



Muscogee County School District

FY14 General Fund
Tentative Budget
Presentation
June 3, 2013



FY14 Budgetary Parameters

February 18, 2013

- Maintain a 16 day fund balance
- 1.5 mills dedicated for the library system
- 1 mill Capital set aside
- 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 with no Work Schedule Adjustment (WSA) days

State Economic News

- Georgia educates 1.68 million K-12 students
 - Georgia will spend \$7.1 billion for K-12 education in FY14
 - This is **18 % less than** the original FY09
 - Original FY09 \$8.2 billion
 - Original FY10 plus ARRA \$7.8 billion
 - Original FY11 plus ARRA \$7.1 billion
 - Original FY12 \$6.7 billion
- Source State allotment sheets



State Economic News

- Quality Basic Education (QBE) was underfunded by \$1 billion in FY14.
 - Adjusted for inflation, per student state spending for K-12 is lower than FY01.
 - The biggest cuts to education have come in the last five years.
 - Overall K-12 education funding has decreased by 9.6% since FY09
- Source Georgia Budget and Policy Institute February 2013



State Economic News

- Tax provisions signed into law at both the National and State level will cause a revenue loss in Georgia of \$125.2 million over the next two years and \$168.3 million over five years.
- “Beginning in the 2014 budget year, the lost revenue will make it even more difficult to support such core state services as education and health care at levels required to meet needs.”
 - Source Georgia Budget and Policy Institute May 2013



Federal Economic News

- Even though the percentage of federal revenue in the general fund budget is 1.2%, federal grants held separate from the general fund are expected to decrease.
- FY12 we received \$50 million in federal funds to support School Nutrition, Special Education, Title I, Title II, School Improvement (SIG), Race to the Top, JROTC and other federal grants.
- In FY14, many ARRA grants will phase out funding.
- Grant Directors have been told by state liaisons to expect FY14 reductions of up to 15%.
- Federal fund reductions will place additional pressure on the General Fund to absorb positions and services.



Challenges in Preparing the FY14 General Fund Budget

- State allotment projected at \$144,167,143
 - This is \$6 million **decrease** from the FY13
 - This is below our FY05 state allotment sheet
 - No funding for bus replacement
 - No increase on the state salary schedule since FY09
 - No increase on management or support salary schedule since FY09



Challenges in Preparing the FY14 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
- No longer using the 75th percentile district's digest dollars per weighted FTE (wealth calculation) as the base for determining the equalization funds



Challenges in Preparing the FY14 General Fund Budget

Equalization Funding

- The base for determining the equalization funding is now calculated by first removing the top 5% (9 districts) and bottom 5% (9 districts) as ranked on the wealth calculation and calculating the average wealth for the remaining 162 districts
- Results in the funding formula change
 - Districts Qualifying for Equalization
 - FY2012 (Old Formula) – 134 Districts
 - FY2013 – 125 Districts
 - FY2014 – 117 Districts



Challenges in Preparing the FY14 General Fund Budget

Equalization Funding

- Under the funding formula prior to FY13 equalization program earned \$832 million
- Under the revised funding formula equalization program earned \$474 Million



Challenges in Preparing the FY14 General Fund Budget

Equalization Funding

- Several counties are experiencing losses in their tax base while MCSD is projecting a 2% increase due to growth in the digest
- The shift in MCSD's ranking and change in the funding equates to a \$6.4 million reduction in our Equalization funding for FY14 and \$14 million reduction in the last four years

Challenges in Preparing the FY14 General Fund Budget

Equalization funding

Six year trend analysis (in millions)





Challenges in Preparing the FY14 General Fund Budget

- HB386 - the Title Ad Valorem Tax (TAVT) went into effect March 2013.
- Previously, car owners paid local sales tax when a vehicle was purchased and ad valorem tax annually. The Title Ad Valorem Tax (TAVT) calls for a one time 6.5% title fee.
- Titled motor vehicles, purchased on or after March 1, 2013, are exempt from sales tax and the annual ad valorem tax but are subject to the new TAVT.



