



A Case Study in Smarter School Spending

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Lake County School District's Strategic Financial Plan

Lake County School District (LCSD) was growing rapidly, but the revenues needed to keep up with growth weren't materializing and student achievement was suffering as a result. LCSD decided to embark upon the Smarter School Spending journey to put an end to reactive, short-term budget cutting and thereby enable a coherent long-term approach to reaching its student achievement goals. LCSD took on an accelerated implementation schedule for Smarter School Spending, putting in place a complete process within one year. Though stressful, these efforts were successful: The school board unanimously adopted a long-term strategic plan that aligned the District's financial capacity with its student achievement goals.

Lake County School District (LCSD), in central Florida, needed to improve student achievement. At one time, the letter grade assigned to LCSD by the Florida Department of Education had been an "A." However, due to declining test scores, the District's grade had fallen to a "C" in 2012. At this point, revenues were largely stagnant, and enrollment was increasing rapidly – reaching just over 41,000 students in 2013. This meant that expenditures routinely outgrew revenue as more staff were needed to serve the growing student body, resulting in a perpetual cycle of financial stress.

Because of the persistent financial stress the District was under, budget decisions were more often about where to cut than where to add. But with no clear, factual basis for determining where focus its resources, LCSD's cutback strategy was reactive and often relied on retrenchment, like furlough days. This approach satisfied no one. There had to be a better way.

"Money is not increasing. We must invest our dollars in the most efficient and effective way possible, and that requires us to really go back and analyze. It requires us to be incredibly innovative in our approach to how we optimize resources."



Susan Moxley, LCSD Superintendent

In late 2012, Dr. Moxley and her team looked to Smarter School Spending in order to move away from a reactive approach to budgeting that was fueled by short-term emotions, and towards a system that allowed the district to logically evaluate what it should and should not be doing.

The Strategic Financial Plan

LCSD undertook a comprehensive and intense Smarter School Spending planning and budgeting process over the course of a year. Any planning process needs a culminating event, where the process of planning officially comes to an end and the organization moves on to implement the plan.¹ For LCSD, the culminating event was the official adoption of a "Strategic Financial Plan." This three-year plan set forth the district's strategic priorities, the estimated costs of those priorities, and the cost-saving measures that would be taken in order to pay for those priorities.



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Because stakeholders were accustomed to using an annual operating budget as LCSD's financial plan, there was, initially, some discomfort with the idea of a multiyear financial outlook on the District's academic goals and priorities. In order to help stakeholders acclimate to this new way of planning, LCSD's CFO Carol MacLeod drew an analogy with the District's five-year capital plan. Just as the capital plan guided the district's capital asset strategy over a multiyear period, the Strategic Financial Plan would do the same for the District's operations. Also, just as the capital plan was a living document that was adjusted to meet changing circumstance, the Strategic Financial Plan would also adapt to the conditions the District encountered. Work groups, composed of a cross-section of LCSD management and labor groups, were formed to follow-up on the plan's adoption to hone the details. For example, the groups mapped out detailed implementation steps and developed the more detailed cost estimates that would be needed for the District's annual budget, which remained the District's vehicle for legally appropriating funds.

One particularly notable feature of LCSD's strategic financial plan was that it set performance targets for its goals multiple years into the future. The table below shows LCSD's goals for actual and targeted graduation rates for English Language Learner (ELL) students.

Actual and Targeted Graduation Rates for ELL Students

Measure	Actual '12	Actual '13	Actual '14	Goal '15	Goal '16	Goal '17
ELL Graduation Rate	61%	57%	62%	70%	80%	90%

In some political environments, there would be great hesitancy to state such goals explicitly due to fears of the organization's leadership looking bad if they weren't met. However, Lake County saw these targets as the natural culmination of a rational process used to set student achievement goals and their associated strategies. Further, in keeping with the principle of the plan being adaptable to changing conditions, the targets were not viewed as fixed points, where deviation from the target was equated to failure. Rather, the targets were seen as providing a sense of direction: the targets would help LCSD to see if their strategies were working as intended or if adjustment was needed. Accordingly, the targets were not intended as rigid mechanisms of accountability for individuals, but as tools for shared learning within LCSD's management team.

Because of all of the effort that went into communicating the vision behind Smarter School Spending and engaging stakeholders in the process, the plan was approved unanimously by the board on December 16, 2013, with minimal controversy.



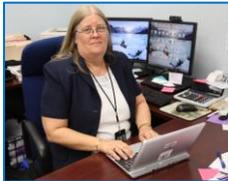
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Acknowledgements



Dr. Melissa DeJarlais is the Supervisor of Strategic Initiatives and Grant Acquisitions for LCSD. Before that, she served as Principal of Fruitland Park Elementary School for LCSD. She has also been an assistant principal, guidance counselor and teacher. She has doctoral degree in educational leadership. She is also a veteran of the United States Air Force.



Carol MacLeod became the Chief Financial Officer for LCSD in 2007. Previously, she was the Director of Finance and Executive Director of Business Services for the School District of Hernando County (FL). She was a member of the Florida Auditor General's staff for 14 years and has been a licensed certified public accountant in Florida since 1986.



Dr. Susan Moxley was appointed Superintendent of LCSD in 2008. Prior to that, she was a business teacher, occupational specialist, elementary and high school principal, and Assistant Superintendent for School Administration and Human Resource Services all in LCSD. She has also served in leadership positions for Orange County Public Schools (FL). Dr. Moxley has an Ed.D. in Educational Leadership.



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 to put 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.

Endnotes

¹ Michael Barzelay and Colin Campbell. *Preparing for the Future: Strategic Planning in the U.S. Air Force*. (Washington, D.C.: Brookings Institution Press). 2003.