

# Community Guide to Understanding the School District's Budget



## **WHAT IS THIS GUIDE ABOUT?**

This guide is designed to introduce you to the Dysart Unified School District budget and how it works. School district budgeting is different than private business budgeting or personal budgeting and can be somewhat complex. This guide is designed to walk you through the basics, covering the budget's main components. You'll learn where the money comes from, how the money is used, and how you can get involved in school district budget decisions.

For more detailed information about the Dysart Unified School District's budget contact: Marcie Rodriguez, Director of Finance at 623-876-7959.

## **DYSART UNIFIED SCHOOL DISTRICT BUDGET SNAPSHOT**

In the 2011-12 school year the Dysart Unified School District has a total budget of approximately \$210,000,000 funded from state, local and federal sources. Where does this money go?

The Dysart Unified School District annual budget is used to teach students, transport them to and from schools, feed them breakfast and lunch, and maintain school buildings and grounds. It funds special education programs and other programs such as all-day kindergarten, athletic and extra-curricular programs and programs for students whom English is a second language. It is used to pay teachers and other staff, provide employee health and retirement benefits and support additional training and professional development. Bond funds, which voters approve in local elections, in conjunction with the Arizona School Facilities Board, pay for building new schools, renovating and modernizing existing facilities and upgrading the schools' technology infrastructure.

At the center of this organization are our children. While businesses have a single overriding concern—the financial bottom line—school districts have a far broader objective—ensuring excellence and equity in education for our students. Yet this objective also carries with it a financial responsibility.

How does Dysart Unified School District distribute funds to meet this goal? What level of quality do your tax and bond dollars provide? Who makes school budget decisions and how are those individuals held accountable? How can you get involved? You'll find out in the sections ahead.

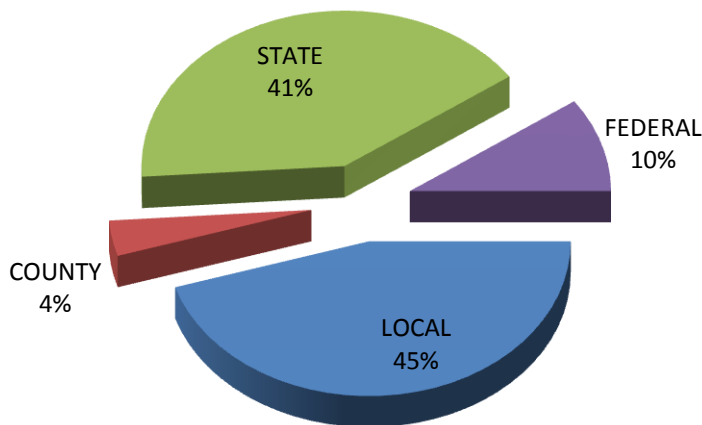
## Dysart Quick Facts

Number of students	25,000
Number of Schools	24
K-8 Schools	20
9-12 Schools	4
Special Programs	3
Total Certified Staff	1,400
Total Classified Staff	950
Total Sq. Ft. Maintained and Cleaned	3,000,000
Meals Served per Day	22,400
Students per Computer	3:1
Miles Transporting Students per Day	11,650
Students that use English as a second Language	16%
Students receiving free or reduced-priced lunch	53%

## WHERE DOES THE MONEY COME FROM?

Many people are surprised to learn that most money for public schools comes from state and local governments - not from Washington. The following chart shows how much the Dysart Unified School District receives from state, federal and local sources.

### FUNDING SOURCES



## **Who Determines How Much Funding Each School District Receives?**

Every homeowner and business owner in Arizona pays property taxes for schools along with taxes for other public services. Each year the budget, crafted by the governor and legislature, determines how much of the total budget is allocated to education. The portion allocated for K-12 education is then divided among 228 school districts throughout the state using the state's Equalization formulas. These formulas determine how much money each district will receive per pupil as well as how much of that funding is paid by the state and how much is paid through local taxes. After the state determines the funding, each school district decides how to fund its local system.

### **Local Referenda (Overrides and Bonds)**

Arizona law allows local school districts to ask voters to approve additional funding for their district through local tax increases called Overrides. Dysart Unified School District voters approved such overrides in 2000, 2004, and 2010. This additional funding is capped by state regulation at 15 percent of the Maintenance and Operations budget.

Another type of override that the Dysart voters have approved is a Capital Override that allows districts to increase their Unrestricted Capital budget by a set dollar amount per year for up to seven years. Currently Dysart has no Capital Override. Dysart had a capital override of \$1,802,000 until the end of FY 2009-10 when the funding ended.

