



BUDGET BASICS

FSFOA Fall Conference November 10, 2015

Stephanie Riviello, Senior Budget Analyst

Cathy Miley, Budget Analyst II

School District of Manatee County



MISSION

Mission of a Budget Process:

To assist decision makers in making informed choices regarding resources and allocations, and 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
 - Revised Budget if proper procedures are followed



BUDGET

- Creates a Financial Plan for the District to Follow as related to 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
(Johnson, F.)

PERFORMANCE BUDGETING

- 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

(Johnson, F.)

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

(Johnson, F.)

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
(Johnson, F.)

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
- Expenditures

MAIN REVENUE SOURCES

- State Support
 - Legislative Appropriations
 - General Revenue and Lottery Funds
 - Mostly distributed through FEFP (Florida Education Finance Program)
- Local support
 - Property Taxes
- Federal: Grants
 - Used to supplement state and local funds



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

FEFP (FLORIDA EDUCATION FINANCE PROGRAM)

- 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
- Appropriations are listed at state and district levels in the FEFP Calculations
- The Second Calculation is used to develop the Final Budget

FEFP (FLORIDA EDUCATION FINANCE PROGRAM)

- 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

FUNDED WEIGHTED FTE

- Advanced Placement
 - International Baccalaureate (IB)
 - Advanced International Certificate of Education (AICE)
 - Industry Certified Bonus
-
- Funding = Weighted FTE x Base Student Allocation x District Cost Differential

MAJOR EXPENDITURE 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

(Ellerson, N)

MAJOR EXPENDITURE 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

(Ellerson, N)

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



Related Sessions

- **Advanced Budgeting**

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



QUESTIONS

?

SOURCES

- Ellerson, N. (n.d.). School Budgets 101. American Association of School Administrators, 1-6. Retrieved from http://www.aasa.org/uploadedFiles/Policy_and_Advocacy/files/SchoolBudgetBriefFINAL.pdf
- Johnson, F. (2003). Financial Accounting for State and Local School Systems: Chapter 3, Budgeting. Retrieved June 9, 2015, from https://nces.ed.gov/pubs2004/h2r2/ch_3.asp
- GASB Concepts Statement No. 1
Objectives of Financial Reporting
Effective date: None stated
(May 1987)
- FLDOE.org