

The background of the slide is a grayscale photograph of a graduation ceremony. Several graduates in black gowns and caps are visible, some with their arms raised in celebration. A blue rectangular box is overlaid on the right side of the image, containing the title text.

SCHOOL FINANCE 101

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Chief Financial Officer
January 2024

OK's Public Education System

Oklahoma's Public Education System by the Numbers (2021)

540 School Districts

1,783

Total
Schools

962 Elementary Schools

254 Middle Schools

52 Junior High Schools

449 High Schools

31 Charter Schools

System-Wide ADM

687,009

Average Daily
Membership



Student Needs

405,018

Economically
Disadvantaged

115,227

Special
Education

86,673

Gifted and
Talented

90,067

Bilingual
Inclusive of English
Learners

Total Number of School Employees

85,953

Total

42,626 Classroom Teachers
(Jobs Codes 210 & 213)

35,634 Support Personnel

Total Funding

\$7.6 Billion

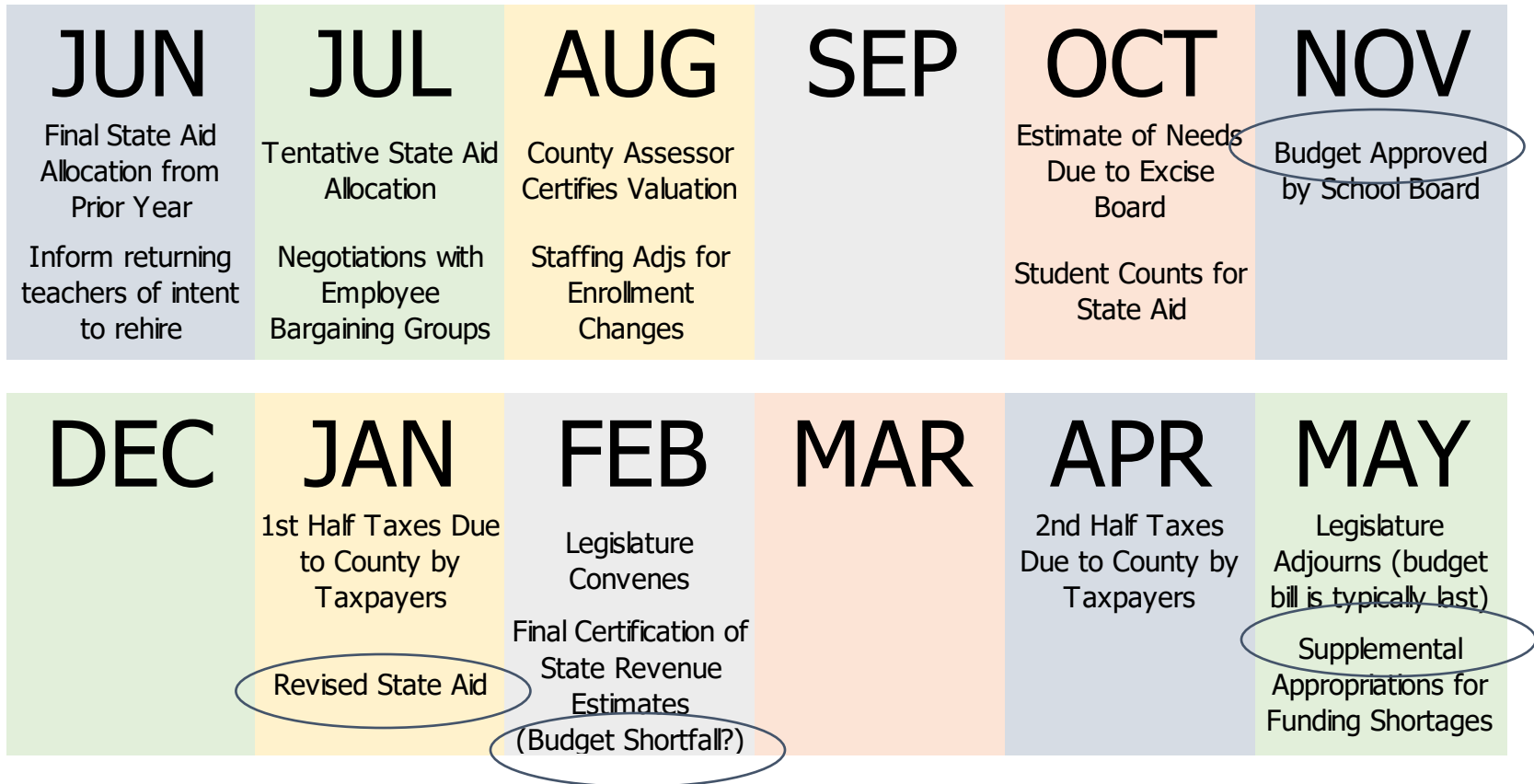
Total

\$3.3 Billion – State

\$3.1 Billion – Local

\$1.1 Billion – Federal

Budget and Funding Timeline



Note: School District Budget Act (Norman uses) establishes Budget July 1...and there is no Est of Needs in Oct. School Board approves budget amendments throughout the year as needed.



Fund Balance

- **What is a fund balance?**

Fund balance is the “unencumbered” or “available” balance of funds at the end of a fiscal year. This is also referred to as a “carryover” or “surplus.”