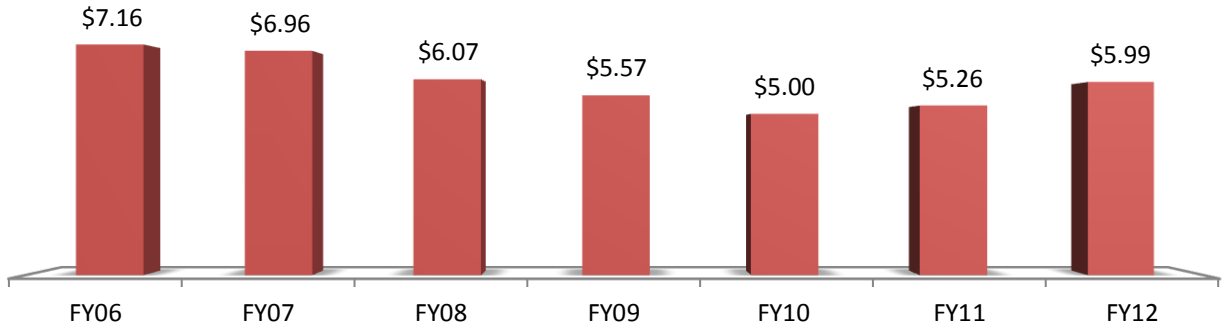
All override revenues come from increased property taxes. A district's authorization to raise and expend override revenues does not affect the amount of state funding the district receives.

Arizona law also allows local school districts to ask voters to approve the issuance of bonds for school improvements. The Dysart voters approved an amount of \$74,040,000 in November 2002 and \$190,000,000 in November 2006. The District issued all \$74,040,000 and has issued \$122,400,000 of the second bond authorization. That leaves \$67,600,000 remaining for issuance. The District is limited in the amount of debt it can have related to property value. As a result of the drop in local property value the District will be unable to access the remaining funds. The District pays for the bonds by collecting taxes that are deposited into a debt service fund, which in turn is used to pay the scheduled principal and interest of the bonds issued. This debt is typically paid for over a long period of time, up to twenty years.

## How Does Supporting Education Impact Your Taxes?

Local tax money goes to the County Treasurer who in turn distributes it to each governmental entity in the county.

### Total Tax Rate



State law sets the property tax assessment rate. In 2012 homeowners will pay an assessment rate of 10 percent of the actual assessed value of their home, while businesses will pay a 16 percent assessment rate. This same formula may be used to calculate your property taxes for your schools if you know your home's assessed valuation.

### How to figure your school property tax

Here's how to estimate how much the school district's portion of your property tax bill will be next year. Property tax is the product of three factors:

1. The Full Cash Value of your home	100,000
2. The assessment rate, which is set by state law. (For residential property, the assessment rate is 10 percent in 2011)	10,000
3. Levy (The tax rate, also known as a levy, set by the local taxing agency.) (The tax rate is multiplied by the assessment rate/100)	5.99
<i>Property Tax</i>	<b>\$599</b>

## What is the impact of the current year tax rate?

	FY10	FY11
Median Surprise Home Assessed @	\$125,000	\$105,200
Valuation / 100	\$125	\$105
Two Yr comparison of Tax Rate	\$5.24	\$5.99
Total Taxes Payable	\$655	\$630
Net Increase/(decrease)		(\$25)

## Federal Funding for Education

In addition to local and state funding for education, the federal government contributes limited funds to local school districts. Historically the funding of schools has been the responsibility of local districts and states. In the 1960's the federal government began providing financial support to state and local districts to help with educating poor and disadvantaged students. That support later expanded to include students with disabilities. This money can only be used for specified purposes.

While very important to most school district budgets, the federal support amounts to only a small percentage of the total budget, usually 6-11 percent. In Dysart Unified School District, federal dollars make up 10 percent of our budget. For more detailed information about federal funding, visit [www.ed.gov](http://www.ed.gov).

## LOOKING AT THE DYSART UNIFIED SCHOOL DISTRICT BUDGET

The Dysart Unified School District budget reflects the costs to educate approximately 25,000 students in 24 schools. There are two basic types of funding that the school district receives. Although separate in their sources and the types of expenses each pays for, both kinds of funding are equally important to the school system.

### Maintenance and Operations (M&O)

**Operating funds** pay for the day-to-day expenses of running the school system, like salaries, supplies, transportation and utilities. The majority of all operating expenses are paid out of this fund.

