

Meadow Lark Elementary PTA Funding Strategic Planning Committee Report February 2017

Committee Purpose:

This committee was convened by the PTA President in December 2016 in response to a large funding request. In order to be most informed before voting on the request, the President wanted to examine current and past PTA funds in order to understand spending and saving trends. Subsequently, appropriate guidelines for a sustainable and responsible budget could be developed.

Committee Members:

PTA President and Treasurer and one General PTA Member.

Committee Research:

The committee examined three years of Meadow Lark PTA budgets as well as National and State policies on PTA funds. The committee also utilized literature showcasing best practices in non-profit financial planning.

Key research findings:

Regarding best-practices in non-profit and PTA planning

- All PTA programs and events (especially fundraising events) should connect to the mission and vision of the PTA (...to provide a positive, safe, and healthy environment that will develop independent, lifelong learners who will strive to reach their highest potential).
- A good rule of thumb is the 3 to 1 Rule: a PTA should have at least 3 non-fundraising events or projects aimed at helping children, parents, or teachers to every 1 fundraising event.
- PTA should support activities and events that help ensure the future of PTA.
- With effective fundraising comes the responsibility for judicious and appropriate use of funds.
- Every PTA should plan to have a healthy reserve built into the budget which means it should save between ½ to ¾ of a year of average expenditures. The reserve is intended to serve as a means to retain financial stability in the event of an unforeseen development, situation or need.
- Useful vocabulary:
 1. Operating Funds: routine and regular spending that is financed with current revenue
 2. Restricted Funds: funds that can only be used for “x” purpose.
 3. Designated Funds: funds set aside for a specific purpose (usually extending beyond two years)
 4. Surplus Funds: funds remaining in the account at the end of the fiscal year after all income is received and expenses paid
 5. Carryover Funds: surplus funds used for operating expenses during the next fiscal year
- A healthy budget should contain funds for start-up expenses, training and education of officers and members, regular events, programs, and committees, and capital improvements.

Key research findings:

Regarding the PTA budget (current, past, and trends)

- Yearly budgets varied in terms of line items and entries; much of that is due to the turnover in the Treasurer position (as the Treasurer serves only a two year term).
- The committee discovered a fair amount of “noise” in the budget meaning many categories were unnecessary or duplicative.
- Generally, most programs and events fall within four “bucket” categories:
 1. **School Community Enrichment**-events and programs that build relationships, create community
 2. **Educational Enhancement**-events and programs that supplement curriculum and education
 3. **External Support**-donations and contributions to the non-Meadow Lark community
 4. **Other**
- *Less than 1%* of our annual budget comes from membership dues because the majority of each dues payment goes to the state organization. Thus, we cannot rely on membership dues for sustaining our budget.
- On average, our income and expenditures are:

Income	\$30,000/year
Expenditures	<u>\$28,000/year</u>
Gross profit	\$ 2,000/year
- To maintain a healthy reserve at our current levels (as previously indicated in “best practices”), we should save approximately \$13,850 each year (that is ½ of our average expenditures)

Averages based on FY 2013-2016

	School Community Enrichment	Educational Enhancement	External Support	Other	Total
Income	\$ 9,350.00	\$ 8,450.00	\$ -	\$ 11,900.00	\$ 29,700.00
<i>% of income</i>	31%	28%	0%	40%	
Expense	\$ 6,000.00	\$ 14,695.00	\$ 250.00	\$ 6,750.00	\$ 27,695.00
<i>% of expense</i>	22%	53%	1%	24%	
Profit	\$ 3,350.00	\$ (6,245.00)	\$ (250.00)	\$ 5,150.00	\$ 2,005.00

As of January 2017, our overall financial picture and recommendation is:

Liquid Assets	\$52,000 (+\$11,000 in savings bond)
¼ of budget saved for Reserve*	<u>\$20,775</u> *recommend ¼ of expenditures saved vs. ½
Amount left to use for funding proposal	\$31,225

Electronic billboard cost ranges from \$16,350 to \$31,165

This committee suggests that moving forward, all funding proposals should consider the best practices findings revealed in this report, particularly regarding the amount of funds needed for reserve. That is, if a proposal will require more than what the budget can bear after leaving room for reserve, a plan for fundraising should be implemented.