

District Budget

March 2021



WARNING

The following presentation features numbers from Bullitt County's real budget. The numbers are not meant to scare you but to enlighten. The material is meant to provide engagement and not punishment (Bramlage, 2021).

If you are easily offended by numbers that tell a story, please do not watch. This presentation contains material which may cause you a great deal of concern. Rest assured, those involved in balancing the budget will be hard at work making the appropriate adjustments.

This budget will be balanced by May 2021!

Agenda

- Define Budget
- Budget Cycle
- Budget Categories
- Revenues
- Expenses
- Pots of Money
- Reality
- References



What is a budget?

The school budget provides school districts and their leaders with an opportunity to justify the collection and expenditure of public funds.

A school budget describes a district's plan for the upcoming year as related to anticipated revenues and expenditures. (Ellerson, 2010)



According to Dilbert...



Budget Cycle

December

- Departmental budget development documents sent out and departments begin tasks of determining need.

January

- **Draft budget for next year reviewed by Board of Education.** Departments finalize budget request and prepare to defend them.

February

- Schools receive tentative SBDM allocations. Department heads defend budget requests.



Budget Cycle

March

- School councils approve and submit tentative SBDM budgets and staffing levels. SBDM carryover requests are due by March 31st. Finance Department prepares preliminary budget for upcoming fiscal year.

April

- Final budget proposal completed by Finance Department. SBDM purchase orders due by April 30th.

May

- **Board adopts tentative district budget** for upcoming fiscal year. School Internal Activity Budgets due May 15th. SBDM invoices due by May 31st.



Budget Cycle

June

- End of current fiscal year. Final purchases must be completed.

July

- July 1—Fiscal year begins. Schools may begin ordering supplies for the coming school year.

August

- Finance amends working budget based on available funding. Receive assessment information and recommends tax rates for upcoming year.



Budget Cycle

September

- **Board of Education adopts district working budget** and sets tax rates. KDE can disapprove.

October

- Schools submit final SBDM budget amendments, pending receipt of growth factor report (Oct. – Dec.). Schools and departments track expenses.

November

- Schools and departments should begin building a needs list for next year's budget.



District Budget vs. Household Budget



District Budget



Household Budget



What can we do? Increase revenues or decrease expenses

Budget Categories

School District

- Transportation
- Facilities
- Energy
- Health and Safety
- Instruction
- Curriculum and Staff Development
- Food Services
- Counseling
- School Leadership and Support

Household

- Housing
- Food
- Energy
- Health
- Education
- Entertainment

Revenue

School District

- SEEK (Support Education Excellence in Kentucky)
- Property Taxes
- Permissive Taxes
- Other Local Revenues
- Grants

Household

- Paycheck
- Bonus
- Expense reimbursements
- Investment Income
 - Rental Income
 - Interest Income
 - Dividends
- Tax Refund
- Miscellaneous
 - Lottery, gambling winnings
 - Stimulus Checks

Revenues

- SEEK (Support Education Excellence in Kentucky)
 - Formula driven allocation of state provided funds to local school districts which includes funding for transportation costs and special needs students as reported by districts.
 - Based on student attendance—Average Daily Attendance (ADA)



KENTUCKY DEPARTMENT OF EDUCATION

SEEK Calculations

District: 071 Bullitt County - School Year: 2020 - 2021

Date Generated: March 1, 2021 12:31:43 PM

2020 - 2021 Final

| SEEK INPUTS: | | | | |
|-------------------------------------|----|---------------|-----------------------------------|------------|
| Assessment | \$ | 8,425,656,159 | Prior Year End of Year AADA | 11,578,634 |
| Per Pupil Assessment | \$ | 727,690 | Growth | 0.000 |
| 91-92 State Per Pupil Funding | \$ | 2,570.00 | Prior Year AADA Plus Growth | 11,578,634 |
| Transportation (Unprorated) | \$ | 7,365,777 | At Risk | 5,715,239 |
| Maximum Tier I Rate | | 44.2 | Prior Year December 1 Child Count | |
| Levied Equivalent Rate | | 75.6 | Low (Severe: Weight 2.35) | 414 |
| Base Year Levied Equivalent Rate | | 75.6 | Moderate (Moderate: Weight 1.17) | 827 |
| Current year Levied Equivalent Rate | | 77.5 | High (Speech: Weight 0.24) | 376 |
| Current Year Second Month Growth % | | 0.000 | Prior Year Home & Hospital | 9,870 |
| | | | Limited English Proficiency | 169 |

| NICKELS CALCULATION: | | | | |
|----------------------------|--------------|--------------|----------------------------|-----------------------|
| | <u>Local</u> | <u>State</u> | <u>Prorated Adjustment</u> | <u>Adjusted State</u> |
| FSPK | \$ 4,212,828 | \$ 1,090,186 | \$ 0 | \$ 1,090,186 |
| Original Growth | \$ 4,212,828 | \$ 1,362,733 | \$ 0 | \$ 1,362,733 |
| Equalized Growth | \$ 4,212,828 | | | |
| Recallable | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Equalized Facility Funding | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| BRAC | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Category Five | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

| SEEK CALCULATION: | | |
|----------------------------------|------------------|---------------|
| | <u>Per Pupil</u> | <u>Total</u> |
| Guaranteed Base * | \$ 4,000 | \$ 46,314,536 |
| At Risk | 296 | 3,429,143 |
| Home & Hospital | 3 | 38,493 |
| Exceptional Child | 702 | 8,122,920 |
| Transportation | 351 | 4,063,422 |
| Limited English Proficiency | 6 | 64,896 |
| Calculated Base Funding | \$ 5,358 | \$ 62,033,410 |
| Less 30 Cent Local Effort | 2,183 | 25,276,968 |
| Calculated State Portion | \$ 3,175 | \$ 36,756,442 |
| Base Prorated Adjustment | 0 | 0 |
| Prior Year Adjustment | 0 | 0 |
| Adjusted State Portion | \$ 3,175 | \$ 36,756,442 |
| State Tier I | 174 | 2,014,745 |
| State Tier I Prorated Adjustment | 0 | 0 |
| Adjusted Tier I | \$ 174 | \$ 2,014,745 |
| Hold Harmless | 0 | 0 |
| January Growth ** | | 0 |
| 4% Adjusted Assessment ** | | 0 |
| Adjustments (Early Grad) ** | -185 | -2,146,986 |
| Total State SEEK * | \$ 3,163 | \$ 36,624,201 |
| Unallocated Amount | | 0 |
| Total State Funds | | \$ 36,624,201 |
| Less Capital Outlay | | 1,157,863 |
| Net General Fund SEEK | | \$ 35,466,338 |

| SEEK STATE CALCULATION: | | |
|-----------------------------|---------------|--|
| | <u>Total</u> | |
| Guaranteed Base * | \$ 46,314,536 | |
| At Risk | 3,429,143 | |
| Exceptional Child | 8,122,920 | |
| Home & Hospital | 38,493 | |
| Limited English Proficiency | 64,896 | |
| Hold Harmless | 0 | |
| Prior Year Adjustment | 0 | |
| Adjustment (Early Grad) ** | -2,146,986 | |
| January Growth ** | 0 | |
| 4% Adjusted Assessment ** | 0 | |
| Negative Payment | 0 | |
| Less 30 Cent Local Effort | 25,276,968 | |
| Less Capital Outlay | 1,157,863 | |
| Base Prorated Adjustment | 0 | |
| SEEK State Amount: | \$ 29,388,171 | |

* CAPITAL OUTLAY in the amount of \$1,157,863.00 is included in the total guaranteed base.

