

DRAFT BUDGET DISCUSSION

PRIORITY DRIVEN BUDGETING



NELSON COUNTY PRIDE

WE WILL UNITE OUR
DISTRICT FAMILY
THROUGH A SHARED
VISION OF NELSON
COUNTY PRIDE



INSPIRED LEADERS & LEARNERS

WE WILL PROVIDE
COMMUNITY CENTERED
LEARNING EXPERIENCES
TO ENGAGE & INSPIRE
ALL STUDENTS IN
PARTNERSHIP WITH
LOCAL INDUSTRY



SHARED LEADERSHIP

WE WILL BRING PEOPLE
FROM ACROSS THE
COMMUNITY TO THE
TABLE TO CREATE THE
FUTURE TOGETHER



FINANCIAL STEWARDSHIP

A COMMUNITY CENTERED TIMELINE

ANNUAL REVENUE PROJECTIONS OCTOBER - DECEMBER

1. Projecting next year enrollment & ADA
2. Projection of property assessment and SEEK impact
3. Board evaluates long-term planning priorities and shares with Community Pride Teams
4. School Principals collaborate with Superintendent on Future Centered Resource Allocation

DRAFT BUDGET W/BOARD JANUARY

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TAX RATES LEVIED WITHIN 30 DAYS OF ASSESSMENT

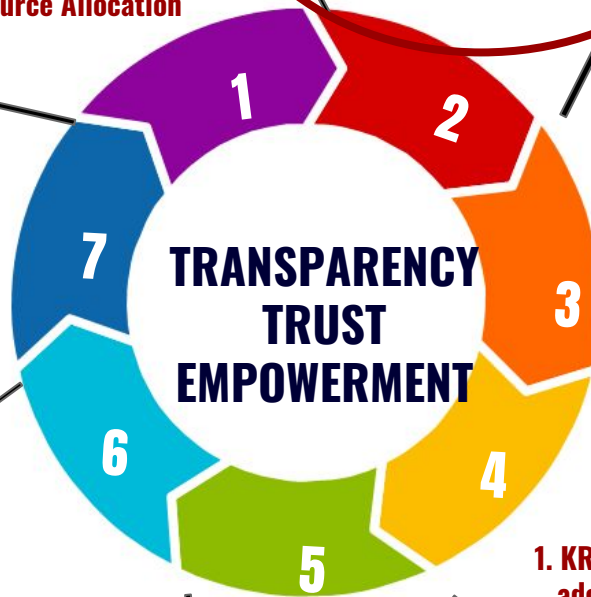
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TENTATIVE WORKING BUDGET W/BOARD BEFORE MAY 30

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2. Community Pride Teams review tentative working budget and share ideas to innovate.
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REALLOCATING & BUDGETING PRIORITIES