Challenges in Preparing the FY14 General Fund Budget

- Owners of vehicles titled prior to March 1, 2013 will still pay the annual ad valorem tax
- At this time it is unclear the impact this will have on current and future motor vehicle revenue.
- However, we can expect a decline in SPLOST revenue.



Challenges in Preparing the FY14 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

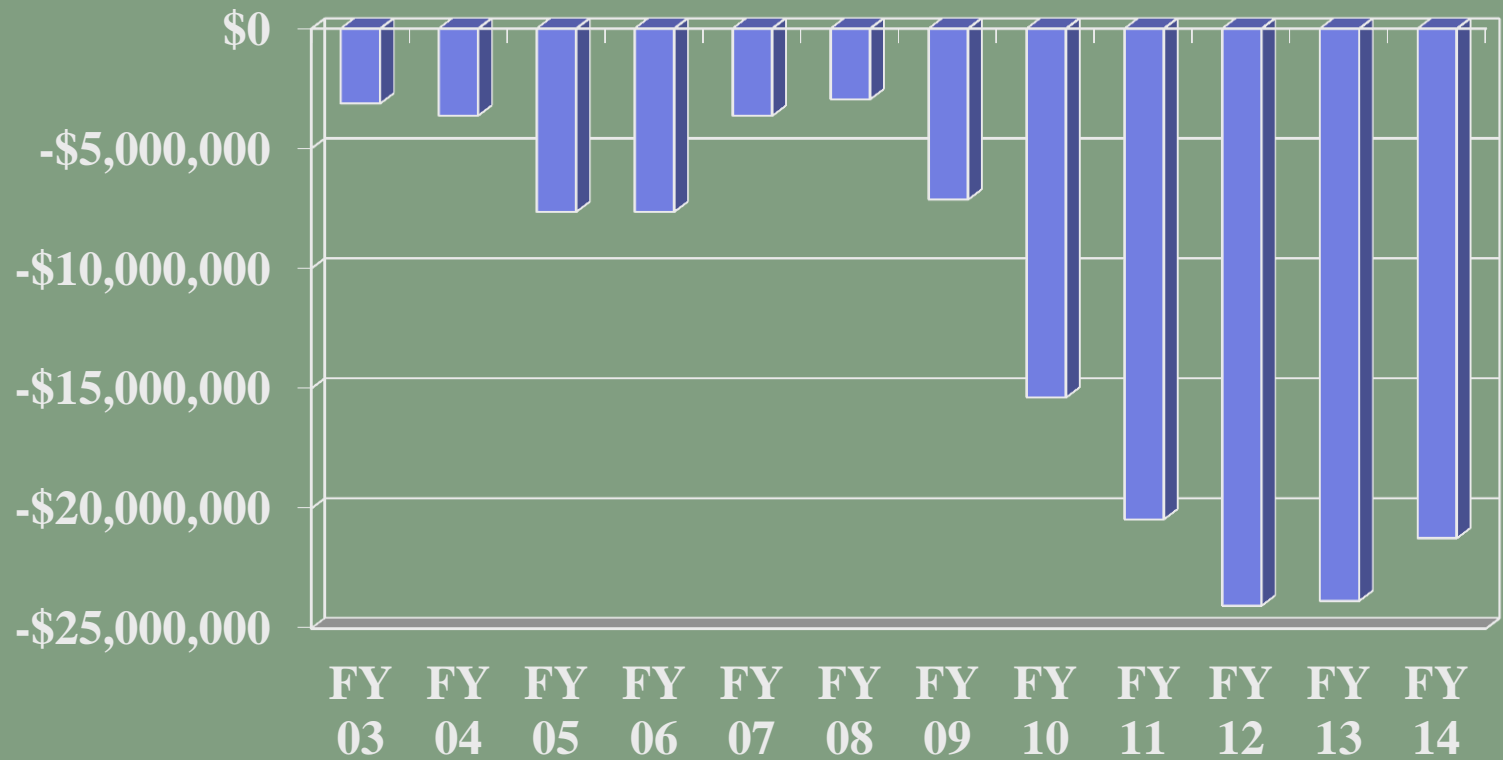


FY 14 General Fund Revenue Analysis

- State Funds
 - State Allotment projected at \$144,167,143
 - Funding Formula Adjustment is (\$21,238,578)
 - 12th year of Funding Formula Adjustments totaling (\$141) million
 - Statewide this equates to loss of \$6.6 billion to K-12
 - All districts are now at 14.1% Austerity

