


Office of Public Instruction
Dirise Jansen, Superintendent
PO Box 202501
Hallowell, ME 04802-2501
opi.me.gov

Basics of School Funding

Madalyn Quinlan, Chief of Staff
February 2011

Budgeted/Non-Budgeted Funds

1. Budgeted Funds (11 Funds)

- District trustees adopt expenditure budget annually
- Revenue may include tax levies
- Examples:
 - General
 - Transportation
 - Retirement



ME000001
Office of Public Instruction
State of Maine

Budgeted/Non-Budgeted Funds

2. Non-Budgeted Funds

- District can spend up to cash balance in fund
- No tax revenue
- Examples:
 - Food Service
 - Miscellaneous Programs
 - Extracurricular



ME000001
Office of Public Instruction
State of Maine

General Fund

- Authorized by 20-9-308, MCA
- Purpose: To finance general maintenance and operational costs of a district not financed by other funds
- Budgeted Fund (Tax Levy)
- Funding Model
- Funding Sources



ME000001
Office of Public Instruction
State of Maine

Principles of Equalization

Basis for HB 667 (L 1993)

Equalization

- Limit expenditure disparities to 25% from lowest to highest spending districts
- Recognize school district size and special education costs as educationally-relevant reasons for expenditure disparities

ME000001
Office of Public Instruction
State of Maine

Average Number Belonging

Average Number Belonging

- ANB – Average Number Belonging is a student count for each school district used for school funding purposes. The ANB count for the current year is derived from school enrollment counts conducted in October and February of the previous school year.

ME000001
Office of Public Instruction
State of Maine

Changes to General Fund Components 2007 Session

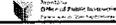
- Quality Educator Payment
FY08 \$3,036 per educator
FY09 \$3,042 per educator
FY11 \$3,042 per educator
- At Risk Component
FY08/FY09 \$5 million per year
Distribution based on federal Title I
Allocations
FY11 appropriation \$1



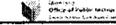
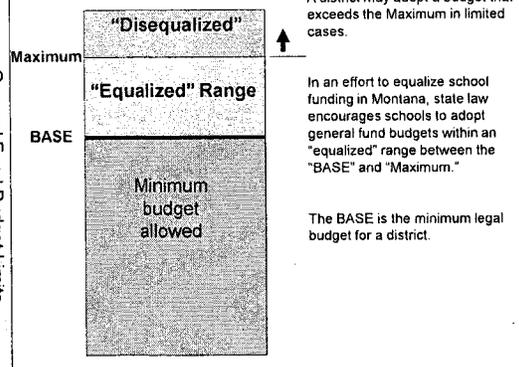
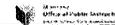
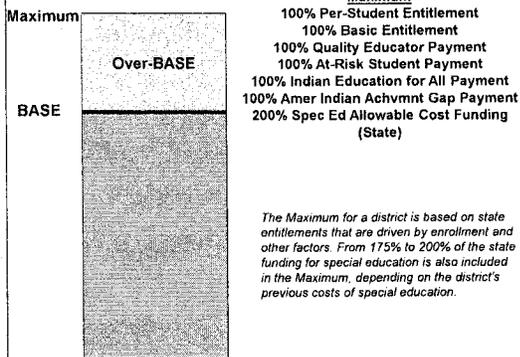
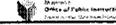
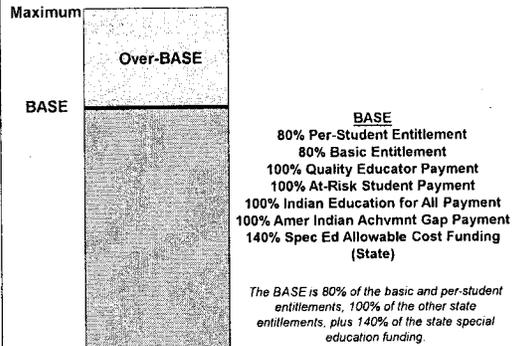
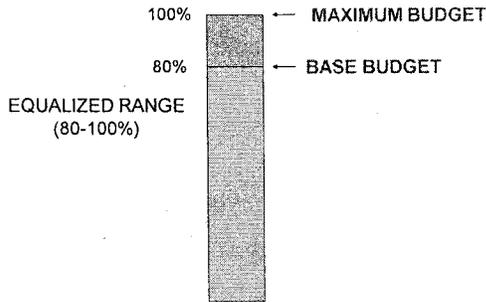
Maximum Budget (FY11)