- **Why is a fund balance necessary?**

1. To pay operating expenses during the first half of the year before the majority of ad valorem taxes are collected.
2. To meet any unanticipated expenses.
3. To help fund future budgets if planned expenditures exceed anticipated revenues (e.g. funding cliff when one-time revenue sources are not replaced or operating expenses are anticipated to increase for reasons such as a new school opening).

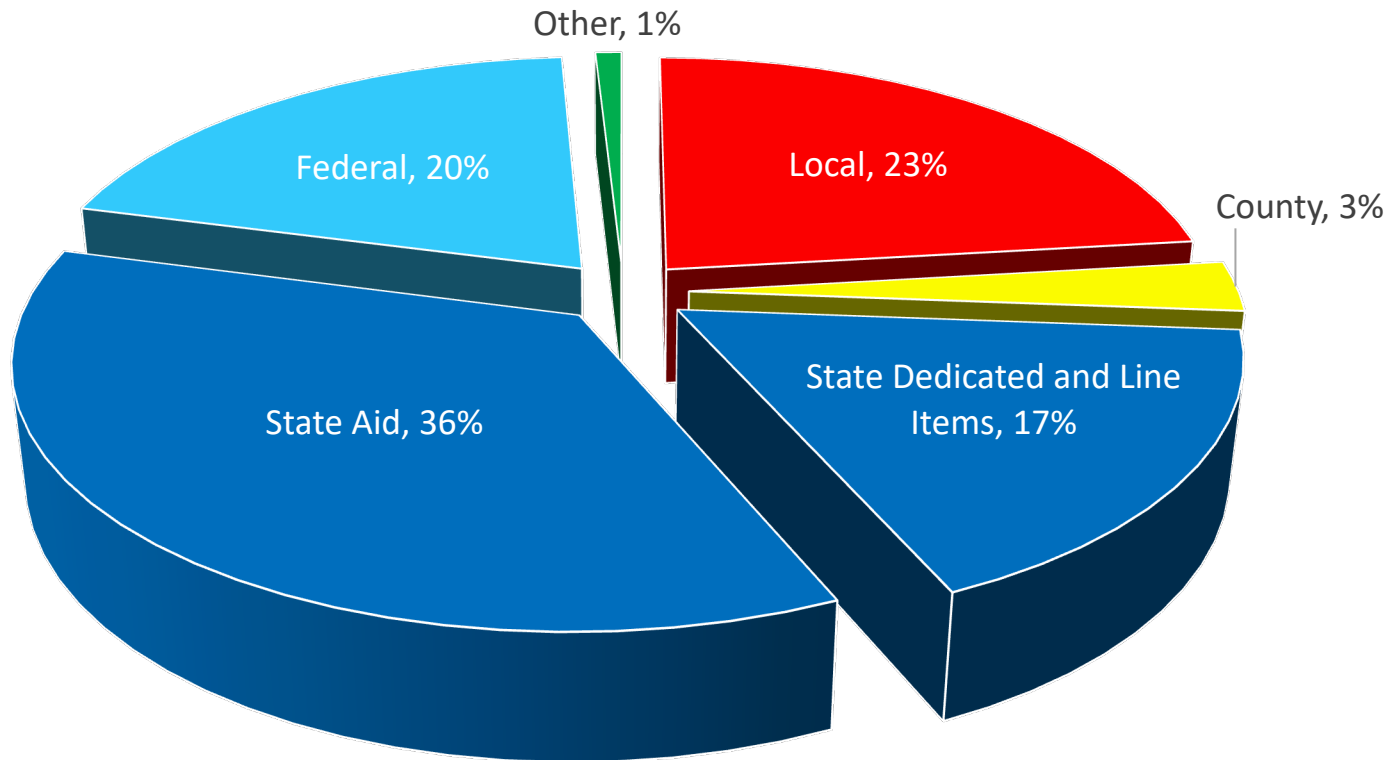


Funding Sources/Uses

Fund	Primary Revenue Sources	Primary Allowable Uses
General Fund	Local & county taxes, state aid, dedicated state revenue, federal program reimb, other reimb	Payroll, transportation expense, supplies, materials, furniture, equipment, textbooks, general operating expenses
Building Fund	Local & county taxes	Repair & maintenance of facilities, furniture, equipment, utilities, custodial
Child Nutrition Fund	Student & staff lunch purchases, state & federal reimbursements	Food, payroll, supplies & equipment
Bond Funds	Sale of bonds after voter approval	Construction projects, furniture, equip., uniforms, textbooks, school buses, etc.
Activity Funds	Student activities, fundraisers, vending commissions, donations	Student activities, supplies, materials, equipment, refreshments
Sinking Fund	Local taxes after voter approval of bonds	Bond principal and interest payments
Gift Fund	Restricted grants from private sources	As specified in grant
Sanctioned Parent Groups (not District money)	Fundraisers, donations, dues	Support of student and school activities (wider latitude than activity fund)



