

## **GLOSSARY OF BUDGET TERMS AND ABBREVIATIONS**

### **Budget Terms**

#### Academic Performance Index (API)

The API scale measures student achievement on certain standardized tests. Schools' scores on the API scale, and their improvement as reflected by API scores, form the basis for funding in several Governor's Initiative programs.

#### American Recovery and Reinvestment Act (ARRA)

Also known as the federal stimulus bill, the American Recovery and Reinvestment Act was signed into law in February, 2009. The legislation is designed to stimulate the U.S. economy and provides additional funding for education nationwide from 2009 to 2011. The funds also are intended as an incentive for states to improve in four reform areas: 1) increasing teacher and principal effectiveness and equitable distribution of effective staff; 2) establishing data systems and using data for improvement; 3) adopting rigorous college- and career-ready standards and high-quality assessments; and 4) turning around the lowest-performing schools. The governor of each state had to commit (or give "assurances") that the state would pursue reform in these areas before the state was eligible for the funds.

#### Audit

An examination of documents, records, and accounts for the purpose of (1) determining the propriety of transactions; (2) ascertaining whether transactions are recorded properly; and (3) determining whether statements drawn from accounts reflect an accurate picture of financial operations and financial status for a given period of time.

#### Average Daily Attendance (ADA)

A measure of pupil attendance used as the basis for providing revenue to school districts. Only in-seat attendance is counted in computing ADA.

#### Base Revenue Limit

The basic State funding to K-12 education. It is expressed either as an amount per ADA or as a dollar amount. The district's most important funding source, Base Revenue Limit funding is comprised of a combination of State tax revenues and local property tax allocations.

#### Block Grant

An allotment of money that is the sum of multiple special-purpose funds combined into one. A block grant tends to have fewer restrictions on how the money is spent than the original, disparate funding streams had; and it often combines funds that have similar purposes.

#### Budget

A financial plan consisting of an estimate of proposed revenue and expenditures for a given period and purpose. The term usually indicates a financial plan for a single fiscal year.

#### Budget Adjustment (or "Budget Transfer")

A change among budgeted items.

### California State Lottery

Implemented through Proposition 37, passed by the voters in November, 1984, the lottery distributes funds to local districts for instructional purposes. Lottery funds cannot be used for purchase or construction of facilities, for land, or research. Because the initiative does not define “instructional,” local districts have wide latitude in the use of lottery funds. Districts are required to utilize 50% of any increased funding above the 1997-1998 base year for instructional materials.

### Capital Expenditures

According to the California School Accounting Manual, capital expenditures are those “for sites, buildings, books, and equipment, including leases with option to purchase, that meet the LEA’s threshold for capitalization.” Among the categories of expenses recorded as capital expenditures are: land, buildings, site improvements, and some types of equipment; this category also covers library books, as well as the costs of project management that can be clearly assigned to an individual capital project.

### Capital Outlay

Money spent for major physical changes to a school such as new buildings, renovations, reconstruction, or certain new equipment. These investments in the physical structure of a school are expected to last for a number of years.

### Carryover (or Carryforward)

Unexpended balances that are carried forward from one fiscal year to the next in accordance with programmatic or district guidelines. Funds may carry forward at a particular location or may be carried forward and redistributed as part of a new year’s allocation, depending on program guidelines.

### Categorical Programs

Funds from the state or federal government granted to qualifying schools or districts for specific children with special needs, certain programs such as Class Size Reduction, or special purposes such as transportation. Special Education and Class Size Reduction are two of the largest state programs in terms of dollars. In general, schools or districts must spend the money for the specific purpose. This money is in addition to the funding schools receive for their general education program.

### Certificated Salaries

Salaries given to employees who are required by the state to hold some type of teaching credentials, including most administrators and full-time, part-time, substitute, and temporary teachers. The requirements for a fully credentialed teacher include having a bachelor's degree, completing additional required coursework, and passing the California Basic Educational Skills Test (CBEST). However, teachers who have not yet acquired a credential but have an emergency permit are allowed to teach in the classroom and are counted in this category.

