January 22, 2014

**Dear Principals and DSOs,**

The 2014-15 budgeting season is upon us! Thank you in advance for your time and commitment to this critical process. This document is intended to give you an overview of the budget process along with the key dates and steps to completing your 2014-15 budget.

**In this document, you will find:**

1. Overview of the process and immediate action steps.
2. Key points to keep in mind as you begin the process.
3. Detailed timeline and actions.

**In late January and early February (see below for a detailed calendar by school), DSOs will receive their draft budget (“The Budgeting Tool”). This is what over time will become your final budget.**

* It will be stored in a limited-access folder unique to your school on the Many Minds. Only the DSO and principal for that school and key NS team leaders will have access to the tool.
* DSOs may receive optional training in the use of the tool in a webinar scheduled shortly after tools are delivered. This will be announced in late January.
* Note that principals do not need to manipulate the tool directly themselves — DSOs will be the “owners” of the tool and will be doing the direct inputs to it. However, the DSO and principal should review the tool together and discuss budget, enrollment, staffing configurations and renewal offers during check-ins to ensure the principal’s thinking is captured accurately in the tool. We can provide training for the principal as well in the use of the tool if it is desired.
* **Lisa Briones from Team Finance** will email principals and DSOs with the link to the tool and will be the primary resource on Team Finance for questions about it.

**Additional resources and reference docs in this document and on the shared server:**

1. AF Scheduling and Staffing Recommendations (will be posted on Many Minds as soon as available)
2. [Additional Information about Designing Your Staffing Configurations](#StaffingConfig)
3. Best practices for DSO-principal communication about budgeting and staffing
4. [Items for Principal and DSO to Consider Prior to Meeting with Team Finance and Your RDO](#BudgetConsiderations)
5. Renewal Process Overview Doc (posted in Jan. on Many Minds for [NY](https://afnet.achievementfirst.org/School%20Leader/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fSchool%20Leader%2fShared%20Documents%2f5%2d%20TALENT%20DEVELOPMENT%2fTalent%20Toolkit%2fCompensation%20Tools%2f2012%2d2013%20School%20Staff%20Compensation%2fNew%20York&FolderCTID=&View=%7b13FDC25C%2dC23E%2d4521%2dA4CE%2d55E34037D022%7d) and [CT](https://afnet.achievementfirst.org/School%20Leader/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fSchool%20Leader%2fShared%20Documents%2f5%2d%20TALENT%20DEVELOPMENT%2fTalent%20Toolkit%2fCompensation%20Tools%2f2012%2d2013%20School%20Staff%20Compensation%2fConnecticut&FolderCTID=&View=%7b13FDC25C%2dC23E%2d4521%2dA4CE%2d55E34037D022%7d)). Teresa Clarke will send an email to principals & DSOs to initiate the renewal offer process in March.
6. AF School Budget User’s Guide: this is an overview of how to use your budget once it is created, and addresses some of the trickiest issues that are involved in managing your budget, such as how to adjust for changing enrollment, how and when budgets can be revised after they are approved, and how one-time items, like Principal in Residence, are incorporated into budgets. While this does not address specific steps in the creation of your budget, it provides important context for how your budget will be used, so is very helpful to review in advance of the budget creation process. You can find a copy of this document [here](https://manyminds.achievementfirst.org/sites/NetworkSupport/TeamFinance/Shared%20Documents/Budgeting%20and%20Forecasts/01%20General%20Documents/14-15%20Working%20Docs%20and%20Resources/FY15_SchoolBudgetUserGuide.pdf).

**Overview of the Process**

**What *is* the budgeting process?**

* The process involves a set of tools, a series of meetings, and the use of your regular check-ins for you to configure your staff and determine your budgets for 2014-15. It ends with board approval of your budget in May.
* The budgeting process ensures that both schools and network support teams (Finance, Human Capital, IT, Facilities, Teaching & Learning, Recruit and Ops) are working together to plan for staffing and non-personnel needs.

