

ConVal School District

The Budget - An Overview

Introduction

The school budget. A mystery to most, a negative to many, something not to think about until it happens and one of the major responsibilities and time consuming activities of your school board. The purpose of this article is to give a brief overview of the budget, its components and how these components affect your taxes and education of our students.

What is the school budget?

1. It is simply the mechanism used to detail all of our expenses (Our expenses are driven by the needs of education, including mandates). Using the projected expenses, we look at all sources of income to determine how we are to pay for these expenses.

What are the components of the budget?

Ah, that is easy. There are really only 3 components (pieces) to a budget.

1. Income (revenue) – How much money is predicted to be brought in?
2. Expenses – How much money is predicted to be paid out?
3. Reserves – Accounts that are set up to allocate money for specific long term and/or un-anticipated expenses. Just like your home savings bank account.

If one thinks for a second, the ConVal school budget components are no different than the ones in a budget that would be used in a home environment. That assumes that one does budget at home☺. It just has a lot more details, is heavily regulated, and is lots larger.

The only component that is a little confusing is the reserve one. To put it into perspective, reserves are like savings accounts. Money is placed in them for long term expenditures with different saving accounts set up for different purposes. An example might be an account one sets up at home for tax payments. Money is placed into the account in anticipation of having to use that money at a future date to pay your tax bill. Reserves (like your personal bank accounts) are also used to pay for unanticipated events.

How much of the budget is used for educating our students?

100% of the budget is used to provide the environment and services to educate our students. WHAT? How can that be? Simple, the only purpose for ConVal to exist is for our students. Some of the expenses are direct. For instance: teachers' salaries and benefits, supplies, transportation etc. Some of the expenses are what is called indirect. For instance: Cost of buildings, maintenance, heat, administrative staff, furniture, etc. The budget details these and many other expense items. Again, all are in support of our students.

Where does this money come from?

1. **Local Sources** – Revenue derived from local sources such as:
 - a. Tuition for students from other school districts
 - b. Tuition for students from other school districts for vocational education
 - c. Child nutrition
 - d. Trust/reserve funds

BUDGET COMPARISONS for LOCAL SOURCES

2019-2020 approved budget = \$2,754,739, 2020-2021 proposed budget = \$1,136,000

2. **Federal Funds** – Money received from the federal government for special education services.

Note: Although most programs are required by the federal government, they are, at times, not fully funded by the federal government. The non-funded amount must then be obtained by the school district. Examples of these programs are:

- a. Special education
- b. Title 1 and Title 2. Title 1 provides supplemental funds to school districts to assist schools with the highest student concentrations of poverty to meet school educational goals. Title 2 is designed to support states and districts in recruiting, preparing, training, and developing teachers and school leaders
- c. Other Federal sources

BUDGET COMPARISONS for FEDERAL FUNDS

2019-2020 approved budget = \$1,121,535, 2020-2021 proposed budget = \$1,121,535

3. **State Sources** – money received from the state for use by the school district

- a. Adequacy Grant
- b. Catastrophic Aid
- c. Building Aid
- d. Vocational Aid
- e. Medicaid
- f. Child nutrition

BUDGET COMPARISONS for STATE SOURCES

2019-2020 approved budget = \$8,215,234.25, 2020-2021 proposed budget = \$9,069,580.29

4. **State Education Property Tax** – on your tax bill labeled “State Education” or known otherwise as SWEPT. It is a rate per \$1,000 of assessed value.

SWEPT is part of a home or business property tax bill, which means it is remitted to the home or business owner's town or city. The town or city does not give SWEPT money to the state, despite being called a “state tax.” In practice and for accounting purposes, SWEPT money is counted as state funds. In reality, **these funds are all locally raised dollars**. State law has required property owners to raise \$363 million per year in SWEPT funds since 2005.

BUDGET COMPARISONS for STATE EDUCATION PROPERTY TAX

2019-2020 approved budget = \$4,281,725, 2020-2021 proposed budget = \$4,281,725

5. **District ASSESSMENT (From Your Tax Dollars)**

- a. Points **to note**:
 - i. This is the line item on your tax bill labeled “School”.
 - ii. It is a rate per \$1,000 of assessed property value.
 - iii. Property owners in each town are required to pay this assessment.
 - iv. For each town this assessment is different.
 - v. It is approx. 2/3 of the ConVal operating budget.

b. The method used to determine this tax is commonly known as the “Funding Formula”

i. Components of the funding formula.

1. Average Daily Membership. This is the number of students attending ALL ConVal district schools. ConVal has a total student enrollment of 2,078 for the 2019-2020 budget year.
2. EQUALIZED VALUE. This is the total property value of a town that will be used in this formula’s calculation.
3. Percentage of revenue required to be applied to each of the above two components. ConVal uses 50/50 as the percentage to be applied to the revenue needed from each component. Other districts use different percentages, the most common other being 40/60 with ADM being the first number.

