

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

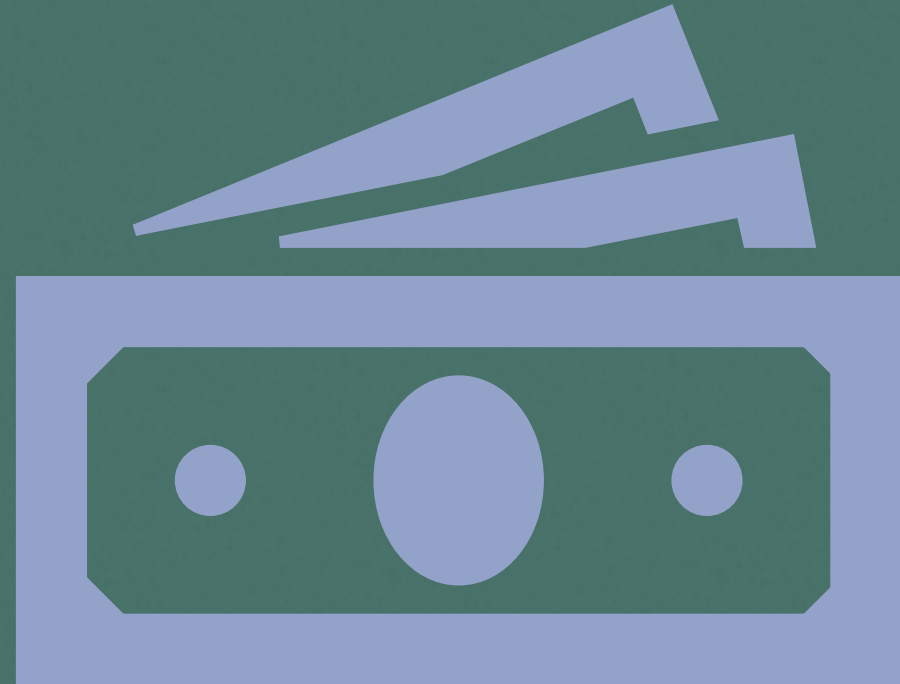
- Funds that are not specifically identified for a program, aka the Operational Fund
 - Employees Salaries and Benefits. The budgeted amount for staff salaries and benefits represents 8x% of the operating budget.
 - Special Education Ancillary Personnel
 - Classroom Supplies and Materials
 - School Library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



First Steps: Information to Consider



- 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



Where does the money
come from to fund public
education in New Mexico?

