



Budget and Finance Frequently Asked Questions

Budget terminology

What is a Maintenance and Operations (M&O) Budget?

The M&O Budget includes the day-to-day expenses of running the school system, such as salaries, benefits, supplies, transportation and utilities. The majority of operating expenses are paid out of the District's M&O Fund, which is funded through a mix of local, state and federal tax dollars.

What is a Capital Budget?

The Capital Budgets are separate from the M&O budget and include construction costs, renovations, equipment, furniture, vehicles, technology hardware and software, and textbooks.

How are schools funded?

Although Arizona has an equalization formula that determines how much money the school district will receive per pupil, the Average Daily Membership (ADM) is the real driver of school funding. ADM refers to the number of students enrolled in a district. The funded pupil count total can be different from the "head-count" enrollment, because not all students (e.g. kindergartners, preschool) attend school on a full-time basis. The ADM count encompasses the first 100 days of the school year and produces the official "funded" pupil count number.

Where does the funding for schools come from?

Many people are surprised to learn that most money for public schools comes from the state general fund and local property owners - not from Washington D.C. Each year, the budget crafted by the governor and legislature determines how much of the state's budget is allocated to K-12 education. The portion allocated for K-12 education is then divided among 229 school districts throughout the state using the state's equalization formulas. In addition to the state, every homeowner and business owner in Arizona pays property taxes for schools, along with taxes for other public services. To determine the ratio of the state and local funding, the formula uses the assessed valuation in each district. The more assessed valuation a district has, the less state funding it will receive. Kyrene receives approximately 50% from the state and 50% from the local tax to fund the approximate \$100M M&O budget. Beyond the state and local funding for education, the federal government contributes limited funds to local school districts.

How much of an increase in state funding do districts receive each year?

A few years back, voters in Arizona approved Proposition 301. This proposition guarantees a 2% increase or the current CPI (consumer price index), whichever is less. With inflation above 2%, school districts budget for a 2% increase over the previous year's per-pupil funding.

How does Arizona compare to other states in the area of school funding?

Arizona has historically been towards the bottom of the list in funding; currently, Arizona ranks 49th in per-pupil funding when compared to other states.

How does Arizona compare to other states in school spending?

On average, Arizona spends 58.3% of its dollars in the classroom, while the national average is 61.5%. (Arizona Auditor General – February 2007).



How does Kyrene compare to other school districts in classroom spending?

Each year the Auditor General publishes a report on classroom spending. Kyrene has continued to be recognized as a district that spends more dollars in the classroom than the state average. This year, Kyrene was recognized once again as a top district in the state for classroom spending. During the 2005-06 school year, the state average for classroom spending was 58.3% while Kyrene spent 64% of all dollars in the classroom. State-wide, out of 229 school districts, Kyrene is ranked 8th for classroom spending. Six of the seven districts ahead of Kyrene have fewer than 199 students and the seventh school district has less than 1,200 students. In other words, Kyrene is #1 when compare to the larger districts. For a complete copy of this report, visit www.auditorgen.state.az.us. At this site you can view individual school district reports from across the state.

Why is Kyrene enrollment declining?

Some of the schools in Kyrene are experiencing a gradual decline. Much of this decline can be attributed to a maturing community, meaning that the children in our schools are progressing on to high school and families are remaining in their homes. Thus, our exiting 8th grade class is not being replaced with the same number of students in kindergarten. Additionally, families are provided with many choices for education within the Kyrene School District boundaries. Arizona is an open enrollment state, meaning that families may choose to open enroll in a school outside of their boundaries if the school has capacity. Kyrene has aggressively marketed its schools to surrounding communities and currently over 2,800 students from other school districts make Kyrene their education of choice.

How do individual schools receive supply budgets?

In Kyrene, schools receive a site-based budget to cover the cost of their classroom supplies, print shop orders, custodial supplies and instructional capital needs. This budget is based on the student enrollment.

Do tuition based programs and use of facilities cover their own costs?

Yes. In addition to covering all their costs (staffing, supplies, facility usage, overhead, etc.), these programs also contribute to other district programs such as district marketing and communication efforts, school social workers and district office positions. Outside agencies who utilize our facilities are charged fees based on their use categories. These fees cover all costs associated with the use of facilities including all utility expenses.

How do Overrides support school district budgets?

Voter-approved overrides allow districts to increase their budgets beyond the equalized formulas. Available overrides include an M&O Override (10% maximum), K-3 Override (5% maximum) and a Capital Override (voter approved amount). Currently, Kyrene voters have approved all three overrides.

How do bonds support the budgets?

Voter-approved bonds allow the District to address important capital budget needs and protect the community's investment in their schools. The property tax collected for bonds pay the principal and interest costs associated with the selling of bonds. The proceeds from the bond sales fund the District's capital improvement plan (www.kyrene.org/cap) as well as buses and instructional technology in our schools.

How is transportation funded?

School district transportation budgets are calculated by taking the total daily route miles (miles driven to transport students) divided by the number of eligible students actually transported. This ratio determines the per-mile funding level to calculate the budget increase based on route miles driven. This budget increase is included in the M&O budget and goes to support the transportation services.