**Education Law §3614 School Funding Allocation Report**

**Part F - Narrative Description**

**(A) Describe the local methodology/approach used to allocate funds to each school in the district during the process of budget development and implementation. (B) Please also describe the role(s) of all relevant stakeholders in such budgetary processes and decision-making. (C) Finally, if schools are allocated a significant portion of their funds—either in part or in full—through a formula, outline the nature/mechanics of the formula and the elements impacting each school’s allocation.**

**Specifically, the Division of Budget and the State Education Department would consider a complete response to this question to include explicit answers to the questions included in the rubric below, including a substantive discussion on the translation of students needs into the district's budget (at least 1 sentence per question, when applicable).**

The budget development process includes three (3) major phases: planning, preparation and evaluation. The budgetary process begins with sound planning. The planning phase defines goals and objectives for the LEA's administration and support services and develops programs to attain those goals and objectives. Once these programs and plans have been established, budgetary resource allocations are made to support them. Budgetary resource allocations are the preparation phase of budgeting. The allocations cannot be made, however, until plans and programs have been established. Finally, the budget is evaluated, after the close of the year, for its effectiveness in attaining the LEA's goals and objectives.

Evaluation typically involves an examination of how funds were expended, what outcomes resulted from the expenditure of these funds, and to what degree the outcomes achieved the objectives stated during the planning phase. This evaluation phase is important in determining the following year's budgetary allocations. In summary, budget preparation is not a one-time exercise to determine how a school entity will allocate funds. A school entity's budget preparation is part of a continuous cycle of planning and evaluation to achieve the school's goals.

The beginning of the budget cycle should be started early in the year preceding the budget year. The organizational structure of a school, the size and complexity of its administrative structure, and the level of centralization in budget development will affect the budget development process and the time required to adopt the final budget document. Beyond the budgetary requirements for federal and state programs, an LEA's preparation process and the related budget responsibilities largely will be determined by the school board and the chief school administrator.

Preparing the budget is not synonymous with preparing a cash flow statement. The budget projects the amount of resources available to meet the prospective financial obligations of an LEA. A cash flow statement, on the other hand, is prepared to ensure sufficient cash is available to pay the obligations of the LEA as they become due. A cash flow statement is a projection of cash only and is not integrated into the accounting system as is a school's budget.

An effective budget system must be conducted on a year-round basis. Preparations should include an assessment of the past to see if actual and estimated revenue resulted in favorable or unfavorable results. There should also be projections based on past experiences as well as future expectations such as new program needs, taxable property projects, new businesses and industry, anticipated enrollment trends, inflation, etc. This analysis may require personnel officers, transportation coordinators, food service managers, plant managers, federal program coordinators and at times assistance from outside consultants. The budget preparation and analysis are followed by board review and adoption of the budget. The remainder of the year is devoted to budget control, which is comprised of comparing estimated revenues and appropriations with actual transactions and evaluating budget adjustment requests. This process is called the operating budget cycle. Budget preparation and administration are important aspects of overall district operations. Providing adequate resources for programs within the constraints of available funding presents administrators with a significant challenge. The budgeting process is the beginning of the financial cycle of the LEA.

**If applicable, is there anything unique about certain schools which explain why per pupil spending at these locations may be significantly higher/lower than the district average?**

**If applicable, describe any items which the district feels are anomalous in nature and require additional description.**