



Alaska Conference of SDA
OFFICE OF EDUCATION

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February 28, 2011

School Treasurers
Head Teachers
School Board Chairs
Pastors in Districts with Schools

Dear Budget Planners:

You will find a copy of our 2011-2012 School Budgeting Guide and School Budget Worksheet accompanying this memo. Since we are considering staffing questions for the coming year, it is time to be doing serious budget planning as well.

In most of the schools, the school treasurer takes the lead in preparing a draft budget, while working closely with the head teacher. The school board chair, pastor, and church treasurer are also frequently consulted.

Once a workable draft of the budget has been developed, it is taken to the school board for input and ultimate approval. The budget then goes to the church board, not for line-by-line scrutiny, but for church approval of the requested subsidy. If the church board declines the requested amount, negotiation may take place to arrive at a figure acceptable to both church and school. After final approval, the budget is submitted to the Office of Education no later than April 30, 2011, where it is reviewed and shared with the Conference Board of Education.

Please feel free to make additional copies of this document for committee or board members. I am sending copies to all of the individuals listed above just as a "heads-up" about this important requirement. Additionally, electronic copies of all materials are available at www.alaskaconference.org.

If you have additional questions, please contact me.

Sincerely,

Tom Maher
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2011-2012 Budget Guide for Schools

INTRODUCTION

As in most organizational endeavors, the successful operation of a quality school program requires careful preparation and execution of a budgetary plan. By developing and adhering to a properly designed budget, a local school board can be instrumental in strengthening its school program and, in turn, encouraging increased constituent support. Financial accountability is a goal to be achieved at each level of the conference's educational structure, and the local school provides a logical and necessary place to begin.

You will find the following information valuable in the preparation of your school budget. As you give due attention to each line, the development of your school's budget will prove to be a challenging yet rewarding task.

Please note that you are preparing a projected budget. Such a plan is subject to revision just after the opening of school, for example, as enrollment figures become stabilized. However, careful planning at this time will minimize the need for major revisions, so you are urged to adopt a cautious stance when projecting next year's potential enrollment.

The most common approach to school budgeting begins with an assessment of potential expenditures. A major function of the local school board is to identify those expenditures which are most necessary and result in the most education per dollar. With regard to the first criterion, necessity, careful analysis of the present year's expenses is a good place to begin. In seeking the most education per dollar, inquire of your school staff, the conference superintendent of schools, and other professional sources.

Once you have clearly delineated anticipated expenditures, begin an examination of your sources of income; and adjust any or all of them to acquire a realistic balance. Should you encounter difficulty in obtaining a balanced budget, we stand ready to assist you upon request.

When a projected school budget has been derived, please record the details of your plan on the forms provided and send one copy to the superintendent of schools. He will examine it for adequacy and, should no major problems be apparent, present your budget to the conference's K-10 Board of Education for approval. If a major concern does arise, the superintendent will contact the board chair and/or head teacher for additional clarifications and/or alterations.

Thank you for confronting the important task of budget preparation in a serious and timely manner. An approved school budget is required before teacher contracts can be issued.

The comments which follow are designed to acquaint you with special considerations deemed essential to the preparation of a realistic budget. They are intended to correspond with items presented in the budget forms provided with this packet.

ANTICIPATED INCOME

I-1 FEES

Schools opting for tuition plan number 3 below will not need to complete this section, though it remains a worthwhile exercise to identify fees for parents. Many established schools find that textbook/workbook costs average as much as \$150 per student per year, so you will wish to consider this item carefully in adopting a tuition/fee structure. You may find it advantageous to include a \$50/student charge to recover the Library-Media (\$30/student) and Technology (\$20/student) expenditures (E-7 & E-8) as required by NPUC. Fees for consumable supplies, a yearbook, and other major items can also appear here.

I-2 TUITION

Remember to figure tuition income on the number of paying students times the number of months you wish to collect. A quick sampling of charges throughout the Alaska Conference is summarized in the following table. Note that the figures do not reflect additional charges which some schools levy for ninth- and tenth-grade programs, nor do they reveal the tuition rates for kindergarten programs.

Before deciding on the amount of tuition you wish to charge, consider at least three ways of charging it:

1. A registration fee and nine (9) monthly payments, but you must plan for only nine months of income and 10 months of teacher payments to the Conference.
2. A registration fee and 10 monthly payments, but remember that it is difficult to collect the registration fee and first payment all at once in August.
3. Ten equal monthly payments that include the registration fee. For example, if your registration fee is \$150 and tuition is set at \$250 for 10 months, you could charge \$265 per month for 10 months and collect the same amount. The problem with this plan is that you do not have extra cash to pay for books, etc., at the beginning of the school year. The advantage is that you can collect the full amount for the first month at registration time and collect the first of each month thereafter, with all tuition and fees billed by the first week in May.

