



# Understanding Budgets





# Budget Overview

- Board policies that guide budget development
- LCFF/LCAP requirements
- Budget development concepts and processes
- Roles and responsibilities
- Budget development calendar & tools
- Strategies
- Assumptions, forecasts and projections



# What is a budget?

- The budget is a guiding financial plan for meeting Board's goals and objectives for the year
- The budget is a living, changing document.
- The budget represents the total estimated revenues and the maximum appropriations authorized by Board.
- The budget reflects the LCAP goals and plans



# Rules, Regulations, and Laws

Education Code 33129 requires the district to develop its budget and manage expenditures in keeping with standards and criteria adopted by the State Board of Education. SBE standards call for the maintenance of reserves, which vary depending on the size of the district. (5 CCR 15443)

The Governing Board accepts responsibility for adopting a sound budget that is compatible with the district's vision and goals. The Board shall establish and maintain a reserve that meets or exceeds the requirements of law.

The Board encourages public input in the budget development process and shall hold public hearings in accordance with law.

# Board Policies



- Balancing the operating budget.
- Issuing and managing debt.
- Using one-time revenues for one-time purposes.
  - Not to be used for ongoing expenditures
- Managing general fund reserves.
- Providing for maintenance and replacement of capital assets.



# Budget Development Strategies

- School districts are required to prepare a budget and multiyear projections for the current and two subsequent fiscal years.
- Primary focus on the current budget year.
- During each budget development and revision process the multiyear projections are prepared and refined.
- Use multiple assumptions to create the remaining two years.



# Budget Development LCFF & LCAP



The budget must align with the local goals established by the governing board with input from community and staff regarding the State's eight priorities.

