

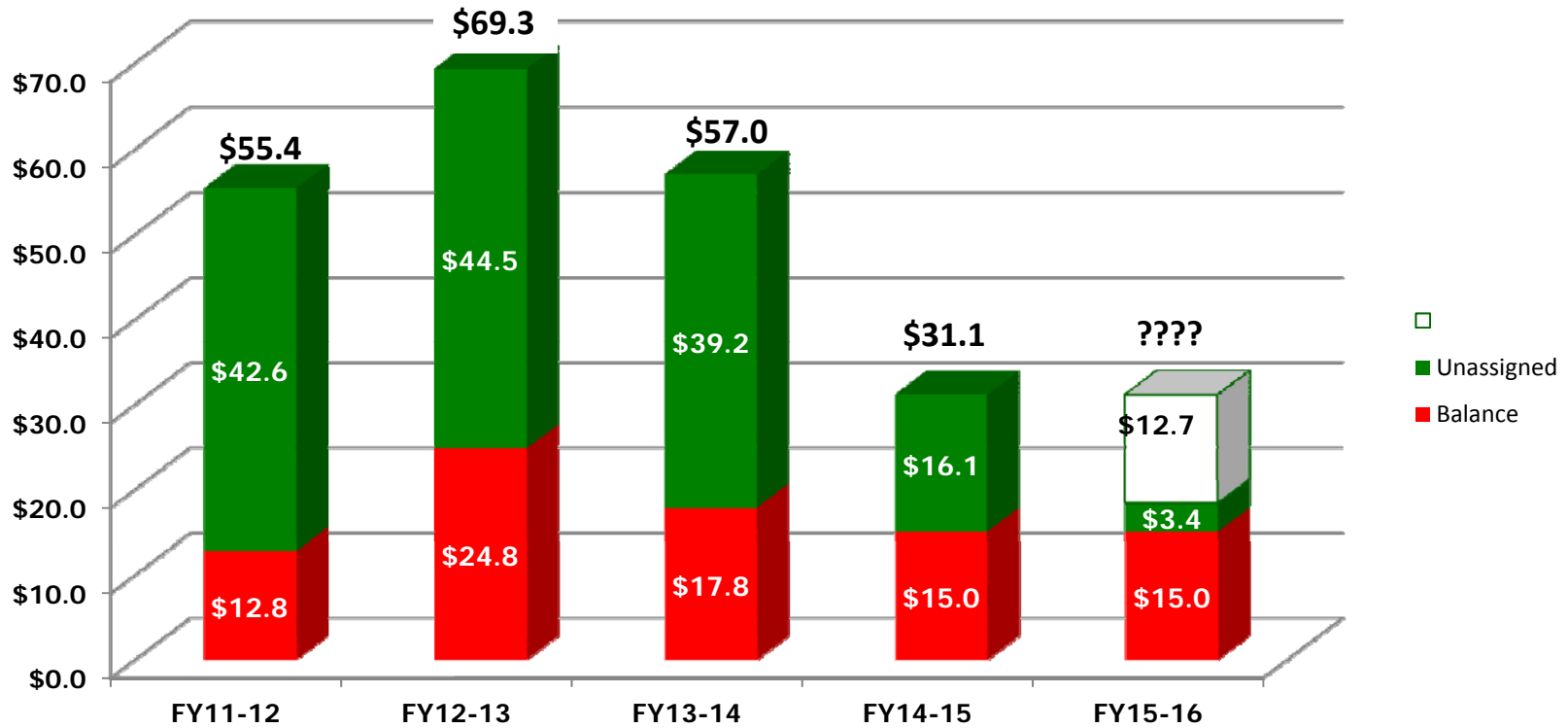
Recap: Last Fall's Budget Discussions

Board Workshop

March 14, 2016

Introductory Remarks: Gerrita Postlewait


Fund Balance



Over 90% Reduction in Unassigned Fund Balance over 4 Years

FY17: Moving Toward Zero-Based Budget

Year	Fund Balance	Budget – GOF
Year 1 2015-16	Low	<ul style="list-style-type: none"> Instructional Program ROI (MRT/ART Change) Allocation Formula/ Personnel <p>1/3</p>
Year 2 2016-17	Increasing	1/3
Year 3 2017-18	Greatly Improved	1/3
Year 4 2018-19	Stable	Full Zero-Based Budgeting System Implemented



This year: Focus on Allocation Formula and Program Impact

The Dilemma

- No money is missing
- Money was spent on education—teachers, programs, school operations, etc.
- For 7 of the last 8 years, the district spent more money to support schools than was in the budget.
- During these years, tough choices should have been clearly laid out for the Board: either reduce spending or increase taxes.
- Because this didn't happen, we are now in an extremely challenging position.

