

**PACTA New Director Academy**  
**PA Inspired Leadership Program**

**Budget Preparation and Management**

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**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.**

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**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)

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### 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"

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### 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)

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### 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.

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### **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

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### **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

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### **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

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## 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.**

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## Six phases of budgeting

### Adoption/Approval phase (Get committee approval (VOTE) 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

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## Six phases of budgeting

### 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 11<sup>th</sup> hour spending and don't over spend!

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### **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

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### **“Cuts that Kill”**

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Cuts in any one or more of the following will “kill your program”:

- Staff and/or Curriculum development
- Equipment
- Instructional supplies
- Technology
- Courseware

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### **Budget tips**

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- 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)

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### **More budget tips**

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- 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”

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### 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!

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### Reserve accounts

- Budgetary Reserve
  - Capital Reserve
  - Fund Balance
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- 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?

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### 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

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**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.

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**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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