

# FY24 BUDGET HEARING

Tuesday, August 1<sup>st</sup> 2023

# 2023 Trends

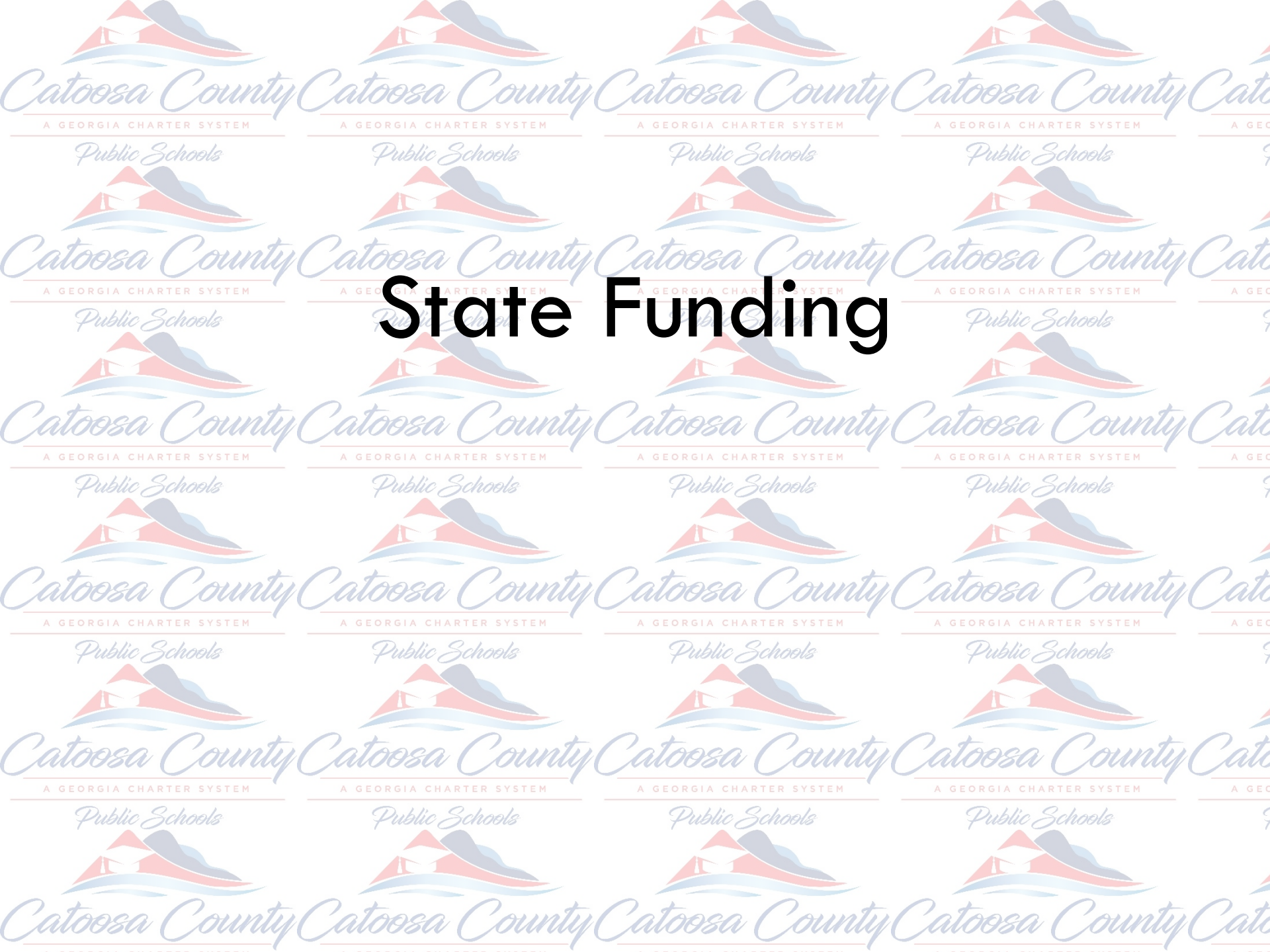
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- The Tax Assessor's reassessment of existing properties in Catoosa County increased \$365 million
  
- New and improved property totaled \$74.4 million
  - ▣ New exemptions totaled \$78.7 million
    - Net new and improved property growth (\$4.3) million
  
- Due to increased property values in recent years we have seen a reduction in State funding over the last two years totaling over \$8 million
  - ▣ \$5 million in FY24

