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Budget Basics

Presenter

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Objectives

✓ Budget requirements and approaches

✓ Budget calendar and development process

✓ Information needed to develop a budget

✓ Revenue and Expenditure projections

✓ Budget presentation

✓ Monitoring budget and forecasting

✓ Budget amendments

✓ Resources

Budget Requirements

✓Legal and TEA Requirements

- Texas Education Code 44.002-44.006
- For fiscal years ending August 31, budget must be prepared by August 20 and adopted by the Board of Trustees no later than August 31
- For fiscal years ending June 30, budget must be prepared by June 19 and adopted by the Board of Trustees no later than June 30

✓ Develop a calendar working backwards from adoption date

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Budget Requirements

✓Legal and TEA Requirements

- Public meeting to be held to adopt budget
- Public notice must appear in local newspaper, 10 days prior
  - Specific content and format required
  - Specific requirement for size (1/4 page) and fond (18-point or larger)
- Follow guidance in Truth-in-Taxation Guide from Texas Comptroller's Office
- Adopt budget before adopting tax rate

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Budget Approaches

✓Different Types of Budgeting Methods

- Line-Item Budgeting
- Performance Budgeting
- Program Budgeting or Planning-Programming Budgeting
- Zero-Based Budgeting
- Site-Based Budgeting

✓ Most districts will use a hybrid version of these methods

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Line-Item Budgeting

✓Most widely utilized approach

✓Simple to use

✓Easy to control

✓Referred to as the "historical approach"

✓Budget requests are often based on historical data

✓Hybrid approach

- Campuses and departments submit a line-item budget to business office

- Board approves at fund, function level

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Performance Budgeting

✓Focuses of efficiency

✓Budget may be considered a "performance contract" between Superintendent and School Board

✓Example

- Budget for school cafeteria might be developed based on the number of meals that are produced multiplied by the average cost of producing a meal

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Program and Planning-Programming Budgeting

✓Expenditures based primarily on programs of work, secondarily on objects

✓Budget requests submitted in terms of broad programs and include long-term costs

✓Emphasis on fundamental objectives of district and long-term goals

✓Program budgets may be difficult to administer since many programs and related expenses cut across organizational units

Zero-Based Budgeting

✓Evaluation of all program activities and services annually

✓May be useful if overall spending needs to be reduced

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Site-Based Budgeting

✓Most practical for school districts, allowing for greater control and reporting at campus or department level

✓Budget method used for campus and department allocations

✓Gives principals and department leaders and the ability to serve as effective instructional leaders and authority to act as budget managers

✓Hybrid approach

- Combine with another method previously discussed

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Budget Calendar and Development Process

Needs Assessments ➡ District and Campus Improvement Plans ➡ Budget

✓Budget development begins with comprehensive Needs Assessments

✓Needs Assessments are used to build Campus Improvement Plans

    ✓Determine performance objectives, identify goals, and determine resources needed

    ✓Set timelines and measure progress

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Budget Calendar – July 1 Fiscal Year

November/December

- Prepare enrollment projections for next year
- Review/adjust staffing allocations
- Preliminary revenue projections
- Provide training to campuses/departments

January/February

- Campuses and departments work on organization level budgets
- Begin Budget workshops with Board

Budget Calendar – July 1 Fiscal Year

March

- Administrative team reviews position and major purchase requests from campuses/departments and program requests
- Update enrollment projections
- Review campus staffing allocations

April

- Using preliminary property value estimates from County Appraisal District (CAD), work on revenue estimates for M&O and I&S
- Compare peer district data for salary increases and salary matrix adjustments
- Feedback to principals and department administrators on submitted budgets
- Data entry of budget into financial system

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Budget Calendar – July 1 Fiscal Year

May

- If legislative year, hope for the best!
- Finalize staffing allocations
- Finalize data entry for expenditures
- Proposed budgets to Board (General Fund, Debt Service, Food Service)

June

- Publish notices for public hearing and post proposed budget on website
- Conduct public meeting to discuss budget and tax rate
- Adoption of budget by June 30
- Final budget amendment for current year

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Budget Calendar – July 1 Fiscal Year

July/August

- Inform budget managers at campuses/departments when new budget has been loaded in general ledger

- Certified property values from CAD

- If proposed tax rate is different than June's notice, prepare and publish tax rate notice

- Tax rate adoption for new year

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Budget Calendar – September 1 Fiscal Year

January/February

- Prepare enrollment projections for next year
- Review/adjust staffing allocations
- Preliminary revenue projections
- Meet with campus principals and department heads on line-item budgets

March

- Campuses and departments work on organization level budgets
- Begin Budget workshops with Board
- Compare peer district data for salary increases and salary matrix adjustments

