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Two experts ask, ‘Who really controls the education budget?’

By: **Dr. Dana Godek and Theresa Cisneros** **July 31, 2026**

Most school board members are forced to play a form of Monopoly with the education budget. They collect revenue, balance expenditures, invest in buildings, negotiate contracts, and attempt to move their district toward long-term success.

Like a careful Monopoly player, they make strategic decisions based on the resources available and the rules of the game.

But what happens when someone else controls the bank? What happens when the rules change halfway through the game? And what happens when the bank reserves the right to take back properties that were already purchased?

Do you not pass “Go?” Do you pull a “Chance” card? These questions reflect the reality facing public school leaders across America.

School boards have always operated within a complex board game of state and federal requirements. Yet many district leaders are now confronting a new challenge: rising costs with lower enrollments and a proposed overhaul of federal grant regulations that could further limit local flexibility and increase uncertainty around federal funding.

The federal Office of Management and Budget’s proposed revisions to federal grant regulations represent one of the most significant changes to federal grant administration in more than a decade. If implemented, these changes could reshape the relationship between local school districts and the federal government while raising important questions about the future of local control and the rules of the game.

Illusion of local control

More than 90,000 elected school board members serve communities across the nation. Local control has long been one of the defining principles of American public education,

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In reality, school boards often have direct discretion over only a fraction of their overall budget. Experienced board members understand a difficult truth: local control is often more limited than it appears.

Most federal funds establish requirements governing how they may be used. State legislatures dictate accountability systems, graduation requirements, educator licensure standards, and reporting obligations.

And last, but not least, court decisions establish additional responsibilities related to student rights and educational access.

Many expenditures are already spoken for before budget discussions begin: transportation, utilities, insurance, special education services, employee benefits, debt obligations, and compliance requirements consume large portions of district resources.

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Federal funding is intended to supplement critical gaps, particularly for students with disabilities, English learners, children experiencing homelessness, and students from economically disadvantaged backgrounds.

So in this time of "dismantling," can boards continue exercising meaningful local decision-making when increasing portions of their budget are subject to evolving federal shifts?

Perfect storm for education budgets

The timing of the federal proposals could not be more consequential. School districts across the country are navigating what many finance officers describe as a fiscal perfect storm.

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Special education expenditures continue to increase. Teacher shortages and workforce challenges require districts to offer increasingly competitive compensation packages.

At the same time, the latest NAEP results signal that student needs remain elevated. Districts continue to invest in academic recovery efforts, mental health services, career and technical education programs, tutoring initiatives, and attendance improvement strategies.

School boards are being asked to do more with less while maintaining public confidence and improving student outcomes.

“It is important that superintendents and boards work together to identify their one to five priorities to help focus how resource allocation occurs,” says Andre Pecina, superintendent of Corcoran Joint Unified School District. “When there is not clarity around priorities, there tends to be a lack of trust, transparency, and students are the ones who are affected most. We cannot control what happens at the state or federal levels, but we have control around what happens at the local level, and how we make sense of how funding will affect each school, classroom, and student.

“The more we are clear about how we are investing at the local level, the more confident those we lead and support can feel,” he adds.

Federal funding has become a critical stabilizing force in many districts. Consequently, any change that introduces additional uncertainty into federal grant programs has significant implications for local governance.

What changes are proposed

The Office of Management and Budget proposal contains dozens of technical revisions organized into three broad themes:

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past, grants were generally terminated because of noncompliance, poor performance, or congressional fiscal action. Under the proposed framework, agencies could exercise substantially greater discretion when determining whether funding should continue.
2. Second, the regulations establish additional conditions governing how federal funds may be used and expand federal oversight of grant-funded activities; for example, an austere alignment to an agency's priorities. Several provisions focus on alignment with federal priorities and policy interpretations.
3. Third, the proposal introduces new administrative and reporting requirements for recipients and subrecipients. Enhanced documentation, justification requirements, compliance monitoring, and oversight responsibilities will increase administrative workload for organizations receiving federal funds.

Supporters argue these changes will strengthen accountability and improve stewardship of taxpayer dollars. Critics argue they could increase uncertainty, reduce predictability, and shift decision-making authority away from local communities and toward federal agencies.

Regardless of perspective, school boards should pay attention.

Strategy depends on predictability.

The practical implications extend far beyond compliance offices. Strategic planning depends on predictability.

School boards routinely approve multi-year investments designed to improve student outcomes. These initiatives may involve hiring specialized staff, purchasing instructional resources, expanding partnerships, or implementing new programs.

Such decisions become more difficult when future funding becomes less certain. Imagine a district launching a five-year literacy initiative supported by a federal grant.

District leaders hire reading specialists, train teachers, purchase evidence-based materials, and establish community partnerships. If funding conditions change unexpectedly or priorities shift, district leaders could be forced to make difficult decisions that disrupt implementation and undermine long-term results.

Districts may choose safer, smaller initiatives rather than transformative investments. Community partners may hesitate to enter long-term agreements. Smaller nonprofit organizations may decide that federal partnerships are no longer worth the risk.

Lessons

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uncertainty.

Everett Public Schools in Washington has built a national reputation for disciplined financial planning, maintaining reserves, and aligning expenditures to long-term strategic priorities.

Berkeley County School District in South Carolina has focused on diversifying funding sources while integrating strategic budgeting into district decision-making.

Washington County Schools in Tennessee has consistently emphasized disciplined resource allocation and rigorous prioritization of investments tied to student outcomes.

These districts differ in size, geography, and demographics, but they share several common characteristics. They engage in long-term forecasting. They regularly assess fiscal risks. They align spending decisions to measurable outcomes.

Most importantly, they avoid building critical services entirely around temporary funding sources.

Their success offers an important lesson: resilience matters as much as revenue.

Questions every school board should ask

As districts prepare for another academic year, school boards should consider these important questions:

1. Are we clear on our one to five priorities?
2. How dependent is our district on discretionary federal grants? What percentage of our budget do they represent?
3. Which positions or programs would be vulnerable if those grants changed or disappeared?
4. What percentage of our budget is truly discretionary?
5. Do we have contingency plans or a scenario to mitigate damage if major funding streams are interrupted?
6. Are we clearly measuring outcomes so we can defend and sustain our most important investments?

The answers may reveal strengths, vulnerabilities, and opportunities that deserve immediate attention.

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The challenge facing public education today is not merely finding additional dollars. It is understanding who controls the conditions attached to those dollars.

As financial pressures intensify and federal oversight continues to evolve, effective governance will require more than balanced budgets. It will require strategic foresight, disciplined planning, and a renewed commitment to preserving local decision-making wherever possible.

Because in public education, investing in Monopoly money is like having no real currency at all.