**Why is this process important?**

* The overall process ensures that you hire and retain the best talent and allocate your resources most effectively to reach your student achievement goals while ensuring we are on the path to financial self-sufficiency.
* The improved coordination between Teams Finance, Recruit, Human Capital and Ops, which includes a tool that combines talent and budget planning, facilitates faster and better communication so you can move quickly on staffing and budget decisions.

**Overall Timeline:** There are four phases to the budgeting process:

**February**

Tools distr.; Budget & Talent Planning; Dean/DSO Renewal Process

**March and April**

Other Staff Renewals; Finalization of Budgets, Staffing

**May through July**

Execution of Talent Plans; Budget Approval (May)

**December**

AF Scheduling and Staffing Recommendations Provided

**January**

Inputs from NS added to tools

**Action Steps by First Budget Meeting in Late February or Early March:**

* ***Principal & DSO:*** Spend 30 minutes reading through this document and resources and looking at the AF Staffing Guidance.
* ***DSOs:*** Spend 30 minutes reviewing the Budget Tool; attend webinar trainings if desired.
* ***Principal & DSO:*** Set at least an hour together to configure the first draft of your budget and talent plans, using the Budget Tool, before your first budget meeting. The DSO should update the tool based on the principal’s thinking.
* ***Principal & DSO:*** Look for an invitation from Alex Gecker for the Round 1 in-person budget meeting in Feb./March, to be followed by an invite for the Round 2 meeting in April/May.
* **Reach out with questions:**

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| **Staffing Plans:**  Pam (NY)  or Alicia De La Rosa (CT)  **New Hire Information:**  Neha Kale or your recruiter | **Budget & Enrollment:**  Lisa Briones or RDO  **Overall Financial Self-Sufficiency**  Max Polaner | **Renewals & Compensation:**  Teresa Clarke |

**Key Points to Keep in Mind as You Begin the Budgeting Process:**

* **Role of DSOs (and RDOs):** To improve communication and support DSOs in their role as managers of the budget, DSOs will own all staffing changes in the shared tool, and the DSO will confirm that the budget can allow for those changes or review any issues with the principal*.* The RDO will also play a crucial role in supporting the DSO in his/her work and acting as an intermediary with Team Finance on specific questions.
* **Talent plan done separately:** The tool does *not* include the talent plan. Rather, DSOs should add “staffing plans updates” as a standing check-in agenda item with their principals from February through July to discuss the number of staff and specific positions expected for the 2014-15 year. In addition, the recruiter can copy the DSO on the weekly check-in agenda that he/she sends to the principal, if the principal prefers. (The DSO would then update the budgeting tool.) This knowledge transfer is a crucial part of the process. The recruiter is also available for any questions or clarification. *More information follows in sections below.*

**Note About Instructional and Operations Talent Planning:**

* Principals should review the AF Scheduling and Staffing Recommendations with their regional superintendent for a suggestion and starting point to configure staff. DSOs should be familiar with the guidance as well. Each school can distribute teachers and staff slightly differently (e.g., more teachers-in-residence, fewer teachers) based on needs, programs, current staff and budget constraints, but this document is meant to provide strong and helpful guidance and is the basis for the overall budget targets. Any significant variations from the guidance should be reviewed with the Regional Sup and RDO.

**Note About Budget Planning:**

* Principals are ultimately responsible for their budget and for operating within it; however, the DSO provides extensive support in managing the budget and is the day-to-day owner of it. Your board also plays an important role in approving and monitoring your budget performance.
* The overall boundaries within which budgets are created are based on AF’s financial model that ensures that we achieve financial sustainability on public dollars at scale. While we may not be there yet if your school is not at full size, or because our funding is not yet at the level of our districts (such as in CT), it is crucial that we are on the path to self-sufficiency to be a model for education reform and to build an enduring institution.
* Within those boundaries, there can be flexibility between budget items, but it is crucial that you operate within your bottom line. Team Finance, your regional superintendent and your RDO will work with you to help allocate funds that meet the overall financial requirements and yet also ensure you are best able to meet your student achievement goals.
* Please reach out to Lisa Briones on Team Finance and/or your RDO with any questions.