ALASKA CONFERENCE SCHOOL TUITION & FEES

SCHOOL	2009-2010 SDA	2010-2011 SDA	2010-2011 Family Discounts	2010-2011 Prepay Discounts	Fees (K-8)
AGA	\$3,600	\$3,600	2 nd Child-\$160, 3 rd Child-\$315, 4 th -\$495	7%	\$359
AJA	\$3,500	\$3,500	On Time-3%; 2 nd Child-5%; 3 rd -10%	n/a	\$150
Dillingham	\$3,500	\$3,675	2 nd Child-5%, 3 rd - 5%, 4 th -5%	5%	\$175
Golden Heart	\$2,900	\$2,900	On time-5%, 2 nd -20%, 3 rd & 4 th -40%	10%	\$200
Juneau	\$2,750	\$2,750	2 nd Child-10%, 3 rd Child-5%	10%	\$150
Sitka	\$2,650	\$3,000	2 nd or more- 10% each	n/a	\$200

Tuition Charges as indicated above are for SDA constituents

I-3 CHURCH SUBSIDIES

Some churches elect to operate a true “church school,” seeking monthly pledges from each member. Others attempt a similar program by reserving a set amount (usually based upon a per member/per month formula) from the combined budget for school operation. In either case, it pays to obtain firm commitments from your church board(s) and/or members so that little fluctuation occurs in the month-by-month availability of funds.

If you are operating a consolidated school, with multiple churches as constituents, your school constitution will specify how church subsidies are determined and the process by which they are obtained. The table below reveals how your school compares with others in the conference when it comes to church subsidies.

Keep in mind, as you review the figures, that not all churches calculate their subsidies quite the same way. For example, some churches include worthy student funds in the totals, some do not; some charge their school for utilities, some do not. The patterns are interesting nonetheless. We have learned, for example, the strongest school programs traditionally enjoy the strongest financial support from their churches.

One bit of data not reported in the table is school subsidy as a percentage of the local church budget. While we do not have this information available to us, you can calculate the percentage for your own church. As a rule of thumb, small schools that are thriving receive between 35 and 55 percent of the local church budget as operating subsidy.

CHURCH SUBSIDIES

SCHOOL	2010-2011 SCHOOL YEAR			
	Church(es) Membership*	Tithe for 2009-2010 School Year	Subsidy for 2009-2010 School Year	Percent of Subsidy to Tithe
Anchorage	1,384	\$ 1,511,052	\$ 125,690	8.32
Dillingham	147	148,501	19,855	13.37
Fairbanks	300	266,391	24,000	9.01
Juneau	102	107,954	19,283	17.82
Palmer	452	451,648	74,000	16.38
Sitka	71	95,316	16,000	16.79

*as of 12/31/10

I-4 SPECIAL SUBSIDIES

Some schools have special needs which may be met through application of conference subsidies, most notably those which are in their first two or three years of operation. Should your school qualify for assistance under one or more of our present policies, we will attempt to notify you of the extent to which we will help. Please contact us if you have additional questions.

One significant subsidy, generally in the range of \$6,000–\$9,000 per year, is available from the North Pacific Union Conference. Called “remote and necessary” funds, these monies are available on a formula basis to one- and two-teacher schools in remote areas. (Schools that grow to three or more teachers, or lose their remote status, are phased out of the program.) The following table lists the subsidy amounts for the most recent school years.

NPUC REMOTE & NECESSARY FUNDS BY SCHOOL

SCHOOL	2008-2009 R&N Subsidy	2009-2010 R&N Subsidy	2010-2011 R&N Subsidy*
Anchorage	\$ -0-	\$ -0-	\$ -0-
Dillingham	9,000	9,000	10,000
Fairbanks	6,500	9,000	9,000
Juneau	10,000	10,500	10,500
Palmer	-0-	6,500	7,500
Sitka	10,000	10,500	10,500
TOTALS	\$ 35,500	\$ 45,500	\$ 47,500

*Allocated for 2010-11 calendar year

Another noteworthy “subsidy” to Alaska Conference schools is that realized from educational endowment earnings. Thanks to the generosity of Dr. and Mrs. John Libby, an endowment in excess of \$320,000 has been set aside specifically to support our schools. When combined with funds realized from the sale of the Bristol Bay Mission School some years ago, almost \$890,000 is invested for education. An additional endowment from the Hurst Estate has increased our endowment funds to \$942,338.00 as of December 31, 2010. Each year, 10 percent of the interest received is returned to principal and 90 percent is distributed on the basis of opening school enrollments. Distributions are typically made in February of earnings received in the prior calendar year. Fluctuations in interest rates and enrollments can and do affect the amount each school receives, but totals can range from several hundred to several thousand dollars. In March of 2011, treasury will distribute 2010 endowment checks to the schools totaling \$28,634.69.

