

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

SC School Boards Conference

Make Up Session – June 4, 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

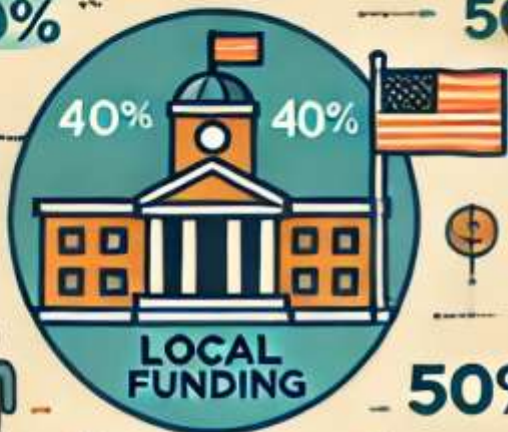


SCHOOL DISTRICT

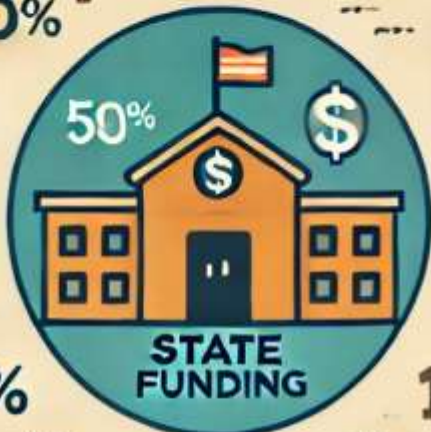
SCHOOL DISTRICT BUDGET

LOCAL FUNDING STATE FUNDING FEDERAL FUNDING

40%



50%



10%



50%



LOCAL FUNDING
Approximate budget budgins

50%

STATE FUNDING
Approximate budget budgins

10%

FEDERAL FUNDING
Approximate budget budgins

40%

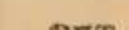
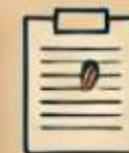
LOCAL

50%

STATE

10%

FEDERAL





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 rd grades	1:20
4 th – 8 th grades	1:25
9 th – 10 th grades	1:26
11 th – 12 th 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?



July 2024

Fiscal authority

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

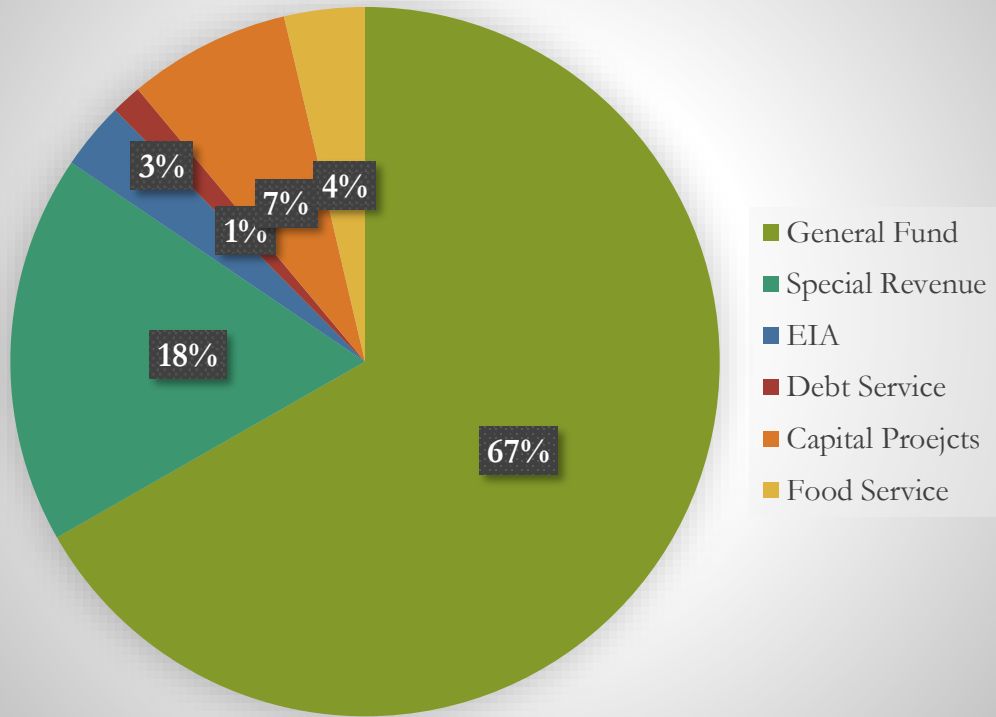
- Teacher Salary Scale – currently beginning teachers with a bachelors degree starting salary is \$48,500. Proposed to be \$50,500 for the 26-27 school year.
 - Funding Issues
- Bus Drivers
 - Starting hourly wage is \$11.70 on the minimum scale
- All other salary schedules