**Note About Renewals, Retention and Compensation:**

* Teresa Clarke will send more information about the renewal process in at the end of January (for Deans and DSOs) and March (for all other staff, including teachers).
* While the teacher and ops renewal process will be tracked in this new budgeting tool, the leadership renewal process will be managed separately by Team Human Capital and entered into the budgeting tool after decisions are finalized.

**Timeline and Actions:** Please reach out to the network support team owner for any questions or more details. You will be receiving more information about each step via the School Leader Memo, Ops Blasts, and meetings with Human Capital, Finance, Ops and Recruit.

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| **Timing** | **Who Takes Action** | **Action** | **Network Support Team Owner** |
| December | n/a | <FYI> Team Finance meets with network support teams (e.g., Special Services, Facilities, IT, Teaching & Learning) to hear their input on school budgets | Lisa Briones, Team Finance |
| Dec. through Jan. | Principal and DSO | Review AF Scheduling and Staffing Recommendations to prepare for populating the budget tool. | Doug McCurry, Team Super |
| Jan. 6 - Jan. 22 | NS Teams | Network Support Teams provide inputs to school budgets | Lisa Briones, Team Finance |
| End of January | Principal | Determine renewal offers for deans & DSOs (offers distributed by Mar. 3) | Teresa Clarke, Team Human Capital |
| Feb. 3-7 | Principal and DSO | Receive the Budget Tool | Lisa Briones, Team Finance |
| Feb. 7-12 | DSO | Attend Webinar training on budget tool | Lisa Briones, Team Finance |
| Feb. through May | Principal | Meet weekly with recruiter to discuss hiring needs and communicate budget-impacting decisions to DSO in weekly check-ins (e.g., adding staff or changing configuration) | Pamela Clarke (NY) or Alicia De La Rosa (CT), Team Recruit |
| Feb. through May | DSO | Update Budgeting Tool weekly based on principal discussions (make “staffing plan updates” a regular check-in agenda item with principal—this knowledge transfer is a crucial part of the process; the recruiter can also copy the DSO on the weekly recruitment check-in agenda, if principal chooses) | Lisa Briones, Team Finance for budget; Pam (NY) or Alicia De La Rosa (CT), Team Recruit, for staffing |
| Feb. 17 - March 14 | Principal and DSO | Round 1 meetings: meet with Team Finance, RDO, regional sup and recruiter to review staffing, enrollment and budget plans | Max Polaner and Lisa Briones, Team Finance |
| March | Principal and DSO | Determine renewal offers for all other staff members (e.g., teachers, social workers, etc.) Offers to be distributed by March 27 (CT/RI) or March 28 (NY) | Teresa Clarke, Team Human Capital |
| Rolling basis | DSO | Enter renewal or resignation information into Staffing/Budgeting tool | Tracey Geller, Team Human Capital |
| April 7 – May 7 | Principal and DSO | Round 2 meetings: meet with Team Finance, RDO, regional sup and recruiter to finalize budget and staffing plan (as necessary) | Max Polaner and Lisa Briones, Team Finance for budget; Pam (NY) or Alicia De La Rosa (CT) for staffing |
| Mid-May | Principal and DSO | Receive final budgets for sign-off before budget goes to the board | Lisa Briones, Team Finance |
| July 1 |  | <FYI> New budgets & salaries take effect |  |

As mentioned above, the following members of Team Finance will be reaching out to you for each of these steps:

* **Posting draft budgets to Many Minds and leading webinar trainings on budget tool:** Lisa Briones
* **Scheduling Round 1 and Round 2 budget meetings:** Alex Gecker

*Additional Information about Designing Your Staffing Configurations:*

**Note**: While the talent plan no longer exists within the budgeting tool, your recruiter is always available for clarification or questions on the status of hiring, the candidate pipeline or the staffing plan. Please see “recommendation and best practices” section in this document for tips on how to ensure the principal, DSO and recruiter are aligned on staffing needs.

