

Knox County Schools
General Purpose Fund Revenue Forecast for Fiscal Year 2019
as of March 26, 2018

	FY 2016		FY 2017		Adopted Budget	+ / -	Forecast
	Budget	Actual	Budget	Actual	FY 2018		FY 2019
State of Tennessee							
State funds allocated to Knox County Schools (KCS) under the Tennessee Basic Education Program (BEP) represent the largest single line item source of revenue in the district's General Purpose Fund budget. Tennessee's BEP allocations to Local Education Authorities (LEAs) are based on prior academic year student enrollment, local taxing authorities' capacity to raise local revenues, and the pool of BEP money appropriated by the state. For fiscal 2019, Governor Haslam has recommended a \$185 million increase in BEP funding, bringing the total for the state to \$4.8 billion. In April, KCS will receive a first estimate of the BEP funds that will be allocated to the district, with a final allocation communicated to the district in July. Included below is an estimate of the increase that KCS will receive in FY 2019 based on an analysis of the Governor Haslam's budget proposal.							
Basic Education Program							
Adopted Budget					\$ 206,746,000		
Adjustment: FY 2018 Final Allocation -- January 2018						\$ 2,674,000	\$ 209,420,000
Estimated Share of Governor's FY 2019 Budget Proposal						\$ 7,400,000	\$ 7,400,000
Total Basic Education Program	\$ 181,822,000	\$ 183,467,000	\$ 195,500,000	\$ 197,263,894	\$ 206,746,000	\$ 10,074,000	\$ 216,820,000
	<i>Percent of the Total</i>		<i>43.11%</i>	<i>43.02%</i>	<i>43.88%</i>	<i>85.11%</i>	<i>44.89%</i>
Other State Sources							
Driver Education	\$ 85,000	\$ 116,619	\$ 85,000	\$ 136,368	\$ 85,000	\$ 31,000	\$ 116,000
Career Ladder Program	1,500,000	1,185,360	1,300,000	1,122,438	1,300,000	(200,000)	1,100,000
Mixed Drink Tax	1,860,000	2,319,587	2,400,000	2,090,702	2,600,000	(300,000)	2,300,000
Medicaid Reimbursements	1,000,000	54,843	394,000	215,812	130,000	70,000	200,000
Total Other State Sources	\$ 4,445,000	\$ 3,676,409	\$ 4,179,000	\$ 3,565,320	\$ 4,115,000	\$ (399,000)	\$ 3,716,000
	<i>Percent of the Total</i>		<i>0.92%</i>	<i>0.78%</i>	<i>0.87%</i>	<i>-3.37%</i>	<i>0.77%</i>
Total State of Tennessee	\$ 186,267,000	\$ 187,143,409	\$ 199,679,000	\$ 200,829,214	\$ 210,861,000	\$ 9,675,000	\$ 220,536,000
	<i>Percent of the Total</i>		<i>44.03%</i>	<i>43.80%</i>	<i>44.75%</i>	<i>81.74%</i>	<i>45.66%</i>
Knox County Taxes and Fees							
The two principal sources of local funding for K-12 public education in Knox County are the Local Option Sales Tax and Real and Personal Property Taxes. 72.2% of the 2.25% Local Option Sales Tax collected in the City of Knoxville and the County proper is allocated to the KCS General Purpose Fund, while 50.0% of the 2.25% Local Option Sales Tax collected in the City of Farragut is allocated to the fund. Of the \$2.12 county property tax rate, \$0.80 or 37.74% is allocated to the KCS General Purpose Fund.							
Local Option Sales Tax							
Sales Tax	\$ 137,890,000	\$ 144,235,468	\$ 144,548,000	\$ 146,317,985	\$ 148,370,000	\$ 1,391,000	\$ 149,761,000
Sales Tax - Telecomm	35,000	36,733	40,000	32,212	40,000		40,000