** These line items are totaled in the 'Adjustment to Appropriation' column on the SEEK Output spreadsheet.

Statewide Equalization is \$916,000.00.

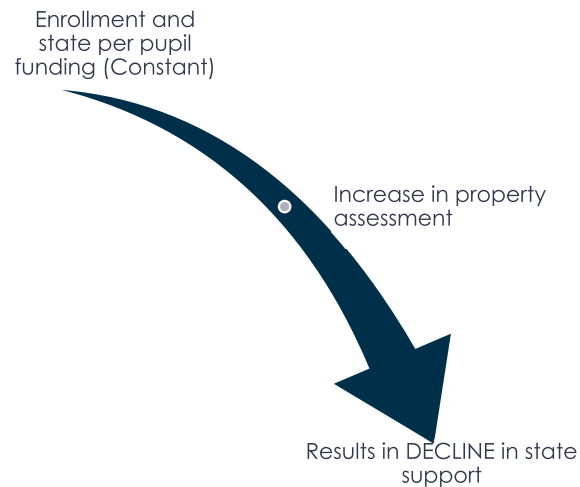
Division of District Support
4th Floor
300 Sower Blvd
Frankfort, KY 40601



Support Education Excellence in Kentucky
Page 24 of 171

Revenues

- SEEK (Support Education Excellence in Kentucky)
 - If enrollment and state per pupil funding are held constant, and an increase in assessment value of existing property results in an actual decline in state support of the school district.
 - Every \$1 million increase in assessment means \$3,000 less in SEEK



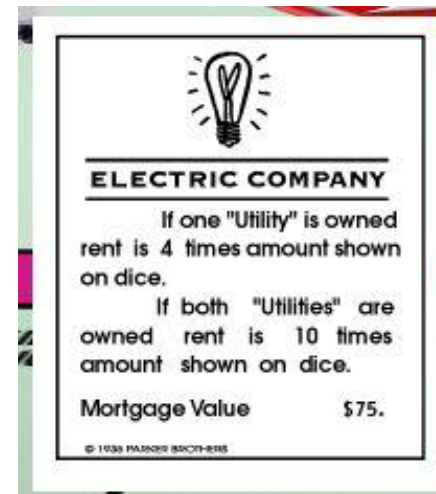
Revenues

- Property Taxes
 - Tax collections
 - PVA Assessment Values
 - Legislation (What's on the horizon?)



Revenues

- Permissive Taxes
 - 3% Utility Tax
 - Telephone
 - Electric
 - Water
 - Natural Gas
 - Cable Television



Revenues

- Other Local Revenues
 - Interest on deposits
 - Private school transportation reimbursement
 - Vocational school reimbursement
 - Indirect cost transfers



Revenues

- Grants

- Federal grants (examples)
 - IDEA—Special Education
 - Title I Part C—Perkins
 - CARES
 - CRRSA
- State grants (examples)
 - Extended School Services
 - Gifted and Talented
- Local grants
 - Bullitt County Foundation
 - Lowes Toolbox



Expenses

School District

- Personnel
- Transportation
- Facilities
- Insurance
- Energy (Utilities)
- Health and Safety
- Instruction
- Curriculum and Staff Development
- Food Services
- Grant Matches

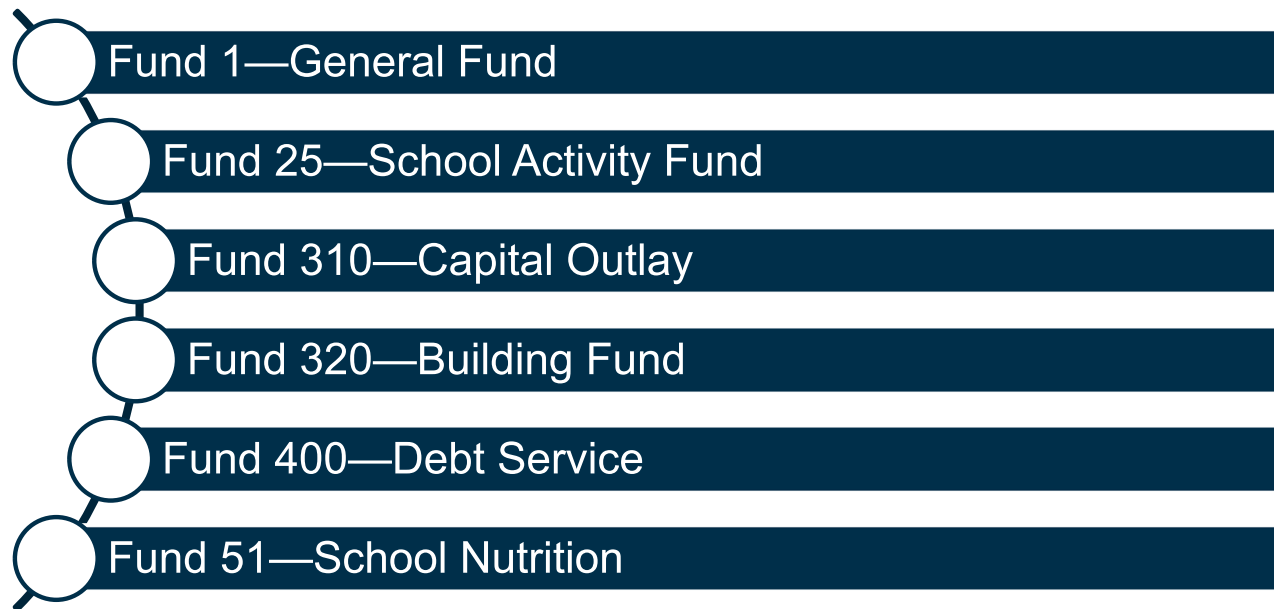
Household

- Housing
- Transportation
- Food
- Energy
- Insurance
- Taxes
- Health
- Education
- Furry Friends
- Entertainment



