

# BUDGET DEVELOPMENT PROCESS

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# STATE REVENUE

The background features a vertical gradient from light green at the top to dark blue at the bottom. It is decorated with faint, semi-transparent circular patterns and a scale on the right side. The scale has numerical markings from 0 to 200 in increments of 10. There are also several circular arrows and dashed lines scattered across the background, suggesting a technical or data-related theme.

# STATE BUDGET PROCESS BEGINS WITH RE-BENCHMARKING

- RE-BENCHMARKING IS TECHNICAL IN NATURE AND DOES NOT INVOLVE CHANGES IN FUNDING POLICY OR METHODOLOGY OR FUNDING FOR NEW PROGRAMS, OTHER THAN THOSE ALREADY APPROVED AND DIRECTED BY THE GENERAL ASSEMBLY.
- COSTS ARE PROJECTED FORWARD FOR CHANGES IN ENROLLMENT, SALARIES, SUPPORT COSTS, INFLATION, AND OTHER FACTORS – COSTS CAN INCREASE OR DECREASE DEPENDING ON THE DIRECTION OF EACH DATA UPDATE.
- BECAUSE RE-BENCHMARKING IMPACTS THE TOTAL COST OF THE DIRECT AID FORMULAS, IT IMPACTS BOTH STATE COST AND THE REQUIRED LOCAL SHARE THAT LOCALITIES MUST FUND FOR THE SOQ AND OTHER DIRECT AID PROGRAMS WITH A LOCAL MATCH.

# RE-BENCHMARKING PROCESS

- STATE AND FEDERAL FUNDING TO SCHOOL DIVISIONS FOR PUBLIC EDUCATION IS PROVIDED THROUGH THE DIRECT AID TO PUBLIC EDUCATION BUDGET. THE GENERAL ASSEMBLY APPROPRIATES THE FUNDING.
- DIRECT AID FUNDING IS APPROPRIATED IN SIX BUDGETARY CATEGORIES:
  1. Standards of Quality (SOQ)
  2. Incentive Programs
  3. Categorical Programs
  4. Lottery Proceeds Fund Programs
  5. Early Childhood Education Programs
  6. Federal Funds
- IN EACH ODD-NUMBERED YEAR, THE STATE COST OF THE DIRECT AID BUDGET IS “RE-BENCHMARKED” FOR THE NEXT BIENNIUM, BEGINNING THE BIENNIAL BUDGET DEVELOPMENT PROCESS. THE PROCESS IMPACTS 30 OR MORE STATE DIRECT AID PROGRAMS IN CATEGORIES 1-4 ABOVE.

# RE-BENCHMARKING PROCESS - SOQ

- SOQ FUNDING IS DRIVEN PRIMARILY BY THE INSTRUCTIONAL STAFFING STANDARDS IN THE *CODE* AND THE SALARY/BENEFITS COSTS FOR THE REQUIRED INSTRUCTIONAL POSITIONS. IT ALSO INCLUDES FUNDING FOR SUPPORT COSTS BASED ON “*PREVAILING COSTS.*”
- SOME COMPONENTS OF THE SOQ FUNDING PROCESS ARE POLICY-DRIVEN (E.G., STANDARDS) BUT OTHERS ARE TECHNICAL AND MUST BE UPDATED THROUGH RE-BENCHMARKING.
- SINCE 90% OF STATE DIRECT AID FUNDING IS FOR SOQ PROGRAMS, SOQ FUNDING IS MOST IMPACTED BY THE RE-BENCHMARKING PROCESS; HOWEVER, STATE LOTTERY, INCENTIVE, AND CATEGORICAL FUNDING IN DIRECT AID IS ALSO IMPACTED.

# RE-BENCHMARKING PROCESS - SOQ

- KEY COMPONENTS OF THE SOQ FUNDING FORMULA INCLUDE:

- 1) Student enrollment;
- 2) Staffing standards for instructional positions;
- 3) Salaries of instructional positions;
- 4) Fringe benefit rates;
- 5) Support costs (salary and non-salary);
- 6) Inflation factors;
- 7) Support costs adjusted for deducted federal revenues; and
- 8) Sales tax funding and division composite indices.

