

# HOW WE GOT HERE: OUSD BUDGET PRACTICES VS. BEST PRACTICES

	OUSD CURRENT PRACTICE	NATIONAL BEST PRACTICE	QUESTIONS TO ANSWER & WHY IT MATTERS
<b>APPROACH TO RESERVE</b> 	<p>The district will end 17-18 with a 1% reserve and is cutting ~\$8M from the 18-19 budget to build the reserve to 2.5%</p>	<p>Build and sustain a 10% reserve. With a reserve this large, unexpected cuts to school sites is rarely or never a reality.</p>	<p>How much money have we set aside in our reserve and how quickly can we build up to the 10% national best practice?</p> <p><i>Because when we don't set aside reserve, we unexpectedly make cuts to school site budgets.</i></p>
<b>MULTI-YEAR BUDGETING PROJECTIONS</b> 	<p>The district plans its budget from year to year - making much of the following year's budget very reactive to unplanned expenses from the previous year.</p>	<p>Project out the budget 3, 5, or even 10 years in advance. This forces the district to plan for and anticipate changes in revenue and adequately adjust spending. In other words, decisions about making cuts don't happen in June when a budget must be approved in July - but rather are discussed and planned for years in advance.</p>	<p>How far out are we thinking when we plan our current budget? What changes to our funding and expenses do we expect 3 - 5 years into the future and how are we planning for a slow and responsible transition to those changes?</p> <p><i>Because when we don't look further into the future when we plan, we are more likely to make cuts to school site budgets.</i></p>
<b>MAKING DIFFICULT SPENDING TRADE-OFFS</b> 	<p>The board discussed an idea of possible 2% cuts to all central office and school sites. This implies an approach to making cuts that are less strategic and do not take into account which expenses have the greatest impact on student outcomes.</p>	<p>Adopting an Academic Return on Investment approach to budgeting forces the district to set clear measurable goals, and to monitor the impact of all investments. With this information you can use data to help inform which expenses have the greatest positive impact on student outcomes and which expenses are nice to have, but not as impactful</p>	<p>How are we using data to inform which expenses are having the greatest impact on student outcomes and prioritizing cutting expenses that are less effective?</p> <p><i>Because when we don't prioritize our spending appropriately and overspend, we are more likely to make cuts to school site budgets.</i></p>