

School Finance 101: Budget Basics Course #1





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School
Finance:
Budget Basics
Course #2

November 3, 2021
4:00-5:00 pm

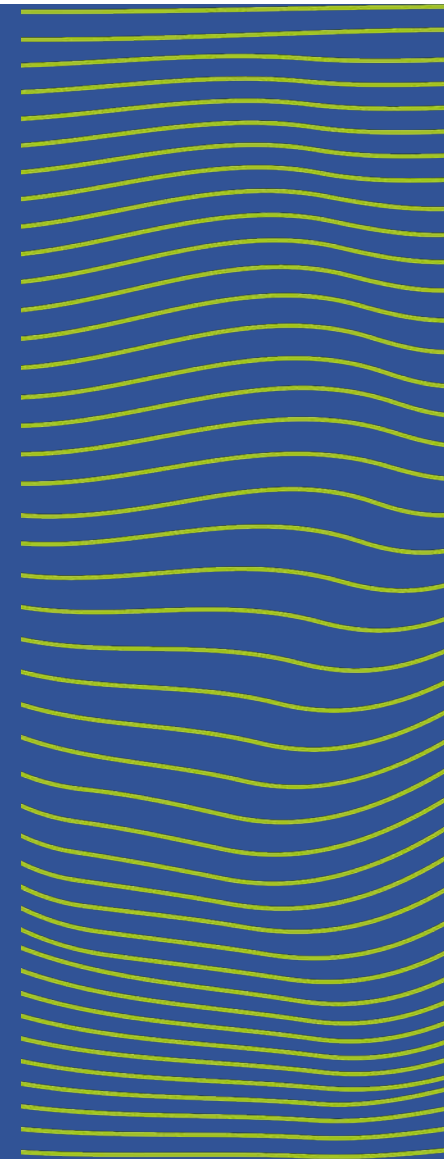
School
Finance:
Budget Basics
Course #3

November 17, 2021
4:00-5:00 pm

School
Finance:
Budget Basics
Course #4

December 16, 2021
10:30-11:20 am

Annual
Conference
Breakout



Made possible with support from:

FORECAST⁵
ANALYTICS

A Frontline Education Company



STUDENT ACHIEVEMENT

The Essential Work of School Boards:

The primary purpose of school boards is to promote and ensure student achievement and positive student outcomes.

The Eight Characteristics of Effective School Boards

1. Effective school boards commit to a vision of high expectations for student achievement and quality instruction and define clear goals toward that vision.
6. Effective school boards align and sustain resources, such as professional development, to meet district goals.

The Board's Role in the Budget

1

Review Budget Development and Vote on Adoption

With the superintendent, review student achievement data and any recommended programs/positions for the coming budget year. Discuss and vote on the adoption of the proposed budget in open meeting.

3

Approve Annual Financial Report

Each year the district is required to file an annual financial report to the Superintendent of Public Instruction and the State Board of Education.

