

FINANCE

COMPS PREPARATION
STUDY GUIDE

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CALIFORNIA STATISTICS



Student Demographics
Enrollment Growth
Expenditures
How Does CA Compare with U.S.?

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BUDGET ESTIMATION

- ❑ **Expenditures** – enrollment projections, births, in-migration, new programs, salaries and student-teacher ratio (class size determines staffing – contractual).
- ❑ **Revenues** – LCFF is based on enrollment and identified student populations.
- ❑ **Revenues** – Categorical Aid (Special Education)



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LOCAL CONTROL FUNDING FORMULA

- ❑ Provides a base grant for all students.
- ❑ Provides additional funds for ELs, foster youth, and students from low-income families.
- ❑ Supplemental funding (20% of base rate) – Concentration funding (ELs/LI above 55%)
- ❑ Allocates resources to school districts, charter schools, and county offices of education.
- ❑ Provides school districts with greater authority over the use of resources.
- ❑ Requires each school district and charter school to adopt a Local Accountability Plan.
- ❑ Excludes funds from parcel taxes, funds for special education, child nutrition, transportation, and all federal dollars.

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BUDGET PROCESS

- ❑ Ongoing.
- ❑ Public hearing is required in May/June for school district.
- ❑ Budget submitted to County Office.
- ❑ Incremental or Historical – using prior year's ending balance to begin new budget.
- ❑ Planning-Programming Budget System – used with categorical budgets.
- ❑ Zero-Based Budgeting – start from zero each year.
- ❑ Site-Based Budgeting – school discretion over expenditures (LCFF).



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CALIFORNIA'S ACCOUNT CODE STRUCTURE

- ❑ Six fields that must be included in the accounting structure of all school districts.
 1. Fund – general fund, transportation fund, etc.
 2. Resource – funds come from(?).
 3. Project Year – spending time frame.
 4. Goal – tracks expenditures by instructional goals (regular ed., special ed., etc.)
 5. Function – tracks expenditures for services (transport students to educate).
 6. Object – tracks expenditures by service or commodity (salaries, books & supplies, etc.)



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SCHOOL YEAR – SCHOOL DISTRICT TYPES

- School Year – July 1 to June 30
- District Types
 1. Elementary (K-5 or K-8) – majority of districts in CA
 2. Unified (K-12)
 3. Secondary (9-12)
 4. Approximately 1,000 districts in CA



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CHIEF BUSINESS OFFICIAL

- Credential not required in California
 1. Business operations.
 2. Accounting, economics.
 3. Facilities management.
 4. Collective bargaining.
 5. Purchasing and warehouse.
 6. Transportation and cafeteria services.
 7. Works closely with offices of HR and Instruction.

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FUNDS

- General Fund
 1. Is the largest and most active. It is the primary fund for all school district operations.
 2. This fund includes both restricted and unrestricted school district revenue and expenditures (special education).
- Other Funds
 1. Cafeteria, child development, adult education, deferred maintenance, transportation, etc.

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STATE, LOCAL, AND FEDERAL FUNDING SOURCES

- ❑ The state provides approximately 4/5 or 80% of total monies for K-12.
- ❑ The state's major revenue sources are the personal income tax (April) and sales taxes.
- ❑ The federal government provides approximately 13% of the funds for K-12.
 - 1. Title I and Child Nutrition
- ❑ State and federal combined = approximately 90-93% of K-12 funds.
 - 1. Lottery – approximately 1-2% goes to districts
- ❑ Local = approximately 7-10% of K-12 funds (Parcel taxes, donations, foundations, etc.)

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TAXATION

- ❑ Classification of Taxes
- 1. Proportional tax – tax rate is set (10%). Salary is \$20,000, \$30,000, or \$40,000. Taxes paid = \$2,000, \$3,000, and \$4,000. Each individual is paying 10% of income in taxes.
- 2. Progressive Tax – if the above individuals were paying \$4,000, \$7,000, and \$8,000, the tax is progressive.
- 3. Regressive Tax – if the same individuals were paying \$1,000, \$500, and \$250, the tax is regressive. The low-income wage earner is paying a higher percentage of tax on his/her income.

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REVENUE SOURCES IN CALIFORNIA

- ❑ Property Tax
- ❑ Personal Income Tax
- ❑ Sales Tax
- ❑ Gasoline Tax
- ❑ Liquor Tax
- ❑ Wine Tax

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STUDENT CHARGES BY THE DISTRICT

- ❑ Transportation – can charge for transportation to and from school.
 1. Cannot charge indigent or special needs populations.
 2. Conflict – ADA could be affected if students cannot afford transportation fees and do not come to school.
- ❑ Cannot charge for textbooks or supplies.
- ❑ Cannot charge fees for extra-curricular activities.
 1. San Diego – Cheerleading, band membership, etc.