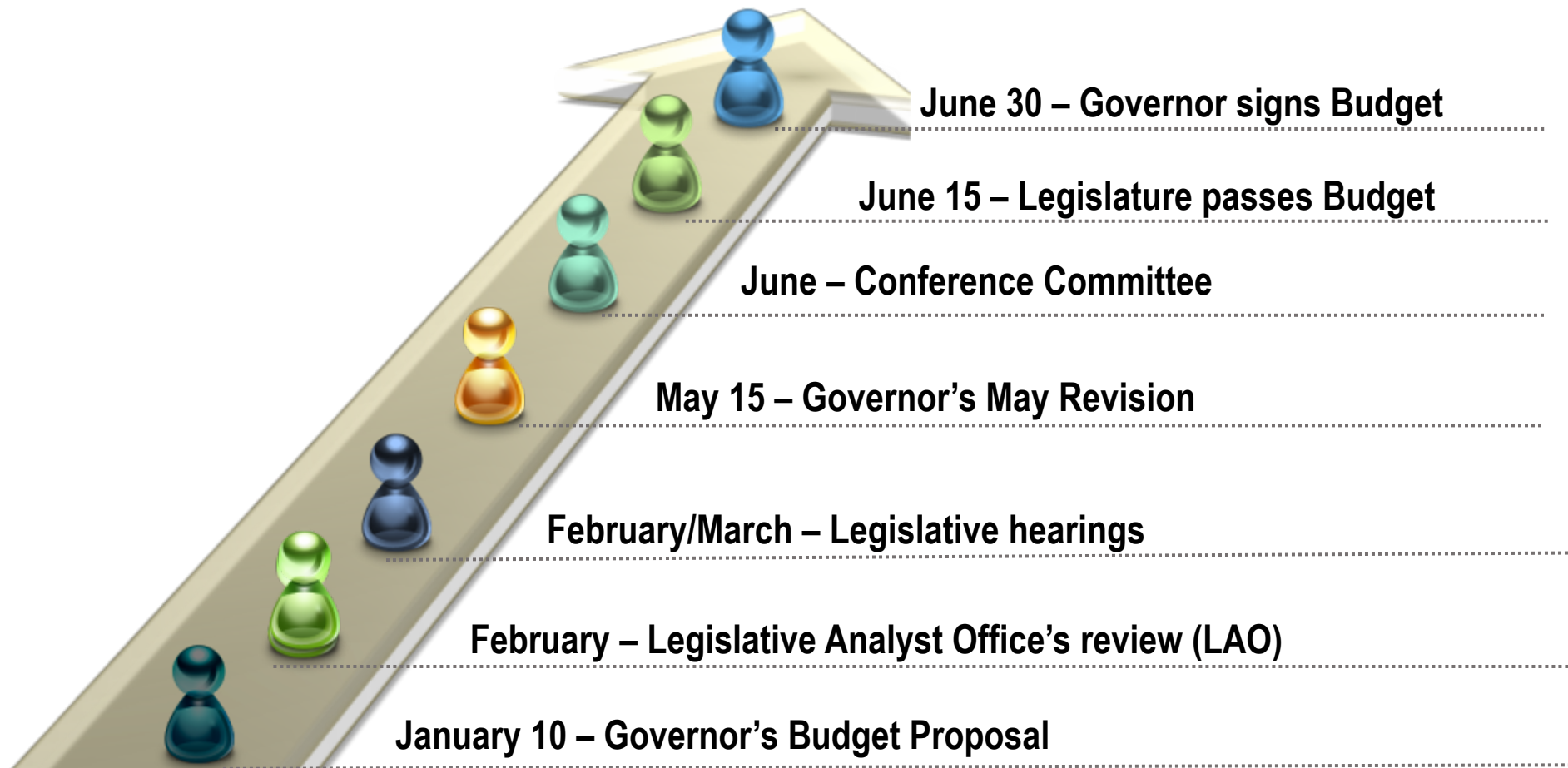


The budget must reflect these eight priorities and be identified with the new funding received from concentration and supplemental grants.





