What revenue sources make up Mustang Public School’s General Fund budget?

The budget for school districts in Oklahoma is made of funds from four primary sources: state, local, intermediate and federal.

State funds: Mustang gets 58 percent of its operating budget from the state. The largest categories of these funds are made up of state aid, flex benefit insurance, motor vehicle, gross production, textbooks and school-land earnings.

Local funds: Local funds come primarily from ad valorem revenue, which is driven by property taxes. Local funds make up 28 percent of Mustang’s overall budget. Local funds are also being sharply impacted by the low interest rate on investments due to the struggling economy.

Intermediate funds: Intermediate funds are only 3 percent of the district’s overall budget and come from the county apportionment and the county 4 mill collections from property taxes. They are known as intermediate funds because they are neither state funds nor local funds.

Federal funds: Federal funds make up 11 percent of the district’s overall budget. These funds can only be used for specific federal programs. Title I funds, for example, can only be used to provide additional and very specific educational support to schools with a significant population that qualifies for the Free and/or Reduced Lunch Program. Funds from the federal Individuals with Disabilities Education Act (IDEA) support a portion of the money required for Mustang’s special education program.

The district’s General Fund budget totals $49,559,133.83. Where does it all go?

- **Salaries and Benefits** account for 85% of the district’s general fund budget. Salaries and Benefits include:
  - 62% - Certified: 564 teachers, counselors and media specialists
  - 6% - School administration: 33 employees
  - 1% - Central administration - 6 employees
  - 16% - Support: 297 employees including custodians, secretaries, maintenance, bus drivers, teacher’s aids, etc.
  - >1% - Other: substitutes, summer school and extended school year workers and tutors

- **Professional and Technical Services** include payments for services such as audits, engineering, property and liability insurance and more.

- **Supplies** include expenses for things like books, paper, technology and cleaning supplies.

- **Fixed Assets** - The district spends less than 1 percent of its General Fund budget on purchasing fixed assets such as equipment. Thanks to the support of the community, MPS has been able to use bond and MAPS for Kids funds to purchase fixed assets. MAPS for Kids was a 1-cent sales tax benefiting Oklahoma City and surrounding school districts. The MAPS for Kids tax expired in 2008.

**Registration and Fees**: These include dues, staff registration and property reevaluation fees.

- **Child Nutrition Fund**
  Money from the Child Nutrition Fund is not included in the charts detailing General Fund revenue and expenditures because it’s a self-supporting program. The program’s annual budget of $3,507,026.22 is derived from the meals served. Since the Child Nutrition Fund supports the program’s 95 employees, they are also not included in the support employee count at left.

**Building Fund**
The Building Fund is also separate from the General Fund numbers listed. The Building Fund of $2,236,182.36 is used for building maintenance and to pay for the district’s electricity and natural gas. The fund is derived from ad valorem revenue.
We keep hearing about budget cuts in the media. Is it really that bad at the state level?

The State of Oklahoma is facing the greatest economic crisis in recent history. State Treasurer Scott Meacham said the revenue crisis is the worst one since the Great Depression. For the first six months of this fiscal year, state tax collections have come in more than 28 percent below what was collected last year. In December, the collections continued to drop. According to an article in the Oklahoman, the state is facing a revenue shortfall of $729.4 million. In the 2011 fiscal year, the shortfall in the state’s economy is expected to be greater than $1 billion.

Deficits in the state’s budget are passed down to school districts through their state funding. MPS has already seen a 5 percent reduction in state aid, followed by a 10 percent cut in December and January. Funding from the state makes up 58 percent of the district’s annual budget. Cuts in state funding could reach as great as 15 percent, and the situation is not expected to improve next year.

Revenue streams that include ad valorem taxes, which are derived from property taxes, are also declining. MPS is bracing to receive $2 million less than last year, even though the district has grown by more than 200 students.

Our goal at Mustang Public Schools is to do everything we can to protect our students and programs to the greatest degree possible. Measures that have been implemented so far include:

- The district is currently under a hiring freeze and no new positions are being recommended. As much as possible, when someone retires or resigns, the position will be absorbed. It will only be filled if absolutely necessary.
- The district is cutting back on the number of cell phones.
- Ron Martin, director of operations, conducted an energy survey over the holidays and staff members are being encouraged to conserve energy. Lights in hallways are being turned off and thermostats are being turned down. Personal microwaves and refrigerators are being removed.
- To prepare for the economic downturn, site budgets were cut by 25 percent at the beginning of the year. Teachers and administrators are only to purchase necessities.
- Overtime will not be approved except in the event of an emergency or to meet a critical deadline.

The downturn in the economy has a silver lining when it comes to building projects. Bond projects are coming in under projected estimates. This is allowing the district to do more for the students in the design of the facilities.

Thanks to the support of residents of the Mustang Public School District, a bond issue was passed in April 2009 that is making the improvements, additions and renovations across the district possible. Bond funds come from a mill levy on property taxes that are approved by a district’s voters. They do not come from the state.

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The district promised all-day kindergarten would start in the 2010-2011 school year. I’ve heard that is no longer true.

Over the past three years, Mustang Public Schools has been saving wherever possible so the district could have the funds necessary to start an all-day kindergarten program. Starting the program will require hiring 18 additional teachers and equipping 18 classrooms. The current financial situation is so dire, however, that the $1.2 million set aside for all-day kindergarten will have to be returned to the general fund to meet basic operating costs. Even if it were possible for the district to weather the financial storm of this fiscal year and start all-day kindergarten, we would not have the funds to maintain the program the following year. The Mustang Board of Education will discuss the issue and make a final determination about the start of all-day kindergarten at their March meeting.

Why can’t some of the money from the bond issue be used to shore up the general fund until Oklahoma’s economy turns around?

That would be illegal. The general fund, which pays for the salaries and operating costs of the district, cannot be used to build buildings. Bond funds cannot be used for the general operating budget. Before a vote for a bond issue goes to the community, each project is outlined and presented to constituents.