# Recommended School Budget

## Fiscal Year
## January 1, 2023 - December 31, 2023

**Kareemah Fowler**
**Assistant Superintendent of Business and Finance**

Primary goal:

To raise the maximum allowable revenue in each fund to support the educational programs in the district.

# Agenda

- Commitment to Increasing Transparency
- Major Fund Groups
- State of the District
- Budget Overview
- Educational and Operational Fund and Deep Dives
- Referendum, Strategic Spending Fund, and  Deep Dive
- Debt Service Deep Dive

# A Commitment to Increasing Transparency

- Address Board and community questions about Equity in spending-providing for greater transparency
- Evaluate budgets and spending in near real time
- Create interactive school and district profiles that help dissect our budgets to build understanding and map financial and human capital resources
- Provide a tool for school and central office budget owners to make managing finances less burdensome and more digestible
- Build thoroughly developed budget plans that link dollars to our district goals

# Strategic Priorities

## Academic Excellence

Ensure access to exceptional literacy instruction for all students.

Attract and retain high-quality instructional staff.

Continue focused turnaround efforts concentrated on our lowest-performing schools.

## Financial Sustainability

Reduce capital footprint while revitalizing educational facilities.

Achieve long-term reductions in administrative and operational costs.

Improve efficiency and operations of transportation services.

## Equity, Inclusion & Justice

Establish a tiered system of support to create positive classroom environments.

Expand coursework access and supports to marginalized student populations.

Ensure corporation staff reflecting diversity of student population.

## Community Partnerships

Engage industry and post-secondary partners in the creation of high-quality 6-12 pathways.

Collaborate with community organizations to establish extra-curricular and extended time supports for student learning.

Establish framework for continuous and meaningful community input into SBCSC strategic priorities

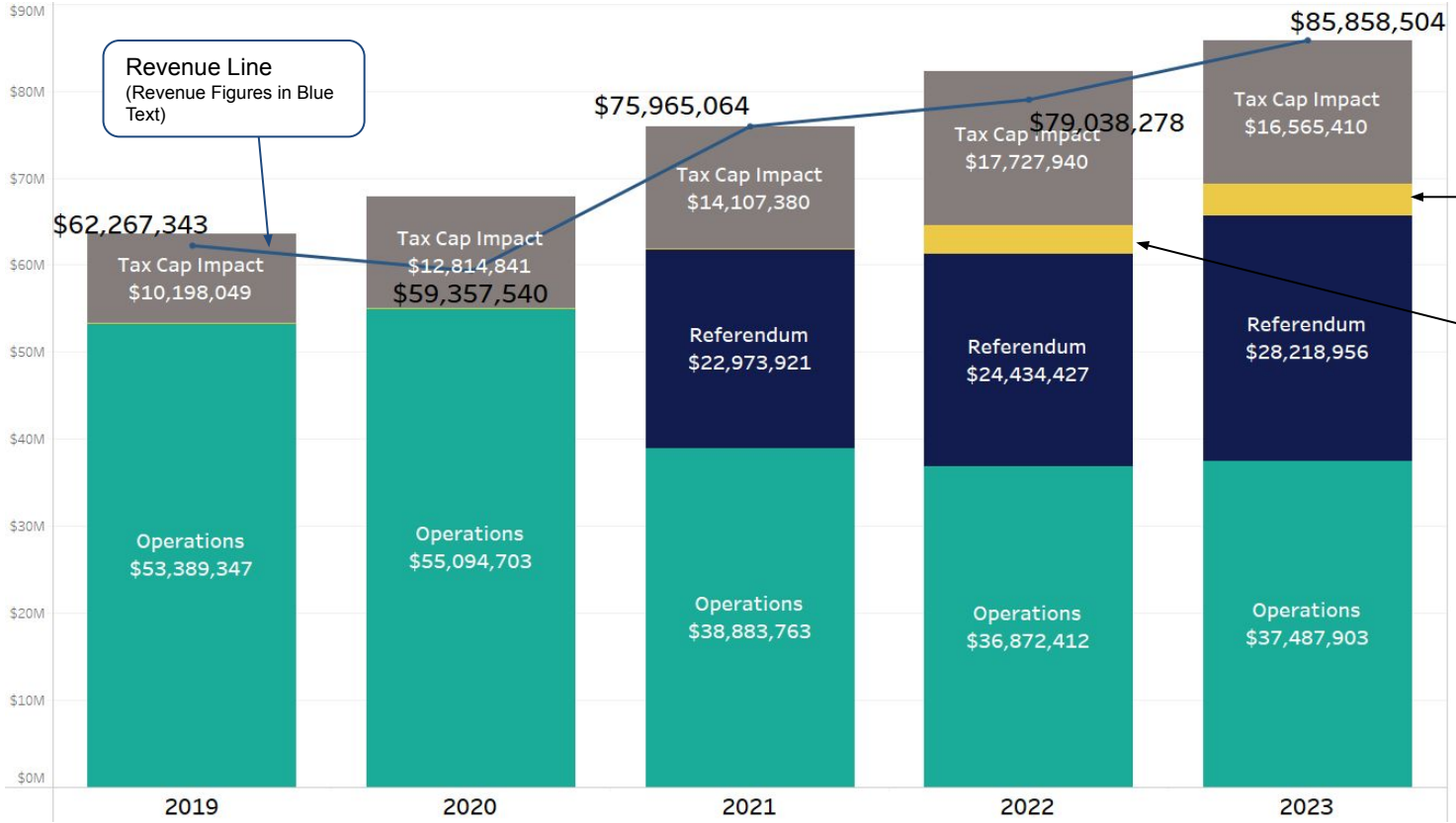
| MAJOR FUNDS | FUND PURPOSE | FUND METHOD |
| --- | --- | --- |
| **EDUCATION** | Salaries, benefits, professional services, supplies, instruction, technology for students and educational support | Indiana State Funds from ADM Count (student enrollment) |
| **REFERENDUM - OPERATING** | Social workers/literacy coaches, water utilities, facilities and grounds supplies, building maintenance, construction, improvements, equipment, repairs, Nurse's contracts, SSC Contract for operational facility costs | St. Joseph County property taxes |
| **OPERATIONS** | Transportation salaries, benefits, professional services, supplies, fuel, parts, maintenance, bus repairs, VMF technology<br>Funds for bus replacement on a 12-year cycle and contracted transportation services | St. Joseph County property taxes<br>Transfer from Education Fund |
| **DEBT SERVICE** | Unreimbursed textbooks, pension liability, G.O. bonds, loans, lease payments, Common School Fund loan | St. Joseph County property taxes |

# Major Fund Groups

| Fund Name | FY20 Budget | FY21 Budget | FY22 Budget | FY23 Proposed Budget | Funding Method |
|---|---|---|---|---|---|
| Education Fund | $100,802,494 | $96,418,793 | $99,507,677 | $101,804,093 | •Enrollment count<br>•St. Joseph County property taxes<br>•Does not include the transfers to operations and the Zone |
| Operations Fund | $55,094,703 | $38,883,763 | $36,872,412 | $39,652,903 | St. Joseph County property taxes |
| Referendum Operations Fund | $0 | $22,973,921 | $24,434,427 | $29,640,192 | St. Joseph County property taxes |
| Pension Debt Fund | $3,149,474 | $650,273 | $0 | | St. Joseph County property taxes (paid off in 2021) |
| Debt Service | $16,175,766 | $16,463,316 | $17,413,171 | $20,504,105 | St. Joseph County property taxes |
| Referendum-Debt Fund | $0 | $4,562,462 | $4,555,675 | $5,870,850 | St. Joseph County property taxes |