Sales Tax - Partnership	45,000	49,190	49,000	49,190	49,000		49,000
Total Local Option Sales Tax	\$ 137,970,000	\$ 144,321,391	\$ 144,637,000	\$ 146,399,387	\$ 148,459,000	\$ 1,391,000	\$ 149,850,000
	<i>Percent of the Total</i>		<i>31.89%</i>	<i>31.93%</i>	<i>31.51%</i>	<i>11.75%</i>	<i>31.02%</i>
Property Taxes							
Current Property Taxes	\$ 95,216,000	\$ 95,954,319	\$ 97,152,000	\$ 97,181,879	\$ 99,616,000	\$ 660,000	\$ 100,276,000
Tax Increment Financing	(100,000)	(744,245)	(800,000)	(715,028)	(850,000)	150,000	(700,000)
Delinquent Property Taxes	1,500,000	988,614	925,000	983,074	950,000	30,000	980,000
Clerk and Master Delinquent Collections	2,108,000	1,970,106	1,500,000	1,447,435	1,750,000		1,750,000
Taxpayer Interest and Penalty	1,300,000	1,068,381	650,000	923,840	900,000	25,000	925,000
Total Property Taxes	\$ 100,024,000	\$ 99,237,175	\$ 99,427,000	\$ 99,821,199	\$ 102,366,000	\$ 865,000	\$ 103,231,000
	<i>Percent of the Total</i>		<i>21.92%</i>	<i>21.77%</i>	<i>21.73%</i>	<i>7.31%</i>	<i>21.37%</i>
Other Local Taxes and Fees							
Wheel Tax	\$ 1,525,000	\$ 1,600,726	\$ 1,575,000	\$ 1,650,161	\$ 1,600,000	\$ 50,000	\$ 1,650,000
Litigation Tax	1,090,000	1,082,452	1,037,000	1,083,847	1,080,000		1,080,000
Marriage Licenses	30,000	35,871	32,000	35,550	35,000		35,000
Total Knox County Taxes and Fees	\$ 240,639,000	\$ 246,277,615	\$ 246,708,000	\$ 248,990,142	\$ 253,540,000	\$ 2,306,000	\$ 255,846,000
	<i>Percent of the Total</i>		<i>54.40%</i>	<i>54.30%</i>	<i>53.81%</i>	<i>19.48%</i>	<i>52.97%</i>
Other Sources							
Current Charges							
Receipts from Individual Schools	\$ 50,000	\$ 173,767	\$ 100,000	\$ 1,335,369	\$ 100,000	\$ 100,000	\$ 200,000
Additional Attorney Fees	500,000	369,334	375,000	323,015	375,000		375,000
Leases and Rentals	325,000	424,357	325,000	434,254	325,000	100,000	425,000
Miscellaneous Items	315,000	477,451	225,000	588,444	225,000	225,000	450,000
Total Other Charges	\$ 1,190,000	\$ 1,444,909	\$ 1,025,000	\$ 2,681,083	\$ 1,025,000	\$ 425,000	\$ 1,450,000
Reimbursements and Operating Transfers							
School Nutrition Fund	\$ 1,460,000	\$ 1,460,000	\$ 1,460,000	\$ 1,460,008	\$ 1,560,000	\$ -	\$ 1,560,000
Indirect Costs Federal Fund	917,000	1,480,879	1,000,000	920,910	1,000,000		1,000,000
Federal ROTC Salaries Reimbursement	475,000	478,785	526,000	553,327	526,000		526,000
Knox County Government Grants and Transfers							
APEX	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Kindergarten Intervention	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000		1,182,000
Early Literacy	2,870,000	2,870,000	1,920,000	1,920,000	1,470,000	(570,000)	900,000
Total Reimbursements and Operating Transfers	\$ 9,904,000	\$ 10,471,664	\$ 6,088,000	\$ 6,036,245	\$ 5,738,000	\$ (570,000)	\$ 5,168,000
Total Other Sources	\$ 11,569,000	\$ 12,395,358	\$ 7,639,000	\$ 9,270,655	\$ 6,763,000	\$ (145,000)	\$ 6,618,000
	<i>Percent of the Total</i>		<i>1.68%</i>	<i>2.02%</i>	<i>1.44%</i>	<i>-1.23%</i>	<i>1.37%</i>
Total General Purpose Fund Revenues	\$ 438,000,000	\$ 445,337,597	\$ 453,500,000	\$ 458,536,684	\$ 471,164,000	\$ 11,836,000	\$ 483,000,000
	<i>Percent Increase</i>					<i>2.51%</i>	

