

Performance-Based Budgeting and Planning

Welcome to the California State Board of Education's LCFF Channel. The video and audio downloads available on the LCFF Channel are designed to help the education community learn about how the Local Control Funding Formula works to support local implementation activities. The focus of this brief segment is on performance-based budgeting and planning to maximize impact of the Local Control Funding Formula on student outcomes.

Budgeting has been part of education since the first public investments were made to educate students. Many people think of budgets as pages filled with numbers, and while they can take that form, a budget is much more than numbers. A good budget begins with an understanding of what's needed and then shows how the available money addresses these needs. Budgets developed with this approach can tell the story of how funding provides for the investments needed to support desired student outcomes.

The Local Control Funding Formula calls for local educational agencies to be performance-minded when creating their budgets. There are several expectations for different approaches to budgeting under LCFF.

- a. First, the mindset of local educational agencies should be performance-based rather than focused on inputs. Under LCFF, student needs should drive spending decisions rather than grant requirements and specific programs. LEAs are expected to meet various state priorities associated with LCFF, but it is up to each LEA to specify how they will meet these metrics and what measurements they will use.
- b. Second, LCFF requires that budgets are aligned to plan. For years we've operated with most LEAs having strategic plans, which may or may not be funded depending on the mix of state funding for the year. Under LCFF, it's expected that LEAs develop and fund plans with the needs of students in mind. There needs to be an explicit and transparent connection between LEA plans and budgets.
- c. Finally, under LCFF the procedures that LEAs prepare and adopt budgets must include first approving a plan to align the budget to. In addition, there's an expectation that parent and community input along with relatively transparent information will be available to communicate how funding addresses the needs of students.

Many LEAs have procedures in place that support a performance-based plan and budget. From these LEAs, we've derived several tips for LEAs that wish to implement such systems to take advantage of the opportunities under LCFF.

- a. To start, LEAs need to clearly define goals and anticipated outcomes. These should be based on data, and the metrics associated with the state's LCFF priorities is a good place to start. And, goals should be responsive to the needs of all students, especially low-income, English learners, and foster youth.
- b. Next, it's critical to identify and prioritize activities that are responsive to the achieving the goals. When prioritizing activities questions, such as "Will implementing this activity directly address improving student outcome? Or does this activity address the most critical needs of our students? Or which group of students will this activity impact?" should be considered.
- c. Once actions are know, budgets should be built that support the goals. This requires knowing enough details about the actions that accurate and complete budgets can be created.
- d. Finally, each LEA should develop a process for monitoring and communicating progress towards the goals that can be shared as budgets are updated and data is released.

In other words, great budgets reflect of and support established goals and priorities.

Spending the right dollars at the right time on the right things requires knowing what is needed. It also requires knowing what resources are needed to support the plan, being ready to implement plans and strategies, having open and transparent communications with stakeholders throughout the process and remaining flexible because needs and budgets changes over time.

Thank you for viewing this edition of the LCFF Channel's Implementation Insight. More information can be found at lcff.wested.org and www.cde.ca.gov.