

#### OUR VISION

All Jefferson County  
Public Schools  
students graduate  
prepared,  
empowered, and  
inspired to reach  
their full potential  
and contribute as  
thoughtful,  
responsible citizens  
of our diverse,  
shared world.

## Jefferson County Public Schools FY 2023-24 Draft Budget January 2023

## BUDGET DEVELOPMENT

The purpose of the budget is to ensure the resources of the district are aligned with the vision, mission and goals of the JCPS Board of Education. The district budget evolves across three primary phases of development: Draft, Tentative and Working.

### DRAFT BUDGET

The Draft Budget is the first of three budgets presented to the Board and the base foundation for which the Fiscal Year (FY) 2023-24 budget begins to be developed. At this time, many final decisions have not been made on new-year priorities. Assumptions made in preparation of the Draft Budget can certainly be impacted by later decisions. Only the General Fund is in the developmental stage within MUNIS at this point for the new fiscal year. However, besides the General Fund, grants and other funds are projected in this report. This Draft Budget will also address new elements as delineated below.

The FY 2023-24 Draft Budget:

- Represents salary adjustments due to advancing the salary steps of every employee and including a **5% salary increase**. This will result in a **recurrent increase of \$47,012,000** to the General Fund budget.
- Represents a base SEEK per pupil guarantee of **\$4,200**.
- Assumes a decrease in total SEEK funding due to the anticipated increase in local property tax revenue and a decrease in Adjusted Average Daily Attendance (AADA).
- Assumes a **3.5% increase in property tax assessments**.
- Assumes a **tax rate that will provide the allowable 4.0% increase** in General Fund revenue. The final tax rate will be submitted for Board approval in August before the Working Budget is presented in September.
- Assumes a **5.0% increase in occupational tax revenue**.
- Assumes the allowable **12% increase to the CERS employer rate for the pension plans** of classified employees.
- Assumes a **10% increase in cost of utilities** for the district.
- School funding reflective of the **FY24 JCPS School Staffing and Allocation Standards**.
- Provides for **\$21,082,000 in Elementary Equity Funds**. Currently, many elementary schools are receiving \$10.5 million in non-standardized additional funding supports. The Elementary Equity Funding formula will standardize additional supports to elementary schools based on the JCPS Needs Index as well as AIS and Choice Zone status.
- Provides for **\$19,592,000 in AIS/Choice Zone stipends including schools recently out of AIS**.
- Represents new school investments of **\$2,730,000 for West End Middle School** and **\$2,039,000 for Echo Trail Middle School**, the expansion of Waller Williams Environmental School to include services to high school students and the additional grade levels at W.E.B Dubois Academy and Grace M. James Academy of Excellence.

### TENTATIVE BUDGET

While the Draft Budget is the starting point of the new-year budget, the Tentative Budget will represent major decisions made over the subsequent months. The state biennial budget should be determined by that point and can substantially impact General Fund as well as grant programs. Board decisions on budget priorities will have a significant impact on the Tentative Budget to be presented in May. Presentation to the Board for the Tentative Budget will be a work session in April. The final presentation of the Tentative Budget for Board consideration will be in May.

### WORKING BUDGET

The Working Budget will be presented in September. Each successive budget provides greater levels of accuracy and refinement. At this point, we can calculate our property tax revenues and our expense budgets with high precision. Items that will be in the Working Budget but are not included in the Draft Budget are Carryover and Carry Forward:

- **Carryover** is the unused balance in the schools' General Fund flexible accounts that are provided back to the schools in the subsequent year. The final carryover amount for the upcoming year will not be available until the current fiscal year is closed. Carryover provides schools the opportunity to plan for specific needs and removes the "use it or lose it" rationale. Although we know there will be carry over provided in the new year, the timing of carry over does not allow it to be included in either the Draft or Tentative Budget.
- **Carry forward** represents year-end encumbrances. These are obligations covered by a specific budget for which payment had not been issued by the end of the fiscal year. Typically, these are invoices received after June 30 for items ordered before July 1. Although we know there will be carry forward obligations, the timing of carry forward does not allow it to be included in either the Draft or Tentative Budget.

## REVENUE

District revenue is a combination of Property Tax, Occupational Tax, State SEEK and other much smaller sources. By law, a local school district may approve a property tax rate each year that will provide enough revenue in the new year to experience up to 4% increase in total revenue compared to the prior year. The approved property tax rate in any given year impacts the revenues for property tax in every subsequent year; for example, when only a compensating rate is approved in any given year, the result would be a forfeiture of revenue of more than \$80 million over a five-year period in Jefferson County. For the Draft Budget of FY 2023-24, we have assumed this maximum allowable increase in total revenue without recall of 4%.