# RE-BENCHMARKING DATA INPUTS

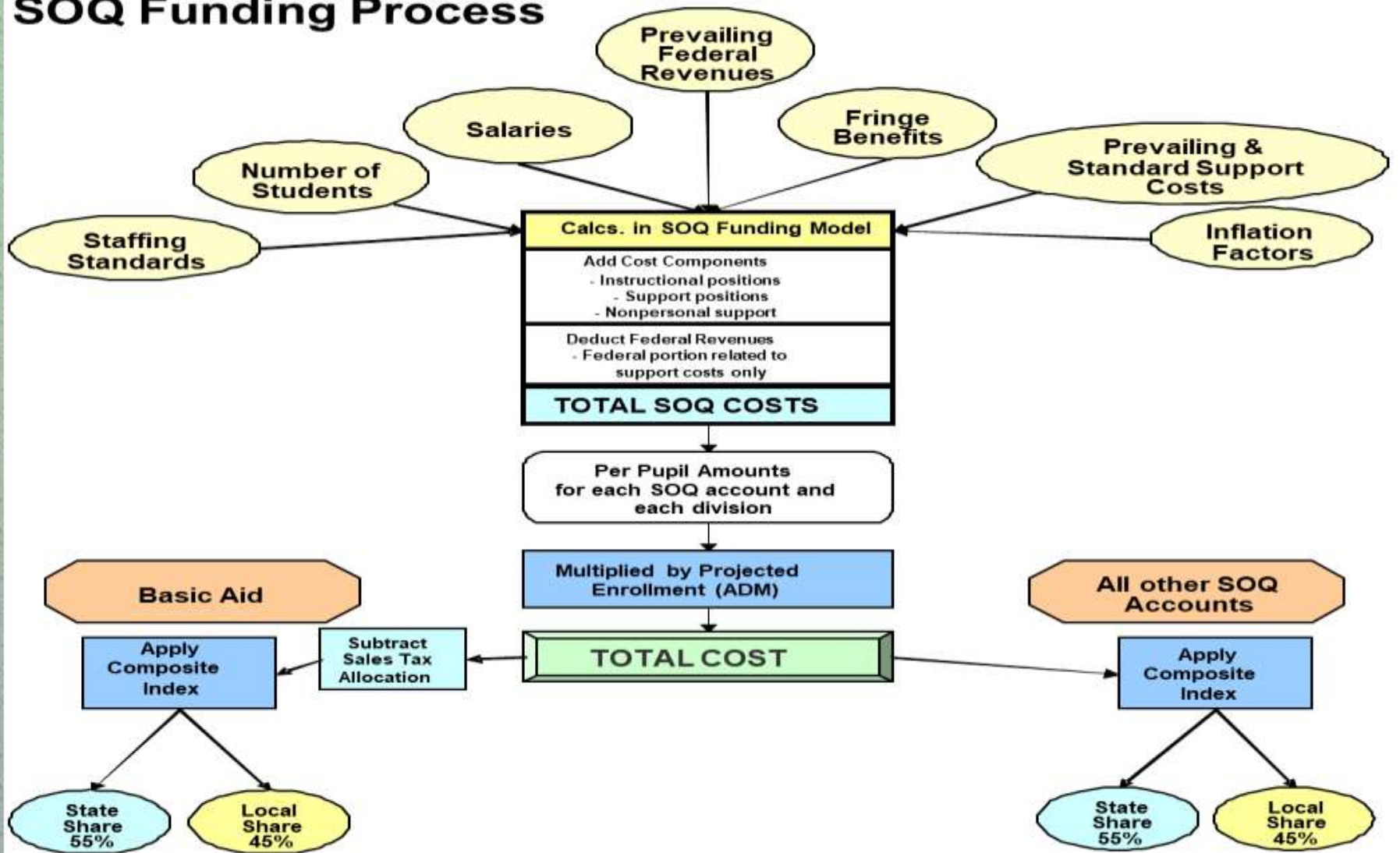
- KEY DATA INPUTS USED IN 2024-2026 RE-BENCHMARKING CALCULATIONS (MOST ARE SPECIFIC TO SOQ FORMULAS; DATA IS FROM FY22 & FY23):
  - Funded instructional and support salaries
  - Fall Membership and Average Daily membership projections
  - Special education child count
  - Career & technical education course enrollment
  - SOL failure rates and free lunch eligibility rates for SOQ remedial education and other at-risk accounts
  - *Base-year expenditure data from 2021-2022 Annual School Report* (for salaries & support costs)
  - Health care premium expenditures

