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Planning for  
Funding & Budget 




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Hello. This is Harvey Barnett. Welcome to “Funding and Budget,” another in TICAL’s series of online presentations to support your technology planning efforts. The realization of your technology plan will depend on the resources you are able to provide and how well you are able to manage them. In this presentation, I will share key considerations to keep in mind when developing your technology budget to help ensure that your vision does not exceed your ability to fund it.

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Start with the Right  
Approach




The first and most important consideration is your approach. Sheldon Smith, the Director of Technology and Information Services for the Paso Robles School District, says that too often, we make the mistake of approaching technology as though we were buying toasters. Toasters are a single function appliance. Everyone knows how to use them, so there are no training costs. Other than emptying the crumb tray (or, if you’re silly enough to buy a chrome model, a little polishing now and then), there is no maintenance involved. A toaster is cheap, so when it breaks, it’s likely we can buy a new one without upsetting our budget. And, in the worst case scenario, we can eat plain bread or substitute a doughnut and postpone replacing the toaster until next payday. None of this is true for technology.

In reality, computers are more like school busses. They have many related costs and once we buy them, we can’t do without them. So, when you approach budgeting for technology, don’t think toasters;


think “school busses.”

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The School-bus Approach



- Garage, parking
- Fuel, oil, tires
- Mechanics
- Specially-trained drivers
- Excess capacity & backup plans
- Eventual replacement




When we budget for pupil transportation, we know we must budget for many things besides busses. We need a garage and a place to park them between runs. We need to fill gas tanks, change oil, and replace worn out tires. We need mechanics on-duty for both routine maintenance and emergency repair. We need specially-trained drivers whose certification is up-to-date. Because transportation is a necessity, we need to know that if a driver is sick or a bus is out of service, we can still get pupils to school on time. And even though busses last a long time, we know eventually they'll need to be replaced.

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**A Plan Is a Budget...  
a Budget is a Plan**

- Total Cost of Ownership (TCO)
- Purchasing schedule
- Monitoring and updating
- Funding sources




You're no doubt familiar with the saying, "A plan is a budget... and a budget is a plan." When you adopt the school-bus approach to budgeting for technology, you are clearly starting to think of budgeting as a planning process. You'll estimate the Total Cost of Ownership, or TCO. You'll determine a schedule for purchasing hardware and software. You'll establish a system for monitoring your budget and updating it when necessary. And of course, you'll have to figure out where in the world all the money will come from to support this budget. In the next slides, we'll look at each of these issues more closely.

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**Think First, Plan Later**

- Do your homework
  - Inventory *all* the costs.
  - Consider which are really yours.
  - Don't skimp
- Think out of the box
  - Purchasing vs. Leasing
  - In-house? Outsource? Partner?
- Leave room for innovation
  - Hot new products, programs



Before you begin your budget plan, you'll have some homework to do. Make a list of all costs you will be expected to cover and the costs that will be covered by another department or division. Districts generally cover repair and support costs for schools. Intermediate units may provide staff development on telecommunications services. Don't leave out or skimp. If you do, important elements will either be under funded or not funded at all. This is not a good return on your investment.



Think out of the box as you plan. Maybe you will save money and time by leasing rather than buying. This option may also result in a regular way to upgrade to newer equipment. Do you need to provide all maintenance and support or can this be done more cheaply by others? Can you find partners with similar needs and enter into collaborative agreements?

Something left out of many plans is funding for innovative new hardware and software. When a “hot” new product is available you may want to pilot it to determine if there is a fit to your program and what the potential implementation costs are.

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**TCO: the Details**

- ⌘ Technical Support
- ⌘ Staff Development
- ⌘ Replacement
- ⌘ Software
- ⌘ Retrofitting
- ⌘ Connectivity
- ⌘ Miscellaneous




So, when we blithely advise you to “think of all the costs,” just what are we talking about. At minimum, here are the essential elements you need to consider. Let’s talk a bit about each.

