

2017-2018 Budget Discussion M&O Tax Rate and Expenditure Patterns

April 3, 2017

Topics

- M&O tax rate
 - Fund balance
 - Expenditure categories
 - Base obligations
 - Spending requirements
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M&O Tax Rate

- State revenue declines with tax rates below a \$1.04
 - State revenue increases with tax rates up to a \$1.06
 - Recapture begins above a tax rate of \$1.06
 - Equalized wealth level
 - Level 1 - \$514,000, above this level no state funding, recapture payments
 - Level 2 - \$319,500, above this level some state funding, recapture above \$1.06
 - RISD - \$414,000 (estimated for 2017-18), \$369,000 (estimated for 2016-17)
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Impact of M&O Tax Rate Changes on Revenue and Recapture

M&O Revenue Analysis

Certified Value for 16-17	FY 16-17 Adopted Budget	Estimated Certified Value 17-18				
		6.00%	6.00%	6.00%	6.00%	6.00%
\$20,279,100,280		\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297
Current Tax Rate		1.00000	1.01000	1.02000	1.03000	1.04005
		214,958,463	217,108,048	219,257,632	221,407,217	223,567,549
		98%	98%	98%	98%	98%
CY Tax Revenue	\$ 187,123,277	\$ 210,659,294	\$ 212,765,887	\$ 214,872,480	\$ 216,979,073	\$ 219,096,198
PY Tax Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
State Revenue	86,527,097	64,053,111	66,824,412	69,801,182	72,777,951	75,443,306
TRS On Behalf	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168
Other Local Revenue	8,494,505	8,635,000	8,635,000	8,635,000	8,635,000	8,635,000
Total Revenue	<u>\$ 298,602,047</u>	<u>\$ 299,804,573</u>	<u>\$ 304,682,467</u>	<u>\$ 309,765,830</u>	<u>\$ 314,849,192</u>	<u>\$ 319,631,672</u>
Increase from Prior Year		<u>\$ 1,202,526</u>	<u>\$ 6,080,420</u>	<u>\$ 11,163,783</u>	<u>\$ 16,247,145</u>	<u>\$ 21,029,625</u>
Impact of Each 1 cent change in the tax rate						
Tax Revenue		\$ (2,106,593)	\$ (2,106,593)	\$ (2,106,593)	\$ (2,117,126)	
State Revenue		\$ (2,771,301)	\$ (2,976,770)	\$ (2,976,769)	\$ (2,665,355)	
Total Impact		<u>\$ (4,877,894)</u>	<u>\$ (5,083,363)</u>	<u>\$ (5,083,362)</u>	<u>\$ (4,782,481)</u>	

Impact of M&O Tax Rate Increases on Revenue and Recapture

M&O Revenue Analysis

Certified Value for 16-17	FY 16-17		Estimated Certified Value 17-18				
	Adopted Budget	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
\$20,279,100,280		\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297
Current Tax Rate		1.04005	1.05000	1.06000	1.07000	1.08000	1.09000
		223,567,549	225,706,386	227,855,971	230,005,555	232,155,140	234,304,725
		98%	98%	98%	98%	98%	98%
CY Tax Revenue	\$ 187,123,277	\$ 219,096,198	\$ 221,192,258	\$ 223,298,851	\$ 225,405,444	\$ 227,512,037	\$ 229,618,630
PY Tax Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
State Revenue	86,527,097	75,443,306	78,731,491	81,708,261	81,708,146	81,708,032	81,707,918
TRS On Behalf	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168
Other Local Revenue	8,494,505	8,635,000	8,635,000	8,635,000	8,635,000	8,635,000	8,635,000
Total Revenue	\$ 298,602,047	\$ 319,631,672	\$ 325,015,917	\$ 330,099,280	\$ 332,205,758	\$ 334,312,237	\$ 336,418,716
Increase from Prior Year		\$ 21,029,625	\$ 26,413,870	\$ 31,497,233	\$ 33,603,711	\$ 35,710,190	\$ 37,816,669
Impact of Each 1 cent change in the tax rate							
Tax Revenue			\$ 2,096,060	\$ 2,106,593	\$ 2,106,593	\$ 2,106,593	\$ 2,106,593
State Revenue			3,288,185	2,976,770.00	(115.00)	(114.00)	(114.00)
Total Impact			\$ 5,384,245	\$ 5,083,363	\$ 2,106,478	\$ 2,106,479	\$ 2,106,479
Recapture Payment				\$ -	\$ 875,695	\$ 873,776	\$ 1,253,616
Change in Recapture Payment				\$	\$ 875,695	\$ (1,919)	\$ 379,840

