FMS District Budgets and Funding Sources

Budget Committee 23/24

Agenda

- Welcome by Board President
- Scope of work – Ms. Newland, Mr. Diehl
- Calendar – Ms. Newland
- Agenda for today's meeting
  - Budget sources and background information
  - Current budget allocation reality
  - Enrollment trends and projections
  - Generating SEG
  - Legislative updates
  - Projected Budget Changes
  - Budget choice discussion
- Final thoughts from the committee
  - Information needed before next meeting

Calendar

Date	Activity	Responsibility
3/24/23	Budget Committee Meeting – Board Room 30th Street	Superintendent & CFO
4/11-4/13/23	Budget Workshop - Albuquerque	Administrators
4/26/23	Budget Committee Meeting – Board Room 30th Street	Superintendent & CFO
5/05/23	Submit preliminary Operating Budget to PED	CFO
5/09/23	Board of Education Work Session to review Budget Committee Recommendations	Superintendent & CFO
5/09/23	Board of Education approves preliminary budget for submittal to PED	Board of Education
6/13/23	Budget formally adopted by Local Board during a public hearing	Board of Education
6/14/23	Submit final Operating budget to PED	CFO
6/30/23	Last day for PED to approve the final budget	PED

District Operational State Funding
Current Budget: $106,887,418.68*



Primarily funded through:
SEG- State Equalization Guarantee (Funding Formula)
Only fund that can be used for all expenditures

FMS Pays for: teaching and learning and support for schools, including

- **Salaries**
- **Benefits**
- **Utilities**
- **Property/Liability Insurance**
- **Supplies and materials**
- **Professional Development**
- **Some ongoing maintenance & building operations**
- **Substitutes**
- **Some travel**
- **Some athletic expenses**

*** $2.4 million mid year SEG increase is included in this total**

Capital State Funding and local tax levies
Current Budget: $39,147,421



Primarily funded through:

- Voter approved bond issues
- HB-33 for Technology
- SB-9 Mill Levy for Building Maintenance
- State Matching funds for school construction
- Legislative appropriations

Pays for:

- Construction of new schools and improvements to facilities
- Major additions & renovations
- Technology infrastructure, computers, and hardware
- Ongoing maintenance
- Real Estate
- Furniture, fittings, and equipment for new schools

Cannot be used for teacher salaries.

Transportation State Funding
Current Budget: $3,643,496



Primarily funded through:

- State transportation funds

Pays for:

- School bus drivers, staff and other expenses related to transporting students to and from school
- Does not include buses for extracurricular activities and field trips

Federal & State and Local Grant Funding
Current Budget: $44,691,155*



Primarily funded through:

- Federal and State Government

Pays for:

- Programs to support low income and other at-risk students (Title I)
- Federal school meal programs (USDA)
- Certain special education services (IDEA)
- Certain bilingual and ELL services (Title III)
- Certain federal mandates for schools in need of improvement (ESSER)

These funds are paid to FMS on a spend and reimburse basis.

* $18.9 million ARP award is included in this amount.

The Fine Print

By law, funds cannot be transferred from the instructional materials, transportation, and capital budgets to the operational budget in order to cover operational expenses such as salaries, utilities, and insurance.

However, expense overages in most funding sources can be supplemented through operational funds; however, this reduces the amount of money available to fund teaching and learning.

The Fine Print Continued…

District Operational funds is the only budget that can be used for all expenses across the district. All other funds are limited in their use.

