

ANNUAL OPERATING BUDGET

The Orleans Parish School Board shall approve an annual budget for the general fund and each special revenue fund for the fiscal year July 1 to June 30, no later than September 15th of each year. The School Board shall submit a copy of its adopted budget to the State Superintendent no later than September 30th of each year, as well as a general summary of the adopted budget. The summary shall include projected revenues, expenditures, and beginning and ending fund balances.

It shall be the responsibility of the Superintendent and designated members of his/her staff to prepare the operating budgets for submission to the School Board. The budgets shall be prepared on forms in accordance with such rules and regulations as may be prescribed by statutes and by the State Superintendent of Education. Said budgets shall be submitted to the School Board for the purposes of revision and approval prior to submission to the State Superintendent.

After the School Board has reviewed the proposed budget and made desired changes, if any, the School Board shall cause to be published a notice in the official journal stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held specifying the date, time and place of the hearing. The proposed budget shall not be considered for adoption or otherwise finalized until at least one public hearing has been conducted on the proposal. The notice shall be published at least ten (10) calendar days prior to the date of the first public hearing and may be published in the same advertisement as the notice of availability of the proposed budget and the public hearing.

The School Board shall certify completion of all action required by publishing a notice in the same manner as provided above.

No budget shall be approved where expenditures exceed the expected means of financing. Except as provided in *policy DCE, Budgetary Item Transfer Authority*, no items of expense may be incurred through the fiscal year except as provided for in the approved budget unless a revision is adopted by the School Board. The budget shall be reviewed periodically and such financial reports as the School Board directs shall be prepared and presented to the School Board by the Superintendent.

DAILY OPERATIONS

The adoption of the original budget and the adoption of all subsequent amendments by the School Board constitute the authority of the Superintendent and administrators of the School Board to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year. The Superintendent has the authority to enter into routine and necessary contracts or agreements to carry out the general business operations of the School Board.

ASSURANCE OF EQUITABLE FUNDING

The Orleans Parish School Board shall provide funding for education through local, state and federal sources and shall use funds for the benefit of all students in the school district, in compliance with all regulations by state and federal agencies granting such funds. The School Board shall allocate such funds equitably and in the interest of all of the Orleans Parish school students. This ensures equivalence among schools in the provision of curricular materials and instructional supplies. It is the policy of the Orleans Parish School Board that it maintains an equitable and fair equivalence among the schools in the allotment of teachers, administrators, and auxiliary personnel.

GENERAL FUND BALANCE RESERVE

As the taxing body for all public schools in Orleans Parish, the Orleans Parish School Board shall maintain a “General Fund” Balance Reserve to provide protection for emergencies and other unanticipated, exceptional needs of public schools in Orleans Parish. The fund balance reserve shall be retained in an amount sufficient to allow the School Board to forward fund local revenues to any entity that operates public schools in Orleans Parish, secure short-term revenue anticipation notes adequate to provide forward funding to such schools, and responsibly support the citywide portfolio of educational options for students and families.

The General Fund Balance Reserve shall include three sub-categories of funds or “reserves” – (1) a General Fund Emergency Reserve, (2) a District-Operated School Reserve, and (3) a System-Wide Reserve. The total composition of the General Fund Balance Reserve shall be the sum of funds in each of the three sub-categories.

1. General Fund Emergency Reserve: To protect the district’s ability to secure financing on behalf of students and schools, at a minimum, not less than 15% of gross annual sales and ad valorem taxes shall be maintained in the fund balance at all times as a reserve base. Should the General Fund Emergency Reserve fall below the requisite 15% of gross annual sales and ad valorem taxes, then the School Board shall withhold any funds for the other two sub-categories or reserves – the District-Operated School Reserve and System-Wide Reserve – until the General Fund Emergency Reserve meets the requisite level.

Funds from the General Fund Emergency Reserve shall be neither allocated nor expended for any purpose, including those otherwise provided for within this policy, except in case of an actual emergency. Such an emergency shall be a force majeure – inclusive of natural disasters like hurricanes, floods, earthquakes, and weather disturbances; war; terrorism; fire; complete destruction of a school facility; and civil disorder.

2. District-Operated School Reserve: For each school directly operated by the School Board (not inclusive of any charter schools authorized by the School

Board), an amount equal to 12.5% of the annual operating budget of each school as adopted by the School Board shall be assigned, maintained, and dedicated within the General Fund Balance Reserve as an operating reserve for the school. Such funds may only be allocated and expended upon request of the Superintendent on behalf of the assigned school for unforeseen, exceptional circumstances, and following the procedures established for these purposes in this policy. Any allocation from the District-Operated Reserve pursuant to this provision shall require the district to fully replenish the funds allocated out of the District-Operated School Reserve from the respective direct-operated school's budget over a period not to exceed three (3) years.

Effective January 1, 2017, should the School Board approve the transition of a school that has been directly operated by the district for two full school years at a minimum to a charter operator, the School Board may transfer an amount equal to 7.5% of the school's annual operating budget for the fiscal year immediately preceding the effective date of the conversion, from the school's operating reserve to the charter operator to address needs identified in a comprehensive needs assessment of the school. Such transfer shall be pursuant to a cooperative endeavor agreement between the School Board and the charter operator. Any funds remaining in the school's operating reserve after such transfer shall be transferred to the system-wide reserve.

