AIKEN COUNTY PUBLIC SCHOOLS

TENTATIVE BUDGET

May 16, 2011

DECISION POINTS

- Which General Fund options, if any, will be approved?
- How would costs of General Fund options be funded?
  - Flex 2011-2012 allocations?
  - Increase operating millage?
  - Use Education Foundation Supplement which would hold District harmless for change in ITA?
  - Use a portion of fund balance?
- Which one of the 3 scenarios will be selected for the funding projects in the Five Year Facilities Plan?
- Would the Board consider approving both an increase in operating millage and an increase in debt service millage?

WHAT OPTIONS WILL BE APPROVED?

- Provide a one step increase for teachers only $1,003,340

  or

  Provide a one step increase for teachers and a 1% increase for teachers at steps 0, 1, 2, and 22 and a 1% increase to remaining employees $1,754,652

- Increase technology budget (hardware & staff) $ 400,000

  Current Ed Tech Fund 1 budget is approximately $1.2 million for staff and $600,000 for supplies, equipment and other non-personnel costs.

WHAT OPTIONS WILL BE APPROVED?

- Fully funding a 9th grade academy at all high schools

AHS	2 teachers	$ 110,000
SAHS	2 teachers, 1 assistant principal	182,000
NAHS	2 teachers, 1 guidance counselor	175,000
MVHS*	2 teachers, .5 guidance counselor	142,500
RSMHS	3 teachers, .5 guidance counselor	197,500
WSHS*	2 teachers	110,000
SBHS*	2 teachers, 1 guidance counselor	175,000
Total		$1,092,000

**currently operating a partial or modified form of a 9th grade academy*

WHAT OPTIONS WILL BE APPROVED?

- Fund an in-school suspension supervisor at each middle school (part of alternative restructuring plan) $ 275,000
- Expansion of the alternative program $1,261,375
- Replenish some or all of travel budgets $ 90,000

  For comparison, Fund 1 travel expenditures were $308,688 for 2007-08, $218,760 for 2008-09, $157,071 for 2009-10 and $110, 320 to date for 2010-11. Travel budgets are used for mileage reimbursements as well as conference travel (hotel and meals).

- Maximum from above $4,873,027

HOW WOULD COSTS OF OPTIONS BE FUNDED?

- Flex 2011 – 2012 State allocations from Fund #3 and Fund #9 (estimated total available) $4,539,571

  Consideration: The District approved flexing approximately $2.6 million in carryover to balance the original 2010 – 2011 budget. The 2011 – 2012 tentative budget, pending Board discussion, uses $3.4 million in carryover to balance the budget.

  Using the entire $4.5 million listed above would potentially leave $0 to carryover to 2012 – 2013.

HOW WOULD COSTS OF OPTIONS BE FUNDED?

- Increasing operating millage up to 3.8 mills $1,216,183
  - Increase capped at 2.83%
  - Could increase from 137.5 mills to 141.3 mills
  - Approximately $320,000 per mill
  - $22.80 per $100,000 value on 6% property
  - No effect on primary residences

<u>Consideration</u>: Any millage increase is "use it or lose it," not a cumulative increase that could be applied in 2012 – 2013 if not approved for 2011 – 2012.

HOW WOULD COSTS OF OPTIONS BE FUNDED?

- Use the Education Foundation Supplement $1,613,259
  - Would hold-harmless those districts whose EFA allocation is negatively impacted by the change in ITA calculation
  - Aiken is one of the districts negatively impacted

Consideration: This supplement was included in the Senate Finance version of the appropriations bill. The full Senate is still holding budget debates. There is no guarantee this will remain in the State budget.

HOW WOULD COSTS OF OPTIONS BE FUNDED?

- Use a portion of fund balance $ TBD
  - Fund balance was $16,879,737 at June 30, 2010
  - Anticipated that balance will be higher at June 30, 2011

Consideration: If approved, the District would be using non-recurring dollars to cover recurring costs. At a budget of $151 million, fund balance is recommended at $17.6 million or more to cover 6 weeks emergency operations (11.66% of budget). Using fund balance would increase the District's need for short-term financing (i.e. tax anticipation notes).

CAPITAL NEEDS – WHICH OF 3 SCENARIOS?

