



# STRATEGIC BUDGETING

Using Evidence to  
Mitigate the “COVID Slide”  
and Move Toward Improvement

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# Strategic Budgeting: Using Evidence to Mitigate the “COVID slide” and Move Toward Improvement

## The National Comprehensive Center

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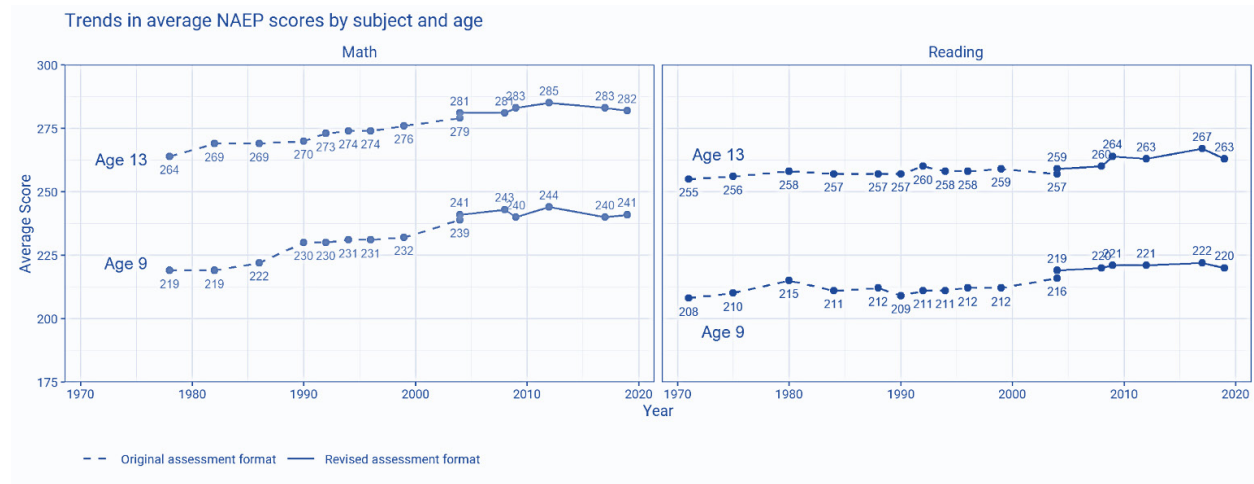
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## Introduction

The past decade has seen disappointing progress in both math and reading performance for 4th and 8th graders in the National Assessment of Educational Progress (NAEP); overall student performance has been flat (Figure 1). The NAEP data also show persistent disparities between racial and ethnic groups in both math and reading, as well as between students who are eligible and ineligible for subsidized meals.

**Figure 1. Trends in average NAEP scores, by subject and age**



Source: National Assessment of Educational Progress, <https://www.nationsreportcard.gov>

At best, the Coronavirus pandemic will only solidify the long-standing trend of stagnation in student performance; at worst, it will create a downward trend in performance and exacerbate educational inequities. According to Northwest Evaluation Association (NWEA) projections, some students could lose half to all of their academic growth for the last year compared to normal student growth,<sup>1</sup> and others have predicted that student achievement gaps will grow as “almost all children will be behind where they would have been had school stayed in session. Score gaps between the children of more and less educated parents will have grown. And lots more kids than usual will need to repeat a grade, especially in kindergarten.”<sup>2</sup>

Compounding the effects of learning loss resulting from the school building closures at the end of the 2019–2020 academic year, is the fact that most states, and by extension districts and schools, will be faced with budget shortfalls resulting from the economic downturn. These realities, combined with the lessons learned from the last “great recession,” suggest that the negative impact

<sup>1</sup> Kuhfeld, M., and Tarasawa, B. (2020, April) *The COVID-19 slide; What summer learning loss can tell us about the potential impact of school closures on student academic achievement*, NWEA, <https://www.nwea.org/content/uploads/2020/05/Collaborative-Brief Covid19-Slide-APR20.pdf>

