

# Responding to the Economic Crisis Considerations for School Administrators

School districts face a daunting combination of increased costs and decreased revenues. This situation prompted Education Northwest's Governing Board to ask our staff to identify research- or expert-based resources, tools, and advice to help administrators cut budgets, increase revenues, and prioritize spending. Education Northwest is a private, non-profit organization that has provided training, technical assistance, research, and evaluation for more than 40 years.

Since we began this project, the American Recovery and Reinvestment Act (ARRA) of 2009 has redoubled the need of school administrators and other education decisionmakers to find timely and reliable advice on resource use. Therefore, this document specifically addresses considerations for using ARRA funds as well as providing practical tools to help you navigate difficult budgetary issues and to invest scarce resources wisely.

Our findings suggest that districts are increasing revenues, reducing costs, and/or narrowing school functions to achieve a balance. We share with you ideas to keep in mind as you develop strategies to respond to the economic crisis.

## **1. Start with a Strategic Plan of Budget Priorities**

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“Without [a strategic plan], it is very hard to make the right cuts.”—Anne Bryant, Executive Director of the National School Boards Association, quoted in Pascopella, 2008

Remember to think about:

- Reviewing federal and state education mandates before making any cuts—such as minimum requirements for student instructional hours, diploma requirements, bargaining obligations, and mandatory services for special education students (Oregon School Boards Association, 2009).
- Looking at long-term priorities when considering short-term solutions.
- Conducting substantive needs assessments that will distinguish between “needs and desires.” Gather data from multiple stakeholders (teachers, principals, parents, students, outside providers) using focus groups, interviews, and classroom walkthroughs rather than relying only on surveys (Sparks, 2009).
- Researching the impact of proposed practices and look at other districts' experiences while addressing local needs.
- Aligning basic education goals with funding formulas. The Washington State Joint Task Force on Basic Education Finance recommended that the goals of education be linked “to the means of achieving these goals, and to the necessary funding formulas required to make “ample provision for the education of all children.” (2009).
- Considering “accountability budgeting” that “requires a detailed link to how funds expended will meet the needs of the school or district in the school improvement plan” (Marshall, 2009, p. 5).
- Asking “is this the most cost-effective way to improve achievement” (Reeves, 2003)?
- Providing time for staff to study cost benefits of proposed expenditures (Marshall, 2009).
- Including an evaluation component to assess how expenditures meet stated needs.
- Keeping linked data about the uses of funds and results (Hill, Roza, & Harvey, 2008).

## Tool-Box

### Tools for Budget Prioritizing

Association of School Business Officials International (ASBO)

(<http://www.asbointl.org/>)

ASBO International provides school business officials with up-to-date news and information, best practices, tools, and cutting edge strategies to help them be more effective business managers and education leaders. Tools include “Economic Recovery Planning for Schools” and “Controlling Health Care Costs.”

Budget Survival Toolkit Web site from Oregon School Boards Association

(<http://www.osba.org/lrelatns/budget/index.htm>)

This toolkit provides many useful tools for determining budget reductions, layoff preparation, subcontracting needs, unemployment insurance costs, and budget communications.

*How to CRAFT Your Budget* (from New York City Department of Education)

([http://schools.nyc.gov/Documents/FSF/CRAFT%20budget%20process\\_May%203\\_FINAL.pdf](http://schools.nyc.gov/Documents/FSF/CRAFT%20budget%20process_May%203_FINAL.pdf))

This document provides schools with a step-by-step process for crafting a budget.

*Reallocating Resources for School Improvement*

(<http://www.centerforsri.org/pubs/reallocation/index.html>)

This guide can assist schools to align resources with school improvement goals and make resource allocation decisions.

*Seeing Improvement: A Guide to Visiting Schools that Use Effective Whole School Improvement Models and Promising Practices (2006)*

([http://www.csrq.org/documents/SeeingImprovement81606\\_FINAL.pdf](http://www.csrq.org/documents/SeeingImprovement81606_FINAL.pdf))

This guide from the Comprehensive School Reform Quality Center, operated by American Institutes for Research, will help you answer questions about choosing an evidence-based approach to whole school improvement and adopting promising practices to improve your school. In addition, it will help you plan a visit to a school that already uses whole school improvement approaches and/or promising practices so that you can see for yourself whether they are yielding the improvements that you desire.

## 2. Increase Revenue

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Remember to think about designing strategies for revenue generation and cost sharing such as:

- Building public-private partnerships.
- Using local educational foundations to provide additional funding and advocacy.
- Using grants to fund various programs.
- Utilizing community fundraising. (Some districts caution against relying on this method for long-term sustainability of programs.)
- Developing strategic bond campaign strategies. (See Holt, 2002 in the bibliography for bond strategies.)
- Minimizing the number of transfers out of the district.
- Establishing special fees for supplementary services and activities.