# 2023 Trends

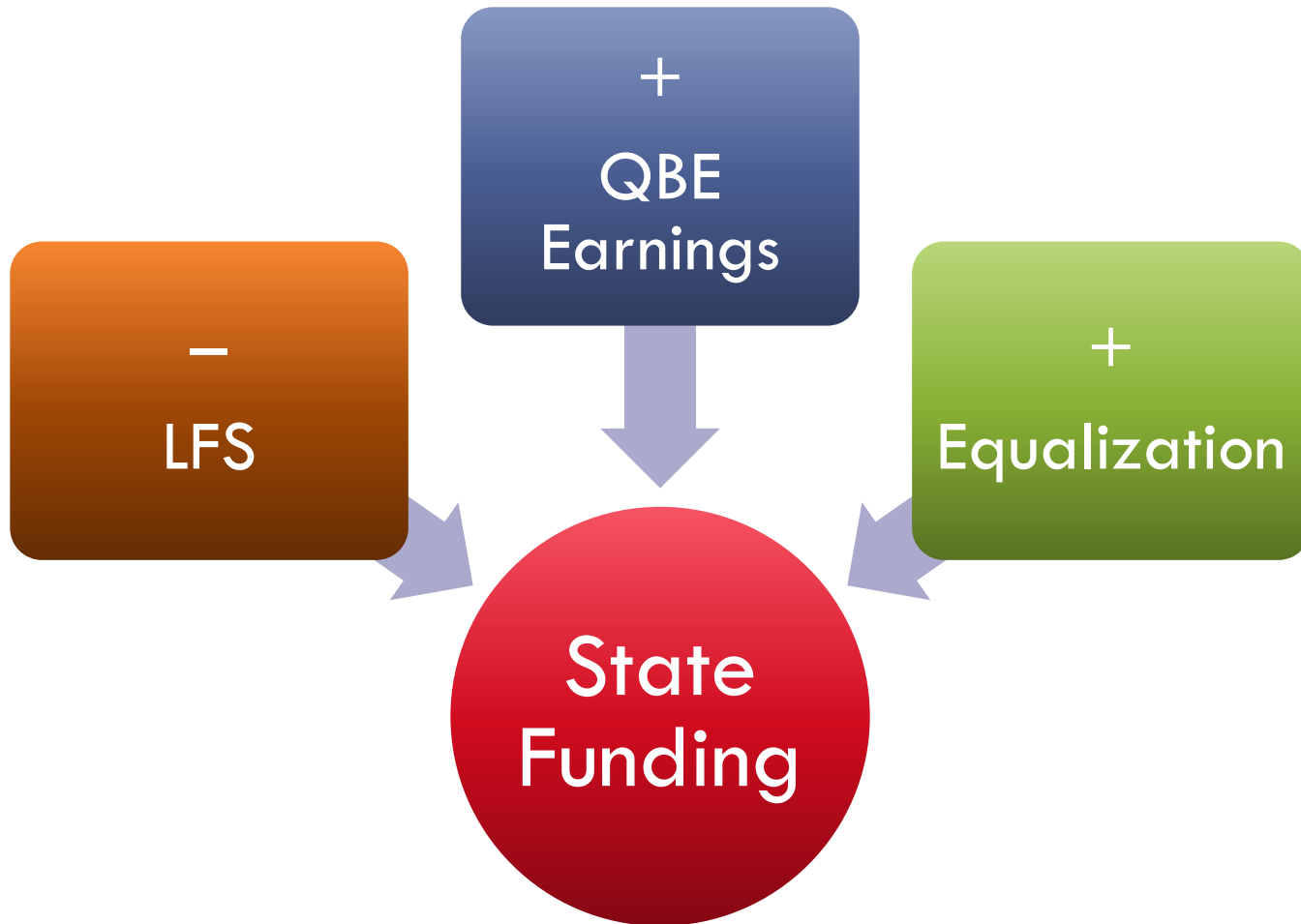
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- State mandated a \$2,000 raise for teachers and other certified staff
- State mandated employer health insurance cost increases for all Staff ~ \$6.85 million impact on expenses
- CCPS is projected to use \$7.5 million of reserves in FY23 and have 11.15% of FY24 projected expenditures in its reserves at the beginning of the year
  - ▣ State recommends between 10% - 15%, this shows a good starting point



# State Funding

# State Funding



# State Funding

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## □ Resources

- How does Georgia fund schools?

- What is equalization funding?

  - Website:

    - [https://www.catoosa.k12.ga.us/departments/business\\_finance/how\\_school\\_systems\\_are\\_funded](https://www.catoosa.k12.ga.us/departments/business_finance/how_school_systems_are_funded)

- Big points:

  - QBE formula created in 1985, few changes made since

  - LFS - Local Fair Share equals 5 mills worth of local tax digest that the State holds back

  - Equalization funding is when the State re-allocates funding from richer counties to poorer counties

# State Funding – QBE Earnings

	FY 23 Midterm	FY 24 Initial
FTE's	10,143	10,143
QBE Earnings	\$79,339,556	\$85,179,191
Local Fair Share	\$(9,710,176)	\$(11,906,559)
Equalization	\$7,016,086	\$4,153,606
Transportation	\$966,596	\$993,621
Nurses	\$230,224	\$230,992
<b>Total Earnings</b>	<b>\$77,842,286</b>	<b>\$78,650,851</b>

QBE Earnings growth FY23 to FY24 = \$808,565

Local Fair Share Increase = (\$2,196,383)

