

# K-12 CAPITAL BUDGETING COMPARISONS

A Report Prepared for the  
Legislative Finance Committee

By  
**Rob Miller**

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## INTRODUCTION

This report presents information about the proportion of K-12 school district budgets spent for capital improvement purposes versus all other expenditures. For the purposes of this report, “capital improvement expenditures” include facilities acquisition and building operations & maintenance. “All other expenditures” include instruction, pupil transport, student services, general administration, extracurricular activities, and food services.

Data is presented in All Funds, as well as in District General Fund only. Office of Public Instruction district size classifications are used to show if school district size affects the average proportion of expenditures targeted at capital investments. Additionally, a comparison of spending on facilities between districts in each size classification is shown in order to illustrate the range of spending patterns between schools of similar sizes.

This presentation is a part of the Quality Schools Interim Study Scope and, along with the December 2015 presentations to LFC related to the history of state assistance and other K-12 financial resources, is intended to inform committee members regarding factors for consideration in further developing the Quality Schools Facilities Grant Program and other school funding sources.

## ASSUMPTIONS AND DATA

Source of the data for this report are school district trustee expenditure reports as reported to the Office of Public Instruction (OPI) from FY 1994 to 2015. District expenditures not included in this analysis include expenditures for adult education, expenditures that represent transfers between funds or districts, to avoid double counting, and any refunding of bonds to retire old issues.

The debt service fund, which records interest and principle payments on bonds, is included to measure the expenditures for bonds and facilities. The building fund, which is used to account for the proceeds of bonds sold for building, altering or repairing existing buildings as well as the purchase of lands and existing buildings, is not included. Other funds not included relate to extracurricular activities, internal service funds, trust, and endowment funds. Expenditures by cooperatives and non-operating districts are not included.

## FACILITY EXPENDITURES BY SCHOOL DISTRICT SIZE

For this analysis, Office of Public Instruction district size classifications are used to group elementary, high school and K-12 districts<sup>1</sup>.

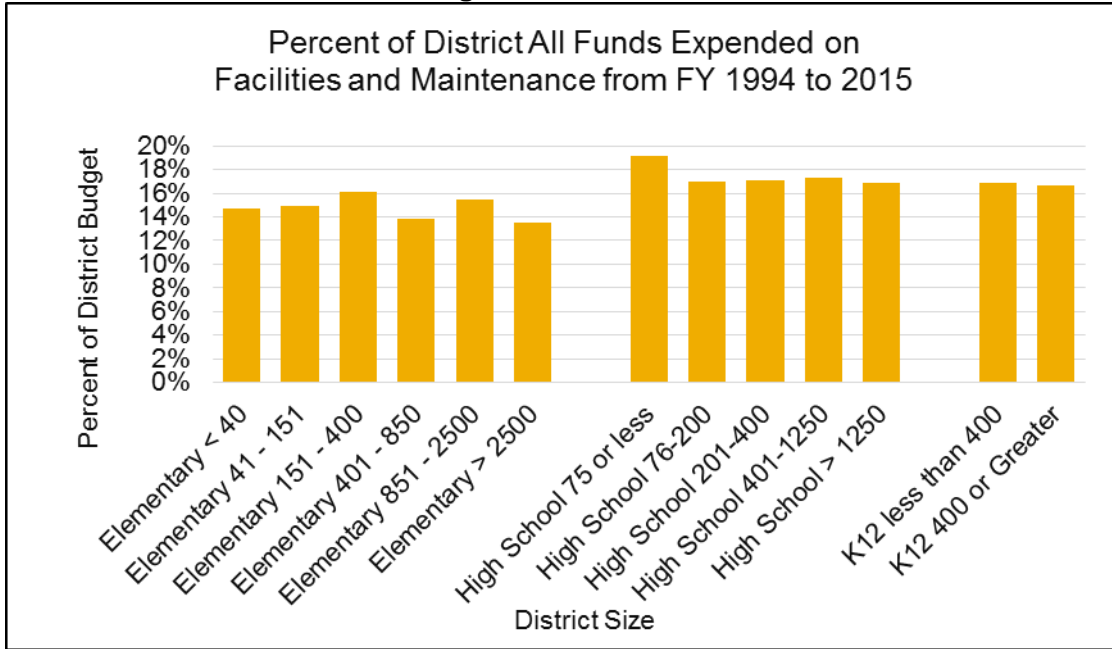
As seen in Figure 1 on the next page, high school and K-12 districts spend more, on average, as a percentage of total budget, than elementary districts on Facilities Acquisition and Building Operation and Maintenance (FA-BOM).