Impact of M&O Tax Rate Increases on Revenue and Recapture continued

M&O Revenue Analysis

Certified Value for 16-17	Estimated Certified Value 17-18								
	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
\$20,279,100,280	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297	\$ 21,495,846,297
Current Tax Rate	1.10000	1.11000	1.12000	1.13000	1.14000	1.15000	1.16000	1.17000	
	236,454,309	238,603,894	240,753,479	242,903,063	245,052,648	247,202,232	249,351,817	251,501,402	
	98%	98%	98%	98%	98%	98%	98%	98%	98%
CY Tax Revenue	\$ 231,725,223	\$ 233,831,816	\$ 235,938,409	\$ 238,045,002	\$ 240,151,595	\$ 242,258,188	\$ 244,364,781	\$ 246,471,374	
PY Tax Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
State Revenue	81,707,803	81,707,689	81,707,575	81,707,461	81,707,346	81,707,232	81,707,118	81,707,003	
TRS On Behalf	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168	15,457,168	
Other Local Revenue	8,635,000	8,635,000	8,635,000	8,635,000	8,635,000	8,635,000	8,635,000	8,635,000	
Total Revenue	\$ 338,525,194	\$ 340,631,673	\$ 342,738,152	\$ 344,844,631	\$ 346,951,109	\$ 349,057,588	\$ 351,164,067	\$ 353,270,545	
Increase from Prior Year	\$ 39,923,147	\$ 42,029,626	\$ 44,136,105	\$ 46,242,584	\$ 48,349,062	\$ 50,455,541	\$ 52,562,020	\$ 54,668,498	
Impact of Each 1 cent change in the tax rate									
Tax Revenue	\$ 2,106,593	\$ 2,106,593	\$ 2,106,593	\$ 2,106,593	\$ 2,106,593	\$ 2,106,593	\$ 2,106,593	\$ 2,106,593	
State Revenue	(115.00)	(114.00)	(114.00)	(114.00)	(115.00)	(114.00)	(114.00)	(115.00)	
Total Impact	\$ 2,106,478	\$ 2,106,479	\$ 2,106,479	\$ 2,106,479	\$ 2,106,478	\$ 2,106,479	\$ 2,106,479	\$ 2,106,478	
Recapture Payment	\$ 1,671,558	\$ 2,089,533	\$ 2,507,541	\$ 2,925,580	\$ 3,343,650	\$ 3,761,750	\$ 4,179,880	\$ 4,598,037	
Change in Recapture Payment	\$ 417,942	\$ 417,975	\$ 418,008	\$ 418,039	\$ 418,070	\$ 418,100	\$ 418,130	\$ 418,157	

Fund Balance

- Board Policy CA(Local) – Fiscal Management Goals and Objectives
 - Maintain appropriate fund balance reserves
 - Fund balance classifications
 - Nonspendable – Not expendable or is legally earmarked for a specific use (inventory)
 - Restricted – Amounts constrained by the provider (grants)
 - Committed – Amounts constrained by the Board (self insurance)
 - Assigned – Amount earmarked for a specific purpose by the Superintendent or deputy superintendent of finance (construction, claims, encumbrances, compensated absences, extraordinary repair and replacement)
 - Unassigned – Remaining fund balance
 - State revenue received in September, October, and August
 - Property tax payments primarily received November through February
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Fund Balance History – General Fund

	Fiscal Year Ended 6/30/2012	Fiscal Year Ended 6/30/2013	Fiscal Year Ended 6/30/2014	Fiscal Year Ended 6/30/2015	Fiscal Year Ended 6/30/2016
Nonspendable:					
Inventories	\$ 328,503	\$ 619,677	\$ 509,730	\$ 578,764	\$ 665,102
Assigned to:					
Construction	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Claims and judgements	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Contingency for wireless project	5,000,000	3,582,913	3,582,913		
Compensated absences	638,939				
Encumbrances	1,640,596				
Extraordinary repair and replacement	4,000,000				
Employee compensation	4,300,000				
Other assigned fund balance		6,218,823	6,627,862	10,264,492	6,017,389
Unassigned	<u>75,234,542</u>	<u>78,152,263</u>	<u>79,738,094</u>	<u>81,159,486</u>	<u>80,050,869</u>
	<u>\$ 96,142,580</u>	<u>\$ 93,573,676</u>	<u>\$ 95,458,599</u>	<u>\$ 97,002,742</u>	<u>\$ 91,733,360</u>
% of unassigned fund balance	30.5%	31.1%	29.9%	29.0%	27.4%
Months of unassigned fund balance	3.7	3.7	3.6	3.5	3.3