### Soft Capital

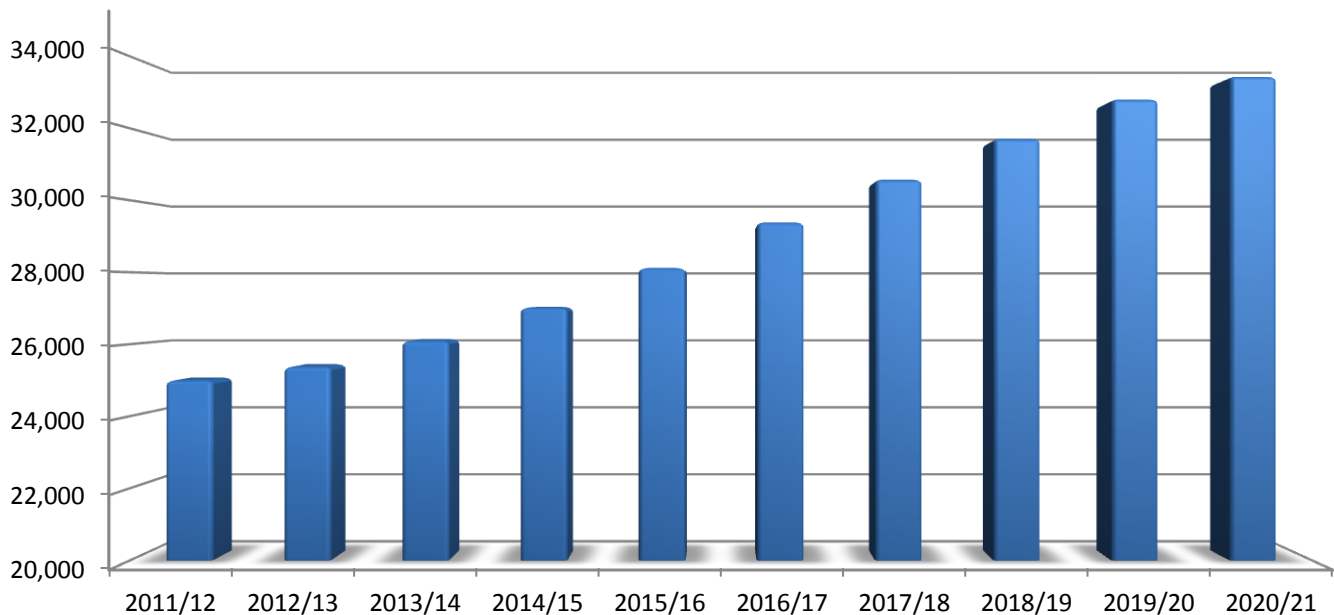
**Capital funds** pay for athletic equipment, buses, technology, software, textbooks and instructional materials. The majority of these expenses are classroom or school related.

## The Funding Driver: Student Enrollment

Although Arizona utilizes an equalization formula that determines how much money the school district will receive per pupil, the average daily membership is the real driver of school funding. The average daily membership refers to the number of full-time students enrolled in a district. The funded pupil count total can be different from the total enrollment because not all students (e.g. preschoolers) attend school or are counted for funding purposes (e.g. kindergarteners) on a full-time basis. The count includes the first 100 days in session and produces the official funded pupil count numbers. *For each day the student is enrolled, we receive 1 percent of funding for that student.*

Growth is a huge factor in funding decisions. The state formula provides additional funding for an increase in students beyond the previous year. This formula is a reduced amount from the formula that creates the adopted budget limits. For example, increases in students don't allow for increases in the transportation or override formulas or in soft capital. Due to this fact, growth is a focus and must be planned for carefully. **According to University and Schools Magazine, Dysart Unified School District was the second fastest growing district in the nation from 1995 to 2005 at a rate of 309%.** Since 2005 the district has continued to grow but at a much more reduced rate.