### Charter School

A school that under State law operates semi-autonomously of the district. A “fiscally independent” charter school receives funding from the State and utilizes the funds to best serve the needs of its students; an “affiliated” charter school continues to receive funding from the district but develops curriculum that may differ from that of the district.

### Classified Salaries

Salaries for school employees who are not required to hold teaching credentials, such as transportation, clerical, custodial, and some management personnel.

Deficit Spending – When actual expenditures are greater than actual revenues (also referred to as an operating deficit).

### Elementary and Secondary Education Act (ESEA)

The principal federal law affecting K-12 education. The No Child Left Behind Act (NCLB) is the most recent reauthorization of the ESEA. Originally enacted in 1965 as part of the War on Poverty, ESEA was created to support the education of the country's poorest children and that remains its overarching purpose. Congress must reauthorize it every six years. Each reauthorization of ESEA has made some changes, but NCLB was the most dramatic revision of the act since its creation. Its provisions represent a significant change in the federal government's influence in public schools and districts throughout the United States, particularly in terms of assessment and teacher quality.

### Employee Benefits

Expenditures for employer contributions to retirement plans, for social security, workers' compensation, unemployment insurance, health and medical benefits, and other employee "fringe benefits."

### Equalization Aid

Funds provided by the State to improve the revenue equity between districts receiving relatively low revenue limit amounts per-ADA and districts receiving relatively higher amounts. Equalization aid is typically provided on the basis of type and size of school districts; small elementary district revenue limits are compared with other small elementary districts; large unified districts such as LAUSD are compared with other large unified districts, etc.

### Equity

The quality of being fair or impartial. Does not mean equal.

### Expenditure

Money that is spent on goods or services.

### Fees

Amounts collected from or paid to individuals or groups for services or for use of a facility.

### Final Budget

The Final Budget is the district's official operating budget upon Board adoption, which must occur prior to June 30 of the preceding budget year. The Final Budget is submitted to the Los Angeles County Office of Education (LACOE) for approval in accordance with guidelines provided in the Education Code.

### Fiscal Year

A period of one year, the beginning and ending dates of which are fixed by statute. The fiscal year for California school districts begins July 1 and ends on June 30.

### Fund

Defined as "a sum of money or other resources set aside for the purpose of carrying on specific activities or attaining certain objectives."

### General Fund

The Fund used to summarize costs of the district's basic operations. The district's General Fund includes both Restricted and Unrestricted activities.

### Gifted and Talented Education (GATE)

A State-funded program within the General Fund which provides supplementary funding for identified qualifying students.

### Goal

The result or achievement toward which effort is directed; aim; end. See S.M.A.R.T Goal.

Governor's Budget – The Governor's Proposed State Budget, or "Governor's Budget," is published each January, and represents his initial public disclosure of his financial assumptions and spending priorities for the coming fiscal year.

### Grant

A contribution, either in money or material goods, made by one governmental agency to another. Grants may be for specific purposes or, rarely, for general purposes.

### Limited

See "Onetime."

### May Revision (or "May Revise")

Published each May, this State document updates the Governor's Budget published in January with regard to the Governor's State revenue projections and spending priorities for the coming fiscal year.

### Norms

Most district schools receive their base allocations of teachers, school administrators, school clerical positions, and various resources, on the basis of Board-approved "norms," which determine the resources to be allocated to individual schools. Most norms are based on numbers of students on "norm day," which is generally the Friday of the fourth week of school, but other factors may be used in norm allocations (e.g., the allocation of custodians is based on a complex formula that includes the size of the school). The district norms are published in the form of "norm tables" which describe the factors utilized in determining the individual norms.

### Objects of Expenditure

California school districts are required to develop their budgets and report expenditures by "Object of Expenditure," which reflects specific categories of cost such as Teachers' Salaries, Textbooks, etc.

### Onetime

Revenue or expenditure line-items not expected to continue into the subsequent year.

### Ongoing

Revenue or expenditure line-items that are expected to continue into the subsequent year.

### Operational Budget

The positions and other resources which enable an operating unit (a district) to perform the functions for which it is responsible.

### Other Outgo

Expenditures for debt service, transfers between funds within a district, and transfers to other agencies.

