Developing a School District Budget

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Reed Call, Director of Financial Services
Jill Carter, Director of School Support & Purchasing
## Budget Development Calendar

<table>
<thead>
<tr>
<th>Month</th>
<th>Next Year (Planning)</th>
<th>This Year (Accounting)</th>
<th>Next Year (Auditing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td></td>
<td></td>
<td>Close Books</td>
</tr>
<tr>
<td>August</td>
<td></td>
<td></td>
<td>Unaudited Actuals</td>
</tr>
<tr>
<td>September</td>
<td></td>
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<tr>
<td>October</td>
<td>CALPADS Reporting</td>
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<tr>
<td>November</td>
<td>Enrollment &amp; Staffing Projections</td>
<td></td>
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<tr>
<td>December</td>
<td></td>
<td>First Interim Report</td>
<td></td>
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<tr>
<td>January</td>
<td>Governor’s Budget Proposal</td>
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<td>Annual Audit Report</td>
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<tr>
<td>February</td>
<td></td>
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<tr>
<td>March</td>
<td>Teacher Layoff Notification</td>
<td>Second Interim Report</td>
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<td>April</td>
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<tr>
<td>May</td>
<td>Governor’s May Budget Revision Teacher Layoff Deadline</td>
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<tr>
<td>June</td>
<td>Adopt District Budget &amp; LCAP</td>
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Enrollment projections & the Cohort Survival Method
Cohort Survival

• Cohort: an exclusive group of individuals have some statistical factor, such as age, geographical location, gender, health issue, etc., in common. The term is related to such words as court, courteous, yard, garden, girdle, kindergarten, hanger, choir, and class...all which possess some aspect of being enclosed, encircled, or grouped together.

• The specific usage comes from the Roman military, who divided their legions of soldiers into ten cohorts of sizes ranging from 480 to 800 men, which were divided further into maniples, which were further divided into centuries (of 80 men, not 100—go figure).
Uses of the cohort survival method

• Tracy Unified uses the cohort survival method for enrollment projections, which are useful for
  • Budgeting: the district receives funding based on the number of students enrolled.
  • Staffing: teacher hiring is guided by, among other issues, the number of students enrolled at each grade level at each school.
  • School construction:
    • The number of students assigned to a particular class (or cohort, if you will) are normally assigned to a single classroom.
    • Developers pay a fee to school districts based on the number of students expected to be generated by each home—a Student Generation Rate—to fund the construction of schools.
Other uses of the cohort survival method

• Long-term Survival Among Men With Conservatively Treated Localized Prostate Cancer

• Survival and symptom progression in a geographically based cohort of patients with primary biliary cirrhosis: Follow-up for up to 28 years
  • Prince, Martin et al., *Gastroenterology*, Volume 123 , Issue 4 , 1044 - 1051

• Limnological control of brine shrimp population dynamics and cyst production in the Great Salt Lake, Utah
  • Wurtsbaugh & Gliwicz (2002). Volume 162 of the series Developments in Hydrobiology, pp 119-132
Johnny goes to school

<table>
<thead>
<tr>
<th></th>
<th>16-17</th>
<th>17-18</th>
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<tbody>
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**Issues:**

Johnie moves from Kindergarten to first grade
Johnny’s friends go to school

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<tr>
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<th>16-17</th>
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<tbody>
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<td>5</td>
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Issues:
- Students do not come in nice packets of 20 or 30
- Students move together as a "cohort"

Average class size is 23, and compliant with state funding mandates
- The average class size, TK through 3rd cannot exceed 24 students, or stiff financial penalties are enacted.
Johnny’s new neighbors

<table>
<thead>
<tr>
<th></th>
<th>16-17</th>
<th>17-18</th>
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<tbody>
<tr>
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Issues:
- Students move into the neighborhood (in migration)
- Students move out of the neighborhood (out migration)
- The change from one year to the next is known as “Cohort Survival”

Cohort Survival is related to the concept of Student Generation Rate
- How many students can be expected to be generated from a home?
- The numbers of homes constructed each year is a moving target

Average class size is now 25. No longer compliant with state funding mandates
- add a teacher or displace 2 students.
Johnny’s school

<table>
<thead>
<tr>
<th>Year</th>
<th>16-17</th>
<th>17-18</th>
<th>18-19</th>
<th>19-20</th>
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<td>4</td>
<td>160</td>
<td>160</td>
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<tr>
<td>5</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
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</table>

Issues:
There is no accurate data on which to base Kindergarten projections
There are two kinds of growth: population growth & cohort growth
Once a school is full at a grade level, displacement occurs
Cohort movement is not always toward growth…sometimes toward declining enrollment
A neighborhood has a life cycle of about 30 years w/ maximum students around year 7-12
The student generation rate changes over time in the shape of an inverted U
Student generation rates

• Poll of students in this room
  • # and approximate age of each resident in your home?
  • Age of home…which elementary school does the neighborhood attend?
  • Original owner?

• Classify each home as being 0 to 5 years, 5 to 10 years, 10 to 15 years, 15 to 20 years, 20 to 25 years, 25 to 30 years, or greater than 30 years
  • Mean and median number of students per home in each cohort
  • Other sociological factors: race, socio-economic status?
Enrollment & declining enrollment patterns
Future Development

• Student Generation Rate of approximately .2178 students per home.
  