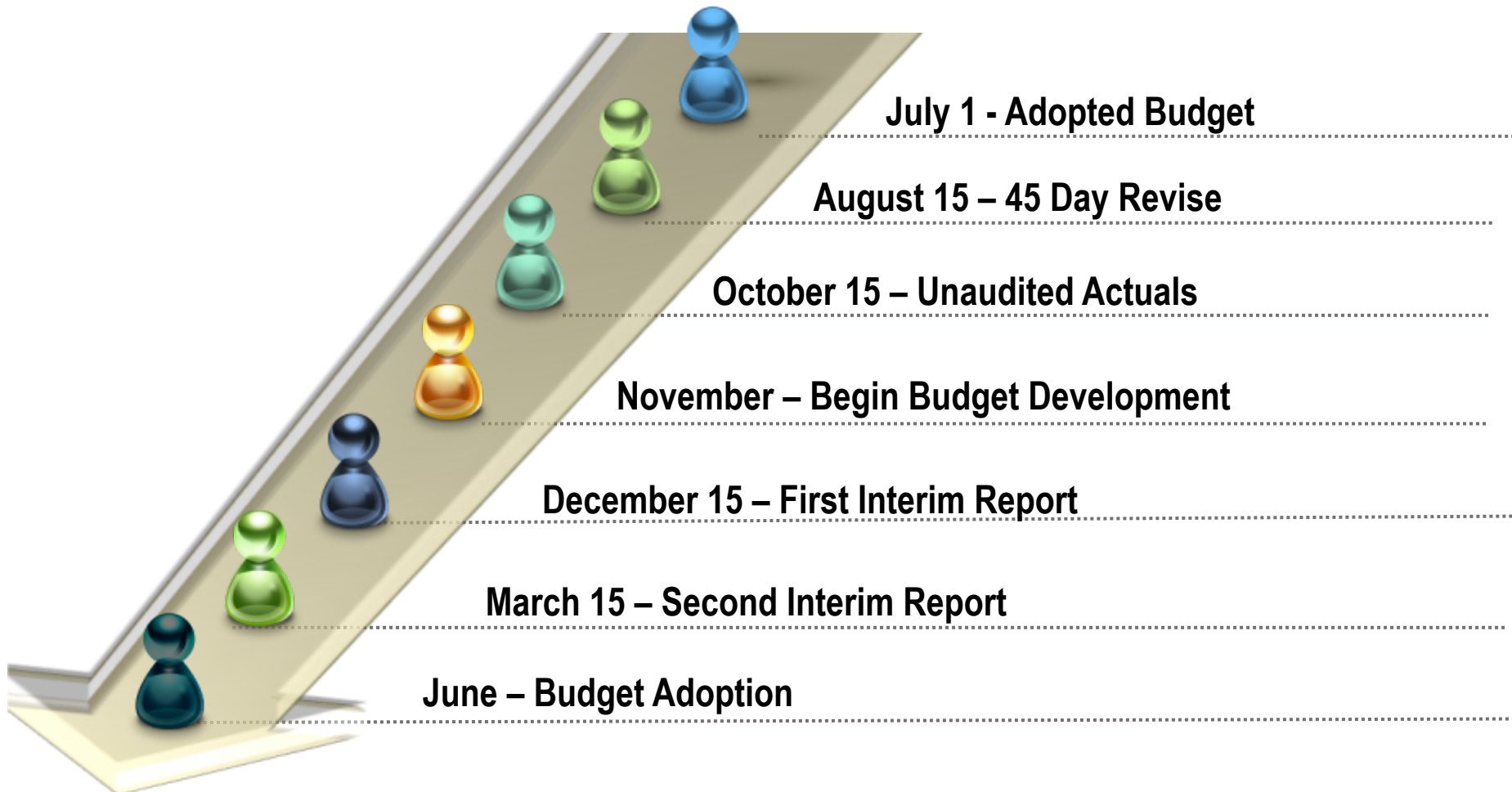
# State Budget Process







# LEA Budget Process





# Budget Calendar Criteria

- ☐ State and Federal Deadlines
- ☐ Budget Adoption Cycle
- ☐ Local Program Application Deadlines
  - (Head Start, CTE Grants, etc.)
- ☐ LCAP Stakeholder Engagement Meetings
- ☐ Establish Budget Development Meetings With Programs and Departments

# Budget Development – Calendar of Activities and Responsibilities, cont.



The following chart is an example of dates, assignments, activity and responsible department:

Date	Assigned To	Activity	Responsible Staff
November	Governing Board	Adopt the budget calendar	Superintendent
January	Business Office	Review the Governor's proposed budget and evaluate the impact for the local agency	CBO/Director of Fiscal
January	Business Office	Provide estimates of enrollment and ADA	CBO/Director of Fiscal
February	Business Office	Provide cost of salaries and benefits	CBO/Director of Fiscal

# Budget Development – Assumptions for Revenues



## **LCFF**

A unique calculation for each school district based on the unique characteristics of the percentage of unduplicated counts which drive funding for supplemental and concentration grants.

**Federal sources**  
Entitlements and grants.

**Other State sources**  
Entitlements and grants.

## **Local Sources**

Interest earnings, building rents/leases, donations, parcel taxes.



# Tools and Resources

California School Business Association CASBO

<https://www.casbo.org>

California Department of Education CDE <https://www.cde.ca.gov/>

California State Controllers Office SCO <https://sco.ca.gov/>

Fiscal Crisis and Management Assistance Team FCMAT

<http://fcmat.org/local-control-funding-formula-resources>

School Services of California SSC Dartboard

<http://www.sscal.com/dartboard.cfm>

CDE Calendar

<https://www.cde.ca.gov/fg/aa/pa/ata glance1819.pdf>

## SSC School District and Charter School Financial Projection Dartboard 2020-21 Governor's Proposed State Budget

This version of School Services of California Inc.'s (SSC) Financial Projection Dartboard is based on the 2020–21 Governor's State Budget proposal. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

# SSC FINANCIAL PROJECTION DARTBOARD 2020-21 Governor's Proposed State Budget

The dartboard is released with projections from the Governor's Budget workshop.

