



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.

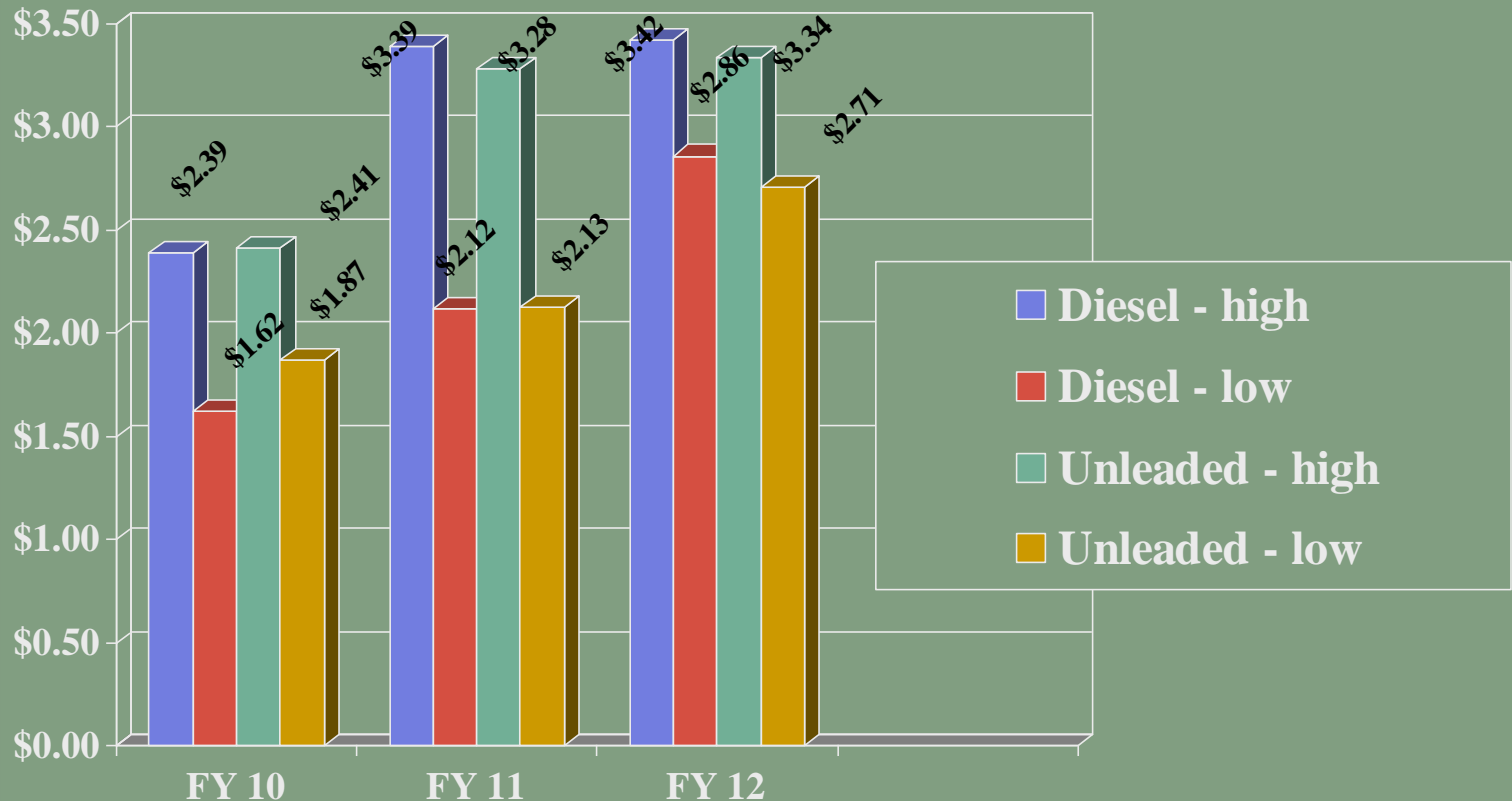


Challenges in preparing the FY13 General Fund Budget

