

Developing Your District's Budget

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Let's Introduce One Another

Key Outcome

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

Exercise

What is budgeting? Write your definition down. Then we will discuss.

Definition

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.

Five Phases of Budget Development

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

Planning Phase

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?

State laws you must know

- Foundation Program AS.14.17
- Relationship to Municipality—when budget is due: AS.14.14.060(c)
- When budget due at DEED 4 AAC 09.110

Exercise

In teams of three discuss your budgeting environment. (10 minutes)

- What does your Board expect?
 - a) Budgeting process
 - b) Budget materials
 - c) Timelines
- What does your teachers' bargaining unit expect?
- If a municipality, what does your municipal government body expect?
- Did you budget enough for teacher salaries and benefits in FY 2018? FY 2019? Too much?
- Do you think you budgeted enough for utilities and energy costs for the current year?
- Cut to the chase—how much is budgeted for student activities?

Planning Phase, Part 2

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
- Recommend both a public timeline and a more detailed timeline for your own use

Budget timeline

Anchorage School District Due Dates

November 19th	Preliminary FY19 Projections
December 3rd	Pro Forma Budget Guidance Memo - 1st Reading
December 17th	Pro Forma Budget Guidance Memo - 2nd Reading
February 4th	School Board Budget Work Session
February 4th	School Board 1st Reading of the Budget
February 19th	School Board 2nd Reading of the Budget
March 4th	Due to Municipality of Anchorage
March 5th	Assembly 1st Reading of the Budget
March 19th	Assembly 2nd Reading of the Budget
July 15th	Budget due to DEED

Budget development process for the 2018-19 school year

SEP. 2017

OCT.

NOV.

DEC.

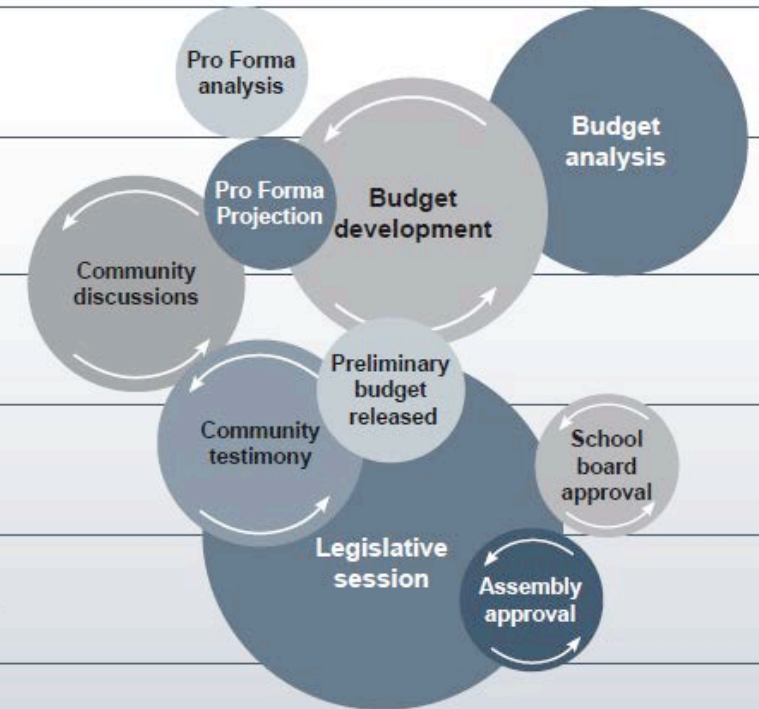
JAN.


FEB.

MAR.

APR.