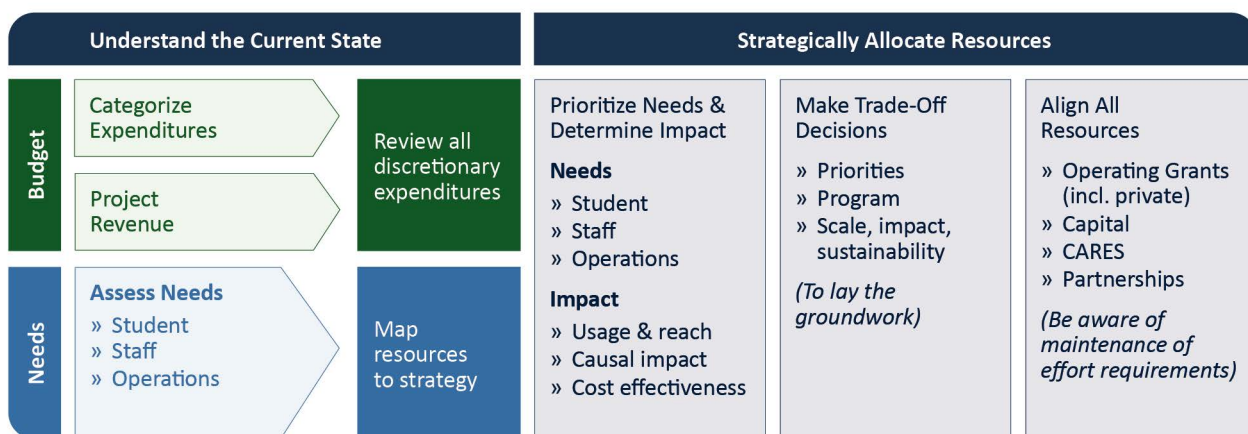
<sup>2</sup> Von Hippel, P. T. (2020, April 9). How will the coronavirus crisis affect children’s learning? Unequally. *Education Next*, <https://www.educationnext.org/how-will-coronavirus-crisis-affect-childrens-learning-unequally-COVID-19/>

from this round of school building closures will likely be worse for low-income and minority students and their communities, and that these effects will be felt over multiple years.<sup>3</sup>

As states and districts navigate the wide-ranging repercussions of the COVID-19 pandemic, they will be forced to make the kinds of difficult trade-off decisions that are the inevitable consequence of an increase in demand for services in the face of declining revenues. To assist state education agencies (SEAs) and local education agencies (LEAs) in making the best decisions possible under difficult circumstances, this brief offers a proposed process and series of guiding questions designed to help SEA and LEA leadership teams better leverage existing evidence to make strategic budgeting decisions. By integrating evidence such as student performance, workforce needs, and the price of services, SEA and LEA teams will be able to identify both reduction and investment opportunities to address critical short-term issues while planning for long-term recovery.

### Exhibit 1. Process: Using Evidence to Align Budget and Needs

#### Strategic Budgeting Process



## Part 1: Understanding the Current State

### Understanding Your Budget

#### Categorizing Expenditures

To begin to understand the type and level of flexibility an SEA or LEA has in its budget, expenditures should be categorized based on requirements rather than budget codes.

<sup>3</sup> According to Jackson, Wigger, and Xiong, in “[Do School Spending Cuts Matter? Evidence from the Great Recession \(2018\)](#)”, students in schools that experienced spending cuts caused by the Great Recession had “lower test scores and lower college-going rates. The test score impacts were larger for children in poor neighborhoods, and spending cuts increased Black-White test score gaps within states.” Similarly, [Shores and Steinberg \(2017\)](#) found that the Great Recession reduced “student math and ELA achievement.”



- » **Fixed (or Mandatory) expenditures** refer to expenses you are required to incur owing to existing law, regulations, and/or contracts. Examples of mandatory expenditures include expenses that are required by:
  - › Federal law
  - › State law
  - › Union contracts<sup>4</sup>
  - › Debt service
- » **Variable expenditures** refer to expenses not covered in the mandatory category. It should be noted, however, that some of the variable expenditures cannot be turned into immediate savings. That is, they cannot be easily eliminated and reductions in these expenses will take time to plan (e.g., school consolidation to close a facility).

An SEA or LEA should complete the categorizing of expenditures for both its operating and Federal grant budgets and understand its current allocations and uses of its capital budget. However, when making trade-off decisions (see section on “Making Trade-Off Decisions”), they should be looked at together.