Revisions will come out after the May revise and the final adopted budget.

Always check that you are using the latest version.

LCFF GRADESPAN FACTORS				
Entitlement Factors Per ADA*	K–3	4–6	7–8	9–12
2019-20 Base Grants	\$7,702	\$7,818	\$8,050	\$9,329
COLA at 2.29%	\$176	\$179	\$184	\$214
2020-21 Base Grants	\$7,878	\$7,997	\$8,234	\$9,543
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$819	–	–	\$248
2020-21 Adjusted Base Grants	\$8,697	\$7,997	\$8,234	\$9,791
Supplemental Grants (% Adj. Base)	20%			
Concentration Grants (% Adj. Base)	50%			
Concentration Grant Threshold	55%			

\*Average daily attendance (ADA)

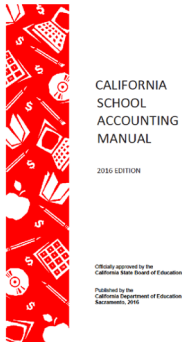
PLANNING FACTORS						
Factors		2019–20	2020–21	2021–22	2022–23	2023–24
Statutory COLA <sup>1</sup>		3.26%	2.29%	2.71%	2.82%	2.60%
California CPI		3.09%	2.99%	2.89%	2.69%	2.73%
California Lottery	Unrestricted per ADA	\$153	\$153	\$153	\$153	\$153
	Restricted per ADA	\$54	\$54	\$54	\$54	\$54
Mandate Block Grant (District)	Grades K–8 per ADA	\$32.18	\$32.92	\$33.81	\$34.76	\$35.74
	Grades 9–12 per ADA	\$61.94	\$63.36	\$65.08	\$66.92	\$68.81
Mandate Block Grant (Charter)	Grades K–8 per ADA	\$16.86	\$17.25	\$17.72	\$18.22	\$18.73
	Grades 9–12 per ADA	\$46.87	\$47.94	\$49.24	\$50.63	\$52.06
One-Time Discretionary Funds per ADA		–	–	–	–	–
Interest Rate for Ten-Year Treasuries		2.07%	2.25%	2.51%	2.50%	2.60%
CalSTRS Employer Rate <sup>2</sup>		17.10%	18.40%	18.10%	18.10%	18.10%
CalPERS Employer Rate <sup>3</sup>		19.721%	22.80%	24.90%	25.90%	26.60%

STATE MINIMUM RESERVE REQUIREMENTS	
Reserve Requirement	District ADA Range
The greater of 5% or \$69,000	0 to 300
The greater of 4% or \$69,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher



# California Schools Accounting Manual CSAM:

<https://www.cde.ca.gov/fg/ac/sa/documents/csam2019complete.pdf>



The California School Accounting Manual (CSAM) provides accounting policies and procedures, as well as guidance in implementing those policies and procedures, which include:

- Basis of accounting
- Revenue and expenditure recognition
- Fund types
- Types of transactions
- Methods of posting transactions, including adjusting entries
- Documentation required to substantiate certain transactions
- Year-end closing process, including the recording of accruals and deferrals



# Budget Development

- Budget variables and formulas
  - Student enrollment and attendance projections
  - Staffing, Allocation and formulas
  - Collective bargaining costs
  - Program augmentation/reductions
  - Budget trends



