

Charleston County School District Budget FY2013

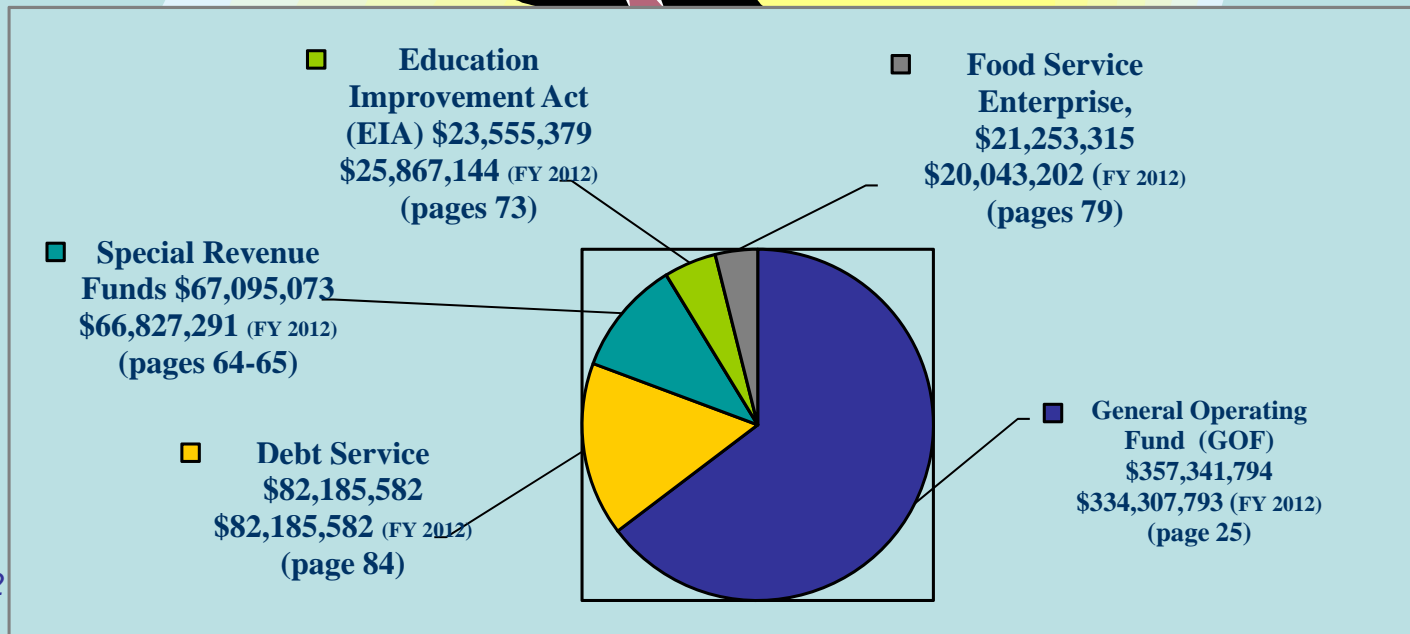
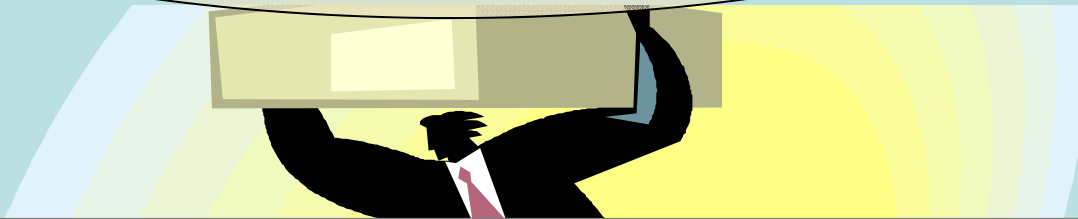
June 11, 2012
1st Reading

Charleston > excellence is our standard
County SCHOOL DISTRICT

The Big Picture

Charleston County School District

Achieving Excellence





June 11, 2012

Michael Bobby, CFOHR

For First Reading:

From Board Work Session 5/7/12

1. Staff will continue to refine expenditure requests.
2. Staff will continue to refine local revenue as well as monitor state revenue.
3. Staff will carry an option for use of tax increase to manage variance of revenue and expenditure.
4. Will return with Balanced Budget.

