

A collection of symbolic items including a chessboard, medals, a compass, and glasses. The chessboard is in the top left, with several pieces visible. A red ribbon with a circular emblem is at the top. A blue ribbon with a circular emblem is on the left. Two medals with star-shaped centers are positioned in the middle. A pair of glasses with thin frames and red-tipped temples is in the center. A compass is in the bottom left corner.

# Muscogee County School District

FY 13 General Fund  
Tentative Budget  
Presentation  
June 4, 2012



# FY 13 Budgetary Parameters

February 20, 2012

- Maintain a 16 day fund balance
- 1.5 mills dedicated for the library system
- 1 mill for capital projects
- Retain operating millage rate at 23.37 mills, if possible
- Personnel reductions adjusted through attrition when possible
- Pass along step increase to qualifying personnel
- Develop a budget and calendar restoring as many days as possible





# Economic News

- Georgia educates 1.66 million K-12 students
- Georgia will spend \$7.1 billion for K-12 education in FY 13
- This is **18 % less than** the original FY 09
  - Original FY 09 \$8.2 billion
  - Original FY 10 plus ARRA \$7.8 billion
  - Original FY 11 plus ARRA \$7.1 billion
  - Original FY 12 \$6.7 billion
- Source State allotment sheets



# Economic News

- Adjusted for inflation, per student state spending for K-12 will be at its lowest level in over a decade
- All ARRA funds with the exception of Race to the Top and SIG expired Sept 2011
- QBE has been underfunded since FY 01.
- State economists are predicting QBE may not be fully funded in the many years ahead.
  - Source Georgia Budget and Policy Institute May 2012



# Challenges in preparing the FY13 General Fund Budget

- State allotment projected at \$150,368,390
  - This is 1% **decrease** from the FY 12 midterm allotment dated May 1, 2012
  - This is below our FY 06 original state allotment sheet
  - No funding for bus replacement
  - No increase on the state salary schedule since FY 09
  - No increase on management or support salary schedule since FY 09



# Challenges in preparing the FY13 General Fund Budget

## Equalization Funding

- Equalization grant portion of QBE - the intent is to provide districts with a limited tax base additional resources. Districts are ranked according to wealth. Those in the bottom 75 percentile receive a pro rata share of the equalization funding based on its ranking.
- School systems ranking below this benchmark qualify for equalization funding – a total of 134 out of 180 schools systems





# Challenges in preparing the FY13 General Fund Budget

## Equalization Funding

- Under the existing funding formula the FY 13 equalization program earned \$832 million.
- The governor's FY 13 budget caps funding at \$436 million, where funding has been since FY 2010.
- Under the new formula put in place by House Bill 824 the FY 13 equalization program earned \$492 million.



# Challenges in preparing the FY13 General Fund Budget

## Equalization Funding

- Several counties are projecting to loose 5% -15% of its tax base while MCSD is projecting a 2% increase due to growth
- This tax base shift caused MCSD to move from a ranking of 125 in FY 11, 116 in FY 12 and 110 in FY 13
- The shift in MCSD's ranking and the cap in funding equates to a \$2.5 million reduction in our Equalization funding for FY 13 and \$7.7 million reduction in the last two years



# Challenges in preparing the FY13 General Fund Budget

## Equalization funding

Five year trend analysis (in millions)





# Challenges in preparing the FY13 General Fund Budget

- Continued cuts in Pupil Transportation funding
  - FY 96 the state provided nearly 50 percent of the total cost of transportation to school districts.
  - FY 10 the state provided amount was reduced to 23 percent.
  - FY 13 the state funding represents less than 19 percent of MCSD's transportation budget.



