Fiscal Leadership: Mastering the Buckets of School & District Finance

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Session Objectives

- Understand different funding sources "buckets" that generate school revenue
- Reflect on your finance philosophy as a leader with fiscal responsibilities

Who is in the Room?

District Leadership

- Central Office Personnel
- Curriculum & Instruction Support

School Administration

- Building Principals
- Assistant Principals

Emerging Leaders

- Aspiring Administrators
- Site Fiscal Coordinators

Fiscal Leadership: Saying No

Turn NO into an opportunity to learn

Take the time to explain to a teacher, principal, staff member why a purchase can’t be made.

Sorting Activity: Test Your Knowledge

The Funding Buckets

- State & Local Funding
- Federal Funds
- Activity Funds

Which source should purchase:

Purchase A: Refreshments for Donuts for Dads

Purchase B: Instructional Materials required to teach state standard

Purchase C: Additional Materials for Tier II and Tier III instruction for remediation or extention/enhancement

The Four Primary Funding Buckets

1. State & Local

Foundation funds driving operational stability and core district functions.

2. Categorical

Targeted state grants earmarked for specific student populations and programs.

3. Federal

Formula grants tailored for equity, supplemental services, and specialized support.

4. Activity

Locally generated revenues managed for student groups and campus initiatives.

State & Local Foundation Funds

- **Primary Revenue Source:** Represents the majority of total operational funding received by a school district.
- **Allocation Formula:** Determined by student enrollment (ADM), local property tax rates, and total millage.
- **Unrestricted Nature:** Used for general operational expenditures, salaries, utilities, and core curriculum needs.
- **Compliance:** Fully flexible as long as expenditures comply with state legislative audit guidelines.

State & Local Foundation Funds

State Funding Matrix:

Based on an efficiency model of schools sizes 500 students +

While the matrix is a funding suggestion, the further a district varies from these suggestions, the more your district will depend on additional funding sources:

		FY25	FY26	FY27
Matrix Calculations				
School Size		500	500	500
K = 8% of students		40	40	40
Grades 1-3 = 23% of students		115	115	115
Grades 4-12 = 69% of students		345	345	345
Staffing Ratios				
Kindergarten	20 :1	2.0	2.0	2.0
Grades 1-3	23 :1	5.0	5.0	5.0
Grades 4-12	25 :1	13.8	13.8	13.8
PAM = 20% of classroom		4.14	4.16	4.16
Total Classroom Teachers		**24.94**	**24.96**	**24.96**
Special Ed Teachers		2.9	3.20	3.20
Instructional Facilitators		2.5	2.5	2.5
Librarian / Media Specialist		0.85	0.85	0.85
Guidance Counselor & Nurse		2.5	3	3
Total Pupil Support Personnel		**8.75**	**9.55**	**9.55**
SUBTOTAL		**33.69**	**34.51**	**34.51**
Principal		1.0	1.0	1.0
Secretary		1.0	1.0	1.0
Total School-Level Personnel		**35.69**	**36.51**	**36.51**

Fiscal Leadership: Saffing

Adding staff is easy, cutting staff is difficult

- Regularly check teacher:student ratios
- Plan forward with next year enrollment ratios
- Define class sizes in your district and stick with that plan

State & Local Foundation Funds

State Funding Matrix: $8,038 per student

	FY25	FY26	FY27
*Estimated state portion is 55%, based on the percentage URT comprised of total Foundation Funding i			
School-Level Salaries and Benefits			
Teacher Base Salary	$59,519	$60,995	$62,508
Teacher Health Insurance	$2,814	$3,819	$0
Teacher Other Benefits	$13,689	$14,029	$14,377
Total Teacher Salary & Benefits	$76,022	$78,843	$76,885
Per Student Total Teacher S&B	**$5,122**	**$5,442**	**$5,307**
Principal Base Salary	$83,577	$85,650	$87,774
Principal Health Insurance	$2,814	$3,819	$0
Principal Other Benefits	$19,223	$19,699	$20,188
Total Principal Salary & Benefits	$105,614	$109,168	$107,962
Per Student Total Principal S&B	**$211**	**$218**	**$216**
Secretary Base Salary	$35,276	$36,151	$37,047
Secretary Health Insurance	$2,814	$3,819	$0
Secretary Other Benefits	$8,113	$8,315	$8,521
Total Secretary Salary and Benefits	$46,203	$48,284	$45,568
Per Student Total Secretary S&B	**$92**	**$97**	**$91**
Total School Level Salaries	**$5,426**	**$5,757**	**$5,614**
School-Level Resources			
Technology Per Student	$250	$235	$235
Salary Enhancement Other Employees	$44	$50	$52
All Other Personnel Health Insurance	$30	$41	$0
Instructional Materials Per Student	$205	$210	$216
Extra Duty Funds Per Student	$72	$74	$76
Supervisory Aides Per Student	$58	$59	$61
Substitutes Per Student	$78	$85	$90
School-Level Resources Increases	**$739**	**$755**	**$730**
District-Level Resources (Carry-Forward)			
Operations & Maintenance	$786	$809	$833
Central Office	$483	$495	$507
Transportation	$337	$345	$354
District-Level Resources Increases	**$1,605**	**$1,649**	**$1,694**

