



Greenville County Schools  
**FY 13 General Fund  
Budget Process**

**Second Reading • June 05, 2012**

**GREENVILLE COUNTY SCHOOLS**  
**Second Reading of the FY 13 General Fund Budget**  
**Tuesday, June 05, 2012**  
**6:00 – 8:30 PM**

**6:00 PM – 6:30 PM**

- **Call to Order – Public Hearing**  
– Roger Meek, Board Chair

**6:30 PM**

- **Call to Order – Second Reading**  
– Roger Meek, Board Chair
  
- **Recommended FY 13 General Fund Budget**  
– W. Burke Royster, Superintendent
  
- **Changes in Revenue**  
– Jeff Knotts, Executive Director for Finance
  
- **Changes in Expenditures**  
– Stephanie Thomas, Director for Budget Services
  
- **Summary**  
– W. Burke Royster, Superintendent

**Greenville County Schools  
2012-2013 General Fund Proposed Budget  
Second Reading**

**Projected Revenue Summary**

		<u>Reference Page</u>
Projected Revenue for FY 13		
Local Revenue *	\$ 149,880,000	2
State Revenue	290,602,000	2
Transfers In	<u>15,524,000</u>	2
Total Projected Revenue for FY 13	\$ 456,006,000	
Unassigned Fund Balance/Savings ONE TIME FUNDS	<u>13,607,000</u>	
Required Amount to Equal Proposed Expenditures	<u>\$ 469,613,000</u>	

**Proposed Expenditures Summary**

		<u>Reference Page</u>
Budgeted Expenditures for FY 12	\$ 442,784,098	
Proposed Expenditures for FY 13		
State Mandated Expenditures	\$ 16,746,000	5
Local Required Expenditures	10,197,902	5
Reduction of Expenditures	<u>(115,000)</u>	5
Subtotal	<u>26,828,902</u>	
Total Proposed Expenditures for FY 13	<u>\$ 469,613,000</u>	

\* Includes a recommended 6.1 mill increase which generates \$6,405,000

**Greenville County Schools**  
**2012-2013 Projected General Fund Revenue Budget**  
**Second Reading**

	State BSC \$1,880 GCS BSC \$1,365	First Reading State BSC \$2,012 GCS BSC \$1,461	Second Reading State BSC \$2,012 GCS BSC \$1,461
	FY 12 Revenue Budget	Projected FY 13 Revenue Budget	Projected FY 13 Revenue Budget
<b>1 Projected Local Revenue</b>			
2 Property Taxes - Greenville, Laurens, Spartanburg and Fee In Lieu of Taxes	\$ 142,280,000	\$ 142,280,000	\$ 142,280,000
<b>3 Act 388 Millage (6.1 mills)</b>		7,875,000	<b>6,405,000</b>
4 Interest on Short Term Investments	400,000	400,000	400,000
5 Tuition - Out of District Students	60,000	60,000	60,000
6 Lost & Damaged Books	50,000	50,000	50,000
7 Drivers Ed Fees	65,000	65,000	65,000
8 Proviso for Handicapped Education	240,000	240,000	240,000
9 Tuition - Summer School	130,000	130,000	130,000
10 Contributions from Private Sources	250,000	250,000	250,000
<b>11 Total Projected Local Revenue</b>	<b>\$ 143,475,000</b>	<b>\$ 151,350,000</b>	<b>\$ 149,880,000</b>
<b>12 Projected State Revenue</b>			
<b>13 Employer Fringe Benefits</b>	\$ 59,520,000	\$ 63,935,000	<b>\$ 66,915,000</b>
14 Education Finance Act (EFA) - BSC	119,431,000	130,489,000	130,489,000
<b>15 Education Finance Act (EFA) - Supplement</b>	4,696,000	0	<b>2,600,000</b>
16 Property Tax Relief (Tier I)	23,410,000	23,410,000	23,410,000
17 Homestead Exemption (Tier II)	5,900,000	5,900,000	5,900,000
18 Homestead Exemption Fund - Base Reimbursement (Tier III)	49,768,000	51,741,000	51,741,000
19 Homestead Exemption Fund - Annual Allocation (Tier III)	1,868,000	2,796,000	2,796,000
20 Special Education Transportation	170,000	170,000	170,000
21 Home School Instruction	70,000	70,000	70,000
22 School Bus Drivers Salaries/Work Comp	1,889,000	1,889,000	1,889,000
23 Merchants Inventory Tax	2,201,000	2,201,000	2,201,000
24 Manufacturers Depreciation	2,100,000	2,100,000	2,100,000
25 Motor Carriers Tax	321,000	321,000	321,000
<b>26 Total Projected State Revenue</b>	<b>\$ 271,344,000</b>	<b>\$ 285,022,000</b>	<b>\$ 290,602,000</b>
<b>27 Projected Transfers In</b>			
<b>28 Transfer from EIA - Teacher Salary Supplement</b>	\$ 8,281,000	\$ 7,868,000	<b>\$ 12,511,000</b>
29 Transfer from Food Service - Indirect Cost	1,613,000	1,613,000	1,613,000
30 Transfer from Special Revenue - Indirect Cost	1,400,000	1,400,000	1,400,000
<b>31 Total Projected Transfers In</b>	<b>\$ 11,294,000</b>	<b>\$ 10,881,000</b>	<b>\$ 15,524,000</b>
<b>32 Unassigned Fund Balance/Savings ONE TIME FUNDS</b>	<b>\$ 16,671,098</b>	<b>\$ 16,975,000</b>	<b>\$ 13,607,000</b>
<b>33 Total Projected Revenue Budget</b>	<b>\$ 442,784,098</b>	<b>\$ 464,228,000</b>	<b>\$ 469,613,000</b>

