

Old Dominion University

ODU Digital Commons

Educational Foundations & Leadership Theses
& Dissertations

Educational Foundations & Leadership

Winter 2008

School District Budgeting in the Era of Increased Accountability and No Child Left Behind: A Mixed Methods Case Study of School District Budgeting Processes and the Correlation to Student Achievement

Scott Alan Burckbuchler
Old Dominion University

Follow this and additional works at: https://digitalcommons.odu.edu/efl_etds



Part of the [Educational Administration and Supervision Commons](#), and the [Education Economics Commons](#)

Recommended Citation

Burckbuchler, Scott A.. "School District Budgeting in the Era of Increased Accountability and No Child Left Behind: A Mixed Methods Case Study of School District Budgeting Processes and the Correlation to Student Achievement" (2008). Doctor of Philosophy (PhD), Dissertation, Educational Foundations & Leadership, Old Dominion University, DOI: 10.25777/efnc-5v93
https://digitalcommons.odu.edu/efl_etds/193

This Dissertation is brought to you for free and open access by the Educational Foundations & Leadership at ODU Digital Commons. It has been accepted for inclusion in Educational Foundations & Leadership Theses & Dissertations by an authorized administrator of ODU Digital Commons. For more information, please contact digitalcommons@odu.edu.

**SCHOOL DISTRICT BUDGETING IN THE ERA OF INCREASED
ACCOUNTABILITY AND NO CHILD LEFT BEHIND:
A MIXED METHODS CASE STUDY OF SCHOOL DISTRICT BUDGETING
PROCESSES AND THE CORRELATION TO STUDENT ACHIEVEMENT**

by

Scott Alan Burckbuchler
B.A. December 1993, University of Connecticut
M.P.A. December 1995, University of Connecticut
Ed.S. August 2006, Old Dominion University

A Dissertation Submitted to the Faculty of
Old Dominion University in Partial Fulfillment of the
Requirements for the Degree of

DOCTOR OF PHILOSOPHY

EDUCATIONAL LEADERSHIP

OLD DOMINION UNIVERSITY

December 2008

Approved by:

William A. Owings (Director)

Shana L. Pribesh (Member)

Whitney H. Sherman (Member)

ABSTRACT

SCHOOL DISTRICT BUDGETING IN THE ERA OF INCREASED ACCOUNTABILITY AND NO CHILD LEFT BEHIND: A MIXED METHODS CASE STUDY OF SCHOOL DISTRICT BUDGETING PROCESSES AND THE CORRELATION TO STUDENT ACHIEVEMENT

Scott Alan Burckbuchler
Old Dominion University, 2008
Director: William A. Owings

School district budgeting decisions take on added significance in light of fulfilling the objectives of No Child Left Behind Act (NCLB). If NCLB's goal of 100% student proficiency by 2014 is to be realized, school districts, as part of their improvement plans, need to focus on how to ensure that appropriate resources are available to fund proven instructional strategies which produce results. Budgeting merges resources and results. This study examines school district budgeting processes in light of NCLB. Overall, it appears that, in the school districts represented, budgeting practices have changed since the introduction of NCLB. More specifically, there has been a significant change in what school business officials consider to be the most relevant criteria in making budget decisions. In this mixed methods study, the data also suggest that budgeting methods/practices have changed by becoming more performance-based. Finally, there appears to be a relationship between performance-based budgeting and student achievement.

© Copyright, 2008, by Scott Alan Burckbuchler, All Rights Reserved.

ACKNOWLEDGEMENTS

I would like to thank all the teachers and colleagues who inspired me along the way. This includes members of my dissertation committee: Dr. Sherman, Dr. Pribesh, and my chair Dr. Owings who was a constant source of support. Most importantly, I want to thank my wife and daughters for their sacrifices as I pursued my doctoral degree. They truly are blessings and I am so fortunate to have them as my family. Finally, I would like to thank my parents who were the best teachers of all. This effort is dedicated to you.

TABLE OF CONTENTS

List of Tables	x
List of Figures	xi
Chapter 1	1
Introduction.....	1
Background and Context.....	2
Importance of public education and relationship to budgeting.....	2
Public expenditures on education – the present and the future.....	6
Does money matter?	7
Budget Decision Criteria.....	8
Budget approaches (methods) to allocating funds	11
Statement of the Research Problem	20
Research Purpose and Questions	21
Importance/Significance of the study	22
Theoretical Perspective.....	23
Methods.....	25
Research Design.....	25
Participants.....	25
Data Collection and Source	25
Analysis techniques	26
Conclusion	26
Overview of the Study	26
Definitions of Terms	28

Chapter 2	32
Introduction	32
Statement of the Research Problem	36
Overview of the Chapter	37
Student Achievement and Resources: Does money matter?	38
Budget History	46
Budget Theory	49
Budget Development Process	52
Budget Decision-making Criteria	55
Budget Development Models	61
Line-item, incremental (traditional) methods	62
Program, Planning, Budgeting Evaluation, System (PPBES) methods	64
Zero-Based Budgeting (ZBB) methods	65
Performance-based Budgeting Methods	66
Summary and Conclusion	79
Chapter 3	83
Introduction	83
Research Design	84
Participants	85
Data Collection and Instruments	87
Validity and Reliability	91
Demographic and budget practice survey	93
Budget decision-making criteria survey	93

Self-assessment of budgeting practice survey	95
Budget practices open-ended survey	98
Interviews.....	99
Student Achievement Statistics.....	99
Protection of human subjects	100
Matrix of research questions and survey questions	102
Analysis techniques	102
Limitations	103
Summary	103
Chapter 4.....	105
Introduction.....	105
What are the current budgeting practices used by school divisions?.....	106
What are the budget decision-making criteria used by school districts? What are the most important criteria?	108
What budgeting methods are used by school districts?	114
Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting systems?	120
Performance-based-Budgeting (PBB) Pre and Post NCLB Comparisons.....	122
Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?	129
Findings Summary	133
Chapter 5.....	137
Introduction.....	137

Methods Summary	138
Major Findings of Study	139
Budget Decision-Making Criteria.....	139
Budget Methods	140
Budgeting and Student Achievement.....	142
Limitations	144
Implications.....	146
Framework/Foundation for Further Examination of Budgeting and Student Achievement	147
NCLB – A Change Agent for Improvement.....	148
A Call for Improved Budgeting Practice	149
Future Research	151
Increasing Participation	151
Regression Analysis.....	152
The Importance of School District Leadership	152
Replication of Study	152
Summary.....	153
Final Reflections – The “So What?”	155
Budgeting for improved results – A framework for success	157
Data-Driven Decision Making.....	159
Teaching and Learning Focus.....	160
(Re) allocation of funds	161
Conclusion	161

References.....	163
Appendices.....	177
Appendix A: School District Budgeting Survey.....	178
Appendix B: District Budgeting Survey Summary Report.....	198
Appendix C: Interview Protocol	253
Appendix D: Interview Transcripts	259

LIST OF TABLES

Table

Demographic Characteristics of the School Districts	86
Research Questions and Survey Questions Matrix	102
Top Five Means (Pre and Post NCLB)	109
Means and Standard Deviations of Budget Criteria and Mean Percentage Change (Pre NCLB to Current)	111
Budget Methods Pre and Post NCLB and Percentage Change	116
Performance-based Budgeting Methods and Percentage Change	122
PBB Practices Mean Score and Percentage Change	127
Paired Sample Question Statistics	136

LIST OF FIGURES

Figure	
Budget Elements.	10
The Budget Planning Process.	10
The Budget Process.....	53
Typical Budget Cycle.	54
Linking resources to learning.....	59
Budget Elements.	60
The Budget Planning Process.	61
Budget Reallocation Opportunities.....	78
Methodical framework for the study.....	88
Chart depicting types of budget methods used before and after NCLB.	115
Scatter plot depicting the relationship between standardized performance-based budgeting scores and residual student achievement scores.	130
Budgeting Framework for Increased Student Achievement.....	158

Chapter 1

Introduction

It matters where educational dollars are spent because it defines what programs and services are offered. These decisions are articulated in a budget. Budgeting decisions take on added significance in light of fulfilling the objectives of *No Child Left Behind Act* (NCLB) which is characterized as the most far reaching piece of educational legislation in decades. In NCLB's wake, much of the debate has focused on the instructional practices which will enable all students to meet the requirements to reach proficiency by 2014. However, if this goal is to be realized, school districts, as part of their improvement plans, need to focus on how to ensure that appropriate resources (inputs) are available to fund proven instructional strategies which produce results (outputs). Budgeting is the merging of resources to achieve results. According to Howell and EdSource (1996), "A school budget is a planning document that links financial decisions to educational policy. It contains the district's priorities and its strategies for achieving those priorities" (p. 4).

The purpose of this case study is to examine school district budgeting processes in light of NCLB. More specifically, this study examines the current state of budget practices and determines if these processes have become more performance-based since the inception of NCLB. In addition, the study assesses how performance-based budgeting correlates with differences in student achievement. The following research questions were used to address the purpose of the study:

1. In light of NCLB, what are the current budgeting practices used by school divisions?

- a. What are the budget decision-making criteria used by school districts?
What are the most important criteria?
 - b. What budgeting methods are used by school districts? Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting systems?
2. Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?

Background and Context

Importance of public education and relationship to budgeting

Public education is the cornerstone of a working, progressive, democratic society. Currently in the United States, there are approximately 49 million students enrolled in public schools (National Center for Educational Statistics, 2007). In Virginia, approximately 1.2 million students are enrolled in the public schools (Virginia Department of Education, 2006). The education that these students receive has a tremendous impact on their future in part because it is often directly correlated with future income potential. From an economic perspective, students' success will dictate the country's competitiveness in a global, high tech marketplace. As Owings and Kaplan (2006) indicate:

Education is a significant investment in human capital that has clear benefits for the individual, the economy, and the society at large. Increased levels of education result in higher incomes, increased taxes, increased participation in the arts, decreased social service costs, and decreased levels of childbirth

complications. Instead of thinking of education as a cost to taxpayers, think of education as a long-term investment that pays significant dividends. (p. 95)

Likewise, Alexander and Salmon (1995), highlight the fact that education provides increased labor productivity. Providing a quality education program is a societal, moral, and economic imperative.

Not only is providing a quality education important from a moralistic, economic, society perspective, but it is also legally required. In addition to state constitutional provisions and other statutes related to education, the federal government has increased its K-12 accountability requirements in the last decade. The *No Child Left Behind Act* (NCLB) stated purpose is “to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments” (Public Law 107-110 , Sec. 1001., 2002).

In fulfilling this purpose, NCLB calls for, among other things, high-quality academic assessments and accountability systems, the closing of the achievement gaps, and distributing and targeting resources to impact on student performance (Public Law 107-110, Sec. 1001., 2002). In regard to accountability:

The NCLB Act will strengthen Title I accountability by requiring States to implement statewide accountability systems covering all public schools and students. These systems must be based on challenging State standards in reading and mathematics, annual testing for all students in grades 3-8, and annual statewide progress objectives ensuring that all groups of students reach proficiency within 12 years. Assessment results and State progress objectives

must be broken out by poverty, race, ethnicity, disability, and limited English proficiency to ensure that no group is left behind. School districts and schools that fail to make adequate yearly progress (AYP) toward statewide proficiency goals will, over time, be subject to improvement, corrective action, and restructuring measures aimed at getting them back on course to meet State standards. Schools that meet or exceed AYP objectives or close achievement gaps will be eligible for State Academic Achievement Awards. (United States Department of Education, 2002, p. 1)

Some question if the goal of proficiency for all students can be achieved by 2014 (e.g., Rose, 2004; Sherman, Burckbuchler, Geroux, Robinson, Smith, & Garcia, 2007). This concern is legitimate especially if there is not a greater link between funding (inputs) and proven programs which result in improved school district effectiveness as reflected by increased student performance (outputs). Indeed, without changing the way funds are allocated, school divisions can expect similar results as resources dictate what can and cannot be done to a large extent.

Given the above, exploring how resources are allocated is critically important as budgets dictate educational programs. In the final analysis, everything which an organization does requires resources, either human or other capital (Hartman, 1988). For example, budget allocations dictate what classes are formed, what professional development activities occur, what supplies are available, what building space exists, and what technology tools are available. Indeed, implementation of any program, policy, or initiative is contingent on sufficient funds being available to support it (Fowler, 2003). As

such, it is imperative that those funds are spent with the highest educational return on investment, especially in light of the requirements of NCLB.

In making budget decisions, school divisions are required to decide what to fund or not fund. A budget reflects the choices that are made in this regard. As suggested by Key (1940) budgeting is a resource allocation matter and the basis on which budget decisions are made has significance. If “x” is funded, “y”, as a result, does not get funded. What is budgeted and what is not is of public concern, especially in light of the importance of public education.

As Hartman (1988) points out, a budget is not simply a collection of numbers, nor is the process in creating it the interest of accountants only. The budget and the process of creating it is arguably one of the most important tools which school districts have in ensuring that their students achieve at high academic levels. The budget provides either funding for improvement or, in the absence of funding, prevents improvement activities. For example, if a pre-kindergarten experience is a key requirement for success in future grades, the inclusion of pre-kindergarten classes is dictated by budgetary funding. A budget is more than a financial plan as it embodies the organizational and, most importantly, educational plan of the school district. It represents the tangible articulation of how school districts aim to fulfill their mission and achieve its correlate goals by delineating what specific programs, staffing, and activities are planned. A well planned budget signals to the public that the schools are worthy of significant investment.

Not only is the budget itself important but the process in which budget decisions are made is important as well. In a democracy, public expenditure of funds is appropriately made with the consent of the citizenry through either direct referendums on

budgets or through elected representative bodies. Public expenditure is only possible through the taxing of its citizens. Any tax represents a withholding of a portion of individuals' income. As such, it is incumbent that governmental agencies be good stewards of public funds. Public funds should be spent in an efficient, cost effective manner.

Public expenditures on education – the present and the future

Although some countries have larger percentages of their Gross Domestic Product (GDP) dedicated for public education, United States educational expenditures represent a significant component of the United States' GDP (OECD, 2006). Annual expenditures for public and private education represented almost 7% of the per capita GDP (National Center for Educational Statistics, 2006). In 2003, total United States expenditures for public elementary and secondary education were approximately \$400 billion and are projected to climb almost \$450 billion by 2008 and to \$500 billion by 2011 (National Center for Educational Statistics, 2005). From a local perspective, the amount of taxpayer resources devoted to education represents the largest municipal expenditure. For example, in James City County, VA, approximately 53% of the County's Fiscal Year 2008 budget is dedicated to education (James City County, 2007). In Virginia, the State's direct aid devoted to PreK-12 education comprises almost 20% of total appropriations (approximately 40% for all educational levels) with a Fiscal Year 2008 PreK-12 budgeted aid of approximately \$6.8 billion (Virginia Department of Planning and Budget, 2007b). Average per pupil expenditures from all sources in Virginia for Fiscal Year 2006 was \$9,755 (Virginia Department of Education, 2007).

Current trends show a slowing of growth in both the United States and Virginia's economies (Wagner, 2007). There is growing concern over the impact of increases of energy prices, housing market slowdown, geopolitical pressures (especially from the Middle East region), and Federal spending on the economy (Kaine, 2006). With the high level of current investment at approximately \$10,000 per student, it is unlikely that substantial increases in educational spending will occur. This point is reinforced by Odden and Archibald who suggests the needs associated with increasing student achievement outpaces what school districts can expect in to receive in terms of resources (North Central Regional Education Lab, Odden, & Archibald, 2000).

Does money matter?

In a Pennsylvania State Board of Education sponsored report, it was reported that the state underfunds the schools by \$4.6 billion a year (Dean, 2007). However, there is considerable debate over whether the amount of funds actually makes a difference in terms of overall performance (student achievement). Various studies have evaluated whether funding makes a difference in terms of student learning outcomes (Jefferson, 2005; Archibald, 2006; Ilon & Normore, 2006; Okpala, 2002; Odden, Goetz, & Picus, 2007; Willis, Durante, & Gazzerro, 2007). In her study of a Nevada school district categorical expenditures, Archibald (2006) found a significantly positive relationship between per-pupil spending and reading achievement (but not in the area of math). In a meta-analysis of the research on the topic, Hedges, Laine, and Greenwald (1994) found that numerous studies report a positive correlation between increased resources and higher student achievement. However, there are also a number of studies that report little or no significant impact of the level of resources and student achievement (e.g.,

Hanushek, 1989; Okpala, 2002). Odden and Picus (2007) suggest: “[T]oday, the nation’s investment in K-12 education is almost enough to adequately fund an educational program that can double student performance...” (p. 40).

In spite of the fact that there is not universal agreement as to whether money, by itself, makes a difference in student achievement, most researchers agree that what schools spend money on has an impact on student learning (e.g., Jefferson, 2005; Odden, Borman, & Fermanich, 2004; Odden et al., 2007; Willis et al., 2007). As suggested in a Standard and Poor’s report of Pennsylvania school finances, how much a school spends is less important than how it is spent (Gehring, 2002). Therefore, it is clear that exploring how resources are allocated is critically important as it impacts educational programs. As such, it is imperative that funds are spent with the highest educational return on investment, especially in light of the requirements of NCLB.

Without the reasonable expectation of receiving significant additional resources to fund instructional improvements aimed at achieving greater student achievement, NCLB would seem to challenge school districts to critically evaluate the criteria and methods they have traditionally used in making budget decisions.

Budget Decision Criteria

Prior to *No Child Left Behind*, 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 fifteen separate criteria in making budget decisions. The top five selected criteria were:

<i>Top 5 for criteria relevance under “ideal” economic conditions</i>	<i>Top 5 for criteria relevance under current economic conditions¹</i>
---	---

- | | |
|---|--|
| 1. Governing board policies

2. Collective bargaining contract provisions

3. State and Federal regulations

4. Number of students affected

5. Accreditation standards | 1. Collective bargaining contract provisions

2. State and Federal regulations

3. Number of students affected

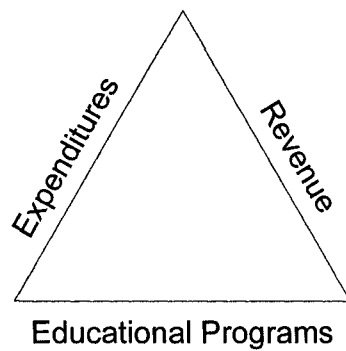
4. Governing board fiscal policies

5. Nonstudent expenditures |
|---|--|

In making budget allocation decisions, Wilkins (2002) suggests budget decisions should be made based on an instructional needs analysis. By placing the educational component of the budget at the foundation of the triangle, the Candoli, Hack, Ray, and Stollar (1984) model suggests (Figure 1) that criteria associated with educational programming form the basis of budget decisions. From this perspective, budget proposals would be evaluated through the lens of how it will impact teaching and learning.

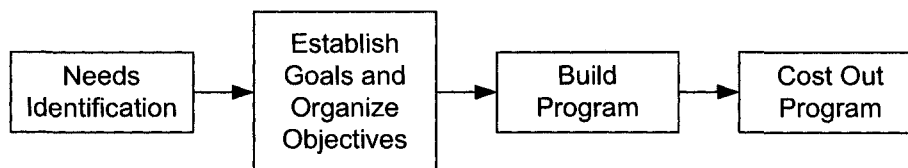
¹ *Mid 1990s – considered less than “ideal”*

Figure 1. Budget Elements.²



Owings and Kaplan (2006) suggest developing educational values into budgets through a four-step process (see Figure 2). This process involves the needs analysis, the establishment of goals and activities to meet the need, the formation of the program(s), and the translation of the needed resources to fund said program. Presumably all components of this process would be informed by relevant data and that the programs results would be evaluated to ensure that stated objectives are being met.

Figure 2. The Budget Planning Process.³



² Note. From *School Business Administration* (3rd) (p. 154), by C. Candoli, C., W. G.

Hack, J. R. Ray, and D.H. Stollar, 1984, Boston: Allyn and Bacon, Inc. (Original work published 1973).

³ Note. From *American Public School Finance* (p. 303), by W. A. Owings and L. S.

Kaplan, L. S., 2006, Belmont, CA: Thomson Wadsworth.

Budget approaches (methods) to allocating funds

The selection of a budgeting method is one of the most important choices made by school districts in regard to budgeting (Kehoe, 1986). Brewer and DeLeon (1983) suggest that there are three main approaches by which budget allocation decisions are made: rational decision-making, limited rationality, and incrementalism. Simon's (1997) *bounded rationality* theory applies as it suggests that there is a mix of rational decision-making (marked by an emphasis on optimization) and irrational decision-making (which takes into account individual preferences, values, and feelings). Hartman (1988) underscores that budgeting can be placed on a continuum, whereby budgeting may appear to be strictly rational, logical and well-ordered, but it is full of contradictions. Indeed, budgeting is a "give and take" process where choices are made on the basis of rational thought and preferences and perceptions of multiple stakeholders as to the best course of action, and organizational history.

Line-item, incremental (percentage add-on) budgeting model

Line-item, incremental budgeting has traditionally been used in public sector budgeting. Owings and Kaplan (2006) state, in regard to school district budgeting, that "adding on to the previous year's funding level is the most common budgeting method" (p. 308). Wilkins (2002) and Burke and State University of New York (1997), seemingly underscore the fact that public institutions take this approach by their reported reliance on formulas and current costs. Mundt, Olsen, and Steinberg (1982) describe line-item budgeting is an approach "in which line items, or objects of expenditure-personnel, supplies, contractual services, and capital outlays-are the focus of analysis, authorization and control" (p. 36). As Hartman (1988) points out, the focus of this type of review is

what is purchased, rather than what the purpose of the public expenditure. Line-item budgets provide details about spending but do not link these expenditures to results or how they support the goals of the district (Wagner & Sniderman, 1984).

As part of a line-item budget approach, incremental percentage increases are often applied to existing budget line item amounts in forming the budget the next year. By definition, incremental budgeting results in limited changes from year to year as allocations within the budget's "base" are not necessarily reviewed. Rather, the focus of review is on the changes (usually relatively minor) from the prior year's budget. As a result, the allocation of resources (including instructionally-related decisions pertaining to class size, professional development, etc.) has not necessarily been a conscious process but rather a matter of what has been budgeted in the past (North Central Regional Education Lab et al., 2000). Wildavsky (2001) remarks: "The line item budget is a product of history, not of logic" (p. 139).

As the *No Child Left Behind Act* calls for radical transformation of the educational system whereby school districts, schools, and teachers are held accountable for certain outputs of students learning, a budgeting approach solely focused on what is purchased (or the inputs) is at odds with the intent of the legislation. Likewise, as NCLB calls for different performance results, it seems counterintuitive that school divisions would continue to employ an incremental approach whereby budgets are never reviewed as a whole and the existing budget base is the starting point to build the next year's budget (Wildavsky, 2001; Davis, Dempster, & Wildavsky, 1966).

Program, Planning, Budgeting, Evaluation System budgeting model

The United States Department of Defense originally developed the concept of Planning, Programming, and Budgeting System (Owings & Kaplan, 2006). Adding an evaluation component, A Program, Planning, Budgeting Evaluation, System (PPBES) approach is where classifications of budget expenditures are budgeted based on:

- A systematic review of objectives;
- A search of alternative service delivery methods to meet those objectives with a correlating cost and effectiveness estimate;
- And an evaluation of the various methods as to effectiveness and cost associated with the alternatives. (Hartman, 1988)

Alternative methods of service delivery are reviewed and changes in programming are made on the informed basis of this review. This budgeting approach is similar with program budgeting, whereby expenditures are broken down by program, e.g., regular education, special education, vocational education are reviewed for their efficiency and cost effectiveness.

Zero-based budgeting model

In a zero-based budgeting method, the opposite of an incremental budgeting method, the budget is engineered from the “bottom-up.” That is, the entire budget needs to be built and justified for the budget cycle (Hartman, 1988). In zero-based budgeting, past expenditure levels are not justification for future budget allocation. Rather, all costs associated with running a program must be justified in terms of their need and utility (Hartley, 1990). Given the time, effort, and reluctance to change the status quo, this approach is not extensively used in public budgeting since the Carter Administration.

Performance-based budgeting model

A growing body of research is devoted to budget methods that explicitly attempt to tie funding decisions (inputs) to specific performance outcomes (outputs). These methods are called by a number of names: Performance-Based Budgeting, Results-Based Budgeting (Friedman & Finance Project, 1996), Outcomes-Based budgeting, Performance-Driven Budgeting (Siegel & ERIC Development Team, 2003). Site-based budgeting (e.g., Sielke, 2001), whereby greater autonomy of spending decisions is given to the schools, is sometimes included under the performance-budgeting umbrella. Burke and State University of New York (1997) indicate performance-based budgeting “represents a dramatic shift in traditional budget practice” (p. 1).

However, performance-based budgeting has been growing in popularity in a number of state governments (Burke & State University of New York, 1997). In fact, all 50 states have performance-based budgeting requirements (United States Government Accountability Office, 2005b). Performance-based budgeting is used in higher education (Hill, 2004). And, the Federal government has been moving in this direction for over a decade (see *Performance, Results, and Budget*, 2003; United States General Accounting Office, 2002), with the major piece of the structure coming in the form of the Government Performance and Results Act of 1993, which required strategic and performance planning, reporting, and links between performance and budgets (Shipman, 2002). In House of Representative committee testimony, United States General Accounting Office (2002) stated:

Performance-based budgeting can help enhance the government's capacity to assess competing claims in the budget by arming budgetary decision makers with better information on the results of both individual programs as well as entire portfolios of tools and programs addressing common performance outcomes. (p. 9)

As Anderes and Association (1995) indicate, a critical element of performance-based budgeting is having data to help inform allocation decisions. Systematic, purposeful, and thorough analysis of data is the first critical step in any continuous improvement process. This is especially true in performance budgeting. In making budget decisions, school districts need to carefully review student data, e.g., performance, discipline, attendance data. In addition financial, human resources, operational, demographic, economic, and other data must be considered.

In today's world of powerful computers and extensive databases, information is readily available and enables school districts to easily identify trends. As Johnson (2004) comments:

Spotting trends in dropout rates, grade inflation, gender or racial biases and truancy are all possible using reports generated from student information systems. But thoughtful, combined efforts of curriculum specialists, assessment specialists, building administrators and technology department staff are creating tools that extract and interpret data in even more powerful ways. (p. 6)

The identification of trends is critical in improving organizational effectiveness and allows a school district to identify areas of strength and weakness.

Performance indicator data are needed in making budget decisions as they assist in creating a link between budget allocations (inputs) and the results (outputs) of those expenditures. In describing what the purpose of performance measurement is, the Government Accounting Standards Board (2007) states:

Performance measures are meant to provide more complete information about an entity's performance than do traditional budgets or financial statements and schedules. Primarily, performance measures are concerned with the *results* of the services delivered by the government. Subsequently, they help to provide a basis for assessing the economy, efficiency, and effectiveness of those services.

Performance information is needed for:

- Setting goals and objectives,
- Planning program activities to accomplish these goals and objectives,
- Allocating resources to programs,
- Monitoring and evaluating results to determine if progress is being made toward achieving the goals and objectives, and
- Modifying program plans to enhance performance.

Performance measures organize information for use by the decision-makers engaged in those activities. Through the measurement, analysis, and evaluation of performance data, public officials can identify ways to maintain or improve the efficiency and effectiveness of activities and provide the public with objective

information on their results. (Government Accounting Standards Board, web document)⁴

Rubin (2004) states that there is an increased demand for school performance and accountability data given the large amount of public expenditure on education. In response, *No Child Left Behind* requires that:

States will be held accountable for ensuring that all students can read and do math at grade level by 2014. They will disaggregate test scores, participate in the National Assessment of Educational Progress (NAEP), and report state and NAEP results to parents on the same report card. (United States Department of Education, 2007, ¶ 4)

Odden, Archibald, Fermanich, and Gross (2003), call for new financial reporting structures which identify the choices made in the instructional program of particular schools and divisions. These new models are suggested to help address the expressed concern: “One persistent concern in public education is a fiscal reporting system that helps education leaders and policymakers at school, district, state and federal levels make better decisions about the programmatic and instructional uses of the education dollar” (p. 324).

According to Odden et al. (2003), this type of reporting would more visibly indicate the instructional choices made at building levels by incorporating data such as: the length of the school day, length of the class periods by subject area, and overall average class sizes, and disaggregated student data by subject area. This reporting would

⁴ *Performance Measurement for Government* - Retrieved from:
http://72.3.167.245/aboutpmg/performance_measurement.shtml

allow for various instructional strategies to be linked to expenditure patterns. These data could result in more informed budget allocation decisions.

Indeed, a powerful tool in making budget decisions, in an educational context, is creating a reporting method that uses both financial and instructional programming information. By combining this information, the resources attached to particular instructional designs/programs/initiatives can be viewed in light of the amount of resources being devoted to that activity. This is particularly important in evaluating the effectiveness and efficiency of instructional programs as called for by NCLB.

Performance-based budgeting implies that resources will be directed toward programs and activities which have proven to be effective. Consequently, performance-based budgeting means that resources will not be allocated on the sole basis of what was done in the past but, rather, will be re-allocated based on performance measures and thoughtful, data informed consideration of what will result in improved performance (see Knapp, Swinnerton, Copland, & Monpas-Hubar, 2006). Linking school district resources to effective learning activities based on the needs of the students, demands a deliberate process.

The allocation of resources has not always been a conscious process. Decisions pertaining to class size, professional development and other instructional matters are not the exception (North Central Regional Education Lab et al., 2000). In addition, politics inevitably enter into the equation as there are vested interests in old budget approaches (Friedman et al., 1996). However, in order to maximize resources and increase student performance a school district must be willing and able to reallocate funds from

unnecessary or less effective activities and program to ones that have proven to be effective in securing greater student achievement.

Odden (2001) indicates:

The process of resource reallocation begins with an analysis of school data by the faculty members, who usually conclude that their old educational strategies are not working sufficiently well for their students, especially their special-needs students. The faculty members then search for better strategies - curriculum programs, comprehensive school designs, and so on - that they believe will help them improve student performance. They then retire old strategies and redirect the resources to components of their new, cohesive educational strategy. (p. 88)

Krill's (2002) critique of Odden's book *Reallocating Resources: How to Boost Student Achievement Without Asking for More*, notes: "Resource Reallocation focuses not only on funds, but also on staffing, use of building space and instructional time. Every initiative is tied squarely to improving student achievement. One of the book's strengths is that it discusses resource reallocation as a key component in the larger comprehensive school improvement process and not as a separate budget preparation item" (p. 49). This indicates that school divisions have a vast array of opportunities to redirect (reallocate) resources to the betterment of schools.

A report titled *A Better Return on Investment: Reallocating Resources to Improve Student Achievement* reveals successful reallocation initiatives that school divisions have taken in this regard. The report includes examples where schools have: "By structuring, scheduling, and staffing the school according to the imperatives of their students' needs and their new educational strategy, the schools began allocating resources to where they

were needed most and could have the largest impact on student achievement” (North Central Regional Education Lab et al., 2000, p. 25). Given the magnitude of improvement that is called for by NCLB, school districts will be required to engage in change processes that will improve student achievement. As such, resource reallocation efforts will need to be considered.

Statement of the Research Problem

Odden (2001) states:

Standards-based education requires schools literally to double or triple education results - i.e., student achievement. Since there is little if any hope that funding will double or triple, accomplishing the goals of standards-based education reform will require schools to use resources more productively and to reallocate resources to new and more effective education strategies. (p. 85)

As Odden, Monk, Nakib, Picus (1995) indicate, the educational system needs to be restructured so that the significant resources which the taxpayers have provided public education are paid off in increased student achievement. In order to do this, school districts must ensure that resources are spent efficiently, are used for their intended purpose – teaching and learning – and result in significant educational outcomes.

Without the reasonable expectation of significant increases in revenue and in a period of accountability and NCLB, which calls for higher student achievement, the budgeting of resources has become increasingly important. Wood, Thompson, Picus, and Tharpe (1995) suggest that a school district’s ability to effectively meet challenges is largely shaped by the district’s budget practices.

The budget and the process of creating it is arguably one of the most important tools school districts have in ensuring that their students achieve at high levels and signaling to the public that the schools are worthy of their significant investment. A budget is more than a financial plan as it embodies the organizational and, most importantly, educational plan of the school district. It represents the tangible articulation of how school districts aim to fulfill their mission and achieve its correlate goals. Consequently, in fulfilling the requirements of NCLB, school divisions will have to change their budget practices in order to achieve greater student achievement.

Research Purpose and Questions

The purpose of this case study is to examine school district budgeting processes in light of NCLB. More specifically, this study examines the current state of budget practices and determines if these processes have become more performance-based since the inception of NCLB. In addition, the study assesses how performance-based budgeting correlates with differences in student achievement. The following research questions were used to address the purpose of the study:

1. In light of NCLB, what are the current budgeting practices used by school divisions?
 - a. What are the budget decision-making criteria used by school districts?
What are the most important criteria?
 - b. What budgeting methods are used by school districts? Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting systems?

2. Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?

Importance/Significance of the study

In light of *No Child Left Behind*, are local school divisions moving away from incremental, line item budgeting? Are they moving toward more rational, data supported systems? What type of data are they using, e.g., student performance indicators, in forming budget proposals? What variables and criteria now influence school budget decisions? What processes do they use in forming budgets? In short, how do school districts currently make budget decisions and has this been impacted by NCLB? Given that the impending requirement to have all students proficient by 2014, a review of budget practices is appropriate to see if local school districts are using their budgeting processes to help fulfill the requirements of NCLB. Or are budget processes very much the same as in the past? The answers to these questions are significant and will indicate if schools are using every tool necessary to increase student achievement. To date, detailed exploration of actual school district budgeting practice in light of NCLB is not evident in the literature.

As Smotas (1996) suggests in his study, by adding to the body of knowledge of budget practices, the new knowledge that will be provided from the study reported here can be used to improve budget decisions across the nation. Indeed, being cognizant of critical issues and trends is important in any improvement process. This information is also important so that recommendations for change are based in a contextual understanding of current practices. Without this understanding, the divide between academics and practitioners will continue and calls for changes in budgeting practices

will fail to be enacted. The practitioner, when choosing between practical considerations and theory, will likely base his or her decisions on past experience unless academic recommendations can navigate the divide between theory and current practice.

Theoretical Perspective

Budgeting is both an art and a science. Whereas, budgeting has a definite technical nature to it, it is also political (Rubin, 1988). While it appears that budgeting is a rational, ordered, mathematical undertaking; it is full of conflicting aspects (e.g., rational and subjective, reasonable and arbitrary, precise and uncertain) as Hartman (1988) eloquently highlighted in his discussion of budgeting. Given the conflicting aspects and the multidisciplinary nature of budgeting, academics have struggled with the notion of defining budget theory (Rubin, 1988).

V.O. Key's (1940) often cited work, *The Lack of Budgetary Theory* questions if budgeting, especially in regard to expenditures, can be viewed from a purely theoretical, guiding perspective. In answering a key budgeting question: "On what basis shall it be decided to allocate x dollars to activity A instead of B? (p. 1138), Key is not convinced that purely economic models are applicable as decisions are often made by personal preferences, rather, he suggests that such questions are "a problem of political philosophy" (p. 1143).

Given political pressures on budget decisions, a theory of incrementalism was first advanced by Davis et al. (1966). In their study of Federal government expenditures, they posit that budget allocations are most often made on an incremental basis, whereby percentage changes are made to the prior year's budget. This theory would hold that the most important factor in determining a budget is what the budget was in the past. The

frequency of this being the case, leads Davis et al. (1966) to conclude: “There are striking regularities in the budgetary process” (p. 529).

Rubin (1988) does not see budgeting as a discipline but, rather, as a process and, consequently, “one can generate a theory to describe it” (p. 8). The problem is that there hasn’t been a theory that people necessarily subscribe to universally. This condition comports to the reality of budgeting; it is an art and a science. Budgeting sometimes exhibits normative qualities whereas at other times pluralistic. As Hartman (1988) expresses, budgeting is full of contradictions so to assign a guiding budgetary theory is problematic.

Given the practical nature of budgeting, pragmatism is an appropriate theoretical perspective. According to Creswell (2003), pragmatists’ “knowledge claims arise out of actions, situations, and consequences rather than antecedent conditions” (p. 11). In other words, pragmatists’ are concerned with *real life* circumstances and practical considerations. Patton (2002) suggests that “not all questions are theory based” (p. 135). Instead, some questions do not necessarily have a theoretical perspective but are concerned with processes about people’s work and the effectiveness of that work. Indeed, pragmatism is concerned with “practical problem solving, real world decision-making, action research, policy analysis, and organizational or community development” (Patton, p. 145). This study seeks to explore practical issues and, consequently, pragmatist, modified grounded theory forms the theoretical framework of the study.

Methods

Research Design

The design of this case study is both descriptive (identifying current school district budget practices) and correlational (analyzing the relationship between performance-based budgeting and student achievement). Mixed (quantitative and qualitative) methods were used to address the research questions. Quantitative methods include budget practice surveys and presentation of descriptive and bivariate statistical analyses. Qualitative methods include the use of open-ended survey questions and in-depth interviews.

Participants

The target of this case study is school district chief business officials from Hampton Roads, Virginia. Hampton Roads, Virginia, was purposely selected given its familiarity to the researcher (which aids in accessibility to the school district participants) and as noted by Sherman et al. (2007), the school systems range from as few as 1,000 students to as large as 75,000 students and are a mix of urban and rural locales. These school systems all have significant numbers of students on free and reduced lunches, the highest over 60%, the lowest less than 14%, with an average of approximately 40%.

Data Collection and Source

Data collection is mixed. In this sequential mixed methods approach, quantitative data was collected from multiple sources. The primary source is survey results of school business officials concerning budgeting practice and budget decision criteria. Qualitative

data collection methods are in the form of open-ended surveys concerning budgeting practices and follow-up interviews with school business officials.

Analysis techniques

At the conclusion of the data collection phase, the data enabled the researcher to conduct statistical analyses (including correlations calculations in regard to how performance-based budgeting may be correlated to student achievement). In addition to statistical analysis, qualitative data analysis confirms and elaborates the findings.

Conclusion

As Odden et al. (1995) indicate, the educational system needs to be restructured so that the significant resources which the taxpayer's have provided public education are paid off in increased student achievement. Indeed, if the goal of 100% student proficiency by 2014 is to be realized school districts will have to use every tool they have to meet this objective. Effective resource allocation is critical in this effort. Research suggests that by more effectively linking resources (inputs) to specific results (outputs) improvement can be made. Doing this, however, is not easy or without challenges. Changing systems requires time, concerted effort, and requires strong leadership. This study is aimed to addressing the question as to whether school districts are heading in this direction or are they operating under the practices and traditions of the past. Furthermore, this study attempts to quantify and describe if it truly makes a difference in terms of student achievement.

Overview of the Study

Chapter I includes: an introduction, background and contextual information, statement of the research problem, and the research questions addressed in the study. This

is followed by definitions of terms, limitations of the study. Chapter 2 includes a “Review of the Literature.” This review provides additional background information related to school district budgeting and explores the relevant literature of the concepts: budget decision-making criteria, budget methods, data-driven decision-making (including performance indicator reporting), and resource re-allocation. Chapter 3 includes a discussion of the “Methodology” which provides information about the research design and methodology used in the collecting and analyzing the collected data. Chapter 4 includes “Analysis of the Data,” presenting analysis and discussing the data relative to the research questions. And, Chapter 5 includes a summary of the findings, discussion, and implications for research and practice. It also includes limitations and suggestions for future research.

Definitions of Terms

Allocation - The amount of funding appropriated to a school or cost center. Types of allocations include the per pupil allocation for specific purposes, activities, or objects such as instructional supplies, postage, staff development, and certain categories of capital equipment (Williamsburg-James City County Public Schools, 2007, p. 466).

Appropriation – An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in purpose, amount, and as to the time when it may be expended (Williamsburg-James City County Public Schools, 2007, p. 466).

Budget – A plan of financial operation/activity embodying an estimate or proposed expenditures for a given period and the proposed means of financing them (Williamsburg-James City County Public Schools, 2007, p. 467).

Budget Calendar – The schedule of key dates which the government follows in the preparation and adoption of the budget (Williamsburg-James City County Public Schools, 2007, p. 467).

Expenditures – The cost of goods delivered or services rendered, whether paid or unpaid (Williamsburg-James City County Public Schools, 2007, p. 469).

Expense – Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges (Williamsburg-James City County Public Schools, 2007, p. 469).

Fiscal Period – Any period of time at the end of which an entity determines its financial position and results of operations. WJCC has a fiscal year of July 1 to June 30 (Williamsburg-James City County Public Schools, 2007, p. 469).

Fiscal Year – A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. WJCC has a fiscal year of July 1 to June 30 (Williamsburg-James City County Public Schools, 2007, p. 469).

Goal – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless (Williamsburg-James City County Public Schools, 2007, p. 470).

Instruction – Instruction includes the activities that deal directly with the interaction between teachers and students (Williamsburg-James City County Public Schools, 2007, p. 470).

Line-Item Budget – A budget prepared along departmental lines that focuses on what is to be bought (Williamsburg-James City County Public Schools, 2007, p. 471).

Objective – Something to be accomplished in specific, well-defined and measurable terms and that is achievable within a specific time frame (Williamsburg-James City County Public Schools, 2007, p. 472).

Per Pupil Allocation – An amount provided to a school based on the number of students enrolled (Williamsburg-James City County Public Schools, 2007, p. 472).

Performance Budget – A budget wherein expenditures are based primarily upon measurable performance of activities and work programs (Williamsburg-James City County Public Schools, 2007, p. 472).

Performance Indicators – Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs (Williamsburg-James City County Public Schools, 2007, p. 472).

Performance Measure – Data collected to determine how effective or efficient a program is in achieving its objectives (Williamsburg-James City County Public Schools, 2007, p. 472).

Personnel Services – Expenditures for salaries, wages, and fringe benefits of a government's employees (Williamsburg-James City County Public Schools, 2007, p. 472).

Purpose – A broad statement of the goals, in terms of meeting the public service needs, that a department is organized to meet (Williamsburg-James City County Public Schools, 2007, p. 472).

Resources – Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances (Williamsburg-James City County Public Schools, 2007, p. 472).

Revenue – The sources of income of a governmental agency from taxation and other sources to finance operations (Williamsburg-James City County Public Schools, 2007, p. 472).

Service Level – Services or products which comprise actual or expected output of a given program. Focus is on results, not measures of workload (Williamsburg-James City County Public Schools, 2007, p. 472).

Site-Based Budgeting – A decentralized budget process whereby budget preparation and development are based on individual schools (and departmental) sites (Williamsburg-James City County Public Schools, 2007, p. 472).

Tax Levy – The resultant product when the tax rate per one hundred dollars is multiplied by the tax base (Williamsburg-James City County Public Schools, 2007, p. 473).

Taxes – Compulsory charges levied by a government for the purpose of financing services for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments (Williamsburg-James City County Public Schools, 2007, p. 473).

Chapter 2

Introduction

A budget is not simply a collection of numbers, nor is the process in creating it the interest of accountants only (Hartman, 1988). The budget and the process of creating it is arguably one of the most important tools which school districts have in ensuring student achievement and a solid budget plan signals to the public that the schools are worthy of their significant investment. A budget is more than a financial plan as it embodies the organizational and, most importantly, educational plan of the school district. It represents the tangible articulation of how school districts aim to fulfill their mission and achieve its correlate goals. As Bland (2007) suggests: “In the end, budgeting is at the heart of government-defining who we are, what we desire to become, and what we are willing to invest in order to achieve that vision” (p. 177).

School district budgeting, in particular, is important given the fact public education is the cornerstone of a working progressive, democratic society. Currently in the United States, there are approximately 49 million students enrolled in our public schools (National Center for Educational Statistics, 2007). In Virginia, approximately 1.2 million students are enrolled in the public schools (Virginia Department of Education, 2006). The education these students receive has a tremendous impact on their future. From an economic perspective, students’ success will dictate the country’s competitiveness in this global, high tech marketplace. As Owings and Kaplan (2006) indicate:

Education is a significant investment in human capital that has clear benefits for the individual, the economy, and the society at large. Increased levels of education result in higher incomes, increased taxes, increased participation in the arts, decreased social service costs, and decreased levels of childbirth complications. Instead of thinking of education as a cost to taxpayers, think of education as a long-term investment that pays significant dividends. (p. 95)

Likewise, Alexander and Salmon (1995) highlight the fact that quality education provides increased labor productivity. Providing a quality education program is a societal, moral, and economic imperative.

Current school district budgeting decisions take on added significance in light of fulfilling the objectives of *No Child Left Behind Act* (NCLB) which is characterized as the most far reaching piece of educational legislation in decades. NCLB's stated purpose is "to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments" (Public Law 107-110 , Sec. 1001., 2002).