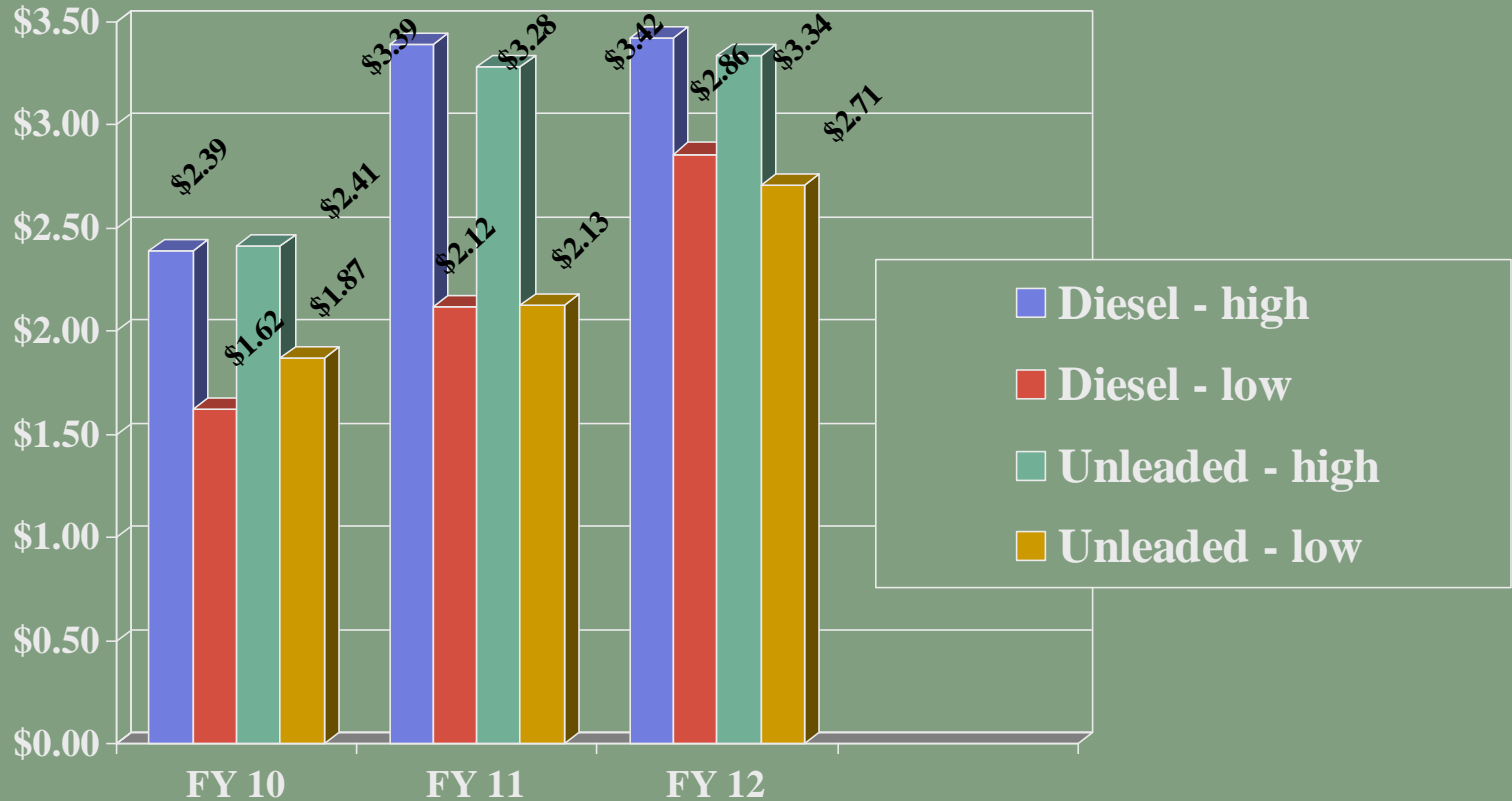
# Challenges in preparing the FY13 General Fund Budget

- Increases in the employer paid TRS and State Health rates
- Aging buildings requiring additional maintenance
  - School buildings— average age is 43 years
  - Support buildings – average age is 64 years



