



A Great Education for *All Students* Depends on Great Leadership *Examining a School Board's Fundamental Fiscal Responsibilities*

The Importance of Managing a School District Budget

One of the most important responsibilities of a school board is to effectively manage a budget that ensures adequate support to schools and the funding necessary to realize set goals and priorities.

In partnership with the Director of Schools and as part of the ongoing planning process, the school board must propose an annual budget to fund a variety of critical supports, including academic programs and staffing for literacy, English language learners, and students with disabilities; teacher training; diversity and equity initiatives; instructional materials; pensions and compensation costs; and facilities maintenance.

According to [EdSource](#), a school district budget is “a record of a district’s past decisions and a spending plan for its future. It shows a district’s priorities whether they have been clearly articulated or simply occurred by default. And it is a communications document that can tell constituents a lot about the district’s priorities and goals.”

How MNPS Funds Schools

Metro Nashville Public Schools (MNPS) are funded through two primary sources: (1) local taxes and (2) federal, state, and local funding and grants. These funds must support 86,000 students in the district as well as approximately 11,000 faculty and staff, and are divided into four budgetary “buckets:”

- **Operating Purpose:** the primary funding stream to support daily operating costs
- **Federal and Categorical Programs:** federal grant funding for specific programs and initiatives
- **Food Service Operations**
- **Capital Budget:** a six-year list of projects approved annually by the Board of Education

The proposed MNPS budget can be revised by the Mayor and must ultimately be approved by Nashville’s Metro Council; therefore, the budget may not ultimately be funded at the level requested by the school board. [MNPS reports](#) that each year, more than half of its overall funds are distributed directly to schools to be allocated by individual school administrators, with the remainder of the funds used for transportation, security, textbooks, technology, and maintenance.

Despite funding increases over the last eight years, MNPS student outcomes are declining. Earlier this year, Nashville Mayor John Cooper asked MNPS to find a way to [cut up to \\$100 million](#) from its current operating budget. The school board's \$929.4 million budget request for Fiscal Year 2020-21 was [ultimately approved](#) in late June, though the ongoing COVID-19 pandemic is likely to create new financial challenges in the months ahead.

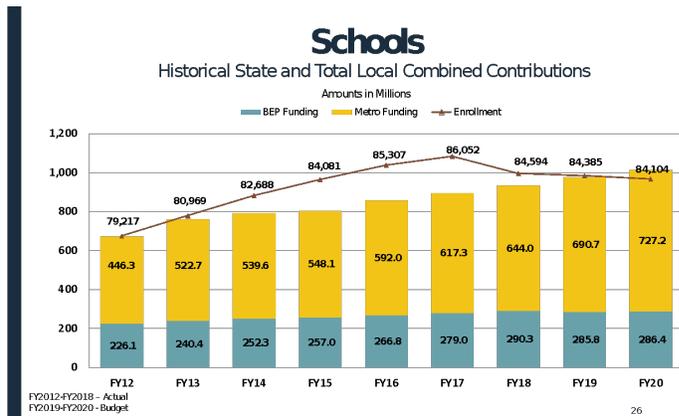


Chart illustrates increases in Metro and BEP funding since 2012, along with enrollment trends in Metro Nashville Public Schools

Best Practices in School District Budgeting

Developing and implementing an effective school district budget requires a school board and the Director of Schools to collaborate with other stakeholders in the community, including parents, faculty, and elected officials, to set funding priorities for the district that will support student achievement.

The [Government Finance Officers Association](#) recommends several best practices in school district budgeting, including:

- **Planning and Preparation:** A transparent and collaborative planning process is instrumental to ensuring appropriate support for the proposed budget among key stakeholders. Additionally, the school board should assess student performance levels to develop a budget that will support continued achievement.
- **Setting Instructional Priorities:** The school board must establish, in partnership with the Director of Schools, goals for the district and any related challenges that must be addressed in order to inform the creation of a budget and the allocation of resources.
- **Paying for Priorities:** The school board must thoroughly analyze current resources and expenditures to determine how to allocate limited funds in a way that will yield the greatest benefit to students.

- **Implementation:** Develop a strategic financial plan (a three-to-five-year outlook on how the district will leverage funds to achieve set goals) and a plan of action to implement the financial plan that will inform a public budget presentation.
- **Ensuring Sustainability:** The school board should periodically assess whether its financial plan is meeting stated objectives, including academic performance, and make necessary course corrections to ensure results for students and communities.

Our Students and Families Deserve Strong Leadership

A strong school board is instrumental to the establishment and effective management of a school district budget. Ultimately, the board must be prepared to make tough decisions, when necessary, to ensure students and teachers have access to the resources they need to excel in the classroom.

At NashvilleNOW, we believe it is of the utmost importance that we “have a functional School Board in sync with its Director of Schools and our Mayor, together offering a clear vision, a plan, and leadership fully focused on improving academic outcomes for ALL students.”

That’s why we’re taking a closer look at the challenges facing the MNPS Board and highlighting opportunities to build board strength through a series of issue briefs. *See previous white papers on [“Assessing the Roles and Responsibilities of the MNPS School Board”](#) and [“The Importance of Hiring and Managing an Effective Director of Schools”](#).*