



VERNON HAL Deputy Superintendent, Business & Operations

February 9, 2013

Recently, we informed you of a data entry error that inflated the budget figure in the Budget Development planning tool for all schools sites by a cumulative total of \$7.6 million. We apologize for this mistake and the confusion that it created. We also want to clarify what happened, the impact it had, and our response.

Prior to Winter Break, site administrators received a one-page summary of projected budgets, which included expected total allocations for each site. **The summary indicated that funding for fiscal 2013-14, in terms of per-pupil allocations, was flat, essentially the same as the current 2012-13 school year.** After Break, projected budget allocations were loaded in the tool used to plan expenses. This tool shows items the schools plan to pay for, and -- to present the full picture of expenses incurred by the site -- it also shows utilities costs, which are paid for centrally, not at the site level.

In this instance, an amount equal to the utility costs for a school site were erroneously loaded twice, once in the section of the tool associated with central office costs, and a second time in the section of the tool associated with site expenses. The latter allocation was a mistake and made the site budget appear larger than it actually was. Specifically, the total budget figure listed in the planning tool for each site was greater than the amount indicated in the one-page budget summary by an amount equal to one year's utility costs. **The error, though disruptive to the budgeting process and engagement timelines, did not actually impact the amount of money sites will receive for the 2013-14 school year. Similarly, correcting the error does not amount to a cut.** As a result, some sites may have to redesign their budgets based on the original figure, which was reflected in the one-page summaries distributed in December.

In the words of one principal who described his interaction with a staff member on this issue: "Initially they had said flat funding, then when I looked at my budget, I noticed I had about \$75-80,000 more than the previous year. They quickly caught this error, and took away \$78,000 - so the error was an error in that they temporarily gave us more than promised. But as I told you, the overall result is exactly flat funding from the prior year."

We recognize that this is frustrating and calls into question the integrity of the budgeting system. Accordingly, we have taken measures to shore up the process by targeting those steps which allow for a single point of failure and replacing them with multiple checks and balances. We trust this will help avert a recurrence and provide for a more reliable budgeting process.

Sincerely,

Vernon Hal