



How to Budget

A budget is an estimate of planned income and expenses for the year. The budget is usually developed in the spring by the board-elect or shortly after the new term begins by a budget committee.

The proposed budget is an estimate – once activities occur, you may find that you have underestimated/overestimated how much things cost or how much monies you actually earn. Revise the budget as necessary.

Bylaws state that you must not encumber future boards. Encumbering future boards means that you cannot make future boards earn monies to pay for something that you have purchased/committed to this term. If it is necessary to sign a contract, the contract must be approved by the membership *before* it is signed by 2 elected officers, one of whom must be the president. The term of a contract may only last the same as the term of an officer's stay in office – one year – you cannot encumber future boards.

The executive board reviews and recommends the proposed program and budget to the general membership at an association meeting. The members must vote on the proposals. It is best to present the budget in written format so that the members can see exactly what has been proposed.

Budget approval is NOT permission to spend monies for any activity – the membership must approve all expenditures individually. The treasurer or activity chairman must request that funds be released prior to any activity at an association meeting by making a motion, "I move to release the funds for the Fall Festival up to the budgeted amount of \$500.00." Plan ahead so that at each association meeting you release funds for any upcoming activity.

Gather the following reports from the last term to assist you in planning the budget: Annual Financial Report, past committee reports, evaluations/recommendations for last term's activities from board/staff/parents, and vendor information from California State PTA convention or other resources. The program committee should provide you with their list of proposed programs and estimated costs. The budget committee must decide on fundraising activities to fund the proposed program. A budget should be program-driven not revenue-driven. Do NOT raise monies just to be raising monies . . . have a purpose! Remember the 3-to-1 rule, there should be 3 non-fundraising activities for each fundraising activity.

The following worksheets will help you develop a budget for your PTA. Complete Worksheet #1 using the recommended proposed programs and costs and information from the Annual Financial Report and committee reports. Determine what your total estimated costs will be for the proposed program. Next complete Worksheet #2 on proposed fundraisers and determine what your total estimated income will be. If the result is a budget deficit (costs are higher than income), then you must make changes to the budget to bring the budget into balance. A budget is in balance when income and expenses are equal. If there's too much expense, either raise more revenue or cut a project/activity.

Once the worksheets are completed, transfer the information over to the Proposed Sample Budget.