

School Finance 101: Budget Basics Course #3





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School
Finance:
Budget Basics
Course #4

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

Annual
Conference
Breakout

*If you are unable to attend Annual Conference, look for
a link to Course 4 recorded webinar in January 2022!*

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STUDENT ACHIEVEMENT

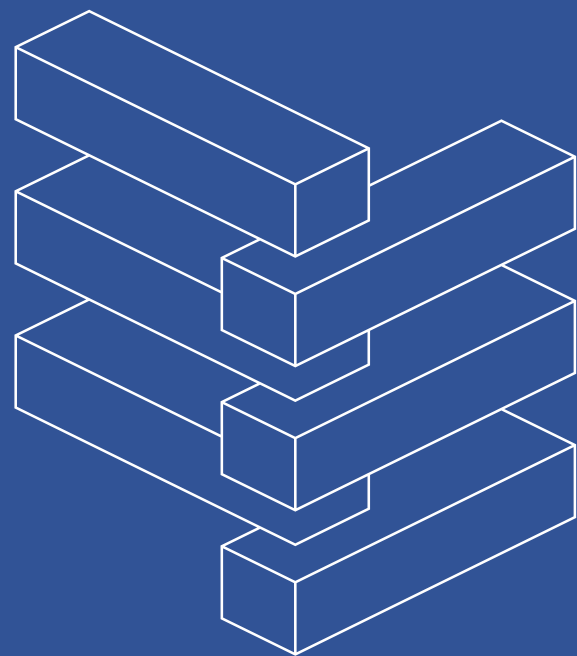
The Essential Work of School Boards:

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



Agenda

- Budget Development Cycle
- Accountability
- Communication





Acronyms and Phrases You Should Know! Course #3

Course #1 and #2 Acronyms and Phrases You Should Know are at the end of this presentation



AFR

Annual Financial Report

An annual financial report is required by state law and must be submitted by October 15 of each calendar year.

ESEA

Elementary and Secondary Education Act

The national education law that demonstrates a commitment to equal opportunity for all students.

ESSA

Every Student Succeeds Act

ESSA is the federal law that allows the U.S. Government to support both national and local education goals with grants and other resources. Passed in 2015, it replaced No Child Left Behind (NCLB) and became the latest iteration, or extension, of the 1965 Elementary and Secondary Education Act (ESEA).

IDEA

Individuals with Disabilities
Education Act

National legislation that ensures students with disabilities are provided a Free and Appropriate Education (FAPE) tailored to their specific needs.

Medicaid

A federal and state program that helps with the healthcare costs for some citizens with limited income and/or resources.

Budget Development Cycle

- What is the process?
 - Milestones and timelines
 - Approach (i.e., zero-based budgeting, participatory budgeting)
 - Stakeholder participation collected? How is the budget balanced?
 - Governing board participation (committees)
 - Site council
 - Parents
 - School/Department personnel
 - Teacher's Association
 - Student advisors
- How often is the governing board updated?
- What public meetings do you have (in addition to the required public hearings)?

Accountability

- Legal requirement to publish/report
 - Budget on website
 - AFR
 - Grant reporting
 - County
 - State
 - Federal
- Public meetings/hearings
 - Proposed and revised budgets
 - Annual Report Card
 - Bonds – unspent funds
 - Truth in Taxation
 - Overrides

Accountability (continued)

- Reporting requirements
 - Types of reports
 - Budgets
 - Annual Financial Reports
 - Audit Reports
 - Comprehensive Annual Financial Reports (when debt is issued)
- State - Auditor General Reporting (Report cards)
 - Letter grade by school
 - Spending analysis (instructional vs non-instructional)
- Federal Reporting – (i.e. grant oversight – ESSA, IDEA, Medicaid)
- Refer to “Calendar of Events” in Uniform System of Financial Records at <https://www.azauditor.gov/sites/default/files/USFR10721.pdf>

Instructional Spending Percentage

- Classroom personnel—Salaries and benefits for teachers, teachers' aides, substitute teachers, graders, and guest lecturers.
- General instructional supplies—Paper, pencils, crayons, etc.
- Instructional aids—Textbooks, workbooks, instructional software, etc.
- Activities—Field trips, athletics, and co-curricular activities, such as choir or band.
- Tuition—Paid to out-of-state and private institutions.

Non Instructional Spending Percentage

Administration—Salaries and benefits for superintendents, principals, business managers, and clerical and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities, and administrative technology services; and other costs related to these services and the governing board.

