

SCHOOL BOARD LEADERSHIP

THE RIGHT WAY

**A Comprehensive
Professional Resource
for School Board Members**

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Glossary of Acronyms and Terms



Finance and Budget Terms

AAA Bond Rating: There are three major rating agencies for municipal bonds: Moody’s Investors Service, Standard & Poor’s, and Fitch Ratings. Standard & Poor’s and Moody’s rate over 80% of the three rating agencies’ municipal and corporate bonds. In assigning a rating for general obligation bonds, the rating agencies assess the following factors: economy, debt structure, financial condition, demographic characteristics, and management practices of the governing body/administration. “AAA/Aaa” – Municipalities rated triple-A demonstrate the strongest creditworthiness relative to other US municipal or tax-exempt issuers or issues—the higher the credit rating, the lower the yield on the bonds issued to that municipality.

Academic Performance Index (API): The API scale measures student achievement on specific standardized tests. Schools’ API scores and their improvement, as reflected by API scores, form the basis for funding in several Governor’s Initiative programs.

Account: A descriptive heading that lists recorded financial transactions similar to a given frame of reference, such as function, object, or source.

Account Code: A number that classifies sources of revenues or purposes of expenditures in either a school district budget or the reports districts submit to the California Department of Education. The account code classifies expenditures according to the types of items purchased or services obtained, as well as revenues by the general source and kind of revenue.

ADA: Average Daily Attendance

Adequacy: An approach to school funding based on the idea that the funding schools receive should be based on some estimate of the cost of achieving the state’s educational goals. It tries to answer two questions: How much money would be enough to achieve those goals, and where would it best be spent?

Adequate Yearly Progress (AYP): A collection of performance measures that a state, its school districts, and subpopulations of students within its schools should meet if the state receives Title I, Part A federal funding. In California, the measures include: (1) specified percentages of students scoring “proficient” or “advanced” on California Standards Tests in English language arts and math; (2) participation of at least 95% of students on those tests; (3) specified Academic Performance Index scores or gains; and (4) for high schools, a specified graduation rate or improvement in the rate. (See No Child Left Behind Act and Title I.)

ADM: Average Daily Membership

Administrative Budget Component: One of three general fund budget categories that school districts must report. This category includes expenditures in such areas as curriculum development; property and casualty insurance; costs associated with the Board of Education, District meetings, and the offices of the Superintendent, business, and assistants for instruction and personnel, including all salaries and benefits for certified school administrators who spend 50 percent or more of their time performing supervisory

duties, e.g., building principals and assistant principals; office supplies; data processing; and legal fees other than those relating to student matters.

Administration (Function 201): This function funds activities associated with regulating, directing, and controlling the school system, such as the Superintendent, Deputy Superintendent, other professional staff, and secretaries and clerks. Some offices included in this category are the Board Office, Business Management Services, Internal Audit, Information Technology, and Human Resources.

Additional and Replacement Equipment: Funds athletic equipment, cafeteria equipment, computers, office furniture and equipment, and security alarm systems.

Adult Education: School districts, community colleges, and other public and private organizations offer classes for residents 18 years or older who are not enrolled in a high school. State law requires that specific courses, including citizenship and English, be provided free, while others may charge a fee. Adult Education revenues and expenditures must be tracked separately from a school district's general fund.

Allocation: Dollars directed to schools or students based on various factors, including student need and enrollment.

American Recovery and Reinvestment Act (ARRA): also known as the Federal Stimulus Bill, was signed into law in February 2009. The legislation is designed to stimulate the US economy and provide additional funding for education nationwide from 2009 to 2011. The funds are also intended as an incentive for states to improve in four reform areas: 1) increasing teacher and principal effectiveness and equitable distribution of adequate staff; 2) establishing data systems and using data for improvement; 3) adopting rigorous college- and career-ready standards and high-quality assessments; and 4) turning around the lowest-performing schools. The governor of each state had to commit (or give "assurances") that the state would pursue reform in these areas before the state was eligible for the funds.

Appropriations: Funds set aside or budgeted by the state or local school district boards for a specific period and purpose.

Appropriated Fund Balance: The portion of a district's total fund balance from the previous fiscal year applied as revenue to the following year's general fund budget. This reduces the amount of money that taxes must generate.

Academic Performance Index (API): A number summarizing the performance of a group of students, a school, or a district on the state's standardized tests. A school's number (or API score) is used to rank it among schools of the same type (elementary, middle, high, or small) and among the 100 schools of the same kind that are most similar in terms of students served, teacher qualifications, and other factors. (See Standardized Testing and Reporting Program.)

Apportionments: According to specific formulas, federal or state governments distribute funds to local education agencies or other governmental units.

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Assembly Bill (AB) 1200: Legislation passed in 1991 that defined a fiscal accountability system for school districts and county offices of education to prevent bankruptcy. The law requires districts to make multi-year financial projections, identify funding sources for substantial cost increases, such as employee raises, and make public the cost implications of such increases before approving employee contracts. County offices review district budgets, and the state reviews countywide school districts.

