

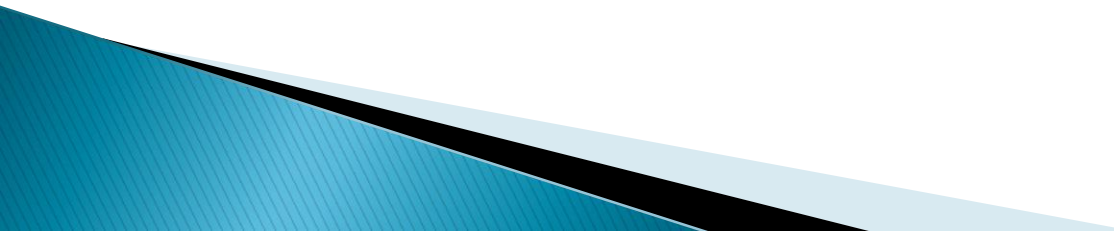
Covington Independent Public Schools

Draft Budget Presentation
For Fiscal Year 25/26
Informational meeting 1/9/25

Purpose of the Draft Budget

- To get the local Board of Education to start thinking about next year's fiscal budget.
- Has to be presented/approved by January 31st per the Kentucky Department of Education.

Revenue Highlights/Concerns on General Fund

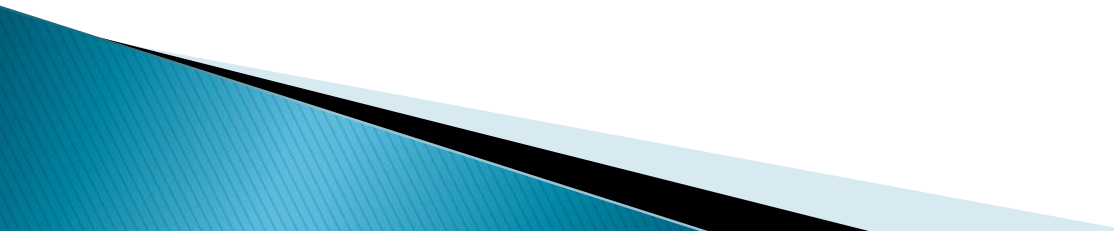
- ▶ The district turns in “trend data” to the Kentucky Department of Education in January/February. This is required for the district to do each year. This data is being compiled by the district & will be turned into KDE in February.
 - ▶ That data is used to project the 2025–2026 SEEK forecast.
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Revenue Highlights/Concerns

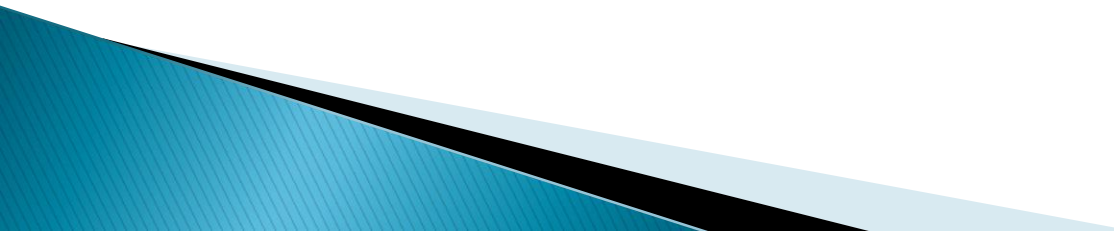
Continued on General Fund

- ▶ FY26 per pupil base amount is \$4,586 compared to FY25 per pupil base amount of \$4,326.
- ▶ Historical trend on SEEK:
 - ▶ FY20 4,000 per pupil/student
 - ▶ FY21 4,000 per pupil/student
 - ▶ FY22 4,000 per pupil/student
 - ▶ FY23 4,100 per pupil/student
 - ▶ FY24 4,200 per pupil/student

