

# 2022-23 GENERAL OPERATING FUND BUDGET PRIORITIES

MARCH 15, 2022 BOARD MEETING



# PRIORITIES FROM THE 2021-22 BUDGET PROCESS

- ▶ Maintain/Reduce student teacher ratios
- ▶ Step increase for staff
- ▶ Identify and implement employee retention/recruitment strategies

# PRIORITIES FROM THE 2021-22 BUDGET PROCESS (CONTINUED)

- ▶ Planning for the relocation of LMS replacement facility
- ▶ Prepare for the opening of the Gilbert Early Childhood Center
- ▶ Provide ongoing support for the LOOLA program
- ▶ Expand Lexington District One's The College Center located at Gilbert High School
- ▶ Prepare for ongoing COVID-19 impact and unknowns

# FY2022-23 STATE APPROPRIATIONS ACT – H.5150

- H.5150 moved from the House Ways and Means Committee to the full House. The full House will debate the bill March 14 – 17.
- Includes Education Funding Reform-Aid to Classrooms Funding
- \$4,000 per cell increase to State Minimum Salary Schedule.
- Teacher supply checks will be increased from \$275 to \$300.

# FY2022-2023 STATE APPROPRIATIONS ACT – H.5150 (CONTINUED)

- Employer portion of health insurance is increasing 18.01%. Some funding has been budgeted under F30 (Statewide Employee Benefits) but how much will be provided to school districts has not been determined.
- Employer portion of retirement increases by 1% (23.81% total).
- Requires bus drivers receive a specific 5% increase per cell, as well as the 3% increase provided for all state employees. The increases apply to the State Minimum Bus Driver Salary schedule.

# PROPOSED EDUCATION FUNDING REFORM

- Governor McMaster proposed a new funding formula, the Aid to Classrooms Program in his executive budget.
- Base student cost is no longer driving force of the funding formula.
- The funding is meant to replace restricted state funding for fringe benefits and teacher salary increases, EFA allocations and a large portion of current EIA allocations.
- The basis of the formula is to fund classrooms based on the cost of a teacher, the statewide average student-teacher ratio and state share of the total funding and will be subject to change each fiscal year in the Appropriations Act.
- Total state funds are allocated to a district based on the number of weighted pupil units in the districts and the Index of Taxpaying Ability of the district. New weightings have been established for determining weighted pupil units.

# PROPOSED EDUCATION FUNDING REFORM (CONTINUED)

- Districts will have more flexibility in spending the allocations. The district does not have to meet the student-teacher ratio specified by the state, and the funding is not all required to be spent on salaries and fringes. It can be allocated to professional development and other costs as determined by the district.
- The following positions have been included in the formula: classroom teachers, retired teachers, library media specialists, counselors, speech-language pathologists, ROTC instructors, school nurses, occupational/physical therapists, orientation/mobility instructors, audiologists, social workers and psychologists.
- Under the current formula Lexington District One is one of five school districts that would see a decrease in funding. The current estimate is \$4.4 million. The program provides Hold Harmless funding for the losing districts. However, funding for Hold Harmless payments is never a guarantee as evidenced by Act 388.

# ESTIMATED IMPACT ON LEXINGTON DISTRICT ONE OF FUNDING FORMULA AND OTHER BUDGET PROVISIONS

<b>FORMULA FUNDING TO BE RECEIVED</b>	
Base Funding Provided by Proposed Formula	\$131,752,324
Hold Harmless Payment	<u>4,405,501</u>
Total to Meet Projected FY22 Payments	\$136,157,825
<b>Additional Proportional Funding (only amount received above current projection for FY22)</b>	<u>907,637</u>
Total Aid to Districts Program Payments	<u>\$137,065,462</u>



# ESTIMATED IMPACT ON LEXINGTON DISTRICT ONE OF FUNDING FORMULA AND OTHER BUDGET PROVISIONS (CONTINUED)

<u>ADDITIONAL COSTS TO BE INCURRED FOR POSITIONS COVERED BY NEW FORMULA</u>	
Cost of \$4,000 increase for all cells on LCSD1 salary schedules	\$11,131,121
Cost to increase LCSD1 to state minimum	\$631,670
Cost of maintaining local percentage	\$11,545,122
Cost of Required Step	\$2,586,543
Total Potential Highest Cost for Positions Covered by Formula	\$14,131,665
Additional Funding to be Received Under Formula	<u>(907,637)</u>
<b>Net Projected Cost of Formula to District</b>	<b><u>\$13,224,028</u></b>



# RECOMMENDED CHANGES TO THE FUNDING FORMULA

- ▶ Change the state/local funding percentages from a 75%/25% split to an 80%/20% split. This will require additional funding from the state.
- ▶ Do not require the local match percentage on salaries to remain consist with prior year. Requiring this to stay the same would add heavily to the burden on local funds of districts already paying above the state minimum salary schedule.