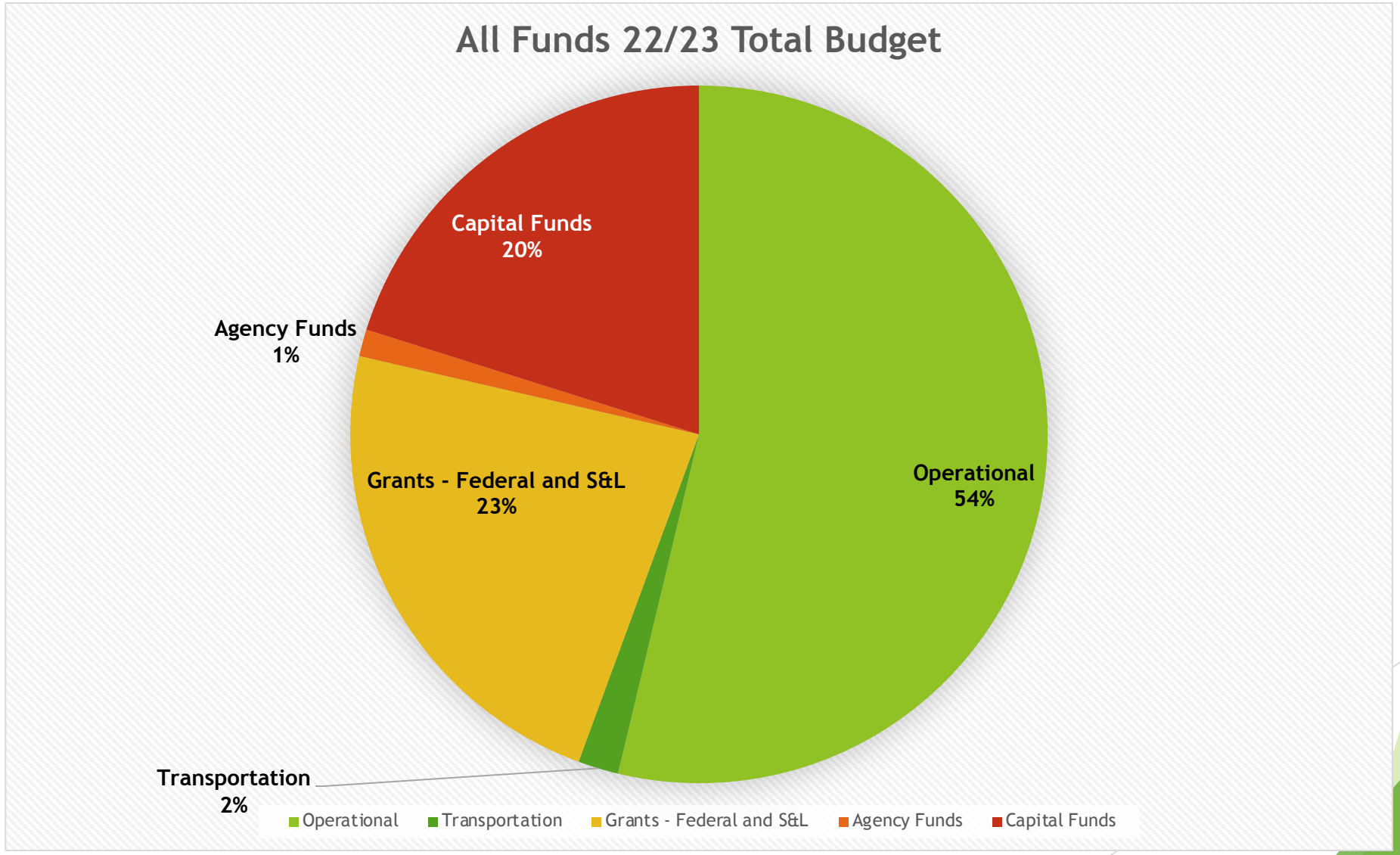
Federal and outside funds generally can be used only for those areas designated in federal regulation or by the provider of the outside funding.

Federal funds must be used to supplement, but not supplant state & local funding. Federal law prohibits recipients of federal funds from replacing state, local, or agency funds with federal funds. Existing funds for an expense or activity may not be replaced by federal funds and reallocated for other organizational expenses.

