



COMMENTARY

Fairfax County Public Schools (VA): Rethinking Budget Rationalization

by Dr. Jack D. Dale

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FAIRFAX COUNTY PUBLIC SCHOOLS: **RETHINKING BUDGET RATIONALIZATION**

| JACK D. DALE

Imagine pondering what your district operations would look like under a set of worsening scenarios: What would happen if the budget were to decrease next year by 2%? What if it were to decrease by more than 5%? Even worse, what if there were a decline of 10% or more? What would we do differently and how would we make those tough choices? How would the community react? How about our staff? Would our Board hold together through the difficult decisions? Would chaos ensue?



In the Fairfax County (Virginia) Public Schools (FCPS), we faced a high degree of uncertainty about what would happen to our 2010 budget. This article describes a significantly redesigned process through which our district planned for a range of budget cuts from roughly 2% to 10%, which translated to reductions ranging from \$40 million to well over \$200 million.

Managing through this uncertainty and preparing realistic options under different scenarios took our planning efforts to a new level of managerial effectiveness. It was an intensive process that included a variety of stakeholders in unprecedented ways. It built alignment externally with our various stakeholders. Internally, it led to the formation of meaningful bonds between people on the leadership team from different departments. As we worked together, people really started to look at how departments could help one another.

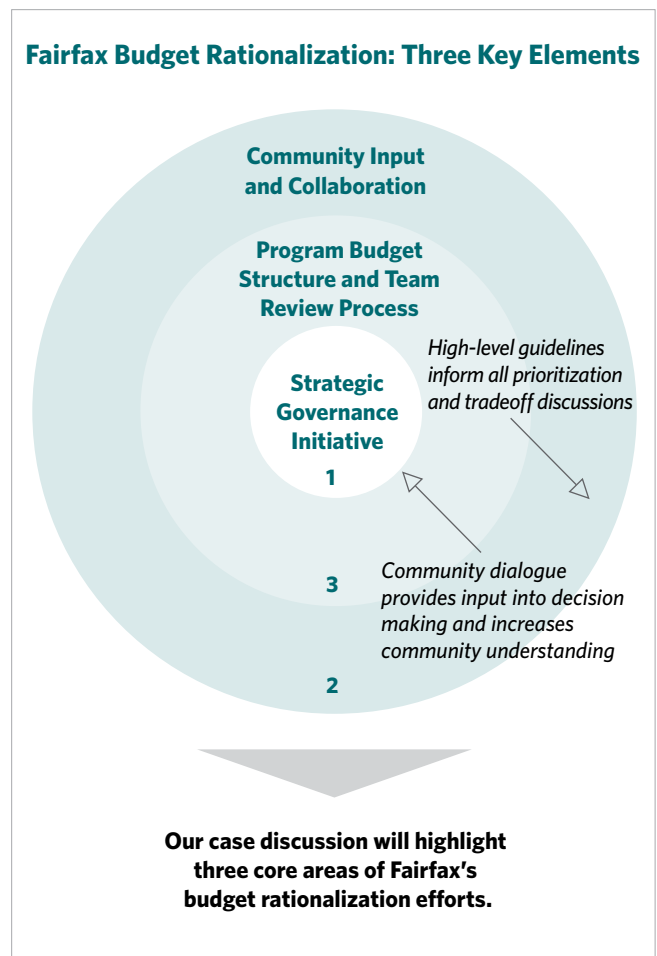
Getting Started

First, we were guided by clear priorities defined at the Board level by our Strategic Governance Initiative, which articulates our beliefs, vision, mission, and student achievement goals (Figure 1). Second, we relied on an unprecedented level of community input and collaboration to help inform and test our priorities. Third, we used an innovative structure at the central office to evaluate and make decisions about the over 175 programs offered at the Fairfax County Public Schools. For each, we decided as a team whether to keep, reduce, redesign or eliminate the program.