Smaller elementary, less than 400 students, spend about one percent more than the larger elementary districts. High school districts less than 75 spend two percent more than the average for all other high school districts. The Figure 1 and Figure 2 on the following page summarize percent of total budget spent on FA-BOM for the fiscal years 1994 to 2015. Figure 1 is all funds and Figure 2 represents district general fund only.

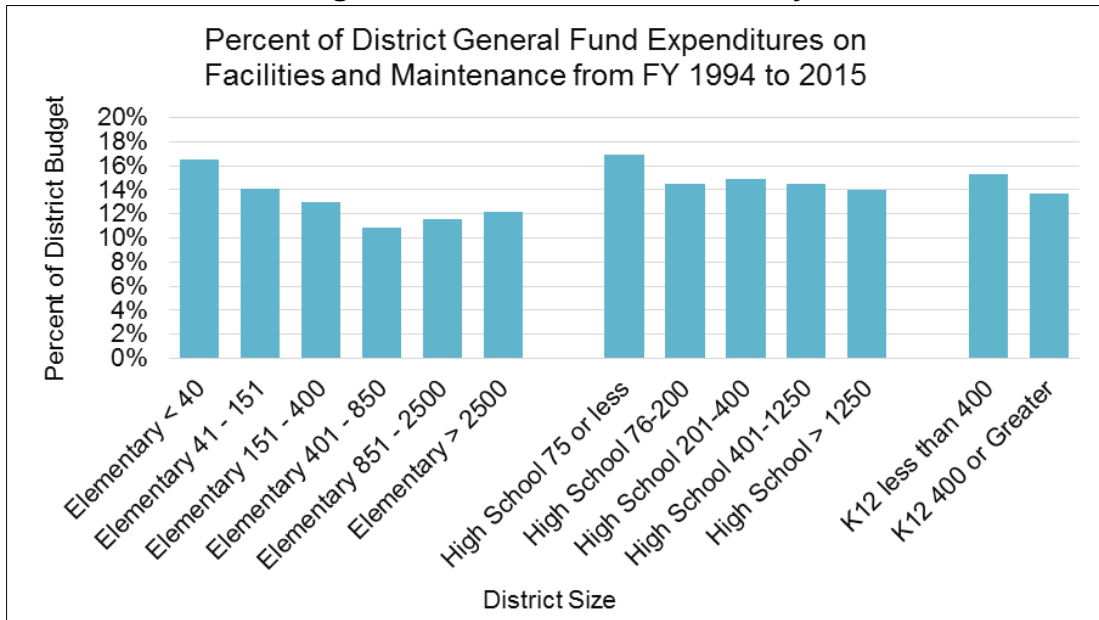
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<sup>1</sup> For simplicity, districts were assigned to each classification based on FY 2015 student counts or the last student count for discontinued districts.

