

FY 2022-2023 General Fund First Reading

The purpose of this presentation is to provide information to the School Board regarding the FY 2022-2023 General Fund Budget. This presentation includes a Recommendation for Approval.

May 23, 2022



FY 2022-2023

Budget Considerations – State level

- ❖ Funded Step Increase for Teachers (House & Senate)
- ❖ SCRS Employer Contribution Increase – 1% (House & Senate)
- ❖ Minimum Teacher Salary for Bachelor's with 0 years \$40,000 (House) \$38,000 (Senate)
- ❖ Employer Health Insurance premium increase – 18.1% (House & Senate)
- ❖ Bus Driver Salary Increase - 8% to the **State Minimum Bus Driver Salary Schedule** (House & Senate)

FY 2022-2023

Budget Considerations – State level

- ❖ State/Local match changes from 70%/30% for EFA to 75%/25% for **ALL** State Aid to Classroom funding (“all lines rolled up”)
- ❖ New Funding Formula (House) / New Funding Formula with “Stake in the Ground” Base Funding (Senate)
- ❖ The “Stake in the Ground” Base (21-22 funding level) will not be adjusted for growth in ADM
- ❖ \$227M in “new money for 22-23” will be allocated based on the New Funding Formula with adjustments for ADM changes on the 45th & 135th day

FY 2022-2023

Budget Considerations – District level

- ❖ 135th Day Average Daily Membership 16,735 (up from 16,717 on the 45th day)
- ❖ Step Increase & Cost of Living Increase for all eligible staff (Board decision)
- ❖ National Board Supplement of \$5,000 to continue (Board decision)
- ❖ Assignments of available Fund Balance over Board Policy recommended percentages (Board decision)

FY 2022-2023

Projected General Fund Revenues (Senate)

Local Revenues:

Taxes (calculated at 246.10 mills)	\$75,743,334		
Other Local Revenues (Interest, Tuition, etc)	\$605,000		
Total Estimated Local Revenues		\$76,348,334	35.29%

State Revenues:

State Aid to Classrooms (New Formula+ Base)	\$83,971,586		
Homestead Exemptions (Tier I, II, III)	\$46,295,141		
PEBA Credit	\$1,190,410		
Other State Revenues	\$8,448,972		
Total Estimated State Revenues		\$139,906,109	64.66%

Other Financing Sources:

Transfers (Indirect Cost)		\$100,000	0.05%
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TOTAL PROJECTED REVENUES 2022-2023		<u>\$216,354,443</u>	100.00%
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* Based on 135th day enrollment

Comparisons FY 22 vs FY 23 Revenue Budget

	2021-2022 as of May 4, 2022	2022-2023 projected	% increase/decrease	
Local Revenues:				
Taxes (calculated at 246.10 mills)	\$75,307,647	\$75,743,334	0.58%	assessed value increases
Other Local Revenues (Interest, Tuition, etc)	\$655,000	\$605,000	-7.63%	interest rate decreases
State Revenues:				
State Aid to Classrooms (New Formula+ Base)	\$74,815,842	\$83,971,586	12.24%	EIA included, higher ADM, \$227M new money
Homestead Exemptions (Tier I, II, III)	\$44,872,842	\$46,295,141	3.17%	increase in sales tax allocation Tier III
PEBA Credit	\$1,190,410	\$1,190,410	0.00%	
Other State Revenues	\$7,646,465	\$8,448,972	10.50%	Retiree Insurance increase
Other Financing Sources:				
Transfers (Indirect Cost)	\$480,000	\$100,000	-79.17%	less indirect cost is being claimed
Total	\$204,968,206	\$216,354,443	5.56%	

FY 2022-2023

Projected General Fund Expenditures

Salaries	\$129,476,610	59.88%
Fringe Benefits	\$58,236,702	26.80%
Contracted Services	\$17,030,627	7.92%
Supplies & Materials	\$9,601,611	4.47%
Capital Outlay	\$114,904	0.05%
Other Objects	\$1,606,092	0.75%
Transfers & Payments	\$287,897	0.13%
TOTAL PROJECTED EXPENDITURES 2022-2023	<u>\$216,354,443</u>	100.00%

Comparisons FY 22 vs FY 23 Expenditure Budget

	2021-2022	2022-2023	% increase/decrease
	as of May 4, 2022	<i>projected</i>	
Salaries	125,246,533	129,476,810	3.38%
Fringe	51,364,573	58,236,702	13.28%
Contractual Services	17,074,903	17,030,627	-0.26%
Supplies	9,561,101	9,601,611	0.42%
Capital	101,649	114,904	13.04%
Other Objects	1,331,550	1,606,092	20.62%
Transfers	287,897	287,897	0.00%
TOTAL	204,968,206	216,354,443	5.56%