All Funds 22/23 Total Budget

Funds	Description	%	Budgeted Amounts
11000	Operational	53.7%	$ 106,887,418.00
13000	Transportation	1.9%	$ 3,643,496.00
21000	Food Service	4.1%	$ 8,020,150.00
22000	Athletics	0.2%	$ 295,091.00
23000	Non-Instructional Support	1.1%	$ 2,125,646.00
24000	Federal Flowthrough Grants	14.3%	$ 27,822,228.00
25000	Federal Direct Grants	2.8%	$ 5,387,165.29
26000	Local Grants	0.8%	$ 1,532,576.00
27000	State Flowthrough Grants	0.9%	$ 1,686,428.00
28000	State Direct Grants	0.1%	$ 225,075.00
29000	Combined State/Local Grants	0.0%	$ 17,533.00
31100	Bond Building	2.9%	$ 5,601,974.00
31200	Public School Capital Outlay	1.1%	$ 2,142,496.00
31300	Special Capital Outlay-Local	0.4%	$ 800,392.00
31600	Capital Improvements HB-33	2.8%	$ 5,378,184.00
31701	Capital Improvements SB-9	2.7%	$ 5,285,642.00
31703	Capital Improvements SB-9	0.6%	$ 1,147,535.00
31900	Ed Tech notes	0.0%	$ 14,484.00
41000	Debt Service	8.2%	$ 16,001,054.00
43000	Ed Tech Debt Service	1.4%	$ 2,775,660.00
	Total Budget	100%	$ 196,790,227.97