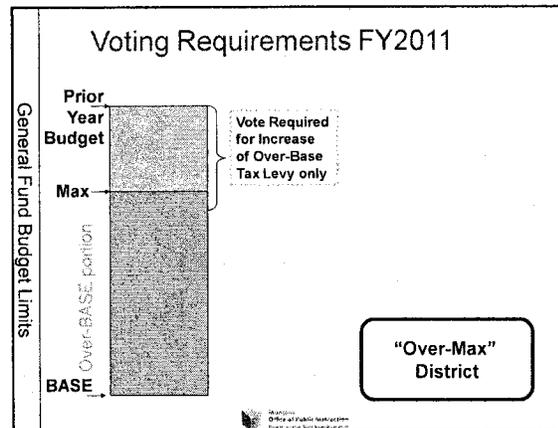
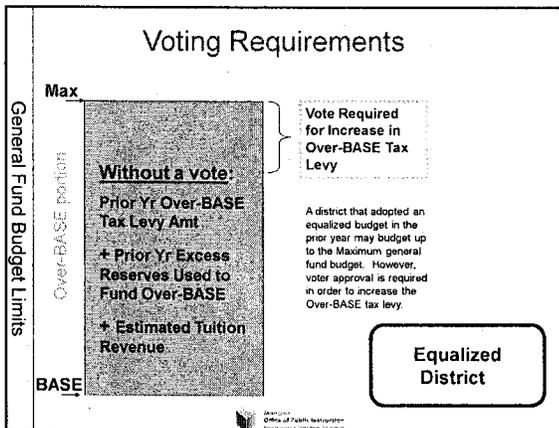
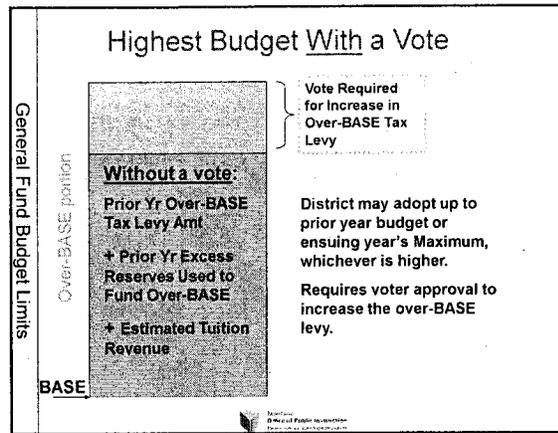
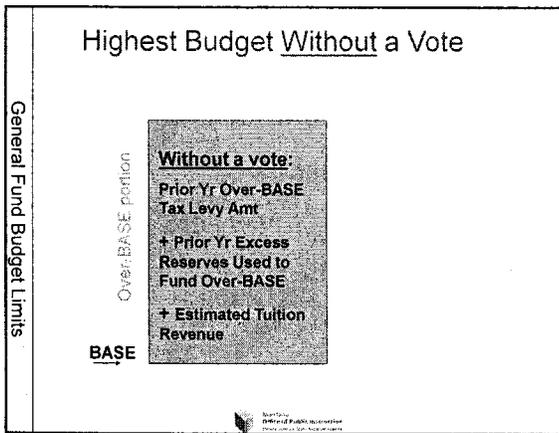
- Basic Entitlement
- + Per-ANB Entitlement
- + 200% Special Ed Per Student
- + Quality Educator Payment
- + At-Risk Student Payment
- + Indian Education for All Payment
- + American Indian Achvmnt Gap Payment

MAXIMUM BUDGET (100%)