**Process Requirements for Determining Staffing Configurations:**

* **Adding Instructional Staff:** Principals should headcount and staffing configurations with their DSOs or if they are considering adding any instructional staff members beyond the headcount target from Team Finance; the DSO will be able to help configure the budget to ensure the additional staff member is feasible. The regional superintendent should also be informed of any additional headcount beyond the original Team Finance target.
* **Adding Operational Staff:** Principals and DSOs should check in with the RDO and VP of Operations if you are considering adding Ops staff beyond the three called for in the staffing guidance spreadsheet
* **After April 11:** Once renewal offers are returned, we expect that your overall staffing plans will not fluctuate barring emergencies.

**Other Best Practices from Team Recruit:**

* **Determining Your Staffing Configuration Early:** The earlier you know which positions you need, the stronger the candidate pool for those positions. Your recruiter will explain the pipeline status for different roles and keep you informed as the pipeline changes in the spring.
* **TFA Corps Members:** We encourage each elementary school to hire 3 to 5 TFA corps members and each middle and high school to hire at least 2 corps members
* **Teachers-In-Residence:** Teachers-in-residence (interns) can serve as instructional support as “second teachers” or interventionists; when coached, they could build a long-term pipeline and can fill mid-year openings
  + AF Staffing Guidance suggests three to five teachers-in-residence, but principals and DSOscan discuss whether the budget has room for more
  + Team Recruit will prioritize recruiting and hiring for regular teaching positions before hiring these support roles
* **Principal’s Assistant:** The intention is that this position is entry-level because the salary is entry-level. If this person will be used in an executive assistant capacity, Team Operations will oversee hiring for this role. However if your preference is that this role will function at least partially as a substitute teacher and/or will require an instructional background, Team Recruit will oversee hiring. You can discuss these needs with your recruiter, who will convey the information to Team Ops as appropriate.

*Recommendations and Best Practices for Communicating Budgeting and Staffing Needs*

As school leaders responsible for the budget, the DSO and the principal need to be aligned on staffing configurations and budget allocations in real-time from February through July.

*Options for Ensuring that the DSO and Principal Are Aligned on Staffing Needs and Impact on the Budget:*

1. *Preferred:* Recruiter copies DSO on agenda for weekly recruitment check-in with principal, which includes staffing plan; DSO and principal consistently review staffing plan in weekly check-ins
   1. Because staffing decisions are so consequential to the overall viability of the school’s budget, this option ensures the best real-time information on staffing plan
   2. The DSO will then update the budgeting tool if necessary and, if there are any budget-related staffing issues, raise those issues to the principal as quickly as possible (within 48 hours of receiving the email); the principal will alert the recruiter if direction needs to change after conferring with the DSO
   3. As a trusted partner, the DSO will keep all information contained in this weekly check-in agendas confidential
2. *Alternate*: Principal prefers that DSOs not be copied on recruitment check-in agenda but DSO and principal firmly commit to consistently review staffing plan in their weekly check-ins
   1. In this case, we recommend that the DSO bring the budgeting tool to the weekly principal check-in and use it to ensure calibration with the principal’s staffing plan

* In either option, principals should discuss budget-impacting staffing changes (e.g., adding or removing a special educator, changing a position from teacher-in-residence to teacher, adding stipends) with their DSO
  + If the DSO needs to adjust the budget, he/she should confirm ASAP (within 48 hours of speaking with principal) via email that the change is feasible or if there is an issue with funding for the position (copy the RDO in that case).
  + Recruiters will continue to search for candidates but will not make an offer until confirmation from the principal. So, this quick response time will ensure that we can move quickly for top talent.