How Are Expenditures Tracked

- **Function** – Represents a general operational area
 - 11 – Instruction: teacher salaries and classroom supplies
 - 23 – School leadership: principal and campus base attendance personnel salaries
 - 51 – Plant maintenance and operations: utilities, custodial, maintenance
 - **Object** – Represents the nature of an expenditure
 - 6119 – Salaries or wages: Teachers and other professional personnel
 - 6259 – Utilities
 - 6399 – General supplies
 - **Program Intent Code (PIC)** – Represents instruction and other services directed toward a particular need of a specific set of students
 - 23 – Special education
 - 24 – Accelerated education
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Expenditures by Function – General Fund

	Fiscal Year Ended <u>6/30/2012</u>		Fiscal Year Ended <u>6/30/2013</u>		Fiscal Year Ended <u>6/30/2014</u>		Fiscal Year Ended <u>6/30/2015</u>		Fiscal Year Ended <u>6/30/2016</u>	
11- Instruction	\$ 158,325,054	64.20%	\$ 162,680,930	64.71%	\$ 174,060,290	65.21%	\$ 178,898,386	63.90%	\$ 186,432,986	63.83%
12 - Instructional Resources and Media Services	4,623,213	1.87%	4,713,331	1.88%	4,794,471	1.80%	4,980,972	1.78%	5,073,644	1.74%
13 - Curriculum Development and Staff Developme	2,585,709	1.05%	2,734,519	1.09%	2,951,866	1.11%	3,738,120	1.34%	4,202,283	1.44%
21 - Instructional Leadership	4,379,477	1.78%	4,384,926	1.74%	4,713,088	1.77%	4,558,832	1.63%	4,718,491	1.62%
23 - School Leadership	17,934,337	7.27%	18,166,181	7.23%	19,089,597	7.15%	20,142,004	7.19%	20,749,157	7.11%
31 - Guidance, Counseling and Evaluation Services	9,054,240	3.67%	9,367,997	3.73%	9,350,875	3.50%	12,778,631	4.56%	13,856,344	4.75%
32 - Social Work Services	731,517	0.30%	741,248	0.29%	767,299	0.29%	873,326	0.31%	827,455	0.28%
33 - Health Services	3,351,736	1.36%	3,514,831	1.40%	3,716,429	1.39%	3,955,977	1.41%	4,197,720	1.44%
34 - Student Transportation	2,862,045	1.16%	4,334,876	1.72%	4,553,984	1.71%	5,194,781	1.86%	5,537,229	1.90%
35 - Food Services	-	0.00%	76,607	0.03%	-	0.00%	-	0.00%	-	0.00%
36 - Extracurricular Activities	5,442,288	2.21%	5,341,347	2.13%	5,682,730	2.13%	5,618,949	2.01%	5,941,510	2.03%
41 - General Administration	8,108,699	3.29%	7,191,798	2.86%	7,160,048	2.68%	6,951,674	2.48%	7,814,558	2.68%
51 - Facilities Maintenance and Operations	22,762,998	9.23%	21,602,944	8.59%	23,164,210	8.68%	24,991,911	8.93%	24,727,270	8.47%
52 - Security and Monitoring Services	1,460,526	0.59%	1,448,386	0.58%	1,484,653	0.56%	1,542,096	0.55%	1,627,869	0.56%
53 - Data Processing Services	3,957,670	1.60%	4,009,554	1.60%	4,361,283	1.63%	4,684,033	1.67%	5,098,678	1.75%
61 - Community Services	143,738	0.06%	144,595	0.06%	158,948	0.06%	177,474	0.06%	222,631	0.08%
71 - Debt Service	26,964	0.01%	26,964	0.01%	5,410	0.00%	12,785	0.00%	6,392	0.00%
81 - Facilities Acquisition and Construction	-	0.00%	13,600	0.01%	-	0.00%	-	0.00%	-	0.00%
95 - Payments to JJAEP	-	0.00%	342	0.00%	8,208	0.00%	4,368	0.00%	3,000	0.00%
99 - Other Intergovernmental Charges	866,366	0.35%	857,298	0.34%	874,517	0.33%	896,510	0.32%	929,897	0.32%
	<u>\$ 246,616,577</u>	<u>100.00%</u>	<u>\$ 251,352,274</u>	<u>100.00%</u>	<u>\$ 266,897,906</u>	<u>100.00%</u>	<u>\$ 280,000,829</u>	<u>100.00%</u>	<u>\$ 291,967,114</u>	<u>100.00%</u>

