which frees up local funds for other purposes.

Seek Private Funding: Foundations and Grants

In addition to public sources, there are many community, private, non-profit, and corporate foundations at the local, state, and federal levels that provide funding for schools. A good website for identifying state and federal foundations is "The Foundation Center" (<http://foundationcenter.org>). Local foundations can often be identified through word-of-mouth or through relationships with other local educational foundations.

Educational Foundations

Foundations provide an excellent vehicle for leveraging private resources because they provide tax advantages for the funding agency and the funding recipient, and they provide established relationships to support the fundraising process. Most school districts have established foundations to support private fundraising. It is also common for individual schools, particularly high schools, to have foundations. However, these foundations tend to be underutilized.

If your school or district does not have an educational foundation, you should create one. To create an educational foundation, your school or district should form a team of administrators and teachers to handle the forms needed for the foundation (e.g., by-laws and IRS forms). Next you should identify the top six or seven businesses and agencies in your community, research them, develop a close relationship with them, and ask them to nominate an executive to serve as a trustee on the board of the foundation. This process will create an excellent collaborative basis for future fund raising.

If your district already has a foundation, you might consider expanding the representation of the board and/or expanding the partnerships in the local community. These relationships are critical to soliciting funding from local businesses, parents, and alumni. Often school districts can exchange services with local groups by providing access to school resources in exchange for financial contributions, and/or coordinate direct funding raising activities.

Grant Writing - To receive private funding, most districts must submit grant proposals. Funding agencies typically publish a "Request for Proposal" (RFP) to announce their intention to fund grants within a specified geographic location or about an identified topic or area of interest. However, many funding agencies have money available on an ongoing basis. They do not issue RFPs. Instead, they accept proposals at any time of the year, and they do not require a strict format/structure for proposals.

Although many RFPs will describe the organization and structure of a proposal, solid proposals

should always include the following: 1) Clear Problem Identification; 2) Personnel; 3) Proposed Activities and Resources; 4) Plans to Evaluate the Project; and 5) Proposed Budget.

There are several tips for writing a strong grant:

- Market yourself by emphasizing the qualification and appropriateness of personnel;
- Find a unique or catchy “hook” for your proposal;
- Develop a relationship with the granting agency;
- Provide evidence of strong administrative oversight;
- Illustrate how the activities will lead to permanent changes;
- Identify collaboration with other agencies;
- Provide matching funds;
- Outline a sound evaluation with diverse assessment strategies tied to clear measurable objectives;
- Focus on student learning;
- Address the RFP "Scoring Criteria."

Note: Do not write a grant for funding an already established project or activity. Granting agencies want to be "change agents". They want to fund new and innovative activities because this is more rewarding, and they receive better media exposure. You must emphasize how the funds will enable innovations on existing practices. Furthermore, do not write a grant for equipment. Granting agencies have found that equipment purchases mean that their money is used for activities other than their funding priorities. Thus, RFPs will often specify a maximum amount of money (or percentage) that can be requested for equipment or supplies. Even if there is no specified maximum, you should focus on external funds for staff and curriculum development. Granting agencies want to invest in people, not equipment.

Conduct Direct Fundraising

Direct fundraising is the most publically recognizable way of raising money for specific purposes. Direct fundraising is done through bake sales, car washes, carnivals, etc. If a district has an educational foundation, most of this fundraising can be facilitated through that organization.

Strategy 2: Coordinate Funding Streams

Most school leaders focus on expanding and diversifying their funding streams. However, a key (but largely ignored) strategy for sustaining programs is to coordinate these funding streams more efficiently. This can be challenging since most funding streams have specific priorities, regulations, and purposes in the budgeting process that leads to “fragmentation” in program funding. Coordination is important because fragmentation can lead to costly and inefficient duplication of efforts as well as conflicts in providing services.

There are three strategies for coordinating funding streams: “braiding”, “blending”, and “centralizing.” Braiding occurs when diverse funding streams are coordinated into one integrated service plan. Common examples of programs that are braided include categorical programs such as Title I, Head Start, the Child Care and Development Fund, IDEA’s Grants for Infants and Families with Disabilities, Social Services Block Grants, and Temporary Aid for Needy Families.

Blending occurs with more flexible funding streams, where the streams are combined into a flexible pool with overlapping roles and functions. These funding “pools” allow better coordination of services among diverse providers. Federal legislation (including NCLB) has provided provisions to allow more blending of funding streams.

Centralizing funding streams refers to shifting programs to a more centralized level, such as a regional service agency or Intermediate School District. Regionalizing the delivery of certain services (such as transportation) can result in significant cost savings thus allowing the savings to be used to support instructional programs.

Strategy 3: Redistribute Current Funding: Examining Expenditures

In addition to expanding the revenue stream school leaders must also consider ways to improve the efficiency of their use of current revenue. The key is to consider redistributing expenditures from inefficient programs and services to more efficient alternatives. To do this principals, faculty, and support staff must critically examine expenditures and reduce or eliminate duplicate and/or ineffective programs.

Typically, expenditures on services, materials and supplies is one of the first areas to be studied for possible savings, including analysis of waste, errors, and possible mismanagement of funds. There are three strategies of improving the costs of materials and supplies: bidding, improved supply management, and outsourcing. Whenever possible, standardization of supplies (and purchasing in large quantities) increases efficiency. Most states and districts have rules requiring the need for competitive bidding for services and materials. However, many administrators are not trained in how to establish the best foundation for competitive bidding. Bidding requires advertising, establishing specifications and evaluative criteria, obtaining sealed bids, and determining the successful bidder (usually by the Board of Education).

Once supplies have been ordered and received, there is a need for an effective process of supply management. This includes storage in appropriate places (coolers/freezers for food supplies), accessibility, use of older stock first, an update inventory, and distribution of responsibilities for storage access and upkeep. Supply management also includes important distribution issues: easy check-out of materials and a process for monitoring distribution.

Finally, an important trend in school budgeting is the increased use of "outsourcing". Outsourcing refers to the practice of paying an external company to provide services for the

district. Educational organizations choose to "outsource" services that they do not feel they can provide in an efficient manner. Many educators argue that the "core activity" of educational organizations is teaching and learning, and, thus, schools cannot be expected to be proficient at providing services other than teaching and counseling. They argue that other services should be outsourced, including custodial, maintenance, food, transportation, and technology systems.

Conclusion

School districts face an approaching financial "storm," or perhaps even "tsunami." To weather this storm, educational leaders must be comfortable looking for sources of additional revenue as well as looking at the use of current funds to become even more efficient.

Online Resources

Declining Resources: Targeted Strategies – This article from AASA provides ideas from one Massachusetts district.

www.schoolleadership20.com/forum/topics/declining-resources-targeted

Improving Student Performance in Times of Declining Resources – This article by Willard Daggett discusses the efficiency-effectiveness framework.

www.leadered.com/pdf/Improve%20Perf%20with%20declining%20resources.pdf

Catalog of Federal Assistance – This site provides a way to identify options for federal categorical assistance.

<https://www.cfda.gov/>

The Foundation Center – A source for locating local, state and national foundations.

<http://foundationcenter.org>

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