# Comparative Budget



COUNTY SCHOOL SERVICE  
ACTUALS

COMPARATIVE BUDGET REPORT

J95837 BDR110 L.00.20 09/29/18 PAGE

Fund :01		GENERAL FUND		Resource:6680		TUPE COE ADMIN GRANT		CALC: 5-3
		2015-2016 BUDGET 2015/16	2015-2016 ACTUALS 2015/16	2016-2017 BUDGET 2016/17	2016-2017 ACTUALS 2016/17	2017-2018 BUDGET 2017/18	2017-2018 ACTUALS 2017/18	2017-2018 BUDGET DIFF 17/18 VS 16/17
8590	ALL OTHER STATE REVENUES	46,875	37,500	46,875	38,067	46,308	30,001	567-
TOTAL: 8000 - 8899 Current year revenue		46,875	37,500	46,875	38,067	46,308	30,001	567-
TOTAL: 8000 - 8999 Total Revenue		46,875	37,500	46,875	38,067	46,308	30,001	567-
1300	CERTIFICATED SUPERV & ADM SAL					18,612	8,349	18,612
TOTAL: 1000 - 1999 Expense - Cert. Payroll						18,612	8,349	18,612
2300	CLASSIFIED SUPERV & ADMIN SAL	24,910	24,910	23,510	23,511			23,510-
2400	CLERICAL & OFFICE SALARIES					4,957	4,576	4,957
TOTAL: 2000 - 2999 Class. Payroll		24,910	24,910	23,510	23,511	4,957	4,576	18,553-
3101	STRS-CERTIFICATED					2,533	1,195	2,533
3202	PERS-CLASSIFIED	2,937	2,937	3,082	3,081	721	701	2,361-
3312	OASDI-CLASSIFIED	1,493	1,493	1,318	1,317	307	278	1,011-
3321	MEDICARE-CERTIFICATED					240	96	240
3322	MEDICARE-CLASSIFIED	350	349	308	308	72	65	236-
3401	HEALTH & WELFARE-CERTIFICATED					818	818	818
3402	HEALTH & WELFARE-CLASSIFIED	1,406	1,406	1,733	1,733	872	872	861-
3501	STATE UNEMPLOYMENT INS-CERT					18	18	18
3502	STATE UNEMPLOYMENT INS-CLASS	19	19	17	18	5	5	12-
3601	WORKER'S COMP INS-CERTIFICATED					460	271	460
3602	WORKER'S COMP INS-CLASSIFIED	451	450	526	526	125	124	401-
3701	RETIREE BENEFITS-CERTIFICATED					379	379	379
3702	RETIREE BENEFITS-CLASSIFIED	309	309	402	402	74	64	328-
TOTAL: 3000 - 3999 Employee Benefits		6,965	6,964	7,386	7,385	6,624	4,886	762-
4300	SUPPLIES	76	76	578	578	245	43	333-
TOTAL: 4000 - 4999 Books and Supplies		76	76	578	578	245	43	333-
5200	TRAVEL & CONFERENCE	808	848	1,479	1,479	7,519	7,330	6,040
5710	DIRECT COSTS FOR TRANS OF SERV	1,326	1,288	1,145	1,145	1,293	1,044	148
5800	PROF/CONS SERV & OPER EXP			515	515	2,779	1,000	2,264
5900	INTERGOVERNMENTAL FEES	3	2					
TOTAL: 5000 - 5999 Services & Oth. Operating		2,137	2,138	3,139	3,139	11,591	9,375	8,452
7310	TRANSFERS OF INDIRECT COSTS	3,412	3,412	3,438	3,454	4,279	2,772	841
TOTAL: 7000 - 7999 Other Outgo		3,412	3,412	3,438	3,454	4,279	2,772	841
TOTAL: 1000 - 7999 Total Expense		37,500	37,500	38,051	38,067	46,308	30,001	8,257
**TOTAL:1000-7999		37,500	37,500	38,051	38,067	46,308	30,001	8,257
**TOTAL:8000-8999		46,875	37,500	46,875	38,067	46,308	30,001	567-



# Know Your Funding Sources

- Is the source one time or ongoing?
- Restricted or unrestricted?