## Projected Student Enrollment



## HOW IS THE MONEY SPENT?

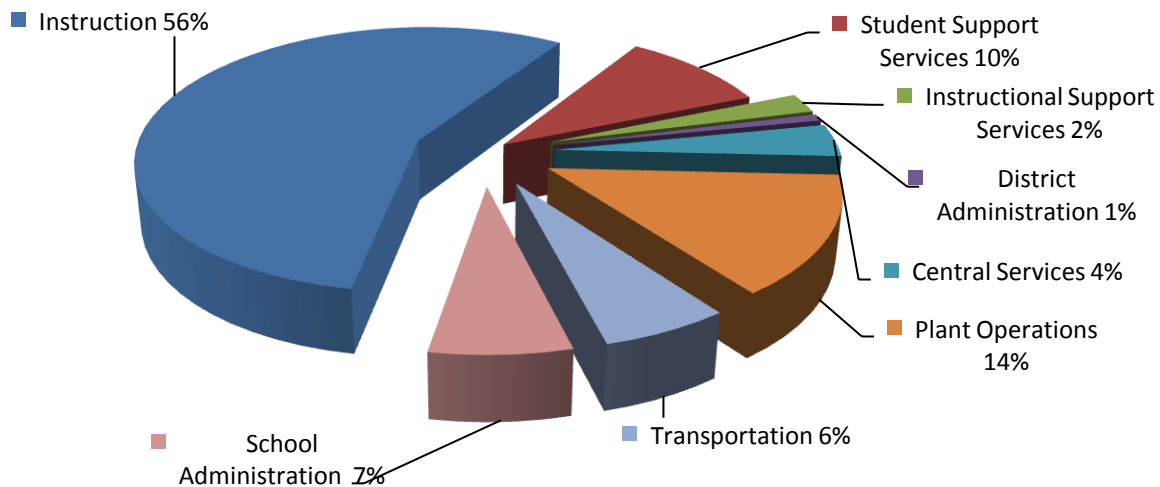
Think of a dollar bill in terms of how the budget is allocated for the entire school district. Using the Auditor General’s Classroom Dollar Definition, the largest share is 56 cents out of every dollar, to be allocated to instruction, which primarily includes salary and benefits for teachers and other classroom employees. This does not include the additional 12 cents for the learning support provided by counselors, librarians, nurses and others. Plant operations are 14 cents. The District administration and central services, which includes the superintendent, principals, human resources, and business services is about 12 cents of every dollar. Transportation accounts for 6 cents.

While the District has worked to focus dollars in the classroom, the ability to do so has been significantly impacted by the reduction in Classroom Site Funds (Prop 301). These funds are generated by a state sales tax and are distributed exclusively to classroom teachers.

Another useful way to break down the annual budget is by the amount spent per pupil. Divide the lump sum of the District’s \$139,000,000 budget (main funds excluding construction) for 2011-12 by the average number of projected students to be enrolled in the first 100 days, and you get the figure of \$5,560 budgeted per pupil.

Keep in mind, though, that this number reflects all of the schools’ expenses divided by all of their pupils. Every child is different, with different needs and different demands on the system. Some expenses are targeted to specific groups of students like special needs students, gifted students or students learning English as a second language

### Breakdown of M&O Fund by Amount



## **The Budget Driver: District Employees**

Education is a very labor-intensive business. For that reason, the largest share of our school district's budget goes to pay for employee wages and benefits. Most of the 2,300 full and part-time employees—almost 83 percent—work at schools or provide direct services to our 25,000 students. Of these school-based staff, 68 percent are certificated employees.

## **What does the budget buy us?**

It costs the Dysart Unified School District an average of \$36 per day to educate a student—less than the cost of a dinner and a movie for two people, and far less than Arizona spends per prison inmate. This is a bargain when you consider all of the services the school district provides.

### **For just \$36 a day, the Dysart Unified School District provides to each student:**

- Quality instruction from caring and competent teachers
- Specialized learning services for students with special needs
- Access to library resources and technology
- Guidance, counseling and other support services
- Learning materials such as textbooks
- Transportation to and from school
- A balanced lunch (and, in some cases, breakfast)
- Healthcare services
- Extracurricular activities
- A safe, orderly learning environment

### **Recent District Achievements**

- NCA Model District Award – the only district in the state to receive this award
- All Dysart schools received accreditation through the North Central Commission on Accreditation and School Improvement
- Thompson Ranch Elementary School has been named an A+ school by the Arizona Educational Foundation

# **WHERE DO WE GET THE MONEY TO IMPROVE AND BUILD NEW SCHOOLS?**

## **The Capital Budget**

While money for Dysart's day-to-day expenses comes from the general fund budget, money for building, renovating and expanding schools comes from bonds, adjacent ways and from state funding (Arizona School Facilities Board) which by Arizona law must each be kept in a separate fund. In addition, capital overrides are needed to compliment bond funds to provide the funding to purchase furniture, along with fixtures and equipment that are essential to the improved, expanded or new buildings.

Like any home or office building, the amount that a school district must spend on buildings depends not only on the number and size of schools, but also their age. As buildings grow old they need new roofs, new heating and air conditioning systems, and new plumbing and electrical systems. In addition, schools built over 10 years ago lack many things we now take for granted from our schools or that are required by law, including computer and internet wiring, an environment free from asbestos and fire hazards, and doors and ramps for disabled students and visitors.

