

**MASA
New Superintendents
Leadership Academy
-School Finance Essentials-**

Lansing, Michigan
Thursday, October 6, 2016

**District Finances-Early Warning-
Metrics**

- Financial Awareness and Connectivity
- Early Warning system
- Trends
- Comparability

Financial Awareness and Connectivity

- Where are the \$\$ spent
- Peer Group measurement
 - Context
 - Compare to similar districts
- Reallocation of resources
 - Zero-sum
- Know your numbers

Early Warning System

- Fund Balance 5% Threshold
- MDT Fiscal Stress Model
- Process for MDT determination
 - Letter #1 from MDT to district
 - District response
- MDT – Potential for fiscal stress
 - Yes – Administrative Review by ISD or periodic reporting to MDT

MDT Fiscal Stress Model

- Fiscal projection model
 - Enrollment-Revenue-Expenditures-Fund Balance
 - Projected Deficit current year or next two years
- Measurement – Periodic
 - Enrollment
 - Audit
 - Budget and Budget Amendments

Administrative Review

- Peer comparison including:
 - Staffing levels
 - Wages and benefits
 - Non-Instructional costs
- Enrollment projections

Trends

- Enrollment – Enrollment – Enrollment
 - Resident
 - Non-Resident
- Revenue
- Expenditure
- Fund Balance

Fiscal Stress - Comparability

- Peer Group
- Function level of expenditures
 - Instruction Services
 - Support Services
- Object level of expenditures
 - Salaries and employee benefits
 - Purchased Services-Supplies & Materials-Other
- Drill down to detail

Peer Group

- Compare to somebody like you
- Variables:
 - District enrollment
 - Free & Reduced %
 - Square Miles
 - Enrollment change trend
- Measure
 - Cost per pupil
 - % of total

Trends - Comparability

- Revenues
- Expenditures
- Enrollment
 - Resident
 - Non-resident
- Staffing levels
- Peer Group

Financial Awareness - Connectivity

- Pro-Act vs React
- Know your numbers
- Connect your numbers
 - Prior year-current year-next year
- Themes
 - Trends
 - Comparability
 - Reallocation of resources

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We live in a society exquisitely dependent on science and technology, in which hardly anyone knows anything about science and technology.

Carl Sagan

It's not hard to understand the appeal of simplicity in a complex world.

Fareed Zakaria - 2016.09.25