State Categorical Funds

Program Earmarks:

- **English Language Learners (ELL):** Dedicated support for language acquisition.
- **Professional Development:** Educator growth and instructional quality.
- **Alternative Learning Environment (ALE):** Non-traditional education pathways.
- **Enhanced Student Achievement (ESA):** Interventions and student progress.

Key Carryforward Rules

These funds are **restricted** to specific outcomes, but maintain transferability flexibility under state guidelines.

Note: Subject to a maximum 15% carryforward limitation annually.

Federal Funding Titles & Rules

Title I
Poverty Support: Closing achievement gaps in low-income schools.

Title II
Teacher Quality: Professional development & recruitment.

Title III
EL Language: Language instruction for English learners.

Title IV
Well-Rounded: Safety, technology, & enrichment opportunities.

Title VIB
Special Ed: Services for students with disabilities.

Supplement vs. Supplant Litmus Test
Federal funds are the **most restrictive**. They must supplement, not replace, state/local funds. Ask yourself: *"Can the district legally & technically operate without these federal funds?"* The answer must always be **YES**.

Activity Funds

Student & Program Focus

Funds raised by specific student organizations, athletics, or groups for the express purpose of supporting those specific initiatives.

🔓 Operational Flexibility

Considered the **least restrictive** funding stream in terms of federal mandates. However, expenditures must strictly adhere to local board policy and district accounting standards.

Funding Restrictiveness Spectrum

Strategic Spending Rule: **Plan the use of your most restrictive funds first**, prioritizing allocations with immediate expiration or carryover caps.

MOST RESTRICTIVE

Federal Funds

Strict Title rules; Supplement not supplant.

HIGH RESTRICTION

State Categorical

Earmarked programs; 15% carryforward cap.

MODERATE

State & Local

Operational core; Legislative audit compliance.

LEAST RESTRICTIVE

Activity Funds

Group specific; District policy governed.

Purchasing Framework: The Why & How

1. The WHY

Why is this specific purchase needed?

This purchase directly supports the district strategic plan or school level improvement plan in this way ______________.

Align every dollar with student achievement goals.

2. The HOW

Core Operational Need?
Use State & Local funds.

Enhancing Existing Program?
Use Categorical or Federal funds.

Club / Extracurricular Event?
Use Activity or State & Local funds.

Sorting Activity: Solutions Reviewed

Purchase Request Scenario	Correct Bucket	Financial Rationale
Donuts for Dads Refreshments	**Activity Funds**	Cannot use state/federal tax dollars for general food/hospitality unless specifically allowed by policy. Activity funds for community events.
Required Core Instructional Materials	**State & Local**	Teaching state standards is a mandatory core operation. Using federal funds here would violate the *supplanting* rule.
Supplemental Materials for Scaffolding	**Federal / Categorical**	Adds value and targeted support to an existing program for specific learning interventions.

Budget Planning & Timeline Execution

Stakeholder Engagement

"Teamwork Makes the Dream Work"

- Sort *Needs* vs. *Wants* collaboratively.
- Establish consensus on campus priorities.
- Open communication and transparency with stakeholders avoids negative conversations about school spending in the public or teacher work room.

Budget Planning & Timeline Execution

Stakeholder Engagement

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Think, Pair, Share:
Write down who you involve in budget planning.

Fiscal Leadership: Procurement & Replacement

Don’t just make purchases, sustain them

- Replacement Cycles
  - Technology
  - Athletic/Fine Arts Uniforms & Equipment
  - Fixed Asset life expectancy
  - Multi-Year Curriculum Access

Budget Planning & Timeline Execution

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Think, Pair, Share:
Discuss with a partner who the people on the list are.

As you listen to your partner, think of who you could add to your list.