**NELSON
COUNTY
PRIDE**



**INSPIRED
LEADERS &
LEARNERS**



**SHARED
LEADERSHIP**

**REDUCING DISTRICT
OPERATIONAL
COSTS**

**SCHOOL LEVEL
INSTRUCTIONAL
RESOURCES**

**SCHOOL
INSTRUCTIONAL
LEADERSHIP
(APs, ICs)**

**STUDENT CARE &
SAFETY**

**READING & WRITING
PRACTICES**

**TEACHER
LEADERSHIP**

**BRANDING &
PHYSICAL SPACE**

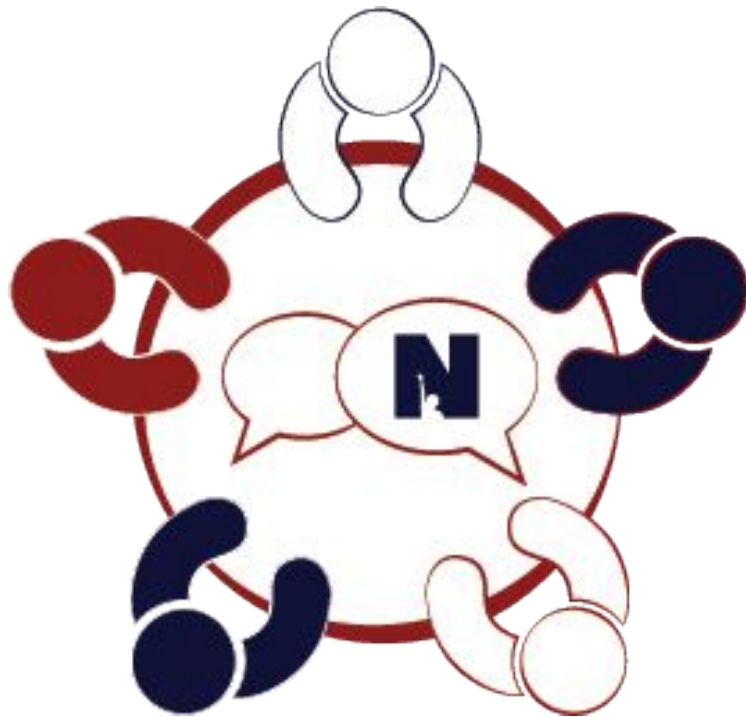
**EARLY COLLEGE &
CAREER PATHWAYS**

**STUDENT
LEADERSHIP**

FINANCIAL STEWARDSHIP

WHAT CONVERSATIONS GUIDE THE WORK?

1. What financial forces and trends shape our past, current, and future financial reality?
2. How do we plan to allocate and budget current spending in alignment with district priorities?
3. How do our decisions impact opportunities for students?



FINANCIAL STEWARDSHIP FUNDING DISCUSSION

DEDICATED TO OUR COMMUNITY

In Nelson County Schools we are dedicated to our community. This dedication comes in our commitment to being strong financial stewards of tax dollars. In NCS this looks like:

1. Transparency with our financial state.
2. Continued process improvement and resource management.
3. Shaping budgeting processes to increase local ownership of funding to our schools and students.
4. Providing life changing educational experiences for students in our schools.

A SHIFTING FUNDING LANDSCAPE

2018 marks a shift in tax funding revenue for The Nelson County Schools. For the first time, local tax assessments will provide the district 7% more funding than state SEEK funding. Since 2010, this shift has been significant as the local tax share has continued to grow while the impact of State SEEK revenue and increased retirement costs have led to an estimated \$5 million impact in net state funding over 10 years.

10 YEAR IMPACT

Increased local property assessments = \$2.1
Enrollment Trends (1% annual) = \$1.6 Million
New Retirement Costs = \$1 Million
Others State Cuts = \$500,000

Total 10 Year Decrease = \$ 5.2 Million

HOUSE BILL 362 & SENATE BILL 151

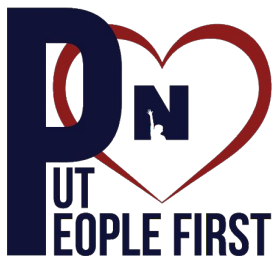
House Bill 362 increased local district contributions to County Employee Retirement System (Classified Employees). These contributions are expected to be phased in over the course of 4 to 5 years. From 2016 to 2021 the increase in CERS costs to Nelson County Schools will be in excess of \$100,000 annually.

Senate Bill 151 (currently in litigation) will impact

ALIGNING SPENDING TO PRIORITIES

As we look at current financial trends, we must also look at the impact on future opportunities for students and teachers within our schools. Accordingly, we must continue to reallocate and align spending with district.