In fulfilling this purpose, NCLB calls for, among other things, high-quality academic assessments and accountability systems, the closing of the achievement gaps, and distributing and targeting resources to impact on student performance (Public Law 107-110, Sec. 1001., 2002). The Act calls for increased accountability:

The NCLB Act will strengthen Title I accountability by requiring states to implement statewide accountability systems covering all public schools and students. These systems must be based on challenging State standards in reading

and mathematics, annual testing for all students in grades 3-8, and annual statewide progress objectives ensuring that all groups of students reach proficiency within 12 years. Assessment results and State progress objectives must be broken out by poverty, race, ethnicity, disability, and limited English proficiency to ensure that no group is left behind. School districts and schools that fail to make adequate yearly progress (AYP) toward statewide proficiency goals will, over time, be subject to improvement, corrective action, and restructuring measures aimed at getting them back on course to meet State standards. Schools that meet or exceed AYP objectives or close achievement gaps will be eligible for State Academic Achievement Awards. (United States Department of Education, 2002, p. 1)

In NCLB's wake, much of the debate has focused on the instructional practices which will enable all students to meet the requirements to reach proficiency by 2014. Some question if the goal of proficiency for all students can be achieved by 2014 (e.g., Rose, 2004; Sherman et al., 2007). This concern is legitimate, especially if there is not a greater link between funding (inputs) and proven programs which result in improved school district effectiveness as reflected by increased student performance (outputs). Indeed, without changing the way funds are allocated, school divisions can expect similar results, as resources dictate what can and cannot be done to a large extent.

Given the above, it is clear that exploring how resources are allocated is critically important as budgets dictate educational programs. In the final analysis, anything which an organization does requires resources, either in human or other capital (Hartman, 1988). For example, budget allocations dictate what classes are formed, what professional

development activities occur, what supplies are available, what building space exists, and what technology tools are available. Indeed, implementation of any program, policy, or initiative is contingent on sufficient funds being available to support it (Fowler, 2003). As such, it is imperative funds are spent with the highest educational return on investment, especially in light of the requirements of NCLB.

In making budget decisions, school divisions are required to decide what to fund or not fund. A budget reflects the choices that are made in this regard. As suggested by Key (1940), budgeting is a resource allocation matter, and the basis on which budget decisions are made has significance. If “x” is funded, “y”, as a result, does not get funded. What is budgeted and what is not is of public concern, especially in light of the importance of public education. According to Howell and EdSource (1996), “A school budget is a planning document that links financial decisions to educational policy. It contains the district’s priorities and its strategies for achieving those priorities” (p. 4).

School budgets are developed within the parameters of available resources. Current trends show a slowing of growth in both the United States and Virginia’s economies (Wagner, 2007). There are growing concerns over the impact on the economy of increased energy prices, housing market slowdown, geopolitical pressures (especially from the Middle East region), and Federal spending (Kaine, 2006). At the high level of current investment at approximately \$10,000 a student, it is unlikely that substantial increases in educational spending will occur. This point is reinforced by Odden and Archibald who suggests the needs associated with increasing student achievement outpaces what school districts can expect to receive in terms of resources (North Central Regional Education Lab et al., 2000).

Without the reasonable expectation of significant increases in revenue and in a period of accountability and NCLB, which calls for higher student achievement, the budgeting of resources becomes ever more important. Wood et al. (1995) suggest that a school district's ability to effectively meet challenges is largely shaped by the district's budget practices. As such, this literature review will focus on school district budgeting processes. The first part of this review provides the statement of the research problem and explores the literature as to the impact of the level of resources on student achievement. Next, historical, background, and theoretical budgetary information are reviewed. In the latter part of the chapter, relevant literature in regard to budget decision-making criteria, budget development models, and resource reallocation are presented followed by a summary and conclusion.

Statement of the Research Problem

Odden (2001) states:

Standards-based education requires schools literally to double or triple education results - i.e., student achievement. Since there is little if any hope that funding will double or triple, accomplishing the goals of standards-based education reform will require schools to use resources more productively and to reallocate resources to new and more effective education strategies. (p. 85)

As Odden et al. (1995) indicate, the educational system needs to be restructured so the significant resources which the taxpayers have provided public education are paid off in increased student achievement. In order to do this, school districts must ensure that resources are spent efficiently, are used for their intended purpose – teaching and learning – and result in significant educational outcomes. Consequently, in fulfilling the

requirements of NCLB, it appears school divisions will necessarily have to change their budget practices in order to achieve greater student achievement.

Research Purpose and Questions

The purpose of this case study is to examine school district budgeting processes in light of NCLB. More specifically, this study examines the current state of budget practices and determines if these processes have become more performance-based since the inception of NCLB. In addition, the study assesses how performance-based budgeting correlates with differences in student achievement. The following research questions were used to address the purpose of the study:

1. In light of NCLB, what are the current budgeting practices used by school divisions?
 - a. What are the budget decision-making criteria used by school districts?
What are the most important criteria?
 - b. What budgeting methods are used by school districts? Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting systems?
2. Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?

Overview of the Chapter

Chapter 2 includes a "Review of the Literature." This review provides additional background information related to school district budgeting and explores the relevant literature of the concepts: budget decision-making criteria, budget methods, data-driven decision-making (including performance indicator reporting), and resource re-allocation.

Student Achievement and Resources: Does money matter?

Background Information

Although some countries have larger percentages of their Gross Domestic Product (GDP) dedicated to public education, United States educational expenditures represent a significant component of the Gross Domestic Product (OECD, 2006). Annual expenditures for public and private education represented almost 7% of the per capita GDP (National Center for Educational Statistics, 2006). In 2003, total United States expenditures for public elementary and secondary education were approximately \$400 billion and are projected to climb almost \$450 billion by 2008 and to \$500 billion by 2011 (National Center for Educational Statistics, 2005).

From a local perspective, the amount of taxpayer resources devoted to education represents the largest municipal expenditure. For example, in James City County, VA, approximately 53% of the County's Fiscal Year 2008 budget is dedicated to education (James City County, 2007). In Virginia, the State's direct aid devoted to PreK-12 education comprises almost 20% of total appropriations (approximately 40% when one includes higher education) with a Fiscal Year 2008 PreK-12 budgeted aid of approximately \$6.8 billion (Virginia Department of Planning and Budget, 2007b). Average per pupil expenditures from all sources in Virginia for Fiscal Year 2006 was \$9,755 (Virginia Department of Planning and Budget, 2007b). The expenses of a school system's budget are supported by various intergovernmental funds (revenue). Local, state, and federal revenues support approximately 50%, 43%, and 7% (Virginia Department of Education, 2007).

Resources and Student Achievement

In a Pennsylvania State Board of Education's sponsored report, it was reported that the state underfunds the schools by \$4.6 billion a year (Dean, 2007). However, there is considerable debate if the amount of funds actually makes a difference in terms of overall performance (student achievement). Various studies have been done to evaluate whether funding makes a difference in terms of student learning outcomes (Jefferson, 2005; Archibald, 2006; Ilon & Normore, 2006; Okpala, 2002; Odden et al., 2007; Willis et al., 2007).

The 1966 Equality of Educational Opportunities, commonly called the Coleman Report, is credited as advancing the study of resources and their impact on student outcomes (Hanushek, 1989). This report posited that differences in student achievement levels were not primarily due to differences in funding but, rather, were due to other socioeconomic reasons. As stated: "it appears that the educational disadvantage with which a group begins remains the disadvantage with which it finishes school" (p. 220). The report goes on to indicate, in discussing the South and Southwest, "in these areas, their relative position deteriorates over the 12 years of school" (p. 273). In performing regression analysis calculations with various socioeconomic and school attributes (resource supported facility, teachers, curriculum), Coleman et al. (1966) conclude: "Taking the results together, one implication stands out above all: That schools bring little influence to bear on a child's achievement that is independent of his background and general social context" (p. 325).

Regardless of how one views the contents of the report, a possible interpretation is that funding, in and of itself, has a limited impact in terms of student learning vis a vis

socioeconomic status. In his review of the impact of class size, school size, teacher experience and education, and SES in a North Carolina school district, Okpala (2002) states:

The results of this paper do show that some of the major factors that are under the control of the school, such as education level and teaching experience of staff, and school spending, have little if anything to do with student performance.

Family socioeconomic factors prevailing in schools appear to contribute significantly to student achievement. (p. 907)

Indeed, even critics of the notion that funding does not have a significant impact on student achievement recognize that a student's family and demographic background have an important role in accounting for differences in student achievement (Hedges et al., 1994).

Socioeconomic status (SES) is not the only variable at play. Other variables do factor into educational achievement (though possibly related due to challenges associated with low socioeconomic standing). For example, Hendrickson (1987), as cited in Wisconsin Education Association Council (2007), states: "...for now the evidence is beyond dispute: parent involvement improves student achievement" (p. 1). Likewise, the parent's level of education is important in predicting a student's success in school as was indicated in a study of 868 students from various socioeconomic backgrounds (Davis-Kean, 2005). Regardless, most would agree SES has a large impact. As underscored by Hanushek (1989), family background is "very important in explaining differences in achievement. Virtually regardless of how measured, better educated and wealthier parents have children who perform better on average"

(Hanushek, p. 48), indicating that the role of resources is mitigated by socioeconomic status.

In response, some scholars would argue that more funds need to be earmarked for programs and services that help disadvantaged students by providing equitable funding for pre-school, tutoring, and other programs (Slavin, 1999). Equity does not always mean equal allocations; it often means “unequal” amounts of funding depending on the specific needs of the students/schools. Scholars urge financing models which “allocate to each school an adequate level of dollars, which recognizes the costs of effective programs and the various special needs of its student body” (Odden, 2001, p. 88).

Similar to the Coleman Report, various studies have been done under the production-function approach (also called the input-output or cost-quality approach) which identifies the possible (or predicted) outcomes that can be produced with a mixture of inputs (Hanushek, 1989; Picus, 1997). Under this approach, estimates are done using statistical or econometric techniques which employ regression methods to measure the relationship between various combinations of inputs and outputs (Picus).

Hanushek (1989) conducted a meta-analysis of 38 studies with almost 200 regression equations related to school resources and student achievement. He contends that while it is natural for economists to look at per pupil expenditures as a sign of school quality, this assumes that:

Schools are doing a good job of allocating money. In truth, they do not seem to be doing very well with the expenditures, and, thus, the prevalent use of information on expenditures in state legislatures, in the courts, and general policy discussions appears inappropriate. (p. 45)

The studies that Hanushek reviewed considered the impact of overall per pupil expenditures, teacher/pupil ratio, teacher characteristics (education, experience, and salary), and administrative inputs. Based on the fact that the most of the studies coefficients were negative, Hanushek asserts: “expenditures are not systematically related to performance” (p. 49).

Based on his research, Hanushek (1989) argues that schools and teachers differed significantly in terms of their effectiveness and that “policies should not be formulated principally on the basis of expenditures” (p. 49). He further suggests that “policies are needed that are keyed to student performance directly instead of to the levels of different inputs that may or may not be related to performance” (p. 49); citing the idea of merit pay as a policy to be considered by school divisions. However, he concludes that “there seems little question that money *could* count – it just does not consistently do so within the current organization of schools” (p. 49). This suggests that an evaluation of current budget allocations and methods may in fact have an impact on student achievement.

In a direct challenge to Hanushek’s conclusions, Hedges et al. (1994) performed a secondary data analysis using what they term as “more sophisticated methods” indicating that their analysis “shows systematic positive relationships between resource inputs and school outcomes” (p. 5). In the study, for example, they argue that per pupil expenditure (if you were to take statistically significant and non-significant regression results) coefficients are positive in 70% of the studies. This suggests that additional resources do have a positive affect on student achievement. However, “we would not argue that ‘throwing money at schools’ is the most efficient method of increasing

student achievement” (p. 13). Again, this suggests that the way resources are allocated is important in realizing greater student achievement.

Several other researchers have addressed the issue of the link between student achievement and resources. Archibald (2006), in her study of a Nevada school district’s categorical expenditures, found a statistically significant positive relationship between per-pupil spending and reading achievement (but not in the area of math). Cooper, Sarrel, Darvis, and Alfano (1994) reported that where dollars are spent help account for variances in SAT test scores based on their analysis of 84 schools. On the other hand, a number of studies report there is little or no significant impact of the level of resources and student achievement (Hanushek, 1994; Okpala, 2002). In an Ilon and Normore (2006) study, per- pupil spending would actually be reduced by \$577 to increase student achievement by 2% on the Florida FCAT scores based on the regression analyses (though they attempted to offer explanation/qualifications).

In determining the financial adequacy of school resources, Odden et al. (2007) conducted a study which used an “evidence-based” (defined as an approach whereby school-based programs and educational strategies that has been shown to improve student learning) approach to cost out an effective program that improves student learning. The results concluded that there are sufficient overall funds available to provide adequate school funding. In a related article, Odden and Picus (2007) suggest: “[T]oday, the nation’s investment in K-12 education is almost enough to adequately fund an educational program that can double student performance...” (p. 40). In other words, it is not the amount of resources that dictate student achievement but the way they are budgeted and spent.

Other research suggests that it is not how many dollars but whether or not those dollars are spent efficiently (Levin, 1997; Odden & Clune, 1995; Willis et al., 2007).

Levin's study builds on Leibenstein's (1966) work who argues that incentives, motivation, and other factors of an organization have a greater impact on efficiency than allocation of inputs at the margin. The study suggests schools with x-efficiency characteristics will be more productive. The suggested productive characteristics of an organization include:

1. A clear objective function with measurable outcomes.
2. Incentives that are linked to success on the objective function.
3. Efficient access to useful information for decisions.
4. Adaptability to meet changing conditions.
5. Use of the most productive technology consistent with cost constraints.

(Levin, p. 304)

In their analysis, Willis et al. (2007) suggest that there are ways to achieve effective resource use: "...identify what resources configurations consistently help rise student achievement. This includes reviewing staff configurations, curriculums, and/or school reform models" (p. 3) as well as reduce operational inefficiencies, e.g., streamlining systems, to allow for resource reallocation. In reviewing reform and evaluating organizational changes, they suggest *Standard & Poor's Diagnostic Road Map* four-step process where the following questions are addressed: Is it legal and fall under state and federal regulations and does it help school districts meet their mission? Does the district have the capacity to execute and how does it relate to other practices? How do stakeholders react and is there support for the change? Did it work from a peer's perspective? (Willis et al. 2007, refer to Table 4).

Odden and Clune (1995) suggest that important steps in achieving greater efficiency in schools would include:

- Making student achievement the top priority;
- Enhance the rigor of curriculum and motivate (all) students to take on challenging coursework;
- Manage resources (dollars and personnel) at the school and/or building level.

In other works, bureaucratic approaches and unimaginative resource use were considered obstacles to efficiency and unimaginative resource use (Odden & Clune, 1995; Odden et al., 1995).

Funding and Budgeting (the possible link to increases student achievement)

In spite of the fact that there is not universal agreement as to whether money, by itself, makes a difference in student achievement, most researchers agree that what schools spend money on has an impact on student learning (Jefferson, 2005; Odden et al., 2004; Odden et al., 2007; Willis et al., 2007). As suggested in a Standard and Poor's report of Pennsylvania school finances, how much a school spends is less important than how it is spent (Gehring, 2002). Jefferson (2005), in her synthesis on literature related to expenditures and student achievement, observes:

Intuitively we say that dollars make a difference. But what has been found is that dollars have the potential to enhance educational opportunities. However, the translation of these opportunities to actual student achievement is less closely linked than one might have assumed. The translation relies more on how available dollars are used than on the availability of dollars. (p. 122)

She goes on to cite Slavin (1999)

It is clear (and obvious) that increased dollars do not magically transform themselves into greater learning. But it is just as clear (and just as obvious) that money can make a difference if spent on specific programs or other instructional investments known to be effective. (p. 122)

In other words, researchers might not want to only focus on the level of resources but how those resources are spent. In addressing this question, it is important to note that a budget articulates how resources are to be spent. Therefore, it is clear that exploring how resources are budgeted is critically important. Consequently, this review will turn its focus to a concentration of budgeting.

Budget History

Budgets have been an important management tool for large corporations since the early 20th century (Perera, 1998) and have driven business decisions for thousands of years (Owings & Kaplan, 2006). Public budgeting can be traced back to 1215 with the introduction of Parliamentary control over the British King (Burgess, 2005). In the early thirteen hundreds, Parliament demanded the king spend public funds (tax revenue) on the intended purpose, and effective in 1742, the Parliament fully took taxing authority away from the King (Owings & Kaplan, 2006). The English Bill of Rights, which declared that only the Parliament had the right to tax, eventually resulted in the King having to produce an estimate of expenditures (Garner, 1991). By the 18th Century, the Chancellor of the Exchequer, at the King's behest, provided past year's expenditures, estimates for the upcoming year and a recommendation for a tax levy which is similar budget systems today (Garner). In 1822, Britain adopted its first government budget (Owings & Kaplan).

In 1784, the United States Congress established a Treasury Department, instructing that the Secretary of Finance devise a system to project revenues and expenditures (Wood et al., 1995). During the next 130 years or so, Congress took responsibility for all federal budgeting (Wood et al., 1995). Budget process reforms were initiated because of high governmental spending, the change to an industrial economy (which limited the effectiveness of tariffs), government reforms (which focused on governmental accountability and control), and President Roosevelt's power play appropriation tactics (Wood et al.).

The Taft's Commission 1912 report titled, *The Need for a National Budget*, called for budget reform suggesting that the budget include: a budget message, a summary financial statement, summary of expenditures, a statement of expected expenditures and prior year actuals, a summary of revenue, and summary of laws needed to increase efficiency (Wood et al., 1995). This eventually resulted in the passage of the 1921 Budget and Accounting Act which placed budget responsibility in the executive branch by establishing the Bureau of Budget (later renamed to Office of Management – OMB) (Wood et al.). Likewise in Virginia, the Virginia General Assembly prepared, introduced, and enacted the appropriations bill until 1918 when the state adopted an executive budget system (Virginia Department of Planning and Budget, 2007). School systems operate under the same type of system whereby the executive (Superintendent) submits a budget to the legislative “branch” (school board/board of education).

Since the 1980s, Patashnik (2000) suggests that governmental budgets have become more important and have overshadowed all other policy concerns, resulting in heightened attention and coverage by the press. Under this context, budgeting is heavily

influenced by politics given the level of public expenditure and the vested interest that stakeholders have in the outcome of educational decisions. Rubin (2000) suggests that politics influences budgetary decision-making in revenue and expenditure estimates, the chosen decision-making process, and budget implementation.

So what might the future hold for public budgeting? According to Lee and Johnson (1989), future public budgeting will be characterized by the following themes:

- Added emphasis on integrating planning, budgeting and accounting, and performance measurement systems;
- Increased emphasis on financial management;
- Continued legislative-executive conflict over budgetary roles;
- Continued concern for achieving an acceptable balance for providing public services and paying for them with intergovernmental framework;
- Increasing concern for promoting economic growth within an international context. (p. 335)

Bland (2007) suggests that budgeting will continue to be impacted by technology which will allow for better integration and planning through the use of resource planning applications, increased citizen participation, and a concern for quality of life. As a result, governmental organizations “can expect to find themselves asked to connect the cost of public services with the benefits of expected outcomes” (Bland, p. 176). Consequently, school systems are being asked more and more to make these linkages between resources and student outcomes. This is a trend that is likely to continue in the future.

Budget Theory

Budgeting is both an art and a science. Whereas, budgeting has a definite technical nature to it, it is also political (Rubin, 1988). While it appears that budgeting is a rational, ordered, mathematical undertaking, it is full of conflicting aspects as Hartman (1988) highlighted in discussing budgeting.

Rational and subjective: The budget process is a rational undertaking in which goals and objectives are identified and then resources assigned to particular programs to achieve the stated goals. However, the establishment of the goals and objectives is a highly subjective matter in which those involved will make their decisions based largely on personal beliefs and values. Principals, teachers, central office administrators, superintendent, school board members, parents, and special interest groups all have opinions of which activities are more important and strive to see them reflected in the district's budget.

Reasonable and arbitrary: Many of the decisions in the budget process involve professional judgment and personal values... However, there are often no definite right or wrong answers...

Precise and uncertain: The budget has specific dollar amounts listed for each expenditure and revenue item. The columns of numbers in the document give an impression of precision and accuracy... However, those who have developed the budgets are aware that the numbers are largely estimates and represent their best guess...

Open and concealed: The budget document for school districts provides an enormous amount of financial information, but there is probably an equal amount

that is not presented. The worksheets, planning assumptions, alternative spending plans are generally not included...

Specialized and public: The document is prepared by educational specialists...

However, the plan is reviewed, modified if necessary, and approved by the lay public, either represented by elected school board members or by the district voters.

Educational goals and political reality: The budget is a compromise between the desire for improving the educational programs and the need to gain public support through acceptable spending and taxing levels. It is a continual balancing act...

(pp. 21-22)

Given the conflicting aspects and the multidisciplinary nature of budgeting, academics have struggled with the notion of defining budget theory (Rubin).

V.O. Key (1940), in *The Lack of Budgetary Theory*, questions if budgeting can be viewed from a purely theoretical, guiding perspective. In answering a key budgeting question: "On what basis shall it be decided to allocate x dollars to activity A instead of B?" (p. 1138). Key is not assured that purely economic models are applicable as decisions are often made according personal preference and perspective. Rather, he suggests that such questions are "a problem of political philosophy" (p. 1143).

Given the reality of political pressures on budget decisions, school district leaders must be sensitive to political considerations in deciding on allocations. Burgess (2005), in her study of five California school districts, indicates that school division leaders often use political strategies, e.g., building trust, to help in budget development. Burgess

develops a model which identifies local and state political pressures impacting on major budget development items as budget: guidelines, methods, process, and the fiscal agenda.

As a result of political pressures on budget decisions, Davis, Dempster, and Wildavsky (1966) advanced the theory of incrementalism. In their study of Federal government expenditures, they posit that budget allocations are most often made on an incremental basis, whereby percentage changes are made to the prior year's budget. This theory would hold that the most important factor in determining a budget is what the budget was in the past. The frequency of this being the case, leads Davis et al. to conclude that: "There are striking regularities in the budgetary process" (p. 529).

Some challenge the notion of incrementalism as a theoretical basis of budgeting. Schick (1988): "If all we knew of budgeting was that it is incremental, one would know little indeed. Incrementalism says more about what budgeting is not than about what it is" (p. 62). Schick does go on to indicate the difficulty is defining a budget theory: "The fact that budgeting's core characteristics-claiming and allocating resources-are found where there is no budget process suggests the formation of a budgetary theory is likely to be difficult, if not impossible... one comes close to arguing that budgeting is whatever it is deemed to be" (p. 64).

Whereas acknowledging the multi-disciplinary nature of budgeting, Rubin (1988) maintains that budgeting questions tend to inter-disciplinary, e.g., how will certain economic conditions impact budget allocation decisions. Rubin (1988) does not see budgeting as a discipline but, rather, as a process and, consequently, "one can generate a theory to describe it" (p. 8). The problem is that there hasn't been a theory which people necessarily universally subscribe. This condition comports to the reality of budgeting; it

is both an art and a science. Budgeting sometimes exhibits normative qualities whereas, at other times, pluralistic. As Hartman (1988) expresses, budgeting is full of contradictions so to assign a guiding budgetary theory is problematic.

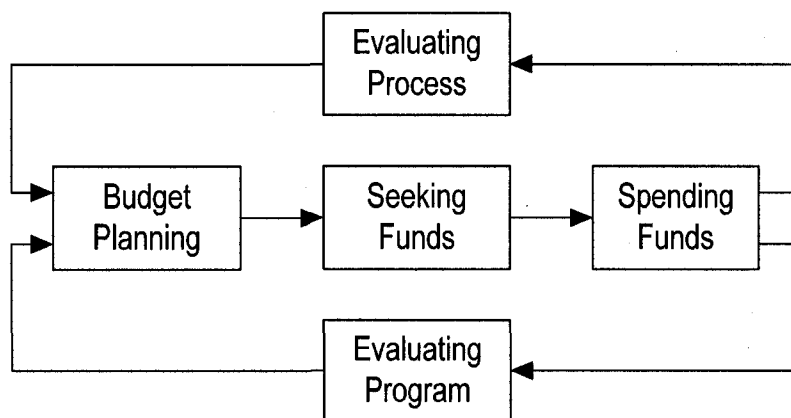
Given the practical nature of budgeting, pragmatism is an appropriate theoretical perspective. As Creswell (2003) suggests pragmatists “knowledge claims arise out of actions, situations, and consequences rather than antecedent conditions” (p. 11). Patton (2002) suggests that “not all questions are theory based” (p. 135). Instead, some questions do not necessarily have a theoretical perspective but are concerned with processes about people’s work and the effectiveness of that work. Indeed, pragmatism is concerned with “practical problem solving, real world decision-making, action research, policy analysis, and organizational or community development” (Patton, p. 145). This study seeks to explore practical issues and, consequently, pragmatist, modified grounded theory forms the theoretical framework of the study.

Budget Development Process

Budget development is often described as a budget cycle with the following major elements: preparation and submission, approval, execution, and audit (Lee & Johnson, 1989). As a budget reflects a series of policy choices, the budget development process has, in theory, the following phases: initiation, estimation, selection, implementation, evaluation, and termination (Brewer & DeLeon, 1983).

Owings and Kaplan (2006) describe the budgeting process as a four-part process (see Figure 3): the planning for needs of the school district, the solicitation of funding for the planned programs, the expenditure of funds associated with the planned programs, and finally the evaluation of the process and the programs supported by the budget.

Figure 3. The Budget Process.⁵



In Virginia, there are three phases in the school district budget development process:

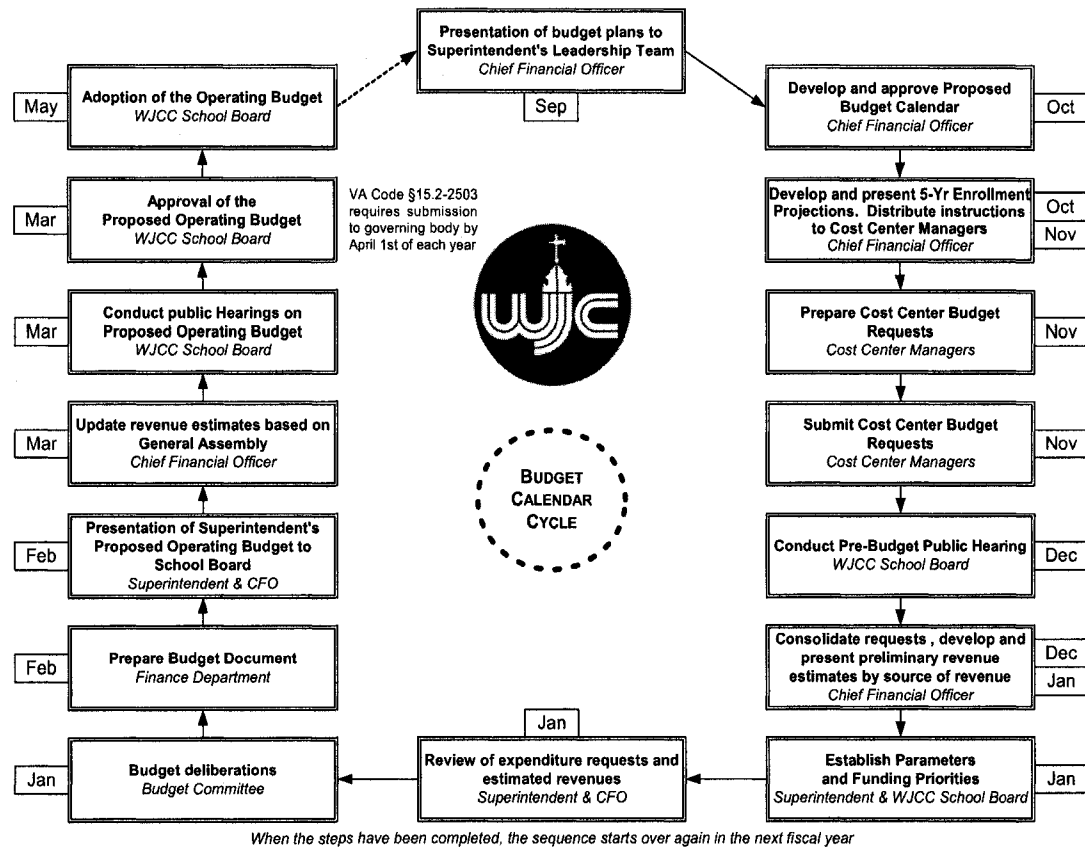
- 1) *Superintendent's Proposed Budget* (administrative recommendation presented to the School Board).
- 2) *School Board Proposed Budget* (School Board recommendation to the City Council or County Board of Supervisors). The School Board, at their discretion, makes adjustments to the Superintendent's budget before making a budget recommendation to the city/county.
- 3) *School Board Approved Budget* (School Board approved budget based on funding authorization/appropriation by City or County).

The following (see Figure 4) provides an example a budget development cycle (Williamsburg-James City County Public Schools, 2007).

⁵ Note. From *American Public School Finance* (p. 302), by W. A. Owings and L. S. Kaplan, 2006, Belmont, CA: Thomson Wadsworth.

Figure 4. Typical Budget Cycle.⁶

This chart illustrates the steps in the budget cycle. These are procedures used by the WJCC Public Schools Finance Department to record all budget requests and prepare the Operating Budget. Please note that constant adjustments are made to the budget throughout the cycle.



⁶ From Fiscal Year 2007-2008 Adopted budget: *Williamsburg-James City Schools Budget Calendar* (p. 49), by Williamsburg-James City County Public Schools, 2007, May 15, (p. 49). Retrieved March 1, 2008, from http://www.wjcc.k12.va.us/content/admin/finance/Budget/FY_0708_SchBoard_Adopted_Budget/B-Organizational/Organizational.pdf

Budget Decision-making Criteria

Given the reality that requests for funding will outstrip resources, school systems need to make decisions in regard to what to fund. In making these decisions, school district officials often have opinions in terms of priorities. Prior to *No Child Left Behind*, Smotas (1996) conducted a study to determine the major decision-making criteria of school business officials. The population studied was 109 Connecticut school district business officials in 1993-1994. Eighty school business officials, or 73.4% of the population, participated by filling out the questionnaire. Participants in the study were asked to indicate the relative importance of fifteen separate criteria in making budget decisions. The scale instrument (called the “Budget Decisions Criteria Instrument”, “BCDI”) asked participants to indicate on a range of 1 to 4 the relative importance of each criteria in “current” economic conditions (which at the time of the study was marked by researcher perceived economic scarcity) and under “ideal” economic conditions. The instrument stated that a “1” on the scale indicated that the criteria was “not relevant,” “2” was classified as “Somewhat Relevant,” “3” indicated that the criteria was “Quite Relevant,” and “4” as “Very Relevant.”

The fifteen BDCI criteria were:

- *Number of Students Affected* – analysis of student enrollment class size, cost per student;
- *Collective Bargaining Contract Provisions* – expenditures specified in the bargaining agreement (if any);
- *Impact of Matching Funds* – interdependence of local spending pattern and federal matching funds;

- *Administrator's Judgment and Intuition* – professional judgment, personal experience and individual style;
- *Governing Board Fiscal Policies* – priorities, policies and goals of the board of education;
- *State and Federal Laws and Regulations* – programs and activities required by governmental agencies;
- *Non-Student Expenditures* – instructional vs. non-instructional areas, i.e., deferred maintenance;
- *National and Regional Curricular Trends* – factors that influence curricular programs and staffing patterns;
- *Internal-Organizational Political Pressures* – demands by special interest parties, citizen action groups & community agencies;
- *Staff Recommendations and/or Needs Assessment* – reports from advisory bodies and study groups, informal advice;
- *Past Practice and Institutional Tradition* – continuation of programs because of local tradition;
- *Program Quality and Evaluation Results* – relationship between program cost and program accomplishments;
- *Accreditation Standards* – formal recommendations concerning staff, programs and facilities; and,
- *Principal of Least Opposition* – decisions least likely to create controversy.

(Smotas, p. 149)

The top five selected criteria and the mean score were:

<i>Top 5 for criteria relevance under “current” economic conditions</i>	<i>Mean Score</i>
1. Collective bargaining contract provisions	3.80
2. State and Federal regulations	3.70
3. Number of students affected	3.44
4. Governing board fiscal policies	3.26
5. Nonstudent expenditures	3.15
 <i>Top 5 for criteria relevance under “ideal” economic conditions</i>	 <i>Mean Score</i>
1. Governing board policies	3.56
2. Collective bargaining contract provisions	3.48
3. State and Federal regulations	3.41
4. Number of students affected	3.35
5. Accreditation standards	3.18

(Smotas, p. 81)

Smotas (1996) suggests that the relative importance of the criteria of “collective bargaining contract provisions” means that school business officials have little or no control over a large percentage of the budget as typically personnel expenses are approximately 85% of the budget total. Whereas it is accurate that salaries and employee benefits represent a large percentage of the budget, this statement makes the presumption that staffing needs to be maintained at the current levels and as currently structured in school districts. As for “governing board policies,” Smotas suggests that school business officials indicated that these policies are more relevant in ideal economic conditions as opposed to less than ideal (or current) periods. This seems to be inconsistent with the

possible implication of NCLB as the funding of priorities and goals is what is presumably needed in either “good” or “bad” economic times.

In a study preceding Smotas', Ferry (1981) conducted a study to determine the major decision-making criteria of school superintendents. The results were similar to the Smotas study but there was more of an emphasis on governing board policies, e.g., goals and priorities, and program evaluation and quality.

<i>Top 5 for criteria relevance</i>	<i>Mean Score</i>
1. Collective bargaining contract provisions	3.70
2. State and Federal regulations	3.58
3. Governing board fiscal policies	3.55
4. Number of students affected	3.51
5. Program Quality and evaluation results	3.18

(Ferry, 1981, p. 121)

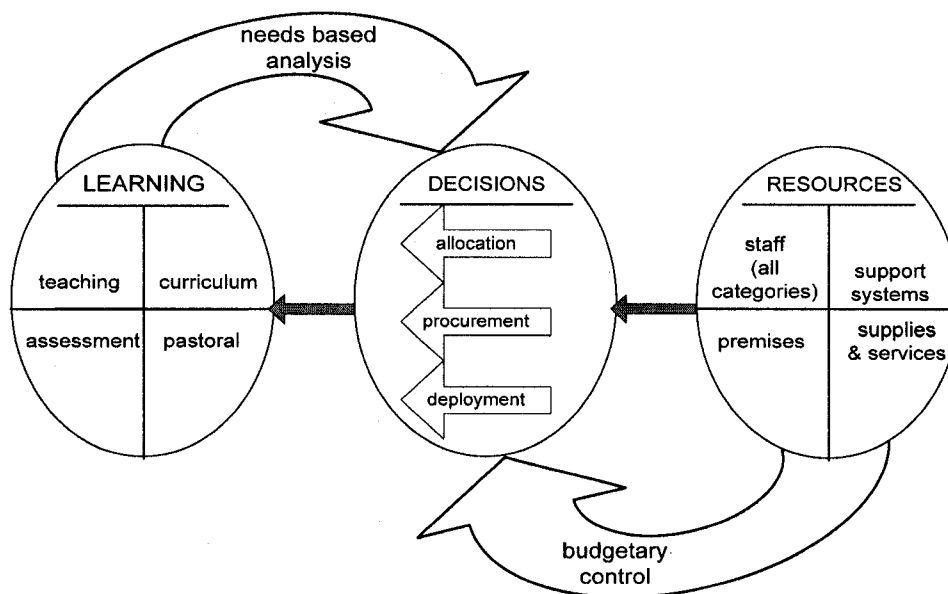
Smotas (1996) suggests further study using the BDCI to address limitations of his study. These recommendations include:

- Conduct a replication of the study in other states;
- Perform a study which include school districts of over 25,000 students; and,
- Include school board members as participants in a study.

As part of further study related to the topic, the BDCI (modified) was used by the researcher to collect data from school business officials within Hampton Roads, Virginia, which has at least five school districts that are close or well over 25,000 students.

In making budget allocation decisions, as illustrated in Figure 5, Wilkins (2002) suggests budget decisions should be made based on an instructional needs analysis.

Figure 5. Linking resources to learning.⁷



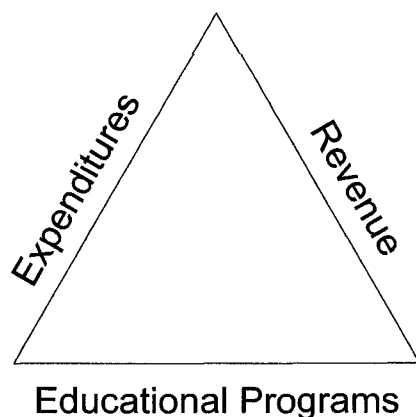
Indeed, for an organization to be successful, its resources should be aligned with its primary mission. Although schools are involved in a number of social, political, and human services concerns, their main mission is teaching and learning. Consequently, school district budget resources necessarily need to be tied to this mission – teaching and learning.

Likewise, the budget planning model suggested by Candoli et al. (1984) (see Figure 6), indicates the importance of educational programming in making budget decisions by placing the educational component of the budget at the foundation of the

⁷ Note. From "Linking Resources to Learning: Conceptual and Practical Problems," by R. Wilkins, 2002, July, *Educational Management and Administration*, 30(3), p. 317.

triangle. As Hartman (1988) suggests in his discussion of this work, the model indicates educational programs are the most important consideration in the determination of the school district budget plan. Indeed, this is true as the school division's reason for existence, and by extension its budget, is to provide educational programs to the students.

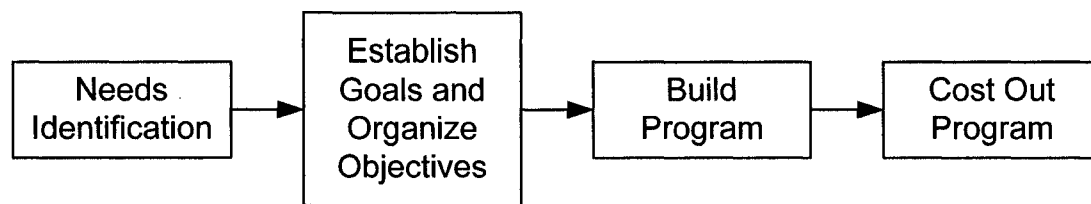
Figure 6. Budget Elements.⁸



Owings and Kaplan (2006) suggest developing educational values into budgets takes a four-step process as illustrated in Figure 7. This process involves the needs analysis, the establishment of goals and activities to meet the need, the formation of the program(s), and the translation of the needed resources to fund said program. Presumably, all components of this process would be informed by relevant data and that the programs results would be evaluated to ensure that stated objectives are being met.

⁸ Note. From *School Business Administration* (3rd) (p. 154), by C. Candoli, C., W. G. Hack, J. R. Ray, and D.H. Stollar, 1984, Boston: Allyn and Bacon, Inc. (Original work published 1973).

Figure 7. The Budget Planning Process.⁹



As suggested by the literature, budget proposals should be evaluated through the lens of how they will impact on teaching and learning. In the process of determining the educational plan, as articulated in the budget, key instructional questions should be asked according to Superintendent of Schools Gary S. Mathews (personal communication, June 22, 2007):

1. What do we want students to learn?
2. How do we best engage them in that learning?
3. How do we know that they've learned what we want them to?
4. How do we enrich for those who have learned and remediate for those who haven't?

Based on the district's answer to these fundamental questions, and determining the correlated budget implications, the district is able better able to ensure that the required resources are available to fulfill its objectives.

Budget Development Models

The choice of a budgeting method is one of the most important choices made by school districts in regard to budgeting (Kehoe, 1986). Brewer and DeLeon (1983) suggest

⁹ Note. From *American Public School Finance* (p. 303), by W. A. Owings and L. S.

Kaplan, 2006, Belmont, CA: Thomson Wadsworth.

there are three main approaches in which budget allocation decisions are made: rational decision-making, limited rationality, and incrementalism. Simon's (1997) *bounded rationality* theory applies as it suggests that there is a mix of rational (marked by an emphasis optimization) and irrational decision-making (which takes into account individual preferences, values, and feelings). Hartman (1988) underscores that budgeting can be placed on a continuum, whereby budgeting may appear to be strictly rational, logical and well-ordered but it is full of contradictions. Indeed, budgeting is a "give and take" process where choices are made on the basis of rational thought, preferences and perceptions of multiple stakeholders as to the best course of action, and organizational history.

Line-item, incremental (traditional) methods

Line-item, incremental budgeting has traditionally been used in public sector budgeting. Mundt et al. (1982) describes line-item budgeting is an approach "in which line items, or objects of expenditure-personnel, supplies, contractual services, and capital outlays-are the focus of analysis, authorization and control" (p. 36). As Hartman (1988) points out, the focus of this type of review is what is purchased, rather than what the purpose of the public expenditure. Line-item budgets provide detail about spending but do not link these expenditures to results or how they support the goals of the district (Wagner & Sniderman, 1984). Wilkins (2002) and Burke and State University of New York (1997), seemingly underscore the fact that public institutions take this approach by their reported reliance on formulas and current costs.

As part of a line-item budget approach, incremental percentage increases are often applied to existing budget line items amounts in forming the budget the next year. By

definition, incremental budgeting results in limited budget changes from year to year as allocations within the budget's "base" are not necessarily reviewed. Rather, the focus of review is on the changes (usually relatively minor) from the prior year's budget. As a result, the allocation of resources; including instructionally related decisions pertaining to class size, professional development, has not necessarily been a conscious process but rather a matter of what has been budgeted in the past (North Central Regional Education Lab et al., 2000). Wildavsky (2001) remarks: "The line item budget is a product of history, not of logic" (p. 139).

Wildavsky (2001) describes traditional budgeting approaches:

Traditional budgeting is annual (repeated yearly) and incremental (departing marginally from the year before). It is conducted on a cash basis (in current dollars). Its content comes in the form of line items (such as personnel or maintenance) Over the last century, the traditional budget has been condemned as mindless, because line-items do not match programs; irrational, because they deal with inputs instead of outputs; shortsighted, because they cover one year instead of many; fragmented, because as a rule only changes are reviewed; conservative, because these changes tend to be small and ineffective. (p. 139)

Wildavsky's comments should not necessarily be construed as his rejection of traditional budget approaches as he argues that one can not talk about "better budgeting" as a budget "represents conflicts over whose preferences shall prevail" (p. 73). He describes budgets as attempts to allocate resources through politics and determines that decisions are limited by man's ability to calculate the complexities involved, thus traditional budgeting methods are understandable, if not predictable. However, it is difficult to ignore the

significance of the comment: “The line item budget is a product of history, not of logic” (p. 139). Why, then, do governmental agencies continue to use traditional approaches with such perceived limitations? Wildavsky answers: “Traditional budgeting lasts, then, because it is simpler, easier, more controllable than modern alternatives.” (pp. 16-17).

As the *No Child Left Behind Act* calls for radical transformation of the educational system whereby school districts, schools, and teachers are held accountable for certain outcomes related to student learning, it would seem that a budgeting approach solely focused on what is purchased (or the inputs) is at odds with the intent of the legislation. Likewise, as NCLB calls for different performance results, it seems counterintuitive that school divisions would continue to employ an incremental approach whereby budgets are never reviewed as a whole and the existing budget base is the starting point to build the next year’s budget (Wildavsky, 2001; Davis et al., 1966).

Program, Planning, Budgeting Evaluation, System (PPBES) methods

A Program, Planning, Budgeting Evaluation System (PPBES) approach is where classifications of budget expenditures are budgeted based on:

- A systematic review of objectives;
- A search of alternative service delivery methods to meet those objectives with a correlating cost and effectiveness estimate;
- And an evaluation of the various methods as to effectiveness and cost associated with the alternatives. (Hartman, 1988)

This budgeting approach often falls under the umbrella of “program budgeting,” which Mundt et al. (1982) defines as : “Program budgeting is a technique in which spending plans are formulated and appropriations are made on the basis of the expected

results of services to be performed by organizational units” (p. 39). Under program budgeting, expenditures are broken down by program, e.g., regular education, special education, vocational education (or other separations), and these programs are reviewed for their efficiency and cost effectiveness. Alternative methods of service delivery are reviewed and changes in programming are made on the informed basis of this review.

Although many school districts break down costs by programmatic areas (e.g., classroom instruction), traditionally, as noted by Mundt et al. (1982), few have used program budgeting as their primary method of building budgets due to the complexity of reviewing alternative service delivery methods and evaluating current programmatic effectiveness. Wildavsky (2001) sees the strength of this type of budgeting method in that it emphasizes policy analysis to increase effectiveness; “programs are evaluated, found wanting, and presumably replaced with alternatives designed to produce superior results” (p. 143) but cautions that the system is rigid and, given the interrelatedness of programs, that change is difficult to make.

Zero-Based Budgeting (ZBB) methods

Unlike program budgeting which focuses on comparing programs, “zero-based budgeting compares alternate funding levels” (Wildavsky, 2001, p. 143). In a zero-based budgeting method, the opposite of an incremental budgeting method, the budget is engineered from the “bottom-up.” That is, the entire budget needs to be built and justified for the budget cycle (Hartman, 1988).