## Projecting Revenues

While projecting revenues, SEA and LEA leaders should create a model flexible enough to address several scenarios. Typical revenue streams include:

- » Federal non-competitive grants, i.e., formula funding
- » State
- » Local
- » Other grants such as competitive Federal grants and private grants

Like the exercise of categorizing expenditures, operating budgets, grant budgets, and other funds should be projected separately as the rules that govern each are likely to be different.

## Understanding Your Needs

### Assessing Student Needs

For SEA or LEA leadership teams to better understand their opportunities for improvement, acceleration, and/or where they should target resources to help mitigate potential negative effects of the pandemic on student learning, such as the COVID slide, they should analyze data to assess historic trends across all key accountability indicators (e.g., third grade literacy, student performance in grades 3 to 8, dropout rates, HS graduation rates, college matriculation, chronic absenteeism, etc.). In addition to traditional accountability indicators, other indicators an SEA or LEA leadership team should consider include, but are not limited to, student health, and safety and school climate. To the extent possible, and if capacity exists, an SEA’s or an LEA’s leadership team

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<sup>4</sup> Vendor contracts are generally considered a variable cost, particularly if there is an opt-out/cancellation clause.



should also conduct a series of predictive analyses to determine where they expect the challenges to continue or be exacerbated over the longer term. An analysis of historic performance trends combined with predictions of future performance will provide an SEA’s or an LEA’s leadership team with preliminary evidence of where it might want to target its resources.

To further refine how (not just where) an SEA’s or an LEA’s leadership team should continue to invest, they should engage in a root cause analysis to diagnose potential drivers of the identified trends. We’ve outlined some important questions to consider below.

» **Questions for SEAs**

- › By indicator, such as student performance in grades 3–8, school climate, etc., what are the trends in the last 5 years?
- › By indicator, are the performance challenges concentrated in select districts? For example, is 80% of the most underperforming schools concentrated in 20% of the districts? And how, if at all, has the district’s performance on the selected indicator changed over time?
- › By indicator, are the challenges concentrated in select schools? How, if at all, has the school’s performance on the selected indicator changed over time?
- › By indicator, is the performance of certain student groups lower than others? How, if at all, has this changed over time? Are the challenges also concentrated in certain districts? Are these challenges also concentrated in certain schools?

» **Questions for LEAs**

- › By indicator, what are the trends in the last 5 years?
- › By indicator are the performance challenges concentrated in select schools? Looking across years, are the challenges more persistent in some schools than others?
- › By indicator, is the performance of certain student groups lower than others? How, if at all, has student performance changed over time?

### Assessing Staffing Needs

To help inform staffing decisions, an SEA or an LEA leadership team should ask the following:

» **Questions for SEAs**

- › By staff category, what is the historical staff attrition rate?
- › What staffing resources are being contracted? (These lists of contracts should be mapped against the activities associated with reviewing all variable expenditures in the step outline presented later in this section under “Reviewing All Variable Expenditures”).

» **Questions for LEAs**

- › What are the staffing ratios that are required by law or contract? What are the current ratios being utilized to staff schools? (See box on next page for a short discussion on the implications of staffing ratios”).
- › By position, what is the historical staff attrition rate at both the district and school levels?



- › What is the projected staff retirement rate based on a combination of (a) submitted retirement forms and (b) the number of teachers who are of retirement age multiplied by average share who retire?
- › Using a combination of the above and the number of staff required (per individual school budgets), what is the gap between available staff and projected staff requirements? *This will indicate the positions for which an LEA will need to hire.*
- › What is the new hire attrition rate? This information will help determine whether there are positions an LEA will need to overstaff to ensure adequate staffing on day 1.

Additional areas to consider include staff health and well-being, particularly as more teachers indicate that they are likely to leave the classroom owing to coronavirus.<sup>5</sup>

### Assessing Operational Needs

In considering operational needs, an SEA’s or an LEA’s leadership team should investigate how changes in allocation of operating expenditures might affect different schools and students to prevent unintended inequities.