Assessed Value: The value of your property as determined by your local property assessor. This value can change based on your municipality's equalization rate and the market or if your municipality undergoes a reassessment. It determines the amount of taxes you pay and the amount of STAR exemption you receive.

Assessment Roll: A list of properties and their assessed value in your municipality. This public document can be accessed at your local assessor's office.

Associated Student Body (ASB) Funds: One name for money earned/spent (usually in cash) from school-based student activities. For example, this may include PTA/PTO fundraisers, after-school sports/clubs, school dances or BBQs, concessions at a football game, etc.

Audit: An examination of documents, records, and accounts for (1) determining the propriety of transactions, (2) ascertaining whether transactions are appropriately recorded, and (3) determining whether statements drawn from accounts reflect an accurate picture of financial operations and financial status for a given period of time.

Basic Aid: The minimum general-purpose aid guaranteed by the state's constitution for each school district in some states. For example, the amount is \$120 per pupil (ADA), with a minimum of \$2,400 per district for small districts.

Basic Aid School District: The historical name for a district in which local property taxes equal or exceed the district's revenue limit. These districts may keep the money from local property taxes and still receive constitutionally guaranteed state basic aid funding.

BCBA: The Board Certified Behavior Analyst (BCBA) is a graduate-level certification in behavior analysis. BCBA professionals provide behavior-analytic services and supervise the work of Board-Certified Assistant Behavior Analysts, Registered Behavior Technicians, and others who implement behavior-analytic interventions in schools.

Base Amount: The state allocates the minimum guaranteed dollar amount per student to each district using a student-weighted funding formula.

Base proportions: The NYS Office of Real Property Services (ORPS) determines the distribution of the tax burden between residential and commercial properties in the town. Changes in the base proportion do not affect the overall district tax levy; instead, they affect the percentages paid by homeowners and commercial Property owners.

Base Revenue Limit: The basic state funding for K-12 education. It is expressed as an amount per ADA or as a dollar amount. The district’s most important funding source, Base Revenue Limit funding, comprises a combination of State tax revenues and local property tax allocations.

Bond Measure: See General Obligation (G.o.) Bonds.

Bonus/Performance Pay: Extra money for school district employees who perform extra duties or are considered exemplary. In some states, performance pay incentivizes teachers to improve their students’ performance.

Board Budget: Spending plan adopted by the Board of Education.

Board Sources: Funds received from non-government sources, including tuition (e.g., non-resident students), fees (e.g., reimbursements for community building use), interest earnings on cash investments, and other miscellaneous revenues (e.g., sales of assets).

Bond: Money borrowed to pay for school district expenditures. Typically, the money is used for capital expenditures, such as the purchase of buses or the construction or renovation of a building. However, in some cases, school districts also issue bonds for other large expenditures, such as the repayment of back taxes in a certiorari settlement. The goal of borrowing is to spread the cost out over the years and lessen the cost to taxpayers in any single year. By definition, a bond is a written promise to pay a specified sum of money, called the face value or principal amount, at a specified date in the future (the maturity date), together with periodic interest at a specified rate.

Balanced Budget: A balanced budget is a budget where expenditures equal revenue.

Before and After-School Fund: A special revenue fund for financial transactions related to providing school-age child care services before and after school hours.

Block Grant: An allotment of money that is the sum of multiple special-purpose funds combined into one. A block grant tends to have fewer restrictions on how the money is spent than the original, disparate funding streams, and it often combines funds with similar purposes.

Bridge to Excellence Master Plan (Master Plan): This long-range action plan guides the system in preparing students to be prosperous citizens in the 21st century. It reflects the school system’s mission and addresses its priority goals.

Budget Act: A constitutionally established, one-year statute for the state’s budget appropriations. It is the only bill allowed to have more than one appropriation. The state Constitution requires that it be passed by a two-thirds vote of each house and sent to the governor by June 15 each year. The governor may reduce or delete, but not increase, individual items.

Budget Adjustment (or “Budget Transfer”): A change among budgeted items.

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Budget: A financial plan for the operation of a school district, outlining the estimates of proposed expenditures for a fiscal year to meet the goals of the district and the proposed means of financing those expenditures.

Budget Calendar: The schedule of key dates that the school district, Board of Education, and administrators follow in preparation, adoption, and administration of the budget.

Budget Cap: State law prohibits school districts from increasing spending annually by more than four percent. Some areas, such as debt repayment, are excluded from that cap.

Budget Timeline: The schedule of key dates that the school district, Board of Education, and administrators follow in preparation, adoption, and administration of the district's budget.

Budget Year: The fiscal year immediately following the current year.

Building Fund A: District funds must be used only for buildings. The money comes from sources such as bonds and the sale or rental of property.