MCS D Funding Formula Adjustments

Twelve year analysis in dollars lost
(net of stabilization)



MCS D Funding Formula

Adjustments

Twelve year analysis

number of teacher positions not funded by QBE





FY14 General Fund Revenue Analysis (continued)

- Local Funds

Digest growth predicted to be 2%

- Digest \$97,626,376
- Recording intangibles \$1,686,102
- Other \$1,000,000

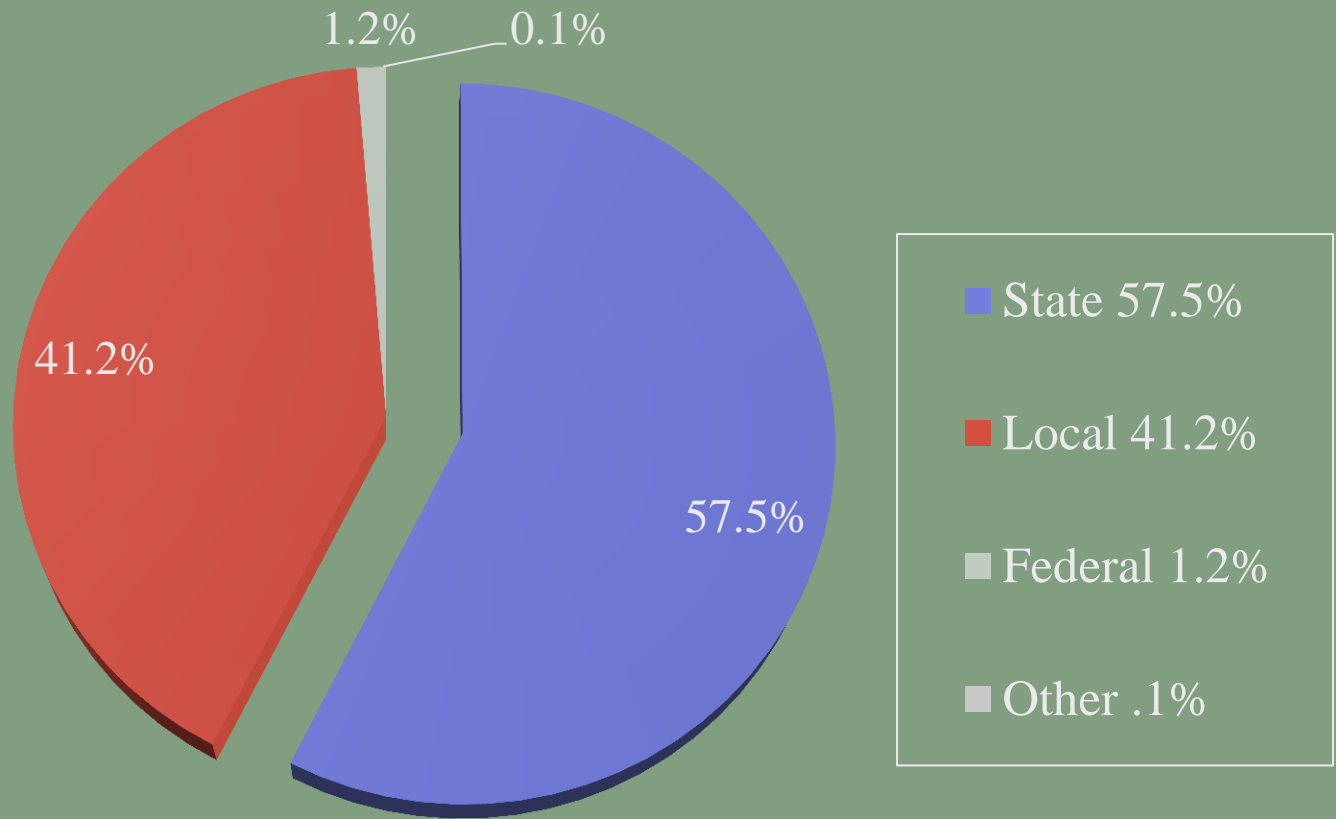
One mill projected to be \$4,177,423 after \$107,133 collection fee is assessed per mill totaling \$2,503,230