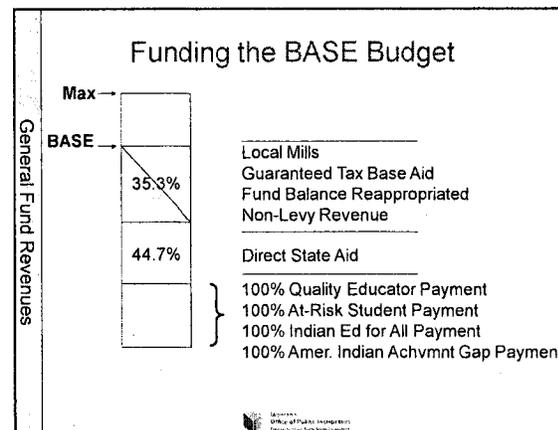


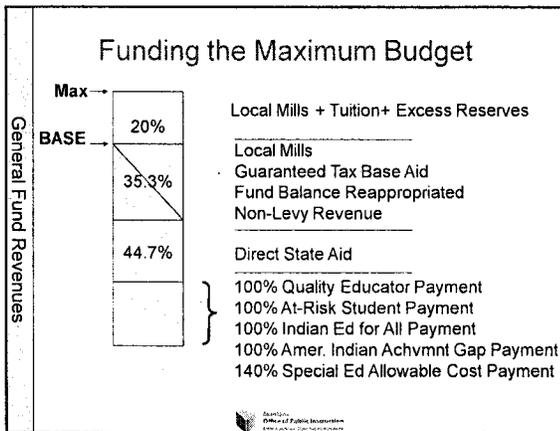
General Fund Budget Limits





- ### Changes to Budget Limits 2007 Session
- General Fund Budget Limits
- Beginning FY08, a school district may adopt a general fund budget up to the maximum general fund budget or the previous year's general fund budget, whichever is greater.
 - If the state provides increases in the new general fund payments, the district may increase its budget to spend the money without going to the voters for approval.
- (HB363) 2007 Session
- Michigan Office of Public Assistance
 Department of Education





- ### How Guaranteed Tax Base Works
- General Fund Revenues
- State Taxable Value
\$ 2,196,934,101 (2009 tax year)
 - State guarantees that for every dollar of the BASE budget that the district must fund locally, there will be \$21.28 (FY11) of taxable valuation at the elementary level and \$35.23 (FY11) at the high school level to fund that budget.
 - The GTB level is recalculated each year.
- Michigan
Office of Public Instruction
Public Schools

- ### Changes to General Fund GTB
- General Fund Revenues
- Statewide General Fund GTB Ratio** changed from 175% to 193% effective in FY08. 319 districts received general fund GTB in FY11.
- (HB2) 2007 Session
- Michigan
Office of Public Instruction
Public Schools

Example: Havre Elementary

General Fund Revenues

FY 11 Statewide GTB Ratio	
Elementary districts:	\$ 21.28
Havre Elementary	
GTB Budget area:	\$ 2,377,220
Taxable Valuation:	\$ 16,573,263
Guaranteed Tax Base:	\$ 52,876,178
FY11 GTB subsidy/mill:	\$ 36,303

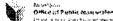
Michigan
Office of Public Instruction
Public Schools

- ### Non-Levy Revenue
- General Fund Revenues
- Schools must budget non-levy revenue
 - Must include non-levy revenue BEFORE levying property taxes
 - Examples of non-levy revenue include:
 - Investment earnings
 - State Reimbursements (for tax law changes)
 - Oil, gas and coal payments
 - State Paid Tuition
 - Block Grants
- Michigan
Office of Public Instruction
Public Schools

- ### State Paid Tuition
- General Fund Revenues
- The state pays tuition for a student placed outside the district of residence by a state agency or court, including a tribal court.
 - FY11 obligation \$671,139
- Michigan
Office of Public Instruction
Public Schools

Fund Balance Reappropriated

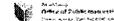
- Determine the fund balance in the district's general fund as of June 30
- Set aside up to 10% for an operating reserve for the ensuing year
- Set aside "excess reserves" (as defined in 20-9-104, MCA)
- Remaining fund balance must be used to fund the budget for the ensuing year before property taxes may be levied



Special Revenue Funds

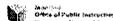
Purpose: Account for proceeds of revenue sources that must be used for specified purposes.