	One Time	Ongoing
Restricted	Use <u>first</u>	Use next
Unrestricted	Use if restricted funds are not applicable	Use <u>last</u>



# Staffing Allocations

## **Factors can differ among types of positions being allocated**

- Student enrollment
- Student mobility rates
- Special student populations (special education, FRPM, etc.)
- Number of staff members on site
- School calendar (multitrack year-round, single-track year-round, traditional)
- Facility type (elementary, middle, high school, auditorium, pool)
- Facility layout/design (multi tiered campus, play areas)



# Enrollment and Student Counts

Significant portions of Local Control Funding Formula funding (LCFF) – the supplemental and concentration grants – are driven by the enrollment of students that meet certain criteria:

- English learners
- Foster youth
- Students eligible for free and reduced-price meals (FRPM)

It is critical to ensure appropriate controls over these student counts

- Must be unduplicated
- Are subject to audit



# Variables – Enrollment

The most important variable is an accurate estimate of enrollment

Enrollment drives:

- Expenditures
  - Staffing – overstaffing is costly
  - Contracts – committed for the year
  - Work closely with human resources
  - Indirectly, because there are limited funds available for expenditures
- Revenue
  - Directly, due to ADA, based on Second Principal Apportionment (P-2) ADA



# Position Control



- Remember that the personnel portion is approximately 90% of the unrestricted General Fund budget for most districts
  - So.....a fully functioning “position control” system is critical to managing the budget



# Variables – Step and Column Costs

- During collective bargaining contract negotiations, the cost of step and column movement is one of the most debated elements
- This is because most projections are done in the springtime when actual schedule movement for the following year is difficult to predict
- Real cost to the district
- Real enhancement to individual teachers' salaries
- Must be considered in any computation of "fair share" salary formulas



# Categorical Programs

- **Actively manage contributions from unrestricted funds**
  - Remember that transportation is now unrestricted, so the contribution is no longer designated this way
  - Develop budget for all programs to be self-sufficient
    - Special education is a typical exception
  - Continual program reviews and adjustments
- **Watch carryover balances**
  - Look at deferred revenues, as well as restricted fund balance
  - Funds should be used for current student population
  - Some programs have carryover limitations
- **Review Form CAT – Schedule of Categorical Programs**