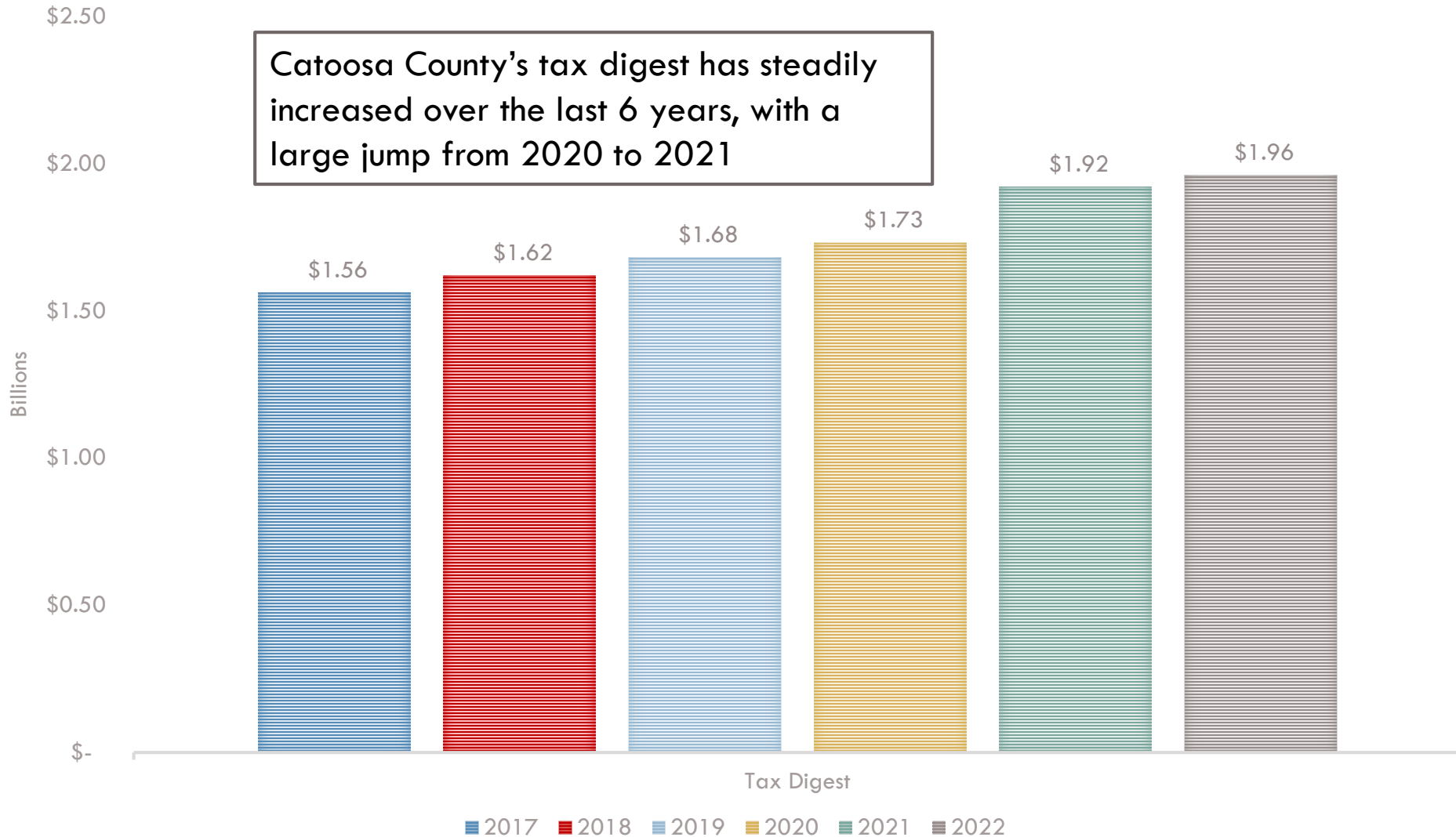
Equalization Decrease = (\$2,862,480)

State funding lost = (\$5,058,863)