# CURRENT STATUS OF GENERAL FUND

- ▶ The fiscal year 2021–22 originally approved General Fund Budget was \$6,702,363 more than the amended 2020–21 Budget.
- ▶ The fiscal year 2021–22 projected the use of \$7.5 million of fund balance.
- ▶ In October 2021, the board approved one-time payments to employees to be divided in two installments. This resulted in a \$10.6 million increase in the budget for Salaries and Related Costs and increased the anticipated use of fund balance for fiscal year 2021–22.

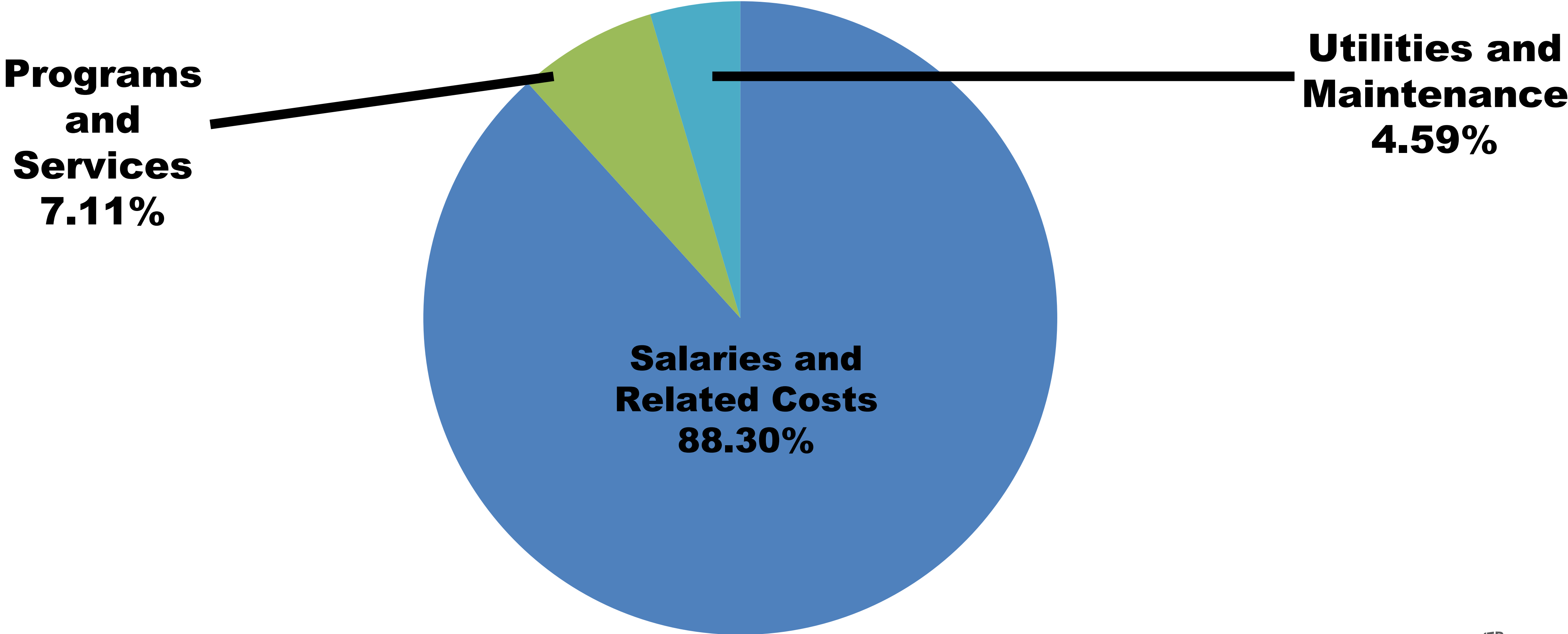
# GENERAL FUND – USE OF FISCAL YEAR 2020–21 SURPLUS

