

BUDGET ANALYSIS OVERVIEW FY 15-16

DRAFT

		Preliminary Amount	Potential Adjustments/ Reductions	Revised Amount		
1	Note 46	KCS FY15 BUDGET		424,885,000	1	
2					2	
3	Projected Revenue Increases (Decreases)					
4	Note 22	Local Tax Revenue	8,500,000	-	8,500,000	4
5	Note 23	BEP Increase:				5
6	Note 23	Growth/Inflationary	1,900,000	-	1,900,000	6
7	Note 23	Salary Component	4,376,000	-	4,376,000	7
8	Note 7	Other State - extended contract, CL, etc.	(785,000)	-	(785,000)	8
9	Note 6	Other Revenue - indirect cost, misc.	(250,000)	-	(250,000)	9
10	Note 8	Reduction in budgeted Medicaid reimb	(344,000)	-	(344,000)	10
11	Note 29	Operating Transfer - SNP	130,000	-	130,000	11
12	Note 9	Fund Balance FY15 Approp (non recurring)	(4,270,000)	-	(4,270,000)	12
13	Note 9	Fund Balance FY16 Approp	1,000,000	-	1,000,000	13
14						14
15		PRELIMINARY REVENUE FY15-16	10,257,000	-	10,257,000	15
16						16
17						17
18	Projected Expenditure Increases (Decreases)					
19						19
20	Fixed Increases					
21	Note 16	Salary Increase - Certified (4% total)	10,015,000	-	10,015,000	21
22	Note 3	Step Increases (funded partially thru turnover):				22
23	Note 3	Certified (\$3.83m)	3,830,000	(1,915,000)	1,915,000	23
24	Note 3	Classified (\$0.89m)	894,000	(447,000)	447,000	24
25	Note 1	Debt Service	2,750,000	-	2,750,000	25
26	Note 10	Charter School	828,000	-	828,000	26
27	Note 31	Substitute Pay Incentive	300,000	-	300,000	27
28	Note 25	MYP/ IB	497,000	(250,000)	247,000	28
29	Note 13	Utilities - Increase in rates	400,000	-	400,000	29
30	Note 18	Trustee Commission	95,000	-	95,000	30
31	Note 33	ESL Expenditures	320,000	-	320,000	31
32	Note 29	SNP reimbursements	130,000	-	130,000	32
33	Note 30	Maintenance and Operations	773,000	(773,000)	-	33
34	Note 2	Transportation	250,000	-	250,000	34
35						35
36	Budget True-Ups Absorbed in Base Budget					
37	Note 1	Closed Co. DB Plan/ Disability	2,100,000	(2,100,000)	-	37
38	Note 17	Unbudgeted/BEP Positions hired FY14-15	1,741,000	(1,741,000)	-	38
39	Note 32	Sick Leave Payout	1,200,000	(1,200,000)	-	39
40	Note 4	Elementary Principals (contract extension)	325,000	(325,000)	-	40
41						41
42	Budget True-Ups Funded via Budget Transfer					
43	Note 11	Transportation (potential fuel index costs)	780,000	-	780,000	43
44	Note 20	Magnet Allocations	60,000	-	60,000	44
45	Note 24	Technology	220,000	(110,000)	110,000	45
46	Note 19	Volunteer Background Checks	150,000	-	150,000	46
47	Note 5	Workers Compensation premiums	180,000	-	180,000	47
48	Note 18	Trustee Commissions	133,000	-	133,000	48
49	Note 27	Interpreter Requests (Section 504)	70,000	-	70,000	49
50	Note 27	Athletic Insurance	54,000	-	54,000	50
51	Note 39	Fee Waiver Allocations	158,000	-	158,000	51
52	Note 37	Personal Services Accounts - LIT	(1,805,000)	-	(1,805,000)	52
53						53
54	Budget True-Ups Funded via Savings/Adjustments					
55	Note 13	Utility Costs	2,100,000	(1,500,000)	600,000	55
56	Note 28	Copier utilization at school level	700,000	(400,000)	300,000	56
57						57
58	Initiatives Funded Previously by Other Sources					
59	Note 12	TIF (TAP) - NIET Grant (Reduction in Scope)	6,000,000	(5,150,000)	850,000	59
60	Note 14	Personalized Learning	2,686,000	-	2,686,000	60
61	Note 34	Internet Service	550,000	(550,000)	-	61
62	Note 26	AVID - Great Schools	280,000	(280,000)	-	62
63						63
64		PRELIMINARY EXPENDITURES FY15-16	38,764,000	(16,741,000)	22,023,000	64
65						65
66	Note 47	DEFICIT - PRELIMINARY SUBTOTALS	28,507,000	(16,741,000)	11,766,000	66