# Tax Digest Trend

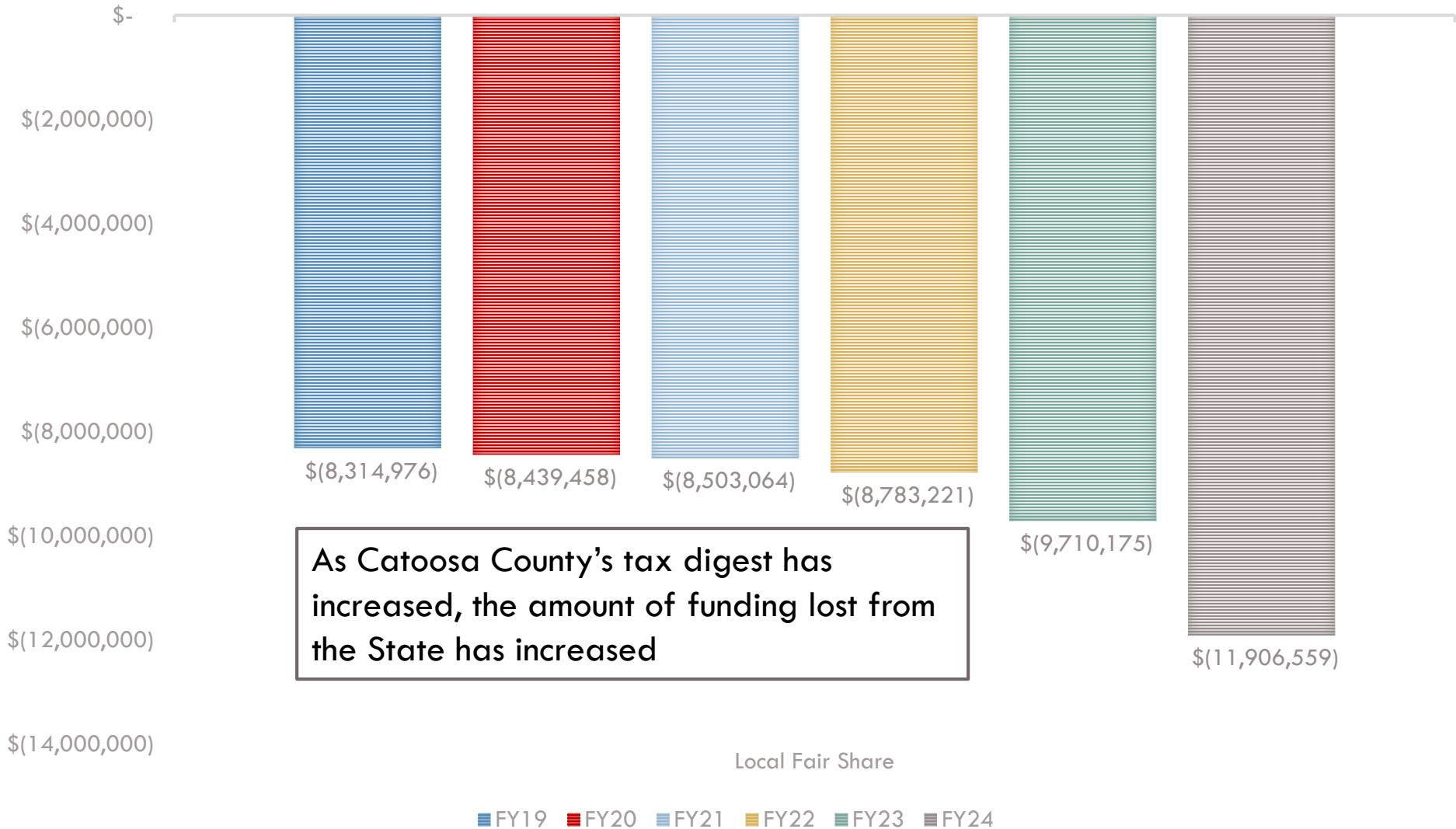
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Catoosa County's tax digest has steadily increased over the last 6 years, with a large jump from 2020 to 2021



