

SCHOOL BOARD BUDGETS - POINTS of INTEREST

Fiscal Transparency, Monitoring & Accountability

- School Boards are required to format their budgets by law in a specific manner so that proper coding can occur for specific budget reporting, see BESE Bulletin 1929, **LA Uniform and Governmental Accounting Handbook**.
- School Boards are required to submit their FY budgets to a state agency for review each year by September 30th. The LDOE maintains several reporting databases that capture a number of items inclusive of expenditures by school. See LDOE website, **School-by-School Financial Data**.
- School Boards are mandated to spend **70% of their state allocation (MFP) on Instruction** – and, boards are monitored by the LDOE and reports are provided to BESE regularly.
- School Board budgets are monitored by BESE and LDOE via the **Fiscal Risk Assessment** process, thus the reason for the specific budget codes and cost centers; and, school board general fund balance amounts are part of this monitoring process. Per BESE Policy, less than 5% in reserves is considered Unacceptable. BESE has various levels of state agency engagement with local districts in this regard.
- School Board budgets are monitored by BESE and the LDOE in regards to expenditures associated with “Weighted Funding” relative to students that generate additional funding due to various factors in the MFP formula.
- School Board budgets are **audited by independent CPA firms** approved by the LA Legislative Auditor; and, posted to the LLA’s website annually.
- School Boards are required to submit an **Annual Financial Report** each year to LDOE that aligns with the mandated format of the board budget in regards to revenue and expenditure requirements.
- School Board budgets relative to federal funding and the expenditure of those **federal dollars are heavily regulated and monitored** – and, the trend in federal funding has been downward.
- School Board budgets that include various state funding streams like **8g (oil) and Education Excellence Funds (tobacco settlement) are heavily regulated and monitored** – and, the funding trend here has been downward.
- MFP [state funding for public education as per Article 8 of the LA Constitution] The goal of basic state education funding in Louisiana is to generate a 65%/35% split for equalization purposes in regards to state funding and local funding respectively.
 - **MAJOR SHIFT** – in FY 15-16, public education revenue in LA shifted whereby **LOCAL funding for public education surpassed STATE funding** for the first time in modern times.
 - School Boards can only raise revenue for public education (traditional school systems and charter schools) via LOCAL, voter-approved property and/or sales taxes.
 - Although generally accepted as prohibited in law, **local school board budgets have been made to absorb additional costs associated with state mandated policy decisions (unfunded mandates)**, such as:
 - Wholesale **changes in State Education Standards** in ELA, MATH, SCIENCE, SOCIAL STUDIES & Career & Technical Education/Jumpstart programming.
 - Online, **computer-based testing for grades 5-8**.
 - New state **remediation requirements** for each individual student that does not meet the standard of Mastery on state tests.
 - **Teacher-training** residency requirements (one-year) moving forward.
 - **Employee and Retiree health insurance cost increases**.
 - **State retirement system unfunded accrued liabilities (UAL) approximately \$1 BILLION**.
 - Finally, it’s important to note that Louisiana is currently one of only four (4) states in America that provides **no dedicated state funding assistance for the construction of/maintenance of school buildings**. Locally raised funds, via local school board budgeting, support this basic function of school boards.

