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Budgeting Bad Words

Greg Gerard, Principal
Georgia-Cumberland Academy

For those of us who work in schools, from time to time we have to deal with bad language on the part of students. Sometimes words are used that should not be used. These are words that are hurtful.

When an academy administrator or board member approaches the budgeting process, there are also bad words that should not be used or tolerated. Here are some of the bad words:

1. **Optimism.** An optimistic approach to enrollment, income or collections is a dangerous trap. It results in optimistic budgeting, which provides no margin. When something doesn't work the way we hoped, our options are very limited and that can result in the next bad word.
2. **Loss.** In Adventist education we tend to be far too tolerant of a financial loss for a fiscal year. We trick ourselves into thinking it isn't real money. Repeated financial loss must result in a loss of employment for someone, and the cutting should probably start near the cause of the bad budgeting – especially when the losses are repeated year after year.
3. **Wait.** The budgeting process should start early. The parameters (enrollment projection, cost of living increase, tuition and fee increase) should be established by early winter so the budgeting process has time to be considered by the board and all involved.
4. **Freeze.** Unless you're talking about ice cream or fruit, freezing is not good. We freeze food to delay spoilage – we freeze tuition or salaries to delay making difficult decisions. The real cost of operating a school increases each year. When we freeze tuition or fees we are actually making cuts in our operation. Usually, when we freeze income, or freeze salaries, we decide to spread the pain to everyone. This assumes everything is of equal importance and equal efficiency – which is never true.

We should not tolerate people using bad language. When we hear these words during the budgeting process, perhaps we should speak up and let people know that this type of talk is hurtful to people. ☸

Budgeting is a Spiritual Act

Dr. Esther Kerr, Principal
Forest City Adventist School, Orlando

Preparing a budget for a school can be a daunting task for most new principals. I suggest the following aspects in the budgeting process for your consideration.

The School's Population. Unless the school's population and student needs are known, it is impossible to project what is needed for the school. Your budget should have allocations for needy families at Christmas and Valentine's Day. If the school does not show our children that we love and care for them, the wrong people will. If parents do not know how to care or are unable to do so, it is our responsibility to educate them, to love and nurture these young ones because our school is a ministry.

Supporting Churches. Constituent churches will give a clear view who the stakeholders are and what the support of the church will be like. Anyone who is blessed to operate a school with a supporting church, no matter how small, has a growing school.

Community Involvement. Assessing the community for determining outside assistance helps with financing the school. Some schools solicit large department stores to donate large or small gifts. These tax exempt items or help might not be financial per say is worth more than actual finances. For example when a company or a parent donates time to paint the school or clean the carpet that can easily be a \$2000, or \$3000 savings that can reduce Capital Improvement. Computer donations also assist in cutting cost for classrooms in equipment purchases.

Staff Morale. School morale is very important to take this aspect of the school into consideration when preparing a budget because if the staff morale is high the principal will have 80% of the daily issues resolved. Allocations should be made for staff birthdays, Christmas gift, Valentine's Day Celebration or whatever the need maybe as they arise. Someone might say, "This is impossible"! This is where continuous fundraisers come into place so that the needed funds can be made available. Teachers can get very creative when they know the school is willing to invest in them. Happy Staff, Happy School!

Tithing. Tithing does not only mean a 10 percent

return but also investing in our children. There are many faithful parents who do not qualify for a scholarship but have a desire for their children to be educated in our school. These children should not be turned away. This is the essence of true tithing. Not only does our school take students who are unable to contribute financially, the school has seen a tremendous growth in numbers and finances. Three years ago the school year began with 74 students at the end of the

Budgeting is Collaborative

George Carrazana, Financial Comptroller for School Finances, Florida Conference

Budgeting is a complex process led by both the principal and the business manager or treasurer. This collaboration of leaders makes sure that important steps are followed. The process begins with our mission for student learning and how we facilitate student growth in academic, spiritual and physical wholeness. Since student learning is paramount, teachers are asked what they need to improve their effectiveness.

Enrollment is the main source of income in the school's budget. Projecting enrollment starts with the estimated number of returning students and feeders from other local schools or from their own pre-K program. The trends from prior school years will be essential in projecting the enrollment for your projected budget. A conservative model in budgeting uses 95% of the current enrollment.

The financial resources of a school directly influence the quality of its educational program. The school must possess or be able to obtain adequate financial resources to support its core programs and further its mission. Developing a budget should show important trends and risks that have shaped the school in the past or are likely to do so in the future. Communicating a clear budget enables users of the financial statements to see the organization through the eyes of those responsible for day-to-day operations and provides a context for the financial statements.

One of the most important responsibilities of the school business officer is to effectively communicate financial information to the school's constituency. He or she must interpret complex financial information for the school administrators and constituents. The increase in school volunteer treasurers has diminished the

year we ended with 96. The school board made a decision to pay our faithful tithe and offering and wrote a check of \$9600.00 to our supporting church of which 50% was offering. At the end of the second year we wrote another check for \$20,000.00 of which again 50% was offering. We are currently at 149 students strong, still tithing in some students and the LORD continues to bless. One thing we have learned in the process, we cannot "out-give" God!

quality of the financial reporting because of the lack of effective training. In smaller schools, the school business officer may be a volunteer from the local church or someone who also serves as principal. Though dedicated, these workers often possess more will than skills. In such case, the governing board must be proactive in making sure that the business officer takes advantage of professional development opportunities. The training should extend beyond accounting techniques to effective communication of financial matters.

Volunteers are individuals with a willingness disposition to not just put in practice what they have done in their life but also to undertake new challenges. I have discovered that many times these volunteers have little or no knowledge in finance or even on how to balance a checkbook. At such time, the work of the school finance becomes careless and the volunteer loses its energy and disposition. This is no fault of the volunteer but of the school that desperately engaged with the first person that was willing to accept such responsibility. Dealing with volunteers requires both leadership and management. First, the school must be convinced that volunteers are needed; then the required skills must be identified. Next comes the work of organization. Assignments must fit the schedules of both the school and the volunteer. Some people will participate only in the yearly assignment or will perform specific tasks. For others, volunteering is a continuous commitment. Getting the maximum effort from a volunteer means ensuring that their assignments are carefully planned and organized. Moving forward, every school should have a planned process in place for every volunteer hired as they do for teachers and administrators.

Budgeting

Leadership, NAD Principals' Handbook (excerpt)

The principal is to provide leadership in the budget process and must work collaboratively with other school financial personnel. The budget should reflect the mission of the school and provide adequate support for student learning. Operating and capital budgets are to be developed by administration and approved by the school board each year as well as the constituency (when stipulated by the school constitution).

A recommended budgeting process usually includes the following:

- Comparison to previous annual budget
- Income
 - Tuition/Fees
 - Subsidies
 - Donations
 - Investments
- Expenses
 - Payroll
 - Departmental expenses
 - Equipment
 - Plant/maintenance
 - Utilities
 - Depreciation

Projecting the Enrollment for Next Year

The principal should be conservative on enrollment estimates. There are a variety of methods for estimating tuition income based on enrollment for the coming year:

- Base the expected enrollment on 95 percent of the current enrollment.
- Estimate the number of students coming from "feeder" schools and add that to the estimated number of returning students.
- Use the history of enrollment for the past several years to estimate the number of new and returning students.

Classroom/Departmental Budgeting

Teachers need to have money available to purchase supplies and equipment essential for instruction. Teachers should be given the opportunity during the budgeting process to have input on an amount needed for instructional resource materials, textbooks, and equipment.