

Budget basics

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Budget Process

Why do we need a budget process?

- Assist decision makers in making informed choices regarding resources and allocations
- Promote stakeholder participation in the decision process.
- Striving for the ultimate goal of educating and developing all students today for their success tomorrow.

Budget Basics

- What Is A Budget?
- Why Do We Have Budgets?
- Types Of Budgets
- Capital Improvement Plan
- Components of Budget
- Budget Process

What is a Budget?

■ Webster's Dictionary -

- An itemized summary of probable expenditures and income for a given period
- A systematic plan for meeting expenses in a given period
- The total sum of money allocated for a particular purpose or time period

■ Florida Statutes = Budget sets a legal limit

- You may revise the original budget if proper procedures are followed

What Does a Budget Do?

- Creates a Financial Plan for the District to Follow using anticipated Revenues and Expenditures
- Aligns District goals with available resources
- Authorizes the planned expense
- Typically prepared using a one year time frame
- Manages and Controls revenue and expenses

Why Do We Have Budgets?

- A means to:

- Meet legal requirements
- Set and control spending
- Educate the public and elected officials
- Prioritize the concerns of the community
- Outline the expenditures of district spending
- Justify and analyze programs and services

Types of Budgets

- Line-Item or Traditional Budgeting
- Performance Budgeting
- Program and Planning Budgeting (PPB)
- Zero-Based Budgeting (ZBB)
- Site Based Budgeting

Line-Item or Traditional Budgeting

- Based on historical revenue and expenditure data
- Simple and easy to prepare
- Budgets by organizational unit and object
- Useful in historical or trend analysis
- Limiting since proposed expenditure amounts are presented by category

Performance Budgeting

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- Budgets are based on a standard cost of inputs multiplied by the number of units of an activity
 - The total budget equals the sum of all the standard unit costs multiplied by the units to be provided
 - Includes narratives for each program or activity
 - Most useful for activities that are routine in nature such as vehicle maintenance

Program and Planning Budgeting (PPB)

- Bases expenditures primarily on programs of work and secondarily on expenditures
- May be called modified program budgeting
- Identifies fundamental objectives
- Less control and evaluation-oriented
- Used to reach long term goals by projecting long term cost of programs

(Johnson, F.)

Zero-Based Budgeting (ZBB)

- Program activity and services must be justified during the annual budget development process
- The organization is divided into decision units such as departments and schools, which present a plan or request for their unit
- Concentrates resources where they are most effective by eliminating outdated efforts and expenditures

Site-Based Budgeting

- Local Managers and staff are responsible for preparation and maintenance of the budget
- May be used in combination with any of the four previously mentioned models
- Popular with school districts because it grants increased budgetary responsibility to schools
- Better allocation of resources, increased participation, and increased accountability

Outcome-Focused Budgeting

- Becoming more popular in government
- Increased competition for resources is driving allocation to programs and providers that use them most effectively
- Closely linked to the planning process
- Mission vs. Rule Driven

(Johnson, F.)

Combination

- Annual Budget Process
 - Line-Item or Traditional Budgeting
 - Performance Budgeting
 - Zero-Based Budgeting (ZBB)
 - Site Based Budgeting
- Long Range Planning
 - Program and Planning Budgeting (PPB)

Capital Improvement Plan

- Typically a five to twenty year plan
- Develop and review separately from general fund budget
- Adopted annually as a plan
- Included in adopted budget document
- Plan for long-term debt, if needed

Basis of the Budget

- Revenue
- Expenses

Main Revenue Sources

- **State Support**
 - Legislative Appropriations
 - General Revenue and Lottery Funds
 - Mostly distributed through FEFP
- **Local support**
 - Property Taxes
- **Federal: Grants**
 - Used to supplement state and local funds

Florida Department of Education – Funding and Financial Reporting

ESSENTIAL RESOURCES FOR BUDGET DEVELOPMENT

- <http://www.fldoe.org/finance/fl-edu-finance-program-fefp/>
 - OFFR FEFP (Florida Education Finance Program) Calculations
 - Funding for Florida School Districts
 - Charter School Revenue Estimation Worksheet

FEFP

- The Second Calculation is used to develop the Final Budget
- Appropriations are listed at state and district levels in the FEFP Calculations
- The First Calculation or Conference report is used to develop the Tentative Budget
- In addition to basic funding, the FEFP lists several different categories and programs that must be budgeted to match the appropriation

FEFP

Examples of these Include

- Safe Schools
- ESE Guaranteed Allocation
- Supplemental Academic Instruction
- Reading Allocation
- DJJ Supplemental Allocation
- Instructional Materials
- Transportation
- Teacher's Classroom Assistance
- Virtual Education Contribution
- Digital Classroom Allocation

Workforce Development Education Fund

- Funds must be used by school districts for the delivery of Workforce Development Education Programs and for no other purpose
- Funds cannot be co-mingled with other General Revenue Funds

Funded Weighted FTE

- Advanced Placement
 - IB
 - AICE
 - Industry Certified Bonus
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- Funding = Weighted FTE x Base Student Allocation x District Cost Differential

Major Budget Categories

- **Transportation** - buses and drivers to transport students
- **Facilities** – to ensure students attend schools that are clean and well maintained
- **Energy** - the school is lit during the day, heated in the winter and cooled in the summer
- **Health and Safety** - the school nurse cares for the ill student, and security measures keep staff and students safe
- **Instruction** - students have a qualified teacher, teachers have instructional aides, and classrooms have supplies

Major Budget Categories

- **Curriculum and Staff Development** - curriculum, training and instructional support to ensure teachers are able to provide students with necessary knowledge and skills
- **Food Services** - nutritious, affordable breakfast and lunch
- **Library Services** - the library and librarian/staff provide research assistance and resources
- **Counseling Services** - counselors for testing prep, college prep, drug/alcohol abuse programs, and supporting family needs in seeking outside counseling
- **School Leadership and Support** - principal, assistant principals and administrative support staff

School District Summary Budget

- The Florida Department of Education lists the School District Summary budget as the adopted budget that is submitted to the Department by Florida school districts
- Includes
 - millage levies
 - estimated revenues detailed by federal, state, and local sources
 - estimated expenditures detailed by function (the purpose of an expenditure) and object (what was purchased or the service obtained)
 - data is displayed by fund type, including general fund, special revenue funds, debt service funds, capital projects funds, permanent fund, enterprise funds, and internal service funds

Budget Process

- Develop a Timeline
- Estimate Revenue using historic trends, anticipated FEFP, and estimated Tax Roll
- Develop Personnel Allocations
- Departments complete zero based budget requests which are reviewed by the budget department
- Schools develop discretionary budgets from allocations based on FTE
- Budgets for all funds are loaded and reviewed. Anticipated Revenues must equal anticipated expenditures

Budget Process

- Prepare Budget Manual
- TRIM Compliance (Truth in Millage)
 - Timetable
 - Notice of Proposed Tax Increase
 - Notice of Budget Hearing
 - Notice of Tax for School Capital Outlay
 - Budget Summary
 - Hearings-Tentative and Final
 - Adoption of Final Budget
 - Certifications

Next steps

- Once the budget is adopted cost centers begin expending authorized funds
- Budget amendments are processed to realign budget with changing expenditure needs
- Monthly reports on these budget amendments are presented to the board
- Budgets are monitored to ensure they are not exceeded
- Quarterly meetings are held with budget owners to review adherence to the budget
- Budget planning and monitoring trainings at least once per year

What is a budget amendment?

- A procedure to move budgeted funds from one object function to another object function

Related Sessions

- **Advanced Budgeting**

Questions

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Sources

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