A very important aspect of budgeting for our school district is that the largest source of revenue for JCPS is local property tax revenue. However, local property taxes are not received until mid-November of each year. Therefore, our available cash balance at the end of each fiscal year needs to be sufficient to meet our expense obligations during the first four months of the new fiscal year.

## PROPERTY TAX

The Draft Budget assumes a **3.5% increase** in total assessed values for General Property tax, including Motor Vehicle tax and Franchise tax. The revenue from Property taxes (\$665,122,360) represent 46.13% of projected FY 2023-24 General Fund revenue receipts, not including fund balance or state-paid employee benefits.

## OCCUPATIONAL TAX

We are currently projecting a **5.0% increase** in Occupational taxes compared to last fiscal year. Locally assessed occupational taxes are levied upon Jefferson County residents who work within Jefferson County at a rate of 0.75% of salary. The forecast for these taxes is projected based upon historical trends, current year data from the Revenue Commission, and economic data from the U.S. Department of Commerce. Occupational taxes (\$213,360,000) represent 14.80% of projected FY 2023-24 General Fund revenue receipts, not including fund balance or state-paid employee benefits.

Occupational tax revenue is subject to economic conditions and this tax tends to provide for accurate measurement of the local workforce and the strength of the local economy. The recession of 2010 resulted in decreases in occupational taxes for two years. Although this category rebounded after the 2010 recession, the more recent recession caused by economic slowdown due to the pandemic resulted in a \$9.4 million decrease in revenue in FY 2019-20, an unprecedented 5.7% decrease. Previously, the worst annual decrease in the revenue stream in the Great Recession was 2.3%. We are all fortunate to see the economy rebound for the last two fiscal years and we expect this positive trend to continue.

## INDIRECT COSTS FROM GRANTS

Indirect costs are a source of General Fund revenue from the administration of large grants. A maximum defined percentage of a grant that allows indirect costs is a result of services provided to the grant such as payroll processing, accounting services and other expenses related to administrative services. While this revenue category is still less than 1% of the total General Fund revenue, the budget has experienced some significant increases due to indirect costs associated with the federal ESSER grants and Nutrition Services. Indirect revenue is expected to provide about **\$6.7 million** in revenue to the General Fund in FY 2023-24.

## STATE SEEK FUNDING

State SEEK funding is a level of state support for local education based on a Guaranteed Per Pupil Base plus adjustments for Transportation, Adjusted Average Daily Attendance (AADA), number of at-risk students, number of ECE and ESL students, and number of Home and Hospital students. Local property taxes reduce the State SEEK support for the Guaranteed Per Pupil Base by “30 cent local effort”, which is the local tax assessment times .003. In FY 2023-24, the Guaranteed Per Pupil Base total funding for JCPS students is projected at \$513,183,503, but revenue from local tax assessments will cover \$294,626,714. The resulting State SEEK funding support in FY 2023-24, after adjusting for required Capital Outlay, will be **\$209,981,472**.

State SEEK support is inversely proportional to local tax revenue; therefore, as local tax assessments increase JCPS must account for the decrease in the State SEEK revenue. The **current revenue projection for State SEEK is a decrease of over \$4 million** in SEEK revenue compared to the FY 2022-23 State SEEK support of \$214,489,238 and a decrease of over \$14 million from the FY 2021-22 State SEEK support of \$224,312,952. Recognizing the annual decrease in State SEEK revenue for JCPS is an important component of district budgeting.

## SEEK Revenue Calculation

The following revenue calculations are included in the State SEEK revenue projections for the FY 2023-24 Draft Budget:

- **Property tax assessments** increased to \$98,208,904,562
- **Base SEEK increased** to \$4,200 per pupil
- **AADA** is projected to decrease significantly. We are currently estimating a drop of 2,000, although this could be more by the time of the Tentative Budget.
- **ECE and ESL** numbers are expected to increase by the amounts shown.