Budget Background & Scenario Approach

As a fiscally dependent school district, over 75% of our budget is funded by Fairfax County. This differs from the

FIGURE 1



average Virginia school division which receives approximately half of its financial support from its local government. Fairfax's next largest funding source, the State of Virginia, adopted its FY2010 budget with an approximately 7 percent reduction to K-12 education. ▶

Fairfax County Public Schools "Fast Facts"

- \$2.2 billion operating budget for 2010 (a decrease of \$10.3 million, or 0.5% from the FY 2009 approved budget)
- 174,365 FY 2010 total projected enrollment
- 198 schools and centers
- 12th largest school system in the country
- 22,063 full-time equivalent positions
- One of the largest employers in Virginia

Academic Achievement Facts

- Ninety-eight percent of all FCPS general education schools meet or exceed the Virginia Standards of Accreditation
- FCPS student achievement improved in all subgroups as measured by the 2007-2008 SOL (Standards of Learning) tests
- Ninety-three percent of FCPS graduates continue on to postsecondary education
- FCPS' SAT average of 1654 exceeds both the state average of 1522 and the national average of 1511

It was important during this part of our planning to recognize and respect that the school budget comprises a major portion of state and local government budgets, and therefore competes with other services provided by the local and state governments. When revenue drops are so severe, how do we have the “prioritization” discussion to make tradeoffs between state and local services vs. school district services? Are we getting the ‘short end’ because we are such a large portion of the state/local budget? Are they? In this particular case, County and school officials collaborated with an unprecedented degree of coordination and transparency over the financial structure of the total budget. It may have been the first time that the County officials and school officials shared a stage for such a purpose. Again, in the end, the inclusion of all the relevant stakeholders made the outcome of the process that much more successful.

To oversee the review of over 175 FCPS programs and services, the FCPS School Board established a Program Review Committee. A series of work sessions with the full School Board on the FY2010 budget were facilitated by me, and innovative use of scenario planning resulted in a “tiered” approach to reductions for the FY2010 budget. Gap-closure scenarios were created for three tiers of

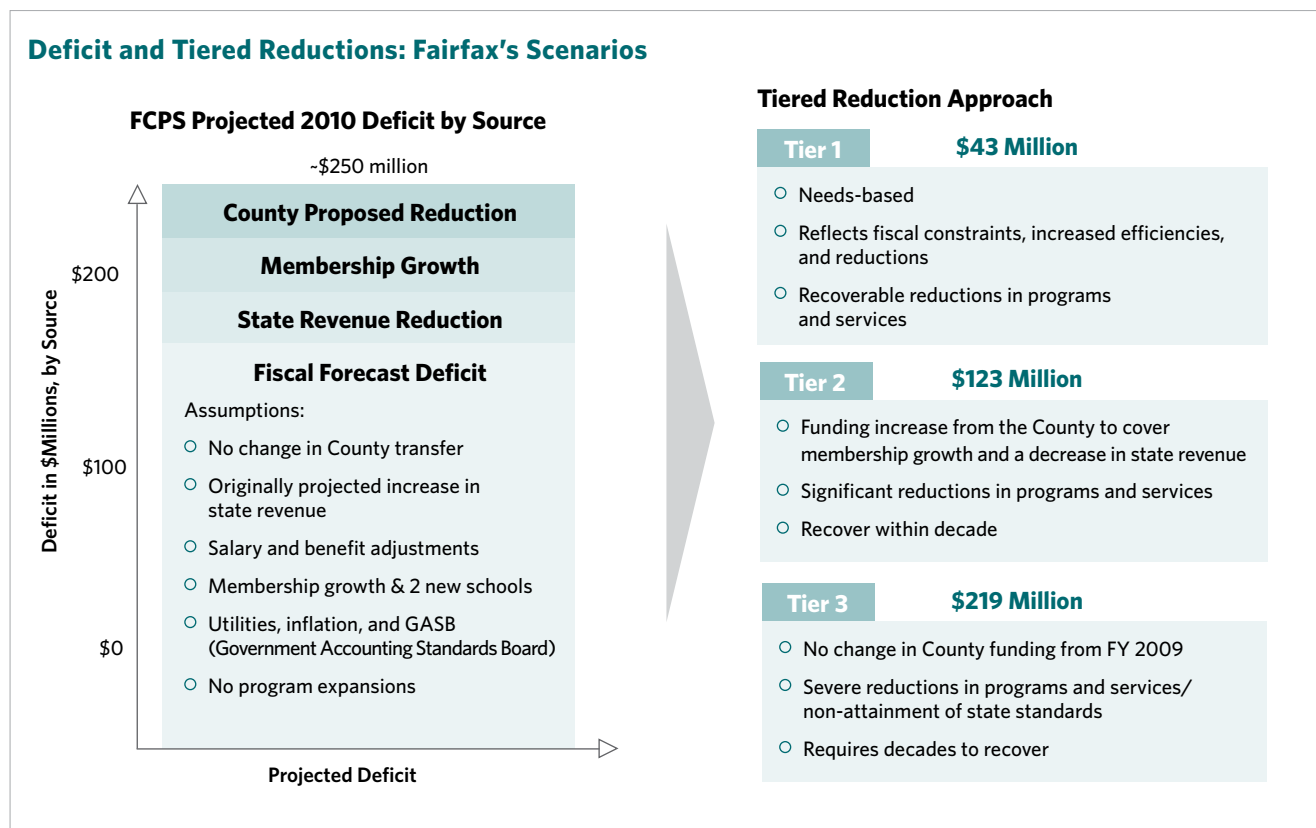
potential total budget cuts, ranging from the more moderate needs-based scenario that most closely aligned with Board strategy, to an extreme scenario of dramatic cuts forced by level-funding from the County. Figure 2 shows the sources of our funding deficit, as well as a summary of the scenarios or “tiers” of budget cuts anticipated.