**Figure 1: All Funds**



**Figure 2: District General Fund Only**



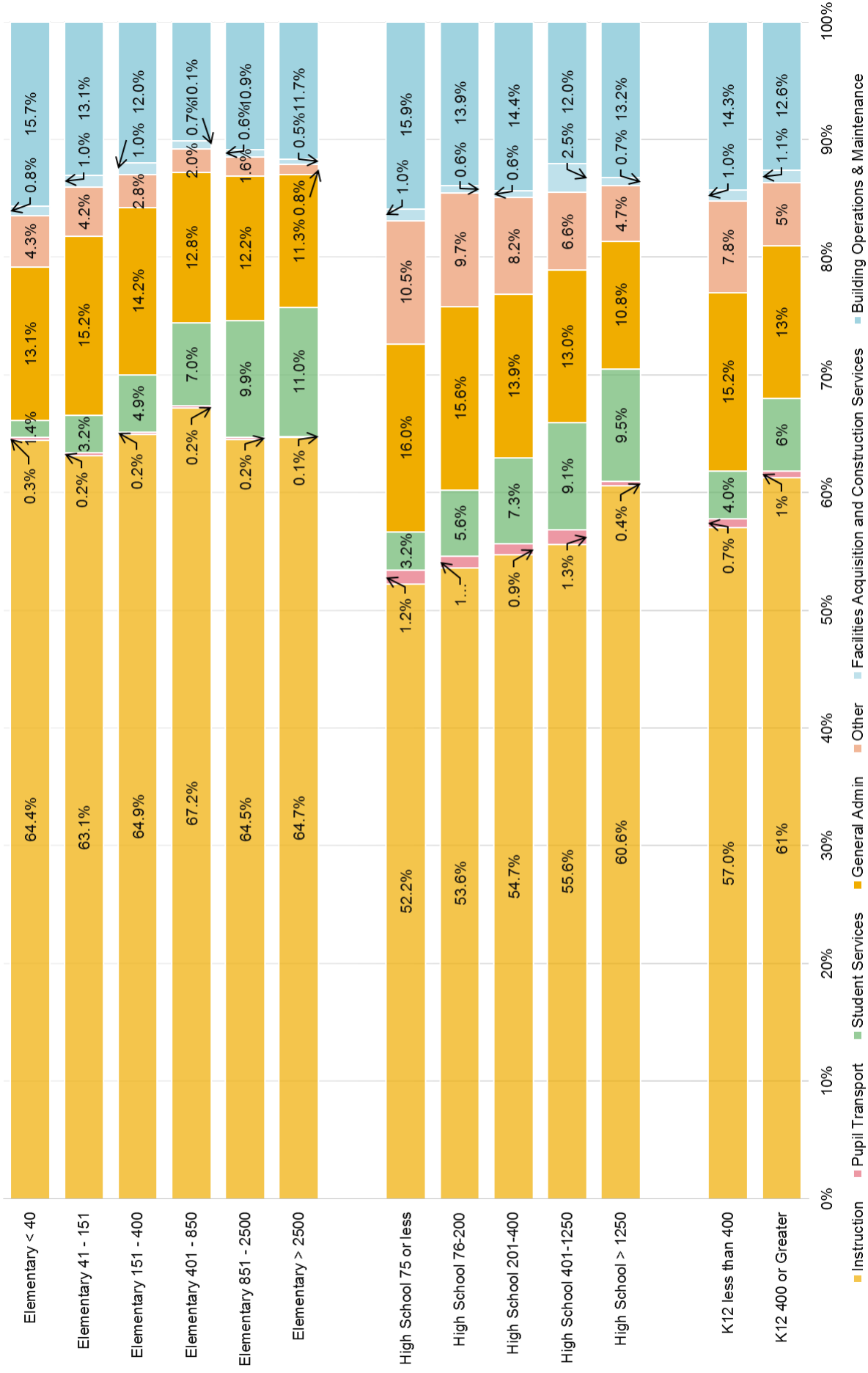
**ALL EXPENDITURES BY SCHOOL DISTRICT SIZE**

The following two charts summarize average of all expenditures as a percentage of total budget. Expenditures are grouped into the following functions instruction, pupil transport, student services, general administration, other<sup>2</sup>, facilities acquisition, and building operations & maintenance.

<sup>2</sup> Other includes: expenditures on extracurricular activities including athletics, community services and food service



MONTANA SCHOOL DISTRICT GENERAL FUND EXPENDITURE AS PERCENT OF TOTAL BUDGET  
1994 - 2015 ALL FUNDS



## VARIATION BETWEEN DISTRICTS

The table below summarizes key statistics for all districts. As can be seen by the columns on the right, the smallest elementary districts and high school districts with counts of 401 to 1250 have the most variation<sup>3</sup> in budgets. In general, high schools and K-12 districts expend a larger percentage on facilities than elementary districts.

Summary Statistics For all Districts Percent of all Funds Expenditures Spent on Facilities						
<u>District Size</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>	<u>Range Containing 2/3 of all districts</u>		
Elementary < 40	1.2%	32.7%	14.7%	9.5%	To	20.0%
Elementary 41 - 151	3.1%	49.3%	15.0%	11.0%	To	19.5%
Elementary 151 - 400	7.8%	54.9%	16.1%	11.5%	To	18.7%
Elementary 401 - 850	9.5%	21.1%	13.8%	11.2%	To	17.6%
Elementary 851 - 2500	12.4%	17.7%	15.5%	13.6%	To	17.5%
Elementary > 2500	10.9%	20.7%	13.6%	11.2%	To	18.2%
High School 75 or less	12.9%	53.1%	19.2%	14.4%	To	22.2%
High School 76-200	11.0%	28.2%	17.0%	14.5%	To	20.4%
High School 201-400	12.8%	25.8%	17.1%	13.9%	To	21.8%
High School 401-1250	11.2%	28.6%	17.3%	12.5%	To	22.7%
High School > 1250	12.8%	21.3%	16.9%	13.2%	To	20.9%
K12 less than 400	10.3%	45.2%	16.8%	13.3%	To	19.3%
K12 400 or Greater	11.6%	26.4%	16.7%	12.9%	To	20.6%