MAY 2018



 = Community feedback

Preparation Phase

Review:

- ✓ Strategic plan, goals, objectives, mission or vision statements
 - ✓ Superintendent, upper management should review and make recommendations
- ✓ Student achievement results such as graduation rates, state testing
 - ✓ Upper level curriculum and instruction should study, and make recommendations
 - ✓ Again, this review should be done by instructional leadership

Preparation Phase

- ✓ Evaluations of previous year budget processes (may be your own notes and memories)
- ✓ Budget changes for current year and their reasons
 - ✓ Look at increases for commitment to upcoming year; look at decreases in case they return
- ✓ Unfunded prior year budget requests—they may come up again
- ✓ Budget to actual – based on last financial statement audit
- ✓ Revenue and expenditures trends

Object Code	3500
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Description	HEAT FOR BUILDINGS
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Year	July	August	September	October	November	December	January	February	March	April	May	June	Total
2008	990	195,204	179,392	219,181	466,456	448,619	608,570	677,349	535,818	561,452	291,478	704,105	4,888,615
2009	(179,496)	-	-	108	-	154,630	2,075,605	887,987	795,607	660,761	458	1,236,395	5,632,056
2010	-	79	406,954	294,335	467,145	590,047	546,145	662,387	651,645	74,716	885,056	613,413	5,191,923
2011	(41,040)	191,787	220,921	224,996	376,087	313,868	627,368	852,123	592,020	627,899	396,179	636,833	5,019,041
2012	(53,438)	230,475	202,757	225,292	330,011	425,636	577,068	716,003	610,107	665,844	489,201	580,090	4,999,047
2013	-	186,876	186,913	225,673	351,481	592,353	434,045	25,077	1,413,130	841	908,445	689,076	5,013,910
2014	-	123,409	3,775	293,114	305,614	405,059	500,196	737,425	570,214	607,699	264,330	447,073	4,257,908
2015	-	187,204	180,708	261,663	333,984	424,990	565,261	556,195	693,721	527,104	554,495	577,317	4,862,643
2016	-	222,096	131,154	237,022	328,811	386,994	570,473	516,991	439,509	445,178	377,310	489,222	4,144,760
2017	14,013	160,606	138,721	251,664	(4,902)	799,374	630,848	650,862	569,266	594,257	516,785	546,705	4,868,198
2018	93	204,177	160,319	311,535	346,162	483,379	621,511	629,509	611,681	588,258	506,642	487,781	4,951,046
2019	86	170,065	197,777	5,466	-	-	-	-	-	-	-	-	373,394
Forecast	(43,842)	98,939	200,202	194,542	205,285	496,627	958,636	688,694	631,634	441,793	485,656	740,106	5,098,272

Budget Information

Year	Working Budget	Revised Budget	Original Budget	Original + PY Enc.
2008	4,889,030	4,889,030	6,898,100	6,898,100
2009	5,862,099	5,862,099	6,257,200	6,257,200
2010	5,989,010	5,989,010	6,664,800	6,664,800
2011	5,075,927	5,075,927	5,503,200	5,503,200
2012	4,965,224	4,965,224	5,130,613	5,130,613
2013	4,848,955	4,848,955	4,850,589	4,850,589
2014	4,372,776	4,372,776	5,662,600	5,662,600
2015	4,875,771	4,875,771	6,482,800	6,482,800
2016	5,576,529	5,576,529	5,737,100	5,737,100
2017	5,964,975	5,964,975	5,965,400	5,965,400
2018	4,989,352	4,987,104	5,146,900	5,149,148
2019	5,906,733	5,906,400	5,906,400	5,906,733
Forecast	5,906,733	5,906,400	5,906,400	5,906,733

RR Budget Adjustments
(2,009,070)
(395,101)
(675,790)
(427,273)
(165,389)
(1,634)
(1,289,824)
(1,607,029)
(160,571)
(425)
(159,796)
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Select Percentages	September	Exp to WB	Total	Exp to Orig	Total
	MTD Total Expend	Month to date	Expenditure to WB	+ PY Enc MTD	EXP to Orig + PY Enc
2008	375,586	8%	100%	5%	71%
2009	(179,496)	-3%	96%	-3%	90%
2010	407,033	7%	87%	6%	78%
2011	371,667	7%	99%	7%	91%
2012	379,794	8%	101%	7%	97%
2013	373,789	8%	103%	8%	103%
2014	127,184	3%	97%	2%	75%
2015	367,912	8%	100%	6%	75%
2016	353,250	6%	74%	6%	72%
2017	313,340	5%	82%	5%	82%
2018	364,588	7%	99%	7%	96%
2019	367,928	6%	6%	6%	6%
Forecast	255,298	4%	86%	4%	86%