**Greenville County Schools**  
**2012-2013 Projected General Fund Revenue Budget**  
**Second Reading**

**Changes to Projected Revenue**

**Act 388 Millage** *page 2, line 3* **\$ 6,405,000**

Based on additional funding approved in the Senate's budget, the Administration is recommending an operational millage increase of 6.1 mills instead of the 7.5 mills from the First Reading of the General Fund Budget. This recommendation reflects utilization of 51% of the allowable millage increase. This will reduce our reliance on generated savings (unassigned fund balance) by \$3,064,098 as we begin to decrease our dependence on non-recurring revenue for recurring expenses.

Act 388 Allowable Millage for FY 13

2009 – 2010	6.10 mills
2012 – 2013	<u>5.88 mills</u>
	11.98 mills

Recommended Millage for FY 13

2009 – 2010	6.10 mills
-------------	------------

**Employer Fringe Benefits** **\$66,915,000**

*page 2, line 13*

Additional State funding was provided in the Senate version of the budget for Employer Fringe Benefits. This revenue increase is estimated to be \$2,980,000 bringing the total amount to \$66,915,000.

**Education Finance Act Supplement** *page 2, line 15* **\$2,600,000**

The projected EFA allocation of \$130,489,000 was presented at the First Reading of the General Fund Budget. This is the result of the State computing the assessed value of the State funded Tier I, II, and III allocations and “imputing” that value into the calculation of the “2012 Index of Tax Paying Ability” (ITA) for all districts. If this imputation was not done, the projected FY 13 EFA allocation would be \$133,089,000 for a difference of \$2,600,000.

The Senate recognized a number of Districts' FY 13 EFA allocations would be less using the “imputed” ITA in the FY 13 EFA formula. An “Education Finance Act Supplement” was approved by the Senate for a second year to “hold harmless” the affected Districts and provide a supplement equal to this difference. This supplement would require annual approval by the Senate and House to be effective for budget years after FY 13.

**Greenville County Schools  
2012-2013 Projected General Fund Revenue Budget  
Second Reading**

**Transfer from EIA – Teacher Salary Supplement** **\$12,511,000**  
*page 2, line 28*

Additional EIA funding was provided in the Senate version of the budget to fund the new mandated cost of the teacher salary increase. This revenue increase is estimated to be \$4,643,000 bringing the total amount to \$12,511,000.

**Changes to Projected Use of Fund Balance**

**Unassigned Fund Balance/Savings ONE TIME FUNDS** **\$13,607,000**  
*page 2, line 32*

The amount of Unassigned Fund Balance recommended for use to balance the FY 13 budget is \$13,607,000. This reduces the District's dependence on non-recurring revenue for recurring expense from \$16,671,098 to \$13,607,000, a reduction of \$3,064,098.