FY 2022-2023

Projected General Fund Budget Recap

❖ Projected Revenue	\$216,354,443
❖ Projected Expenditures	\$216,354,443
❖ Difference	\$0

FY 2022-2023

Revenue Items included in this Budget

- ❖ 135th day Average Daily Membership of 16,735 (Weighted Pupil Units of 26,053)
- ❖ Operating Millage of 246.10 mills – NO CHANGE
- ❖ Total Operating Millage Assessed Value is approx. \$301M which is a 2.7% increase (*Reminder – Operating Millage Assessed Value does not include owner-occupied real property.*)
- ❖ Increase in Tier I, Tier II & Tier III Homestead Exemptions = \$1,422,299

FY 2022-2023

Expenditure Items included in this Budget

- ❖ Step Increase for ALL ELIGIBLE staff = approx. \$2,100,000 + fringe (\$715K)
 - ❖ Teachers will be funded by the State = approx. \$1,500,000 + fringe (\$506K)
- ❖ Increase in Teacher Salary Schedule (approx. 4.5%) – 2% increase in Support Salary Schedule
- ❖ 1% increase in Employer Cost of Retirement
- ❖ 18.1% increase in Employer Cost of Health Insurance

FY 2022-2023

Expenditure Items included in this Budget

- ❖ Additional Certified and Classified Support Staff
(final numbers will be provided at the Second Reading)
- ❖ NERI Program – New Educator Retention Incentive
- ❖ Continue \$5,000 Local Supplement for National Board Certified Teachers
- ❖ Increase in cost of Utilities expected
- ❖ Inflation – increase in cost of supplies

FY 2022-2023

Mid-Year Review/Amendment

- ❖ No approved Statewide General Fund Budget – General Assembly
 - ❖ Session Ended
 - ❖ After June 14 – discuss changes and appoint budget conferees
 - ❖ Late June– adopt conference report and send to the Governor
 - ❖ June ?? – consider Governor’s vetoes
- ❖ House & Senate versions are substantially different
- ❖ Board of Economic Advisors will meet on May 24 & June 16 – may update the Revenue Estimates

FY 2022-2023

Mid-Year Review/Amendment

- ❖ Loading Service & Supply Budgets at 75% of allocations
- ❖ Review available Fund Balance over required amounts
- ❖ Unknown increase/decrease in cost in filling vacancies
- ❖ State Revenues will be adjusted based on the 45th day ADM of next school year – if enrollment increases then Revenues will increase.
- ❖ Final Tax Assessment values will be available in July 2022.

Calculation for FY 2022-2023 Allowable Operating Millage Increase

Section 6-1-320 of the SC Code of Laws

Consumer Price Increase (CPI) *	4.70%
<i>Lex/Rich 5 Population Growth *</i>	<u>1.26%</u>
Allowable Percentage Increase *	5.96%
FY 2021-2022 Operating Millage Rate	246.10 mills
FY 2022-2023 Operating Millage Increase Cap	14.67 mills
<i>Allowed but not Previously Imposed Mills (look back)(Section 6-1-320 (A)(2)</i>	<i>11.16 mills</i>
Estimated Value of 1 Mill	\$300,369

*Source: SC Revenue And Fiscal Affairs Office

Dates to Remember

April 2022

- *April 14*
- *April 28*

Senate Finance finalizes their version of the Budget to send to the Senate Floor
Senate passes their version of the Budget

May 2022

- *May 9*
- *May 13*
- *May 23*

Discussion of the General Fund Budget
Recess of the Legislative Session – sine die
First Reading of the General Fund Budget

June 2022

- *June 13*
- *Early June*
- *Mid/Late June*

Public Hearing and Second (final) Reading for the FY 2022-2023 General Fund Budget
Conference Committee is named to deliberate the differences in the House & Senate Versions
Final Budget is passed and Signed by the Governor

General Fund – Fund Balance Recap

Total Fund Balance June 30, 2021		\$51,205,287
Non-Spendable	\$4,930,894	
Assigned (not used)	\$10,804,715	
Unassigned	\$35,469,778	
Estimated addition for 2021-2022	<u>\$1,250,000</u>	
Projected Fund Balance June 30, 2022		\$52,455,287

Recommendation

Recommendation:

It is the Recommendation of the Administration to approve the First Reading of the FY 2022-2023 General Fund Budget as presented.