# Financial State of the District

# Current State




Commitment to Zone 2023:
**3,586,236**

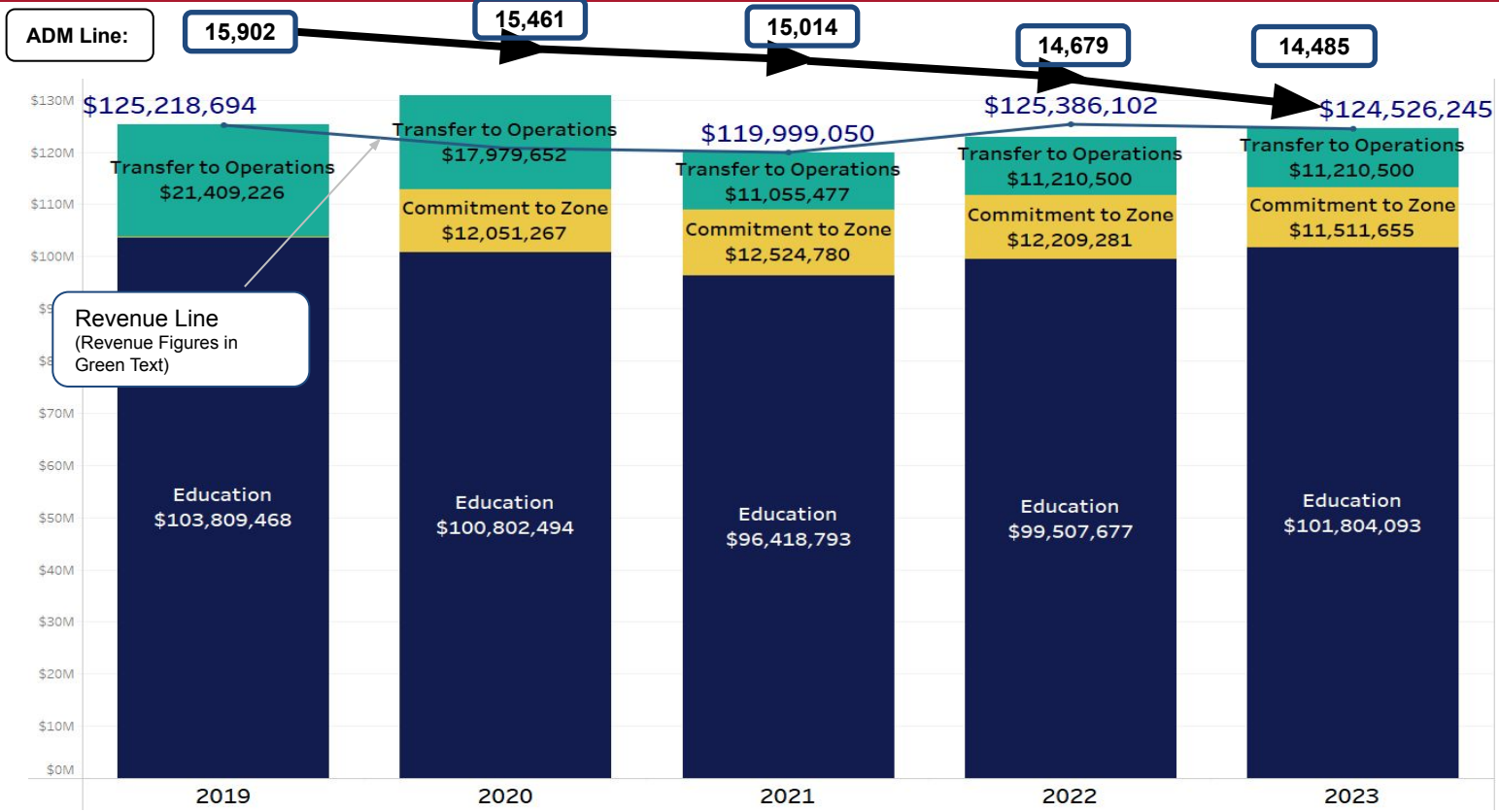
2,165,000 to **Operations**

1,,421,236 to **Referendum**

Commitment to Zone 2022:
**3,272,665**

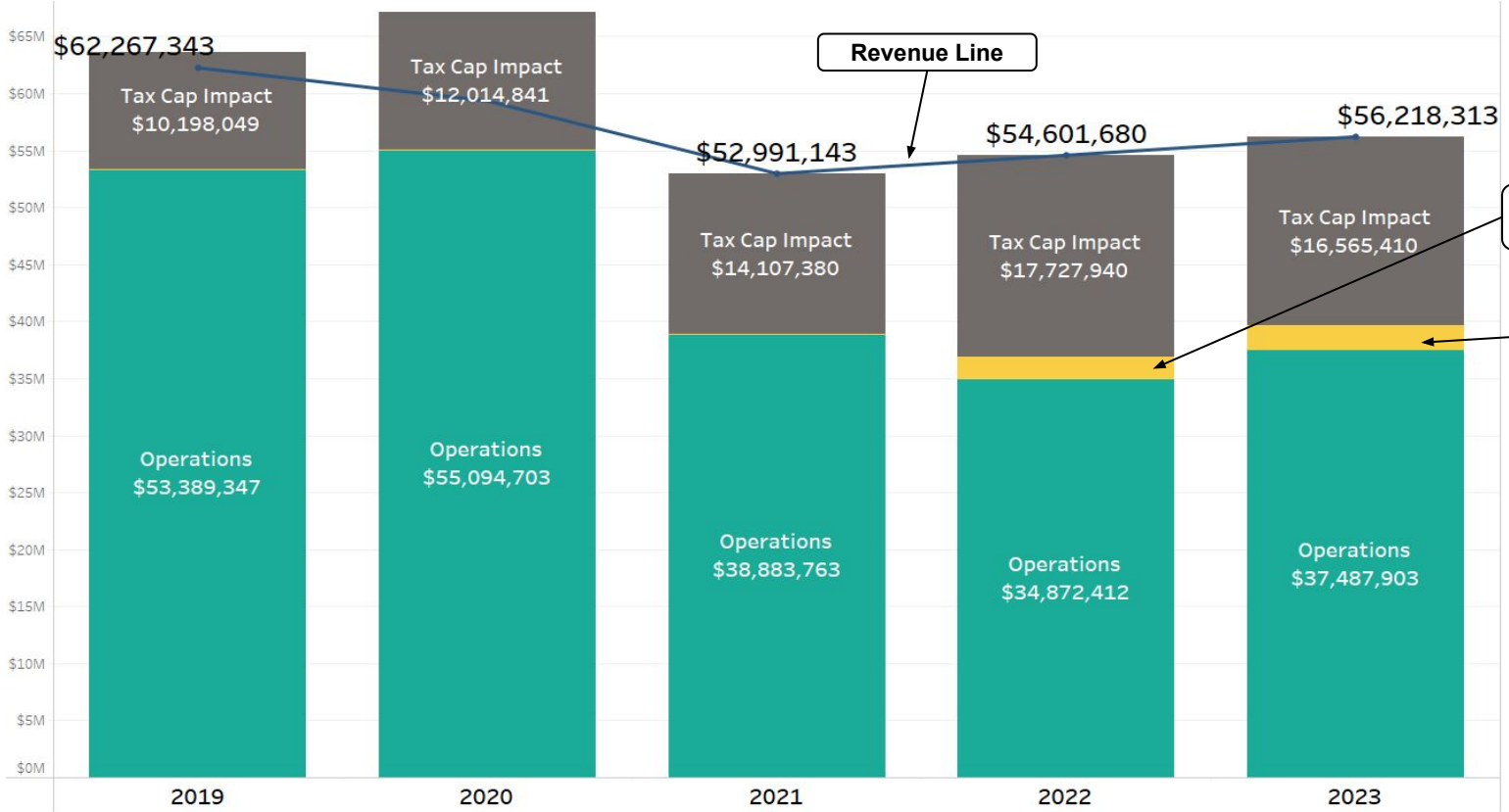
***Assumes full collection of tax levies**