Zero-based budgeting is a process in which “decision packages” are prepared to describe the funding of existing and new programs at alternate service levels, both lower and higher than the current level, and funds are allocated to programs at

alternate service levels, both lower and higher than the current level, and funds are allocated to programs based on rankings of these alternatives. (Mundt et al., 1982, p. 46)

In zero based budgeting, past expenditure levels are not justification for future budget allocation. Rather, all costs associated with running a program must be justified in terms of their need and utility (Hartley, 1990). Given the time, effort, and reluctance to change the status quo, this approach is not extensively used in public budgeting.

Wildavsky (2001) sees zero-based budgeting as troublesome because it may increase errors as everything needs to be calculated (as the premise of ZBB is that everything starts from square one). In addition, he sees ZBB as leading to increased conflict because every budget decision needs to be evaluated which increases the opportunities for old and new conflicts to (re)emerge. However, Geiger (1993) states that zero-based budgeting is: “A better way—a way that serves children’s needs and also protects the taxpayer from significant increases...” (p. 28). He argues school systems have the reputation of infrequently reevaluating the need for positions once they are created. “Too often, instead of cutting positions that are no longer necessary so as to create new ones, school officials allow jobs to pile up on each other. This approach helps maintain harmony, but it doesn’t help the school district meet its goals” (p. 29).

Performance-based Budgeting Methods

A growing body of research is devoted to budget methods that explicitly attempt to tie funding decisions (inputs) to specific performance outcomes (outputs). These methods are called by a number of names: Performance-Based Budgeting, Results-Based Budgeting (Friedman & Finance Project, 1996), Outcomes-Based budgeting,

Performance-Driven Budgeting (Siegel & ERIC Development Team, 2003). Site-based budgeting (e.g., Sielke, 2001) , whereby greater autonomy of spending decisions is given to the schools, is sometimes included under the performance-budgeting umbrella. Burke and State University of New York (1997) indicate performance-based budgeting “represents a dramatic shift in traditional budget practice” (p. 1).

However, performance-based budgeting has been growing in popularity in a number of state governments (Burke & State University of New York, 1997). In fact, all 50 states have performance-based budgeting requirements (United States Government Accountability Office, 2005b). Performance-based budgeting is used in higher education (Hill, 2004). And, the Federal government has been moving in this direction for over a decade (*Performance, Results, and Budget*, 2003), with the major piece of the structure coming in the form of the Government Performance and Results Act of 1993, which required strategic and performance plan, reporting, and a links between performance and budgets (Shipman, 2002). In House of Representative committee testimony, United States Comptroller General Walker stated:

Performance-based budgeting can help enhance the government’s capacity to assess competing claims in the budget by arming budgetary decision makers with better information on the results of both individual programs as well as entire portfolios of tools and programs addressing common performance outcomes.
(United States General Accounting Office, 2002, p. 9)

In review of the literature, (e.g., Education Commission of the States, 1997) a performance-based budgeting approach appears to have the following main characteristics:

- There is a concerted effort to link resources (inputs) to specific results (outputs);
- Performance goals are established and resources are linked to those goals;
- Decisions are data informed, including the development and reporting performance indicators;
- The process results in a reallocation (reprogramming) of funds (as the organization shifts resources to more effective activities), including the consideration of alternative service delivery;
- The process encourages active "program" evaluation (and links these evaluations back to budget discussions); and,
- The budget process is open/transparent and involves stakeholder involvement.

In defining what they see as an effective resource framework, Willis et al. (2007) highlight three principals that should drive the allocation of funds including: identifying, solving, and communicating. Under this framework, administrators would go beyond simple report requirements to make data more actionable. School districts would seek alternative service delivery, and they would effectively include stakeholders in the allocation process. The researchers suggest that “school districts can no longer simply contemplate *how much* additional money should be allocated but should ask a more crucial question: ‘*How* should educational dollars be spent more effectively to achieve the goal of raising student achievement?’” (p. 8).

In addition, performance-based budgeting is concerned with efficient (and effective) use of school resources (e.g., Grissmer, Flanagan, Kawata, & Williamson, 2000). In performance-based budgeting, targeting resources towards building

organizational capacity is important. For example, educational researchers would suggest that there are specific instructional strategies that should be funded in order to increase learning. Marzano, Pickering, and Pollock (2001), for example, would call for resources to be devoted towards specific teacher strategies, and Smoker (2006) would call for opportunities for teachers to do common planning. Either of these requires resources but could be argued such expenditure is efficient because of the payback in terms of increased student achievement.

In order to identify the areas where investments would most directly leverage increased student achievement, some researchers urge that studies continue to be completed which document the types of specific instructional interventions that have an impact on student learning so that a meta-analysis could be conducted (Odden et al., 2004). Presumably, this research could be used to better target resources, thereby, increasing efficiency and effectiveness. Some researchers have completed this type of study to (through regression analysis) identify the cost effectiveness of certain inputs. In such a study, Grissmer et al. (2000) concluded from NAEP test results that from a relative cost effective standpoint, resources that serve low SES students should focus on prekindergarten, additional teacher resource material, targeting teacher pupil-teacher ratios would be most effective.

Performance measurements

In a performance-based budgeting, agencies need performance indicator data in order to make budget decisions as they assist in creating a link between budget allocations (inputs) and the results (outputs) of those expenditures. In describing the

purpose of performance measurement, the Government Accounting Standards Board (2007) states:

Performance measures are meant to provide more complete information about an entity's performance than do traditional budgets or financial statements and schedules. Primarily, performance measures are concerned with the *results* of the services delivered by the government. Subsequently, they help to provide a basis for assessing the economy, efficiency, and effectiveness of those services.

Performance information is needed for:

- Setting goals and objectives,
- Planning program activities to accomplish these goals and objectives,
- Allocating resources to programs,
- Monitoring and evaluating results to determine if progress is being made toward achieving the goals and objectives, and
- Modifying program plans to enhance performance.

Performance measures organize information for use by the decision-makers engaged in those activities. Through the measurement, analysis, and evaluation of performance data, public officials can identify ways to maintain or improve the efficiency and effectiveness of activities and provide the public with objective

information on their results. (Government Accounting Standards Board, web document)¹⁰

In another statement, the Government Accounting Standards Board (2003) suggests that performance reporting should:

- Include the purpose and scope of the reporting
- Include a statement of major goals and objectives
- Include a description of the involvement in establishing goals and objectives
- Have multiple levels of reporting
- Include an analysis of results and challenges of the organization
- Focus on key measures, include reliable information, relevant measures of results, resources used and efficiency, citizen and customer perceptions, comparisons for assessing performance, factors affecting results, and aggregate and disaggregate information
- Be consistent, easy to find, access, and understand, and be reported on a regular and timely basis. (pp. 5-11)

Ewell (1999) recommends a performance measurement system that is: clear; tailors policy; is simple but robust; avoids punishing organizations for things out of their control; and one that is regularly reviewed. Goals should be limited in number, stable and unchanged, focused on the primary mission of the division (teaching and learning), outcomes based, easily translated into performance standards, and understood and accepted by stakeholders (Columbia University, 1995). Burke and State University of

¹⁰ *Performance Measurement for Government* - Retrieved from:
http://72.3.167.245/aboutpmg/performance_measurement.shtml

New York (1997) recommend that various types of indicators be used and those performance indicators focus on quality and include critical objectives but are short and clear.

Ewell (1999) distinguishes between the uses of performance data. In his study, he classifies four main uses of performance data. Under a pure accountability system, statistics are collected about the governmental body's performance. This system is compliance based and is intended to ensure public dollars are deployed as intended. *Informing policy and decision-making systems* focus of providing policy makers a contextual understanding of what is occurring in a particular institution. In a *leveraging improvement system*, data are used to improve performance by being proactive in the future. And, in an *informing consumer choice model*, the emphasis is to provide current and prospective customers the information they need to make an informed consumer choice.

Rubin (2004) states that there is an increased demand for school performance and accountability data given the large amount of public expenditure on education. In response, *No Child Left Behind* requires that: "States will be held accountable for ensuring that all students can read and do math at grade level by 2014. They will disaggregate test scores, participate in the National Assessment of Educational Progress (NAEP), and report state and NAEP results to parents on the same report card" (United States Department of Education, 2007, ¶ 4).

In performance-based budgeting, performance indicator data are used to identify trends to help identify areas of strength or weaknesses so that resources can be directed to where they are most needed. In today's world of powerful computers and extensive

databases, data are readily available and enables school districts to fairly easily identify trends. Johnson (2004) comments:

Spotting trends in dropout rates, grade inflation, gender or racial biases and truancy are all possible using reports generated from student information systems. But thoughtful, combined efforts of curriculum specialists, assessment specialists, building administrators and technology department staff are creating tools that extract and interpret data in even more powerful ways.

These data-warehousing and data-mining operations do the following: Keep information from multiple assessments about individual students' progress from year to year; export data for timely state reports; identify individuals or groups of students whose performance is outside the standard range; track, identify and isolate the interventions that affect student performance; and analyze the effectiveness of programs and improvement plans.

The concept behind data-driven decision-making is that certain sets of data (indicators) can be used to determine whether programs or circumstances (interventions) have an effect on certain types of students (identifiers). (p. 6)

The identification of trends is critical in improving organizational effectiveness and allows a school district to identify areas of strength and weakness.

Linking financial and instructional data

In performance-based budgeting systems, there must be a link between the financial inputs and outputs. Odden et al. (2003), call for new financial reporting

structures which identifies the choices made in the instructional program of particular schools and divisions. These new models are suggested to help address the expressed concern: “One persistent concern in public education is a fiscal reporting system that helps education leaders and policymakers at school, district, state and federal levels make better decisions about the programmatic and instructional uses of the education dollar” (p. 324).

According to Odden et al. (2003), this type of reporting would more visibly indicate the instructional choices that are made at the building level by incorporating data about the length of the school day, length of the class periods by subject area, overall average class sizes and disaggregated by subject area, etc. This reporting would allow for various instructional strategies to be linked to expenditure patterns. These data could result in more informed budget allocation decisions.

Indeed, a powerful tool in making budget decisions in an educational context is creating reporting that uses both financial and instructional programming information. Expenditure information at the micro-economic level can lead to appropriate policy questions related to resource allocation decisions (Monk, 1996). By combining this information, the resources attached to particular instructional designs/programs/initiatives can be viewed in light of the amount of resources being devoted to those activities. This is particularly important in evaluating the effectiveness and efficiency of instructional programs.

Data-driven decision-making in performance budgeting

Performance-based budgeting systems require data. The failure to use data in making decisions means that decisions are likely to be flawed in nature and fail to

adequately address the true instructional needs as there is not a rational/factual basis for those decisions. On the other hand, the use of data in making decisions allows them to be made on a rational basis and with a specific purpose (goal) in mind. As a result, decisions based on data generally are more focused, factual, and effective. The following list provides a number of reasons why data-driven decisions are more effective.

- The use of data allows the school district to objectively identify areas of strength and weakness within the district. Consequently, improvement efforts (design feedback), including professional development, can be tailored to address specific areas needing improvement (Blink, 2007).
- The use of data allows for precious resources to be used more effectively as it will be spent on identified needs. Rather than dedicating resources to areas which do not need improvement, the use of data allows a school/school district to focus on true needs as determined through the data reflection (Blink).
- The use of data encourages staff collaboration and self-study. The review of data often encourages professional learning communities, whereby, groups of professionals come together and collectively address issues.

In order to improve performance, school districts must actively use data in evaluating the relative merit of past instructional, operational, and financial decisions. The following statement by Ewell (1999) is a sad commentary: “Indeed, the majority of current state based PI systems in the US have no formal connection to budgeting (Ewell, 1994). In such cases, it is assumed that continuing poor performance, if widely reported, will constitute incentive enough to stimulate interest enough to stimulate improvement” (p. 194). In order for school divisions to improve their performance and meet the

requirement of NCLB, the linking of results to funding will have to be made. Indeed, the fact that the public is interested in these measures means that they have already come to this conclusion.

This review of data should help inform school district leaders about past budget decisions and help in making new ones. Trend information, performance indicators, and cross-sectional data presentations are particularly helpful in establishing budget priorities and opportunities for improvement. As such, they should be an integral part of the budget formation process.

(Re) allocation of funds

In order to meet accountability standards such as NCLB, resource reallocation is needed to support goals (Kelley, 1999). In performance-based budgeting methods, linking school district resources to effective learning activities, based on the needs of the students, demands a deliberate process. Traditionally, however, the allocation of resources has not necessarily been a conscious process. Decisions pertaining to class size, professional development and other instructional matters are not exception (North Central Regional Education Lab et al., 2000). Burke et al. (1997) indicates performance-based budgeting “represents a dramatic shift in traditional budget practice” (p. 1). However, in order to maximize resources and increase student performance, a school district must be willing to reallocate funds from unnecessary or less effective activities and program to ones that have proven to be effective in securing greater student achievement.

As Odden (2001) reminds us:

Standards-based education requires schools literally to double or triple education results - i.e., student achievement. Since there is little if any

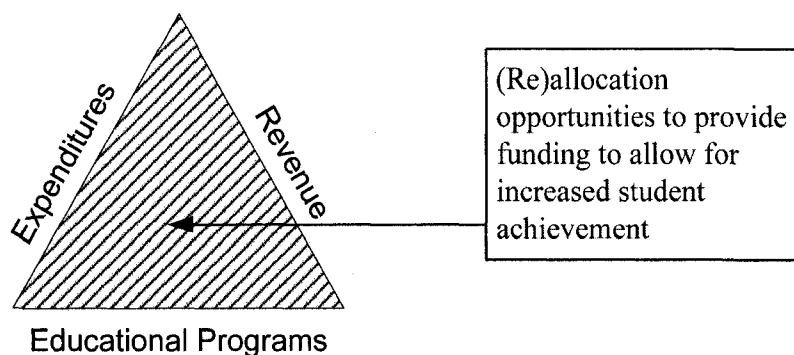
hope that funding will double or triple, accomplishing the goals of standards-based education reform will require schools to use resources more productively and to reallocate resources to new and more effective education strategies. (p. 87)

However, this is not a negative endeavor. Consequently, educators need not be overly concerned by this process, especially those committed to increasing student achievement. Odden (2001) indicates:

The process of resource reallocation begins with an analysis of school data by the faculty members, who usually conclude that their old educational strategies are not working sufficiently well for their students, especially their special-needs students. The faculty members then search for better strategies - curriculum programs, comprehensive school designs, and so on - that they believe will help them improve student performance. They then retire old strategies and redirect the resources to components of their new, cohesive educational strategy. (p. 88)

Returning to Candoli et al (1984) budgeting triangle, one should note the area within the triangle. This represents (see Figure 8) the room that school districts have to maneuver to provide high quality educational programs.

Figure 8. Budget Reallocation Opportunities.¹¹



In Krill's (2002) critique of Odden's book *Reallocating Resources: How to Boost Student Achievement Without Asking for More*, she notes: "Resource Reallocation focuses not only on funds, but also on staffing, use of building space and instructional time. Every initiative is tied squarely to improving student achievement. One of the book's strengths is that it discusses resource reallocation as a key component in the larger comprehensive school improvement process and not as a separate budget preparation item" (p. 49). This indicates that school divisions have a vast array of opportunities to redirect (reallocate) resources to the betterment of their schools.

North Central Regional Education Lab et al. (2000) report reveals successful reallocation initiatives that school divisions have taken in this regard. The report includes examples where schools have: "By structuring, scheduling, and staffing the school according to the imperatives of their students' needs and their new educational strategy,

¹¹ Note. Adapted from *School Business Administration* (3rd) (p. 154), by C. Candoli, C., W. G. Hack, J. R. Ray, and D.H. Stollar, 1984, Boston: Allyn and Bacon, Inc. (Original work published 1973)

the schools began allocating resources to where they were needed most and could have the largest impact on student achievement” (p. 25).

A school district’s commitment towards reallocating funds to areas which will pay greater educational dividends is essential if student achievement is to be increased. The idea that school divisions can continually use funds in the same way, for the same programs and expect greater results is not rational. School divisions must seek to direct funds to where they will have the greatest impact. This involves the ability, desire, and conviction to change the status quo. If schools are to succeed, naturally resources will have to be directed by need and not historical expenditure patterns.

Summary and Conclusion

The literature has shown that the level of resources may or may not impact student achievement. A large body of research has been focused on what has been the end result of budgeting (i.e., expenditures) and their possible predictive (regression) utility in terms of accounting for differences in levels of student achievement. However, without a reasonable expectation that the current \$10,000 per student taxpayer support of education will be increased significantly, it appears that what might be more important than the amount of money is how that money is spent. As Picus (1997) suggests:

A careful look at the research on the impact of money on student achievement shows that we may be asking the wrong question. Rather than consider whether or not additional resources will improve educational spending, it seems more important to ask how additional resources could be directed to improve student learning, or in (Hanushek, 1994) view, spend those resources more efficiently. (p. 32)

However, the research suggests that public institutions have not been asking these questions and, rather, used past year's historical expenditures to primarily build future year's budgets. In addition, the focus has been on the inputs of budgets, opposed to formally linking inputs to desired outcomes.

As the *No Child Left Behind Act* calls for radical transformation of the educational system whereby school districts, schools, and teachers are held accountable for certain outputs of students learning, it would seem that a budgeting approach solely focused on what is purchased (or the inputs) is at odds with the intent of the legislation. Likewise, as NCLB calls for different performance results, it seems counterintuitive that school divisions would continue to employ an incremental approach whereby budgets are never reviewed as a whole and the existing budget base is the starting point to build the next budget (Wildavsky, 2001; Davis, Dempster, & Wildavsky, 1966). As noted previously: "Standards-based education requires schools literally to double or triple education results - i.e., student achievement" (Odden, 2001, p. 85).

Consequently, the research seems to suggest that rather than looking at levels of support that one should study the budget decision-making criteria, processes, and methods which impact how school resources are spent. Whereas there has been significant research relative to whether resources have an impact on student achievement, there appears to be a gap in research as to the actual budgeting practices which can account for differences in student outcomes. It must be remembered that school expenditures originate from a budget plan. The fact that research efforts have not focused on budgeting practice is odd given the fact that most would acknowledge importance of

school budgeting (that is how expenditures are to be spent) in achieving performance outcomes.

In budgetary literature, with some notable limited exceptions (e.g., Odden's review of school district reallocation efforts); the focus has been more on description and opinion opposed to a study of actual budgeting practice. The literature has focused on describing various budgeting methods. It has offered guidance (correctly so) as to what should be the focus of school district budgeting – the main mission of teaching and learning. It has also been suggested that the old models of incremental budgeting are inconsistent with the desire to increase student achievement. School district processes will need to change if performance results are expected to increase given the critical nature of resources.

The literature includes descriptions and suggestions for new, improved models of budgeting (most notably performance-based budgeting) which attempt to link resources to specific outcomes. Performance-based budgeting methods include a focus on performance measurement, data informed decision-making, resource reallocation, and a focus in organizational actions (including budgeting) to the mission of the organization.

It is understandable the literature is not replete with research studies in regard to budgeting. Budgeting is an art and a science - especially in a democracy where politics inevitably enter into the equation and vested interests in past budget allocations exist. Change takes time and political finesse. Nonetheless, accountability and the sheer magnitude of the improvement needed to fulfill the requirements of NCLB, require school districts to face these challenges. School divisions must use every resource available to more closely focus on improving student achievement. The relevant

questions germane to this study are: Are school districts in fact doing this by reevaluating and changing their budget criteria and methodology and making appropriate changes in budget practices? And, most importantly, does it make a difference in terms of student achievement? Current research does not appear to fully address these questions.

Consequently, this study aims to partially address this gap and encourage a conversation in regard to how effective budgeting practice can impact student achievement. The study's purpose is to specifically look at school district budgeting practice and correlate with the level of student achievement. Although the premise of linking student achievement to budgeting methods is apparently uncharted territory, it is worth the attempt given the importance of education. Educators and researchers must challenge themselves and the status quo so that "no child is left behind."

Chapter 3

Methods

Introduction

This chapter describes the procedures and methods utilized in this study. This section includes a description of the research design and the methodological framework for the study, followed by a description of study participants, instruments, data analysis approaches, and the limitations of the study.

Research Purpose and Questions

The purpose of this case study is to examine school district budgeting processes in light of NCLB. More specifically, this study examines the current state of budget practices and determines if these processes have become more performance-based since the inception of NCLB. In addition, the study assesses how performance-based budgeting correlates with differences in student achievement. The following research questions were used to address the purpose of the study:

1. In light of NCLB, what are the current budgeting practices used by school divisions?
 - a. What are the budget decision-making criteria used by school districts?
What are the most important criteria?
 - b. What budgeting methods are used by school districts? Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting systems?

2. Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?

Research Design

In order to address the aforementioned questions, the design of this case study is both descriptive (identifying current school district budget practices) and correlational (analyzing the relationship between performance-based budgeting and student achievement). Mixed (quantitative and qualitative) methods were used to address the research questions. Quantitative methods include budget practice surveys and presentation of descriptive and bivariate statistical analyses. Qualitative methods include the use of open-ended survey questions and in-depth interviews.

Given the nature of this study (and within a pragmatic, modified grounded theory paradigm) mixed method designs are useful as they give the researcher the flexibility to more thoroughly understand budget phenomenon and triangulate data. As Creswell (2003) suggests, mixed methods allow for: pre-determined and emerging methods, open and closed-ended questions, multiple forms of data drawing and statistical analysis.

Patton (2002) states: "Multiple methods and a variety of data types can contribute to methodological rigor" (p. 68), suggesting that a social science researcher may need to call on a large array of methods such as analysis of quantitative data, in-depth interviewing, secondary data analysis, and questionnaires. In this study, it is not only important to collect quantitative data in regard to budgeting practices (as well as other school district statistics), but it is important to verify and expand on the data collected. Qualitative methods are best suited to obtain this type detailed information. Therefore,

the rationale for conducting a mixed methods approach is that it will allow for a more comprehensive study and credible findings.

Participants

The target of this case study is school district business officials from Hampton Roads, Virginia.¹² The selection of school district finance officers is most appropriate given the fact that these officials are most familiar with the budget development process, which adds to the credibility of the findings contained herein. Of the 15 respondents (representing a 100% participation rate) 6 were male and 9 female. Ages of the participants were 31 to 65 years. Of the participants who provided their ages, one was in their 30s, 3 in their 40s, 8 in their 50s, and 2 in their 60s.

Hampton Roads, Virginia¹³, was purposely selected given its familiarity to the researcher (which aides in accessibility to the school district participants) and as noted by Sherman et al. (2007), the school systems range from as few as 1,000 students to as large as 75,000 students and are a mix of urban and rural locales (see Table 2). These school systems all have significant numbers of students on free and reduced lunches, the highest over 60%, the lowest less than 14%, with an average of approximately 40%. Therefore, the participants for this case study were chosen purposefully. Kumar (2005) describes purposive sampling as a determination by the researcher of who are the best respondents to address the issues involved for the study. In this case, a mix of community makeup is important to determine general themes across community types.

¹² School business officials from throughout the 132 school districts in Virginia were surveyed. 39 of 132 or 30% responded to the survey.

¹³ Hampton Roads communities as defined by *Official Tourism Site of Hampton Roads, Virginia* <http://www.visithamptonroads.com/>

Table 2

Demographic Characteristics of the School Districts¹⁴

School District	Students	Teachers	Schools	Student/ Teacher Ratio	Free and Reduced Lunch %	Locale Description
Chesapeake City	40,336	2,995	46	13.5	25%	Urban Fringe of a Large City
Franklin City	1,324	115	3	11.5	63%	Small Town
Gloucester	6,125	457	9	13.4	24%	Rural, inside CBSA
Hampton City	22,799	1,853	36	12.3	43%	Mid-Size City
Isle of Wight County	5,241	388	9	13.5	32%	Rural, inside CBSA
Newport News City	33,139	2,590	50	12.8	49%	Mid-Size City
Norfolk City	36,014	2,645	57	13.6	58%	Mid-Size City Urban Fringe of a Large City
Poquoson City	2,596	205	4	12.7	10%	Mid-Size City
Portsmouth City	15,872	1,106	26	14.4	52%	Mid-Size City

¹⁴ Schools, students, teachers, student/teacher ratio, and locale description from National Center for Educational Statistics. (2008). 2005-2006 school year CDD public school district data. Retrieved March 12, 2008, from <http://nces.ed.gov/ccd/districtsearch/index.asp>: National Center for Educational Statistics. Free and reduced lunch percentage from Virginia Department of Education. (2008). Free and Reduced Price Lunch Eligibility Reports by School Year (2006-2007). [Data File]. Retrieved July 25, 2008, from http://www.doe.virginia.gov/ss_services/nutrition/resources/statistics/free_red_elig/06-07/divs/divfreered_06-07.pdf: Virginia Department of Education.

Southampton County	2,852	219	6	13	41%	Rural, outside CBSA
Suffolk City	13,852	1,013	21	13.7	38%	Rural, inside CBSA
Surry County	1,113	115	3	9.7	55%	Rural, inside CBSA
Virginia Beach City	74,303	5,647	88	13.2	31%	Large City
Williamsburg-James City County	9,820	868	12	11.3	24%	Urban Fringe of a Large City
York County	12,833	893	19	14.4	14%	Urban Fringe of a Large City
Totals (Average- free and reduced lunch)	278,219	21,109	389	12.9	37%	

(National Center for Educational Statistics, 2008; Virginia Department of Education, 2008)

Again, of the 15 school districts within Hampton Roads, school business officials from 15 districts responded to the survey, resulting in the data set used for the study.

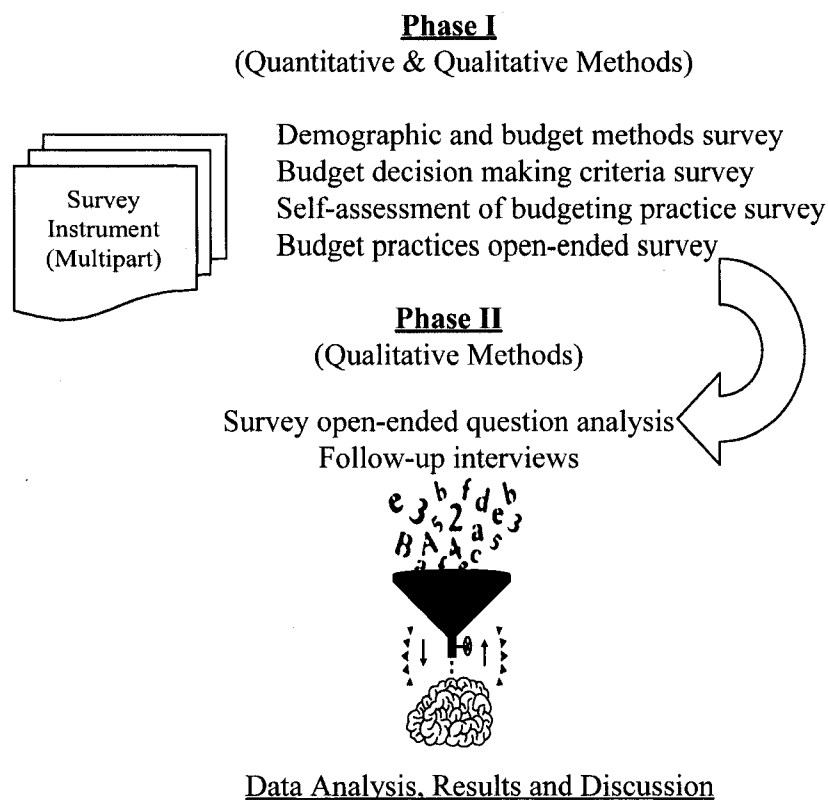
Therefore, the participation rate was 100%.¹⁵

Data Collection and Instruments

Data collection was mixed. In this sequential mixed methods approach, data were collected from multiple sources (see Figure 9).

¹⁵ Some questions were left blank in individual surveys.

Figure 9. Methodical framework for the study



In Phase I of the study, the primary data source stem from a four-part budget practices survey with open and closed-ended questions. This was completed by school business officials of the districts targeted for the study. The four parts of the survey include questions about:

- Demographic and budget methods survey (to obtain school and business official demographic information and major budget development method used) ;

- Budget decision-making criteria survey (to determine most important criteria in forming budget);
- Self-assessment of budgeting practice survey (to assess school districts use of performance-based budgeting methods); and,
- Budget practices open-ended survey (open-ended format that asks school districts to describe their budget practices/methods/budget decision process).

The survey was adapted (in both concept and content) from a couple of sources: Smotas's (1996) Budget Decision Criteria Instrument and the Office of Management and Budget's Program Assessment Rating Tool (PART) (see United States Government Accountability Office, 2005a). However, in totality, the instrument is researcher-developed (see Appendix A).

In the final section of the survey, qualitative open-ended questions concerning practices/methods/budget decision processes were included. The intent of the open-ended survey was to gather data, in narrative form, in order to address the research question of current school district budging practices. Open-ended surveys allows for information rich case studies of how school divisions develop their budget plans. The questions (see Appendix A, Questions 17 - 27) were general in nature to allow independent, open responses which is of special importance given the researcher's professional experience in the area and, consequently, bias towards excellence in budgeting practices. As noted, validity of the survey instrument was assessed through the use of "field testing." Credibility and reliability is enhanced by the fact that the open-ended survey responses were prepared directly by the respondents. Therefore, the responses can be verified for accuracy.

The survey data collection effort for the school district budgeting survey was conducted May through August 2008. The survey was created by the researcher and placed on SurveyMonkey.com. Survey participants were solicited via email invitation which explained the purpose of the study and underscored the confidentiality of their responses. The email invitation was sent by the Virginia Association of School Business Officials (VASBO) through their email statewide distribution list. Three separate messages were sent asking for school business officials' participation. Additional, follow-up e-mails to school business officials in Hampton Roads, Virginia were sent asking for their participation.

In Phase II of the study, the qualitative portion of the study allowed the researcher to validate, clarify, and amplify the responses given on the original survey. This analysis took a case study approach whereby the focus of this review was Hampton Roads, Virginia communities. The data source consisted of the budget survey's open ended qualitative questions and personal interviews of school business officials within Hampton Roads, Virginia. Again, the intent of this secondary review was to clarify, elaborate, and confirm the data from Phase I of the data collection effort.

A defined protocol was developed and was sent to the interviewees prior to the interview. This protocol (see Appendix C) includes a confidentiality statement, an explanation of the research effort, and a statement underscoring the fact that participation is voluntary. Transcripts were (see Appendix D) created and provided as an appendix to the study (with personally/district revealing information removed) to maintain confidentiality. Interview participants were given the opportunity to review, and amend as necessary, the transcripts of the interview(s). Five in-depth interviews were conducted

and the participants included a mix of gender, community types and size, and budget methods. These interviews were conducted in June – August of 2008 and each lasted for approximately an hour to an hour and a half. The questions were crafted in an attempt to allow the survey respondent to confirm, clarify, and expand survey responses. The questions were meant to encourage open-ended responses so that the interviewee was at liberty to provide “rich,” comprehensive answers in as much detail as necessary.

Validity and Reliability

The budget survey used in this study was partially modified from Smotas’s (1996), BDCI instrument. Smotas’ survey instrument content validity was assessed for interrater agreement ($r = .70$) and internal consistency Cronbach’s Coefficient Alpha reliability calculations were performed resulting in .79. Validity of the instrument’s contents was increased based on the fact that it is based on a review of literature (Wotring, 2007). In order to establish content and face validity, field testing of the instrument included having a subject expert (who is a researcher, past school business official, and current superintendent) respond, review, and comment on the survey. In addition, two executive level school district administrators reviewed the survey and made comments which were incorporated into the final version. The subject area expert and executive level administrators were all supportive of the content and believed that it was a valid measure. The performance based-budgeting concepts were verified with school business officials and a representative from Government Accounting Office (GAO) who is an expert in performance-based budgeting. All responses indicated the concepts were correctly identified. Therefore, validity of the instrument has been established from its origination to modified state.

For the overall survey instrument, Cronbach's Coefficient Alpha reliability calculations were performed resulting in a .975 alpha level. As a result, the survey results are considered reliable. When the survey was broken down for specific parts, the results were:

- Types of budgeting methods used before and after NCLB the Cronbach's Coefficient was .538 for sample but in larger sample of 33 surveys it was .761 (Questions 5 and 6);
- The budget decision-making criteria before and after NCLB the Cronbach's Coefficient was .903 (Question 7- multipart);
- The yes or no questions related budgeting practice before and after NCLB the Cronbach's Coefficient was .893 (Question 8 - multipart); and,
- The performance-based budget self-assessment before and after NCLB the Cronbach's Coefficient was .971 (Questions 9 – 16 - multipart).

In addition, this qualitative portion of the study allowed the researcher to validate, clarify, and amplify the responses given on the original survey. As the purpose of the interviews is to clarify, elaborate, and confirm the data from Phase I of the data collection effort. A defined protocol was developed and was sent to the interviewee prior to the interview. This protocol (see Appendix B) included a confidentiality statement, an explanation of the research effort, and a statement underscoring the fact that participation is voluntary. Transcripts were created and provided as an appendix to the study (with personally/district revealing information removed) to maintain confidentiality. Interview participants were given the opportunity to review, and amend as necessary, the transcripts of the interview.

Demographic and budget practice survey

Part I of the survey includes questions related to demographics and school district budget methods. The questions were slightly modified from Smotas's (1996) Budget Decision Criteria Instrument in terms of demographic questions. The budget method questions were researcher-developed based on the literature review. The intent of the demographic and budget practice survey is to obtain information concerning the demographic information concerning the school district and the school business official filling out the survey. The budget methods questions ask the participants about the overriding budget method their school districts currently use and what had been used prior to NCLB. Validity of the contents was established based on the fact that it is based on a review of literature (Wotring, 2007) and was assessed tested by "field testing" as described previously.

Budget decision-making criteria survey

Prior to *No Child Left Behind*, 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 fifteen separate criteria in making budget decisions. The scale instrument (called the "Budget Decisions Criteria Instrument", "BCDI") asks participants to indicate on a range of 1 to 4 the relative importance of each criterion in "current" economic conditions (mid-1990s, considered less than ideal) and under "ideal" economic conditions. The instrument stated that a "1" on the scale indicated that the criteria was "not relevant," "2" was classified as "Somewhat Relevant," "3" indicated that the criteria was "Quite Relevant," and "4" as "Very Relevant." The criteria were:

- Number of Students Affected – analysis of student enrollment, class size, cost per student
- Collective Bargaining Contract Provisions – expenditures specified in the bargaining agreement (if any)
- Impact of Matching Funds – interdependence of local spending pattern and federal matching funds
- Administrator's Judgment and Intuition – professional judgment, personal experience and individual style
- Governing Board Fiscal Policies – priorities, policies and goals of the board of education
- State and Federal Laws and Regulations – programs and activities required by governmental agencies
- Non-Student Expenditures – instructional vs. non-instructional areas, i.e., deferred maintenance
- National and Regional Curricular Trends – factors that influence curricular programs and staffing patterns
- Internal-Organizational Political Pressures – demands by special interest parties, citizen action groups & community agencies
- Staff Recommendations and/or Needs Assessment – reports from advisory bodies and study groups, informal advice
- Past Practice and Institutional Tradition – continuation of programs because of local tradition

- Program Quality and Evaluation Results – relationship between program cost and program accomplishments
 - Accreditation Standards – formal recommendations concerning staff, programs and facilities (For this study, accreditation is often associated with State of Virginia minimum student proficiency requirements as measured by the Standards of Learning (SOL) tests)
 - Principal of Least Opposition – decisions least likely to create controversy
- (Smotas, 1996, p. 149)

Part II of the survey represents a modified the version of Smotas' survey by asking school business officials to indicate the relative importance of the budget decision-making criteria using a four-point scale for both before and after No Child Left Behind implementation. Smotas's (1996) BDCI instrument content validity was assessed for inter-rater agreement ($r = .70$) and internal consistency Cronbach's Coefficient Alpha calculations were performed resulting in a .79 alpha coefficient. The survey instrument was deemed valid and sufficiently reliable to draw conclusions. This study calculated Cronbach's Coefficient Alpha at .903.

Self-assessment of budgeting practice survey

In Part III, questions related to a self-assessment of budgeting practice is included. This part of the survey is to assess school districts use of performance-based budgeting methods. In addition, Part III includes several of the questions that were modified from the Federal Office of Management and Budget's - Program Assessment Rating Tool¹⁶.

¹⁶ Retrieved March 12, 2008, from <http://www.gao.gov/new.items/d0628.pdf>: Government Accounting Office Document, Appendix II (Document # GAO-O6-28).

The Federal government uses this tool to assess Federal programs application of performance-based budgeting efforts.

The indicators of performance-based budgeting include:

- Strategic plans and related goals and priorities are formalized and utilized within the school district
- The budget process is open/transparent and involves 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 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)

The indicators of performance-based budgeting were determined after a review of the literature. For example, Odden (2001) discusses resource reallocation as a need to increase student performance. Anderes and Association (1995) indicate that performance-based budgeting requires that the systematic use of data to inform decisions. The Government Accounting Standards Board (2007) indicates that performance measures are required in creating links between budgetary inputs and outcomes. The selection of these characteristics were verified with Hampton Roads,

Virginia school business officials and with a representative of the Governmental Accounting Office in December, 2007. The three responses received confirmed that these were appropriate characteristics of performance-based budgeting.

The budgeting survey includes questions (see Appendix B, questions 9 – 16) related to each performance-based budgeting characteristics with five indicators related to the concept. Under each indicator, the school business official was asked to rate the school district's budget current practice and prior to NCLB on a 5-point scale. The scale instrument asked participants to indicate the extent that the district is practicing the concept (or did prior to NCLNB) on a range of 1 to 5. The instrument notes that a "1" on the scale indicates that the district does *X* "Not at all," "2" equates to "Somewhat," "3" is "For the most part," "4" To a great extent" and "5" translates to "Always."

Like the *School District Budget Decision-Making Criteria* portion of the survey, in assessing the content validity of the instrument, "field testing" was conducted. A subject matter expert and school district officials, who are not part of the study, were asked to complete the survey and provide feedback in regard to strengths, weaknesses, and their suggestions. Performance-based concepts were verified with school business officials and a representative from Government Accounting Office (GAO) who is an expert in the Federal governments experience with performance-based budgeting. All responses indicated the concepts were correctly identified. In addition, validity is enhanced based on the fact that it is based on a review of literature (Wotring, 2007). In this study, Cronbach's Coefficient Alpha was calculated at .971.

Budget practices open-ended survey

In this section of the survey, qualitative open-ended questions concerning practices/methods/budget decision processes are included. The intent of the open-ended survey was to gather data, in narrative form, in order to address the research question of current school district budging practices. Open-ended survey questions allow for information rich case studies of how school divisions develop their budget plans. The questions are general in nature to allow independent, open responses which is of special importance given the researcher's professional experience in the area and, consequently, bias towards excellence in budgeting practices. The budget specific questions are:

- In formulating the school district budget what, if any, are the major processes the district uses? (Please describe the overall process.)
- How, if at all, have the budget development processes been affected by NCLB?
- How are major budget decisions made?
- How, if at all, has NCLB affected the way budget decisions are made?
- How, if at all, do stakeholders (e.g., community members, staff, parents) have input in the process?
- How, and to what degree, if at all, is stakeholder (e.g., community members, staff, parents) input used in the budget development process?
- How, if at all, has NCLB affected stakeholder involvement?
- Who are the major decision-makers in deciding what is included or not included in the budget?

- How, if at all, has NCLB affected who the major decision makers are in deciding what is included or not included in the budget?
- How, if at all, does the district evaluate the impact of budget decisions?
- How, if at all, has NCLB affected evaluation efforts which impact budget decisions?

As noted, validity of the survey instrument was assessed through the use of “field testing.” Credibility and reliability is enhanced by the fact that the open-ended survey responses are prepared directly by the respondents. Therefore, the responses can be verified for accuracy.

Interviews

In Phase II, the researcher used qualitative methods by reviewing open-ended survey questions and by conducting selected in-depth interviews. By performing these added methods, a rich body of research was built. As Creswell (2003) describes the rationale for a mixed methods approach is to gain better insight into the data and the underlying phenomenon. Qualitative methods are appropriate for this study as they allow for detailed information that did not involve participants having to “pigeon hole” responses as is sometimes the case with quantitative studies. Rather the process will open allowing for emergent themes to reveal themselves.

Student Achievement Statistics

School district student achievement statistics are used in the study. These statistics include student achievement data district level reports provided by the Virginia Department of Education (VDOE) concerning Virginia Standards of Learning (SOL) test pass rates for the 2006-2007 school year. Student achievement statistics represent the

dependent variable used to calculate correlations between levels of student achievement and school districts use of performance-based budgeting methods.

Protection of human subjects

The study proposal was reviewed and approved by the Old Dominion University Committee for Protection of Human Subjects before collecting data. The following steps will be taken to protect human subjects:

1. Data were kept confidential. Only the researcher viewed the individual survey results.
2. The survey opening section letter informed the participants that their participation is voluntary (see attached survey).
3. Survey and interview participants were told of the purpose of the study and how the results were going to be used.
4. Survey and interview participants were asked for consent prior to proceeding with survey and/or interview.
5. The participants were given the opportunity to withdraw from the study at anytime.
6. The researcher is the only one who has access, under password protection, to individual survey responses.
7. All web surveys used SSL encryption technology.
8. Survey responses are stored electronically, under password protection, and are only be assessable to the researcher. Any hard copies are locked in a secured file cabinet and the researcher is the only one with access.

9. Survey and/or interview information identifying individuals or specific districts has been kept confidential. The names of individuals or school districts are given alternative names (e.g., school business official #1, school district #1) in the final report to protect the identity of individuals.
8. In regard to interviews in Phase II, a defined interview protocol (see attached protocol) was developed and was sent to the interviewee prior to the interview. This protocol includes a confidentiality statement, an explanation of the research effort, and a statement underscoring the fact that participation is voluntary. Transcripts were created and are provided as an appendix to the study (with personally/district revealing information removed) to maintain confidentiality. Interview participants were given the opportunity to review, and amend as necessary, the transcripts of the interview(s).
10. Individual interview responses are stored electronically, under password protection, and are only be assessable to the researcher. Any hard copies are locked in a secured file cabinet and the researcher is the only one with access.
11. Transcripts provided in this final report do not include information which can be used to identify individuals or specific school districts as they have been given alternative names (e.g., school business official #1, school district #1) to protect the identity of individuals.

Matrix of research questions and survey questions

Below (see Table 3) provides a matrix crosswalk of the relationship of research questions and survey items.

Table 3

Research Questions and Survey Questions Matrix

1) In light of NCLB, what are the current budgeting practices used by school divisions?	a) What are the budget decision-making criteria used by school districts? What are the most important criteria?	b) What budgeting methods are used by school districts? Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting? systems?	2) Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?
Part I,II, III, & IV (Questions 5, 6, 7, 8-16, 17-27)	Part II (Question 7)	Part I, II, III, & IV (Questions 5, 6, 8-16, 17-27)	Part I, II, & III (Questions 5, 6, 8-16)

Analysis techniques

The data enabled the researcher to conduct statistical analyses (including correlations calculations) in regard to how performance-based budgeting may be correlated to student achievement (discussed in Chapter 4). In addition to statistical analysis, qualitative data analysis confirms and elaborates the findings. Descriptive statistics, e.g., frequency of budgeting methods, are provided within this study. In addition to descriptive statistics, means comparisons of groups of variables were calculated (e.g., ANOVA tests to compare survey responses before and after NCLB). According to Meyers, Gamst, and Guarino (2006) ANOVA is the “most commonly used procedure” (p. 279). The rationale for conducting these tests would be to determine if any

significant difference can be identified in school district budget practice pre (before 2002) and post (current year) NCLB.

The survey responses (see Appendix B, questions 9 – 16) were used to calculate mean which indicated the district's use of performance-based budgeting. A linear regression calculation was performed that calculates the relationship between a school system's use performance-based budgeting and student achievement results. In addition to statistical analysis, qualitative data analysis was performed on survey and interview data which included the identification of quotes which would either conform or elaborate on the relevant topic discussed as part of the quantitative analysis.

Limitations

Given the limited breadth and non-experimental design of the study, one must be careful about using the data to generalize and make conclusions about school district changes as a result of NCLB. Since the participants include only Hampton Roads, Virginia school business officials, it is impossible to generalize on a state or national scale. Additionally, the findings are not generalizable outside of the study's group of school districts. Indeed, there may be significant differences in budget practices and the impact on student achievement. This study should not be construed as indicative of all school district budget practices and procedures. Also, a major credibility limitation in this study is that all the data were collected, analyzed, and reviewed by one researcher. Multiple researcher analysis would add to the credibility of findings.