Although each town uses the same funding formula, their individual district assessment will be different due to different number of students (ADM) and Equalized Values.

BUDGET COMPARISONS for DISTRICT ASSESSMENT

2019-2020 approved budget = \$32,954,509, 2020-2021 proposed budget = \$34,824,382

To see, in detail, how the funding formula works see the appendix.

Where does the money go?

1. Personnel services – Employee Salaries

- a. Salaries for all employees of the ConVal including teaching and non-teaching positions

BUDGET COMPARISONS for EMPLOYEE SALARIES

2019-2020 approved budget = \$24,020,060, 2020-2021 proposed budget = 25,111,245

2. Personnel services – Employee Benefits

- a. Benefits for all employees of the ConVal including teaching and non-teaching positions.

BUDGET COMPARISONS for PERSONNEL SERVICES – EMPLOYEE BENEFITS

2019-2020 approved budget = \$11,154,122, 2020-2021 proposed budget = 11,396,819

3. Purchased Professional and Technical Services

- a. Services such as presenters, staff tuition, staff services, student services, technical, statistical, and other purchased services.

BUDGET COMPARISONS for PURCHASED PROFESSIONAL and TECHNICAL SERVICES

2019-2020 approved budget = \$2,697,401.49, 2020-2021 proposed budget \$2,858,316

4. Purchased Property Services

- a. Services such as water and sewer, snow plowing, repair and maintenance (structural, electrical, mechanical, HVAC), other repairs and rentals

BUDGET COMPARISONS for PURCHASED PROPERTY SERVICES

2019-2020 approved budget = \$1,116,592, 2020-2021 proposed budget \$877,793

5. Other Purchased Services

- a. Services such as pupil transportation, food services, field trips and athletic transportation, insurance, telephone, special needs and vocational tuition and misc. purchased services

BUDGET COMPARISONS for OTHER PURCHASED SERVICES

2019-2020 approved budget = \$4,297,977 2020-2021 proposed budget \$4,330,181

6. Supplies and materials

- a. Supplies, testing materials, electricity, fuel oil, bottled gas, books, periodicals, software support, gasoline and diesel.

BUDGET COMPARISONS for SUPPLIES and MATERIALS

2019-2020 approved budget = \$2,280,505, 2020-2021 proposed budget \$2,184,824

7. Property

- a. Additional/replacement furniture and equipment

BUDGET COMPARISONS for PROPERTY

2019-2020 approved budget = \$320,064.00, 2020-2021 proposed budget = \$603,553

8. Misc.

- a. Dues and fees, bond interest and Principal.

BUDGET COMPARISONS for MISC.

2019-2020 proposed budget = \$928,934, 2020-2021 proposed budget = \$979,951

Recap

As you can see, there are a lot of parts to the budget and lots of areas for income and expenses. The items shown above are all summary. You ought to see all the detail.

The school board and administration spend a major amount of time prior to year-end and before the deliberative sessions going over all items and making the hard decisions as to what is needed, what is required, and what is discretionary from an expense category standpoint. All to support the needed revenues.

There are not many discretionary items to deal with. Most items are non-discretionary. We look for all opportunities to be fiscally conservative while also recognizing the need to be pro-active and forward thinking when it comes to the education and well-being of our students..

Appendix.

How does the formula work?

This is done for EACH town in the ConVal School District.

1. The Average Daily Membership component:
 - a. The number of students a town has attending ConVal is divided into the total student population to determine a town's percentage of total students.
 - b. The above percentage is multiplied by the total amount of revenue required for this component. This determines how much revenue for this component a town is required to raise.
2. The Equalized Property Value component.
 - a. The equalized property value for a town is divided into the total equalized value to determine a towns' percentage of all town's equalized values.
 - b. The above percentage is multiplied by the total amount of revenue required for this component. This determines how much revenue for this component a town is required to raise.
3. The rate per thousand determination for each town.
 - a. The above two values are then added together to determine the total amount of revenue required from each town.
 - b. A rate per thousand dollars of assessed value is then determined. This is done by dividing the total assessed value by 1,000 resulting in how many 1,000 of assessed value is in a town.
 - c. The above is divided into the amount of revenue required for each town and that is the rate that is shown on your tax bill.
4. What do you pay? District Assessment
 - a. The rate determined above is multiplied by your property value divided by 1,000 and that is what you pay.

BUDGET COMPARISONS for DISTRICT ASSESSMENT

Total for 2019-2020 approved budget = \$32,957,959.75, 2020-2021 proposed budget = \$34,824,382