  • Ellis: 2,250 residential units x .0891 = 200 students
  • Tracy Hills: 5,499 residential units x .0891 = 489 students
  • Total: 200 + 489 = 689 students to be housed at KHS
Johnny’s high school and school district

• School District enrollment history

• High School enrollment history
  • West High Capacity: 2,098 with the ability to enroll 2,592
  • Tracy High Capacity: 1,985 with the capacity to enroll 2,415
  • Kimball High Capacity: 1,764 with the ability to enroll 2,118
Revenue projections
Calculating LCFF Funding (handout)

<table>
<thead>
<tr>
<th>Grade Span</th>
<th>Unduplicated Pupil Percentage: 58.01%</th>
<th>Projected ADA</th>
<th>Base Grant/ADA</th>
<th>Grade Span Adjustment</th>
<th>Adjusted Base</th>
<th>Extended &amp; Grade Span Base</th>
<th>Supplemental ADA</th>
<th>Supplemental $ per ADA (20%)</th>
<th>Extended</th>
<th>Concentration ADA</th>
<th>Concentration $ per ADA (50%)</th>
<th>Extended</th>
<th>Total LCFF Funding</th>
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<tr>
<td>K-3</td>
<td></td>
<td>3,749.86</td>
<td>$7,193</td>
<td>748</td>
<td>7,941</td>
<td>$29,777,638</td>
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<td>1,588.20</td>
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<td>4-6</td>
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<td>3,092.08</td>
<td>$7,301</td>
<td>701</td>
<td>7,301</td>
<td>$22,575,276</td>
<td>1,793.74</td>
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<td>2,034.95</td>
<td>$7,518</td>
<td>718</td>
<td>7,518</td>
<td>$15,298,754</td>
<td>1,180.49</td>
<td>1,503.60</td>
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<td>112.27</td>
<td>3,759.00</td>
<td>230,306</td>
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<td>5,622.28</td>
<td>$8,712</td>
<td>227</td>
<td>8,939</td>
<td>$50,257,561</td>
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<td>$5,830,960</td>
<td>169.27</td>
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<td>756,571</td>
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<td>$117,909,229</td>
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<td>$1,774,991</td>
<td>$133,364,232</td>
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</table>

**Additional funding for TIIG and Transportation**

- **Total LCFF Target**: $1,061,687.00
- **Net LCFF Entitlement of District**: $134,425,918.54

**Floor Entitlement (from School District LCFF Transition Calculation worksheet)**

- **Floor Entitlement**: $125,939,637.00
- **LCFF Need "Gap"**: (Total LCFF Target - Floor Entitlement)
- **Statewide Gap Funding Rate**: 43.97%
- **Gap funding (LCFF Need Gap x Statewide Gap Funding Rate = the amount the state is contributing to the LCFF Need Gap)**: $3,731,417.99
- **LCFF Entitlement (Floor Entitlement + Gap Funding)**: $129,671,054.99
- **County LCFF Transfer**: $1,075,211.00
- **Net LCFF Entitlement of District (LCFF Entitlement - County LCFF Transfer)**: $128,595,843.99

**Check figure**: $133,364,232
Other Major Funding Sources

(Find these on your own budget document)

• Federal Revenues
  • Special Education Entitlement
  • Title I: Improving The Academic Achievement Of The Disadvantaged
  • Title II: Preparing, Training, and Recruiting High Quality Teachers and Principals
  • Title III: Language instruction for English learner and immigrant students
  • Title V: Promoting Informed Parental Choice & Innovative Programs

PROGRAMS
• Career & Ed Tech
Other Major Funding Sources

(Find these on your own budget document)

• Other State Revenues
  • Mandated Costs
  • Lottery
  • Other
Other Major Funding Sources
(Find these on your own budget document)

• Local Revenues
  • Interest Earned
  • Fees
  • Interagency Services
Expenditure projections
Expenditures:
Staffing projections
Staffing Projections/Standards

• Because human resources are generally responsible for 80% to 90% of district expenditures, it is essential that a school district adopt standards to guide staffing decisions.

• Examples:
  • K-3: maintain a max. avg. class size of 24 or less at each school.
  • TUSD Manifesto and Los Angeles Unified Staffing Ratios.
Staffing Projections/Standards (continued)

• Examples:
  • Class size and student/teacher ratio are not always the same:
    • 6\textsuperscript{th} through 12\textsuperscript{th} grade staffing: if students attend six periods per day, but teachers teach only five periods, then staffing needs will correspond to class size standards at a 6:5 ratio. For example, if one wishes to attain an average class size of 30:1, then one teacher must be hired for every 25 students.

\[
\text{Preferred Academic Class Size} \times \left( \frac{5 \text{ teacher periods}}{6 \text{ student periods}} \right) = \text{student teacher ratio}
\]

• If PE, music, or other courses have a different standard, staffing ratios must be weighted.
  • If \( x = \text{preferred academic class size, and} \)
  • If \( y = \text{preferred Physical Education class size, and} \)
  • If \( z = \text{student teacher ratio, then} \)

\[
\frac{5}{6} \left( \frac{x+y}{6} \right) = z
\]
Non-Personnel Expenditures

• Introduction to Object Codes
  1000-1999 Certificated Salaries
  2000-2999 Classified Salaries
  3000-3999 Employee Benefits
  4000-4999 Books & Supplies
  5000-5999 Services & Other Operating Expenditures
  6000-6999 Capital Outlay
  7100-7499 Other Outgo
Other Financing Sources & Uses

• Interfund transfers in and out
• Sources
• Uses
• Contributions to restricted programs
Seven Steps to Reading a Budget

Total Revenues - Total Expenditures = Excess (Deficiency) of Revenues over Expenditures
± Other Financing Sources/Uses = Net Increase (Decrease) in Fund Balance
+ Beginning Fund Balance = Ending Fund Balance