

# Allegheny County Board of Education



## FY2015 Budget Update

**May 13, 2014**

# Fiscal Year 2015 Operating Budget

- ACPS Presented a recommended budget of \$110M
- Included a 3% increase requested from County Government
- County's Preliminary Budget
  - No increase as requested
  - Decreases funding to MOE which is a **\$352,000 reduction** from current year funding
  - Requires a cut of \$1.2M from recommended budget

# Fiscal Year 2015 Operating Budget

- Third Consecutive Year of funding at MOE – the lowest amount allowed by Maryland Law
- Since 2009 we have lost about \$11M in state revenues and \$880,000 in county revenues excluding pensions
  - The FY2015 County Appropriation is recommended to be near the FY 2007 appropriation excluding pension
  - Some Impacts
    - Over 140 full time positions eliminated
    - Larger Class Sizes
    - No COLA's for Units II, III, IV (non teachers) since 2010
    - Teachers (Unit I) received a 1% COLA in 2011 and gave back a negotiated 1% COLA in 2012

# Fiscal Year 2015 Operating Budget

- County's Stated Rationale for Reduction to MOE Funding
  - Decreased Enrollment
  - Pension Shift

# Decreased Enrollment

- No other county funded agency has experienced a reduction in funding due to a loss in county population. In fact, most have increased to meet needs
- In 2 Fiscal Years (since 2013) ACPS enrollment decreased by 101, or by **1.2%**
- In **just 2 years** (from 2010 to 2012) the total population in Allegany County decreased by 1075 or **1.4%\***
- The County Appropriation since 2013 has decreased by \$669K excluding pensions or **2.3 %**

\*Source: US Census Bureau

# Pension Shift

- Considering the following factors concerning the pension shift, Allegany County Government is dollars ahead – not at a deficit
  - Reduction of funding to MOE since FY 2013
  - Supplemental Disparity Grant disbursements
  - Increased MOE to cover pension shift

# Fund Balance

- Since FY 2013 we have used about \$3M of fund balance each year to avoid catastrophic programmatic cuts to Pre-K -12
- Close management of the Operating Budget returns any unspent funds to the Fund Balance at year end.
- Fund Balance will be depleted after FY 2016

## Some Historical County Appropriations Amounts In Thousands

		<b>FY09</b>	<b>Preliminary FY15</b>	<b>Difference</b>	<b>% Difference</b>			
<b>HRDC</b>	\$	708	\$	737	\$	29	\$	4.10%
<b>Library</b>	\$	905	\$	947	\$	42	\$	4.64%
<b>Fire Companies</b>	\$	1,012	\$	1,034	\$	22	\$	2.17%
<b>Health Department</b>	\$	1,208	\$	1,422	\$	214	\$	17.72%
<b>Allegany College</b>	\$	7,425	\$	7,555	\$	130	\$	1.75%
<b>Board of Education</b>	\$	28,450	\$	27,571	\$	(879)	\$	-3.09%
<b>Total</b>	\$	39,708	\$	39,266	\$	(442)	\$	-1.11%
<b>County Detention Center</b>	\$	6,539	\$	7,162	\$	623	\$	9.53%

Source: Allegany County Government Budgets, Audit, & FY15 Preliminary Budget

Note: Board of Education Excludes Pension Appropriation



## The Pension Shift Effect On County Government

- County government will receive over \$ 6 million in revenues for the teacher pension shift in 3 years from the State of Maryland
- Only \$5.2 million will be paid out for the teacher pension shift in three years to the school system
- The school system will pay the State of Maryland \$5.2 million over three years for the teacher pension shift
- County government has continued to reduce the operating appropriation by \$669,000 over three years
- County government has \$1.5 million of additional resources after increased maintenance of effort payments

# FY2015 County Preliminary Budget

	FY15 Request	FY15 County Preliminary Budget	Difference	% Difference
Operating	\$28,832,291	\$27,570,891	<b>-\$1,261,400</b>	<b>-4.4%</b>
Pension	\$1,847,253	\$1,847,253	<b>\$0</b>	<b>0.0%</b>
<b>Total Appropriation</b>	<b>\$30,679,544</b>	<b>\$29,418,144</b>	<b>-\$1,261,400</b>	<b>-4.1%</b>

