

Wednesday, January 31, 2007

Short Article

Budget and Finance for School Folks who Love Children School district budgets are controlled by the folks at the top who have specialized training in the management of large, static sums of money. Might our school districts be better off if we hired executive types who know how to get more money, instead of "tightwad" types who howl and groan as though every penny spent on our children is extracted from their wallet with a stun gun and crowbar?

Would our school districts would be better off if we managed our budgets with the common sense of the staff who were two or three rungs down the "chain of command" ladder.

In fact, if you want to learn "where money is being wasted" on a campus, ask the custodian. The Money Savers The people in charge of school district budgets take pride in "saving money". But getting rid of the "Scrooge Mentality" of top school district management seems like a positive strategy if our goal is to improve the fiscal management of our schools where maximum benefits accrue to our children.

An analogy in business illustrates this point.

During a recession, the company that lays off its sales force, dies. The company that survives is the one where, not only do the salesmen keep their jobs, but everyone else in the company assumes a sales roll, too.

Yet the strategy of "going out and getting more money" seems to escape many of our top school district leaders. Budget Myths School district folks will tell you a lot about their budgets. They spend an inordinate amount of time calculating "the Budget" and they are proud of their acumen. But, their stories are more like mythology than gospel. Here are some budget myths … Myth: There is a shortage of money Fact: There is always plenty of money for the pet projects of the highest paid executives.

Fact: The school district has to keep a lot of money in reserve

Fact: Failing to hold enough funds in reserve to meet "the payroll" is the ultimate budget sin, far worse than squandering money Myth: The amount of money is fixed Fact: There would be a lot more money if the folks at the district knew how to go about getting more of it.

Opinion: A "Fixed Income" mentality seems to be ingrained in many school district executives

Fact: For school districts with lots of low-income and minority students (the districts that complain the most about their lack of funds), the money that could be brought in is almost unlimited because agencies and organizations are willing to fund project that deliver results for these populations Myth: It is a conflict of interest to have teachers involved in the budget process Fact: Teachers are the only ones that know how the money can be used to improve education

Fact: Prohibitions keeping teachers from becoming active members of the school board stem from the "old days" where the town elders had to keep the one school teacher from offering themselves a \$1.00 raise per year

Fact: These were also the days when a school teacher could not get married (then become pregnant!) because they would ask for more money. Myth: The main goal of the budget is to save money Fact: The main goal is to juggle the money, so … Fact: There is plenty of money until the end of the year

Fact: The money is "all used up" by the end of the year

Fact: The amount of money for this year must not be "overspent" because this will come out of next year's budget

Fact: The amount of next year's budget must be bigger than this year's budget

Fact: The amount of money for next year will be cut if the money is not spent this year Myth: Expenditures are deliberate and wise Fact: Funds sometimes roll in (especially from the Federal Government) that have to be "spent in a week"

Fact: This leads to the "We have half a million dollars to spend by Monday" syndrome Myth: Schools are focused upon delivering a quality education Fact: School districts are focused upon delivering the highest quality education that they can purchase cheaply

Fact: Education bureaucracy, like other bureaucracies, are fueled by "mediocre madness". This is also called "Spin." The strategy here is to reach at least the mediocre level of performance outcomes, but then talk up the features of the program as though the program was a "high payoff success" "The "Caring about Learning" Alternative The people who manage a school district budget need a vision of love, caring, support and encouragement; just like children receive from the professionals that teach them...sort of like how a devoted mom would advocate for her children.

But teaching professionals can't get what they need, when they need it to teach their classes. That is the reason that our school teachers spend an estimated \$1 billion a year of their own money to provide supplies and learning materials for their classrooms. Reward Factors Education higher-ups care about children and they have a vision for improving the lives of all students. But, their rewards are different than the rewards that teacher receive.

Teachers are rewarded by the smiles, hugs, excitement, enthusiasm and spark that they see in the children that they teach.

High level school executives are rewarded when school board members look at budget printouts and say, "Well done. Test scores are up, and the amount of money spent to achieve that goal is less than last year!"

This motivates the district's fiscal managers to reign in spending still further. Squeezing the Budget for All its Worth The

"tight-grip-on-the-wallet" folks choke the life and spark out of education, and crush teachers and staff under their thumbs. "Pinching pennies" is a kind name for the process of squelching the fire and energy that sings, dances, draws, paints and plays through the real treasures and assets of a school district, its students.

In fact, music, art and other "frills" (even physical education(PE) are the first programs cut when there are signs of a "we might have a shortfall" budget scare.

Next, expenditures are delayed. For example, computers that should be replaced after three years (because they are too old and slow) are kept running until they are six years old. Busses that should be replaced when they are 15 years old are kept running until they are 30 year old. Building repairs that should be completed now are left to fester until the entire building rots. Some repairs never get done. The Human Connection School district leaders will point out that 80% of a school district's budget is for personnel costs. (Notice that this is not considered an investment in human capital!) Listen carefully to this, because this is important. This fact is what separates the "common sense" of budgets that mere mortals (like us) understand from the the "Mt. Olympus view" of school district executive from high altitudes.

This reflects the "Law of Large Numbers" that clouds the minds of those at the summit when it comes to providing frills to the children at the foot of the holy mountain.

Here is how this works…

If a superintendent gets a raise of \$20,000 USD, this budget expense is affordable because the total cost is \$20 K ("chump change" that hardly shows up on the budget).

But, other administrative staff, counselors, principals, assistant principals, directors, grant writers and coordinators want their raises. So, \$2,000.00 for 100 people costs an additional \$200,000.

If teachers also get a raise of \$1,000 USD, the budget starts to become unaffordable because all 500 teachers expect the raise. This is already 1/2 million dollars, and is not "chicken feed."

But that is not all! Next, all the electricians, technicians, air conditioning specialists, plumbers, painters, mechanics, secretaries want their share, so 200 of these employees get \$500 each or another \$100,000.00.

Then, all the clerks, custodians, maids, cafeteria workers and building and grounds workers want their raises, and so 400 more of these employees get \$300.00, for another \$120,000.

And finally, the 75 bus drivers want their raise of \$100, for another \$7,500/00.

So, while a raise of \$20,000 USD is a paltry budget sum, the cost of providing all the other raises in this scenario ducks in at just under the million dollar ceiling.

So, if the superintendent threatens to leave to get more money, we better pay up.

But, if a teacher asks for more money, just let them go, because we can always replace them with a "Newbie" teacher who comes more cheaply.

It is this "Law of Large Budget Numbers" that makes school finance unintelligible to normal mortals.

But, the solution is always the same. Require that your school district's top money managers "go out and scrape up more money."

If your school district finds a person that can bring in the dollars, pay them whatever they want so you can keep them. They will be worth the budget expense.

Keeping these folks working for your district is like spending \$200,000 for their salaries and receiving multiple millions each year. They are a great investment.

School executives who bring in vast sums of money may not need the "heart of gold" that teachers have to have. But, they will have the room to look generous when teachers make requests for programs and projects that benefit children. We should focus upon providing every benefit for our children that we can. We may have to accept a lack of funds today, but we don't have to accept that scenario forever.

If you have a choice, opt for the executive who knows how to "spend money to make money."

Our students deserve nothing less.