

ABC's of School District Revenue – Bemidji ISD #31

Chris J. Leinen, J.D. Director of Business Services

FISCAL YEARS – School Districts operate on a July 1 to June 30 Fiscal Year. At any given time a district is working in at least three fiscal years. One is being closed out and audited, one for current operations and one in planning for the next year. In addition, we use long range projection models incorporating historical data.

FUND ACCOUNTING – School Districts are required by law to divide their budgets into separate areas called “Funds”. The General Fund is the largest (85%) and represents the basic operations of a school district. Other funds include Food Service, Community Education, Debt Service and Construction.

SOURCES OF REVENUE – There are three main sources of revenue for the Bemidji School Districts total FY 2011-2012 budget of \$61,785,627. Typically, State Sources make up 68%, Local Sources 20% and Federal Sources 10% and Food Sales & Donations 2%. These percentages will vary slightly between districts based on individual characteristics such as local property wealth, special education percentages and poverty rates. In recent years the state /federal split has been volatile due to the state grabbing one time federal money to supplant education funding or shifting local property taxes forward while delaying state aid.

PROPERTY TAX LEVIES – A School Board has no inherent taxing power of its own. The Board gets it's taxing authority from the state legislature or the voters of the school district. In FY 2011-2012 the revenue generated by local levies will be \$8,997,037 of which 73% serviced voter approved building bonds and operating referendum while and 27% is state approved levies for programs such as Community Education, Health and Safety, Equity Funding, Unemployment Claims and Building Leases.

ENROLLMENT – The single largest factor in determining revenue for a school district is the number of students attending that district. Over 70% of our operations revenue is driven by enrollment. Declining enrollment leads to lower revenue and rising enrollment leads to higher revenue. Kindergarten enrollments are predictable using actual birth rates. Other factors, such as economics, parental choice and dropout rates are less predictable. Recent Bemidji enrollments have been increasing at the primary grades and decreasing at the High School level.

BASIC FORMULA AID – Currently (2011-2012) \$5,174 per pupil unit, makes up the single largest piece of the school funding and is common to all school districts. The change for the current biennium is \$50 per year or less than 1%.

CATEGORICAL AIDS – State funding formulas designed to address specific areas such as poverty, sparsity, transportation, staff development and transition between legislative changes. Some districts qualify for more than other districts.

SPECIAL EDUCATION – Revenue is driven by the cost of services provided. Historically this revenue has not been enough to cover the cost of the mandated service and the balance has been taken from other areas of the budget. This can effect class sizes and available offerings.

RESERVED AND UNRESERVED FUNDS – Reserved revenue is dedicated for a specific purpose such as alternative education programs, health and safety and operating capital and cannot be spent on other things. Unreserved revenues are flexible and can be used at the discretion of the School Board.