Non Instructional Spending Percentage

Plant operations and maintenance—Salaries, benefits, and other costs related to equipment repair, building maintenance, custodial services, groundskeeping, and security; and costs for heating, cooling, lighting, and property insurance.

Non Instructional Spending Percentage

Food service—Salaries, benefits, food supplies, and other costs related to preparing, transporting, and serving meals and snacks.

Non Instructional Spending Percentage

Transportation—Salaries, benefits, and other costs related to maintaining buses and transporting students to and from school and school activities.

Non Instructional Spending Percentage

Student support services—
Salaries and benefits for
attendance clerks, social workers,
counselors, nurses, audiologists,
and speech pathologists; and
other costs related to these
support services to students.

Non Instructional Spending Percentage

Instruction support services—Salaries and benefits of curriculum directors, special education directors, teacher trainers, librarians, media specialists, and instruction-related IT staff; and other costs related to assisting instructional staff in delivering instruction.

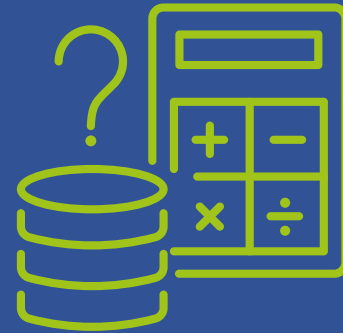
Learn More about Instructional Spending:

[https://www.azauditor.gov/reports-
publications/school-districts/faqs/calculating-
instructional-spending-percentage](https://www.azauditor.gov/reports-publications/school-districts/faqs/calculating-instructional-spending-percentage)

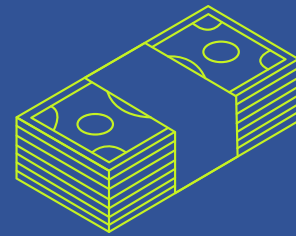
Mastering the Message



Funding starts with the AZ Legislature



Schools have finite resources



Schools live within the state defined budget limit

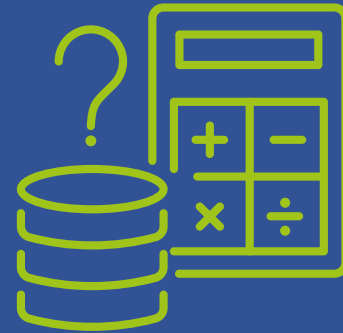


Where did the money get spent and why?

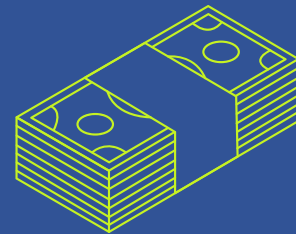
Mastering the Message



All money comes with rules



How are students impacted?



Where can taxpayers find information?



Who will answer questions?

Do you have questions?

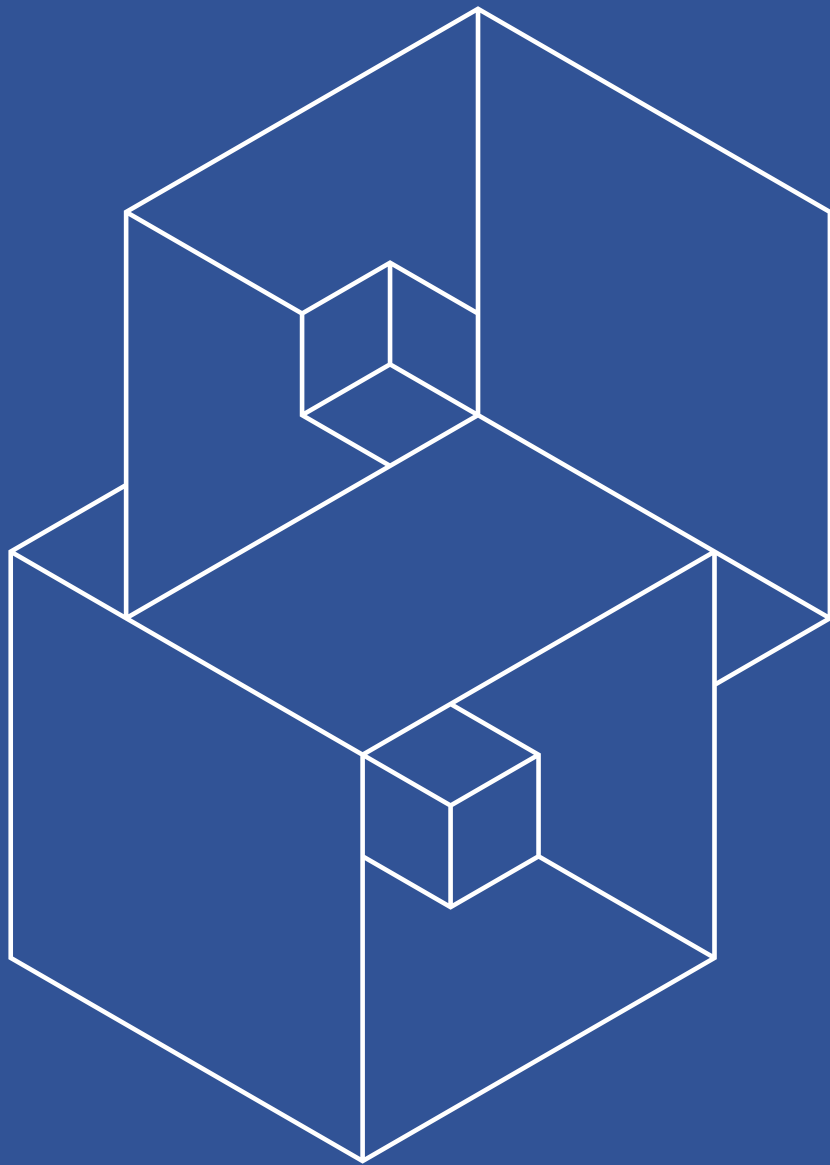
Contact us anytime!