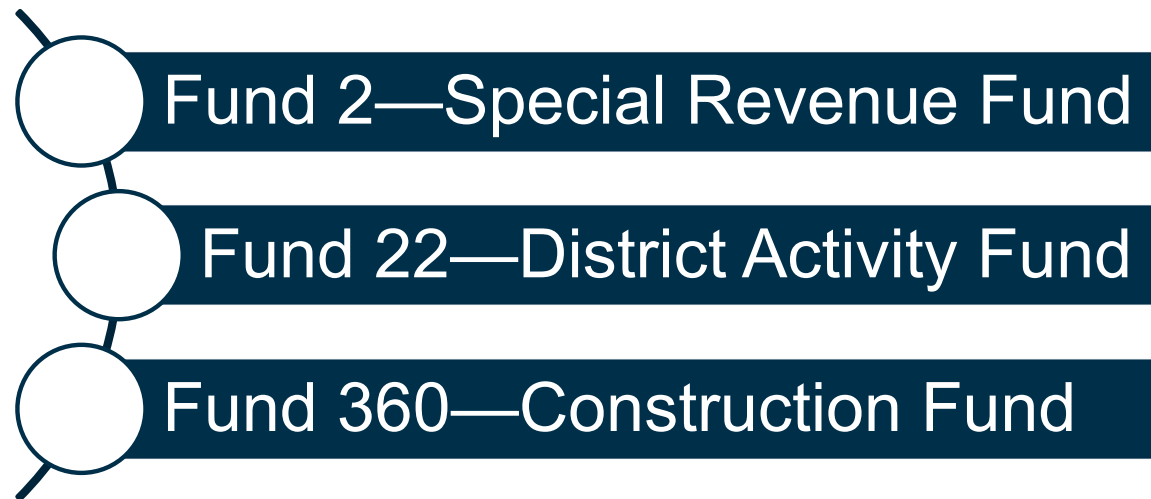
District “Pots of Money”

Annual funds are funds that operate throughout a single fiscal year.



District “Pots of Money”

Multi-year funds are funds that cross multiple years and are not budgeted on an annual basis in Kentucky school districts.



Pots of Money



Fund 1

General
Fund

- District Contact—Lisa Lewis
- Annual Fund
- Majority of spending
- Fewer restrictions—Budget is set by the elected Board of Education.
- Regular Program—Curriculum, SBDM (teachers & instructional funds), maintenance, transportation, finance, personnel, etc.
- Contingency is held in the general fund. (2% requirement)

Pots of Money



Fund 1

The diagram consists of a dark blue rounded rectangle labeled 'Fund 1' at the top. A vertical line extends from the bottom center of this rectangle, and a horizontal line branches off to the right, connecting to a white rounded rectangle with a dark blue border labeled 'General Fund'.

General
Fund

- Teachers and staff salaries
- Utilities
- Buildings and grounds maintenance
- Transportation costs
- Insurance
- Tax collection
- Sick leave buy-out

Pots of Money

Fund 2

Special
Revenue
Fund (Grants)

- District Contact—Sherry Sweat and Stephanie Bonnett
- Multi-Year Fund
- Local, state, and federal grants are placed in this fund.
- There are multiple restrictions on spending.
- Grants may be competitive and non-competitive.
- Most funds are reimbursed. State funds are paid in equal quarterly installments over the year. Federal grants are reimbursed monthly and local grants vary. Some local grant funds are received up front, others are reimbursed.

Pots of Money

Fund 2

Special
Revenue
Fund (Grants)

- State Grants

- Extended School Services
- Gifted & Talented
- Preschool
- Professional Development*
- Instructional Resources*
- Safe Schools
- Family Resource

**Have not been given for several years and are not expected to come back.*



Pots of Money

Fund 2

Special
Revenue
Fund (Grants)

- Federal Grants

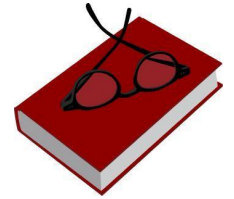
- Title I (Improving Basic Programs)
- Title II (Teacher Quality)
- Title III (EL)
- Title IV (Supporting Instruction)
- IDEA (Special Education)
- Title I Part C (Carl Perkins)
- Preschool (Part of IDEA)
- CARES & CRRSA



Pots of Money

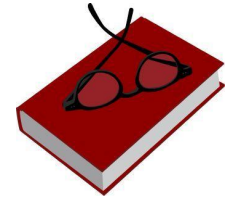
Fund 22

District
Activity
Fund



- District Contact—Brittney Ashby
- Multi-Year Fund
- Guidelines—Redbook
 - Information provided in the budget shall include:
 - Estimated beginning balance;
 - Anticipated receipts from all sources, including fundraising;
 - Anticipated expenditures by category; and
 - Estimated ending balance.

Pots of Money



Fund 25

Student
Activity
Fund

- Contact--School Bookkeepers
- Guidelines—Redbook
 - New fund
 - Annual Fund
 - Information provided in the budget shall include:
 - To be determined

Pots of Money

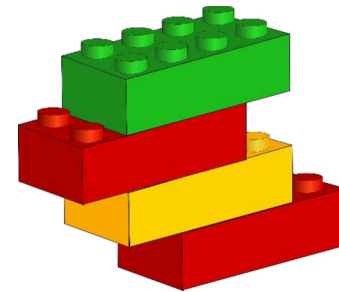
Fund 310

Capital
Outlay
Fund

Fund 320

Building
Fund

- District Contact—Lisa Lewis
- Annual Fund
- Both funds are used to pay for construction or payments on bonded debt.



Pots of Money

Fund 360

Construction
Fund

- District Contact—Lisa Lewis
- Multi-Year Fund
- This fund is a pass-through fund for paying for construction and renovation.
- Multi-year fund—accts. Must stay open until construction is complete.



Pots of Money

Fund 400

Debt
Service

- District Contact—Lisa Lewis
 - Annual Fund
 - Utilized to pay bond payments



Pots of Money

Fund 51

School
Nutrition
Fund

- District Contact—Todd Crumbacker
- Annual Fund
- Food Service is a proprietary program. It is to break even. Food Service should not make money nor cost the district money.



Rule of Thumb...

- The only two avenues to balancing a budget involves:
 - Increasing revenues
 - Decreasing expenses



Let's take a look at a household scenario...

| Income | |
|--------------|----------------|
| Jane Doe | \$3,000 |
| John Doe | \$2,000 |
| Total Income | \$5,000 |

| Expenses | |
|---------------|---------|
| House payment | \$1,400 |
| Car payment | \$600 |
| Utilities | \$250 |
| Insurance | \$500 |
| Credit card | \$350 |
| Groceries | \$400 |

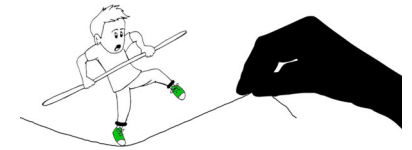
| Expenses (continued) | |
|----------------------|----------------|
| Entertainment | \$200 |
| Cable and internet | \$150 |
| Cell phone | \$150 |
| Student loan | \$120 |
| Child care | \$400 |
| Gas | \$360 |
| Savings | \$120 |
| Total Expenses* | \$5,000 |



But wait!!!