	FY 2021-22 KDE Final	FY 2022-23 KDE Final	FY 2023-24 DRAFT BUDGET	Change
<b>JCPS Tax Assessment</b>	<b>\$ 85,775,434,127</b>	<b>\$ 94,887,830,495</b>	<b>\$ 98,208,904,562</b>	<b>3.5%</b>
prior year	87,753.184	87,753.18	85,753.18	-2,000
AADA Plus Growth	87,753.184	87,753.18	85,753.18	-2,000
<b>Transportation Reimbursement (Prorated)</b>	<b>\$ 33,841,371</b>	<b>\$ 43,205,276</b>	<b>\$ 43,205,276</b>	<b>0</b>
Prior Year 12 mo. Ave. Free Lunch Pupils	57,633.435	57,633.400	57,633.400	0
LEP Count	11,933	13,283	16,123	2,840
Prior Year December 1 ECE Count				
severe	2,816	2,840	2,874	34
moderate	7,135	6,917	7,051	134
speech	1,844	1,814	1,993	179
Prior Year Home and Hospital	483	483	483	0
<b>SEEK Base Per Pupil</b>	<b>4,000</b>	<b>4,100</b>	<b>4,200</b>	<b>\$100</b>
Guaranteed Base: SEEK base * AADA Plus	\$351,012,736	\$359,788,054	\$360,163,373	—%
AT Risk: SEEK base * 0.15 * # students	\$34,580,061	\$35,444,563	\$36,309,064	2%
Home and Hospital: SEEK base-\$100 * #	\$1,884,422	\$1,932,740	\$1,981,059	3%
ESL: SEEK base * 0.096 * # students	\$4,582,272	\$5,228,189	\$6,500,794	24%
ECE				
severe: SEEK base * 2.35 * # students	\$26,470,400	\$27,363,400	\$28,366,380	4%
moderate: SEEK base * 1.17 * # students	\$33,391,800	\$33,180,849	\$34,648,614	4%
speech: SEEK base * 0.24 * # students	\$1,770,240	\$1,784,976	\$2,008,944	13%
<b>Transportation</b>	<b>\$33,841,371</b>	<b>\$43,205,276</b>	<b>\$43,205,276</b>	<b>—%</b>
Calculated Base Funding	\$487,533,302	\$507,928,047	\$513,183,503	1%
<b>LESS .30 Local Effort: tax assessments *</b>	<b>\$257,326,302</b>	<b>\$284,663,491</b>	<b>\$294,626,714</b>	<b>4%</b>
General Fund SEEK State Portion	<b>\$230,207,000</b>	<b>\$223,264,556</b>	<b>\$218,556,790</b>	
4% Adjusted Assessment	\$2,883,270			
Adjustments per KDE	-\$2,000			
Total State SEEK	\$233,088,270	\$223,264,556	\$218,556,790	
Less Capital Outlay: \$100*AADA Plus Growth	\$8,775,318	\$8,775,318	\$8,575,318	
<b>General Fund SEEK Adjusted</b>	<b>\$224,312,952</b>	<b>\$214,489,238</b>	<b>\$209,981,472</b>	
<b>Difference SEEK General Fund Revenue From Prior Year</b>		<b>-\$9,823,714</b>	<b>-\$4,507,766</b>	

## DRAFT BUDGET: ALL FUNDS

The Draft Budget for FY 2023-24 is projected at **\$2,151,082,316**. The overall budget for JCPS consists of several funds. Although the General Fund is the main fund for operational needs of the district, the following is a summary of the projected FY 2023-24 expense budgets of all funds of Jefferson County Public Schools.

### FUND 1: GENERAL FUND

District expenses are primarily funded by property taxes, occupational taxes, and state SEEK. School-level allocations, including District-wide school-centered costs, are 86% of the budget, but this will increase by the Working Budget. This General Fund budget allocates 97% of the available funding to services relevant to student services, including district-wide school-centered costs. Approximately 3% is business office operational expenses (function series 2300 & 2500), such as Finance, Human Resources, and Information Technology. Total General Fund budget is **\$1,732,415,580** including \$323,998,987 in state-paid benefits.

### FUND 2: GRANTS and AWARDS

This fund is comprised of over 380 grants and awards from various fund sources including state, federal, and local. This fund is a multi-year fund where projects budgeted will often extend beyond a single fiscal year, and grant periods do not always coincide with the fiscal year. Some grant amounts will not be known until the Working Budget is presented in September. The total budget of grants in Fund 2 is projected at **\$148,008,975**.

### FUND 310: CAPITAL OUTLAY

Capital Outlay is funded by \$100 per Adjusted Average Daily Attendance (AADA) by the SEEK formula and used for bond payment and capital improvement. Only a major facility project that is 20% of the value of a property and has a 30-year life can be supported with these resources. The budget of Capital Outlay is projected at **\$8,775,318**.

### FUNDS 320: BUILDING FUND

Funded by the nickel tax within the property tax rate and can only be used for bond payment and capital improvement. Only a major facility project that is 20% of the value of a property and has a 30-year life can be supported with these resources. The budget for Fund 310 and Fund 320 is projected at **\$47,543,279**.