**ANCHORAGE SCHOOL DISTRICT
2018-2019 ADOPTED BUDGET
GENERAL FUND**

**GENERAL FUND TOTAL
STATE OBJECT SUMMARY**

	ACTUAL	ACTUAL	ACTUAL	ADOPTED	ADOPTED	FY18 ADOPTED VS FY19 ADOPTED	
	2015 EXPENDITURES	2016 EXPENDITURES	2017 EXPENDITURES	2018 BUDGET	2019 BUDGET	\$	%
PERSONNEL EXPENDITURES							
310 - CERTIFICATED SALARIES	\$ 246,600,695	\$ 253,880,053	\$ 253,296,001	\$ 248,724,329	\$ 242,208,188	\$ (6,516,141)	-2.6%
320 - NON-CERTIFICATED SALARIES	78,400,519	81,181,564	83,387,115	85,182,878	85,311,652	128,774	0.2%
360 - EMPLOYEE BENEFITS	163,859,462	161,238,928	161,234,047	167,371,162	166,961,212	(409,950)	-0.2%
TOTAL PERSONNEL EXPENDITURES	488,860,676	496,300,545	497,917,163	501,278,369	494,481,052	(6,797,317)	-1.4%
NON-PERSONNEL EXPENDITURES							
410 - PROFESSIONAL AND TECHNICAL	\$ 9,230,053	\$ 11,968,866	\$ 12,993,563	\$ 10,982,743	\$ 12,765,603	\$ 1,782,860	16.2%
420 - STAFF TRAVEL	559,760	523,368	616,290	790,716	784,546	(6,170)	-0.8%
425 - STUDENT TRAVEL	1,079,818	1,314,087	1,248,610	1,362,100	1,374,885	12,785	0.9%
430 - UTILITY SERVICES	3,418,345	3,555,040	4,056,409	4,239,558	4,372,835	133,277	3.1%
435 - ENERGY	14,368,207	13,967,937	15,360,969	17,114,300	17,862,200	747,900	4.4%
440 - OTHER PURCHASED SERVICES	13,244,297	10,792,845	11,897,110	12,090,975	12,222,695	131,720	1.1%
445 - INSURANCE AND BOND PREMIUMS	2,133,491	1,772,632	1,977,982	2,170,352	2,467,345	296,993	13.7%
450 - SUPPLIES, MATERIALS, AND MEDIA	13,997,323	14,979,317	20,097,488	12,162,203	13,682,171	1,519,968	12.5%
480 - TUITION AND STIPENDS	-	-	-	-	-	-	0.0%
490 - OTHER EXPENSES	924,606	472,196	382,830	2,040,595	5,470,700	3,430,105	168.1%
495 - INDIRECT COSTS	(2,438,473)	(2,015,713)	(2,290,381)	(2,275,000)	(2,275,000)	-	0.0%
500 - CAPITAL OUTLAY	-	-	-	-	-	-	0.0%
510 - EQUIPMENT	656,965	190,839	332,924	80,000	180,000	100,000	125.0%
540 - CAPITAL OUTLAY OTHER EXPENSES	1,333,225	1,339,229	1,355,705	1,533,634	1,611,232	77,598	5.1%
TOTAL NON-PERSONNEL EXPENDITURES	58,507,617	58,860,643	68,029,499	62,292,176	70,519,212	8,227,036	13.2%
TOTAL EXPENDITURES	\$ 547,368,293	\$ 555,161,188	\$ 565,946,662	\$ 563,570,545	\$ 565,000,264	\$ 1,429,719	0.3%

Preparation Phase

Identify:

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

Speak with:

- ✓ Key leaders in other departments such as curriculum—what may be in the works?