# Challenges in preparing the FY13 General Fund Budget

Fuel cost/gallon



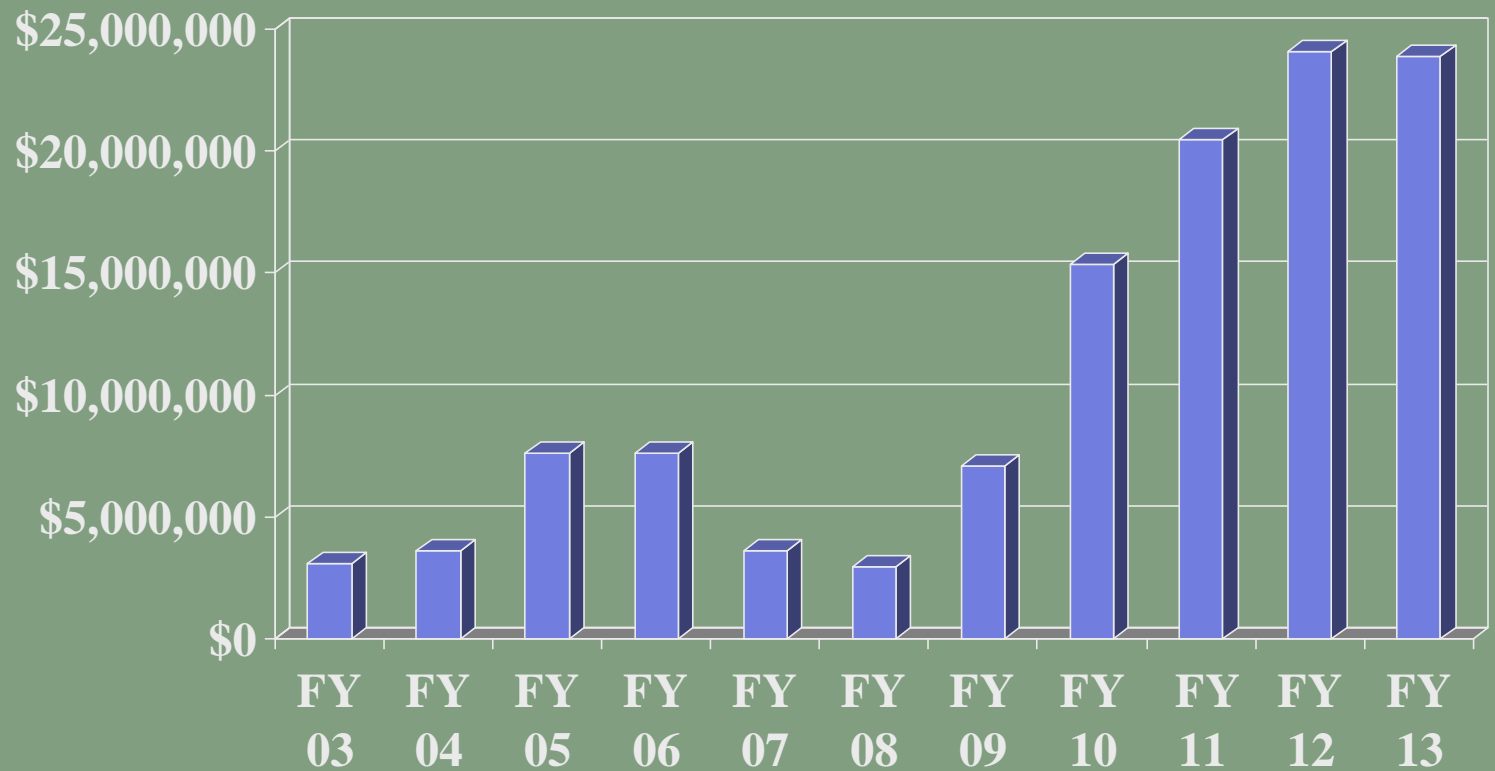


# FY 13 General Fund Revenue Analysis

- State Funds
  - State Allotment projected at \$150,368,390
  - Funding Formula Adjustment is \$23,850,540
  - Eleventh year of Funding Formula Adjustments totaling \$119.5 million (net of \$19.9 million of ARRA Stabilization funds)
  - Statewide this equates to \$5.8 billion (net of \$914 million of ARRA Stabilization funds)

# MCS D Funding Formula Adjustments

Eleven year analysis in dollars lost  
(net of stabilization)