Summary Statistics For all Districts Percent of General Fund Expenditures Spent on Facilities						
<u>District Size</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>	<u>Range Containing 2/3 of all districts</u>		
Elementary < 40	0.0%	31.5%	16.5%	11.5%	To	22.2%
Elementary 41 - 151	0.0%	26.8%	14.1%	10.9%	To	17.4%
Elementary 151 - 400	3.6%	19.5%	13.0%	10.3%	To	15.9%
Elementary 401 - 850	0.7%	15.6%	10.8%	9.5%	To	13.4%
Elementary 851 - 2500	4.1%	15.2%	11.5%	8.2%	To	14.0%
Elementary > 2500	10.4%	16.3%	12.1%	10.5%	To	15.4%
High School 75 or less	8.2%	22.1%	16.9%	14.5%	To	20.7%
High School 76-200	1.8%	20.4%	14.5%	11.4%	To	17.9%
High School 201-400	1.9%	20.2%	14.9%	12.5%	To	18.0%
High School 401-1250	7.4%	29.4%	14.5%	9.7%	To	16.1%
High School > 1250	11.6%	18.9%	13.9%	11.9%	To	17.9%
K12 less than 400	5.9%	23.6%	15.3%	12.6%	To	17.8%
K12 400 or Greater	7.8%	16.2%	13.7%	12.4%	To	16.2%

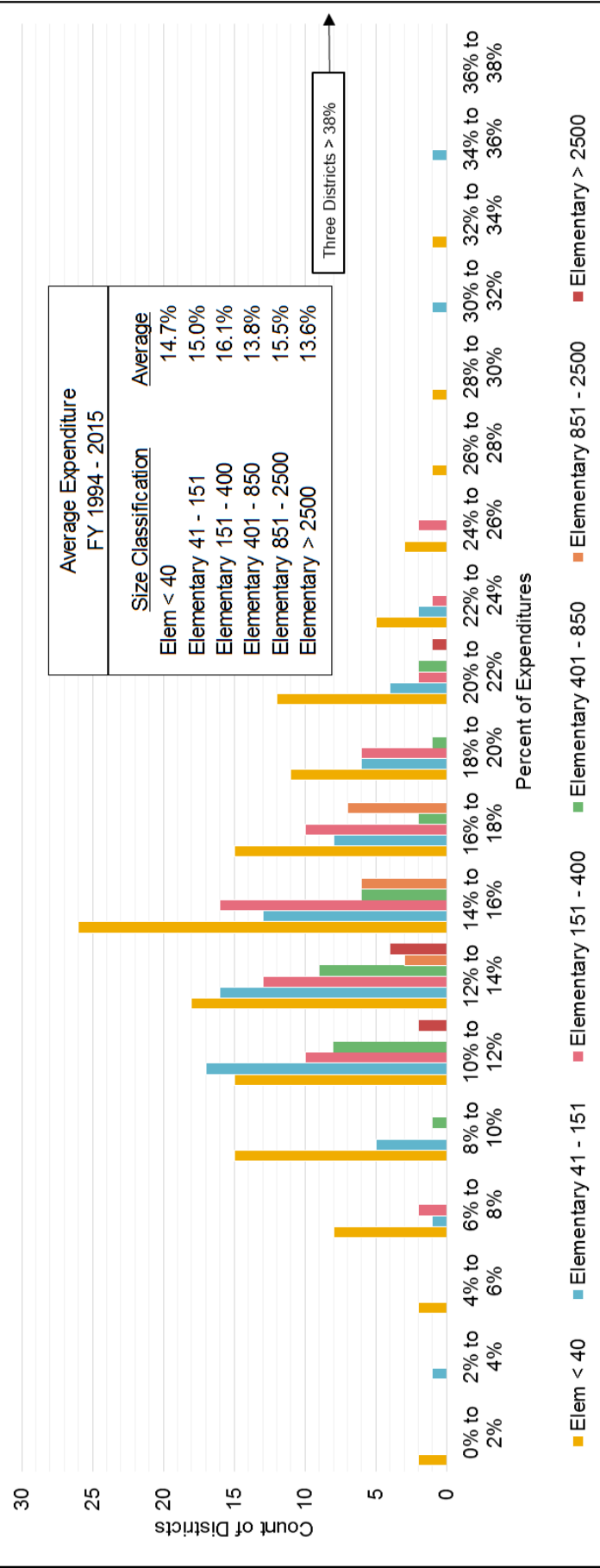
<sup>3</sup> As measured by the width of the range containing 2/3<sup>rd</sup>s of the districts