I-5 FUND-RAISING / OTHER SOURCES

Income from special fund-raising projects, whose purpose is to support the day-to-day operation of the school, may also be included. Because of the unpredictability of most fund-raising endeavors, it is unwise to anticipate significant income for purposes of budgeting unless a long-term track record already exists.

Friends of our schools periodically offer financial gifts for specific projects or general operation. Should you know your school to be the recipient of such a gift, include it here.

I-6 TOTAL YOUR INCOME HERE

This line reports the total estimated income from all sources for the school year.

ANTICIPATED EXPENDITURES

E-1 TEACHER PAYMENTS TO CONFERENCE

We are projecting that schools in the Alaska Conference will continue to be billed a flat \$5,230 per teacher per month for 10 months, making a total of \$52,300 per teacher for the 2011-2012 school year. The teacher billing does not, of course, cover all teacher-related costs. The conference continues to subsidize the program heavily, to the tune of about 40 percent of the total.

In an effort to encourage prompt payment to the conference, we will continue to offer a discount to all schools which make their remittances on time. Schools taking advantage of the on-time payment discount realize a savings of \$265 per teacher per month, or \$2,650 per teacher per year. This is a discount of approximately five percent. All schools are eligible to participate in the program, with the following stipulations:

- a. Any school whose account will not be current by the end of August is required to submit a written plan, approved by the local school and church boards, for retirement of the school's past debt with the conference.
- b. Plans must be submitted to the superintendent by August 1, who, in turn, will present them to the K-10 Board of Education. Board approval is required before a school may participate in the discount program.
- c. If a school misses a due date, teacher charges become immediately due and payable in full. No further discount shall apply until charges billed since initiation of the program are fully satisfied.
- d. Debt retirement plans mentioned under (a) above will be reviewed annually by the K-10 Board. Schools failing to make adequate progress in retiring the old debt will be dropped from the discount program.

The billing cycle is as follows:

- a. Statements will be mailed on or about the 10th of each month, beginning September 1 and ending June 1.
- b. To qualify for the on-time discount, payments must be received by the 25th of each month, beginning September 25 and ending June 25.

E-2 SERVICE PERSONNEL

Teacher aides are sometimes willing to volunteer, and that's great; but if the teacher's load is growing beyond reasonable bounds, you will want to provide sufficient help—paid if necessary. Consult with the Superintendent of Schools if the Board has questions about the advisability or necessity of an aide.

Failure to provide adequately for the custodial requirements of a school plant is false economy. Students can do light cleaning as part of the curriculum, but someone other than the teacher will need to provide more thorough cleaning on a regular basis.

One area sometimes overlooked, with potentially great risk, is the important role of the treasurer. Once again, if you have a competent volunteer, count your blessings; but if not, please be sure that the task is done and done well, even if it costs a few dollars each month.

E-3 LOAN PAYMENTS

Some schools incur significant debt, perhaps to build a gymnasium, repair a roof, or simply meet operating expenses. Don't forget to build your monthly loan payments into your budget. Failure to do so can give a false picture of the school's financial viability.

E-4 UTILITIES

It is a good idea to estimate a bit high on this item, as costs are rising almost constantly. Be certain to examine this year's actual expenditures when making your projections. A telephone is a must for school operation since emergencies are altogether unpredictable.

E-5 TEACHING SUPPLIES

There are new textbook adoptions for this next year. Be sure to plan accordingly. You may need to ease into new adoptions over two years. Don't forget to budget for consumable texts and workbooks.

It is unwise and, we believe, unnecessary, to expect the teacher to provide his/her own teaching materials, particularly incidental items that are consumable. Be certain that your budget contains provisions for paper, crayons and duplicating materials, unless you plan to directly charge the parents for same.

E-6 ADMINISTRATIVE OVERHEAD

The North Pacific Union Conference and Alaska Conference have a standardized achievement testing program. In essence, it calls for testing all students in grades 3-9 on an annual basis. If your school has a sufficient supply of test booklets on hand, the estimated cost of the scoring services is **\$17.00** per student.

Accident insurance is required. The conference purchases a supplemental policy for each student attending our schools. We estimate the cost for the coming year to be \$5 per student in Kindergarten, \$10 per student in grades 1-8, and \$25 per student in grades 9-10.