Categorical Aid/Categorical Programs: Allocations from the state or federal government generally fall into three categories: specific programs, specific students, and specific characteristics of school districts. All districts receive categorical aid in varying amounts in addition to the funding they receive for their general education program. In most cases, districts have limitations on using these funds.

Certificated/Credentialed Employees: Employees who are required by the state to hold some type of teaching credentials, including most administrators and full-time, part-time, substitute, and temporary teachers.

Child Find Program: A special education program mandated by IDEA that continuously searches for and evaluates children who may have a disability. Child Find Programs can vary widely from school district to school district.

Class Size Reduction (CSR): Incentive programs that fund schools with class sizes of no more than 20 students per teacher. CSR was initiated in the 1996–97 school year for kindergarten through third grade. A separate program supports smaller classes for core academic subjects in 9th grade.

Classified Employees: School employees who are not required to hold teaching credentials, such as bus drivers, secretaries, custodians, instructional aides, and some management personnel.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, represented by a recognized labor union. Cohasset Public Schools has five bargaining units: teachers, paraprofessionals, secretaries, custodial and cafeteria workers.

Con App (Consolidated Application): The application districts can use to apply for about 20 state and federal categorical programs. Most, if not all, districts use the "con app" to secure funding from at least some of the programs on the application. These programs tend to be on roughly the same timeline and are relatively straightforward to apply for, such as the federal Title I program and the state School Improvement Program (SIP).

Consolidation: Combining two or more elementary or high school districts with adjoining borders to form a single district. (See Unification and Unionization.)

Chart of Accounts: The structure and logic for accounting codes, which organize dollars by funding source, cost center, function, and other relevant information segments.

Referring to the Chart of Accounts as both the logic for how each segment fits together and the structure and hierarchies within a segment (for example, Locations -> High Schools = 100 -> JFK High School = 101)

Carryover (or Carryforward): Unexpended balances are carried forward from one fiscal year to the next by programmatic or district guidelines. Funds may be carried forward at a particular location or may be carried forward and redistributed as part of a new year's allocation, depending on program guidelines.

Categorical Aid: Financial support from state and federal governments targeted for particular categories of students, special programs, or special purposes.

Categorical Funds/Aid: Also known as direct funding. States distribute funds based on student characteristics or program needs. Funds may be allocated using grants or reimbursements. For example, a state may provide a funding supplement for a tutoring program.⁴

Categorical Programs: Funds from the state or federal government are granted to qualifying schools or districts for specific children with special needs, certain programs, such as Class Size Reduction, or special purposes, such as transportation. Special Education and Class Size Reduction are two of the largest state programs in dollars. Schools or districts must spend the money for a specific purpose. This money is in addition to the funding schools receive for their general education programs.

Certificated Salaries: Are given to employees required by the state to hold some teaching credentials, including most administrators and full-time, part-time, substitute, and temporary teachers. The requirements for a fully credentialed teacher include having a bachelor's degree, completing additional required coursework, and passing the California Basic Educational Skills Test (CBEST). However, teachers who have not yet acquired a credential but have an emergency permit are allowed to teach in the classroom and are counted in this category.

Charter School: Under State law, a school operates semi-autonomously from the district. A "fiscally independent" charter school receives funding from the State and utilizes the funds to serve the needs of its students best; an "affiliated" charter school continues to receive funding from the district but develops a curriculum that may differ from that of the district.

Classified Salaries: Salaries for school employees who are not required to hold teaching credentials, such as transportation, clerical, custodial, and some management personnel.

Coding: A system of numbering, or otherwise designating, accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used quickly reveals specific required information.

Capital Projects: Investments in buildings and infrastructure. These are typically funded through a bond or other one-time funds and budgeted for separately from the general fund.

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Capital Budget Component: One of three categories that school districts must show in their proposed general fund budgets, which include the following categories: debt service and lease expenditures; any bus purchases; legal judgments and settled claims; custodial, maintenance, security, and grounds salaries and benefits, and all facility-related costs, including service contracts, supplies, utilities, maintenance, repairs, minor construction or renovations; and any transfers to the Capital Fund for significant construction projects.

Capital Outlay: An expenditure generally exceeds \$20,000, resulting in the ownership, control, or possession of assets intended for continued use over long periods. Examples: the construction or acquisition of buildings and equipment, initial equipment of buildings or additions, or the initial acquisition of library books and research periodicals for a new school building.

Cost Center: The department or other units (often schools) within the district to which costs may be charged for accounting purposes.

Consumer Price Index (CPI): An index of prices used to measure the change in the cost of basic goods and services compared to a fixed base period. It is also called the “cost-of-living” index.

Cost-of-living Adjustment (COLA): An increase in funding for schools from the state or federal government to compensate for inflation. In California, the law states that schools should receive a certain COLA based on the Implicit Price Deflator for State and Local Government Purchases of Goods and Services.

County Office of Education (COE): The agency that provides, in general, educational programs for certain students; business, administrative, and curriculum services to school districts; and financial oversight of districts. These services are affected by the size and type of districts within the county, the geographical location and size of the county, and the special needs of students not met by the districts. Each of California’s 58 counties has an office of education.