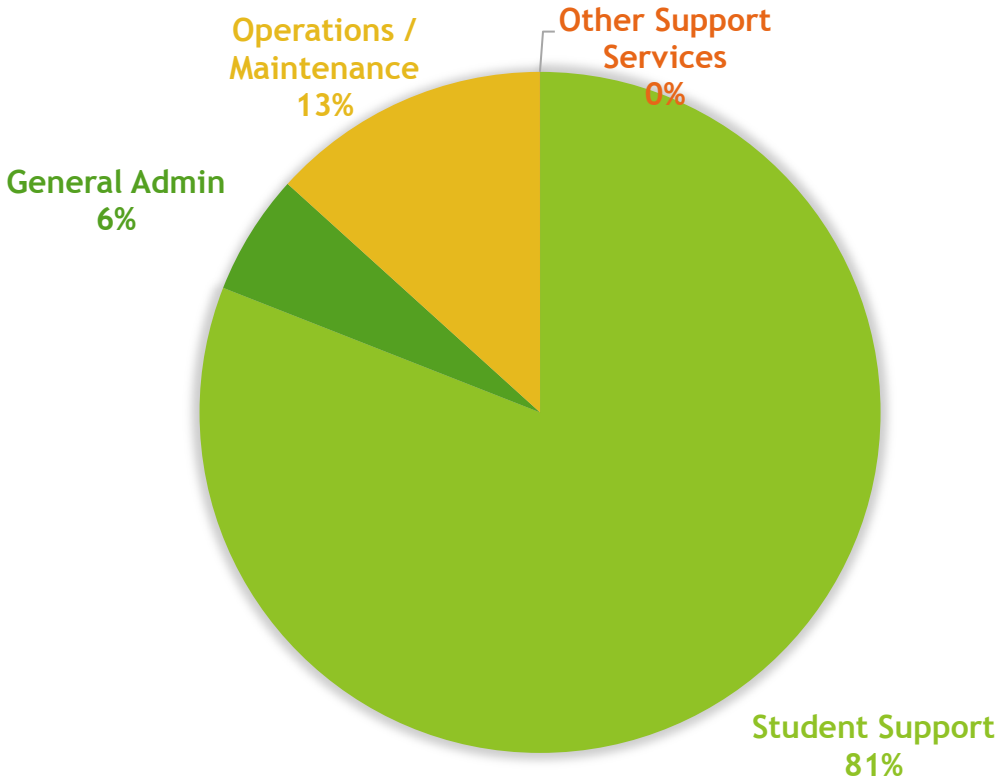
All Funds 22/23 Total Budget



22/23 District Budget by Function

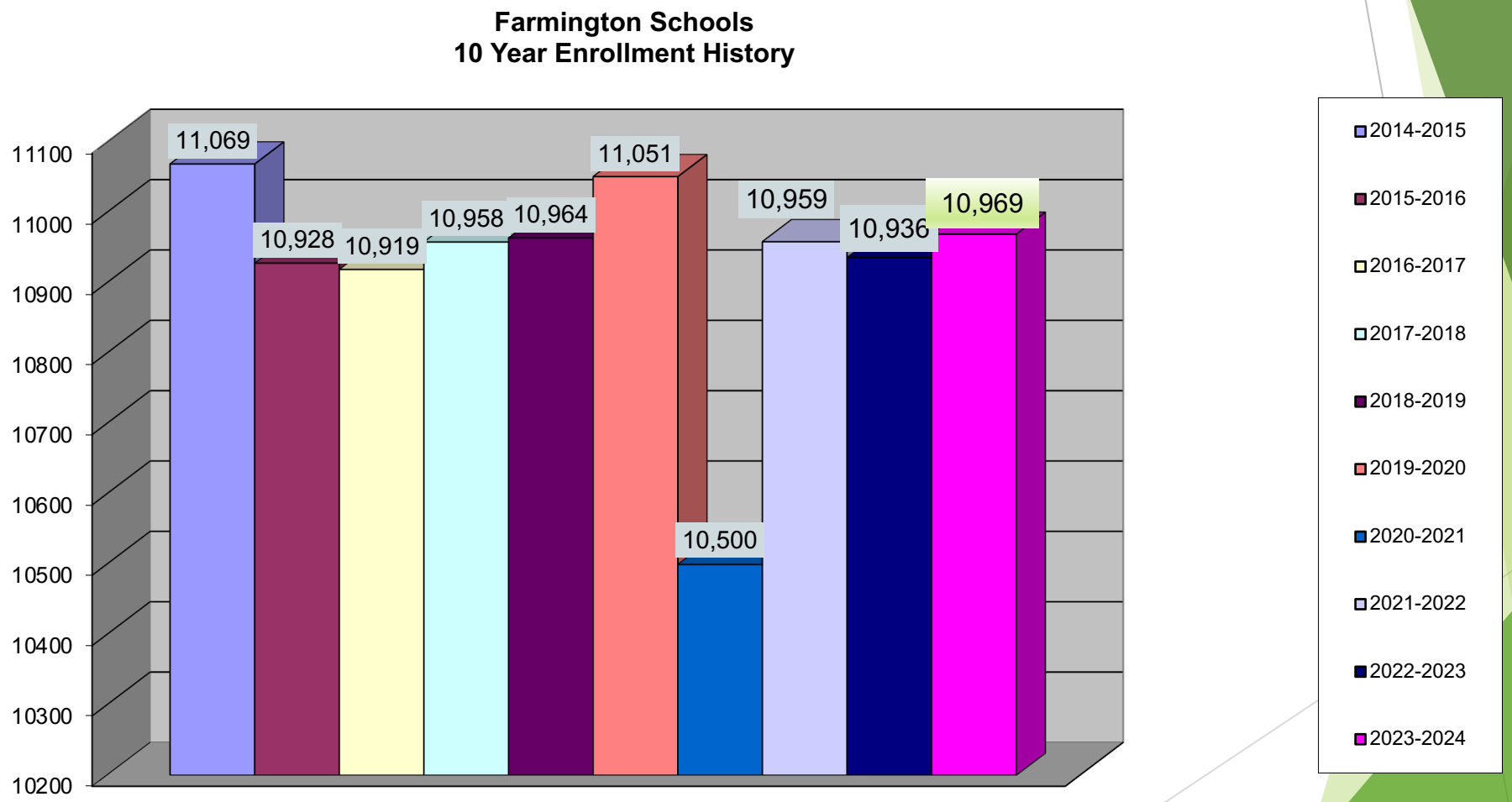
FARMINGTON MUNICIPAL SCHOOLS			
2022 - 2023 Budget Expenditures by Function			
	22-23 Budget	%/Function	%/Category
Direct Instruction	$71,802,706	67.18%	
Student Support	$11,349,644	10.62%	80.96%
Instructional Support	$1,442,779	1.35%	
School Admin	$1,941,949	1.82%	
General Admin	$4,457,785	4.17%	5.75%
Central Services	$1,686,855	1.58%	
Operations / Maintenance	$14,199,700	13.28%	13.28%
Other Support Services	$6,000	0.01%	0.01%
Operational Totals	$106,887,418	100.00%	100.00%