- Other miscellaneous revenue \$ 3,109,187

- Federal Funds and Other Sources

- Impact aid \$1,000,000 funding is based on the Oct 2012 count
- JROTC and Ft Benning contracts \$821,070
- E-rate and Medicaid \$1,186,591


FY14 General Fund Revenue by Source





FY14 General Fund Revenue Analysis (continued)

- Total projected general fund revenue
\$250,596,469
- This represents a 2% decrease in revenue
from the FY13 budget
- The 2% growth in the digest is off set by the
4% loss in state and federal revenue



FY14 General Fund Expenditures

- A step increase for qualifying employees on the state salary schedule
 - Step increase – budgetary impact is in excess of \$ 2.6 million
- Teacher Retirement System (TRS) rates will continue to increase

	<u>FY 13</u>	<u>FY 14</u>	<u>FY15</u>
• Employer	11.41%	12.28%	13.15%
• Employee	6.00%	6.00%	6.00%

- The budgetary impact of TRS is \$18.6 million



FY14 General Fund Expenditures (continued)

- Employer State Health insurance rates will continue to increase.
- The budgetary impact of the health insurance \$24.5 million

	<u>Certificated</u>	<u>Non-certificated</u>
FY10	18.534% of State based salary	\$1,952.64 per year
FY11	18.534% of State based salary	\$2,954.40 per year
FY12	18.534% of State based salary	\$3,554.40 per year
FY13	\$10,948 per year	\$5,354.40 per year
FY14	\$11,340 per year	\$7,154.40 per year

We have been told to expect non-certificated rates to become \$8,954.40 per year in FY15.




FY14 General Fund Expenditures (continued)

- Energy - \$ 10,052,262
Electricity, Natural Gas, Motor fuel
- Water/Sewer - \$ 1,055,629
- Property, Liability & Workers
Compensation Insurance \$ 1,279,323




FY14 General Fund Budget Reductions

- Outsourcing custodial services in some schools
- Increased class sizes
- Closed Edgewood Elementary and Marshall Middle school
- Relocated Alternative programs to Edgewood




FY14 General Fund Budget Reductions (continued)

- Moved Academic Success students back to their home school and closed program
- Discontinued the Adult Education program
- Moved year round schools (YRS) back to a traditional calendar
- School based personnel on a 4 day work week June and July



FY14 General Fund Budget Reductions (continued)

- Reduced capital projects set aside from \$4 million to \$1 million
- No Bus purchases
- Delayed Textbook adoption
- Reduced funding for supplies, computers, travel and building maintenance
- All vacant positions are being reviewed