Capital Reserve: A district’s reserve account may be established to pay bonds, transportation, and facility project expenses.

Consumer Price Index (CPI): This index measures the change in the cost of basic goods and services compared to a fixed base period. It is also called the “cost-of-living” index. The CPI does not consider many of the items that cause school district budgets to rise, such as the increasing cost of health insurance, liability insurance, and contributions to the State’s employee retirement systems.

Contingency Budget: Under state law, school boards can submit a budget to voters a maximum of two times in one year. If the initial proposed budget is defeated, the board may submit the same budget to the voters again, submit a revised budget to the voters, or go directly to a contingency budget immediately after the first budget defeat. Under a contingency budget, the board may not increase the tax levy above the amount previously authorized by the voters in the prior year. No exemptions, exclusions, or growth factor options are permitted within this budget. Under a contingency budget, the percentage of the budget devoted to administrative costs cannot increase from what it was in the prior year’s budget or the last defeated budget, whichever is less. Once a contingency budget is established, community residents are

no longer allowed to petition boards of education to put additional items up for a separate vote. Further, any costs associated with the community's use of a district's facilities must be paid for by the community organization or member who is granted such use, and no new equipment may be purchased or new capital construction permitted.

Debt Service: Loan repayments, typically budgeted for separately from the general fund.

Deficit Spending: When actual expenditures are more significant than actual revenues (also referred to as an operating deficit).

Discretionary: Dollars that a school principal or department head has complete autonomy over and can use as they deem best.

Debt Exclusion: Results in a temporary increase in a municipality's levy limit (and possibly the levy ceiling) when a municipality's voters elect to exclude the payment of a particular debt service from the constraints of Proposition 2 1/2. The debt service is then added to the levy limit for the life of the debt only. To place a debt exclusion question on the ballot requires a 2/3 vote of the entire Board of Selectmen. A simple majority vote by the voters is necessary for passage.

Developer Fees: A charge per square foot on residential and commercial construction within a school district based on the premise that new construction will lead to additional students. School districts decide whether to levy the fees and at what rate up to the maximum allowed by law. Proceeds are used for building or renovating schools and for portable classrooms.

Deferred Maintenance: Major repairs of buildings and equipment that school districts postponed. Some matching state funds are available to districts establishing a deferred maintenance program to proceed with these repairs.

Deficit Factor: The percentage by which an expected allocation of funds to a school district or county office of education is reduced. The state may apply deficit factors to revenue limits and categorical programs when the appropriation is insufficient based on the funding formulas specified by law.

Direct Services: Services—including business, attendance, health, guidance, library, and supervision of instruction (K–8 only)—performed without cost by county offices of education for small districts, which are defined as fewer than 901 (elementary), 301 (high school), and 1,501 (unified) students based on ADA.

Economic Impact Aid (EIA): State categorical funds for districts with concentrations of children who are transient, from low-income families, or need to learn English.

Education Code: The body of law that regulates education in California. Additional education regulations are contained in the California Administrative Code, Titles 5 and 8, the Government Code, and general statutes.

Elementary and Secondary Education Act (ESEA): The principal federal law affecting K-12 education. The No Child Left Behind Act (NCLB) is the most recent reauthorization of the ESEA. Originally enacted in 1965 as part of the War on Poverty, ESEA was created to support the education of the country's poorest

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children, which remains its overarching purpose. Congress must reauthorize it every six years. Each reauthorization of ESEA has made some changes, but NCLB was the most dramatic revision of the act since its creation. Its provisions represent a significant change in the federal government's influence in public schools and districts throughout the United States, particularly regarding assessment and teacher quality.

Encroachment: The expenditure of a local education agency's general-purpose funds for mandated special-purpose programs in which the cost of providing the programs exceeds the state or federal funding provided.

Enrollment: A count of the students enrolled in each school and district on a given day in October. The number of pupils enrolled in the school is usually larger than the average daily attendance (ADA) due to factors such as students moving, dropping out, or staying home because of illness. (See Average Daily Attendance.)

Equalization Aid: Funds allocated, on occasion, by the Legislature to address perceived inequalities and raise the funding level of school districts with lower revenue limits toward the statewide average based on size and type of district.

Employee Benefits: Amounts paid by the district on behalf of employees. These amounts are not included in employees' gross salary. They are fringe benefits and, while not paid directly to employees, are part of the cost of employees. Employee benefits include the district cost for health insurance premiums, dental insurance, life and disability insurance, Medicare, State retirement contributions, social security, and tuition reimbursement.

Employee Benefit Accrued Liability Reserve (EBALR): This reserve accounts for the value of accrued benefits due to employees upon termination of service, such as vacation, sick leave, personal leave, etc.