Involvement of Board

- As we review records and reports, it appears that, over a period of years, the board was not provided appropriate, timely, and essential information regarding the budget.
- We want to involve the board fully in making decisions to achieve a balanced budget for FY17.

FY2017

Achieving a Balanced Budget

Board Workshop

March 14, 2016

Glenn Stiegman, Interim CFO

Budget Process & Timeline

- 4 weeks until teacher contracts must be issued
 - 1 of these weeks the District is closed for Spring Break

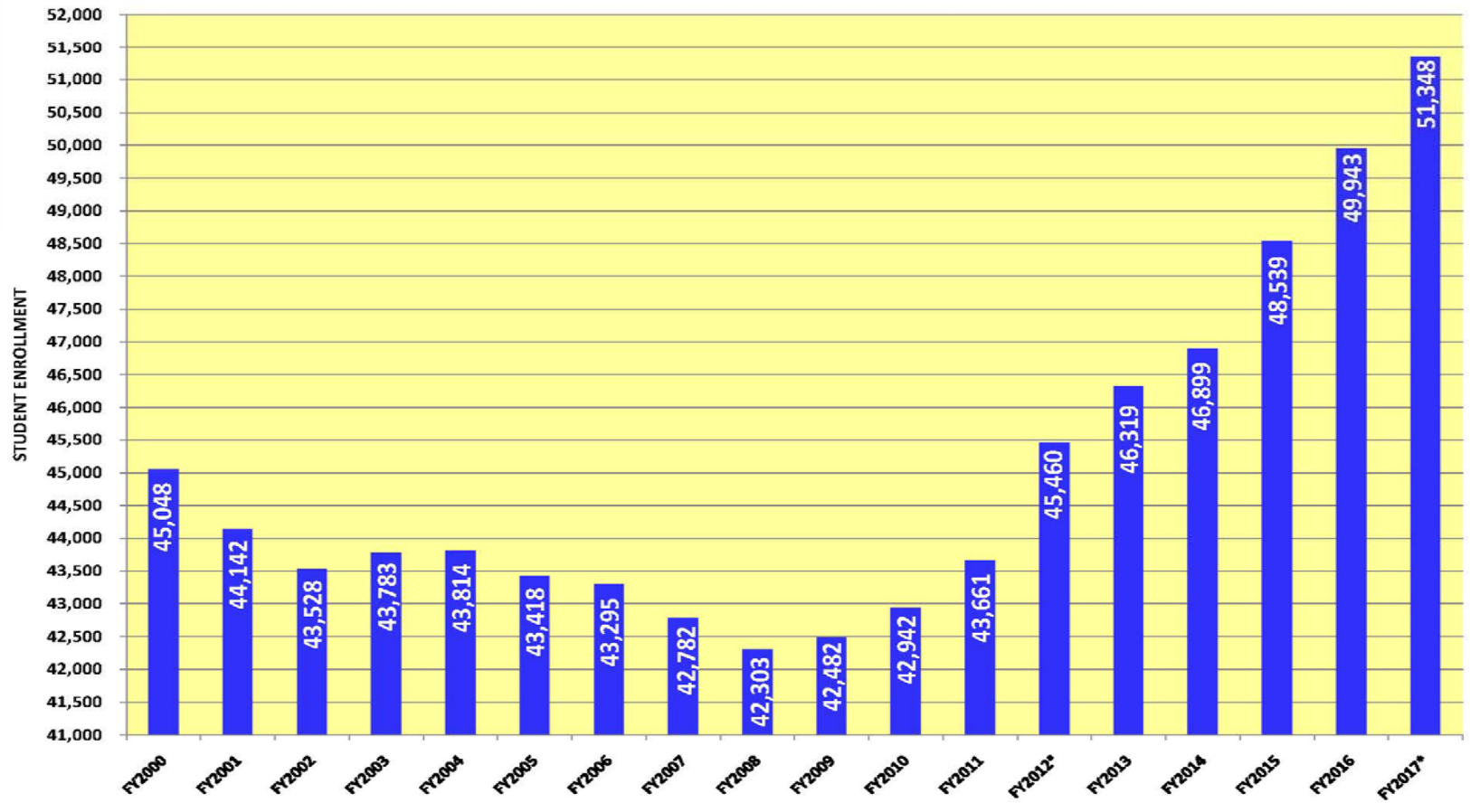
- 15 weeks until the end of FY2016
 - FY2017 budget must be adopted
 - FY2017 Special Revenue funds and plans must be submitted for approval
 - Public Hearing on FY2017 budget must be advertised 15 days prior to hearing