22/23 District Budget by Function



Over 80% of the FMS budget is connected to the classroom

Operational Funded Enrollment 23/24



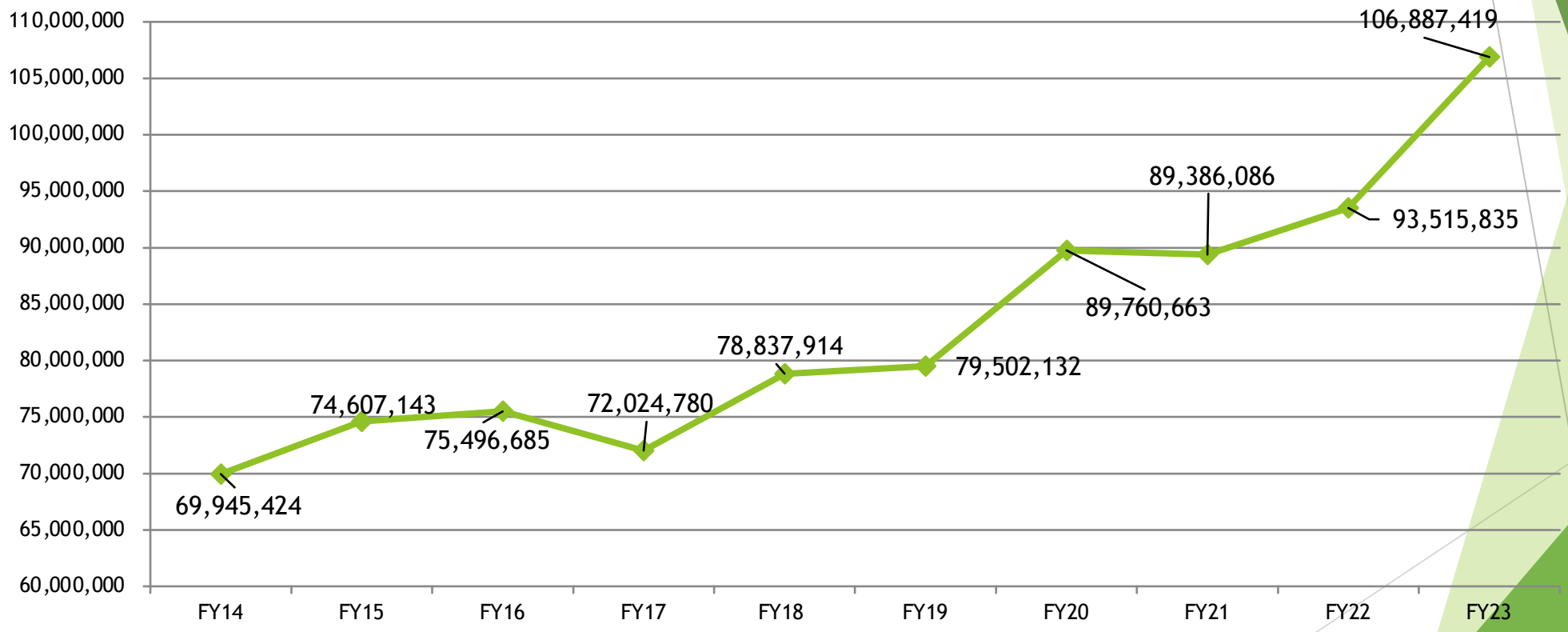
State Equalization Guarantee

- NM allocates to school districts via the State Equalization Guarantee (SEG) funding formula
- Based on enrollment using the average of the 80th and 120th day student count.
- The enrollment multiplied by the cost index gives the district program units.
- The program units multiplied by the unit value gives the district SEG funding amount.