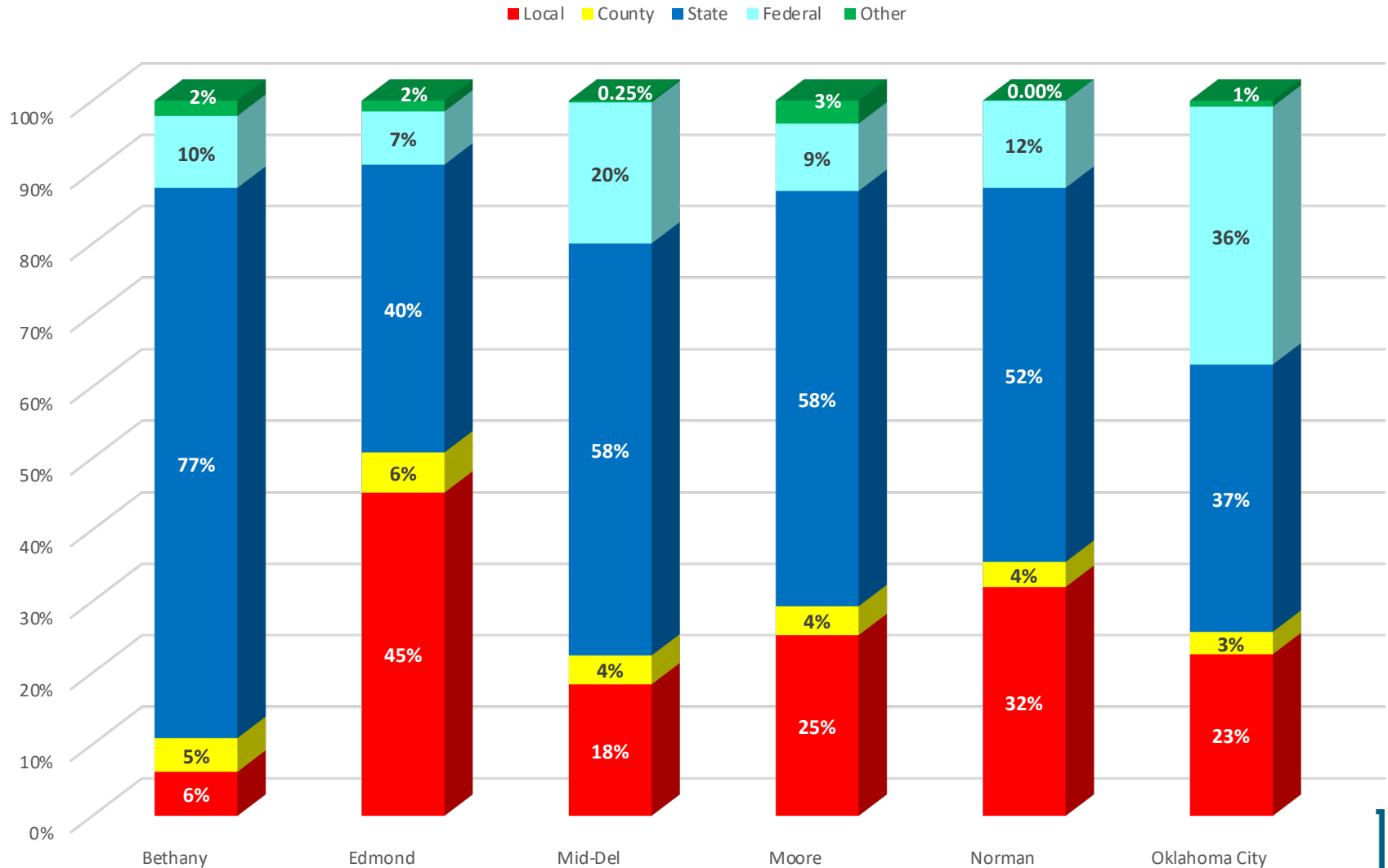
Sources of Revenue General Fund*



*Statewide All Districts General Fund from SDE transparency website 2021-22.



Sources of General Fund Revenue Select Metro-area Districts



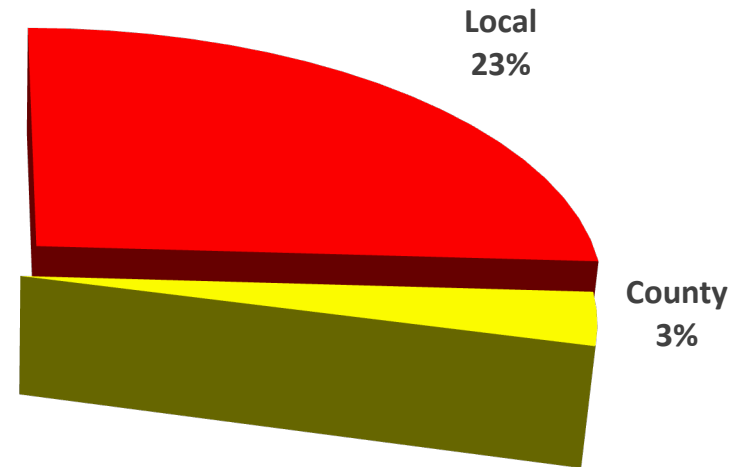
Sources of Revenue General Fund*

Local + County (26% combined)

- Primarily property taxes

Also includes:

- Investment Income, Rental Income
- Local Grants/Partnerships



*Statewide All Districts General Fund 2021-2022.