- Scenario #1 – Continuing with 5 year payoff and no change from current structure (approximately $14.5 million per year)
- Scenario #2 – Shortening payoff to 4 years
- Scenario #3 – Continuing with 5 year payoff but with larger first year payment

- <u>Consideration</u>: Scenarios #2 and #3 would provide additional funding for capital needs which could allow some projects to commence sooner rather than later. Debt service millage would be higher for scenarios #2 and #3 than for scenario #1 (25.4 mills) to meet debt service requirements.

CAPITAL NEEDS – WHICH OF 3 SCENARIOS?

- Scenario #2 – Shortening payoff to 4 years would provide:
  - 2011 – 12 $16,000,000
  - 2012 – 13 $17,150,000
  - 2013 – 14 $17,750,000
  - 2014 – 15 $18,500,000
  - 2015 – 16 $18,500,000

- An estimated $15.4 million more over next 5 years compared to Scenario #1
- Would require debt service millage = 35.0 mills

CAPITAL NEEDS – WHICH OF 3 SCENARIOS?

- Scenario #3 – Continuing with 5 year payoff but with larger first year payment would provide:
  - 2011 – 12 $16,000,000
  - 2012 – 13 $15,750,000
  - 2013 – 14 $17,000,000
  - 2014 – 15 $17,000,000
  - 2015 – 16 $17,500,000

- An estimated $10.75 million more over next 5 years
- Would require debt service millage = 32.5 mills

CAPITAL NEEDS – WHICH OF 3 SCENARIOS?

- 2010 – 2011 debt service millage = 23.5 mills

- Cost on primary residences per $100,000
  - Scenario #1 at 25.4 mills $ 7.60
  - Scenario #2 at 35.0 mills $46.00
  - Scenario #3 at 32.5 mills $36.00

- Cost on 6% property (business, rental) per $100,000
  - Scenario #1 at 25.4 mills $11.40
  - Scenario #2 at 35.0 mills $69.00
  - Scenario #3 at 32.5 mills $54.00

WHAT IS EFFECT IF BOTH MILLAGE RATES INCREASED?

- Increasing operating millage has no effect on primary residences (Act 388) per $100,000
  - Scenario #1 at 25.4 mills $ 7.60
  - Scenario #2 at 35.0 mills $46.00
  - Scenario #3 at 32.5 mills $36.00

- Cost on 6% property (business, rental) per $100,000
  - 3.8 mills plus scenario #1 at 25.4 mills $34.20
  - 3.8 mills plus Scenario #2 at 35.0 mills $91.80
  - 3.8 mills plus Scenario #3 at 32.5 mills $76.80

WHAT IS EFFECT IF BOTH MILLAGE RATES INCREASED?

- Considerations:
  - Foregoing an increase in operating millage would affect not only 2011 – 2012 but subsequent years as well.
  - There are limited options for generating funds to meet the districts capital needs.
  - Waiting to address current capital needs will likely cost the District and taxpayers more in the long run.
  - As noted in previous meetings – 61 (of 85) school districts had higher operating millage and 71 school districts had higher overall millage than Aiken in 2009 – 2010.

    (State average equaled 171.76 and 214.77, respectively)

MILLAGE RATE HISTORY

- Millage rates by year are as follow:

Year	Operating	Debt Service Aiken/Saluda	Total Aiken/Saluda
2010 – 2011	137.5	23.5/23.3	161.0/160.8
2009 – 2010	137.5	27.0/26.8	164.5/164.3
2008 – 2009	131.0	29.2/29.0	160.2/160.0
2007 – 2008*	125.8	29.1/28.9	154.9/154.7
2006 – 2007	126.9	27.8/26.2	154.7/153.1
2005 – 2006	124.0	25.5/23.9	149.5/147.9
2004 – 2005	124.0	23.6/22.0	147.6/146.0

* Reassessment year

IMPORTANT DATES

▪ May 16	Tentative Budget – Special Called Meeting
▪ May 23	Budget advertised (latest possible date for a June 7 budget hearing)
▪ June 7	Public hearing on budget and millage rates
▪ June 21	Budget adopted
▪ July 1	Fiscal year 2011 – 2012 begins

CONCLUSION

DISCUSSION/QUESTIONS/COMMENTS