Budget Planning & Timeline Execution

Spending Timeline

Pacing Your Allocations

- Avoid end-of-year rush spending.
- Maintain a fairly **even spend rate** throughout the academic fiscal year.

Multi-Year Enrollment & Financial Forecast

Predicting 5-Year Trends

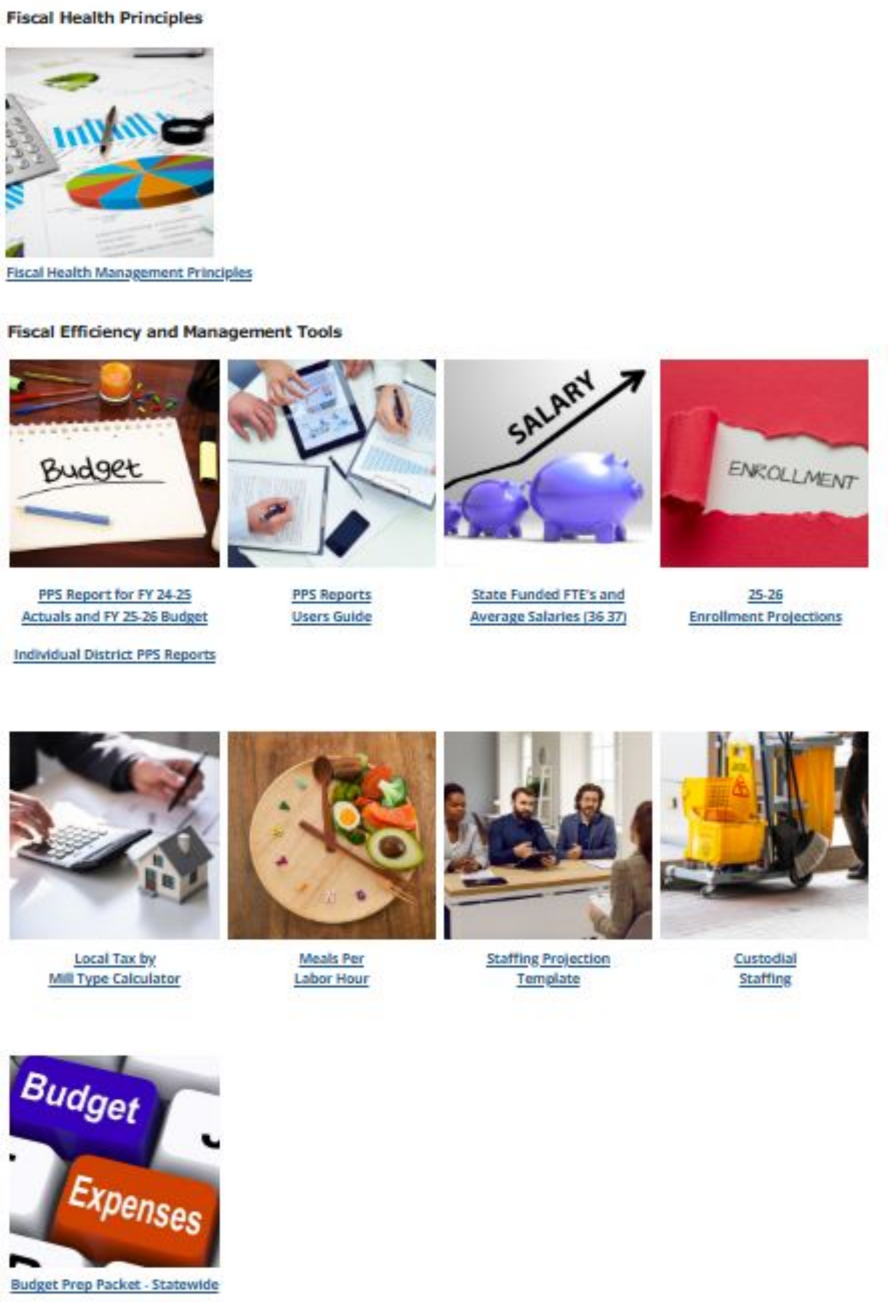
The enrollment forecast is like the weather—confident for 1 to 2 years, but further out, it requires professional estimation.

- Track demographic trends and prepare proactive budget adjustments.

- **Resource Mobility:** Plan ahead when large cohorts transition (e.g., shifting tech/furniture from Jr. High to High School).

DESE Resources

DESE Fiscal Services and Support Page: https://dese.ade.arkansas.gov/Offices/District-Operations/fiscal-services-and-support



Questions & Discussion

Thank you for your leadership and dedication to sound fiscal management!