Summary

The purpose of this case study is to examine school district budgeting processes in light of NCLB. More specifically, this study examines the current state of budget

practices and determines if these processes have become more performance-based since the inception of NCLB. In addition, the study assesses how performance-based budgeting correlates with differences in student achievement. In addressing these topics, the study is both descriptive (identifying current school district budget practices) and correlational in its research design (analyzing the relationship between performance-based budgeting and student achievement). Given the multidimensional nature of budgeting and in order to address the research question, mixed (quantitative and qualitative) methods were used. Quantitative methods include the use of surveys in data collection and the planned presentation of descriptive and bivariate statistical analyses. Qualitative methods include the use of open-ended survey questions and interviews.

The results provide insights as to current school district practices and how, if at all, NCLB have been impacted school district budgeting practices. The study, by its design, also explores how performance-based budgeting might correlate to student achievement. Chapter Four explores the results of the data collection described herein.

Chapter 4

Introduction

Chapter 4 presents analysis and discusses data relative to the related the following research questions:

1. In light of NCLB, what are the current budgeting practices used by school divisions?
 - a. What are the budget decision-making criteria used by school districts?
What are the most important criteria?
 - b. What budgeting methods are used by school districts? Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting systems?
2. Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?

This chapter includes results from a mixed (quantitative and qualitative) data collection approach. Quantitative methods included the use of a budget practice survey (a multi-part researcher developed instrument budget practice modified from various sources) and this presentation of descriptive and bivariant statistical analyses. Qualitative methods include, primarily, the use of interviews but also the use of open-ended survey questions. The following results are organized by research question.

What are the current budgeting practices used by school divisions?

Hampton Roads, Virginia school district business officials indicated that the process of developing school district budgets was very centralized, whereby; budget proposals are developed by central office personnel and then submitted to external review and approval. The following survey responses are illustrative of the themes which were revealed during the study as to the internal mechanics of how budgets are formed within local school districts.

Cost center administrators (principals, central office directors) meet individually with the Superintendent and Finance Director early in the budget process, public hearings are held for public input, work sessions are held with the school board and city council, SOL data and pupil/teacher ratios are used as well as assessing current programs and best practices in the field. As State revenues are finalized the Supt, Fin. Dir., Personnel Dir, and Dir of Instruction meet to review instructional programs, personnel allocations and accounts payable costs to develop a preliminary budget for the Board to consider. Once the Board adopts, we take to city council and they either cut or approve. When local funds are cut, we go through it again prioritizing and cutting.

- School District Business Official #4 Survey Response

Excel templates are used, principals make requests to central office administrators, who purge and consolidate their request to the superintendent, community input session is held in December to add input to the superintendent, required public hearing is held on the supt's proposed budget, director of finance summarizes for supt and projects available revenue, director of finance projects salaries increases and fringe benefits, supt cuts requests to balance with projected revenues.

- School District Business Official #6 Survey Response

Review of prior years' budgets, Personnel and benefits costs, Program changes and priorities of the budget review committee, superintendant, and the school board.

- School District Business Official #7 Survey Response

In Oct, Budget Committee receives requests for new/expanded programs. Nov/Dec: Principals & Directors submit budget requests in Financial

System. Dec: Asst Supts identify areas that can be reduced - either due to declining enrollment or lower priority. Dec: Board briefed on Administration's Budget priorities. Get feedback on Board desired changes. Jan: Compare Budget Revenue and Expenses; Budget Committee makes decisions on balancing budget. Feb: Supt recommends budget to Board. Mar: Board approves budget; sent to City Council. April or May: City Council approves budget. May: School Board takes action, if necessary, to balance budget if Council did not fund request.

- School District Business Official #15 Survey Response

Budget requests from principals, directors, administrators and Board are compiled and prioritized by the Superintendent's senior team.

- School District Business Official #3 Survey Response

As one can note above, the budgeting process is heavily centralized and that central office prioritization is important as there are greater requests than resources resulting in choices being made. Often, it is the school district leadership team making these choices as to what to fund or not. The majority of the survey responses highlight the fact that budget decisions are most often made by the administrative leadership of the district. This is confirmed by the following survey response related to the how budget decisions are made:

Major budget decisions are made by the Superintendent and executive staff in collaboration with the School Board.

- School District Business Official #4 Survey Response

In fact a 100% of the survey responses indicated that the administration and school board makes all the major decisions in regard to the budget. As a result, it is logical to conclude that the school business officials have a large impact on budget decisions, underscoring the fact that their decision-making criteria are important in final budget allocation decisions.

In regard to how NCLB has impacted budget processes, the following provides a snapshot of what some school business officials believe is the impact of NCLB. In building the budget, a school business official shared that “less intuition and more data” (School Business Official #10) were used in the budget development process since NCLB. Another school business official shared: “We are making more data driven decisions and raising the bar of accountability (School Business Official #11). And another school business official commented on the increase of accountability; “Decision makers know there is a higher level of accountability. Citizens are looking for a return on investment” (School Business Official #12).

What are the budget decision-making criteria used by school districts? What are the most important criteria?

As mentioned above, in examining school district budgeting, it is important to explore what decision criteria are used in making budgeting decisions. Similar to prior research (Smotas, 1996), survey participants were asked to indicate the relative importance of 15 separate criteria in making budget decisions. The scale instrument asked participants to indicate on a range of 1 to 4 the relative importance of each criterion before and after NCLB. The instrument indicated that a “1” on the scale meant that the criteria was “not relevant,” “2” was classified as “Somewhat Relevant,” “3” indicated that the criteria was “Quite Relevant,” and “4” as “Very Relevant.” (Appendix B provides a summary of survey responses – see question 7.) Unlike Smotas’ previous research, the survey was modified to ask participants to indicate the relevance of each criterion before and after NCLB to assess if there was a notable difference between responses.

The participating school business officials ranked employee compensation, governing board fiscal policies, state and federal laws and regulations, number of students affected, and internal-organizational political pressures as the highest budget criteria prior to NCLB (see Table 7). However, currently (post NCLB) school business officials selected state and federal laws and regulations, accreditation standards, employee compensation, number of students affected, and tied at a mean of 3.5, governing board fiscal policies and program quality and evaluation results as the most relevant to budget decision-making.

Table 7

Top Five Means (Pre and Post NCLB)

<u>Budget Decision Making Criteria</u>	<u>M</u>
<u>Pre-NCLB (before 2002)</u>	
Employee Compensation	3.62
Governing Board Fiscal Policies	3.54
State and Federal Laws and Regulations	3.54
Number of Students Affected	3.46
Internal-Organizational Political Pressures	3.08
<u>Post-NCLB (currently)</u>	
State and Federal Laws and Regulations	3.93
Accreditation Standards	3.93
Employee Compensation	3.79
Number of Students Affected	3.64
Governing Board Fiscal Policies and Program Quality and Evaluation Results	3.50

The change in relative importance of the selected budget decision-making criteria is noteworthy as one would expect the results to be similar unless there is a contravening force which would explain the change. While causality cannot be proved, it may be that NCLB has been such a force for change. This may help explain the increase in the relative importance of the budget decision-making criteria of state and federal laws. Additionally, the fact that accreditation standards are among the most important budget decision-making criteria is significant given its plausible relationship to NCLB. It is also notable that program quality and evaluation results have increased in importance as this suggests that school districts appear more to be concerned with effective programming and evaluation results since NCLB.

In further analysis of all the criteria, one can note that there have been changes in the relative importance of many of the criteria (see Appendix B, question 7). In comparing means and calculating the mean percentage change, what is also revealing is the fact that impact of matching funds, state and federal laws, curricular trends, program quality and evaluation results, and accreditation standards all appear to significantly increase in their importance since the introduction of NCLB, whereas criteria associated with line-item, incremental budgeting, e.g., past-practice and principal of least opposition decrease in their relative importance in current times (see Table 8). This suggests that historical budget allocations and vested interests in prior programming are less important as school districts attempt to make improvements in order to achieve the requirements of NCLB which calls for 100% student proficiency by 2014.

Table 8

*Means and Standard Deviations of Budget Criteria and Mean Percentage Change
(Pre NCLB to Current)*

Budget Decision Making Criteria	Pre-NCLB (before 2002)		Post-NCLB (currently 2008)		Mean % Change
	M	SD	M	SD	
Accreditation Standards	3.00	0.82	3.93	0.27	31.0%*
Administrator's Judgment and Intuition	2.31	0.63	2.14	0.54	-7.4%
Employee Compensation	3.62	0.77	3.79	0.58	4.7%
External-Community Political Pressures	2.38	0.96	2.29	0.99	-3.8%
Governing Board Fiscal Policies	3.54	0.66	3.50	0.76	-1.1%
Impact of Matching Funds	2.77	0.83	3.07	0.83	10.8%*
Internal-Organizational Political Pressures	3.08	0.95	3.07	0.73	-0.3%
National and Regional Curricular Trends	2.46	0.88	2.71	0.91	10.2%
Non-Student Expenditures	2.85	0.80	2.86	0.77	0.4%
Number of Students Affected	3.46	0.88	3.64	0.63	5.2%
Past-Practice and Institutional Tradition	2.31	0.75	2.00	0.78	-13.4%*
Principle of Least Opposition	1.92	0.86	1.71	0.73	-10.9%
Program Quality and Evaluation Results	2.62	0.77	3.50	0.52	33.6%*
Staff Recommendations and/or Needs Assessment	2.54	0.66	2.86	0.77	12.6%
State and Federal Laws and Regulations	3.54	0.78	3.93	0.27	11.0%*

Note. N = 13 Pre-NCLB and 14 Post-NCLB. * $p \leq .05$.

A series of paired-sample t tests were conducted to statistically evaluate whether the participant school business officials budget decision-making criteria were significantly different prior to NCLB than after NCLB. The results, at a 95% confidence level, indicated that the following budget criteria were more relevant after NCLB: impact of matching funds (Pre-NCLB $M = 2.77$ – Post-NCLB $M = 3.07$, $SD = .63$, $t_{(13)} = -2.11$, $p = .05$); state and federal laws and regulations (Pre-NCLB $M = 3.54$ – Post-NCLB $M =$

3.93, $SD = .75$, $t_{(13)} = -2.12$, $p = .05$); program quality and evaluation results (Pre- NCLB $M = 2.62$ – Post-NCLB $M = 3.50$, $SD = .86$, $t_{(13)} = -3.86$, $p = <.01$); and, accreditation standards (Pre-NCLB $M = 3.00$ – Post-NCLB $M = 3.93$, $SD = .82$, $t_{(13)} = -4.19$, $p = <.01$). Whereas past-practice was found to be less important after NCLB (Pre-NCLB $M = 2.31$ – Post-NCLB $M = 2.00$, $SD = .64$, $t_{(13)} = 2.48$, $p = .02$).

Follow-up one-way analysis of variance (ANOVA) was conducted to evaluate the relationship between the relative importance of selected budget criteria of school districts' officials before and after NCLB as indicated on the survey results. The dependent variables were the budget decision-making criteria and the independent variable was the grouping of before and after NCLB. At a 95% confidence level, the ANOVAs that were significant were: Program Quality and Evaluation - $F_{(1,27)} = 12.13$, $p = <.01$ and Accreditation Standards - $F_{(1,28)} = 14.72$, $p <.01$.

Levine's test for homogeneity of variances was significant $p <.01$ for the state and federal laws and regulations and accreditation criteria, whereas the remainder of the criteria data was not. Although an increase in the sample size may be needed to improve the validity of the p value, given the fact that all the survey participants selected 3 or 4 (out of the 4 point scale for current budget decision-making criteria) for post-NCLB, indicating its strong importance post NCLB, it is plausible that greater sample sizes may result in the same statistic.

Overall, these findings suggest a change in the relative importance of the budget decision-making criteria which school districts use in making budget decisions. It appears that the participating school districts consider state and federal laws, program quality and evaluation results, and accreditation results more important after NCLB in making budget

decisions rather than past-practice, employee compensation, and political pressures to maintain current budget allocations. NCLB suggests that such a change is needed in order to achieve greater student achievement.

Interviews confirmed that currently (after NCLB) the criteria of accreditation standards, program quality and evaluation results, and federal and state laws are important considerations in the budgeting of resources. As to why they are important, the following school business officials shared:

They form really the basis of what we do in building our budget. We kind of look at it from the standpoint of what are the requirement we have to meet in providing education to our students. Accreditation standards set that for us. Some of the federal benchmarks dealing with special education in those areas. There are certain things we need to do that drive the types of programs and services that we need to offer so they are important in developing our budget. For example, accreditation standards call for ratios so we have to meet...

- School District Business Official #5 Interview Response

Well they force us to really look at, as far as the accreditation standards and AYP; they force us to look at the indicators. We now are paying a lot more attention; actually using data from absenteeism and our percentage of children's percentage of time in school, and we use attendance as our indicator, one of our indicators for AYP.

- School District Business Official #4 Interview Response

The focus is on accountability, student achievement. Superintendent and administrators are losing their jobs when schools don't make accreditation. Boards are facing pressure to make sure that their divisions are accredited. And, it is just a common theme throughout divisions and everybody has to be pulling in the same route. It is, I think, part of an evolutionary process which has occurred.

- School District Business Official #12 Interview Response

It appears that the lens in which school business officials view budget decisions has changed as they must be more concerned with how students perform than in the past,

especially in regard to NCLB standards. In so doing, strategic planning appears to be important as well as indicators of success, inclusive of accreditation standards.

What budgeting methods are used by school districts?

Survey respondents were asked to select from four budgeting methods which best described the way the school district's budget was formed. These choices were:

- Line-item, Incremental Budgeting - Prior year's "base" budget is the starting point for future year's budget and percentage/dollar changes are applied. Usually, budget changes are relatively limited in scope and focus is generally on what is purchased.
- Program, Planning, Budgeting Evaluation, Systems (PPBES) - Classifications of budget expenditures are budgeted based on: a systematic review of objectives, a search of alternative service delivery methods to meet those objectives with a correlating cost and effectiveness estimate and an evaluation of the various methods as to effectiveness and cost associated with the alternatives.
- Zero-Based Budgeting (ZBB) - The budget is engineered from the "bottom-up." That is, the entire budget needs to be built and justified for the budget cycle. In zero based budgeting, past expenditure levels are not justification for future budget allocation. Rather, all costs associated with running a program must be justified in terms of their need and utility.
- Performance-Based Budgeting - Resource allocation methods explicitly attempt to tie funding decisions (inputs) to specific performance outcomes (outputs).

Characteristics of performance-based budgeting include: Performance goals are established and resources are linked to those goals; Decisions are data informed,

including the development and reporting performance indicators; the process results in a reallocation (reprogramming) of funds (as the organization shifts resources to more effective activities), including the consideration of alternative service delivery; the process encourages active "program" evaluation (and links these evaluations back to budget discussions); the budget process is open/transparent and involves stakeholder involvement.

Appendix B, questions 5 and 6 provide a summary of the survey responses.

As depicted in Figure 10, survey responses reveal a movement away traditional line-item, incremental budgeting and towards other budget formation methods.

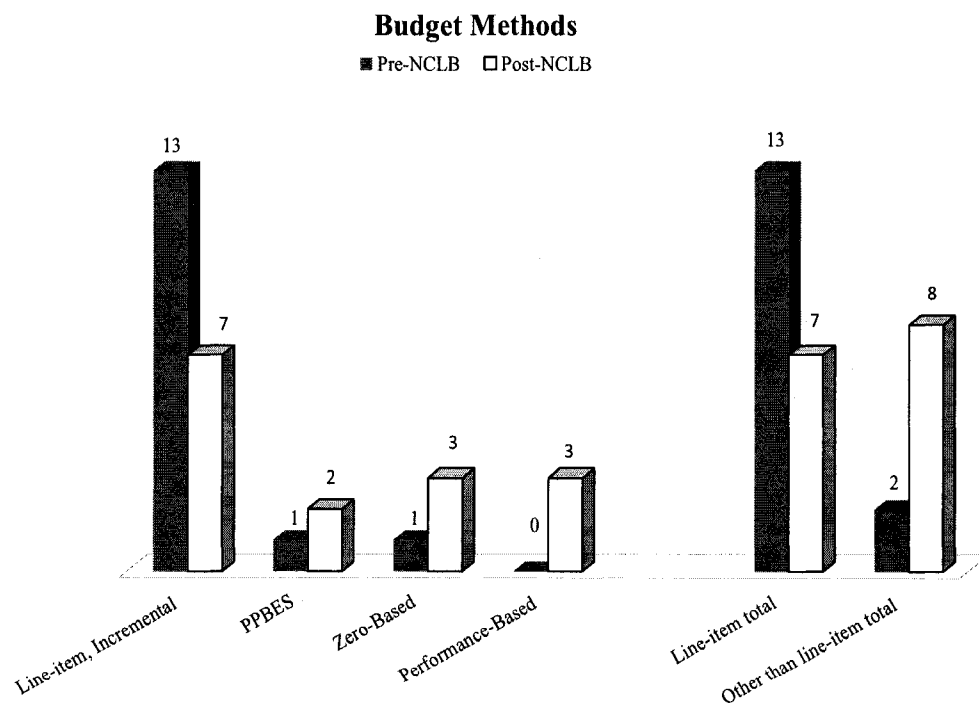


Figure 10. Chart depicting types of budget methods used before and after NCLB.

As one can note, 7 or 46.7% selected Line-item, Incremental Budgeting for post-NCLB; 2 or 13.3% selected Program, Planning, Budgeting Evaluation, Systems (PPBES); 3 or 20% selected Zero-Based Budgeting (ZBB); and, 3 or 20% selected Performance-Based Budgeting. Survey respondents were also asked to select the method the district used before NCLB. Table 9 includes comparative statistics between what school business officials selected for what the district practices were before NCLB and the method used after NCLB. Clearly, the data reveal that, at least from the school business officials' perspective, budgeting methods have changed since NCLB.

Table 9

Budget Methods Pre and Post NCLB and Percentage Change

Budget Method	Pre-NCLB (before 2002)		Post-NCLB (currently 2008)		%
	N	% of Total	N	% of Total	
Line-item, Incremental Budgeting	13	86.7%	7	46.7%	-46%
PPBES Budgeting	1	6.7%	2	13.3%	100%
Zero-Based Budgeting	1	6.7%	3	20.0%	200%
Performance-Based Budgeting	0	0.0%	3	20.0%	100%
Line-item Method	13	86.7%	7	46.7%	-46%
Other than Line-item	2	13.3%	8	53.3%	300%
Total	15	100.0%	15	100.0%	0%

Based on a review of the data, it appears that school districts are moving away from traditional line-item, incremental budgeting towards other methods which are more results oriented. Prior to NCLB, over 85 percent of school districts used a line-item, incremental approach, whereas currently there is almost a 50/50 split of school districts

which employ traditional line-item methods and non-traditional methods. The significance of this finding is that school systems may be less focused since NCLB on what they have historically done but are more deliberative in terms of the allocation of funds. Consequently, this may result in improved performance, including better budgeting which allows for improved educational programming.

In regard to overall budget methods, interviewees were asked to confirm their survey responses and provide some reasons as to why the school district uses that particular method. All interviewees confirmed their responses (albeit some indicated that this was not an official title of the process but that it best described their budget development process). The responses seem to be consistent with the research in regard to why each method is used. For example, line item, incremental budgeting is often used as it is the most convenient method and does not radically result in significant changes in budget allocations. It is easier to administer. One interviewee response indicates why they use the line-item, incremental method:

Primarily this method is used because it is easier on the end user...[T]he vast majority of our customers receive funding on an allocated per-pupil basis. The incremental, line item method is just easier for the end user and it is about customer service for them.

- School District Business Official #7 Interview Response

In regard to the Program, Planning, Budgeting Evaluation, Systems (PPBES) method, a school business official shared:

[W]e typically work through a budget based on priorities that match up with the schools board's goals and objectives. We do that by looking at inputs and outputs that we hope to gain by exploring those programs and services that will meet the school board's goals and objectives. That is why I chose that particular description for what we do. Bottom line is that our budget document is probably the most important policy document and how it fits into the planning piece of the of the PPBES system.

- School District Business Official #5 Interview Response

This response indicates the strong relationship of PPBES to performance-based budgeting as decisions are made from a position of how they meet the organizations goals and objectives which drives the associated budget allocations.

By definition Zero-Based Budgeting allows for a systematic review of all programs and an opportunity to build the budget from a fresh start as highlighted by the following response as to why this district uses this method:

Zero-based budgeting was used this year simply because prior to this year incremental budgeting had been the approach, and the district leadership felt it would be a good start to do zero-based to establish what items were necessary and those items which could be reduced or eliminated. Basically just to do an overall assessment of the budget.

- School District Business Official #12 Interview Response

In regard to the drawbacks (which confirm why not extensively used in public budgeting) of ZBB, the same school business official (#12) shared: "It was just a long process. The amount of effort was much greater than the incremental approach used prior. But, I think from my perspective, the effort was worth it."

Lastly, the following response captures why the school district uses performance-based budgeting methods as they attempt to ensure improvements in student achievement.

The reason that I like it and the reason I think it helps us because it forces us to make decisions based on evaluations of programs. We started doing this several years ago and it helps us, it actually forces us, to look at our strategic plan, to look at data, use a combination of data, classroom observations, things that have transpired over the school year to help us determine what programs are working and which ones are not... we use the data to try to help us to help these kids and move these kids forward. It's the best method that we have found.

- School District Business Official #4 Interview Response

As far as the impact that NCLB has had in regard to the budgeting method, some school business officials seem to be reluctant to acknowledge that changes have been made as a result of NCLB. However, even without this direct acknowledgement, there appears to be some indication (and as evidenced in the quantitative findings) that it has had an impact. This particular survey respondent shared:

We haven't done anything differently in regard to budget as far as NCLB. We have taken a look at the AYP results and try to structure programs and those kinds of things that might better position us for making AYP but that hasn't necessarily changed the budgeting process. We still use the same process.

- School District Business Official #5 Interview Response

However, this same interviewee went on to share in subsequent questioning:

NCLB has impacted how we have directed some of our resources. For example, if we have a school that is struggling to meet AYP we try put additional resources there. For example, more teachers to lower student teacher ratio to make the classes more manageable for staff. Tried to do some remediation in those schools. So in that regard NCLB has impacted the school division.

- School District Business Official #5 Interview Response

This answer implies that NCLB's Annual Yearly Progress (AYP) requirements have had an impact. Other interviewees, when asked about the impact of NCLB shared: "we have been impacted by NCLB in various areas" (School District Business Official # 7) and indicated, for example, that testing budgets have been significantly impacted. Another school district official (#8) acknowledges a change in Title I funding decisions. The following school business official is more convinced of NCLB's impact on budgeting methods.

This has definitely come out of NCLB program because like I said we are forced to try to help our kids achieve more so now than ever before. I have

been in budgeting for years and years and in the past things was a little more loose. I don't mean that in a bad way but our number one goal is to get our kids to achieve...

- School District Business Official #4 Interview Response

As to why there may be some reluctance to associate change with NCLB, an interviewee shared an interesting observation:

It is a movement that, while not always spoken about or mentioned, NCLB has been on the scenery since 2002 and it is just part of the landscape, it has become cultured into school divisions throughout the nation. So what you see, you see [school] boards that are just going forward and taking action that move towards the goals of No Child Left Behind but it is not as though it is something new, it is just an accepted way of going on about business these days.

- School District Business Official #12 Interview Response

It is entirely possible that the above has merit. School systems may not be fully cognizant of the overriding impact of NCLB, as it has become part of the culture within school districts. Regardless, the above suggests that NCLB, in confirmation of the quantitative results, has had an impact on budgeting methods, particularly when it relates to ensuring that adequate resources are available to ensure that AYP subgroups of students achieve greater student achievement.

Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting systems?

In examination as to whether school districts are becoming more performance-based in their budgeting since NCLB, survey participants were asked a number of questions in a yes or no format (see Appendix B, question 8). Each respondent was asked to provide a response for before and after (currently) NCLB. These questions focused around performance-based methods which asked if the school district used long-term and

annual performance measures, performance baselines, evaluations in their budgeting methods. In addition, these questions asked if the school districts had a budgeting prioritization process, considered alternative service delivery methods, and linked resources to specific outcome goals.

As one can note from Table 10, it appears that school districts are becoming more performance-based in their budgeting systems as there was a 17% overall average increase in affirmative survey responses which indicate that school divisions employ more performance-based budgeting systems since NCLB. Therefore, it may be (though causality can not be proved) that NLCB has had an impact in regard to budgeting methods as school districts move towards more performance-based systems. What is clear by the questions asked (for example, “Does the school system have performance baselines and ambitious targets for its annual performance measures?” and “Are evaluations of sufficient scope and quality conducted on a regular basis to support school system improvements and evaluate effectiveness?”) is that, in the school divisions represented, more evaluation results and performance data are being considered in the budgeting of resources as indicated by a +/- 20% increase since NCLB. In addition, it appears by the greater percentage of school business officials answering in the affirmative to the question: “Are budget requests and final allocations explicitly tied to accomplishment of the annual and long-term performance goals?” that school districts have increased their efforts in linking funding to specific outcomes which indicates the increase of performance-based budgeting.

Table 10

Performance-Based Budgeting Methods and Percentage Change

Question	Pre-NCLB (before 2002)		Post-NCLB (currently 2008)		% Change
	# answering yes	% of Total (#/12)	# answering yes	% of Total (#/14)	
8a (long-term measures)	10	83.3%	12	85.7%	2.4%
8b (annual measures)	8	66.7%	12	85.7%	19.0%
8c (performance baselines)	8	66.7%	13	92.9%	26.2%
8d (evaluations)	7	58.3%	12	85.7%	27.4%
8e (linked resources)	5	41.7%	9	64.3%	22.6%
8f (alternative service)	7	58.3%	10	71.4%	13.1%
8g (prioritization)	11	91.7%	14	100.0%	8.3%
Average		66.7%		83.7%	17.0%

Similar to budgeting methods findings presented previously, the data suggest that school districts have become performance-based in their budgeting practice since NCLB. One possible interpretation is that annual performance measures (presumably as called for by NCLB's *Annual Yearly Progress- AYP*) and program evaluation (which are needed to improve performance) are more important in the budgeting of resources given the need to significantly improve student performance under the requirements of NCLB.

Performance-based-Budgeting (PBB) Pre and Post NCLB Comparisons

The interviewees shared the following in regard to how NCLB has impacted its processes in regard to the following components of performance-based budgeting. In regard to strategic planning, a school district official commented:

We usually take our prior strategic plan and build on it. Look at what we accomplished from the previous year, add things, we basically stretch it out I think it is three years, and we do a three year plan and we review it

and revise it every year. And, by having that document, it keeps us focused on (of course we get it approved by school board) what our primary goals are, what we need to use our resources for. Again it helps us to, forces us actually, to look at the programs that we have in place, or if we put something new in place, we are very data driven and a lot of that has come out of NCLB plan and a lot of that has come out of the strategic plan which based a lot on the NCLB guidelines.

- School District Business Official #4 Interview Response

Commenting on how the strategic plan has been impacted by NCLB a school business official (#8) who was interviewed shared: "I guess it would be in the instructional area focusing on student achievement/performance." Indeed, this focus must impact school district budgeting decisions as instructional expenditures represent the vast majority of school district budget expenditures.

As far as the impact on stakeholder involvement in light of NCLB, although some do not view a change, the following indicates some increased level of involvement as one school district business official (#4) indicated that NCLB has "absolutely" had an impact. Another interviewee (#7) shared, "I would just have to say that probably since NCLB been more community, public, and internal involvement. The community involvement being much more so because NCLB does require that."

Alternative delivery also seems to be impacted according to interview responses related to the impact of NCLB:

As far as instruction is concerned, every school's mandate is to ensure they meet requirements. I think the impact is at the school level as they are deciding what they do with the resources they receive.

- School District Business Official #8 Interview Response

NCLB, indirectly yes, one of our [omitted] science, math technology magnet schools came about not just NCLB but standards of learning, trying to beef up technology piece of that school and bring up test schools... Spins off NCLB but also improve SOL scores as well.

- School District Business Official #5 Interview Response

And, one school district business official (#4) shared that they do more alternative service delivery as a result of NCLB, commenting that they are doing “actually more, much more.”

NCLB has seemed to increase program evaluation. When asked if the school district were doing more program evaluations, this interviewee responded:

Yes, magnet schools, have done a lot of things in there, we have done recently program evaluation of our advanced placement classes. We are heavy into virtual high school which kids basically can take classes on line. We have pretty much pushed that at the high school at this point and so what we have done is take our APs courses through this evaluation process and said wait a minute we could have these classes on-line because these are the type of students that would function well in that environment. So we have pushed a lot of our direct connect with teacher to computer classes so students do that at home or at school. We offer a lot of classes in virtual high school.

We look at a lot of programs every year but we don't look at every program every year. There is no way you can do that. Anyone that says they can do that in one year is not being forthright with you. We try to look at problem areas or where needs are changing. Try to look at areas where there is identified gap of service. Something is triggering us to look at a particular area. And it could be test scores. Couple years ago we had some test scores, I think math that were not as good as we wanted them to be so that drove some program evaluation in elementary and middle school math models.

- School District Business Official #5 Interview Response

One likely trigger is NCLB and AYP standards. This school business official (#8) commented in regard to program evaluation and NCLB: “[T]here is obviously a lot of evaluation in the instructional areas, No Child Left Behind, kids get evaluated on Standards of Learning, a lot of data comes back to us...” And the same school official

commented, program evaluations are sometimes used to explain to the public the value of the system's activities.

And finally, in regard to the linking of resources to outcomes and the impact of NCLB, the following responses indicate such an increased effort:

I can't say it hasn't because it has, we have to go and look at the things that we do as it relates to meeting AYP. So that drives a lot of the decision-making but at the same time we were doing a lot of this anyway and will continue doing if NCLB drops off the table tomorrow. A lot of this stuff we will continue to do because there is value and us trying to improve test scores and student learning. And also, we have standards of learning requirements that are out there although this school division will exceed the SOLs and have for years. We were one of the first to meet all SOL requirements in the state so our board takes us beyond that.

NCLB has helped focus some on some areas that might, in subgroup areas, that might have been as focused on but I think over time it would have happened anyway. Again, I hope when you do your report you emphasize that all the programs and services that school boards across Virginia and the nation have done it with their own money. [In auditable] That has been concern across the nation and I think that is the one area that NCLB fell off the table people would be clapping and say that is great, now we can place resources where we want to put those but as it stands not you have to focus resources in meeting AYP. I don't say that is a bad thing. I am just saying it is like big brother telling us how to spend our money and that is part that gives people a bad taste in their mouth when you think about NCLB at least people in education.

- School District Business Official #5 Interview Response

And another school business official shared:

I think NCLB has asked districts to disaggregate the data more and looking at the data more - where data can be obtained. The problem is that in a lot of areas it's not the test scores alone, they only tell a portion of the story, the human side of the story is not necessarily a data element that you can capture easily.

- School District Business Official #7 Interview Response

This same school business official shared in the course of the interview as to why more performance-based-budgeting methods were not done more often: "It is change and

people don't like change until the pain of staying the same is less pain than changing." And (s)he goes on to say in regard to the barriers of resource reallocation; "Rice bowl. I own it now and I don't want to un-own it." And finally, in regard to why there is not a greater linking of resources: "Because it is hard." These sentiments are confirmed by the comment made in an interview (School Business Official #12) "We are not where we need to be because there's always programs that people are reluctant to eliminate, whether there are legacy issues or..." (going on to indicate, however, that change is happening more than in the past). Regardless, school districts appear to be doing this hard work of becoming more performance-based in their practices as a result of NCLB.

In quantitative analysis related to whether school districts are moving towards performance-based budgeting, a review of the survey results was conducted by focusing on the data related to measuring the degree which school districts utilize performance budgeting (see Appendix B, questions 9 – 16). In this section of the survey, each question had a major theme associated with it: strategic planning (question 9), stakeholder involvement (question 10), alternative service delivery (question 11), performance goals and indicators (question 12), data informed decision-making (question 13), program evaluation (question 14), resource reallocation (question 15), and, linking funding and results (question 16). Each question had 5 sub-questions. Participants were asked to rate on a 5-scale scale (1 indicating "not at all" and 5 indicating "always") what the school district's practices were/are before and after NCLB. Within each theme (category), a composite mean score was calculated before and after NCLB.

Survey responses were split into two groups. Group one represented responses given by the participants as to practices prior to NCLB and group two represented

responses as to practices currently (2008) practiced. A comparison of the mean response appears in Table 11.

Table 11

PBB Practices Mean Score and Percentage Change

Performance-Based Budgeting Theme	Pre-NCLB (before 2002)			Post-NCLB (currently 2008)			Mean % Change
	M	SD	N	M	SD	N	
Strategic planning	3.61	1.21	12	4.03	0.88	12	12%*
Stakeholder involvement	2.86	0.88	13	3.70	0.67	13	29%*
Alternative service delivery	2.83	0.73	12	3.33	0.64	12	18%*
Performance goals and indicators	2.81	0.91	12	3.60	0.56	12	28%*
Data informed decision making	3.20	1.24	12	4.13	0.78	12	29%*
Program evaluation	3.00	1.08	13	3.65	0.95	13	22%*
Resource reallocation	2.72	0.82	13	3.34	0.72	13	23%*
Linking funding and results	2.53	0.88	13	3.25	0.81	13	28%*
Overall	2.91	0.77	13	3.59	0.54	13	23%*

Note. * $p \leq .05$.

From this analysis, it appears that school districts are exhibiting more performance-based budgeting practices since NCLB. Overall, it appears, at a 23% mean change, that school districts are more involved with performance-based budgeting currently than before NCLB.

To determine if the findings were statistically significant, t tests were performed to see if there were statistically significant differences before and after NCLB within each category. Park (2008) suggests that paired samples t tests are appropriate for this type of pre and post analysis. All paired sample t tests returned significant findings. The results, at a 95% confidence level, indicated a difference in budget practice towards more

performance-based practices: Strategic planning (Pre- NCLB $M = 3.61$ – Post-NCLB $M = 4.03$, $SD = .51$, $t_{(11)} = 2.80$, $p = .01$); Stakeholder involvement (Pre- NCLB $M = 2.86$ – Post-NCLB $M = 3.70$, $SD = .97$, $t_{(12)} = 3.10$, $p < .01$); Alternative service delivery (Pre- NCLB $M = 2.83$ – Post-NCLB $M = 3.33$, $SD = .54$, $t_{(11)} = 3.15$, $p < .01$); Performance goals and indicators (Pre- NCLB $M = 2.81$ – Post-NCLB $M = 3.60$, $SD = .68$, $t_{(11)} = 3.96$, $p < .01$); Data informed decision-making (Pre- NCLB $M = 3.20$ – Post-NCLB $M = 4.13$, $SD = .91$, $t_{(11)} = 3.51$, $p < .01$); Program evaluation (Pre- NCLB $M = 3.00$ – Post-NCLB $M = 3.65$, $SD = .76$, $t_{(12)} = 3.05$, $p = .01$); Resource reallocation (Pre- NCLB $M = 2.72$ – Post-NCLB $M = 3.34$, $SD = .92$, $t_{(12)} = 2.44$, $p = .03$), and, Linking funding and results (Pre- NCLB $M = 2.53$ – Post-NCLB $M = 3.25$, $SD = .72$, $t_{(11)} = 3.42$, $p < .01$). Overall (average of categories/areas averages), there was a significant difference before and after NCLB as suggested by the survey responses (Pre- NCLB $M = 2.91$ – Post-NCLB $M = 3.59$, $SD = .51$, $t_{(12)} = 4.82$, $p < .01$).

In analyzing individual question items within each category, a series of t tests were performed to see if there were statistically significant differences, at a 95% confidence level, before and after NCLB within each question type. In all 40 (corresponds to number of sub-questions in survey – see appendix, questions 9 – 16), paired samples t tests were conducted. As indicated in Table 12 (included as an appendix to this chapter), almost all (35 of 40) paired sample t tests returned significant findings indicating a significant change in answers related to pre-NCLB and post-NCLB:

Concluding from these results, and the results aforementioned, it appears that a strong focus, and significant changes from prior to NCLB have occurred in regard to all the facets of performance-based budgeting: strategic planning, stakeholder involvement,

alternative service delivery, performance goals and indicators, data informed decision-making, program evaluation, resource reallocation, and linking funding and results This is consistent with the requirements of NCLB which suggests that school districts are more deliberative in terms of achieving improved results.

Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?

Related to the research concern of whether there a correlation between the use of performance-based budgeting and the level of student achievement, survey responses were used to create a metric (mean score of survey responses related to performance-based budgeting, questions 9 – 16) which measures a school district's use of performance-based budgeting. The interest was to determine if there existed a linear relationship between performance-based-budgeting and student achievement levels. And, if this relationship was positive which would indicate that as performance-based-budgeting increases so does the prediction of increased student achievement.

A linear regression analysis was then conducted to evaluate the prediction value of the performance-based budgeting mean score (across all questions) on the overall student achievement (as measured by the average total pass rates for all Virginia SOL 2006-2007 tests). The scatter plot of the two variables, as shown in Figure 11, indicates that the two variables are linearly related such as the performance-based budgeting score increases so does student achievement.

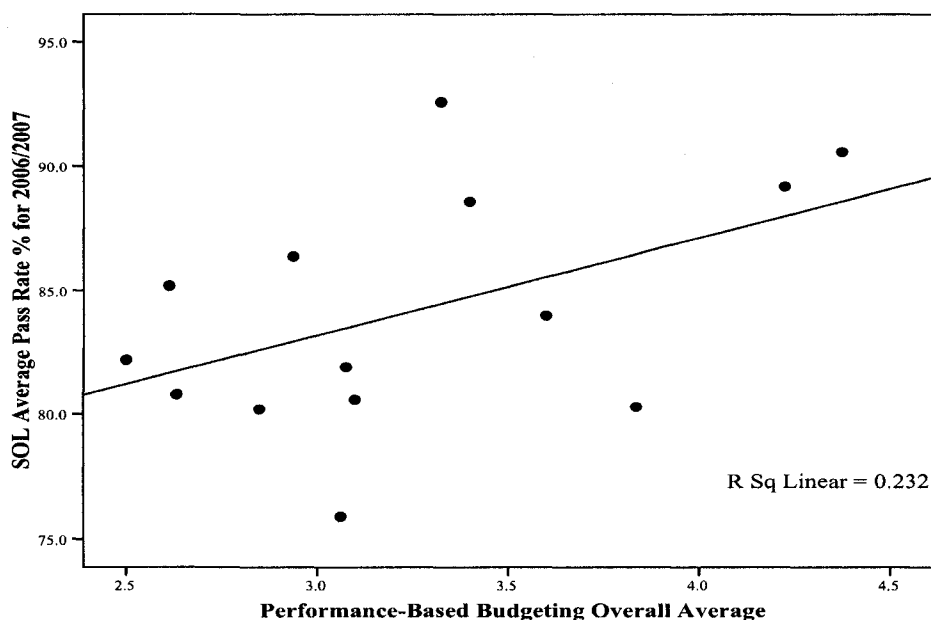


Figure 11. Scatter plot depicting the relationship between standardized performance-based budgeting scores and residual student achievement scores.

The regression equation for predicting the student achievement pass-rate for a particular school district is:

$$\text{Predicted Overall SOL Pass Rate} = 3.94 \text{ Performance-Budgeting Mean Score} + 71.36$$

The correlation between the use of performance-based budgeting and the level of student achievement was .48 ($p=.04$). Approximately 23% of the variance of SOL pass-rates was accounted for by its linear relationship with performance-based budgeting. However, at the 95% confidence interval for the slope, 8.46 to -.57 does contain the value of zero, and therefore overall mean score is not considered significantly related to student achievement ($p = .08$).

The importance of this finding is, though it can not be statistically established at a 95% confidence level from the data set, that student performance is improved as a result

of performance based-budgeting. This possibility is logical given that budgeting allocations drive educational programmatic offerings and, consequently, determines if effective programs are funded or not. As NCLB calls for improvement, it is assumed that resources need to be directed towards programs that are proven to result in increased student achievement, regardless of whether they have been funded in the or not.

The school business officials interviewed generally agree that budgeting does have an impact (especially in regard to programming and human resources concerns) as the following comments suggest:

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 got to be present. Now we know, research tells us the number one factor that influences student achievement is the quality of instruction. Well how do you get that quality of instruction into the classroom if you are not able to pay a competitive salary, how do get that quality of teacher in there? [What if] you are not able to have an adequate facility (we know what the research says about facilities and how that affects student achievement)? So (not to sound like a one horse thing here) its all back to making sure that you get the right resources and you 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 more critical and it is absolutely linked in some way or another to student achievement. You can not deny it.

- School District Business Official #12 Interview Response

I would like to think it does. An example, the area that we have been most effective is teacher pay. We are pretty much of the mind that good teachers are in demand and if we want to get good teachers we need to pay good teachers. So teacher pay for the last three to four years has been a driving factor in our budget. What else can we not do to raise our teacher pay? So I would say that if there is a connection between what we do, budget and students achievement it is in positioning our human resources area to attract good teachers.

- School District Business Official #8 Interview Response

Student achievement is based on, you know we need smaller class sizes; we need really good teachers, a lot of it just boils down to who you have in

that classroom everyday. Trying to get the best teachers you can get... If you have an excited, energetic teacher in that classroom the kids are going to follow suit. All our instructional decisions are based on how we get more our kids to where they need to be...

- School District Business Official #4 Interview Response

When done well, yes. When you look at the specific programs and you say that program impacts kids and this is the way it impacts kids and it's a positive impact for kids and you keep that program, then yes it does do that. And, it can impact kids in a variety of ways, everything from Saturday school to after school tutoring...

- School District Business Official #7 Interview Response

Well if it [budgeting] doesn't have an impact [on student achievements] I might as well pack my bags and go on home cause this is what it is about. Frankly, when you start talking about budgets and education what I tell people all the time when I go speak with them on budget issues, I tell them in my opinion the most important policy document that the school board approves every year is the budget because it is what funds and drives every decision that gets made in this division. It is the embodiment of where the board, where board perceived where the public desires, is for spending money or resources for students' education.

And, the budget is the most import driver of what goes on in this division. Best example of that is take two school divisions one that has good community support and is well funded and compare that to a school division that is not and you look at programs and services that are offered, look at the depth of the program and scope of the program you will see big differences there and that is where the budget becomes a key player. Just throwing a bunch of numbers in a budget and not doing the programming and planning and evaluation and tying all that in for a particular goal or objective now that is not going to get you very far because then you are just throwing money at a problem you are not looking at how you can best spend those resources but a budget that is well thought out, well planned and programs are evaluated can become probably the most important driver of students education in a division.

- School District Business Official #5 Interview Response

When one looks at student achievement and appreciates the fact that school district budgets impact programming, quality teacher attraction and retention, and provides a

strategic plan as to improvement activities, it is logical to come to the conclusion that student achievement is impacted by school district budgeting.

Findings Summary

Overall, the findings presented in this chapter indicate that in the school districts represented, there has been a significant change in what school business officials consider to be the most relevant criteria in making budget decisions. The findings presented also suggest that budgeting methods/practices have changed since NCLB by becoming more performance-based. And finally, though not statistically proven in this study, there appears to be a positive, linear relationship between the increased use of performance-based budgeting practices and increased student achievement.

As to the question of what are currently the most important budget decision-making criteria for school district? School business officials indicate that currently (after NCLB) 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; and,
5. Governing board fiscal policies and program quality and evaluation results.

What the data also indicate is that the impact of matching funds and curricular trends, appear to significantly increase in their importance with NCLB, whereas criteria associated with line-item, incremental budgeting, e.g., past-practice and principal of least opposition, decrease in their relative importance in current times.

The data also reveal that school districts, since NCLB, are moving away from traditional line-item, incremental budgeting and moving toward other methods which are more results oriented. Furthermore, the data suggest that school districts are more performance-based in their budgeting processes as they, for example, are more likely to conduct evaluations and have established performance baselines and targets. School districts are exhibiting more performance-based budgeting practices since NCLB with particular emphasis on strategic planning, a review of alternative service delivery, the introduction of performance goals and indicators, and program evaluation. Additionally, it appears that school districts are increasing their efforts to increase stakeholder involvement, are more inclined to consider alternative service delivery, are increasing evaluation efforts, and are attempting to link budget allocations to specific outcomes or results. This link, and the idea of resource reallocation, is difficult and, therefore, it is an on-going process.

As far as the relationship of performance-based budgeting and student achievement the data reveal that performance-based budgeting may have a positive correlation to student achievement. The data reveal that school district officials see a positive relationship in so far as the budget provides needed programs to increase student achievement. The fact that school business officials see this connection is important as it should serve to encourage improved budgeting practice.

Quantitative data suggest a positive correlation between performance-based budgeting and student achievement. Although this correlation is not considered statistically significant, when one explores the finding one discovers a linear relationship in which approximately 23% of the variance of SOL pass-rates was accounted for by its

linear relationship with performance-based budgeting. The fact that the data reveal that there is a positive correlation between performance-based budgeting practices and student achievement is an important finding.

In meeting the challenges associated with fulfilling the objectives of NCLB, it is important that school districts utilize every possible tool in securing increased student achievement if they are to reach 100% student proficiency by 2014. The data suggest that school business officials have changed in their perceptions as to the relevancy of certain budget decision-making criteria, e.g., past practice, and school districts are refining their budgeting processes and becoming more performance-based in their budgeting which may result in increased student achievement.

