

Financial Management at Campbells Bay School

Part One

Introduction

School finances have been very much in the news of late, even more so than usual, with the release by the Ministry of Education in 2009 of a *pilot survey on school finances (June 2008). This pilot survey, which may be followed by a much more in depth investigation, arrived at a number of conclusions, none of which would be surprising to those who are familiar with the issue of resourcing schools. Given the release of the pilot survey we felt it would be an appropriate time to update our community on financial management at CBS.

Next term we will publish the impact the decile rating of the school has on the operation of our school.

An Overview

The financial management of state schools is a hot topic of debate, both at the bureaucratic level, among parents and school staff to name but a few stakeholders. A **New Zealand Council for Educational Research Report (2004) showed that state schools in New Zealand required substantial amounts of non-government money to meet the expectations of their communities. Things have not changed in the past six years.

Schools depended a lot on the hard work and dedication of their staff, and the expertise available to them through their boards and financial and property advisors. They are also now dependent, for the most part, on the funds they are able to raise from sources other than their government funding.

(New Zealand Council for Educational Research Report: 2004)

This is no surprise to us, nor do we believe to those in our school community.

The aforementioned pilot survey has confirmed that many New Zealand schools raise substantial levels of local funds from non-government sources, principally from parents by way of donations and the work of the PTA and through the enrolment of international students. Without these local funds the survey, not surprisingly, found that most schools would have to make operating deficits if they did not reduce their expenditure. It is a reasonable assumption that, in the absence of current levels of local funds, schools would make cost reductions. Campbells Bay School, as you will see, receives a very significant income from our local community.

Financial management is an exercise in decision-making, which should be focused on achieving the key task of the school – the delivery of the curriculum in a manner that optimises student achievement. The finances provided to the school by the Ministry of Education buy the professional services of staff and provide the environment and operational means for delivering a quality educational experience to our students. As a Board we have responsibility for the financial management of the school. Each year the Board reviews the school's strategic plan and then prepares an annual budget, reviews written policies and procedures, provides documentation for an audit trail and monitors expenditure.

CBS Budget

So, what does the budget at CBS look like?

Teacher Salaries: First of all, a great deal of the money to operate the school does not come to the Board. This pertains to teacher salaries (including the salary of the deputy principals and the principal). As with all state schools, the school is centrally funded, meaning that the Ministry of Education payroll sub-contractor pays teacher salaries directly to the teachers. The Ministry also determines how many teachers we are entitled to each year, based on student numbers.