### FUND 360: CONSTRUCTION FUND

This multi-year fund houses the bond proceeds as revenue and expenses of bondable projects in support of addressing our unmet facility needs of JCPS which currently exceed \$1,157,000,000. The budget for Fund 360 is projected at **\$125,000,000**.

### FUND 51: NUTRITION SERVICES FUND

Local and federal funding is provided for Nutrition Services. This fund includes revenue from federal funding on free/reduced meals as well as revenue from families who pay for school meals. The budget for Fund 51 is projected at **\$87,754,378.00**.

### FUND 52: DAYCARE OPERATIONS

This revenue comes from daycare operations as part of the Teenage Parent Program (TAPP) budget. The budget for Fund 53 is projected at **\$744,531.00**.

### FUND 53: ENTERPRISE FUND

All-county band, choir and orchestra generate revenue in this Enterprise Fund. The budget for Fund 53 is projected at **\$61,921.00**.

### FUND 54: ADULT EDUCATION FUNDS

This is only the enterprise component of Adult Education family literacy and does not represent the entire budget of the Adult Education program. The budget for Fund 54 is projected at **\$341,931.00**.

### FUND 59: TUITION PRESCHOOL PROGRAM

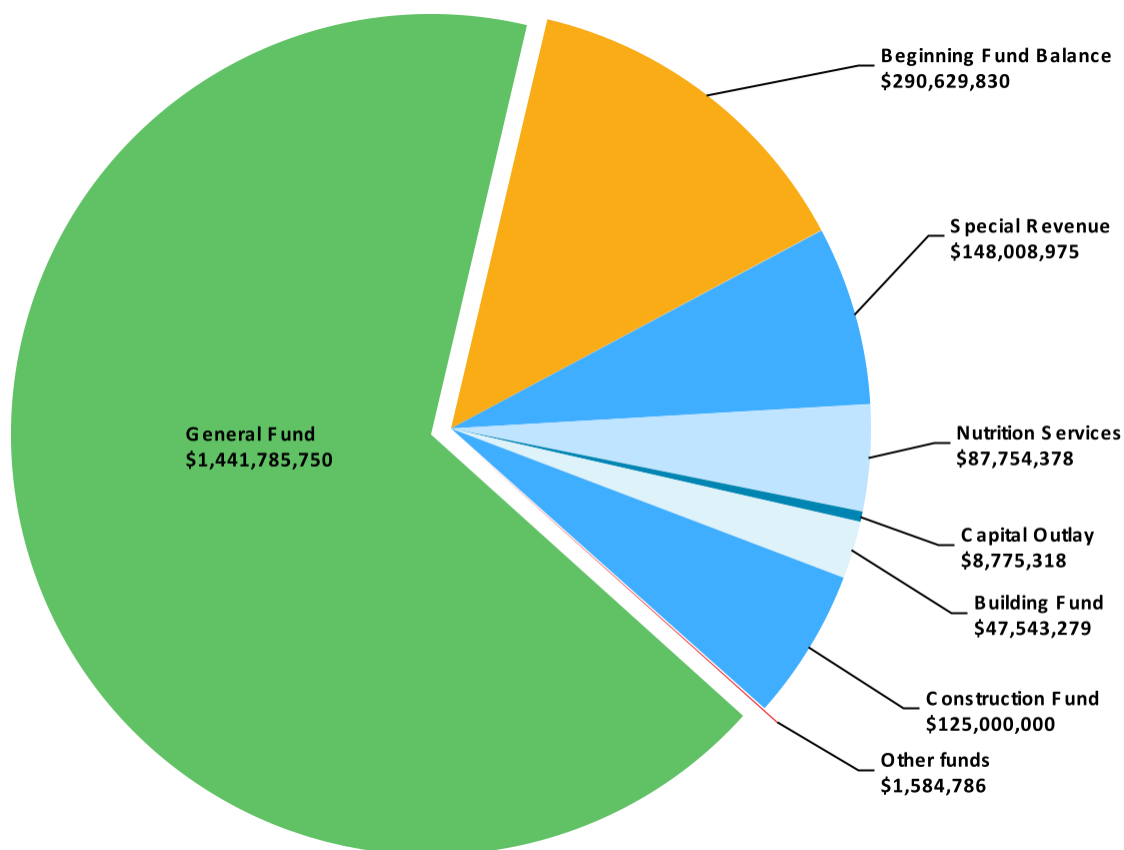
Preschools are available for students who meet specific income or disability criteria. JCPS also offers this Tuition Preschool Program for students who do not meet this criteria. The budget for Fund 59 is projected at **\$436,403.00**.

