Public education is the cornerstone of a working, progressive, democratic society. Therefore, it matters where education dollars are spent. Budgeting decisions take on added significance in light of fulfilling the objectives of the No Child Left Behind Act, which is characterized as the most far-reaching piece of education legislation in decades.

In NCLB’s wake, much of the debate has focused on the instructional practices that will enable all students to meet the proficiency requirements by 2014. However, if this goal is to be realized, school districts must focus on ensuring that appropriate resources (inputs) are available to fund proven instructional strategies that produce results (outputs). This is particularly important now, when resources are dwindling due to the economic downturn. The pressure to produce better results with fewer resources has become even more acute.

Today, school districts are moving away from traditional line-item, incremental budgeting toward other, more results-oriented methods.
In 2008, I undertook a case study of chief business officials from school districts in the Hampton Roads, Virginia, area to examine the current state of budget practices and determine whether those processes have become more performance based since the inception of NCLB. In addition, I assessed how performance-based budgeting correlates with differences in student achievement. The school systems in this area range in size from as few as 1,000 students to as many as 75,000 students and are a mix of urban and rural locales. These school systems all have significant numbers of students who receive free and reduced-price lunches, with an average of approximately 40%.

New Trends in Budgeting

The No Child Left Behind Act calls for radical transformation of the education system whereby school districts, schools, and teachers are held accountable for certain outputs of student learning. As NCLB focuses on increased performance results, it seems counterintuitive that school districts would continue to employ an incremental or line-item approach to budgeting in which budgets are never reviewed as a whole and the existing budget base is the starting point for building the next budget.

Today, school districts are moving away from traditional line-item, incremental budgeting toward other, more results-oriented methods. School districts are more performance based in their budgeting processes.

For example, districts are more likely to conduct evaluations and have established performance baselines and targets. They are placing more emphasis on strategic planning, stepping up their efforts to increase stakeholder involvement, considering alternative service delivery, increasing evaluation efforts, and attempting to link budget allocations to specific outcomes or results.

In performance-based budgeting,

- Strategic plans and related goals and priorities are formalized and used.
- The budget process is open and transparent and includes stakeholder involvement.
- The budget process includes consideration of alternative service delivery methods.
- Performance goals are established and resources are linked to those goals.
- Budget decisions are data informed, including the development and reporting performance indicators that are in line with the strategic goals of the district.
- The process encourages active “program” evaluation and links these evaluations back to previous budget discussions.
- The budget process results in a reallocation (reprogramming) of funds (shifting resources to more effective activities).
- The district actively seeks to link resources (inputs) to specific results (outputs and/or outcomes).

Performance-based budgeting implies that resources will be directed or redirected toward programs and activities that have proved effective and that are tied to specific performance outcomes.

Budgets and Student Achievement

School districts’ move toward performance-based budgeting supports the idea that school systems are less focused on what they have done in the past and are more deliberative in allocating funds. This may result in better budgeting, which allows for improved educational programming.

School district officials see a positive relationship between budgeting and increased student achievement, as evidenced by the following comment from a school district business official who participated in my case study:

“I think we would be fooling ourselves if we didn’t realize that as the business officers of school divisions we impact student achievement. The resources have to be present. Now we know, research tells us the number one factor that influences student achievement is the...”

In 2008, before implementation of No Child Left Behind, P. H. Smotas (1996) conducted a study to determine the major decision-making criteria of school business officials. Participants in the study were asked to indicate the relative importance of 15 separate criteria in making budget decisions. The top five selected criteria were

1. Governing board policies
2. Collective-bargaining contract provisions
3. State and federal regulations
4. Number of students affected
5. Accreditation standards.

However, school business officials in the 2008 Hampton Roads case study indicate that today, the five most important budget decision-making criteria are

1. State and federal laws and regulations
2. Accreditation standards
3. Employee compensation
4. Number of students affected
5. Governing board fiscal policies and program quality and evaluation results.

In spite of the lack of universal agreement as to whether money, by itself, makes a difference in student achievement, most researchers agree that what schools spend money on does affect student learning. Therefore, exploring how resources are allocated is critical for ensuring a high-quality education for all students.

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quality of instruction. Well, how do you get that quality of instruction into the classroom if you are unable to pay a competitive salary; how do you get that quality of teacher? [What if] you are unable to have an adequate facility (we know what the research says about facilities and how they affect student achievement)? So . . . it’s all back to making sure that you get the right resources, get them where they are needed, and get them into the appropriate areas. And it has to be a focused effort. . . . I think the focus of the budget and the process in and of itself is becoming more and more important and it is absolutely linked in some way to student achievement. You cannot deny it.

This connection between budgeting and student achievement is most obvious in the fact that the budget provides needed programs to increase student achievement and in the absence of said funding, these improvements cannot occur.

A quantitative analysis of data on the relationship of performance-based budgeting and student achievement reveals that performance-based budgeting has a positive correlation to student achievement. Although this correlation is not considered statistically significant, when one explores the statistical results, one finds a linear relationship in which approximately 23% of the variance of Virginia Standards of Learning pass rates is accounted for by its linear relationship with performance-based budgeting.

Although further study is needed to confirm this correlation, the fact that the data reveal a possible positive correlation between performance-based budgeting practices and student achievement is an important finding.

A Center on Educational Policy report confirmed that student achievement has increased (and the achievement gap has decreased) since the enactment of NCLB and because of many interconnected policies and programs (Kober, Chudowsky, and Chudowsky 2008). One of these organizational processes appears to be more focused budgeting methods and practices that aim to increase achievement rather than focus on historical allocations, which has been the case in school districts’ use of traditional budgeting methods.

In other words, school districts should continue down the path of budgeting for improved results with an emphasis on the performance-based budgeting components of transparency and stakeholder involvement, data-driven decision making, a focus on teaching and learning, and reallocation of resources to activities that truly support the mission of the school district.

Transparency and stakeholder involvement are often accomplished by having an active, meaningful budget development committee. Data-driven decision making in budgeting implies that budget decisions are based on reliable data (e.g., performance indicators, scholarly research, efficiency measures). Focusing on teaching and learning means that in all budget considerations, improved teaching and learning are the paramount concerns in making decisions. This implies that the budget does not drive the educational program but that the educational program drives the budget.

The idea of resource reallocation is that funds within a budget must be directed to only those activities that are truly effective (as supported by data) and necessary to support the mission of the school district. Funds that do not meet these criteria are moved to those activities that do.

In current economic times, it will be increasingly important that school districts ensure this connection in their budgeting practices to student achievement as we as school district officials will be called on to do more with less as never before in recent history. We are up to the challenge and responsibility. As this research suggests, we can effect the necessary change to ensure greater student achievement.

References


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