BUDGET PROCESS GUIDE

This Guide is intended to provide information on the basic operating principles of creating the District's annual budget.

<u>Annual Budget Cycle</u>

The Yakima School District adopts a budget on an annual basis. The budget process is governed by board policy 1000.2.4. and Operational Procedure 6000.

<u>Role and responsibilities in the budget process</u>

<u>Board</u>

- Approve a fiscally sound budget that allocates resources to meet the district's educational and operational goals and priorities.

<u>Superintendent</u>

- Recommends a budget to the board consistent with executive policy priorities.
- Establishes budget priorities to meet district goals.

<u>Financial Services</u>

- Responsible for overseeing the overall budget process.
- Direct and/or assist school district personnel in the planning and preparation of the district budget.
- Prepare the budget document in accordance with prescribed timelines and statutory requirements.
- Adhere to all legal and contractual requirements for the development of the budget.
- Operate an accounting system which monitors school expenditures and verifies that expenditures are made in accordance with budget expectations.
- Responsible for the development of the enrollment projections.
- Assists departments and building in the development of the non-salary portion of their budget.

<u>Human Resources</u>

- Responsible for establishing district staffing levels.
- Responsible for establishing district staffing compensation and benefit costs.
- Assists departments and buildings in the development of their needed staffing.

<u>Teaching and Learning</u>

- Responsible for establishing operational needs to meet the educational goals.
- Responsible for overseeing the Federal grant programs.
- Responsible for overseeing the Basic Education programs.
- Assists departments and buildings in the development of their non BEA portion of their budget.

<u>Departments</u>

- Directors are responsible for developing budget estimates and proposals to meet department goals.

<u>Buildings</u>

- Principals are responsible for developing budget estimates and proposals to meet student achievement goals.
- Work with Human Resources and Teaching & Learning departments to determine staffing needs based on projected enrollment and student demographics.

Budget Development Approach

The Board's budget parameters serve as the template for the development of the budget.

Budget Development Parameters

The board sets an expectation for sound financial practices, appropriate checks and balances, prudent investments, and effective planning for and management of district resources.

Policy Governance 1000.2.4 Statement: Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from Board of Directors' Ends/Goals priorities, risk fiscal jeopardy, or fail to be derived from multi-year consideration.

The following parameters, listed in random order, will serve to guide our discussion, analysis, and development of the district's General Fund budget.

1. The district is committed to and accountable for providing high quality educational programs and learning opportunities for all students.

2. Resources (people, time, and funding) will be aligned in accordance with the district's strategic plan, federal and state education reform standards, instructional strategies and assessments consistent with effective schools research.

3. The district will provide a safe and healthy learning environment for students and staff.

4. Decisions that change program or direction will only be made after considering their impact on student learning.

5. The district will comply with all relevant laws, regulations, contracts and labor agreements.

6. Teaching and Learning services, as well as other Central Services' support, are necessary to support instructional programs. Analysis discussion of the impact must accompany budget reductions in these areas.

7. Optional programs and activities for both staff and students that are not self-supporting should be considered for reduction first, safeguarding basic programs that are required by the state or district and considering the effectiveness of programs. Budget reductions should be focused, to the extent possible, in particular areas rather than across-the-board.

8. If the total number of employees is reduced, Reduction In Force (RIF) will be recommended only after reasonable placement alternatives have been exhausted.

9. In general, one-time resources will not be obligated to support ongoing expenditures. Projects and activities without ongoing funding should have a formal sunset date.

10. The district will not fail to maintain an unreserved fund balance of five percent (5%) or greater of the total General Fund budget, without board approval.

Budget Process Timeline

December
- Governor presents budget proposal

January-March
- State Legislature convenes

- YSD enrollment projections are created
- Board budget parameters are reviewed
- Board priorities are reviewed
- District budget priorities are established
- Department, Program, and Building objectives identified
- Staffing allocations determined
- Department and Building Staffing allocation meetings conducted