# ***DETERMINING SOQ COSTS***

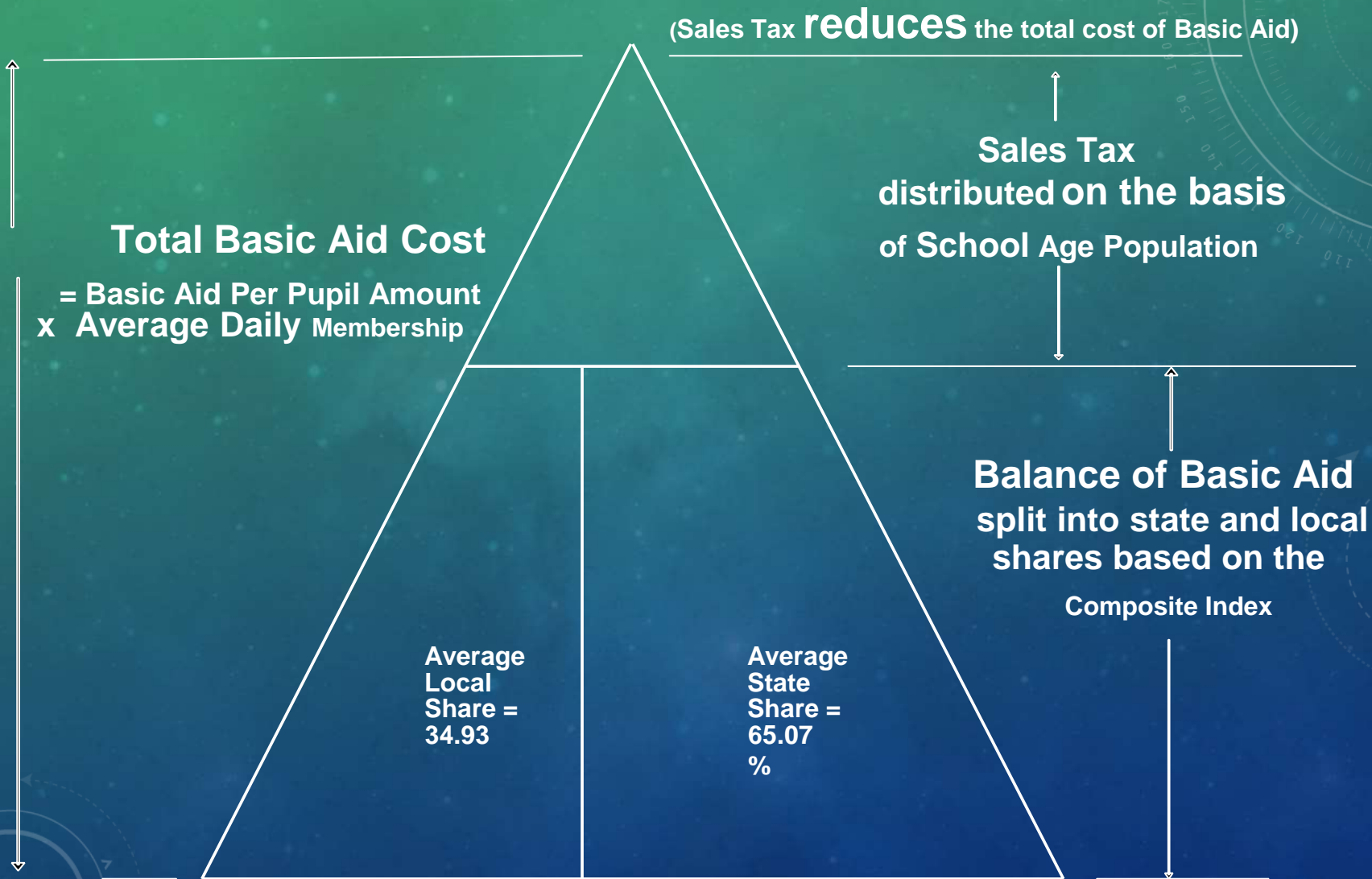
- Three components:
  - Required *minimum* instructional positions
  - Recognized support positions (not all)
  - Recognized non-personnel support costs (supplies, utilities, etc.)
- Funded by a per pupil cost calculated for each School division based on March 31<sup>st</sup> Average Daily Membership