<b>Operating Surplus Fiscal Year 2020–21</b>	<b>\$12,578,477</b>
One-Time Employee Payments approved October 2021 (paid in two installments December 2021 and May 2022)	<u>(10,600,000)</u>
Unexpended Surplus	<u>\$ 1,978,477</u>

# FISCAL YEAR 2021-22 GENERAL FUND BUDGET

	<b>Actual FY2021</b>	<b>Original Approved Budget FY 2022</b>	<b>Amended Budget FY 2022</b>
Revenue	\$286,809,714	\$287,741,031	\$287,741,031
Expenditures	282,355,588	302,528,616	313,128,616
Transfers In	9,668,882	8,834,807	8,834,807
Transfers (Out)	<u>(1,544,531)</u>	<u>(1,507,000)</u>	<u>(1,507,000)</u>
<b>Net Change in Fund Balance</b>	<b><u>12,578,477</u></b>	<b><u>(\$7,459,778)</u></b>	<b><u>(\$18,059,778)</u></b>

# FY 22 ANTICIPATED OPERATING EXPENDITURES



# LOOKBACK OPERATING MILLAGE

SC Code of Law §6-1-320 allows us to add unused millage increase limits not previously imposed for the three preceding years to the current limit.

The district last used lookback millage for fiscal year 2015–16 (8.24 mills of an available 17.82 mills).

Fiscal Year	Tax Year	Millage Rate Increase Limitation	Actual Increase	Lookback Used	Available for Future Lookback	Actual Millage
2019–20	2019	15.21	0	0	15.21	322.40
2020–21	2020*	12.82	0	0	12.82	308.86*
2021–22	2021	11.03	0	0	11.03	308.86
2022–23	2022	20.69**	TBD	TBD***	TBD	TBD

\* Tax Year 2020 was a reassessment year. There was a 13.54 mill rollback due to reassessment.

\*\* This is an estimated allowable increase. Actual allowable increase is not yet available.

\*\*\* 39.06 lookback mills are available for use in FY 2022–23.

# REVENUE GENERATED FOR VARIOUS MILLAGE LEVELS

Potential Millage Increase	Revenue Generated	Increase in Revenue Over 10.0 Mills	Incremental Increase in Revenue	Cost per \$100,000 of Taxable Property (6% Assessment)
10.00	\$3,194,640	-	-	\$66
15.00	\$4,791,960	\$1,597,320	\$1,597,320	\$90
20.00*	\$6,389,280	\$3,194,640	\$1,597,320	\$120
25.00	\$7,986,600	\$4,791,960	\$1,597,320	\$150
30.00	\$9,583,920	\$6,389,280	\$1,597,320	\$180
59.75**	\$19,087,974	\$15,893,334	\$9,504,054	\$358.50

\* This approximates estimated millage limit. Current estimate is 20.69.

\*\* This is the total of estimated millage limit of 20.69 and available lookback millage of 39.06.



# 135-DAY AVERAGE DAILY MEMBERSHIP

Year	*Membership	Increase (Decrease)	Percent
2016–17	24,895	477	2.0%
2017–18	25,511	616	2.5%
2018–19	25,999	488	1.9%
2019–20	26,507	508	1.9%
2020–21	26,346	(161)	(1.0%)
2021–22**	27,110***	764	2.9%
2022–23****	27,692	582	2.1%

\* 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.

\*\* 90-day ADM.

\*\*\* Projected enrollment for 2021-2022 was 26,775. 90-day enrollment is over projection by 355.

\*\*\*\* Projected enrollment.

# ADMINISTRATION AND SCHOOL LEADERSHIP RECOMMENDED PRIORITIES FOR THE 2022-23 BUDGET PROCESS

- Maintain student teacher ratios
- Staff salaries
- Continue to identify and implement employee retention/recruitment strategies

# ADMINISTRATION AND SCHOOL LEADERSHIP RECOMMENDED PRIORITIES FOR THE 2022-23 BUDGET PROCESS

- Establish personalized pathways at current LMS site for a stand alone LOOLA program and The College Center
- Intervention and instructional support needed for learning acceleration
- Enhance safety and security
- Prepare for conclusion of federal COVID support funding to sunset

# DISCUSSION





ONWARD

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