## Considerations for Using American Recovery and Investment Act Funds

The Recovery Act will be a major source of revenue for school districts. As districts begin to think about how to use these funds, Education Northwest has developed a set of considerations to help guide investments. These considerations can also apply to other funds.

### Build sustained capacity for improvement

- Consider whether one-time investments (such as technology upgrades) can accomplish their goals within one to two years, so that short-term funds “do no harm” when they are discontinued.
- Weigh whether large upfront investments (such as train-the-trainer programs or the creation of specialists) can be sustained at much lower costs in the long run.

### Optimize and upgrade the use of existing resources for the long haul

- Invest in human capital by training existing staff and developing in-district expertise.
- Invest in the physical plant by improving such things as classroom space, science laboratories, and technological capabilities.

### Increase the efficiency of essential services to reduce long-term fixed costs

- Upgrade systems such as HVAC, lighting, and computer hardware and software for both classroom and administrative functions.
- Integrate services to streamline central office functions such as cooperative purchasing and combined administrative duties.

### Create a more evidence-based decision structure for planning, implementing, and evaluating district programs

- Create policies, procedures, and expertise for evaluating programs and initiatives.
- Consider evaluating all major programs—new and old—so that if and when funds are more limited, the most effective programs are kept and others reduced or eliminated.
- Put in place transparent methods for prioritizing and budgeting new revenues and expenditures.

### Reserve some funds for long-term investment in innovation and improvement

- Consider investments in innovative programs with potential major benefits in their first years of operation, building a case for future support by government or other sources.
- Don't forget to evaluate these investments, so that you know whether to continue or eliminate them in future years.

## Tool-Box

### ARRA Idea Development Worksheet—Turning Ideas into Action

Education Northwest has created a worksheet intended to help teams of district staff make decisions about investing ARRA funds. (<http://www.nwrel.org/nwarra/actions.php>)

### Accessing Grants

Grants.gov (<http://www.grants.gov>)

Grants.gov is the official source for government and education organizations to find and apply for federal government grants.

Public Education Network Grant and Funding Information ([http://www.publiceducation.org/newsblast\\_grants.asp](http://www.publiceducation.org/newsblast_grants.asp))

This is an excellent place to find current grant opportunities from foundations, non-profits, and associations.

Grantsalert.com (<http://www.grantsalert.com/>) Another source for education-related grants.

### 3. Narrow Functions

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You can't always do more for less, so some districts have considered cutting the scope of school functions.

Remember to think about:

- Partnering with other agencies to provide out-of-school time programs.
- Working with colleges and universities to offer Advanced Placement and 2+2 classes.
- Reducing spending on specialized courses and electives to fund core subjects.

### 4. Reduce Costs

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Cost-cutting ideas that districts are considering include:

- Sharing jobs (e.g., North Carolina has a law to facilitate job sharing among teachers).
- Shifting teachers to cover retirements and leaves.
- Using administrators and existing teachers as substitute teachers.
- Trimming costs in personnel and health care benefits.
- Promoting retirement incentives.
- Centralizing staff development districtwide.
- Studying a four-day school week and reviewing other district's experiences with the schedule. As the Colton High School (OR) principal said about their four-day week schedule, "There's no way to crystal-ball someone else's district. It's going to play out differently on 100 different variables" (Yim, 2009).
- Adjusting class sizes. Research is mixed on whether class size impacts student achievement; however, one research review suggests that the benefits of reduced class size are more apparent in grades K–2 with less effect in upper primary grades and no effect in middle and high school (Aos, Miller, & Mayfield, 2007).
- Consolidating schools (see Duncombe & Yinger, 2007, for one study).
- Offering online instruction. Some districts have seen cost savings, while others have not (Schaeffer, 2004).
- Sharing services and using cooperative purchasing agreements. An example is the Minnesota K–12 Shared Proposal for districts to pool resources (from <http://www.governor.state.mn.us/mediacenter/pressreleases/PROD009280.html>).
- Reducing transportation costs by increasing efficiency of bus routes, reducing bus idling, promoting walking programs, or altering daily schedules.

### 5. Communicate About Investment

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When developing a strategic communication plan, the National School Public Relations Association encourages you to think about the following critical elements (NSPRA, 2009):

- Develop a targeted communication plan addressing budget issues.
- Deliver a key message that "we are all in this together" by engaging staff and local leaders to help the district generate revenue and save money.
- Investigate the potential of public-private partnerships to deliver services previously managed by the district.
- Work with employee groups to develop saving tactics.
- Personalize budget issues with stories about schools and individual children.
- List proposed cuts as specific items, rather than generically.

Education Northwest will continue to seek solutions gathered from the emerging literature and Northwest educators. Updates to this document and related guidance will be posted at <http://www.nwrel.org/nwarra/>

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