

District Budget Overview

Understanding School Funding

In this document we are going to give you a brief outline of how the budget is put together and introduce you to some of the terms you will hear as the district presents their plan. Please keep in mind, the budgeting process is complex, this is a simplified overview.

In general, the State budget process follows a schedule prescribed by law:

1. Early January the Governor presents the budget.
2. Mid May (referred to as the “May Revise”) the Governor adjusts his budget proposal based on current economic projections.
3. Mid-June the final State budget is due.

Basics that Govern the Budgeting Process

Revenues

- Revenues are mainly determined by the State. The largest determining factor is the number of students attending each school. This is commonly referred to as the ADA (Average Daily Attendance).
- The State usually provides a cost of living adjustment (aka: COLA) to help cover increasing operational costs (utilities, benefits, inflation).
- All revenues and expenses are recorded in one of several district funds, but the vast majority of the transactions go through one account that is commonly referred to as the General Fund.
- The largest part of the District’s funding (70%) is unrestricted funds. Some revenues (30%), however, are restricted to specific uses.
 - Unrestricted Funds – The primary source for teacher salaries
 - Restricted Funds – Also called Categorical Funds:
 - Restricted by the State for specific purposes – i.e. special education, textbooks, English language learners, etc.
- Class Size Reduction is a hybrid of unrestricted and restricted funds:
 - CSR – Class Size Reduction: Funds given to the district for maintaining a low student/teacher ratio in Grades K-3.
- Districts are expected to remain fiscally solvent.
 - State dictates the amount of reserves that must be maintained for general purposes and the amount of funds that must be held in reserve for future maintenance of facilities.

Expenses

The main categories of expenses are (but not limited to) the following:

- **Certificated Salaries:** Employee is required to hold some type of credential.
 - Includes teachers and administrators.
 - Union agreements require notification by March 15th if the employee's contract will likely not be renewed for the following year.
 - Historically, districts do not have a budget from the State by March 15th. Without a budget they don't know what resources they will have, so they may "pink slip" many, if not all, of the Certificated Staff on March 15 and finalize their decision one way or another, by May 15.
- **Classified Salaries:** Employee is not required to have a specific credential.
 - Includes instructional assistants, athletic staff, office staff, custodians, and some specialist positions (i.e. computer and library specialists).
 - This category of employee is given 45 days notice if their employment status is going to change.
- **Employee Benefits:** Includes workers compensation, health insurance and other employee benefits.
- **Books and Supplies**
- **Operating Expenses:** Includes maintenance and repairs, utilities, outside services etc.

State Required Timelines

- MBUSD fiscal year begins July 1st.
- Budgeting forecasts begin one year in advance (fall of previous year) with budgets due by June 30th.
 - Many factors continue to change before and even after a new budget has been adopted.
 - ADA remains in flux until after school starts
 - State budget is always in flux
 - Legislature has not determined categorical spending and mandates

Legally the State is required to issue a budget by June 15th. The 08/09 state budget was not passed until October. Now, mid-way through the year, after the District has made commitments based on the budget they were given, the State is proposing to cut the 08/09 budget (mid-year cuts).