Remember
What are the three most important things to remember about budget development?

Details, Details, Details

You must know the details, not just your business administrator.

Vision
If you create and communicate the vision of your school, your vision will shape the budget and ultimately, the programs.

This can be communicated through a mission statement, goals, and quality objectives.

Keep CTE programs and critical resources on the JOC agenda (informal and formal)
Budget Philosophy

- Beliefs
- Helps you decide; “How to Decide”
- Your framework for decision making

Never violate your beliefs: “Students are the #1 Priority”, “Resource your CTE programs FIRST”, “Accept only one standard – the highest”

Budget Philosophy

- Historical? Zero Based? MBO?
  Reality: It’s eclectic!

- 80% or more is fixed. (77% salaries/benefits)
- 20% for program priorities. (cuts kill programs)
- How much can you sell?
  Act 1 SAW: 08/09 = 4.4%; 09/10 = 4.1%; 10/11 = 2.9%; 2011/12 = 1 to 1.5%?? (1.4)

Budget Basics

- Revenue – CTC vs. school district
  CTC = Perkins 5%, PDE = 10%, Local = 85%
  school district = IDEA, Title I, PDE, Taxes, etc.
- Expenditures - resource priorities (more later)
- Policy - JOC/board policies control many aspects of budgeting, expenditures, internal and budgetary controls, etc.
Budget Calendar
- Begins July 1...Ends June 30 ??
- Long process – (nearly two years)
- Most of the year, you are dealing with two budgets; at times 3 budgets
  - Current operating budget
  - Development of next year’s budget
  - Close-out and audit of previous year
- Act 1 changes the planning schedule

Six phases of budgeting
Planning phase
- Evaluate current budget effectiveness
- Mission, goals, objectives, performance measures
- Did we fund what needed to be accomplished?
- Input from LAC, PAC, key stakeholders
- Gather information on needs during the entire year

Six phases of budgeting
Preparation phase (details, details, details)
- Assess and prioritize needs (equipment, staff, conferences, facility, etc.)
- Formalize process with worksheets
- Give direction to subordinates
- Fund your programs first!!
- Estimate revenues conservatively and do the opposite with expenditures
- Use last year’s budget as a guide
- Know what the market will bear
Six phases of budgeting

**Review phase** (Do a critical review of the first draft - Are your priorities funded?)
- What must be cut or reduced?
- Prepare Staffing Comparisons
- Important step - fine tune for the final draft
- Use JOC and/or Superintendents committee
  - develops buy-in
  - support is gained
  - builds trust for future budgets
- Hold your subordinates accountable for budgeting priorities. **Don’t let them reverse delegate.**

**Adoption/Approval phase** (Get committee approval from superintendents + JOC)
- Do a power point for first reading (Use graphics)
- Use notes on budget pages to explain variances
- Answer questions before they ask!
  - Make sure Superintendents understand budget proposal
  - Make sure JOC understands budget proposal
- After JOC recommends approval, send copies to districts
  - Use cover letter with explanations of increases & priorities
  - Request support
- Make sending district board presentations, if necessary
  - Personalize the presentation (Costs, enrollment, savings, trends)
- Report final sending district count to JOC
  - Articles of agreement determine the final number needed for approval

**Implementation and Control Phases**

(Management phase)
- Various strategies - allocation and authorization
- Provide daily desktop access to reports
- Use monthly budget status reports
- Reconcile budgets monthly
- Have Business Administrator track expenditures and balances - Find money!
- Develop internal controls in accounting & purchasing
- Need accurate budget/balance projections: Jan-April
- Avoid 11th hour spending and don’t over spend!
Six phases of budgeting

**Evaluation phase** (External audit)
- Local, State, Federal Audits – Formal!
- Report to JOC/board – special meeting?
- JOC/board motion to accept report
- Share findings with PAC, stakeholders

  This is an evaluation of your leadership and competence

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**Finding $ in your Budget**
- Cuts vs. Savings; one time vs. cushion
- Energy, cafeteria, transportation, services, support services
- Contracts, staffing – full vs. part-time, benefits
- Internal controls and policies
- Adult education – “night class”

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**Finding $ outside your Budget**
- Student-run enterprises
- Adult Ed. Customized Industry Training (find your niche or what you do best)
- Technical Institute status
- Grant funding, state, federal, local, WIB
- Congressionally Directed Grants
- Facility rental
- Operational and Instructional efficiencies
“Cuts that Kill”
Cuts in any one or more of the following will “kill your program”:
- Staff and/or Curriculum development
- Equipment
- Instructional supplies
- Technology
- Courseware

Budget tips
- April/June - Use unexpended funds for next year’s equipment
- Take advantage of honeymoon!
- Don’t be a hero!
- Understand individual school district issues.
- Don’t make the rookie mistake!
- Go after grants!
- Use proprietary accounts (Be Entrepreneurial)
- Know the rules (Articles of Agreement)

More budget tips
- Don’t give too much detail in the budget document
- Don’t show pictures of people – show programs with students
- Use committees and retreats for superintendents, JOC
Know the difference between “cost per student and program costs”
More budget tips
- Set goals not limits.
- Use 2 year equipment plan, not 5; WHY?
- Cut staff before program resources
- Use adult/industry training revenue to enhance secondary programs.
- Use multi-year averaging - ADMs
- Find Bus. Adm. cushions
  Take charge - Be in charge!

Reserve accounts
- Budgetary Reserve
- Capital Reserve
- Fund Balance
- Enterprise or Activity accounts
- Adult Ed, Industry Training
- Technical Institutes – separate budget

Reserve Accounts may be the (short-term) way to fund your programs under Act 1?

Budget Management
- Budgetary controls (daily and monthly reports, transfers) attention to detail.
- Internal controls (find waste and abuse)
  Look at supply accounts, live work policies and practice, energy management, maintenance supplies and accounts, purchasing and inventory control, time management
You are the Director!!!!!!

Your personality, expertise, and self-confidence will shape the approval process.

You are the expert in CTE. Don’t ask for direction--create the vision.

Closing comment

Budget development and management is a process. You must formalize it and internalize it.
There are NO short cuts in “compliance” – only citations!

DETAILS, DETAILS, DETAILS

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