- ❖ Unexpected flooding
 - Basement flooded
 - Garage flooded
 - Heating and Air unit flooded
 - Water heater flooded
 - Driveway flooded
- ❖ Glasses broke
- ❖ Need new tires
- ❖ Jane was laid off

Now what?



| Income | |
|---------------------|---------|
| Jane Doe | \$0.00 |
| Jane (unemployment) | \$1,500 |
| John Doe | \$2,000 |
| Total Income | \$3,500 |

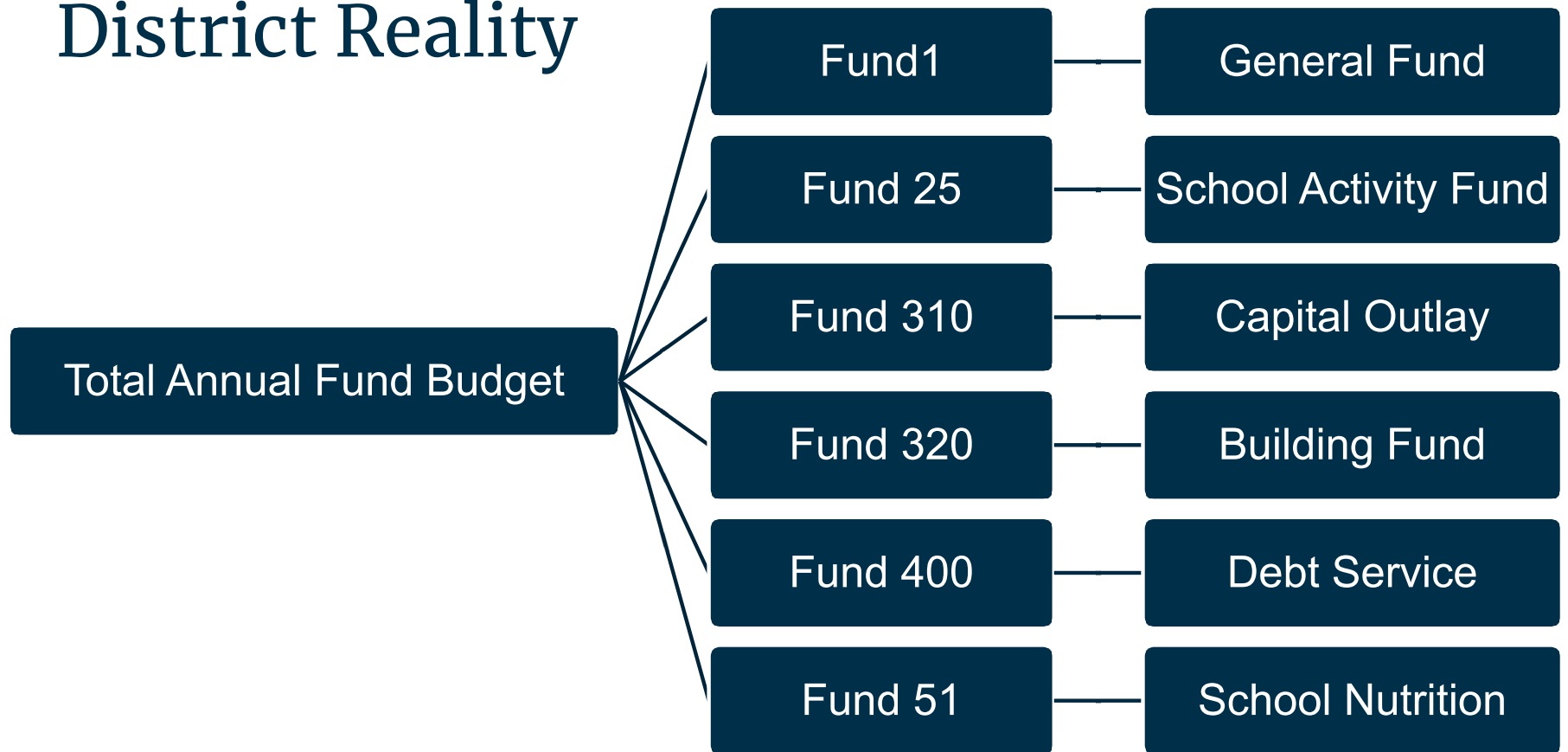
| Expenses | |
|---------------|---------|
| House payment | \$1,400 |
| Car payment | \$600 |
| Utilities | \$250 |
| Insurance | \$500 |
| Credit card | \$350 |
| Groceries | \$400 |

| Expenses (continued) | |
|----------------------|---------|
| Entertainment | \$200 |
| Cable and internet | \$150 |
| Cell phone | \$150 |
| Student loan | \$120 |
| Child care | \$400 |
| Gas | \$360 |
| Savings | \$120 |
| New glasses | \$200 |
| New tires | \$800 |
| Flooding expense | \$2,000 |
| Total Expenses* | \$8,000 |

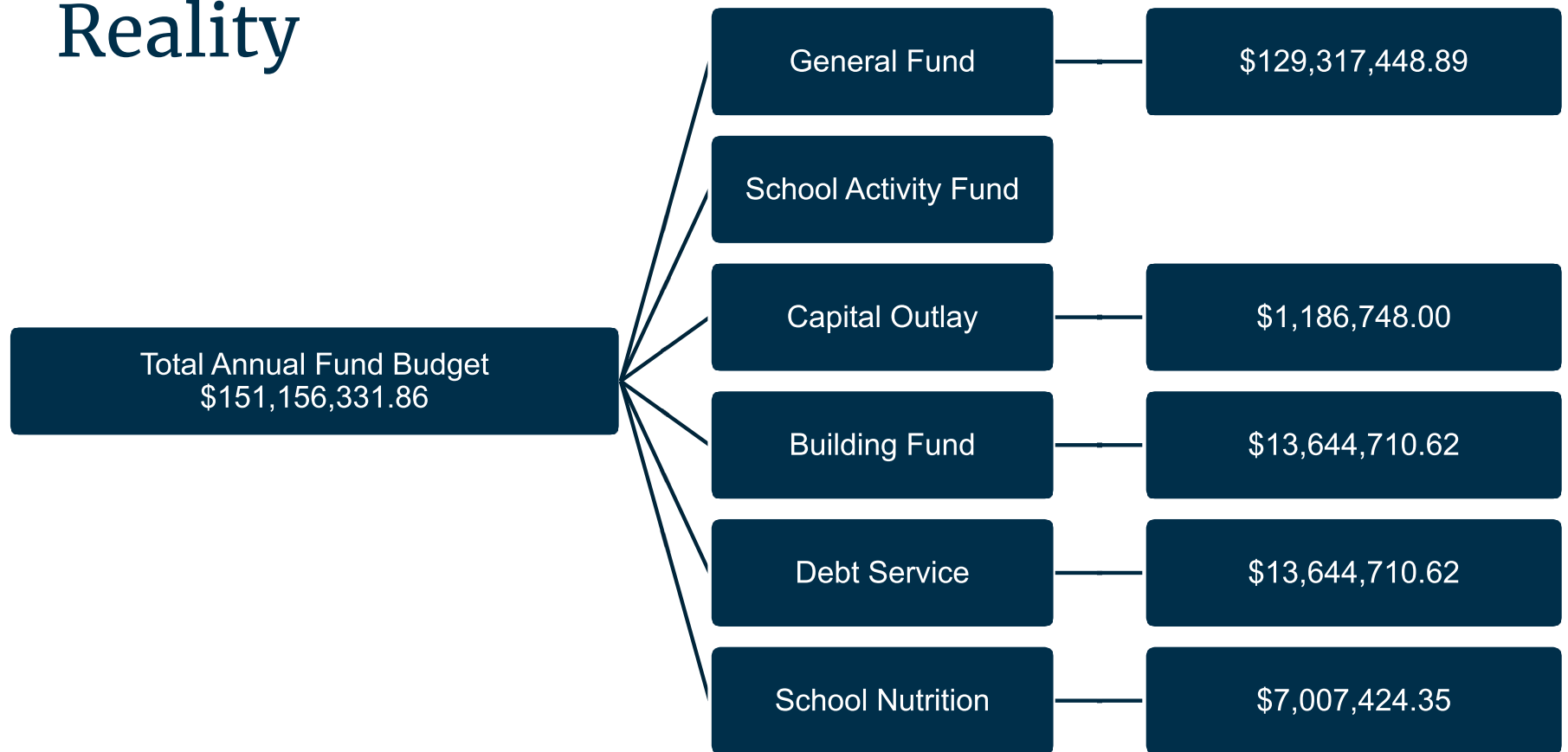
Now what?