# Education Overview: Increase in Budget
# Decrease in Enrollment




*Assumes full collection of tax levies

# Budget Overview
# Operation Fund Revenue Vs Expenses




*Assumes full collection of tax levies

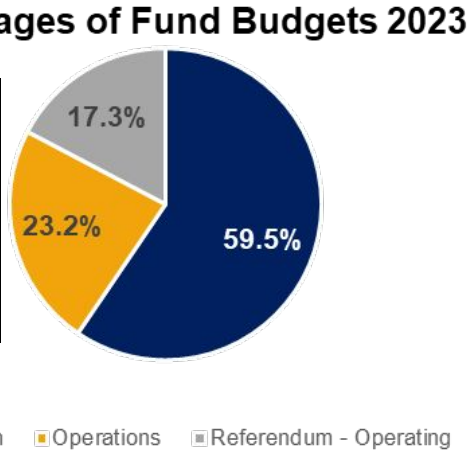

# Budget Overview

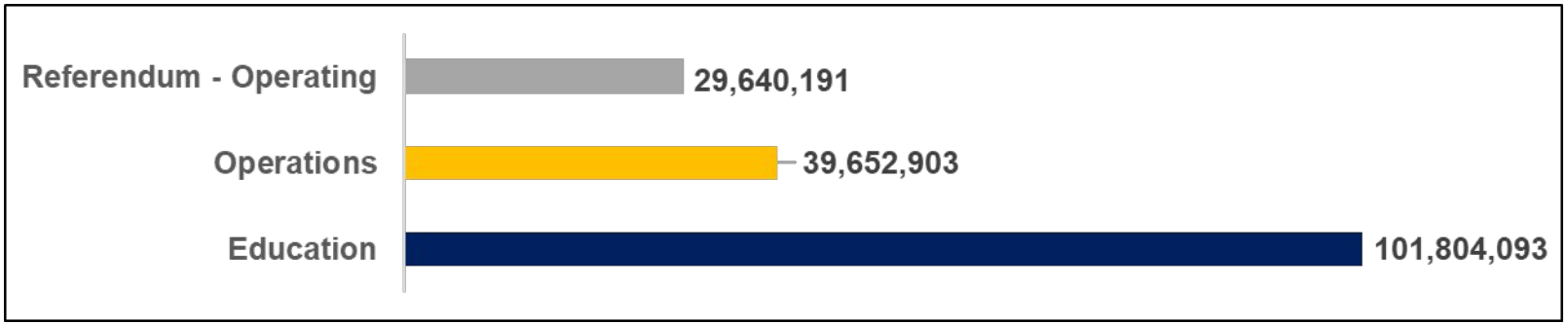
# Five Year Fund Budget Allocation Snapshot

| Funds | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Education Fund | 103,809,468 | 100,802,468 | 96,418,793 | 99,507,677 | 101,804,093 |
| Operations Fund | 53,389,347 | 55,094,703 | 38,883,763 | 36,872,412 | 39,652,903 |
| Debt Services | 17,979,132 | 16,175,766 | 16,463,316 | 17,413,171 | 20,504,105 |
| Referendum | - | - | 22,973,921 | 24,434,427 | 29,640,191 |
| Total | 175,177,947 | 172,072,963 | 179,302,255 | 182,783,362 | 191,601,292 |

# 2023 Fund Allocation

| Fund | Budget 2022 | Budget 2023 | Increase | Increase % |
|---|---|---|---|---|
| Education | 99,507,677 | 101,804,093 | 2,296,416 | 2.3% |
| Operations | 36,872,412 | 39,652,903 | 2,780,491 | 7.5% |
| Referendum - Operating | 24,434,427 | 29,640,191 | 5,205,764 | 21.3% |
| **Total** | **160,814,516** | **171,097,187** | **10,282,671** | **6.4%** |



# SOUTH BEND COMMUNITY SCHOOL CORPORATION
## SUMMARY PROJECTION BY BUDGETARY FUND
## 2023 BUDGET

| | Education Fund | Debt Service Fund | Referendum - Debt Service | Operation Fund | Referendum - Operating |
|---|---|---|---|---|---|
| **Anticipated Fund Balance 01/01/23*** | **$ 17,623,555** | **$ 6,763,161** | **$ 546,000** | **$ 6,009,232** | **$ 4,577,939** |
| **Anticipated Revenues** | | | | | |
| From Local Sources and Misc Receipts | - | | | 12,227,459 | |
| From Local Excise and FIT Taxes | - | 974,853 | 270,686 | 1,607,474 | 1,737,286 |
| From Local Tax Levy | - | 20,714,966 | 5,935,452 | 42,383,380 | 27,902,905 |
| From State Sources | 123,726,245 | | | | |
| From Federal Sources | 800,000 | | | | |
| **Total Revenues** | **$ 124,526,245** | **$ 21,689,819** | **$ 6,206,138** | **$ 56,218,313** | **$ 29,640,191** |
| Property Tax Cap Impact | $ - | $ - | $ - | **$ 16,565,410** | $ - |
| **Total Resources Available** | **$142,149,800** | **$28,452,980** | **$6,752,138** | **$45,662,135** | **$34,218,130** |
| **Appropriations** | | | | | |
| Payroll Costs | $ 96,319,567 | $ - | $ - | $ 19,831,859 | $ 2,197,982 |
| Purchased & Contracted Services | 2,828,940 | - | - | 2,402,287 | 23,102,173 |
| Supplies and Materials | 940,268 | - | - | 6,444,570 | 1,237,501 |
| Capital Outlay | | - | - | - | - |
| Other Objects | 1,715,315 | 20,504,105 | 5,870,850 | 8,809,187 | 1,681,300 |
| Tranfer to Transformation Zone | 11,511,655 | - | - | 2,165,000 | 1,421,236 |
| Transfer to Operations | 11,210,500 | - | - | - | - |
| **Total Appropriations** | **$ 124,526,245** | **$ 20,504,105** | **$ 5,870,850** | **$ 39,652,903** | **$ 29,640,192** |
| **Anticipated Fund Balance 12/31/23** | **$ 17,623,555** | **$ 7,948,875** | **$ 881,288** | **$ 6,009,232** | **$ 4,577,938** |

Assumes full collection of tax levies in 2022

# Education and Operation Fund

# Significant Changes in 2023 Budget (Other Considerations)

**$300,000**

Addition to budget for class coverage

**15%**

Increase in utilities

**5%**

Inflationary adjustments, transportation contract drivers, non-cert employee raises & supplies & increase to TRF

