



# Developing Your District's Budget

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# Key Outcome

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School business officials will understand the budget development stages and be able to apply them in their work.

# Definition

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Budgeting is a **political process** of **estimating resources** and **allocating** those resources to **best** fulfill the mission, goals, and strategic plans of the District.

It is next year's educational plan stated in financial terms.

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# Five Phases of Budget Development


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1. Planning
2. Preparation
3. Development
4. Implementation (and Reporting)
5. Evaluation

# Planning Phase

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## Budgeting environment

- What are state laws?
  - What are municipal requirements, if applicable?
  - What are Board of Education policies?
  - Identify key administrative policies, which may not be written.
  - Identify, if any, district's key allocation formulas and processes.
  - Who are the key leaders?
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# Planning Phase, Part 2

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## Draft a budget development timeline

- Make sure it complies with legal deadlines (DEED is July 15)
- Keep in mind teacher recruiting occurs late winter to early spring
- Communicate timeline as appropriate for your organization


# Budget timeline (Juneau excerpts)

Key Dates	What
November 28 – 29	Board and Community Budget Preparation meetings
January 17	Combined School Site Councils
February 24	School Board Work Session
March 13	First Reading of Budget
March 27	Second Reading of Budget
<b>March 30</b>	<b>Budget due at City &amp; Borough of Juneau</b>
About April 4	Present Budget to Assembly
About April 25	Assembly Determines Local Funding
May	Assembly Approves Budget via Ordinance
June	Submit Op Fund Budget to Department of Education & Early Development

# Preparation Phase

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## Review:

- ✓ Strategic plan, goals, objectives, mission or vision statements
  - ✓ Evaluations of previous year budget processes (may be your own notes and memories)
  - ✓ Budget changes for current year and their reasons
  - ✓ Budget to actual – based on last financial statement audit
  - ✓ Revenue and expenditures trends
  - ✓ Student achievement results such as graduation rates, state testing
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Object AKDEED Number	Sum Of Actual16	Sum Of Budget17	Sum Of Revised17	Sum Of Actual17	Act 16 - Act 17	Orig Bud to Actual	Rev Bud to Actual
310	26,724,823	26,546,148	26,789,073	26,800,344		254,196	
320	11,797,026	12,131,235	12,437,259	12,333,778	536,752	202,543	-103,481
360	17,991,615	18,727,890	18,898,487	18,387,904	396,289	-339,986	-510,583
410	1,353,123	687,256	1,266,595	1,322,492		635,236	
420	55,795	56,656	88,656	184,090	128,295	127,434	
425	11,412	14,850	14,850	16,601			
430	596,905	355,805	417,805	418,058	-178,847		
435	1,092,477	1,501,500	1,501,500	1,258,439	165,962	-243,061	-243,061
440	553,471	601,420	601,420	524,421			
445	656,328	602,321	602,321	603,709			
450	1,896,743	1,794,834	2,079,462	1,918,232		123,398	-161,230
480	4,447	6,000	17,000	25,289			
490	225,804.00	275,037.00	260,037.00	274,715.00			
495	-257,332.00	-274,000.00	-274,000.00	-269,008.00			
510	95,544.00	61,350.00	61,350.00	41,668.00			
550	-76,700.00	0	175,282.00	175,282.00	251,982	175,282	
	<u>62,721,481</u>	<u>63,088,302</u>	<u>64,937,097</u>	<u>64,016,014</u>			

# Preparation Phase


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Identify:

- ✓ Critical issues that you think will be brought in up budget discussion
- ✓ Any grant funding cliff issues

# Some of Juneau's critical issues

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1. Balancing the budget with insufficient resources – we are estimating we will need about 5% reduction in expenditures next year.
  2. Reducing special education expenditures.
  3. Providing for technology resources needed for instruction.
  4. Providing curriculum materials needed for instruction.
  5. Maintaining professional development.
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# Preparation Phase

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In-house work behind the scenes:

- Set up or update as needed databases and spreadsheets
- Project enrollment (ADM) by school and grade
- Obtain special education intensive needs projection
- Estimate other revenues (except on-behalf revenues—calculate those later)
- Project personnel costs
  - Use averages for larger groups of employees (30 or more) adjusting for turnover, absences, vacancies
  - Discuss strategy with Superintendent (and HR if there is a department) if an employee group is bargaining for the following year
- Obtain budget requests from departments, schools
- Review and learn DEED's new chart of accounts – not much change, *effective July 1, 2018*

		K	1	2	3	4	5	6	7	8	9	10	11	12	Total	Pre-School	Total w/ PreSchool	Oct'16 Actual
<b>School</b>																		
Lineau-Douglas HS											167	147	119	138	571		571	571
Thunder Mountain HS											187	161	147	177	672		672	672
Maakoosge Daakahidi											0	10	34	44	88		88	88
Lloyd Dryden								184	168	129					481		481	481
Wazantiki Heeni								162	178	164					504		504	504
Duke Bay		53	44	65	57	72	68								359	7	366	366
Eastineau		48	48	39	36	50	48								269	14	283	283
Glacier Valley		55	50	61	46	67	66								345	10	355	355
Harborview		43	35	39	52	41	45								255	10	265	265
Wendenhall River		55	55	57	49	53	43								312	27	339	339
Overbend		55	46	55	52	54	42								304	10	314	314
Lineau Charter		11	11	11	9	10	10	10	14	8					94		94	94
Montessori		10	21	21	22	19	24	26	18	20					181		181	181
HomeBRIDGE		1	0	1	0	0	1	3	3	2	3	9	14	5	42		42	42
Johnson Youth Center									0	1	3	3	3	3	13		13	13
<b>Special Programs</b>																		
Gitgit Culture&Language		10	8	9	10	11	12								60		60	60
Lineau Youth Services Programs											3	8	9	5	25		25	25
<b>Totals</b>		341	318	358	333	377	359	385	381	324	363	338	326	372	4,575	78	4,653	4,653
<b>Oct 2016 Actual Counts</b>		307	357	334	377	358	377	381	324	363	342	345	378	358	4,601	78	4,679	4,679
<b>Decrease</b>															-26		-26	-26