## ALL FUNDS FY 2023-24

**General Fund Revenue** consists of local revenue (property and occupational taxes), state revenue (SEEK and state-paid benefits) and federal revenue from permissible “indirect costs” associated with federal grants. General Fund Revenue is the largest component (67.03%) of the entire JCPS Working Budget. **Special Revenue** (6.88%) comes from local, state and federal grants and **Nutrition Services** (4.08%) is largely subsidized by a federal grant. The three funds committed to capital improvement— **Capital Outlay**, **Building Fund and Construction Fund**— collectively make up 8.5% of the total Working Budget.

**Beginning Fund Balance** (13.51%) of \$290,629,830 in the FY 2023-24 Draft Budget is the mathematical calculation of the FY 2021-22 remaining fund balance of \$284,631,074 plus the difference between FY2022-23 transfers into and out of the District contingency code. The FY 2021-22 fund balance is found in the Annual Comprehensive Financial Report prepared by JCPS Accounting.

The total Draft Budget of all funding sources for FY 2023-24 is **\$2,151,082,316**.



## ALL FUNDS FY 2023-24

**\$2,151,082,316**

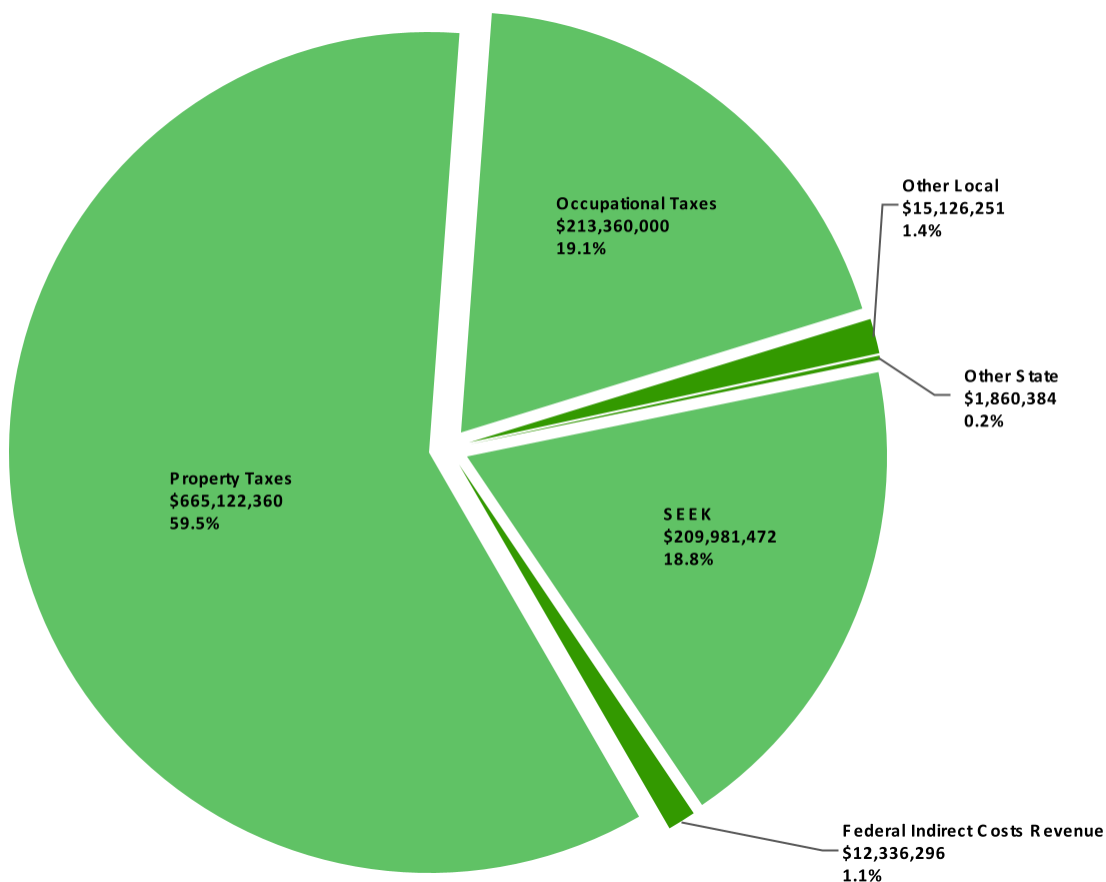
General Fund	\$ 1,441,785,750	67.0 %
Beginning Fund Balance	\$ 290,629,830	13.5 %
Special Revenue	\$ 148,008,975	6.9 %
Nutrition Services	\$ 87,754,378	4.1 %
Capital Outlay	\$ 8,775,318	0.4 %
Building Fund	\$ 47,543,279	2.2 %
Construction Fund	\$ 125,000,000	5.8 %
Other funds	\$ 1,584,786	0.1 %
<b>TOTAL</b>	<b>\$ 2,151,082,316</b>	<b>100.0 %</b>