Ad Valorem Taxes

EXAMPLE:

Property Market Value	\$ 100,000
Assessment Ratio	11%
Assessed Valuation	11,000
Less Homestead Exemption	(1,000)
Net Assessed (Taxable) Value	10,000
Mill Levy (1/10 th of a cent)	117.95
Total Tax	\$ 1,179.50



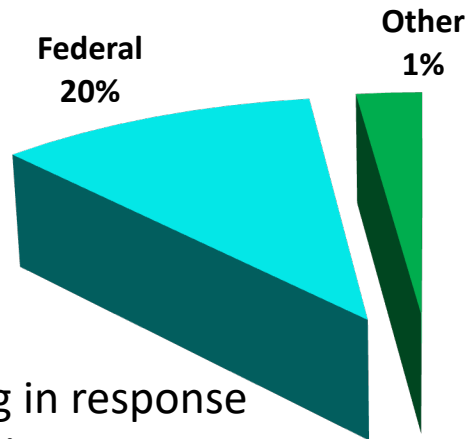
Ad Valorem Taxes - \$10,000 Taxable Value

EXAMPLE (cont):

Entity	Mills	Tax
School District:		
General Fund	35.88	\$358.80
Building Fund	5.12	51.20
Sinking Fund	25.75	257.50
Total School District	66.75	\$667.50
County-wide School	4.11	41.10
Vo-tech	15.38	153.80
City-county Health	2.57	25.70
County	10.28	102.80
City	12.75	127.50
Metro Library	6.11	61.10
Total	117.95	\$1,179.50



Sources of Revenue General Fund*



Federal

- CARES and ESSER funding in response to the COVID-19 pandemic.
- Title I (Every Student Succeeds Act)
- IDEA (Special Ed)

Other

- Reimbursements/Transfers from other funds:
 - Activity fund for lost books, parking fees, etc
 - Payroll, postage, printing reimbursements

*Statewide All Districts General Fund 2021-22.



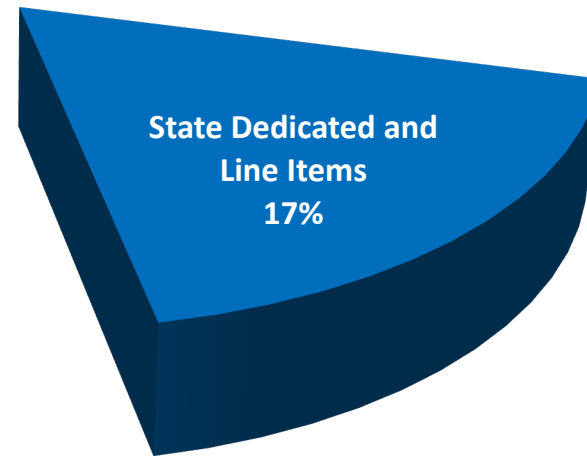
Sources of Revenue General Fund*

State Dedicated

- Gross production tax
- Motor vehicle tax
- School land earnings
- Rural electric cooperative tax

State Line Items

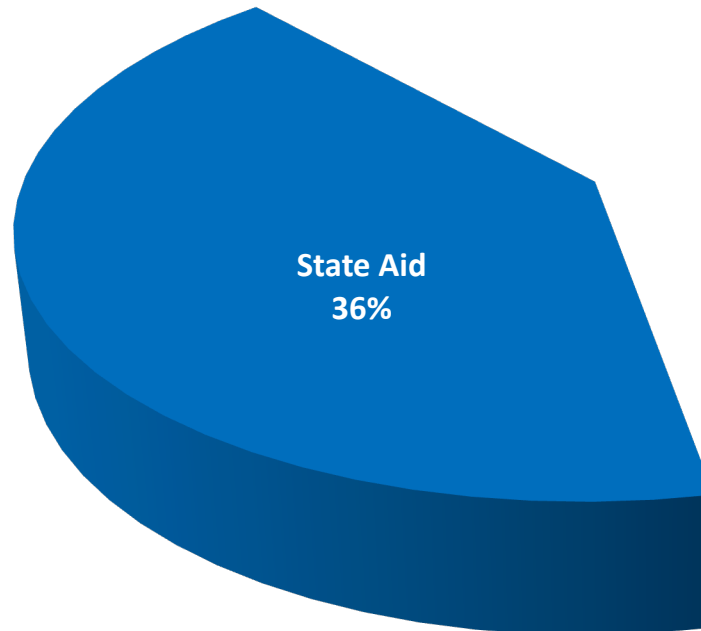
- Textbook allocation
- Employee health insurance
- Specific state programs and reform measures



Sources of Revenue General Fund*

State Aid

- Formula funding based on number of students



*Statewide All Districts General Fund 2021-22.



State Aid Funding Formula History

- The State Aid Funding Formula is designed to create equity among school districts.
- The current formula was adopted in the early 1980's and amended in 1989, 1996, 2021 (for FY23), and 2023 (for FY24).

State Aid Funding Formula

Legislative Intent

- Recognize that cost of providing education varies with students and districts
- Based on student membership and characteristics
- Attempt to equalize revenue among districts through “chargeables”
- Perfect equalization would produce same revenue per weighted student in every district



State Aid Calculation:

Weighted Average Daily Membership (WADM)

- ADM (child count for days enrolled)
- Pupil Grade Level Weight
- Pupil Category Weight (special ed, gifted, free/reduced)
- District Calculation (for small or isolated districts)
- Teacher Index (for districts whose avg teacher is > the state average-based on college degree and years of experience)

x State Aid Factor \$4,200.66 (factor as of January 2024)

+ Transportation Supplement

(Average Daily Haul x \$33.00 per capita x \$2.00 factor)