#### » Questions for SEAs

- › What activities or services provided to LEAs and/or schools are required by state or Federal law?
- › What activities or services provided to LEAs and/or schools are required by Federal, state, or SEA policy or guidance? Can flexibility be provided for any of those activities or services?

#### » Questions for LEAs

- › Are there state laws and regulations associated with transportation (e.g., students must be provided transportation if they live more than a specified number of miles away from the school)?
- › Are there facility requirements that are governed by state laws and regulations (e.g., number of square feet per student, ADA requirements, etc.)?
- › What is the distribution of work orders, by school and type of work orders?

#### STAFFING RATIOS

The strictness with which an SEA or LEA applies the mandatory requirements associated with state laws and regulations, or the contractual requirements associated with staffing, will affect the number and type of positions that will be required versus what could be eliminated (or remain vacant). However, before making reduction decisions, an SEA or an LEA leadership team should run a variety of simulations based on the proposed decision to understand how its decisions are likely to affect each district’s or school’s allocations/ composition. An SEA or an LEA leadership team should know whether its proposed decision will result in significant inequities, e.g., one school may lose 5% of its staff while another may lose 40% of its staff.

<sup>5</sup> Will, Madeline. “Teachers Say They’re More Likely to Leave the Classroom Because of Coronavirus,” June 3, 2020. <[http://blogs.edweek.org/teachers/teaching\\_now/2020/06/teachers\\_say\\_theyre\\_more\\_likely\\_leave\\_classroom\\_because\\_coronavirus.html?cmp=eml-enl-eu-news2&M=59591300&U=&UUID=6f9975072ed386c6026811187c9a019a](http://blogs.edweek.org/teachers/teaching_now/2020/06/teachers_say_theyre_more_likely_leave_classroom_because_coronavirus.html?cmp=eml-enl-eu-news2&M=59591300&U=&UUID=6f9975072ed386c6026811187c9a019a)>





- › How many students will be affected if an LEA reduces or eliminates non-mandatory programs (e.g., food services)? Which students will be affected?
- › What is the district’s existing building footprint? Can any of these facilities be redeployed for other uses in the situation where the district requires more physical space?
- › What is the by-school utilization rate, i.e., how much of the school is being utilized as classroom space? Are there empty classrooms that allow for flexible use by other organizations that could provide supplementary services?
- › Are there certain facility changes, such as cosmetic improvements, that can be delayed in order to address more immediate structural concerns or new building cleaning requirements?

#### NOTE

As an SEA or LEA considers operational decisions, it is important to also assess decisions from an equity perspective. For example, in reviewing its transportation costs an LEA may consider eliminating transportation services for district students; however, the LEA is simultaneously required by state law to provide transportation for all students who attend charter schools within the LEA’s boundaries. Consequently, if the LEA eliminates transportation services to district students, the LEA may, unintentionally, be creating differentiated treatment between the services provided to students attending charter schools and to students who attend district-run schools. In cases like these, it is important for an LEA to review its mandatory service requirements and the budgetary implications together.

### Reviewing All Variable Expenditures

Based on the review of mandatory and variable expenditures, an SEA or LEA leadership team should also assess the extent to which the variable expenditures are truly “discretionary.” Specifically, an SEA or LEA team should determine:

1. What non-mandatory services can be reduced through the reduction of vendors or staff?
2. What mandatory services being provided by vendors can be reduced without affecting service delivery because an SEA or LEA can reallocate current staff responsibilities to compensate for reduced vendor services?
3. What mandatory services cannot be reduced through the reduction of vendors?

**Note:** Issues related to the quality of the service or intervention, as measured by impact, will be addressed in Part 2: Strategically Allocating Resources.

Furthermore, SEA and LEA teams should also be aware of how any reductions will affect current and future year budgets, i.e., the timing of the savings. For example, reducing expenditure through the reduction of staff is unlikely to yield a 100% savings in year 1 because individuals being furloughed will receive vacation and sick-time payouts. Therefore, only an 80% “savings” may be realized in the first year, with 100% savings realized in subsequent years.





