

2020–2021 Proposed General Fund Operating Budget

Third Reading — June 23, 2020 Board Meeting

**Lexington County
School District One**



General Fund

This is the proposed General Fund operating budget for the upcoming fiscal year.

It lays out the district's revenues we expect to receive as well as expenditures we expect to spend for the day-to-day operations of the district.

Capital Funds and Operating Funds

Operating funds are different from capital funds.

Capital funds encompass funds that have been restricted by law or bond covenants and funds designated by the district for major building, technology and renovation projects. Capital funds can also be used to acquire other items such as buses, library books, and band instruments.

Operating funds are used for the day-to-day operations of the district such as salaries, utilities, maintenance, programs and services.

Capital Funds and Issuance of Bonds

The district has maintained a strong bond rating from both Moody's Investor Services and S&P Global for many years.

Moody's June 10, 2020 Rating

Aa2 Underlying/Aa1 Enhanced Outlook Stable

“...exactly the mitigation strategies they look for to maintain strong financial performance...”

S & P Global Ratings June 11, 2020 Rating

AA Underlying/AA Enhanced Outlook Stable

“ Demonstrated strong financial performance resulting in a long track record of strength and stability... Couldn't ask for anything more...”

Considerations for the Budget Process

- We anticipate funding shortfalls in fiscal year 2020–2021.
- Although the General Assembly passed a continuing resolution for fiscal year 2020–2021, we do not know the extent of any shortfalls.
- The General Assembly is scheduled to return to session on September 15, 2020 to consider a general appropriations bill for fiscal year 2020–2021.
- We continue to monitor the economy and the actions of the General Assembly during the budget process.
- We will update as needed or by means of a budget amendment during fiscal year 2020–2021.

Considerations for the Budget Process

(continued)

- Proposed budget ensures a quality education and support for students and staff.
- No salary or step increases are included at this time due to the uncertainty of state funding.
- Proposed budget is designed to provide for student growth.
- Proposed budget meets state and federal requirements.
- Proposed budget meets inflationary costs.

Priorities for the 2020–2021 Budget Process

- To open Centerville Elementary School
- To restructure Gilbert Elementary and Gilbert Primary Schools
- To relocate Pelion Middle School
- To open the Lexington District One College Center located at Gilbert High School
- To prepare for COVID-19 impact and unknowns

135-Day Average Daily Membership

Year	*Membership	Increase	Percent
2014–2015	23,953	589	2.5%
2015–2016	24,418	465	1.9%
2016–2017	24,895	477	2.0%
2017–2018	25,511	616	2.5%
2018–2019	25,999	488	1.9%
2019–2020	26,507	508	1.9%
2020–2021**	27,034	527	2.0%
** Projected Enrollment			

*Average Daily Membership (ADM) is the aggregate number of days in membership (total days that students have been enrolled during a specific time period) divided by the number of days school is in session. Pre-K is not included in the above membership.

Salary Increases for 2020–2021

- No step or general salary increases for any employees have been proposed in this budget.
- The district feels employees deserve raises.
- The district is legally restricted from providing step increases for teachers at this time (2019-2020 Act 135, R140, H3411).
- Funding uncertainty from the state due to the economic impact of COVID-19 is a major factor.
- When the state passes a 2020-2021 annual general appropriations act, the district will move quickly to amend the district's budget .
- The district anticipates any increases provided by the state will be retroactive.

General Fund Proposed Staffing Changes — Net Additions and Cuts — District Totals

Category	FTE	Amount
Certified and Licensed Professionals — Elementary	(6.00)	(\$440,274)
Certified and Licensed Professionals — Middle	5.25	385,245
Certified and Licensed Professionals — High School	.75	55,036
Certified and Licensed Professionals — Special Needs	7.50	550,350
Support Staff — Instructional	1.00	34,948
Support Staff — Instructional — Special Needs	9.00	289,951
School Administrative Staff	(2.00)	(211,802)
Supplements, Additional Days and Temporary Salaries		74,798
Total Net Changes	15.50	\$738,252

Staffing Changes — Gilbert Primary, Gilbert Elementary and Centerville Elementary