The Strategic Governance Initiative

At the center of all FCPS’ planning activities is the School Board’s Strategic Governance Initiative (SGI), which includes beliefs, vision, mission statements, and student achievement goals to provide a more concentrated focus on student achievement and to establish clearer accountability. The SGI provides a framework for the school system’s operation and for the School Board’s future work.

The Fairfax County School Board recognizes that it has a unique and important role to play in assuring that the school system achieves the results expected by the community and deserved by the students. The Board also recognizes that as an elected Board, it must assure that the staff, under the authority of the Superintendent, has the freedom and authority to do its work without interference, but also has full accountability for the results of its decisions.

FIGURE 2



The Board accepts the challenge to perform its own duties with the same degree of excellence expected of the Superintendent and staff members.

The FCPS School Board formed base prioritization guidelines for budget rationalization (Figure 3). Priority order and importance needed to be established at the outset in order to create appropriate responses to various budget cut scenarios.

It occurred to me at this time that by strategically managing peoples' expectations, do we actually lower the demand/expectation to change the revenue side of the equation? Do we so focus on where to cut that we forget to ask the most critical question: Should we cut this program at all? In the focus on cuts, we never really force the funding agency to re-visit revenue. An important question to ponder at this time is "What business are we in?" At some point, as cuts get deeper in consecutive budget cycles, it is important to step back and ask "Are we about to make our excellent school system into a good school system or our good school system into a mediocre school system?" And, "Is this okay with us?" Because if it is not, it is worth taking the public temperature about revenue increases and asking whether an increase in revenue is either feasible or necessary.

Community Input and Collaboration

Led by Chief Communications Officer Barbara Hunter, a comprehensive framework was put in place to obtain community input to achieve the following objectives: 1) Provide clarity and inform the public about budget information and the budget process, 2) Provide opportunity for the public and employees to make suggestions and share concerns about services and proposed areas for reduction, 3) Achieve community-wide input by soliciting comments.

As Figure 4 shows, the process began with a series of joint sessions with representatives from the County government, so that a mutual and shared understanding could be developed with the community about current fiscal challenges. Through community dialogue meetings, employee brown bags and surveys, online and telephone forums for public questions, suggestions and comments, the County and school district engaged in a more robust public input process at an earlier juncture than in any budget cycle in recent memory.

