



# District Five

OF LEXINGTON &  
RICHLAND COUNTIES

**FY 2020 - 2021**

**General Fund Budget Parameters**

**Revisited**

**May 18, 2020**

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# FY 2019-2020 Budget Changes

## \$7,072,983 (3.75%)

■ Additional certified staff*:	
■ Additional support staff*:	
■ Increased costs for School Resource Officers	\$ 300,000
■ Additional contracted mental health case managers	\$ 100,000
■ Increased costs for technology	\$ 200,000
■ \$500 Loyalty Bonus for all district employees (non-recurring)	\$ (1,479,730)
■ Salary increases (COLA, step and credential), terminal leave, fringe benefits increases and school allocation changes.**	\$ 7,952,713

\* Includes salaries and fringe benefits costs

\*\*Subject to change based upon terminations, new hires, etc.

# FY 2019-2020 General Fund Budget Recap Addendum

On January 27, 2020, the Board approved a \$4,278,943 increase in revenue using FY 2018-2019 reserved funds in excess of the 18% requirement (policy DFAB\*) for the unassigned amount. The funds are to be used as follows:

- \$500 Employee Loyalty Bonus – approximately \$1.5 million
- Additional capital improvements – approximately \$2.77 million

\* To provide sound fiscal management and stability, an undesignated operating reserve fund consistent with the medial averages for issuers that retain at least an Aa2/AA credit rating will be maintained by the district. This average may change from time to time but generally ranges from 15% to 18% of the general fund budgeted expenditures.

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# Where are we now?

- The 2021 State budget is in a state of flux.
- The House passed budget included an approximately \$2 billion surplus, some of which has been designated to fight the Covid-19 pandemic.
- The Board of Economic Advisors (BEA) reduced revenue estimates for FY 2021 by \$58.3 million. Forecasting is difficult due to unprecedented situation.
- SC will need a continuing resolution adopted in order to operate beginning July 1, 2020. According to the proposed continuing resolution language:
  - The step increase is suspended (mandatory) until there is a new state budget.
  - School Districts will not be required pay the scheduled 1% increase in the retirement contribution in FY 2021. The increase has been delayed for one year.
- FY 2021 General Fund budget proposal will be based on the following assumptions:
  - No increase in state funding.
  - Step increases will be retroactive to July 1 after state budget is adopted.
  - No mandated cost of living increases.

# Dates to Remember

## State Budget Calendar

- |                     |  |
|---------------------|--|
| □ February 17 - 20  | Ways & Means Full Committee Budget Deliberations                             |
| □ March 9 - 13      | House Floor Budget Deliberations   |
| □ March 16 - 20     | House Furlough   |
| □ May 12            | General Assembly Returns   |
| □ May 28*           | Sine Die – Legislative Session Ends  |
| □ September 15 - 24 | Statewide session limited to certain items to include the Appropriations Act |

Original Sine Die was May 14, 2020 but has been extended to May 28, 2020 due to reduction of FY 2021 estimates after April 10 as prescribed in Section 2-1-180 of the SC Code of Laws:

*The regular annual session of the General Assembly shall adjourn sine die each year not later than five o'clock p.m. on the second Thursday in May. The regular annual session of the General Assembly can be extended:*

*(b) if a forecast reduction is submitted by the Board of Economic Advisors pursuant to Section 11-9-880 after April tenth for the next fiscal year, the adjournment date for the General Assembly may be extended up to two weeks with the agreement of the Speaker of the House and the President of the Senate.*

# Dates to Remember

## Proposed District Budget Calendar\*

- May 18, 2020                      Parameters for the FY 2020-2021 General Fund Budget Revisited
- June 1, 2020                        Discussion Reading of General Fund Budget
- June 15, 2020                      First Reading of General Fund Budget
- July 13, 2020                        Second (Final) Reading and Public Hearing of General Fund Budget

\*Above dates are subject to change.

# Disclaimer

- The information provided in this presentation is based upon the FY 2019-2020 General Appropriations Bill with no increases in appropriations.
- FY 2019-2020 Estimated Statewide WPU = 992,512
- FY 2019-2020 Fully funded BSC = \$3,095
- FY 2019-2020 SCDE Requested BSC = \$2,647
- FY 2019-2020 Appropriated BSC (Implied) = \$2,489 (Capped at \$2,487)
- FY 2020-2021 Estimated Statewide WPU = 993,663
- FY 2020-2021 Fully funded BSC = \$3,164
- FY 2020-2021 SCDE Requested BSC (Implied) = \$2,722
- FY 2020-2021 Ways & Means Appropriated BSC = \$2,500

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## FY 2020-2021 Budget Considerations

- Begin FY 2021 without an approved General Appropriations Bill (H 5201)
  - SCRS Employer Contribution Increase (1%) – Delayed for 1 year
  - Employer health insurance premium increases (6.73%)
  - Step Increases (experience) for all eligible employees
  - Administrative staff members for Elementary 13
  - Additional staff to meet requirements for Board Policy IIB and AR IIB-R on teacher-student ratios, federal and state requirements for IDEA and ELL, and to increase the safety and well-being of our students and staff
  - Spending freeze has been implemented in FY 2020
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# Calculation for FY 2020-2021 Allowable Millage Increase Section 6-1-230 of the SC Code of Laws

Consumer Price Increase (CPI) *	1.81%
Lex/Rich 5 Population Growth *	0.65%
Allowable Percentage Increase *	2.46%
FY 2019-2020 Millage Rate**	256.9
FY 2020-2021 Millage Increase Cap**	6.3

\*Source: SC Revenue And Fiscal Affairs Office

\*\* Millage rate is subject to change due to Lexington County reassessment.