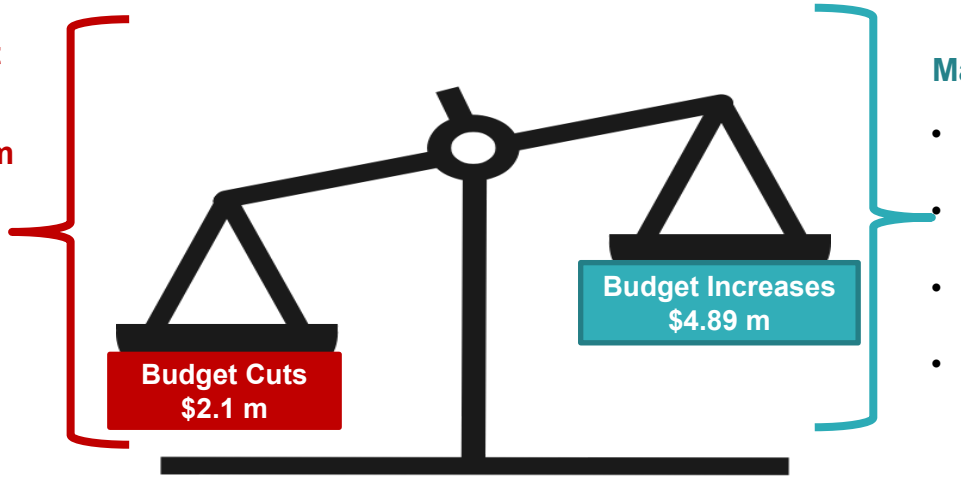
**$2.3 Million**

Bus replacements reinstated & $800,000 increase for 7 new contracted drivers

# What Have We Done? (Operations Fund)

**Major Cuts We Made Amidst Inflation & Rising Needs:**

- Hardware & Software: **$0.9m**
- EC Copier Maintenance: **$0.13m**
- **Other: $1m**
  - **Vacant Positions, Supplies, Travel from admin budgets**




**Operations Fund Budget Increased by: $2.78m**

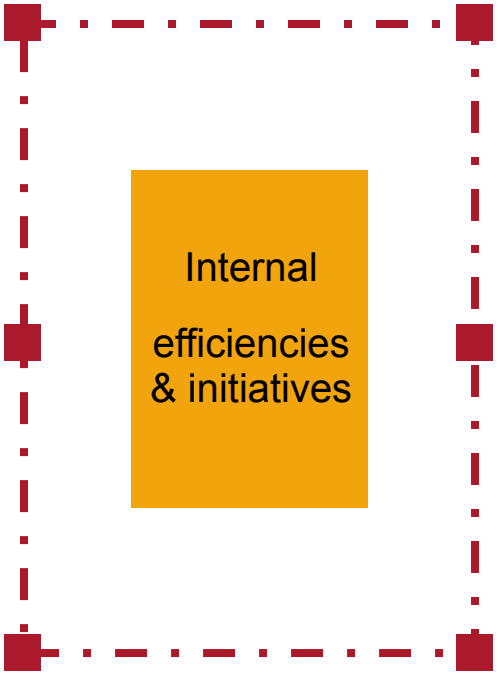
**Major Increases We Had to Make**

- Bus Purchase: **$1.5m**
- Contracted Drivers: **$0.83m**
- Drivers: **$0.55m**
- Utilities: **$0.64m (15% inflation)**

**Note: the infrastructure adjustments in IT will have to be reinstated**

# How Are We Going to Cover This?

## (Ongoing Internal efficiencies and initiatives to sustain raises)




**Operational and Departmental Cuts**

Efficiency Study

**Buildings and Grounds**

Outsourced- custodial services, grounds management, plant operations & maintenance & integrated facility management

**Transportation**

Internal revamp

**Update of Backend Systems**

eFinance Plus

**Time and Attendance System**

TimeClock Plus

**Right-Sizing**

Facilities Master Planning

**Minimal Transfers**

Transfers from Education to Operation funds

# How Are We Going to Cover This? (Savings)

- Sale of administration building to the City of South Bend
- $2.5 million in cost avoidance for employee benefits and equipment in outsourcing of Buildings & Grounds department to SSC Services
- Copier contact with Cannon
- Closing of Hay and Tarkington Schools (Ongoing)
- Addition of HSA (Health Savings Account) option for employees (cost avoidance)
- Monitor and review of energy savings program (Cenergistics)
- Implementation of backend systems and other strategic initiatives (still in progress)

# Education Fund Deep Dive

# Budget Projections: Education Fund

**Spring 2022 Count - 14,603 - actual**

- **2023 funding formula – student count February 2023 – 14,485*** **(includes virtual students, est. 300)**
- **2023 funding formula – student count September 2023 – 13,863**
- **Basic tuition support per student count – 21/22 - $5,995, 22/23 - $6,235**
- **Complexity index per student count – 2023 - $1,385**
- **Career and Technical Grant – $2,297,560**
- **Special Education Grant – $12,333,804**
- **No major change in health insurance for 2023**
- **Commitment to Zone Schools – $11,511,655 (District Innovation)**
- **Transfer to Operations Fund – $11,210,500**

| 2023 Education Fund by Object Summary | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Salaries | $ 72,356,349 | $ 65,259,016 | $ 66,975,296 | $ 71,684,303 |
| Employee Benefits | $ 22,502,320 | $ 23,107,741 | $ 24,810,943 | $ 24,635,267 |
| Purchased Professional Services | $ 2,764,415 | $ 4,975,799 | $ 4,667,410 | $ 2,787,690 |
| Purchased Property Services | $ 1,231,250 | $ 31,250 | $ 41,250 | $ 41,250 |
| Supplies | $ 1,149,098 | $ 1,073,937 | $ 1,046,342 | $ 940,268 |
| Other Purchased Services | $ 418,661 | $ 385,733 | $ 381,119 | $ 352,074 |
| Other Objects | $ 380,401 | $ 1,585,317 | $ 1,585,317 | $ 1,363,241 |
| Grand Total | $ 100,802,494 | $ 96,418,793 | $ 99,507,677 | $ 101,804,093 |

Teacher Salaries Increased per NEA Negotiations

Beacon Contract was moved to the Referendum

Hardware budget reduced by $200K

# Building Level by the Numbers (Education Fund)

## Budget

- Last Year's Budget = $99,507,677
- This Year's Budget = $101,804,093
- **Increase of $2,296,416***

## Budgets by School Levels

- High Schools - Up 1.6 million
- Middle Schools - Up 1.3 million
- Elementary Schools - Up $723K
- **Net: $3.6 Million***

**Nurses contact was shifted from education to operations fund resulting in a $500,000 decrease to education fund budget*

# Operation Fund Deep Dive

# Budget Assumptions: Operation Fund

- Presumes the maximum allowable levy
- Assessed value = $6,724,662,775
- 2022 Circuit Breaker Impact = $17,727,940
- 2023 Circuit Breaker Impact = $16,565,411
- 15% increase in Electricity
- Transportation/Contract Drivers Increase
- Inflation Increase across the Board

*Assumes full collection of tax levies in 2022 & 2023

| 2023 Operation Fund by Object Summary | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Salaries | $ 21,048,016 | $ 13,277,352 | $ 13,104,881 | $ 13,487,772 |
| Employee Benefits | $ 10,080,742 | $ 6,486,446 | $ 6,389,819 | $ 6,344,087 |
| Purchased Professional Services | $ 829,000 | $ 2,056,871 | $ 1,453,304 | $ 1,651,237 |
| Purchased Property Services | $ 3,541,850 | $ 910,050 | $ 857,463 | $ 751,050 |
| Supplies | $ 7,794,143 | $ 7,101,820 | $ 5,762,828 | $ 6,444,570 |
| Equipment and Other Objects | $ 7,144,833 | $ 3,804,525 | $ 2,273,865 | $ 3,132,115 |
| Other Purchased Services | $ 4,656,119 | $ 5,246,699 | $ 5,030,252 | $ 5,677,072 |
| Commitment to Zone | | | $ 2,000,000 | $ 2,165,000 |
| Grand Total | $ 55,094,703 | $ 38,883,763 | $ 36,872,412 | $ 39,652,903 |

15% increase in utilities (Electric)

Includes $1.5 M for Bus Replacements

$0.8 M increase in contracted drivers

# Referendum Operating Fund and Strategic Spending

# Strategic Spending

## Academic Excellence

The Referendum Fund Budget includes additional supports for schools & pre-K/early childhood, and increased teacher pay to ensure better retention.