Chapter Appendix

Table 12

Paired Sample Question Statistics

Paired	Items*	<i>t</i>	df	<i>p</i>	Paired	Items*	<i>t</i>	df	<i>p</i>
<u>Strategic planning questions</u>					<u>Data informed decision making questions</u>				
Pair 1	9APre - 9ACurr	-2.569	11	0.03	Pair 21	13APre - 13ACurr	-2.028	11	0.07
Pair 2	9BPre - 9BCurr	-2.345	11	0.04	Pair 22	13BPre - 13BCurr	-2.930	11	0.01
Pair 3	9CPre - 9CCurr	-2.803	11	0.02	Pair 23	13CPre - 13CCurr	-3.000	11	0.01
Pair 4	9DPre - 9DCurr	-2.171	11	0.05	Pair 24	13DPre - 13DCurr	-3.545	10	0.01
Pair 5	9EPre - 9ECurr	-2.345	11	0.04	Pair 25	13EPre - 13ECurr	-3.135	10	0.01
<u>Stakeholder involvement questions</u>					<u>Program evaluation questions</u>				
Pair 6	10APre - 10ACurr	-2.984	12	0.01	Pair 26	14APre - 14ACurr	-2.993	12	0.01
Pair 7	10BPre - 10BCurr	-2.592	12	0.02	Pair 27	14BPre - 14BCurr	-3.527	11	0.00
Pair 8	10CPre - 10CCurr	-2.961	12	0.01	Pair 28	14CPre - 14CCurr	-3.924	11	0.00
Pair 9	10DPre - 10DCurr	-2.521	12	0.03	Pair 29	14DPre - 14DCurr	-2.551	12	0.03
Pair 10	10EPre - 10ECurr	-1.318	11	0.21	Pair 30	14EPre - 14ECurr	-4.005	11	0.00
<u>Alternative service delivery questions</u>					<u>Resource reallocation questions</u>				
Pair 11	11APre - 11ACurr	-2.569	11	0.03	Pair 31	15APre - 15ACurr ¹⁷	-1.720	12	0.11
Pair 12	11BPre - 11BCurr	-1.838	10	0.10	Pair 32	15BPre - 15BCurr	-3.105	10	0.01
Pair 13	11CPre - 11CCurr	-1.305	10	0.22	Pair 33	15CPre - 15CCurr	-3.527	11	0.00
Pair 14	11DPre - 11DCurr	-2.193	10	0.05	Pair 34	15DPre - 15DCurr	-3.130	10	0.01
Pair 15	11EPre - 11ECurr	-2.283	10	0.05	Pair 35	15EPre - 15ECurr	-2.803	10	0.02
<u>Performance goals and indicators questions</u>					<u>Linking funding and results questions</u>				
Pair 16	12APre - 12ACurr	-2.548	11	0.03	Pair 36	16APre - 16ACurr	-2.193	10	0.05
Pair 17	12BPre - 12BCurr	-3.633	11	0.00	Pair 37	16BPre - 16BCurr	-3.105	10	0.01
Pair 18	12CPre - 12CCurr	-2.803	11	0.02	Pair 38	16CPre - 16CCurr	-3.317	11	0.01
Pair 19	12DPre - 12DCurr	-2.764	10	0.02	Pair 39	16DPre - 16DCurr	-2.602	11	0.02
Pair 20	12EPre - 12ECurr	-2.609	10	0.03	Pair 40	16EPre - 16ECurr	-3.105	10	0.01

¹⁷ This data was reverse scaled from the original responses to the question: "Resources are primarily allocated on the basis of allocations in the past year" as the question is worded in such a way that high values would indicate a lack of performance-based budgeting.

Chapter 5

Discussion

Introduction

Chapter 1 includes an introduction, background and contextual information, statement of the research problem, and the research questions addressed in the study. Chapter 2 included a “Review of the Literature.” This review provides additional background information related to school district budgeting and explores the relevant literature of the concepts: budget decision-making criteria, budget methods, data-driven decision-making (including performance indicator reporting), and resource re-allocation. Chapter 3 includes a discussion of the “Methodology” which provides information about the research design and methodology used in the collecting and analyzing the collected data. Chapter 4 includes “Analysis of the Data,” which presents analysis and discusses the data relative to the research questions. This Chapter 5 includes a summary of the findings, discussion, and implications for research and practice. It also includes a discussion of limitations and suggestions for future research.

Research Purpose and Questions

The purpose of this case study is to examine school district budgeting processes in light of NCLB. More specifically, this study examines the current state of budget practices and determines if these processes have become more performance-based since the inception of NCLB. In addition, the study assesses how performance-based budgeting correlates with differences in student achievement. The following research questions were used to address the purpose of the study:

1. In light of NCLB, what are the current budgeting practices used by school divisions?
 - a. What are the budget decision-making criteria used by school districts?
What are the most important criteria?
 - b. What budgeting methods are used by school districts? Are current school district budgeting practices moving away from traditional methods and towards performance-based budgeting systems?
2. Is there a correlation between school district's use of performance-based budgeting and the level of student achievement?

Methods Summary

The design of this case study is both descriptive (identifying current school district budget practices) and correlational (analyzing the relationship between performance-based budgeting and student achievement). Mixed (quantitative and qualitative) methods were used to address the research questions. The benefits of this mixed methods approach were that the researcher was not only able to perform statistical analysis but was able to triangulate and elaborate upon the findings. Given this rigorous in-depth analysis, it can be reasonably concluded that the studies findings are credible in terms of budgeting practice within the districts examined.

As reviewed in Chapter 4, quantitative methods included the use of a budget practice survey (a multi-part researcher developed instrument budget practice modified from various sources) and presentation of descriptive and bivariate statistical analyses. Qualitative methods included the use of open-ended survey questions and interviews. Data were collected in the Spring and Summer of 2008 and included 15 budget survey

responses and 5 in-depth interviews. The study's focus was on Hampton Roads, Virginia which includes 15 school districts.

Major Findings of Study

Overall, it appears that, in the school districts represented, there has been a change in budgeting practices since the introduction of NCLB. More specifically, there has been a significant change in what school business officials consider to be the most relevant criteria in making budget decisions. The quantitative and qualitative data also suggest that budgeting methods/practices have changed since NCLB by becoming more performance-based. And finally, there appears to be a relationship between budgeting and student achievement. This relationship appears to be a positive, linear relationship, whereby, the increased use of performance-based-budgeting practices correlates to increased student achievement.

Budget Decision-Making Criteria

Relatively consistent with Smotas' (1996) study, participant school business officials ranked employee compensation, number of students affected, state and federal laws and regulations, and internal-organizational political pressures (Smotas' study included nonstudent expenditures which in this study ranked 6th) as the highest budget criteria prior to NCLB. However, the current (after NCLB) 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 impacted; and,

5. Governing board fiscal policies and program quality and evaluation results.

In addition, the data also indicate that the impact of matching funds and curricular trends appear to have significantly increased in their importance with NCLB, whereas the criteria associated with line-item, incremental budgeting, e.g., past-practice and principal of least opposition, have decreased in their relative importance in current times.

The increase of state and federal's laws relative importance and the fact that accreditation standards appear to be among the highest budget decision-making criteria is significant given its plausible/probable relationship to NCLB. The fact that this study's finding of what school business officials considered as the most relevant budget decision-making criteria pre-NCLB were consistent with Smotas' (which was pre-NCLB) and the data showed a significant change for those criteria after NCLB, underscore that that the law has had a significant impact on the selection of the most important budget decision-making criteria. This change seems to suggest that school district officials may be more concerned with meeting the objectives of NCLB by using program evaluation results and performance accreditation standards as a means to make budget decisions. This should improve performance as the focus on results, as opposed to past practice and historical budget allocations which begets similar, non-improved results, is a means for organizational improvement.

Budget Methods

The selection of a budgeting method is one of the most important choices made by school districts in regard to budgeting (Kehoe, 1986). Line-item, incremental budgeting has traditionally been used in public sector budgeting (Owings and Kaplan,

2006). By definition, incremental budgeting results in limited budget changes from year to year as allocations within the budget's "base" are not necessarily reviewed. Rather, the focus of review is on the changes (usually relatively minor) from the prior year's budget. This method is often considered simpler, easier, and more controllable (Wildavsky, 2001). However, the data reveal that school districts, since NCLB, are moving away from traditional line-item, incremental budgeting and moving toward other methods which are more results oriented. Prior to NCLB, over three quarters of school districts used a line-item, incremental approach, whereas currently there is almost a 50/50 split of school districts which employ traditional line-item methods and non-traditional methods (PPBES, ZBB, and PBB.)

Furthermore, the data suggest that school districts are more performance-based in their budgeting processes as they, for example, are more likely to conduct evaluations and have established performance baselines and targets since NCLB. School districts are exhibiting more performance-based budgeting practices since NCLB with particular emphasis on strategic planning, a review of alternative service delivery, the introduction of performance goals and indicators, and program evaluation. As Owings and Kaplan (2006) indicate, program evaluation is a critical component to effective budgeting. Additionally, qualitative data also support the notion that school districts are increasing their efforts in regard to stakeholder involvement, are more inclined since NCLB to consider alternative service delivery, are expanding evaluation efforts, and are trying to link budget allocations to specific outcomes or results. This link, and the idea of resource reallocation, is difficult and, therefore, it is an on-going process.

As Burke and State University of New York (1997) indicated, performance-based budgeting “represents a dramatic shift in traditional budget practice” (p. 1). However, as the *No Child Left Behind Act* calls for radical transformation of the educational system whereby school districts, schools, and teachers are held accountable for certain outputs of students learning, it would seem that a budgeting approach solely focused on what is purchased (or the inputs) is at odds with the intent of the legislation. Likewise, as NCLB calls for different performance results, it seems counterintuitive that school divisions would continue to employ an incremental approach. It appears from the data collected that school business officials’ recognize this. The fact that this change appears to be occurring is significant and supports the conclusion that school systems may be less focused on what they have historically done but are more deliberative in terms of the allocation of funds since NCLB. This consequently, may result in improved performance, including better budgeting which allows for improved educational programming.

Budgeting and Student Achievement

School district officials see a positive relationship between budgeting and increased student achievement. This connection is particularly held in the understanding that the budget provides needed programs to increase student achievement, and in the absence of said funding, these improvement activities can not occur. The fact that school business officials see the connection is important as this should serve to encourage improved budgeting practice. In general, school business officials believe that it is their responsibility to improve school system performance. Consistent with the literature which suggests: “A school budget is a planning document that links financial decisions to educational policy. It contains the district’s priorities and its strategies for achieving those

priorities” (Howell and EdSource, 1996, p. 4), the school district officials interviewed confirmed their belief that the budget is important and impacts upon student learning opportunities.

In quantitative analysis concerning the relationship of performance-based budgeting and student achievement, the data reveal 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 SOL pass-rates is accounted for by its linear relationship with performance-based budgeting as suggested by Figure 11 (which was also presented in Chapter 4).

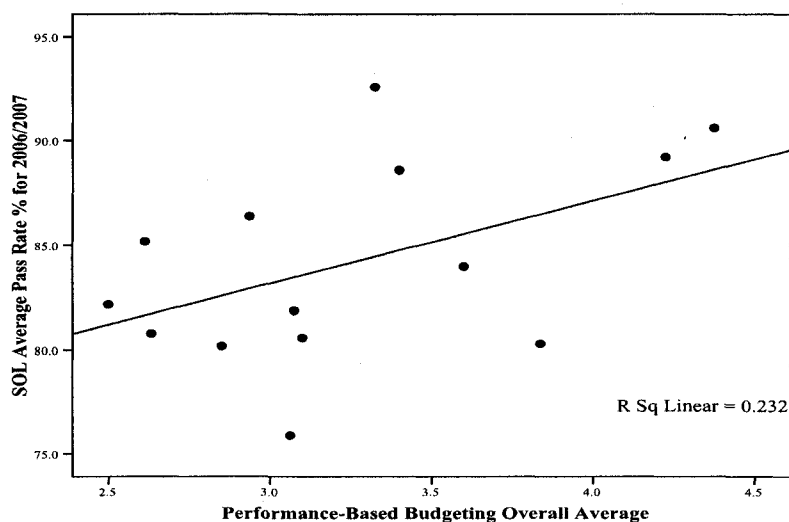


Figure 11. Scatter plot depicting the relationship between standardized performance-based

Although further study is needed to confirm this correlation, the fact that the data reveal that there is possibly a positive correlation between performance-based budgeting practices and student achievement is an important finding. As it will be difficult to meet

the NLCB 100% student proficiency requirement by 2014, it is important that school districts utilize every possible tool in securing increased student achievement. The data suggest that as school districts utilize greater performance-based budgeting methods, they may be in a better position to increase student achievement.

Limitations

Given the limited breadth and non-experimental design of the study, one must be careful about using the data to generalize and make conclusions about school district changes as a result of NCLB. Since the participants include Hampton Roads, Virginia school business officials, it is impossible to generalize on a national scale. Additionally, the findings are not generalizable outside of the study's group of school districts. Indeed, there may be significant differences in budget practices and the impact on student achievement. This study should not be construed as indicative of all school district budget practices and procedures. Also, a major credibility limitation in this study is that all the data were collected, analyzed, and reviewed by one researcher. Multiple researcher analysis would add to the credibility of findings.

The study also is limited in terms of generalizability of the findings outside of the specific school district's in their school business officials participated (Hampton Roads, Virginia). In spite of a concerted effort to gain greater statewide participation (statewide participation was approximately 30%), some school district officials seemed reluctant to participate. This low participation rate was in spite of the fact that the researcher is in the profession. The reluctance to participate occurred in both the budget survey and interview phases.

The low participation rate may be due to a number of factors. 1) It may be representative of the generally low participation rates for surveys, which is a fairly well known reality that frustrates research efforts. 2) The low participation rate may be due to the fact that both the survey and interview process were very comprehensive. The reality is that significant time was required to participate and the questions were challenging in nature. Because it is a very demanding career, school district business officials may have felt they did not have time to participate. Or 3), it could be that school districts business officials were not inclined to disclose the budgeting practices of their district in such an intimate, detailed manner. It must be noted that public budgeting is very political and the ramifications of budget decisions are not only important to a school officer's career but also other staff in their district, the communities they serve, and, most importantly, the students of their district. School district budgeting is a highly charged affair with differing opinions as to what is the best course of action. It is suspected to all three factors impacted participation rates.

However, the research design anticipated such a possibility and was one reason that a rigorous, comprehensive case study mixed methods approach was used. The idea that participation rates may be low only underscored the need to get as much information about budgeting practices from the school district business officials who did participate. In this, the research effort was successful. As mentioned, the benefits of this mixed methods approach were that the researcher was not only able to perform statistical analysis but this information was able to triangulated and elaborated upon the findings. The study's data set provides comprehensive, detailed information in which future

practitioners and researchers who have an interest in the topic can build upon in the future.

Implications

As Smotas (1996) suggests in his study, by adding to the body of knowledge of budget practices, the new knowledge that is presented herein can be used to improve budget decisions across the nation. Indeed being cognizant of critical issues and trends is important in any improvement process. This information is also important so that recommendations for change are based in a contextual understanding of current practices. Without this understanding, the divide between academics and practitioners will continue and calls for changes in budgeting practices will fail to be enacted. Practitioners, when choosing between practical considerations and theory, will likely base their decisions on past experience, unless academic recommendations can navigate the divide between theory and current practice. In addition, this study has a number of research and practical implications. These include:

- Providing a framework/foundation for future research on this topic;
- Providing support to the notion that NCLB has had a impact on school district improvement activities, thereby, resulting in an avocation of school reform efforts; and,
- Suggesting that school districts should pursue more results oriented budgeting practices as a means of increasing organizational effectiveness inclusive of increasing student achievement and, in particular, meeting the objectives of NCLB.

The implications are important in that they focus on improving the quality of research and practice related to school district budgeting.

Framework/Foundation for Further Examination of Budgeting and Student Achievement

Given the relative dearth of research on current school district actual budgeting practice and how it relates to student achievement, this research serves to provide a framework/foundation for further inquiry in this area. This research can help initiate professional, political, educational conversations on how school district budgeting can have a positive impact on student achievement. This may compliment related research that has been done related to the level of funding and student achievement (e.g., Odden & Picus, 2007; Archibald, 2006; Hanushek, 1989; Hedges et al., 1994, Jefferson, 2005; Archibald, 2006; Ilon & Normore, 2006; Okpala, 2002; Odden, Goetz, & Picus, 2007; Willis, Durante, & Gazzerro, 2007) as many researchers agree that dollars “do not magically transform themselves into greater learning” (Slavin, 1999, p. 122).

Rather, increased student achievement occurs as the result of targeted effective programming and excellent instructional delivery. It can be argued; therefore, that to what degree a school district’s budget supports these initiatives determines the effectiveness of school divisions. Therefore, it is not only the amount of resources but how those resources are spent which influence student achievement. Budgeting is the art and science behind making those decisions. Consequently, further research in this area is needed, especially in this era of increased accountability. This research encourages future work in this area and provides a framework/foundation in which to review this topic.

NCLB – A Change Agent for Improvement

Public education is the cornerstone of a working, progressive, democratic society. Therefore, school district improvement efforts are not without significance. Recognizing the importance of education and the need to ensure all students succeed, the No Child Left Behind Act (NCLB) stated purpose is “to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments” (Public Law 107-110, Sec. 1001., 2002). In order to meet this objective, the Act calls for the targeting of resources so that taxpayer funds are better utilized and that these funds help support improved student performance. Therefore, the improvement in the budgeting of resources is tied to meeting the requirements to have all students reach proficiency by 2014.

As suggested in this research effort, budgeting practices have changed since NCLB and these practices appear have a focus on system improvement. In the school districts examined, budgeting practices since NCLB seem to be more participatory, more evaluation oriented, and attempt to link resources to where they produce the best results. Regardless of how one feels about NCLB and particular aspects of its implementation, most would agree that this more focused, results oriented approach is a positive step. Whether one is a concerned taxpayer, a politician, an educator, a parent, or a community member at large, improving upon how funds are allocated is of mutual interest.

In addition, some consider that the way we treat our most needy citizens is a reflection of how great we are as a country. In this regard, the fact that NCLB is mostly directed to ensuring that all students achieve, regardless of SES, race, or disability status

is laudable. The fact that NCLB appears to have influenced school districts to direct resources in order to meet AYP, which calls for improvements in student achievement in all student categories, is a positive attribute not only in terms of the educational opportunities we provide the students impacted but from a society perspective as Owings and Kaplan (2006) remind us: "Education is a significant investment in human capital that has clear benefits for the individual, the economy, and the society at large" (p. 95). Indeed, NCLB does not allow schools to only offer excellent opportunities to a select few and but to every student. As a result, our educational system is strengthened as proficiency must be achieved by all students.

The fact that budgeting practice has possibly been elevated to more deliberate, considered levels (as measured by increased levels of performance-based budgeting attributes) since NCLB is an advancement that can only be viewed as a positive outcome of the law's introduction. Therefore, similar policies which challenge school systems to ensure, and be accountable for, increased student achievement should be pursued. Though such improvement is difficult, the pursuit of excellence should not be dissuaded as our students are worthy of such improvement efforts.

A Call for Improved Budgeting Practice

Though the results of this study need to be confirmed by additional study, the suggestion that student achievement can be positively impacted by performance-based budgeting practices in and of itself call for its greater use. As Odden & Monk (1995) indicate, the educational system needs to be restructured so that the significant resources which the taxpayer's have provided public education are paid off in increased student achievement. In order to do this, school districts will have to ensure that resources are

efficiently and effectively used for their intended purpose – teaching and learning. As such, school district budgeting should focus on a framework which aims on achieving this goal.

This framework includes the performance-based budgeting attributes of : stakeholder involvement, data-driven decision-making, a consideration of alternative service delivery and evaluation results, a focus on strategic planning which focuses on the school district's major objective - teaching and learning, the establishment of performance indicators, the practice of reallocating resources to those activities that produce the best results, and the overall objective of tying budgeting resources to specific outcomes. This framework requires hard work, dedication, and perseverance, but it also affords the district the opportunity to align resources to where they will be most effective and help address issues like the achievement gap between different categories of students. This will be critically important in current economic times as the availability additional resources are seriously in question as citizens face increased fuel, utility, and food cost in this (possibly) recessionary period. As a result, it is doubtful that school districts will receive significantly increased resources in order to achieve the requirements of NCLB. Therefore, the budgeting of existing resources takes on added significance.

The data suggest, in the school districts examined, performance-based budgeting practices are becoming more widely practiced since NCLB and the impact on student achievement possibly accounts for as much as 23% of the variance in student achievement levels. This potentially is a partial mechanism in ensuring a 100% of public schools students reach proficiency by NCLB's deadline of 2014. Unlike a student's SES, parental education level, etc., the ability of school districts to change its budgeting

processes is entirely under their control and, therefore, is something that should be considered/pursued in ensuring greater student achievement. Therefore, the practical application of this research is that school districts should abandon line-item, incremental budget practices in favor of more performance-based systems since NCLB.

Future Research

Given its possible impact on student achievement, future research should focus on confirming and expanding on the research presented. This research should/could include:

- Increasing the participation of study participants;
- Including a full regression analysis related to student performance which includes the degree of performance-based budgeting methods as a predictor variable;
- Evaluation of the impact of school district leadership in improving budgeting practice; and,
- Replicating the study in the same or different setting to confirm the findings presented.

Increasing Participation

As noted in the limitations section, this study would have been advanced in terms of generalization power if the participation rate was greater. In order to achieve this, it may be possible to condense the survey instrument and interview protocol in an attempt to make them more streamlined than the study's instrument. In so doing, the researcher should be mindful to capture the key attributes of, for example performance-based budgeting, in constructing a modified survey/interview instrument. However, it may be possible to capture the same attributes while condensing the study which might encourage greater participation.

Regression Analysis

Although originally planned, multivariant regression analysis was not included in this study as it was determined that the data set did not allow for such. Consequently, a possible research avenue is to include in a research project a regression analysis which factors budgeting practice in a full compliment of variables which may account for differences in student achievement. As noted in this study, this includes not only the level of available resources but also SES, parental education level, parent involvement level, etc. Such research might better account for variances in student achievement as a result of budgeting practice as models would reveal the relative strength of such variables.

The Importance of School District Leadership

Any improvement effort takes strong leadership. Although this study did not specifically highlight this fact, it was part of the survey questions. In addition, the statewide survey responses did indicate, in certain instances, the importance of this leadership in how the school districts construct their budgets. A valuable research effort would delineate how school district leadership impacts school district budgeting especially in regard to improvement efforts.

Replication of Study

As indicated, a major credibility limitation in this study is that all the data were collected, analyzed, and reviewed by one researcher. Multiple researcher analysis would add to the credibility of findings. Therefore, a replication of this study would be valuable in terms of confirming results. This research effort may focus of the same geographical area but would also be valuable in a different setting. Conducting such research would be a worthy effort in terms of validating and elaborating of the study's results. As said, the

findings of this study are important so performing such replicate analysis would be constructive.

Summary

As it matters where educational dollars are spent because it defines what programs and services are offered, the way budgets are formed is significant. Budgeting decisions take on added significance in light of fulfilling the objectives of *No Child Left Behind Act* (NCLB) which is characterized as the most far reaching piece of educational legislation in decades. In NCLB's wake, much of the debate has focused on the instructional practices which will enable all students to meet the requirements to reach proficiency by 2014. However, if this goal is to be realized, school districts, as part of their improvement plans, need to focus on how to ensure that appropriate resources (inputs) are available to fund proven instructional strategies which produce results (outputs). Budgeting is the merging of resources to achieve results. According to Howell and EdSource (1996), "A school budget is a planning document that links financial decisions to educational policy. It contains the district's priorities and its strategies for achieving those priorities" (p. 4).

The data suggest that the decision-making criteria which school district officials' consider as most relevant in making budgeting decisions has changed, and they have changed their budgeting methods since NCLB. Furthermore, it appears that school districts have changed their budgeting methods and become more performance-based since the introduction of NCLB. This is considered a positive phenomenon as performance-based budgeting may result in improved student achievement since it focuses on stakeholder involvement, data-driven decision-making, a consideration of

alternative service delivery and evaluation results, the establishment of performance indicators, the practice of reallocating resources to those activities that produce the best results, tying budgeting resources to specific outcomes, and, a focus on strategic planning which focuses on the school district's major objective - teaching and learning.

These changes are not only significant in regard to stewardship of public funds but are significant as to their impact on student achievement. As these school district business officials shared:

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 got to be present. Now we know, research tells us the number one factor that influences student achievement is the quality of instruction. Well how do you get that quality of instruction into the classroom if you are not able to pay a competitive salary, how do get that quality of teacher in there? [What if] you are not able to have an adequate facility (we know what the research says about facilities and how that affects student achievement)? So (not to sound like a one horse thing here) its all back to making sure that you get the right resources and you 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 more critical and it is absolutely linked in someway or another to student achievement. You cannot deny it.

- School District Business Official #12 Interview Response

Well if it [budgeting] doesn't have an impact [on student achievement], I might as well pack my bags and go on home cause this is what it is about. Frankly, when you start talking about budgets and education what I tell people all the time when I go speak with them on budget issues, I tell them in my opinion the most important policy document that the school board approves every year is the budget because it is what funds and drives every decision that gets made in this division. It is the embodiment of where the board, where board perceived where the public desires, is for spending money or resources for students' education. And the budget is the most import driver of what goes on in this division.

- School District Business Official #5

The quantitative findings suggest such a relationship between budgeting and student achievement and the qualitative data confirms this possibility. As such, school districts should consider this possibility and move away from traditional line item, incremental methods and use other more results oriented budgeting approaches. Given that the impending requirement to have all students' proficient by 2014, school districts will need to use every method available in order to increase student achievement and meet the NCLB requirements. As the use of performance-based budgeting methods may increase student achievement, it should be pursued. After all, every day that resources are not placed to where they will have the most significant impact on student learning, is a missed learning opportunity for students who shouldn't need to wait.

Final Reflections – The “So What?”

School divisions can, and should, ensure that public funds are used to address the needs of students and achieve better results for all students, regardless of race and SES. This is based on the researcher's experience as a practitioner and confirmed by this research. Indeed, unprecedented, significant increases in students achievement can be achieved (Smoker, 2006). This research suggests that one tool in gaining greater student achievement may be by a school district's use of performance-based budgeting methods which appear to have increased since the introduction of NCLB. Indeed, a recent Center on Educational Policy (2008) study confirmed, student achievement has increased (whereas the achievement gap has decreased) since the introduction of NCLB and that this has been the result of many interconnected policies and programs. One of these organizational processes appear to be more focused budgeting methods/practices since

NCLB which aim to increase achievement rather than focusing on historical allocations which has been the case in school districts use of traditional budgeting methods.

It is understandable that educational expenditures will increase from year to year given the increased costs of salaries, employee benefit, and operational costs. It is also acknowledged that issues of equity and adequacy of funding between districts will need to be addressed in order to ensure that all schools have the necessary funds to deliver a solid educational program and that their students needs are met (Odden, 2001). However, the idea that schools are woefully under funded does not hold true. There are sufficient funds to provide quality educational programs. A review of expenditure patterns and practical experience in school administration confirms this reality. What holds back performance is not an insufficient amount of funding but how school districts use the funds afforded to them.

The primary issue in improving educational success for our students is the willingness of school districts to be able to review their current practices and make the necessary adjustments based on data. Research (e.g., Marzano, 2001) and experience tells school districts and their staff what is needed to achieve results for their students. Anecdotal speaking, it is not uncommon to hear of success stories about students, who previously were unsuccessful, were able to achieve at high levels given the interventions of a particular teacher, program, or school. The educational field has the knowledge to increase student achievement; the appropriate question to ask is if school districts have the willingness and fortitude to use this knowledge?

Great advancements in student achievement can be realized with a systematic, ongoing, data informed review of system practices/policies/procedures and, most

importantly, results. By doing this, sufficient resources will be directed towards those activates which truly impact on student learning. While changing anything in the public sector is often difficult given that on any matter there are constituencies in support of the status-quo, this is not a reason to be dissuaded. School districts must actively initiate, advocate, and execute programs and activities that will result in higher student achievement. A school district's community and students are worth it and accountability demands it.

Hartman (1988) is totally on base when he indicates that the budget is more than a series of numbers. It represents the educational plan of the school district. It is incumbent for school finance officers, superintendents, and the school board to view the process and product of budgeting as key in meeting the needs of the students. Consequently, the way a school system views, develops, and uses the budget is critical to achieving results. The following provides a recommended framework for school district budgeting.

Budgeting for improved results – A framework for success

In achieving greater student achievement, a school district's budgeting process should include an emphasis on these performance-based budgeting components: **transparency and stakeholder involvement, data-driven decision making, focusing on teaching and learning, and re-allocating resources.** This model, as depicted in Figure 12, suggests a relationship between the four major elements.

Transparency and stakeholder involvement implies that the budgeting process (as reflected by the circle) is transparent and involves multiple stakeholders. This means that unlike traditional budgeting methods, multiple stakeholder involvement is sought. This is often accomplished by having an active, meaningful budget development committee

which is intimately involved in forming the budget proposal. Data-driven decision making in budgeting implies that decisions in regard to the budget are made on reliable data, e.g., performance indicators, scholarly research, efficiency measures. Focusing on teaching and learning means that in all budget considerations that the improvement of teaching and learning is the paramount concern in making decisions. This “come from” is both purposeful and consistent. It implies that the budget does not drive the educational program but that the educational program drives the budget. The idea of resource re-allocation is that funds within a budget must be directed only those activities which 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.

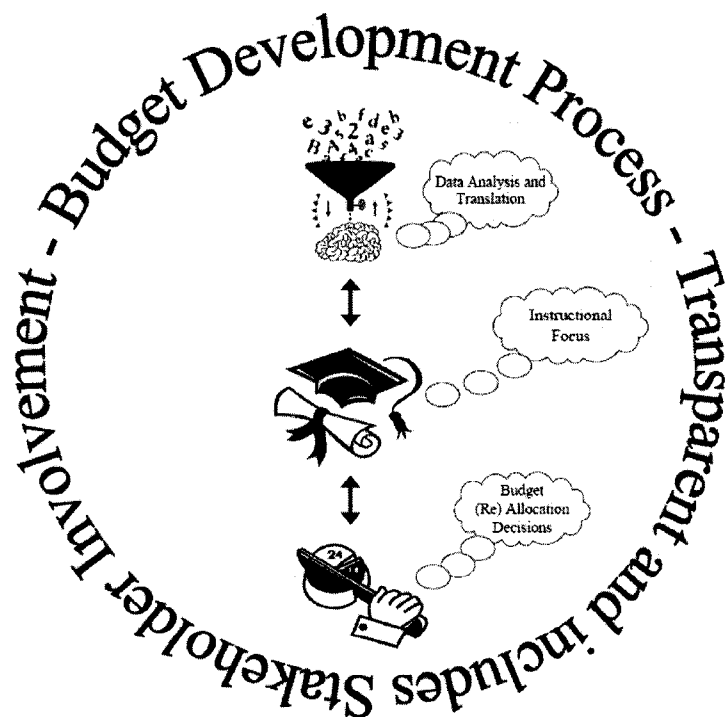


Figure 12. Budgeting Framework for Increased Student Achievement

Data-Driven Decision Making

Systematic, purposeful, and thorough analysis of data is the first critical step in any continuous improvement process. This is especially true in budgeting. In making budget decisions, school districts need to carefully review student data, e.g., performance, discipline, attendance data. In addition, financial, human resources, operational, demographic, economic, and other data must be considered. Legal, political, and inter-governmental considerations are also data sources which must be considered in making budget decisions. In making budget decisions, the following should be considered:

- ✓ *Trend identification* - the identification trends, e.g. student achievement and organizational outcomes, is critical in improving organizational effectiveness and allows a school district to identify areas of strength and weakness.
- ✓ *Performance measurements* - performance indicator data is particularly useful in making budget decisions as they assist in creating a link between budget allocations (inputs) and the results (outputs) of those expenditures.
- ✓ *Program evaluation data* – determining the relative effectiveness of school district programs is essential in making funding decisions as it allows the school district to focus resources on those activities which are most effective in achieving results rather than continuing funding on those programs which are ineffective. Program evaluation data also provides a rationale to channel more resources to those activities which have a record to increasing achievement.

The failure to use data in making decisions means that decisions are likely to be flawed in nature and fail to adequately address the true instructional needs as there is not a rational/factual basis for those decisions. On the other hand, the use of data in making

decisions allows decisions to be made on a rational basis and with a specific purpose (goal) in mind. As a result, decisions based on data generally are more focused, factual, and effective.

In order to improve performance school districts must actively use data in evaluating the relative merit of past instructional, operational, and financial decisions. This review of data should help inform school district leaders about past budget decisions and help in making new ones. Trend information, performance indicators, and cross-sectional data presentations are particularly helpful in establishing budget priorities and opportunities for improvement and must be an integral part of the budget formation process.

Teaching and Learning Focus

In order for an organization to be successful, its resources should be aligned with the main mission of that organization. Although schools are involved in a number of social, political, and human services concerns, their main mission is teaching and learning. Consequently, school district budget resources necessarily need to be tied to this mission. Additionally, decisions regarding the funding of instructional activities should be based on the learning needs of the students. Budget proposals should be evaluated through the lens of how they will impact on teaching and learning. Based on the district's analysis, and determining the associated budget implications, the district is able better able to ensure that the required resources are available to fulfill its objectives. The budget proposal must be aligned with the district's educational goals and hold their achievement as sacrosanct.

(Re) allocation of funds

Effectively linking school district resources to effective learning activities, based on the needs of the students, demands a deliberate process. Traditionally, however, the allocation of resources has not necessarily been a conscious process. Decisions pertaining to class size, professional development and other instructional matters are not exception (see North Central Regional, 2000). Burke (1997) indicates performance based budgeting “represents a dramatic shift in traditional budget practice (p. 1).” However, in order to maximize resources and increase student performance a school district must be willing and able to reallocate funds from unnecessary or less effective activities and program to ones that have proven to be effective in securing greater student achievement. A school district commitment towards re-allocating funds to areas which will pay greater educational dividends is essential if student achievement is to be increased. The idea that school divisions can continually use funds in the same way, for the same programs and expect greater results is not rational. School divisions must seek to direct funds to where they will have the greatest impact. This involves the ability, desire, and conviction to change the status quo. If schools are to succeed, naturally resources will have to be directed by need and not historical expenditure patterns.

Conclusion

As Odden & Monk (1995) indicate, the educational system needs to be restructured so that the significant resources which the taxpayer’s have provided public education are paid off in increased student achievement. In order to do this, school districts will have to ensure that resources are efficiently, effectively and used for their intended purpose – teaching and learning. As such, school district budgeting should focus

on a framework that aims on achieving this goal. This framework includes an emphasis on: transparency and stakeholder involvement, data-driven decision making, focusing on teaching and learning, and re-allocating resources. This performance-based budgeting framework requires hard work, dedication, and perseverance but it also affords the district the opportunity to align resources to where they will be most effective and help address issues like the achievement gap between different categories of students and the need to increase overall student achievement.

References

- Alexander, K., & Salmon, R. G. (1995). *Public school finance*. Needham Heights, MA: Allyn and Bacon.
- Anderes, T., & Association., S. (1995, August 1). *Outcome Based Budgeting: Connecting Budget Development, Allocation and Outcomes*. . (ERIC Document Reproduction Service No. ED394402) Retrieved July 2, 2007, from ERIC database.
- Archibald, S. (2006). Narrowing in on educational resources that do affect student achievement. *Peabody Journal of Education*, 81(4), 23-42.
- Bland, R. L. (2007). *A budgeting guide for local government* (2nd). Washington, DC: International City/County Management Association.
- Blink, R. L. (2007). *Data-driven instructional leadership*. Larchmont, NY: Eye on Education.
- Brewer, G. D., & DeLeon, P. (1983). *The foundations of policy analysis*. Homewood, IL: Dorsey Press.
- Burgess, J. L. (2005). A descriptive study of the influence of political pressures on the budget development and adoption process in selected California public school districts. Ed.D. dissertation, University of La Verne, United States. *ProQuest Digital Dissertations database*. (UMI No. 3191760)
- Burke, J., & State University of New York, A. (1997, January 1). Performance-funding indicators: Concerns, values, and models for two- and four-year colleges and universities. (ERIC Document Reproduction Service No. ED407910) Retrieved June 21, 2007, from ERIC database.

- Candoli, C., Hack, W. G., Ray, J. R., & Stollar, D. H. (1984). *School business administration* (3rd ed.). Boston: Allyn and Bacon, Inc. (Original work published 1973)
- Center on Education Policy (Ed.). (2008). *Has student Achievement Increased sine 2002?: State test score trends through 2006-07*. Washington, DC: Author. Retrieved September 9, 2008, from http://www.cep-dc.org/index.cfm?fuseaction=document_ext.showDocumentByID&nodeID=1&DocumentID=241
- Coleman, J. S., Campbell, E. Q., McPartland, J., Mood, A. M., Weinfeld, F. D., & York, R. L. (1966). *Equality of educational opportunity*. Washington, DC: Government Printing Office.
- Columbia University. (1995). *A report from the consortium on productivity in the schools: Using what we have to get schools we need*. New York: Consortium on Productivity in the Schools, The Institute on Education and the Economy, Teachers College, Columbia University.
- Cooper, B., Sarrel, R., Darvis, P., & Alfano, F. (1994). Making money matter in education: A micro-financial model for determining school level allocations, efficiency, and productivity. *Journal of Education Finance*, 20(1), 66-87.
- Creswell, J. W. (2003). *Research design: Qualitative, quantitative, and mixed methods approaches* (2nd). Thousand Oaks California: Sage Publications.
- Davis, O. A., Dempster, M. A. H., & Wildavsky, A. (1966, Sep.). A theory of the budgetary process. *The American Political Science Review*, 60(3), 529-547.
- Davis-Kean, P. E. (2005). The influence of parent education and family income on child achievement: The indirect role of parental expectations and the home environment. *Journal of Educational Psychology*, 19(2), 294-304.

- Dean, M. M. (2007, November 15). PA study: State underfunding schools by \$4.6B a year. *Philadelphia Dailey Press*. Retrieved November 21, 2007, from http://www.philly.com/daileynews/local/20071116_Pa_study_State_underfunding_schools_by_4_6B_a_year.html
- Education Commission of the States (Ed.). (1997). *Investing in student achievement*. Denver, CO: Author.
- Ewell, P. (1999). Linking performance measures to resource allocation: Exploring unmapped terrain. *Quality in Higher Education*, 5(3ov), 191-209.
- Ferry, M. (1981). *An analysis of budget criteria, decision-making experience of superintendents, and selected demographic characteristics of Connecticut school districts*. Unpublished doctoral dissertation, The University of Connecticut, United States.
- Fowler, F. C. (2003). *Policy studies for educational leaders* (2nd.). Upper Saddle River, NJ: Pearson Education.
- Friedman, M., & Finance Project, W. (1996, September 1). *A Strategy Map for Results-Based Budgeting: Moving from Theory to Practice*. (ERIC Document Reproduction Service No. ED400102) Retrieved July 2, 2007, from ERIC database.
- Garner, C. W. (1991). *Accounting and budgeting in public and nonprofit Organizations*. San Francisco: Jossey-bass Publishers.
- Gehring, J. (2002, May 15). Standard & Poor's studies school spending in Pennsylvania. *Education Week*. 21(36), 20.

- Geiger, P. E. (1993, July). Zero-based budgeting redux. *The American School Board Journal*, 180, 28-30.
- Government Accounting Standards Board. (2003, Oct.). Reporting performance information: Suggested criteria for effective communication. *Special Report Summary*. Norwalk, CT.
- Government Accounting Standards Board. (2007). Performance measurement for government. Retrieved March 1, 2008, from http://72.3.167.245/aboutpmsg/performance_measurement.shtml: Government Accounting Standards Board.
- Grissmer, D. W., Flanagan, A., Kawata, J. H., & Williamson, S. (2000). Assessing the cost-effectiveness of different resource utilizations. *Improving student achievement: What does state NAEP test scores tell us*. Santa Monica, CA: RAND. Retrieved December 3, 2007, from http://www.rand.org/pubs/monograph_reports/MR924/MR924.chap8.pdf.
- Hanushek, E. A. (1989). The impact of differential expenditures on school performance. *Educational Researcher*, 18, 45-51.
- Hanushek, E. A. (1994). Money might matter somewhere: A response to Hedges, Laine, and Greenwald. *Educational Researcher*, 23(2), 5-8.
- Hartley, H. J. (1990, Feb.). Boardroom bottom line. *The American School Board Journal*, 177, 29-31.
- Hartman, W. T. (1988). *School District Budgeting*. Eaglewood, New Jersey: Prentice-Hall.
- Hedges, L. V., Laine, R. D., & Greenwald, R. (1994). Does money matter? A meta-analysis of studies of the effects of differential school inputs on student outcomes. *Educational Researcher*, 23, 5-14.

- Hendrickson, A. T. (1987). The evidence continues to grow: Parent involvement improves student achievement. An Annotated Bibliography. Columbia, MD: National Committee for Citizens in Education. (ERIC Document Reproduction Service No. ED 315 199)
- Hill, L. D. (2004). The impact of accountability: An evaluation of performance-based budgeting in the North Carolina Community College System. *ProQuest Digital Dissertations database*. (UMI No. 765925451)
- Howell, P., & EdSource, I. (1996). *Understanding school budgets: As simple as 1,2,3...* Retrieved July 7, 2007, from ERIC database. (ERIC Document Reproduction Service No. ED425498)
- Ilon, L., & Normore, A. H. (2006). Relative cost-effectiveness of school resources in improving achievement. *Journal of Education Finance*, 31(3), 238-254.
- James City County. (2007). *James City County Fiscal Year 2008 proposed budget: capital improvements program 2008-2012*. (March 30, 2007). Retrieved April 6, 2007, from [Http://www.jccgov.com/pdf/budgetpdfs/08proposedbudget/SectionC/ExpSummary_c1_c2.pdf](http://www.jccgov.com/pdf/budgetpdfs/08proposedbudget/SectionC/ExpSummary_c1_c2.pdf): James City County, Virginia.
- Jefferson, A. (2005). Student performance: Is more money the answer. *Journal of Education Finance*, 21(2), 111-124.
- Johnson, D. (2004, April). Improving decisions with data. *School Administrator*, 61(4), 6.
- Kaine, T. M. (2006). *Governor Kaine's proposed amendments to the 2006-2008 budget: Economic outlook & revenue forecast: A briefing for the Senate Finance, House Finance, and Appropriations Committees*. (2006, Dec 15). Retrieved March 1, 2008, from [Http://www.dpb.virginia.gov/budget/06-08/JMW-Presentation12-15-06.pdf](http://www.dpb.virginia.gov/budget/06-08/JMW-Presentation12-15-06.pdf): Virginia Department of Planning and Budget.

- Kehoe, E. (1986). Educational budget preparation: Fiscal and political considerations (Chapter 6). *Principals of School Business Management*. Reston, Virginia: Association of School Business Officials International.
- Kelley, C. (1999). Leveraging human and fiscal resources for school improvement. *Educational Administration Quarterly*, 35(4), 642-657.
- Key, V. O. (1940, Dec.). The lack of a budgetary theory. *The American Political Science Review*, 34(6), 1137-1144.
- Knapp, M. S., Swinnerton, J. A., Copland, M. A., & Monpas-Hubar, J. (2006, Oct.). Improving leadership for learning 0,1,2,3,4,5,6 [Center for Study of Teaching and Policy, University of Washington]. *Data-Informed Leadership in Education*.
- Krill, C. (2002, August). Reallocation Resources [Review of the book North Central Regional Educational Lab., O. (2000, January 1). *A better return on investment: Reallocating resources to improve student achievement*.]. *School Administrator*, 59(7), 49.
- Kumar, R. (2005). *Research methodology: A step-by-step guide for beginners* (2nd ed.). Thousand Oaks, CA: Sage Publications.
- Lee, R. D., & Johnson, R. W. (1989). *Public budgeting systems* (4th). New York: Aspen Publications.
- Leibenstein, H. (1966). Allocative efficiency and X-efficiency. *The American Economic Review*, 56, 392-425.
- Levin, H. M. (1997). Raising school productivity: An X-efficiency approach. *Economics of Education Review*, 16(3), 303-311.
- Marzano, R., Pickering, D., & Pollock, J. (2001). *Classroom instruction that works: Research based strategies for increasing student achievement*. Alexandria, VA: Association for Supervision and Curriculum Development.