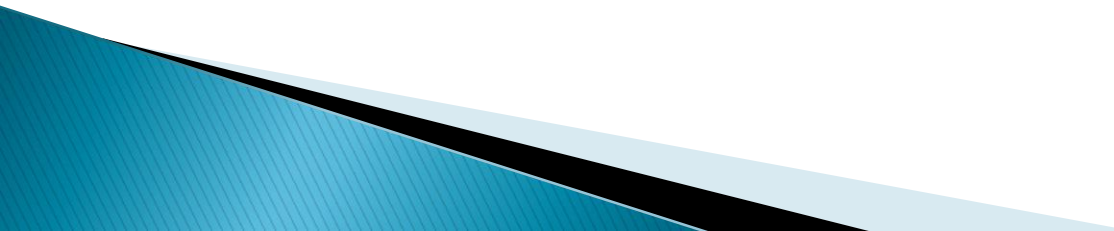
Revenue Highlights/Concerns Continued on General Fund

- ▶ SEEK funding for Covington Independent Public Schools is approximately 13.2 million for the 24/25 school year. The district budgeted 95% of SEEK for FY25 at an approximate amount of 12.6 million.
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Revenue Highlights/Concerns Continued on General Fund

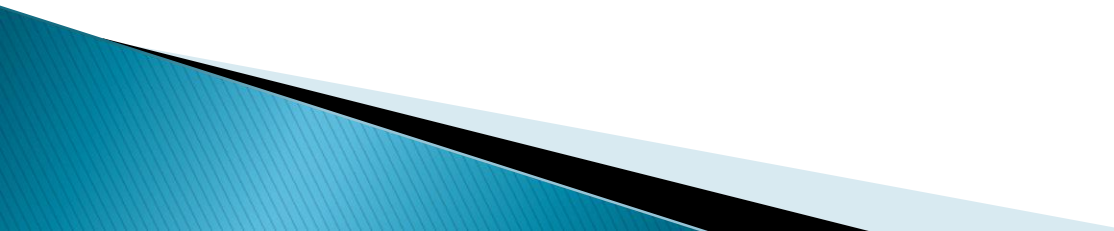
- ▶ SEEK FY26 will be end of year FY25 AADA. This is compiled by the DPP's office and submitted to KDE in June of 2025.
 - ▶ If the district takes the current 24/25 tentative SEEK end of year FY24 AADA of 3,055 students and apply the SEEK increase of \$260 per pupil (FY26 of 4,586 – FY25 of 4,326), this would generate an additional \$795,000 in guaranteed based SEEK funding if the student count stays the same.
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Revenue Highlights/Concerns Continued on General Fund

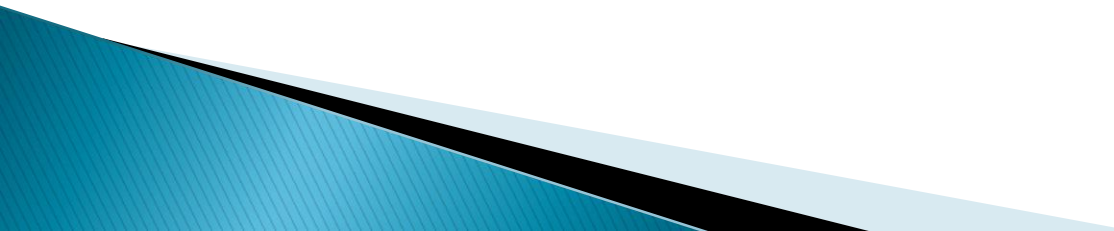
- ▶ This amount doesn't include any SEEK add-on amounts (i.e. at risk, home & hospital, exceptional child, LEP, etc.).
 - ▶ Once the SAAR report is turned into KDE end of June 2025, the district will have an accurate end of year AADA for FY25.
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Revenue Highlights/Concerns

Continued on General Fund

- ▶ Revenue could be decreased in the 25/26 school year due to lower local taxes and lower vehicle taxes collected.
 - ▶ There could potentially be state and federal reductions in grants. These reductions in grants could impact the general fund as the district would either cut programming or pick up costs to continue running the programs at their current level.
 - ▶ This is a concern of the district since it has been stated that when the new president is sworn in there will be education cuts from the federal level that trickles down to school districts. Title I, Title II, Title III is what we are hearing at this time.
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Revenue Highlights/Concerns on General Fund