*What Comes Next:*

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| **When** | **Who** | **Action Taken** |
| January | Recruiter | In a recruitment check-in, ask the principal which of the weekly communication options above he/she prefers to use for the season |
| January and Weekly | DSO | After receiving the budget tool, add “review initial staffing plan” to the next DSO-principal check-in; then add “review staffing plan updates” as a standing item moving forward |
| January | Recruitment team | Email the DSO with the names and salaries of any hires to date |
| Early February | Recruitment team | Send offer letters and hiring materials to the DSO on a weekly basis |
| Weekly | DSO and Principal | Check in about staffing plans and necessary budget adjustments |
| Ongoing | Recruiter | Copy DSO on all offers sent to candidates, so DSO has a forward-view of new hires in the pipeline (*optional based on DSO preference*) |
| Ongoing | DSO and Principal | Keep in communication with recruiter and RDO to share updates and clarify information as needed |

*Items for Principal and DSO to Consider Prior to Meeting with Team Finance and Your RDO*

The Budgeting Tool will contain sections in which you will provide key planning inputs that will drive most of the revenue and expenses you will need to build into your school’s budgets. At a high level, the main areas to review prior to the first meeting with Max, Lisa Briones and your RDO are:

**How to address the financial challenges we are facing:** The tightening financial environment of flat or declining revenues and increasing costs will require every school to make some tough choices to continue to meet our financial goals, and you should have a sense of what levers you are planning to use to get there. They key levers are increased enrollment (if possible – may not be in all cases depending on enrollment caps and state budget limitations), decreased staff and/or reductions in non-personnel costs.

**Planned enrollment and attrition:** How many scholars you plan to have next year by grade, and how you will meet average enrollment numbers. Please remember that, in New York, funding is based on AVERAGE enrollment for the year (not the number at the beginning of the year), so you should take into account how much attrition you expect to have over the year and how you will respond to it (i.e., whether you will draw off the wait list). In Connecticut, however, funding is simply determined based on enrollment on Oct. 1st and does not change after that point.

* **Planned staffing and expected compensation:** This will be driven by your conversations about talent planning and should reflect conversations with your recruiter and DSO.
* **Areas in which your current year forecast differs from your current year budget:** One of our goals in the budget meeting is to understand where reality differed from the budget. We will look at those lines with the largest variances and think about why they occurred. DSOs – you should be well placed to interpret these financial results but please reach out to Team Finance if you need clarifications.
* **New things happening next year that did not happen this year:** Think broadly about program support activities, materials and supplies, operations and site improvements that are not happening this year but you would like to invest in next year.
  + What new programs, initiatives, operations and site improvements are you going to be making next year?
  + Do you have any initial ideas about what other areas you might need to consider as an offset to the additional cost? Are there any trade-offs you will be willing to make?
* **What can we stop doing/do more efficiently that is not having the maximum impact on student achievement?** In an environment of tightening resources, we unfortunately are in a world of trade-offs, and one key test of how we allocate resources is to make sure they are going towards what will play the biggest role in closing the achievement gap.

Several network support teams (especially Team Special Services, to ensure we are considering funding implications early) will also be providing inputs to your budget based on their understanding of your programs and plans for next year. These teams will include Teaching & Learning, IT, Special Services, and Facilities. These teams will be engaging with you separately and there are places in the budget tool for them to provide their own inputs to DSOs that will flow into the overall budget.

Finally, as mentioned earlier, there are a set of important guidelines for how to manage your budget once it is created that can be found in the “AF School Budget User’s Guide”, a copy of which can be found [here](https://manyminds.achievementfirst.org/sites/NetworkSupport/TeamFinance/Shared%20Documents/Budgeting%20and%20Forecasts/01%20General%20Documents/14-15%20Working%20Docs%20and%20Resources/FY15_SchoolBudgetUserGuide.pdf).