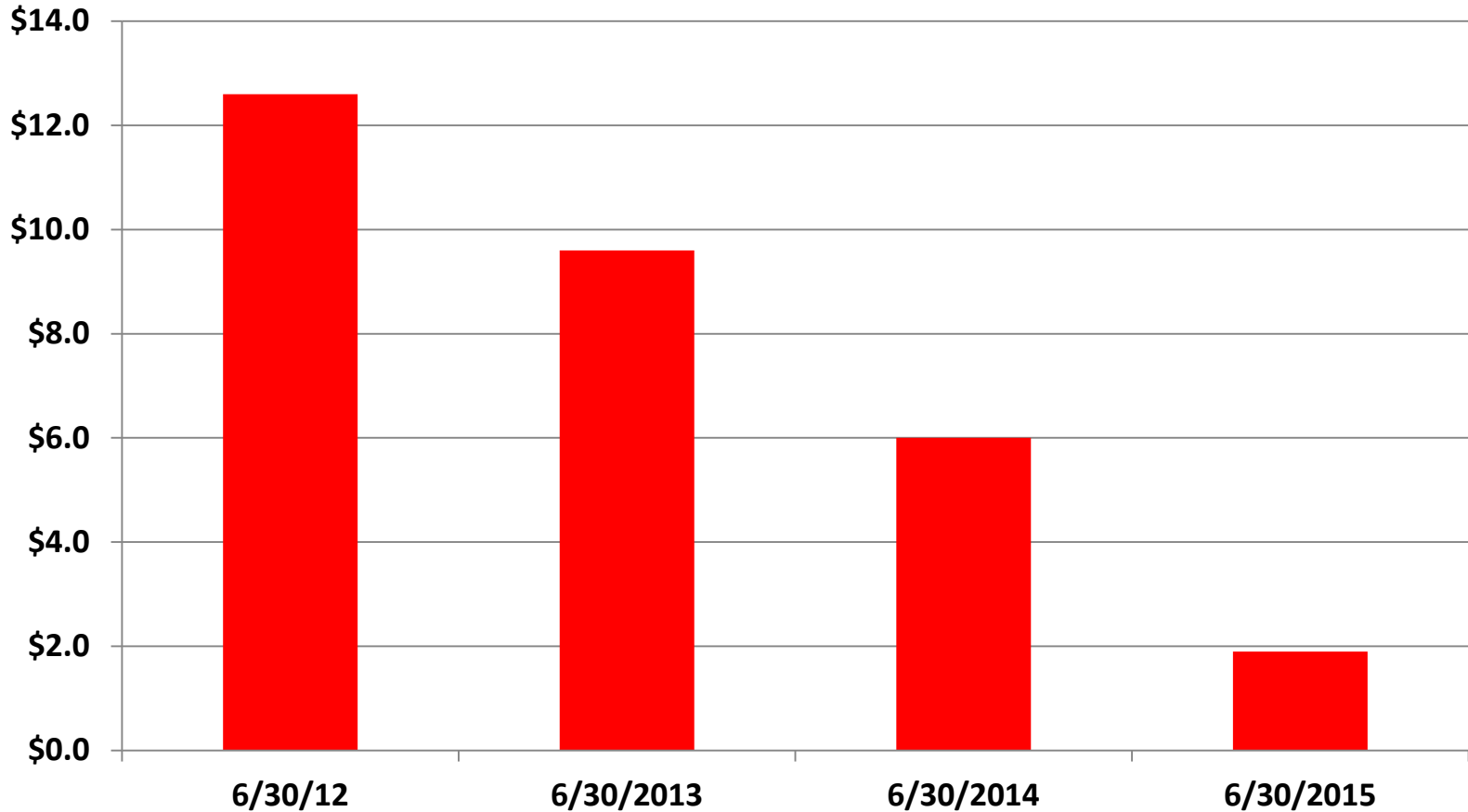
**Note: FY2015 Recommendation is at the required state minimum**

# County Government Appropriation Comparison

	FY14	FY15 County Preliminary Budget	Difference	% Difference
Operating	\$27,884,291	\$27,570,891	<b>-\$313,400</b>	<b>-1.1%</b>
Pension	\$1,885,754	\$1,847,253	<b>-\$38,501</b>	<b>-2.0%</b>
<b>Total Appropriation</b>	<b>\$29,770,045</b>	<b>\$29,418,144</b>	<b>-\$351,901</b>	<b>-1.2%</b>

**Note: FY2015 Recommendation is at the required state minimum**

# Board of Education Actual and Projected Fund Balance



Fund balance is the savings account of the Board of Education

Note: Data in millions

6/30/2014 and 6/30/15 are projected amounts

## Why Does The Board of Education Need a Fund Balance?

- The school system is required by grants to spend the money and then be reimbursed
- The school system receives between \$8 million to \$9 million annually in grants
- School construction projects require us to spend the money first and then be reimbursed by county government or state government
- The school system is self insured for medical, dental , and vision. Approximately \$350,000 is spent each week to meet the current expenses
- The school system spends about \$475,000 everyday to deliver the educational program

# Concluding Points

- County budget in FY2009 had 49.6% of the budget for education (Allegany College and the school system). FY2015 the percent has decreased to 46.5%.
- In 2009 the school system was 39.1% of the county budget and Allegany College was 10.4%. There was no pension shift in 2009. In FY2015, the school system will be 36.8% of the county budget with the pension shift and Allegany College will be 9.7%.
- County government has taken in \$6.1 million in revenues for the teacher pension shift, paid out \$5.2 million for the teacher pension shift and continued to reduce operating funds to the school system over three years leaving them \$1.5 million additional resources for other purposes
- From FY2009 to FY2014, **Garrett County has increased** the appropriation to the school system by \$2.2 million or 9.5%. **Allegany has reduced** and a recommendation has been made to do so again for FY2015
- At the current rate of spending, the fund balance will be depleted by 6/30/16 or in two years.
- State law prohibits Maryland school systems from having a negative fund balance