## **DISTRIBUTION OF DISTRICTS EXPENDITURES AS PERCENT OF TOTAL EXPENDITURES**

The three histograms on the following pages show the distribution for all school districts, each bar represents the count of districts with expenditure within 2% of each other.

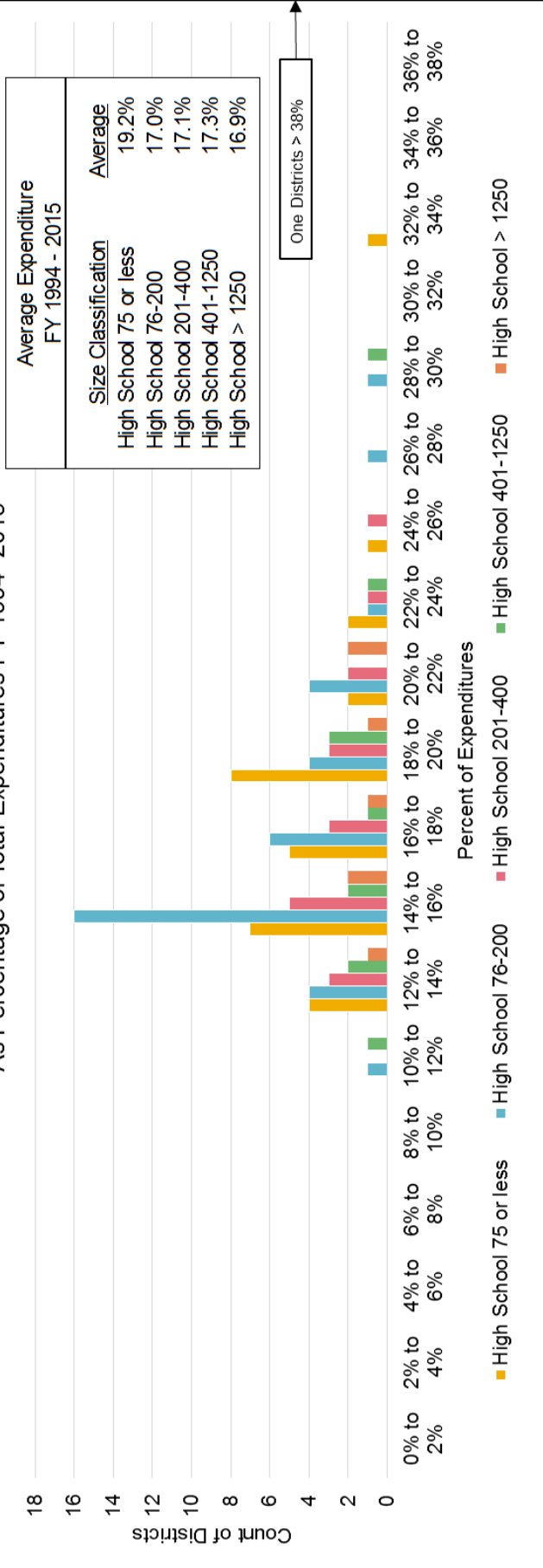
This report focused on an analysis of expenditures by function. If more information is desired by the committee related to this subject, including alternative breakdown of expenditures, staff can provide that further analysis at the request of the committee during the September LFC meeting.

### Distribution of Montana Elementary School District Expenditures on Facilities and Building Operation and Maintenance As a Percentage of Total Expenditures FY 1994 -2015





### Distribution of Montana High School District Expenditures on Facilities and Building Operation and Maintenance As Percentage of Total Expenditures FY 1994 -2015



Distribution of Montana K12 School District Expenditures on Facilities and Building Operation and Maintenance  
As Percentage of Total Expenditures FY 1994 -2015