# Form CAT – Schedule of Categorical Programs



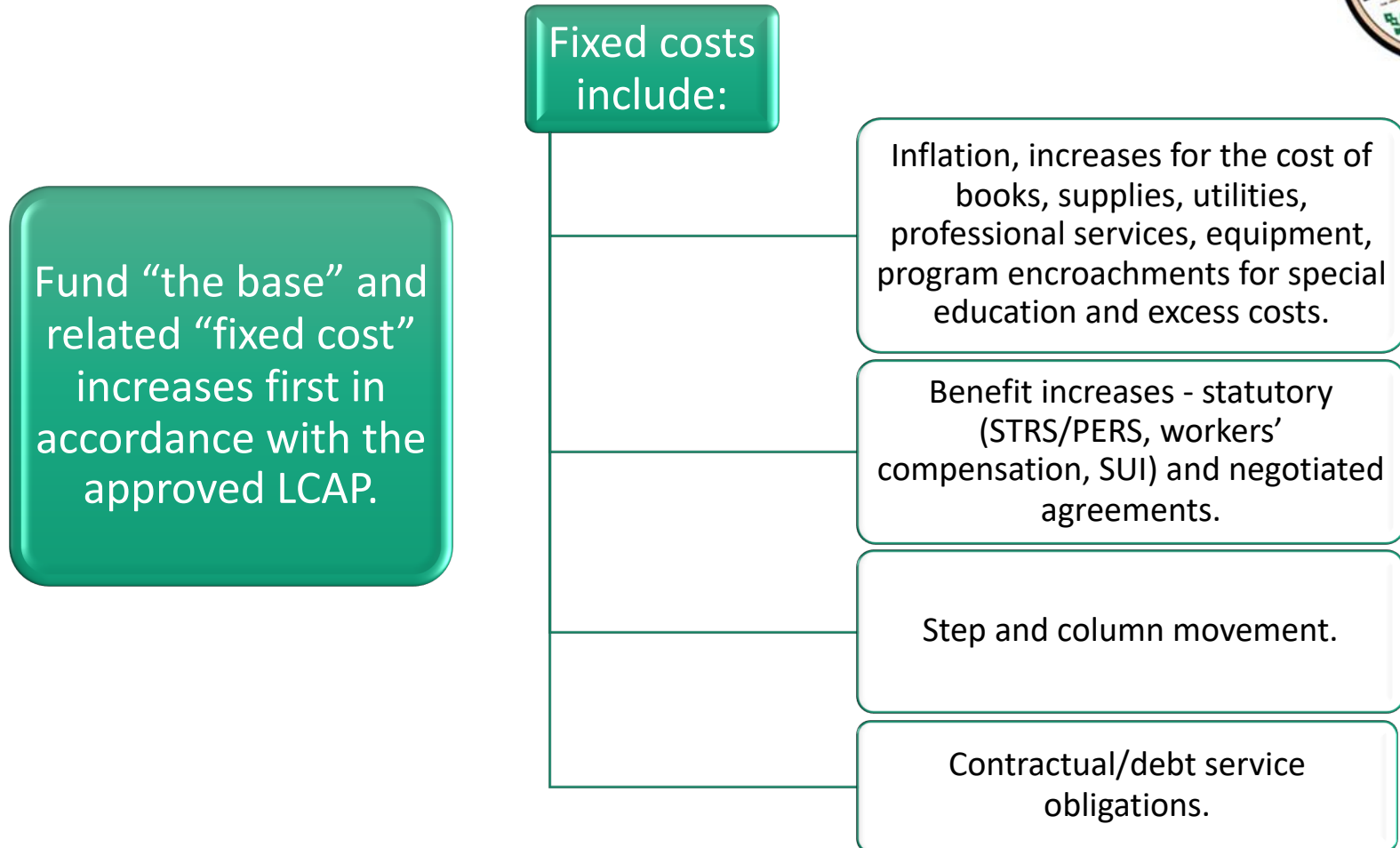
Yolo County Office of Education  
Yolo County

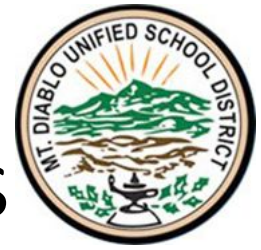
2017-18 Unaudited Actuals  
FEDERAL GRANT AWARDS,  
REVENUES, AND EXPENDITURES - ALL FUNDS  
SCHEDULE FOR CATEGORICALS SUBJECT TO DEFERRAL OF UNEARNED REVENUES