## Financial Sustainability

We have been right-sizing our district, investing in our buildings, and are focused on financial sustainability through responsible financial planning. Most recently we sold the Administration Building.

## Equity, Inclusion & Justice

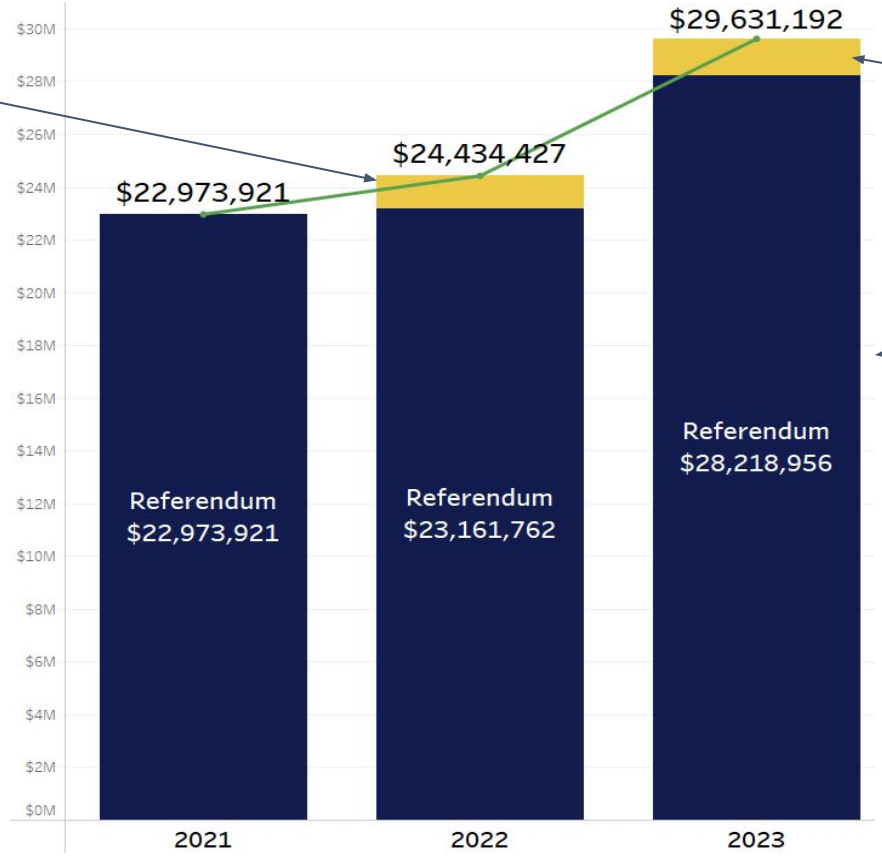
Shifted funding from central office to building level to increase resources for the unique needs of individual school populations, and monitored our building-level spending to ensure populations who need more are served more.

## Community Partnerships

Utilized the efficiency study to develop strategic partnerships with higher ed and the local business community for benchmarking successes, which includes career pathways in collaboration with Ivy Tech and IUSB, as well as the Boys & Girls Club for additional academic support.

# Budget Assumptions: Referendum Operation Fund

Zone Commitment:
**$1,272,665**




Zone Commitment:
**$1,412,236**

Assessed value went up, increasing the revenue

***Assumes all property taxes are paid in full and on time in St. Joe County**



***Assumes full collection of tax levies**

# Referendum Yearly Commitment / Allocation

| Investment | | Distribution | Cost |
|---|---|---|---|
| Teacher raises for school year 2020-21 (highest starting base salary in the region) | ✓ | December 4, 2020<br>Year 1: 2021<br>Year 2: 2022 | **$2.9 million**<br>**$3.24 million**<br>**$2.68 million** |
| Social & emotional/academic & literacy support *(college coaches, counselors, social workers & literacy specialists)* | ✓ | September 15, 2020 | **$2.2 million** |
| Cost for early childhood teacher salaries | ✓ | Began in Spring 2021 | **$500,000** |
| Non-certified and support staff raises | ✓ | Began in Spring 2021 | **$3 million** |
| Replacement schedule for equipment | ✓ | Began in 2022 | **$1.1 million** |
| **Total Ongoing Yearly Investments** | | | **$15.62 million** |

$15.62 million dollar yearly investment made

# Referendum Operating Fund and Strategic Spending Deep Dive

# Budget Assumptions: Referendum Operation Fund

- Presumes the maximum allowable levy
- Includes 15% increase in utilities ( Water & Sewage and Natural Gas)
- Includes nursing contract ($1.8 Million)
- Includes SSC Contract for operational facility costs absorbed from 2020 circuit breaker loss ($18 Million)
- Assumes that all property taxes have been paid

| 2023 Referendum Operation Fund by Object Summary | 2021 | 2022 | 2023 |
|---|---|---|---|
| **Salaries**<br>Literacy Specialists & socio-emotional support | $ 9,844,875 | $ 8,607,042 | $ 1,619,817 |
| **Employee Benefits** | $ 4,431,446 | $ 4,201,884 | $ 578,165 |
| **Purchased Professional Services** | $ 86,500 | $ 489,467 | $ 20,886,500 |
| **Purchased Property Services** | $ 3,870,520 | $ 3,923,020 | $ 2,215,673 |
| **Supplies** | $ 793,359 | $ 1,913,128 | $ 1,237,500 |
| **Equipment and Other Objects** | $ 3,945,421 | $ 4,020,921 | $ 1,675,000 |
| **Other Purchased Services** | $ 1,800 | $ 6,300 | $ 6,300 |
| **Commitment to Zone** | | $ 1,272,665 | $ 1,421,236 |
| **Grand Total** | $ 22,973,921 | $ 24,434,427 | $ 29,640,191 |