Knox County Schools
 General Purpose Fund
 Projected Expenditure Increases and (Decreases) for Fiscal Year 2019
 as of March 26, 2018

Expenditure	Explanation of Commitment	Projected Increase (Decrease)	
Employer Funded Cost of Employee Benefits			
Health Insurance	Health insurance premiums increased 13.3% at January 1, 2018, and are projected to increase another 5.0% at January 1, 2019.	\$ 4,300,000	
Tennessee Consolidated Retirement System	Employer contributions to the state retirement plan increase from 9.08% to 10.46% of certified employee compensation effective July 1, 2018.	2,100,000	
Closed Local Retirement Plans	Annual actuarially determined contribution to closed local retirement plans is expected to decrease from \$2,813,000 to \$2,591,000.	(222,000)	\$ 6,178,000
New Middle Schools			
Gibbs Middle School	Incremental costs to operate two new middle schools which open in the fall of 2018. Total annual cost of operation (excluding debt service) is projected to be \$3.8 million for Gibbs Middle and \$5.0 million for Hardin Valley Middle.	1,773,000	
Hardin Valley Middle School		2,922,000	4,695,000
Lonsdale / Sam E. Hill			
Move Lonsdale Kindergarten to Sam E. Hill	Sam E. Hill operating costs to be shared with federal programs that fund the currently existing Pre K program at Sam E. Hill.		121,000
Cusp and Priority Schools Staffing			
Leadership Academy	Memorandum of Understanding with University of Tennessee not renewed.	(910,000)	
Teacher Compensation			
Increase in Scheduled Year	Additional sixteen days compensation for teachers at the Cusp and Priority Schools.	1,344,000	
Less: Anticipated Title I Funding	Planned Title I funded portion of the compensation initiative.	(434,000)	-
Student Transportation, Physical Capacity, Technology, and Human Resources			
Student Transportation			
Payments to Vehicle Owners	Year 3 of 3: Planned base budget build for payments to bus contractors.	1,000,000	
Additional Buses	Watt Road area rezoning and bell schedule changed to system wide start and end times at Fulton and Austin East High Schools.	315,000	
Software Upgrade Delay	Purchase of routing software delayed until fiscal year 2020.	(114,000)	1,201,000
Increases in the Cost of Supplies, Materials and Contracted Services			
Maintenance	Maintenance lot rental, inspection costs, artificial turf maintenance and repairs, cooling tower chemical treatment, and playground mulch.	175,000	
Operations	Mowing services, fire system monitoring, and elevator maintenance and repairs.	169,000	
Information Technology	Annual maintenance and support agreements, upgrades, and repairs for school internet.	197,000	
Human Resources	Job fitness evaluations, onboarding program costs, and scripts for Randa.	41,000	582,000
Reductions in Operating Budget Capital Outlays			
Career and Technical Education	One time funding for Richard Yoakley CTE equipment was included in the FY 2018 Budget.	(102,000)	
Vehicles	Purchased with short term financing through Knox County capital budget.	(200,000)	(302,000)
Programs and Curricular Areas			
Early Literacy	Scheduled phase-out of Early Literacy Grant provided by Knox County. Final year of the grant. See Revenue Projection.	(570,000)	
Athletic Insurance	Now a self supporting Local Project funded through jamboree ticket sales and student fees.	(280,000)	(850,000)
Flow Through Items			
Charter School Funding	Emerald Academy's enrollment is expected to increase by 125 students in two additional grade levels. State and local funding flow through.	1,050,000	
Career Ladder	Anticipated reduction in payments of state funds to qualifying educators. Offset by revenue reduction. See Revenue Projection.	(200,000)	850,000
Debt Service			
Bonded Debt, Loan Payable, and Capital Leases	Reduction in debt service funding from \$15,982,000 to \$15,667,000 based on detailed debt and capital lease repayment schedules.		(315,000)
Entity Level Expenditures			
Trustee's Commission	Additional commission payable to the Knox County Trustee based on forecasted increase in revenues.		49,000
Projected Net Expenditure Increase for FY 2019			12,209,000
Staffing Added in FY 2018 But Not Included in the FY 2018 Base Budget (Total 43.85 FTE)			
Critical Student Needs	16.6 FTE: ELL and Special Education Teachers, Nurses, and Restorative Interventionists.	905,000	
District Level	25.25 FTE: Facilitators, RTI Coaches, Reading Coaches, Assistive Technology, Community Liaisons, and Behavior Liaisons.	1,804,000	
School Based	2.0 FTE: Magnet Facilitator, Campus Manager, and a Tpack Coach.	177,000	2,886,000
Total Projected Increase to FY 2018 Base Budget			15,095,000
FY 2018 Base Budget			471,146,000
Projected FY 2019 Total Expenditures			486,241,000
Projected FY 2019 Revenues			483,000,000
Projected Surplus (Shortfall)			\$ (3,241,000)

Note: The cost of a 1.0% increase in compensation for teachers—including payroll taxes and contributions to the state retirement fund—would be approximately \$2,300,000. A 1.0% increase in compensation for all employees would cost approximately \$3,500,000 including payroll taxes and contributions to the state and local retirement funds.