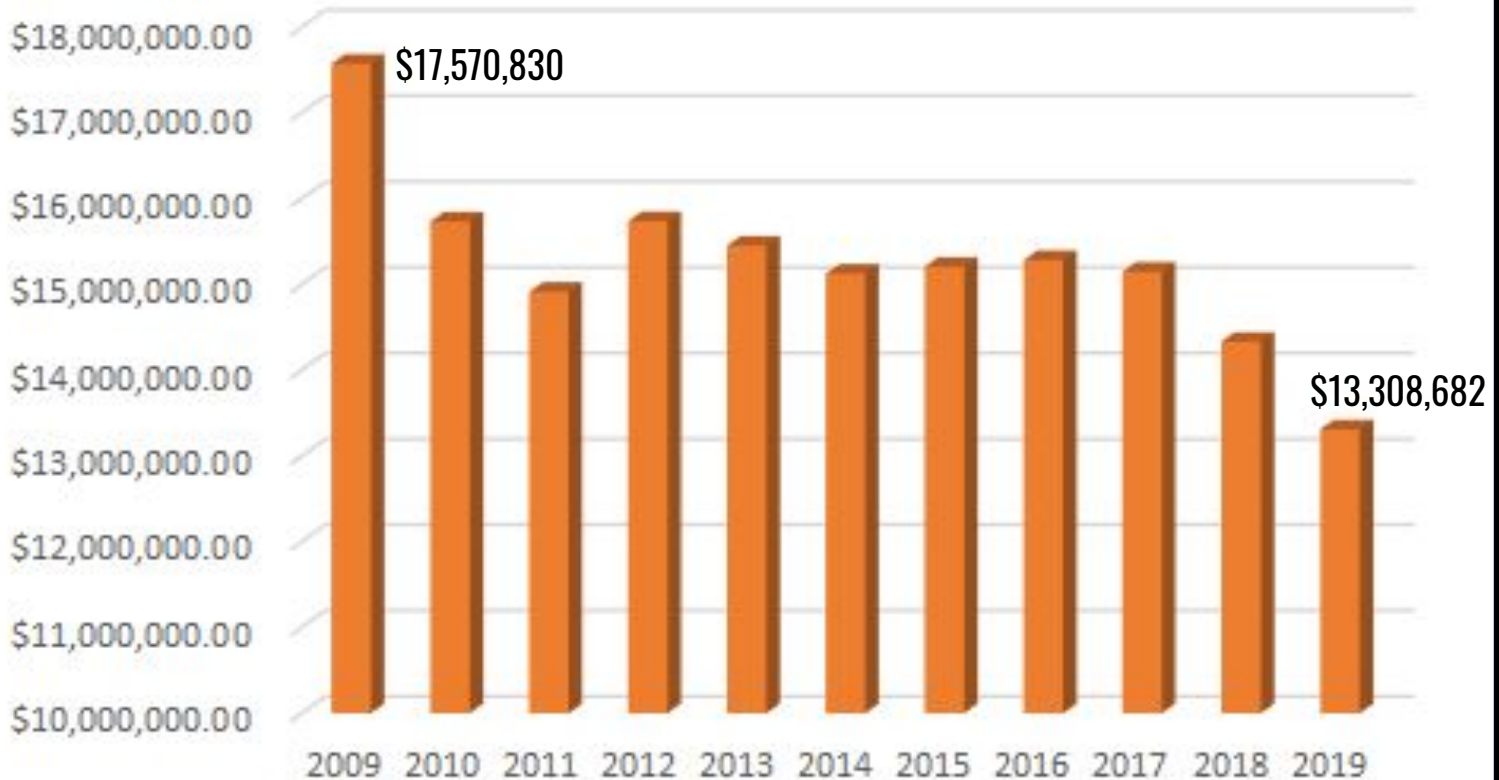
1. Increasing opportunities for student leadership.
2. School Safety Repairs (Access & Security)
3. Bussing & Transportation
4. Employee salary and benefits package
5. Expanding early college & career pathways



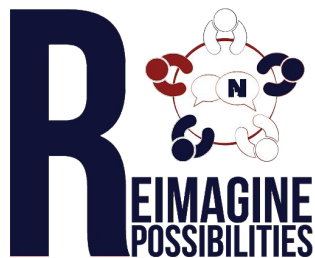
DEDICATED TO OUR COMMUNITY

FINANCIAL FORCES & TRENDS

STATE SEEK FUNDING



Trend: Enrollment trends coupled with increasing local assessments have resulted in a decrease in state SEEK funding of over \$4.2 Million since 2009. This reduction, coupled with an approximately \$1 million District contribution to KTRS and CERS over the same time period provides nearly a \$5.2 million decrease over a 10 year period.



