

The CPA's Guide to Effective School Budget Planning for Administrators

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Each year, school administrators face the challenging task of constructing a budget. Each line item requires careful consideration of a variety of factors. To facilitate a smoother process, budget discussions need to involve not only the school's financial personnel but also senior management and the board of directors. Here, our CPAs have provided some tips.

Strategic Planning and Ongoing Maintenance

It's important to note that budgeting should be regarded as an ongoing process rather than a box to check once a school year. A robust budget begins with comprehensive planning and necessitates continuous maintenance as the school year progresses. To plan for the upcoming year, reviewing and comparing previous budgets with actual performance is essential, considering factors such as enrollment levels and contributions. By analyzing past financial data, schools can make more accurate projections. Moreover, monitoring variable expenses like utilities and insurance is crucial to ensure comprehensive budget coverage. It is advisable to assess the progress against expectations and solicit feedback from different departments. Flexibility is key, as unforeseen events or opportunities may require adjustments in fund allocation. Seeking a second opinion from the board or senior management can provide valuable insights.

Emphasizing Detail and Specificity

A comprehensive school budget should encompass all anticipated expenses, ranging from day-to-day operational activities to well-planned capital improvements that uphold the expected standards of the school and its stakeholders. Categorizing budgets into "Operating Budget" for day-to-day operations and "Capital Budget" for infrastructure enhancements is recommended. Detailed budgeting enables faculty and board members to have a clear understanding of available resources and their allocated purposes. The finance department must articulate the budget in a detailed and accessible manner to ensure the entire school community comprehends its implications and objectives. This includes addressing significant budget variations with appropriate parties in a timely and professional manner.

Aligning Budget Allocation with the School's Mission

The budgeting process often involves making tough decisions due to limited financial resources. Therefore, it is crucial to ensure efficient and appropriate allocation of funds to align with the school's mission and stated values.

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The majority of funds should be directed towards fulfilling the institution's core objectives, as this is often what sets a school apart when a family is deciding on education. Schools may prioritize specific academic programs, untraditional learning methods, extracurricular activities like sports and clubs, or arts and music programs.

The school's development team should be a key player in budget discussions, as they can work to explore various revenue sources, such as donors, grants, and special programs. These supplemental funding sources can be strategically utilized to further the school's mission, whether by allocating more funding to general operations, focusing on teacher and administrative staff retention, or even funding the construction of a new building. It is important to define these strategic goals and objectives at the beginning of each school year and ensure the full support of senior management and the board of directors.

In summary

Constructing a school budget requires a professional and strategic approach. A successful budget starts with setting clear goals and objectives for the school year that align with the school's mission and vision. The budget should then continue to change throughout the year to address any challenges. These challenges could be as simple as a burst pipe causing water damage to a classroom or as life-changing as a global pandemic. It is important to understand that a budget is an everchanging document where flexibility and communication are key.



About the Authors

Matthew Saucier has over six years of public accounting experience and joined Rivero, Gordimer & Company in 2020. Mr. Saucier has considerable experience working with not-for-profit and commercial organizations. His commercial experience includes construction, manufacturing, franchising companies, and health care. His experience in not-for-profit organizations includes independent schools, civic associations, and homeowners' associations.



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