Budget Process & Timeline

- Board Action – approval for:
 - Allocation formula changes (Requesting approval for this today)
 - Staffing reductions
 - Program expansion, reduction or elimination
 - Compensation changes (non-teachers)

- Legislative Action
 - Final State budget will not be adopted until June
 - House is on furlough for 2 weeks (March 28 – April 8)
 - Senate is on furlough for 1 week (March 28 – April 1)

Enrollment by Fiscal Year



* Began Head Start classes not previously included in enrollment (1,001)

GOF (General Operating Fund) REVENUES

Local Sources

Funding Stream	FY2016 Budget	FY2017 Projected	Variance
Ad Valorem taxes ^a	\$233,217,923	\$217,720,594	(\$15,497,329)
Delinquent Taxes	\$9,000,000	\$7,500,000	(\$1,500,000)
Out of County Tuition	\$0	\$70,000	\$70,000
Other local sources	\$185,000	\$255,000	\$70,000
Total Local Sources	\$242,402,923	\$225,545,594	(\$16,857,329)

^a Includes Fee in Lieu, Multi-County Parks, credits for TIF districts

Local Tax Revenue

- Local taxes can be collected for:
 - The General Operating Fund (GOF), and for
 - Debt Service (to repay money CCSD has borrowed for facilities)
- Residential property is not taxed for the General Operating Fund:
 - **1 mill of tax for GOF generates \$2.2 million**
 - 1 mill of tax for Debt Service = 3.3 million
- The penny sales tax is for facilities and cannot be used to pay general operating expenses.

REVENUES: Act 388

Fiscal year	Mills		Status
	Allowed	Used Mills	
FY2011	1.58 mills	Used 1.58 in FY2013	
FY2012	3.03 mills	Used 0.32 in FY2013	Balance of 2.71 mills rolled off in FY2015
FY2013	4.90 mills		Balance of 4.90 mills rolled off in FY2016
FY2014	4.21 mills	None used to date	Balance of 4.21 mills will roll off in FY2017 if not used
FY2015	4.98 mills	None used to date	
FY2016	3.80 mills	None used to date	
FY2017	TBD		Balance available = 12.99 mills

GOF REVENUES

State Sources

Funding Stream	FY2016 Budget	FY2017 Projected	Variance
Bus driver salary	\$1,479,211	\$1,779,211	\$300,000
Employer Fringe	\$17,340,660	\$18,598,683	\$1,258,023
Retiree insurance	\$9,781,137	\$8,284,947	(\$1,496,190)
EFA	\$41,898,531	\$47,279,611	\$5,381,080
EFA Hold Harmless	\$846,777	\$0	(\$846,777)
Tier 3 Property Tax Relief	\$69,182,445	\$69,182,445	\$0
Manufacturers' Depreciation	\$0	\$500,000	\$500,000
Other State sources	\$22,620,480	\$22,620,480	\$0
Total State Sources	\$163,149,241	\$168,245,377	\$5,096,136

