

# School District Finance – the In's and Out's – What Board Members Need to Know

---

SC School Boards Conference

February 19, 2026

# Understanding Your Role As A Board Member

---

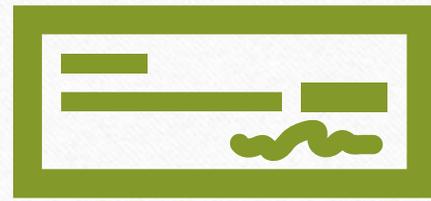
- Basic understanding of School Finance
  - Funds available to a School District
- Building a General Fund budget
  - Following the process
  - What's Included
  - Fund Balance
  - Millage

# Where Does the Money Come From

---



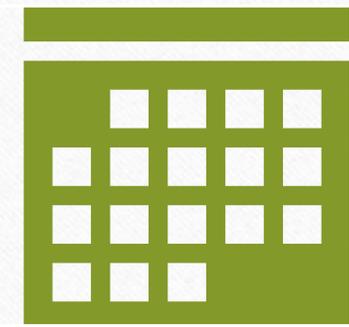
What are the sources  
of funding?



How do we get it?



How can it be  
spent?



When do we get it?

# What Funds does a District Have?

## How are They Used

---

- 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 – funds the extra curricular activities of the district
- Debt Service Fund – accounts for the payment of principal and interest on long-term general obligation debt; money from debt service cannot be used to fund the normal operations of the district
- School Building Fund – Accounts for the construction, repair, renovation and acquisition of school facility – can include equipment; most funding is generated through bond proceeds
- Food Service Fund – accounts for the receipts and expenses of the USDAs approved school breakfast and lunch programs; must be self-supporting – in many districts this is now special revenue



# Types of Funding within Funds

Local	State	Federal
Property Tax	State Aid to Classrooms	Title Programs (I, II, III, IV, V)
Interest Income	Education Improvement Act	IDEA (Special Education)
Rental Income	Act 388	Perkins (Vocational)
Tuition	Grants	USDA Food Service
FILOT		Other Grants