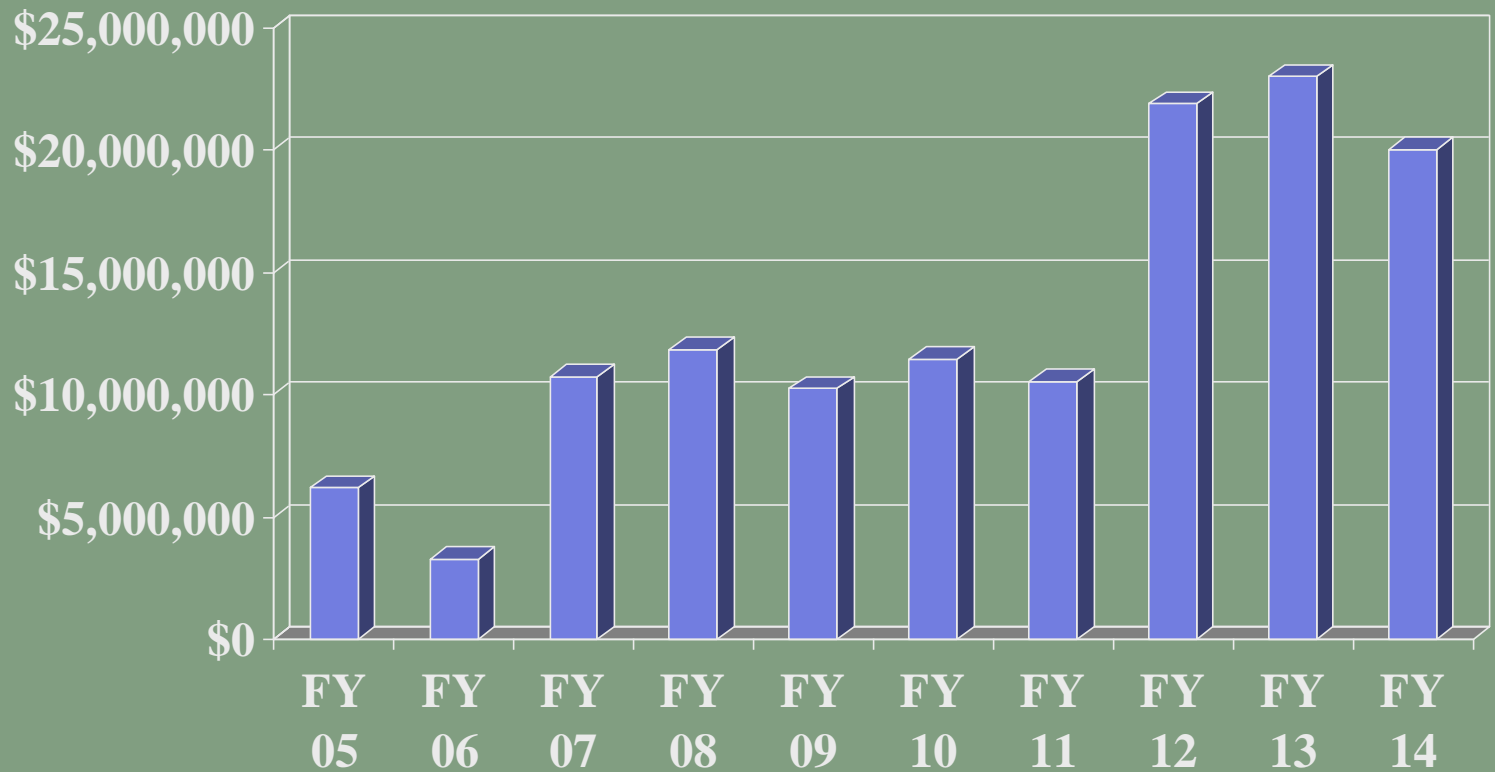


FY14 General Fund Expenditures

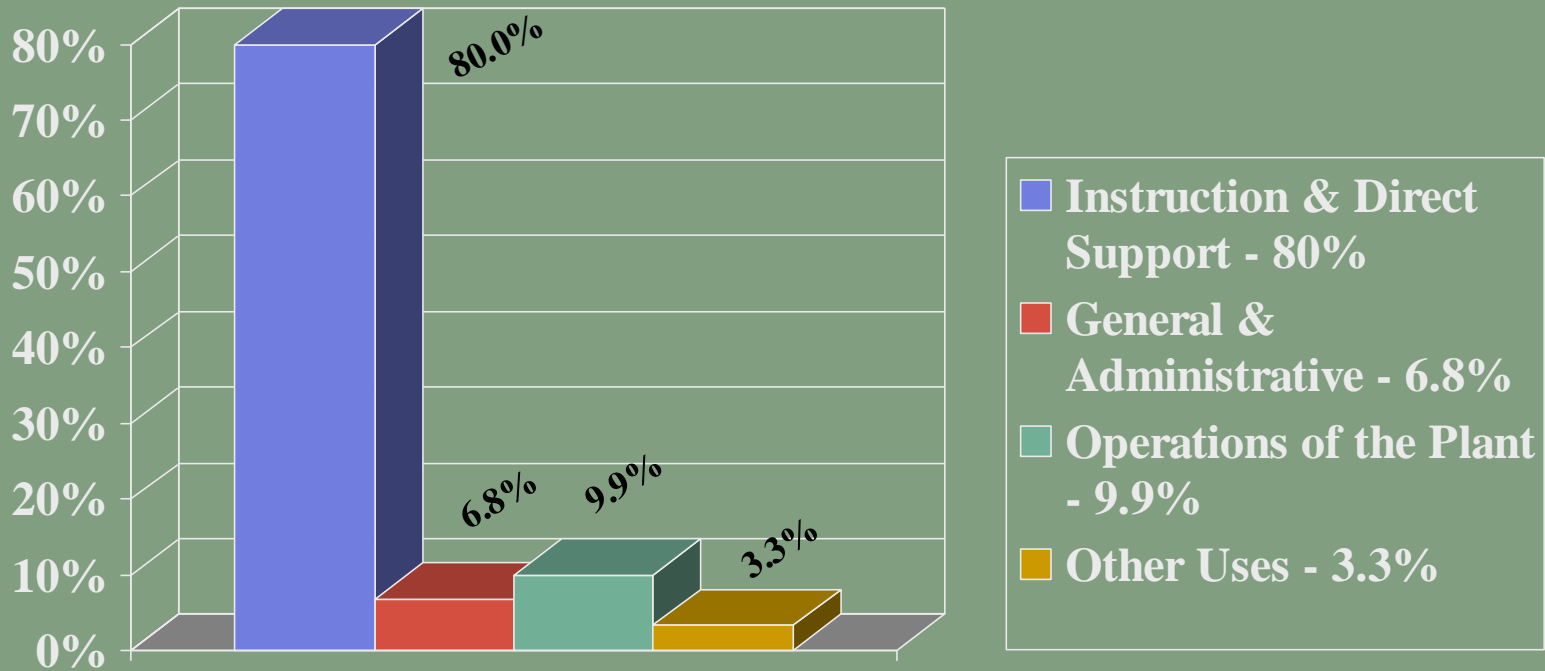
- Transfers
 - Capital Projects (.282 mills) \$1,177,423
 - Library (1.5 mills) \$6,266,135
- Uses \$20 million of fund balance, projected to be \$32.8 million. Remaining \$12.8 million equates to 16 days of fund balance