- 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



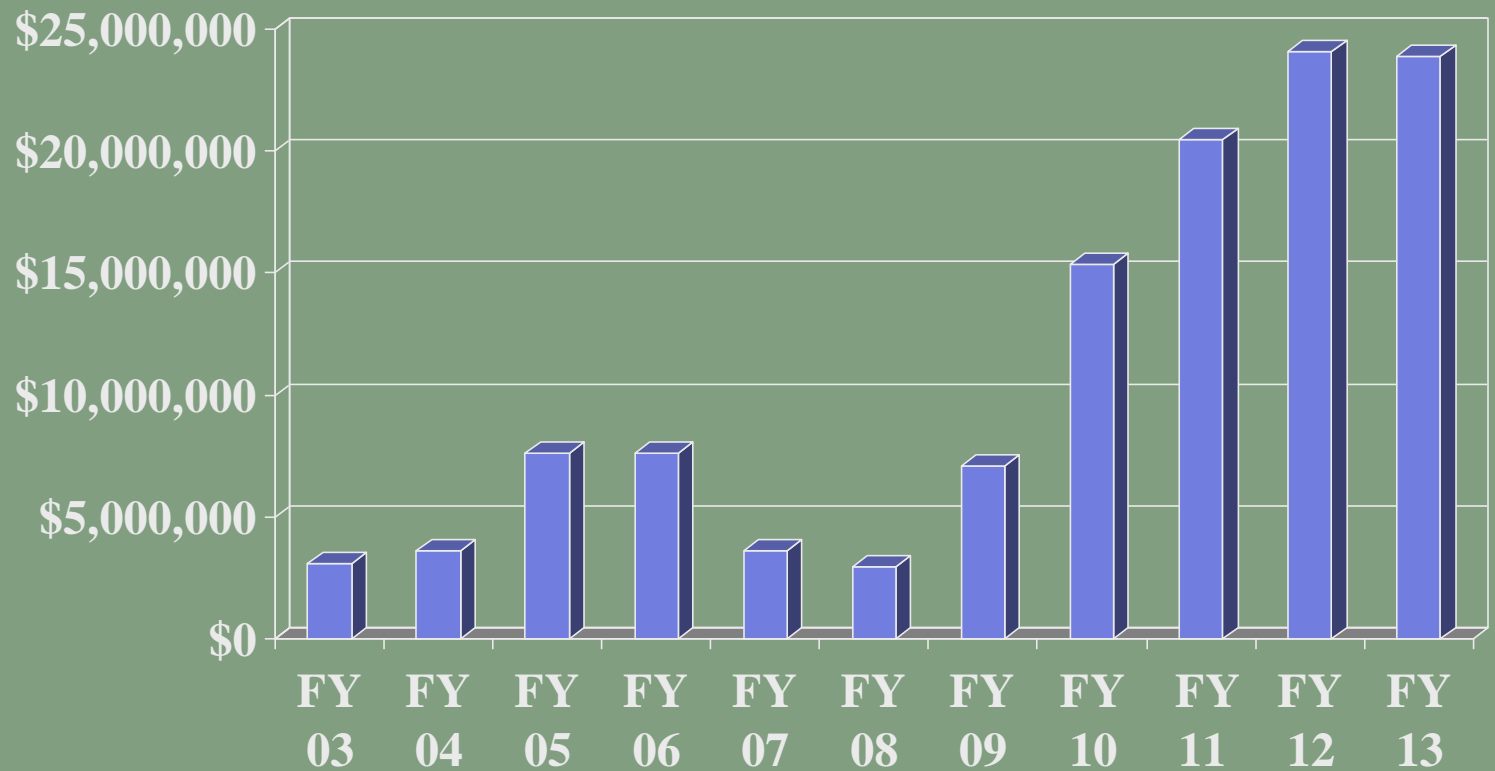


FY 13 General Fund Revenue Analysis

- 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