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**Technical Support Costs**

- Number of computers and peripherals
- Number of users
- Telephone services
- Number of LANs, O/S, administrative applications



When you are trying to figure out what your real technical support costs are, here are some things to consider:

How many computers, printers, scanners and other peripherals will be installed? Every new addition to your inventory adds to your support costs.

How many individual users will need support. Are the technologies classroom or lab based and what troubleshooting training will you provide to users? All of these will make a difference in your technical support costs.

Do you provide telephone services

to classrooms? If so, you will need specially trained technicians to manage the system.


Plan for the number of networks, operating systems and databases you will have to manage. The more the merrier does not apply here.

Each of these items requires extensive maintenance and support. Support as few operating systems and administrative applications as possible.

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### Technical Support Costs

- Number of applications
- Range of services offered
  - Serving video to classrooms?
  - Teleconferencing?
  - Satellite services?
- Worker-to-manager ratio



How many applications can you support? The rule here is to keep it simple – the fewer the better. Yes, there are multiple word processing, multimedia, and database programs. Trying to support them all is a nightmare and costly because you need more licenses. Smart districts support one application in each area. If users want to use others, they are on their own.


Consider the range of services you plan to offer. Adding video and satellite broadcasting services add to your support costs by requiring additional personnel who are specifically trained to handle these functions.

Finally, consider your ratio of workers to managers. Generally, as you add support staff and other personnel, additional managers will be needed to provide appropriate oversight. Managers are paid more so this can be a big impact on your budget plans.

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**Professional Development**

- NCLB mandates 25%.
- Many states require 20-30% of state money be utilized this way.
- Some recommend \$1,500–\$2,000 per person trained per year.




Professional development costs are significant. Remember: just because someone can drive a passenger car doesn't mean they can drive a school bus. Your staff will need to learn to use the technology you buy or there's no point in buying it. The U.S. Department of Education and the No Child Left Behind legislation require that 25% of all funding be set aside for professional development. Many states and other funding agencies require the same level of funding and many funders are auditing budgets to ensure that expenditures are as required. Some policy planners recommend a budget of \$1500 - \$2000 per person trained each year. This includes the cost of the trainer, substitutes and training materials.

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**Replacement**

- 5-year replacement cycle (minimum)
  - Industry standard for desktops = 3 years
  - Industry standard for laptop = 2 years
- Devise a replacement strategy
  - E.g. per-computer "surcharge"




Computers, printers and other technologies will not last forever. Hardware older than five years generally is obsolete and needs to be replaced. Even if it still works, it is not likely to run new software or updated versions of standard programs. In fact, the standard in industry is to replace desktop computers every three years and laptops every two years. As a district's technology investment matures, the district must plan for regular upgrades and/or replacements To develop a replacement budget creative districts place a surcharge on the top of each computer purchased. This surcharge is allocated to the replacement budget.

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**Software**

- Allow 10% of budget.
- Establish standards
- Investigate licensing options
- Schools Interoperability Framework (SIF)




Software used by education is generally less expensive than business applications. A rule of thumb is to plan about ten percent of your budget for software purchases. The most efficient strategy is to develop standards for software and purchase licenses for that software. Licenses are not only cheaper but help to maintain copyright compliance.

As you research what software applications you might want to purchase, check to see that the software meets the requirements of the Schools Interoperability Framework (SIF). SIF is an industry initiative to ensure that instructional and administrative software applications work together more effectively.

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### Retrofitting/Connectivity

- Power
- Communication
- Security
- Access
  - Connections
  - ADA Requirements



Sometimes school buildings themselves can be a major obstacle to technology acquisition. Consider incorporating your district's master facilities plan and your technology plan into one overall strategic plan. If your plans are well thought out, your district can accomplish technology retrofits while doing routine maintenance and repair work. Here are some things to consider:

**Power-** Add up the load! Be sure there will be sufficient power for all of the computers, printers and other peripherals as well as networks, heating, cooling, and other needs.

