School System Budgetary Processes

The budgetary process of each school system is a local process. While the law requires a school system to adopt a budget of all local funds prior to the beginning of the fiscal year, the process and detail of the budget is still based on local budgetary policies.

What is required by Title 20 Code and State Board Rule?

O.C.G.A. §20-2-167 (a)(5) requires the budget of each local school system shall reflect all anticipated revenues from each source. The budget of each local school system shall designate all such anticipated revenues among the several funds or accounts of the system and shall not leave any anticipated revenues undesignated. Except as otherwise provided in this paragraph, all amounts allocated to each fund or account and any existing balance in each fund or account shall be intended for expenditure within the budget year for the purposes of that fund or account.

O.C.G.A. §20-2-167 (c) authorizes the State Board of Education to prescribe a date by which each local unit of administration must submit a budget to the state board. The regulations developed by the state board must make adequate provision for local revenue and modification prior to local approval and submittal to the State School Superintendent.

O.C.G.A. §20-2-167 (e) requires the State Board of Education shall develop rules and regulations requiring that each local board of education provide information as specified by the state board and which is not specifically made confidential by law, including school site budget and expenditure information and site average class size by grade, to members of the school council and the general public.

O.C.G.A. §20-2-167.1 (c) requires a summary of the annual operating budget proposed by the governing board and the annual operating budget adopted by the governing board to be posted on a publicly available area of such governing body’s website. The summary of the annual operating budget adopted by the governing body shall be maintained on such publicly available area of the website until the annual operating budget for the next fiscal year is adopted by the governing body.

State Board Rule 160-5-2-.21 mandates that the budget submitted to the Georgia Department of Education to include a prescribed format which includes, fund, function, revenue source, program, and location.

What types of budgets are allowable?

There are several different types of budgeting processes, and each LEA is required to set their own budget policy and budget calendar.

Centralized VS Decentralized Budgeting

Georgia does not mandate a centralized versus de-centralized budgeting process for the LEAs. The GaDOE Financial Review Division provides budgeting guidance in the Georgia’s Local Units of Administration handbook, but the process of budgeting is largely a management decision at the school system level. Most school systems budget staffing requirements at the school level, but the degree to which expenditures are budgeted at the school level versus the system level vary
greatly. For example, a system may have a policy to budget for the needed elementary teachers at the system level. This allows a system to evaluate the actual enrollment levels when school begins and redirect the needs to those schools that may have an enrollment level greater than that originally projected. This budget process would work best for systems that typically have a higher transient population. For systems that see little shift in enrollment in the school systems, school level budgeting for staff is generally maintained at the school level.

**Aggregate Level Budget is Adopted by Board**

Georgia also does not mandate the legal level of budgetary approval that the local board of education is required to adopt a budget. The levels of approval are associated with the level of disaggregation of the budgets based on the LUA Chart of Accounts.

Budgets may be approved at the *fund* level, which would require the board to approve budgeted expenditures in total for each separate fund. Funds are disaggregated by purpose, for example: General Fund, Title I Fund, School Food Services Fund, etc.

Budgets may be approved at the *functional* level, which would require the board to approve budgeted expenditures in total for each separate fund and each separate functional category within that fund. Functions are disaggregated by type of service rendered, for example: Instruction, Pupil Services, General Administration, Maintenance and Operations, Transportation, etc.

Budgets may be approved at the *object* level, which would require the board to approve budgeted expenditures in total for each separate fund, function, and object category within that fund. Objects are disaggregated by the specific type of good or service provided for each function of the LEA, for example: salaries, employee benefits, purchased services, supplies, etc.

**Preparation and Approval Process of Budget**

Georgia requires each school system to set their own budget policy and budget approval calendar. The process for preparing and adopting a budget is a lengthy process that involves input from schools, curriculum advisors, finance officers, federal program specialists, and community support groups. A school system cannot legally operate without an approved budget. If a local board of education does not adopt a budget by July 1 (the first day of each fiscal year), the board must adopt a spending resolution.

**What are some differences that may be present between the board-approved budget and the budget submitted to the Georgia Department of Education?**

The law requires each school system to adopt a budget of all funds with anticipated revenues. The law does not mandate a prescribed format. Many school systems adopt their General Fund (state/local operating) Budget by functional category but only adopt their Special Revenue Funds, including federal programs, state Pre-K, and nutrition as a combined total. The budget approved by the board may be in a summarized format, while the budget submitted to GaDOE will be disaggregated using the prescribed LUA Chart of Accounts.

The LEA may also participate in what is called the Title I Schoolwide Consolidated Initiative. In that process, the state/local revenue is combined with federal program sources to administer and account for an individual school level budget. Because of the accounting dynamics surrounding
that process, the budget approved by the local board may include a separate consolidation fund, or the board may continue to approve the state/local activity separately from the federal funding source activity. No matter the format approved by the local board, the system will submit the budget to GaDOE including a separate budget for the consolidated activity.