# SOQ Funding Process



# State and Local Shares of Total Basic Aid Cost



# ***FOUR CATEGORIES OF STATE FUNDING***

## Standards of Quality Funding

- Basic Aid/Sales Tax
- SOQ Vocational, Gifted, and Special Education
- English Learner Teacher Payments
- Benefits (State share of SOQ positions)
- Remedial Summer School (reimbursement)
- Textbooks
- At-Risk (Split funded with Lottery)

# Incentive Funds:

- Compensation Supplement (when applicable)
- Technology VPSA Bonds (Grants Fund)
- Supplemental GF in lieu of Food and Hygiene Tax
- Math/Reading Instructional Specialist (when applicable, SPS receives no funding)

# Categorical Funds:

- Special Education –Homebound
- Special Education – Jails (Grants Fund)

# Early Childhood Care and Education

- Virginia Preschool Initiative

# Lottery Funds:

- Foster Care
- At Risk Add on (split with SOQ funding)
- Early Reading Intervention
- K-3 Primary Class Size Reduction
- Special Education Regional Tuition
- SOL Algebra Readiness
- Project Graduation (Grants Fund)
- Individual Student Alternative Ed Plan (ISAEP)
- Career and Technical Education -equipment supplement
- Infrastructure and Operations per pupil allocation

# REQUIRED LOCAL EFFORT (RLE)

The Virginia Department of Education formula calculation of *local wealth* required to be appropriated to meet the minimum standard of education set by the state.

Included in the formula: (2 components –ADM and State Population)

Local True Value of property –weighted 50%

Local Adjusted Gross Income –weighted 40%

Local Taxable Retail Sales –weighted 10%

Final Composite Index =  $((.6667 \times \text{ADM component}) + (.3333 \times \text{Population component})) \times .45$

# Composite Index of Local-Ability-to Pay Formula

ADM Component =

$$.5 \left[ \frac{\text{Local True Value of Property}}{\text{Local ADM}} \right] + .4 \left[ \frac{\text{Local Adjusted Gross Income}}{\text{Local ADM}} \right] + .1 \left[ \frac{\text{Local Taxable Retail Sales}}{\text{Local ADM}} \right]$$
$$\frac{\text{State True Value of Property}}{\text{State ADM}} \quad \frac{\text{State Adjusted Gross Income}}{\text{State ADM}} \quad \frac{\text{State Taxable Retail Sales}}{\text{State ADM}}$$

Population Component =

$$.5 \left[ \frac{\text{Local True Value of Property}}{\text{Local Population}} \right] + .4 \left[ \frac{\text{Local Adjusted Gross Income}}{\text{Local Population}} \right] + .1 \left[ \frac{\text{Local Taxable Retail Sales}}{\text{Local Population}} \right]$$
$$\frac{\text{State True Value of Property}}{\text{State Population}} \quad \frac{\text{State Adjusted Gross Income}}{\text{State Population}} \quad \frac{\text{State Taxable Retail Sales}}{\text{State Population}}$$



# COMPOSITE INDEX:

□ Composite Index determines the “split” between the level of state funding provided and the required local funding effort. The Composite index is directly tied to the wealth of a locality.

