

# Meritorious Budget Award: An Opportunity to Enhance Strategic Planning

By Anne McKenzie and Anna Bishop



In times of economic uncertainty, local budgets undergo increased scrutiny. School boards and district administrators must collaborate to ensure the highest standards of budget development, implementation, and oversight. Those charged with the fiscal management of school districts must gain the public's confidence in their budgeting abilities.

The executive director, director of finance, and board members of the Lower Pioneer Valley Educational Collaborative in Massachusetts approached the fiscal year 2009 budget period aware of the bleak fiscal realities. They realized that the economic and political climate demanded that the budget development process emphasize transparency, logic, and clarity. The administration

and board decided to submit the FY09 budget to a peer review process to ensure presentation of a coherent, fiscally sound budget to community stakeholders.

Budget recognition and award programs sponsored by professional organizations help district leaders develop high-quality budget documents that act as powerful communication tools. The Meritorious Budget Awards program offered through ASBO International requires organizations to submit a budget document describing organizational goals and objectives, expenditures and revenues, financial summaries, and performance-based measurements tied to resource allocation.

The administration of the Lower Pioneer Valley Educational Collaborative decided to submit the FY09

budget to ASBO in the spring of 2008. After reviewing the guidelines for submission, it became evident that a Meritorious Budget Award submission would require thoughtful discussions and planning among leadership team members. To fulfill the award criteria, the administration needed to have a clear, shared understanding of organizational goals and strategies. The administration would also need to understand and articulate how resource allocation supported the organization's strategic plan. The executive director and the director of finance determined that strategic planning meetings with the leadership team would provide the context for FY09 budget development.

Linking strategic planning and budget development may seem obvious; however, previous discussions about budgets had focused on overall percentage increases or decreases. The administrative team did not always link budget development to our strategic plan. We had not consistently prioritized expenditures in relation to clearly defined performance results. Consequently, complete integration between the strategic plan and the operating budget was lacking.

The executive director and director of finance asked department heads to use data analysis when determining their budget priorities. This process included analysis of demographic data and enrollment trends and evaluation of expenditure impact over time.

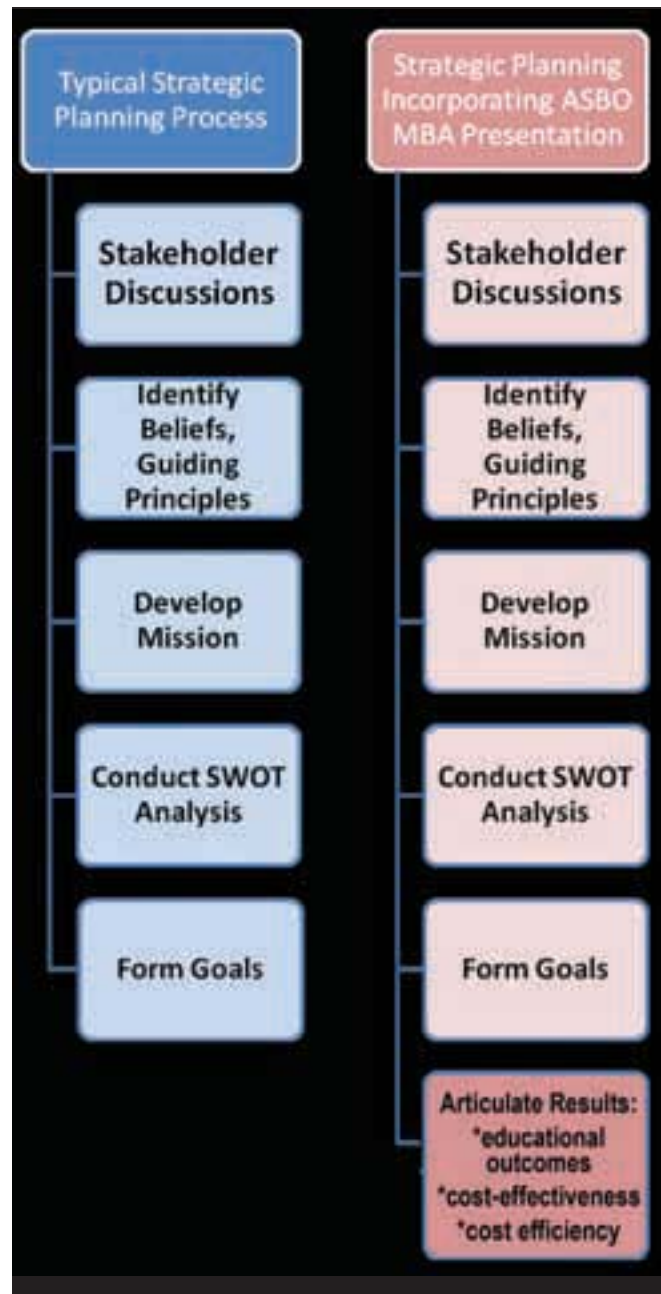
The first part of the process—analysis of demographic data, enrollment trends, and projected revenues—was familiar and standard practice. Evaluating expenditure impact historically proved to be more complex.