2

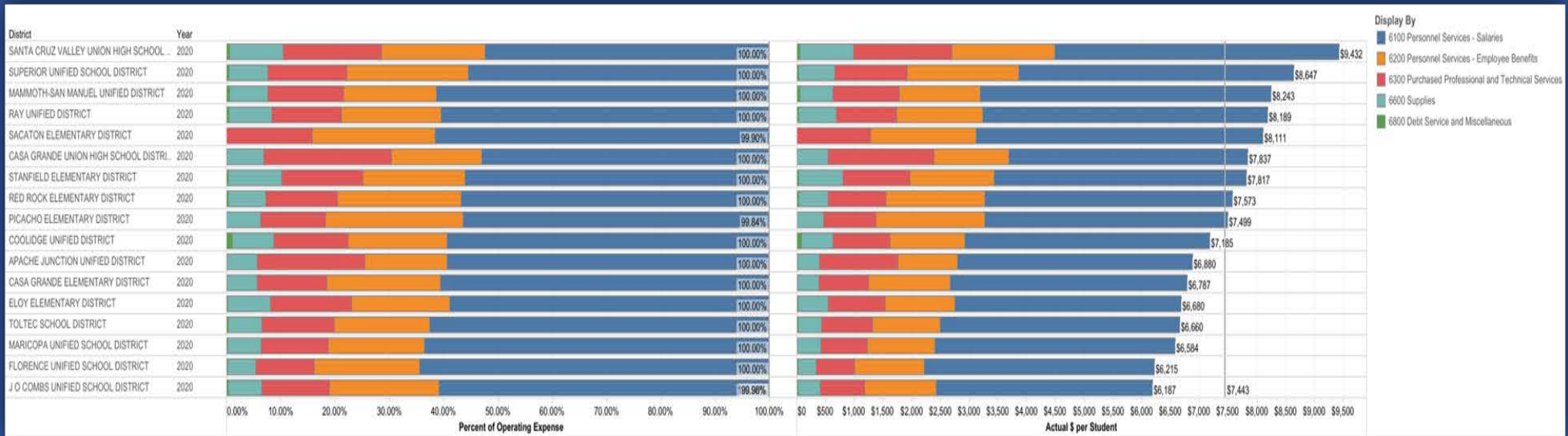
Monitor the Budget

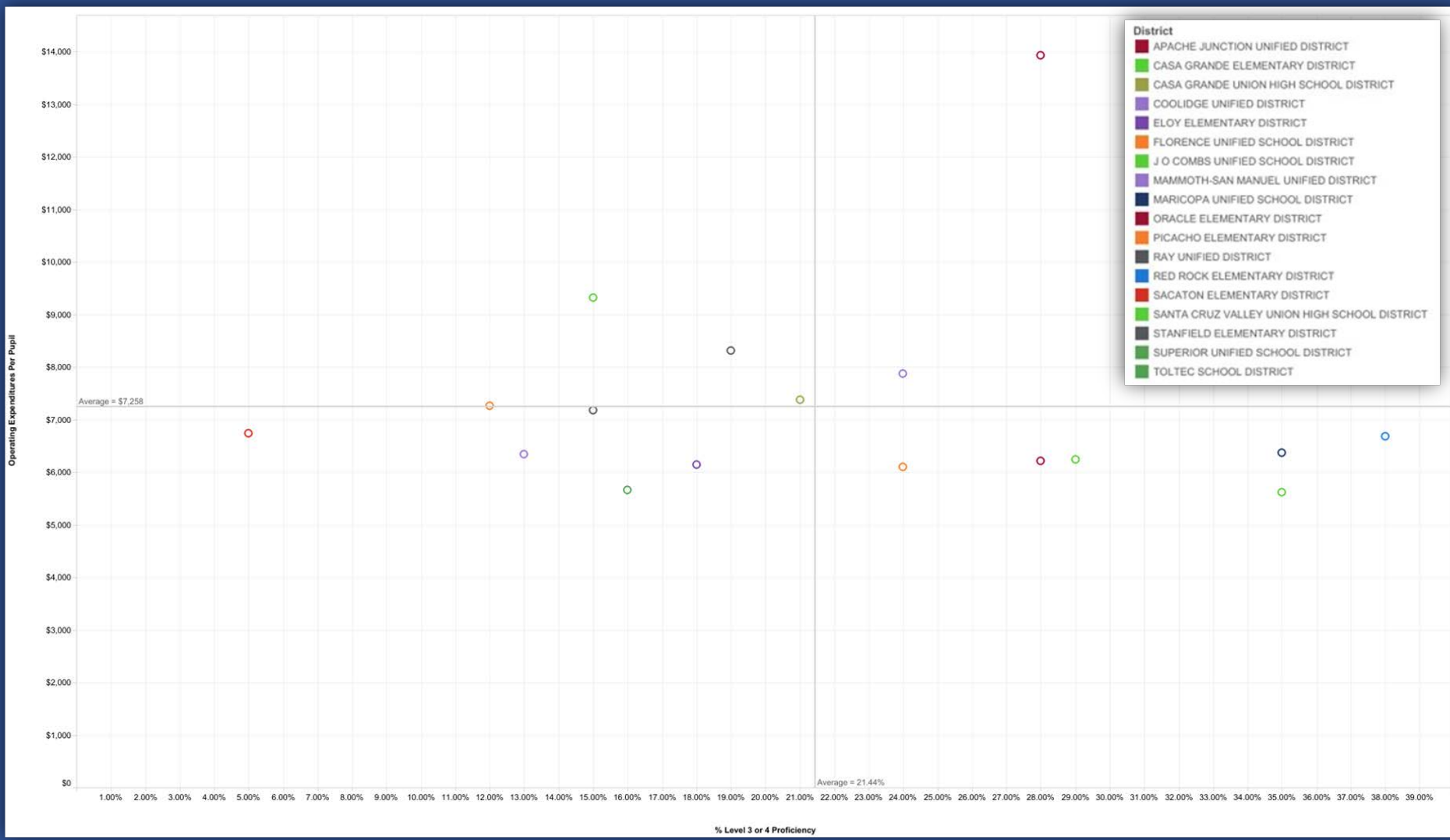
Ensure compliance with the adopted budget via reports on the status of expenditures and understand any exceptions to budget based on emergency needs/conditions.