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AB 1200

- ❑ Requires greater fiscal oversight by County Offices.
- ❑ School districts have to track and report their revenues and expenditures annually.
 1. Districts must project their fiscal solvency two years out.
 - A. Positive Certification – can pay bills this year and next two years.
 - B. Qualified Certification – can probably pay bills this year and next two years with adjustments.
 - C. Negative Certification – cannot pay bills for remainder of year or next year.
 2. Districts must provide the state with financial reports twice each year.
 3. County Offices are responsible for monitoring and providing technical assistance.

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LEGISLATION

- ❑ Serrano v. Priest – CA Supreme Court Case
 1. Found that the CA system of funding schools through property taxes is unconstitutional.
 2. Court ordered that property taxes and per pupil expenditures should be equalized within a \$100.00 band.
- ❑ Proposition 13
 1. Passed in 1978. Created a constitutional amendment to limit property tax increases to 1% a year and limited increases to assessed value to 2%.
 2. Funding for K-12 shifted from local property taxes to state funding of K-12 education.
 3. School districts dependent on the state economy.

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LEGISLATION

- ❑ Gann Limit - 1979
 1. Caps spending by local and state government. Limits spending to increase at a rate no faster than inflation or the change in state population.
- ❑ Proposition 98 - 1988
 1. A constitutional amendment to establish base minimum funding for K-14 education.
- ❑ Proposition IIII – modified Proposition 98
 1. Contains three tests to determine base funding for public schools.
 2. The effects of these tests are dependent on state revenues, local property taxes, enrollment growth, personal income, and the state population.

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AUDITS

- ❑ Conducted annually by an external CPA.
- ❑ Audit fees usually based on district's ADA.
 1. Required to look at Student Body funds.
 2. Make sure that the district's financial statements provide a fair and reasonably complete picture of its financial position and activities.
 3. Looks at accounting methods and compliance with laws.
 4. Provides an independent assessment of the accounting controls of the district.

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STUDENT BODY FUNDS

- ❑ School boards have legal responsibility for regulations.
- ❑ A primary activity of student body organizations is fund-raising.
- ❑ Organizations – constitution, minutes of meetings, policies for officers, etc.
- ❑ All fund-raising activities must be approved by the principal and student government.
 1. Raffles, rummage sales, animal rides, games of chance are not permissible.
 2. Selling food items – cannot compete with cafeteria. In elementary schools, food can only be sold after lunch has been served.
 3. Food items – healthy and safe

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MAINTENANCE AND OPERATIONS

- Maintenance – located at district office
 1. Repairs and replaces buildings and equipment. Electrician, plumber or carpenter.
 2. Repair and replacement of roofs, floors, heating, air conditioning, broken windows, black tops, etc.
 3. Replanting lawns or replacing sprinkler systems.
- Operations – located on school site
 1. Housekeeping routines that keep school sites ready for daily use.
 2. Day-to-day cleaning of classrooms and facilities

FOOD SERVICES

- Restricted fund.
 1. Contracting out not necessarily better – no research to indicate that services provided by classified personnel are not satisfactory.
 2. Funds generated by cafeteria services are used for cafeteria personnel, purchases and repairs.
 3. Encroachment – healthier menus have reduced encroachment.
 4. Food purchases – health regulations dictate purchases.
 5. Vending machines – combination of beverages (sodas typically sold after school hours at athletic events)

ACCOUNT CODES

- California School Accounting Manual (Sacramento)
 1. 1000's – Certificated Personnel
 2. 2000's – Classified Personnel
 3. 3000's – Benefits
 4. 4000's – Books and Supplies
 5. 5000's – Services and Other Operating Costs
 6. 6000's – Capital Outlay
 7. 7000's – Other Outgo
 8. 8000's - Revenues

Salaries and benefits are the largest expenditures for school districts – about 83% to 85% of a district's budget. 1000's, 2000's & 3000's.

FACILITIES

- ❑ General Obligation Bonds – used to raise funds for school construction
- ❑ Bonds: State requires a simple majority to pass (50%). District bonds require a 55% majority to pass. Passage of bonds have not been sufficient to meet the needs of school districts.
- ❑ Age of schools in CA is problematic (infrastructure/technology, etc.). A large number of schools were built in the 1950s and 1960s.

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FOOD SERVICES

- ❑ Restricted fund.
- ❑ Contracting out food services – discussed often. No research to say contracting out is better than services provided by classified personnel.
- ❑ Free/reduced lunch requires record keeping different from the record keeping done for the regular food program on school sites.
- ❑ Schools must follow nutrition guidelines in preparing their menus.
- ❑ Encroachment is sometimes an issue.

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RESERVE FOR ECONOMIC UNCERTAINTIES

- ❑ 3% for a majority of districts in CA
- ❑ Range of 1-5%
- ❑ 1% for LAUSD
- ❑ 5% for small districts



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BUDGET FORMS AND PROCEDURES

- California Department of Education
- Are uniform across the state



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SPECIAL EDUCATION COSTS

- About 5-7 times higher than regular education.
- About 12% of the student population in CA are identified.

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TEXT, GLOSSARY, FCQS, QUIZZES

- Review terms in text. Look at terms used during your class.
- Look at FCQs.
- Look at quizzes.



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