Knox County Schools
 General Purpose Fund Operating Budget for FY 2019
 By Major Category
 as of March 26, 2018

Major Category	Adopted FY 2018 ^(See Note)		+ / -		Initial Draft FY 2019	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Salaries and Wages	\$ 302,467,620	64.2%	\$ 4,489,347	29.7%	\$ 306,956,967	63.1%
Payroll Taxes and Employee Benefits	79,565,493	16.9%	7,971,885	52.8%	87,537,378	18.0%
Contracted Services	30,574,916	6.5%	2,877,048	19.1%	33,451,964	6.9%
Supplies and Materials	23,313,177	4.9%	546,720	3.6%	23,859,897	4.9%
Other Uses	18,598,348	3.9%	(173,000)	-1.1%	18,425,348	3.8%
Debt Service and Capital Leases	15,982,035	3.4%	(315,000)	-2.1%	15,667,035	3.2%
Capital Outlay	644,411	0.1%	(302,000)	-2.0%	342,411	0.1%
	<u>\$ 471,146,000</u>	<u>100.0%</u>	<u>\$ 15,095,000</u>	<u>100.0%</u>	<u>\$ 486,241,000</u>	<u>100.0%</u>

Note: The FY 2018 Adopted Budget includes adjustments for line item transfers between the major categories made fiscal year to date.

Salaries and Wages: Increase is due to several factors including the additional staff required for the two new middle schools, an increase of 16 contract days for the cusp and priority schools, and the staffing additions that have been required to meet the needs of students and schools that were not anticipated in the adopted budget.

Payroll Taxes and Employee Benefits: Primarily due to an increase in medical insurance premiums and the increase in employer contribution rate to the Tennessee Consolidated Retirement System (TCRS). Medical insurance premiums increased by 13.3% effective January 1, 2018, and are projected to increase an additional 5% on January 1, 2019. The employer contribution rate to TCRS will increase from 9.08% to 10.46% effective July 1, 2018. The associated benefit costs for the additional staff noted above also contributed to the increase.

Contracted Services: Additional \$1.0 million for student transportation finishes out the three year initiative. Additional buses needed for rezone of Watt Road area and changes to system-wide start and end times at Fulton High and Austin East. Also, increase in maintenance department parking lot rental, inspection costs, and maintenance related contracts.

Knox County Schools
FY 2018 Staffing for Unanticipated Needs
March 26, 2018

FY 2018 Critical Student Needs

Position/Request	FTE Impact	Salary	Salary + Benefits	Notes
Nurses	7.6	\$ 342,000	\$ 459,363	Added due to need/medically fragile students
ELL Teachers	3.0	148,500	197,210	Added to meet ELL Staffing Ratio 35:1
Restorative Interventionists	4.0	76,700	117,170	Added after initial request
Special Education Teachers	2.0	99,000	131,474	Increase of caseload at two schools
	16.6	\$ 666,200	\$ 905,216	

FY 2018 District Level Needs

Move 5 Izone Facilitators to GP	5.0	\$ 303,625	\$ 394,715	Currently funded through Izone Grant
Move RTI Coach to GP	1.0	60,725	78,943	} Formerly funded through Federal Grants
Retain 7 RTI Coaches	7.0	425,075	552,601	
Reading Coach	1.0	60,725	78,943	
Reading Coach	1.0	60,725	78,943	
Reading Coach	1.0	60,725	78,943	
Reading Coach	1.0	60,725	78,943	
Behavior Liaison	1.0	58,572	76,410	
Behavior Liaison	1.0	45,971	61,585	
Behavior Liaison	1.0	56,370	73,819	
Family Community Liaison	1.0	14,000	23,411	
Family Community Liaison	1.0	12,000	21,138	
Family Community Liaison	1.0	33,036	45,045	
Position 100% funded in GP	0.3	25,000	29,413	GSP currently reimburses \$25,000/year
Assistive Technology	1.0	49,500	65,737	Reinstated for FY 2018 - moved to Technology
Assistive Technology	1.0	49,500	65,737	Reinstated for FY 2018 - moved to Technology
	25.25	\$ 1,376,274	\$ 1,804,325	

FY 2018 School Level Needs

Magnet Facilitator	0.5	\$ 40,856	\$ 51,817	Funding split 50/50 between Title 1 and GP
Campus Manager	0.5	30,487	39,618	Funding split 50/50 between Title 1 and GP
Tpack Coach	1.0	65,952	85,093	Approved In August
	2.0	\$ 137,295	\$ 176,528	

Total **43.85** **\$ 2,179,769** **\$ 2,886,069**

Notes:

Current Incumbent FY 2018 salary information used for salary and benefit calculation when available.

