

## Budget Basics

### First, count the total number of students enrolled on September 20

- Use “full-time equivalent” count, i.e., a student who attends half a day is counted as 0.5.

**FTE enrollment**

### Second, add “weighted students”

- “Enrollment” Weights
  - Low enrollment – for districts below 1,637 students – the smaller the enrollment, the higher the weighting
  - Correlation – additional funding for all districts over 1,637 students – same amount whatever size
  - Declining enrollment – allows district to use previous year’s enrollment or three-year average
- “Program” Weights
  - Provide additional funding for at-risk, bilingual, vocation, transportation, special education, etc.
  - These weightings add “extra” students to the enrollment count
  - For example, each student eligible for free lunch is counted as an additional 0.456 student
  - Weightings are used to target funding to districts based on different needs -This results in the district’s “weighted enrollment”

**+ Weighted Students  
= Weighted Enrollment**

### Third, multiply weighted enrollment by the Base Budget Per Pupil (BBPP)

- BBPP set by Legislature each year
- Actual amount depends on how much money is appropriated and available

**x Base Budget**

### Fourth, the result is district’s General Fund

- This is the district’s base operating budget
  - No control over the base or weightings (set by Legislature)
  - Enrolling more students can increase the budget (but also lowers low enrollment weighting)

**= General Fund Budget**

### Fifth, determine use of the Local Option Budget

- School boards can add up to 30% of their general fund by using the Local Option Budget (LOB)
  - An additional 1% may be added but it is subject to voter protest petition
  - Also called “supplemental general fund”

**x LOB Percentage**

### Sixth, budget transfer to other funds

- Based on needs or law, money must be transferred to certain special purpose funds: special education, drivers education, teacher professional development, textbooks and supplies, drivers’ education food service, professional development, etc.

**= Supplemental General Fund  
(Maximum 30% of general fund)**

### General Fund plus LOB

- After transfers, is the only “unrestricted” part of a school district budget for general operating costs.

– Transfers to other funds  
= “Net” Operating Budget

### Seventh, budget special funds

- Budgets include separate funding for special purposes: summer school, fee-based programs, special education, vocational education, contingency and special reserves
  - These funds can be used only as specified in state law, not general operations
  - Money comes from transfers, direct state funding, student fees and other local sources
  - Most of these programs are required by law

+ Special Funds

### Eighth, budget federal funds

- Districts also receive federal funds, which can only be used for these purposes, based on student count or through competitive grants:
  - Special education
  - Lunch and breakfast aid for low income students
  - Programs for disadvantaged students
  - Other targeted programs

+ Federal Funds

### Ninth, budget capital (building) expenditures

- Districts can adopt a special property tax levy for capital outlay. Can be used only for buildings, maintenance and equipment.
  - Subject to voter protest petition
  - Districts may qualify for state aid for capital outlay
  - Wealthy districts may raise much more per mill than poor districts
- Boards may propose bond issues for new buildings –
  - District voters must approve. Annual payments made until paid off
  - Districts may qualify for state aid for bond payments. Less local property wealth means more state aid.

+ Capital Funding

### Total Budget

- Sum of all funds is the total district budget
  - Divided by FTE enrollment produces a total budget per pupil
  - Total budget per pupil is higher than the base budget per pupil

= Total Budget or Expenditures

### Where does the money come from?

- Each district may levy a 20 mill property tax for the general fund
- State makes up difference in general state aid
- If 20 mills raises more than budget, balance goes to the state
- Statewide, 20 mill levy raises less than 25% of total general fund budgets
- Some districts receive about 90% of their budget in state aid
- Top 25% of districts in property wealth per pupil receive no LOB aid
- As wealth per pupil falls, state pays a larger share for districts in bottom 75%
- Districts levy property tax for whatever the state does not pay