

District Budget Basics

NMSBA Board Institute


February 13, 2025



Welcome and Introduction

- Welcome to the School Board!
- 3 main roles of the board (Activity 1)
 - Evaluate the Superintendent
 - Policy Approval
 - Approve the annual budget.
- Overview of School District Budgets in New Mexico
- Importance of basic budget knowledge for informed decision-making.

Important Topics

- Operational Budget
 - Federal Title Budgets
 - Transportation
 - Above-the-Line & Below-the-Line
 - 2-Mill Levy and General Obligation Bonds
 - Capital Outlay
- 

Budget Basics

- State Equalization Guarantee (SEG): Core operational funding
 - Least amount of restrictions
- Federal Title funding: Targeted support programs
 - Each Title budget has specific uses and restrictions
- Local taxes and bonds: For capital and maintenance needs
 - Must be used for building maintenance, construction, or technology

Key Terms

- Above the Line Funding
 - Funds provided in the SEG
- Below the Line Funding
 - Funds provided via application



Operational Budget

- Covers day-to-day expenses:
 - Teacher/ staff salaries including benefits
 - Classroom supplies and utilities (Direct Instruction)
 - School maintenance and operations
- **Key Point:** Operational funding comes from the SEG which primarily covers the salary and benefits of employees.
- What percent of operational budget is typically used for salary and benefits? (Activity 2)

Federal Title Budgets

- **Title I:** Supports students in low-income areas
- **Title II:** Focuses on teacher training and professional development
- **Title III:** Provides resources for English language learners
- **Title IV:** Enhances student support and enrichment programs
- **Compliance:** Federal funds cannot supplant state or local funding


Transportation Funding

- **Purpose:** Funds bus routes, driver salaries, fuel, and maintenance
 - Contracted, In-House, or a mix
- New Mexico's funding formula for transportation:
 - Based on mileage, number of students, and routes
- Challenges:
 - Rising fuel costs and rural route expenses
 - Formula changes

Capital Outlay and 2-Mill Levy

- Capital Outlay:
 - Funds for long-term investments such as new buildings, renovations, and large-scale equipment
- 2-Mill Levy:
 - Local property tax approved by voters
 - Funds maintenance, repairs, and smaller equipment needs
- Importance of voter support for sustaining the 2-Mill Levy
 - When is your districts next bond election? (Activity 3)

General Obligation (GO) Bonds

- Definition: Bonds issued by the school district for major construction projects
 - Voter Approval: Required through bond elections
 - Uses: Building new schools, upgrading technology, and improving athletic facilities
 - Repayment: Through local property taxes over time
- 

Challenges in Budgeting

- Fluctuating enrollment impacts SEG funding
 - Do you have a declining or increasing enrollment? (Activity 4)
- Rising costs of transportation and utilities
- Aging infrastructure
- Need for technology upgrades
- Keys to Success: Strategic planning and prioritization

History and Guidance:

- Review past budgets and audits
 - [NM State Auditors Website](#) (Activity 5)
- [Review the Facility Master Plan \(FMP\)](#) (Activity 6)
- [Board Policy](#): What does your policy say about budgets? (Activity 7)
- Participate and engage in training opportunities

What are the district's needs?

- Do you have a strategic plan?
- Have you asked the community(s) you serve what they want?
- Has the board prioritized the list of needs/ wants?



Questions, concerns, & ideas

•