4

Be Accountable

Ensure taxpayer dollars are being spent in ways that promote student success and efficient operations.



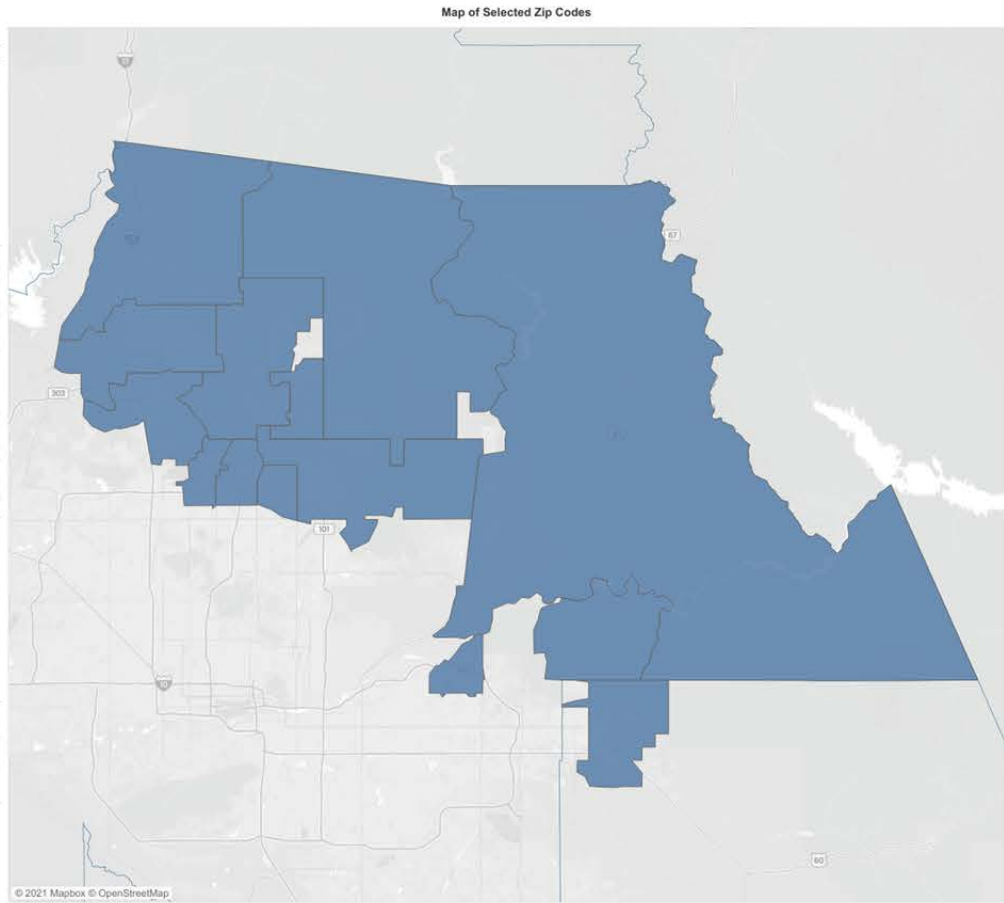




District Kindergarten Enrollment													
District	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
CAVE CREEK UNIFIED DISTRICT	332	335	338	322	317	332	324	360	261				

