

Principles of School Budgeting

October 3, 2017
Crystal Mountain Resort

steven.lenar@hask12.org



Business Office Certification

- Budgeting for Maintenance & Operations
- Teach Class for Business Officials
- Basic Understanding

Your School in Your Community

- Often the largest capital investment
- Maintaining them properly is important
 - Cleanliness
 - Safety
 - Curb Appeal
 - Attitudes
- Perceptions About the District by the condition of the buildings and grounds

Budgeting for Facilities?

- Why Do We Have a Budget?
- Who Do We Include in the Process?
- What Do We Include in the Budget?
- How Do We Do It?

Why Do We Have a Budget?

- Legal Requirements
- Management Decision Process
- Board Policies
- Business Office Practices

Legal Requirements

- Budget Hearing / Updates
 - Fiscal Year
 - Budget Hearing
 - Update the Budget
- Reporting
 - Monthly Reports to Board
 - Annual Audit
 - FID to MDE
 - Others – DEP or Early Warning

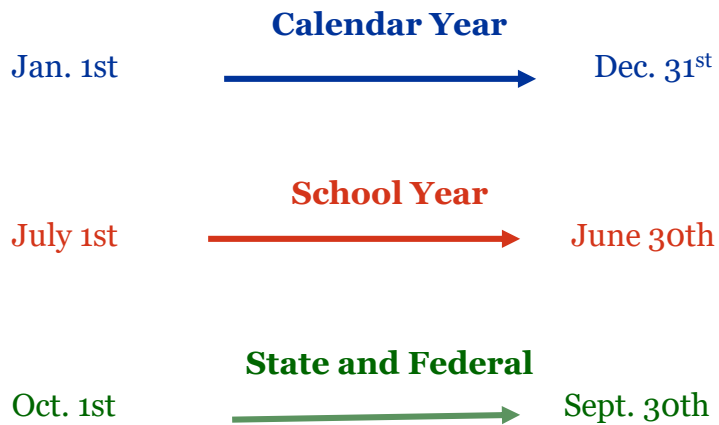
Management Decision Process

- How Much Money Do You Have?
- Where/How Are We Spending It?
- Who Decides What We Spend It On?
- Long Term Planning
- Bond Issues – Sinking Funds