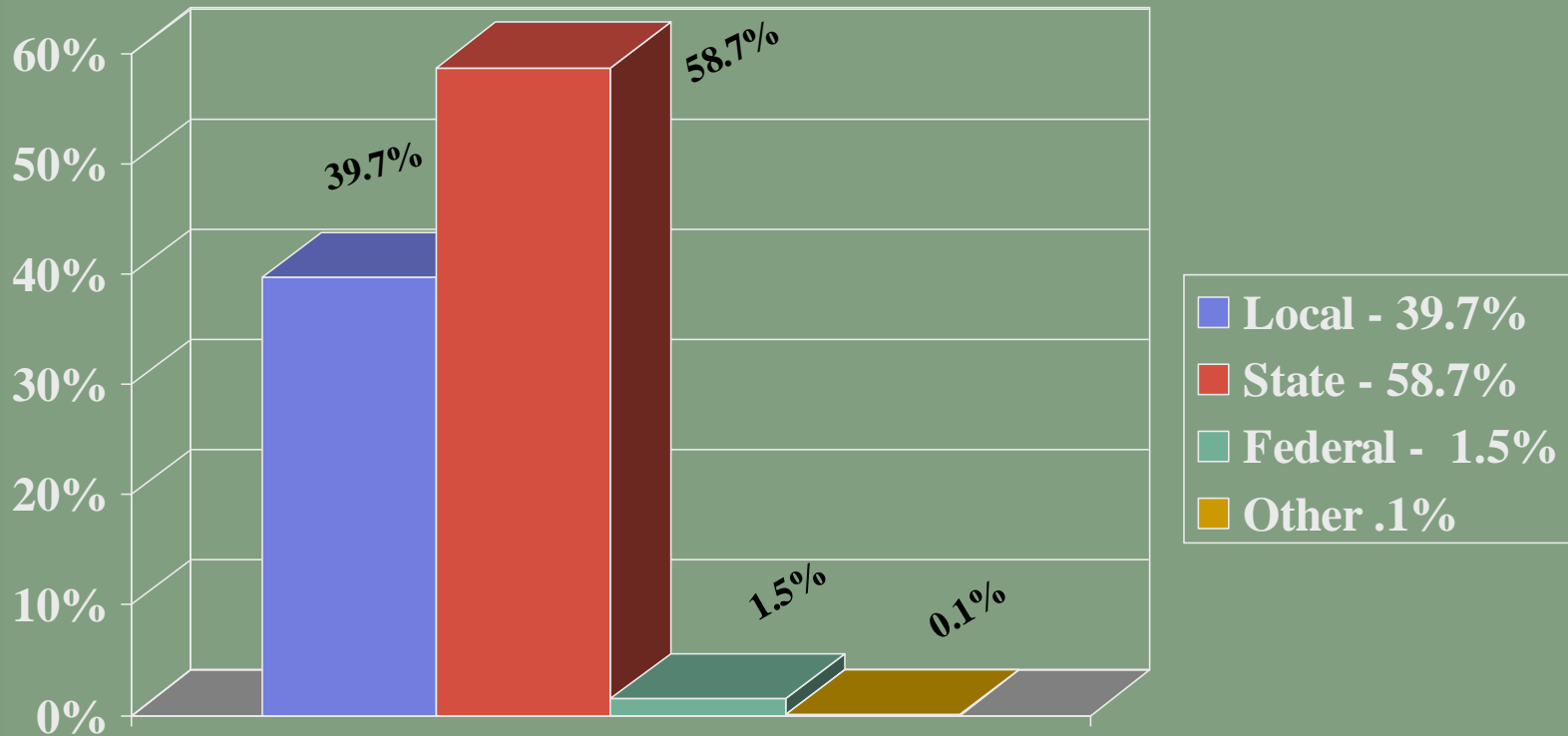
One mill projected to be \$4,033,133 after \$103,414 collection fee is assessed per mill totaling \$2,416,785