GOF REVENUES

Other Sources

Funding Stream	FY2016 Budget	FY2017 Projected	Variance
Transfer from Spec Revenue (E-rate)	\$1,000,000	\$0	(\$1,000,000)
EIA Teacher Salary	\$9,142,150	\$9,846,031	\$703,881
Indirect Costs – Food Service	\$1,432,002	\$1,432,002	\$0
Indirect Costs – Spec Rev	\$1,723,119	\$1,573,119	(\$150,000)
Sale of Fixed Assets	\$25,000	\$25,000	\$0
Total Other Sources	\$13,322,271	\$12,876,152	(\$446,119)

GOF REVENUES

All Sources

Funding Stream	FY2016 Budget	FY2017 Projected	Variance
Total Other Sources	\$426,773,479	\$406,273,984	(\$20,190,495)

REVENUES

Reductions

Funding Stream	FY2016 Budget	FY2017 Projected	Variance
GOF – Delinquent Taxes	\$9,000,000	\$7,500,000	(\$1,500,000)
GOF – Hold Harmless	\$846,777	\$0	(\$846,777)
GOF – Transfer from EIA (E-rate)	\$1,000,000	\$0	(\$1,000,000)
GOF – Indirect Costs (TIF Grant)	\$150,000	\$0	(\$150,000)
EIA – At Risk	\$5,623,021	\$4,500,000	(\$1,123,021)

REVENUES

Use of Fund Balance

Fiscal Year	Budgeted Use of Fund Balance	Beginning Fund Balance	Ending Fund Balance
FY2009	\$7,095,066	\$23,160,217	\$20,812,965
FY2010	\$0	\$20,812,965	\$23,971,961
FY2011	\$6,907,735	\$23,971,961	\$34,390,263
FY2012	\$5,700,000	\$34,390,263	\$55,393,402
FY2013	\$5,500,000	\$55,393,402	\$69,244,825
FY2014	\$10,000,000	\$69,244,825	\$56,962,528
FY2015	\$7,424,722	\$56,962,528	\$31,047,093
FY2016	\$7,792,183	\$31,047,093	TBD
FY2017	\$0	TBD	

EXPENDITURES

- Salary changes

- State mandated teacher increase of 2% cost of living adjustment and 1 step
- Terminal leave budget needs to increase to reflect historical disbursements
+ \$275,000
- Supplements budget needs to increase to reflect historical disbursements
+ \$350,000

- Fringe Benefit changes

- Health insurance premiums increase of 4.5%
- Retirement increase projected at 0.15%

EXPENDITURES

•Service contract changes

- Property Insurance premiums projected to increase 7-10%
- Custodial and grounds contract projected to increase
- Transportation contract projected to increase
- Substitute budget needs to increase to match the higher fill rate = \$400,000
- Printing budget to reflect realistic expenses = \$400,000
 - This is a net figure to reflect separating the Courier Service contract and the Mail Service Contract from the printing contract.
 - Increase to school budgets for additional student enrollment = \$28,100
- Kronos support contract projected to increase 5%
 - Includes adding the support for software, licenses, timeclocks and appropriate training

•Supplies and Materials

- Increase to school budgets for additional student enrollment = \$77,275

EXPENDITURES

- Utilities

- Electricity projected to increase
- Fuel Oil & Gasoline are projected to remain flat

- GOF funds to be redirected

- FY2016 included \$2,060,000 to be moved to other funding sources
 - EIA Technology funding = \$1,500,000
 - Fixed Cost of Ownership = \$560,000

EXPENDITURES

Choice Schools

- Continue serving charter schools
 - Allegro adding 10th grade
 - Orange Grove adding 7th grade
 - Carolina Voyager adding 4th grade
 - Mt. Pleasant Montessori continuing 2nd year of primary classes
- Pending 1 charter school
 - Prestige Charter has a deadline of March 29, 2016
- Potential Alternative Program
 - March 7, 2016 - Jennifer Coker
 - Information Shared

Achieving a Balanced Budget

Part 2

Allocation changes

Allocation Changes

Why change this now?

- There is a significant need to reset the allocation process to enable CCSD to create a baseline, develop efficiencies and provide additional resources where the educational need exists.

The proposals presented here would supersede all previous actions in order to reset the allocation formula to set a standard among all of our schools.