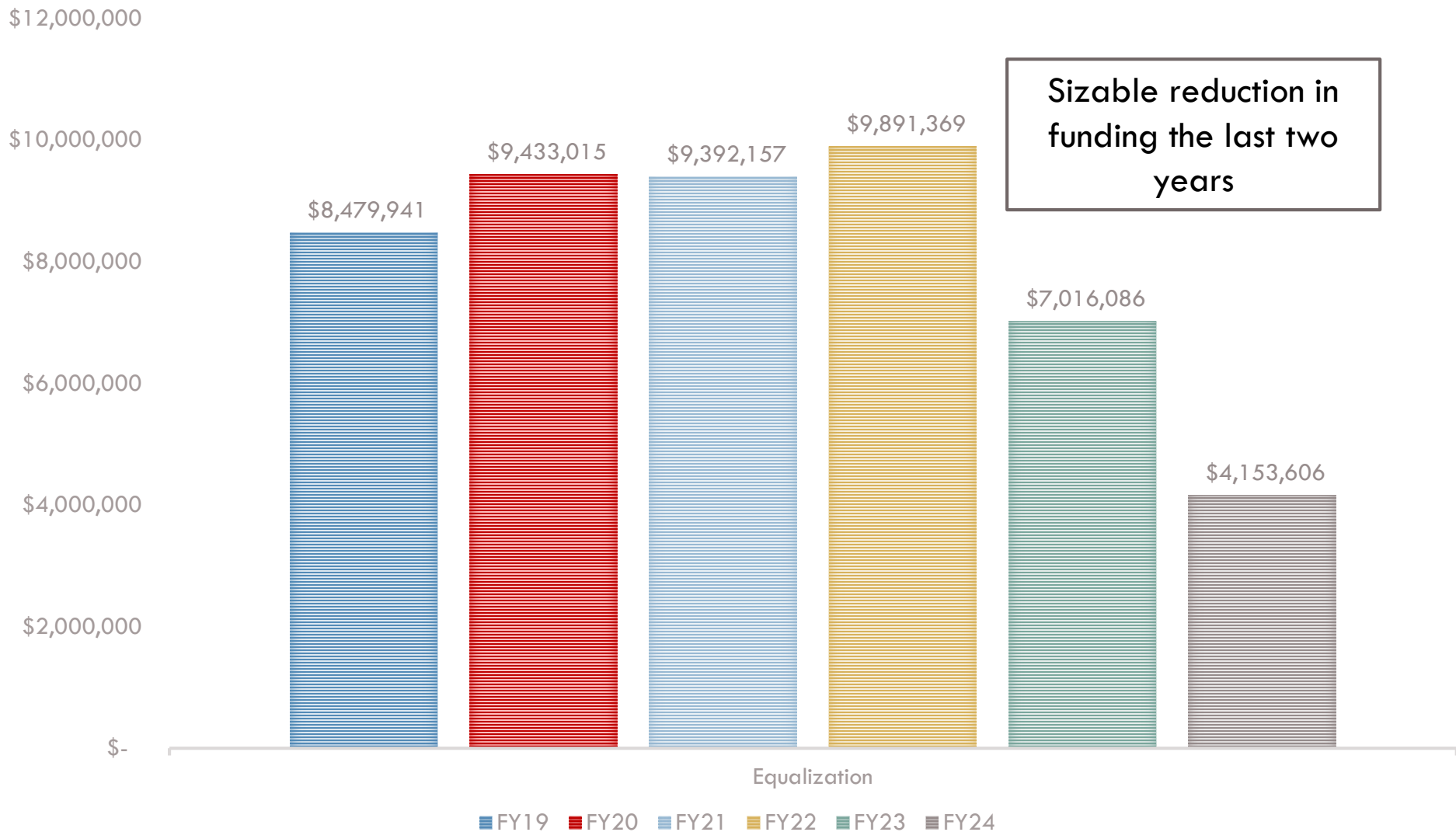


# Local Fair Share Trend



# Equalization Funding Trend

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# State Funding

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## □ Takeaways

- As the tax digest increases, Catoosa County is deemed wealthier by the State, therefore CCPS receives less State funding
- CCPS's State funding has increased only \$808,565, while State mandated expenses have increased \$8.8 million
- Trends in our Local Fair Share funding withheld from the State and the continued reduction in Equalization funding is likely to continue
  - Calculations based on two years in arrears
    - FY26 State funding will be impacted greatly by this year's digest increase
  - Chattanooga metro area is the 9<sup>th</sup> fastest growing in the United States per Realtor.com



# Local Funding

# Local Funding

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- Tax Assessor's Final Tax Digest
  - ▣ 2022 Net Digest = \$1,962,127,425
  - ▣ 2023 Net Digest = \$2,322,819,955
    - YTY Increase = \$360,692,530 or 18.38%
  
  - ▣ Increase breakdown
    - Inflationary growth = \$364,998,911
    - New growth = \$74,388,674
      - New school digest exemptions = (\$78,695,055)
        - New growth net effect = (\$4,306,381)
  
  - ▣ For comparison, the County had \$31.2 million in new exemptions and new net growth of \$43.1 million
    - Total County exemptions = \$247 million

# Local Funding

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- Preliminary Tax Digest
  - Total school exemptions for 2023 = \$452,435,306
    - Increase of 21.06%
    - Equates to \$6,804,627 of potential revenue returned to taxpayers that qualify for various exemptions
  - Causes for the increase:
    - Exempt property reassessment for inflation
    - New exemptions approved for taxpayers