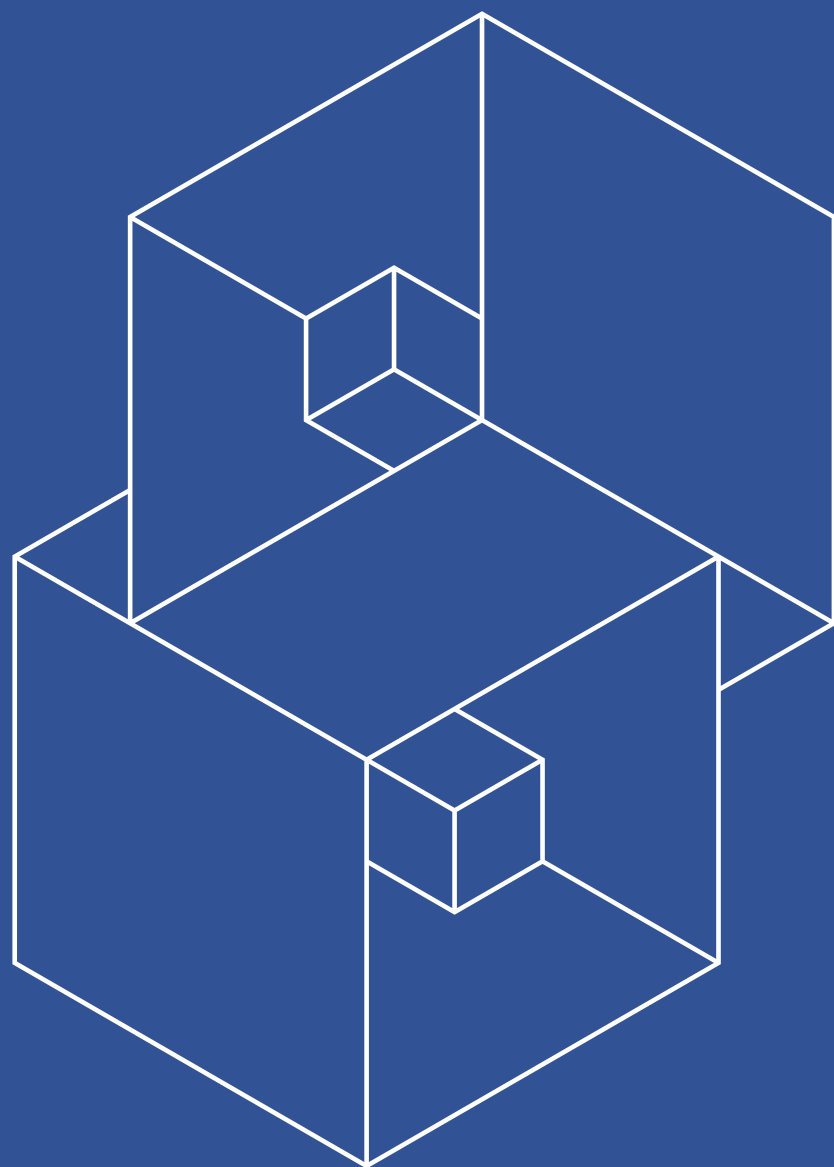
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