Use of Fund Balance

Ten year analysis



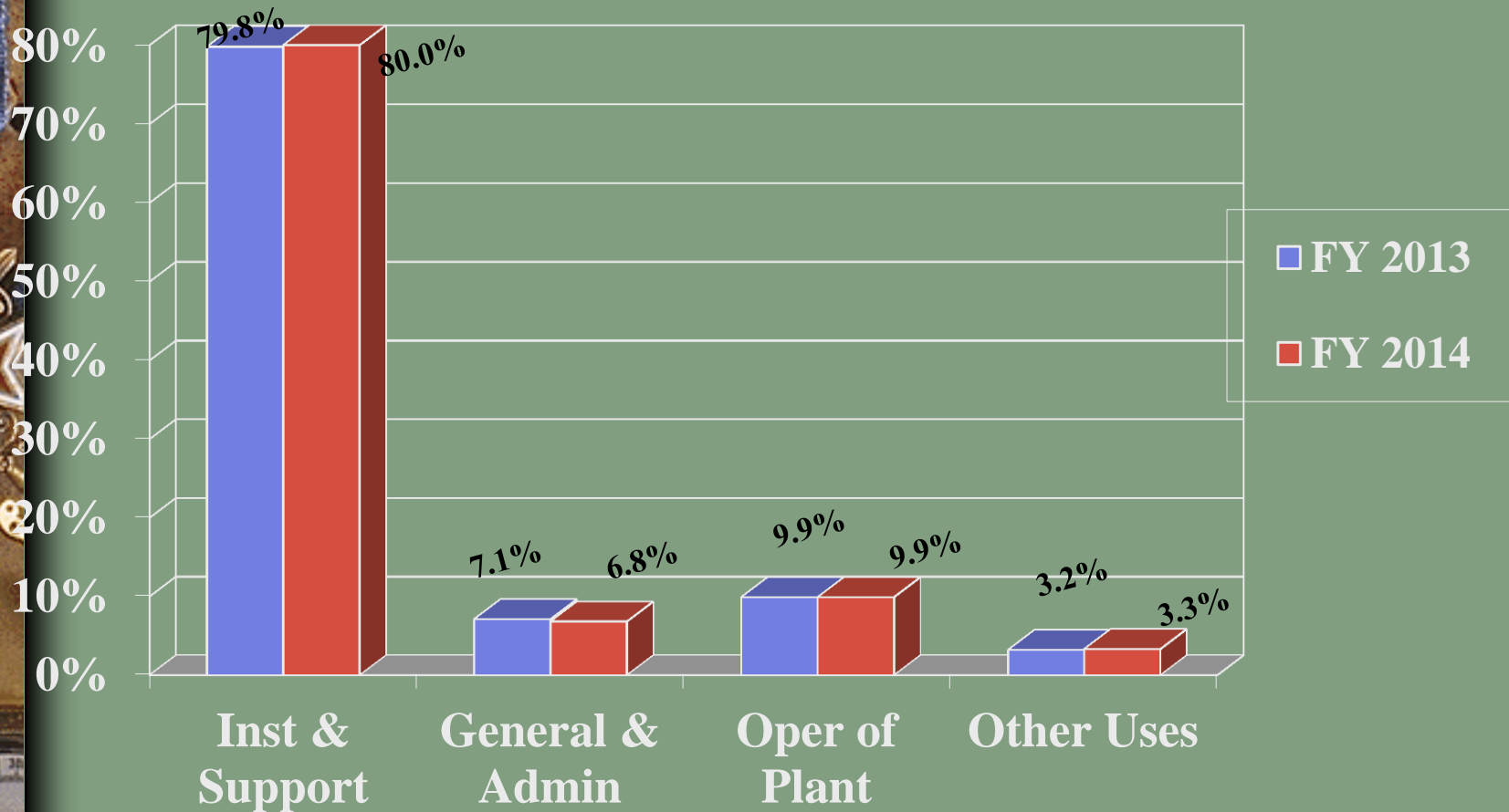
FY14 General Fund Expenditures by Major Function Group



