

FY 2021 Operating Budget



**Board of Education
Budget Work
Session
June 16, 2020**

Purpose of this Presentation

- **Review of the Recommendation to Balance the FY 2021 Operating Budget**

FY 2021 Revenues

| General Fund Revenues | <u>FY 2021</u> | <u>Notes</u> |
|---|------------------------|--|
| Local Revenue (County Funding) | \$ (30,891,006) | Difference between County approved funding and BOE request from County |
| One-time County Funding | (6,000,000) | One-time County funds included in the BOE request for health fund deficit pay-down |
| State Revenue | (1) | MSDE update |
| Federal Revenue (FEMA Reimburse) | 250,000 | Estimate for FEMA Reimbursements |
| Other Revenue Investment Income | (750,000) | Updated for projected decrease in pooled investment rates |
| Other Revenue GT Summer School | <u>252,000</u> | GT Summer School shift to General Fund (budget neutral-offset by equal expenditure adjustment) |
| Total Amount Less than BOE Request | \$ (37,139,007) | Amount of Budget Gap to Eliminate |

FY2021 Budget Recommendation

- Increase employee compensation on average by 2%; 1% for AMT staff
- Investment in Special Education
- Commitment to Diversity, Equity and Inclusion work
- No Reduction in Force (RIF) or furlough days
- Fully fund health care and other benefits

Reductions from BOE Requested Budget

| Item | Description | Amount |
|---|--|----------------|
| Tentative Renegotiated Salary Increases | Negotiated increases lowered by about half (average compensation increase about 2%) | \$(12,733,311) |
| Health Fund Deficit and Insurance Costs | Defer county contribution for pay-down of health fund deficit \$6M and updated actuarial cost estimates for FY21 \$4.1M. | (10,093,255) |
| Class Size Increase and HS Media Paraeducator positions | Adjust ratios at MS and HS by .6 teacher positions at each school. Remove HS Media Paraeducator positions | (2,406,880) |
| Transportation Costs | Redistricting cost increase lowered by \$1.15M through route efficiencies plus lower contract cost assumptions by \$200K | (1,352,727) |

Adopted Budget Plan (cont)

| Item | Description | Amount |
|---------------------------|---|---------------|
| Hiring Freeze Savings | Continue hiring freeze for central office and non-instructional positions plus added turnover savings in benefits | \$(1,250,000) |
| Custodial Costs | Eliminate new funds requested for custodial overtime and supplies costs | (840,858) |
| Parochial School Busing | Discontinue parochial school busing services | (797,811) |
| Pooled Teaching Positions | Reduce the number of pooled teacher positions by 7 | (420,000) |

Adopted Budget Plan (cont)

| Item | Description | Amount |
|--|---|---------------------|
| Smaller Salary Increase for AMT | AMT employees will receive a smaller salary increase of 1% | \$(100,000) |
| Line Item Budget Cuts from all Divisions | Reductions to training, supplies, contracted services, maintenance replacements, other costs across all Divisions | (1,282,852) |
| Fixed Charges | Savings in fixed charges for line item reductions and other cost realignments | (426,313) |
| Use of Fund Balance | Apply \$5 million of unassigned fund balance to prevent deeper cuts impacting staffing levels, this is a decrease of use of fund balance over FY2020 of \$7 million | (5,000,000) |
| Grand Total | | \$37,139,007 |

Contingency Reserve - \$3 million

Projected Recovery Plan Needs

- Technology – Software and Hardware
- Personal Protective Equipment
- Building Supplies and Cleaning
- Transportation
- Other costs