**Example 1: How to assess vendor contracts for services.** Almost all vendor contracts are considered discretionary because the use of a vendor tends not to be required by law or regulations. To the degree that a vendor’s service is required and cannot be replaced by internal resources, a vendor’s contract is still considered a variable expense but it would not be eliminated. An SEA or LEA team should consider vendor contracts by:

- » Describing the service;
- » Identifying contract price; and
- » Categorizing the service in three categories
  - › Vendor is providing services **NOT required** by law
  - › Vendor is providing services **required by law, and there is internal capacity** to replace
  - › Vendor is providing services **required by law, but there is NO internal capacity** to replace.

Table 1 below provides a template a SEA team or LEA team can use to begin cataloging vendor services to determine what can be eliminated, adjusted, or kept.

**Table 1. Vendor contracts, by type of service**

Vendor Name	Short description of service	Contract price*	Providing services NOT required by law	Providing services required by law (and there is internal capacity to replace)	Providing services required by law (but no internal capacity to replace)
Vendor A	Summer literacy camp	\$1M	x		
Vendor B	2-week acceleration academy	\$140K	x		

**\*Price versus cost.** It is important to note that the contract value is the “price” of an intervention but not necessarily the “cost” of that intervention. The all-in cost of an intervention is often much higher than the contract value. Knowing all-in cost is particularly important when SEA or LEA staff must decide between two programs or services of similar reach and impact (see Part 2: Strategically Allocating Resources to learn more about calculating the impact of a particular program or service). Additionally, knowing the all-in-cost for a program or service will allow SEA or LEA staff to reallocate any unaccounted for resources to other activities.

The services not required by law (the blue-colored column) should be evaluated first to determine alignment with strategies and priorities (see section on “Mapping Resources to Strategies”) and impact (see Part 2: Strategically Allocating Resources). These programs or services are likely the least controversial to reduce or eliminate, but an SEA or LEA team should use evidence about the services’ alignment to their strategy and the services’ impact before making a final decision.





**Example 2 – LEA-specific: Class Size.** Class size maximums tend to be included in teacher union contracts and a strict interpretation of the contract may require fewer teachers than a district currently allocates to its schools. In the following example, an LEA must determine whether it could reduce the number of teachers allocated to “School A” and what trade-off decisions it will have to consider before making a final decision.

*Context:* School A is a K–8 school with an enrollment of 506 students. Using the district’s current teacher allocation formula, School A has 21 teachers. Table 2 provides a breakdown of student-level enrollment and teacher allocation by grade level.

**Table 2: Grade-by-grade enrollment and teacher allocation**

Grade	Number of students	Number of teachers
K	72	3
1	63	3
2	60	2
3	63	3
4	57	2
5	60	2
6	45	2
7	43	2
8	43	2
<b>Total</b>	<b>506</b>	<b>21</b>

This school operates within the following legal and contractual context:

- » State Law: Students are not required to attend school until age 6
- » Union Contract: Class size maximum for K–8 is 30 students for every teacher

In order to balance its budget, the LEA could decide to implement a “strict” view of the conditions above, that is, the LEA could legally choose to eliminate kindergarten and merge classes and grades together to maximize the number of students a teacher would teach. The result of such action is that School A’s allocation would be reduced by six teachers, leaving 15 teachers to teach students in grades 1-8. These six teachers, legally speaking, could be considered a “variable” expenditure.

However, before making a final decision regarding whether it would eliminate six teachers from School A, the LEA should be aware of the trade-offs being made, not merely how much savings could be accrued through staff reductions. Specifically, the LEA leadership team should ask:

- » Are we willing to eliminate kindergarten?
- » Are we willing to merge grade levels?
- » Is the elimination of kindergarten and the merging of grade levels consistent with our guiding principles; and what are the potential impact of these decisions on our ability to achieve our strategic priorities?

## Mapping Resources to Strategy

Once an SEA or LEA team has a firm grasp of its discretionary resources and the time frame for which the resources are available, it should begin engaging in the process of mapping its discretionary programmatic resources (or priorities) to existing organizational priorities. An SEA or LEA team should review both operating resources and grant-funded programs. Table 3 provides an example of key variables an SEA or LEA should collect to determine how a programmatic

resource is aligned to organizational priorities, the provider of the service, how many staff will be affected, and the cost of the service. The format of Table 3 will also allow for the easy aggregation of information.

