

Financial Planning 101: Budgeting Strategies for your Technology Plan

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Hello! My name is Susan Brooks-Young. I spent 23 years working as a teacher and administrator in public and private education. Now I work with educators across the country on various aspects of technology use in schools, including developing or updating technology plans. In this brief presentation, I'd like to share lessons I've learned about effective financial planning through budgeting strategies that you can use when writing or updating your technology plan.

- Laying the Groundwork
- Total Cost of Ownership (TCO)
- Value of Investment (VOI)



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The best written technology plan won't come to fruition if the funds needed to support it aren't available. Schools and districts can develop sustainable technology budgets by focusing on three areas:

- Taking time upfront to lay some groundwork in terms on committee membership and spending practices.
- Planning for the initial and ongoing costs of a networked environment, called Total Cost of Ownership or TCO.
- Finally, identifying the return you expect to get on your investment related to instructional outcomes, called Value of Investment or VOI.

Let's take a closer look at each of these areas.

The typical technology budget...



Money by AntiochOG. 12/14/06. Retrieved on 12/20/06 at
<http://www.flickr.com/photos/philwalter/322080728/>

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The typical technology budget relies on a special infusion of funds from sources such as bonds, grants, corporate donations, or E-Rate. The problem with relying totally on these funding strategies is that these funds may be restricted or funds may not be available in subsequent years.

General financial planning strategies

- Engage the right stakeholders
- Consider alternative purchasing strategies
- Draw on multiple funding sources



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Technology planning committees often end up being dependent upon year-to-year funding sources simply because no one on the committee is in a position to make the decision to change past spending practices by using different purchasing strategies or reallocating existing funds.

Here are a few suggestions for changing this situation.

Engage the right stakeholders

- Include decision-makers
- Scrutinize existing funding sources
- Use a tool like Google Spreadsheets (<http://docs.google.com>)



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The make-up of the technology committee is critical. It's imperative to engage cabinet-level administrators from the business and educational services divisions. When I work with districts on tech planning, my first step is to review the committee roster to ensure that the group includes people who *can* make the decision to change things.

The technology plan template provided by the CA Dept. of Education includes a review of existing and potential funding sources. Cabinet-level officials are well-conversed with existing funding sources and patterns and also know where it might be possible to reallocate certain funds.

By the same token, cabinet members' time is scarce, so they may not be able to attend all committee meetings. Use the first meeting to ensure that these officials understand how they can support the committee and then create a Google Spreadsheet to build the budget component of the plan. This free tool allows you to create an online spreadsheet file and invite others to work on the file from any internet connected computer. Even when officials are called away from a meeting, they can continue to be active participants in creating a sustainable budget.

Consider alternative purchasing strategies

- Lease equipment
- Research Open Source software
- Repurpose old equipment



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A well-executed lease for hardware can save you time and money because it can include maintenance costs and a provision for rotating out older equipment. Yes, it's an ongoing financial commitment, but it covers costs you will need to pay anyway. If your district does not currently lease technology equipment, it's well worth considering.

Open source software is free to all users. Programs such as Firefox (an internet browser), Linux (an operating system), Open Office (suite of applications such as word processing and spreadsheets), and Moodle (a course management system) are being successfully used by educators all over the world. You can save tens of thousands of dollars in licensing fees each year.

Another approach is to repurpose old equipment you own outright. For example, a thin client network uses older computers as workstations that connect to powerful servers where all software is actually stored. This enables outdated systems to run newer software applications and handle internet sites that are beyond its capabilities, if it were operating as a stand-alone system. One \$3,500 server can handle approximately 20 workstations, a significant savings.

Draw on multiple funding sources

- Leverage existing funding
- Incorporate grants
- Develop partnerships



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It's not wise to put all your eggs in one funding basket. Develop a budget that relies on multiple funding sources.

Use existing general and categorical funds where possible and supplement those dollars with grants. It may be more profitable to concentrate on winning a few small awards from local or regional service groups, corporations, and foundations than to set your sites on large national programs that are highly competitive.

Partnerships with local institutes of higher learning, businesses, and corporations that serve your area can also be profitable. Even though partnerships may not involve cash, in-kind services and equipment donations can be used to free up dollars for other needs.

Technology Funding Sources for Schools

- Grants & Contests Data Base
- Grant Wrangler Bulletin
- Fundsnet Services Online



www.portical.org/funding.html

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You can learn more about technology funding sources for schools by visiting the Expert Opinion section of the Portical website. The URL is provided here and again at the end of this presentation.

What is Total Cost of Ownership (TCO)?



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Total Cost of Ownership, usually shortened to TCO refers to the cost of purchasing and maintaining a product throughout its lifetime. School administrators often don't realize that they need to think beyond the initial purchase price of technology. What are the hidden and/or ongoing costs of hardware and software, and how does a TCO-savvy administrator anticipate and manage them?