- Meyers, L. S., Gamst, G., & Guarino, A. J. (2006). *Applied multivariate research: Design and interpretation*. Thousand Oaks, California: Sage Publications.
- Monk, D. H. (1996). Resource allocation for education: An evolving and promising base for policy-oriented research. *Journal of School Leadership*, 6.
- Mundt, B., Olsen, R., & Steinberg, H. (1982). *Managing public resources*. New York: Peat Marwick International.
- National Center for Educational Statistics. (2005). Table 34. *Actual and alternative projected numbers for current expenditures and current expenditures per pupil in fall enrollment in public elementary and secondary schools: 1990–91 through 2015–16*. (2005). [Http://nces.ed.gov/programs/projections/tables/table_34.asp](http://nces.ed.gov/programs/projections/tables/table_34.asp): National Center for Educational Statistics.
- National Center for Educational Statistics. (2006). *Expenditures for education: Annual total education expenditures as a percentage of GDP, by GDP per capita in selected OECD countries: 2003*. Retrieved March 1, 2008, from [Http://nces.ed.gov/programs/coe/2007/charts/chart41c.asp?popup=true](http://nces.ed.gov/programs/coe/2007/charts/chart41c.asp?popup=true): National Center for Educational Statistics.
- National Center for Educational Statistics. (2007). *Enrollment in educational institutions, by level and control of institution: Selected years, fall 1980 to fall 2006*. (2007). Retrieved March 1, 2008, from [Http://nces.ed.gov/programs/digest/d06/tables/dt06_002.asp?referrer=report](http://nces.ed.gov/programs/digest/d06/tables/dt06_002.asp?referrer=report): National Center for Educational Statistics.
- National Center for Educational Statistics. (2007b). State education data profiles - 2005-2006 data.. Retrieved March 12, 2008, from <http://nces.ed.gov/programs/stateprofiles/sresult.asp?mode=short&sl=51>.: National Center for Educational Statistics.

- National Center for Educational Statistics. (2008). 2005-2006 school year CDD public school district data. Retrieved March 12, 2008, from <http://nces.ed.gov/ccd/districtsearch/index.asp>: National Center for Educational Statistics.
- North Central Regional Education Lab, Odden, A., & Archibald, A. (2000). A better return on investment: Reallocating resources to improve student achievement. [Booklet with Audiotapes]. (ERIC Document Reproduction Service No. ED470931) Retrieved June 13, 2007, from ERIC database.
- Odden, A. (2001, Sep.). The new school finance. *Phi Delta Kappan*, 83(1), 85.
- Odden, A., Archibald, S., Fermanich, M., & Gross, B. (2003, Winter). Defining school-level expenditure structures that reflect educational strategies. *Journal of Educational Finance*, 28(3), 323-356.
- Odden, A., Borman, G., & Fermanich, M. (2004). Assessing teacher, classroom, and school effects, including fiscal effects. *Peabody Journal of Education*, 79(4).
- Odden, A., & Clune, W. (1995). Improving educational productivity and school finance. *Educational Researcher*, 24(9), 6-10, 22.
- Odden, A., Goetz, M. E., & Picus, L. O. (2007, March 14). Paying for school adequacy with the national average expenditures per pupil. *School Finance Redesign Project: Center on Reinventing Public Education*. Available from <http://www.schoolfinanceredesign.org/>.
- Odden, A., Monk, D., Nakib, Y., & Picus, L. (1995, October). The story of the education dollar. *Phi Delta Kappan*, 77(2), 161-168.

- Odden, A., & Picus, L. (2007, Aug. 15). School Finance adequacy at a crossroads. *Education Week*, 26(45), 40.
- OECD. (2006). *OECD in Figures: 2006-2007 Edition*. Retrieved November 14, 2007, http://www.oecd.org/document/43/0,3343,en_2649_34489_37806443_1_1_1_1,0 0.html.
- Okpala, C. O. (2002). Educational resources, student demographics and student achievement. *Journal of Education Finance*, 27(3), 885-908.
- Owings, W. A., & Kaplan, L. S. (2006). *American public school finance*. Belmont, CA: Thomson Wadsworth.
- Park, H. M. (2008). Comparing Group Means: T-tests and One-way ANOVA Using Stata, SAS, and SPSS. Retrieved August 6, 2008, <http://www.indiana.edu/~statmath/stat/all/ttest/ttest.pdf>.
- Patashnik, E. M. (2000). Budgeting more, deciding less. *Public Interest*, 65. Available from Academic One File. Gale.
- Patton, M. Q. (2002). *Qualitative research and evaluation methods* (3rd ed.). Thousand Oaks, CA: Sage Publications.
- Perera, S. (1998, June). The historical development of business budgeting: An organizational perspective. *Accounting Forum*, 22, 31-49.
- Performance, results, and budget decisions*. (2003, April 1). Subcommittee on Government Efficiency and Financial Management of the Committee on Government Reform, House of Representatives (108th Congress).
- Picus, L. O. (1997). Does money matter in education? A policymaker's guide. *Selected papers in school finance*, 15-35.
- Public Law 107-110, Sec. 1001. "No Child Left Behind". (2002, Jan. 8).

- Rose, L. (2004). No child left behind: The mathematics of guaranteed failure. NCLB: Failed schools--or failed law. *Educational Horizons*, 82(2), 121.
- Rubin, I. S. (2000). *The politics of public budgeting: Getting and spending, borrowing and balancing* (4th). New York: Seven Bridges Press.
- Rubin, I. S. (Ed.). (1988). *New directions in budget theory*. Albany, NY: State University of New York.
- Rubin, M. A. (2004). Improving the current status of school performance reporting. *Journal of Public Budgeting, Accounting & Financial Management*, 16(2), 147.
- Schick, A. (1988). An inquiry into the possibility of a budget theory. *New direction in budget theory*. Albany, NY: State University of New York.
- Sherman, W. H., Burckbuchler, S. A., Geroux, K., Robinson, T., Smith, W., & Garcia, A. (2007, November). *The impact of NCLB on the achievement gap in Hampton roads, Virginia*. Paper presented at the meeting of University Council for Educational Administration, Washington, DC.
- Shipman, S. (2002, Nov.). Linking program performance to the budget: Can agencies meet the president's challenge? *Annual Meeting of the American Evaluation Association in Arlington, VA*.
- Siegel, D., & ERIC Development Team. (2003, May). *Performance-driven budgeting: The example of New York city's schools*. *ERIC Digest*, 1-8. ERIC Clearinghouse on Educational Management Eugene OR. Available from www.eric.ed.gov (ERIC Document Reproduction Service No. ED474305)
- Sielke, C. (Ed.). (2001, Jan.). Implementing site-based budgeting. *School Business Affairs*, 67(11), 16.

- Simon, H. A. (1997). *Administrative behavior: A study of decision-making processes in administrative organizations* (4th ed.). New York: The Free Press. (Original work published 1945)
- Slavin, R. E. (1999). How can funding equity ensure enhanced achievement? *Journal of Education Finance*, 24(4), 519-528.
- Smoker, M. (2006). *Results now: How we can achieve unprecedented improvements in teaching and learning*. Alexandria, VA: Association for Supervision and Curriculum Development.
- Smotas, P. H. (1996). An analysis of budget decision criteria and selected demographic factors of school business officials of Connecticut school districts. *ProQuest Digital Dissertations database*.
- State Education Data Center. (2007). Retrieved March 12, 2008, from <http://www.schooldatairect.org/app/location/q/stid=47/llid=111/stllid=158/locid=47/stype=/catid=-1/secid=-1/compid=-1/site=pes>: Council of Chief State School Officers.
- United States General Accounting Office. (2002, Sept. 19). Performance budgeting: Opportunities and challenges: Statement of David M. Walker, Comptroller General. *Testimony Before the Government Reform Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations, Rules Subcommittee on Legislative and Budget Process, House of Representatives*. Washington, DC: United States General Accounting Office.
- United States Government Accountability Office. (2005a, October). *Performance budgeting: PART focuses attention on program performance, but more can be done to engage congress* (GAO-06-28). Washington, DC: Government Accountability Office.

- United States Government Accountability Office. (2005b, February). *Performance budgeting: States' experiences can inform federal efforts* (GAO-05-215). Washington, DC: Government Accountability Office.
- United States Department of Education. (2002, Jan. 7). *Executive summary of the no child left behind act of 2001*. Retrieved June 23, 2007, from [Http://www.ed.gov](http://www.ed.gov)
- United States Department of Education. (2007, Jan.). Empowering parents to help their children achieve. In. Retrieved June 23, 2007, from <http://www.ed.gov/policy/elsec/leg/nclb/factsheets/parents.html>
- Virginia Department of Education. (2006). *September 30, 2006 Student Membership by Division and Grade and Grade Part-time Membership*. Retrieved (date) from [Http://www.doe.virginia.gov/VDOE/dbpubs/Fall_Membership/2006/fm_div_grad.e.xls](http://www.doe.virginia.gov/VDOE/dbpubs/Fall_Membership/2006/fm_div_grad.e.xls): Virginia Department of Education.
- Virginia Department of Education. (2007). *Table 15 of superintendent's annual report for Virginia sources of financial support for expenditures, total expenditures for operations and total per pupil expenditures for operations FY 2006*. Retrieved April 6, 2007, from [Http://www.doe.virginia.gov/VDOE/Publications/asrstat/2005-06/asrbook.html](http://www.doe.virginia.gov/VDOE/Publications/asrstat/2005-06/asrbook.html): Virginia Department of Education.
- Virginia Department of Education. (2008). *Free and reduced price lunch eligibility reports by school year (2007-2008)*. [Data File]. Retrieved March 12, 2008, from http://www.doe.virginia.gov/ss_services/nutrition/resources/statistics/free_red_elig/07-08/divs/divfreered_07-08.pdf: Virginia Department of Education.
- Virginia Department of Planning and Budget. (2007). *History of Planning and Budget Agencies* [Abstract]. (2007). Retrieved March 1, 2008, from <http://www.dpb.virginia.gov/about/history.cfm>: Virginia Department of Planning and Budget.

- Virginia Department of Planning and Budget. (2007b). State-wide summary 2006-2008 operating / dollars - (Chapter 3, 2006 Acts of Assembly). (2007). Retrieved April 6, 2007, from [Http://www.dpb.state.va.us/budget/vabud/vabud.cfm?vBiennium=2006-2008&vTable=O](http://www.dpb.state.va.us/budget/vabud/vabud.cfm?vBiennium=2006-2008&vTable=O): Virginia Department of Planning and Budget.
- Wagner, I. D., & Sniderman, S. M. (1984). *Budgeting school dollars: A guide to spending and saving*. Washington, DC: National School Boards Association.
- Wagner, J. M. (2007). *Actual general fund revenues for fiscal year 2007 and the interim economic outlook and revenue forecast for fiscal years 2008 through 2010: A presentation to the senate finance, house appropriations, and house finance committees. Secretary of finance*. Retrieved March 1, 2008, from http://www.finance.virginia.gov/KeyDocuments/JMCmaterials/JMW_Aug_20_07_JMC_Handout.pdf: Virginia Office of the Secretary of Finance.
- Wildavsky, A. (2001). *Budgeting and governing*. New Brunswick, NJ: Transaction Publishers.
- Wilkins, R. (2002, July). Linking resources to learning: Conceptual and practical problems. *Educational Management and Administration*, 30(3), 313-326.
- Williamsburg-James City County Public Schools. (2007, May 15). *Fiscal year 2007-2008 adopted budget*. Retrieved March 1, 2008, from http://www.wjcc.k12.va.us/content/admin/finance/Budget/FY_0708_SchBoard_Adopted_Budget/cover.html.
- Willis, J., Durante, R., & Gazzerro, P. (2007, May 16). Toward effective resource use: Assessing how education dollars are spent. *School Finance Redesign Project: Center of Reinventing Public Education*.

- Wisconsin Education Association Council. (2007). Variables affecting student achievement. *Issues Primer*. Retrieved November 21, 2007, from <http://www.weac.org/resource/primer/variable.htm>:
- Wood, R. C., Thompson, D. C., Picus, L., & Tharpe, D. I. (1995). *Principles of school business management* (2nd). Reston, VA: ASBO International.
- Wotring, K. E. (2007). Generational differences among community college students in their evaluation of academic cheating. A unpublished doctoral dissertation submitted to the faculty of Old Dominion University, Norfolk, VA.

Appendices

Appendix A: School District Budgeting Survey

Survey of Budgeting Practice in School Districts

As part of my doctoral work, I am conducting a research study of local school district budget practices. This research may be used as part of a report which identifies practices currently used in school districts or in other reports. The identity of the respondents will be kept confidential. Only the researcher will view the individual survey results. Only the researcher will view the individual survey results and, as an added protection, all surveys will use SSL encryption technology. I would appreciate your help in completing the attached survey. Your participation is extremely important to this research. You are, obviously, under no requirement to participate and may exit the survey at any time. If you do not wish to participate, please let me know so that I do not ask you for your response. Your time and attention are truly appreciated as the survey may take up to 45 minutes to complete. If you find that you can not complete the survey in one session or you wish to change your responses, there is the opportunity to re-enter the survey (from the same computer) at a later point. Follow-up interviews may be requested.

Purpose: The purpose of this study is to assess school district budgeting practice before and after No Child Left Behind (NCLB) within the Commonwealth of Virginia.

Use of Results: The results of this study will be used to describe current school district budget practices and be used perform other analysis related to budget practices and student achievement. Survey information identifying individuals or specific districts will be kept confidential. The names of individuals or school districts will be given alternative names (e.g., school business official #1, school district #1) in the final report to protect the identity of individuals.

As a fellow business official, I recognize the demands on your time and truly appreciate your participation.

Scott

Scott A. Burckbuchler, Ph.D. Candidate

Part I - Demographic Information

1. Please check yes if you agree to participate in this survey.

☐ Yes, I agree to participate in this study.

☐ No, I will not participate in this study.

2. Please enter school district name:

School District Name

3. Please enter school district and contact information:

School District State Number

School District's 2007 September Student Enrollment

Your name (optional)

Email Address:

Phone Number:

4. Part I - Demographic and Budget Method Information

How many years have you been the chief school business official/or chief budget officer (e.g., assistant superintendent for business/finance, chief financial officer, budget director)?

How many years have you been in your current position in this district?

What is your age?

What is your gender?

Prior to assuming this position, what was your position?

Was this previous position an educator or non-educator position?

If you answered "non-educator" to the above, please list your last two positions and/or job titles

This survey was adapted (in both concept and content) from a number of sources: Smotas (1996) - Budget Decision Criteria Instrument (BDCI) and the Office of Management and Budget (2007) - Program Assessment Rating Tool (2007).

PLEASE NOTE

In the remainder of the survey you will be asked to provide responses which inquire about budget processes prior to (before) and post (after) NCLB. This differentiation not only relates to time (before 2002 and after) but, more importantly, to the idea of how NCLB has impacted school district processes. In other words, what impact has NCLB had on the district's budget practices?

Part I - Budget Method Information

5. Please select one of the following budget development methods which best describes (most closely) the way the school district's budget is currently formed (please check one below):

- ☐ Line-item, Incremental Budgeting - Prior year's "base" budget is the starting point for future year's budget and percentage/dollar changes are applied. Usually budget changes are relatively limited in scope and focus is generally on what is purchased.
- ☐ Program, Planning, Budgeting Evaluation, Systems (PPBES) - Classifications of budget expenditures are budgeted based on: a systematic review of objectives, a search of alternative service delivery methods to meet those objectives with a correlating cost and effectiveness estimate and an evaluation of the various methods as to effectiveness and cost associated with the alternatives.
- ☐ Zero-Based Budgeting (ZBB) - The budget is engineered from the "bottom-up." That is, the entire budget needs to be built and justified for the budget cycle. In zero based budgeting, past expenditure levels are not justification for future budget allocation. Rather, all costs associated with running a program must be justified in terms of their need and utility.
- ☐ Performance-Based Budgeting - Resource allocation methods explicitly attempt to tie funding decisions (inputs) to specific performance outcomes (outputs). Characteristics of performance-based budgeting include: Performance goals are established and resources are linked to those goals; Decisions are data informed, including the development and reporting performance indicators; the process results in a reallocation (reprogramming) of funds (as the organization shifts resources to more effective activities), including the consideration of alternative service delivery; the process encourages active "program" evaluation (and links these evaluations back to budget discussions); the budget process is open/transparent and involves stakeholder involvement.

6. Please select one of the following budget development methods which best describes the way the school district's budget was (pre-No Child Left Behind) formed in the past (please check one below):

- ☐ Line-item, Incremental Budgeting
- ☐ Program, Planning, Budgeting Evaluation, Systems (PPBES)
- ☐ Zero-Based Budgeting (ZBB)
- ☐ Performance-Based Budgeting

Part II – Budget Criteria

7. Part II – Budget Criteria

Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions.

Rating Scale

1 = Not Relevant

2 = Somewhat Relevant

3 = Quite Relevant

4 = Very Relevant

	Prior to NCLB (before)	Post NCLB (currently)
Number of Students Affected (analysis of student enrollment, class size, cost per student)	<input type="text"/>	<input type="text"/>
Employee Compensation (expenditures related to wage and benefit increases)	<input type="text"/>	<input type="text"/>
Impact of Matching Funds (interdependence of local spending patterns and federal matching funds)	<input type="text"/>	<input type="text"/>
Administrator's Judgment and Intuition (professional judgment, personal experience and individual style)	<input type="text"/>	<input type="text"/>
Governing Board Fiscal Policies (priorities, policies and goals of the board of education)	<input type="text"/>	<input type="text"/>
State and Federal Laws and Regulations (programs and activities required by government agencies)	<input type="text"/>	<input type="text"/>
Non-Student Expenditures (instructional vs. non- instructional areas; i.e. deferred maintenance)	<input type="text"/>	<input type="text"/>

National and Regional Curricular Trends (factors that influence curricular programs and staffing patterns)	<input type="text"/>	<input type="text"/>
Internal-Organizational Political Pressures(demands by board of education, staff, and students)	<input type="text"/>	<input type="text"/>
External-Community Political Pressures (demands by special interest parties, citizen action groups and community agencies)	<input type="text"/>	<input type="text"/>
Staff Recommendations and/or Needs Assessment (reports from advisory bodies and study groups, informal advice)	<input type="text"/>	<input type="text"/>
Past-Practice and Institutional Tradition (continuation of programs because of local tradition)	<input type="text"/>	<input type="text"/>
Program Quality and Evaluation Results (relationships between program costs and program accomplishments)	<input type="text"/>	<input type="text"/>
Accreditation Standards (formal recommendation concerning staff, programs and facilities)	<input type="text"/>	<input type="text"/>
Principle of Least opposition (decisions least likely to create controversy)	<input type="text"/>	<input type="text"/>

Part III - Self-Assessment of Budgeting Practice

8. Please answer no or yes (drop down menu) to the following questions.

	Prior to NCLB (before)	Post NCLB (currently)
Does the school system have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the school system?	<input type="text"/>	<input type="text"/>
Does the school system have a limited number of specific annual performance measures that can demonstrate progress toward achieving the school system's long-term goals?	<input type="text"/>	<input type="text"/>
Does the school system have performance baselines and ambitious targets for its annual performance measures?	<input type="text"/>	<input type="text"/>
Are evaluations of sufficient scope and quality conducted on a regular basis to support school system improvements and evaluate effectiveness?	<input type="text"/>	<input type="text"/>
Are budget requests and final allocations explicitly tied to accomplishment of the annual and long-term performance goals?	<input type="text"/>	<input type="text"/>
Does the school system conduct ongoing analysis of alternative service delivery methods (that includes trade-offs between cost, schedule, risk, and performance goals)?	<input type="text"/>	<input type="text"/>
Does the school system use a prioritization process to guide funding decisions?	<input type="text"/>	<input type="text"/>

Part III - Self-Assessment of Budgeting Practice

9. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently).

Rating Scale

1 = Not at all

2 = Somewhat

3 = For the most part

4 = To a great extent

5 = Always

Theme: Strategic Plan, Goals, and Priority Setting: To what extent are/was there formalized strategic planning processes which establish district goals and priorities?

	Prior to NCLB (before)	Post NCLB (currently)
The school district has a formally school board approved strategic plan that is utilized for planning purposes	<input type="text"/>	<input type="text"/>
Department and school goals are tied to the strategic plan	<input type="text"/>	<input type="text"/>
The strategic plan and goals are systematically reviewed and adjusted	<input type="text"/>	<input type="text"/>
The strategic plan and goals are used as a basis for making budget decisions	<input type="text"/>	<input type="text"/>
The school district's senior leadership emphasizes the strategic plan and related goals in words and actions.	<input type="text"/>	<input type="text"/>

Comments/Examples/Elaboration

Part III - Self-Assessment of Budgeting Practice

10. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently).

Rating Scale

1 = Not at all

2 = Somewhat

3 = For the most part

4 = To a great extent

5 = Always

Theme: Budget development transparency and stakeholder involvement To what extent is/was the school district budget development process open/transparent with multiple stakeholder involvement?

	Prior to NCLB (before)	Post NCLB (currently)
The budget development process includes multiple stakeholders including community members, parents, staff and other stakeholders	<input type="text"/>	<input type="text"/>
The district has an active "budget review committee" to help form the budget proposal.	<input type="text"/>	<input type="text"/>
Budget information is widely available through the internet, handouts, newsletters, etc.	<input type="text"/>	<input type="text"/>
Stakeholder input is used to help inform budget decisions	<input type="text"/>	<input type="text"/>
The school district's senior leadership emphasizes transparency and stakeholder involvement in words and actions.	<input type="text"/>	<input type="text"/>
Comments/Examples/Elaboration	<input type="text"/>	

Part III - Self-Assessment of Budgeting Practice

11. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently).

Rating Scale

1 = Not at all

2 = Somewhat

3 = For the most part

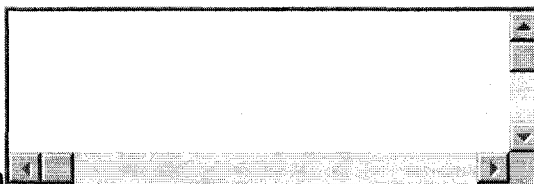
4 = To a great extent

5 = Always

Theme: Considering Alternative Service Delivery Methods - To what extent does/did the school district consider alternative service delivery methods for providing services?

	Prior to NCLB (before)	Post NCLB (currently)
In preparing budget proposals, the district as a whole as well as schools and departments, consider alternatives in service delivery methods.	<input type="text"/>	<input type="text"/>
The district, schools, and departments seek "best practices" and change processes accordingly.	<input type="text"/>	<input type="text"/>
The district actively considers both private contracting as well as performing services "in house."	<input type="text"/>	<input type="text"/>
The district considers different organization structures/assignments to improve efficiency and reduce duplication of service delivery.	<input type="text"/>	<input type="text"/>
The school district's senior leadership emphasizes the notion of alternative service delivery as something to be considered in words and actions.	<input type="text"/>	<input type="text"/>

Comments/Examples/Elaboration



Part III - Self-Assessment of Budgeting Practice

12. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently).

Rating Scale

1 = Not at all

2 = Somewhat

3 = For the most part

4 = To a great extent

5 = Always

Theme: Performance Goals and Indicators - To what extent does/did the performance goals influence funding/budget allocations?

	Prior to NCLB (before)	Post NCLB (currently)
Performance indicators for the district exist	<input type="text"/>	<input type="text"/>
Performance goals for the district are reviewed periodically (including during budget development)	<input type="text"/>	<input type="text"/>
Benchmarking with other organizations is done and used to help inform budget decisions	<input type="text"/>	<input type="text"/>
Performance indicators and goal attainment information is used during budget development and impact budget allocations	<input type="text"/>	<input type="text"/>
The school district's senior leadership emphasizes and use performance indicators and goals in words and actions	<input type="text"/>	<input type="text"/>
Comments/Examples/Elaboration	<input type="text"/>	

Part III - Self-Assessment of Budgeting Practice

13. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently).

Rating Scale

1 = Not at all

2 = Somewhat

3 = For the most part

4 = To a great extent

5 = Always

Theme: Data informed Budgeting Decisions - To what extent does/did data inform support and drive budget decisions?

	Prior to NCLB (before)	Post NCLB (currently)
A myriad of data is used during budget development including student, organizational, economic and other information.	<input type="text"/>	<input type="text"/>
Multiple data sources are used to help make budget decisions	<input type="text"/>	<input type="text"/>
Relevant data are collected and disseminated to help make budget decisions.	<input type="text"/>	<input type="text"/>
Data are used to support budget decisions including making changes to current school district practices and processes.	<input type="text"/>	<input type="text"/>
The school district's senior leadership emphasizes the use of data to help inform decisions in words and actions.	<input type="text"/>	<input type="text"/>

Comments/Examples/Elaboration

Part III - Self-Assessment of Budgeting Practice

14. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently).

Rating Scale

1 = Not at all

2 = Somewhat

3 = For the most part

4 = To a great extent

5 = Always

Theme: Evaluation with Budgeting Linkage - To what extent does/did the school district perform program evaluations and use the results to make budget decisions?

	Prior to NCLB (before)	Post NCLB (currently)
Programs are evaluated systematically on a periodic basis	<input type="text"/>	<input type="text"/>
Program evaluations factor into budget allocations.	<input type="text"/>	<input type="text"/>
Evaluation of past-practices is encouraged, expected, and acted on within the culture of the school district.	<input type="text"/>	<input type="text"/>
Internal and external audits are performed and recommendations acted on.	<input type="text"/>	<input type="text"/>
The school district's senior leadership emphasizes program evaluation as critical and uses the information to make changes in words and actions within the organization.	<input type="text"/>	<input type="text"/>

Comments/Examples/Elaboration

Part III - Self-Assessment of Budgeting Practice

15. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently).

Rating Scale

1 = Not at all

2 = Somewhat

3 = For the most part

4 = To a great extent

5 = Always

Theme: Resource Reallocation - To what extent does/did the school district reallocate funds to achieve specific results?

	Prior to NCLB (before)	Post NCLB (currently)
Resources are primarily allocated on the basis of allocations in the past year.	<input type="text"/>	<input type="text"/>
Existing budgeted funds are redirected to higher priority items.	<input type="text"/>	<input type="text"/>
Base budgets are examined and changes are made.	<input type="text"/>	<input type="text"/>
Organizational practices are changed from time to time, resulting in resources being moved from one area to another area	<input type="text"/>	<input type="text"/>
The school district's senior leadership emphasizes the notion of resource reallocation in words and actions.	<input type="text"/>	<input type="text"/>
Comments/Examples/Elaboration	<input type="text"/>	

Part III - Self-Assessment of Budgeting Practice

16. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently).

Rating Scale

1 = Not at all

2 = Somewhat

3 = For the most part

4 = To a great extent

5 = Always

Theme: Linking Funding and Results - To what extent does/did the school district link funding to specific results?

	Prior to NCLB (before)	Post NCLB (currently)
Funding is allocated based on the strategic goals and priorities of the school division.	<input type="text"/>	<input type="text"/>
Consequently, other items not tied to these goals are not funded.		
Performance indicators and performance levels help drive budget decisions.	<input type="text"/>	<input type="text"/>
Ineffective or unnecessary programs and/or services are discontinued and resources are directed towards other higher priority, successful programs.	<input type="text"/>	<input type="text"/>
The best predictor for funding is based on need and results, and not if it has funded in the current year's budget or in the past.	<input type="text"/>	<input type="text"/>
The school district's senior leadership emphasizes linking funding to proven programs/practices that serve the highest priority (even if the program/practice has been funded in the past) in words and actions.	<input type="text"/>	<input type="text"/>

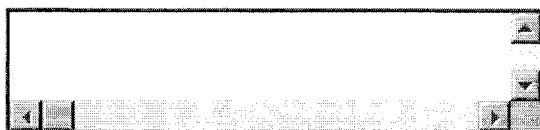
Comments/Examples/Elaboration

--	--

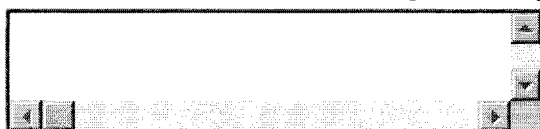
Part IV – Description of School District Budget Practices

17. In responding to the questions, please use whatever space is necessary to adequately answer the question (click inside the “text box” to start typing.)

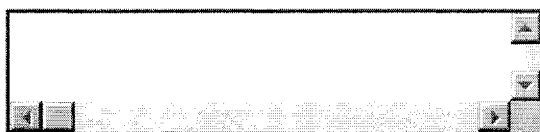
In formulating the school district budget what, if any, are the major processes the district uses? (Please describe the overall process.)

A rectangular text box with a thin black border. It contains a small, faint, illegible watermark or text in the center. The box is empty for user input.

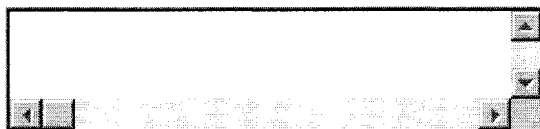
18. How, if at all, have the budget development processes been affected by NCLB?

A rectangular text box with a thin black border. It contains a small, faint, illegible watermark or text in the center. The box is empty for user input.

19. How are major budget decisions made?

A rectangular text box with a thin black border. It contains a small, faint, illegible watermark or text in the center. The box is empty for user input.

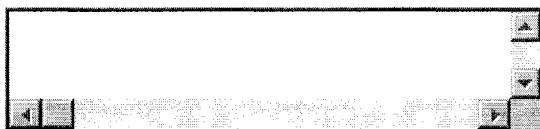
20. How, if at all, has NCLB affected the way budget decisions are made?

A rectangular text box with a thin black border. It contains a small, faint, illegible watermark or text in the center. The box is empty for user input.

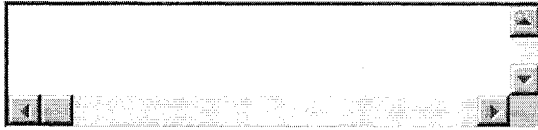
21. How, if at all, do stakeholders (e.g., community members, staff, parents) have input in the process?

A rectangular text box with a thin black border. It contains a small, faint, illegible watermark or text in the center. The box is empty for user input.

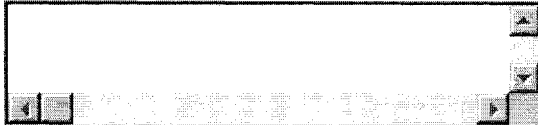
22. To what degree, if at all, is stakeholder (e.g., community members, staff, parents) input used in the budget development process?

A rectangular text box with a thin black border. It contains a small, faint, illegible watermark or text in the center. The box is empty for user input.

23. How, if at all, has NCLB affected stakeholder involvement?

A rectangular text box with a thin black border. It contains no text. On the right side, there are three small, vertically stacked arrow icons pointing up, down, and left. On the bottom left, there are two small square icons, one with a left arrow and one with a right arrow.

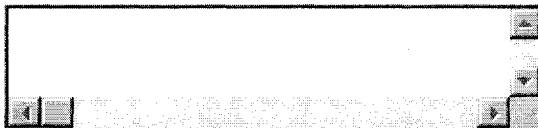
24. Who are the major decision-makers in deciding what is included or not included in the budget?

A rectangular text box with a thin black border. It contains no text. On the right side, there are three small, vertically stacked arrow icons pointing up, down, and left. On the bottom left, there are two small square icons, one with a left arrow and one with a right arrow.


25. How, if at all, has NCLB affected who the major decision makers are in deciding what is included or not included in the budget?

A rectangular text box with a thin black border. It contains no text. On the right side, there are three small, vertically stacked arrow icons pointing up, down, and left. On the bottom left, there are two small square icons, one with a left arrow and one with a right arrow.

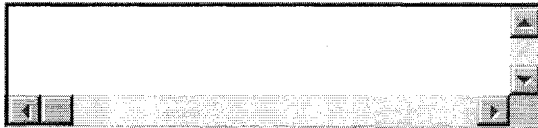
26. How, if at all, does the district evaluate the impact of budget decisions?

A rectangular text box with a thin black border. It contains no text. On the right side, there are three small, vertically stacked arrow icons pointing up, down, and left. On the bottom left, there are two small square icons, one with a left arrow and one with a right arrow.

27. How, if at all, has NCLB affected evaluation efforts which impact budget decisions?

A rectangular text box with a thin black border. It contains no text. On the right side, there are three small, vertically stacked arrow icons pointing up, down, and left. On the bottom left, there are two small square icons, one with a left arrow and one with a right arrow.

28. Please list any comments which you believe would enhance this study.

A rectangular text box with a thin black border. It contains no text. On the right side, there are three small, vertically stacked arrow icons pointing up, down, and left. On the bottom left, there are two small square icons, one with a left arrow and one with a right arrow.

And finally - please send me a copy (or e-mail link) the district's budget document as well as any other documents (e.g., written procedures or policies, etc.) pertaining to the above topics. Please forward copies under separate cover.

Please either e-mail responses to BurckbuchlerS@wjcc.k12.va.us or mail to:

Scott A. Burckbuchler, Ph.D. Candidate
Assistant Superintendent/CFO - WJCC Public Schools
101-D Mounts Bay Road
P.O. Box 8783
Williamsburg, VA 23187-8783

Thank you so very much for filling out this survey. I truly appreciate your efforts!

Appendix B: District Budgeting Survey Summary Report

Response Summary

Total Started Survey: 15

Total Completed Survey: 14 (93.3%)






Page: Part I - Demographic Information

1. Please check yes if you agree to participate in this survey.		
	Response Percent	Response Count
Yes, I agree to participate in this study.	100.0%	15
No, I will not participate in this study.	0.0%	0
	<i>answered question</i>	15
	<i>skipped question</i>	0
2. Please enter school district name:		
	Response Percent	Response Count

2. Please enter school district name:

 School District Name	100.0%	15
	<i>answered question</i>	15
	<i>skipped question</i>	0




3. Please enter school district and contact information:

	Response Percent	Response Count
 School District State Number	100.0%	15
 School District's 2007 September Student Enrollment	86.7%	13
 Your name (optional)	86.7%	13
 Email Address:	93.3%	14
 Phone	93.3%	14

3. Please enter school district and contact information:





Number:

answered question 15*skipped question* 0**4. Part I - Demographic and Budget Method Information**

	Response Percent	Response Count
 How many years have you been the chief school business official/or chief budget officer (e.g., assistant superintendent for business/finance, chief financial officer, budget director)?	100.0%	15
 How many years have you been in your current position in this district?	93.3%	14
 What is	93.3%	14

4. Part I - Demographic and Budget Method Information

your age?

 What is your gender?	93.3%	14
 Prior to assuming this position, what was your position?	100.0%	15
 Was this previous position an educator or non-educator position?	100.0%	15
 If you answered "non-educator" to the above, please list your last two positions and/or job titles	80.0%	12
<i>answered question</i>		15
<i>skipped question</i>		0

Part I - Budget Method Information

5. Please select one of the following budget development methods which best describes (most closely) the way the school district's budget is currently formed (please check one below):

	Response Percent	Response Count
<p>Line-item, Incremental Budgeting - Prior year's "base" budget is the starting point for future year's budget and percentage/dollar changes are applied. Usually budget changes are relatively limited in scope and focus is generally on what is purchased.</p>	46.7%	7
<p>Program, Planning, Budgeting Evaluation, Systems (PPBES) - Classifications of budget expenditures are budgeted based on: a systematic review of objectives, a search of</p>	13.3%	2

5. Please select one of the following budget development methods which best describes (most closely) the way the school district's budget is currently formed (please check one below):

alternative service
delivery methods
to meet those
objectives with a
correlating cost
and effectiveness
estimate and an
evaluation of the
various methods
as to effectiveness
and cost
associated with
the alternatives.

Zero-Based
Budgeting (ZBB)
- The budget is
engineered from
the "bottom-up."
That is, the entire
budget needs to be
built and justified
for the budget
cycle. In zero
based budgeting,
past expenditure
levels are not
justification for
future budget
allocation. Rather,
all costs
associated with
running a program
must be justified
in terms of their
need and utility.

20.0%

3

5. Please select one of the following budget development methods which best describes (most closely) the way the school district's budget is currently formed (please check one below):

Performance-
Based Budgeting -
Resource
allocation
methods explicitly
attempt to tie
funding decisions
(inputs) to specific
performance
outcomes
(outputs).

Characteristics of
performance-
based budgeting
include:

Performance goals
are established
and resources are
linked to those
goals; Decisions
are data informed,
including the
development and
reporting
performance
indicators; the
process results in
a reallocation
(reprogramming)
of funds (as the
organization shifts
resources to more
effective
activities),
including the
consideration of
alternative service
delivery; the
process
encourages active

20.0%

3

5. Please select one of the following budget development methods which best describes (most closely) the way the school district's budget is currently formed (please check one below):

"program" evaluation (and links these evaluations back to budget discussions); the budget process is open/transparent and involves stakeholder involvement.

answered question 15

skipped question 0

6. Please select one of the following budget development methods which best describes the way the school district's budget was (pre-No Child Left Behind) formed in the past (please check one below):

	Response Percent	Response Count
Line-item, Incremental Budgeting	86.7%	13
Program, Planning, Budgeting Evaluation, Systems (PPBES)	6.7%	1

6. Please select one of the following budget development methods which best describes the way the school district's budget was (pre-No Child Left Behind) formed in the past (please check one below):

Zero-Based
Budgeting
(ZBB)

6.7%

1

Performance-
Based
Budgeting

0.0%

0

answered question

15

skipped question

0

Part II – Budget Criteria

7. Part II – Budget Criteria Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions. Rating Scale 1 = Not Relevant 2 = Somewhat Relevant 3 = Quite Relevant 4 = Very Relevant

Prior to NCLB (before)

	1 = Not Relevant	2 = Somewhat Relevant	3 = Quite Relevant	4 = Very Relevant	Response Count
Number of Students Affected (analysis of student enrollment, class size, cost per student)	0.0% (0)	21.4% (3)	7.1% (1)	71.4% (10)	14
Employee Compensation (expenditures related to wage and benefit increases)	0.0% (0)	14.3% (2)	7.1% (1)	78.6% (11)	14
Impact of Matching Funds (interdependence of local spending patterns and federal matching funds)	0.0% (0)	42.9% (6)	28.6% (4)	28.6% (4)	14
Administrator's Judgment and Intuition (professional judgment, personal	7.7% (1)	53.8% (7)	38.5% (5)	0.0% (0)	13

7. Part II – Budget Criteria Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions. Rating Scale 1 = Not Relevant 2 = Somewhat Relevant 3 = Quite Relevant 4 = Very Relevant

experience and individual style)					
Governing Board Fiscal Policies (priorities, policies and goals of the board of education)	0.0% (0)	7.1% (1)	28.6% (4)	64.3% (9)	14
State and Federal Laws and Regulations (programs and activities required by government agencies)	0.0% (0)	14.3% (2)	14.3% (2)	71.4% (10)	14
Non-Student Expenditures (instructional vs. non-instructional areas; i.e. deferred maintenance)	0.0% (0)	35.7% (5)	35.7% (5)	28.6% (4)	14
National and Regional Curricular Trends (factors that influence curricular programs and staffing patterns)	7.7% (1)	53.8% (7)	23.1% (3)	15.4% (2)	13
Internal-Organizational	7.1% (1)	14.3% (2)	42.9% (6)	35.7% (5)	14

7. Part II – Budget Criteria Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions. Rating Scale 1 = Not Relevant 2 = Somewhat Relevant 3 = Quite Relevant 4 = Very Relevant

Political
Pressures(demands
by board of
education, staff,
and students)

External-
Community
Political Pressures
(demands by
special interest
parties, citizen
action groups and
community
agencies)

14.3% (2)

50.0% (7)

21.4% (3)

14.3% (2)

14

Staff
Recommendations
and/or Needs
Assessment
(reports from
advisory bodies
and study groups,
informal advice)

0.0% (0)

53.8% (7)

38.5% (5)

7.7% (1)

13

Past-Practice and
Institutional
Tradition
(continuation of
programs because
of local tradition)

7.1% (1)

57.1% (8)

21.4% (3)

14.3% (2)

14

Program Quality
and Evaluation
Results
(relationships

7.7% (1)

30.8% (4)

53.8% (7)

7.7% (1)

13

7. Part II – Budget Criteria Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions. Rating Scale 1 = Not Relevant 2 = Somewhat Relevant 3 = Quite Relevant 4 = Very Relevant

between program costs and program accomplishments)

Accreditation Standards (formal recommendation concerning staff, programs and facilities)

0.0% (0) 28.6% (4) 35.7% (5) 35.7% (5) 14

Principle of Least opposition (decisions least likely to create controversy)

30.8% (4) 53.8% (7) 7.7% (1) 7.7% (1) 13

Post NCLB (currently)

**1 = Not
Relevant**

**2 =
Somewhat
Relevant**

**3 = Quite
Relevant**

**4 = Very
Relevant**

**Response
Count**

Number of Students Affected (analysis of student enrollment, class size, cost per student)

0.0% (0) 6.7% (1) 20.0% (3) 73.3% (11) 15

Employee Compensation (expenditures related to wage and benefit

0.0% (0) 6.7% (1) 6.7% (1) 86.7% (13) 15

7. Part II – Budget Criteria Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions. Rating Scale 1 = Not Relevant 2 = Somewhat Relevant 3 = Quite Relevant 4 = Very Relevant

increases)					
Impact of Matching Funds (interdependence of local spending patterns and federal matching funds)	0.0% (0)	26.7% (4)	33.3% (5)	40.0% (6)	15
Administrator's Judgment and Intuition (professional judgment, personal experience and individual style)	6.7% (1)	66.7% (10)	26.7% (4)	0.0% (0)	15
Governing Board Fiscal Policies (priorities, policies and goals of the board of education)	0.0% (0)	13.3% (2)	20.0% (3)	66.7% (10)	15
State and Federal Laws and Regulations (programs and activities required by government agencies)	0.0% (0)	0.0% (0)	6.7% (1)	93.3% (14)	15
Non-Student Expenditures (instructional vs.	0.0% (0)	33.3% (5)	46.7% (7)	20.0% (3)	15

7. Part II – Budget Criteria Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions. Rating Scale 1 = Not Relevant 2 = Somewhat Relevant 3 = Quite Relevant 4 = Very Relevant

non-instructional areas; i.e. deferred maintenance)						
National and Regional Curricular Trends (factors that influence curricular programs and staffing patterns)	6.7% (1)	40.0% (6)	33.3% (5)	20.0% (3)		15
Internal-Organizational Political Pressures(demands by board of education, staff, and students)	0.0% (0)	20.0% (3)	46.7% (7)	33.3% (5)		15
External-Community Political Pressures (demands by special interest parties, citizen action groups and community agencies)	20.0% (3)	46.7% (7)	20.0% (3)	13.3% (2)		15
Staff Recommendations and/or Needs Assessment (reports from	0.0% (0)	33.3% (5)	46.7% (7)	20.0% (3)		15

7. Part II – Budget Criteria Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions. Rating Scale 1 = Not Relevant 2 = Somewhat Relevant 3 = Quite Relevant 4 = Very Relevant

advisory bodies
and study groups,
informal advice)

Past-Practice and
Institutional
Tradition
(continuation of
programs because
of local tradition)

20.0% (3)

66.7% (10)

6.7% (1)

6.7% (1)

15

Program Quality
and Evaluation
Results
(relationships
between program
costs and program
accomplishments)

0.0% (0)

0.0% (0)

53.3% (8)

46.7% (7)

15

Accreditation
Standards (formal
recommendation
concerning staff,
programs and
facilities)

0.0% (0)

0.0% (0)

6.7% (1)

93.3% (14)

15

Principle of Least
opposition
(decisions least
likely to create
controversy)

42.9% (6)

42.9% (6)

14.3% (2)

0.0% (0)

14

answered question **15**

7. Part II – Budget Criteria Below you will find fifteen items that relate to criteria which you may use in making budgetary decisions. With each statement is a brief descriptor. For all statements, please use the pull-down menu and select an answer (based on the rating scale below). Please indicate how relevant the criteria were for you in making budget decisions under pre-NCLB conditions, and how relevant they are under current/post-NCLB conditions. Rating Scale 1 = Not Relevant 2 = Somewhat Relevant 3 = Quite Relevant 4 = Very Relevant

skipped question 0

Part III - Self-Assessment of Budgeting Practice

8. Please answer no or yes (drop down menu) to the following questions.

Prior to NCLB (before)

	No	Yes	Response Count
Does the school system have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the school system?	16.7% (2)	83.3% (10)	12
Does the school system have a limited number of specific annual performance measures that can demonstrate progress toward achieving the school system's long-term goals?	33.3% (4)	66.7% (8)	12
Does the school system have performance baselines and ambitious targets for its annual	33.3% (4)	66.7% (8)	12

8. Please answer no or yes (drop down menu) to the following questions.

performance measures?			
Are evaluations of sufficient scope and quality conducted on a regular basis to support school system improvements and evaluate effectiveness?	41.7% (5)	58.3% (7)	12
Are budget requests and final allocations explicitly tied to accomplishment of the annual and long-term performance goals?	58.3% (7)	41.7% (5)	12
Does the school system conduct ongoing analysis of alternative service delivery methods (that includes trade- offs between cost, schedule, risk, and performance goals)?	41.7% (5)	58.3% (7)	12
Does the school system use a	8.3% (1)	91.7% (11)	12

8. Please answer no or yes (drop down menu) to the following questions.

prioritization
process to guide
funding
decisions?