SCHOOL DISTRICT  
SCHOOL BUDGET



SCHOOL DISTRICT

# SCHOOL DISTRICT BUDGET

LOCAL FUNDING

STATE FUNDING

FEDERAL FUNDING

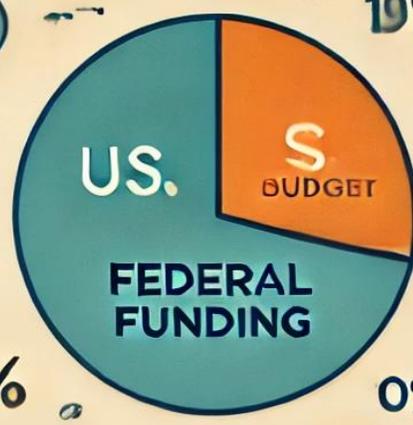
40%



50%



10%



50%



LOCAL FUNDING

Approximate budget budgins

50%



STATE FUNDING

Approximate budget budgins

10%

50%

FEDERAL FUNDING

Approximate budget budgins

0%



40%

LOCAL



50%

STATE FUNDING



10%

FEDERAL FUNDING



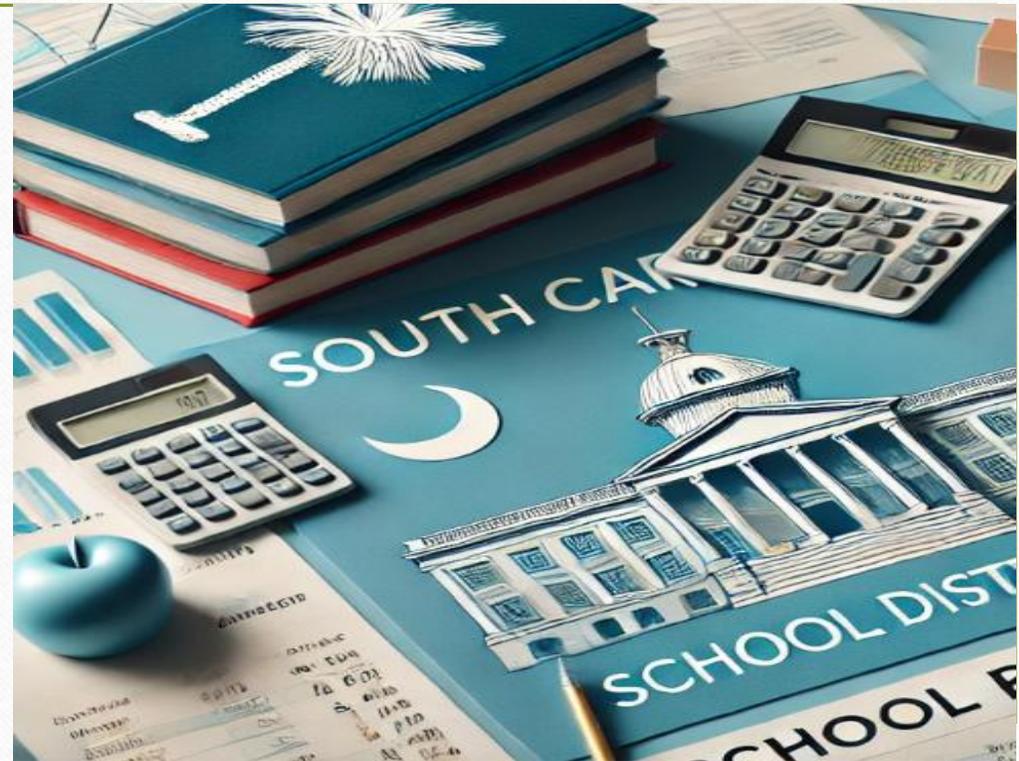


# State Budget Process



# Key Budget Questions for Consideration

- Are current budget elements in the General fund sustainable?
- Are there one-time revenues for recurring items?
- Are we increasing or decreasing student population?
- What is happening with our tax base? Is it growing? Declining?
- Are we using special revenue to its fullest capacity?



# Steps to Building an Effective Budget

---

- Know your district priorities
- Meet with Stakeholders
- Develop a Budget Calendar
- What is your fund balance? Why is it important?
- Can I raise millage? Who does it affect?
- Setting Salary Schedules
- Other Concerns

# Setting Your District Priorities

---

- Salary Schedules
  - Only state mandated schedules are for Teachers and Bus Drivers
  - Do we get the funding for these mandated salaries?
  - Other staff salaries
- Maintenance Needs
- Instructional Programs
- Human Resources

# Using HR to Assist With Building Effective Staffing Budgets

- Staffing is, on average, 85% of your General Fund budget
- Must have a knowledge of enrollment projections by grade level within each school
- Based on district priorities on student:teacher ratios, may utilize federal funds to help lower class sizes

Grade	Staffing Target
K- 3 <sup>rd</sup> grades	1:20
4 <sup>th</sup> – 8 <sup>th</sup> grades	1:25
9 <sup>th</sup> – 10 <sup>th</sup> grades	1:26
11 <sup>th</sup> – 12 <sup>th</sup> grades	1:28

# Who Are Your Stakeholders and Why are They Important

---

- Hear from your district groups – teachers – principals – others
- Hear from your district office staff – Instruction, HR, Maintenance, etc
- Principals talk to School Improvement Councils
- Hold A Board Budget Workshop

# Developing A Budget Calendar

---

- Who to meet with?
  - Senior Level Staff
  - Principals
  - District Office Department Heads
- When do we start?

# Sample Calendar

## Budget Calendar

1/29/24	Budget forms and instruction packets forwarded to school principals and department heads
1/31/24	Budget time line distributed to Board of Trustees
2/01/24	Finance Department provided pupil projections by school for 24-25
2/20/24	<u>Budget requests due to Finance Department for compiling</u>
2/29/24	Begin meetings with Principals and Department Heads to discuss staffing and budget needs for next year
3/18/24 3/25/24	Leadership Team reviews budget requests and finalizes recommendations re: budget priorities
4/09/24	Board of Trustees receives most current budget information and funding priorities as recommended by Administration
4/23/24	Finance Department reviews updated revenue estimates, budget requests, and projected fund balance position with Board Board of Trustees discusses budget priorities
5/07/24	Board of Trustees presented any updated State budget information
5/08/24	Notice of Public Hearing on Budget sent to newspaper (minimum 15 Days in Advance of Hearing Date)
5/15/24	Budget priorities presented and discussed at Principals' Meeting
5/21/24	Board of Trustees presented any updated State budget information
6/04/24	Budget presented at a Public Hearing Board of Trustees adopts Budget