	Certified	Support	Admin	Total
<u>Fiscal Year 2019-2020</u>				
Gilbert Primary School (K3 — Grade 2)	59.98	29.50	3.00	92.48
Gilbert Elementary (Grade 3 — Grade 5)	<u>52.80</u>	<u>16.50</u>	<u>3.00</u>	<u>72.30</u>
Total Fiscal Year 2019-2020	<u>112.78</u>	<u>46.00</u>	<u>6.00</u>	<u>164.78</u>
<u>Fiscal Year 2020-2021</u>				
Gilbert Elementary School (K3 — Grade 5)	63.82	25.00	3.00	91.82
Centerville Elementary School (K5– Grade 5)	<u>55.86</u>	<u>22.00</u>	<u>3.00</u>	<u>80.86</u>
Total Fiscal Year 2020-2021	<u>119.68</u>	<u>47.00</u>	<u>6.00</u>	<u>172.68</u>
Net Change	6.90	1.00	0.00	7.90

Increases in Programs and Services

	Amount
Unemployment Compensation Reimbursements	\$300,000
Safety and Security	258,584
Employee Assistance Program	50,000
Worker's Compensation Premiums	79,376
Total Increase Over Prior Year	\$687,960

Decreases in Programs and Services

	Amount
Maintenance and Repairs	\$214,850
Technology Supplies and Services	269,986
School Allocations 10%*	188,946
Supplies	522,415
Travel	169,833
Staff Services — International Exchange Visitor Program	175,000
Pupil Transport	68,750
Total Decrease Over Prior Year	\$1,609,780

* Using the Consumer Price Index (CPI) as a guide, the General Fund allocations per student were initially adjusted upward as a step toward increasing resources available to each school. However, based on current revenue projections, the allocations were reduced.

School Fee Reductions

In fiscal year 2019–2020, the district reduced some middle school fees.

In fiscal year 2020–2021, the district will reduce the following fees:

- Elementary School
 - * \$6 Kindergarten consumables supply fee eliminated
 - * \$28 Grades 1 through 5 fee reduced to \$20 (28.6% decrease)
- High School
 - * \$5 consumable fee eliminated
 - * \$5 language arts parallel reading fee eliminated
 - * \$25 parking fee reduced to \$5 (80% decrease)

School Paid Meal Prices

Paid meal charges are set in accordance with Paid Lunch Equity Guidance provided by the United States Department of Agriculture. This guidance has resulted in the district raising meal prices by the required minimum of \$0.10. The per day meal prices for 2020-2021 will be as follows.

- Breakfast fee per day \$1.60
- Lunch fee per day \$3.10

Projected Revenue Changes

	2019–2020 Approved Revenue	2020–2021 Projected Revenue	Projected Increase (Decrease)
Local — Growth and New Millage	\$104,014,745	\$98,616,685	(\$5,398,060)
State — EFA and Fringe Allocation	174,307,948	176,221,386	1,913,438
Transfers — EIA Transfer and Indirect Costs	8,545,497	8,543,042	(2,455)
Operational Balance	8,255,559	3,698,221	(4,557,338)
Total Projected Revenue	\$295,123,749	\$287,079,334	(\$8,044,415)