Post NCLB (currently)

	No	Yes	Response Count
Does the school system have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the school system?	14.3% (2)	85.7% (12)	14
Does the school system have a limited number of specific annual performance measures that can demonstrate progress toward achieving the school system's long-term goals?	14.3% (2)	85.7% (12)	14
Does the school system have performance baselines and	7.1% (1)	92.9% (13)	14

8. Please answer no or yes (drop down menu) to the following questions.

ambitious targets for its annual performance measures?			
Are evaluations of sufficient scope and quality conducted on a regular basis to support school system improvements and evaluate effectiveness?	14.3% (2)	85.7% (12)	14
Are budget requests and final allocations explicitly tied to accomplishment of the annual and long-term performance goals?	35.7% (5)	64.3% (9)	14
Does the school system conduct ongoing analysis of alternative service delivery methods (that includes trade- offs between cost, schedule, risk, and performance goals)?	28.6% (4)	71.4% (10)	14

8. Please answer no or yes (drop down menu) to the following questions.

Does the school
system use a
prioritization
process to guide
funding
decisions?

0.0% (0)

100.0% (14)

14

answered question 14*skipped question* 1

Part III - Self-Assessment of Budgeting Practice

9. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Strategic Plan, Goals, and Priority Setting: To what extent are/was there formalized strategic planning processes which establish district goals and priorities?

Prior to NCLB (before)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
The school district has a formally school board approved strategic plan that is utilized for planning purposes	0.0% (0)	16.7% (2)	25.0% (3)	16.7% (2)	41.7% (5)	12
Department and school goals are tied to the strategic plan	8.3% (1)	8.3% (1)	33.3% (4)	16.7% (2)	33.3% (4)	12
The strategic plan and goals are systematically reviewed and adjusted	0.0% (0)	25.0% (3)	16.7% (2)	33.3% (4)	25.0% (3)	12
The strategic plan and goals are used as a basis for making	8.3% (1)	33.3% (4)	0.0% (0)	33.3% (4)	25.0% (3)	12

9. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Strategic Plan, Goals, and Priority Setting: To what extent are/was there formalized strategic planning processes which establish district goals and priorities?

budget
decisions

The school district's senior leadership emphasizes the strategic plan and related goals in words and actions.	0.0% (0)	25.0% (3)	16.7% (2)	16.7% (2)	41.7% (5)	12
---	----------	-----------	-----------	-----------	------------------	----

Post NCLB (currently)


	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
The school district has a formally school board approved strategic plan that is utilized for planning purposes	0.0% (0)	0.0% (0)	21.4% (3)	21.4% (3)	57.1% (8)	14
Department and school goals are tied to the strategic plan	0.0% (0)	7.1% (1)	21.4% (3)	42.9% (6)	28.6% (4)	14

9. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Strategic Plan, Goals, and Priority Setting: To what extent are/was there formalized strategic planning processes which establish district goals and priorities?

The strategic plan and goals are systematically reviewed and adjusted	0.0% (0)	7.1% (1)	28.6% (4)	35.7% (5)	28.6% (4)	14
---	----------	----------	-----------	-----------	-----------	----

The strategic plan and goals are used as a basis for making budget decisions	0.0% (0)	7.1% (1)	28.6% (4)	42.9% (6)	21.4% (3)	14
--	----------	----------	-----------	-----------	-----------	----

The school district's senior leadership emphasizes the strategic plan and related goals in words and actions.	0.0% (0)	7.1% (1)	14.3% (2)	35.7% (5)	42.9% (6)	14
---	----------	----------	-----------	-----------	-----------	----

 Comments/Examples/Elaboration	3
---	---

answered question 14

skipped question 1

Part III - Self-Assessment of Budgeting Practice

10. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Budget development transparency and stakeholder involvement To what extent is/was the school district budget development process open/transparent with multiple stakeholder involvement?

Prior to NCLB (before)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
The budget development process includes multiple stakeholders including community members, parents, staff and other stakeholders	7.7% (1)	38.5% (5)	23.1% (3)	30.8% (4)	0.0% (0)	13
The district has an active "budget review committee" to help form the budget proposal.	38.5% (5)	23.1% (3)	15.4% (2)	15.4% (2)	7.7% (1)	13
Budget information is widely available	7.7% (1)	30.8% (4)	15.4% (2)	15.4% (2)	30.8% (4)	13

10. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Budget development transparency and stakeholder involvement To what extent is/was the school district budget development process open/transparent with multiple stakeholder involvement?

through the internet, handouts, newsletters, etc.						
Stakeholder input is used to help inform budget decisions	0.0% (0)	38.5% (5)	53.8% (7)	0.0% (0)	7.7% (1)	13
The school district's senior leadership emphasizes transparency and stakeholder involvement in words and actions.	0.0% (0)	33.3% (4)	25.0% (3)	16.7% (2)	25.0% (3)	12
Post NCLB (currently)						
	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
The budget development process includes	0.0% (0)	21.4% (3)	14.3% (2)	50.0% (7)	14.3% (2)	14

10. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Budget development transparency and stakeholder involvement To what extent is/was the school district budget development process open/transparent with multiple stakeholder involvement?

multiple
stakeholders
including
community
members,
parents, staff
and other
stakeholders

The district
has an active
"budget
review
committee"
to help form
the budget
proposal.

7.1% (1)	21.4% (3)	21.4% (3)	14.3% (2)	35.7% (5)	14
----------	-----------	--------------	--------------	----------------------	----

Budget
information
is widely
available
through the
internet,
handouts,
newsletters,
etc.

0.0% (0)	7.1% (1)	7.1% (1)	35.7% (5)	50.0% (7)	14
----------	----------	----------	--------------	----------------------	----

Stakeholder
input is used
to help
inform
budget
decisions

0.0% (0)	14.3% (2)	57.1% (8)	21.4% (3)	7.1% (1)	14
----------	-----------	----------------------	--------------	----------	----

10. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Budget development transparency and stakeholder involvement To what extent is/was the school district budget development process open/transparent with multiple stakeholder involvement?

The school district's senior leadership emphasizes transparency and stakeholder involvement in words and actions.

0.0% (0)	14.3% (2)	21.4% (3)	35.7% (5)	28.6% (4)	14
----------	-----------	-----------	------------------	-----------	----



Comments/Examples/Elaboration 4

answered question 14

skipped question 1

Part III - Self-Assessment of Budgeting Practice

11. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always Theme: Considering Alternative Service Delivery Methods - To what extent does/did the school district consider alternative service delivery methods for providing services?

Prior to NCLB (before)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
In preparing budget proposals, the district as a whole as well as schools and departments, consider alternatives in service delivery methods.	8.3% (1)	50.0% (6)	33.3% (4)	8.3% (1)	0.0% (0)	12
The district, schools, and departments seek "best practices" and change processes accordingly.	0.0% (0)	36.4% (4)	27.3% (3)	36.4% (4)	0.0% (0)	11
The district actively considers both private contracting as well as performing services "in house."	0.0% (0)	45.5% (5)	27.3% (3)	27.3% (3)	0.0% (0)	11
The district considers different organization structures/assignments to improve efficiency and reduce duplication of service delivery.	0.0% (0)	27.3% (3)	18.2% (2)	45.5% (5)	9.1% (1)	11

11. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always Theme: Considering Alternative Service Delivery Methods - To what extent does/did the school district consider alternative service delivery methods for providing services?

The school district's senior leadership emphasizes the notion of alternative service delivery as something to be considered in words and actions.	0.0% (0)	45.5% (5)	27.3% (3)	18.2% (2)	9.1% (1)	11
Post NCLB (currently)						
	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
In preparing budget proposals, the district as a whole as well as schools and departments, consider alternatives in service delivery methods.	0.0% (0)	35.7% (5)	42.9% (6)	21.4% (3)	0.0% (0)	14
The district, schools, and departments seek "best practices" and change processes accordingly.	0.0% (0)	21.4% (3)	28.6% (4)	42.9% (6)	7.1% (1)	14
The district actively considers both private contracting as well as performing services "in house."	7.1% (1)	28.6% (4)	28.6% (4)	35.7% (5)	0.0% (0)	14
The district considers	0.0%	0.0% (0)	28.6%	64.3%	7.1%	14

11. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always Theme: Considering Alternative Service Delivery Methods - To what extent does/did the school district consider alternative service delivery methods for providing services?

different organization (0) (4) (9) (1)
structures/assignments
to improve efficiency
and reduce
duplication of service
delivery.

The school district's
senior leadership
emphasizes the notion
of alternative service
delivery as something
to be considered in
words and actions.

14.3%	14.3%	21.4%	35.7%	14.3%	14
(2)	(2)	(3)	(5)	(2)	



Comments/Examples/Elaboration 2

answered question 14

skipped question 1

Part III - Self-Assessment of Budgeting Practice

12. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Performance Goals and Indicators - To what extent does/did the performance goals influence funding/budget allocations?

Prior to NCLB (before)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
Performance indicators for the district exist	0.0% (0)	33.3% (4)	25.0% (3)	16.7% (2)	25.0% (3)	12
Performance goals for the district are reviewed periodically (including during budget development)	8.3% (1)	25.0% (3)	41.7% (5)	8.3% (1)	16.7% (2)	12
Benchmarking with other organizations is done and used to help inform budget decisions	16.7% (2)	33.3% (4)	33.3% (4)	16.7% (2)	0.0% (0)	12
Performance indicators and goal attainment information is used during	9.1% (1)	54.5% (6)	18.2% (2)	18.2% (2)	0.0% (0)	11

12. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Performance Goals and Indicators - To what extent does/did the performance goals influence funding/budget allocations?

budget development and impact budget allocations The school district's senior leadership emphasizes and use performance indicators and goals in words and actions						
	9.1% (1)	36.4% (4)	27.3% (3)	18.2% (2)	9.1% (1)	11
Post NCLB (currently)						
	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
Performance indicators for the district exist	0.0% (0)	7.1% (1)	21.4% (3)	50.0% (7)	21.4% (3)	14
Performance goals for the district are reviewed periodically (including during budget development)	0.0% (0)	7.7% (1)	23.1% (3)	46.2% (6)	23.1% (3)	13

12. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Performance Goals and Indicators - To what extent does/did the performance goals influence funding/budget allocations?

Benchmarking with other organizations is done and used to help inform budget decisions	7.1% (1)	7.1% (1)	42.9% (6)	42.9% (6)	0.0% (0)	14
Performance indicators and goal attainment information is used during budget development and impact budget allocations	0.0% (0)	35.7% (5)	14.3% (2)	50.0% (7)	0.0% (0)	14
The school district's senior leadership emphasizes and use performance indicators and goals in words and actions	0.0% (0)	21.4% (3)	42.9% (6)	28.6% (4)	7.1% (1)	14



Comments/Examples/Elaboration 2

answered question 14

12. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Performance Goals and Indicators - To what extent does/did the performance goals influence funding/budget allocations?

skipped question 1

Part III - Self-Assessment of Budgeting Practice

13. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Data informed Budgeting Decisions - To what extent does/did data inform support and drive budget decisions?

Prior to NCLB (before)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
A myriad of data is used during budget development including student, organizational, economic and other information.	8.3% (1)	16.7% (2)	33.3% (4)	16.7% (2)	25.0% (3)	12
Multiple data sources are used to help make budget decisions	8.3% (1)	25.0% (3)	16.7% (2)	33.3% (4)	16.7% (2)	12
Relevant data are collected and disseminated to help make budget decisions.	16.7% (2)	0.0% (0)	33.3% (4)	33.3% (4)	16.7% (2)	12
Data are used to support budget	9.1% (1)	27.3% (3)	27.3% (3)	18.2% (2)	18.2% (2)	11

13. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Data informed Budgeting Decisions - To what extent does/did data inform support and drive budget decisions?

decisions
including
making
changes to
current school
district
practices and
processes.

The school district's senior leadership emphasizes the use of data to help inform decisions in words and actions.	9.1% (1)	27.3% (3)	27.3% (3)	9.1% (1)	27.3% (3)	11
---	----------	-----------	-----------	----------	-----------	----

Post NCLB (currently)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
A myriad of data is used during budget development including student, organizational, economic and other information.	7.1% (1)	7.1% (1)	7.1% (1)	35.7% (5)	42.9% (6)	14

13. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Data informed Budgeting Decisions - To what extent does/did data inform support and drive budget decisions?

Multiple data sources are used to help make budget decisions	0.0% (0)	7.1% (1)	7.1% (1)	50.0% (7)	35.7% (5)	14
Relevant data are collected and disseminated to help make budget decisions.	0.0% (0)	0.0% (0)	21.4% (3)	50.0% (7)	28.6% (4)	14
Data are used to support budget decisions including making changes to current school district practices and processes.	0.0% (0)	0.0% (0)	21.4% (3)	42.9% (6)	35.7% (5)	14
The school district's senior leadership emphasizes the use of data to help inform decisions in words and actions.	0.0% (0)	0.0% (0)	21.4% (3)	42.9% (6)	35.7% (5)	14

13. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Data informed Budgeting Decisions - To what extent does/did data inform support and drive budget decisions?



Comments/Examples/Elaboration 2

answered question 14

skipped question 1

Part III - Self-Assessment of Budgeting Practice

14. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Evaluation with Budgeting Linkage - To what extent does/did the school district perform program evaluations and use the results to make budget decisions?

Prior to NCLB (before)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
Programs are evaluated systematically on a periodic basis	7.7% (1)	30.8% (4)	38.5% (5)	7.7% (1)	15.4% (2)	13
Program evaluations factor into budget allocations.	8.3% (1)	50.0% (6)	16.7% (2)	16.7% (2)	8.3% (1)	12
Evaluation of past-practices is encouraged, expected, and acted on within the culture of the school district.	8.3% (1)	50.0% (6)	16.7% (2)	8.3% (1)	16.7% (2)	12
Internal and external audits are performed and recommendations acted on.	0.0% (0)	30.8% (4)	23.1% (3)	23.1% (3)	23.1% (3)	13
The school district's senior	8.3% (1)	41.7% (5)	16.7% (2)	8.3% (1)	25.0% (3)	12

14. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Evaluation with Budgeting Linkage - To what extent does/did the school district perform program evaluations and use the results to make budget decisions?

leadership
emphasizes
program
evaluation as
critical and uses
the information
to make changes
in words and
actions within the
organization.


Post NCLB (currently)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
Programs are evaluated systematically on a periodic basis	7.1% (1)	21.4% (3)	7.1% (1)	35.7% (5)	28.6% (4)	14
Program evaluations factor into budget allocations.	7.1% (1)	21.4% (3)	7.1% (1)	57.1% (8)	7.1% (1)	14
Evaluation of past-practices is encouraged, expected, and acted on within the culture of the school district.	0.0% (0)	35.7% (5)	35.7% (5)	7.1% (1)	21.4% (3)	14

14. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Evaluation with Budgeting Linkage - To what extent does/did the school district perform program evaluations and use the results to make budget decisions?

Internal and external audits are performed and recommendations acted on.	0.0% (0)	14.3% (2)	7.1% (1)	50.0% (7)	28.6% (4)	14
--	-------------	-----------	-------------	----------------------	--------------	----

The school district's senior leadership emphasizes program evaluation as critical and uses the information to make changes in words and actions within the organization.	0.0% (0)	14.3% (2)	28.6% (4)	28.6% (4)	28.6% (4)	14
--	-------------	-----------	----------------------	----------------------	----------------------	----

 view Comments/Examples/Elaboration	1
---	---

***answered question* 14**

***skipped question* 1**

Part III - Self-Assessment of Budgeting Practice

15. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Resource Reallocation - To what extent does/did the school district reallocate funds to achieve specific results?

Prior to NCLB (before)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
Resources are primarily allocated on the basis of allocations in the past year.	0.0% (0)	46.2% (6)	30.8% (4)	23.1% (3)	0.0% (0)	13
Existing budgeted funds are redirected to higher priority items.	0.0% (0)	54.5% (6)	45.5% (5)	0.0% (0)	0.0% (0)	11
Base budgets are examined and changes are made.	16.7% (2)	33.3% (4)	33.3% (4)	8.3% (1)	8.3% (1)	12
Organizational practices are changed from time to time, resulting in resources being moved from one area to another area	9.1% (1)	45.5% (5)	36.4% (4)	0.0% (0)	9.1% (1)	11

15. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Resource Reallocation - To what extent does/did the school district reallocate funds to achieve specific results?

The school district's senior leadership emphasizes the notion of resource reallocation in words and actions.	18.2% (2)	45.5% (5)	18.2% (2)	0.0% (0)	18.2% (2)	11
--	-----------	------------------	-----------	----------	-----------	----


Post NCLB (currently)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
Resources are primarily allocated on the basis of allocations in the past year.	14.3% (2)	42.9% (6)	35.7% (5)	7.1% (1)	0.0% (0)	14
Existing budgeted funds are redirected to higher priority items.	0.0% (0)	21.4% (3)	50.0% (7)	28.6% (4)	0.0% (0)	14
Base budgets are examined and changes are made.	0.0% (0)	14.3% (2)	42.9% (6)	28.6% (4)	14.3% (2)	14

15. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always
Theme: Resource Reallocation - To what extent does/did the school district reallocate funds to achieve specific results?

Organizational practices are changed from time to time, resulting in resources being moved from one area to another area	7.1% (1)	7.1% (1)	64.3% (9)	14.3% (2)	7.1% (1)	14
--	----------	----------	------------------	-----------	----------	----

The school district's senior leadership emphasizes the notion of resource reallocation in words and actions.	7.1% (1)	14.3% (2)	21.4% (3)	42.9% (6)	14.3% (2)	14
--	----------	-----------	-----------	------------------	-----------	----

 view Comments/Examples/Elaboration	2
--	---

answered question 14

skipped question 1

Part III - Self-Assessment of Budgeting Practice

16. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always Theme: Linking Funding and Results - To what extent does/did the school district link funding to specific results?

Prior to NCLB (before)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
Funding is allocated based on the strategic goals and priorities of the school division. Consequently, other items not tied to these goals are not funded.	36.4% (4)	36.4% (4)	18.2% (2)	9.1% (1)	0.0% (0)	11
Performance indicators and performance levels help drive budget decisions.	9.1% (1)	54.5% (6)	18.2% (2)	18.2% (2)	0.0% (0)	11
Ineffective or unnecessary programs and/or services are discontinued and resources are directed towards other higher priority, successful	16.7% (2)	50.0% (6)	8.3% (1)	16.7% (2)	8.3% (1)	12

16. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always Theme: Linking Funding and Results - To what extent does/did the school district link funding to specific results?

programs.

The best predictor for funding is based on need and results, and not if it has funded in the current year's budget or in the past.

8.3% (1)	41.7% (5)	16.7% (2)	25.0% (3)	8.3% (1)	12
-------------	------------------	--------------	--------------	-------------	----

The school district's senior leadership emphasizes linking funding to proven programs/practices that serve the highest priority (even if the program/practice has been funded in the past) in words and actions.

9.1% (1)	27.3% (3)	36.4% (4)	9.1% (1)	18.2% (2)	11
-------------	-----------	------------------	-------------	--------------	----

Post NCLB (currently)

	1 = Not at all	2 = Somewhat	3 = For the most part	4 = To a great extent	5 = Always	Response Count
Funding is allocated based on the strategic goals	7.1% (1)	50.0% (7)	28.6% (4)	14.3% (2)	0.0% (0)	14

16. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always Theme: Linking Funding and Results - To what extent does/did the school district link funding to specific results?

and priorities of
the school
division.
Consequently,
other items not
tied to these goals
are not funded.

Performance
indicators and
performance
levels help drive
budget decisions.

0.0% (0)	30.8% (4)	38.5% (5)	23.1% (3)	7.7% (1)	13
-------------	-----------	----------------------------	--------------	-------------	----

Ineffective or
unnecessary
programs and/or
services are
discontinued and
resources are
directed towards
other higher
priority,
successful
programs.

0.0% (0)	28.6% (4)	14.3% (2)	42.9% (6)	14.3% (2)	14
-------------	-----------	--------------	----------------------------	--------------	----

The best predictor
for funding is
based on need and
results, and not if
it has funded in
the current year's
budget or in the
past.

0.0% (0)	35.7% (5)	14.3% (2)	28.6% (4)	21.4% (3)	14
-------------	------------------	--------------	--------------	--------------	----

The school	0.0%	21.4% (3)	35.7%	14.3%	28.6%	14
------------	------	-----------	--------------	-------	-------	----

16. Please rate (1 indicating "not at all" and 5 indicating "always") the school district's practices in each category. For all statements, please check a single number (drop down menu) from each scale to indicate the district's practices in the specific area, under pre-NCLB conditions and post-NCLB (currently). Rating Scale 1 = Not at all 2 = Somewhat 3 = For the most part 4 = To a great extent 5 = Always Theme: Linking Funding and Results - To what extent does/did the school district link funding to specific results?

district's senior leadership emphasizes linking funding to proven programs/practices that serve the highest priority (even if the program/practice has been funded in the past) in words and actions.	(0)	(5)	(2)	(4)
---	-----	-----	-----	-----



Comments/Examples/Elaboration 2

answered question 14

skipped question 1

Part IV – Description of School District Budget Practices

17. In responding to the questions, please use whatever space is necessary to adequately answer the question (click inside the “text box” to start typing.) In formulating the school district budget what, if any, are the major processes the district uses? (Please describe the overall process.)

**Response
Count**



13

answered question

13

skipped question

2

18. How, if at all, have the budget development processes been affected by NCLB?

**Response
Count**



14

answered question

14

skipped question

1

19. How are major budget decisions made?

**Response
Count**

19. How are major budget decisions made?



12

answered question

12

skipped question

3

20. How, if at all, has NCLB affected the way budget decisions are made?

**Response
Count**



13

answered question

13

skipped question

2

21. How, if at all, do stakeholders (e.g., community members, staff, parents) have input in the process?

**Response
Count**



14

answered question

14

21. How, if at all, do stakeholders (e.g., community members, staff, parents) have input in the process?

skipped question 1

22. To what degree, if at all, is stakeholder (e.g., community members, staff, parents) input used in the budget development process?

**Response
Count**



14

answered question 14

skipped question 1

23. How, if at all, has NCLB affected stakeholder involvement?

**Response
Count**



13

answered question 13

skipped question 2

24. Who are the major decision-makers in deciding what is included or not included in the budget?

**Response
Count**



14

answered question

14

skipped question

1

25. How, if at all, has NCLB affected who the major decision makers are in deciding what is included or not included in the budget?

**Response
Count**



14

answered question

14

skipped question



1

26. How, if at all, does the district evaluate the impact of budget decisions?

**Response
Count**



12

26. How, if at all, does the district evaluate the impact of budget decisions?	
<i>answered question</i>	12
<i>skipped question</i>	3
27. How, if at all, has NCLB affected evaluation efforts which impact budget decisions?	
	Response Count
	13
<i>answered question</i>	13
<i>skipped question</i>	2
28. Please list any comments which you believe would enhance this study.	
	Response Count
	8
<i>answered question</i>	8
<i>skipped question</i>	7

Appendix C: Interview Protocol

Phase II - Interview of School District Budget Practices

As part of my doctoral work, I am conducting a research study of local school district budget practices. This research may be used as part of a report which identifies practices currently used in school districts or in other reports. Data from this interview will be kept confidential. I would appreciate your help in completing the attached survey. Your participation is extremely important to this research. You are, obviously, under no requirement to participate and may stop the interview at any time. If you do not wish to participate, please let me know. Your time and attention is truly appreciated as the interview may take up to an hour to complete. You will be provided an opportunity to review a transcript of interview and make any corrections/deletions/additions.

Purpose: The purpose of this study is to assess school district budgeting practice before and after No Child Left Behind (NCLB) within the Commonwealth of Virginia.

Use of Results: The results of this study will be used to describe current school district budget practices and be used perform other analysis related to budget practices and student achievement. Survey information identifying individuals or specific districts will be kept confidential. The names of individuals or school districts will be given alternative names (e.g., school business official #1, school district #1) in the final report to protect the identity of individuals.

As a fellow business official, I recognize the demands on your time and truly appreciate your participation.

Consent Form

I, _____, agree to be interviewed concerning school district budget allocation practices. I understand that this interview will be recorded and that the responses will be part of a body of research which will culminate in a research paper about the topic.

Date

Thank you!

1. In your survey you indicated that you used the line-item, incremental/PPBES/ZBB/Performance-Based Budgeting (to be filled in based on survey response) budget method – why do you use this method?
 - a. What do you feel are the benefits of this budget method?
 - b. What do you feel are the negatives or drawbacks of this budgeting method?
 - c. Has the selection of budgeting method been impacted by NCLB? If so, how?
 - d. Do you see any connections between the budget method used and level of student achievement?
2. In your survey you indicated that _____, _____, _____ are important to budgeting (to be filled out based on top three selected criteria). Why are these so important?
 - a. Has the selection of these criteria been impacted by NCLB? If so, how?
3. In your survey you indicated that the school division does/does not seem to use formalized strategic planning. Why or why not?
 - a. (If formalized strategic planning is used) How is strategic planning used as part of the budget process to make funding decisions?
 - i. Do you have examples you would be willing to share?
 - b. (If formalized strategic planning is NOT used) What prevents the district from using strategic planning?
 - c. Has anything changed in this regard since NCLB?

4. In your survey you indicated that the school division does/does not seem to include stakeholder involvement. Why or why not?
 - a. (If stakeholder involvement is used) How is stakeholder involvement used as part of the budget process to make funding decisions?
 - i. Do you have examples you would be willing to share?
 - b. (If stakeholder involvement is NOT used) What prevents the district from using stakeholder involvement in the budget process?
 - c. Has anything changed in this regard since NCLB?
5. In your survey you indicated that the school division does/does not seem to consider alternative service delivery methods. Why or why not?
 - a. (If alternative service delivery is considered) How is alternative service delivery consideration used as part of the budget process to make funding decisions?
 - i. Do you have examples you would be willing to share?
 - b. (If alternative service delivery is NOT considered) What prevents the district from considering alternative service delivery?
 - c. Has anything changed in this regard since NCLB?
6. In your survey you indicated that the school division does/does not seem to use performance goals and indicators to influence budget allocations. Why or why not?
 - a. (If performance goals and indicators influence budget allocations) How are performance goals and indicators used as part of the budget process to make funding decisions?

- i. Do you have examples you would be willing to share?
 - b. (If performance goals and indicators do NOT influence budget allocations) What prevents the district from using performance goals and indicators in making budget decisions?
 - c. Has anything changed in this regard since NCLB?
7. In your survey you indicated that the school division does/does not seem to use data to make budget decisions. Why or why not?
- a. (If data are used) How is data used as part of the budget process to make funding decisions?
 - i. Do you have examples you would be willing to share?
 - b. (If data are NOT used) What prevents the district from using data in making budget decisions?
 - c. Has anything changed in this regard since NCLB?
8. In your survey you indicated that the school division does/does not use program evaluations to influence budget allocations. Why or why not?
- a. (If program evaluations influence budget allocations) How are program evaluations used as part of the budget process to make funding decisions?
 - i. Do you have examples you would be willing to share?
 - b. (If program evaluations do NOT influence budget allocations) What prevents the district from using program evaluations?

- c. Has anything changed in this regard since NCLB?
- 9. In your survey you indicated that the school division does/does not reallocate resources to achieve specific results. Why or why not?
 - a. (If resources are reallocated) How does resource reallocation occur as part of the budget process?
 - i. Do you have examples you would be willing to share?
 - b. (If resources are NOT reallocated) What prevents the district from using resource reallocation in making budget decisions?
 - c. Has anything changed in this regard since NCLB?
- 10. In your survey you indicated that the school division does/does link resources to specific results. Why or why not?
 - a. (If resources are linked to specific results) How is funding and specific results linked within the budget process?
 - i. Do you have examples you would be willing to share?
 - b. (If resources are NOT linked to specific results) What prevents the district from linking funding to results?
 - c. Has anything changed in this regard since NCLB?
- 11. Do you believe budgeting has an impact on student achievement in your school district? Why or why not?
 - a. (If there is a belief there is) How do you see it having an impact?

- i. Do you have examples you would be willing to share?
- b. (If there is not a belief) How could budgeting have an impact on student achievement?
- c. Has anything changed in this regard since NCLB?

Thank you for your participation!

Appendix D: Interview Transcripts

Interview Transcript

Interview A, Survey Participant #7 (June, 2008)

Italicized = interviewer (researcher)

Non-italicized = interviewee (school business official)

*Hi ****

Oh Hi ***

I certainly appreciate you...first of all let me ask if you consent to be interviewed and understand that it is recorded but certainly the information will be kept confidential and only I'll have access to it, so do you agree?

I absolutely agree to the interview and glad to be doing it.

I appreciate that. As you know I sent you the questions I am going to ask but I may ask some follow-up questions but I will generally stick to what I sent you. So with that...

In your survey you indicated that you used the Incremental-Line Item budget method – why do you use this method?

Primarily this method is used because it is easier on the end user. To be very honest, we do look at programs in their whole and we do review the programs but to the vast majority of our customers receive funding on an allocated per-pupil basis. The incremental, line item method is just easier for the end user and it is about customer service for them.

Which I think is related to my question as to what you feel are the benefits of that?

The benefits of that it is easier for your customers to deal with and easier their boss. They can also because it is vast majority of their money comes to them in formal allocated method they feel like they more control over what they see and what they are going to get. The next part of that are the drawbacks, the drawbacks to that that people to not necessarily look programmatically across the whole school district as to the benefits, or cost benefits in particular, of specific programs. Although that is done I don't necessarily think it is done as well as it could be.

Has the budgeting method you use within the district been impacted by NCLB?

The budgeting method has not per se been impacted by NCLB. We have been impacted by NCLB in various areas. Because we look at that incremental, line method we do have very specific areas where there has had to be changes based on NCLB. Specifically, [our research testing area] is now doing easily 50% more testing then they had been. You may

be aware the difference between getting something from 70% to 90%, although hard, is easy in comparison from getting 90% to 95% and then again taking beyond that. So the amount of testing has been significant so their line-item budgets have been specifically impacted in the amount of proctors, tests, materials.

Do you see any connections between the budget method used and level of student achievement?

No.

In your survey you indicated that accreditation standards, program quality and evaluation results, state and federal laws are important to budgeting. Why are these so important?

The budget is as a plan for that year but it is also a strategic document and it is a long-term plan. And, when you look at accreditation and what that means for funding and you look at the standards and what those mean for funding and here in Commonwealth where we get so much funding from the state and if you don't meet the standards they have a very large hammer. So, those types of things you need to know what they are and where they are. So, I do a great deal of weekly review on what currently in the legislative pipeline. Why is it there? How will it impact us?

You talk about a legislative hammer, can you define that?

Absolutely, under NCLB, specifically if we don't make annual yearly progress we can have schools that end up being under state mandates for very specific things. We currently have one middle school that is on provisional accreditation... far more resources are going to that school than other schools then it becomes an equity issue as well.

Not to lead you in a direction, but would that be a correlation between NCLB and when you talked about more resources going to that school.

Yes. It doesn't necessarily impact you on the budgeting method; it does impact on the budget. That is a distinction, it doesn't matter if it is zero-based or many other budget methods, the methodology is going to get you specific end result. When you start looking at the state or federal government is going to mandate specific things for you then you have programmatic change to that budget that you need to deal with.

Has the selection of these criteria been impacted by NCLB?

Still awaiting newest NCLB revision, the biggest issue that I see the selection of the criteria and how it is impacted by NCLB is twofold. The time a new piece of federal legislation gets passed to the time the state implements its regulation on how to implement and the time we as a school district get that regulation can be three years. That and I grant you it is a large ship and doesn't turn on a dime, but that is a long time and

makes it very difficult if someone were to come in from the federal government and say to you why haven't you implemented these new procedures we still don't have procedures from the state to implement.

In your survey you indicated that the school division does use formalized strategic planning. Why?

Why do we use formalized strategic planning - you got to have a vision and plan to know where you are going... begin with an end in mind. And, if you don't put that plan in print it is very easy for people to forget why they are doing what they are doing.

How is it used as part of the budget process?

We moved to having the budget work with [the school district leadership team] and what we have done is looking at where we are going. We have certain criteria we look at with the School Board within that group and where the superintendent wants to go. And, I work with that group and to say here are what those priorities are for getting to that goal and once priorities are set I work to help craft to meet those priorities.

Has anything changed in this regard since NCLB? More incline to use

I would say probably not, any good budget is used as program management and strategic tool and that has been a part of good budgeting probably going on 20 years – having the budget be a strategic document as well.

In your survey you indicated that the school division does include stakeholder involvement in the process. Why do you think that is important?

If I as an individual at my location do not feel have input I do not have buy in. So, at least I have input and I have feedback why my input got pulled forward or dropped to the side, then I can feel like there was more to the whole process. So, the stakeholder involvement is very important. This year one of the stakeholders that also got brought in was the student senate and one of their priorities actually made it into almost the final one and didn't get cut until fuel prices went up. At least they knew their voices have been heard and that it had gone through and it made it through a rigorous process and we probably had 60 program expansions looked at this year of which we only put forward five.

Has anything changed in this regard since NCLB?

I would just have to say that probably since NCLB been more community, public, and internal involvement. The community involvement being much more so because NCLB does require that.

In your survey you indicated that the school division does not often consider alternative service delivery methods. Why do you think that is?

I think it has more to do with current personalities in the school division. Certain delivery models take jobs from adults and it is a reticent crowd and change is difficult. I think as we look at 2010 as we look at what got recommended in our school efficiency review we may be looking at more and more alternative service delivery options. Within business/finance you are not going to find anyone that disagrees that there are certain business cases that are better brought forward but other divisions it is hard for them to see you could have same outcome without having people employed by the school division.

I want to make sure I am interpreting your answer, what prevents the district from considering alternative service delivery?

It is change and people don't like change until the pain of staying the same is less pain than changing. And so we have had a number of spirited discussions about alternative service delivery from food service to transportation to custodial service. Most are support service options and not academic service delivery method.

Has anything changed in this regard since NCLB?

No

In your survey you indicated that the school division does use performance goals and indicators to influence budget allocations. Why and example?

The whole school division has gone to an accountability model, most of that accountability model...they went to help bring up academic scores and that all started before NCLB mandate but they are still there. They influence budget allocations because some of those programs that look to be very promising in assisting in academic performance, costs money. Specifically, places like [school name] where we have an extended day program. That whole extended day program could probably be delivered a little differently but the performance indicators are showing a real positive trend with those kids so you have to balance o.k. this is the money it costs but we are still seeing an upward trend with the scores and narrowing the gap.

It sounds in that piece that there is some kind of a program evaluation piece?

Absolutely, that drives. Each school puts together their accountability plan and they use a number of standards, they have about 10 different areas that they can use for their own individual [accountability plan indicators] and those are all reviewed by that group which sets the budget. That [group name] looks at each at each schools accountability plan and how well they met that plan.

And you look at that [program evaluations] as part of the budget process?

We do look at that as part of the budget process. So they, each school, are not necessarily going to get more or less money as far as supplies allocated per student but if they have a specific add-on program, that program is going to be more scrutinized.

In your survey you indicated that the school division does use data to make budget decisions. I think you shared some examples but do you have others and is that a reality?

It absolutely is a reality. Another instance is middle school improvement initiative...added additional teaching staff as time has gone on, the problem is not necessarily equity at the middle schools but the problem is math at the middle schools. Those positions have changed and they are being used as math tutors and algebra readiness as special block math schedules for middle school students. So the program has morphed based on the requirements and needs of the students.

Do you think the district has used more data as part of the budget process or less data since NCLB or about the same?

I would probably say because they were already on a process of using data about the same

In your survey you indicated that the school division does not extensively use program evaluations to influence budget allocations. Why? Did I interpret the survey correctly?

Because we use line item, incremental, although we look at program evaluations, the overall program evaluation does not necessarily influence budget allocations. For example an individual school still is going to get so per pupil for supplies, teacher allocations and all that, it is [rather] going to be at those add on programs.

I want to make sure I understand, it sounds like it does not factor into the school regular allocations but it sound like there are program evaluations which factor into budget allocations for add-on programs?

Right, there are program evaluation criteria for programs and evaluations are used at the macro level but most of those programs are add-on to overall basic academic programs. And so, what you saw in my survey is that you don't necessarily look at every program, you look at add on programs... do they give us the bigger bang for the buck or are they something we don't need to be doing anymore.

Example?

[Talk about a program which has been admitted due to the possibility to tie back to specific district. Therefore, admitted from transcript]

Kind of mixed answer as I was reading the survey in regard to resource reallocation. It seems the school division sometimes does and sometimes does not. Examples of reallocation in the budget process and why is that not done more?

When special education decided to reorganize, they reorganized in what they thought was the most efficient organization to do service delivery and forgot how much more it was going to cost. That become a budget resource allocation issue because then we had to figure out where those funds were going to come from. We had a promise within the special education community to meet very specific federal, state, and local mandates for small group of kids that were going to cost significantly more because have been outside that process. Other processes have been much more reasonable, currently looking a closing a specific facility. When we did that we looked at the manning that was involved, looked at the classrooms involved...and looked at the teachers who will go with the students. Although the facility will not be there the teachers will go wherever those students are going to be. So that was really looking at where the allocation of that resource was going. However, some of the support staff, we realized we did not need to fill those and the available positions were reallocated amongst areas that we already had a high need.

What prevents the district from doing more resource reallocation in making budget decisions?

Rice bowl. I own it now and I don't want to un-own it.

Has anything changed in this regard since NCLB?

No.

In your survey you indicated that the school division sometimes does and sometimes does not link resources to specific results. Why do you think that is?

Because it is hard. I mean sometimes can't get specific result and you are looking at antidotal data. Anecdotal data is good and it is better than nothing but it is not hard... you know test scores type of data.

Do you think NCLB somehow factors districts doing more of that?

I think NCLB has asked districts to disaggregate the data more and looking at the data more - where data can be obtained. The problem is that in a lot of areas it's not the test scores alone, they only tell a portion of the story, the human side of the story is not necessarily a data element that you can capture easily.

Do you believe budgeting has an impact on student achievement in your school district? Why or why not?

When done well, yes. When you look at the specific programs and you say that program impacts kids and this is the way it impacts kids and it's a positive impact for kids and you keep that program, then yes it does do that. And, it can impact kids in a variety of ways, everything from Saturday school to after school tutoring...Other non additive programs are class ratios but the city needs to agree and we need to be willing to say this really works.

Well those are all the questions I have and I certainly appreciate your time. Is there anything else you would like to add?

I think we are going to have more from a budgeting perspective, more challenges as graduation rates are changed, not the rates themselves but how we are required to calculate them. And, we are going to be impacted by Title I and NCLB as it moves into the future.

Interview Transcript

Interview B, Survey Participant #5 (June, 2008)

Italicized = interviewer (researcher)

Non-italicized = interviewee (school business official)

*Well *** I certainly appreciate you taking the time, I know you are busy and certainly with preparing budget documents and closing out the fiscal year so I certainly appreciate your time. I just want to make sure we are clear whether you consent to this interview and you understand it is being recorded?*

I do.

In your survey you indicated that you used the Program, Planning, Budgeting Evaluation, Systems (PPBES) budget method – I wanted to get a general sense as to why you use this method?

Well on the survey, we really don't tag a name as to our method but that was the one that most

closely matched. I chose that one primarily because we typically work through a budget based on priorities that match up with the schools board's goals and objectives. We do

that by looking at inputs and outputs that we hope to gain by exploring those programs and services that will meet the school board's goals and objectives. That is why I chose that particular description for what we do. Bottom line is that our budget document is probably the most important policy document and how it fits into the planning piece of the of the PPBES system.

From that I answer I gather that you look at things from a holistic standpoint?

Yea we do because... Probably the key to the whole thing is it becomes the guide or map of the school division. We try to look at the long range goals of the school board which is impeded in the school boards goals and objectives and so we use that to frame-up is the programs and services that are in the budget so in that regard then the benefits of the budget process are really fall in place in trying to meet the goals of the school board. That is what we are trying to match up with.

Has the selection of budgeting method been impacted by NCLB? Any changes?

We haven't done anything differently in regard to budget as far as NLCB. We have taken a look at the AYP results and try to structure programs and those kinds of things that might better position us for making AYP but that hasn't necessarily changed the budgeting process. We still use the same process.

Do you see any connections between the budget method used and level of student achievement?

I don't have any empirical data to assess... but what we do is anecdotal, when you look at test data over the years we tend to achieve very high compared to our peers. One can only assume anecdotally that achievement must be somehow linked to how we are putting our resources, spending our resources so in that regard maybe there is a connection but we have nothing to substantiate that.

In your survey you indicated that accreditation standards, program quality and evaluation results, state and federal laws are important to budgeting. Why are these so important?

They form really the basis of what we do in building our budget. We kind of look at it from the standpoint of what are the requirement we have to meet in providing education to our students. Accreditation standards set that for us. Some of the federal benchmarks dealing with special education in those areas. There are certain things we need to do that drive the types of programs and services that we need to offer so they are important in developing our budget. For example, accreditation standards call for ratios so we have to meet... we go well beyond those because of school board goals and they take requirements called for by the state and make them more stringent. All those impact the budget and determine how many staff you hire, we even have policy goal on teacher compensation so it drives all those things.

Has there been an impact by NCLB?

The only thing I can think of....well yes...NCLB has impacted how we have directed some of our resources. For example, if we have a school that is struggling to meet AYP we try put additional resources there. For example, more teachers to lower student teacher ratio to make the classes more manageable for staff. Tried to do some remediation in those schools. So in that regard NCLB has impacted the school division.

In your survey you indicated that the school division does use formalized strategic planning. Why do you do that, I know it takes time?

Yes, it takes time. We do that in order to set the road map. The budget process and curriculum process, everything the school division is about, is [related] to those goals and objectives the school board sets out.

Do you have specific examples of something that was in the plan found its way to the budget or drove a budget decision?

There are tons of examples, really everything we do, but at the top of head – student teacher ratio is a prime example and drove a lot of our budget decisions this year. Technology refurbishment in schools that drove a lot of decisions this year. They are both in our goals and objectives. Looking at staff recruitment for staff in division that drives

budget decisions and part of the strategic plan as well. The school board has put money to all those areas, big dollars. Teacher compensation is a big area and that has driven a lot of resources in that direction.

Based on your indicated that the school division does include stakeholder involvement in the budget process. Why do you do that?

If we don't get input from the people we are trying to serve or people in the division then we are not going to be able to address all the needs of the system that are facing us. Those are the folks that are using our services or providing those services and feel that they need a voice in that so that is why we do it.

Can you bring me through how you do that in the budget process?

We have a number of ways that we do that. With staff we do it through a funnel process in the budget process. Staff at all levels provide input in the process. At the community level we hold public forums on the budget and public hearings. Public forums are different than public hearings in that in a forum the public comes out and asks questions of the school board or superintendent and if the school board wants to respond to that question, they will respond.

A forum is more of a dialogue?

Very much so. It is more a dialogue. They might have “Have you thought about this...” and we get a dialogue going as opposed a hearing where the school board is presenting, like the budget. We also have community workshops, attend PTA meeting and present to them, we have good working relationship with all our PTS and our superintendent has historically been active with community groups as well, Kiwanis... We look at anyone who is impacted by the school division and try to get them involved in the process.

Has that changed over the last number of years?

No we have been doing that for years.

In your survey you indicated that the school division does consider alternative service delivery methods. Why and examples?

We look at different service delivery models delivering programs periodically. We don't just throw out everything out the window and let's look at different models but what we do is if we see a program or service that could be improved upon – someone has told us that or our own observations or whatever – then we will take a look and think what is a different way of delivering that service and then we start looking at different models.

Probably a good example of that would be some of our magnet schools. We have two magnet schools, one science and technology and elementary school of the arts and we asked if it made sense to offer the service within each school or from a staffing standpoint and other resources does it be better to put all these resources for these programs in one

site and take the students there and let them part of that school. So that delivery model tended to be a more centralized delivery model.

Any impact of NCLB that cause that?

Not so much NCLB, indirectly yes, one of our *** science, math technology magnet schools came about not just NCLB but standards of learning, trying to beef up technology piece of that school and bring up test schools... Spins off NCLB but also improve SOL scores as well.

You indicated that the school division does use performance goals and indicators to influence budget allocations. Why, examples if there are?

Everything we do, large part, is related to that. The best thing I can say is that school board approved goals and objectives we try to link everything we do, somehow, someway to those goals. We actually do that in our budget document. Whatever resources, additional resources in particular, we link that to the school board's goals and objectives so they can see where the dollars are going and how they meet requirements. So we use that in all our budget allocations and best examples are student teacher ratios, teacher compensation, facility, safety security issues with buildings. This past year we are spending approximately half a million dollars putting a new security system in our schools...trying to make the schools safer and secure and that is one of the school boards goals.

Is that new? It appears you have a closely knit system where you try to tie resources to those goals?