Less - Chargeables

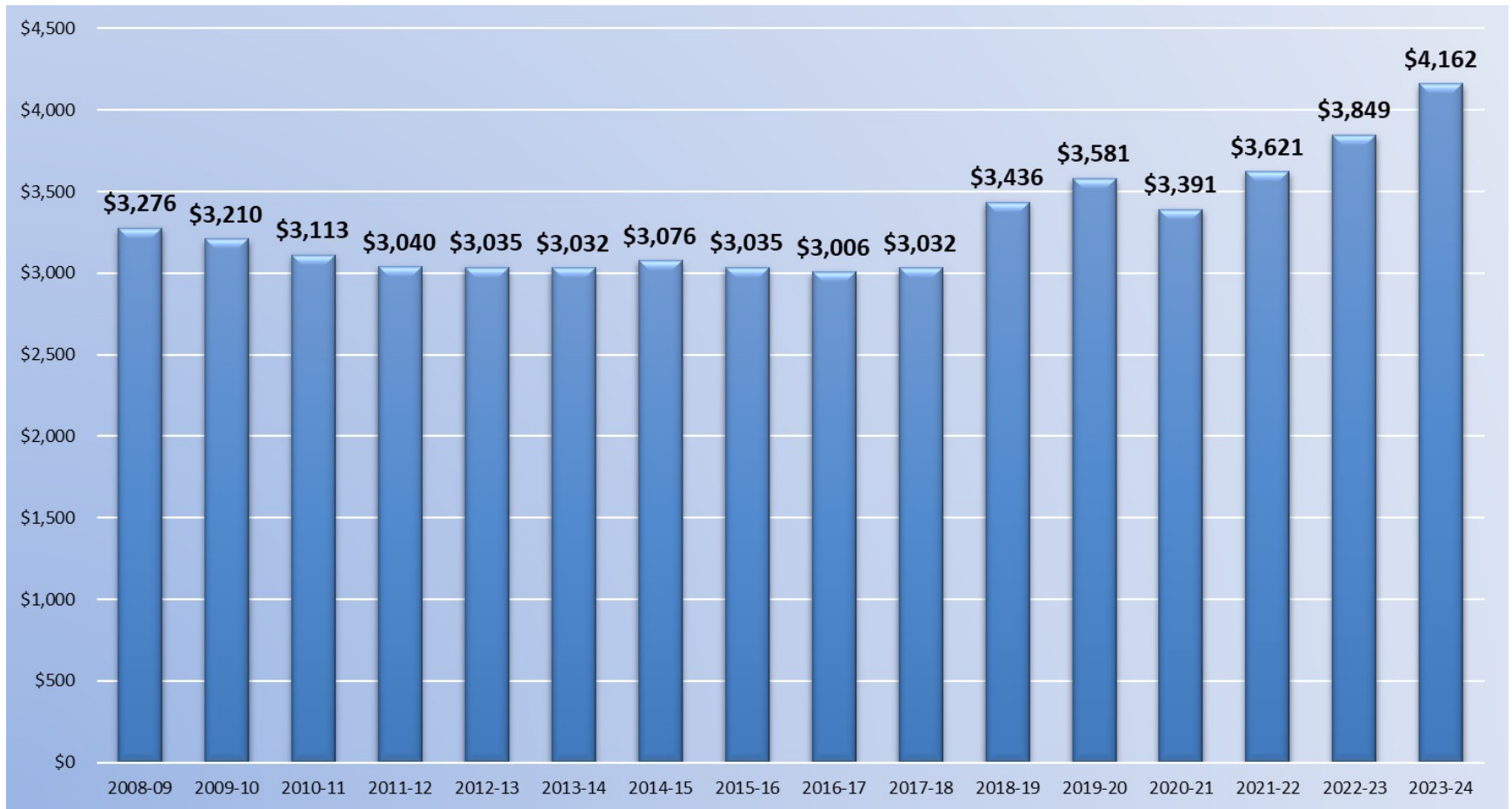
- Local Ad Valorem
- County 4-mill (75%)
- Gross production tax
- Motor vehicle tax
- School land earnings
- Rural electric cooperative tax



Funding Formula Summarized

- The funding formula exists to equalize funding across the state.
- School districts with less local funding receive state aid to 'make up' for the disparity.
- School districts with more local funding receive less state aid.
 - Being 'off formula' requires higher fund balance to account for prop tax revenue not coming in until Jan.
 - Property tax protests also a concern

State Aid Factors Over the Years



Teacher Recruitment and Retention

Emergency Teacher Certifications Issued Statewide

- 2011-12 = 32
 - 2012-13 = 97
 - 2013-14 = 189
 - 2014-15 = 505
 - 2015-16 = 1,063
 - 2016-17 = 1,160
 - 2017-18 = 1,429
 - 2018-19 = 3,038
 - 2019-20 = 3,321
 - 2020-21 = 2,801
 - 2021-22 = 3,863
 - 2022-23 = 4,574

2023-24 from Jun to Dec, new all-time high 4,676!!