# Local Funding

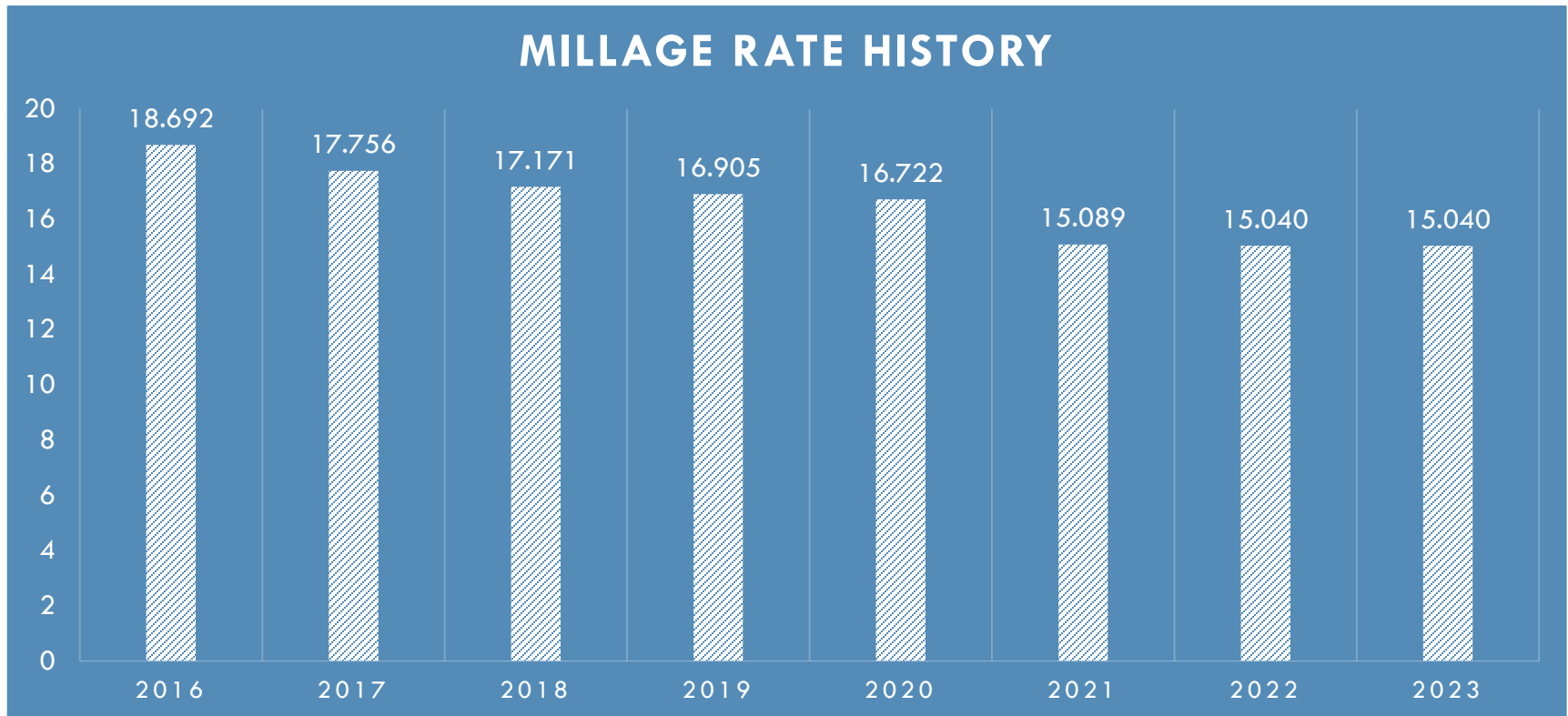
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## □ Preliminary Tax Digest

### PT-32.1 - Computation of MILLAGE RATE ROLLBACK AND PERCENTAGE INCREASE IN PROPERTY TAXES - 2023

COUNTY: <b>Catoosa</b>		TAXING JURISDICTION: <b>School</b>		
ENTER VALUES AND MILLAGE RATES FOR THE APPLICABLE TAX YEARS IN YELLOW HIGHLIGHTED BOXES BELOW				
DESCRIPTION	2022 DIGEST	REASSESSMENT OF	OTHER CHANGES	2023 DIGEST
		EXISTING REAL PROP	TO TAXABLE DIGEST	
REAL	2,071,498,703	364,998,911	45,074,302	2,481,571,916
PERSONAL	228,123,740		29,208,129	257,331,869
MOTOR VEHICLES	20,680,970		(159,930)	20,521,040
MOBILE HOMES	11,715,892		1,013,303	12,729,195
TIMBER -100%	281,728		8,819	290,547
HEAVY DUTY EQUIP	3,566,643		(755,949)	2,810,694
GROSS DIGEST	2,335,867,676		364,998,911	74,388,674
EXEMPTIONS	373,740,251		78,695,055	452,435,306
NET DIGEST	1,962,127,425	364,998,911	(4,306,381)	2,322,819,955
	<b>(PYD)</b>	<b>(RVA)</b>	<b>(NAG)</b>	<b>(CYD)</b>
2022 MILLAGE RATE:	15.040		2023 MILLAGE RATE:	

# Local Funding



- ❑ The current millage rate of 15.040 is the lowest it has been since 2001.
- ❑ Taken the rollback every year since 2016.
- ❑ Surrounding Counties: 16.404-18.756



# Tax Digest History

Year	Adjusted Net M & O Digest	Millage Rate	Revenue (includes 2.5% collection fee)
2019 (2019-2020)	\$1,676,276,550	16.905	\$28,337,455
2020 (2020-2021)	\$1,726,491,499	16.722	\$28,870,391
2021 (2021-2022)	\$1,918,938,388	15.089	\$28,954,861
2022 (2022-2023)	\$1,962,127,425	15.040	\$29,510,397
<b>2023 (2023-2024)</b>	<b>\$2,322,819,955</b>	<b>15.040*</b>	<b>\$34,935,212</b>

\*Proposed

The background of the slide features a repeating watermark of the Catoosa County Public Schools logo. Each logo consists of a stylized mountain range in shades of blue and red, with a white house silhouette in the center. Below the mountains, the text "Catoosa County" is written in a blue script font, followed by "A GEORGIA CHARTER SYSTEM" in a smaller, red, sans-serif font, and "Public Schools" in a blue script font at the bottom.