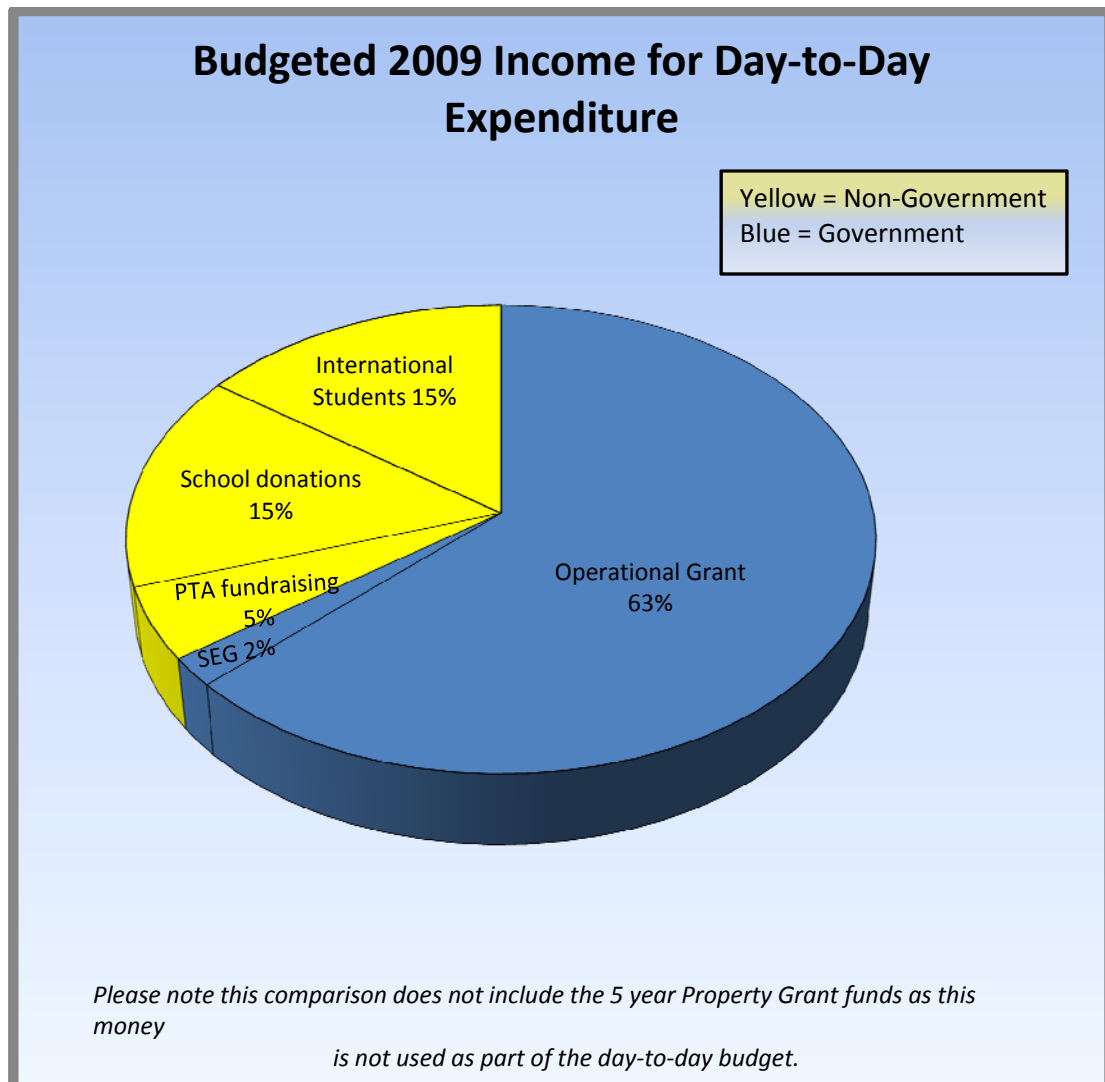
Operations Grant: Each year the Board receives an operational grant from the Ministry of Education. This grant is intended to provide for a great many budget needs. For example, most non-teaching members of the staff are paid from the operations grant. The operations grant pays for budgets such as postage, telephone, ground maintenance, building maintenance, administration (including newsletters, photocopying, medical supplies, paper and salaries), curriculum materials, teacher sick leave (when obviously we need to employ a relief teacher), staff professional development needs, ACC levies, energy requirements (coal and electricity), school cleaning and North Shore City Council rates. This is but a small sample of budgets funded by the operations grant. The operations grant for 2009 is expected to be approximately **\$558,000**.

Property Grant: Started in 2002, the Property Grant gives the school an amount of money every five years, thereby allowing the Board to have some assurance when planning for property needs. The property grant for the current five-year period (2006 – 2011) is **\$543,504**.

Special Education Grant (SEG) and Ongoing Resourcing Scheme (ORS): Each year the Board receives a set amount of money from the Ministry of Education to provide for the needs of students who have been identified as requiring special attention in terms of their educational needs. The total SEG and ORS income included in the Operations Grant and received from the Ministry of Education for 2009 is approximately **\$21,013**. Additional funds are used from our Operational Grant to top up this budget for the use of teacher aides who work alongside students with particular needs.

School Donations & PTA Fundraising: In keeping with the findings of the report from the New Zealand Council for Educational Research (2004) and the pilot survey (2008), our local community provides the school with substantial funding each year to supplement MoE funding. Funding from the Ministry of Education does not adequately provide for the level of resources that our community has rightfully come to expect from the school. Therefore the **\$40,000** from the PTA each year and the **\$135,000** from voluntary donations go a long way to making up this shortfall.

International Students: Income from international students this year is anticipated to be in the vicinity of **\$130,000** (that's a lot of sausage sizzles!) NB: At present we have seventeen international students at the school.



Some Budget Pressures

The pilot survey (2008) found that schools are operating in an environment where many stakeholders have high and increasing expectations of what the school will provide, and that these increased expectations are creating additional financial pressures for schools.

A recurrent theme from the pilot survey was cost pressures resulting from the adoption of information communication technology (ICT) where schools consistently reported that there were powerful expectations that ICT would be used extensively in schools. (Given that we are now approaching the end of the first decade of the 21st Century, this is a reasonable expectation). Of course, the cost of meeting this expectation creates a big demand for money and CBS is no exception. Factors that contribute to the very expensive nature of ICT include:

- Purchasing ICT hardware and software.
- Set-up costs for cabling, air conditioning, switchboard upgrades etc.
- The cost of purchasing additional licences as new users are added.
- Increasing costs of monitoring larger, more sophisticated networks as support can no longer be provided by teachers with IT skills.
- The high rates at which ICT equipment depreciates and becomes redundant also ensure that there is a constant demand for updates.