Live Births By Zip Code													
Zip	Year Of Class												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
85024	252	335	335	308	328	327	366	319	324	324	307	287	312
85050	335	334	335	368	380	380	373	390	365	347	321	299	316
85054	48	37	38	51	39	47	45	60	44	45	54	54	50
85085	296	343	361	351	386	369	331	363	336	319	365	311	336
85086	517	499	426	382	414	383	340	325	292	314	288	290	290
85087	77	100	83	77	77	71	67	82	70	75	55	69	64
85119	199	220	202	181	157	186	164	191	181	168	193	170	188
85215	140	113	127	105	94	111	103	93	104	102	91	93	92
85255	396	340	337	320	326	297	284	294	267	286	273	245	247
85262	78	77	76	57	69	51	52	41	42	39	39	30	40
85264	21	23	24	17	22	25	25	31	19	21	24	14	27
85266	74	51	57	36	41	39	44	31	29	35	21	31	25
85331	242	279	245	202	206	200	198	190	168	197	170	178	197
85377	9	6	7	7				8		6			13
Grand Total	2,684	2,757	2,653	2,462	2,539	2,486	2,392	2,418	2,241	2,278	2,201	2,071	2,197

Kindergarten and Live Birth Ratio													
	Year Of Class												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Kindergarten Enrollment	332	335	338	322	317	332	324	360	261				
KGs to Number of Births	0.12	0.12	0.13	0.13	0.12	0.13	0.14	0.15	0.12				
Number of Births	2,684	2,757	2,653	2,462	2,539	2,486	2,392	2,418	2,241	2,278	2,201	2,071	2,197



Acronyms and Phrases You Should Know!

The background is a solid blue color. On the right side, there is a series of white lines that originate from a single point near the top right corner and fan out towards the right edge, creating a sense of motion or a stylized 'V' shape. At the bottom left, there are several horizontal white lines of varying lengths, stacked on top of each other, creating a layered effect.

ADM

Average Daily Membership

Total enrollment of students based on 100-day counts.

AOI

Arizona Online Instruction

Fully online student learning; funded at less than in-person instruction.

BLA

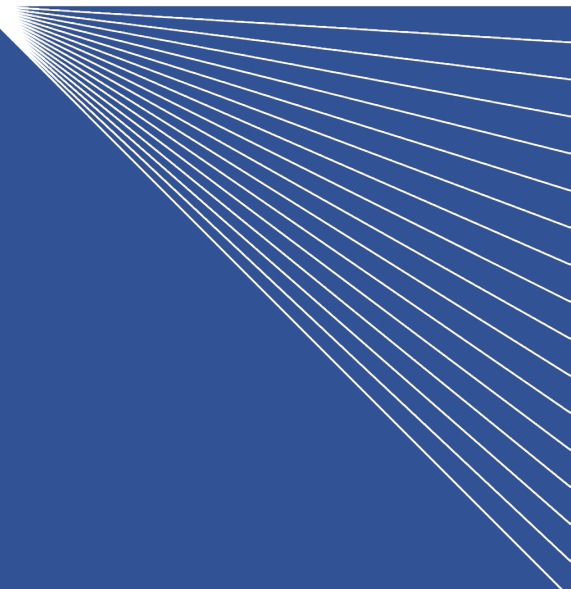
Base Level Amount

The amount of money per pupil set by the state Legislature annually. This is the starting point for all calculations.

BSL

Base Support Level

The amount of funding generated by each student in the school district.



DAA

District Additional
Assistance

Flexible funds that may be spent on capital, as well as other expenditures.

DSL

District Support Level

The portion of the Revenue Control Limit (RCL) that is eligible for state funding.

GBL

General Budget Limit

A spending limit placed on school districts that includes the Revenue Control Limit (RCL) and carry forward dollars.

IGA

Intergovernmental
Agreement

An agreement for good or services between two government entities; for example, the school district and the city.

M&O

Maintenance and
Operations

These funds are used almost exclusively for the salaries and benefits of employees; other daily operational expenses are funded primarily from this bucket.

RCL

Revenue Control Limit

A legal spending limit placed on school districts.

TEI

Teacher Experience Index

A multiplier to the base support level (BSL) that provides more funding based on the experience of teachers; part of the Revenue Control Limit (RCL) and District Support Level (DSL).

TSL/TRCL

Transportation Support
Level/Transportation
Revenue Control Limit

Calculated limits that fund transportation costs in a school district; part of the District Support Level (DSL) and Revenue Control Limit (RCL), respectively.

UCBL

Unrestricted Capital
Budget Limit

These funds, which can be only used for capital expenditures exempt from District Additional Assistance (DAA), must be used for large items such as land, buildings, furniture, pupil and non-pupil transportation vehicles, instructional aids including software and library books.