Encumbrance: Purchase orders, contracts, salaries, or other commitments chargeable to an appropriation and for which a part of the appropriation is designated. They cease to be encumbrances when paid, when an actual liability is established, or at the end of the budget year. An encumbrance may be re-established in the subsequent year's budget.

Encumbrance Reserve: This reserve account allows the district to pay for budget items from one fiscal year to the next. For example, suppose the district orders new technology equipment in June 2024, but the purchased items do not arrive until July (when the new fiscal year begins). The purchase order can be paid from the reserved funds without affecting the new year's school budget.

Enrollment: The total number of students. This may refer to the district's total student population, the school's total student population, or a sub-group of the student population, such as special education.

Equalization Rate: Represents the state's judgment of how closely assessed values in your town match the "true market value" of the properties. It is a ratio of a municipality's total assessed value to its market value. Regarding school taxes, the equalization rate helps determine how the school tax levy is shared among a district's municipalities. A municipality with an equalization rate of 100 percent means that the municipality is assessing property at full market value. Thus, property owners are paying the most accurate share of that municipality's tax burden, including school taxes.

Equalization Aid: Funds provided by the State to improve the revenue equity between districts receiving relatively low revenue limit amounts per ADA and districts receiving relatively higher amounts. Equalization aid is typically provided based on the type and size of school districts; small elementary district revenue limits are compared with other small elementary districts; large unified districts such as LAUSD are compared with other large unified districts, etc.

ESEA: The Elementary and Secondary Education Act is a significant piece of legislation reauthorized every five years at the federal level that guides federal policy regarding K-12 education. Each authorization may have a separate, more popular name (e.g., No Child Left Behind, ESSA).

ESSA: Every Student Succeeds Act. This is the latest (2015) reauthorization of ESEA. It is especially relevant to our work because it includes provisions related to equity and finance, such as reporting per-pupil spending.

Expenditure: Payment of cash or transfer of property or services to acquire an asset or service.

Expenditures Per Pupil: The amount of money spent on education by a school district or the state divided by the number of students educated.

FAPE (Free and Appropriate Public Education): The education to which every student is entitled under IDEA (Individuals with Disabilities Education Act). Every student is entitled to an education appropriate to their unique needs and provided free of charge.

Free Cash: Town Meetings can appropriate free cash, which results from unexpended appropriations, revenue overestimates, and property tax collections from prior years. However, the amount is not available for appropriation until it has been certified by the Department of Revenue (DOR). This is done when the Town submits its balance sheet to the DOR. Free cash is sometimes referred to as the Undesignated Fund Balance.

Fiscal Year: A fiscal year is the accounting period on which a budget is based. For example) The New York State fiscal year runs from April 1 to March 31. The fiscal year for all New York counties, towns, and most cities is the calendar year. School districts in New York State operate on a July 1 through June 30 fiscal year.

Free or reduced-price lunch (FRPL): An indicator of poverty. Students qualify for FRPL when their family income falls below a standard poverty level. FRPL is a metric used to calculate a district's Title I funding.

Fund Balance: A fund balance is created when the school district has money left over at the end of its fiscal year from underspending the budget and/or taking in additional revenue. Part of the fund balance (appropriated fund balance) may be applied as revenues to the district's budget for the following year. A portion may also be set aside (unappropriated fund balance) to pay for emergencies or other unforeseen needs (as determined by the Board of Education) and, if not used, becomes a part of the following year's fund balance.

Fund: Defined as "a sum of money or other resources set aside to carry on specific activities or attain particular objectives."

FTE (Full-Time Equivalent): Often misunderstood to mean Full-Time Employees, in school finance, FTE stands for Full-Time Equivalent. Regarding the people employed in a district, it is the ratio of a person who

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works out of the 40 possible hours in a workweek. Someone working 60 hours a week would be 1.5 FTE, and someone working 10 hours a week would be .25 FTE. In higher education, FTE relates to a student's class load, where full time may be 14 hours of classwork per week, and a student enrolled ½ time would be considered .5 FTE.

Funding Source: Where revenue dollars originate. Some familiar funding sources are federal grants related to legislation such as the Individuals with Disabilities Education Act, state tax revenue like state lottery proceeds, and local tax receipts, primarily from property taxes.

Funding Formula: A customized combination of enrollment and staffing ratios and/or student-based funding weights to calculate funding allocations to districts or schools. Funding formulas generally aim to make funding fair and equitable based on the student's needs.

Fundamental Operating Budget (FOB): The total amount required to pay for current year programs, staffing, and services at next year's prices — i.e., what the following year's budget would be if the current year's budget were simply "rolled over."

Guaranteed Tax Base (see also Wealth Equalization): Sometimes referred to as Tax-Levy Equalization or School Finance Equalization, funding levels are determined by a formula that equalizes the taxes paid on the base amount of property within the district.³

General Fund Budget: The budget is placed before the voters of a school district for their consideration and approval, including the revenues to support the budget. Most districts also develop and operate budgets for the school lunch/breakfast program, the capital fund, and the special aid fund (related to programs for students with special needs).

