# NMSBA Board Training Fundamentals of Budget & Finance

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# Table Talk

Visit with your table group and come up with 3 things your table knows about school finance and budget.

### Constitution of New Mexico

**ARTICLE 12: EDUCATION** 

### Sec. 1. Free Public Schools

"A uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained."

# Non-Categorical Funding

- Funds that are not specifically identified for a program, aka the Operational Fund
  - Employees Salaries and Benefits. The budgeted amount for staff salaries and benefits represents 8x% of the operating budget.
  - Special Education Ancillary Personnel
  - Classroom Supplies and Materials
  - School Library Resources
  - Maintenance and Operation of Facilities
  - Administration and School Management, etc.



# Categorical Funding

Funds that are budgeted for a specific purpose and can not be used for other purposes.

- Transportation: To-and-From School Bus Service
- Instructional Materials: Classroom Textbooks and Library Resources
- Food Service: Before School and Lunchtime Meals



## Terms to Know

- Operational Fund: considered the "main" fund; is one of many.
- **District Operating Budget**: includes every fund available to the district; the entire budget that must be approved by the BOE/Governing Council and NMPED.
- BAR: Budget Adjustment Request: used to change funding (up or down) or to shift budget to areas of increasing need within the approved budget.



- What are the district's priorities?
- What is the district's enrollment?
- What are the demographics of the district?
- Are enrollment changes anticipated in 5 years, 10 years?
- Information about staff years of service, areas of specialization, administrative, and supervisory staff
- Student-teacher ratios
- Number and condition of buildings
- Sources of revenue
- Internal controls
- Emergency funds



# Budget Process: Who does what and when?

Budget advisory committee membership

Process for gathering community input

Schedule of meetings to discuss the budget

How/when will final budget be approved

How is the union involved

How/when will reports be provided to the Board



### Terms to Know

**SEG**: State Equalization Guarantee – state funding that provides over 95% of Operational Revenue.

**Funding Formula**: a formula to distribute SEG to districts and charter schools.

**Unit Value**: value based on legislatively adopted budget; set twice a year; main component in calculating SEG. Set every spring and revised in winter.

# SEG funds come to districts through the NM Funding Formula

The formula is used to determine how much money is allocated to each district

Each student generates a certain number of units based on the level of service required to educate the child

Depending on the grade level, every child generates units as a general education student first

Students who require special ed services, bilingual services, or are at-risk generate additional units

Teachers generate an increase to the unit value based on years of experience and level of licensure - Teacher Cost Index (TCI)

The total SEG is divided by the sum of total units in the state. This equals the unit value

Districts multiply their number of units by the unit value and that determines their SEG funding for the year

## Grants

Flow-Through
Grant: grant that
flows through the
NMPED to school
districts or charters.

Direct Grant: grant that flows directly from the issuing entity to school districts or charters.

Indirect Cost: rate
set by NMPED a
district is permitted to
charge for grant
administration

#### SCHOOL DISTRICT BUDGET AND FUNDING SOURCES

Capital Funded through Tax Levies (SB9 & HB33)

- Construction
- Technology
- Infrastructure
  - Furniture
- **Real Estate**

Transportation Funded through State School Transportation **Funds** 

- To and From Expense **Including Salaries**

### Operational

Appx. 90% of Budget

Funded through State Equalization Guarantee

- **Salaries**
- Benefits
- **Utilities**
- Property/Liability Insurance
  - **Supplies and Materials**
  - **Instructional Materials**
- Professional Development
  - Fine Arts
  - Bilingual
- Some Maintenance and Building
  - Substitutes
  - Some Travel
  - Some Activity Expense

Federal Funding

- At-Risk/Homeless
- Teacher/Principal **Professional Development** 
  - **Student Meals**
  - Special Education
  - **COVID-19 Expense** (CRSSA & ARP)

**State Funding** 

- **GRADS Program**
- Daycare
- COVID **Testing Program**

- **School Buses**

Grants

• PTO's

Business

Parent

**Donations** 

**Donations** 

Booster

Clubs

No Activity

Activity **Funded** through **Fundraisers** 

- Field Trips
- Student **Activities**

## Budget Season/Calendar



District budget advisory committee meets, considers district priorities, Board sets legislative priority



### Mar.-Apr.

Spring Budget Conference: PED announces new unit value



### May-June

District presents budget to the school community;
Board approves the budget



### 1 July

Approved budget is in effect for the next school year

Legislative session – Board and Superintendent advocate for district needs; Legislature determines funding amount for education

Jan.-Feb.

District uses new unit value to finalize the budget

Mar.-May

Before June 30: Budget is presented to PED for approval

30 June

Federal Funds: Title funds (Title I, II, III, IV), IDEA, Carl Perkins

Grants

Capital Funds: Bonds, Mil Levy, Ed Tech Notes

Foundation Funds

Rents & Leases

Reports and Monitoring