## **What Do School Bonds Pay For?**

When you hear talk of school bonds, you are hearing about money that the district borrows to pay for these capital expenses. In Arizona, as in most states, voters must approve these loans at the ballot box. Arizona statute limits a school district's bonded debt to 10 percent of its assessed valuation.

For more details on the specific projects and a full accounting of every dollar spent on bond projects please visit:

<http://www.dysart.org/Departments/BusinessServices/bond/index.html>

## THE ANNUAL BUDGET

Each year the school district must decide on its annual budget. The administrative staff of the district work together to create a tentative budget that considers the needs of students, parents, employees and taxpayers and presents it to the Governing Board. The Board must balance the needs of students, parents and employees with the fiscal responsibility it has to the taxpayers. The Board is the final decision-maker on the budget.

### Who Determines Needs and Decides How We Spend School Funds?

Many people, including:

- The principal, staff and site council who make budget and expenditure decisions at your local school.
- The superintendent and other school district staff who draw up the budget each year and present it to the school board. This process is based on an incremental approach and is completed by the Interest Based Approach (IBA)
- The Governing Board, which adopts the budget and presents it to the public.
- The Arizona State Legislature and Governor, who decide how much state money to spend on schools, how to allocate that money to districts, and what conditions apply.
- The U.S. Congress and President, who decide how much federal money to spend on education, how to divide it up among states and districts, and what conditions apply.
- And, of course, the most important person, *you*, who as citizens, elect all of these public officials and decide on additional funding measures at the ballot box.

## Accountability for Public Education Spending

Local school boards are accountable to their communities (to you, the taxpayer) for wisely and efficiently spending public funds to support schools. School boards, in turn, hold the superintendent responsible for developing and properly managing the school district's budget. The state also regulates district spending to a certain degree. Of course, the portion of the district's budget that comes from the federal government is regulated at the national level. Independent auditors, who report their findings to the school board and the public, audit school district budgets annually. Additional audits are completed by outside agencies each year. Examples of these audits are: Medicaid audit, Arizona Department of Education department and program audits, Arizona State Retirement System audit, and the Arizona Auditor General's performance audits.

For more details on the budget (past and present) and a full accounting of every dollar spent in the annual financial report please visit:

[http://www.dysart.org/Departments/BusinessServices/finance/district\\_budget.html](http://www.dysart.org/Departments/BusinessServices/finance/district_budget.html)

## General Budget Timeline

November	Begin collecting and reviewing data from the previous fiscal year and developing priorities for the next fiscal year
January	Collect and present preliminary capital budget to administration
February	Collect and present preliminary general fund budget to Administration
March	Finalize budget data and present update to Administration and Governing Board
April/May	Complete negotiations with associations and present final preliminary budget
June	Submit Proposed Budget to Governing Board
July	Governing Board Adopts Final Budget

## Recent Budget Cuts

During the several years, due to state reductions in funding, Dysart has been forced to dramatically change the services and standards it had previously established. Below are some of these changes:

- Reductions of district level operating budgets
- Elimination of district level capital budgets
- Lower utility costs
- Reduce cell phone expenses
- Reduce custodial services
- Limit travel
- Reductions in health insurance premiums
- Reorganization of nurse and health assistant staffing
- Reductions in staff
- Reductions in transportation
- Reorganization of staff

These reductions have resulted in over \$22 million in savings. Currently one of the greatest impacts has been on capital purchases. The District has had to delay the purchase of buses, computers and building maintenance.

## Have a Say

Successful schools are everybody's business. Every citizen can have a say in school budget decisions. If you are a public school parent, you can participate with your school's Site Council and learn all you can about budget decisions at your local school. If you are a citizen living within Dysart Unified School District boundaries, you can share your opinions with the members of the Governing Board.

To obtain more information about Dysart Unified School District's budget process or find out when public meetings are being held, contact Marcie Rodriguez, the Director of Finance, at 623-876-7959 or [marcie.rodriguez@dysart.org](mailto:marcie.rodriguez@dysart.org). To obtain additional information as well as a copy of the Adopted Budget, please visit the District's web site at [www.dysart.org](http://www.dysart.org).

For information on state education policy and budget, call the Arizona Department of Education at (602)-542-3695 or access its web site at [www.ade.state.az.us](http://www.ade.state.az.us).

*This "Community Guide to Understanding the School District's Budget" was developed by staff of the Dysart Unified School District and adopted from materials produced by the Colorado Association of School Boards and the Colorado Association of School Executives.*