



Reductions Including House Bill 200 Local School District Impact Owen County Schools

Proposed Reductions to Funding:	2017-2018	Proposed	Reduction
Transportation (already underfunded by 44%)	\$753,120	\$293,719.00	(\$459,401.00)
Textbooks & Professional Development	\$70,353	\$0	(\$70,353.00)
Employee Health Insurance	0	107,440	(\$107,440.00)
Family Resource & Youth Service Centers	\$153,045	\$140,886	(\$12,159.00)
Community Education Grant	\$20,000	\$0	(\$20,000.00)
Transfer from Bldg. Fund to Gen Fund	\$454,000	\$0	(\$454,000.00)
TOTAL OF PROPOSED FUNDING REDUCTIONS			(\$1,123,353.00)
Other Known Increases in Expenses for 2018-2019:			
District Increase in Retirement Contribution for CERS			\$216,974.00
Annual Increase in Cost to District for Employees			\$144,610.00
Salary: Experience/Rank Change			
TOTAL KNOWN INCREASES			\$361,584.00
TOTAL OF PROPOSED REVENUE REDUCTIONS AND KNOWN INCREASE OF EXPENSES			\$1,484,937.00

*Most of the reductions are recurring reductions, not one-time reductions.

Too much for administration?

According to Kentucky Department of Education documents from 2016-2017, Owen County is ranked 50 of the 173 districts regarding administrative costs with a percentage of 23.7%. A reduction of 12% within House Bill 200, **IF** legal, would amount to \$300,482, which is not much more than the requirements to meet the increase in the County Employee retirement contribution.

What expenses make up administration costs?

Some of the expenses that make up the administration costs are: Board per diem, board training, policy services, employee drug testing, property insurance, general liability insurance, PSST Services, OVEC dues, consortium costs, workers compensation insurance, Superintendent Office salaries and benefits, property tax collection fees, audit services, finance department salaries and benefits, MUNIS hosting fees, financial forms/supplies for district, Technology Director, Network Administrator, District Technology Assistant salaries and benefits, and district purchased technology hardware and software.

Excessive Reserve Funds?

Owen County has an estimated reserve fund at 2018 fiscal year end close of approximately 5.89% of the budget. This is the equivalent of operating expenses for 1.5 months. By law, school districts must maintain only a 2% reserve, however in a financial emergency, a 2% reserve would not allow payment of bills, including payroll, the following month.

What about State vs. Local Funding?

State funding has remained \$3,981 per student since 2015, even though there have been increased costs to districts. This results in the citizens and families of Owen County Schools contributing more in local taxes to support the school district.

Owen County School Transportation Facts

28 buses in the fleet travel an average of 2,508 miles per day. 14 of the 28 route buses are 2008 models and older.

Cost of a new bus \$88,184.00 without air conditioning.

Since 2010, the District has purchased one new bus, refurbished 9 buses and financed 6 buses through KISTA purchasing option.

KRS 157.370 requires school districts to transport students residing one mile or more away from school. This includes no consideration of road conditions, availability of sidewalks, density of population or safety of students.

In Owen County, approximately 85% of students are transported to and from school each day. Based on lack of funding, the district could reduce or consolidate routes forcing longer bus time and forcing many students to find alternative transportation to and from school.

School districts are also not required to provide transportation for extra-curricular activities, meaning costs could be shifted to booster clubs, parents and caregivers.

Reductions Including House Bill 200 Continued

Property and Franchise Tax Cannot Make Up the Difference of the Budget Shortfall	
2014-2015 Property Tax Collected	\$2,780,951.39
2015-2016 Property Tax Collected	\$2,863,411.19
2016-2017 Property Tax Collected	\$3,130,195.44
Average Increase Past 2 Years	\$174,622.03
2014-2015 Franchise Tax Collected	\$738,008.22
2015-2016 Franchise Tax Collected	\$717,820.01
2016-2017 Franchise Tax Collected	\$766,899.14
Average Increase Past 2 Years	\$14,445.46
2014-2015 Motor Vehicle Tax Collected	\$425,470.33
2015-2016 Motor Vehicle Tax Collected	\$457,875.10
2016-2017 Motor Vehicle Tax Collected	\$496,686.29
Average Increase Past 2 Years	\$35,607.98
2014-2015 Utility Tax Collected	\$501,563.32
2015-2016 Utility Tax Collected	\$474,161.98
2016-2017 Utility Tax Collected	\$510,240.43
Average Increase Past 2 years	\$4,338.55
Total Average Increase Past 2 Years for all Local Tax	\$229,014.02

In the past 2 years expenses have increased from \$14,015,996.35 in 2014-2015 to \$14,864,933.70 in 2016-2017 which is an average increase the past 2 years of **\$424,468.68**.

The Senate Pension Reform Bill (SB 1) has also proposed school districts to contribute an additional 2 percent of pay for new teachers who are part of the hybrid cash balance plan. This cost will only be on new teachers but will eventually be added to school district costs for all teachers. Owen County averages 5-8 new teachers each year. For each new teacher the cost to the district for the unfunded pension reform bill currently would be \$693.00 times 8 equaling \$5,544.00.

If we use the total current certified staff salaries for 2017-2018 and multiply \$6,620,680.84 by 2% the cost to the district will eventually be \$132,413.62 and higher because of increasing teacher salaries with no funding to cover this extra cost.