

## Budget Process Overview

The budgeting process is comprised of three major phases:

- **Planning**

The budgetary process begins with sound planning. Planning defines the goals and objectives of campuses and the school district and develops programs to attain those goals and objectives.

- **Preparation**

Once these programs and plans have been established, budgetary resource allocations are made to support them. Budgetary resource allocations are the preparation phase of the budgeting process. These allocations cannot be made, however, until plans and programs have been established.

- **Evaluation**

The budget is evaluated for its effectiveness in attaining goals and objectives. Evaluation typically involves an examination of:

1. How funds are expended?
2. What outcomes resulted from expenditures?
3. To what degree these outcomes achieved the objectives stated during the planning period.

In summary, budget preparation is not a one-time exercise to determine how a school will allocate funds. Rather, the school district budget preparation is part of a continuous cycle of planning and evaluation to achieve district goals.

## Legal Requirements for Budgets

### *2.5.1 Statement of Texas Law*

Legal requirements for school district budgets are formulated by the state, TEA, and the local district.

Sections 44.002 through 44.006 of the Texas Education Code establish the legal basis for budget development in school districts. The following items summarize the legal requirements from the code:

1. The superintendent is the budget officer.
2. The district budget must be prepared by August 20.
3. The president of the board must call a public meeting of the board, giving ten days public notice in a newspaper, for the adoption of the district budget.
4. Concurrently with the publication of notice of the budget above, a school district must post a summary of the proposed budget on the school district's website or the district's central administrative office if the school district has no website.
5. No funds may be expended in any manner other than as provided for in the adopted budget. The board has authority to amend the budget.
6. The budget must be prepared in accordance with GAAP and state guidelines.
7. The budget must be legally adopted before the adoption of the tax rate.
8. If a school district elects to adopt a tax rate before adopting a budget, the district must publish notice and hold a meeting for the purpose of discussing the proposed tax rate as provided by TEC 44.004.
9. HB 3, 81<sup>st</sup> regular Session, added TEC 39.084 which requires that on final approval of the budget by the school board, the school district shall post on the district's website a copy of the adopted budget.
10. Minutes from the district board meetings will be used by TEA to record adoption of and amendments to the budget.
11. The officially adopted district budget, as amended, must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines.
12. A school district must amend the official budget before exceeding a functional expenditure category, i.e., instruction, administration, etc., in the total district budget.

### Development of Campus Budget

- Responsibility for developing revenue estimates lies with district administration.
- Expenditure estimates are a shared responsibility of administration and campuses.
- Campus level budgets are the basis for expenditure side of the budget.
- Although a campus may receive an allocation of district resources based upon standard allocation formulas, the budgeting of these resources is at the discretion of the campus under the Site-Based Decision Making.
- Campus budgets should evolve from a planning process.
  - Should begin with identification of campus goals and objectives by the SBDM.
  - Goals and objectives should be driven by needs of the campus (Instruction) and CSAP.
  - Prioritize and allocate to each department or program accordingly.

### Budget Coding Do's & Don'ts

- Campus must budget funds in function 33 Health Services (Cost of operating nurses office).
- **Consulting services** must be object 6291.
- **Dues** must be object 6495.
- **Athletic officials** must be 6299.
- **Substitutes for support personnel** must be 6122.
- **Books, Magazines/Newspaper Subscriptions** must be object 6329 with appropriate function.
- **On-line software** must be object 6399.
- **Copier rentals** must be object 6269 with appropriate function.
- **Printing costs** must be object 6298 with appropriate function.
- **Car rentals** for employee travel must be object 6411 with appropriate function.
- **Bus rentals for student transportation** must be object 6412 and either function 11 or 36.
- **Site licenses** must be object 6399 with appropriate function.
- **Contract with Regional Service Center** must be object 6239.
- Function must be 11, 36, or 61 for object 6412.
- Function must be 11 for object 6222 or 6223.
- Function must be 11, 31, or 61 for object 6339.
- Function must be 11, 12, or 13 for object 6112.
- Function must be 51 for object 6259.