Special Revenue

\$67,095,073

(pg. 64-65)

- Constantly changing (updated as received)
- Potential Title I Decrease of 9%
- Key Program Changes in Title I and Title II

Education Improvement Act Revenue

\$23,555,379

(pg. 73)

Loss of Technical Assistance
Loss of Aid to District for Special Education

Food Service

\$21,253,315

pg. 79

Remains Self-Sustaining
Includes \$.10 meal increase

Debt Service

\$82,185,583

pg. 84

Fixed Cost of Ownership

Previously Approved

Use Fixed Millage for F.C.O. for FY 14 and beyond (6.6 mills(E))

Millage 27.9 —————> Reduce to 24.9 **(FY 13 only)**

Capital Budget

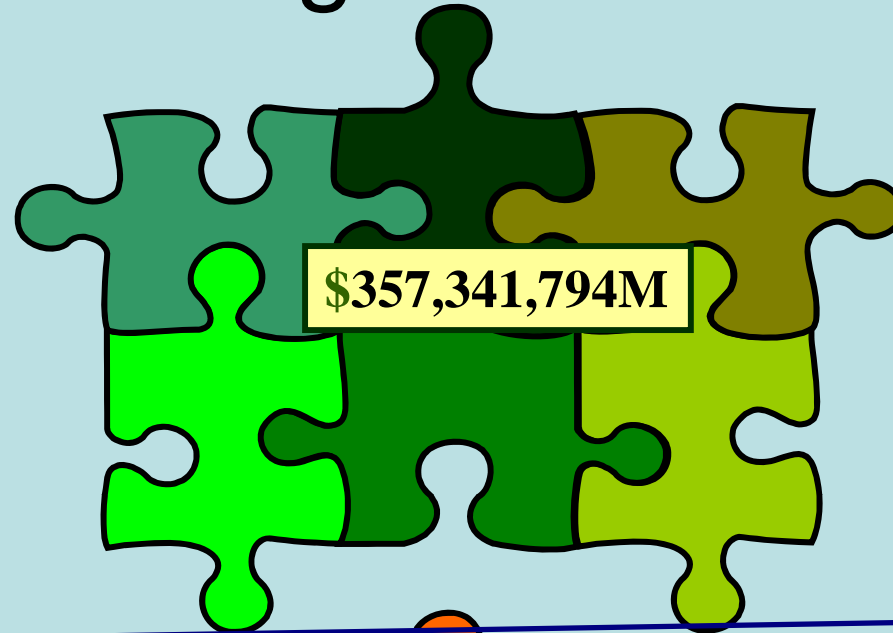
\$188,533,045

pgs. 91-93

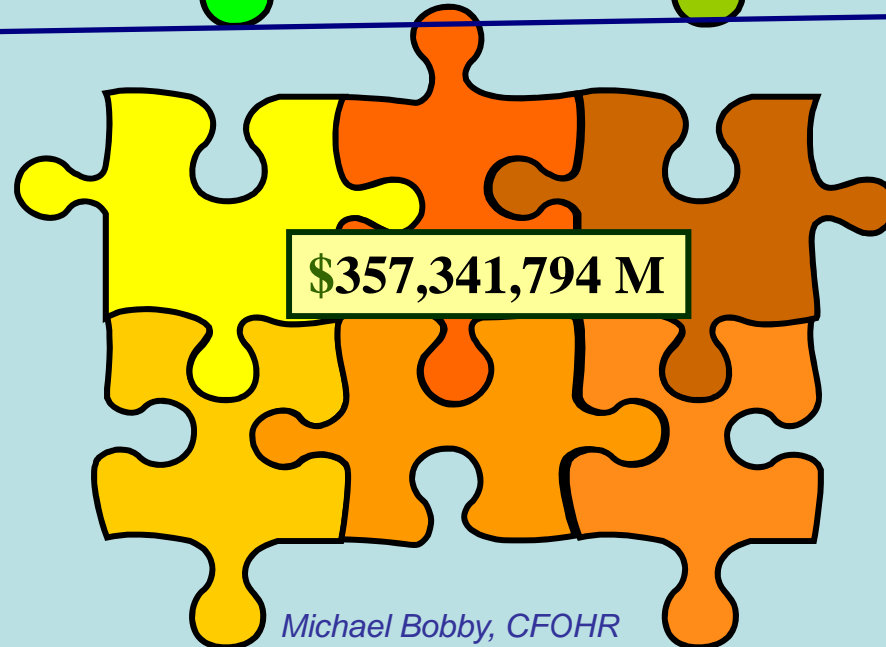
- Multiple Funding Sources
- Funds Capital Expenses for FY 2013