General Fund: The unrestricted annual operating budget includes state and local revenue. *Note: These dollars are unrestricted because the district chooses how to spend them without specific external restrictions.*

General Local Aid (also called Unrestricted General Government Aid or UGGA): Cities and towns use general local aid to fund general government services, with broad leeway to distribute this money for programs across their local budgets. General local aid came in two forms for many years: Lottery Aid (revenue from state lottery profits) and Additional Assistance.

Gifted and Talented Education (GATE): A State-funded program within the General Fund that provides supplementary funding for identified qualifying students.

Goal: The result or achievement toward which effort is directed; aim; end. See S.M.A.R.T Goal. Governor's Budget – The Governor's Proposed State Budget, or "Governor's Budget," is published each January and represents his initial public disclosure of his financial assumptions and spending priorities for the coming fiscal year.

Grant: A contribution, either in money or material goods, made by one governmental agency to another. Grants may be for specific purposes or, rarely, for general purposes.

Governmental Fund: A classification of funds which include the General Fund, Special Revenue Funds, Debt Service Fund, Permanent Funds, and Capital Project Funds.

Hybrid Model: Hybrid models often combine aspects of student-based budgeting models, resource allocation models, and various cost factors.

IEP (Individualized Education Program): A legal document that defines special education services to be provided by the district to a student with disabilities.

IDEA (Individuals with Disabilities Education Act): Legislation that guarantees educational rights to all students with disabilities and makes it illegal for school districts to refuse to educate them based on their disabilities.

Inclusive Classroom: For individuals with a disability and/or in special education, inclusion secures opportunities for students with disabilities to learn inside general education classrooms. General education classrooms in which students with disabilities learn are known as inclusive classrooms.

Individuals with Education Disabilities Act (IDEA): This federal law requires that all children with disabilities receive a free and appropriate education from infancy through age 21.

Instructional Components: The state allocates funding based on the cost of resources, such as staffing, classroom supplies, or other educational materials. Funding is sometimes provided for a bundle of resources. Resources are often allocated based on the size of the student population, with some references to student characteristics like English learner status.

Interfund Transfers: Permanent transfers within the same fund from one account to another.

Least Restrictive Environment (LRE): The environment in which students with disabilities must be educated, as IDEA mandates. Students with disabilities must be educated in a classroom near the general education setting.

Level Service Budget: A no-growth budget that continues appropriations for programs and services at their current year levels. The appropriation to maintain programs and services may still increase due to inflation or other factors.

LEA: Local Education Agency. The local unit of school administration, such as a school district or a charter organization.

Levy: The total of taxes or special assessments a governmental unit imposes—also, the act of imposing taxes or special assessment.

Local Receipts: Town revenue is based on local taxes and fees such as motor vehicle excise, utility, local permits, and license fees.

Limited: See “Onetime.”

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Local Match: The required share of total formula funds that local jurisdictions must allocate to schools for each school district to receive its state-funded share of dollars. Some states do not require their districts to contribute to making a local match to receive state funding for operating expenses (e.g., North Carolina).

Local Revenue: Local revenue is generated by a combination of property tax, sales tax, and income tax and is a significant funding source for many school districts across the country.

Maintenance of Effort: These laws require local funding bodies to allocate at least the same amount of funding to school districts as was budgeted the previous year for operating expenditures, excluding capital outlay and debt service, unless there is a decline in student enrollment. Maintenance of effort laws ensures that financial contributions by one funding body are used to enhance existing financial support from another. For example, these laws ensure that new or increased state funding provides additional support to schools and does not result in simply replacing existing local funding, also known as supplanting.

Mill: A rate used in calculating property taxes expressed in units of one-tenth of one cent or 0.001 of one dollar instead of reporting tax levies in terms of mileage.

Norms: Most district schools receive base allocations of teachers, school administrators, school clerical positions, and various resources based on Board-approved “norms,” which determine the resources to be allocated to individual schools. Most norms are based on the number of students on “norm day,” generally the Friday of the fourth week of school. Still, other factors may be used in norm allocations (e.g., the allocation of custodians is based on a complex formula that includes the size of the school). The district norms are published as “norm tables,” describing the factors determining the individual norms.

Ongoing Revenue or Expenditure: Line items expected to continue into the subsequent year.

Operational Budget: The positions and other resources that enable an operating unit (a district) to perform the functions for which it is responsible.

Other Outgoing Expenditures: for debt service, transfers between funds within a district, and transfers to other agencies.

Outcomes-based funding: Otherwise known as performance-based funding, it’s used primarily in post-secondary policy. In this type of funding, a portion of a funding formula is allocated based on performance, often including student outcomes such as assessment scores. Additionally, it may more heavily weigh students from low-income backgrounds, students with disabilities, English learners, and other groups.

Insurance Reserve: This reserve is used to pay liability, casualty, and other types of losses, except those incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee.