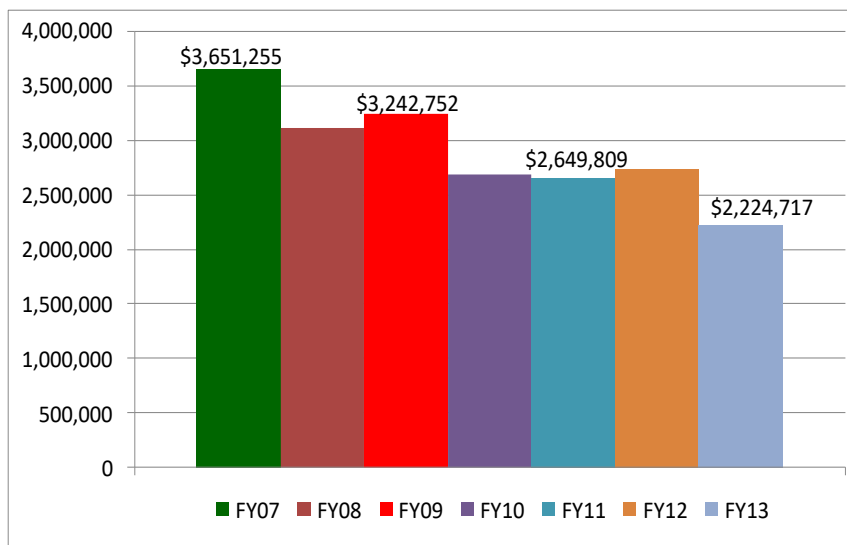
Board Policies - Business Office

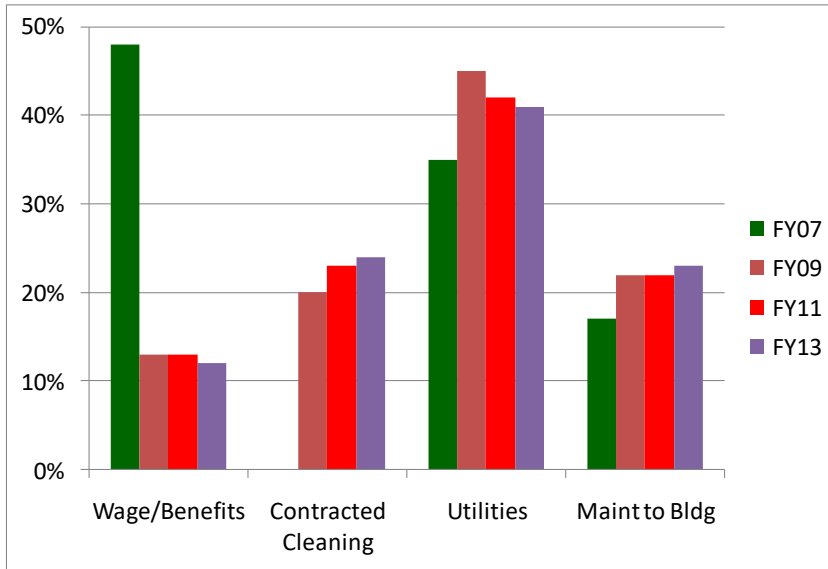
- How Much Can You Purchase with-**OUT** Board Approval?
- State Guideline for 2017-18 – School Code
 - \$23,881 – Construction, Renovations, Repairs
 - \$23,881 - Materials, Equipment
- How is Your Budget Approved by the Board?
- When Are Your Bills Paid?

Fiscal Year



How Much \$\$ Do You Have?





Bond or Sinking Fund Long Term Planning

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Playground Structures | 260,000 | 260,000 | | | |
| Security Infrastructure | 75,000 | 75,000 | 75,000 | | |
| Energy Conservation | | | | | |
| - Window Replacement | 150,000 | 150,000 | 300,000 | 200,000 | |
| Flooring Replacement | | | | | 250,000 |
| - Rose Pioneer | | | | | |
| Site Improvements | 350,000 | 100,000 | 125,000 | 200,000 | 150,000 |
| - Parking Lots | | | | | |
| Roofing Projects | | | 400,000 | 500,000 | 425,000 |
| Gymnasium Upgrade | | 200,000 | | | |
| Track/Tennis Court Projects | 50,000 | 100,000 | | | 75,000 |
| ANNUAL PROJECT TOTALS | 885,000 | 885,000 | 900,000 | 900,000 | 900,000 |

Who Do You Include in the Process?

- Central Office
- Principals/Directors
- Staff – Teachers-Custodial-Maintenance
- Business Partners

Who Should Pay for This?

- Athletic Field Marking Paint
- Gym Floor Refinishing
- Repairs to Kitchen Equipment
- Sanitizer in the Classroom

How Do We Do It?

- **Account Number – Bulletin 1022**
 - **11-X-222-3333-4444-5555-66666-7777**
 - Mandatory State Guideline
 - Uniform Classification and Recording of Transactions
 - Used by Local and Intermediate Districts
- **Finance System Reports**

Accounting

- **Type of Funds**
 - **General** – Related to the operations of the school district
 - **Debt Retirement** – Payment of Interest, principal and other expenses on long-term bonded debt of the school district
 - **Capital Projects** – Receipt and disbursement of monies used for the acquisition of capital assets, including equipment (Bond and Sinking Funds)

Accounting

- **Type of Funds**

- **School Service** – To account for activities such as Food Service and Community Services
- **Trust and Agency** – For assets under the administrative control of the district in a trustee or custodial capacity (Student Clubs)

Account Number-Coding

- **261 – Operation and Maintenance of Plant**

Consists of those activities concerned with keeping the physical plant open, comfortable and safe for use, and keeping the grounds, buildings and equipment in an effective working condition and state of repair