\$1.0000

-.3493

.6507

Cost of education as determined by statewide averages (prevailing costs)

Suffolk City Wealth “ability to pay”

State Funding

# ***RLE DOES NOT INCLUDE:***

## Federal Funding

- Title VI-B

- Title I

- Impact Aid

## Other Revenue

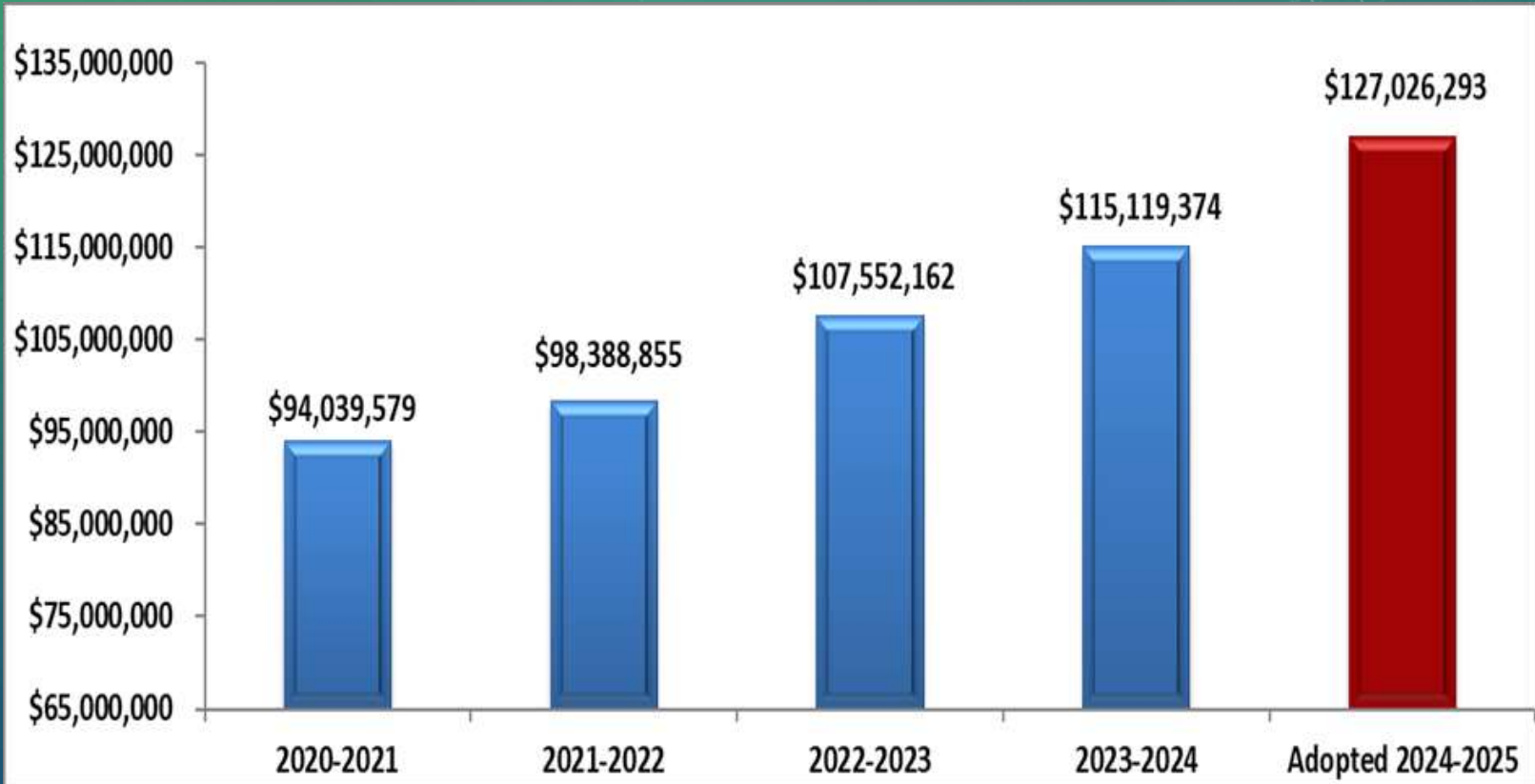
- Sale of buses or textbooks

- Refunds and Rebates

- Tuition –out of city

- Building Rentals

# HISTORY OF STATE FUNDING

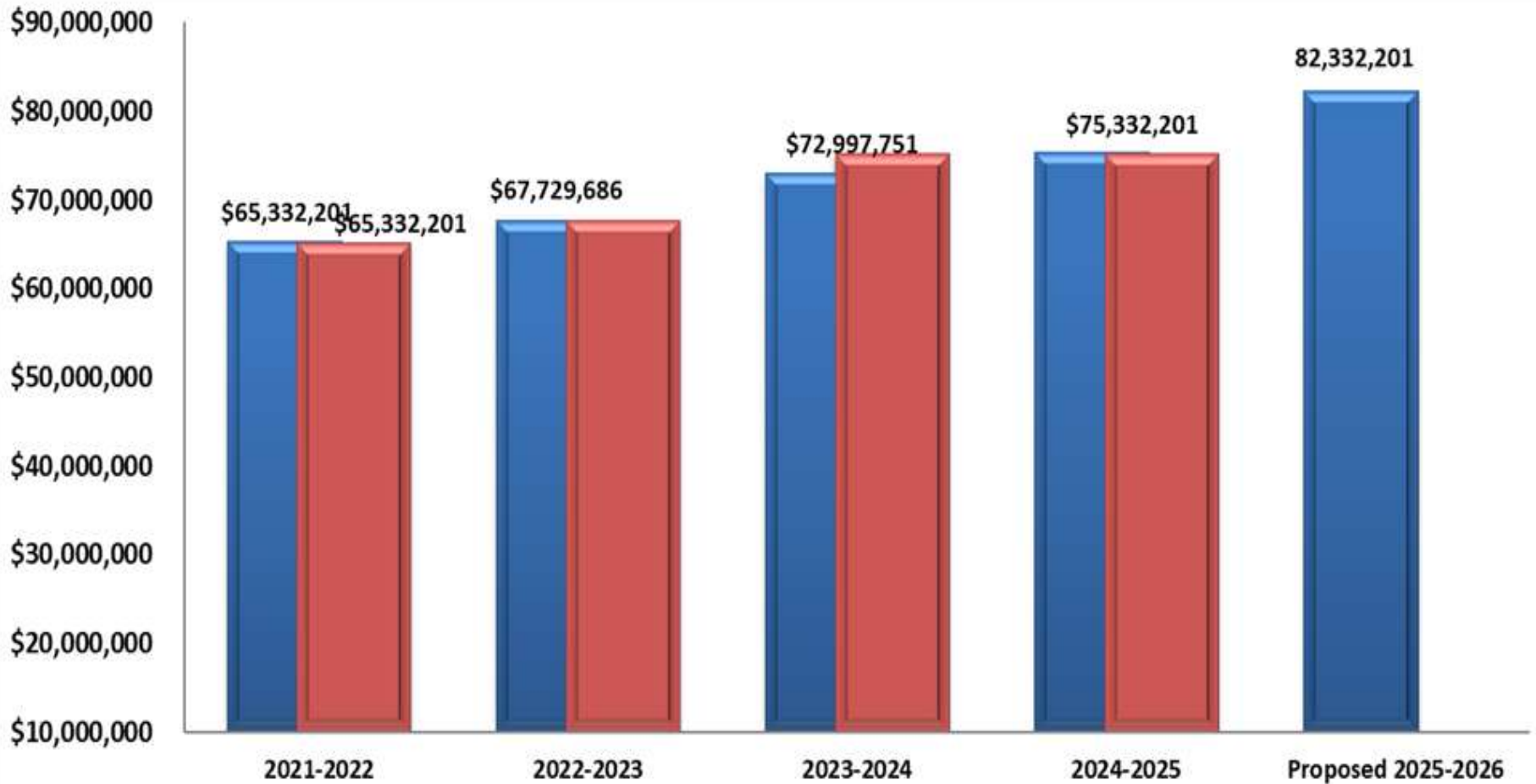


# LOCAL REVENUE

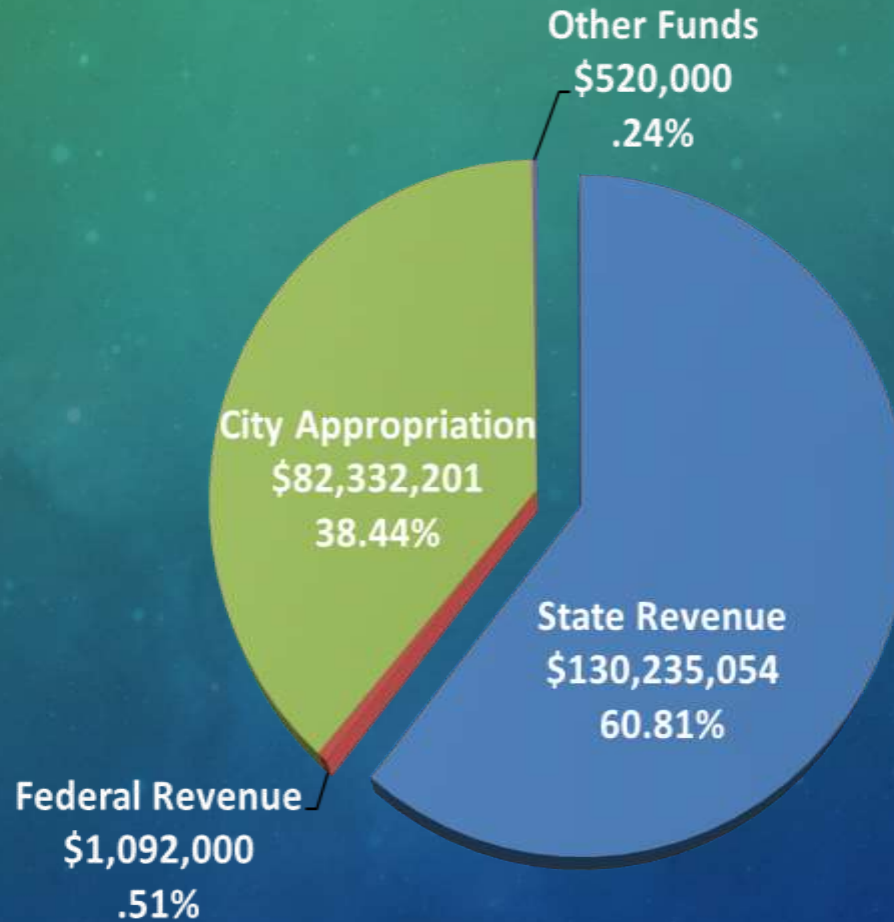
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# CITY APPROPRIATION:



# REVENUE OPERATING FUND





SUFFOLK  
PUBLIC SCHOOLS

# LOCAL BUDGET DEVELOPMENT

# AUGUST

- School Board reviews and updates Objectives for the year at an annual strategic planning meeting
- School Board approves Budget Development Calendar

# SEPTEMBER

## Internal Stakeholder Input

Budget request documents are emailed to Principals, Directors, and Department Administrators