*NPS count FY23 = 122. FY24 as of Sept = 113

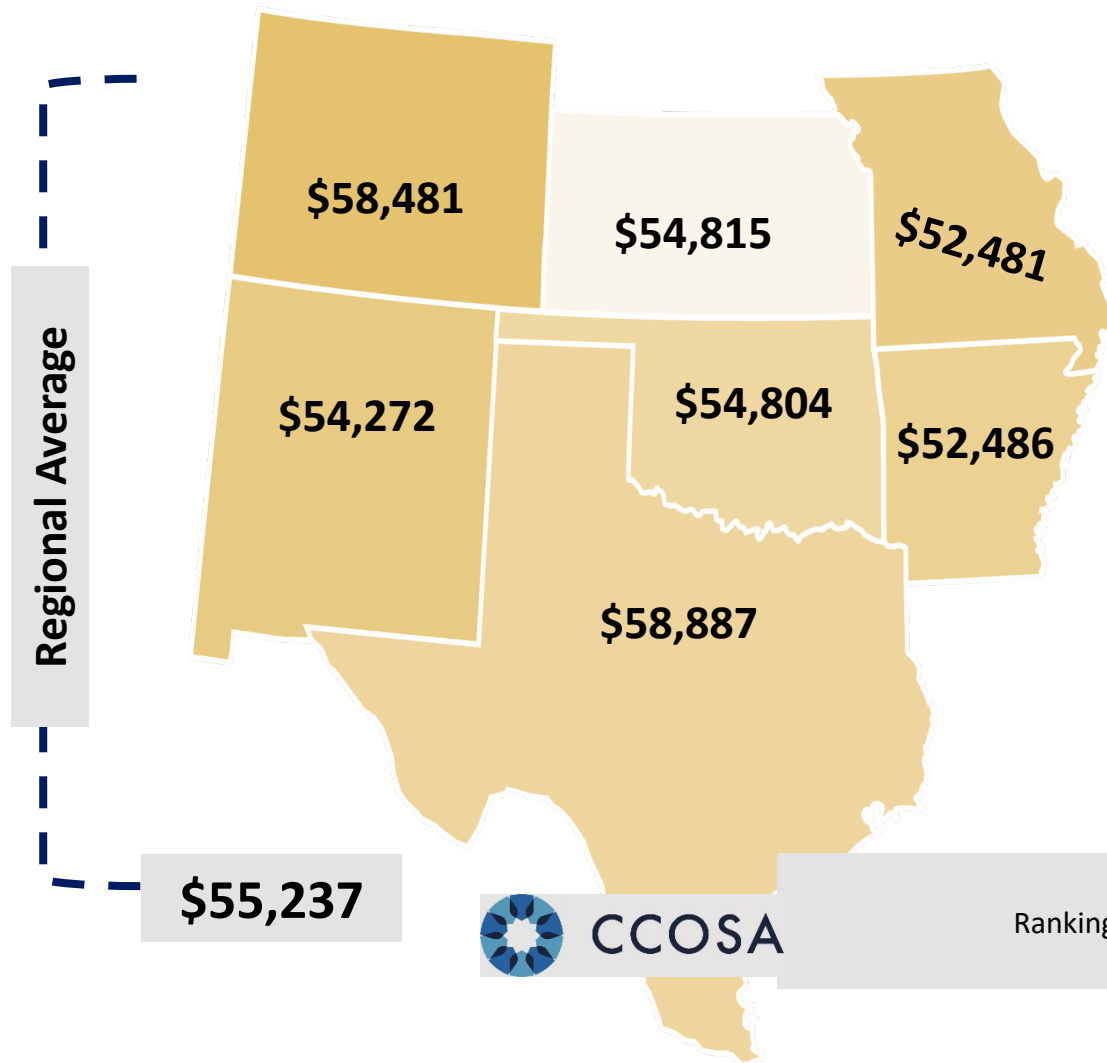


State Funding for Certified Compensation

- Teacher walkout Spring 2018
- **FY19: HB1023 required minimum increases \$5,000-\$8,400**
 - NPS 2018-19 base salary = \$37,980. Total compensation = \$40,853
- **FY20: SB1048 required minimum increase \$1,220**
 - NPS 2019-20 base salary = \$39,200. Total compensation = \$42,165
- **FY21-FY23: No State funding specified for raises.**
 - NPS 20-21 base salary = \$39,200. Total compensation \$42,165
 - NPS 21-22 base salary = \$40,000. Total compensation \$43,026
 - NPS 22-23 base salary = \$40,400. Total compensation \$43,456
- **FY24: SB1119 required minimum increases \$3,000-\$6,000**
 - NPS 23-24 base salary = \$43,825. Total compensation \$47,139
- **State Minimum Total Comp \$39,601 (was \$31,600 pre 2018 walkout)**



21-22 Regional Average Teacher Comp



CCOSA

*National Education Association
Rankings and Estimates Report, April 2022
figures based on estimates