Teacher Salary Schedule - Current

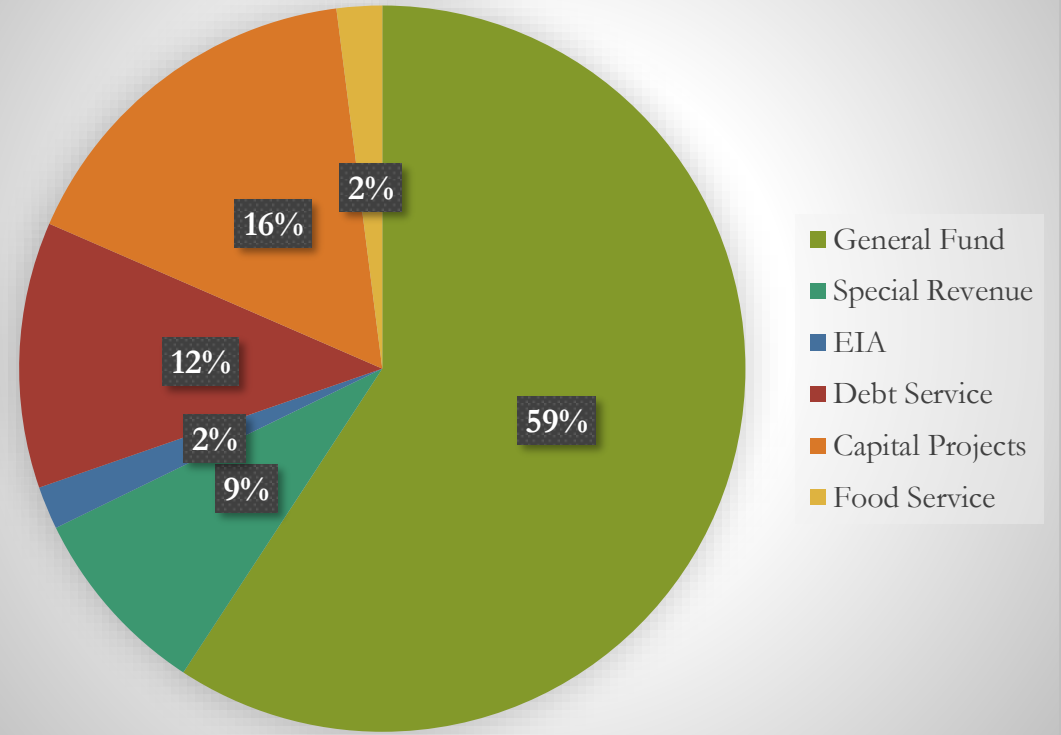
YRS EXP	CLASS 8	CLASS 7	CLASS 1	CLASS 3	YRS- EXP	CLASS - 8	CLASS - 7	CLASS - 1	CLASS - 3
		MASTERS					MASTERS		
	DR	DEGREE	MASTERS	BACHELORS		DR	DEGREE	MASTERS	BACHELORS
YRS	DEGREE	+30 HRS	DEGREE	DEGREE	YRS	DEGREE	+30 HRS	DEGREE	DEGREE
EXP					EXP				
	A	A	A	A		A	A	A	A
0	56,500	54,000	52,500	48,500	14	69,750	62,500	60,250	55,500
1	57,000	54,250	52,750	48,750	15	71,000	63,500	61,000	56,000
2	57,500	54,500	53,000	49,000	16	72,250	64,500	61,750	56,500
3	58,000	54,750	53,250	49,250	17	73,500	65,500	62,500	57,000
4	58,500	55,000	53,500	49,500	18	74,000	66,000	63,250	57,500
5	59,000	55,500	54,500	50,500	19	74,500	66,500	64,250	58,500
6	59,500	56,000	55,000	51,000	20	75,250	67,000	64,750	59,000
7	60,500	56,500	55,500	51,500	21	76,000	67,500	65,250	59,500
8	62,000	57,000	56,000	52,000	22	76,750	68,000	65,750	60,000
9	63,500	57,500	56,500	52,500	23	77,250	68,500	66,250	60,500
10	64,750	58,500	57,500	53,500	24	77,500	69,000	66,750	61,000
11	66,000	59,500	58,000	54,000	25	77,750	69,500	67,250	61,500
12	67,250	60,500	58,750	54,500	26	78,000	70,000	67,750	62,000
13	68,500	61,500	59,500	55,000	27	78,250	70,250	68,000	62,250
					28+	78,500	70,500	68,250	62,500

District Spending Comparison

Expenditures



Expenditures



Differences in Districts

- Is my district in a high/low poverty area
 - Do I participate in CEP?
- Is my student population growing or shrinking?
- How old are my buildings?
- What is my tax base?
- Can I generate millage increases for my district?
- Do I have outstanding bond debt? What is my debt?
- What is my special needs population?

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



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