- Budgeted or non-budgeted



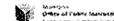
Special Revenue Funds

Transportation Fund: For financing the maintenance and operation of district's school buses, private carrier contracts, and any amount necessary for the purchase, rental, or insurance of school buses or operation of the transportation program.



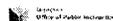
Pupil Transportation

- County transportation committee approves bus routes
- Each district calculates its transportation cost
- Budget needs given to County Supt.
- Total \$ needed is calculated
- Commissioners set county levy for 50% of on-schedule costs
- State pays remaining 50% of on-schedule costs
- District levies excess on district taxpayers
- Levy is made permissively (no vote)



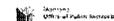
Retirement

- Funds school district cost of employee taxes, unemployment, and retirement
- Funded by permissive (no vote) countywide levy
- Each district calculates cost
- Budget needs given to County Supt.
- Total \$ needed is calculated
- Commissioners set county levy
- State guaranteed tax base supports mills



County Retirement Guaranteed Tax Base Aid

- County property tax levy is matched by state GTB aid
- Supported by guaranteed tax base
 - State mill value per ANB guarantee
 - Rich counties get nothing
 - Each EL mill raises \$26.27/ANB (FY11)
 - Each HS mill raises \$55.76/ANB (FY11)
- FY11 Co Retirement GTB: \$30,058,711



Special Revenue Funds

Other Special Revenue Funds

Budgeted:

- Bus Depreciation: Financing replacement buses
- Tuition: Costs of students who attend school outside their district
- Technology Fund: Purchase and maintain tech equipment and provide tech training
- Others

Michigan
Office of Public Assistance
Division of Public Administration

Special Revenue Funds

Other Special Revenue Funds

Non-Budgeted:

- Food Service: School food service operations
- Miscellaneous Programs: Local, state, and federal grants and reimbursements
- Others

Michigan
Office of Public Assistance
Division of Public Administration

Debt Service

Debt Service Funds

Debt Service Fund:

- Principal, interest on bonds and Special Improvement Districts (SIDs)
- Bond proceeds
- Budgeted fund with voted levy

Michigan
Office of Public Assistance
Division of Public Administration

Debt Service

School Facilities Payments

- Available to districts that have sold general obligation bonds
- Debt service mills are matched by state aid in low-wealth districts
- State support is capped
- EL mill value/ANB \$30.39 (FY11)
- HS mill value/ANB \$64.52 (FY11)
- \$7.42 million is appropriated (FY11)

Michigan
Office of Public Assistance
Division of Public Administration

Capital Projects

Capital Projects Funds

Building Fund:

- Bond proceeds
- Insurance proceeds, federal funds, and property sold by district for building and construction projects
- Non-budgeted fund

Building Reserve Fund:

- Voter-approved building or construction projects
- Budgeted Fund

Michigan
Office of Public Assistance
Division of Public Administration

Other Legislation Related to School Funding



Michigan
Office of Public Assistance
Division of Public Administration

Quality Educator Loan Assistance Program

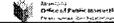
- Quality Educator Loan Assistance Program assists educators in the repayment of educational loans in an amount up to \$3,000 annually for four years.

(SB2) 2007 Session



Gifted and Talented

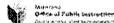
- State provides grants to school districts to support education programs for gifted students.
- \$247,000 appropriated each year of the 2011 biennium.



School Facility Inventory

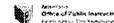
- Allocation of \$2.5 million to conduct a School Facility Inventory to assess the condition of Montana schools in the areas of: deferred maintenance, improved energy efficiency, and critical infrastructure.