Activity Support Level

Funding for transportation expenses not related to classroom instruction. Examples include transportation for field trips, sports, fine arts, competitions, etc.

Capital

The "stuff" school districts need to function; this includes buildings.

Debt Service

Interest paid for loans to the district. For example, bonds accrue interest charges that must be paid by the district.

Unweighted Student Count

Your district's ADM (average daily membership).

Weighted Student Count

A count of all students (Average Daily Membership; ADM) in which some students are assigned a value greater than one (weights) based on certain characteristics that require increased funding. There are two weighted groups:

Group A: Students with specific learning disabilities, emotional disabilities, mild intellectual disability, speech language disability, bilingual, etc.

Group B: Students in K-3, English language learners, hearing impaired, multiple disabilities severe sensory impairment, gifted etc.

Base Level Amount

The amount of money per pupil set by the state Legislature annually. This is the starting point for all calculations.

Base Level Support

Calculated based on this
formula:


$$\frac{\begin{array}{c} \text{Total weighted student count} \\ \times \\ \text{Base level amount} \\ \times \\ \text{Teacher experience index (TEI)} \\ + \\ \text{Adjustments} \end{array}}{\text{Base Level Support}}$$

Transportation Support Level (TSL)

Calculated based on
the following two
formulas:

#1

Total Number of Daily Route Miles
Divided by
The Number of Eligible Students
Equals
Daily Route Mileage Per Eligible Student

#2

Daily route miles per eligible student
X
State support level per mile set in
statute
+
Activity Support Level
+
Extended school year support for
pupils with disabilities level

Transportation Support Level

Transportation Revenue Control Limit (TRCL)

Calculated based on
this formula:


$$\begin{array}{c} \text{Prior Year TRCL} \\ + \\ \text{Change in prior 2 years TSL or} \\ \text{120\% of prior year TSL} \\ \text{(use the greater of those two calculations)} \\ \hline \text{Transportation Revenue Control Level} \end{array}$$

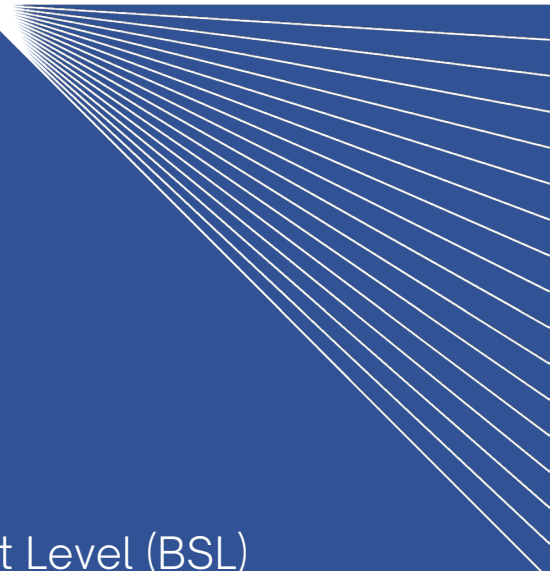
Revenue Control Limit

A spending limit placed
on school districts.

Related:

GBL: General Budget Limit

With carry forward dollars, a spending limit placed on
school districts.


$$\begin{array}{r} \text{Base Support Level (BSL)} \\ + \\ \text{Transportation Revenue Control Limit (TRCL)} \\ \hline \text{Revenue Control Limit (RCL)} \end{array}$$

District Additional Assistance (DAA)

Calculated based on
this formula:


$$\frac{\begin{array}{c} \text{Unweighted Student Count} \\ \times \\ \text{Support Level by Grade} \\ \text{(These numbers vary based on student enrollment)} \end{array}}{\text{District Additional Assistance (DAA)}}$$

Equalization Formula

1980-1981

The Arizona Legislature refined the school finance formula to provide equal dollars per weighted student for district operations.



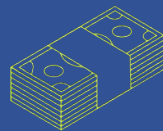
Qualifying Tax Rate

The tax rate to determine state equalization. Intended to keep property taxes uniform throughout state



Primary Tax Rate

The amount needed to fund current year budget



Secondary Tax Rate

The amount needed to fund voter-approved budget increases/secondary assessed valuation

Equalization Made Easy

2 Ways School Districts Are Funded...

Think about it like this!