Budget Calendar – September 1 Fiscal Year

April/May

- Administrative team reviews estimated revenues/expenditures, staffing requests and capital outlay requests

- Feedback to principals and department administrators on submitted budgets

- Using preliminary property value estimates from County Appraisal District (CAD), work on revenue estimates for M&O and I&S

- Data entry of budget into financial system

- Update enrollment projections

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Budget Calendar – September 1 Fiscal Year

May/June

- If legislative year, hope for the best!
- Finalize staffing allocations
- Finalize data entry for expenditures
- Continue budget workshops with Board
- Staffing salary study results and staff satisfaction survey

July

- Continue budget workshops with Board
- In late July, obtain certified property values from CAD
- Finalize revenue estimates

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Budget Calendar – September 1 Fiscal Year

August

- Prepare and publish budget and tax notice
- Conduct public hearing for budget and tax rate
- Budget and tax rate adoption for new year
- Final budget amendment for current year

September

- Inform budget managers at campuses/departments when new budget has been loaded in general ledger

My reaction when I need more money and the CFO asks where all my campus money went . . . .
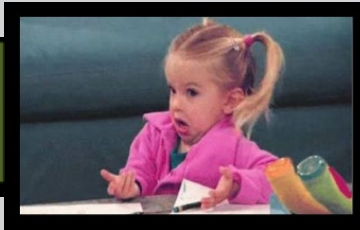
Information Needed for Budget Development

✓ District records

- General Ledger reports

- Data queries

- Personnel/staffing reports

- Facilities information, such as square footages of buildings

- Annual audit report

- Student/PEIMS reports

- Demographic reports

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Information Needed for Budget Development

✓ Comparison Tools

- TAPR Reports – Available on TEA website
  - See District student information and District staff information for demographics and state comparisons
- TEA Standard Reports
  - Examples: Staff FTE and Salary Reports; Enrollment Reports
- FIRST – Available on TEA website
- Forecast5 – Available through TASBO
  - Able to create reports/visuals and customize comparisons to other Districts or campuses
- TASB
  - Salary Survey Reports for Superintendents, Teachers, Staff, and Stipends; Custom salary and staffing reports

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Revenue Projections

✓ ADA Information

- PEIMS Info – Superintendent Semester Summary Report (each 6-weeks period)

- Pupil Projections – Template available on TASBO website; Demographer reports

- Know your District – subdivision development; housing projects; industry moving in or out; charter or private school activity

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Revenue Projections

✓ Property Tax Values and Collections

- County Appraisal District
    - Estimated taxable property values to be certified by April 30
    - Final certified values in late July
- Build a relationship with the CAD staff
- Comptroller Property Tax Division (CPTD) reports
    - 2020 Preliminary Findings issued in January 2021
    - 2020 Final Findings certified in August 2021
- Tax Collection Rate Percentage
    - Historical value for your district

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Revenue Projections

✓ Local Revenue (57xx)

- Property Tax Collections – current, delinquent, penalties
- Investment Earnings
- Athletic Revenues
- Donations
- Facility Rentals
- Other/Miscellaneous Revenues

✓ Federal Revenue (59xx)

- Medicaid/SHARS
- Indirect Costs from Federal Grants
- Impact Aid
- JROTC Programs

Revenue Projections

✓ State Revenue (58xx)

- Template Options
  - [ESC Region 13](#) – provided by Omar Garcia of BOK Financial Securities
  - [TEA State Aid Template](#)
  - [TASBO Center for School Finance](#)
- Use template to determine revenue
- Update throughout the year with current data

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Revenue Projections

✓ Food Service Revenues

- Meal Sales and Prices
- National School Lunch and Breakfast Program reimbursements
  - Rates change annually
  - [TDA Square Meals website](#)
- Commodities
- Catering Revenue

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Revenue Projections

✓ Debt Service Revenues

- Local property tax collections
- Based on I&S tax rate and assessed values
- Investment Earnings
- State Aid – IFA and EDA

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Expenditure Projections

✓ Salaries and Benefits(61xx)

- Largest portion of district budget (80-87%)
- Projected salary increases
- Position vacancies
- Substitute and overtime costs
- Benefits

✓ Contracted Services (62xx)

- Utilities
- Contracts
- Inflation

Expenditure Projections

✓ Supplies and Materials (63xx)

- Inflation

✓ Other Operating Expenses (64xx)

- Travel
- Dues
- Insurance
- Awards
- Miscellaneous

✓ Capital Outlay (66xx)

- One-time expenditures
- Replacement schedules

Budget Presentation

- ✓ Work with Superintendent to schedule workshops and budget hearing
- ✓ If new to the District, find out what the Board has traditionally been provided in regards to budget documents
- ✓ Some TTWWADI may be needed for consistency, but consider new or additional charts and graphs to present the information
- ✓ Include executive summary and budget reports by function for the general, food service, and debt service funds