REALLOCATING & BUDGETING PRIORITIES



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NEEDS ASSESSMENT

A PROACTIVE APPROACH TO SCHOOL BUDGETING

According to Board Policy 4.1: The Superintendent shall establish procedures to provide for annual community, parent, professional, school and, where appropriate, student input in the development of recommendations to be considered for the District budget. These procedures shall include a needs assessment process to identify, confirm, reassess and/or prioritize recommendations regarding District goals for future financial emphasis. The plan shall provide for assessing the achievement of established goals and academic expectations of the District.

A strategic plan will allow us to budget with a focus on student achievement rather than on a lack of limited resources.

The sole purpose of the needs assessment is to gather necessary information about where we are as a district and how that is different from where we want to be!

STRATEGIC PLANNING



WHAT'S IN A BUDGET?

SECTION 1 - CATEGORICAL FUNDS, FUNDING AND USE OF FUNDING IS BASED ON GUIDELINES FROM THE FUNDING AUTHORITY AND IS NOT IN THE GENERAL FUND), CATEGORICAL FUNDS ARE TRACKED IN FUND 2 (GRANTS), FUND 21 (DISTRICT ACTIVITY FUNDS), FUNDS 310 AND 320 (BUILDING AND DEBT SERVICE), FUND 360 (CONSTRUCTION), FUND 51 (FOOD SERVICE), AND FUND 52 (CHILDCARE)

SECTION 3 - BUDGET FOR DISTRICT WIDE EXPENDITURES MUST BE COMPLETED PRIOR TO CALCULATING THE TOTAL FUNDS TO BE ALLOCATED TO SCHOOL COUNCILS. DISTRICT WIDE EXPENDITURES INCLUDE BUT ARE NOT LIMITED TO,, TRANSPORTATION, MAINTENANCE, HOME AND HOSPITAL, STUDENT SUPPORT SERVICES, IMPROVEMENT OF INSTRUCTION, DISTRICT ADMINISTRATIVE SUPPORT, BUSINESS SUPPORT, EXTRA DUTY, EXTENDED SUPPORT, EXCEPTIONAL CHILDREN SERVICES, ITINERANT TEACHERS, AND FRINGE BENEFITS

SECTION 4 - ALLOCATION FOR CERTIFIED STAFF, BASED ON SCHOOL BOARD POLICY AND APPROVED BY THE KENTUCKY DEPARTMENT OF EDUCATION

SECTION 5 - ALLOCATION FOR CLASSIFIED STAFF, BASED ON SCHOOL BOARD POLICY AND APPROVED BY THE KENTUCKY DEPARTMENT OF EDUCATION

SECTION 6 - SCHOOL COUNCILS SHALL RECEIVE A MINIMUM ALLOCATION OF THREE AND ONE-HALF (3 ½) PERCENT OF THE STATEWIDE GUARANTEED BASE FUNDING LEVEL FOR SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) BASED ON PRIOR YEAR AVERAGE DAILY ATTENDANCE

SECTION 7 - FUNDS REMAINING IN THE GENERAL FUND BUDGET AFTER SECTION 3, SECTION 4, SECTION 5, AND SECTION 6 HAVE BEEN ALLOCATED, WILL BE DISTRIBUTED TO SCHOOL COUNCILS



DRAFT BUDGET

JANUARY 2019

A PROACTIVE APPROACH TO SCHOOL BUDGETING

According to Board Policy 4.1: On or before January 31, the Board shall formally and publicly examine a detailed estimate of revenues and proposed expenditures by line item for the following fiscal year.

A strategic plan will allow us to budget with a focus on student achievement rather than on a lack of limited resources.

The draft budget is designed to clarify the results of the needs assessment and provide guidance for the budgeting season.

STRATEGIC PLANNING

The draft budget is not a binding statement. It is simply one more part of the budgeting conversation. As we move further into the budgeting season, the draft budget helps us to focus our resources and clarify our vision.



