

New Education Funding Model Impact

March 14, 2022

No action is recommended based on information in this presentation.



House Ways & Means Budget Changes

- New State Minimum Salary Schedule for Teacher
 - Increases the starting salary for a Bachelor degree with 0 years of experience to \$40,000
 - Requires Districts to pay a minimum of \$40,000 starting salary
 - Currently, the Proviso requires maintaining the local percentage paid in prior years
 - Districts are not required to pay the \$4,000 increase if their current starting salary is over \$40,000
 - Recruitment and Retention issues are a concern if the \$4,000 increase is not provided to the entire schedule regardless of current starting salary
- 5% increase to State Bus Driver Salary Schedule
 - Challenges filling current positions with competition in the market
 - Minimum starting salary in the Districts to attract employees must be at least \$15 per hour
 - Some Districts are paying as much as \$17.50 per hour
 - This is much higher than the State Bus Driver Salary Schedule – additional funded through local funds

House Ways & Means Budget Changes (cont'd)

- Weighting changes for Weighted Pupil Units (WPU)
 - Removed weighted add-on for Dual Credit Enrollment
 - Removed additional weighting for Pre Career & Technology Student
 - Reduced weighted add-on for Limited English Proficiency
 - Averaged weighting for Individuals for with Disabilities
 - Increased weighted add-on for Pupils in Poverty
 - **The overall effect reduced Lexington Richland District 5's % of the State's WPU from 2.2% to 1.99%**

Net Overall State Revenue impact is a loss of \$4,923,311

Prior to the 1 year Hold Harmless Provision

\$550,603 increase after the Hold Harmless Provision

Current Budget Implications

- Cost Estimate of \$4,000 increase to all employees (approximately 1,500) paid on the Teacher Salary Schedule (including Retirement & FICA)

\$7,920,000

- Cost Estimate of salary increase for Bus Drivers (including Retirement & FICA)

\$237,600

- Unencumbered time requirement for Elementary School Teachers will require additional staff for monitoring students during lunch/recess (proposed legislation)

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- Increased supply costs, utility costs, and contracted services costs based on inflation and demand availability

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Current Budget Implications

- 1% increase for Employer Retirement Contributions & proposed 18.1% increase in Employer Health Costs
- This does not include any salary increases for school support staff (teacher's assistants, administrative assistants, maintenance mechanics, food service workers, or custodians) who are instrumental in keeping the buildings safe, clean, and maintaining an environment conducive for learning.
- To cover a loss this large with local funds would be challenging for our District. The current year's mill cap is estimated at 13.4 mills with an estimated \$285,000 per operating mill providing \$3,819,000 in additional local revenue. This would come at cost to investment property owners of \$80 per \$100,000 of property assessed value.
- Look back mills are available, but this would further increase property taxes for the investment property owners.

Summary

- New State Money = **\$550,603**
- **Estimated** Cost of \$4,000 increase to staff on the teacher salary schedule (including Retirement & FICA) = **\$7,639,000**
- **Estimated** Cost of Step (ALL employees), \$4K & local increase for teachers, 2% increase in utilities, Health Insurance Increase, & Retirement 1% Increase = **\$20,339,000**
- Results for District 5 will be higher property taxes, larger class sizes, less individual supports for students due to less staff, less employees completing more tasks as reporting requirements continue to increase

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