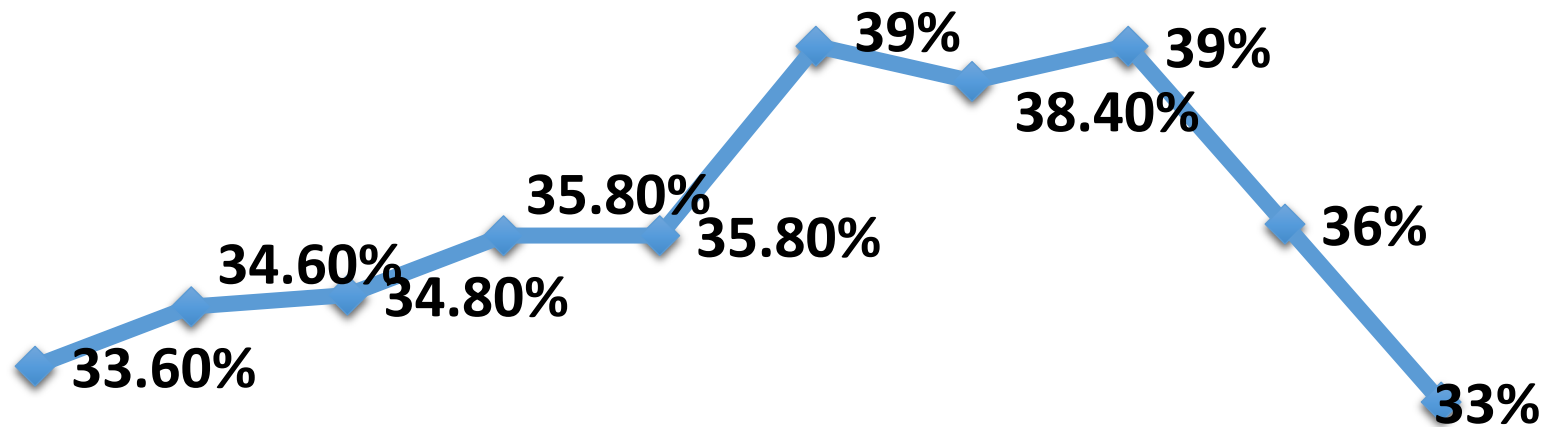
State Funding for Support Staff

- Teacher walkout Spring 2018
- **2018-2019** – State mandated and funded Certified and Support staff raises
 - Support raise = \$1,250.00
- **2019-2020** – State mandated Certified raises (no funds from the State for Support staff)
- No specific state funding for any Support raises since



