

## BOARD AGENDA ITEM

June 27, 2017

### ***SUBJECT:***

2017 – 2018 Proposed Budget

### ***BACKGROUND INFORMATION:***

In its 2017 – 2018 budget calendar, the Board scheduled presentations of the preliminary budget for April 18, 2017, the tentative budget for May 9, 2017, and the final budget for June 27, 2017.

### ***ADMINISTRATIVE CONSIDERATION:***

Many estimates in the Superintendent's proposed budget are dependent upon and reflective of adoptions in the South Carolina 2017 – 2018 general appropriations bill. General Fund revenue estimates reflect an increase in Education Finance Act (EFA) funding as result of an increase in base student cost (BSC) from \$2,350 to \$2,435 as well as increases in the allocations for fringe benefits and tier 3/Act 388. The increase in tax revenue results from growth in the tax base only; no increase in operating millage is proposed.

General Fund expenditures reflect:

- a step increase for all eligible employees,
- a 5% increase in all supplements,
- the reinstatement of athletics playoff supplements,
- the addition of step 24 on the teacher and JROTC salary scales (to increase all scales to 25 total steps),
- the implementation of phase II of service credit, and
- a one-time, lump-sum 1% payment for all current teachers at steps 0 – 2 who would otherwise see no increase in pay despite the step increase (beginning teachers at paid at step 3 for their first four years).

Other significant changes include a 2% increase in employer retirement as required by the State, an increase in energy costs, and an increase in the charter school allocations along with various smaller changes.

There are two items of particular note. First, EFA hold harmless funds, totaling \$257,316, are new, non-recurring funds not included in earlier versions of the District's budget. Second, the State has clarified the handling of its assistance on increased retirement costs. The fringe benefits allocation from the State has decreased from the amount reflected in the tentative version of the budget. In that version of the budget, it was expected that the State would allocate all funds directly to school districts. That is no longer the case. The State will pay a portion directly to the District and a portion to PEBA (i.e., the retirement system) to establish a credit balance on the District's behalf.

The credit amount, totaling \$1,292,296, is a reduction in expenditures. The credit is shown as a separate line item on page 2 and is expected to be non-recurring.

Additional General Fund explanations may be found on page 3 of attachment 1.

Budgets for the Special Revenue Fund, EIA Fund, Debt Service Fund, Capital Projects Fund, and School Food Service Fund are also presented for review.

***RECOMMENDATION:***

Approve the 2017 – 2018 proposed version of the budget with any changes resulting from Board discussion.

***ATTACHMENTS:***

1. 2017 – 2018 Proposed Budget (summary)
2. 2017 – 2018 General Fund Proposed Revenue Budget
3. 2017 – 2018 General Fund Expenditures Budget Comparison Report – Tentative vs. Proposed Budget Comparisons
4. 2017 – 2018 General Fund Proposed Expenditures Budget by location (summary by object)
5. Salary Schedule – Proposed

***PREPARED BY:***

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