## RECEIPTS: NEW YEAR PROJECTED REVENUE

The actual new year revenues in General Fund that are available to support operational needs of the District are the projected revenue from “receipts”. Receipts consists of **local revenue** (property and occupational taxes), **state revenue** (SEEK and other state sources) and **federal revenue** from permissible “indirect costs” associated with federal grants.

State-paid benefits within General Fund are not flexible for use other than for the direct purpose provided. Fund balance will not be finalized until after the financial year is fully closed out. Therefore, the true projected revenue to support operational needs of the District omits state-paid benefits and fund balance.

The new year receipts for the General Fund in FY 2023-24 is **\$1,117,786,763**.



RECEIPTS FY 2023-24

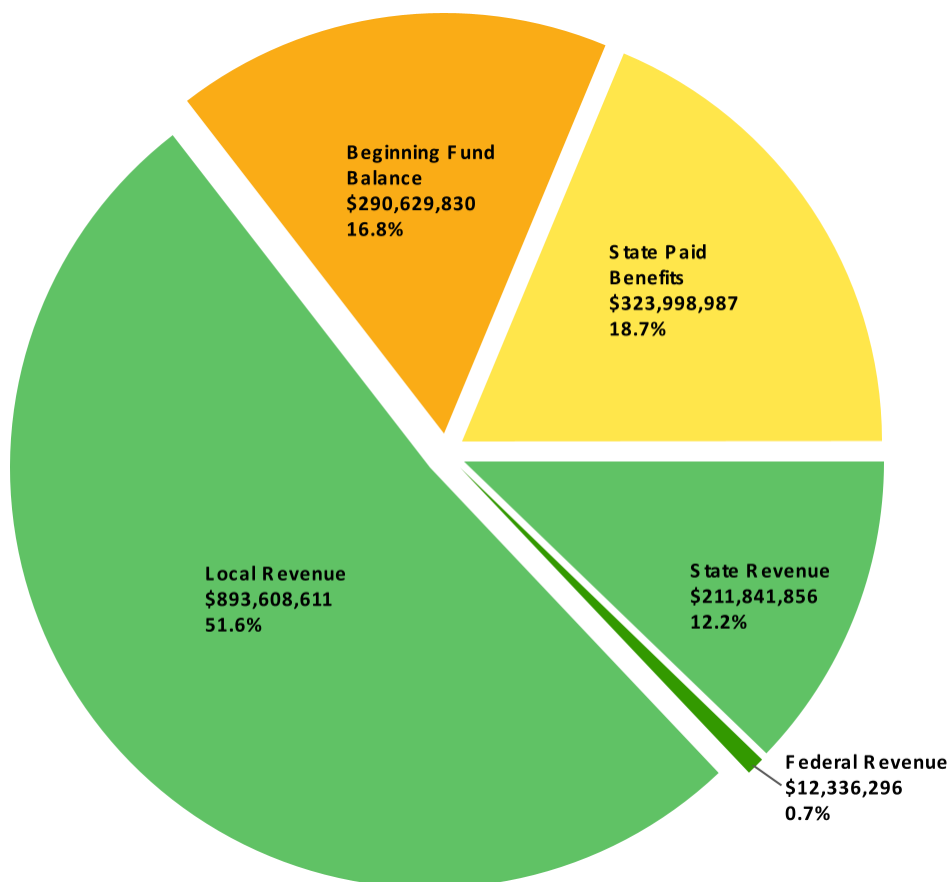
**\$1,117,786,763**

Property Taxes	\$ 665,122,360	59.5%
Occupational Taxes	\$ 213,360,000	19.1%
Other Local	\$ 15,126,251	1.4%
SEEK	\$ 209,981,472	18.8%
Other State	\$ 1,860,384	0.2%
Federal Indirect Costs Revenue	\$ 12,336,296	1.1%
<b>TOTAL</b>	<b>\$ 1,117,786,763</b>	<b>100.0%</b>

## GENERAL FUND REVENUE FY 2023-24

**Local revenue** (51.6%) consists of local property and occupational taxes, **state paid benefits** (18.7%) are non-discretionary funds for employee benefits, **state revenue** (12.2%) comes primarily from SEEK, and **federal revenue** (0.7%) is generated from permissible “indirect costs” associated with federal grants.

