

# Taking Another Path: Community-Based Budgeting

*A critical component of the budgeting process for the School District of Cheltenham Township is public engagement.*



By Matthew J. Malinowski and Darlene G. Davis, Ed.D.

Given the current economic constraints facing our country, school districts have been pushed to develop annual budgets through a new lens and to accept the reality that budget adoption is a complex, political process.

Whether a school district is rich or poor, growing or declining in enrollment, serving a specialized population or relying primarily on state or local revenue, there seems to be general public dissatisfaction with the school district budget process.

During this past budget year, our school district ventured down a different path to final budget adoption. Of utmost importance was what Stephen Covey, in his book *The 7 Habits of Highly Effective People*, labeled “Habit 2: Begin with the End in Mind.”

For the School District of Cheltenham Township, the “end” was to develop a budget that supported a school system according to the district motto—Where Excellence Begins with Education—and valued the unique programs in academics, arts, and athletics. The end

also needed to be accomplished through community collaboration.

## Designing the Process

We began the budget process with an administrative review of expenditures for the current year. By examining such areas as technology, printing, investments, and delivery of services, the administration and the school board could generate monthly updates on cost reductions that were in place before the initial development of the upcoming school budget.

## There seems to be general public dissatisfaction with the school district budget process.

These cost reductions were posted on the district Website and spotlighted in our key communication areas for maximum visibility. Budget information was also shared with the community in newsletters, at public meetings, and through phone messages. The section of our Website with budget information was branded as the C3 initiative: Cheltenham Cuts Costs. This ongoing initiative served two purposes:

- To inform the community that expenditure reductions are ongoing
- To identify expenditure reductions as more than simply the obvious cutting of personnel costs, which, for most school districts, account for approximately 50% of the budget

We designed our budget process for the year to include numerous new review components before releasing a preliminary version. Many of these steps were repeated in developing the final budget. The components included

- A complete review of all expenditures and a budget of expenditures based on need per program, not a specific allocation per student or program.
- Monthly reviews by the business office and budget heads to go over current-year expenditures and to discuss ongoing concerns relative to budgets.
- Quarterly meetings by budget heads and appropriate personnel on “key areas” for our school district: facilities and technology. These key areas were based on reports that stated the need to improve facility infrastructure and on the identification in our district-wide strategic plan of the need to continue to integrate technology into the classroom despite economic conditions.
- A progression of public budget meetings to relay key areas of information and the establishment of a budget task force to provide feedback on reductions and key budget issues. At each meeting, the budget task force provided an educational component to inform our community of the challenges facing all school

district budgets and a broad-based overview of many of the nuisances, such as fixed costs and funding limitations.

Of course, one of the most important budget factors is economics. The variables on a larger national and global economic scale drive the district’s ability to generate revenue. The meeting held before the preliminary budget discussion focused on the economic variables for our district and the projected effect. In addition, those mandates beyond local control were reviewed and highlighted.

Because of the measures the school district took during budget development, discretionary spending was reduced by an initial \$3 million.

## True Engagement and Public Input

The critical component of the process for the School District of Cheltenham Township was public engagement. We decided to hold community meetings to allow citizens to share information and discuss their ideas and concerns.

Our initial presentation provided an overview of school budgets from a local perspective. We provided comparative information from other districts in our region and across our state. Community members offered feedback on areas that had been identified as potential reductions and generated additional ideas for consideration. They also had the opportunity to provide written comments on a public Website managed by the district.

## The critical component of the process for the School District of Cheltenham Township was public engagement.

The next budget task force meeting presented an overview of steps that school districts across the state were taking to bridge their budget gap and reviewed best practices to reduce costs. We asked community members to provide input about our school district’s proposed reductions—input that included honest discussions about reductions they were unwilling to have the school district make. After each meeting, the administration reviewed and discussed the community members’ comments.

## Moving to Final Approval

Developing a budget is a process, not an event. Thus, we continued to keep our community abreast of the effect of constantly changing state funding streams. The district made additional cost reductions, which administrators communicated at the proposed final budget hearing.

A final budget letter with specifics to our community provided clarification on final cost reductions. Regardless

**Figure 1.** Budget Development Time Line by Month

| Month     | Internal Functions   | External Functions   |
|-----------|--|--|
| July      | Develop timeline. Research best practices.   | Begin communicating ongoing cost reductions.   |
| August    | Educate budget directors and principals regarding processes.   | Continue communications.   |
| September | Begin internal discussions about budgeting in the new economic reality.  | Inform public of timeline.   |
| October   | Hold one-on-one meetings about the budget with the business office to review current and out-year budgets.<br>Hold one-on-one meetings with budget directors, technology director, and facilities director to review current and out-year budgets. | Roll out C3 initiative.  |
| November  | Continue review of major budget effects on expenditures and revenues.  | Continue C3 initiative. Meet with constituent groups.  |
| December  | Submit budget information and review zero-based budget.  | Present economic conditions at national, state, and local levels.  |
| January   | Continue development. Hold cabinet review of preliminary budget.   | Present preliminary budget to community.   |
| February  | Incorporate preliminary state revenue estimates.   | Obtain board approval of preliminary budget and passage of final budget .<br>Hold budget task force meeting. |
| March     | Refine reduction list.<br>Prepare for budget task force.   | Hold budget task force meeting.  |
| April     | Hold one-on-one meetings with business office.<br>Hold one-on-one meetings with budget directors, technology director, and facilities director.  | Review budget.   |
| May       | Finalize budget.<br>Prepare communication documents to include letter to the community.  | Hold budget hearing and update the community.<br>Approve proposed final budget.                              |
| June      | Produce final budget book.   | Approve final budget.  |
| July      | Hold budget implementation meetings with directors and principals.<br>Establish performance indicators.  | Prepare comprehensive budget book and release to the community.  |

how much information was communicated and posted on our budget Website throughout the process, a number of misunderstandings arose about certain issues. The final budget letter from the superintendent provided substantive and detailed information for our constituents.

### Moving to Implementation

Despite ultimate reductions of more than \$4 million, finalization of the budget moved smoothly because of the groundwork the district laid in the early stages of the

process. In the end, there was general agreement about the final budget with little dissent concerning where the school district stands and the economic reality it faces, both now and in the foreseeable future.

**Matthew J. Malinowski** is director of business affairs for the School District of Cheltenham Township, Elkins Park, Pennsylvania. Email: mmalinowski@cheltenham.org

**Darlene G. Davis, Ed.D.**, is superintendent of the School District of Cheltenham Township, Elkins Park, Pennsylvania. Email: ddavis@cheltenham.org