**Greenville County Schools  
2012-2013 Proposed General Fund Expenditure Budget  
Second Reading**

	<b>First Reading Proposed Expenditure Budget</b>	<b>Second Reading Proposed Expenditure Budget</b>	<b>Reference Page</b>
1 <b>Budgeted Expenditures for FY 12</b>	<b>\$ 442,784,098</b>	<b>\$ 442,784,098</b>	
2 <b>State Mandated Expenditures for FY 13</b>			
<i><b>Goal 2: Ensure Quality Personnel in All Positions</b></i>			
3 Partial Cost of Living Increase of 2% for School Level Personnel	\$ 7,580,000	\$ -	
4 2% Increase to Teacher Salary Schedule and Salary Steps	-	8,133,000	6
5 Teacher Certificate Upgrades	800,000	800,000	6
6 Employer Retirement Increase (Effective July 1, 2012)	2,808,000	2,808,000	6
7 Employer Health Insurance Increase (Effective Jan. 1, 2012)	490,000	490,000	6
8 Employer Health Insurance Increase (Effective Jan. 1, 2013)	1,439,000	1,993,000	7
<i><b>Goal 4: Effectively Manage and Further Develop Financial Resources</b></i>			
9 Payments to Charter Schools	2,522,000	2,522,000	7
10 <b>Total State Mandated Expenditures for FY 13</b>	<b>\$ 15,639,000</b>	<b>\$ 16,746,000</b>	
11 <b>Local Required Expenditures for FY 13</b>			
<i><b>Goal 1: Raise the Academic Challenge and Performance of Each Student</b></i>			
12 Personnel for Student Growth	\$ 4,200,000	\$ 4,200,000	7
13 Instructional Supplies for Student Growth	34,902	34,902	7
<i><b>Goal 2: Ensure Quality Personnel in All Positions</b></i>			
14 Partial Cost of Living Increase of 2% for Non-School Level Personnel	761,000	-	
15 Increase in Local Portion of the Teacher Salary Schedule	-	555,000	7
16 2% Increase to Support Salary Schedules and Salary Steps	-	4,484,000	8
<i><b>Goal 3: Provide a School Environment Supportive of Learning</b></i>			
17 Monarch Elementary School	656,000	656,000	8
18 District Property/Liability Insurance Premium Increase	218,000	218,000	8
<i><b>Goal 4: Effectively Manage and Further Develop Financial Resources</b></i>			
19 Fuel for District Vehicles	50,000	50,000	8
20 <b>Total Local Required Expenditures for FY 13</b>	<b>\$ 5,919,902</b>	<b>\$ 10,197,902</b>	
21 <b>Reduction of Expenditures for FY 13</b>			
<i><b>Goal 1: Raise the Academic Challenge and Performance of Each Student</b></i>			
22 Procurement Audit	\$ (15,000)	\$ (15,000)	9
<i><b>Goal 3: Provide a School Environment Supportive of Learning</b></i>			
23 Utilities	(100,000)	(100,000)	9
24 <b>Total Reduction of Expenditures for FY 13</b>	<b>\$ (115,000)</b>	<b>\$ (115,000)</b>	
25 <b>Total Proposed Expenditures for FY 13</b>	<b>\$ 464,228,000</b>	<b>\$ 469,613,000</b>	

**Greenville County Schools  
2012-2013 Proposed General Fund Expenditure Budget  
Second Reading**

**State Mandated and Local Required Expenditures for 2012-2013**

**State mandates** are: 1.) Legal requirements resulting from legislative acts which impose a new program or demand an increased level of service in an existing program or 2.) Mandates from the State Department of Education.

**Local requirements** refer to the services and support that facilitate the attainment and sustainability of our Education Plan goals.

**State Mandates**

**Goal 2: Ensure Quality Personnel in All Positions**

**2% Increase to Teacher Salary Schedule and Salary Steps \$ 8,133,000**  
***page 5, line 4***

The South Carolina Senate removed the 2% increase for school level non-teaching personnel and added a step increase for all eligible certified teachers. They also included a 2% salary increase for teachers as approved in the House budget. The \$8,133,000 includes the 2% increase and step for all eligible personnel on the teacher salary schedule. It does not include the increased level of funding required for the local portion of the teacher schedule that provides a true 2% increase in salary to teachers. This continues the District's goal of ensuring quality personnel in all positions and allows us to remain competitive with surrounding school districts.

**Teacher Certificate Upgrades *page 5, line 5* \$ 800,000**

This budget reflects pay increases for teachers upgrading current certificates to reflect higher education levels. Teachers are both required and encouraged to pursue additional training. When that training results in the attainment of an additional degree or certificate upgrade, a commensurate pay increase is mandated.

**Employer Portion Retirement Increase *page 5, line 6* \$ 2,808,000**

This budget reflects an increase in the South Carolina Retirement System employer contribution rate from 9.385% to 10.45%. This equates to an 11.34% rate increase and will be effective July 1, 2012.

**Employer Health Insurance Increase *page 5, line 7* \$ 490,000**

This budget reflects the increase in the employer contribution rate to cover additional costs of providing health coverage to employees insured by the State Health Plan for the last six months of 2012. This increase ranged from 1.033% to 7.22% and went into effect January 1, 2012.



