

FY25 BUDGET OUTLOOK

Shanika Clay, Chief Financial Officer

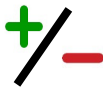
A large, light gray decorative graphic in the bottom right corner, consisting of several overlapping curved shapes that form a partial circular or spiral pattern.



BUDGET

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FY25 Outlook – State Revenue Indicators

-  Proposed \$2.5k increase to State teacher salary schedule; local investment required to extend proposal
-  Anticipate decreased QBE^{-a)} funding due to change in TRS^{-b)} contribution rates and experience decline
-  Proposed increase for employer share of health insurance cost for certified employees (full year)

Estimate of HCS incremental FY25 cost for \$180 increase per employee, per month (\$180 x 12 x 188 unfunded)	\$0.4 million
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-  Proposed increase for employer share of health insurance cost for classified employees (half year)

Estimate of HCS incremental FY25 cost for \$250 increase per employee, per month (\$250 x 6 x 1,085 unfunded)	\$1.6 million
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-  Implementation of Security categorical grant and enhancement of funds of the Transportation grant
-  Increase in local five mill share contribution for QBE^{-a)} and anticipated decrease in equalization funding



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FY25 Outlook – State Revenue Outlook: Local Five Mil Share and Equalization

Fiscal Year	Digest Year	100% Digest Value	% digest Δ	Local Five Mil Share	% LFMS Δ	Equalization Grant
2016	2013	\$14,891,036,339	n/a	\$28,866,049	n/a	\$22,908,226
2017	2014	\$16,255,684,423	9%	\$31,419,360	9%	\$18,576,312
2018	2015	\$17,249,906,584	6%	\$33,250,515	6%	\$19,858,289
2019	2016	\$18,911,403,695	10%	\$36,460,227	10%	\$14,904,866
2020	2017	\$20,269,086,980	7%	\$39,056,640	7%	\$13,623,098
2021	2018	\$24,166,521,948	19%	\$46,763,726	20%	\$1,294,984
2022	2019	\$23,570,182,067	-2%	\$43,183,118	-8%	\$14,331,680
2023	2020	\$25,380,041,444	8%	\$46,378,730	7%	\$3,519,000
2024	2021	\$27,589,155,809	9%	\$51,813,006	12%	\$8,898,308
2025	2022	\$35,961,097,872	30%			

\$12.3M
decline

- QBE Formula has three-year lag in digest used to calculate the local five mil share and equalization grant.
- As local digest value increases, a comparative increase in the local five mil share (which reduces state earnings) occurs.
- Equalization grant amounts – which require a statewide assessment – are not available until the State’s budget is adopted. The last time HCS had a double-digit gain, the equalization grant significantly dropped.



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FY25 Outlook – State and Local Funding

State Funds...

- Largely driven by QBE formula which considers student's educational service needs and allocates a weighted share of staffing cost to deliver the services
- State's formula considers the local tax wealth and reduces state earnings to represent a local fair share

	FY21 Adopted	FY22 Adopted	FY23 Adopted	FY24 Adopted
Total Revenues	\$373,452,822	\$409,372,929	\$445,432,159	\$517,964,526
State	54.8%	56.4%	52.7%	51.0%
Local	44.7%	43.1%	46.9%	48.6%
Federal	0.5%	0.5%	0.4%	0.4%

Local Funds...

Support competitive compensation beyond state's salary scale to recruit and retain highly effective staff. For example:

- HCS entry salary for a T-4 teacher is \$48,410 compared to state salary of \$41,092 – resulting in a **local supplement of \$7,318** for funded employees, full salary for the employees not funded by State

Support the hiring of staff beyond state's formula to ensure student access to supportive learning environments. For example:

- 73 assistant principals are earned per QBE process, but 122 assistant principals are employed by HCS
- 97 counselor positions are earned per QBE process, but 128 counselors are employed by HCS

Support cost of state mandates or operational requirements that are unfunded. For example:

- HCS required to provide transportation services (which has an annual spend of ~\$25 million), but receive \$1.8 million in state funding for operations



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General Fund Budget Expenditure Framework and Pending Analysis

	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Adopted
Total Expenditures					
Teaching & Learning	84%	85%	83%	83%	83%
Maintenance of Facilities	5%	4%	5%	5%	5%
Transportation of Students	8%	8%	9%	9%	9%
Central Support Services to Schools	3%	3%	3%	3%	3%
% of expenditures dedicated to salaries	88%	88%	88%	88%	88%

Completed Analysis

- ✓ Quantified expense for proposed SHBP changes – estimate is \$2.0 million cost increase with 80% (\$1.6 million) unfunded
- ✓ Quantified expense for \$2,500 raise for certified staff members paid from teacher salary scale – estimate is \$8.6 million
- ✓ Quantified expense to honor steps within existing salary schedules and absorb incremental TRS change – estimate is \$4.3 million
- ✓ Quantified impact of ingesting the ESSER funded roles – estimate is \$8.5M

Upcoming Analysis

- Continue to monitor State legislative activity to refine forecast of FY25 revenue streams to finalize expenditure constraints
- Quantify teacher expansion requirements in response to FY25 projections
- Calculate compensation improvement scenarios for other job families
- Assess inflationary pressures on market pricing for key operational contracts

(a – Percentages are on an expenditure basis

(b – includes expenditures such as utilities, security system, fuel, insurance, etc.



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FY25 Budget Calendar

Henry County Schools
FY25 Budget Calendar

The following proposed schedule of activities will guide budget development in the Henry County School System for the school year 2024-2025.

Activity	Responsibility	Date
Present FY25 Budget Calendar	Superintendent/CFO	Monday, December 11, 2023 Study Session
Present FY25 Budgetary Priorities	Superintendent/CFO	Monday, January 8, 2024 Study Session
Present FY25 Outlook	Superintendent/CFO	Monday, February 12, 2024 Study Session
Present FY25 Budget Overview	Superintendent/CFO	Monday, March 11, 2024 Study Session
Post FY25 Budget Overview on Henry County Schools Website	Financial Services	Friday, March 15, 2024
Provide FY25 Budget Notebook to Board of Education	Financial Services	Friday, March 22, 2024
Present FY25 Tentative Budget	Superintendent/CFO	Monday, April 15, 2024 Study Session
Host Budget Hearing (1 of 2)	Board of Education/Superintendent	Monday, April 15, 2024 6:30 p.m.
Adopt FY25 Tentative Budget	Board of Education	Monday, April 15, 2024 Business Session
Post FY25 Tentative Budget on Henry County Schools Website	Financial Services	Friday, April 19, 2024
Present FY25 Final Budget	Superintendent/CFO	Monday, May 13, 2024 Study Session
Host Budget Hearing (2 of 2)	Board of Education/Superintendent	Monday, May 13, 2024 6:30 p.m.
Adopt FY25 Final Budget	Board of Education	Monday, May 13, 2024 Business Session
Post FY25 Final Budget on Henry County Schools Website	Financial Services	Friday, May 17, 2024
Advertise and hold Public Meetings for Tax Payer Bill of Rights (**)	Board of Education/Superintendent	July 2024
Final adoption of millage rate (**)	Board of Education	July / August 2024

(*) Board Working Session to be scheduled

(**) Scheduled dates for public hearings and adoption of millage rate are contingent on availability of tax digest information from tax officials.

Budget adoption should occur before July 1 and contain at least the same amount of budget information as included in the legal advertisement.

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Mar 11th | FY25 Budget Overview

Apr 15th | FY25 Budget Hearing #1
Tentative Budget Adoption

May 13th | FY25 Budget Hearing #2
Final Budget Adoption