**Table 3. Mapping programmatic resources to organizational priorities**

Organizational priorities	Programmatic resources	Resource provider*	Number of staff paid by Ops \$	Number of staff paid by Grant \$	Ops \$	Grant \$	Total number	Total \$
Ensure every 3 <sup>rd</sup> grade student reads on grade level	Literacy coaches	District staff	15	5	\$1.5 M	\$0.5M	20	\$2M
Ensure every 3 <sup>rd</sup> grade student reads on grade level	Summer literacy camp	Vendor A	10	0	\$1M	\$0	10	\$1M
Improve 8 <sup>th</sup> Grade Alg I	2-week acceleration academy	Vendor B	5	2	\$100K	\$40K	7	\$140K
Increase HS graduation rate	Graduation coaches	District staff	2	2	\$0.2M	\$0.2M	4	\$0.4M

\* Resource provider refers to the organization that is delivering the service.

With information about cost and alignment to hand, an SEA or LEA team can use this evidence to:

1. Reduce or eliminate the “programmatic resources’ that are no longer aligned to the SEA’s or LEA’s strategic priorities.
2. Determine duplicative services that could be streamlined.
3. Assess if any reduction in operating resources can be compensated through grant-provided resources.
4. Identify resource gaps that may exist to address specific organizational priorities.

## Part 2: Strategically Allocating Resources

### Determining Impact

Before making its final budget decisions an SEA or LEA team should also review information associated with program implementation and quality, including a program’s reach, its impact on outcomes, and its cost effectiveness. For example, if an SEA or LEA implements a particular intervention and, through data, learns that the program is not being used by teachers and students, then SEA or LEA staff should determine whether it wants to continue the program and find ways to improve implementation, or eliminate the program because it is not having the intended reach.



It should be noted that the information available for review by an SEA or LEA team will likely be imperfect, but any additional data points will help leaders make more informed decisions. Table 4 lists three types of evidence that leaders should consider when making their final decisions and provides a set of guiding questions that can help inform the type of analyses that SEA or LEA staff should conduct. In many cases, an SEA or LEA team will have to rely on usage and reach metrics owing to limited data or implementation design. Nevertheless, SEA or LEA staff should strive to generate evidence of causal impact and measures of cost effectiveness.

**Table 4. Categories of evidence and guiding questions to support evidence building**

Evidence category	Guiding questions
<b>Usage and Reach</b>	<ul style="list-style-type: none"> <li>» <b>Usage:</b> Is the intervention—program, product, and/or strategy—being used by students, teachers, and/or our schools?</li> <li>» <b>Reach:</b> How many students, teachers, and/or schools are being served by the intervention?</li> <li>» <b>Reach:</b> Are the students, teachers, and/or schools for whom the intervention is intended being served by the intervention?</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>» <b>Correlational Findings:</b> Is there a positive relationship between the intervention and the outcome of interest when controlling for other factors? <i>(This information will let SEA or LEA staff know that the program could be helping move the students in the right direction; however, staff should avoid asserting that implementing the program caused a particular outcome).</i></li> <li>» <b>Causal Impact:</b> Does the intervention (program, product, or strategy) work? Specifically, is it yielding the outcome and at the scale the SEA staff or LEA staff expected?</li> </ul>
<b>Cost Effectiveness</b>	<ul style="list-style-type: none"> <li>» <b>Cost Effectiveness:</b> What is the cost to achieve each unit of improvement, e.g., an additional day of attendance, 0.1 standard deviation gain on standardized test scores?</li> </ul> <p><b>Note:</b> Cost refers to the full cost of the intervention. For example, the cost of teacher professional development might include costs associated with the professional development provider, teacher release time, substitute services, and facility costs.</p>

Using the same examples as those listed in the Table 4, an SEA team or LEA team should supplement Table 4 with information about reach, impact, and cost effectiveness to create Table 5.