Additionally, a parallel and highly visible process called Lines of Business (LOB), with all associated agency presen-

FIGURE 3



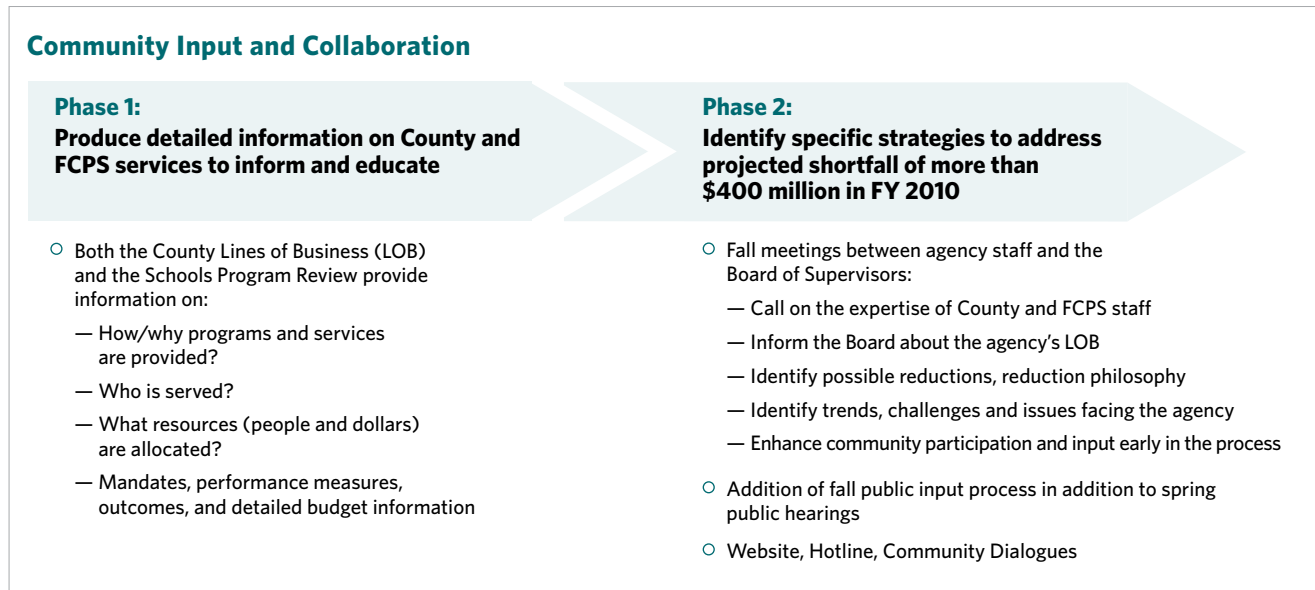
tations and documents available online, brought an even greater amount of transparency than was already provided through the publication of all budget documents on the County website.

The second phase focused more specifically on FCPS budget issues, and tested priorities with the community. As part of the community dialogues, 72 facilitated small groups containing 718 total members of the public were asked three questions in their facilitated small group discussions.

We asked questions such as:

1. What services do you:
 - a. View as critical and oppose reductions that would change the quality and level of service?
 - b. View as important but in this fiscal environment would support certain reductions?
 - c. View as non-essential and are willing to do without?
2. Based on your group's discussion surrounding Question #1, what specific suggestions do you have to develop the FY2010 budget?
3. What do you want the County and School decision-makers to consider before making their final decision on the FY2010 budget? ▷

FIGURE 4



The discussion that resulted from these dialogues was measured in several ways. One departure from the past included the use of an outside firm to analyze word count rather than use traditional quantitative surveys that ask people to rank things and force answers into categories. We were able to discover the issues that really invoked passion, whether negative or positive. This method of measurement helped us to understand with greater meaning the top subjects for our constituency. It seemed to capture the community input and validate it in a more meaningful way.

This data was used to confirm hypotheses and inform senior executive input into the budget discussions. Detailed summaries have been provided on the County and district websites. Benefits from these communications vehicles are twofold: 1) Rich information is calculated and disseminated in a structured manner and 2) Public concerns and questions are responded to, creating a high “customer service” touch point for the district. In addition, extensive employee outreach was conducted, including: discussions with employee associations, e-mail communication and open meetings, employee brown bags (19 facilitated small groups with 197 participants), an employee survey, and use of regular district feedback mechanisms like TIPS (To Improve Programs and Services) e-mail and phone submission. Complementing these efforts were meetings with the Superintendent’s advisory councils and community groups and the oversight of the School Board Program Review Committee.

Data and insights gathered through these various processes were numerous, and were collected and disseminated from

the Office of Public Affairs in a variety of ways, including news releases, newspaper ads, flyers, posters, local cable, and extensive use of the district and county websites.