The elements of TCO

- Software
- Maintenance
- Repairs
- Increased Utility Costs
- Support
- Staff Development
- Replacement Costs



Computer Lab by evanrudemi. 1/11/06. Retrieved on 12/20/06 at <http://www.flickr.com/photos/evanrude/85301574/>



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As hardware is purchased and installed, the share of the budget devoted to “operating” categories such as staff training and technical support should increase as well. This slide shows a list of ongoing costs that are the result of every hardware purchase. Some experts estimate that these costs are as much as 50% of the original equipment purchase price!

Taking TCO to the Classroom

who's new | CoSN/Gartner TCO tool & case studies | publications & tools | TCO checklist | resources | learn about CoSN

taking TCO TO THE classroom

On behalf of our 1,600 students and staff at our school system, I want to thank you for your efforts on education's behalf. Your resources helped our technology committee make a successful presentation to our board to adopt a comprehensive 5-year technology budget. It is a great turning point for our school, which up to this point had been developing our technology program in an uncoordinated fashion. So once again, thanks for your unique contribution. It was unique, timely and filled a gap that schools like ours with limited IT resources were searching to fill.
—Technology Coordinator, Bellflower Christian Schools, Cerritos, CA

CoSN-Gartner TCO tool

A Message from CoSN

Founded in 1992, the Consortium for School Networking (CoSN), a national non-profit organization, is the premier voice in education technology leadership. CoSN's mission is to serve as the national organization for K-12 technology leaders who use technology strategically to improve learning. Our audience includes key technology leaders (often called Chief Technology Officers—CTOs) in leading-edge states and districts, as well as those technology leaders who wish to accelerate their districts' or states' systemic technology use.

CoSN recently completed three **case studies** which explore the **total cost of ownership for one-to-one K-12 student laptop programs**. Each case study approaches the TCO assessment differently - from a district, school or project perspective. The value of the one-to-one project at each school is also discussed and benefits measured where possible.

CoSN launched its "Taking TCO to the Classroom" project to provide school leaders with tools to help them estimate the Total Cost of Ownership (TCO) involved when they build a network of computers and wire their classrooms to the Internet.

"Ownership" in this context includes all of the costs associated with using and maintaining networked computers, no matter whether a school district owns or leases them.

TCO traditionally also includes calculations of costs that may not turn up in a budget, but that can still have an impact on school district operations—for example, when teachers must take

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Sign up now for the periodic TCO/VOI newsletter, and read the Winter 2006 issue!

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Please send me more information about becoming a CoSN Member

Consortium for School Networking. (2006). Taking TCO to the Classroom. Retrieved December 20, 2006, from <http://www.classroomtco.org/>

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The Consortium for School Networking (CoSN) hosts a site that offers all the background information you need to share with district and campus leaders. Called "Taking TCO to the Classroom," and accessible at <http://classroomtco.cosn.org/>, the Resources and Publications & Tools areas offer links to articles, white papers, and a PowerPoint slide show that explain the elements of TCO.

The URL for this site is provided at the end of this presentation.

Additional TOC Resources

- TCO Initial Hidden Costs
- TCO Ongoing Costs



<http://sjbrooks-young.com/id13.html>

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In addition to the resources provided by CoSN, I have developed two worksheets that districts can use to identify both initial and ongoing TCO costs. The URL is provided here and at the end of this presentation and are also listed in Portical's Resource Database.

What is Value of Investment (VOI)?



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While TCO looks at all the costs associated with an installed computer environment, Value of Investment (or VOI) looks at the anticipated costs and benefits of technology projects. School administrators who understand the underlying principles of VOI are able to articulate the costs and measurable benefits of instructional technology in their school or district.

Value of Investment (VOI)

- Cost savings
- Qualitative benefits include increases in:
 - Test scores
 - Grades
 - Attendance rate
 - Time on task
 - Homework completion



School Kids by hermmernferm. 1/24/06. Retrieved on 12/21/06 at <http://www.flickr.com/photos/joshuajamesgross/90775997/>



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VOI cost savings take into account items such as textbooks vs. e-books or time-saving for staff.

It's the qualitative benefits that relate directly to instructional outcomes by identifying indicators that measure how use of technology impacts student performance and achievement of school and district goals.

Value of Investment (VOI)



Consortium for School Networking, (2006). Value of Investment. Retrieved December 20, 2006, from <http://www.edtechvo.org/>

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The Consortium for School Networking (CoSN) hosts a site that provides background information on Value of Investment (VOI) issues. This site features assessment tools, case studies, and other information you can use in planning your budget.

The URL for this site is provided at the end of this presentation.

Learn more

- Technology Funding Sources for Schools

www.portical.org/funding.html

- Google Spreadsheets

<http://docs.google.com/>

- Taking TCO to the Classroom

www.classroomtco.org/



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This slide and the next show lists of the resources mentioned in this presentation.

Learn more

- Value of Investment
www.edtechvoi.org/
- TCO—Initial Hidden Costs
<http://sjbrooks-young.com/id13.html>
- TCO—Ongoing Costs
<http://sjbrooks-young.com/id13.html>



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Each of these resources can be found in the Portical Resource database.

Thank you!



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Use of the finance planning strategies mentioned in this presentation can help you develop a sustainable budget for your technology plan. I hope this brief overview inspires you to discuss these ideas with your technology planning committee.