**Communication -** The communication plan can include voice, data and video. The newest systems incorporate all three and may require extensive upgrading of your network infrastructure.


**Security -** Will you provide security for the entire building or only portions like labs and network closets?

**Access –** There are two aspects to consider here. 1. Where and how many access points will be needed in classrooms, labs, library/media center and other instructional and administrative spaces including wireless connection points? 2. Plan carefully to meet the requirements of the Americans with Disabilities Act for both staff and students.

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**Miscellaneous**

- Insurance
- Electricity
- Disposal of obsolete equipment



Here are several other cost items to consider:

Insurance - Is your insurance policy adequate to cover the additional and hardware you are going to buy or will you establish a fund to cover minor losses?


Electricity - Every item you plug into a socket will raise your utility bill. Be sure to budget for the increased cost. You can minimize this increase by purchasing equipment that automatically turns off or “sleeps” when not in use. Also, encourage employees to turn off hardware when they leave each day.

Disposal - When hardware becomes obsolete you can’t just dump it in the trash bin and have it hauled away. Many components contain toxic items and must be disposed of properly. Toxic disposal generally involves a fee. Check your local or state regulations to determine which items require special treatment.

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**Funding Sources**

- One time funds
  - E-rate
  - Grants and Donations
- Ongoing funds
  - Bonds
  - State and Federal Appropriations
  - General fund




Only in your wildest dreams will you have enough money to purchase all the technologies you want and need as well as fund all the support costs. So what do you do? As is true in other areas of education, you ferret out whatever resources you can find and then make the best of them.

Typically, you have two types of funds to draw on: one-time funds and on-going funds. One-time funds include such sources E-rate funds and grants from government, business, and other sources. On-going funds include income from local bond measures, recurring state and federal allocations, and, of course, your district’s general fund.

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**Funding Advice**

- Use one-time funds for one-time costs (e.g. hardware, software, infrastructure).
- Use ongoing funds for recurring expenses (e.g. technical support, repairs, training).



Here is some general advice on how to use the funds available. For one-time funds, a good rule of thumb is to use them for expenses that occur once or infrequently, such as purchasing hardware and software, specialized furniture, retrofitting, and infrastructure costs. Use ongoing funding sources for recurring costs such as technical support staff, equipment repairs, training, and professional development.

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**Be Creative!**



- Look critically at current expenditures
- Can funds be repurposed?
- Will technology yield savings in other areas?




Most important, be creative. Leaders with vision look beyond the obvious to identify additional resources that can serve the technology plan. For example, look at current expenditure patterns critically. What funds now being spent on other items might be repurposed for technology? Will your technology investment create cost savings in other areas? Perhaps reduce the needs for instructional aides, textbooks and certain instructional supplies?

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### Consider Your Context

- District's predisposition toward technology?
- Community's attitude?
- Are real costs understood?
- What funding can you really expect; can it sustain the plan?



Consider your local context: How committed to the use of technology is the district? What is the position of the Board and Superintendent? Do they believe that technology can and will make a difference? You may have to convince them if significant funding will be made available.

What does your community think? Visit local service clubs, senior citizen centers and others to build support.


Does everyone understand the real costs? Help them to understand what it will cost and why. If they are negative then you will have to either convince them or scale back your plans.

The bottom line is: given your local context, can you afford the plan you are budgeting for? If not, now's the time to accept that fact and figure out what to do about it.

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### More Resources

- Go to Portical.org home page.
- Use the [Financial Planning Matrix](#), or
- Use "simple search" to find resources by keyword.



I hope you've found this brief overview on funding and budget helpful, and that you'll want to share the information with others. The Portical website includes a printable version of this presentation. Also, in the Financial Planning Matrix, you will find many related resources. For now, this is Harvey Barnett saying, "Good bye until next time."