- 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

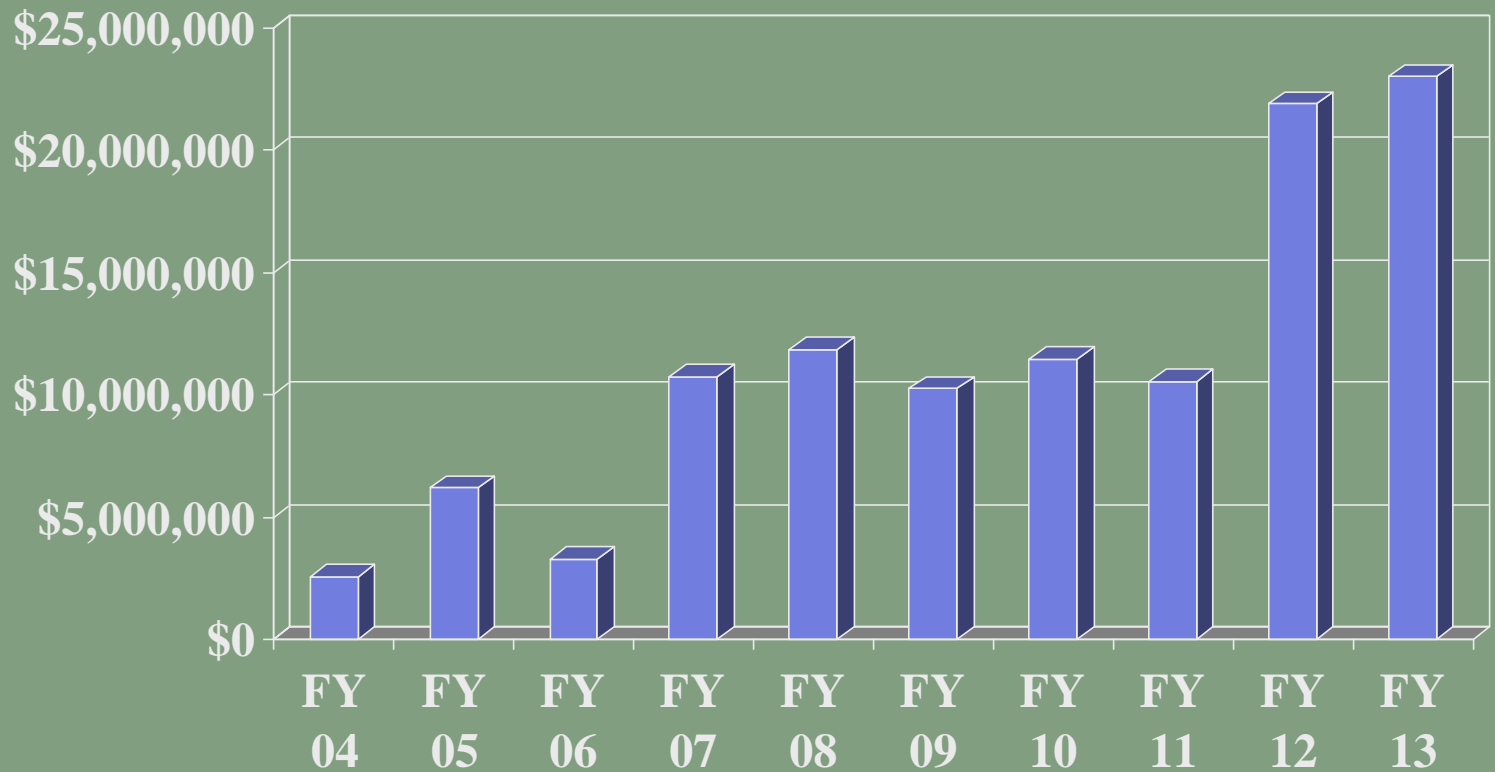


FY 13 General Fund Expenditures (continued)