Per-Pupil Expenditures: The dollars a school district *spends* in one fiscal year divided by the number of students the district is responsible for educating. This differs from per-pupil revenue because districts can contribute and withdraw money from “rainy day” funds (see Fund Balance), so revenues will not always

reflect expenditures. The Every Student Succeeds Act requires that districts report per-pupil actual expenditures at the school level broken down by federal, state, and local fund sources.

Per-Pupil Revenue: The dollars a school district *receives* from all funding sources in one fiscal year divided by the number of students the district is responsible for educating.

Position Control: The act of planning for the salary and benefits of employees at a district to be sure that the district can afford the employees they expect to pay.

Program Budget Component: The district's proposed budget must include one of the three categories. These include the salaries and benefits of teachers and supervisors who spend most of their time teaching, instructional costs such as supplies, equipment, and textbooks, and all transportation operating costs, excluding bus purchases.

Proposed Budget: Also called the Administrative Budget Proposal, the spending plan was developed by school administrators before Board adoption. (i.e.) New York State requires school districts to show their proposed budgets in three categories: administrative, program, and capital.

Preliminary Budget: The district's first budget, published annually, is intended to assist in financial planning by providing Board Members and the public with information regarding available revenues and expenditure requirements for the coming fiscal year. The Preliminary Budget is based on information from the Governor's Proposed Budget and other sources.

Primary Funding Model: Money is provided for general purposes to cover basic education costs, such as teacher salaries and instructional materials. Models include student-based, resource allocation, and hybrid (See respective terms for definitions).⁴

Property Tax: A tariff is assessed to the value of real estate levied by the governing authority and paid by the property owner. Property taxes are subject to assessed value calculations, millage rates, and personal or privately owned property tax policies.⁴

Revenue: Sources of income financing the operation of the school district.

Reimbursement System: Districts submit receipts of eligible expenditures to the state, reimbursing districts for all or a portion of those expenditures.

Resource-Based Allocation: This type of allocation occurs when all districts receive a minimum base amount of resources. These resources could be staffing, services, or programs and are often based on a ratio of staff to students.

Reassessment: A reassessment is a systematic analysis of all locally assessed properties (commercial and residential) to achieve a uniform percentage of value. The goal of a reassessment is to ensure that each assessment reflects current market prices and that each property owner pays only their fair share of the tax burden. With a reassessment comes a shift in the tax burden to those whose property values have risen faster than average. This process does not result in a windfall of new revenue for the town, county, or

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school district, nor does the reassessment change the total taxes the school district must collect; it merely redistributes who pays them. In theory, rising assessments will decrease the tax rate (everything else being equal), as there is now a larger tax base from which the school may generate the same amount of tax dollars. If a property owner's assessment doubles, their tax bill will not double – in fact, it may remain about the same, increase slightly, or even decrease depending on the final tax rate.

Retirement Contribution Reserve Fund: This reserve funds employer retirement contributions.

Restricted Fund: State or federal allocations with restrictions on who or what money can be spent. For example, some dollars may be restricted for spending on low-income students or certain resources, such as literacy materials.

Segment: (as it relates to the chart of accounts) A piece of the account string that contributes meaning/ a definition of that account. Common examples are Funds (denote the source of dollars), Objects (denote what dollars are being spent on, such as salaries, benefits, and supplies), Locations (denote the locations where dollars are spent), Cost Centers (denotes who holds and controls the dollars), Projects (denotes if money is targeted at a specific project), and Functions (denotes why resources are spent, such as instruction, support staff, etc.)

Site- or School-Based Management (SBM): A system by which some level of autonomy is given to site leaders (e.g., principal, teachers, community) in the budgeting process. This autonomy is not reliant on the former two movements.

S.M.A.R.T. Goal: *Specific, Measurable, Attainable, Relevant, Time.* This type of goal is clear and realistic. It allows schools to assess progress toward student achievement better when the goal in mind is clear. Special Education Program – Programs to identify and meet the educational needs of children with emotional, learning, or physical disabilities. Federal law requires that all children with disabilities be provided a free and appropriate education according to an Individualized Education Program (IEP) from infancy until 21 years of age.

Special Education (SPED): Students who qualify for targeted funding and services under the Individuals with Disabilities in Education Act (IDEA).

Special Funds: Separate financial entities within the budget that provide for specified activities, as defined in the (State) Education Code. Examples are the Adult Education Fund, Building Fund, and Cafeteria Fund.

State Education Agency (SEA): The agency primarily supervises a state's public elementary and secondary schools.

Student-Based Budgeting (SBB): A system in which the funding available to a school is based on the overall enrollment of the school. In its simplest form, it is an assigned dollar amount allocated per pupil and multiplied by enrollment to determine a total budget allocation.⁴ Often, student-based budgeting includes funding students at differing levels based on their characteristics (e.g., low income, English learner, special education status, or rurality).

Student-Based Foundation: Districts receive a base amount of funding per student, with additional money or weights added to provide additional resources to students with higher needs. (See also Base Amount above.)