FY2017 Proposed Changes

Elementary School Allocations

FY2016 7-day Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
Grades 1 – 3	20, 25, 25	537	23 (combined)	497	\$2,621,680
Grades 4 – 5	30, 30	268	28 (combined)	256	\$786,504
TOTALS		805		753	\$3,408,184

FY2017 OPS Projected Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
Grades 1 – 3	20, 25, 25	537	23 (combined)	493	\$2,883,848
Grades 4 – 5	30, 30	276	28 (combined)	270	\$393,252
TOTALS		813		763	\$3,277,100

FY2017 Proposed Changes

Art, Music & PE Allocations

FY2016 7-day Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
A,M,PE Teacher	Total Enrollment	111.00	Exclude 4 year olds	98.40	\$825,829

FY2017 OPS Projected Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
A,M,PE Teacher	Total Enrollment	112.20	Exclude 4 year olds	103.20	\$589,878

FY2017 Proposed Changes

Montessori Allocations

FY2016 7-day Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
Teachers	21, 23	58	23, 28	51	\$458,794
Tchr Asst	21, 23	58	23, 28	51	\$253,113
TOTALS		116		102	\$711,907

FY2017 OPS Projected Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
Teachers	21, 23	67	23, 28	56	\$720,962
Tchr Asst	21, 23	67	23, 28	56	\$397,749
TOTALS		134		112	\$1,118,711

FY2017 Proposed Changes

Middle School Allocations

FY2016 7-day Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
MS Teacher	Various	362	Increase by 1	354	\$524,336

FY2017 OPS Projected Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
MS Teacher	Various	373	Increase by 1	363	\$655,421

FY2017 Proposed Changes

High School Allocations

FY2016 7-day Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
HS Teacher	Various	568	Increase by 1	542	\$1,704,092

FY2017 OPS Projected Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
HS Teacher	Various	582	Increase by 1	556	\$1,704,092

FY2017 Proposed Changes

Total Allocations

FY2016 7-day Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
All		1962.0		1849.4	\$7,174,348

FY2017 OPS Projected Enrollment

Position	FY2016 Divisor	FY2016 FTE	FY2017 Divisor	FY2017 FTE	Savings
All		2014.2		1897.2	\$7,345,202

FY2017 Proposed Allocation Changes

NOTES:

- **Proposed changes are not a menu of options – They should be considered as a package.**
- **To reset allocations for baseline standard we must adopt all of the proposed changes.**

While these changes will create budget savings, these changes are less about budget reductions and more about resetting our allocation process to Zero and creating equity across all our schools.

FY2017 Proposed Changes

Literacy Program

- Currently the literacy program supports at-risk students in 1st thru 3rd grade and middle school grades. Analyses showed inadequate “return on investment” as the program was previously configured. Dr. Harrison and team recommend significant changes.
- Proposal would enable CCSD to realize a cost savings in GOF and would provide greater support for more students
 - Reduce central office positions
 - Redistribute Master Reading Teachers (MRT) to expand services to 4th and 5th grades

FY2017 Proposed Changes Literacy Program

- Reduces 4 FTE in Central Offices
 - Redistribute MRT* from 1st grade to 1st through 5th grade
 - Redistribute ART* from 2nd & 3rd grade to 1st through 3rd grade
 - Continue MRT in 6th through 8th grade
 - Continue ART in 6th through 8th grade
 - Much greater focus on teaching reading in regular classrooms, reducing dependency on “intervention” programs
-
- Projected savings = \$2,670,358**
 - Projected reduction in FTEs = 34**

MRT = Master Reading Teacher

ART = Associate Reading Teacher

Additional FY2017 Proposed Changes

NOTE:

- **Other areas with proposed changes that will come before the Board.**
 - **Central Office reductions**
 - **Special Education reductions**
 - **Support staff reductions**
 - **Utilities**
 - **Eliminate ineffective programs**
 - **Service contractual obligations**
 - **Supplemental pay**
 - **Schools with an extremely high per pupil cost**

FY2017

Achieving a Balanced Budget

**Today's requested action: Approval of the
allocation formulae.**

QUESTIONS?

Board Workshop

March 14, 2016

Glenn Stiegman, Interim CFO