Forging a Finance-Academic Partnership in Beaverton

Beaverton School District, in Oregon, has been on the Smarter School Spending journey for a number of years. The work that the academic and finance staff have done together have contributed to the ability of Beaverton students to, in 2015, outperform the entire state in every student group, in both English and math. Also, as of early 2015, graduation rates for four-year cohorts hit an all-time high of just under 80%. The partnership between academic and finance staff did not happen without effort. Beaverton took conscious steps to build a coalition of academic and finance staff to support Smarter School Spending.

Beaverton School District, located in suburban Portland, Oregon was facing important academic challenges. Foremost, were graduation rates. At about 77%, Beaverton was doing better than the state average, but there was room for improvement. The Great Recession added financial challenges. During fiscal year 2013, the district needed to cut 344 teaching positions out of 2,250 teaching positions, or 15% of teachers, which also meant the district had to make severe cuts to popular programs, such as music and library services.

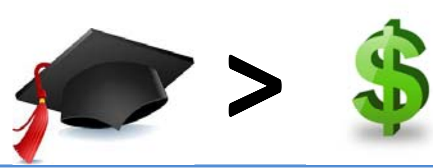
Clearly, Beaverton needed to find a way to turn its limited resources into higher graduation rates for all students. Simply continuing to cut back on staffing and other conventional retrenchment tactics would not help the district get to where it needed to be.

Beaverton Meets Smarter School Spending: Not Love at First Sight

Against this backdrop, Claire Hertz, the district's Chief Financial Officer (CFO) became interested in Smarter School Spending. She believed that it held promise for Beaverton in developing a new instructional and financial planning approach that could assist the district in managing its financial difficulties and still make progress towards its student achievement goals.

Claire's first step was making the case for a new method of planning and budgeting with her colleagues on the superintendent's cabinet. This was not easy because "budgeting" is not usually a word that elicited a lot of enthusiasm among cabinet members. Further, aligning budget allocations more closely with student achievement goals would require the district to invest time and energy in implementing more sophisticated and collaborative budgeting methods than the district had used in the past. To do this work, the district would need to extend budgeting and planning activities over more than the five months (January to May) that budgeting activities had spanned in the past. If "budgeting" was not an alluring prospect to the cabinet, "more budgeting" was even less alluring.

Lead with Academics
Smarter School Spending will be more compelling when discussed in terms of the inspiring implications for student achievement, rather than the financial implications.



As such, there was hesitancy among the cabinet to undertake many of the activities advocated by Smarter School Spending right away. Instead, it was agreed that the district would phase in some of the practices over three years.

The Plan Accelerates

However, this plan to phase-in new planning and budgeting techniques was overtaken by subsequent events. As the economy improved and the taxpayers passed a local option levy to support the school district in hiring additional teachers, the district experienced an influx of new funds – the District's general fund revenue grew 18% from fiscal year 2013 to 2014.

This meant that the District had use these restored funds wisely – it needed to make strategic investments in the areas that mattered most to student achievement and avoid attempting to simply restore what had been lost. Hence, the district's plan to phase in a new, integrated instructional and financial planning process over a three-year period was accelerated to create a new process in a single year. The new process could not incorporate all of the ideas described by Smarter School Spending, but would feature those of the most immediate value to the District in order create a new way of making budgeting decisions and aligning with long-term instructional practices.

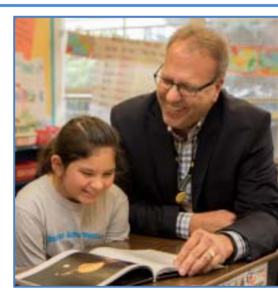
The most important feature of this new method of budgeting was making what the district referred to as "strategic investments" - the district funded very specific programs tied to the academic needs of students, where students struggle most. Specifically, strategic investments were aligned with two of Beaverton's most pressing needs: improving graduation rates and closing the achievement gap.

As a result, the District made investments in a number of targeted areas, such as: a summer credit recovery and study skills course; a program to prepare 8^{th} graders who struggled in middle school for high school thereby preventing them from becoming struggling high school students; and targeted academic funding for programs that were customized to students in the schools that needed help the most. These programs produced some immediate tangible results

A Coalition for Smarter School Spending Forms

The first year of Smarter School Spending was exciting for the district's entire management team because of the clear connection to assisting kids in need. Board members, selected teaching and learning staff in the central office, and key district leaders including the Superintendent, Deputy Superintendent, Public Communications Officer, Chief Financial Officer, and Administrator for Fiscal Services now formed a coalition that could guide the district to further improvement and alignment of its academic and financial planning.