The total projected revenue in the General Fund for FY 2023-24 is **\$1,732,415,580**.



GENERAL FUND FY 2023-24

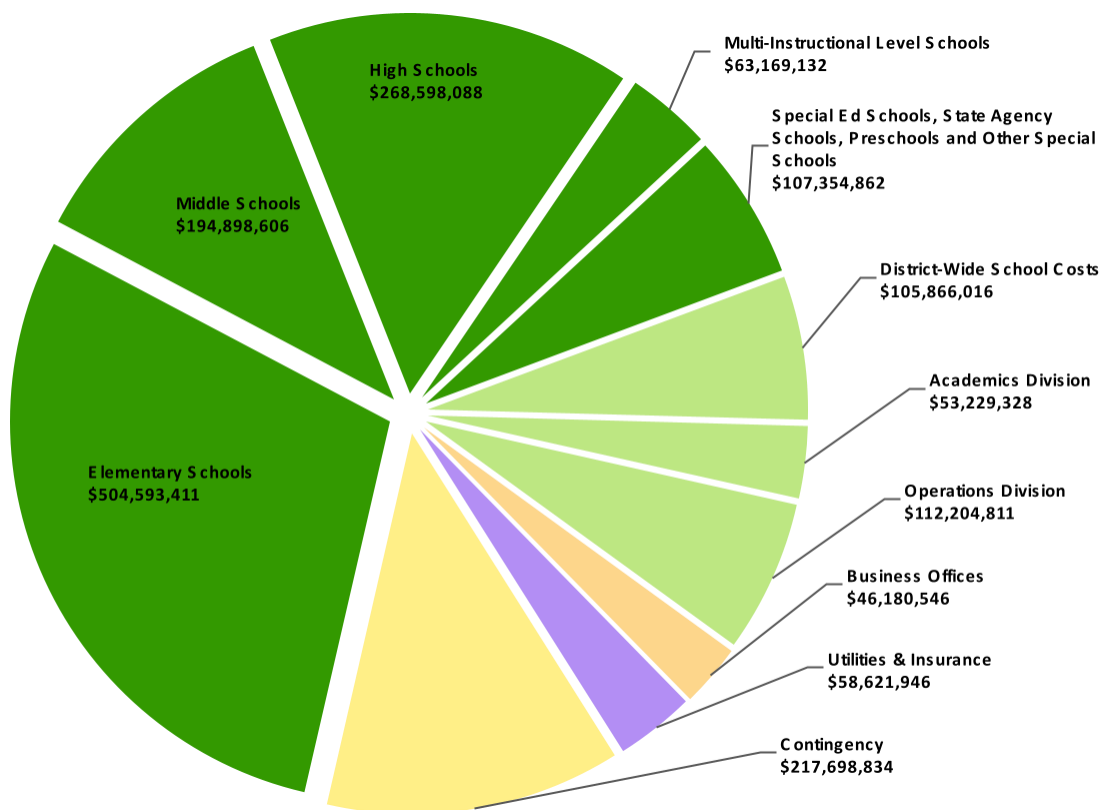
**\$1,732,415,580**

Local Revenue	\$ 893,608,611	51.6%
State Revenue	\$ 211,841,856	12.2%
State Paid Benefits	\$ 323,998,987	18.7%
Beginning Fund Balance	\$ 290,629,830	16.8%
Federal Revenue	\$ 12,336,296	0.7%
<b>Total</b>	<b>\$1,732,415,580</b>	<b>100.0%</b>



## EXPENSES BY INSTRUCTIONAL LEVEL

The Draft Budget includes staffing and operational allocations for 201 school units including: Elementary, Middle, High, Multi-Instructional Level Schools (Brown, Dubois, Grace James, Moore, Newcomer and Shawnee), State Agency schools, Special Education schools, Special Schools, and Early Childhood. Upon Board approval, schools will receive their preliminary allocations on February 1, 2023.



