GPS **Staking A Claim in Our Students' Future**

Guthrie Public Schools
Budget Frequently Asked Questions

REVENUE

Q: How does GPS receive money? What are the school districts sources for revenue?

A: Guthrie Public Schools income is generated from three general areas: local, state, and federal. Within those sources the largest income is represented by:

Local (City and County)

- **Ad Valorem** - taxes based on value placed on real and personal property within school district boundaries
- **County 4 Mill** – county-wide property tax calculated at a rate of 4 tenths of a cent that is applied to the net assessed value of real estate and apportioned to all schools based upon student numbers
- **County Mortgage Tax** – taxes assessed by the county based upon the term and amount of mortgages filed

State

- **State Funding Formula** - amount of money received is determined on total number of students and other categories such as percent of special education services and gifted programs
- **Motor Vehicle Collections** - income from tag and title fees
- **Gross Production Tax** - comes from revenue from state oil and gas related businesses and is the hardest income source to predict

Federal

- **IDEA** - government money allocated only for special needs student education services
- **Title 1** - government money proportionate to the number of students classified as eligible for free and reduced meals; also known to equal the amount of students whose families live at or below the poverty level
- **Title 2** - government money for training and professional development

Q: How does local real estate tax (ad valorem) affect Guthrie Public Schools funding?

A: Ad Valorem (property taxes) are the district's second largest source of General Fund revenue behind the state foundation funding formula. Ad Valorem is also the only material source of funding that goes into the Building Fund.

Q: How do funds from the Oklahoma Lottery impact the GPS income?

A: Oklahoma lottery funds are not disbursed directly to Oklahoma school districts. The money collected from the lottery is given to the State Department of Education and combined with the state allocation each school district receives from the state. While some additional money is better than none, this is not a reliable source of revenue for GPS and cannot be consistently added as a revenue source. Also, school districts began receiving lottery funds at approximately the same time as the state mandated a $3,000 teacher raise. This mandate essentially absorbed any new funding generated by the lottery permanently because this is a recurring cost each year.

Q: Why are carry-over (savings) funds important for school districts?

A: Every year GPS must pay for certain items such as instruction services, electric and utility bills, and property, liability, fleet auto, and workers' compensation insurance. Ultimately if we can't pay these items GPS would have to close its doors.

Just like a personal household tries to anticipate unexpected expenses, the financial goal for GPS is to maintain a savings account with a minimum of 12% of the total of the general operating fund. This amounts to a little more than one month's operating expenses for the school district. It is against the law in Oklahoma for school districts to spend in a deficit, which is why maintaining a carryover fund is critical for districts, especially during years with a budget shortfall.

EXPENDITURES

Q: How does GPS spend its budget?

A: There are actually two different school district budgets:

1. **Capital budget** - deals with long-term items like school construction. The capital budget is funded primarily by the sale of bonds. School districts essentially borrow the money and pay it off with interest over a 5- 10 year time period, much like a homeowner pays off a mortgage.

2. **Operating budget** - covers the day-to-day costs of running the school system.

Q: How much of the GPS budget is spent on people?

A: Approximately 85% of the GPS budget is spent on personnel to perform the following functions:

- Instruction
- Instructional leadership
- Getting students to schools and activities (sports and competitions)
- Feeding children breakfast and lunch
- Keeping buildings clean
- District Leadership & Support Services

Q: What are unfunded mandates?

A: An unfunded mandate is something the state or federal government requires GPS to do without providing all of the related funding. The total combined funding from the federal and state governments for schools continues to shrink, although the number of unfunded mandates has increased. More than $1.5 million in unfunded mandates is required annually as estimated by the GPS Finance Department.

Q: What is an example of a state unfunded mandate that GPS must comply with?

A: The state minimum teachers' salary schedule has never been fully funded due to the increase in student population, which requires additional teachers, and a failure to fund increased employer costs associated with mandated classroom instruction services (such as the employer's portion of taxes and retirement benefits).

Q: What are some examples of federal unfunded mandates that GPS must comply with?

A: An example of an unfunded federal mandate is the No Child Left Behind (NCLB) Act of 2001. The increase in the number of tests given since the 2000-01 school year as a result of NCLB requires more frequent testing. Because of the increase in testing, GPS must spend money to fund testing coordinators for each school, technology support staff, and data and reporting staff to comply with these mandates.

Another example of a federal unfunded mandate is the Individuals with Disabilities Education Act (IDEA). The original IDEA program for special education was to provide 40 percent of program funding to serve students;

- In actuality, GPS receives less than 25% of the total costs of implementing this legislation.

Q: Are there any other services the district pays for but is not funded by the revenue sources?

A: Transportation services are an example of just one student service that is not mandated by state law, but could greatly impact the increase in the number of students who could not attend school on a regular basis because of no transportation.

- GPS receives approximately $100,000 to provide student transportation services, while the actual cost of providing these services exceeds $1,000,000.

Q: Why is the district able to continue construction projects when less money (revenue) is coming into the district?

A: There is a sharp legal distinction between dollars used for operating schools and dollars used to build schools. Money designated for school construction cannot legally be used to operate schools.

Q: What is the difference between "recurring funds" and "one-time funds"?

A: Recurring funds are revenues that occur annually and can be counted on, either by assessment, policy or contract. In personal finance, recurring funds are like a person's salary: you know how much you have to spend each month and can plan your budget based on continuing to receive those revenues.

One-Time funds are monies that do not recur. They may be funds from the state or federal government that are restricted for use in a single fiscal year, but do not recur the subsequent year. In personal finance, one-time funds are like getting a bonus or a gift from your grandmother. They increase your revenue in the short-term, but not over the long-term.

Recurring funds and One-Time funds must be spent differently. An ongoing budget cannot be maintained with one-time funds because they do not continue. When the one-time funds run out, cuts will have to be made. Thus, one-time funds are often used for capital expenditures, such as the repair/upgrade of facilities or purchase of items, as these are "one-time" costs. Salary and benefits, on the other hand, are recurring expenses, and funding those with one-time funds creates a "funding cliff" when the one-time funds run out. Using one-time money to fund recurring expenses is not a long-term financial strategy; a school district must plan to balance recurring income with recurring expenses.