Stakeholder: A person or group that has an investment or interest in the success of our schools and district.

Stimulus: See American Recovery and Reinvestment Act.

Supplant: To replace (one thing) with something else. Federal funding supplanting occurs when a state or local government reduces funds for an activity because federal funds are available to fund the same activity—typically frowned upon in most grants.

Supplementing: This is when federal funds are used to enhance existing or local funds, which differs from federal supplanting.

Supplement: Something added to complete a thing, supply a deficiency, or reinforce or extend a whole.

Student-Based Budgeting (SBB): A system in which the funding available to a school is based on the overall enrollment of the school. In its simplest form, it is an assigned dollar per pupil multiplied by enrollment to determine a total budget allocation.

Support Services: The personnel, activities, and programs that enhance instruction and provide for the general operation of the school district. This includes attendance, guidance, and health programs; library personnel and services; special education services provided by speech and language pathologists, physical therapists, and occupation therapists; professional development; transportation; administration; buildings and ground operations; and security.

Teacher or Instructional Unit: Funding is distributed by setting the number, or target number, of teachers or instructional support staff that state funds will support based on a ratio. Teacher or instructional unit funding is often calculated based on student enrollment.⁴

Tax Base: Assessed value of local real estate that a school district may tax to fund yearly operations.

Tax Effort: The level of taxation needed to generate the same amount of tax revenue as another governmental entity. Because some governmental entities have wealthier tax bases, they can tax a smaller percentage and still generate the same level of resources as an area with a smaller tax base.

Tax Levy: Total sum to be raised by the school district after subtracting out all other revenues, including state aid and appropriated fund balance and the use of reserve funds. The tax levy determines the tax rate for property owners in the district.

Tax Levy Limit: The amount the district's tax levy may increase without requiring a supermajority to approve a proposed budget (60 percent of votes plus one). Each district must use a state formula that begins with an increase of 2 percent or the level of inflation (whichever is less) and add back certain exemptions. The result is often a number higher than 2 percent.

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Tax Rate: The tax paid for each \$ unit of assessed property value. In districts that cover just one municipality, the tax rate is figured simply by dividing the total assessed property value by 1,000 and then dividing that again into the tax levy (the amount of money to be raised locally). The formula for figuring the tax rate is more complicated in districts encompassing more than one municipality. It involves assigning a share of the total tax levy to each municipality by applying equalization rates, which consider the different assessment practices in each municipality.

Title I Funding: Federal dollars allocated to school districts based on the number of low-income (defined as qualifying for Free or Reduced Priced Lunch) students in the district. These are often highly restricted funds. NOTE: Title I funding refers to Title I under ESEA.

Three-Part Budget: School districts must divide their budgets into three components – administrative, capital, and program – and each year, they must show how much each portion has increased in relation to the budget. A further definition of the three components is as follows:

Administrative Budget Component: These expenditures include office and administrative costs, salaries, and benefits for certified school administrators who spend 50 percent or more of their time performing supervisory duties, data processing, public information, legal fees, property insurance, and school board expenses.

Capital Budget Component: This covers all school bus purchases, debt service on buildings, leasing expenditures, tax certiorari, and court-ordered costs, as well as all facility costs, including salaries and benefits of the custodial staff, service contracts, maintenance supplies and equipment, and utilities.

Program Budget Component: This portion includes salaries and benefits of teachers and supervisors who spend the majority of their time teaching, instructional costs such as supplies, equipment, and textbooks, cocurricular activities and interscholastic athletes, staff development, and transportation operating costs.

Unappropriated Fund Balance: A school district can keep a portion of its total fund balance, up to 4 percent of the following year's budget. These monies are kept in a separate fund, which may be used to pay for emergency repairs and other unforeseen occurrences, as determined by the Board of Education. Unused monies within this fund become part of the following year's total fund balance.

Unemployment reserve: The district's financial reserve account is used to pay unemployment insurance benefits as determined by the State and Federal government.

Unrestricted: Refers to funding that may be used for any educational purpose at the discretion of the Board of Education.

Wealth Equalization: A policy tool utilized in some states to reduce funding gaps between districts by redistributing resources more equally. This approach is sometimes called district power equalization because it allows each district to tax and spend as if they had the same or more equalized local property tax base. Equalization policies can help eliminate the inequities that foundation funding can produce by providing

additional levels of funding to school districts with higher tax efforts rather than distributing solely based on student characteristics.⁹

Weighted Student Funding (WSF): A student-based funding system by which individual students, based on their characteristics (e.g., low income, English learner, or special education status, or rurality), are given additional funding in the form of a “weight,” suggesting they need a percent of funding over the base level of funding. For example, a student from a low-income background may be funded with a weight of .4, meaning the funding for that student will be 1.4 times the base level of funding.

Workers Compensation Reserve Fund: This reserve funds workers’ compensation expenses, including medical, legal, and self–insurance administrative costs.