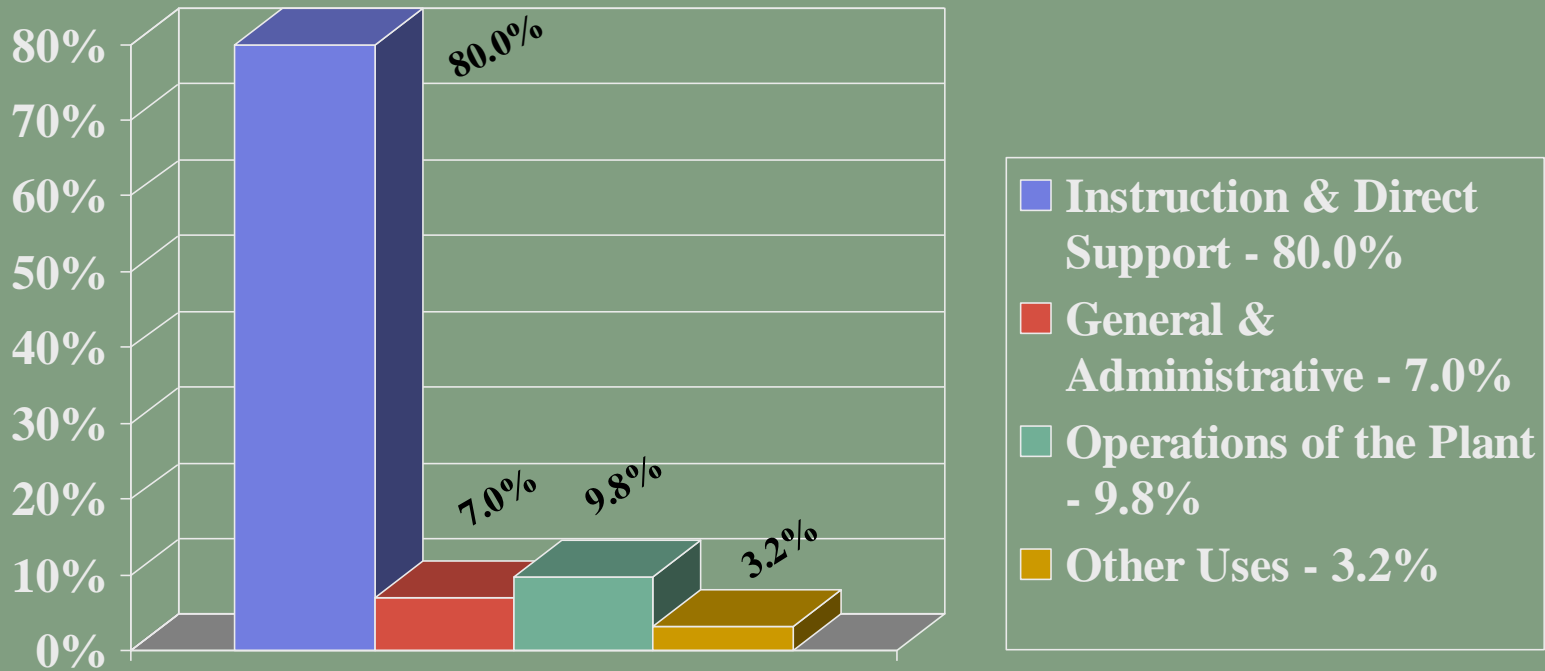
- Transfers
 - Capital Projects (.256 mills) \$1,032,739
 - Library (1.5 mills) \$6,049,109
- Uses \$23,000,000 of fund balance, projected to be \$35,794,502. Remaining \$12,794,502 equates to 16 days of fund balance