Budget Presentation

Sample Chart comparing Enrollment, ADA, and WADA
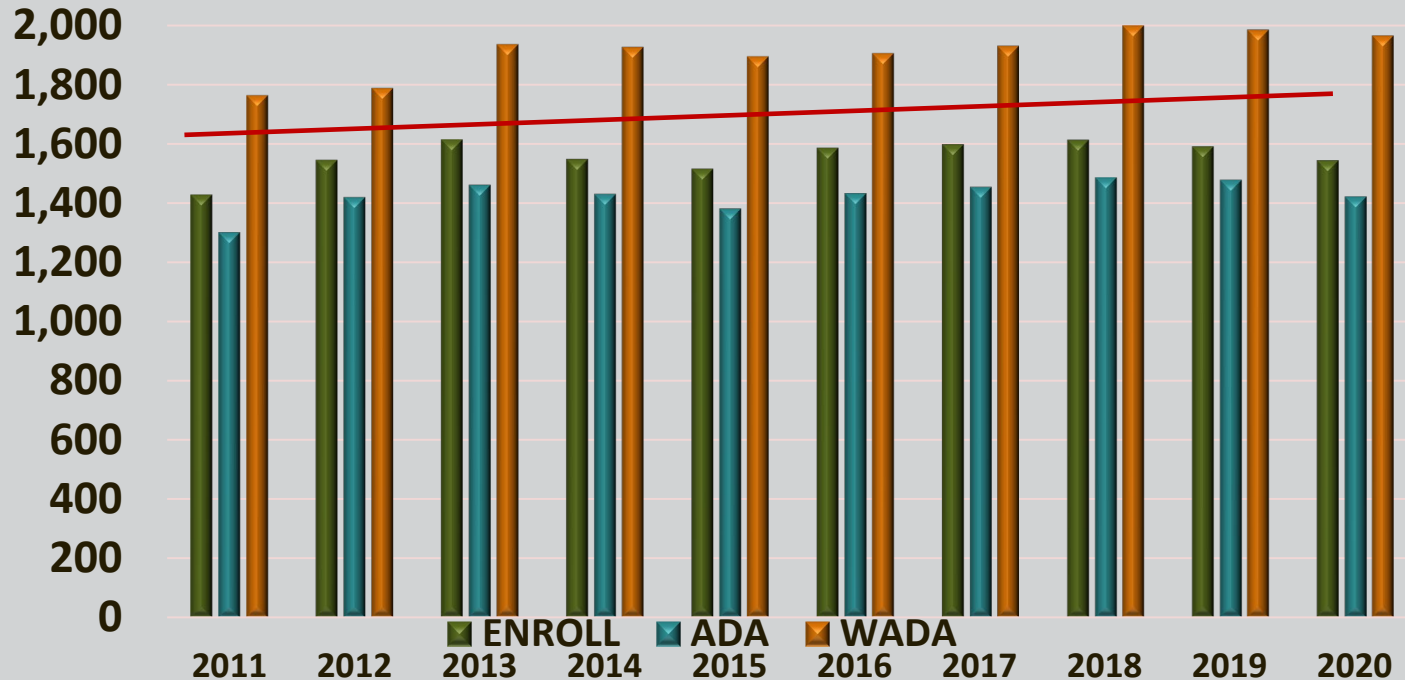
Budget Presentation

✓ Award programs for budget presentations

- Association of School Business Officials International – Meritorious Budget Award

- Government Finance Officers Association (GFOA) – Distinguished Budget Presentation Award Program

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Monitoring the Budget

- ✓ Review monthly revenue and expenditure reports – look for reasonableness and unusual fluctuations
- ✓ Review six-weeks attendance reports and compare to prior year and budgeted attendance
- ✓ Review program expenditures for required spending on allotments
- ✓ Work with campuses and departments regarding coding of staff

Budget Amendments

- ✓ The budget is a living document
- ✓ Amend revenue when significant changes are noted, such as in budgeted ADA
- ✓ Monitor function totals and amend if it appears that function total will be exceeded during the year
- ✓ Board approval will be needed at the function level
- ✓ Review at fiscal year-end and amend as needed with Board approval

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Resources

- **[TEA Website](#)**

- **[TEA Finance Accountability System Resource Guide (FASRG)](#)**

- TEA ListServ email messages – Register [here](#)

- **[ESC Region 13 Finance – SOF Template](#)**

- **[ESC Region 12 – Budget Posting Templates](#)**

- **[Texas State Comptroller](#)**

- **[TASBO Website](#)**

Thank you!

The last expenditure upon which America should be willing to economize is education.

Franklin D. Roosevelt