Don't overlook the incidental expenses necessary to administratively operate your school. These include such items as stamps, letterhead, handbook production, etc.

And finally, it is much appreciated by staff when the local board sets aside a few dollars for professional growth (professional periodicals, a local workshop fee, etc.).

E-7 LIBRARY / MEDIA

Schools desirous of conference approval must allow for the systemic provision of library and media materials. North Pacific Union Conference policy requires that no less than \$30 per child per year be devoted to this purpose. Schools are asked to report actual expenditures at year's end, and *failure to invest at the minimum level can adversely impact remote-and-necessary funding for the following year.*

E-8 TECHNOLOGY

In a technological world, it is imperative that our schools expose students to both the limitations and the possibilities. Plan carefully for technological upgrading of your school's curriculum and infrastructure. North Pacific Union Conference policy requires that no less than \$20 per student be set aside annually for hardware, maintenance, Internet service, etc. From time to time, small seed moneys are available from the conference and/or other sources. If you are the recipient of such gifts, please budget for them on the income side as well. Once again, *failure to invest at the minimum level can adversely impact remote-and-necessary funding for the following year.*

E-9 FACILITIES / RENOVATION & REPAIR

Numerous items fall in this category, and unfortunately, it is an area often overlooked in budgeting. Unless the roof caves in or the chairs collapse, we tend to ignore it. Repairs delayed because of "no money" often cost much more later. Regardless of the person(s) assigned to these important tasks, be certain that you provide the proper tools to do the job. A reasonable amount set aside each year can accumulate sufficiently to provide for periodic replacement of worn out furniture and playground equipment. And don't forget the property insurance. Recent premiums have had significant increases.

E-10 TRANSPORTATION / FIELD TRIPS

Smalls schools can rarely afford to provide transportation for students on a regular basis. Next to conference remittances, this can be the most expensive item in a budget. Please consider it carefully.

Even if you cannot afford a regular bus, you may want to plan transportation for a limited number of field trips, etc. Remember, Risk Management has asked us to phase out the use of vehicles not meeting current pupil transportation safety standards including 10 or more passenger vans.

E-11 MISCELLANEOUS

Every school has unique expenses and you will want to make allowance for them in your budget. These items vary significantly from school to school. They include vehicle licensing, real estate taxes, property insurance, etc. Carefully consider the current year's costs in making your projections.

One item that fits well in this category is that of bad and doubtful accounts. If they are a problem in your school, you will want to budget accordingly.

E-12 TOTAL YOUR EXPENSES HERE

This line contains the total of all projected operating expenses for the 2010-2011 school year.

ANTICIPATED BALANCE

C-1 SURPLUS / DEFICIT CALCULATIONS

Now that you have carefully considered both income and expenses, you will want to check and double-check your operating surplus or deficit. If income clearly exceeds expense, ask yourself why. Did you make realistic budget assumptions, or were they the proverbial “pie in the sky”? If a deficit is revealed, is it one you can live with? If not, you’ll want to fine-tune your budget with the goal of operating “in the black”.

Thank you for budgeting in a serious and systematic fashion. Remember, when your board has voted to accept a projected budget for the coming year, please send a copy to the Superintendent’s office for Board of Education approval.

Best wishes as you plan for another successful school year!

Alaska Conference Policy
TEACHER CHARGES TO SCHOOLS

The Alaska Conference subsidizes local Adventist K-10 schools by absorbing approximately forty percent of teacher payroll costs. Support at this level is based on the following factors – Schools must:

- A. Operate according to requirements as outlined in the North Pacific Union Conference Education Code.
- B. Operate in a fiscally responsible manner including keeping its Alaska Conference account payable current.
- C. Have and maintain a student enrollment that supports the minimum number of teachers as outlined below¹ (See notes below):

Number of Teachers ¹	Minimum number of students ² for full subsidy	Minimum number of students for partial ³ subsidy
1	10	6
2	20 ⁴	16 ⁴
3	35	29
4	50	45
5	70	65
6	90	86

- D. Expect that if the enrollment is below the eligibility minimums for partial subsidy (the right hand column), the school will be charged the full amount of average teacher payroll costs as calculated annually by conference treasury.
- E. Expect that if, at the time of rehiring for the next school year, the school is more than 90 days behind in its account payable to the Alaska Conference, it will be asked to reduce its teaching staff by one or more teachers.