Central Office Budget Rationalization Process

Fairfax County Public Schools is by all accounts a large district, and reviewing 175 programs for potential reduction or elimination called for a new process and structure. Each of the programs was to be judged by the core budget team for categorization into four buckets: 1) Keeping as is; 2) Reduction; 3) Restructuring; and 4) Elimination. The Core Budget Team consisted of the Superintendent, the Superintendent’s leadership team, the Budget Director, select Principal representatives, and the School Board Clerk.

The Role of the Program Budget

Since FY2003, Fairfax County Public Schools (FCPS) has released a program budget document, presenting the total resources allocated to each educational program. The FY2009 Program Budget details expenditures, positions, offsetting revenue, and net cost by program. It also includes the student achievement goal and sub-goal that each program supports, a program description, the method of service provision, an explanation of cost, list of mandates, and outcomes. With this detailed information, the program budget serves as a valuable tool for FCPS and the School Board to use when making programmatic and budgetary decisions.

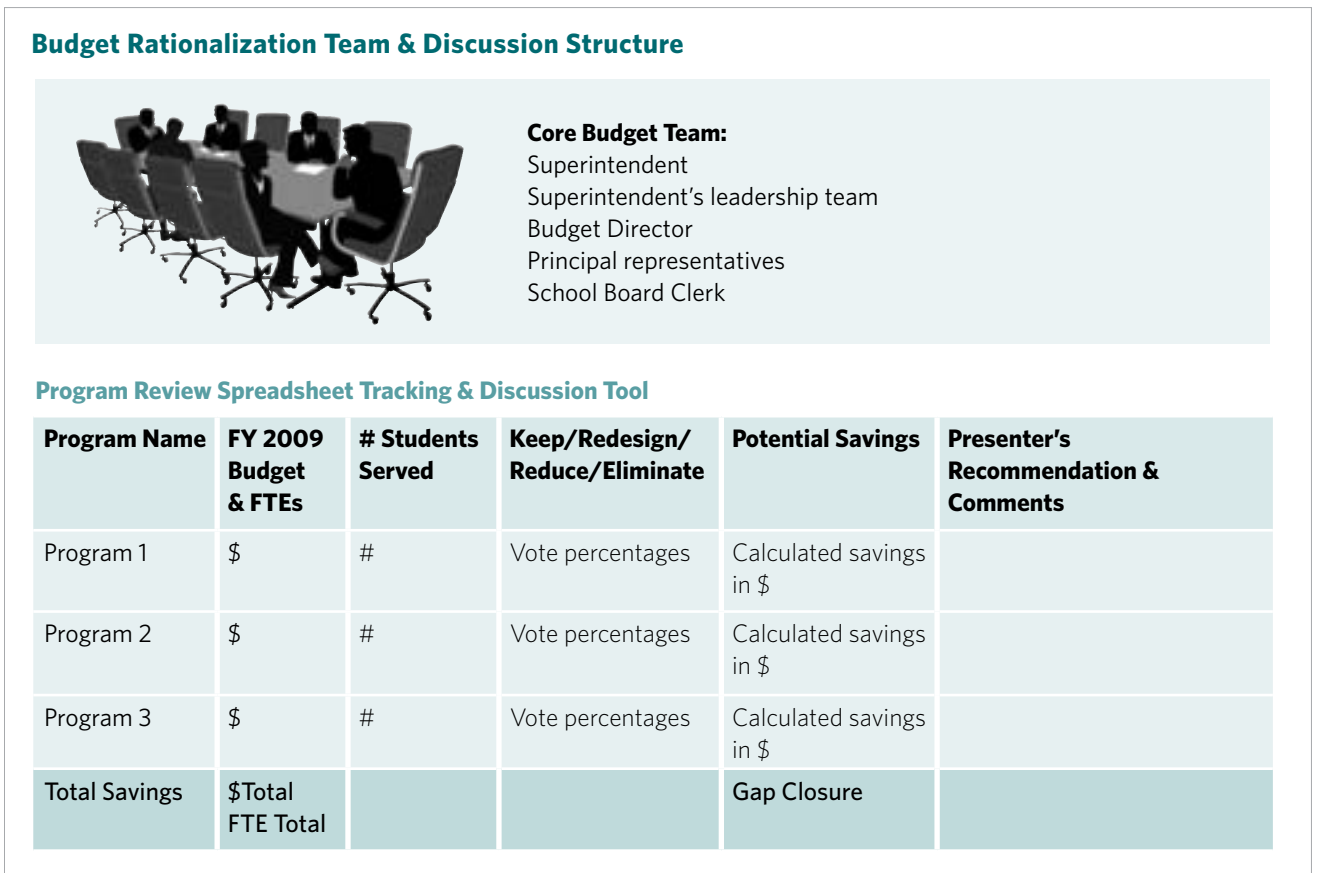
The program budget narratives are designed to provide program information and costs in a clear and consistent manner. Program narratives provide detailed information including a program description, method of service provision, and an explanation of costs. Program charts provide two years of financial data (detailed by full-time salaries, part-time salaries and overtime, employee benefits, operating expenses, positions, total program costs, offsetting revenue, and net cost of the program), supporting department, program contact, phone number, web site, list of mandates, and outcomes. As our team embarked on the difficult work of reviewing each program, these budget documents were invaluable in creating a fact-based conversation that allowed budget issues to be considered with respect to the overarching strategic priorities.

