



## FINANCIAL GUIDELINES FOR BUDGETING AND LONG RANGE PLANNING FINANCIAL MANAGEMENT: SUGGESTED PRACTICES

*The following suggestions for financial management of the school should be adopted with local adaptations in order to ensure wise stewardship of resources and the sustainability of the school.*

1. **PARISH SUBSIDY TO THE SCHOOL.** The parish's subsidy is integral to the school's budget and supplements tuition, fees, fundraising, endowment, and other revenue. The subsidy should be a minimum commitment of 15% and a maximum commitment of 21% of the parish's ordinary income from the previous year, made over a period of three to five years to allow for planning.

The allocation of the subsidy should be determined using one of the following criteria:

- a. To lower the tuition of all in-parish students equally
  - b. To provide financial assistance to parishioners, assuming the same tuition plan for all.
  - c. To maintain buildings and grounds, which benefit all students equally.
2. **TUITION.** Each school should use only one tuition plan that is clear and transparent, and enough tuition should be charged to cover at least all staff compensation including substitutes. To determine the tuition to be charged per student, divide the total staff compensation by the estimated number of students.
    - a. Ideally there should be no family plan discount unless it is paid for by increasing the tuition for one student to offset the discounts for additional students
    - b. Endowment income that is used for financial assistance can be included as part of the tuition income.
    - c. Donations for financial assistance can be included as part of the tuition income.
    - d. Parish subsidy, when it is used as financial assistance for those in need, can be included as part of the tuition income.
    - e. Ideally, between 30% and 50% of the tuitions should be collected before school starts and should be non-refundable.

A detailed policy should be stated for late tuitions, for example:

- \$25 late fee
- \$25 an NSF (= “not sufficient funds”) fee
- After one month of delinquent tuition a child cannot attend the school
- When tuition is two or more months behind, a collection agent will be engaged
- Transcripts and references should not be given unless tuition is current

Each school should establish a published policy on withdrawals and refunds.

3. **COST PER STUDENT.** The cost per student is the total expense of education divided by the number of students in the school. The cost per student should be stated in tuition contracts so that people become aware of the difference between the tuition that is paid and the actual cost to educate a child. That total difference should be used as the targeted amount when creating the development plan. When calculating the total expense of education, the following should be included:
  - a. Depreciation, whether funded or unfunded
  - b. The total difference between what is actually paid as salaries and what should be paid; the “contributed services” of staff should appear in the budget
  - c. All school or parish-sponsored tuition assistance
4. **RESERVES.** Schools should have fully-funded reserves, designated for specific purposes and separately accounted for from Church/Parish funds.
  - i. **SICK DAY COVERAGE** The funds in this reserve should be equal to the number of sick days owed to staff multiplied by the cost per day of a substitute.
  - ii. **TECHNOLOGY** The technology reserve fund should be used to replace present technology and purchase new technology, with the following considerations:
    - Life spans of between three and five years should be used for depreciation
    - Technology fees should be instituted and realistically calculated to help with this but fundraising and grants will have to be employed
    - Either a depreciation schedule or a realistic figure for replacing technology should be used to help address deferred maintenance needs for the school.
  - iii. **EMERGENCY AND ONGOING MAINTENANCE** The buildings and grounds used by the school should be paid for by the school. Capital campaigns and fundraising should be used strategically to meet this obligation.

5. **ENDOWMENTS.** All schools should have an endowment, which must be housed with the Fulcrum Foundation. Local school advisory committees should be set up to suggest investment approaches and allocate amounts that are aligned with Fulcrum policies. The control of the endowment should remain with the school and be administered by the Principal. There should be a development plan for increasing the corpus of the endowment.
- a. Endowments for named purposes can exist within the umbrella Endowment. Named endowments can generate support over time, but an individual endowment should be created only if there is a realistic possibility of generating at least \$50,000 for it.
  - b. Endowments should be designated for a specific but not a narrow purpose, such as financial aid or building repairs.

## 6. POSITIONS

- i. **BOOKKEEPER** The school should have its own finance committee and a bookkeeper who is answerable ultimately to the pastor or canonically appointed leader and immediately to the principal, who oversees tuition collection, accounts payable and accounts receivable, an inventory of purchases, and keep a set of books for that purpose which is separate from those of the parish.
- ii. **MAINTENANCE DIRECTOR** The school should have its own maintenance position or staff that is answerable to the Principal.
- iii. **DEVELOPMENT DIRECTOR.** Each school should have a Development Director, under the direction of the principal, who creates a development program with targets, sets goals, and oversees chairs for each program.
  - Every School should have a Capital Campaign every 10 years at least
  - Every school should have an Annual Fund Drive
  - The school should have a software program or other system that records and tracks letters that have been sent to donors
  - A series of other “fundraising events should be established throughout the year, such as:
    - a. Grandparent Lunch
    - b. Auction
    - c. A - thon of some type
    - d. Wine party

## 7. BUDGETING

### A. COMPONENTS OF THE BUDGET

Each school should adopt its own calculus for the components of its budget and the relationships among them. The following ideas are suggested as a guideline:

#### Expenses:

- a. Salary and benefits compensation should be about 70% of the budget

- b. Programs should be about 15% of the budget
- c. Buildings and grounds should be about 5% of the budget
- d. Funding reserves should be about 5% of the budget

**Revenue:**

- a. A correlation should exist between expenses for salary and benefits and income from tuition and fees, with each at 70%.
- b. Development and fundraising would be 15% of the budget
- c. The parish subsidy should be about 15%

**b. REVISING BUDGET NUMBERS**

Budget numbers should be revised to reflect any changes such as enrollment or emergency repairs. Adjustments should be made at least in September and January and when major fundraisers do not generate expected income. Tuition numbers, subsidy numbers, and salary numbers should reflect factual data at all times. When income must be adjusted downwards, expenses must be reduced and/or new revenue streams must be developed.

**8. COMMITTEES**

**SCHOOL FINANCE COMMITTEE.**

The school is a ministry of the parish, but its finances are usually larger than all other ministries so that discussing them can overshadow all other parish financial discussions. For that reason, the school should have its own finance committee as a committee of the school commission, with the chair of the School Finance Committee having a place on the School Commission.

The School Finance Committee should recommend budgets, tuitions, expenditures and long-term financial planning to the School Commission. The parish finance committee should decide the amount of subsidy the school receives. Ideally, a member of the School Finance Committee is also a member of the Parish Finance Committee. It is always understood that the Pastor or canonically appointed leader has the final say.

**DEVELOPMENT COMMITTEE AND ENDOWMENT COMMITTEE.** School Development Committees and Endowment Committees should develop by-laws for their operation through a collaborative effort with the Fulcrum Foundation and in consultation with the principal and the pastor. Roles, mission, purpose, authority, and connection to the Archdiocese should be clearly established.