Expenditures by Object – General Fund

	Fiscal Year Ended <u>6/30/2012</u>		Fiscal Year Ended <u>6/30/2013</u>		Fiscal Year Ended <u>6/30/2014</u>		Fiscal Year Ended <u>6/30/2015</u>		Fiscal Year Ended <u>6/30/2016</u>	
Payroll	\$ 220,067,010	89.24%	\$ 225,746,669	89.82%	\$ 240,279,376	90.03%	\$ 251,600,489	89.87%	\$ 262,820,919	90.03%
Professional and Contracted Services	17,282,081	7.01%	16,309,404	6.49%	16,844,271	6.31%	18,969,727	6.77%	19,249,792	6.59%
Supplies and Materials	6,619,183	2.68%	6,435,321	2.56%	6,717,602	2.52%	6,529,170	2.33%	6,534,653	2.24%
Other Operating	2,527,339	1.02%	2,826,440	1.12%	3,043,818	1.14%	2,857,926	1.02%	3,340,771	1.14%
Debt Service	26,964	0.01%	26,964	0.01%	5,410	0.00%	12,785	0.00%	6,392	0.00%
Capital Outlay	94,000	0.04%	7,476	0.00%	7,429	0.00%	30,732	0.01%	14,587	0.00%
	<u>\$ 246,616,577</u>	<u>100.00%</u>	<u>\$ 251,352,274</u>	<u>100.00%</u>	<u>\$ 266,897,906</u>	<u>100.00%</u>	<u>\$ 280,000,829</u>	<u>100.00%</u>	<u>\$ 291,967,114</u>	<u>100.00%</u>

Base Obligations – General Fund

	Fiscal Year Ended <u>6/30/2012</u>		Fiscal Year Ended <u>6/30/2013</u>		Fiscal Year Ended <u>6/30/2014</u>		Fiscal Year Ended <u>6/30/2015</u>		Fiscal Year Ended <u>6/30/2016</u>	
Payroll	\$ 220,067,010	89.24%	\$ 225,746,669	89.82%	\$ 240,279,376	90.02%	\$ 251,600,489	89.86%	\$ 262,820,919	90.01%
Utilities	7,243,510	2.94%	5,997,876	2.39%	6,786,875	2.54%	7,825,533	2.79%	7,046,291	2.41%
Student Transportation	2,862,045	1.16%	4,334,876	1.72%	4,553,984	1.71%	5,194,781	1.86%	5,537,229	1.90%
Dallas County Appraisal District	866,366	0.35%	857,298	0.34%	874,517	0.33%	895,510	0.32%	929,897	0.32%
Election Cost	33,506	0.01%	282,935	0.11%	309,441	0.12%	-	0.00%	341,690	0.12%
Insurance Cost	208,558	0.08%	209,707	0.08%	214,583	0.08%	244,798	0.09%	229,726	0.08%
Gasoline and Other Fuels	311,329	0.13%	276,908	0.11%	260,624	0.10%	208,247	0.07%	161,059	0.06%
All other costs	<u>15,024,253</u>	<u>6.09%</u>	<u>13,646,005</u>	<u>5.43%</u>	<u>13,618,506</u>	<u>5.10%</u>	<u>14,031,471</u>	<u>5.01%</u>	<u>14,900,303</u>	<u>5.10%</u>
	<u>\$ 246,616,577</u>	<u>100.00%</u>	<u>\$ 251,352,274</u>	<u>100.00%</u>	<u>\$ 266,897,906</u>	<u>100.00%</u>	<u>\$ 280,000,829</u>	<u>100.00%</u>	<u>\$ 291,967,114</u>	<u>100.00%</u>

General Fund Spending Requirements - State

- Allotments
 - Special Education - 52%
 - Career and Technology – 58%
 - Gifted & Talented – 55%
 - Compensatory Education – 52%
 - Bilingual Education – 52%
 - High School Allotment – 100%
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Allotment Spending for 2015-2016

Program Intent Codes - Allotments			
28.	11-Regular Program Allotment	\$194,722,706	\$192,363,176
29.	23-Special Education Adjusted Allotment (spend 52% of amount)	\$24,286,953	\$23,762,735
30.	22-Career and Technology Allotment (spend 58% of amount)	\$7,879,343	\$9,008,919
31.	21-Gifted & Talented Adjusted Allotment (spend 55% of amount)	\$1,205,498	\$1,219,758
32.	24-Compensatory Education Allotment (spend 52% of amount)	\$25,763,346	\$25,770,046
33.	25-Bilingual Education Allotment (spend 52% of amount)	\$4,897,580	\$5,126,874
34.	11-Public Education Grant	\$0	\$0
35.	99-New Instructional Facility Allotment	\$0	\$0
36.	99-Transportation Allotment	\$0	\$0
37.	31-High School Allotment	\$2,624,600	\$2,573,350
38.	Total Cost of Tier I	\$261,380,026	\$259,824,858
39.	Less Local Fund Assignment	(\$171,052,029)	(\$171,052,029)
40.	State Share of Tier I	\$90,327,997	\$88,772,829

General Fund Spending Requirements - Federal

- IDEA B maintenance of effort
 - A school district must expend in the current year for special education 100% of what it spent last year from state and local funds.
 - NCLB maintenance of effort
 - A school district must expend in the current year at least 90% of what it spent last year from state and local funds.
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