# Preparation Phase

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Compile preliminary budget

Use the format is that easiest for your Board

- Hint: You may want to cross reference into fund, function, object code, if not already there

For small districts it may be DEED's budget spreadsheet

Include (or add) all funds

- Minimum: Food service, Student transportation
- Recommended: Any fund with people in it
- Board may want all grant funds—especially Title VI-B, ESSA
- May be required to submit a complete budget to municipality

Continue to analyze critical issues

Maintain a list of budget increases (increments) and budget decreases (decrements) from prior year budget—I have learned this lesson from the school of hard knocks

# Example of list of budget changes

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<b>Descripton</b>	<b>Budget</b>
Reduce utility estimate	\$ 46,000
Assume CBJ will fund middle school activities	85,602
Reduction to technology refresh	149,480
Adjust curriculum materials for consumables & science materials	74,620
Adjust On-Behalf	277,100
<i>Total Decreases</i>	<u>\$ 632,802</u>

# Ways to Project Costs

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Established or contractual costs – known – look them up – example lease payments


Trend analysis—example electrical costs

Calculated (with lookup), based on information such a negotiated agreement

Calculated, frequently based another cost—example TRS' based on salaries

Best estimate—sometimes it is a best estimate of a volatile cost anywhere from 4 months to 20 months in the future—example price per gallon of fuel oil

Allocated costs—determined by a decision maker—allows school or department to spend up to that level—example a supply budget with many small purchases





# Some comments

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Take a look at maintenance of effort; requires work with special education folks

If there is a charter school(s): allocate their funds based on state law—basically what they generate less 4%, there may be negotiated costs their budget may have to cover

- Keep them out of student transportation fund, if at all possible, but provide transportation services

Don't worry about the small stuff—frequently you are dealing with much larger uncertainties

Just before finalizing budget, estimate the on-behalf payments for PERS and TRS

I look up and use the ARM Board rates—hard to find sometimes on R&B website

Could use a process of matching employer rates—may be more difficult

I summarize all PERS and TRS wages by function and apply rates

# Development Phase – Public Phase

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Preliminary budget – typically presented by administration

- Not always balanced at this time – balanced means to have resources to pay for expenditures
- Frequently this is publicly debated
  - Could be a series of workshops
  - If major cuts, public needs a place to vent their frustration: they want the Board to hear them
  - Requires great communication skills by school business official, superintendent, and Board

Alternatively – some districts refer this to a budget committee

Juneau now uses a modified zero based budget system

Sets spending priorities and later adjusts to estimated revenues

Spending priorities are set by Board



# Development Phase

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## Submit a proposed budget to Board of Education

- Provide an accompanying narrative explaining critical budget issues
- Juneau's rules require two public hearings—check your own rules
- Must be balanced – that is, must have identified resources (revenues, transfers, fund balances)
- Use a format that makes sense to the Board: detailed line item may confuse the Board
- Recommend it be comprehensive—that is, include all funds
- Work with Board members if they wish to revise proposed budget

## Once approved by Board, at least in my thinking, it becomes the Approved Budget

- But not necessarily the final approved budget

# Development Phase

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In many municipal school districts, there is a complicated process to have the Assembly approve and appropriate the budget

- Part of budget team to Assembly
- Budget team should be lead by Board president

# Development Phase Issues

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State Legislature?

# Implementation Phase

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## Communicate budget to administrators and key administrative support staff

- Includes human resources department: one product should be a detailed list of positions by school, department, job title (I don't particularly need to know how many 1<sup>st</sup> grade teachers, but total number teachers for that school by function)
- Especially communicate decrements

Load budget into financial management system

Prepare a budget document for public, administration, Board, staff

Send completed budget document to ASBO for MBA

Remember to submit the Operating Fund budget to DEED by July 15

Pretty easy Excel sheet

DEED has a actual to budget spreadsheet for every district—they look at that data

DEED looks at MOE

# Evaluation phase

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Keep notes of budget process—evaluate process—what worked, what did not work

Keep notes of budget revisions—evaluate them for future budget planning

Compare (revised) budget to actual at year end—analyze significant budget to actual variances

Review new programs implemented (may be rough the first year because of only partial implementation)—have they achieved the desired results or not; if not, why not; should schedule evaluations before budget decisions

# Final Comments

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Be professional in your approach

- Don't become emotionally involved in your work
- Stewardship of district resources
- Know your limitations—we may not know if plan A or plan B is best educational practices

Have fun!





# Web Site – Juneau School District

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For FY 2018 Budget documents:

- FY 2018 Complete Budget
- FY 2018 Budget submitted to Board of Education
- JSD question and response document (Nov 29, 2017)

Juneau website: [Juneauschools.org](http://Juneauschools.org)

- Click on budget information
- For FY 2018 documents click on the FY 2018 folder