Budget Puzzle

Revenues

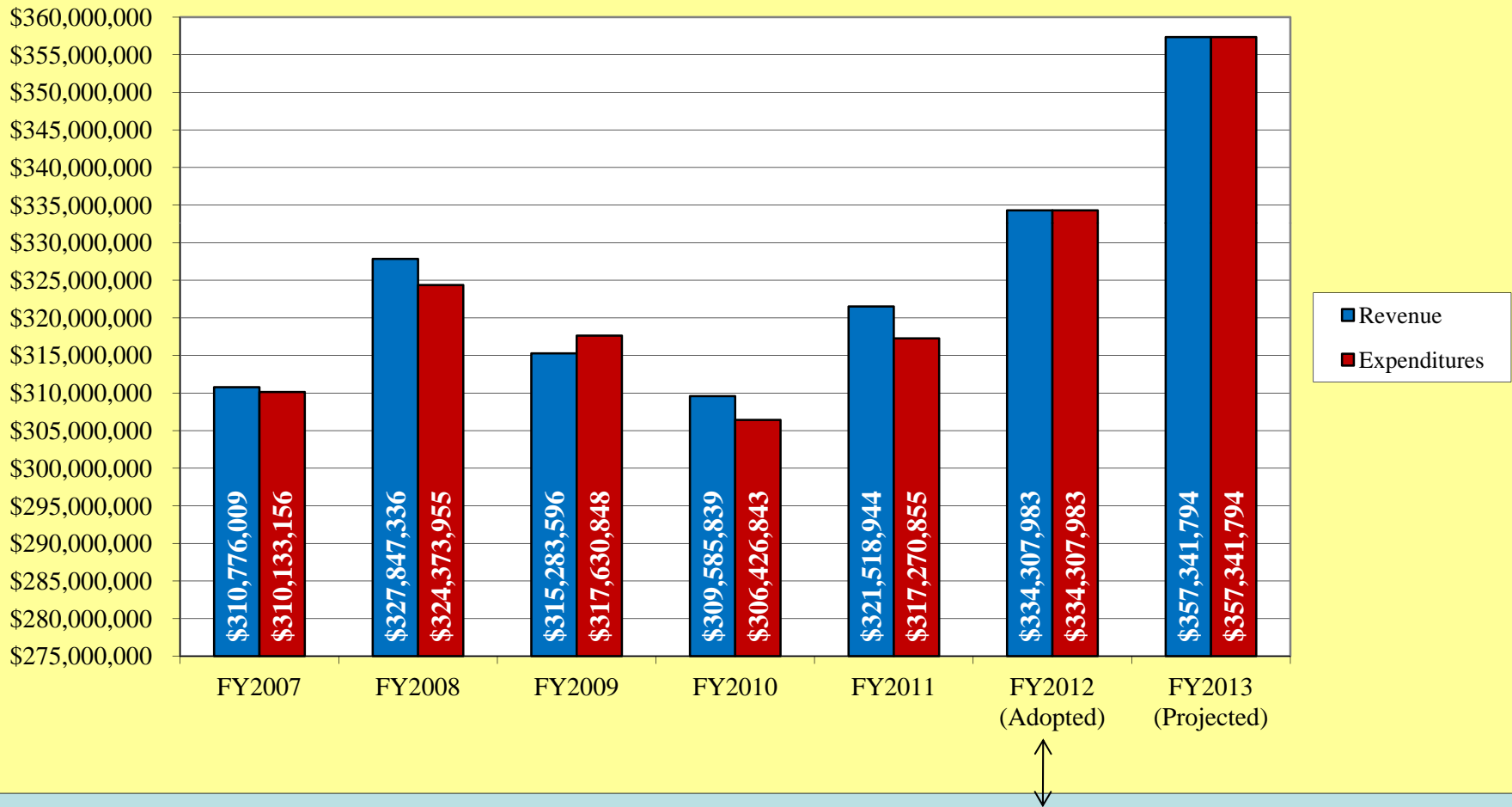


Expenditures



General Operating Fund

Revenues & Expenditures



Revenue & Expenditure Projections

	FY2012 Amended Budget	FY2013 Projected Budget	FY2014 Projected Budget	FY2015 Projected Budget	FY2016 Projected Budget	FY2017 Projected Budget
Estimated Revenues	\$334,307,983	\$330,318,894	\$338,418,623	\$345,498,669	\$350,841,993	\$362,718,185
Estimated Expenditures	334,307,983	338,617,219	341,632,967	344,782,718	347,954,533	351,397,099
Additional Strategies						
Variance	\$0					
Mills to balance						
Audited undesignated Fund Balance 6/30/2011	\$29,266,687					

Note:

Expenditures do not include increases in salaries (C.O.L.A. or Steps) nor expansion of programs.

General Operating Fund The Budget Evolution

August 2011  June 2012

BIG IDEA

Original
Projected
Expenditures

338,617,219

330,318,894

357,341,794

Original
Projected
Revenues

How ?
With what outcomes ?

Original Projections – pg. 9

- Expenditures (See Assumptions)
- Revenues (See Assumptions)
 - All one-time/non-recurring funds were removed from this projection; e.g., fund balance, E-rate

Building the Budget

Expenditures

- Driven by highest strategic priorities
- Base budgets remained same as FY2012
 - * Except where expected increases in cost of doing business were anticipated (e.g., utilities)
 - ** Base budgets have been decreased over the past (4) years.
(e.g., facilities and maintenance – from \$18+ million to \$14+ million)

Revenues