Shifted facilities costs to SSC Contract. Also, includes Nursing Contract

Natural Gas moved to supplies to keep transfer to Operations fund to minimum


# Debt Service Fund Deep Dive

# Budget Assumption: Debt Service

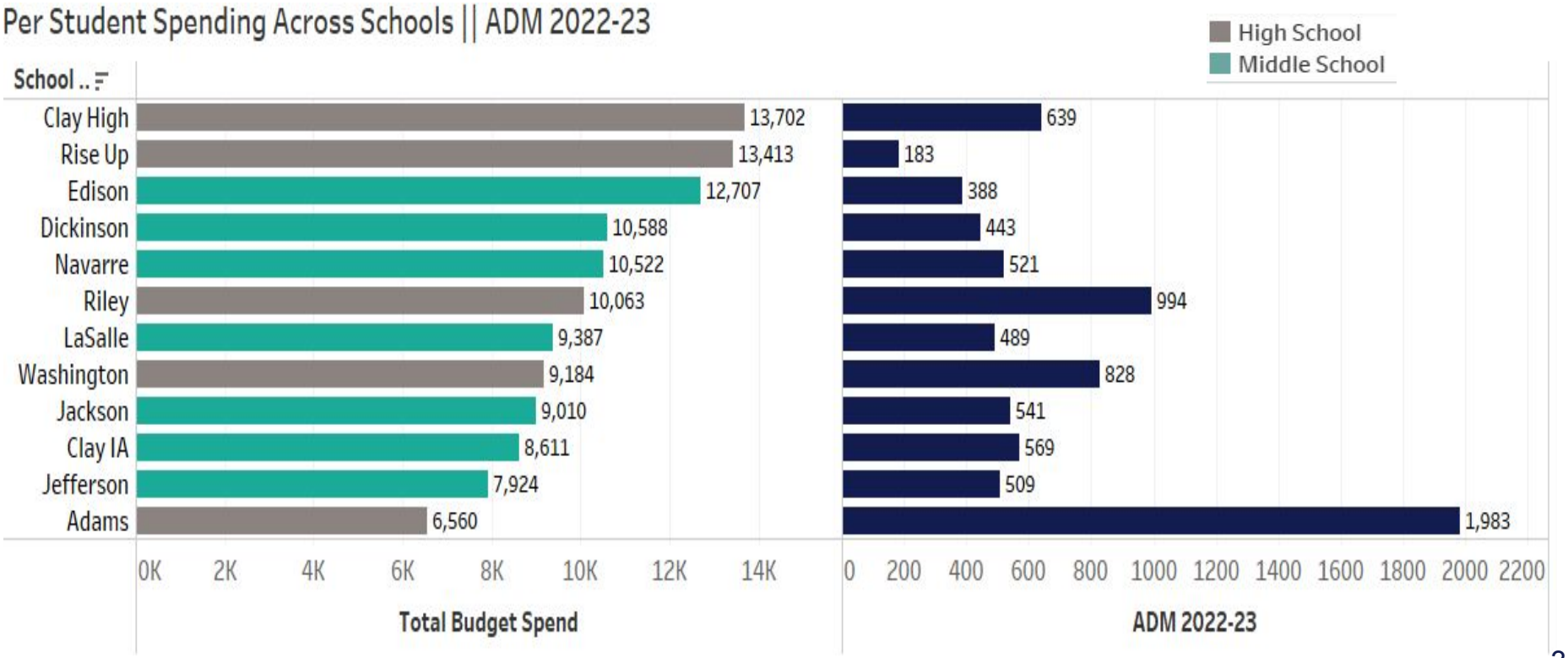
- Assessed value = $6,724,662,775
- Assessed value Referendum Debt Service = $8,369,197,744
- Raise required debt amount through 6/30/2024
- Raises $50,000 for unreimbursed textbooks
- New 2022 General Obligation Bond - $3,750,000
- New 2022 Referendum Bond - $2,500,000

| 2023 Debt Service Fund Summary | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Common School Fund Loans | $ 425,252 | $ 755,782 | $ 1,002,988 | $ 991,836 |
| General Obligation Bonds | $ 1,378,288 | $ 1,349,650 | $ 2,688,173 | $ 8,466,269 |
| Lease Rental Payments | $ 13,409,000 | $ 13,427,000 | $ 13,459,000 | $ 10,996,000 |
| Temporary Loans | $ 400,000 | $ 400,000 | $ - | $ - |
| Unreimbursed Textbooks | $ 563,225 | $ 530,884 | $ 263,010 | $ 50,000 (under review) |
| Grand Total | $ 16,175,765 | $ 16,463,316 | $ 17,413,171 | $ 20,504,105 |

# District Level Spending

# Building-level Equity

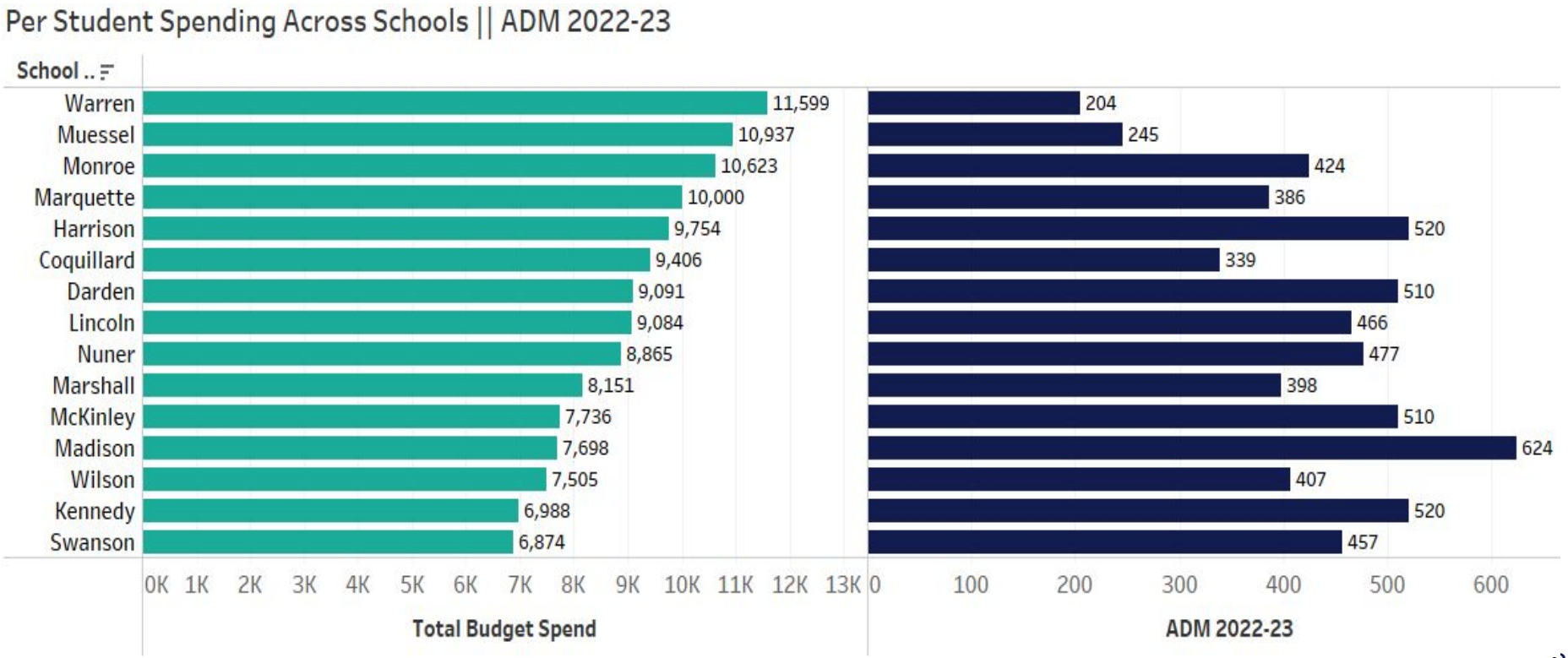
## Spending Per Student: Middle and High Schools