	Preliminary Amount	Potential Adjustments/Reductions	Revised Amount
67			67
68	PRELIMINARY BUDGET REDUCTIONS - <i>FOR DISCUSSION</i>		
69	<i>School Staffing Increases (Reductions)</i>		
70	Note 45 Elementary Schools		
71		55,000	55,000
72	Note 45 Middle Schools		
73		(385,000)	(385,000)
74	Note 45 High Schools		
75		(385,000)	(385,000)
76		(300,000)	(300,000)
77			
78	<i>All Other Reductions</i>		
79	Note 15 Performance Pay (APEX) - redirect funds	(3,200,000)	(3,200,000)
80	Note 44 Project GRAD	(100,000)	(100,000)
81	Note 41 Summer Bridge (50% reduction)	(250,000)	(250,000)
82	Note 43 Reduction (approx. 10%) in timecard utilization	(233,470)	(233,470)
83	Note 35 Travel (out of county) - approx.	(135,000)	(135,000)
84	Note 38 Central Office/System-wide - approx. 4-5 FTEs	(440,000)	(440,000)
85	Note 21 Extended Contract	(300,000)	(300,000)
86	Note 36 Food Costs	(9,000)	(9,000)
87	Note 42 Additional Cuts TBD	(444,530)	(444,530)
88			
89	Note 48 Preliminary Budget Reduction Strategies	(6,127,000)	
90			
91	Note 40 Additional Revenue Needed to Fund FY16 Proposal	28,507,000	5,639,000
92			
93	TOTAL FY16 BUDGET PROPOSAL		440,781,000
94			
95	NOTE: Scenario above assumes continued funding of Mayor's \$2.87m annual Early literacy grant.		
96			
97	STRATEGIC PLAN INITIATIVES NOT IN BUDGET:		
98	Pre-K expansion, Regional Support structure, Leadership Academy (mid career), Guidance counselors, Summer School		
99	expansion, Strategic Recruiting/Staffing, PLE expansion, Technology support, Secondary School Assessments, Early Grade		
100	intervention, Balanced Calendar, Build Instructional Capacity		
101			
102	OTHER ITEMS FOR CONSIDERATION:		
103	Textbooks, Classified salary increases, BEP Reserve Positions, Workers Compensation for Certified employees		
104			
105			
106	Increase from FY15 to FY16		15,896,000
107	Percentage Increase		3.74%