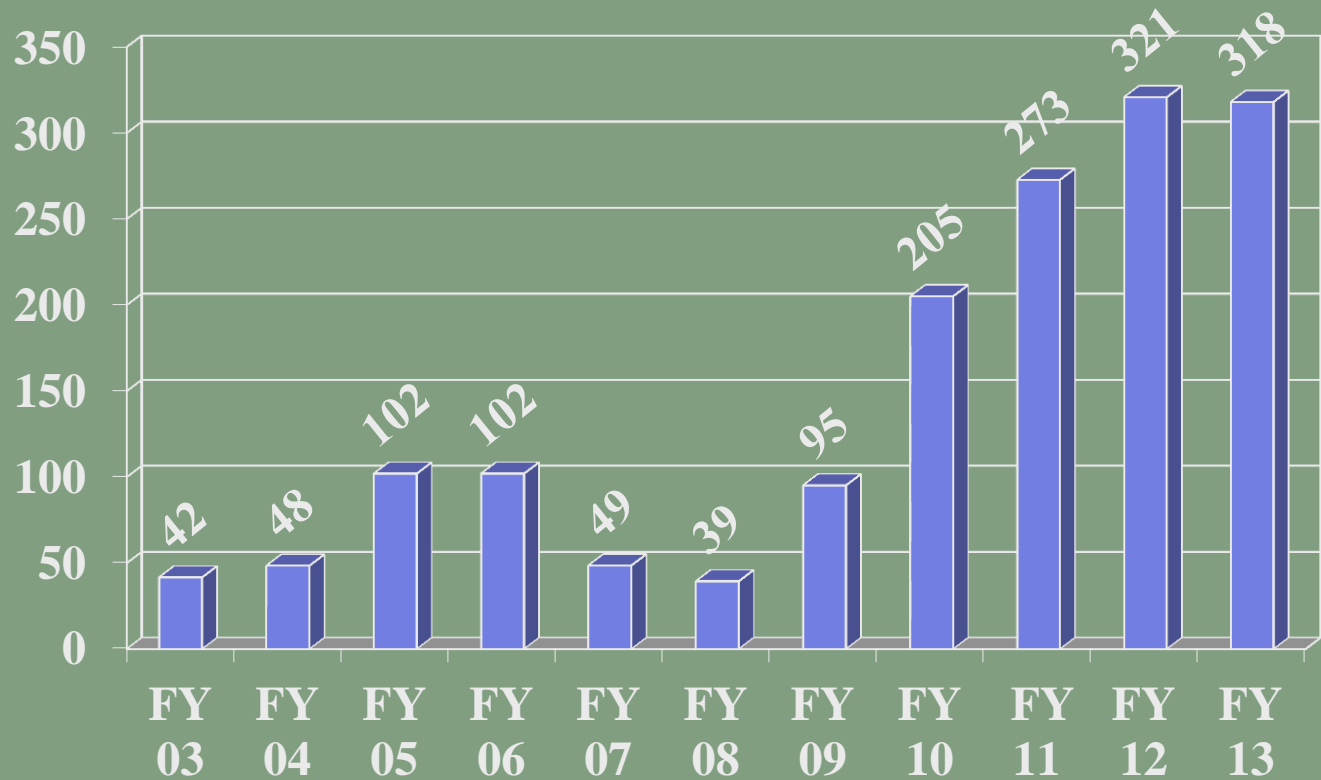


# MCS D Funding Formula

## Adjustments

Eleven year analysis

number of teacher positions not funded by QBE





# FY 13 General Fund Revenue Analysis (continued)

- Local Funds

Digest growth predicted to be 2%

- Digest \$94,254,318
- Recording intangibles \$1,700,000
- Other \$2,990,792

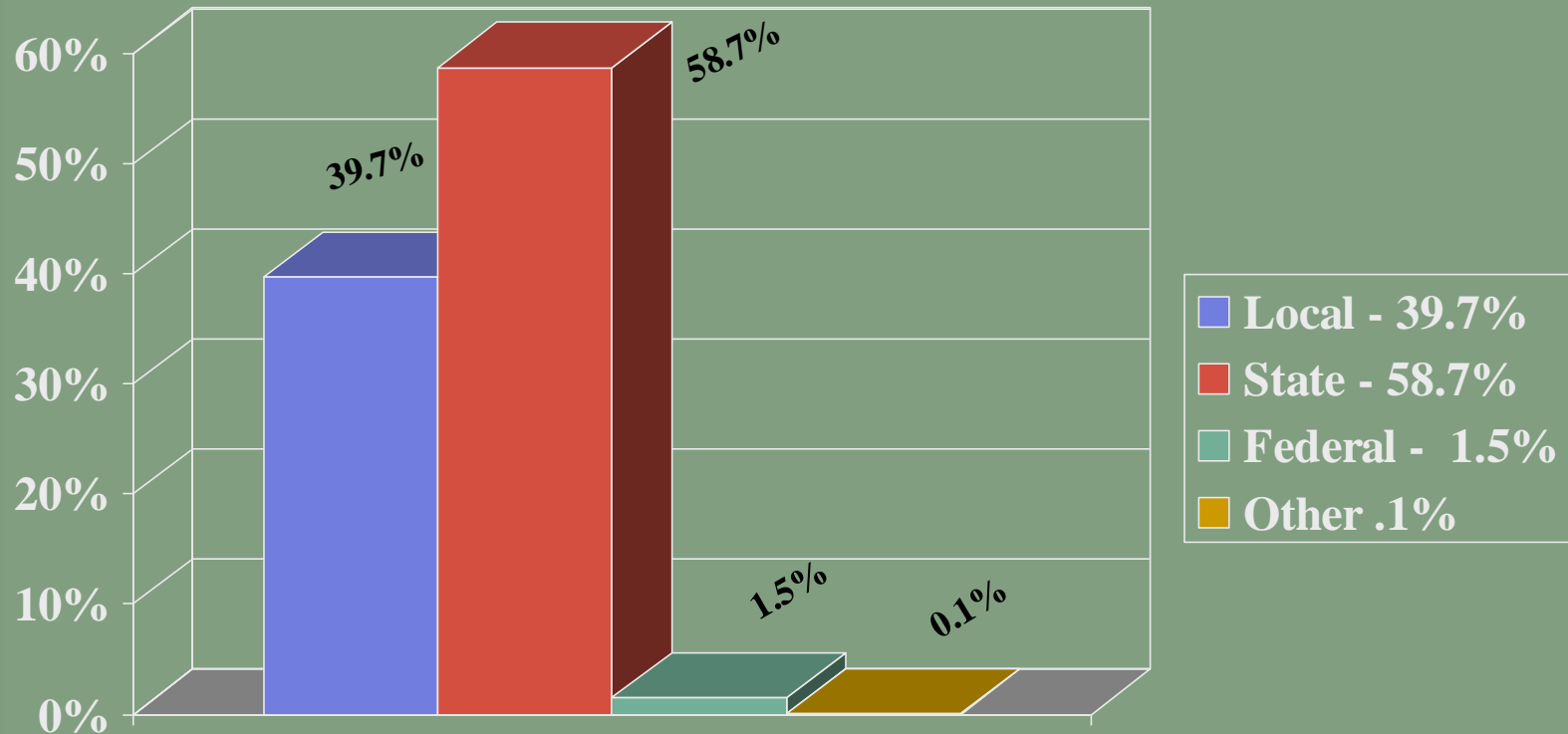
One mill projected to be \$4,033,133 after \$103,414 collection fee is assessed per mill totaling \$2,416,785