No, we have been doing that for the last number of years. We have been through three iterations of school board goals and objectives. They typically do it in 4 year period so we have been doing this for the last 12 years. They are actually up for renewal...

Just a question as we are talking here today is that it sounds like in many instances that you have been doing certain things so when NCLB came, did you find that you already had been doing or going in that direction?

Yes were a lot of those things to fulfill the Standards of Learning so yea I think we were already headed in that direction but we have, and this is one of my concerns about NCLB, is that we have done some things more extensively and put resources in areas that we not have of done previously before NCLB and we don't get any money from the federal government to do that as you well now so that is probably the biggest, from a local education level, concern we have and you are asking us to do something and you are not giving us the money to do. The same way as with the special ed. area, kind of the same thing...

It appears that the school division does use data to make budget decisions. Why do you do that?

Well, its one method that we try to use as much as possible just so that we don't make irrational decisions, that we don't make decisions based on emotions and what people would like to do versus what is the best approach to delivering a particular program or service. When we look at data, what are some of the trends going on, what are some of the gaps that we are seeing for example? Some of the data we looked at last year dealt with minority achievement. We said we have a pocket of students that are minority that are not doing well in a particular area. So that data gets brought forward and when it does the school board can make a more logical decision about if they want to improve that, and if they do, how do we go about doing that – where do the resources need to be put. Data doesn't always drive the decisions, sometimes things that need to occur within the division that are just intuitive. For example, we know we got to replace so many buses every year. Now technically that is data driven to a certain extent but we go through a lot of effort to push the data forward. We have a replacement schedule, we use it. There a lot of things that it is difficult to drive down on the biggest one is teacher salaries. We get this all the time where people beat us up, well why do you need to pay your teachers so much. What are you getting out of that? I don't have data on that. If you provide a 5% raise your test scores are going to go up. Data doesn't drive that decision, that is intuitive decision where people realize if you are going maintain quality staff and hire quality you are going to have to pay a competitive wage.

Has there been more use of data since NCLB?

No not more than we used in past, well I have to say, we have used NCLB AYP data to look at what areas are we doing well in and areas we are not doing well in deciding if we need to put more resources there. We are spending more dollars to meet AYP.

Program evaluations can you discuss them with me? What does that look like? Sounds like you are doing them?

We are doing them. Not every program every year... Example, in 2008 the superintendent look at foreign languages. And, one foreign language that we have a group in is Mandarin Chinese... [Information could identify district so omitted] When we look at programs, evaluate programs we not only do we look at the programs we are serving but what we need to exploring and adding to the curriculum and one of those were Mandarin Chinese so we incorporated at high school level and in FY 09 pushing it down to middle school level so we hired another because program was successful. We didn't think we would have so much interest but it turned out there was and now we are going to add another teacher.

What did you use in the evaluation?

Number of students and survey of high school students' interest.

Have you done more program evaluations?

Yes, magnet schools, have done a lot of things in there, we have done recently program evaluation of our advanced placement classes. We are heavy into virtual high school which kids basically can take classes on line. We have pretty much pushed that at the high school at this point and so what we have done is take our APs courses through this evaluation process and said wait a minute we could have these classes on-line because these are the type of students that would function well in that environment. So we have pushed a lot of our direct connect with teacher to computer classes so students do that at home or at school. We offer a lot of classes in virtual high school. We look at a lot of programs every year but we don't look at every program every year. There is no way you can do that. Anyone that says they can do that in one year is not being forthright with you. We try to look at problem areas or where needs are changing. Try to look at areas where there is identified gap of service. Something is triggering us to look at a particular area. And it could be test scores. Couple years ago we had some test scores, I think math that were not as good as we wanted them to be so that drove some program evaluation in elementary and middle school math models.

It sounds like the AP example you raised ties back to the alternative service delivery? It sounds like you were looking to offer in a different way?

Exactly

In your survey you indicated that the school division sometimes does and sometimes does not reallocate resources to achieve specific results. What prevents the district from

doing more resource reallocation in making budget decisions? Was that an unfair assessment of the survey?

I took your survey to mean, perhaps I misunderstood the question, each year when you develop your budget what you do is take a look at reallocating some resources that you might be deploying at that point to other programs and services to better meet needs in areas.

You took it correctly.

We do that but we do not do that across the board. The best example I can give is first grade. We don't go in and do a wholesale reevaluation and reprogramming resources for first grade but we might look at the reading model for the first grade or the math model for the first grade. But we don't do wholesale and say we are changing everything we are doing in the first grade but we look at particular areas... Don't do wholesale, for example student teacher ratios I can assure you that our student teacher ratio is going to be at a certain level based on school board goals and objectives. That is going to happen and does not get evaluated annually. They have pretty much set them and we use them

Any impact of NCLB ?

Yea, there has been especially where we are doing well on AYP and not doing well and try to structure programs for that like math area that was a concern, the minority area was

a concern because of AYP, they break things down by those subgroups, we have done program evaluations and strategically placed resources based on NCLB AYP.

In your survey you indicated that the school division does link resources to specific results. Can you share? I think throughout [your interview] you have addressed. Any examples you can share where you had specific objectives and you made sure resources were there?

So many, some that we talked about, student teacher ratios, compensation for licensed staff teachers, technology. Those are three big areas that we dealt with in last several years and a lot of resources have gone in those directions. We put a lot of resources in our facilities to get them to a certain level to get them where we want them to be. And looking at safety and security issues I mentioned. There are a lot of things we have done but they are on the fringe but require additional resources but the big bucks was those three areas

Is it fair to say that you had specific outcomes you wanted when you channeled those resources to those areas?

No question about it. For example, on technology side our goal was to get to a five refurbishment plan for all of our schools. What that means is for every school in this division would get a complete revamp of their instructional technology and so that objective must be met and student teacher ratios are the same thing.

NCLB impacted at all?

I can't say it hasn't because it has, we have to go and look at the things that we do as it relates to meeting AYP. So that drives a lot of the decision making but at the same time we were doing a lot of this anyway and will continue doing if NCLB drops off the table tomorrow. A lot of this stuff we will continue to do because there is value and us trying to improve test scores and student learning. And also, we have standards of learning requirements that are out there although this school division will exceed the SOLs and have for years. We were one of the first to meet all SOL requirements in the state so our board takes us beyond that. NCLB has helped focus some on some areas that might, in subgroup areas, that might have been as focused on but I think over time it would have happened anyway. Again, I hope when you do your report you emphasize that all the programs and services that school boards across Virginia and the nation have done it with their own money. [In auditable] That has been concern across the nation and I think that is the one area that NCLB fell off the table people would be clapping and say that is great, now we can place resources where we want to put those but as it stands not you have to focus resources in meeting AYP. I don't say that is a bad thing. I am just saying it is like big brother telling us how to spend our money and that is part that gives people a bad taste in their mouth when you think about NCLB at least people in education.

Do you believe budgeting has an impact on student achievement in your school district? Why or why not?

Well if it doesn't have an impact I might as well pack my bags and go on home cause this is what it is about. Frankly, when you start talking about budgets and education what I tell people all the time when I go speak with them on budget issues, I tell them in my opinion the most important policy document that the school board approves every year is the budget because it is what funds and drives every decision that gets made in this division. It is the embodiment of where the board, where board perceived where the public desires is for spending money or resources for students' education. And the budget is the most import driver of what goes on in this division. Best example of that is take two school divisions one that has good community support and is well funded and compare that to a school division that is not and you look at programs and services that are offered, look at the depth of the program and scope of the program you will see big differences there and that is where the budget becomes a key player. Just throwing a bunch of numbers in a budget and not doing the programming and planning and evaluation and tying all that in for a particular goal or objective now that is not going to get you very far because then you are just throwing money at a problem you are not looking at how you can best spend those resources but a budget that is well thought out, well planned and programs are evaluated can become probably the most important driver of students education in a division.

Great, thank you and I appreciate you time

Interview Transcript

Interview C, Survey Participant #4 (July, 2008)

Italicized = interviewer (researcher)

Non-italicized = interviewee (school business official)

Good Morning, I appreciate the time you are taking certainly filling out the survey and agreeing to be interviewed, as you know I sent you a number of questions and I will basically follow that order, I might have some follow-up questions as we go forward. With that said, do you agree to be interviewed?

Yes.

In your survey you indicated that you used the Performance-Based Budgeting method why do you use this method?

Well first of all I probably need to preface my answers with that there is nothing on file that says we use performance-based budgeting but basically that comes closest to what we do in our budgeting process. The reason that I like it and the reason I think it helps us because it forces us to make decisions based on evaluations of programs. We started doing this several years ago and it helps us, it actually forces us, to look at our strategic plan, to look at data, use a combination of data, classroom observations, things that have

transpired over the school year to help us determine what programs are working and which ones are not. We are kind of unique [omitted school district information]; our demographics are a little different. We have a very high special education population but we use the data to try to help us to help these kids and move these kids forward. It's the best method that we have found.

I think you just articulated the benefits? Drawbacks?

Well yes. The other thing I wanted to say as far as benefits are concerned. Once you have these evaluation analyses in hand, once you have actually done it, when you go to make your presentations to the [school] board and city council that helps you justify your request. That is one of the benefits. The only drawback that I see to it is there may be people who don't like that process because it forces us not to make political decisions. [Description of size of district] places tend to sometimes get political but with this type of evaluation in place, I kind of feel that we have our tools and armaments to justify what we are trying to do. Really I don't see a drawback but some people might not like it because of that?

Has anything changed since NCLB? Are you still using the same processes?

No, No. This has definitely come out of NCLB program because like I said we are forced to try to help our kids achieve more so now than ever before. I have been in budgeting for years and years and in the past things was a little more loose. I don't mean that in a bad

way but our number one goal is to get our kids to achieve and [discussion of accreditation status and demographics which could be used to identify district so omitted]. We have to find ways to reach these kids and get them involved and interested in learning and by doing some of this stuff we are hoping to raise our scores. People think all you can do is teach to the test ... but most of [staff] realizes that you need work with the whole child so yes things have defiantly changed.

It seems to me, I might be asking an obvious question based on your statements, but do you see a connection between the budgeting method and student achievement?

Absolutely. I feel like kids are first for the school board on down. We have student achievement as our number one goal in our strategic plan. And, like I said, nothing about the old days but it is definitely changed; our focus is definitely on student achievement.

In your survey you indicated that accreditation standards, program quality and evaluation results, state and federal laws are important to budgeting. Why do you think those things are important?

Well they force us to really look at, as far as the accreditation standards and AYP; they force us to look at the indicators. We now are paying a lot more attention; actually using data from absenteeism and our percentage of children's percentage of time in school, and we use attendance as our indicator, one of our indicators for AYP. One of our schools was close. What we have done is put in place some more counseling and home type visits

and things like this trying to get parents involved. It is very hard for us to get parents involved. [Discussion of a program that might result in identification of district so omitted]... Some of the regulations have helped us to think outside the box to get the community involved, the parents involved.

Am I correct, and please correct me if I am wrong, but it sounds in your answers that there has been some impact of NCLB?

Oh yea. We didn't have family reading night, we didn't have a [elementary program volunteers program which is post NCLB]... We get volunteers to come in from the community and they work with kindergarten and first grade children...and it is a one on one type of thing and they come in doing, we have two reading blocks for these students, and one of the reading blocks would be working with the volunteers [on reading] and they are not really working, and the kids think it is fun but they are learning at the same time and the attachment grows between these volunteers and the kids. It is amazing and the fact these kids get one on one attention and getting read to and their developing a love of reading and that all came about NCLB. A lot of it to get the kids hyped up and get them to want to be involved in learning. [Discussion of school district demographics which might reveal district so omitted].

In your survey you indicated that the school division does use formalized strategic planning. Why do you do that, I know it takes time?

Yes we do. We usually take our prior strategic plan and build on it. Look at what we accomplished from the previous year, add things, we basically stretch it out I think it is three years, and we do a three year plan and we review it and revise it every year. And, by having that document, it keeps us focused on (of course we get it approved by school board) what our primary goals are, what we need to use our resources for. Again it helps us to, forces us actually, to look at the programs that we have in place, or if we put something new in place, we are very data driven and a lot of that has come out of NCLB plan and a lot of that has come out of the strategic plan which based a lot on the NCLB guidelines.

Sounds like there is some nexus between the two?

Oh yea. It all kind of fits together and we start here goes to strategic plan, revise and change and actually evaluate ourselves every year. What have we completed? Where are we on this? Is it working? What does the data say? If we have to revise it - we will revise it. If this is not working, we will look at why it is not working. Do we need some more resources put in there? Ok we put in the budget, see if it works. If it doesn't work, we start over gain. And, so it all grows out of the strategic plan.

Do you have a specific example that you can share in that regard that there has been a link to the strategic and it is used as part of the budget process?

Yea, [discussion of benchmarking which might reveal district so omitted] we had to fund an additional secretary in the central office because of keying in and we had to budget software which was a budgeted item. The additional secretary was a budgeted item. We had to put additional funds for curriculum writing, we have teachers come up and director of instruction schedules them during the summer and sometimes on in-service days to actually revise curriculum, review the benchmarks, up-date as things come down from the state. So that was a huge link with our budget. That was something we previously had not been doing so we had to include those types of things in the budget. Another thing, we, using data, we noticed our kids in the elementary and middle school were doing alright in the reading but they were lacking the math skills so [discussion of programs the district utilized to address issue but omitted because information on providers/vendors and program information could be used to identify district]. So again, we had to look at our budget and find ways to fund that so just about everything we do correlates to our budget and just about every budget item that we have in instruction, instructional support, any of those areas correlates with NCLB.

In your survey, it seemed to indicate that that the school division sometimes the district does and sometimes does not include stakeholder involvement.

We make a large effort to get people here. We want our parents to get here. In the past we have had superintendent coffees at housing projects [information related to number of projects and on a staff member which was omitted to protect identity of district] we have had superintendent's coffees and this was done on a Saturday morning, superintendent

went out and we had coffee doughnuts or what have you to get parents to come out to meet superintendent to talk school things and it was a bomb, people just wouldn't come. At our middle schools just to try to get the parents in because we in talking with some of our parents and some areas of town people are, some parents are just reluctant to come to school, they, I feel, maybe intimidated. You know we have inviting schools; we have good principals but it just very hard to get the parents. We can get them in for family reading night. [Information on particular schools so omitted to protect identity]. So it is real hard for us to actually get parents to come in. What we do have are advisory committees. We have Title I, we have the technology advisory committee, we have vocational ed. advisory committee, we have health advisor committee and on those committees we have school personnel, people from business, we do have a board member on each one but we also have several parents' representatives. Now those meetings are possibly three or four a year and we do get pretty good attendance on that cause we try to have the meeting when it would suit the parents. And through those advisory committees we get a lot of stakeholder input now of course they serve on as an advisory capacity. I think the health services committee works very well. Things that come out of that has helped us to, it gave us justification for applying for grants, we have very generous, charitable organizations [name and details of specific organizations]. We were able to get some nice playground equipment and physical ed. equipment so we could get our kids more involved with that. Coming out of that, we actually added more time during the day in our PE grants. That all grew out of the health advisory committee. OK, so they had input in that and that really helped. Then we have technology committee, I think it is a technology five year plan, and the technology director utilizes what she gets out of

committee to go in her five year plan and that largely comes from parents because of that plan that helped us justify purchasing smart boards for the classroom and that we actually did, we budgeted [funds]. What we found with that in some very, very difficult classrooms, try to differentiate in instruction, but in middle school where each child is so difficult to reach, they love them. I mean, kids that never raised their hand or never speak, they are wild to get up there and work with that type of technology and it actually visual, its tactile and they're excited, they are learning so that all came out of the stakeholder involvement. We do also have public hearings, public hearings on the budget where we do take information from people who speak. We also have citizen time section at every board meeting that we have where suggestions can be made. Last year we had people come for citizens time talking about our vocational offerings which we though was funny at the time but we...offer many vocational courses and we also have collaboration with the community college where are kids can get welding, they go there for a variety of vocational educational courses.

Has there been more of an outreach to get that stakeholder involvement since NCLB?

Oh absolutely.

In your survey you indicated that the school division does consider alternative service delivery methods.

I was looking at that as instructional alternatives alternative methods. We do, we do some on-line classes... We serve kids that require a lot of remediation and then we have kids at the top of the scale who breeze through everything we have and need more of a challenge so we have kids take courses take courses that we have had 3 kids sign up for math analysis or [in audible] calculus, or Japanese or something like that. For that we offer the on-line instruction. We also contract with community college where we offer al lot of the AP courses. I mean we have kids come out of our HS with 18 credits of college...

Are those considerations part of the budget process?

Absolutely. You have kids taking AP courses and dual enrollment so you had to split in the 07/08 budget. Definitely that affected our budget...

Are you doing more or less of that as a result of NCLB?

Actually more, much more.

You talked a little about performance goals and it seems the district is using performance goals?

We are very data driven. We get data from everywhere. We are forever disaggregating data.

How does that impact the budget process?

Alright, let's look at a group, o.k. [discussion of particular programs/initiatives at school which may identify district so omitted]. [In regard to the programs] that was all data driven. That was all connected to NCLB because we were not going to be accredited in that school...

You talked a lot about data driving decisions, what type of data?

Well you know we look at the benchmarks, the benchmarks play a huge role because we can get it down to a child and actually SOLs they need help with. And we have lead teachers in the division and the school that actually can go in had extensive training for our teachers how to use the data to differentiate their instruction. We have a huge inventory of instructional inventory, instructional materials and supplies, we got ITRTs that can go out help the teacher possibly find software or use technology in some way to help get this across to kids. I mean if the teacher had a classroom of 17 kids and she knows that 5 kids are having problem with 3.1 or whatever and she can go to the resources, the director of instruction, she can go to the division lead teacher or lead teacher in school and also we have set up the teachers' schedule so they can do vertical planning and she can go to any of her colleagues during that time to find out "are you having this problem, what are you doing?" all this is based the fact on that we have to get the school accredited and based on NCLB so we used data every day.

In your survey you indicated that the district does use program evaluations to influence budget decisions? How are these program evaluations used as part of the budget process?

Oh yea. One of our best programs [discussion of pre-k programs some discussion omitted because the discussion included specifics which could be used to identify district]. We track those kids over I think 4 years (K, 1st, 2nd, 3rd) we track those kids versus those kids that came to us [from another programs or no pre-school experience]. Those kids were shown to have healthier gains the held their gains, they sustained their gains... We went to school board said we had these classes but there are kids we are not serving... Went to school board and had justification, sustained their growth, pay it now or pay it later so we added another class. We are still continuing to monitor these kids throughout the grades. And, that is one of the biggest examples I can use how we actually evaluate the programs and that is one of our biggest successes.

In your survey you indicated that the school division does reallocate resources to achieve specific results. How does this resource reallocation process occur in the budget process?

A lot of times, it is nickel and dime or at the expense of other major budget categories. What I mean we, especially in the last 2 to 3 years, of course instruction is our biggest category – it's huge. But over the years we have been trying to take as much as we can and put it into instruction. This past year, we have actually cut over \$200,000 worth of

positions in the central office in order to put it into instruction... [District specific information about enrollment and location]. We have to make tough decisions.

Do you think you do more of that since NCLB?

Absolutely.

Why do you think NCLB has impacted that?

I really see NCLB in two ways. I think NCLB has affected the whole child. I am concerned enough time for things that kids need, children with special needs, I personally feel that those kinds of kids need more than just academics on that side. I see that and I feel that NCLB has kind of taken the humanity out of teaching because we are striving, striving, striving to meet AYP and accredited from the state, make all the performance indicators. That's that side but on the other side, it forces us to do whatever we have to do that's legal in order to help these kids to achieve what we feel like they need to achieve in order for us to meet accreditation standards. But we also feel that it is not only helping us as a school division but it is helping the kids. Helping the kids so that whether its vocational courses in high school, vocational courses are "chop it up stuff" not like they used to be years ago. You have to have an academic background, you have to pass the math and science background, you have to pass certain test to take it. We want to be able to give these kids the skills and abilities that they need in order to either go out of schools to get jobs or [discussion of collaboration with the major local company in district] or our

kids to get some further education whether it is at a two year institution or four institution so they can be productive citizens. So basically, what we are trying to do, yea we need to follow NCLB guidelines, yea we got meet the standards but in doing that we are also trying to get the kids what they need in order to be more productive once they get out of here. Most of, if not all of our budget, are based on student achievement and student achievement as it related to NCLB and making AYP and our subgroups...We are trying to be all things to all kids.

I think throughout you discussed a lot of how the school division tries to link resources to specific outcomes. What comes to mind is the pre-K program, the reading program, benchmarking and so on? Are all those decisions made as part of the budget process or outside the budget process?

The evaluation of programs is ongoing. What happens is that the process starts in November. We would actually have data from the past year or several past years on any of the programs we would be looking at. The superintendent, this is how it works, like in November I would send out accounts payables, account sheets to everybody, the cost center administrators and ask them to go ahead and allocate funds as they see fit and also on a separate sheet indicate any personnel or program changes. Then I get them, cost them out see where we charge them to, get together with the director of instruction and superintendent and the assistant superintendent and we meet with each of the cost centers administrators. Now our director of instruction will collaborate with the principals and other instructional leadership people. They will work together to come up with the plans

for any specific program and then we have a series of meetings starting December through January till we actually have our first public hearing on the budget and the get input from the community, get input from [district] education association, get input any teacher groups, advisory groups, whatever, this is done at a board meeting and before a board meeting and it is in public so we take what the cost center administrators and principals and the leadership in the division and take all that together and the leadership at central office, principals, assistant principals, director of instruction, director of finance get together and go through [inaudible] look at data which the director of instruction which would come to us, try to assess the impact. Is this valid? Do we need this? How many kids is it actually going to help? And, that's where it comes into the budget process.

It sounds like it is not necessarily one time a year but all these data points are taking into consideration?

Yes, it is all year long really. I mean we actually start working on budget process in November but all year long data is being collected. I keep a folder of anything that comes up during from July to November. We need to look at this. This is my justification. And we start on that in November. It's an all year process.

Do you believe budgeting has an impact on student achievement in your school district?

Yes.

How do you see it having a connection?

Student achievement is based on, you know we need smaller class sizes; we need really good teachers, a lot of it just boils down to who you have in that classroom everyday. Trying to get the best teachers you can get [discussion of location and specifics which might identify district] If you have an excited, energetic teacher in that classroom the kids are going to follow suit. All our instructional decisions are based on how we get more our kids to where they need to be... [Omitted because off discussion of specific district programs and statistics which might identify district]. We hope that [scheduling initiative discussed which has budget implications – omitted due to possible tie to district] will help us with drop out rate, hope it will help us remediation arena, testing because we will be test as the kids will be closer to what they just learned and it is just going to allow them the chance to take courses they need to in order get the number of verified credits they need to graduate and we are hoping that is going to be huge for us.

I appreciate your time. I don't want to overstay my welcome. I appreciate it.

Interview Transcript

Interview D, Survey Participant #8 (July, 2008)

Italicized = interviewer (researcher)

Non-italicized = interviewee (school business official)

Good Morning, as you know I had sent you some questions before and you were gracious enough to agree to be interviewed and I want to make sure you are still agree to be interviewed.

Yes.

In your survey you indicated that you used the Program, Planning, Budgeting Evaluation, Systems (PPBES) budget method – why do you use this method?

Well, this is a multiple choice question and that that is the one I felt was closest to the one we actually do. I think philosophically we try to tie the programs, with our planning and total budgeting. Evaluation is really the weakest area actually. The budget is really a financial plan that should be tied into the programs and what you are actually doing so that seemed to be the one that fit closest. You had zero-based budgeting; I would say we borrow a little from zero-based but not a great deal. It is a very incremental process as

well, much of our budget is staff and we are not going to in the course of a few weeks go back and review every staff decision we ever made from the start of time so a lot of the assumptions are based on the folks that are there now and the positions that are there now are going to stay. A lot of them are tied to the Standards of Quality or some other state funding so there is not a lot there to decide; its really the discretionary (I shouldn't say discretionary) the non-personnel services where we spend the most of our time.

What do you think are the benefits of this system?

Well the benefits are that you align your budget with what your programs are. It is not based so much on so may widgets that come in [rather] the basis is taking a look at what you are doing, what are our programs, what are we going to deliver and then tying your cost structure to that.

Any drawbacks?

Well, I guess you go back to a lot of decisions you have already made. I don't know how effective that is as you tie everything back to what you plans are. If your plans are not changing from year to year, you spend a great deal of time reconfirming what you have already decided.

Has anything changed since NCLB?

Very little. Let me back off a little. It does impact how we spend Title I money. We won't put Title I money in a middle school for example. [Discussion of particulars in district which might reveal identity so omitted].

Do you see any connection between the budgeting method and student achievement?

Well, unfortunately, the connection between student achievement and the budget is pretty tenuous to begin with. The Standards of Quality are pretty much dictating most of what we do so I don't see a big impact there.

In your survey you indicated that accreditation standards, impact of matching funds, state and federal laws are important to budgeting. Why do you think those things are important?

Well accreditation standards for instance, Standards of Quality, there are accreditation standards that set things like class sizes to indicate what your staffing has to be. Our budget is probably 70% personnel costs and unlike a lot of other districts that number might seem small to you but unlike a lot of other districts we include debt service in our budget as well that absorbs another 11% so that will put you closer to 80 – 85% which you have seen elsewhere. But personnel costs are the single biggest part of the budget and most of those costs are defined in accreditation standards or they are defined in the state incentive funding, K-3 initiative that produces class sizes. Its pretty much formula driven once you have your personnel costs, you have your positions in place, that's a big chunk

of your budget so yea accreditation standards definitely. Matching funds, that is not a real critical area to us, except, and well let me back off that. When it comes to some state incentive grants like pre-school initiative, the K-3 initiative those all come with sizable matching so that definitely comes into play. When we look at a state incentive grant the question comes in, where are we going to find the money to come up with the match. Federal laws is not as big a deal to us.

Has the importance of these items been impacted by No Child Left Behind?

Not directly. NCLB obviously zeroing on student performance. The Standards of Learning tests were already forcing us to look at the same factors so I don't know if they have changed so much. I guess the focus had been more on Math and Reading whereas before it was on the four content areas.

In your survey you indicated that the school division somewhat uses formalized strategic planning. Why?

We do have a strategic plan. We have a document that has strategic plan on the outside cover and we will soon be working on a new strategic plan. School Board requires that we report on our progress towards that plan so we do use it. As to why it is important, I think it does help focus everyone's attention towards what they need to be accomplishing. I guess we focus on the day-to- day operations but that document indicates the things that we need have to accomplish. Primarily on improvements and there are deadlines and goal

dates. So, it serves to remind you and to direct your attention towards those improvements on your plate.

Is that plan used as part of the budget process and, if so, how??

Ideally, the two would fit hand and glove but I think to some extent it does drive some people's budget request. At that point, the question comes was this strategic plan done based on reasonable assumption of what resources would be – just because something is in the strategic plan does that increase the priority or do you need to look at something else. There are things in the strategic plan that have not been funded. Gosh we thought it was a good idea and put it in the strategic plan, everyone agreed to it but there is no funding so it passes. I would say that is the case in some parts of the strategic plan based on a realistic assumption of available resources would be and strategic plan should really be developed by the entire team and at that point be decided whether the plan is realistic or the goals are realistic and in this case it was pretty much done on stove top. Each area took their own and we have a somewhat disjointed document. There really wasn't review across the entire organization.

Has anything changed since NCLB in the sense of strategic planning?

I guess it would be in the instructional area focusing on student achievement/performance. So yes definitely, but not so much from a budget standpoint. I think in the delivery of services.

In your survey, you indicate that the district does include stakeholder involvement in the budget process. Why do you think that is important – if you think that is important?

I have mixed opinion about the whole thing. The system or organization exists to serve its patrons obviously so what its patrons think, or stakeholders believe, are not unimportant. I don't want to give the impression that it is not but with that said the resources that we have available will take care of the Standards of Quality, they will take care of the requirements we have for incentive funding that we have, they will fund the debt service and keep the buildings warm in the winter and cool in the summer which does not leave a whole lot so my fear is that we go through and get stakeholder input and then we don't do anything with it.

Is the stakeholder input been used as part of the budget process?

I think it has had some impact. We try to get stakeholder input, we hold budget hearings as required, the superintendent [directs] us to each school, with the teachers and school leadership teams with each school along with parent representatives. We do seek input, there is not a lot we are able to do with it. [The superintendent] has held public meetings and met directly with citizens, the participation, the participation is terrible, we had two meetings in January and at one school you could count on one hand the number of non-school people there and the [inaudible] so, unfortunately, I do not see a lot of citizen involvement.

Since NCLB has there been more of an effort to get stakeholder involvement, or less, or about the same?

I can't really comment... [Discussion of individual superintendents].

In your survey you indicated that the school division does consider alternative service delivery methods. Does that process enter into the budget process where you look at offering the same service in a different way?

The questions come up as we are reviewing people's budget in terms of what other alternatives they have considered. We are often presented a program or initiative that someone wants to put in place and at that point the question comes generally from someone in the group, me often, how else could you do it. I don't know if that is a sufficient consideration, we certainly ask the question. I don't know, I don't know that we look at it seriously as I would like to given the limited time we have to go through. It is not to the extent I would like.

Do you have an example to where that has happened?

We have long distance learning classes. [Discussion of individual schools distance learning offerings so omitted to protect identity]... that is an example where we have

used alternative service delivery methods in order to offer a full compliment of curriculum at a high school

Are you more out to look at alternative service delivery since NCLB?

I guess the publicity around NCLB probably drives our decisions more than the funding.

So the requirements around NLCB opposed to the funding?

[Inaudible] As far as instruction is concerned, every school's mandate is to ensure they meet requirements. I think the impact is at the school level as they are deciding what they do with the resources they receive.

You suggested that the district uses performance goals to influence budget allocations?

What does that process look like?

We are pretty early in that process. We do look at things like number of custodians per square foot or the ratio of custodians to space, the cost per mile for transportation. It is really like that and there the driving is not so much in the budget allocation as to probe the appropriate administrator or team to delve into ways to improve. If you have an indicator that does not look as good as an industry standard, the question is why and what can we do about it?

Your survey suggested that that the school division does use data to make budget decisions.

Well I would hate to say that we didn't. We have reams of data sitting around. I kind of like to think that we use it.

How do you think you use it? Do you have an example in the budget?

This may contradict a previous statement but we look at past spending to see how we should budget future spending and one of the questions we ask departments or schools is how you were able to do something on x dollars but you want 2x plus 10 this year. Why? What are you going to do with it? What are your plans with it? In the information we request from the schools and departments, especially departments; not so much schools because schools they are going to x bucks per kid and our question or statement to them is more like you can expect to receive this many bucks you tell us what accounts you want to put it in. We really don't care but this is what you are going to get, if you want to realign it fine if you don't will feed it to you in accounts. The departments, they have a wider focus than the individual schools and at that point every single budget line they are asking for they are suppose give us an explanation how they are going to spend it. We keep asking. We often don't get it so having not received what their plans are many times, we go back and look at the history and say this is what you have been doing what is it that you are planning on doing next year that you have not been doing. So we do look at that and that is the primary use.

Are the departments operational or instructional?

Operational, they will be instructional. We spend more time on the instructional departments. Our non-instructional, support departments are really funded at levels below the state average, certainly below some of the similar school districts. We really work hard on the instructional area.

Greater use of data in making decisions since NCLB, less, or about the same?

About the same.

In your survey you indicated that the district does use program evaluations? What prevents the district from using program evaluations?

Performance measures. It is just difficult to do. We don't have an evaluation team so anything we do is going to be self evaluation. We certainly are aware of student performance and individual school performance and we certainly have those indicators in the budget document. But, they are really there pretty much to convey to the public that there is good value to the resources that are being provided. So I can't say that we do a lot of evaluations but there is obviously a lot of evaluation in the instructional areas, No Child Left Behind, kids get evaluated on Standards of Learning, a lot of data comes back

to us, we do use it as I said more rationale to explain the value of what we are doing as opposed to actually using for decision making purposes.

To justify and support?

Yes

In your survey you indicated that the school division sometimes does and sometimes does not reallocate resources to achieve specific results. Do you have an example of when you have reallocated resources as part of the budgeting process?

I am sure there are situations. For example, we do not do a new adoption for textbooks every year, some years, for the last couple year we haven't had to because we are caught up so if there is an adoption year we obviously have to find resources in order to do that and I think each book is like \$50 to \$60 in the average K-12 so it is not a small. It is fairly significant item that is certainly an example. The year that we are not in [past year] and as we budgeted for current year, we suspected that fuel for transportation was going to increase marketably and so we obviously had to put more money into that and we thought we did a bang up job when we got it up to \$3.25 but now we are paying over \$4 a gallon so we have a hole so that is a case where we are definitely going to have to reallocate resources. In the areas of technology, a lot of this reallocation is pretty much post budget. ...Typically we have some funds left and will reallocate resources and technology is an area in the past we have also had to put money into energy costs and I suspect we

will have to do this year as well. So in many cases, it is a reallocation of the existing budget.

In your survey you indicate the school division sometimes does and sometimes does not link resources to specific results. What are some examples to where funding has been linked to specific outcomes?

There is an initiative that needs to be accomplished, yes. For instance, this year we were putting in a new student information system. [It was] suppose to up and running by September so we certainly needed to put resources into that implementation. A lot of it is going to be related to the need to get specific stuff like school buses or textbooks so that is a link to specific outcome or at least a specific acquisition. One of things we have had trouble with is sub teachers, I should say employee absences, so there, again, we looked at past results and decided either we crack down on absenteeism or we have to put more money into it.

Do you believe budgeting has an impact on student achievement in your school district? Why or why not?

I would like to think it does. An example, the area that we have been most effective is teacher pay. We are pretty much of the mind that good teachers are in demand and if we want to get good teachers we need to pay good teachers. So teacher pay for the last three to four years has been a driving factor in our budget. What else can we not do to raise our

teacher pay? So I would say that if there is a connection between what we do, budget and students achievement it is in positioning our human resources area to attract good teachers. [Discussion over district efforts to increase pay, demographics which includes a discussion over specific measures and discussion of other surrounding districts so omitted to protect identity of district.]

Thank you

Interview Transcript

Interview E, Survey Participant #12 (August, 2008)

Italicized = interviewer (researcher)

Non-italicized = interviewee (school business official)

I certainly appreciate you taking the time. Do you agree to be interviewed and you understand it is being recorded?

Sure.

In your survey you indicated that you used the Zero-Based Budgeting (ZBB) budget method – why do you use this method? Why do you use this method?

Zero-based budgeting was used this year simply because prior to this year incremental budgeting had been the approach and the district leadership felt it would be a good start to do zero-based to establish what items were necessary and those items which could be reduced or eliminated. Basically just to do an overall assessment of the budget.

What do you feel are the positives or benefits of this approach?

It became apparent that by going through the zero-based budgeting approach this year that we were going through a much more in-depth process than the district had been through in quite awhile and probably the one major benefit was that all the administrators that were involved in the process came out with a much deeper understanding for what was actually in the budget.

Any drawbacks?

It was just a long process. The amount of effort was much greater than the incremental approach used prior. But, I think from my perspective, the effort was worth it.

Do you see any connections between the budget method used and level of student achievement?

When you develop your budget, you're always concerned with student achievement. To be able to directly link zero-based budgeting (the process we used this time) to student achievement, there is not any correlation at this time that I am aware of. However, as you know the zero-based budgeting process, if you are working from a perspective of trying to improve student achievement for which to implement proven research methods that are known to enhance student achievement, the zero-based process then enables you to identify those things that are in the budget and then you can then focus on those particular pieces. Say for example, given research based methods which are known to improve achievement. Its chicken and the egg, do you do the zero-based budget and hope that you

get the student achievement. I don't know of any division right now given the pressures and the obvious focus on No Child Left Behind and accountability – anyone that is putting together a budget these days has got to be cognizant of student achievement and they really need to make sure whatever, their doing, all their efforts and financial resources need to be focused towards things that are geared to enhance student achievement.

In your survey you indicated that accreditation standards, program quality and evaluation results, state and federal laws are important to budgeting. Why are these things important?

For the reasons just mentioned. Again, the focus is on accountability, student achievement. Superintendent and administrators are losing their jobs when schools don't make accreditation. Boards are facing pressure to make sure that their divisions are accredited. And, it is just a common theme throughout divisions and everybody has to be pulling in the same route. It is, I think, part of an evolutionary process which has occurred.

Has the importance or selection of the criteria been impacted by NCLB?

Sure absolutely. It is a movement that, while not always spoken about or mentioned, NCLB has been on the scenery since 2002 and it is just part of the landscape, it has become cultured into school divisions throughout the nation. So what you see, you see

[school] boards that are just going forward and taking action that move towards the goals of No Child Left Behind but it is not as though it is something new, it is just an accepted way of going on about business these days.

In your survey you indicated that the school division does use formalized strategic planning. How does that planning become part of the budget process?

We have five key strategic areas that are goals of the division and as we move forward we asked ourselves several questions when considering any type of budget item and one of the first questions is: "is it congruent with the strategic plan?" "Does it help us to move forward in one of these areas?" And if the answer to that is no, then the program or idea is off the table.

Can you give an example of where some budget decision was impacted by the strategic plan?

There are a lot of things when you go through a budget process. There are a lot of things that happen. A lot of items that go for consideration...An example might be a new camera for the division's TV studio does not carry the same weight as making sure that there is adequate funding to cover mathematics tutoring after school. It's those types of things that get weighed.

Does it help establish the priority of items?

Exactly...

In your survey you indicated that the school division does include stakeholder involvement in the budget process. Why and how is this done in the budget process?

In every budget process I have been involved in you always have input from budget holders. And quite simply they are the ones on the front lines and know the needs. And, they are the ones, hopefully successfully implementing the practices which the division wants to move forward with so you look for them to assist in telling you what the monetary ramifications are. That's been my observation before NCLB as well as after.

Has the degree of involvement changed since NCLB?

Not that I see... stakeholder piece has always been there.

In your survey you indicated that the school division does consider alternative service delivery methods. Why do you do that...

Part of your quality movement is to continually monitor what you are doing, how your doing it and how you can improve, so yea we do constantly look at ways of improving what we are doing and if a service can be provided for less cost and produce better quality then we do that. Performance contracting is an example. Exploring performance

contracting for utilities. We have explored possible outsourcing for food services. So yea there are various pieces we look at.

Do you think you do more of that since NCLB, less, or the same?

The piece that I see; you got two big things going on. Number one is you have NCLB, the legislation which came out of the Federal government but at the same time; this whole notion of a quality movement and accountability is something that has been going on since late 80s, early 90s. So I don't know if it is the drive or push for quality, push for accountability or the fact that NCLB has been implemented. I think a broader question is was the drive for quality and the drive for accountability an outcome of NCLB or was NCLB an outcome of the drive and desire for quality and accountability? There a lady [name] who a board member on the state board of education and she was quoted in the Richmond Times Dispatch as talking about the two and saying which ones the chicken and which ones the egg?

In your survey you indicated that the school division does use performance goals and indicators to influence budget decisions? How are these used as part of the budget process?

Are you getting the outcomes you want? Is where the money going giving you the desired outcomes? If not, then do you continue to put money into it for an outcome that is

not desirable or not achieving that goal or how do you change your inputs so you get the outputs you want?

Are the use of performance goals and indicators more, less, or about the same since NCLB?

There is a greater (as we just discussed) focus on accountability, no matter how you look at it (which one came first, which one came second I don't know). At least in the organization I am in is a process driven organization which has a high focus on quality and as such is data driven decision making, utilizing the data to evaluate and go forward.

That brings me to the next question in terms the use data to make budget decisions.

What type of data and how is it used in the budget process?

Well you look at past expenditures, you look at trying to determine metrics that will help you to evaluate whether or not the dollars that are being spent are being spent in a productive manner, are you receiving the desired outcomes from the dollars spent?

Again, it is an input – output sort of thing. One of the pieces we have done here...we are shifting towards a programmatic budget and in the past we have simply presented a line item budget showing expenditures by category by object code or by line item and that is the way the budget has been presented. Probably around 2004 the division underwent a curriculum audit and one of the objectives of the curriculum audit was that budget expenditures need to be closely linked, or more closely linked to outcomes and so as a

result of that recommendation, this year, for the first time, we will be releasing our budget in terms of a programmatic budget so we will be showing the information not only as we have showed it in the past by category by line but we will be presenting the budget by program, by category, by object.

Can you give me an example of when you say program, what you mean by that?

Yea, for example, the instructional category as you know when you go reporting to the state department of education you report by major category, instruction, administration, transportation, etc., etc. When you do your state annual report you have certain areas with the instructional categories, for example you might have elementary education, you might have secondary education, you have activities which support that, you have activities that are direct instruction for those areas. So what we are going to be doing now is showing the data broken down by all these various areas, various components which here to fore has never been done before. In talking with school board members in public session the question was "so the curriculum audit recommend this and we are going to go forward with it, what will this help us do, what will this better enable us to do?" My response then as it now would be to say that by looking at your budget programmatically you will be able to identify the amount of resources you are putting into a particular program and as you do your program evaluations you can then determine if the outcomes of that given program are worth the resources that you are placing into it. So that is where we are headed.

You indicated that the district does in fact do those [program evaluations] Can you tell me how those evaluations factor into budget decisions?

Sure. We have identified many, many programs I guess upwards of 70 to 80 programs that the school division has. Some are unique to the division. Others are being done on a regional basis so there are state initiatives. The leadership team has stated that they wish to evaluate at least two programs on an annual basis. And through our department of instructional accountability these evaluations are done. And, for example, year round schools, we offer 7 non-traditional year round schools and the question has become "do you get the results, is there a significant difference, or has the rate of improvement on achievement for the year round schools been equal to the rate of achievement increase at your traditional schools?" Several years ago a program evaluation was done and at that time I believe that it said that the results were not significant so the school board said lets come back and look at it later, we will reevaluate it and then some decision will be made. So now they are reevaluating and I think sometime this fall we will back to the board with more factors involving the year round school and the board will make some sort of decision as to they want to keep the programs going or do they want to phase it out and go back to an all traditional division?

In review of your survey it appears that the school district does reallocate resources to achieve specific results. Do you have examples?

I think right now, a casual observation, the pie is only so big; the amount of money available to school divisions. Unless in a rapidly growing area, the vast majority of divisions in the commonwealth are somewhat in a stagnant basis, unless you living in one of those population areas that seems to be booming, the student enrollment seems to be flat if not on the decline statewide so divisions are being forced to look at all available resources. And, when the pie is not getting any larger and there is not money coming in, divisions are having to look at ways of creating money. And, I think one of the trends or shifts I have noticed in the last 6 to 7 years is, during the budget process, a mindset that says "o.k. we need to evaluate where we spent our money last year?", "what did we get from what we spent?", "what monies can we refocus into new initiatives?" so a lot of times when you see new initiatives coming out right now, a lot of times it is always new money but monies that have been reallocated from within; that is something I have seen in [multiple] divisions.

How does the district link to resources link resources to specific results? And, have you seen a movement in that direction since NCLB or over the last number of years?

Again, to a degree my observation has been that the accountability piece or the achievement goals are innate; I mean some things just go without even being said. Everything is focusing on student achievement, you know *Good to Great*, excellence, all the literature that you read now is all talking about moving organizations to greatness. So I think it just a big push and I am not sure how to specifically pick out individual situations and say "see this is directly related to this" because there has been an overall

[umbrella] yea there has been a (I hate this phrase) but there has been a paradigm shift away from mediocrity. We know within public service, you can not longer survive by simply being mediocre; it's all about customer service, its all about performance, its all about delivering quality. It's just the way things have evolved.

And lastly, do you see a connection between budgets/ budgeting and student achievement?

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 got to be present. Now we know, research tells us the number one factor that influences student achievement is the quality of instruction. Well how do you get that quality of instruction into the classroom if you are not able to pay a competitive salary, how do get that quality of teacher in there? [What if] you are not able to have an adequate facility (we know what the research says about facilities and how that affects student achievement)? So (not to sound like a one horse thing here) its all back to making sure that you get the right resources and you get them where they are needed and get them into the appropriate areas and it has to be a focused effort. I often thought in public education we are guilty of always adding programs and never going back and evaluating the programs we have placed and [not evaluated] them to see if we are getting what we wanted out of them. I think that has started to change a little. We are still bad. We are not where we need to be because there's always programs that people are reluctant to eliminate, whether there are legacy issues or "I was a principal at so and so when that program started and now I am

on the board and no we are not going to cut it" whether it is that kind of an issue or what. We are still bad but there is improvement. There is a shift a focus on evaluation, there is a focus on programs, and I think with the tight economic times we are running into and the focus that school boards are facing to have to make sure their achieving at the level that is expected of them, there is just going to have to be ways of generating new monies and [if] monies [are] not coming [in] externally, there is going to have to look within to be able to generate [funds]. I think the focus of the budget and the process in and of itself is becoming more and more important and more critical and it is absolutely linked in someway or another to student achievement. You cannot deny it.

Thank you I appreciate your time