THE NAVIGATOR

October 2026

Virginia Association of School Superintendents

Budget, Finance, and Division Funding

The Superintendent as Financial Leader

A school division's budget is more than a financial document—it is a reflection of its priorities, commitments, and strategic direction. While the superintendent does not manage the budget alone, the superintendent is ultimately responsible for ensuring that resources are aligned with student needs, division priorities, and the expectations of the school board and community. Effective financial leadership requires superintendents to understand where funding comes from, how the budget is developed and monitored, and how financial decisions are communicated. It also requires the ability to make difficult choices when available resources do not match every identified need.

Understanding Virginia School Division Budgeting

School Finance Basics

- Virginia school divisions operate within a shared state and local funding structure, supplemented by federal and other revenue sources. For superintendents, financial leadership begins with understanding both the revenue side and the expenditure side of the budget. Key questions to understand:
    - What are the division's major sources of revenue?
    - Which revenues are recurring, restricted, or one-time?
    - What expenditures represent the largest portions of the budget?
    - Which costs are fixed or difficult to reduce in the short term?
    - How closely does current spending reflect the division's strategic priorities?

- **Leadership Lens:** You do not have to be the chief financial officer—but you do need to understand the financial story well enough to explain it, question assumptions, identify risks, and lead decisions.

DOCUMENTS TO REVIEW

- Current Adopted Budget
- Budget Development Calendar
- Most Recent Monthly Financial Report
- Enrollment and ADM Projections
- Compensation and Staffing Information
- Fund Balance Information
- Major Grants and Restricted Funds
- Capital Improvement Plan
- Most Recent Budget Presentation

Thank You to Our VTLA Sponsors

Your partnership helps strengthen and support Virginia's school leaders.

ALP Participate Learning est. 1987 K12 Coalition

State and Local Funding

- Virginia school divisions depend heavily on both state and local funding. State funding is influenced by formulas, funded positions, enrollment, student characteristics, and actions taken through the state budget. Local governments provide funding based on required local effort as well as additional local investment. For a superintendent, understanding funding means going beyond knowing the total allocation. Ask:

    - What assumptions drive our state revenue?
    - How will enrollment changes affect projected revenue?
    - How dependent are we on local funding beyond required levels?
    - Which programs or positions are supported with temporary or restricted funds?
    - What revenue changes could create future budget pressures?

- **Watch For:** Changes in enrollment, state funding formulas, compensation requirements, health insurance and benefit costs, special education costs, transportation, facilities, and the expiration of one-time funding.

The Budget Development Cycle

- Budget development is a year-round leadership process—not an event that begins when the proposed budget is presented. A strong process typically moves through:

  Assess → Prioritize → Forecast → Build → Recommend → Advocate → Adopt → Implement → Monitor

- Throughout the cycle, the superintendent should continually connect financial decisions to the division's strategic plan and student outcomes.

  Questions to Keep in Front of Your Team
    - **Assess:** What do our data tell us about our greatest needs?
    - **Prioritize:** What must we accomplish in the coming year?
    - **Forecast:** What changes in revenue, enrollment, compensation, staffing, or operating costs should we anticipate?
    - **Build:** Are proposed expenditures connected to identified priorities?
    - **Communicate:** Can we clearly explain why we are requesting these resources?
    - **Monitor:** Are actual revenues and expenditures tracking with our assumptions?

Financial Monitoring

- Adopting the budget is only the beginning. Superintendents need systems that provide an ongoing picture of the division's financial position. Regular monitoring should help you answer:

    - Are revenues coming in as projected?
    - Are expenditures tracking according to budget?
    - Where are significant variances occurring—and why?
    - Are vacancies creating savings or operational challenges?
    - Are there emerging costs that were not anticipated?
    - Are grant and restricted funds being spent appropriately and on schedule?
    - Are there financial concerns the school board needs to know about now rather than later?

- **Good Practice:** Establish a predictable rhythm for reviewing financial information with your finance team and determine in advance which indicators or variances require your attention.

SIDEBAR: THIS MONTH'S LEADERSHIP CHALLENGE

Before the next VTLA session, schedule time with your finance leader and ask:

Year 1: What are the five things about our division's financial position that I need to understand most deeply before we begin developing the next budget?

Year 2: If our available resources do not fully support all of our current commitments and priorities next year, what decision-making framework will we use to determine what we protect, change, reduce, or discontinue?

Then identify one financial issue you need to understand more deeply before the next major budget decision.

RESOURCES & TOOLS

- October 2025 Navigator
- VTLA Budget 2025 Session Resources
- VTLA Resource Library

Year 1 Focus: Understanding School Finance

For a first-year superintendent, the goal is not to become a school finance expert overnight. The goal is to develop enough understanding to ask good questions, recognize risks, communicate accurately, and make informed recommendations.