- Other miscellaneous revenue \$ 3,009,187

- Federal Funds and Other Sources

- Impact aid \$1,200,000 funding is based on the Oct 2011 count
- JROTC \$772,435
- E-rate and Medicaid \$1,655,067

# FY 13 General Fund Revenue Analysis (continued)



Percentage FY 13 Revenue by Source







# FY 13 General Fund Revenue Analysis (continued)

- Total projected general fund revenue  
\$256,062,189
- 1.7% increase from the FY 12 original  
budget
- The increase is due to growth in the digest



# FY 13 General Fund Expenditures (continued)

- A step increase for qualifying employees on the state salary schedule
  - Step increase – budgetary impact is in excess of \$ 3 million
- Teacher Retirement System (TRS) rates increased

	FY 12	FY 13
• Employer	10.28%	11.41%
• Employee	5.53%	6.00%
- The budgetary impact of the **increase** in TRS for FY 13 is \$2,166,594





# FY 13 General Fund Expenditures (continued)

- Employer state health insurance rates will continue to increase.
- The budgetary impact of the health insurance **increase** for FY 13 is \$6,488,371

	<u>Certificated</u>	<u>Non-certificated</u>
FY 10	18.534% of State based salary	\$1,952.64 per year
FY 11	18.534% of State based salary	\$2,954.40 per year
FY 12	18.534% of State based salary	\$3,554.40 per year
FY 13	\$10,948.08 per year	\$5,354.40 per year

We have been told to expect non-certificated rates to become \$7,154.40 per year in FY 14 and \$8,954.40 per year in FY 15.



# FY 13 General Fund Expenditures (continued)


- Energy - \$ 9,526,479  
Electricity, Natural Gas, Motor fuel
- Water/Sewer - \$ 939,623
- Textbooks - \$ 1,137,849
- Property, Liability & Workers  
Compensation Insurance \$ 1,048,872
- Year 6 ERP \$ 348,933



# FY 13 General Fund Personnel Changes (continued)

- Division of Student Services –
  - Addition of 9.5 Special Ed Teacher positions
- Division of Academics–
  - Addition of 10 teacher and 1 media specialist positions
- Division of Facilities and Operations–
  - Addition of 2 clerical positions
  - Addition of 10 Custodial positions





# FY 13 General Fund Personnel Changes (continued)

- Other Personnel reductions/additions
  - DIS Division – Addition of 1 Custodian
- All vacant positions are being evaluated



# FY 13 General Fund Budget reductions

- FY 13 budget cuts program/service
- Reduced the FY 13 calendar by 5 days
  - This is the fourth straight year we have operated without a full calendar
- Reduced capital projects set aside from \$4 million to \$1 million
- Buses purchased with 2009 SPLOST
- Reduced funding for textbooks, supplies, software and building maintenance



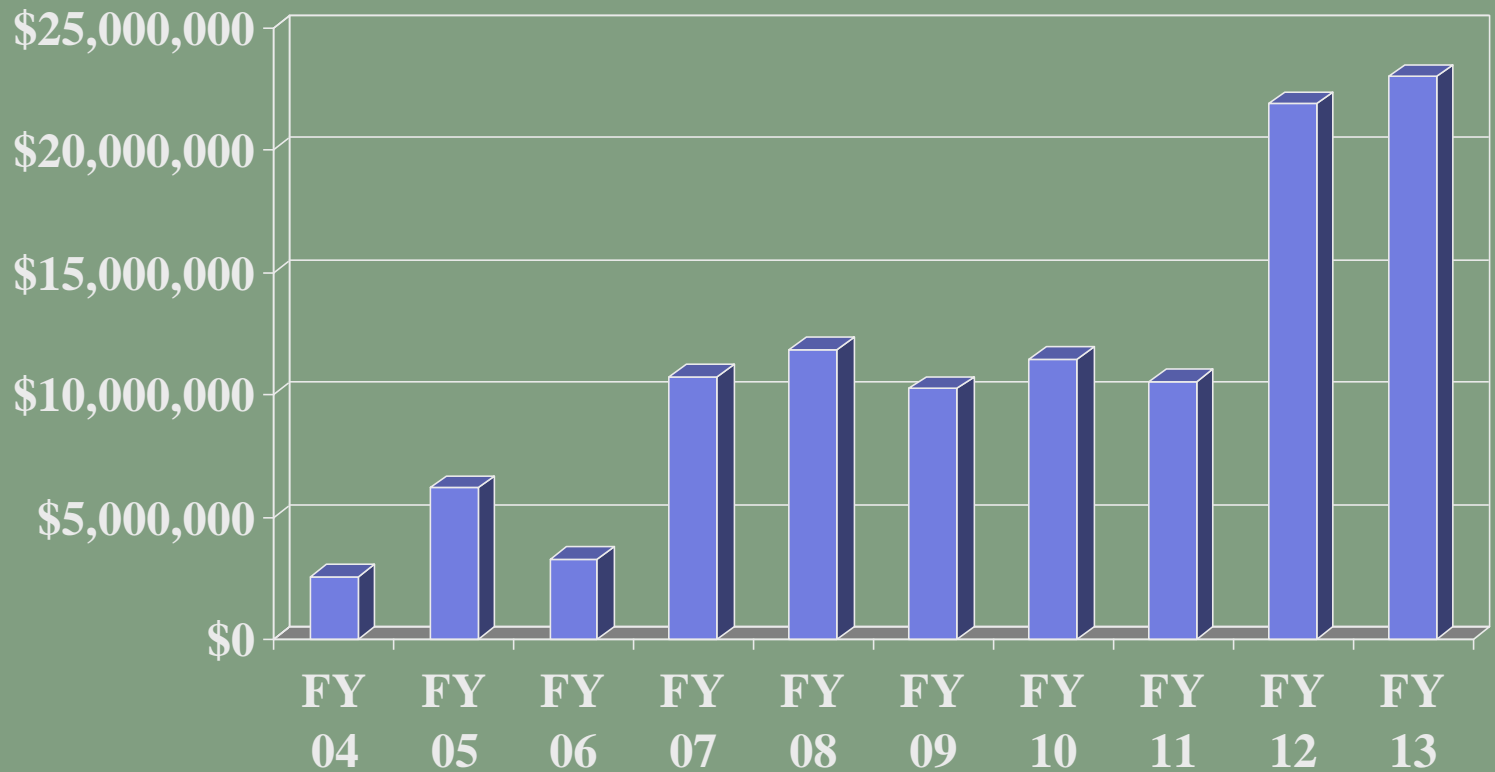
# FY 13 General Fund Expenditures (continued)