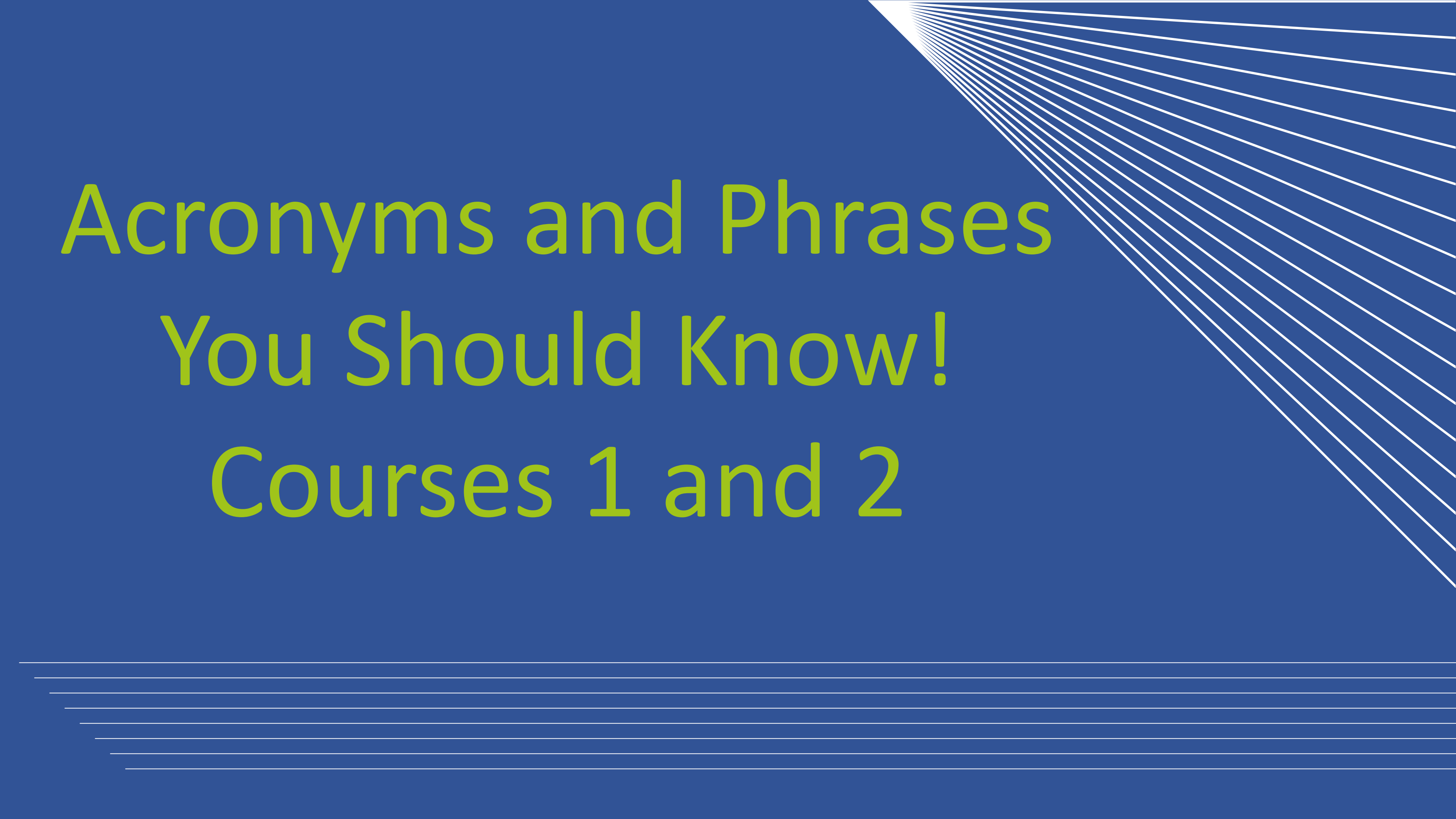
mhigdon@forecast5analytics.com