Exercise

In different teams of three discuss what you expect to be your **critical** issues for this upcoming year. (10 minutes) We will share them with the whole group.

Some critical issues

- Intent here is to add them from group discussion

Preparation Phase

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)
- ✓ Review and learn DEED's new chart of accounts – not much change, *effective July 1, 2018*

Preparation Phase

In-house work behind the scenes:

- ✓ 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

Projecting Enrollment

- Project enrollment by grade by school
- Various methods to project enrollment
 - Cohort
 - Cohort with assumption for drop outs
 - Consultant for more advanced methods
- Project enrollment for four or more years into the future
- Enrollment becomes the basis for:
 - Projecting average daily membership
 - Funding
 - Staff and other allocations to schools and programs

Projecting Revenues

Methods of estimating revenues:

- Calculated
- Trend analysis
- Marketing plan
- Current year budget
- Consulting lobbyist, legislators for state funding issues
 - Base student allocation, legislative opportunity grants, student transportation

What is difficulty in estimating too low? Estimating too high?

Ways to Project Costs

- Established or contractual costs – known – look them up – example lease payments
- Trend analysis—example electrical costs
- Calculated (with lookup), based on information such as a negotiated agreement
- Calculated, frequently based another cost—example TRS' based on salaries

Ways to Project Costs

- 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

Allocating costs to schools -- issues

- Allocating classroom teachers
- Allocating special education teachers and classified staff
- Allocating other teachers (counselors, librarians, etc.)
- Other staff allocations
- Allocating supply budget
- Comparability between Title I and non-Title I schools

Projecting health insurance costs

- Are health insurance contributions in the collective bargaining agreements?
- Is the district self-insured?

Projecting workers' comp costs

- Estimate premiums based on prior experience
- Self insured
 - Use trend data, coupled with anticipated claims

Student transportation costs (district operated)

- Staff costs
 - Estimate possible minimum wage increases to be enacted mid-year for bus drivers
- Fuel costs
- Maintenance costs
- Setting aside money to replace fleet

Preparation Phase

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

Preparation Phase

- 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

Some comments

- Take a look at maintenance of effort; requires work with special education folks
- Determine which schools will be Title 1 schools; allocate funds accordingly
- 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

Some more comments

- 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

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

Development Phase – Public Phase (continued)

- 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 –Ways to Balance Budget

1. Superintendent (and team) making decision, hopefully in light of District goals, strategies, mission to promote student achievement
2. Board level decision making, frequently done in light of political winds
3. Guided approach to district administration selected options
4. Zero based budgeting
5. Program based budgeting
6. Darts at the local pub

Exercise

In different teams of three discuss:

- a) How does your district currently balance the budget?
- b) How do you recommend your district balance the budget? Why?

We will share them with the whole group.

Development Phase

- In municipal school districts, there is a process to have the Assembly approve and appropriate the budget
 - Part of budget team presents budget to Assembly
 - Budget team should be lead by Board president

Development Phase Issues

- State Legislature? How much will the State fund?
 - K – 12 Education
 - Student Transportation
 - Debt reimbursement
 - Pre-kindergarten education
- Governor Dunleavy
- Local funding
 - In many places this is requested and then adjusted downward
- Impact aid

Implementation Phase

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 1st 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

Implementation Phase (continued)

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

- 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 (financial auditors may require this work)
- 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

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

For FY 2019 Budget documents:

- FY 2019 Complete Budget
- FY 2019 Budget submitted to Board of Education
- JSD question and response document (Nov 29, 2017)

● Juneau website: Juneauschools.org

- Click on budget information
- For FY 2019 documents click on the FY 2019 folder

Web Site – Anchorage School District

- ASDK12.org
- FY 2019 Budget information
 - [2018-19 Budget Gap](#)
 - [2018-19 Adopted Budget](#)
 - [Current and historical Budgets, CAFRs and Audits](#)