- Transfers
  - Capital Projects (.256 mills) \$1,032,739
  - Library (1.5 mills) \$6,049,109
- Uses \$23,000,000 of fund balance, projected to be \$35,794,502. Remaining \$12,794,502 equates to 16 days of fund balance

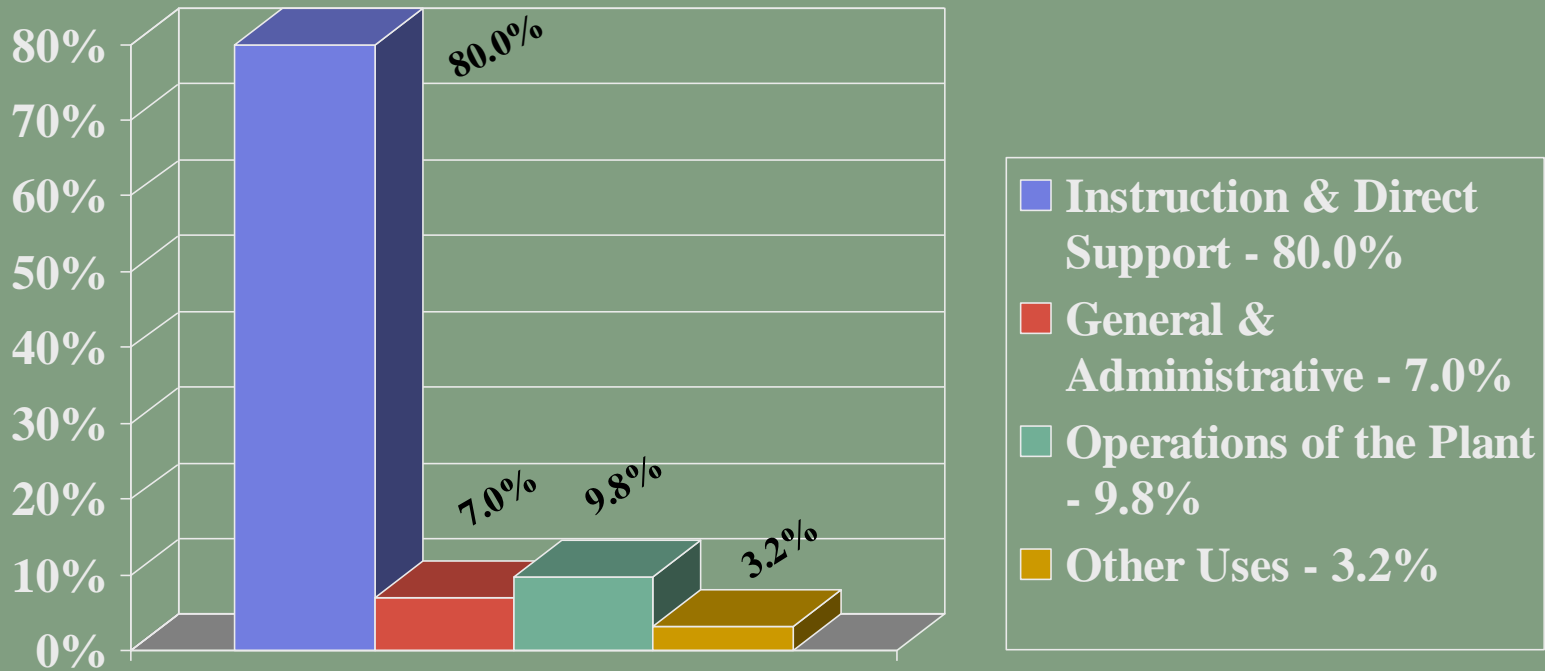


# Use of Fund Balance

Ten year analysis

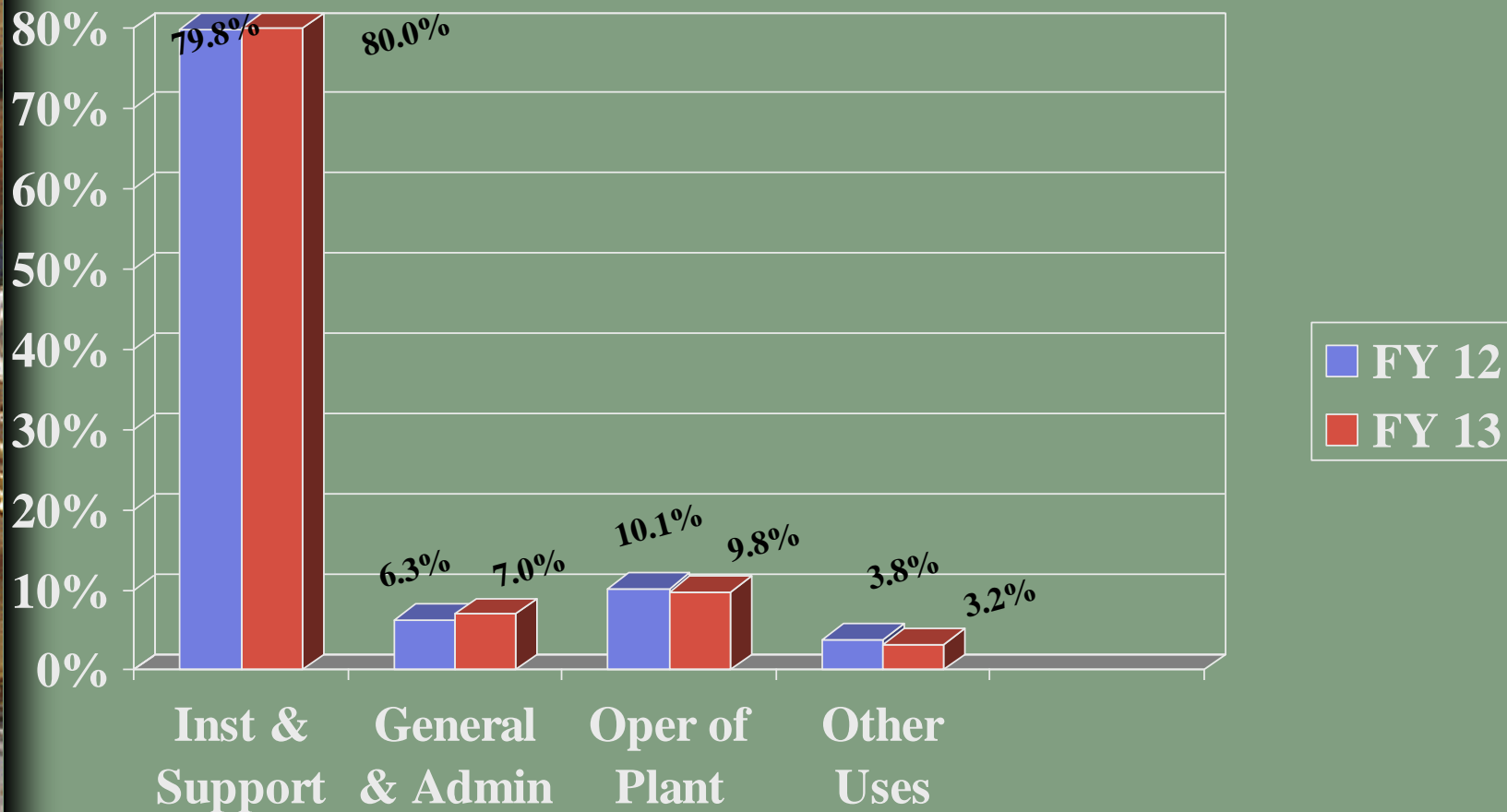


# FY 13 General Fund Expenditures (continued)



Percentage FY 13 Expenditures by Major Function Group

# FY 12 compared to FY 13 by Major Function Group



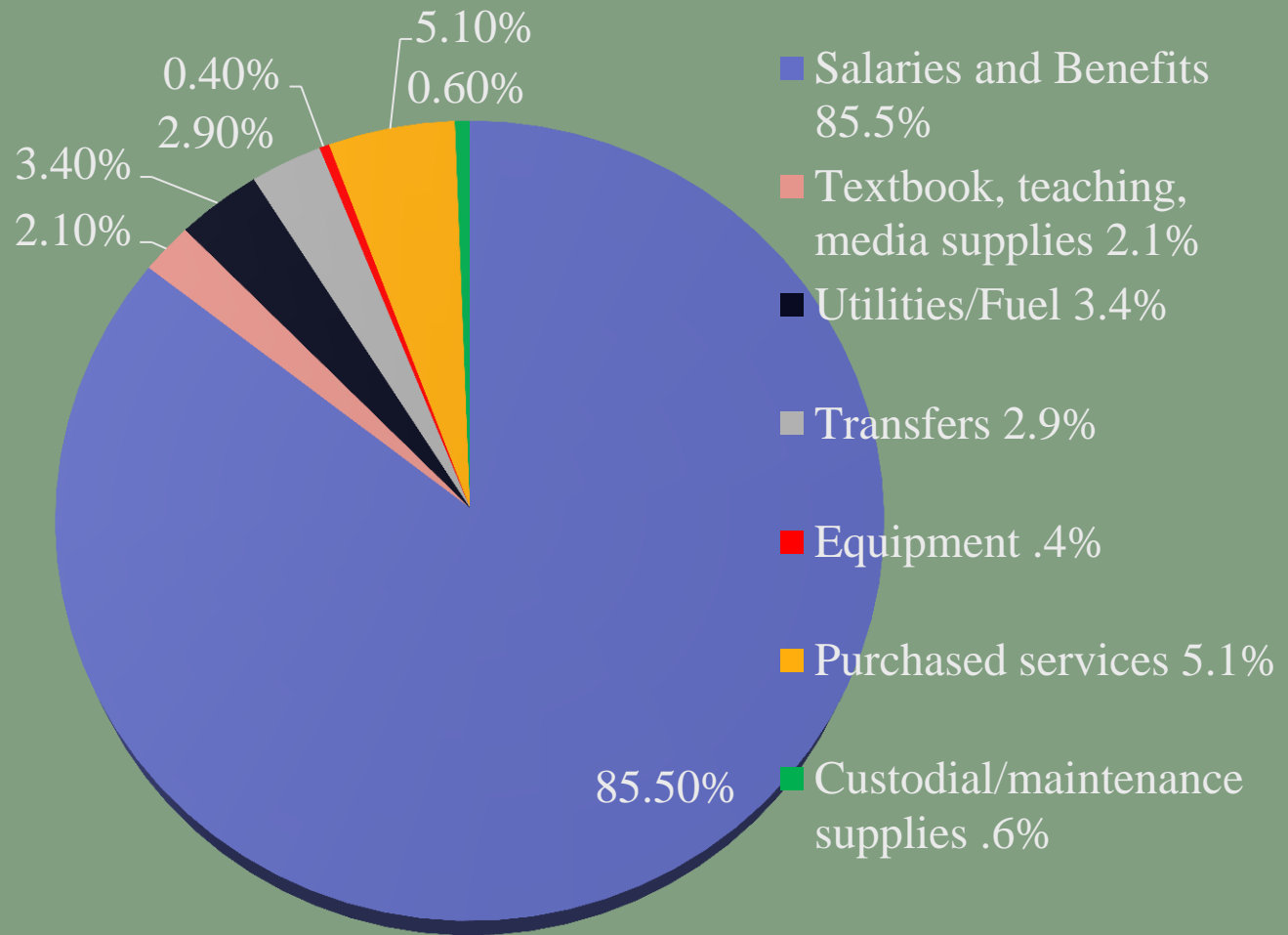


# FY 13 General Fund Expenditures (continued)

- Salaries & Benefits 85.5%
- Textbooks, teaching, media and general supplies 2.1%