- Adjusted revenue sources (local and state as information was received)
- Added use of non-recurring funds (fund balance, E-rate)
- Added slight millage increase

Building Budget (B.B.)

Allocation Formula + Support Staff Pool (Increased for 2013)	+	Substitute Pool (Increased for 2013)	= (B.B.)
\$300,000		\$867,718	

Discretionary Contingency

1. Personnel Contingency \$500,000 (\$750,000 in 2012)
2. Non-Personnel Contingency \$200,000 (\$200,000 in 2012)
3. Operations Contingency \$100,000 (\$100,000 in 2012)

From Projection to Budget

(From)
\$338,617,219

(To)
\$357,341,794

11,556,542	Highest Priority Strategy (Invest in our Team)
3,496,857	Highest Priority Strategy (Literacy Pathways)
4,200,000	Strategic Focused Improvement and Capacity
666,645	School Openings (Low Country Tech, North Charleston Creative Arts Elementary Expenses greater than Assumption (Insurance Premium))

(Hand-Out) pg. 43

The Balanced Budget

<u>REVENUE</u>		
Changes to Revenue Budgets:		
<u>Eliminate one-time revenue sources from FY2012</u>		
e-Rate funding		(\$750,000)
SFSF - Federal stabilization funding (transfer-in)		(\$3,500,000)
Use of Fund Balance		(\$3,417,432)
<u>Changes in Revenue for FY2013</u>		
Increased Ad Valorem taxes - includes 1 mill increase		\$7,263,022
Increased Delinquent taxes		2,000,000
Tier 3 Sales tax revenue for school operations		1,658,586
Increased EFA revenues		3,681,328
Increased Fringe Benefit revenues		4,682,399
e-Rate funding		1,000,000
Use of Fund Balance		10,879,748
Reductions & changes in several revenue lines (Local & State)		(463,840)