57 10579 0000000  
Form CAT

FEDERAL PROGRAM NAME	General Child Care	Child Development Block Grant	Local Planning Council	Head Start T & TA	Head Start	Early Head Start	Early Head Start T & TA
FEDERAL CATALOG NUMBER	93,596/93,575	93,575	93,575	93,6	93,6	93,6	93,6
RESOURCE CODE	5025	5035	5055	5208	5210	5212	5218
REVENUE OBJECT	8290	8290/8590	8290	8290	8290	8290	82290
LOCAL DESCRIPTION (if any)	FD 12	FD 12	FD 12				
<b>AWARD</b>							
1. Prior Year Carryover		26,102.00			78,689.00	50,423.00	
2. a. Current Year Award	218,986.00	177,418.00	53,117.00	33,692.00	2,820,583.00	1,057,497.00	25,983.00
b. Transferability (ESSA)					27,719.00	10,575.00	
c. Other Adjustments		250.00			0.00		
d. Adj Curr Yr Award (sum lines 2a, 2b, & 2c)	218,986.00	177,668.00	53,117.00	33,692.00	2,848,302.00	1,068,072.00	25,983.00
3. Required Matching Funds/Other							
4. Total Available Award (sum lines 1, 2d, & 3)	218,986.00	203,770.00	53,117.00	33,692.00	2,926,991.00	1,118,495.00	25,983.00
<b>REVENUES</b>							
5. Unearned Revenue Deferred from Prior Year	(33,316.00)						
6. Cash Received in Current Year	179,701.00	146,436.00	22,851.00	13,375.00	1,141,393.00	465,257.00	5,387.00
7. Contributed Matching Funds							
8. Total Available (sum lines 5, 6, & 7)	146,385.00	146,436.00	22,851.00	13,375.00	1,141,393.00	465,257.00	5,387.00
<b>EXPENDITURES</b>							
9. Donor-Authorized Expenditures	166,076.00	176,335.00	52,339.00	33,692.00	2,926,991.00	1,118,495.00	25,983.00
10. Non Donor-Authorized Expenditures							
11. Total Expenditures (lines 9 & 10)	166,076.00	176,335.00	52,339.00	33,692.00	2,926,991.00	1,118,495.00	25,983.00
12. Amounts Included in Line 6 above for Prior Year Adjustments							
13. Calculation of Unearned Revenue or A/P, & A/R amounts (line 8 minus line 9 plus line 12)	(19,691.00)	(29,899.00)	(29,488.00)	(20,317.00)	(1,785,598.00)	(653,238.00)	(20,596.00)
a. Unearned Revenue							
b. Accounts Payable							
c. Accounts Receivable	19,691.00	29,899.00	29,488.00		1,785,598.00	653,238.00	20,596.00
14. Unused Grant Award Calculation (line 4 minus line 9)	52,910.00	27,435.00	778.00	0.00	0.00	0.00	0.00

# Budget Development – Strategies



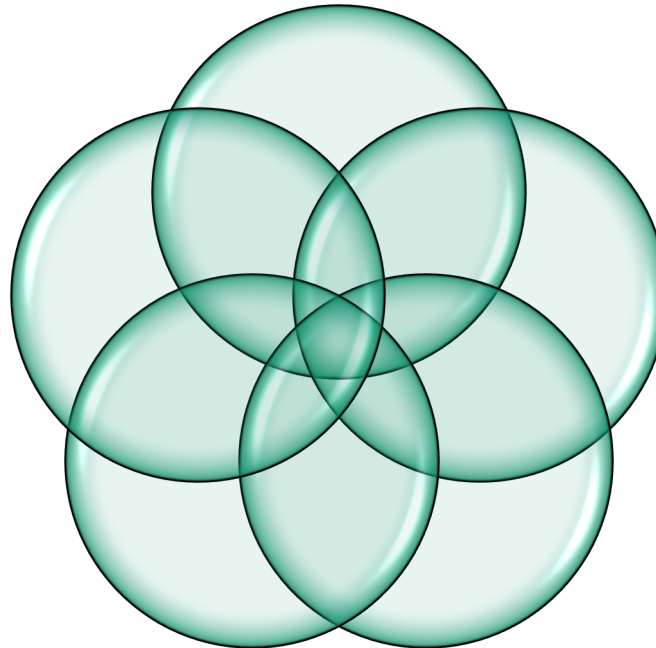


# Budget Development Strategies

Available funds can be used for:

Building reserve levels.

Additional compensation increases.



Program development, expansion, or restoration.

Identified LCAP program costs to **“provide more”** and **“achieve more”** for students.

# Budget Development – Final Thoughts



Interim periods  
require updates and  
are an opportunity to  
check your  
assumptions,  
especially for  
enrollment and ADA.

Assumptions change  
for a number of  
reasons, including  
the State and  
Federal economic  
conditions.

The budget  
development process  
is an on-going process  
throughout the year.

Form partnerships with all departments to share information  
that may impact the budget.

# Budget Development More Final Thoughts



Develop a budget calendar and include those responsible for events.

Monitor the budget, the assumptions and the projections.

Communication between all departments and stakeholders is critical.

Ensure adequate resources are available to support the new LCFF/LCAP outreach efforts.