# OCTOBER

- Principal requests are due to Directors of Leadership for review
- Budget requests for IT and Facilities are consolidated and reviewed



# OCTOBER

- Reviewed Departmental budget requests are due to the Chiefs

# NOVEMBER

- Preliminary approved budget requests are due to Finance for cost assessment
- Chiefs meet with department heads to clarify and analyze budget requests

# DECEMBER

## Public and Stakeholder Input

- Public Hearing held at regular School Board Meeting
- Governor reveals his Proposed state budget

# DECEMBER/JANUARY

- Superintendent and Chiefs finalize Superintendent's Proposed Budget

# FEBRUARY

- ALL Staff and School Board 2X2 meetings are held to inform all stakeholders of new budget being proposed and receive feedback and questions
- Presentation of Superintendent's Proposed Budget at a special School Board Meeting
- *Ask a Budget question* goes live on the website
- Budget published on website, paper book sent to every school and public library in the city

# MARCH

## PUBLIC AND STAKEHOLDER INPUT

- General Assembly closes session (usually) and finalizes state budget
- Public Hearing on Budget held at regular School Board meeting
- School Board schedules work session(s) on the Proposed Budget
- School Board approves their budget to be sent to the City of Suffolk by April 1st

# APRIL

- School Board's Approved Budget is submitted to City Manager
- City Manager presents Proposed City Budget to Council that includes his recommendation for Local Appropriation of school funds

# MAY

## Public and Stakeholder Input

- City holds a public hearing on the City budget
- City approves the City budget appropriating funds to the School Board by May 15<sup>th</sup> thereby authorizing all funds to be spent

# MAY/JUNE

- School Board may hold work session on Budget as amended by City Council
- School Board Adopted Budget is approved by the School Board