Notes

- 1. **Minimums:** If a conference elementary school or junior academy does not meet minimum student enrollments to qualify for full subsidy, a one-year grace period will be given during which the subsidy reduction will not be applied, except when a school has increased the number of teachers for that year.
- 2. **Student Count:** NPUC Education Code (See #1416 and #1418) expects that secondary subjects be taught separate from other subjects at the same time in the same classroom. Because of this increased personnel need, student enrollments in grade 9 and 10 will be multiplied by 1.5

3. **Partial Subsidy:** When the enrollment drops below the minimum required for full subsidy, the teacher charge for one teacher will be increased by 4% per student below the minimum. **(Example: Using an annual conference teacher charge of \$37,500, if a school were two students below the minimum required, the charge would be \$37,500 plus 8% of \$37,500 (an additional \$3,000) for a total charge for that teacher of \$40,500. Schools will be allowed to receive partial subsidy for a maximum of three years before being asked to reduce the number of teachers.**
4. **Special Allowance for Small Schools:** As per NPUC Education Code (#1414), “Six grades are to be the maximum load for the elementary school teacher.” A school with a minimum of sixteen students in more than six grades may request an additional teacher. A school with seventeen or more students in more than six grades is required to have a second teacher. Teachers in these situations will be fully subsidized.

General Guidelines

- When a one-room school experiences a large number of students at registration causing a teacher “overload” (a large number of students, a large number of grades, or a combination of these), the school board must consider limiting enrollment, hiring a teacher assistant according to guidelines, or requesting a second teacher in consultation with the Alaska Conference Office of Education.
- The Alaska Conference K-10 Board of Education endeavors to operate a fiscally responsible system of schools that provides a high quality nurturing learning environment with minimal liability. Therefore, a one-teacher school that experiences a drop in enrollment to a three year average of eight or fewer students will be asked to submit a proposal in cooperation with the Alaska Conference Office of Education which addresses the viability of continued operation of the school.
- In order to provide financial stability, there should be a minimum of ten confirmed enrollees in order to consider opening a new church school. In addition, it is expected that an actually existing child population will sustain student enrollments as per conference guidelines in the above table for a minimum of three years.
- Schools experiencing what appears to be a temporary drop in enrollment may use three year average enrollments when determining eligibility for a particular number of teachers.
- Extenuating circumstances will be considered on a case-by-case basis as needed.

2011-2012 SCHOOL BUDGET WORKSHEET

SCHOOL: _____

		2010-2011 Budget	2010-2011 Actual	2011-2012 Budget
INCOME				
I-1	Fees			
	Registration			

	<i>Total Fees</i>			
I-2	Tuition			
	Constituent			
	Non-Constituent			
	<i>Less Family Discounts</i>			
	<i>Less On-Time Payment Discounts</i>			
	<i>Total Tuition</i>			
I-3	Church Subsidies			

	<i>Total Church Subsidies</i>			
I-4	Special Subsidies			
	"Remote & Necessary" Funding			

	<i>Total Special Subsidies</i>			
I-5	Fund-Raising / Other Sources			

	<i>Total Other Sources</i>			
I-6	<i>Total Income</i>			

2010-2011
Budget

2010-2011
Actual

2011-2012
Budget

EXPENSES

E-1 Teacher Payments to Conference

Teacher Charges

Less On-Time Payment Discounts

Total Teacher Payments

E-2 Service Personnel

Teacher Aide

Janitor

Treasurer

Other _____

Total Service Personnel Costs

E-3 Loan Payments

Operating

Building / Equipment

Total Loan Payments

E-4 Utilities

Telephone

Gas / Oil

Electricity

Water

Sewer

Trash Pick-up

Total Utilities

E-5 Teaching Supplies

Textbooks

Consumable Materials

Teaching Aids

Copying

Total Teaching Supplies

2010-2011
Budget

2010-2011
Actual

2011-2012
Budget

EXPENSES CONT.

E-6 Administrative Overhead

- Achievement Testing
- Student Insurance
- Office Supplies
- Professional Growth

Total Administrative Overhead

E-7 Library / Media (policy: \$30/pupil)

- Books
- Magazines
- Electronic Media

Total Library / Media

E-8 Technology (policy \$20/pupil)

- Internet Access
- Equipment

Total Technology

E-9 Facilities / Renovation & Repair

- Maintenance / Repair
- Capital Expenditures
- Property Insurance
- Custodial / Maintenance Supplies

Total Facilities / Repair

E-10 Transportation / Field Trips

- To / From School
- Field Trips / Special Events

Total Transportation

2010-2011
Budget

2010-2011
Actual

2011-2012
Budget

EXPENSES CONT.

E-11 Miscellaneous

<i>Total Miscellaneous</i>		

E-12

Total Expenses

SURPLUS/DEFICIT

C-1 Surplus / Deficit Calculations

Total Income Figures from I-6

Less Total Expense Figures from E-12

Projected Surplus / Deficit