DRAFT BUDGET

EXPENDITURE TRENDS

- House Bill 362 increased local district contributions to the County Employees Retirement System to be phased in at 12% per year over 4 to 5 years. That increase cost the district approximately \$140,000 in the 2018 - 2019 school year and will cost the district an additional \$150,000 in the 2019 - 2020 school year. This increase will occur repeatedly for at least 2 to 3 more years.
- With Senate Bill 151 ruled illegal, we can expect state retirement systems to be reevaluated in the upcoming session.
- A 1% salary increase costs approximately \$250,000.
- Step increases cost the district \$150,000 to \$250,000 each year.
- In order to maintain a fleet for 63 regular routes, 4 to 5 busses must be purchased per year at an average cost of \$500,000 per year.

REVENUE TRENDS

- District SEEK funding has decreased by over \$4,000,000 in the last 10 years due to decreasing enrollment and increasing assessments. The district is expecting ADA to remain stable moving into the 2019 - 2020 school year, and expects a slight increase in our Gifted Minds child count. Even with an increase in assessment, we expect SEEK revenues to remain somewhat stable.
- Districts are being asked to fund more through local tax revenue. Tax revenues will total more than 21 million in the 2018 - 2019 school year. State funding will total less than 15 million.
- Topics in the upcoming general session include Charter School Funding. Current funding ideas include funding following the student, which means district's would be required to send SEEK funding to charter schools if students from their district are enrolled.
- Funding for textbooks, professional development, and other miscellaneous state programs was eliminated for both the 2018 - 2019 school year and the 2019 - 2020 school year.



DRAFT BUDGET 2019-2020

ANTICIPATED REVENUES - \$31,750,000

REVENUE SOURCE	2018-2019	2019-2020
PROPERTY TAXES	\$11,275,000	\$12,015,000
DISTILLED SPIRITS TAXES	\$2,650,000	\$2,650,000
MOTOR VEHICLE TAXES	\$1,600,000	\$1,600,000
UTILITIES TAXES	\$1,700,000	\$1,700,000
SEEK	\$13,200,000	\$13,300,000
INVESTMENT INCOME	\$75,000	\$75,000
MEDICAID BILLING	\$200,000	\$200,000
NURSING SERVICES BILLING	\$100,000	\$100,000
VOCATIONAL SCHOOL	\$105,000	\$105,000
OTHER MISCELLANEOUS REVENUE	\$345,000	\$255,000
TOTAL ANTICIPATED REVENUES	\$31,250,000	\$32,000,000



DRAFT BUDGET

ANTICIPATED EXPENSES - \$32,000,000

SALARIES	\$24,675,000	\$24,960,000
DEBT SERVICE	\$330,000	\$340,000
FLEET UPDATES	\$600,000	\$500,000
SERVICES AND SUPPLIES	\$6,100,000	\$6,200,000



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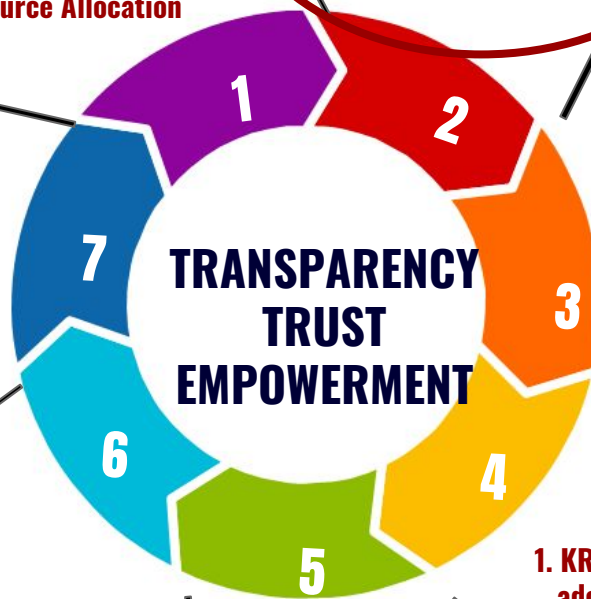
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