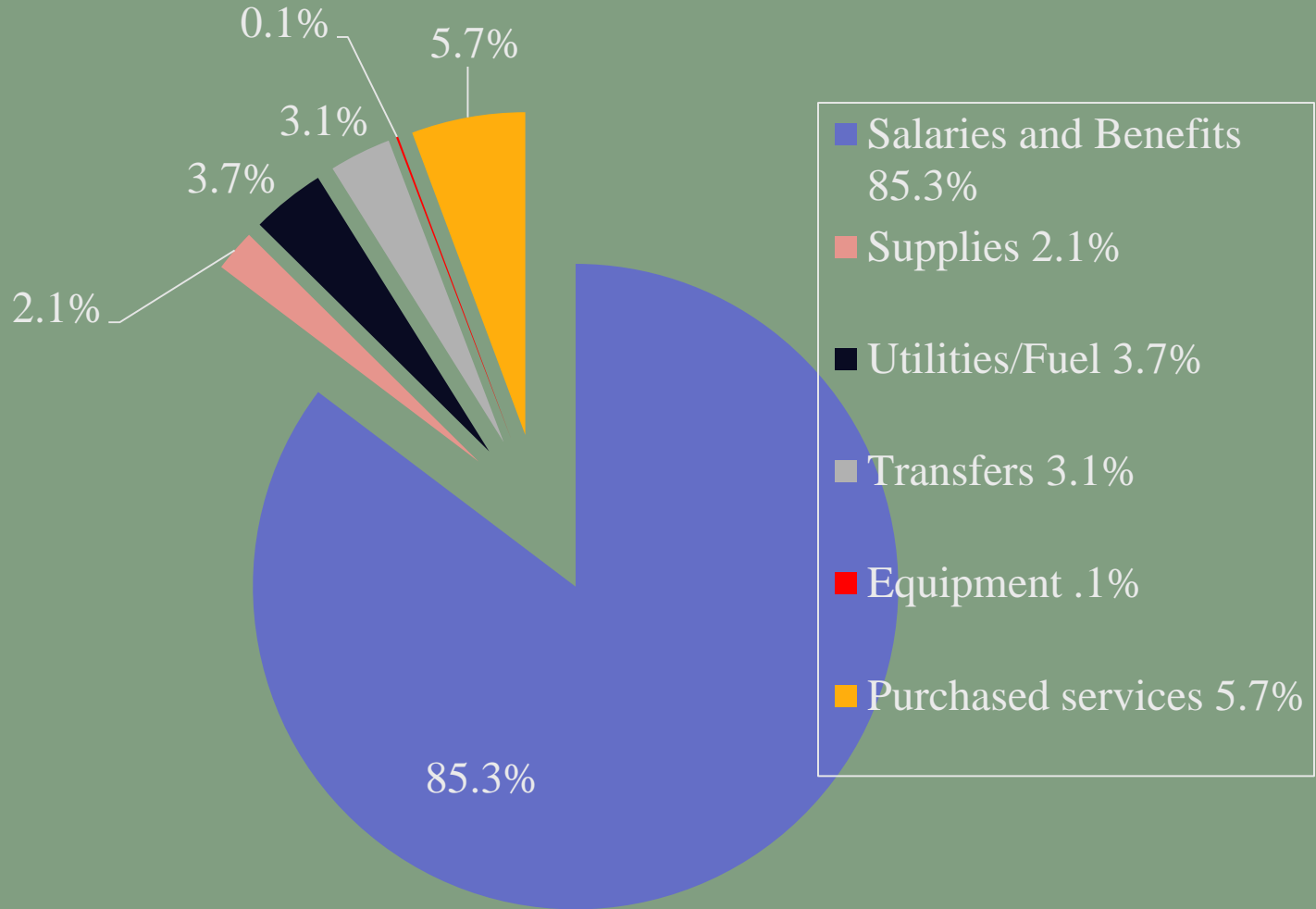
Percentage FY 14 Expenditures by
Major Function Group

FY13 compared to FY14

Major Function Group



FY14 General Fund Expenditures (continued)





FY14 General Fund Expenditures (continued)

- Total projected General Fund expenditures
\$270,596,469
- \$8.7 million or a **3% decrease** from the
FY13 original budget



General Fund FY13 Compared to FY14

- FY13 Salaries and Benefits are \$239,269,354
 - 85.5 % of the FY13 budget
 - Based on 5 work schedule adjustment days
- FY14 Salaries and Benefits are \$230,734,397
 - 85.3 % of the FY14 budget
 - Based on a full calendar and no WSA days



General Fund FY13 Compared to FY14

- FY13 – Original Budget was \$279,274,662
- FY13 – 1 day equals \$797,928

- FY14 – Tentative Budget is \$270,589,469
- FY14 – 1 day equals \$773,132



Final FY14 General Fund Budget

- The Tentative FY14 budget must be adopted two weeks prior to the adoption of the final budget
- The Final FY14 budget will be presented at the June 17, 2013 Board meeting for adoption