Account Number-Coding

- **Third Dimension**–(Four Positions)
- **Object/Activity– First Position**
 - 1 – Salaries and Wages
 - 2 – Employees Benefits
 - 3 & 4 – Purchased Services
 - 5 – Supplies and Materials
 - 6 – Capital Outlay
 - 7 – Other Expenses
 - 8 – Other Transactions

Account Number-Coding

- **1640 - Custodian**

An assignment to a staff member to perform school plant housekeeping, servicing and security services consisting of such activities as cleaning, operating, heating, ventilation and air conditioning systems; guarding and caring for school property; and servicing building equipment

Account Number-Coding

- **Payroll Related Costs**
 - Retirement Rate – 25.56%
 - October 1 – September 30
 - Social Security/Medicare Rate – 7.65%
 - Workers Compensation
 - Unemployment

Account Number-Coding

- **Fringe Benefits**
 - **2110 Life Insurance**
 - **2120 Long Term Disability**
 - **2130 Health – PA152 Hard Caps**
 - **2140 Dental**
 - **2150 Vision**

Account Number-Coding

- **Other Benefits**
 - 2310 Tuition
 - 2920 Cash in Lieu of Health Insurance
 - 2990 Uniform Allowance

Benchmarking

- Definition
 - Comparing activities, standards, level of performance and other factors to those of another company

- Standard Facility Benchmarks
 - MSBO
 - County or Regional Group

Benchmarking

- Best Practices
 - Training
 - Custodial Schedules
 - Equipment
 - Preventive Maintenance
 - Reporting
 - Service Level
 - Tasks and Frequencies

2010-2011

BULLETIN 1011

Analysis of Michigan Public School
Districts

Revenues and Expenditures

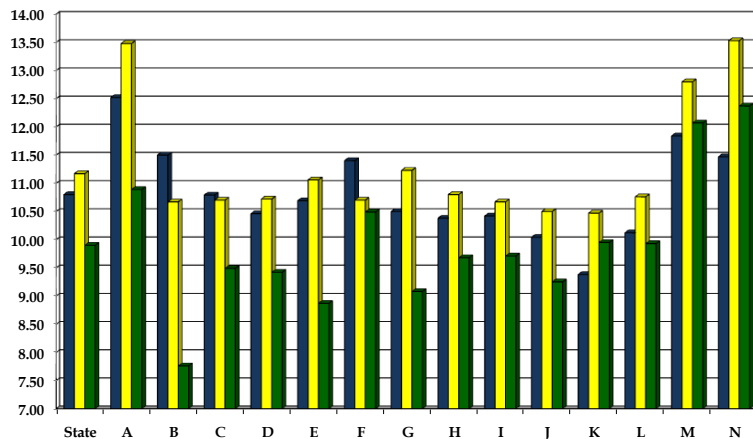
Bulletin 1011

- Go to: www.michigan.gov/mde
- Left Side Tabs: Programs & Offices
- Left Side Tabs: State Aid & School Finance
- Middle Part of Page: Publications

