

Ray-Pec School Board Update
Budget Work Session
Feb. 7, 2012

This is a summary of the Ray-Pec Board of Education work session on Feb. 7, 2012. This is an unofficial record. The official minutes of each board meeting are posted on the district web site at:

<http://www.boarddocs.com/mo/rpsd/Board.nsf/Public>

Action item

Student Registration Software

The board voted 5-0 to reject all bids received for student registration software. Bids were received from Infosnap, SRC Solutions and Registrar Systems.

The district advertised in January for bids on software for student registration. Such software would allow the district to streamline the registration process for returning students by allowing much of the process to be conducted electronically. On Jan. 23, the date of the bid opening, the district's provider of Student Information Services (SIS) informed the district that it is interested in developing such a software program. Ray-Pec plans to be in a pilot group with other school districts to use the new program.

Information item – Budget work session

The primary purpose of the work session was to discuss the district budget. This is the time of year that the district begins to plan its budget for the next school year. Principals and department heads submit budget requests in January. The requests are reviewed during February, and information is gathered about increases to employee benefits and/or retirement. Historical data and information from the state and county is used to estimate revenue and expenses. The district administration begins to develop the budget during March. The board usually approves the final budget in June. The new fiscal year begins July 1.

The work session provided an opportunity to board members to review some of the information used to develop the budget and to discuss board priorities for the budget. The board reviewed information detailing 16 different budget scenarios of various revenue and expenditure projections. No action was taken about the budget.

Here is a list of information that was reviewed and discussed:

Assessed valuation

The board reviewed the assessed valuation of the district from 2007, when the total grew by 9.49 percent, through 2011, when the total decreased by 0.53 percent. The district's assessed valuation for 2011 was \$454,165,363. The district projected growth at 1 percent for years 2012-2016 and provided those projected assessed valuation figures for the board's review.

Budget Revenue

Board members reviewed a table showing the budget revenue by source for 2011-2012. The school district receives most of its revenue from property taxes, the state's foundation formula, the state Classroom Trust Fund, and sales tax. Additional funding comes from some other federal, state and local sources. For the current year's budget, the revenue totals \$56,224,799. Each 1 percent increase in assessed valuation equals approximately \$228,885 in additional revenue.

Tax levy

The board reviewed the district's tax levy from 2007-08 through the current year. The levy has been 5.0397 all five years. A tax increase of 10 cents equals approximately \$454,164 in additional revenue.

Revenue projection for 2012-2013

Chief Financial Officer Kendra Hutsell prepared information showing that the preliminary budget estimates beginning the year with an unrestricted operating fund balance of \$11 million, which is \$1 million less than the start of the current year.

State foundation funding has declined the last five years, and the district expects decreases for 2012-13 and beyond. Local assessed values for our district are not increasing. Federal funds are not increasing, and increased stimulus funding is not expected. Our federal revenues are grants and entitlement-based funds.

The board reviewed four budget scenarios based on information from the Missouri Department of Elementary and Secondary Education. The scenarios ranged from gaining \$150,779 to a loss of \$487,640.

Expense projections

Anticipated increases in operating expenses include moving each employee on the salary schedule, increased pay for employees who earn additional education, and increased health insurance premiums (of 12.9 percent). A 6 percent increase in transportation costs is projected. Overall costs are being projected to increase from 1 to 3 percent.

Fund balance

Current revenues and discontinued federal funding will not meet the district's expenditure needs over the next five years, and do not allow for increased staffing, supplies and equipment. The district administration presented 16 scenarios of various revenue and expenditure projections. Ending fund balance projections reflect negative balances for the district in five years.

Proposed 2012-2013 budget parameters

As the district prepares the 2012-2013 budget, district administrators asked the board consider these budget parameters:

- to build a fiscally responsible budget by exploring options for increased revenues and operating efficiencies
- to operate all salary schedules
- to continue funding salary increases due to educational credit advancement
- to fully fund current employee benefit projects for eligible employees, even through the benefits costs continue to increase.

Operation of all current salary schedules would mean that wages would increase by \$508,726. Employee benefits (including an 18 percent increase for health insurance) would increase by \$369,567.

Capital projects fund

The board reviewed the past five years of capital expenditures, and payments for four outstanding capital lease projects.

Staff benefits

The district is required to make contributions for employee retirement systems at a rate of 14.5 percent for certified staff (teachers and most administrators) and 6.86 percent for classified staff. The district anticipates an increase of 12.9 percent in the cost of employee health insurance. CBIZ, the district's insurance broker, will have information at the Feb. 23 board of education meeting. The district's annual average rate increase in health insurance for the last nine years was 2.68 percent. The district's claims loss ratio is currently 121 percent.

Budget requests

Budget requests submitted for the 2012-2013 school year include: staffing changes of more than \$909,000, additional salary and non-salary requests of \$404,725, and new program requests of \$223,030.

Other information

The board reviewed current staffing and enrollment numbers, as well as projections for 2013. The board also reviewed the projected textbook adoption budget for the next five years.