①

Locally Funded:
Primary tax rate is
sufficient to fund
the RCL. Non-state
aid district.

②

State and Locally
Funded:
Primary tax rate
funds part of the
RCL and the state
funds the rest.
State aid district.

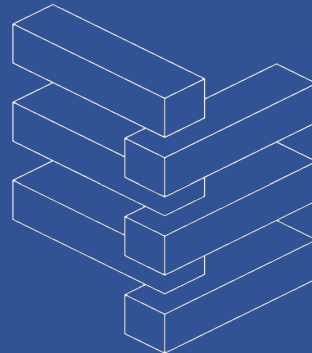


Revenues and Expenditures

Revenues

Revenues – funds coming into the district – can be spent according to the rules for a particular source of funds and include:

- Property taxes
 - Equalization (state and county)
 - Interest (can be included in certain spendable budget limits)
 - Gifts and donations
 - Tax credit donations
 - Grants (federal, state and local)
 - Tuition, fees, food service sales
- } **RCL + Overrides and Bonds**



Expenditures

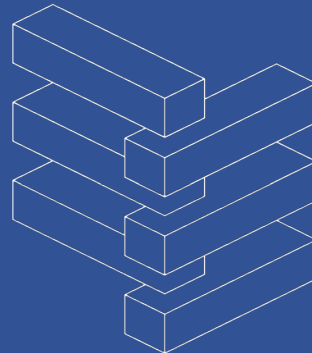
Expenditures/expense – a decrease in financial resources.

Generally - costs associated with operations, capital, debt service and IGA charges.

- Salaries and benefits
- Purchased services (including tuition payments, travel)
- Utilities
- Supplies
- Capital

Other sources/uses

- Bond funds and related payments
- Indirect costs (charged to federal grants for administrative support)
- Allowable transfers between funds



Buckets of Money

Maintenance and Operations

Unrestricted Capital

Grants

Cash-Based Funds (tax credits, gifts and donations)

Bonds

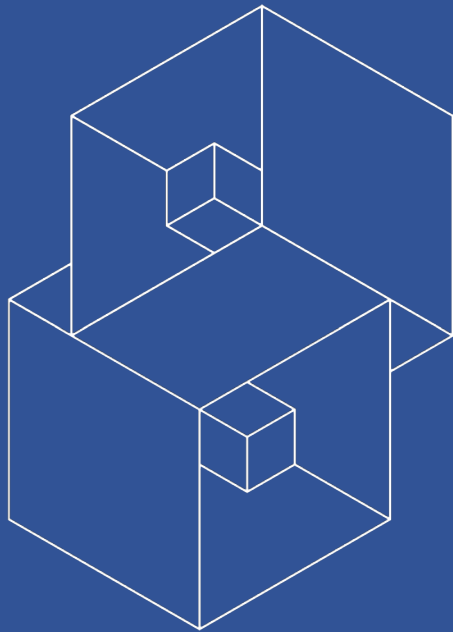
ESSER

Classroom Site Fund



Do you have questions?

Contact us anytime!



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Tracey Benson

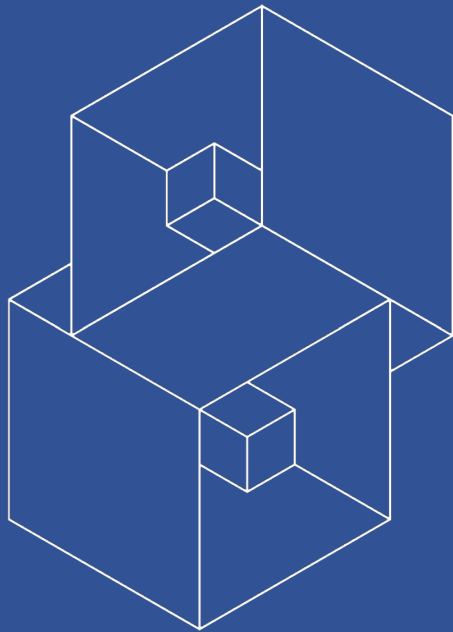
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If you have reached the end of the webinar and you were not listening to it live, please email Julie Bacon at jbacon@azsba.org for credit towards the School Finance: Budget Basics certificate*.

*You must attend all four in this series classes to receive the certificate.