



Finance 101 and Beyond

School Boards Conference

February 18, 2022

Caveat

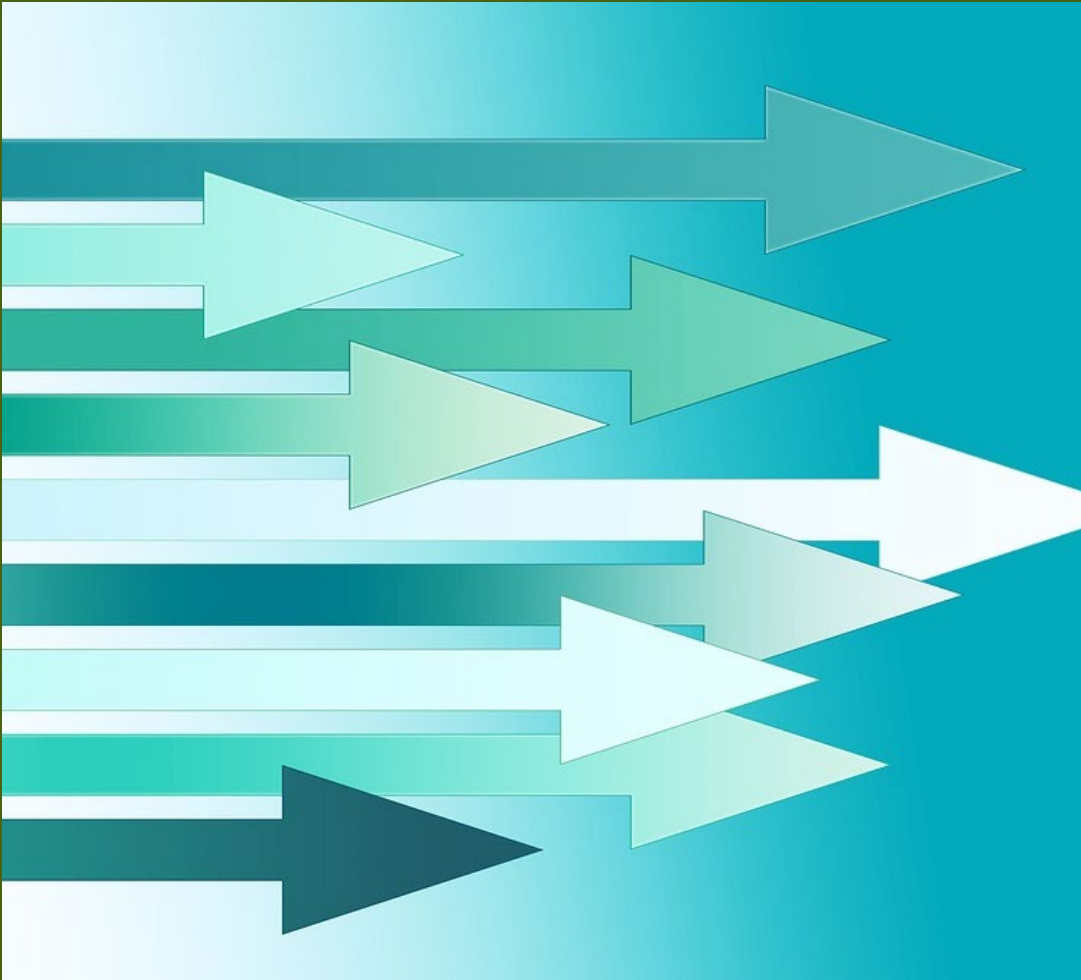
District Funding Sources

- ▶ General Fund - the principal operating fund of a district
- ▶ Special Revenue and EIA funds - accounts for federal and state funds which are allocated for a specific purpose - think restricted
 - ▶ Pupil activity is now part of special revenue funds
- ▶ Debt Service Fund - accounts for the payment of principal and interest on long-term general obligation debt
- ▶ School Building Fund - Accounts for the construction, repair, renovation and acquisition of school facility - can include equipment
- ▶ Food Service Fund - accounts for the receipts and expenses of the USDAs approved school breakfast and lunch programs

Tracking the Funding

- ▶ The Bucket Theory
- ▶ Sources to help your finance office
 - ▶ SDE Funding Manual
 - ▶ SDE Accounting Handbook
 - ▶ SCASBO
- ▶ Numbers of funds

Where Does the Money Come From?



- ▶ How do we get it?
- ▶ What are the sources?
- ▶ When do we get it?