SEG formula factors

- Students in Special Education, elementary fine arts and bilingual programs
- Teachers with more education and/or experience as well as those with National Board Certification
- Small schools (this factor has been phased out for 23/24)
- At risk students (English language learners, low income, SPED and mobility)

State Equalization Guarantee Trend



* $2.4 million mid year SEG increase is included in this total

Legislative Updates for 23/24

- HAFC Sub. For HB2/1– passage of the $4.12 billion budget for public schools. 8% increase over last year
- Secretary of Education will set the unit value
- Provides an average 6% staff raise
- Provides funds to pay all school employees at a minimum of $15 hour.
- Provides funds for extended learning time – 1140 instructional hours
- Provides funds for minimum salaries of $25k for Educational Assistants

Legislative Updates for 23/24

- HAFC Sub. For HB2/1 - General Appropriations Act
- House Bill 199 – Increases At Risk index to 0.33, FAEA Factor to 0.055
- House Bill 130 – K-12 plus program increase to 1140 instructional hours
- Senate Bill 4 – Ensures free, healthy school meals for all students
- Senate Bill 131 – Reduces the local match for some school districts

Projected Budget Changes FY24

Operational Budget				
Revenue change per legislative language				
Statewide Appropriation				
Farmington Municipal Schools				
State Equalization Guarantee				
Changes in Program Units	With Mid Year Adj	Prelim		
	FY22-23 Funded Units	FY23-24 80/120 day Avg	Diff	$000 Impact
Total MEM FTE 80/120 Day Average	10936.00	10969.25	33.25	N/A
Membership Units Basic Education	13195.383	13216.206	20.82	$115.0
Training & Experience /TCI	725.746	792.974	67.23	$371.3
At Risk Index Unit-Multiplier	1782.568	1787.988	5.42	$29.9
Bilingual Mulitplier	161.705	180.750	19.05	$105.2
Small School Size (-20% per year)	27.500	0.000	-27.50	($151.9)
Special Education including Ancillary	2869.650	2998.800	129.15	$713.2
Fine Arts	266.750	270.100	3.35	$18.5
Elementary PE	274.020	285.690	11.67	$64.4
Growth Units	0.000	0.000	0.00	$0.0
National Board Certified	42.000	42.000	0.00	$0.0
K-5+	0.000	0.000	0.00	$0.0
Home School / Charter Students	9.575	10.725	1.15	$6.4
Total Program units	19354.897	19585.233	230.34	$1,272.0
Unit value change	0.0			0.00
	0			$0.0
Total SEG Impact				$1,272.0

Projected Cash Reserve Changes FY23

FARMINGTON MUNICIPAL SCHOOLS Projected Cash Reserve Changes FY2023		
	as of 2/28/2023	
Actual Reserve Balance 6/30/22	7,361,637	8%
Projected Revenues 2022-2023	106,887,419	
Total Cash Available 2022-2023	114,249,055	
Projected Expenditures 2022-2023	106,071,718	
Projected Reserve Balance 6/30/23	8,177,337	8%

Budget Choices

Mandated Expense		
6% average raise for all staff	$5,500,000.00	includes benefits
EA Min Salary $25k	$1,000,000.00	includes benefits
Medical Insurance 7.24% increase	$500,000.00	Anticipated costs
At Risk Insurance 7.73% increase	$300,000.00	Anticipated costs
ERB 1% increase	$125,000.00	Anticipated costs
Total Mandated expense	$7,425,000.00	
7% Carryover from $106,887,419.00	$7,482,119.33	Anticipated Cash Balance
Budget Options		
Security Asst. Supervisor	$100,000.00	
2 Instructional Coaches	$200,000.00	
School Budgets $35 per student	$110,000.00	Increase $10 per student
Lighting at PVHS field	$500,000.00	
Athletic Budget Travel/Meals/Hotel	$100,000.00	
Professional Development	$500,000.00	Part of the SEG funding
Substance Abuse Counselor	$100,000.00	
Safety and Security	$100,000.00	HB505 provides for security systems
Total Budget Options	$1,710,000.00	

Next Budget Committee meeting will be April 26th in the board room at 3pm.

- Any thoughts or questions please send to bnewland@fms.k12.nm.us