** Method of Calculation: [Budget for 2023 (General Funds) + Annualized expenditures of funds (federal etc.) for each schools]/ADM for 2022-23*

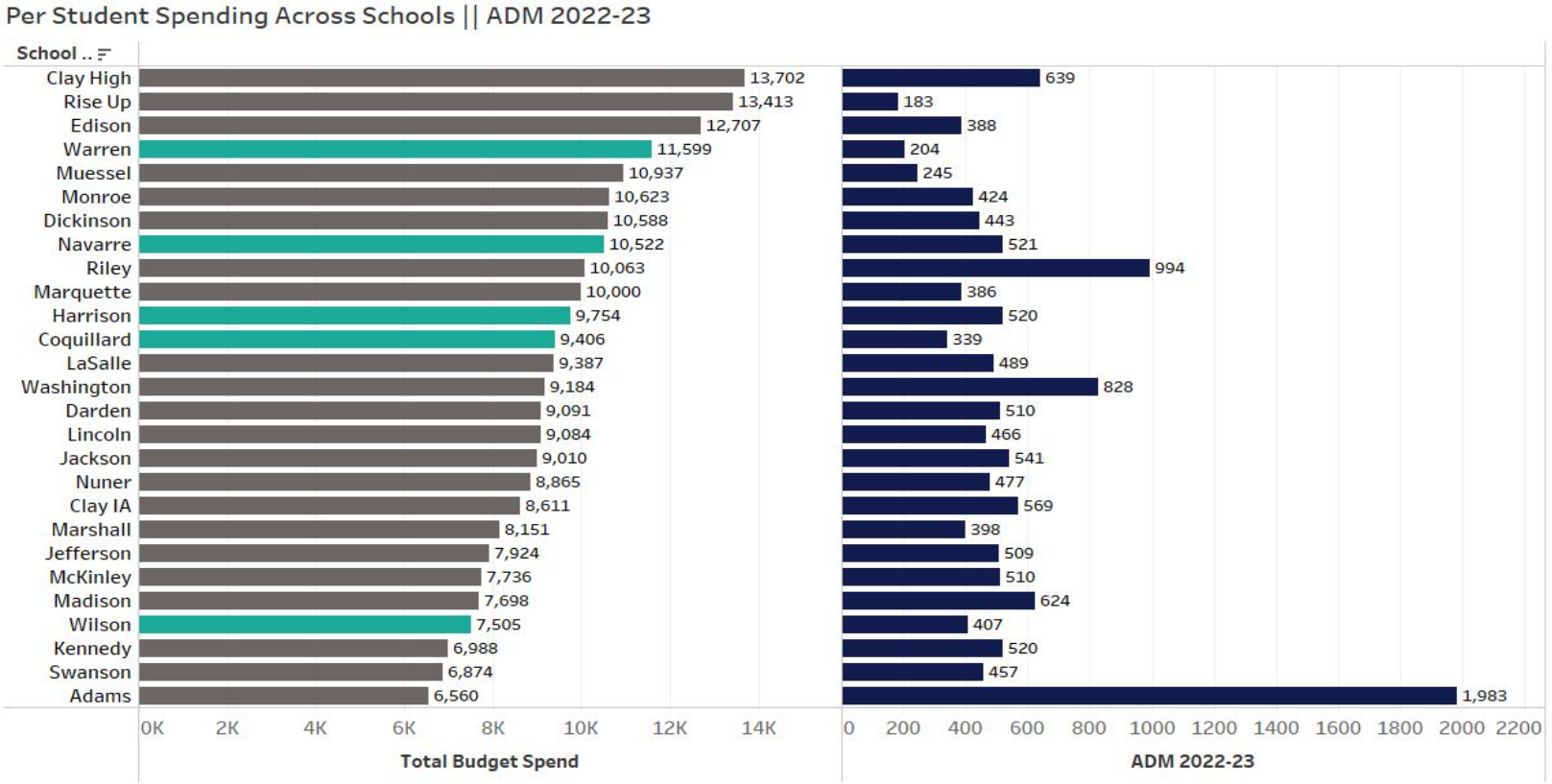
# Building-level Equity

## Spending Per Student: Elementary Schools




** Method of Calculation: [Budget for 2023 (General Funds) + Annualized expenditures on other funds (federal etc.) for each schools]/ADM for 2022-23*

# Building-level Equity Spending Per Student




*Zone schools marked in yellow

# Accountability

## External Audits, Reporting, and Systems

**Completed State Board of Account <u>External Audit</u> Reports**:

- Financial Audits: 2 - FY2017/2018 and 2018/2019 (Cash Basis)
- Financial Audits: 1 - FY2019/2020 GAAP Basis
- Federal Audits: 3 - FY2017/2018 - FY2019/2020 (Cash Basis)
- ADM Virtual Audits: 1
- Ongoing Audits:
  - Financial Audits: 1 - FY2020/2021 (GAAP Basis)
  - Federal Audits: 1 - FY2020/2021
  - Extra-curricular Audits 5

**Department of Education <u>External Audits</u>**:

- 1 indirect cost allocation plan for school allocation plan

**Other <u>External Audits</u>:**

- Bank Reconciliation 3 years
- Transformation Zone 2
- Workman's Comp audits 3
- Insurance Renewal audits 3
- Shared Services Costs 2

**27 external audit touch points in the last 30 months including:**
**- desktop monitoring**
**- gaap conversion**

# Financial Sources

**State Board of Accounts:** Created by the legislature in 1909, the SBOA is dedicated to providing the citizens of the State of Indiana with confidence in the integrity and financial accountability of state and local government.

**IDOE:** The Indiana Department of Education sees as its guiding principles a student-centered, inclusive and collaborative approach, the championing of educators, data- and results-driven policymaking, transparency and trustworthiness, as well as an eye toward the future.

**Baker Tilly:** Formed in 1931 in Waterloo, Wisconsin, Baker Tilly is a top ten advisory, tax and assurance firm dedicated to enhancing and protecting their clients' value with a growth-oriented focus on their clients' specific needs, delivering transformation-enabling services, support, and advice to help each client thrive.

**Forvis:** Created by the merger of equals between BKD and DHG accounting and advisory firms, Forvis is a top ten professional services firm of 5,500 members providing assurance, tax, and advisory services.

**Crowe LLP:** A public accounting, consulting and technology firm that uses its deep industry expertise to provide audit services to public and private entities. The firm and its subsidiaries also help clients make smart decisions that lead to lasting value with its tax, advisory and consulting services.