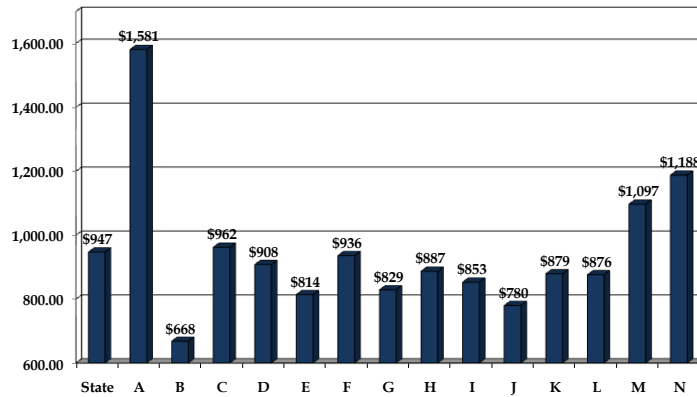
| | 2009-10 | | | General Fund Per | Per Pupil Total |
|---------------------|---------------------|------------|------------------|--------------------|-----------------|
| Membership | Classification | Number | Pupil | Pupil | Expenditures |
| Group Code | of School District | of | Membership | Revenues and | and Outgoing |
| | Based on Membership | Districts | | Incoming Transfers | Transfers |
| A | 50,000 and over | 1 | 84,742 | \$11,439 | \$14,028 |
| B | 20,000 to 49,999 | 1 | 29,727 | \$8,247 | \$9,019 |
| C | 10,000 to 19,999 | 21 | 294,737 | \$9,477 | \$10,329 |
| D | 5,000 to 9,999 | 49 | 323,833 | \$8,934 | \$9,730 |
| E | 4,500 to 4,999 | 11 | 51,566 | \$8,519 | \$9,253 |
| F | 4,000 to 4,499 | 6 | 25,385 | \$8,206 | \$8,804 |
| G | 3,500 to 3,499 | 20 | 75,660 | \$8,493 | \$9,314 |
| H | 3,000 to 3,499 | 33 | 107,702 | \$8,480 | \$9,113 |
| I | 2,500 to 2,999 | 38 | 105,898 | \$8,231 | \$8,784 |
| J | 2,000 to 2,499 | 37 | 84,466 | \$8,080 | \$8,511 |
| K | 1,500 to 1,499 | 75 | 129,761 | \$8,439 | \$8,879 |
| L | 1,000 to 1,499 | 97 | 119,904 | \$8,308 | \$8,652 |
| M | 500 to 999 | 156 | 114,318 | \$8,916 | \$9,028 |
| N | Below 500 | 238 | 58,272 | \$9,525 | \$9,606 |
| State Totals | | 783 | 1,605,971 | \$8,919 | \$9,633 |

| | 2010-11 | | | General Fund Per | Per Pupil Total |
|---------------------|---------------------|------------|------------------|--------------------|-----------------|
| Membership | Classification | Number | Pupil | Pupil | Expenditures |
| Group Code | of School District | of | Membership | Revenues and | and Outgoing |
| | Based on Membership | Districts | | Incoming Transfers | Transfers |
| A | 50,000 and over | 1 | 74,799 | \$14,182 | \$14,523 |
| B | 20,000 to 49,999 | 1 | 29,541 | \$8,086 | \$8,613 |
| C | 10,000 to 19,999 | 21 | 290,056 | \$9,629 | \$10,136 |
| D | 5,000 to 9,999 | 47 | 308,670 | \$9,140 | \$9,634 |
| E | 4,500 to 4,999 | 10 | 47,654 | \$8,618 | \$9,172 |
| F | 4,000 to 4,499 | 9 | 37,996 | \$8,461 | \$8,926 |
| G | 3,500 to 3,499 | 19 | 71,764 | \$8,642 | \$9,130 |
| H | 3,000 to 3,499 | 30 | 97,312 | \$8,672 | \$9,157 |
| I | 2,500 to 2,999 | 43 | 119,804 | \$8,510 | \$8,787 |
| J | 2,000 to 2,499 | 39 | 88,126 | \$8,268 | \$8,429 |
| K | 1,500 to 1,499 | 64 | 110,077 | \$8,599 | \$8,835 |
| L | 1,000 to 1,499 | 102 | 126,826 | \$8,561 | \$8,821 |
| M | 500 to 999 | 165 | 118,295 | \$9,158 | \$9,087 |
| N | Below 500 | 237 | 56,686 | \$9,570 | \$9,604 |
| State Totals | | 788 | 1,577,606 | \$9,202 | \$9,561 |