(SB1) 2005 Special Session



School Facility Inventory

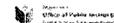
- 2007 Legislature created a school facility improvement account in the state special revenue fund to provide a funding source for schools to implement the recommendations of the school facility study. Legislation transferred \$40.8 million over the biennium into the account to be used as determined by the 2009 Legislature following completion of the school facility study.
- (SB2) 2007 Session



Quality School Facility Grants

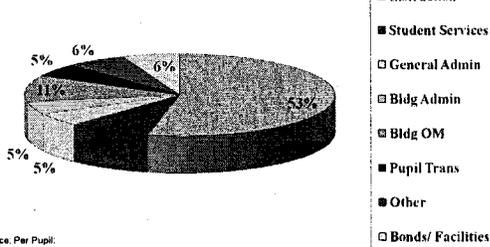
- 2009 Legislature created the Quality Schools Facility Grant Program to distribute grants to public school districts to assist schools in addressing major deferred maintenance, energy efficiency, critical infrastructure needs, emergency facility needs, and technological improvements.
- HB 15 (L. 2011) proposes 30 grants totaling \$11.07 million

References



EXPENDITURE "FUNCTION"

Expenditure Categories FY2010

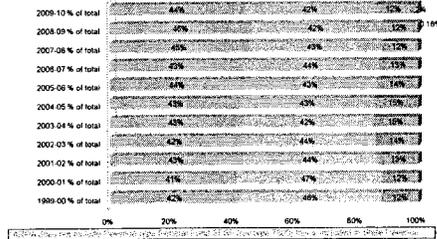


Source: Per Pupil:
http://www.opi.mt.gov/pub/index.php?dir=School_Finance/OPI/CoreDataFiles/PerPupil/

Montana
 Office of Public Instruction
 Department of Education

Local taxpayers are picking up an increasing share of school funding

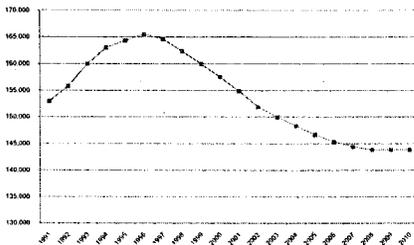
Local & County Rev + State Rev + Fed Rev + ARRA



This chart shows revenues for all school funds

Montana
 Office of Public Instruction
 Department of Education

Statewide Enrollment 1991-2010



Montana
 Office of Public Instruction
 Department of Education

Budgeted Fund Statewide Totals

Fund	FY11 Adopted Budgets
General	\$ 966,943,063
Transportation	\$ 84,282,594
Bus Depreciation	\$ 44,174,749
Tuition	\$ 5,069,705
Retirement	\$ 132,057,003
Adult Education	\$ 15,673,035
Non-Operating (2 districts)	\$ 58,978
Technology	\$ 27,634,116
Flexibility	\$ 41,008,813
Debt Service	\$ 47,784,289
Building Reserve	\$ 66,332,819
Grand Total	\$1,431,019,165

Montana
 Office of Public Instruction
 Department of Education

Non-Levy Revenue – Block Grants

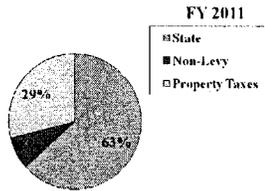
Block Grant Type	FY11 Amount
General Fund School Block Grant	\$ 45,030,355
Transportation Fund School Block Grant	\$ 1,856,355
Combined Fund SBG (Discretionary Placement):	
General Fund:	\$ 198,542
Transportation Fund:	\$ 58,408
Bus Depreciation Fund:	\$ 34,321
Tuition Fund:	\$ 6,762
Adult Ed Fund:	\$ 66,593
Non-Operating Fund:	\$ 377
Technology Fund:	\$ 735,114
Flexibility Fund:	\$ 1,488,295
Debt Service Fund:	\$ 170,048
Building Reserve Fund:	\$ 664,743
Total Combined Fund School Block Grant	\$ 3,423,203
Grand Total	\$ 50,309,913

Montana
 Office of Public Instruction
 Department of Education

General Fund Budgets Number of Districts

Percent Group	2004	2005	2006	2007	2008	2009	2010	2011
Below Base	0	0	0	0	0	0	0	0
At Base	62	59	56	54	53	54	53	51
< 90%	57	46	54	48	45	44	44	45
90 to 97%	64	68	81	78	83	77	82	80
97 to Max	122	147	164	147	135	142	119	127
Over Max	133	116	75	98	105	103	119	114
Grand Total	438	436	430	425	421	420	417	417

School General Fund Revenues



Michigan
Office of Public Assistance
Department of Education