

# Budget Control Strategies

1. Create Strategic Plan
2. Link the budget to the Action Plan
3. Evaluate programs
4. Analyze assessment data
5. Connect programs to budget
6. Student/Teacher ratio
7. Monitor/compare cost per pupil to region
8. Evaluate benefits/challenges of collaboration with others
9. Enrollment Projections
10. Governance remedies
11. Link negotiation strategies to strategic plan

# Comparing Private Sector and Public School Budgeting

One of the most commonly asked questions by the public regarding school system operations is “*Why can't school districts operate like private industry?*”

- School districts operate in a fishbowl environment. Private industry does not. School districts must comply with sunshine meeting laws to conduct most of their business and are required to invite public comment on most of their operations. While public companies may have annual stockholders meetings, their purpose is to evaluate performance, not direct it.
- Public school districts are nonprofit organizations. Private industry is a profit and loss operation.
- Since school districts are nonprofit educational institutions, there are no “tax” savings of which to take advantage.
- School systems rely heavily on real estate taxes and other subsidies for financial support. Public support through taxation is always difficult and controversial.
- Public schools are required to educate all students regardless of capabilities.
- Unfunded mandates have played havoc with school district finances.
- School boards are accountable to voters. The private sector is quite different, in that decisions are made by a small group of people, interested in a profit motive.
- Risk and competition are viewed much differently in the public and private sectors.
- Equitable funding of education operations is an example of the uniqueness of public school operations that is not paralleled in private industry, but because of the nature of school systems, may have a revolutionary impact on education.

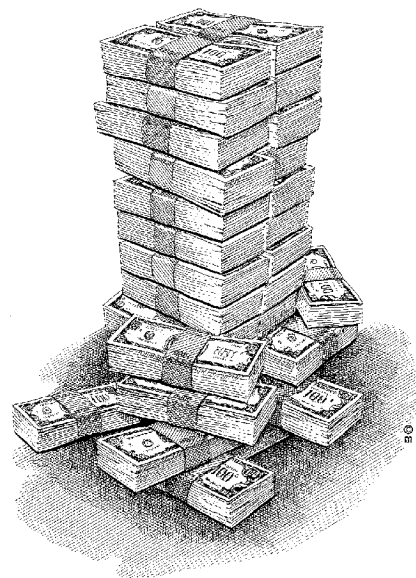


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# Keeping an Eye on the Budget

Once the school budget has been adopted, the board takes on an oversight responsibility, monitoring expenditures to ensure that the money is used for the goals the board has specified and is within the spirit and intent of the authorizations. In Vermont, school boards are authorized to determine how budgeted funds will be spent once the electorate has approved a budget. Proper monitoring requires:

- Reviewing financial reports regularly; preferably monthly. Most boards want to know four things: How much did we budget? How much have we spent? How much is left? And, if the answer to the last two questions is unexpected, what happened? To answer these questions, the administration should provide a revenue report, appropriations report, and cash report; a report of expenditures; and a report on net worth.



- Understanding the district's ongoing financial status. Studying the regular financial status reports from month-to-month should answer the question. This information, along with spending rates and spending projections, reduces the possibility of slashing programs later in the year. Proper monitoring prevents actions that may have an adverse effect on educational programs.
- Being wary of budget fund transfers. Moving money from one budget fund to another is a potential troublemaker but a common request.

Budget transfers are best dealt with through policies that spell out the board's intent on transfers from fixed charges (heat, light, insurance, and so on) to other budget items, and its intent on transfers to and from non-fixed charges (textbooks, supplies, and equipment). The board should decide how it wants to act on budget transfers and how often monthly, quarterly, or semiannually.

- Being alert to the year-end condition of the budget. Even if your budget is in good shape at the end of the fiscal year, be on the lookout for a rise in the number of budget transfer requests, a shortfall in the budget line for contingencies, and shortages in some major funds and surpluses in others. Don't fall into the error of saying, "Well, it's the end of the year. It doesn't much matter what we do." What the board does to the budget this year will affect *next year's* budget.

*Source: Becoming A Better Board Member  
National School Boards Association*