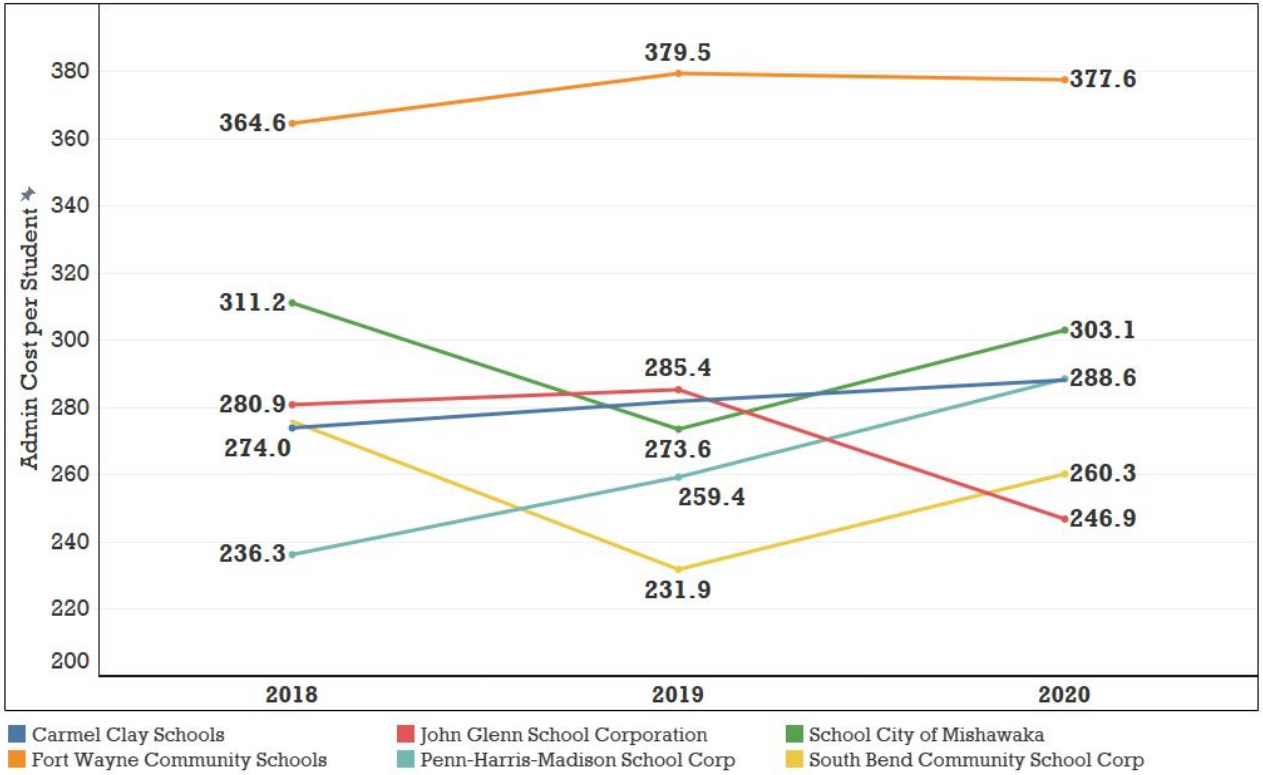
**Kruggel Lawton:** CPA firm founded in 1956, with office locations in South Bend, Elkhart and Goshen, Indiana; St. Joseph, Michigan; and Knoxville, Tennessee. With a team of more than 100 members, they provide four primary financial services: tax, assurance, business accounting, and advisory services.

# Administrative Cost Comparison (as of 2022)

**In 2022 our total administrative cost will be 4.95% of the total salaries**

**SBCSC the lowest among ADM comparable districts**

**Second lowest among neighboring districts**




**As of this year, we don't have data comparable to other districts.**

*Data source: Indiana Department of Education

# 2023 Budget Takeaways

- The SBCSC proposed 2023 budget sets up the Corporation for financial stability in the face of funding challenges now and in the future.

- The SBCSC proposed 2023 budget focuses on aligning with the Corporation's strategic plan through "baseline spending", driving efficiency and moving the district forward.

- The SBCSC proposed 2023 budget focuses on strategic spending for the district through consistent, sustainable investment, which can be repeated year after year to build the foundation for success for all staff and students.

# 2023 Budget Adoption Timeline

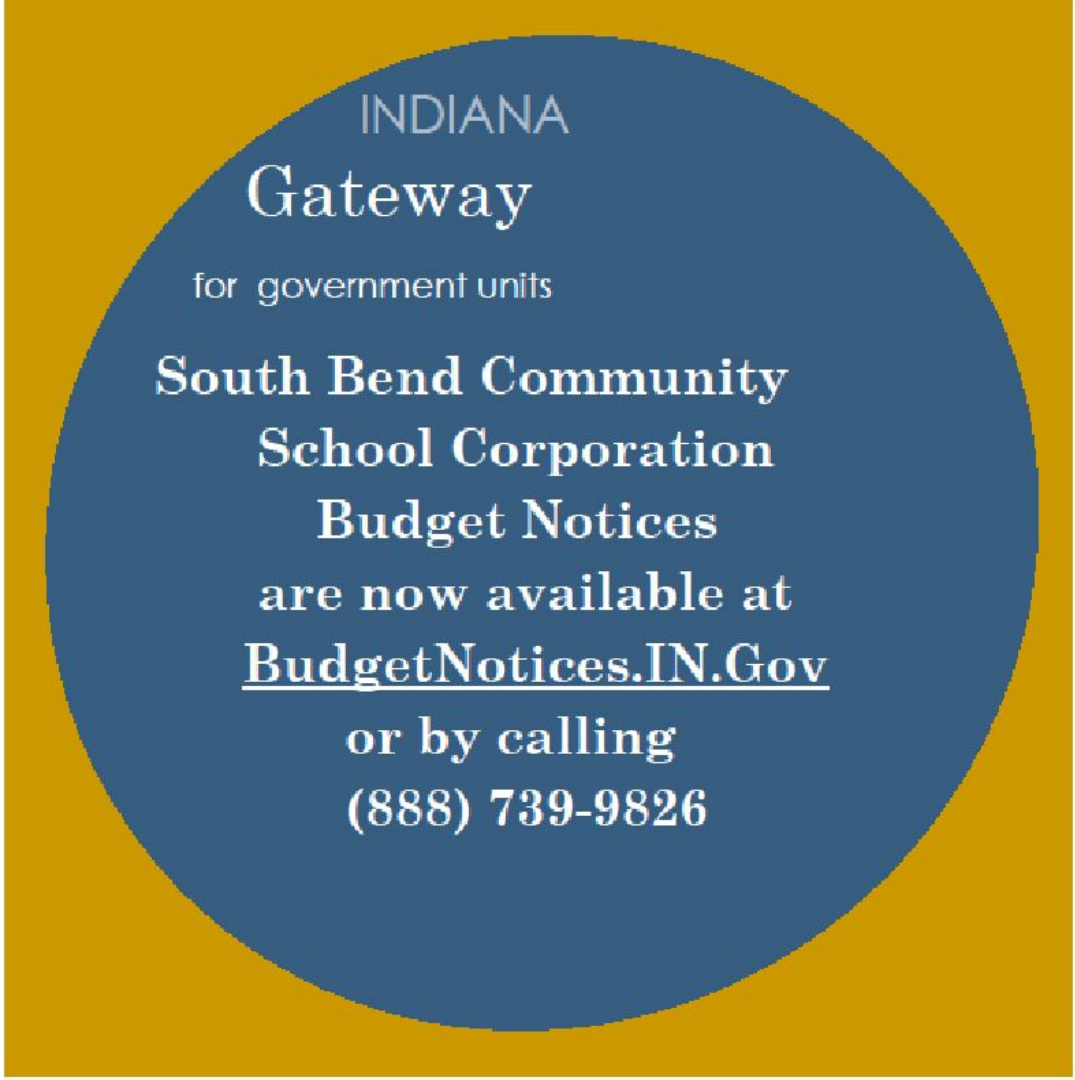
| | |
|---|---|
| September 23, 2022 | Advertisement of Budget |
| October 5, 2022 | Board Meeting Budget Presentation |
| October 5, 2022 | Public Hearing |
| October 17, 2022 | Budget Adoption |

Additional budget information is available at:

SBCSC BUDGET ONLINE

@ INDIANA Gateway

BudgetNotices.IN.Gov



# Questions