- ❖ You are overspent \$4,500.
 - Start looking for another job
 - Determine if you have any savings available
 - Call your credit card company
 - Call your mortgage company
 - Spend less on groceries
 - Spend less on entertainment
 - Student loan (deferment)
 - Child care
 - Limit trips in the vehicle
 - Do you need all new tires?
- ❖ When the budget doesn't balance, you must be creative and open to new strategies.
 - Maybe you don't want to eat Ramen noodles for a few months
 - Maybe you don't want to wear a sweater in the house
 - Maybe you don't want to call your creditors for assistance
- ❖ But you do...because you are responsible

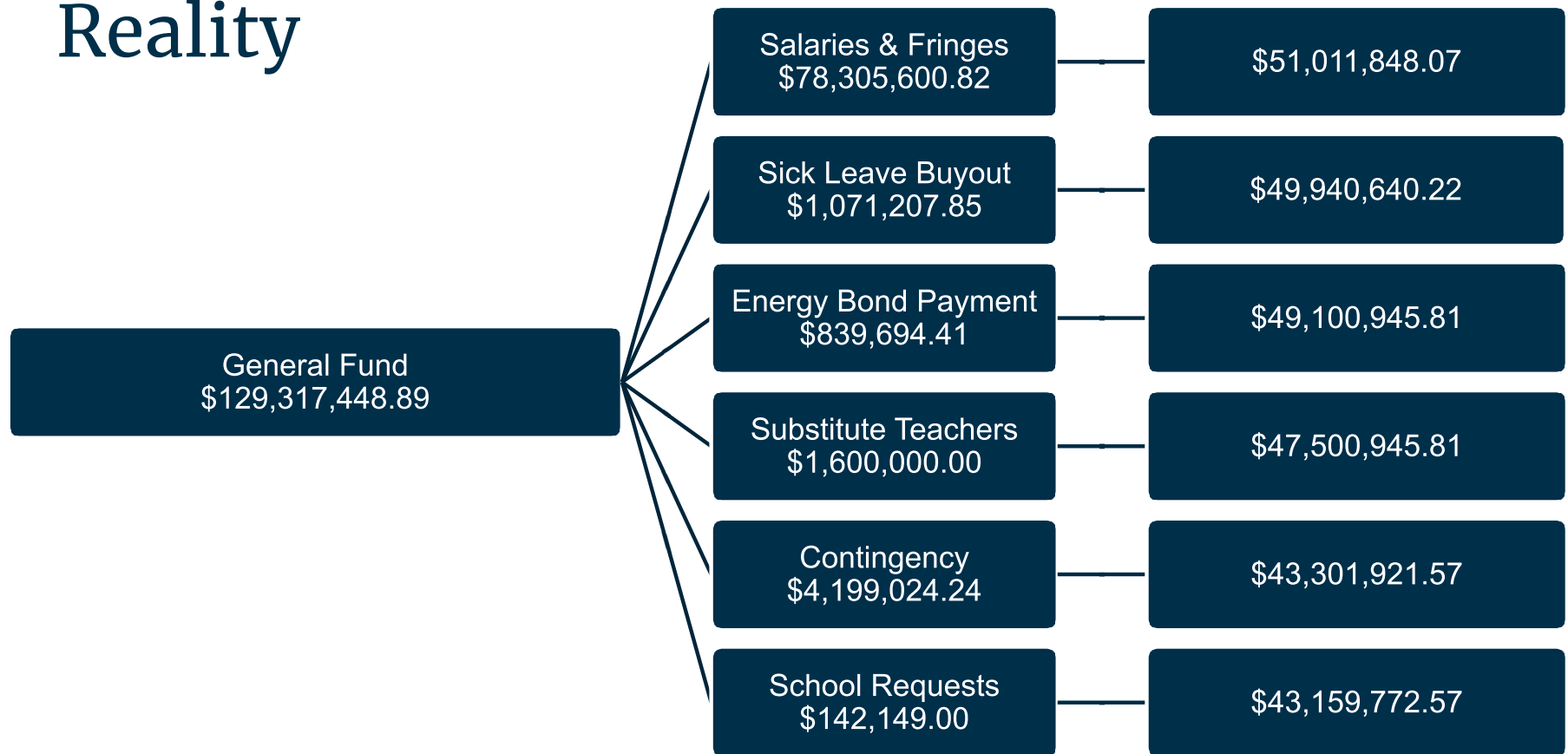
District Reality



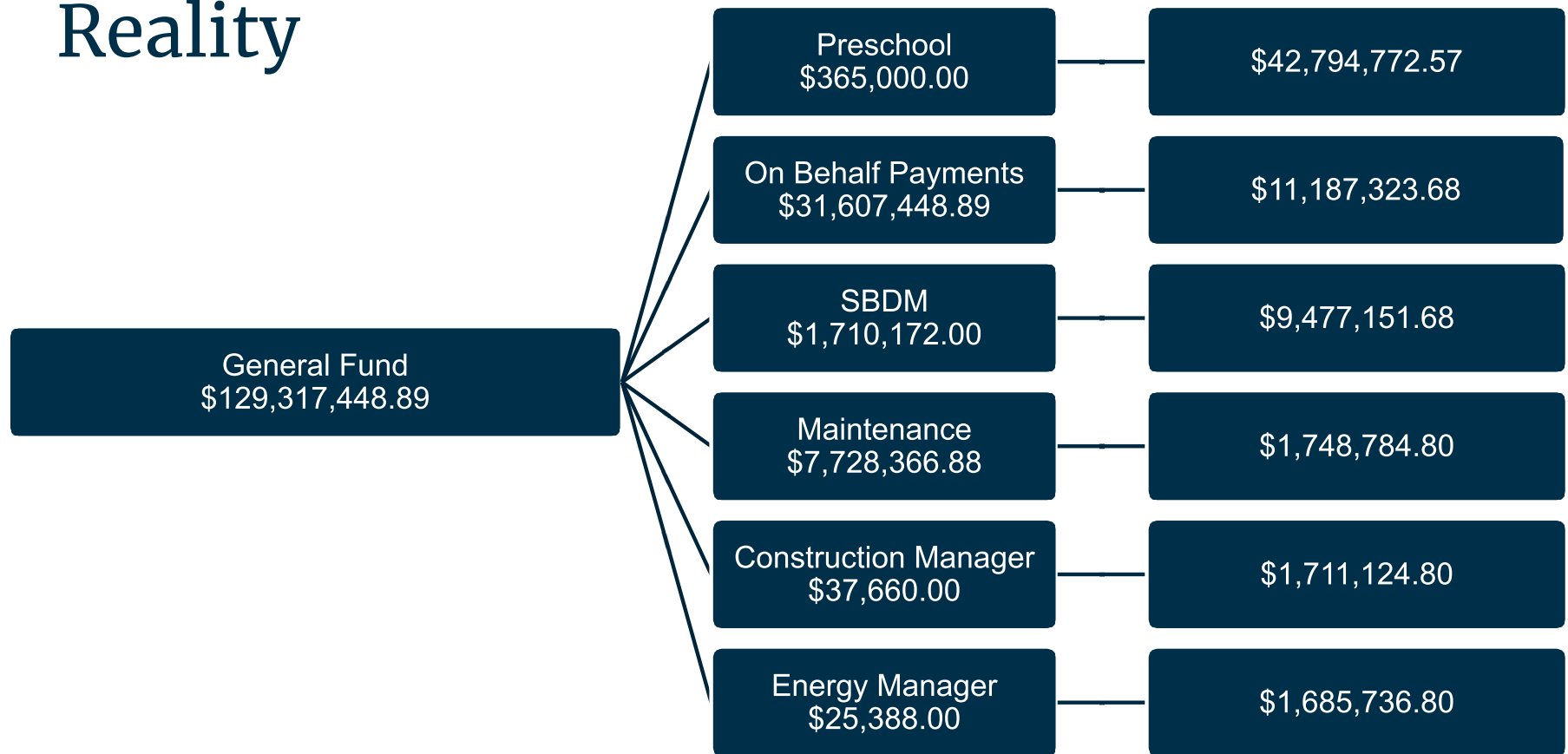
Reality



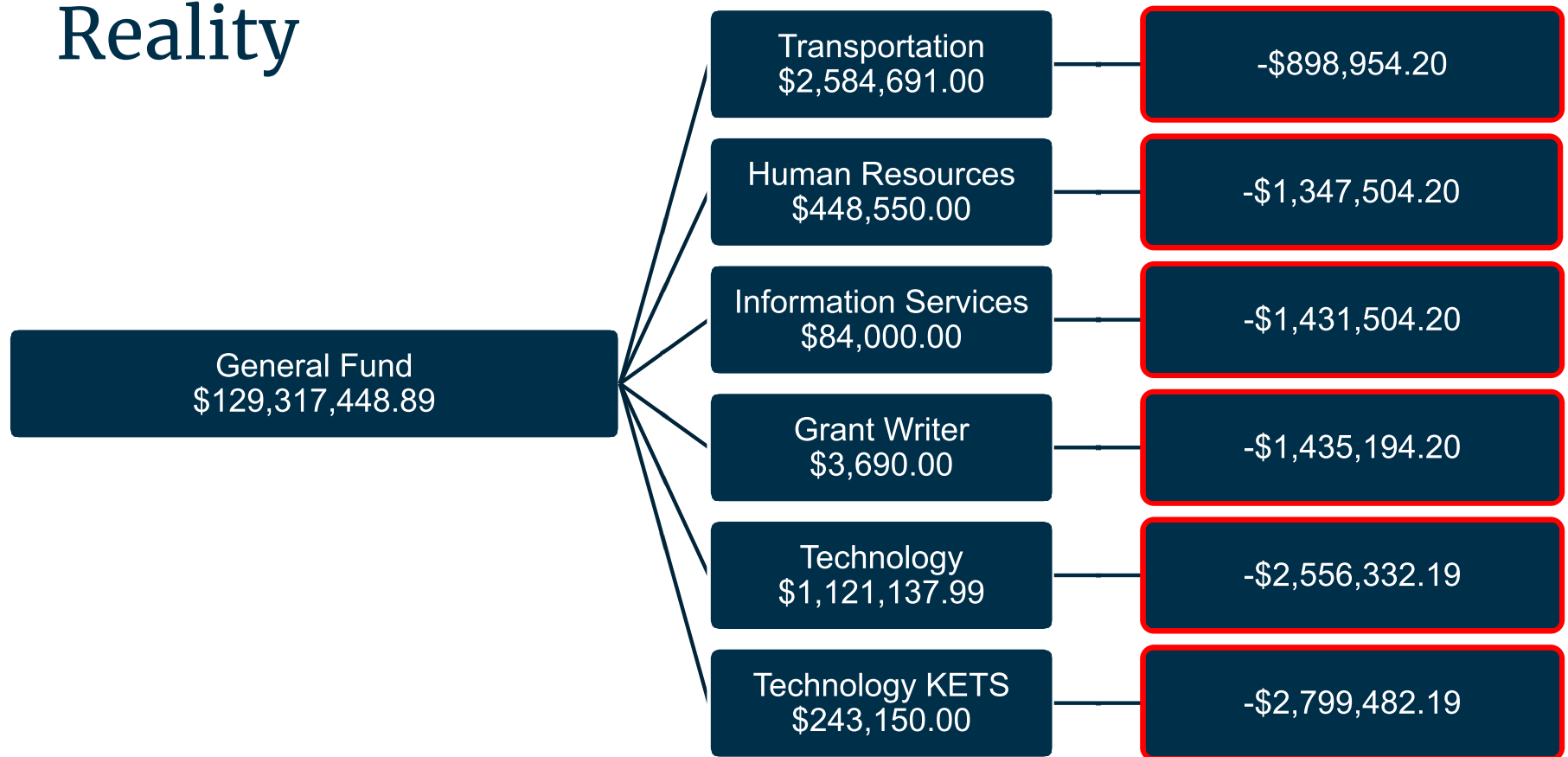
Reality



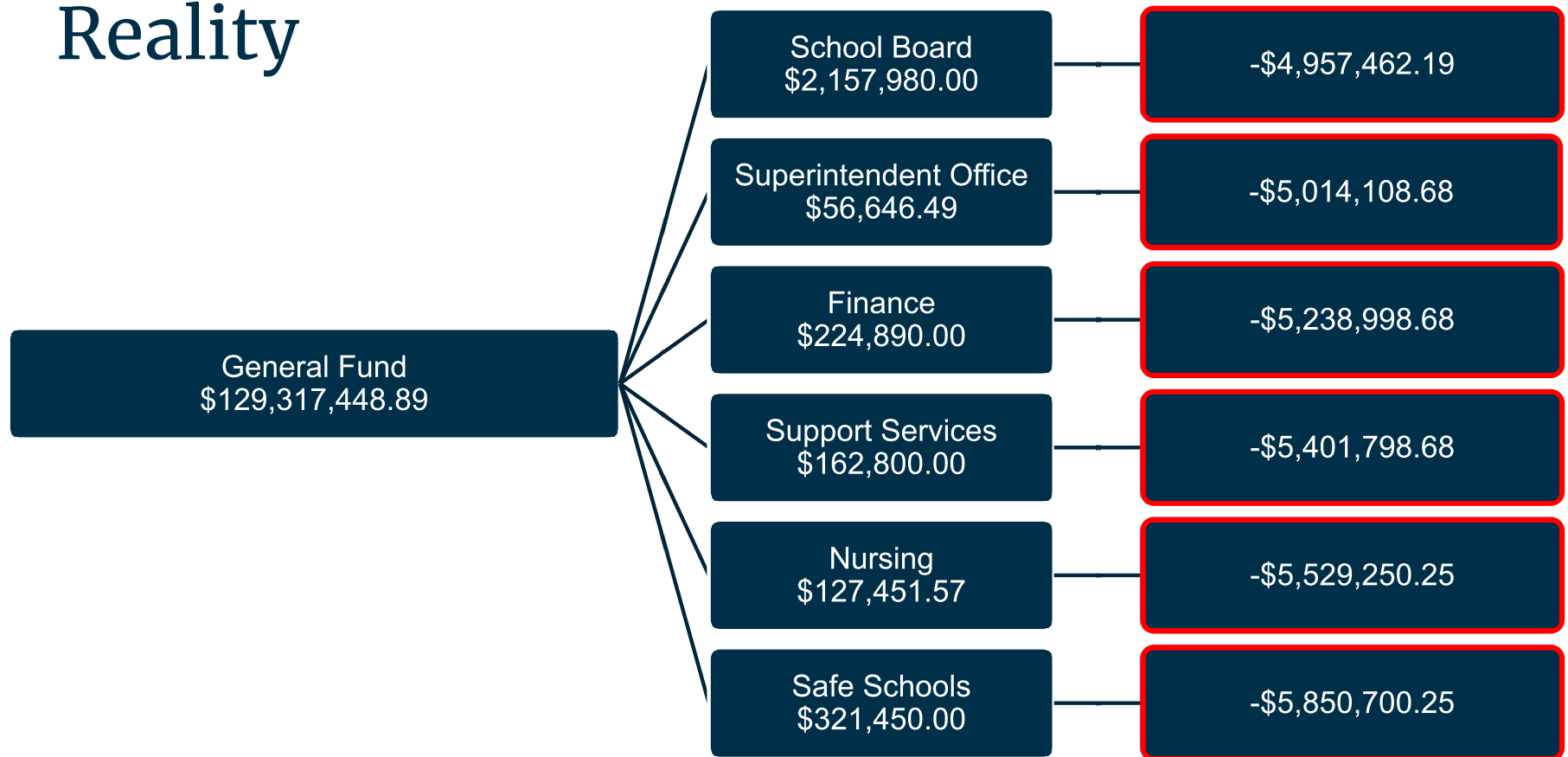
Reality



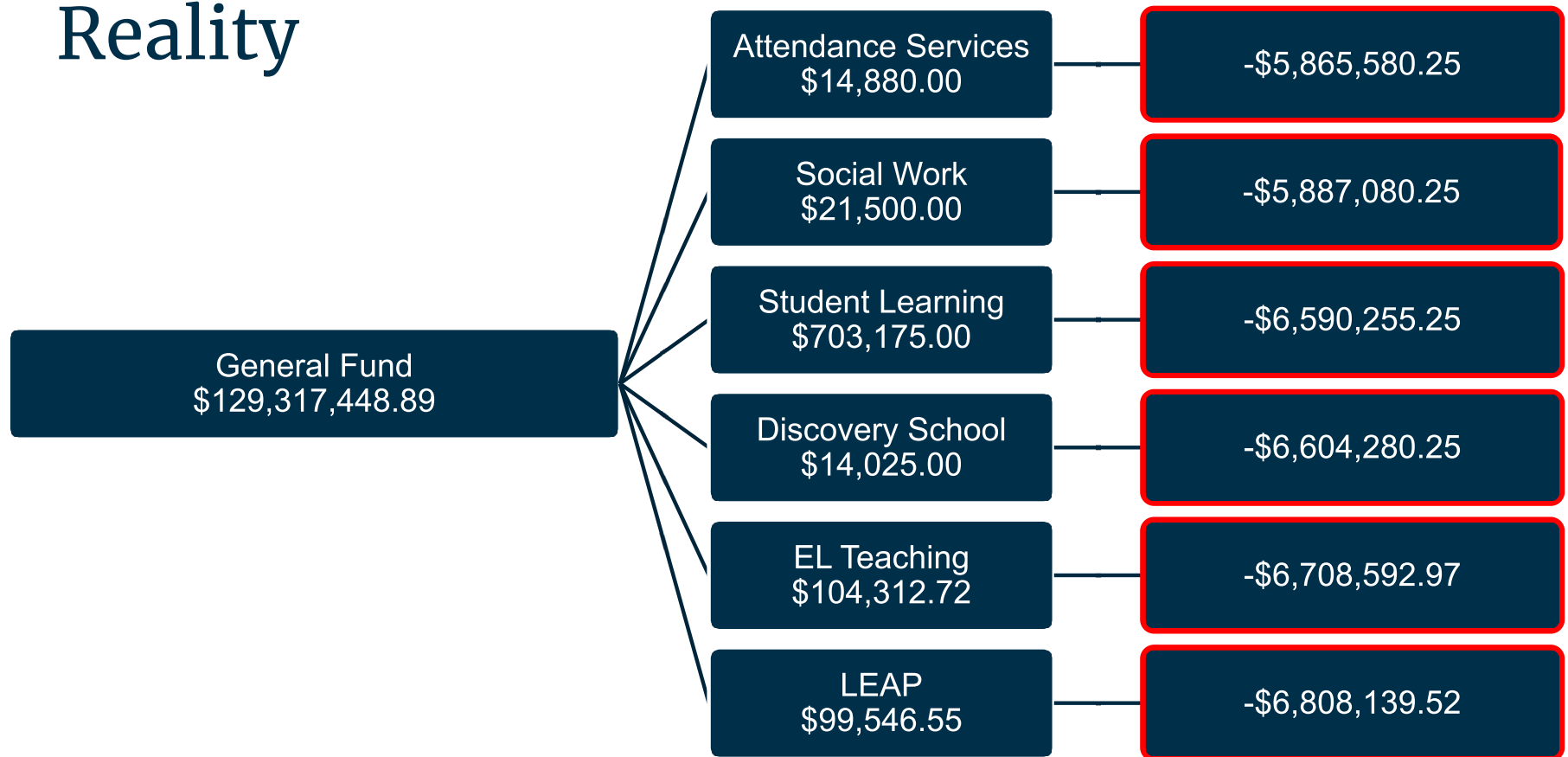
Reality



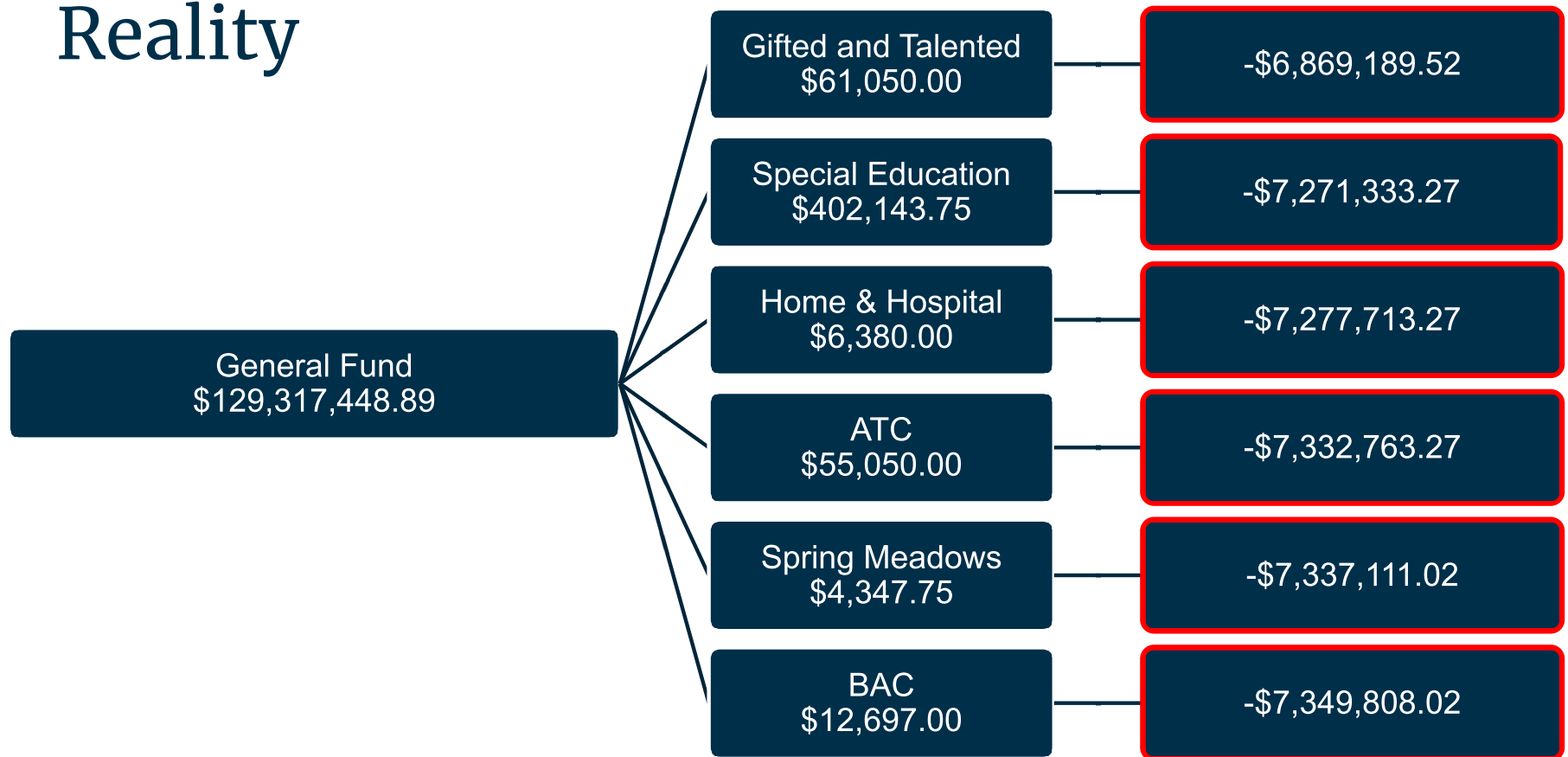
Reality



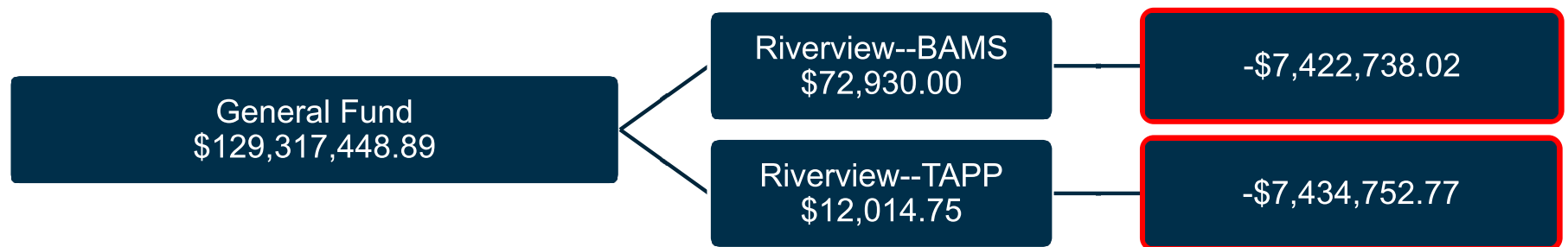
Reality



Reality



Reality



What does this mean?

General Fund Budget is OVERSPENT!!!

\$7,434,752.77

What does this mean?

- In the draft budget presented in January, the general fund budget was overspent \$11,887,648.95.
- We've cut \$4,452,896.18 since January.