**Greenville County Schools  
2012-2013 Proposed General Fund Expenditure Budget  
Second Reading**

**Employer Health Insurance Increase** *page 5, line 8* **\$ 1,993,000**

This budget reflects a revised 6.37% estimated increase in the employer contribution rate to cover additional costs of providing health coverage to employees insured by the State Health Plan. The House version of the Appropriations Bill included a shared employee/employer increase of 4.6% due to the rising costs of the State Health Plan. The Senate removed the 4.6% employee portion and increased the employer share to 6.37%. This increase will be effective January 1, 2013.

**Goal 4: Effectively Manage and Further Develop Financial Resources**

**Payments to Charter Schools** *page 5, line 9* **\$ 2,522,000**

The General Fund allocation to charter schools is determined per the formula as specified in State Law Section 59-40-140. The application of this formula combined with the projected increase in charter school students requires an increase of \$2,522,000 in the charter school allocation budget.

**Local Requirements**

**Goal 1: Raise the Academic Challenge and Performance of Each Student**

**Personnel for Student Growth** *page 5, line 12* **\$ 4,200,000**

This budget will fund the additional teachers and school support staff (i.e. guidance counselors, nurses, media specialists, assistant principals, etc...) necessary to serve additional students. These positions are assigned in response to growth as it occurs from the time projections are done in the spring through the opening of school. Planning and Demographics currently projects an increase of 800 students for FY 13.

**Instructional Supplies for Student Growth** *page 5, line 13* **\$ 34,902**

This budget will fund the additional cost for supplies and materials necessary to serve projected new students for the FY 13 school year.

**Goal 2: Ensure Quality Personnel in All Positions**

**Increase in Local Portion of the Teacher Salary Schedule** **\$555,000**  
*page 5, line 15*

This is the estimated cost to provide a true 2% increase for Greenville County's teacher salary schedule. This increase will help Greenville County Schools retain teachers and compete with surrounding school districts by ensuring that our teacher salaries remain in the top 25 for school districts in the State.

**Greenville County Schools  
2012-2013 Proposed General Fund Expenditure Budget  
Second Reading**

**2% Increase to Support Salary Schedules and Salary Steps \$4,484,000**  
***page 5, line 16***

This line reflects a 2% increase for all support salary schedules and the cost of step increases for eligible employees. This is only a partial cost of living increase when compared to inflation factors that have impacted our employees over the last three years. During this three year period, these employees have received only one pay increase of 1.64% in FY 12. The last year this group of employees received a step increase was in FY 09. This continues the District's goal of ensuring quality personnel in all positions and reaffirms throughout all levels of the organization the importance of all employees to the instructional program.

**Goal 3: Provide a School Environment Supportive of Learning**

**Monarch Elementary School *page 5, line 17* \$656,000**

Monarch is scheduled to open in August 2012, serving students in pre-kindergarten through fifth grade. In January 2012, personnel were hired to prepare for the school's opening. This budget will fund those positions and add the remaining support staff at the school.

**District Property/Liability Insurance Premiums *page 5, line 18* \$218,000**

Estimated premiums are based on insurance market conditions for school districts.

**Goal 4: Effectively Manage and Further Develop Financial Resources**

**Fuel for District Vehicles *page 5, line 19* \$ 50,000**

Additional funds are needed in the district fuel budget due to the sustained increase in fuel prices. During the past several years, costs saving measures within maintenance have been redirected to cover rising fuel costs. The rising price of supplies and materials now limits our ability to continue to generate these savings. Based on current trends in fuel prices and our most recent analysis we have reduced the fuel budget request as presented at the Work Session from \$250,000 to \$50,000.

**Greenville County Schools**  
**2012-2013 Proposed General Fund Expenditure Budget**  
**Second Reading**

**Reduction of Expenditures**

**Goal 4: Effectively Manage and Further Develop Financial Resources**

**Procurement Audit**    *page 5, line 22*    **(\$ 15,000)**

The Procurement department is required by law to have an external audit every three years. This allocation will not be needed for FY 13.

**Goal 3: Provide a School Environment Supportive of Learning**

**Utilities**    *page 5, line 23*    **(\$ 100,000)**

Taking into consideration the combined effects of weather conditions, utility rates, prior years' actual expenditures and our energy conservation program, we project an ability to decrease this budget.

During the past several years, the District has realized cost savings in utilities through increased efficiencies and employee awareness. This year, Duke Energy implemented a 5.2% increase in January and is projecting an additional 5.0% increase effective August 1, 2012. Although we project the ability to absorb these increases through cost saving measures and energy efficient systems, the value of our cost saving measures are being eroded by increases that exceed the rate of inflation. If there were no rate increases, we project this budget could have been reduced an additional \$1,000,000.

# Funding Gap Concern