- Utilities/Fuel 3.4%
- Transfers (Library, Capital Projects, Grants) 2.9%
- Equipment .4 %
- Purchased services 5.1%
- Custodial and maintenance supplies .6%
  
- Total 100%



# FY 13 General Fund Expenditures (continued)





# FY 13 General Fund Expenditures (continued)

- Total projected General Fund Expenditures  
\$279,879,738
- \$5.4 million or a 2% increase from the FY  
12 Original budget
- TRS and State Health rate increases equate  
to \$ 8.7 million



# General Fund

## FY 12 compared to FY 13

- FY 12 Salaries and Benefits are \$231,711,837
  - 84.8 % of the FY 12 budget
    - Based on 5 work schedule adjustment days
- FY 13 Salaries and Benefits are \$239,269,354
  - 85.5 % of the FY 13 budget
    - Based on 5 work schedule adjustment days



# General Fund

## FY 12 compared to FY 13

- FY 12 – Original Budget was \$273,125,558
- FY 12 – 1 day equals \$780,359
- FY 13 – Tentative Budget is \$279,879,738
- FY 13 – 1 day equals \$799,656





# Final FY 13 General Fund Budget

- The Tentative FY 13 budget must be adopted two weeks prior to the adoption of the final budget
- Currently with 5 WSA days we still need to cut \$817,549 in order to balance the budget
- The Final FY 13 budget will be presented at the June 18, 2012 Board meeting for adoption