- ▶ ERATE funding (technology) decreased starting with the 15/16 school year. Our reimbursement rate continues to go down on some reimbursements. Originally some reimbursements were at 90% reimbursement back in FY15.
 - ▶ Historical trend on ERATE revenue, in FY16 the district received \$322,000 and it has gone down to \$80,000–\$85,000 during FY21–FY25.
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Expenditures Highlights/Concerns on General Fund

- ▶ Other potential concerns that leadership has brought to the attention of the budget committee & school board that will need to be taken into consideration when balancing the FY26 budget:

1. How to keep sustaining our salary schedule to be equitable/competitive.

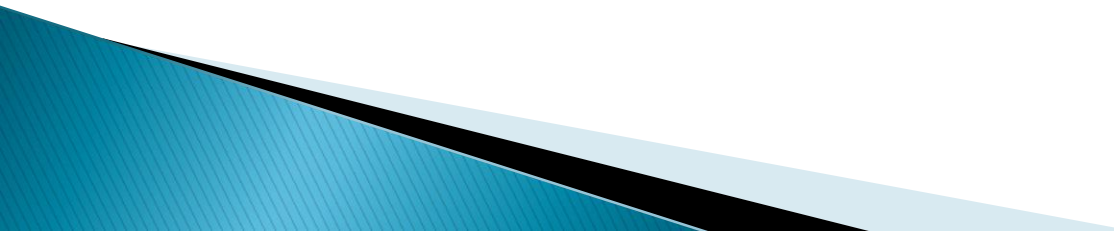
Estimate costs for raises for staff in general fund only (salary and fringes):

4% raise – 1.365 million

3% raise – 1.038 million

2% raise – 711K

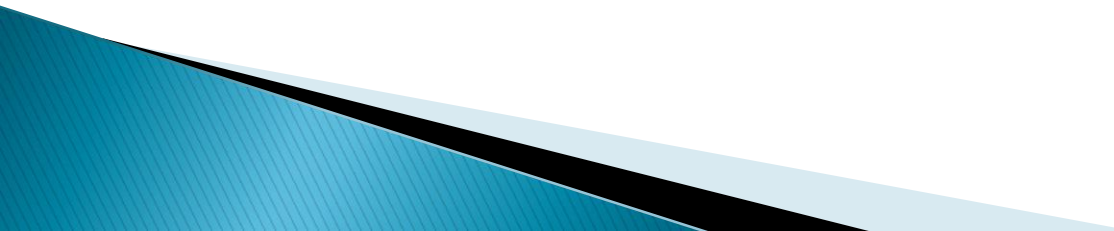
Expenditures Highlights/Concerns on General Fund

2. To address facility needs
 3. To address technology needs
 4. To address teacher retention
 5. To address social/emotional wellness
 6. To address increase in # of SRO's needed
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Expenditures Highlights/Concerns on General Fund

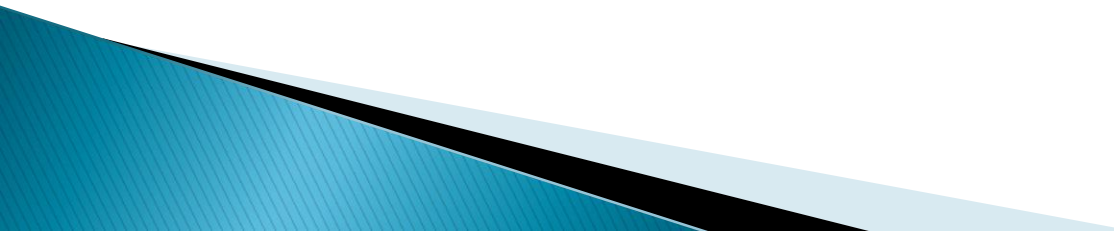
7. To address/sustain more English Language Learners/more teachers/staff needed. CIPS currently had 5 ELL staff funded out of ESSER ARP/III funds in FY24. Those positions were brought back into the general fund in FY25. Total estimated FY25 cost with fringes was \$312,000. This amount will continue to increase over the years due to raises, retirement %'s increasing etc.