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

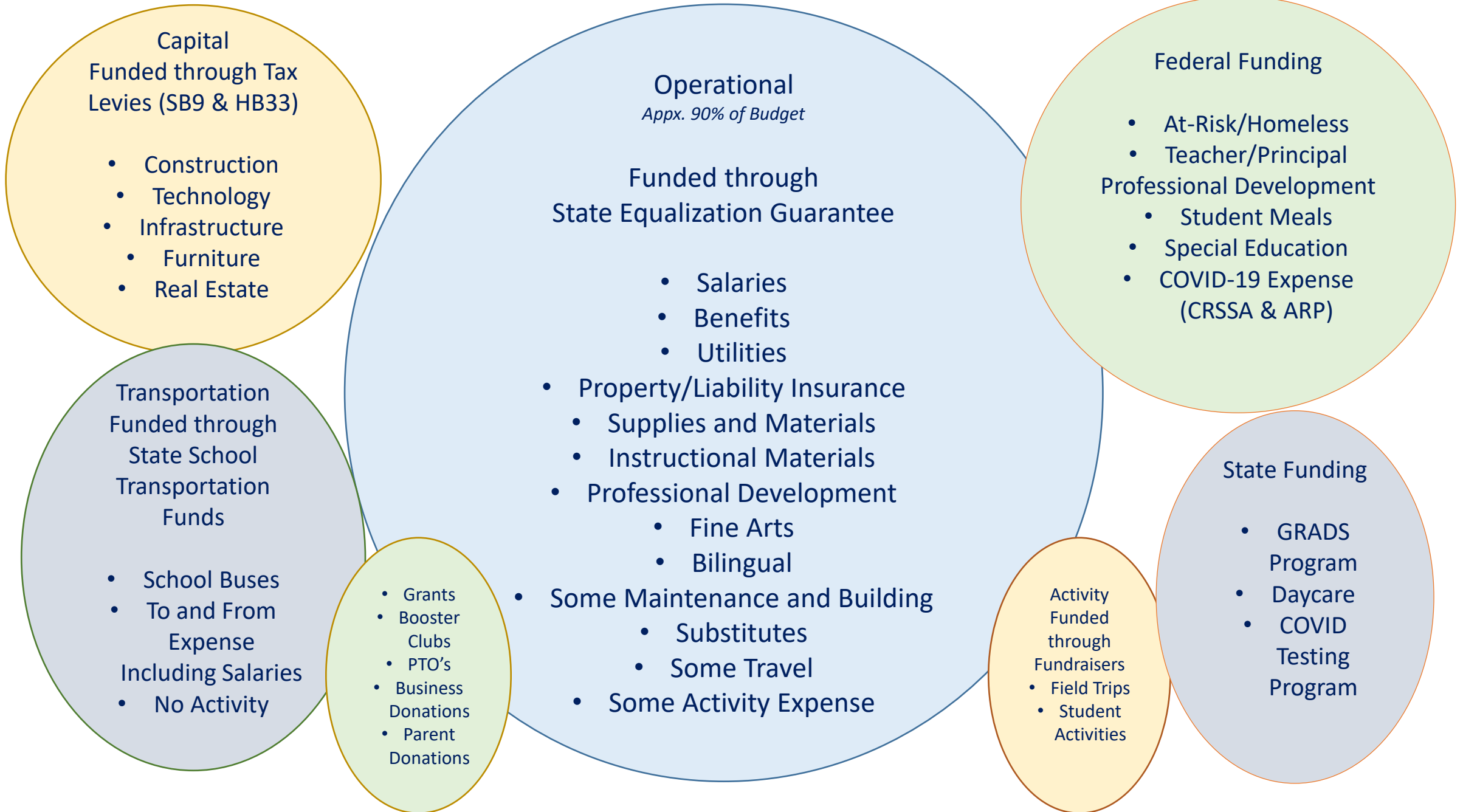
Grants

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

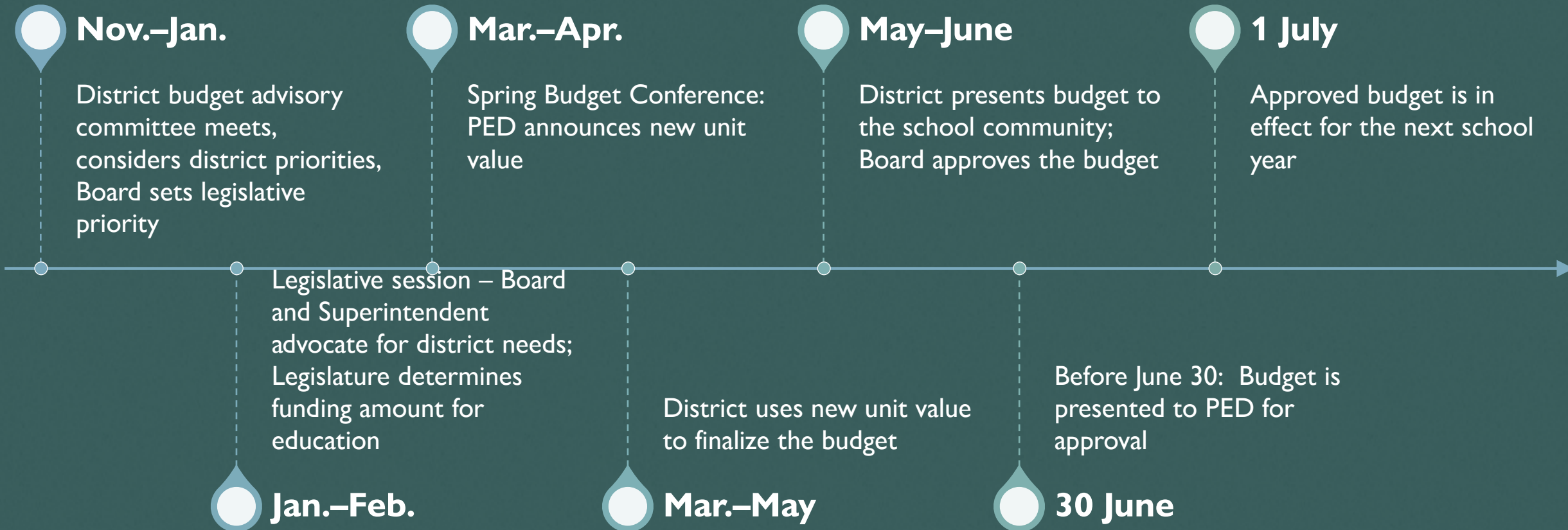
Direct Grant: grant that flows directly from the issuing entity to school districts or charters.

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

SCHOOL DISTRICT BUDGET AND FUNDING SOURCES



Budget Season/Calendar



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



Questions?