

# A School Boards Role in the Budget Process

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# Key Concepts

- Budget Process and Timing
- What Comprises a School District's Budget
- The Basics—Revenue and Expenses
- Common School Budget Terminology



# Budget Process and Timing

- Each Year the School District Governing Board must approve the districts operating budget and any revisions to that approved budget that may occur.
- The timing of the budget process differs among districts but it usually begins sometime around December or January and is due to the Department of Education no later than July 15. The Department of Education then reviews the districts submitted budget and gives final approval.
- School Boards work with their Superintendents and Business Managers to compile their budgets. The budget should be based on district goals, priorities, and the strategic plan.
- The School Board is responsible for approving the budget, however, the Superintendent manages the approved budget.
- The Fiscal Year for School Districts runs from July 1 to June 30.

# What Comprises a School District Budget

A School District's Budget is made up of Revenues and Expenses

Revenues are generated mainly by the number of students attending school in the district or the Average Daily Membership (ADM). This number is generated during the student count period or the first 20 days of October (largest source of revenues for districts).

Expenses are those costs associated with running a school district such as salaries and benefits and maintenance and operations (the two largest expenses for school districts)



The District's Budget should provide all stakeholders with a projected accounting of all revenues and expenses for the district.

# Types of School District Funds: The Basics

## General Fund:

- Most Salaries and Benefits
- Maintenance and Operations
- Largest Fund

## Examples of Specific Funds:

- Capital Improvement Projects (CIP Fund)
- Entitlement Grants (Title 1, Indian Ed, SPED)
- Competitive Grants (Gates Foundation, ANE, Rasmussen Foundation)

# Revenue Sources:

- **State of Alaska Foundation Formula largest source of funding for all Alaskan School Districts (Driven by ADM or Average Daily membership)**
- **Federal Funds: E-Rate Funding, Entitlement Grants, Special Education**
- **Required Local Contribution (Cities/Mil-Rate)**
- **Impact Aid**
- **Local Income**



# Expenditures



- An Expenditure represents a payment with either cash or credit to purchase goods or services at a single point in time (the time of purchase).
- The largest single expenditures for school districts are salaries and benefits
- The second largest expenditures for most school districts are maintenance and operations expenditures such as: Utilities, Insurance, and Maintenance
- Most districts can only utilize approximately 5% to 10% of their general fund for discretionary expenditures.

# Board's Responsibility for Budget Oversight

## Financial Reporting to the School Board

- Most Districts present monthly financial reports at the regular board meeting to the full board for approval
- The reports give detailed information about revenues and expenditures and fund balances.
- Some board members will be more versed in school finance than others, take the time necessary to educate yourself on your districts budget.
- Annual audit required for all school districts in the State of Alaska. Engagement letter from auditing firm should be approved by the board



# Budget Revisions



**In General most budgets will need to be revised at some point throughout the year and in some cases more than once. Budgets are estimated based on historical revenues and expenditures, thus budget revisions are a normal part of the budget process. This normally occurs after the duplicate ADM is finalized.**

# General Budget and School Finance Terminology

- **General Fund**—Largest Fund, Salaries and Benefits and M & O
- **Foundation Formula**—Complex funding formula from State of Alaska, which generates the largest funding source for Alaskan School Districts.
- **Count Period** (first 20 days of October or so this year FY 22 count period was 9/27/21 through 10/22/21), determines ADM, which determines Fall OASIS and the amount of funding each school district will receive from the state of Alaska
- **Base Student Allocation (BSA)** = \$5390 per student times the number of students in attendance during the count period
- **Area Cost Factor/District Cost Factor**—Additional multiplier to foundation formula meant to address geographic cost differences
- **Special Education, Intensive Students**—Examples of multipliers in the foundation formula (intensive students for example are funded at 13 X the base student allocation)
- **Local Contribution (Mil Rate)**—Cities contribution to local school district

# Review of Basic School District Budget Concepts

- A Budget is the districts best estimate for revenues and expenditures, based on projected student enrollment and estimated district expenses, for the time period of July 1, 20\_\_ through June 30, 20\_\_
- Budgets get revised over time to better represent actual revenues and expenses
- School Boards must approve budgets and budget revisions
- Board passes the budget and the superintendent manages the budget
- As a board member you approve annual budgets, budget revisions, and are responsible for informed oversight of your district's budget.

# Questions???

## Contact Information

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Please do not hesitate to contact me if you have  
any questions!