The Building Blocks

- Local Revenue
- State Revenue
- Federal Revenue



Local Revenue

- ▶ Local Property Tax - includes the taxes generated on personal property, non-owner occupied property and businesses. The key factors that impact local property tax revenue are the millage rate, the assess value of property in the district/county and the collection rate
- ▶ FILOT (Fee in lieu of taxes) - fee revenue received on negotiated agreements in place of property tax that would have been collected from the taxpayer
- ▶ Tuition - summer school and out of district
- ▶ Interest Income

State Tax Revenue

- ▶ Local Residential Property Tax Relief -Tier I - Reimbursement for school tax revenue lost from Residential Property Tax Exemption Program that gave relief on \$100,000 of owner-occupied property.
- ▶ Homestead Exemption - Tier II - Reimbursement for the loss of school tax revenue as a result of tax exemptions for taxpayers 65 or older, those totally and permanently disabled and those that are blind.
- ▶ State Sales Tax Reimbursement for Property Tax Relief - Tier III - Reimbursement for the loss of school tax revenue as a result of Act 388 shift to statewide one cent sales tax

State Revenue con't

- ▶ Merchant's Inventory - Reimbursement for the loss of school tax revenue due to the property tax exemption granted for inventories of businesses.
- ▶ Manufacturer's Depreciation Reimbursement - Reimbursements for the loss of school tax revenue as a result of tax exemptions for industries.
- ▶ Motor Carrier - District portion of tax revenue generated from motor carrier's property taxes paid which is based on the % miles traveled in the County.
- ▶ Transfers and Indirect Cost - Transfers are made annually from the EIA TSI and EIA Employer Contributions to offset costs associated with the annual teacher salary increase and to defray employee benefit costs; also includes funds charged to help defray operations of federal program costs

State Revenue

- ▶ Largest source of state revenue is the Education Finance Act (EFA) dollars which is recorded in the district general fund
- ▶ Others
 - ▶ School Bus Drivers Salary
 - ▶ Fringe benefits and retiree insurance
- ▶ EIA Revenue (examples)
 - ▶ Teacher Salary Supplement and Fringe benefits
 - ▶ Career and Technology Funding
 - ▶ Aid to District Funding
 - ▶ At Risk Student Funding
 - ▶ Teacher Supply
 - ▶ National Board Salary supplement
 - ▶ CERDEP

Potential Changes to State Revenue

▶ Governor's Funding Plan

- ▶ Introduced in the Governor's Budget Proposal
- ▶ Establishes a new foundation and basically amends the EFA
- ▶ Simplifies the way funds are allocated to districts
- ▶ Increases accountability and transparency
- ▶ Allows greater flexibility for districts in how funds are spent

▶ Goals and Expectations

- ▶ Funds an average student-teacher ratio statewide 11.7
- ▶ This would require 64,285 teachers - based on 20-21 data there were 55,875 teachers

Governor's Funding Plan Con't

- ▶ The plan is to increase the minimum teacher salary schedule beginning salary to \$38,000 - up from \$36,000

Salary Range	Number of districts
\$36,000 (at the minimum)	7
\$36,001 to \$37,999	18
\$38,000 to \$39,000	26
\$40,000 and up	26

- ▶ Cost of a teacher in the plan - \$66,524

Allocations

- ▶ Currently the funding is based on the number of students multiplied by their instructional category
- ▶ Proposed changes to weightings

Weights	Existing	New
Base for every student	1.00	1.00
Students with Disabilities	Ranges from 1.74 - 2.57	2.50
Precareer and Career Tech	1.29	1.00 (in base)
Residential Treatment Facility	2.10	2.10
Pupils in Poverty	.20	.50
High Achieving	.15	.15
Academic Assistance	.15	.15
Limited English Proficiency	.20	.15
Dual Credit Enrollment	.15	
Speech Therapy		.15

Current Allocation Changes

- ▶ Takes the following allocations and rolls them into a single funding formula

FY 2021 - 22 Allocations	
State Aid to Classrooms	\$ 2,970,070,654
EIA Teacher Salaries	\$ 181,230,766
EIA Employer Contributions	\$ 43,533,934
EIA Students At Risk	\$ 79,551,723
EIA Aid to Districts	\$ 24,401,779
Total	\$ 3,298,788,856

Proposed Increase for FY 22-23

- ▶ Increase of \$120,000,000
- ▶ Proposed FY 22-23 Funding

State Aid to Classrooms - General Fund	\$ 3,090,070,654
State Aid to Classrooms - EIA	\$ 328,718,202
Total	\$ 3,418,788,856

- ▶ The new formula would fund districts based on their proportionate share of weighted pupils to the state and the districts index of tax paying ability
- ▶ There are 7 districts, under this new formula, that would receive less funding based on the new formula - there is a hold harmless which assures these districts would receive no less than received the prior year.

Other Factors

- ▶ Greater Accountability????
 - ▶ Districts must publish their budgets - already a requirement
 - ▶ The SDE must collect and publish a dashboard of expenditures by district and eventually by school - already do it - ESSA per pupil
 - ▶ All district audits must be conducted by auditors pre-approved by the State Auditor's office - not sure of the process

Federal Funds

- ▶ School Food Service programs (USDA)
- ▶ Title programs (I, II, III, IV and V)
- ▶ Individuals with Disabilities Education Act (IDEA)
- ▶ Perkins (vocational)
- ▶ ESSER (coronavirus relief funds)

Deeper Dive Into ESSER Funding

- ▶ ESSER I, ESSER II, ARP ESSER (ESSER III)
- ▶ Have gotten progressively larger with allocations
- ▶ Provides for funding to assist with the following
 - ▶ Learning Loss
 - ▶ Cleaning and PPE
 - ▶ Renovations related to COVID
- ▶ Biggest Concern - what happens when the money is gone

What
Questions
do you
have?
Thank you