Summary of Recommendation

| General Fund | Approved Budget FY2020 | FY2021 BOE Requested | Adopted Budget Plan Changes | FY 2021 BOE Adopted | Adopted Year over Year \$ Change |
|---|------------------------|-----------------------|-----------------------------|-----------------------|----------------------------------|
| Revenues | | | | | |
| Local Revenue | \$ 607,200,000 | \$ 657,191,006 | \$ (36,891,006) | \$ 620,300,000 | \$ 13,100,000 |
| State Revenue | 274,443,415 | 282,654,203 | (1) | 282,654,202 | 8,210,787 |
| Federal Revenue | 385,000 | 410,000 | 250,000 | 660,000 | 275,000 |
| Other Revenue | 7,312,882 | 7,573,507 | (498,000) | 7,075,507 | (237,375) |
| Total Revenues | \$ 889,341,297 | \$ 947,828,716 | \$ (37,139,007) | \$ 910,689,709 | \$ 21,348,412 |
| Other Sources | | | | | |
| Use of Fund Balance | 12,000,000 | - | 5,000,000 | 8,000,000 | (4,000,000) |
| Total Revenues and Other Sources | \$ 901,341,297 | \$ 947,828,716 | \$ (32,139,007) | \$ 918,689,709 | \$ 17,348,412 |
| Expenditures | | | | | |
| State Category 01 Administration | \$ 13,578,591 | \$ 13,781,568 | \$ (437,956) | \$ 13,343,612 | \$ (234,979) |
| State Category 02 Mid-Level Administration | 64,089,827 | 64,019,815 | (962,626) | 63,057,189 | (1,032,638) |
| State Category 03 Instructional Salaries and Wa | 362,637,330 | 370,553,367 | (10,542,510) | 360,010,857 | (2,626,473) |
| State Category 04 Instructional Textbooks/Supp | 8,521,570 | 9,023,193 | 367,836 | 9,391,029 | 869,459 |
| State Category 05 Other Instructional Costs | 3,480,101 | 4,151,692 | (27,600) | 4,124,092 | 643,991 |
| COVID-19 Contingency Reserve | | | | 3,000,000 | 3,000,000 |
| State Category 06 Special Education | 120,298,423 | 134,337,196 | (1,368,177) | 132,969,019 | 12,670,596 |
| State Category 07 Student Personnel Services | 3,982,752 | 4,379,155 | (99,568) | 4,279,587 | 296,835 |
| State Category 08 Student Health Services | 9,302,729 | 9,657,012 | (203,302) | 9,453,710 | 150,981 |
| State Category 09 Student Transportation Serv | 42,801,337 | 47,425,217 | (1,430,942) | 45,994,275 | 3,192,938 |
| State Category 10 Operation of Plant | 42,167,830 | 44,114,754 | (1,447,604) | 42,667,150 | 499,320 |
| State Category 11 Maintenance of Plant | 26,703,528 | 27,828,245 | (1,204,074) | 26,624,171 | (79,357) |
| State Category 12 Fixed Charges | 195,558,711 | 210,300,558 | (13,901,172) | 196,399,386 | 840,675 |
| State Category 14 Community Services | 7,289,364 | 7,289,364 | (826,840) | 6,462,524 | (826,840) |
| State Category 15 Capital Outlay | 929,204 | 967,580 | (54,472) | 913,108 | (16,096) |
| Total Expenditures | \$ 901,341,297 | \$ 947,828,716 | \$ (32,139,007) | \$ 918,689,709 | \$ 17,348,412 |

What Would Be Funded in FY 2021

Despite deep reductions the recommendation, the budget will support key HCPSS commitments

Special Education

- \$11.2 million
- 106.8 new positions

Diversity, Equity, and Inclusion

- Accelerates our work
- Strengthening our dedicated team (3 new positions)

Modest Salary Increases

- All employees average 2%
- AMT about 1%

Fully Fund Health Insurance

- Third straight year of full funding
- Based on actuarial estimates

Next Steps in Budget Process

- Tuesday June 16 – Straw Board Vote
- Thursday June 18- Budget Adoption
 - Adopt Budget as approved by Council
 - Supplemental Amendment and Categorical Transfer based on Adoption Plan
- Friday, June 19 - Staff Begins Budget Load for FY start
- Transmit Supplemental and Categorical Transfer to County for action (approval expected July)

Questions