# Why is Fund Balance Important?

- **Target Fund Balance:** Maintaining a target fund balance supports financial resilience, ensuring adequate resources during economic fluctuations
- Fund Balance is not to be confused with cash in the bank
- District Policy – Do you know yours?
- Good practice
  - GFOA 14-16 % or 2 months operating
  - State Fiscal Accountability Act – 8%

# Why Have a Healthy Fund Balance?

---

- Cash flow through the first half of the year; property taxes usually not received until December/January
- Significant emergency or unanticipated expenditures
- Flexibility for non-recurring discretionary funding needs
- Potential for better interest rates on borrowing
- To cover potential shortfalls in revenue due to unforeseen circumstances such as state budget cuts.

# Millage

---

- Who does a millage increase impact?
  - Act 388 abolished taxes on owner-occupied homes, shifting revenue reliance towards penny sales tax alternatives Raises tax on business; However, an increase in millage would affect other personal property and non-owner-occupied housing
  - Millage increases to affect local business
- Can our district raise millage? Does my district have autonomy?



# Fiscal authority

July 2024

## Limited Authority- 18 districts

### Referendum to exceed this limit (subject to cap under Act 388)

Allendale ..... Inflation + 4 mills  
 Lancaster ..... 5 mills  
 Pickens ..... Formula

### County council approval to exceed this limit (subject to cap under Act 388)

Fairfield ..... 3% above previous year's budget or CPI whichever is lower  
 Newberry ..... 4 mills

### Legislative delegation approval to exceed this limit (subject to cap under Act 388)

Chesterfield ..... 10% of prior year's tax levy  
 Laurens 55, 56 ..... 7 mills + EFA inflation factor not to exceed 10 mills  
 York 1 ..... 6 mills  
 Clover 2 ..... 6 mills  
 Rock Hill 3 ..... 6 mills  
 Fort Mill 4 ..... 6 mills

### County board approves millage rate (subject to cap under Act 388)

Anderson 1, 2, 3, 4, 5 ..... 8 mills

### Special law to exceed this limit (subject to cap under Act 388)

Williamsburg ..... 3 mills

## Fiscal Autonomy - 32 districts (subject to cap under Act 388)

### No overseeing body, school board votes by majority

Abbeville	Florence 3
Aiken	Georgetown
Bamberg	Greenville
Barnwell	Hampton
Berkeley	Horry
Charleston	Lexington 1, 2, 3, 4, 5
Cherokee	Marlboro
Chester	Marion
Clarendon	Orangeburg
Darlington	Spartanburg 1, 2, 3, 4, 5, 6, 7
Edgefield	Union

## No Authority - 20 districts

### Legislative Delegation approves budget & sets millage rate (subject to cap under Act 388)

Dillon 3, 4

### Town/Citizens meeting to approve budget (subject to cap under Act 388)

Florence 2, 5

### County council approves millage rate (subject to cap under Act 388)

Beaufort	Lee
Calhoun	McCormick
Colleton	Oconee
Dorchester 2, 4	Richland 1, 2
Greenwood 50, 51, 52	Saluda
Jasper	Sumter

## Statutory Cap - 2 districts

### Requires county council approval to exceed (subject to cap under Act 388)

Kershaw ..... Limit 74 mills

### Requires referendum to exceed (subject to cap under Act 388)

Florence 1 ..... Same millage

# Setting Salary Schedules

---

- Teacher Salary Scale – currently beginning teachers with a bachelors degree starting salary is \$48,500. Proposed to be \$50,500 for the 26-27 school year.
  - Funding Issues
- Bus Drivers
  - Starting hourly wage is \$11.70 on the minimum scale
- All other salary schedules

# Other Concerns/Considerations

## How Can I Help as A School Board Member

---

- Understand Timing
  - Budget Info from State
- Understanding Procurement
- Demands on Finance Staff
  - State/Federal Reporting Requirements



This Photo by Unknown Author is licensed under [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/)