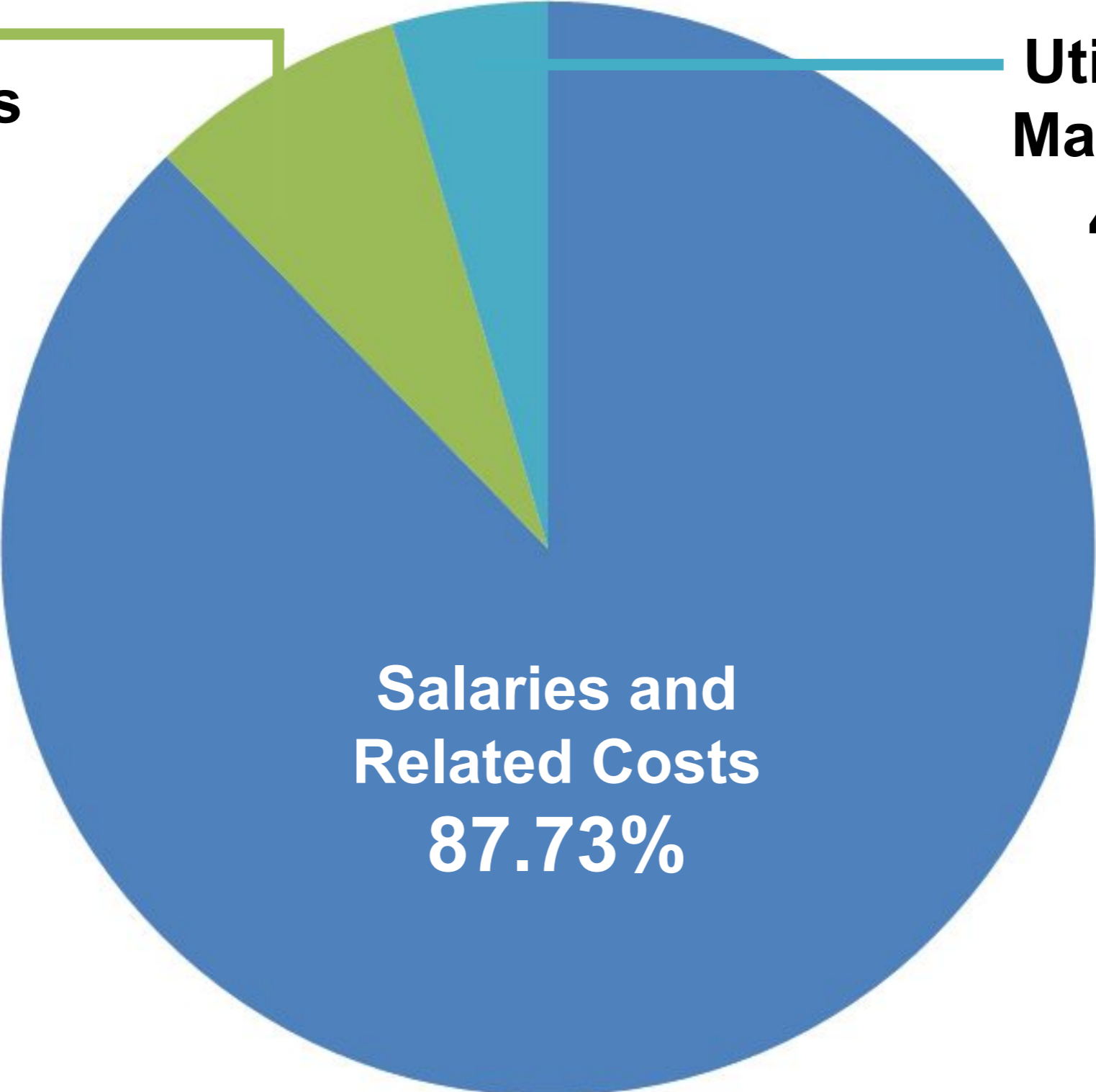
Anticipated Operating Expenditures

	Approved Budget FY 2020	Proposed Budget FY 2021	(Decrease)
Salaries and Related Costs	\$258,976,663	\$251,854,068	(\$7,122,595)
Programs and Services	36,147,086	35,225,266	(921,820)
Total Budget	\$295,123,749	\$287,079,334	(\$8,044,415)

Anticipated Operating Expenditures

**Programs
and Services
7.66%**

**Utilities and
Maintenance
4.61%**



**Salaries and
Related Costs
87.73%**

Act 388 Allowable Millage Increase

Calculation of Allowable Millage Increase	
FY 2020 Millage Rate	322.40
Millage due to Reassessment	<u>(13.54)</u>
FY 2021 Millage	308.86
x Allowable Percentage Increase	4.15%
FY 2021 Current Year Allowable Millage Increase	12.82
FY 2021 Total Recommended Millage Increase	0.00
x Value of a Mill	\$285,445
Revenue Generated by Millage Increase	\$0
Potential Revenue Generated Using Total Allowable	\$3,659,405

Summary

- Revenue projections for state revenues remain at the level collected or estimated to be due by June 30, 2020.
- Local revenue projections have declined due to the current economic climate and trends in actual collections.
- Includes funding to meet state and federal requirements
- Includes funding to cover required inflationary costs
- Includes funding to open, restructure and relocate schools identified in the 2018 Building Program
- Does not include proposed millage increase for operations
- A budget amendment will likely be necessary in the fall once the General Assembly passes a fiscal year 2020–2021 appropriations bill.

Empower
each child
to **DESIGN**
the **FUTURE.**