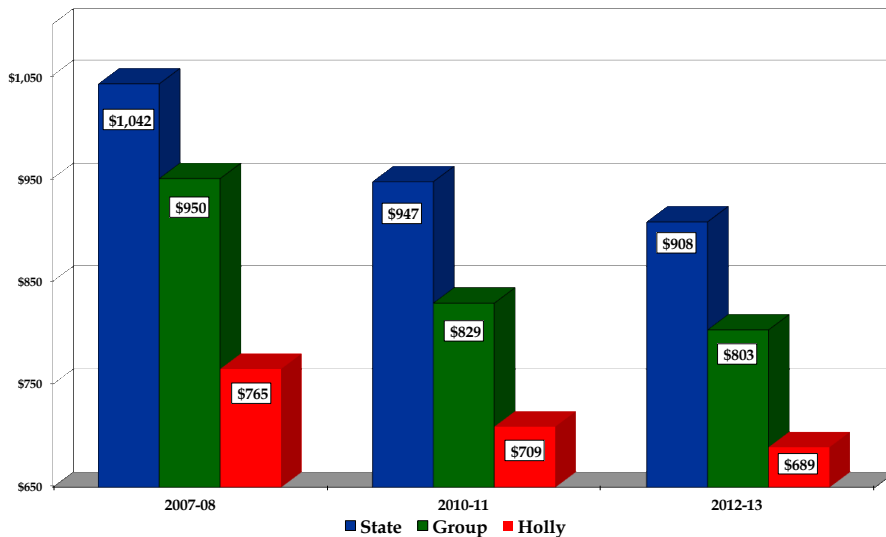
FY05-FY08-FY11 Operation & Maintenance



FY11 - Operation & Maintenance Dollars per Pupil



Total Operations and Maintenance



Using Benchmarks

- Areas to Benchmark
 - Staffing Decisions
 - Outsourcing Decisions
 - Product or Utility Usage
- Areas for Improvement
- Comparing Apples to Apples

Benchmarking - Getting Started

- Data Collection
 - Work Order Systems
 - Track – Completed vs Backlog
 - Reports
 - Preventive/Corrective/Status
- Computerized Maintenance Management Software
- Utility Tracker Software

| FLOOR CARE TASKS - CARPET | NUMBER OF SQ.FT. / 000 | TIME IN MIN. | TOTAL MINUTES | TOTAL HOURS |
|--------------------------------|---------------------------|-----------------|------------------|----------------|
| Vacuum 14" machine | | 11.00 | 0.00 | 0.00 |
| Vacuum 18" machine | | 9.00 | 0.00 | 0.00 |
| Vacuum 28" machine | | 3.00 | 0.00 | 0.00 |
| Bonnet clean 17" machine | | 36.00 | 0.00 | 0.00 |
| Bonnet clean 20" machine | | 30.00 | 0.00 | 0.00 |
| Dry foam 18" machine | | 50.00 | 0.00 | 0.00 |
| Extraction w drag tool | | 150.00 | 0.00 | 0.00 |
| Extraction w brush tool | | 100.00 | 0.00 | 0.00 |
| Extraction self contained unit | | 60.00 | 0.00 | 0.00 |
| Extraction 20" automatic | | 16.00 | 0.00 | 0.00 |

| Building Name: | Davisburg Elementary | Acct #: | 11.1261.1640...877 | |
|-----------------------|----------------------|----------|---------------------|----------------------|
| | Hourly Rate | Hrs /Day | Days / Year | TOTAL |
| Todd Dome | \$ 17.62 | 8.00 | 260 | \$ 36,649.60 |
| Kim Rhode | \$ 16.79 | 8.00 | 260 | \$ 34,923.20 |
| Brenda Hughes | \$ 16.79 | 8.00 | 260 | \$ 34,923.20 |
| Building Total | | | | \$ 106,496.00 |
| Building Name: | Holly Elementary | Acct #: | 11.1261.1640...1699 | |
| | Hourly Rate | Hrs /Day | Days / Year | TOTAL |
| Earl Austin | \$ 17.62 | 8.00 | 260 | \$ 36,649.60 |
| Mike Eckles | \$ 16.79 | 8.00 | 260 | \$ 34,923.20 |
| Jim Morgan | \$ 16.79 | 8.00 | 260 | \$ 34,923.20 |
| Building Total | | | | \$ 106,496.00 |
| Building Name: | Patterson Elementary | Acct #: | 11.1261.1640...2976 | |
| | Hourly Rate | Hrs /Day | Days / Year | TOTAL |
| George Love | \$ 17.62 | 8.00 | 260 | \$ 36,649.60 |
| Lisa Wick | \$ 16.79 | 8.00 | 260 | \$ 34,923.20 |
| Jerry Brooks | \$ 16.79 | 8.00 | 260 | \$ 34,923.20 |
| Building Total | | | | \$ 106,496.00 |