Knox County Schools
 Operating Budget
 Distribution of FTE by Position and Area
 for fiscal year 2019 with fiscal year 2018 data for reference

Position Description	FY 2018 Memo		FY 2019							
	BEP	KCS Total	Percent of Total	Total	Student Instruction	School Management and Staff	Student Support Services	Instructional Support	Facilities Operation and Maintenance	Administration
	Formula									
Teachers	3,314.9	3,824.1	60.5%	3,860.0	3,852.0	-	8.0	-	-	-
Educational Assistants	489.9	493.0	7.8%	498.0	488.0	-	10.0	-	-	-
Speech Pathologists	-	61.4	1.0%	62.4	62.4	-	-	-	-	-
ROTC Instructors	-	18.0	0.3%	18.0	18.0	-	-	-	-	-
Medical and Health Services Personnel	19.5	135.8	2.3%	149.5	16.5	-	63.0	70.0	-	-
Homebound Teachers	-	6.0	0.1%	6.0	6.0	-	-	-	-	-
Principals	79.0	87.0	1.4%	86.0	-	86.0	-	-	-	-
Assistant Principals	52.8	140.5	2.2%	137.0	-	137.0	-	-	-	-
Administrative Assistants	-	4.0	0.1%	7.0	-	7.0	-	-	-	-
Guidance Counselors	136.8	127.4	2.0%	127.9	-	125.9	-	2.0	-	-
Librarians	89.2	84.0	1.3%	85.0	-	85.0	-	-	-	-
School Secretaries and Bookkeepers	159.8	243.6	3.9%	248.1	-	248.1	-	-	-	-
Social Workers	29.2	44.2	0.7%	44.2	-	1.0	29.2	14.0	-	-
Psychologists	23.4	37.0	0.6%	38.0	-	-	18.0	20.0	-	-
Instructional Support Personnel	-	67.5	1.4%	87.5	-	-	-	87.5	-	-
Information Technology Personnel	10.1	65.0	1.1%	67.0	-	-	-	8.0	59.0	-
Custodial Personnel	292.6	372.7	6.0%	383.7	-	-	-	-	383.7	-
Maintenance Personnel	-	139.0	2.2%	139.0	-	-	-	-	139.0	-
Security	-	115.0	1.8%	117.0	-	-	-	-	117.0	-
Board of Education Members	-	9.0	0.1%	9.0	-	-	-	-	-	9.0
Superintendent	1.0	1.0	0.0%	1.0	-	-	-	-	-	1.0
Assistant Superintendent	-	1.0	0.0%	1.0	-	-	-	-	-	1.0
Directors and Supervisors	92.0	84.8	1.3%	82.8	-	-	2.8	36.1	20.0	24.0
Clerical Personnel	59.4	89.6	1.4%	90.0	-	3.0	4.0	25.0	13.0	45.0
Board Secretary	-	1.0	0.0%	1.0	-	-	-	-	-	1.0
Accountants	-	1.8	0.0%	1.8	-	-	-	-	-	1.8
Other Full-Time Regular Personnel	-	38.3	0.6%	36.3	1.0	1.5	4.0	10.0	8.0	11.8
Leadership Academy Fellows	-	10.0	0.0%	-	-	-	-	-	-	-
Totals	4,849.7	6,301.7		6,384.2	4,443.9	694.5	139.0	272.6	739.7	94.6
				Percentage of Total	69.6%	10.9%	2.2%	4.3%	11.6%	1.5%

NOTE: Under the FY 2018 Memo BEP Formula heading above are listed the FTE found in the 2018 Final BEP Allocation calculation for Knox County. Some BEP allocations are based on cost formulas that do not involve an FTE calculation, for example Maintenance which is based on square footage instead.

NOTE: Educational Assistants highlighted in green are funded at an average salary of \$23,000 and KCS receives 63.91% of this amount. The categories highlighted in blue are funded at an average salary of \$46,225 and KCS receives 58.72% of this amount.