Members of the administrative team had to consider questions like: Why are we funding this program or service? What evidence do we have that supporting a particular program or service represents the best use of resources? Can we demonstrate that a funding decision has a positive effect on educational quality or that decreased funding would adversely affect educational quality? Is there a more cost-efficient method of achieving an equal outcome?

Although the administrative team had previously considered these questions individually, we had not discussed the questions as a team nor had we consistently presented data to support our answers.

### Improved Strategic Planning

Preparing a Meritorious Budget Award (MBA) submittal offers many benefits. Perhaps the most significant is the emphasis on aligning resource allocation with specific performance targets. School administrators are accustomed to using data-driven decision making for instructional decisions; using academic data when making financial decisions is not as common. It may be attributed to the obvious difficulties inherent in measuring



efficiency with regard to the myriad factors that influence student achievement (Cooze 1991). The process of preparing for the MBA enhanced the sophistication and quality of budget conversations. The conversation shifted from “We think this program is effective” to “How do we evaluate program effects?” and “What is the cost of the program as it is currently structured and does this represent the most efficient allocation of resources?” The team is able to articulate the connection between strategic goals and specific expenditures.

Conversations about budget and strategic plans resulted in greater integration. Initially, our strategic planning had been more along the lines of what Mintzberg (1981) refers to as “planning as future thinking.” Eventually, we adopt-

ed a more sophisticated approach to planning—integrated decision making—in which administrators “integrate decisions across different areas (not only to string them together over time on the same issue) as opposed to making them in a disjointed fashion” (Mintzberg 1981, p. 322).

Our next step was to approach planning as “formalized procedure and articulated results.” That meant analyzing resource allocation through the same lens as academic accountability and connecting educational outcomes to decisions about resource allocation, cost-effectiveness, and economic efficiency. Our strategic plan included academic goals and strategies, but the budget remained a separate document. The budget presented costs of programs and services and a general rationale for funding particular programs, but it did not carefully analyze the relationship between program costs and outputs.

Preparing our budget for MBA submission has not replaced standard strategic planning processes, such as creating a mission and conducting a SWOT analysis (internal strengths and weaknesses and external opportunities and threats). We have enhanced our strategic planning by tying the process and the plan to articulated results that address both educational outcomes and cost efficiencies.

### Board of Education and Public Confidence

The quality of the budget document represents the greatest benefit of the MBA process. Preparing and presenting an MBA budget provided us with a document that we could use to educate and engage our board more effectively. The organizational information in the budget document provides an overview of fund structures, classification of revenues and expenditures, budget policies and regulations, and organizational goals and objectives. The scope of the document helps board members understand how organizational structures support sound financial practices. The financial section of the document provides a clear graphical and narrative explanation of expenditures, revenues, and debt.

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With calls for systemic change, restructuring, and educational reform, school board performance is under increased scrutiny. Developing a budget according to

specific criteria and subjecting the budget to peer review demonstrate to the public that school boards and districts have an accurate and trustworthy budget. Board members can use the budget as a communications tool to demonstrate that expenditures have been evaluated for educational effect and efficiency. It minimizes distractions due to financial considerations and allows board members to focus on educational programs.

### Reciprocal Learning

In addition to enhancing the budget conversations among members of the leadership team, preparing the MBA provided a meaningful opportunity for reciprocal learning between the executive director and the director of finance. The executive director was responsible for writing the introductory, organizational, and information sections of the budget. The director of finance prepared the financial information, charts, and graphical data to support the narrative information.

As a result of the collaborative process, the executive director gained a deeper understanding of financial and managerial accounting and the director of finance developed knowledge of curriculum, instruction, and academic performance measures. Together we cultivated an appreciation of the intersection between outcome-based organizational practices, resource allocation, and data-driven instruction.

### Next Steps

When submitting future budgets, our goal is to increase the sophistication of the conversation regarding educational inputs and outputs. We will also build our capacity as educational administrators to think of educational outputs and goals in terms of cost-effectiveness and efficiency and financial decisions in terms of educational effect. We plan to completely integrate the strategic plan and budget into one comprehensive document rather than two separate documents. We hope to include more qualitative evidence of program effect and to think of how we can begin to assess qualitative outcomes in terms of cost.

### References

Cooze, J. 1991. The elusive concept of efficiency in education. [www.mun.ca/educ/faculty/mwatch/vol1/cooze.html](http://www.mun.ca/educ/faculty/mwatch/vol1/cooze.html)

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