**Table 5. Mapping programmatic resources to impact**

Organizational priorities	Programmatic resources	Number of schools	Number of students	Impact	Impact size	Cost effectiveness
Ensure every 3 <sup>rd</sup> grade student reads on grade level	Literacy coaches	20	600	Not evaluated	N/A	Not possible to calculate
Ensure every 3 <sup>rd</sup> grade student reads on grade level	Summer literacy camp	10	1500	Y	~ “x” month learning increase per student	<p>To be calculated. The steps to calculate this measure are:</p> <ol style="list-style-type: none"> <li>1. Determine the all-in cost of the intervention. The price is currently at \$1M for 1,500 students (or ~\$667 per student). Assuming the district provides facilities and transportation for the program at an additional \$100/student over the camp duration; the total per student cost to implement this program is \$777.</li> <li>2. Identify the unit of change the SEA or LEA staff would like to see as a point of comparison to other interventions. In this case, let us assume that the staff is interested in improvement on a monthly increment (i.e., standard unit of improvement)</li> <li>3. Use the formula <math>y = [(cost/student) * standard unit of improvement] / [impact size]</math></li> </ol> <p>Now, if the summer literacy camp improved student learning by 0.5 month, based on this formula, the cost effectiveness of this program is \$1,533 per month of increased learning per student.  <math>y = \\$777 * 1 \text{ month} / 0.5 \text{ month}</math>  <b><math>y = \\$1,533/student \text{ for each month of learning}</math></b></p>
Improve 8 <sup>th</sup> grade Algebra I	2-week acceleration academy	7	210	N	N/A	Not possible to calculate because the size of the impact was not measured
Increase HS graduation rate	Graduation coaches	4	400	N/A Increased credits earned; not grad rate	Avg “y” more credits earned per student	Not possible to calculate on main outcome

## Making Trade-Off Decisions

Using the information that has been gathered concerning district needs, what resources are variable (and in what time frame), and what is the potential savings of the truly variable costs and the impact of these costs, an SEA or LEA will be in a strong position to make evidence-informed decisions. These trade-off decisions are likely to happen in two areas: (1) organizational priorities, and (2) programmatic priorities. Listed below are a series of potential considerations associated with each.

### Organizational Priorities

Based on the trends identified during the needs assessment, an SEA or LEA leadership team should review its organizational goals according to its strategic plan (e.g., 100% of students reading on grade level, 80% on-time graduation rates, etc.) and compile information associated with:

1. The performance areas that have seen decline, stagnation, or improvement.
2. The schools or students that are contributing to the varying trends.

With this information to hand, SEA or LEA teams should consider these guiding questions:

- » Should the SEA or LEA prioritize addressing areas for which there has been consistent decline at the risk of seeing backsliding in other areas if resources are reallocated?
- » Should the SEA or LEA prioritize maintaining and accelerating improvement in areas for which there has been an upward trajectory?
- » With the same level of resources, is the SEA or LEA willing to further target its limited resources to schools or students with the greatest needs?

Combining the responses to these guiding questions, information about an SEA’s or LEA’s goals, and student and school performance data, an SEA or LEA leadership team should have a sense of where the organization would like to focus its limited resources.

### Programmatic Priorities

With a short-list of organizational priorities, an SEA or LEA team should use the resource and impact table map (Table 5) to:

1. Identify potential programmatic resources to reduce or eliminate based on identified misalignments with the SEA’s or LEA’s most pressing organizational priorities for the upcoming year.
2. Prioritize among the remaining programmatic investments regarding what to continue or scale based on the program’s reach, impact, and sustainability. For example, an SEA or LEA may choose to place a program that shows positive impact but that is fully grant-funded lower on the priority list because the SEA or LEA will not be able to continue paying for the program once grant funding ends.



There may be instances in which the suite of current investments is not reaching the right students, not achieving the intended impact, and/or is not sustainable owing to cost. In such instances SEA or LEA staff should decide to either eliminate, shrink or adapt such programs by engaging in a trade-off discussion. During the trade-off discussion, an SEA or LEA team should look at areas that can be reduced because there is misalignment or minimal impact, and identify areas for investment.

Specifically, an SEA or LEA team should also:

- » Identify gaps between its organizational priorities and its programmatic resources to determine opportunities for additional investment. For example, if an SEA or LEA has four organizational goals, but there is minimal programmatic investment in one of its organizational goals, this might be an area for additional investment.
- » Continue to invest in programs that support the highest organizational priority and for which there are effective programs. This form of investment, while difficult during budget shortfalls, will ensure that the SEA or LEA remains in a relatively strong position to accelerate learning when additional resources become available.