# Projected Expenses & Budget

# FY24 Cost Challenges

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- Inflation, State Health Insurance Increase, and Needed Classified Staff Wage Increases
  - ▣ Inflation – Fuel, utilities, supplies, etc.
    - Diesel – peaked at an increase of 43%
    - Utilities – YTY increase of 10%
    - Custodial Supplies – YTY increase of 31%
  - ▣ Needed classified staff wage increases to stay competitive

# FY24 Cost Challenges

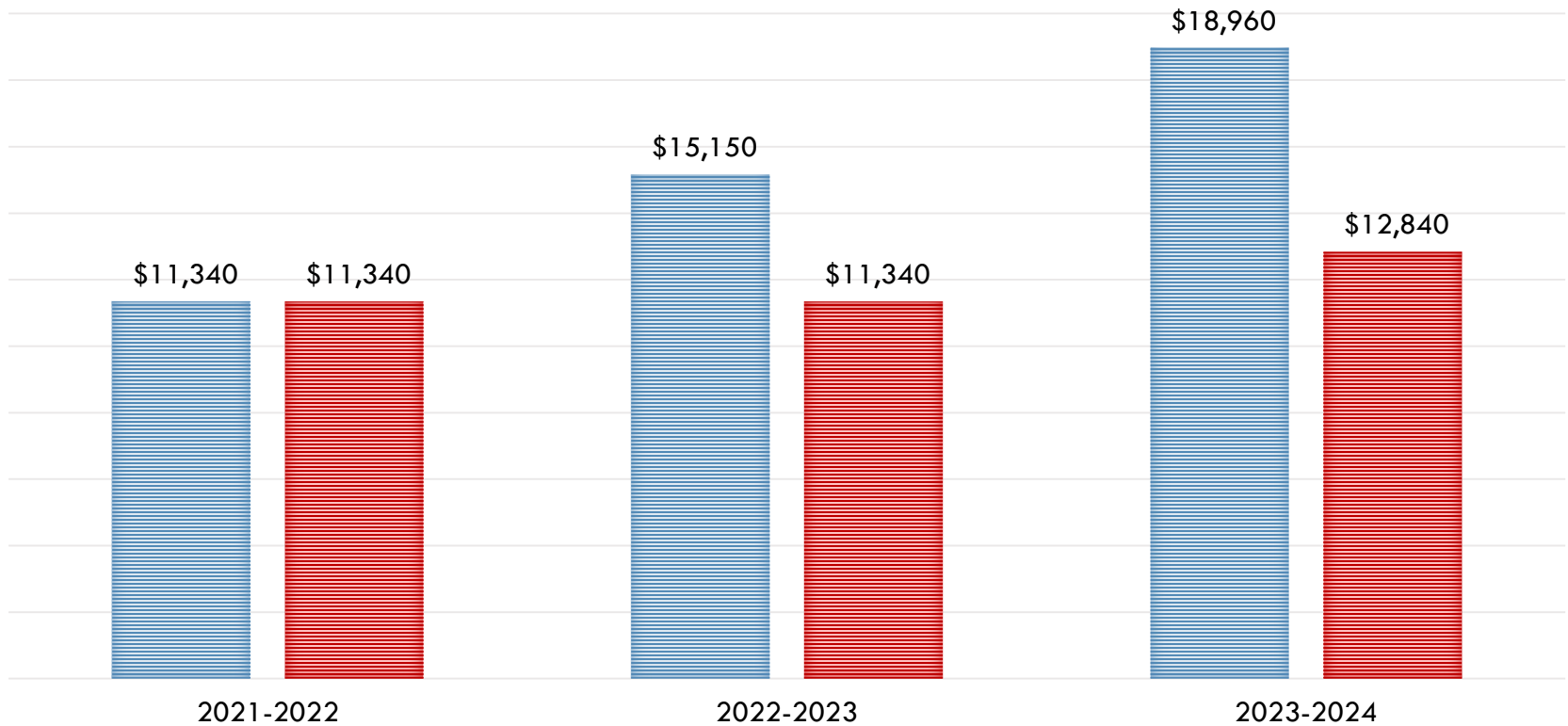
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- ▣ State mandated employer health insurance cost increase - \$945 to \$1,580
  - No warning from the State
  - Unable to adequately plan for
  - Notified in January 2023
    - Certified – effective January 2023
    - Classified – incremental increase starting 01/01/24
      - \$250/\$250/\$135 per year
    - Projected \$6.85 million increase in expenses in FY24

