



**ALASKA**

Alaska Conference of SDA

**OFFICE OF EDUCATION**

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School Treasurers  
Principals  
School Board Chairs  
Pastors in Districts with Schools

Dear Budget Planners:

You will find a copy of the 2019-2020 Budget Guide and School Budget Worksheet accompanying this letter. 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, 2019, 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. Copies will be emailed to all of the individuals listed above just as a "heads-up" about this important requirement. Additionally, electronic copies are available at [www.alaskaconference.org/document\\_groups/1950](http://www.alaskaconference.org/document_groups/1950).

If you have additional questions, please contact me.

Sincerely,

Rod Rau  
Director of Education  
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# 2019-2020 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, 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 income sources; 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 who 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 three 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, at minimum, a \$60/student charge to recover the Library-Media (\$30/student) and Technology (\$30/student) expenditures (E-7 & E-8) **as required by NPUC (EC 5615:05)** as well as Student Accident Insurance (see E-6), teaching supplies (\$20.00) and standardized testing (\$12.00). 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 secondary 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 \$200 and tuition is set at \$300 for 10 months, you could charge \$320 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	2018-2019	SCHOOL	2018-2019
AGA	\$4,250	Golden Heart	\$1,500
AJA	\$4,200	Juneau	\$3,350
Dillingham	\$4,000	Sitka	\$3,500

**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:

**CHURCH SUBSIDIES**

SCHOOL	2018-2019 SCHOOL YEAR			
	Church Membership*	Church Tithe for 2017	Subsidy for 2017-18 School Year	Percent of Subsidy to Tithe
Amazing Grace	506	\$512,180.74	\$ 84,333.37	16.47%
Anch Jr Academy	1,495	\$1,513,065.23	147,736.72	9.76%
Dillingham	159	126,725.64	20,400.00	16.10%
Golden Heart	323	255,603.79	32,800.00	12.83%
Juneau	100	141,830.60	22,800.00	16.08%
Sitka	69	92,129.30	18,000.00	19.54%

\*as of 12/31/18

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.

**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 \$9,000-\$12,000 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	2017-2018	2018-2019	2019-2020
Anchorage	\$ -0-	\$ -0-	\$ -0-
Dillingham	11,500	11,500	11,500
Fairbanks	9,500	10,000	10,000
Juneau	11,000	11,500	11,500
Palmer	-0-	-0-	-0-
Sitka	12,000	12,000	12,000
<b>TOTALS</b>	<b>\$ 44,000</b>	<b>\$ 45,000</b>	<b>\$ 45,000</b>

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 \$1,046,506 as of December 31, 2018. 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 2019, treasury will distribute 2018 endowment checks to the schools totaling \$20,276.32.

#### **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 be billed a flat \$5,970 per teacher per month for 10 months, making a total of \$59,700 per teacher for the 2019-2020 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 39 percent of the total. *See page 9, Teacher Charges to Schools, for additional information on subsidies.*

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 \$298 per teacher per month, or \$2,980 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-12 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-12 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.

### Teacher Hiring Process

1) To Re-hire Teachers currently on Staff

If there are no staff changes, the process is as follows:

- a. School Board votes on retaining teachers from the previous school year. NOTE: The Conference Education Director must be part of that meeting. Please coordinate with personally with the director to schedule the meeting.
- b. Once approved by the School Board, the Education Director takes the recommendations to the Alaska Conference K-12 Board of Education for review and approval.
- c. Once approved by the K-12 Board, contracts are issued by the Alaska Conference.

2) Contract not Being Renewed or Hiring Additional Staff

If the Board wishes to explore non-renewal of a contract or hiring an additional teacher, this must be discussed with the Education Director before any actions are taken or offers of employment are made.

## 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 Director of Education 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

- Standardized Testing: 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. The cost for scoring of the basic IA tests in 2018-2019 was \$12.00; combined IA/CogAT was \$14.75. Test booklets are included in the price of testing; test directions are \$21.00.
- Insurance: Accident insurance is required. The conference purchases a supplemental policy for each student attending our schools. Costs for insurance for the 2018-2019 school year at \$5.25 per student in Pre-K/Kindergarten, \$12.00 per student in grades 1-8, and \$36.00 per student in grades 9-12. The boarding rate for all grades is \$109.75.
- Incidentals: Don't overlook the incidental expenses necessary to administratively operate your school. These include such items as stamps, letterhead, handbook production, etc.
- Professional Growth: 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 \$30 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 2019-2020 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!

## 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 below<sup>1</sup> (See notes below):

Number of Teachers <sup>1</sup>	Minimum no. of students <sup>2</sup> for full subsidy	Minimum no of students for partial <sup>3</sup> subsidy
1	10	6
2	22	17
3	36	31
4	52	47
5	70	65
6	90	85
7	105	100
8	120	115

- 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.

The following demonstrates a school's subsidy eligibility based on reported 2018 opening enrollment:

SCHOOL	Opening Enrollment	Calculated Enrollment	Teacher Subsidy
Amazing Grace	93	97	7 Partial
Anchorage Junior Academy	30	22	2 Full
Dillingham	28	28	2 Full
Golden Heart	16	16	1 Full
Juneau	5	5	1 Full
Sitka	9	9	1 Full

## 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 9-12 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 \$59,700, if a school were two students below the minimum required, the charge would be \$59,700 plus 8% (an additional \$4,776) for a total charge for that teacher of \$64,476. 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-12 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.