Common Education

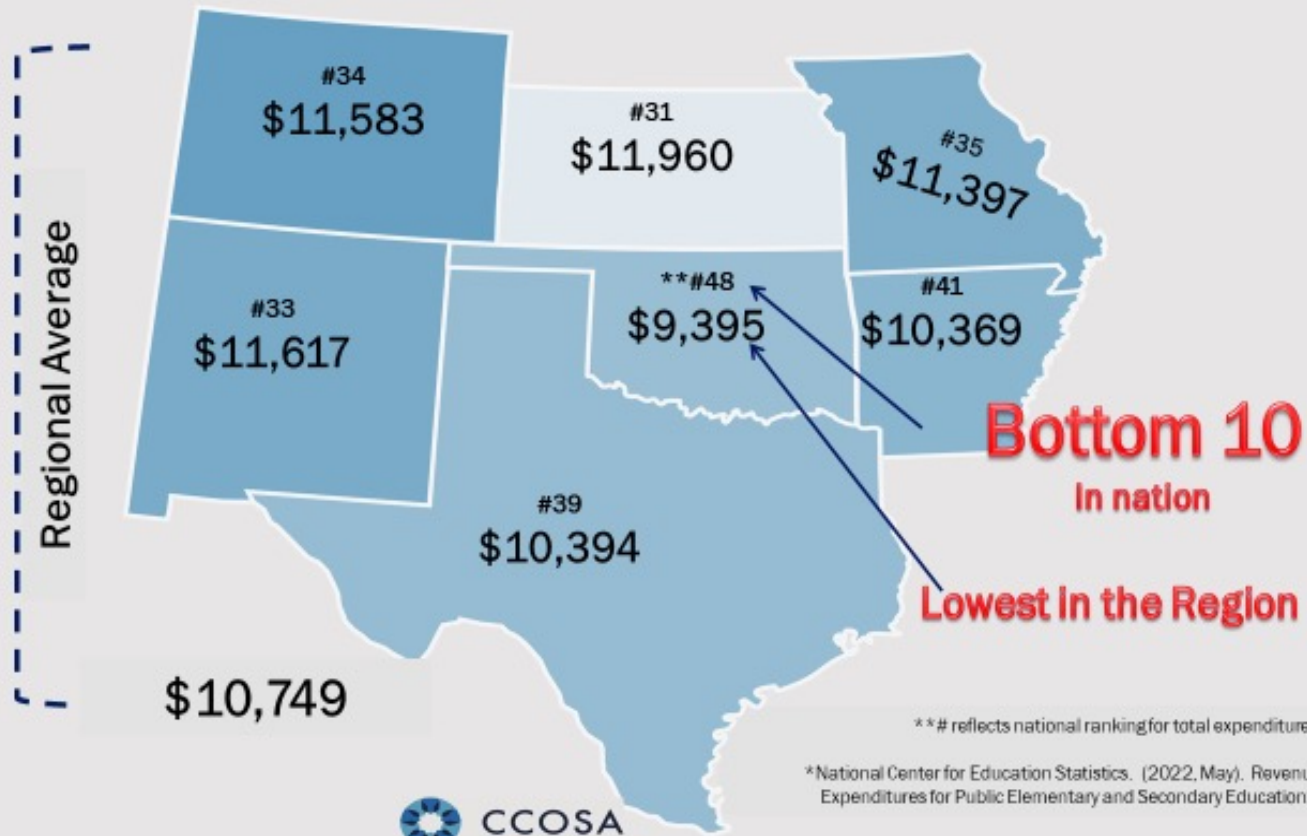
% of Oklahoma Budget



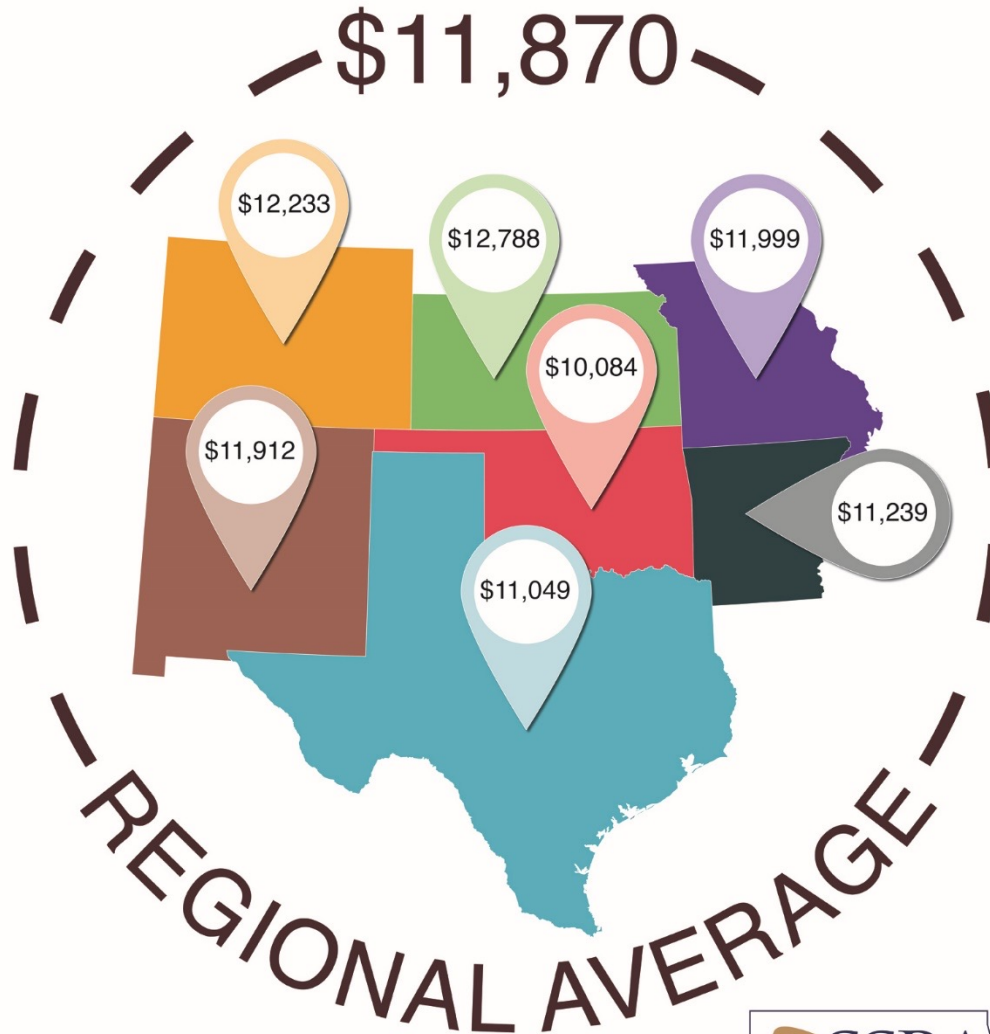
FY2014 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 FY2023

2020 Regional Per Pupil Spending

2020 Regional Per Pupil Spending



REGIONAL PER PUPIL SPENDING



Source: National Center for Education Statistics, Revenues and Expenditures for Public Elementary and Secondary Education: FY 21 (May 2023)



District Revenue Limitations

- Any growth in local taxes is deducted from state aid.
- Any growth in dedicated state revenue (e.g. motor vehicle collections, gross production tax, school land earnings) is deducted from state aid.
- Grants and donations are usually specific in purpose and are not intended for operating expenses.
- Money from other funds (e.g. Building Fund, Child Nutrition Fund, Bond Funds) is restricted in the ways it can be spent.



Expenditures

- Budget dollars must be reserved or “encumbered” prior to purchase.
- Legal budget is determined by projected local tax collections plus revenue to be received from state, federal, and other sources plus the beginning fund balance.
- Personnel is a high percentage of total general fund expenditures:

| | |
|------------------|---------------|
| Statewide | 82.43% |
| Bethany | 77.08% |
| Edmond | 96.19% |
| Mid-Del | 93.08% |
| Moore | 90.99% |
| Norman | 93.25% |

Source: 2021-22 OCAS data, payroll and benefits object codes.



Legal Borrowing Methods

1. Non-payable warrants

- Short-term cash flow solution
- Similar to overdraft protection

2. Lease-purchase agreements

- Lease which transfers ownership of asset at end of term

3. Bonds

- Requires 60% super majority approval by voters
- Restricted to capital expenditures
- At least 85% of proceeds must be spent on the projects listed in the bond resolution approved by voters
- Bond proceeds and interest earnings CANNOT be used to pay salaries, benefits, or related costs



Bond Payments

Amount needed to pay bonds in upcoming year is calculated on "Estimate of Needs"

County Excise Board approves Estimate of Needs and authorizes tax levy

County Assessor bills property owners

Taxes are collected by County and remitted to school's sinking fund

Bond principal and interest payments are made by school district



Resources

Oklahoma State Department of Education Technical Assistance Document

<https://sde.ok.gov/sites/default/files/documents/files/FY%202021%20TAD%20Web%20copy%20%281%29.pdf>

Oklahoma County Assessor website

<http://www.oklahomacounty.org/assessor/>

Oklahoma State Department of Education Transparency Website

https://sdeweb01.sde.ok.gov/OCAS_Reporting/StateReports.aspx



Our Mission:

To prepare and inspire all students to
achieve their full potential

Our Values:

Integrity | Inclusiveness | Collaboration | Optimism





THANK YOU

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