### Preliminary Budget

The first budget published by the district annually (usually in March or April), it is intended to provide to Board Members and the public information regarding available revenues and expenditure requirements for the coming fiscal year, in order to assist in financial planning. The Preliminary Budget is based on information from the Governor's Proposed (January) Budget, and from the First Interim Financial Report, as well as from other sources.

### Quality Education Investment Act

Funds approved as part of the settlement of the CTA v. Schwarzenegger lawsuit, intended to improve education, primarily through class-size reduction, at Decile 1 and 2 schools. Funds are provided over a seven-year period, with participating schools determined through a random lottery. Schools must meet achievement criteria in order to remain eligible for funding. Funding for this program begins in 2007-08.

### Restricted

Program funding that is limited to specific students or types of expenditure. E.g., Gifted and Talented, Title I, etc. See Categorical. Also see Unrestricted.

### Revenue Limit

The revenue limit is the largest and most important revenue source to the General Fund. The revenue limit is funded from a combination of State funds and local property taxes, and is allocated on the basis of a rate per A.D.A. multiplied by the district's P2 A.D.A. The State COLA provides the basis for increasing the revenue limit.

### Revenues

The funding available to an organization from outside sources. Revenues are the primary financial resource of a Fund.

### S.M.A.R.T. Goal

Specific, Measureable, Attainable, Relevant, Time-bound. This type of goal is clear and realistic. It allows for schools to better assess progress toward student achievement when the goal in mind is clear. Special Education Program – Programs to identify and meet the educational needs of children with emotional, learning, or physical disabilities. Federal law requires that all children with disabilities be provided a free and appropriate education according to an Individualized Education Program (IEP) from infancy until 21 years of age.

### Special Education Mandate Settlement

Funding received as a result of a settlement related to the State's special education requirements exceeding federal requirements.

### Special Funds

Separate financial entities within the budget which provide for specified activities, as defined in the California Education Code. Examples are Adult Education Fund, Building Fund, Cafeteria Fund, etc.

### Stakeholder

A person or group that has an investment or interest in the success of our schools and district.

Stimulus

See American Recovery and Reinvestment Act.

Student Body Fund

An agency fund to control the receipts and the disbursements of student association activities. Student body funds are not the property of the school district and are not reflected in the district budget or accounts.

Supplant

To replace (one thing) by something else.

Supplement

Something added to complete a thing, supply a deficiency, or reinforce or extend a whole.

Unrestricted

Refers to funding that may be used for any educational purpose at the discretion of the Board of Education.

**Budget Abbreviations**

ADA – Average Daily Attendance

API – Academic Performance Index

AYP – Adequate Yearly Progress

BA – Budget Adjustment (“Budget Transfer”)

BTS – Business Tools for Schools

CAHSEE – California High School Exit Examination

CDE – California Department of Education

CSR – Class Size Reduction

CSR – Comprehensive School Reform

CST – California Standards Test

EIA – Economic Impact Aid. This program has two components: EIA-Bilingual and EIA-Compensatory Education.

ESEA – Elementary and Secondary Education Act

ESL – English as Second Language

FSEP – Federal and State Education Programs

FTE – Full-time Equivalent

GATE – Gifted and Talented Education Program

IASA – Improving America’s Schools Act

IDEA – Individuals with Disabilities Education Act

IEP – Individualized Education Program

II/USP – Immediate Intervention/Underperforming Schools Program

IMA – Instructional Materials

LACOE – Los Angeles County Office of Education

LAEP – Los Angeles Educational Partnership

LEA – Local Educational Agency (generally refers to a local school district)

LEP – Limited English Proficient or Proficiency

LRE (Special Education Program) – Least Restrictive Environment

NCLB – No Child Left Behind

P1 – The First Principal Apportionment (for attendance accounting and State allocation purposes)

P2 – The Second Principal Apportionment (for attendance accounting and State allocation purposes)

PI – Program Improvement

PYA – Prior Year Adjustment

QEIA – Quality Education Investment Act

RIF – Reduction in force

SBE – State Board of Education

SFP (or SFEP) – Specially Funded Programs (or Specially Funded Educational Programs). Now referred to as Restricted Programs

SFSF – State Fiscal Stabilization Fund

SI – School Improvement Program

STRS – State Teachers’ Retirement System

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