# FY24 Cost Challenges

## EMPLOYER COST FOR STATE HEALTH PLANS ANNUAL COST PER EMPLOYEE

■ Certified ■ Classified



# FY24 Cost Challenges

## □ State Health Benefit Changes

### ▣ Classified:

- FY21 - \$945.00
- FY22 - \$945.00
- FY23 - \$945.00
- FY24 - \$1,195.00

### Certified:

- FY21 - \$945.00
- FY22 - \$945.00
- FY23 - \$945.00
- FY24 - \$1,580.00

## □ Teachers Retirement System

- ▣ TRS stays at 19.98%, will increase in FY25

## □ Increase in Insurance Package

- FY24 – Anticipate increase of approximately \$25,000 (5%)

# FY24 & Beyond Cost Cutting

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- District Level budget cuts:
  - Eliminated a half-time HR Director and middle school OSI coordinator = \$58,000
  - Combined the CPA and Director of Finance job- eliminating one position = \$153,000
  - Assistant Superintendent doubles as the Secondary Office of School Improvement Director = \$150,000
  - Replacing our full-time communications specialist with a part-time position in 2023-2024 saving salary, benefits, and TRS = \$72,500
  - Aggressive vendor search for savings – tires, student handbooks, custodial supplies, etc. = ~ \$55,000 so far
  - SPED grants obtained to offset expenditures and reduce staff costs = \$303,000

# FY24 & Beyond Cost Cutting

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- School Level budget cuts:
  - ▣ Cut 6.5 regular ed classroom teacher allotments = \$635,000
  - ▣ Cut 17 academic interventionist positions = \$1,700,000
  - ▣ Continue to reduce personnel by attrition throughout the year = ~ \$1,000,000
  - ▣ Eliminate out-of-state training = \$30,000
  - ▣ Reduced the professional learning (employee training and continuing education) budget for schools and central office departments = \$100,000
  - ▣ Did not fill four requested CCA positions, added those duties to existing employees = ~ \$330,000
- Total approx. budget cuts = \$4,586,500



# FY24 Projected Budget

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## □ Details

- Based on enrollment of 10,134 students
- Based on 180 instructional days
- Includes 856.50 teaching positions (certified) & 205 paraprofessionals (classified)
- Includes Charter System Funds of \$1,160,357 passed directly to schools

# FY24 Projected Budget

- Revenues
  - ▣ Assumes the current millage rate of 15.040
  - ▣ State sources include CTAE grant funds

	FY 2024
Property Taxes*	\$33,913,128
Title Ad Valorem Taxes*	\$3,900,000
Sales Taxes*	\$1,000,000
In Lieu of Taxes*	\$775,000
Earnings on Investments	\$250,000
State Sources	\$80,843,424
Federal Sources	\$3,000,000
Other Local Sources	\$740,000
<b>Total GF Revenue</b>	<b>\$124,421,552</b>

\*local tax categories

# FY24 Projected Budget

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## □ Expenditures

	FY 2024	Change
INSTRUCTION		
Regular Programs	\$57,471,610	+ \$5,221,685
Special Education	\$25,236,797	+ \$2,909,823
Specific Programs	\$5,644,218	- \$385,679
CTAE Programs	\$5,163,761	+ \$1,297,350
PUPIL SERVICES	\$5,304,188	+ \$340,875
IMPROVEMENT OF INSTRUCTION	\$2,464,841	- \$84,576
MEDIA SERVICES	\$1,747,940	+ \$131,058
GENERAL ADMINISTRATION	\$1,374,856	+ \$106,679

# FY24 Projected Budget

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## □ Expenditures

	FY 2024	Change
SCHOOL ADMINISTRATION	\$9,122,735	+ \$685,855
BUSINESS SERVICES	\$1,054,344	+ \$84,651
MAINTENANCE & OPERATIONS	\$10,078,556	+\$519,219
TRANSPORTATION SERVICES	\$6,232,838	+ \$257,846
CENTRAL SUPPORT SERVICES	\$1,035,339	- \$90,314
OTHER SUPPORT SERVICES	\$362,814	+ \$41,783
COMMUNITY SERVICES	\$370,000	+ \$10,000
<b>TOTAL GF EXPENDITURES</b>	<b>\$132,647,719</b>	<b>+ \$10,939,574</b>

# FY24 Projected Budget

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- Expense Impacts
  - State mandated \$2,000 salary raise for all Certified personnel – approx. \$1.95 million increase
  - State mandated healthcare costs for all Certified and Classified personnel – approx. \$6.85 million increase
  - Salary step increases for experience and/or education
  - Net 2 new teaching positions & 11.5 new paraprofessionals – CCA & SPED needs
    - \$3.7 million of local funds required for SPED program in FY22
  - Inflationary costs

# FY24 Projected Budget

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## □ Overview

	FY 2024
Local Revenue	\$40,578,128
State/Federal Revenue	\$83,843,424
<b>Total Revenue</b>	<b>\$124,421,552</b>
<b>Total Expenses</b>	<b>\$132,661,235</b>
<b>Surplus (Deficit)</b>	<b>(\$8,239,683)</b>
Proj. Beginning FY24 Fund Balance	\$15,471,153
Proj. Ending FY24 Fund Balance	\$7,231,470