Expenditures Highlights/Concerns on General Fund

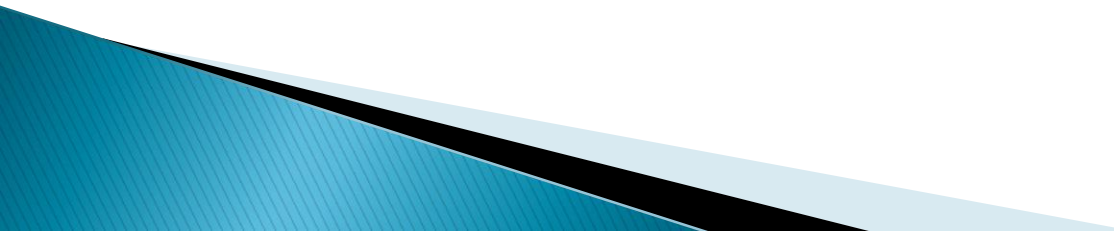
- ▶ The summer program prior to COVID was budgeted in general fund at approximately 70K.
 - ▶ Over the last several years, the district used ESSER II & ARP/ESSER III to fund a more robust summer program. Starting with the summer of 2025 (FY25), general fund will have to start picking up the cost of the summer program moving forward.
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Expenditures Highlights/Concerns on General Fund

▶ Other possible cliffs CIPS is facing:

1. School Choice
 2. City Heights – Affordable Housing
 3. Declining Enrollment
 4. Unfunded Mandates
 5. Inflation
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Expenditures Highlights/Concerns on General Fund

- ▶ KTRS rates that the district has to contribute started out at .25% in 10/11 and currently is capped at 3% in 15/16. We believe the rate will stay the same at this time for the 25/26 school year.
 - ▶ The current (24/25) general fund KTRS budget is \$656,000.
 - ▶ The projected step increases on certified salaries for next year is \$248,000. This will cost the district an additional \$11,000 for KTRS retirement along with other fringes. Total of \$259,000.
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Expenditures Highlights/Concerns

Continued on General Fund

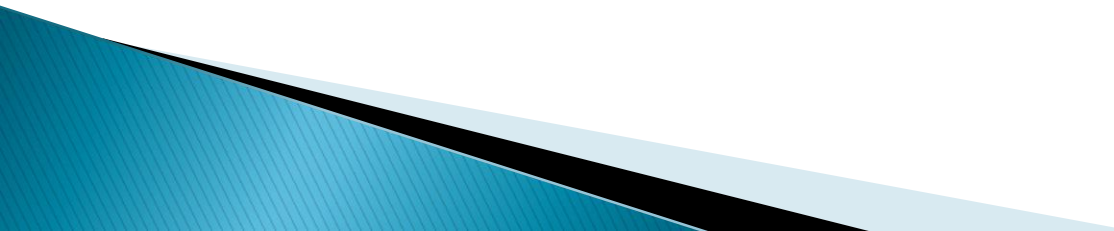
- ▶ CERS rates that the district has to contribute started out at 16.93% in 10/11 and currently sits at 19.71% for the 24/25 school year. The rate for the 25/26 school year is unknown at this time.
 - ▶ The current (24/25) general fund CERS budget is 2.039 million.
 - ▶ The projected step increases on classified salaries for next year is \$134,000. This will cost the district an additional \$37,000 for CERS along with other fringes. Total of \$171,000.
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Expenditures Highlights/Concerns

Continued on General Fund

- ▶ Gas, Electric and Diesel Fuel increases historically. If a 5% increase is used that would cost the district in 25/26 approximately \$54,000 more based on the 24/25 budget amount of \$1,087,000.

Draft Budget

- ▶ School districts historically just roll over the current budget (24/25) in MUNIS to the draft budget for the 25/26 school year since the district is in preliminary stages of the budget.
 - ▶ The MUNIS draft budget is attached but doesn't reflect any of the projected revenue increases/decreases or increases in expenditures that have been presented today.
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Draft Budget

- ▶ The Budget Committee will start to meet in January/early February 2025. They will continue to meet in the upcoming months and in the upcoming new school year (July/August 2025) to discuss the potential issues that the district might face along with balancing the FY26 budget.
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