- Note 1:** These items represent payments previously made in advance thru budgetary savings that otherwise would have closed into fund balance. However, the lower unreserved fund balance level now necessitates that the debt portion be included in the annual operating budget. The DB payment can be absorbed in the existing base budget (based on projected expenditure levels).
- Note 2:** Estimated increase to Transportation budget related to increase in riders, expansion of CMA, and homeless growth.
- Note 3:** Step raises for eligible employees funded in part thru employee turnover estimates.
- Note 4:** Represents contract extension to elementary principals from 226 to 255 implemented at mid-year FY15 (remaining portion to budget; annual cost at \$650k).
- Note 5:** Reflects an increase in budgeted workers comp premiums (actual pmts approx. \$280k more than budget; increased by \$100k year before); net of \$180k needed to true-up budget.
- Note 6:** Reduction in indirect costs (reduction in federal grant revenue) and other miscellaneous revenue items .
- Note 7:** Revenue amount of \$250k represents gradual reduction in career ladder revenue and drivers education funding. The Gov. also proposed reduction of extended contract revenue (amounts to \$535k for KCS). Actual spending related to extended contracts is \$750k.
- Note 8:** Budgeted at \$1.375m in FY15 (25% reduction in estimate for FY16).
- Note 9:** Lack of available fund balance above the 3% requirement possibly prevents an appropriation in FY16. If FB levels are unavailable for FY16, then an amount would need to be transferred from an existing project (e.g. new HR/payroll system) into General Purpose.
- Note 10:** Based on 120 students (K-1) at \$6900 per student. Plans would be to add two grades each year until complete at K-8 (actual amount per application).
- Note 11:** Historically paid out of operating budget (but remains unbudgeted) from surplus savings in other areas. Budget constraints necessitate the amount to begin being budgeted. Fuel index payments are in the bus contractor agreement and are only necessary when fuel prices reach a certain level.
- Note 12:** Majority of NIET TIF grant depleted effective end of FY15 (annual costs approx. \$5m-\$6m). Portion of TIF grant to be extended additional year. KCS will reduce the scope of the program (reduced number of schools); amount of \$0.85m to be programmed into the budget.
- Note 13:** Amount of \$400k represents the projected annual KUB rate increase (could continue over next 3 years). FY14 utilities expenditures exceeded budgetary amounts by \$2.1 million (there is a likelihood that FY15 costs will exceed FY15 budgeted amount as well). As such, there is a need to significantly true-up the FY16 budget. Deficit of \$2.1m to be reduced due to anticipation of less harsh winter conditions as well as continued efforts in energy management initiatives.
- Note 14:** Amount needed to program estimated recurring costs into the annual budget related to schools participating in PLE (devices \$2.00m, learning management system \$0.49m, maint. agreement \$0.32m, PD/Buck \$0.07; gross annual total is \$2.88 less \$0.20 already programmed in base budget).
- Note 15:** In lieu of APEX bonus, redirect estimated amount which otherwise would be paid to close budget deficit to fund other initiatives. Anticipated APEX annual payments of approx. \$3.2m would need to be funded entirely from the General Purpose budget. An amount of \$1m is already programmed in (remainder funded previously thru IAF and TN TIF). State requires LEAs to implement a performance pay plan (amount could possibly be reduced in future years). Amount scheduled in the FY15-16 budget represents payouts for bonuses earned in FY14-15. APEX is currently being analyzed for a possible re-design.
- Note 16:** Cost of providing an approximate 4% total salary increase (state and local portion of salary schedule) for certified employees.
- Note 17:** Unbudgeted positions (21.4 teaching, 3 Asst. Principals, 2 EAs, 2.5 Central Administration), necessitated in part due to BEP requirements.
- Note 18:** Potential increase associated with local tax revenue. Also, budget 'true-up' is necessary.
- Note 19:** Estimated additional amount to budget for volunteer background checks (total estimated cost \$200k, with \$50k already budgeted).
- Note 20:** Establish magnet allocation to CMA (approx. \$60k ea.) to treat consistently with other schools (Bearden Middle allocation included in MYP cost).
- Note 21:** Represents approx. 40% reduction in extended contract initiatives.
- Note 22:** Preliminary projections related to Property Tax of \$2m budgeted increase and Sales Tax budgeted increase of \$6.5m surplus.
- Note 23:** KCS has rec'd approx. 4.35% of total state BEP allocations over last two years. The amount of \$1.9m is based on KCS' proportionate share of the State's projected BEP increase of \$43.8m. The \$4.37m amount for the salary component is based on the State's notification.
- Note 24:** Gap between actual spending and budgeted amounts of \$220k (Discovery Ed content - United Streaming; Content website management - Schoolwires; Dell - SAN annual maintenance). Effort being made to identify potential savings/reductions in other areas to absorb the cost.
- Note 25:** Potential expenditures of \$497k associated with implementation of a MYP/ IB initiative for Bearden Middle and West High (includes 6 teaching positions, professional development/ training, textbooks, etc.). Portion of the cost (\$250k) potentially subsidized thru Great Schools Partnership.
- Note 26:** AVID to no longer be funded by Great Schools Partnership.
- Note 27:** Increase necessary to true-up the budget (to match budget with actual costs incurred).
- Note 28:** Attributed to increases in system-wide copier utilization (more copies being made, outside groups utilizing copiers, etc.) at the school level. However, the item is up for bid so cost could potentially be reduced.
- Note 29:** School Nutrition Fund reimbursements (additional amount required from General Purpose resulting from unpaid charges). Cost to be offset by additional amount funded by the Food Service Dept. via operating transfer/indirect cost charges.
- Note 30:** Increase related to cost/demand for custodial supplies (\$450k), lawn mowing services (\$200k), and boiler insurance premiums (\$123k, premium rate increase, new campuses - Northshore and Carter). Efforts being made to identify a reallocation/reduction within the maintenance budget in order to absorb the increase.
- Note 31:** Incentive pay increase for substitutes working in hard to staff schools (estimated based on \$30k- \$50k additional per month at 10 months). This would result in an annual increase of \$300k to \$500k.
- Note 32:** Budgetary increase in sick leave payout (FY15 budget of \$1.1m; actual of \$2.3m in FY14)
- Note 33:** Requirement of two additional ESL teachers and seven interpreters (2 @ \$55k and 7 @ \$30k).
- Note 34:** Estimate of \$550k needed to maintain internet services, IP voice deployment, etc. previously funded thru E-Rate discounts. Efforts being made to identify potential savings in other areas.
- Note 35:** Estimated cost of employee out of county travel (does not include travel reimbursements for itinerant positions).
- Note 36:** Elimination of food costs throughout the budget.
- Note 37:** Portion of budget true-ups can be funded thru a base budget line-item transfer and employee turnover from unspent personal services accounts.
- Note 38:** Represents elimination of four to five positions.
- Note 39:** Represents an adjusted increase to fee waiver allocations (a reallocation methodology change in FY15; additional amounts granted to high schools).
- Note 40:** Amount of \$5,639,000 reflects the remainder needed to grant a 4% average salary increase to certified employees. The estimated total cost of granting a 4% salary increase is \$10,015,000 (the State will fund \$4,376,000 of the amount, leaving a balance of \$5,639,000).
- Note 41:** Reduction of approx. 50% in scope of Summer Bridge (\$500k funded in General Purpose, \$100 funded thru Great Schools Partnership).
- Note 42:** Amount of reductions still needed to arrive at the requested budgetary amount (does not include unfunded requirements).
- Note 43:** Implement timecard utilization protocol. General Purpose FY14 expenditures amounted to approx. \$2.36 million.
- Note 44:** Slight reduction of budgeted payments for Project GRAD contracted services.
- Note 45:** Reflects changes as a result of the school staffing calculation.
- Note 46:** Amount represents the FY14-15 General Purpose adopted budget.
- Note 47:** Represents the delta between estimated expenditures less projected revenue.
- Note 48:** Represents the items identified for potential budget reduction strategies.