# Salaries and Benefits - 84%-85%

- Salary and Benefits lines are built from live Payroll
  - Data is loaded into a spreadsheet by Account Code and then the total + vacancies are placed in the correct line
  - Data is by program and by object code
- F.I.C.A is calculated at 7.65%
- Retirement is calculated by state VRS rates
- Health Benefits - adjusted to actual +additions at \$9,500 per added position
- Group life is calculated by state rate
- Worker's Compensation at Actual or \$450/FTE

# Salaries and Benefits - 84%-85%

Position	Days	Scale	Grade	Step	Salary	FTE	YR	FND	FNC
	CC	LOC	OBJ	PRG	PRJ				
TCHGUI10	200	TCH	GRADE MA	34	93,066.00	1.00	5	1	1210
	200	47	1123	100	100				
TCHGUI10	200	TCH	GRADE CAS	23	78,353.00	1.00	5	1	1210
	200	90	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	5	60,898.00	1.00	5	1	1210
	200	330	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	34	93,066.00	1.00	5	1	1210
	200	391	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	3	59,756.00	1.00	5	1	1210
	200	90	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	14	67,592.00	1.00	5	1	1210
	200	450	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	30	87,024.00	1.00	5	1	1210
	200	230	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	7	62,063.00	1.00	5	1	1210
	200	391	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	11	64,768.00	1.00	5	1	1210
	200	440	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	26	81,387.00	1.00	5	1	1210
	200	220	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	19	72,588.00	1.00	5	1	1210
	200	450	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	9	63,251.00	1.00	5	1	1210
	200	330	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	1	58,637.00	1.00	5	1	1210
	200	50	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	4	60,324.00	1.00	5	1	1210
	200	210	1123	100	100				
TCHGUI10	200	TCH	GRADE CAS	9	64,195.00	1.00	5	1	1210
	200	70	1123	100	100				
TCHGUI10	200	TCH	GRADE MA	1	58,637.00	1.00			

1,125,605.00 16.00

103.50%

# Operating Costs 14%-15%

- Input from Teachers is submitted to Principals
  - Principals -fund from Allocations or request their Director to add to the Operating Budget
- Directors submit Program requests to Chiefs
  - Chiefs approve requests to be submitted to Finance
- Chiefs and Superintendent meet to review and balance budget based on Revenue projections, compliance, and Instructional requirements



# Teacher/School Staff Request Example

CES	2	Standard Weight Sheet Protectors	Office Max	Item #491694	\$18.99	\$37.98	For notes in binders
CES	1	Thermal laminating Pouches	Office Max	Item #1451854	\$27.99	\$27.99	Protecting lunch cards and other items
CES	1	<u>Thermobind book binding repair machine</u>	Amazon		\$299.00	\$299.00	allows for repair of book bindings and covers
CES	2	<u>Thermobind glue strips 1 inch</u>	Amazon		\$49	\$98	glue strips for Thermobind machine
CES	2	<u>Thermobind half inch glue strips</u>	Amazon		\$34	\$68	glue strips for Thermobind machine
CES	2	<u>Demco book repair tape</u>	Demco	W126702 10	\$10.09	\$20.18	to repair torn book pages

# Department Example

BUDGET CODE	BUDGET LINE - ITEM TITLE	DESCRIPTION OF ITEMS/SERVICES INCLUDED	2023-2024 Actual Expense	2024-2025 Budget	2025-2026 Request	Increase/(Decrease)
3000	Purchase Services	Pay expenses for repairs to instructional equipment, support pre-service activities, and to support CTE Advisory Council activities.	13,385	1,000	2,000	1,000
5500	Travel & Training	Reimburse teachers for travel to required meetings, professional development activities, and chaperon expenses for CTE student events.	1,165	2,000	2,000	0
6000	Materials & Supplies	Replenish materials and supplies required for instructional modules and implement project-based learning design briefs.	64	5,000	5,000	0
6012	Textbooks	Purchase textbooks, replacement books, and resources that support modular teaching.	0	5,000	5,000	0
<b>TOTALS</b>			<b>\$14,614</b>	<b>\$13,000</b>	<b>\$14,000</b>	<b>\$1,000</b>



**ANY QUESTIONS?**