As shown in Figure 5, the team was charged with completing a single comprehensive spreadsheet that tracked the gap closure as programs were reviewed. Further, cuts were considered against the three tiers of revenue: how would the program structure look for each scenario?

The team met weekly, and discussed budget reduction on a program-by-program, line-by-line basis for all district programs and operations. Each meeting was limited to a few hours, as the team realized that productive working time had a limit due to the intensity of the discussion. Another interesting innovation of the process was our use of electronic voting technology (TurningPoint) to take real-time “votes” of program direction during the team meetings. The TurningPoint system was borrowed from a classroom each time the team met. This allowed the team to establish clear consensus or immediately identify problem areas in a quasi-confidential manner.

These were difficult conversations, and the team relied heavily on a variety of inputs to arrive at the consensus recommendations. First, the School Board’s priorities were the guiding mantra by which all cuts were judged. Second, the community and employee priorities were acknowledged. Third, but perhaps most important of all, were the program budget documents that allowed the team to debate each program on a factual basis that considered total program cost, reach, and performance. ▸

FIGURE 5



Engaging Your Community To Set Strategic Priorities

1. Start the process early, allowing time to disseminate information. Put all information online to create transparency.
2. Establish three-tiered process of potential budget cuts, ranging from the more moderate needs-based scenario to an extreme scenario of dramatic cuts.
3. Solicit input and feedback from members of the community on student achievement goals.
4. Establish framework for input from the community and other key constituents.
5. Facilitate community dialogues by asking specific questions to small groups of constituents. Answer questions with a high degree of customer service.
6. Complement these meetings with meetings of the Superintendent's advisory councils, community groups and the school committee.
7. Release the results of these meetings in a number of ways including news releases, advertisements, flyers, posters and extensive use of all relevant municipal web sites.
8. Establish process and structure for judging programs by a core budget team of Superintendent's leadership team, Budget Director, Principal representatives and representatives of the School Board.
9. Hold weekly, time limited meetings of the core budget team to discuss budget reductions on a program-by-program and line-by-line basis.
10. Release a program budget with costs presented in a clear and consistent manner; and a narrative providing detailed information including program description.
11. Solicit responses, comments and feedback from all stakeholders.
12. Adopt the budget.

Addressing Constituent Issues

Ultimately, the role of a school superintendent is also political and superintendents rely on political capital for many situations. With a multitude of programs “on the chopping block,” a superintendent must ask, “How do I maintain my political capital with the members of stakeholder groups each seeking to maintain their favorite program?”