| Account Number | Account Name | Account Total |
|---|-----------------------------------|---------------------|
| 1171 | Salary - Director | \$ 65,000 |
| 1172 | Salary - Custodial Supervision | \$ 38,000 |
| 1550 | Salary - General Maintenance | \$ 110,858 |
| 1620 | Salary - Secretary | \$ 13,500 |
| 1640 | Salary - Custodian | \$ 946,920 |
| 1641 | Salary - Summer Temp | \$ 9,000 |
| 1770 | Benefits - TSA in Lieu | \$ 3,000 |
| 1860 | Salary - Temp Custodian | \$ 10,000 |
| 1960 | Salary - Overtime Custodian | \$ 25,000 |
| 2110 | Benefits - Life Insurance | \$ 1,512 |
| 2120 | Benefits - LTD | \$ 3,387 |
| 2130 | Benefits - Health Insurance | \$ 407,954 |
| 2140 | Benefits - Dental | \$ 27,300 |
| 2820 | Benefits - Retirement | \$ 130,041 |
| 2830 | Benefits - FICA | \$ 82,040 |
| 2840 | Benefits - Workers Comp | \$ 42,897 |
| 2850 | Benefit - Unemployment/MESC | \$ 8,500 |
| 3200 | Travel & Expense | \$ 2,145 |
| 3410 | Utility - Telephone | \$ 84,000 |
| 3830 | Utility - Water - Sewer | \$ 49,500 |
| 3840 | Utility - Waste Disposal | \$ 49,000 |
| 4100 | Repair & Maintenance Services | \$ 36,333 |
| 4110 | Maintenance to Building | \$ 126,500 |
| 4111 | Building Maintenance - Principals | \$ 10,500 |
| 4120 | Maintenance to Equipment | \$ 7,500 |
| 4190 | Maintenance - Other | \$ 3,200 |
| 5510 | Utilities - Heating Fuel | \$ 190,000 |
| 5520 | Utilities - Electricity | \$ 292,000 |
| 5710 | Gas & Oil | \$ 750 |
| 5990 | Miscellaneous Supplies | \$ 4,000 |
| 5991 | Custodial Supplies | \$ 100,500 |
| 6410 | Capital Outlay - New | \$ 2,000 |
| 6450 | Capital Outlay - Replacement | \$ 14,850 |
| 7400 | Dues & Fees | \$ 240 |
| Total Maintenance & Operations | | \$ 2,897,927 |

| | | | |
|------------------------------------|------------------------------|-----------------|---------------------|
| Account Name: | Travel & Expense | | |
| Account Number: | 3200 | School: | 0 |
| Program: | Maint. & Operations | Program: | Maint. & Operations |
| Building/Department Budget Request | | | |
| Quantity | Item(s) | Cost | Amount |
| 12 | Monthly Travel | \$ 100.00 | \$ 1,200.00 |
| 1 | MSBO Conference Registration | \$ 205.00 | \$ 205.00 |
| 1 | MSBO Lodging | \$ 325.00 | \$ 325.00 |
| 2 | MIEM Workshops | \$ 95.00 | \$ 190.00 |
| 1 | Asbestos Certification | \$ 50.00 | \$ 50.00 |
| 1 | Oakland County MSBO | \$ 25.00 | \$ 25.00 |
| 3 | Miscellaneous Meeting | \$ 50.00 | \$ 150.00 |
| | | \$ - | \$ - |
| | | \$ - | \$ - |
| ACCOUNT TOTAL | | | \$ 2,145.00 |