March-April
- End of Legislative session

May
- Budget update of Legislative impacts

June
- Preliminary budget presentation to the Board

July-August
- Preliminary budget available to the public by July 10
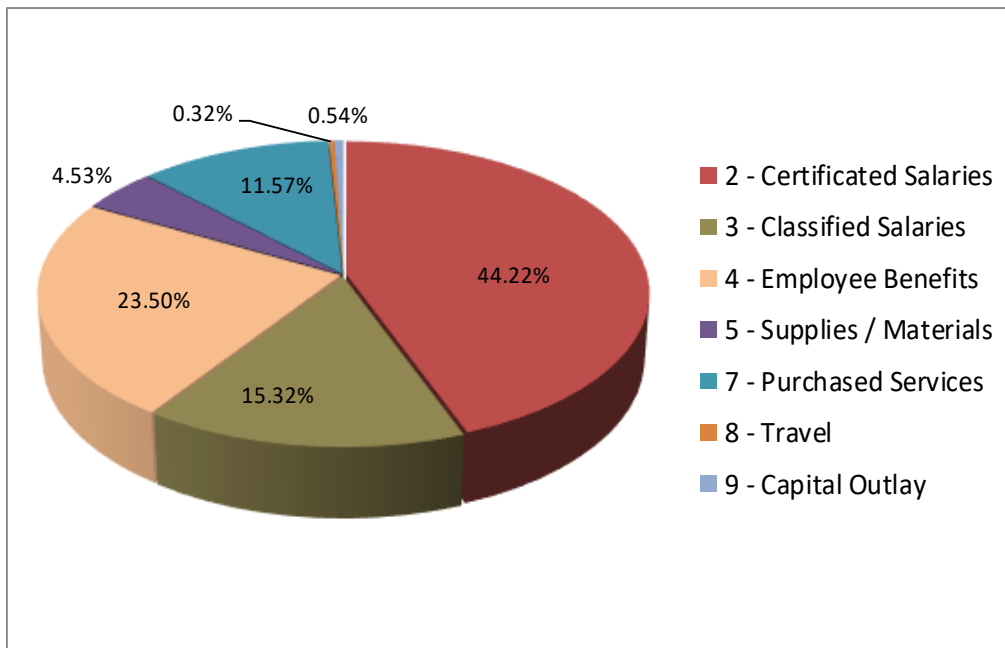- Formal adoption by August 31

Sources of Revenue

Formula allocations are based on student enrollments and other characteristics of each school district and are paid on a predefined allocation schedule. All of the large state-funded programs (basic education, special education, student transportation, etcetera.) are formula allocations. Most state formula allocations are funded as entitlements. This means that a district's funding rises or falls automatically when the district's enrollment and other funding factors change. The Legislature provides an initial appropriation based on estimates and provides additional funding in a supplemental budget if needed.

The District receives its revenues from the following sources:

State:	83.4%
Federal:	10.8%
Levy:	5.6%
Other:	.2%

Of the State allocation, approximately 13% is dedicated to specific programs such as Career and Technical Education (CTE) and Learning Assistance Program (LAP) where the funding can only be spent in those programs. Similarly, Federal funding must be spent in only those programs as well.

Expenditures

■	2 - Certificated Salaries
■	3 - Classified Salaries
■	4 - Employee Benefits
■	5 - Supplies / Materials
■	7 - Purchased Services
■	8 - Travel
■	9 - Capital Outlay

Pie chart values: 0.32%, 0.54%, 4.53%, 11.57%, 44.22%, 23.50%, 15.32%

Resource Allocation

In general, resources are generated by student enrollment. There are two basic types of funding. Basic Education is provided by the state and has the most flexibility in how the money can be spent. Categorical funding generally comes from the Federal government and has specific restrictions on how the funding can be spent. Resources allocated to the buildings come in two forms. Resources in which they then make decisions about how to budget and use; and resources whose use and allocation is budgeted centrally, but deployed in the schools/departments.

Basic Education Staffing

Basic Education staffing is the staffing required to provide the State required educational services to the students. The central office determines this staffing level. The building staff level is determined by the number of students served. Although central office determines the initial staffing level, the buildings have an opportunity to discuss additional staffing that may be needed.

Categorical Staffing

Categorical staffing levels are a combination of those determined by Teaching & Learning but deployed at the building and those determined at the building level.

Non Staffing Allocation

Staffing salary and benefits consume 83% of the overall budget. The remaining 17% of the budget is earmarked for materials, supplies, and operating costs (MSOC's).   The MSOC building allocation is based on student FTE and collective bargaining agreement language. The current FTE allocation is $94.24 elementary, $96.76 middle school, and $110.19 for the high school. Categorical funding for MSOC's is determined by the specific requirements of the funding program.