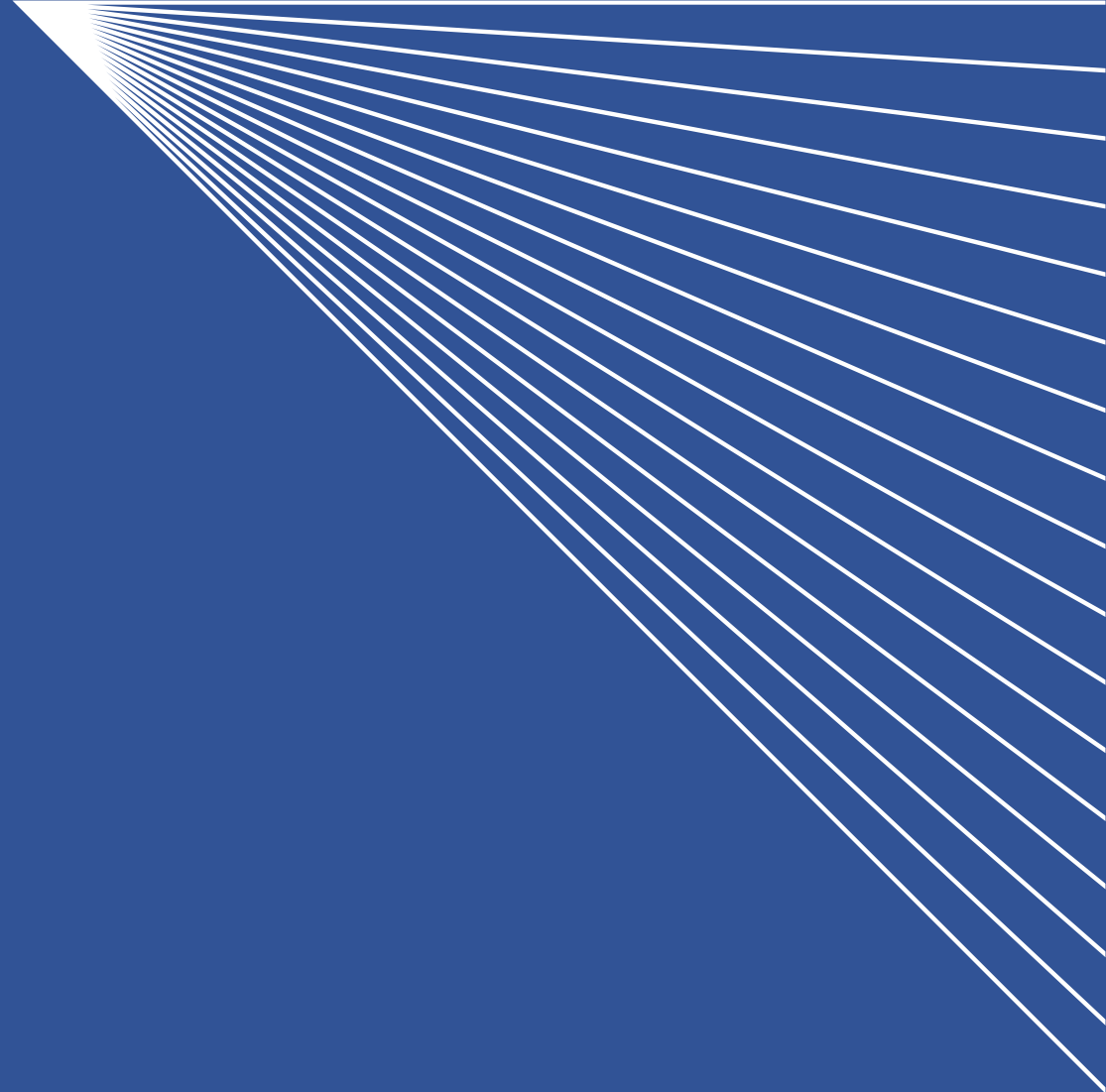


If you have reached the end of the webinar and you were not listening to it live, please email Julie Bacon at jbacon@azsba.org for credit towards the School Finance: Budget Basics certificate*.

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



Acronyms and Phrases You Should Know! Courses 1 and 2



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.

GASB

Governmental Accounting Standards Board

The governing body responsible for managing governmental accounting principles to include financial reporting guidelines required for federal, state and local governments in the United States.

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.

QTR

The legislatively determined property tax rate.

Qualifying Tax Rate

TEI

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).

Teacher Experience Index

SFB

The governmental entity that allocates funding to school districts for new construction and building renewal.

School Facilities Board

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.

USFR

Uniform System of Financial
Records

The accounting and financial reporting manual for Arizona school districts, published by the Arizona Auditor General.

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).