Use of Fund Balance

Ten year analysis

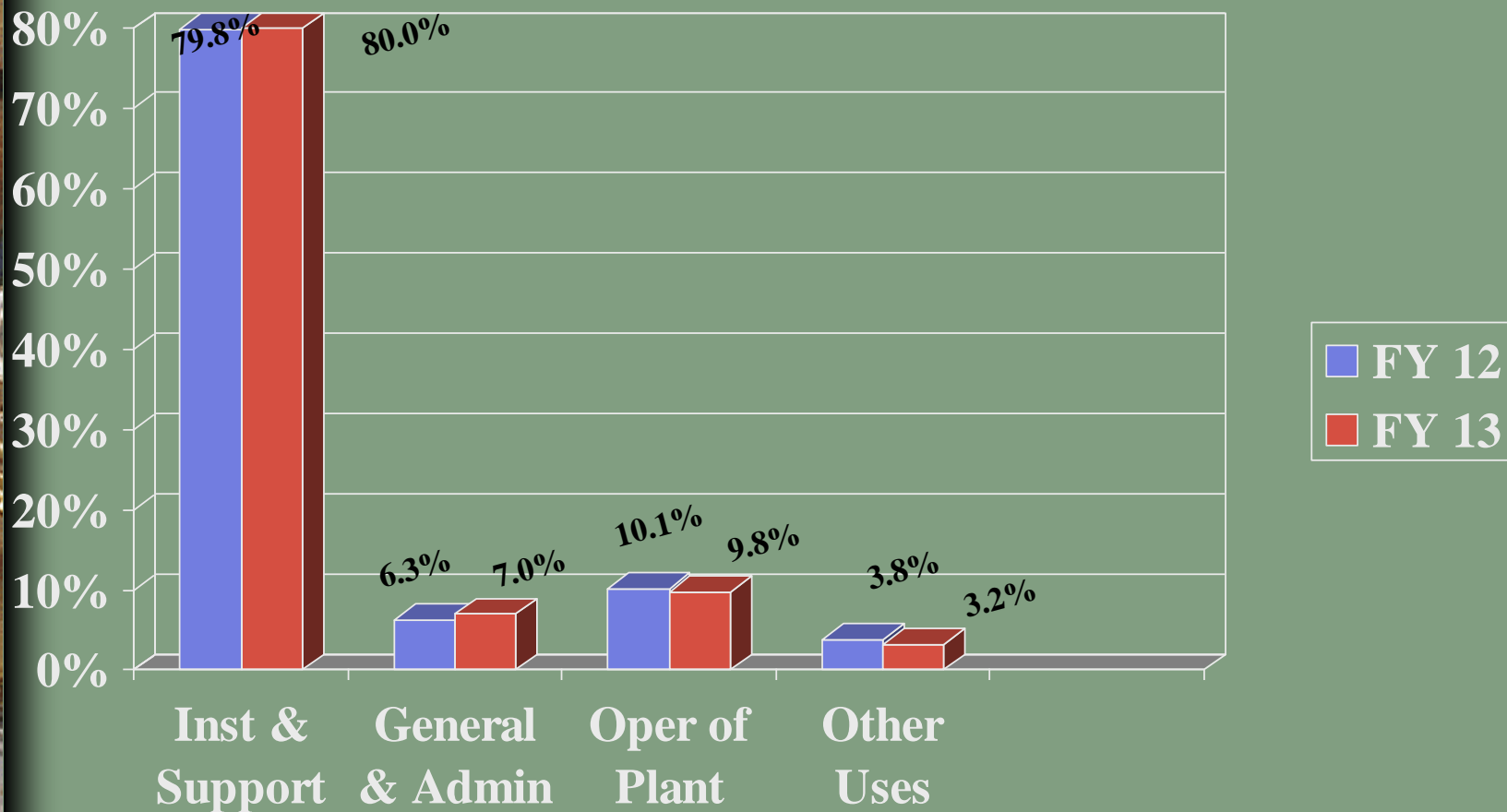


FY 13 General Fund Expenditures (continued)