3. System-Wide Reserve: All fund balance reserve not designated for the General Fund Emergency Reserve or the District-Operated School Reserve shall be maintained as a System-Wide Reserve to address unforeseen, exceptional circumstances that may arise. Allocations from this portion of the fund balance may be requested by the Superintendent on behalf of system-wide needs. Examples of such circumstances may include, but are not limited to, the following:
 - an unanticipated reduction in revenues that necessitates immediate action to avoid disruption of services to students
 - large, one-time expenditures that are not reasonably anticipated to recur (e.g., legal defense costs related to a class-action lawsuit)
 - nonrecurring expenses to protect or secure district revenue sources, capture system-wide efficiencies, or reduce system-wide costs in order to direct more resources to students
 - expenses to address unanticipated changes in the level of services needed to support students (e.g., changes in student demographics)

All such requests shall be considered by the School Board, following the procedures established for exceptional circumstance expenditures in this policy.

The School Board and district administration shall adhere to the following process whenever expending funds from the District-Operated School Reserve or the System-

Wide Reserve for an unforeseen, exceptional circumstance:

- In the event of an unforeseen, exceptional circumstance in which an expenditure from the District-Operated School Reserve or the System-Wide Reserve is determined to be necessary, the district administration's senior finance staff member and Superintendent may recommend such an expenditure to the School Board for a vote.
- Whenever the district administration's senior finance staff member and Superintendent recommend for an expenditure from the District-Operated School Reserve or the System-Wide Reserve to take place as the result of unforeseen, exceptional circumstances, they shall present this recommendation at a minimum of three public meetings: at a School Board Committee meeting, at a meeting for the same School Board Committee in the subsequent month's School Board meeting cycle, and finally at a full School Board meeting following the second School Board Committee meeting. At each of these meetings, the district administration shall present the following information:
 - The balance in all sub-categories of the School Board's General Fund Balance Reserve.
 - For the period of the past 12 months: All expenditures from all sub-categories of the School Board's General Fund Balance Reserve, the purpose of each of those expenditures, and the maximum allowable and actual expenses for each of those fund balance expenditures.
 - For the new recommendation for a fund balance expenditure as the result of unforeseen, exceptional circumstances: The rationale for the expenditure, a budget for the expenditure, and a maximum allowable expense for the expenditure. Prior to the School Board's vote, all presented information may be draft information.
- At the full School Board meeting, following the two School Board Committee meetings, the School Board may, upon the recommendation of the district administration's senior finance staff member and Superintendent, and by a ***two-thirds (2/3) vote of the total School Board membership***, approve a resolution declaring an exceptional circumstance, and permitting expenditure from the appropriate reserve fund to address such circumstances. The resolution shall be required to specify the cause(s) of the exceptional circumstance, the duration of exceptional circumstance expenditure authority, and the maximum allowable expenditure from the reserve fund to address the exceptional circumstances.
- At the same School Board meeting or subsequent to that meeting, the School Board shall then be required to separately vote to approve a budget amendment appropriating any expenditures from the appropriate reserve fund pursuant to such declaration of exceptional circumstances. Such amendment shall clearly identify how each expenditure addresses the cause(s) identified in the declaration of exceptional circumstance. Approval of such appropriations shall also require

a **two-thirds (2/3) vote of the total School Board membership** in favor of the proposed budget amendment.

- The Superintendent and district administration shall engage all OPSB charter and direct-run school leaders and provide those school leaders with a Notice of Intent for the fund balance expenditure prior to the first School Board Committee meeting during which the district administration recommends an expenditure from the District-Operated School Reserve or the System-Wide Reserve to take place as the result of unforeseen, exceptional circumstances. During such engagement with school leaders, the district administration shall provide the rationale for the fund balance expenditure and a draft budget for the expenditure.
- Should the exceptional circumstance(s) result in public schools, charter and/or district-operated, receiving less funding than reasonably anticipated, then all such schools may receive forward funding pursuant to this declaration. In such a case, however, any allocation of the district's General Fund Balance Reserve shall be fully replenished via a "fund balance reserve recovery surcharge", which may be withheld from funds otherwise due to such schools from the School Board, over a period not to exceed five (5) years.
- Further, this policy, may be amended, rescinded, or temporarily suspended only by a **two-thirds (2/3) vote of the School Board**. The School Board may only suspend this policy's requirements to hold three public meetings and to notice school leaders prior to approving the fund balance expenditure if delaying approval would disrupt operations at a new or existing school and/or would result in potential harm to the health, safety or welfare of students.

Each fiscal year, the School Board shall publicly publish and delineate, in its Annual Financial Report or some other appropriate public document, each of that fiscal year's expenditures from the General Fund Balance Reserve.

Revised: July 20, 2017

Revised: April 11, 2019

Ref: La. Rev. Stat. Ann. §§17:88, 17:89, 17:1990, 39:1301, 39:1302, 39:1303, 39:1304, 39:1305, 39:1306, 39:1307, 39:1308, 39:1309, 39:1310, 39:1311, 39:1312, 39:1313, 39:1314, 39:1315; Board minutes, 7-20-17, 4-11-19.