In Fairfax, we had five programs dealing with preparing under-represented students for college. These were minority students and students eligible for free or reduced price meals. Each of these programs had their own staff and their own set of constituents in the community. Unfortunately, our own staff in these five programs had never tried to work synergistically, nor had any ‘supervisors’ asked or expected them to. Consequently, each of the five was a separate “silo” program. We, the leadership team, believed the programs (or silos) were inefficient, duplicative and “ego centric” in operations. When we moved to put all under one umbrella of operation, the separate staff and constituents all pointed fingers elsewhere and, in some cases, made claims of racism, and lack of support for under-represented groups of students. As we proceeded through the budget reductions and program meshing, we had staff who continued to feed the fire of discontent. We continued to deliver the message of no negative impact on student services, and the need for reduction in overhead costs. Public testimony added more discontent during the final budget deliberations, but our message ultimately prevailed with the School Board and broader community. But, at what long term cost?

In Fairfax, we tried to use the current economic crisis as an opportunity to restructure our organization along a set of core values and goals adopted by the leadership. Ultimately, this is harder work than implementing an ‘across the board’ reduction. Restructuring or cutting some programs altogether while leaving others alone entails a great deal more risk than an across the board cut that may feel “fair” but will not serve the district as well.

One example of this issue was our centrally managed summer school program where no school felt responsible for their students’ summer success. As part of the need to find reductions, we decided to change the whole approach to providing summer school. For years, there had been repeated, in fact annual, recommendations to revise the summer school program so deciding to do so was not an issue. All principals and program staff agreed it needed to be completely redesigned. When we decided to redesign the summer school program, it was December 2007. Immediately, staff recommended a good six to nine month

redesign process such that the new program would be ready for implementation the following summer. I wrestled with the amount of work necessary to redesign the delivery of summer school and the shift of responsibility for students from a “central staff” to school-based staff. I wasn’t sure if it would be feasible for staff to produce changes and gain approval from the Board on the rapid timetable that I was dictating—especially if we completed re-design after final budget approval. I chose to give the direction, “Redesign summer school for the next summer, or don’t offer it at all.” We made it, but not without a lot of angst. It was a clear case where a simple reduction in the old way of delivering service was not going to work in the new budgetary climate.

Final Outcome

On May 21, 2009, the School Board adopted the FY2010 budget of \$2.2 billion, a decrease of \$10.3 million or 0.5% from the prior year. Factoring in the increase in enrollment in the district, this actually represented a 4% decrease on a per student basis. This compares with a \$35.8 million increase in FY2009 budget over FY2008, and increases of 3.3% to 7% in years prior.

With relatively minor final adjustments, the budget passed unanimously. The level of support demonstrated the success of the hard work our team put into this effort. Moreover, we now have a framework in place that can be used and refined to meet the challenges ahead. □



DR. JACK D. DALE JOINED FAIRFAX COUNTY PUBLIC SCHOOLS, THE NATION’S 12TH LARGEST SCHOOL SYSTEM, AS SUPERINTENDENT IN JULY 2004. FROM 1996 TO JUNE 2004, HE SERVED AS SUPERINTENDENT OF FREDERICK COUNTY PUBLIC SCHOOLS, MD,

WHERE HE WAS NAMED MARYLAND’S SUPERINTENDENT OF THE YEAR. DR. DALE HAS SERVED IN EDUCATION AS A TEACHER OF MATHEMATICS, ASSISTANT PRINCIPAL, DIRECTOR OF INSTRUCTION, DIRECTOR OF PERSONNEL, AND ASSOCIATE SUPERINTENDENT FOR SCHOOL ADMINISTRATION. BORN IN SEATTLE, HE HOLDS A B.A. IN MATHEMATICS AND EDUCATION; A MASTER’S IN EDUCATIONAL ADMINISTRATION; AND A DOCTORATE IN EDUCATION, WITH AN EMPHASIS ON SCHOOL LEADERSHIP AND ORGANIZATIONAL CHANGE, FROM THE UNIVERSITY OF WASHINGTON. DR. DALE CAN BE REACHED AT JDDALE@FCPS.EDU.

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| DeSoto County School District, MS | Montclair Public Schools, NJ | Washington County Schools, MD |
| Douglas County School District, CO | Montgomery Public Schools, AL | Washoe County School District, NV |
| Duval County Public Schools, FL | Moore County Schools, NC | Westside Community Schools, NE |
| East Baton Rouge Parish School System, LA | New Berlin Public Schools, WI | Wilmette School District #39, IL |
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