## Aligning All Resources

Using available evidence, an SEA or LEA leadership team should have by this point developed a firm understanding of the organizational priorities it intends to pursue, maintain, and/or delay, and which programmatic resources it should invest in, adapt, reduce or eliminate. To facilitate its investment strategy, an SEA or LEA leadership team should review all available resources including funding from across different funding streams (e.g., federal grants, state operating and local operating dollars) as well as resources that can be leveraged through strategic partnerships with other agencies (e.g., health and human services) or community based organizations. Listed below are a series of questions an SEA or LEA leadership team should consider as it identifies and aligns all available resources.

### » Questions for SEAs

1. Have SEAs provided LEAs with clear guidance on how CARES Act resources can be used to stabilize FY2019–2020 budgets as well as allow for maximum flexibility for FY2020–2021? For example, has CARES funding been used to cover FY2019–2020 costs to allow for a larger carry forward into FY2020–2021 to alleviate the pending operating shortfalls?
2. Given reduced operating resources, what Federal formula grant resources (e.g., Title I, Title II, IDEA, Perkins, etc.) can be made more flexible to directly support districts? What policies need to be changed to give districts the appropriate flexibility to support schools?
3. Are there carry-forward resources from this year that can be strategically targeted for next year to minimize the adverse impact on districts and/or schools owing to budget shortfalls?
4. Given the SEA’s existing partnerships with external agencies and organizations, are there state-level partnerships that can be established to target and align resources to better support districts, schools, and students?





» **Questions for LEAs**

1. Have districts implemented the CARES Act in a manner to help them stabilize FY2019–2020 budgets and use roll-over funds for FY2020–2021?
2. Given reduced operating resources, what Federal formula grant resources (e.g., Title I, Title II, IDEA, Perkins, etc.) are available to support positions and/or high impact activities that can stabilize or continue to improve learning? In compliance with federal and state laws, are LEAs providing schools with additional flexibility to use resources differently?
3. Are there other grant resources that are available to support positions and/or high impact activities? Are they currently allocated to the right schools/set of activities (e.g., Gear Up, AVID, etc.)?
4. Are there carry-forward resources from this year that can be strategically targeted for next year to mitigate future shortfalls?
5. What capital expenditures can be reallocated and/or accelerated to support academic and operational needs?
6. Given existing partnerships with external agencies and organizations, can resources used to support students be better targeted and aligned? If there are gaps, who in the community may be able to supplement (or close) the gap?

**REMINDER**

If there are maintenance of effort requirements for state and/or local funds, ensure that the reallocation of resources does not result in the violation of those rules. Similarly, it is important to consult with an SEA’s or LEA’s Federal grant programs manager to assess the feasibility of some of the reallocation decisions that are being recommended.

## Closing

As state education agencies and local education agencies grapple with the financial shortfalls resulting from the economic downturn that was triggered by the COVID-19 pandemic, a focus on strategic resource allocation is a useful strategy to help minimize the impact on student outcomes. This brief was developed to provide SEAs and LEAs a process by which they can use a range of evidence to help inform their cost reduction and investment decisions. Of course, while the work of strategically allocating resources is a critical step toward ensuring alignment between needs and resources, it is, however, just the beginning.

As SEAs and LEAs continue to support schools and students, to ensure that their decisions are yielding the intended results, SEA and LEA staff should develop project and progress monitoring tools. These tools can support SEA and LEA staff improve implementation and assess the impact of their decisions. To be more exact, strong project management, progress monitoring, and evaluation can help an SEA or LEA team:

1. ensure that programmatic and resource allocation decisions are appropriately executed and communicated;



2. facilitate their ability to adjust decisions, as appropriate; and
3. assess the impact of their decisions on outcomes for districts, schools, and students.

It is imperative that SEAs and LEAs generate evidence to learn whether their reductions have adversely affected student outcomes, thereby allowing them to revisit investment decisions. Similarly, SEA and LEA teams should also generate evidence to determine whether their investment decisions resulted in improvement and, if not, whether they should pivot and make other choices.