FY2013 Projected Revenue Budget**\$357,341,794****EXPENDITURES****Changes to Expenditure Budgets from FY2012**

Staff COLA & Step increases	\$11,556,542
Literacy Academy expansion	3,496,857
Lowcountry Tech opening - January 2013	233,645
Increased enrollment - additional staff	500,000
Head Start transportation - move to GOF	350,000
Head Start blended classes - prorate shared funding with GOF	400,000
Additional strategic priorities	4,155,148
Reduce staffing contingency	(250,000)
Shift funding for software/hardware to FCO	(1,700,000)
Increased health insurance premiums - employer portion @ 4.5%	1,583,867

Increased Retirement costs - employer portion @ 1%		1,583,663
Partnership with Teach for America		120,000
Increased property services & day porters (net of CCSD personnel changes)		317,072
Increased property insurance		1,418,420
Increased student transportation		658,415
Increased energy & fuel costs		264,600
Decrease in charter school disbursements		(200,093)
Decrease in temporary, overtime and supplemental salaries		(325,082)
Reduction in projected unemployment		(201,893)
Departmental reductions		(927,350)
TOTAL CHANGES		\$23,033,811
FY2013 Projected Expenditure Budget		\$357,341,794
Revenue/Expenditure GAP		\$0

	FY2012 Budget	FY2013 Projected	Projected Variance:
TOTAL ESTIMATED REVENUES	\$334,307,983	\$357,341,794	\$ 23,033,811
TOTAL ESTIMATED EXPENDITURES	\$334,307,983	\$357,341,794	\$ (23,033,811)
Variance for Revenues & Expenditures	\$0	\$0	

Key Element

The Millage Exchange

How:

1. Reduce debt service by (3) mills (27.9 to 24.9).
2. Extend the repayment to 2016.
3. Repayment will be made via 'savings' in the refinancing of existing debt (2004 Alternative Finance Bonds).
4. Increase operating millage by (3) mills (98.6 to 101.6).

The Impact on the F.Y. 2013 Budget

	Operating Tax Changes	Debt Service	Fund Balance
First Reading	1 – mill	0 mills	\$10,800,000
Added State Funding	0 mills	0 mills	\$9,200,000
Millage Exchange	3 mills	(3) mills	\$3,800,000

Impact to Tax Payer:

4% - (3) mill reduction

6% and up – (0) mill change

FY 2012 Debt Service Returns to 28 mills(E)

From 1st Reading to Budget Adoption

Considerations:

1. \$3,200,000 additional in E.I.A. for salaries and fringes
2. Use Millage Exchange to:
 - a. Reduce reliance on fund balance
 - b. Reduce taxes for 4% property owners **(2013 only)**
 - c. Continue a fifth consecutive year of no NET millage increases for all other property tax classifications (6%, 10.5%,)

Now or Later?

Critical Thoughts:

1. This budget includes about \$10,000,000 of non-recurring funds.
2. Future budgets will not be able to rely on this type of funding.
3. Continuing to build fund balance is critical to our financial health and strong credit ratings.
4. Next year's budget must replace non-recurring funds with sustainable revenue.
5. Next year's budget must support the increased cost of operations.

FY 2014

Financial Stability

The Formula

Expenditures

\$13,000,000(E)	Increased salary and benefits (2% + 2 steps)
\$4,000,000(E)	Increased Cost of Operations
\$2,000,000(E)	Strategic Improvements
\$19,000,000	
(\$3,000,000 Reduction in costs)	

\$16,000,000

\$10,800,000 Non-Recurring Funds

\$26,800,000

Revenues

\$5,000,000	Non-Recurring
\$3,500,000(E)	Local 2% Growth
\$4,000,000(E)	State 3%
\$2,500,000(E)	TIF King Street
\$15,000,000	

\$11,800,000 (Difference in Expenditures & Revenues)

@ \$1,850,000 = 6.22 mills

Charleston is Achieving Excellence!



Montessori Programs



Career Technical Education



Single Gender



Career Academies



Partnerships