There has been a noticeable, necessary and welcome shift in recent years to better identify and cater for the needs of students who cannot always be provided for all the time in the classroom. Such programmes have required expensive assessment programmes, personnel, professional development and other resources such as space. The provisions of these learning programmes often cost the school more money than is received from the Ministry of Education.

The Budget

The funding from our community of approximately **\$305,000**, when added to the **\$558,000** from the Ministry of Education, means that as a Board we have a much more realistic amount of money to establish and implement an annual budget. Without this support from our local community our budget would quite clearly be decimated. So, what do the numbers look like in some of the budget areas? Clearly we can't provide detail in human resource matters as that would breach fundamental issues of employee privacy.

However, the following provides an indicative steer.

Library (book purchases and materials) \$6,500

Art & Craft (materials & human resource) \$24,800

Mathematics (equipment) \$5,336

PE & Sport, including gymnastics (equipment and relieving teachers to replace class teachers when taking sport) \$9,900

Reading (Books) \$6,144

Audio Visual Equipment \$1,060

Waterwise \$11,115

Information Communication Technology \$56,036

+ capital items \$16,158

Furniture replacement \$12,000

Staff recruitment \$1,500
First aid materials \$1,100
Insurance \$6,500
Telephones \$7,650
ACC Levy \$12,000
North Shore City Council rates \$13,000
North Shore City Council water rates \$9,300
Energy \$24,200
Repairs and maintenance \$24,100
Cleaning & materials & rubbish removal \$52,175

Not accounted for in this snapshot are the resources put into meeting the needs of students with special abilities. While class teachers provide differentiated programmes (programmes targeted to meeting individual needs) wherever possible, the Board employs a person (Teresa Burn, Deputy Principal) to oversee the school's commitment to meeting the needs of special ability students. The Board also employs Duncan Millward (Special Education Needs Co-ordinator) to oversee the commitment to meeting the needs of students with special needs.

Income for special needs is less than expenditure for special needs. The school employs five teacher aides to work with students who require special assistance. Income for 2009 is expected to be **\$21,013** while expenditure this year is projected to be **\$37,995**. (This expenditure does not include the salary of teachers who work with students who have special needs.) The non-teacher budget shortfall is made up from the operations grant, which is in turn supplemented by income from our local community.

The Board has a preference of where possible, having measured student achievement, using its extra funds to employ people to help those students who need extra help rather than for big projects such as new swimming pools and the like. This is in the belief that targeted one-on-one tuition is a more beneficial use of the additional funds raised. While class sizes as such are not totally within the control of the school with respect to funding rules, the ability to measure results and apply the additional funds to individual students overcomes some of the funding restraints all schools face.

Locally Raised Funds

As already mentioned, locally raised funds (school donations, PTA fundraising and international students) supplement the inadequate income from the Ministry of Education as well as helping to fund specific projects such as the establishment of shade sails and adventure playgrounds.

In Summary

The Board's task is to best utilise both the human resources and the financial resources available to the Board to optimise student achievement. This requires constant monitoring and the regular review of the effectiveness of financial decisions. The challenge is to

effectively manage the resources available in the best interests of student achievement to meet both immediate and strategic aims: a challenge that is not always easy (making too little resources go a long way). It is a constant task that requires continual review. Still, the results are often encouraging and sometimes even uplifting!

There are, of course, always dissenters – those who would like to see more or less spent in particular areas. We hope this report gives a greater understanding of how our financial decisions are made and the funds we have available. It is also important to understand that we are not permitted to interchange our expenditure – for instance we are not able to use money from the Property Grant for Special Education needs or vice versa.

In conclusion, we'd like to say thank you for your continued support. As you can see, the students at Campbells Bay School benefit enormously as a result of your support. With judicious financial management we hope to continue to make decisions that are in the best interest of all our students.

Campbells Bay School Board of Trustees

April 2009

*Pilot Report on School Finances by Polson Higgs (for Ministry of Education) (June 2008)

www.minedu.govt.nz/.../SchoolOpsFinances/PilotSurveySchool_FinancesRptFinal.pdf

** How Do Effective Schools Manage Their Finances? A report by the New Zealand Council for Educational research (2004). The full report can be viewed online by going to www.nzsta.org.nz/ Simply go to the home page of the School Trustees Association (STA) and click on Study Report under the heading 'Funding Study Released.'