EXPENSES BY INSTRUCTIONAL LEVEL FY 2023-24

\$1,732,415,580

			Number Schools	Number Pupils	Per Pupil Investment
Elementary Schools	\$ 504,593,411	29.1 %	87	41,384	\$ 12,193
Middle Schools	\$ 194,898,606	11.3 %	23	17,274	\$ 11,283
High Schools	\$ 268,598,088	15.5 %	18	24,819	\$ 10,822
Multi-Instructional Level Schools	\$ 63,169,132	3.6 %	6	5,485	\$ 11,517
Special Ed Schools, State Agency Schools, Preschools and Other Special Schools	\$ 107,354,862	6.2 %	67	5,988	\$ 17,928
District-Wide School Costs	\$ 105,866,016	6.1 %	201	94,950	\$ 1,052
Academics Division	\$ 53,229,328	3.1 %	201	94,950	\$ 561
Operations Division	\$ 112,204,811	6.5 %	201	94,950	\$ 1,182
Business Offices	\$ 46,180,546	2.7 %	201	94,950	\$ 486
Utilities & Insurance	\$ 58,621,946	3.4 %	201	94,950	\$ 681
Contingency	\$ 217,698,834	12.6 %	201	94,950	\$ 2,230
<b>TOTAL</b>	<b>\$ 1,732,415,580</b>	<b>100.0 %</b>			

## Elementary Schools

Regular education elementary schools are allocated based on enrollment projections and approved JCPS Allocation Standards. The FY 2023-24 Budget includes \$21,082,000.00 to support a student-weighted equity formula to provide additional funds to elementary schools using the JCPS Needs Index and the percentage of Students of Color as factors.

## Middle Schools

Regular education middle schools are allocated based on enrollment projections and approved JCPS Allocation Standards. A student-weighted equity formula provides additional funds to middle schools using the JCPS Needs Index. The FY 2023-24 Budget also includes \$3,071,853.00 in additional funding for middle schools selecting to structure learning in four-person core content teams.

## High Schools

Regular education high schools are allocated based on enrollment projections and approved JCPS Allocation Standards. A student-weighted equity formula provides additional funds to high schools using the JCPS Needs Index. The FY 2023-24 Budget also includes \$11,584,637 in additional funding for high school Academy career pathways and other CTE programs.

## Multi-Instructional Level Schools

Multi-instructional level schools are regular education program schools that have high school, middle school and/or elementary school programs. The six regular education schools in this category include: J. Graham Brown, W.E.B Dubois Academy, Grace M. James Academy of Excellence, Marion C. Moore, Newcomer Academy and The Academy at Shawnee. Multi-instructional level schools are allocated based on enrollment projections and the appropriate combined instructional level allocations within the approved JCPS Allocation Standards. A student-weighted equity formula provides additional funds to these schools using the JCPS Needs Index. As applicable, multi-instructional level schools receive the combined benefit of equity allocations, middle school teams and high school career pathways.

## Special Education Schools, State Agency Schools, Preschools and Other Special Schools

Special education schools, state agency schools, preschool sites and other special schools are budgeted based on approved allocations, program needs, and individual school's student capacities. There are 21 special education and state agency schools, 5 stand-alone preschool sites and 35 preschools housed within an elementary school. JCPS is proud to offer six special schools including: Breckinridge Metropolitan, Liberty, Minor Daniels Academy, Pathfinder, The Phoenix School of Discovery and the Georgia Chaffee Teenage Pregnancy Program (TAPP).

## District-Wide School Costs

District-wide school costs provide a budget for substitute teachers, teachers who are in transition to receive certification, retired administrative support for schools, and other budgets for school-oriented supports. For the Draft Budget, this is also where we are accounting for: Future State Funds that are not already allocated to schools; \$1,850,000 for teacher Amazon allocations; and the Board-approved \$19,592,000.00 stipends related to AIS, Choice Zone and schools recently out of AIS.

## Academics Division

The Academics Division consists of Academic Schools and Academic Services. Academic Schools include the Chief of Schools, Assistant Superintendents of schools, Transition Readiness, Activities and Athletics, School Choice, Academic Improvement Schools (AIS), and Adult Education. Academy Services include Teaching and Learning Innovations, Library Media Services, School Culture and Climate, Pupil Personnel, Physical Development and Health Services, English as a Second Language, and Early Childhood.

## Operations Division

The Operations Division includes Nutrition Services, Transportation, Property Management, Facility Planning, Safety and Environmental Services and Security and Investigations.

## Business Offices

Business Offices include: Diversity, Equity and Poverty (DEP); Human Resources; Financial Services; Accountability, Research and Systems Improvement; Communications and the Technology Division.

## Utilities & Insurance

This category includes expenses related to electricity, natural gas, water, sewage, telephone, postage, bank fees, liability insurance, property insurance, pupil transportation insurance, student liability insurance, legal services and JCTA president salary.

## Contingency

The FY 2023-24 contingency is mathematical difference between current year revenue, including Beginning Fund Balance, and expenses. Beginning fund balance will change before the start of the new year and will be updated in the Tentative and Working Budget. At the time of the Draft Budget, the contingency code budget is \$217,698,834.