Deputy Superintendent, Carl Mead's View after the First Year

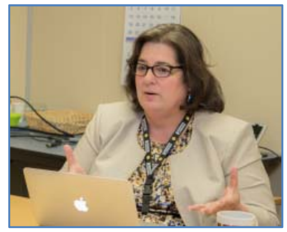


"Our ability to see and understand the big picture from both an academic and budget lens provided administrators a clear connection to the work of our strategic plan and provided resources to our schools and students with the greatest needs. This focus and understanding on equity moved us from words to action throughout our school district."

The new way of planning and budgeting also helped to establish a new underlying philosophy about how planning and budgeting should be done among senior district management: first, set specific goals; second, find the root causes of why the district was not meeting its goals; third, develop evidence-based educational strategies to address these causes; and, finally, use the budget to direct limited resources to the programs that are most cost-effective for implementing these strategies. All of these practices were underpinned by the use of data and measurements to inform decisions, and collaboration between academic and finance staff to make sure that the planning and budget process produced academically and financially sound outcomes.

With a strong partnership between the academic and finance staff, Beaverton was ready to continue its Smarter School Spending journey on solid footing.

CFO Claire Hertz on the New Partnership with Academics
"Smarter School Spending has helped us focus our budget process. Our Teaching and Learning and Finance Departments are working hand-in-hand, more so than ever before. We are truly looking at the data and building a plan and budget that helps the most students graduate."



The Lessons Learned by Beaverton School District

In working through Smarter School Spending, Beaverton School District has learned many valuable lessons that can help other school districts improve their own planning and budgeting processes.

Lead with academics (not finance). Because the Smarter School Spending and the GFOA's Best Practices in School Budgeting and have finance in their very names, it is perhaps natural that a conversation about the ideas they advocate would begin with finance. However, for those staff who are primarily concerned with academic performance, financial issue will likely not be of great interest. Hence, the initial conversations about Smarter School Spending should emphasize the positive implications for student achievement – after all that is the underlying goal of the journey.

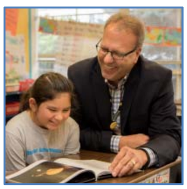
Build a coalition greater than the finance and academic leaders. A spirit of partnership should not be limited to the academic leader (e.g., superintendent, deputy superintendent) and finance leader (e.g., CFO), but should encompass other people as well. Beaverton brought into its collation the superintendent's cabinet and other key financial and academic staff in the central office in its first year. Though not discussed in this case study, in the second year Beaverton began to bring building leaders into the process.

Start with steps of commonly agreed value. Smarter School Spending is a comprehensive planning and budgeting process. However, it is not necessary that a school district undertake every step in that process right away. Instead, look for those steps that both finance and academic staff agree will do the most to improve decision-making. Generally, the steps that everyone will find the most value in are: setting a limited number of specific and measureable goals, diagnosing the root causes behind why the district is not now at its desired level of performance, developing strategies to achieve the goals in light of the root causes, and directing funding towards cost-effective programs to implement these strategies. In Beaverton, this was the process of making "strategic investments". Beaverton left other steps of Smarter School Spending out of its first year implementation. For example, it did not develop budget policies, but is will look to develop such policies in the future, with its guiding finance-academic coalition in place.

Start with a level of sophistication of agreed value. Even within the Smarter School Spending steps that everyone agrees are of the greatest value, there are differing levels of sophistication. Finance and academic staff should agree on a degree of sophistication. For example, Beaverton used outside research and pilot projects to help make sure it was selecting cost-effective strategic investments, but did not conduct formal academic return investment analysis. Again, it was agreed that level of sophistication could wait.

Acknowledgments

Claire Hertz has been Beaverton's Chief Financial Officer since 2008. She has over 25 years of experience in school finance leadership. Claire leads financial planning, budgeting, financial reporting and capital construction bond issuance for the District. She has held leadership positions in the Association of School Business Officials International.



Carl Mead has served in the Beaverton School District since 1986. Before becoming a Deputy Superintendent in 2010, he was a Regional Administrator, a Principal, Assistant Principal, and a teacher for Beaverton. He taught at both the elementary, grades three and six, and as an English teacher serving eighth and ninth grade students.

Shayne Kavanagh (author) is the Senior Manager of Research for GFOA. He led the development of GFOA's Best Practices in School Budgeting. He has worked with school districts across the United States on putting the GFOA Best Practices into action.

To learn how Smarter School Spending can benefit your students, email Matt Bubness at MBubness@gfoa.org or visit the website at www.smarterschoolspending.org.