Know Your Financial Landscape

Make sure you can explain:

- Your division's primary revenue sources.
- The relationship between state and local funding.
- Your largest expenditure categories.
- Your current enrollment and enrollment projections.
- Major compensation and staffing commitments.
- Significant grants and restricted funds.
- Your division's fund balance practices.
- The annual budget development calendar.
- How and when the school board and local governing body make budget decisions.

Questions for Your Finance Team

Ask your finance leader to walk you through the budget as if you were explaining it to a new school board member.

Where does our money come from? Where does it go? What assumptions are built into this year's budget? Where are we financially vulnerable? What should I be watching each month? What decisions will we need to make in the next six months?

Year 1 Leadership Goal: Move from reading the budget to understanding the story behind the numbers.

The Virginia State Budget Timeline at a Glance

October

- State money committees begin informal review of fiscal conditions
- State agencies finalize budget requests
- DOE begins the rebenchmarking process for the new biennium budget

November – December

- Department of Planning & Budget and Governor's staff review requests
- Governor finalizes and introduces the proposed budget (mid-December)

January (Session Begins)

- General Assembly convenes
- Public hearings on Governor's budget
- Legislators submit budget amendments

January – February

- House Appropriations & Senate Finance committees hold subcommittee reviews
- Each chamber develops and passes its version of the budget
- Conference committee appointed to reconcile differences

Late February – Early March

- Conference committee negotiates compromise budget
- House and Senate vote on conference report
- Final budget sent to Governor

March – April

- Governor signs, amends, or vetoes line items
- Reconvened Session: General Assembly considers vetoes and amendments
- Governor signs, amends, or vetoes items considered during the reconvened session

July 1

- New budget takes effect (start of Virginia's fiscal year)
- Agencies begin implementation

Communicating Budget Decisions

Superintendents are not only financial decision-makers—they are the chief communicators of the division's financial story. Strong budget communication should help stakeholders understand three things:

THE WHY: What student, workforce, operational, or strategic need are we addressing?

THE WHAT: What investment, reduction, or reallocation are we recommending?

THE IMPACT: What will this decision mean for students, employees, schools, and the community?

When difficult choices are necessary, communicate early and consistently. Explain the criteria used to make decisions, acknowledge tradeoffs, and connect recommendations back to established priorities.

Remember: People may not agree with every budget decision, but they should be able to understand how and why the decision was made.

Reflect & Act

As you prepare for the upcoming budget cycle, consider:

EXPLORE What part of your division's financial picture do you need to understand more deeply?

EXAMINE Where is there a potential disconnect between current spending and your division's priorities?

ENGAGE Who needs to be involved earlier in your budget conversations?

ACT What is one step you can take this month to strengthen your financial leadership?

Takeaway

A superintendent's financial leadership is not measured by knowing every number in the budget. It is demonstrated by asking the right questions, connecting resources to priorities, anticipating challenges, making thoughtful tradeoffs, and clearly communicating the story behind the numbers.

Year 2 Focus: Priorities and Communicating Difficult Budget Choices

By Year 2, the superintendent's financial leadership increasingly shifts from understanding the system to using resources strategically. The central question becomes: How do we ensure that limited resources are directed toward the strategies and investments most likely to advance our priorities and improve outcomes for students?

Resource Allocation Decisions

Every budget decision communicates a priority. Before adding, continuing, expanding, or reducing an expenditure, consider:

Strategic Alignment: Does this investment directly support a division priority?
Impact: What evidence suggests it is making a difference?
Reach: How many students or staff benefit?
Sustainability: Can we afford this commitment over time?
Opportunity Cost: If we fund this, what might we be unable to fund?

Program Evaluation

Programs often remain in budgets because they have historically been funded—not necessarily because their impact has been examined. Build a culture in which asking about effectiveness is expected. Consider:

- What problem was this program intended to solve?
- What outcomes did we expect?
- What evidence do we have that it is working?
- What is the total cost?
- Is there a more effective or efficient approach?
- Should we continue, modify, expand, consolidate, or discontinue it?

Leadership Shift: Move the conversation from "What can we cut?" to "What should we protect, strengthen, redesign, or reconsider?"

Budget Reductions

When reductions are necessary, across-the-board cuts may appear equitable but can unintentionally weaken the division's highest priorities.
A strategic approach begins by identifying what must be protected and then examining expenditures through a consistent decision-making framework.
Before recommending a reduction, ask:

Mission: How does this affect students and the core work of the division?
Evidence: What do we know about the effectiveness of this expenditure?
People: What are the implications for staffing, workload, and organizational capacity?
Equity: Which students, schools, or communities will be most affected?
Sustainability: Does this solve a recurring financial problem or simply delay it?
Implementation: What unintended consequences could result?

Aligning Spending to Outcomes

The strongest budgets create a visible connection between resources, strategies, and results. Instead of asking only: How much are we spending? Also ask:
What are we trying to accomplish with this investment, and how will we know whether it is working?

A useful leadership sequence is:
Priority → Strategy → Investment → Measure → Outcome

When those connections are clear, budget conversations become less about individual line items and more about the results the division is working to achieve.