Percentage FY 13 Expenditures by Major Function Group

FY 12 compared to FY 13 by Major Function Group



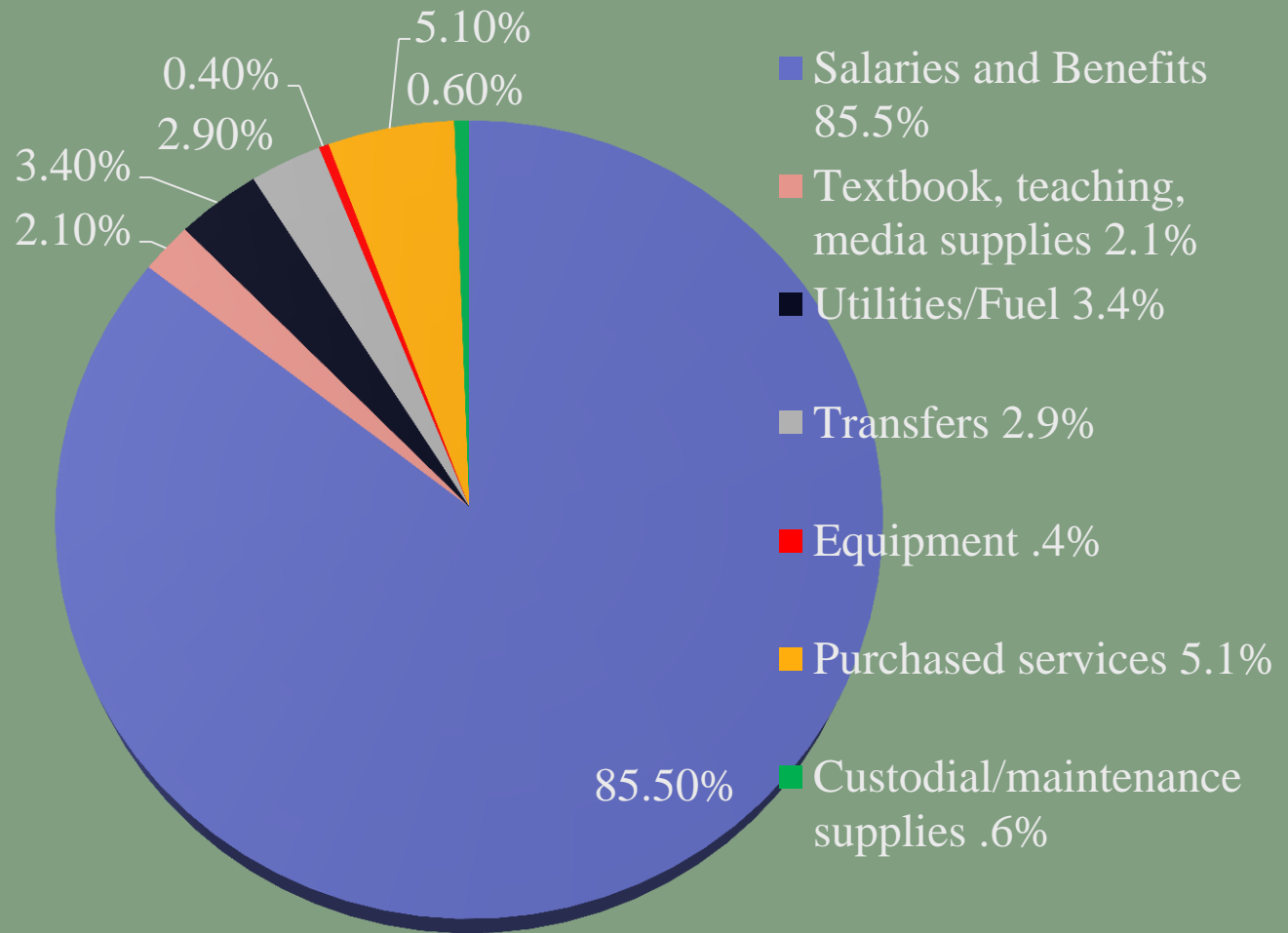


FY 13 General Fund Expenditures (continued)

- 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