 - NBHS Roof \$1,144,712.31
 - HMS Roof \$611,966.82
 - BCHS Roof \$1,368,681.30
 - OMES Roof \$438,009.75
 - Potential funding from other sources (i.e. CFR, ESSER II, bonding, etc.)

Now what?

- ❖ What are the goals of the Board?
- ❖ What are the goals of the Superintendent?
- ❖ Review revenue sources for accuracy
- ❖ Review salary and fringes for accuracy
- ❖ Identify items that may be funded with other sources
- ❖ Compare requested budgets with past requests

What can we do?

- ❖ Increase Revenue

- Taxes

- ❖ Decrease Expenses

- Reduce department budgets

- Remove or reduce salary increases

- Eliminate positions

- Eliminate or decrease programs

Questions



References

- Dr. Keith Davis, Bullitt County Public Schools
Funding Our Schools (2007)
- Rachelle Bramlage, Bullitt County Public Schools
Board of Education Meeting (2021)
- Ellerson, N. (2010, May). American Association of School Administrators. Retrieved from https://www.aasa.org/uploadedFiles/Policy_and_Advocacy/files/SchoolBudgetBriefFINAL.pdf
- Jody Maggard, Perry County Schools
Budget, School Finance Management Institute (2017)
- Michael Moreland, Breckinridge County Schools
Budgets, School Finance Management Institute (2017)
- Chay Ritter, Kentucky Department of Education
SEEK (2017)