

SUBJECT: CONSIDER APPROVAL OF 2020-2021 PROPOSED DISTRICT BUDGET – 2nd READING

As required by the Texas Education Code, all school districts in Texas must adopt an operating budget before the end of their fiscal year. The Varnett Public School (Varnett) must approve their budget no later than August 31, 2020 for the 2020-2021 school year. The proposed budget denotes the projected allocation of revenues and expenditures needed to support educational programs and services defined by the district's mission to provide a sound educational program which meets the needs of our diverse student population with an emphasis on the five (5) core values.

The vision of district leadership is articulated through financial and operating policies and is a deliberate balance of choices representing the educational needs of students and the ability of the community and the state to provide the financial support to serve them.

The 2020-2021 budget planning process incorporated major changes brought about from the 2019-2020 Every Child Succeed Act of 2015 (ESSA) Title I, Part A, Title I, Part A Supplement, Not Supplant Methodology and the House Bill 3 (HB3) legislative law adaptations. In keeping with the same principles that influenced last year's budget, the Business and Finance Office has planned to maintain those major impactful changes in the proposed 2020-2021 budget. Considering the Coronavirus pandemic (COVID-19), the 2020-2021 proposed budgeted revenues and expenditures will be impacted by fluidity of the circumstances.

Recapping - Title I, Part A Supplement, Not Supplant Methodology:

Under Every Child Succeed Act of 2015 (ESSA) Title I, Part A, the district must demonstrate that a Supplement/Not Supplant Methodology is used to allocate state and local funds to campuses and that the allocation process is equitable. There are three (3) Edgar Methodology Requirements:

1. Distribution by Student Characteristics (weighted per-pupil);
2. Distribution by personnel and non-personnel expenditure (per-personnel position plus per-pupil);
and
3. Distribution by Student (per-pupil).

The Board approved the Distribution by Student (per-pupil), and the Leadership Team created and implemented a Staffing Schedule for Pre-K – 8th Grade teachers. This schedule was used to determine the number of positions required to meet the needs of the campuses.

Recapping - House Bill 3 (HB3):

The 86th Texas Legislature passed into law on June 11, 2019, House Bill 3 (HB3), the historic school finance bill overall, provided more funding to schools mainly by increasing the basic allotment amount per pupil. Chapter 21, Education Code, requires increases to the state minimum salary schedule when the basic allotment increases. HB3 increased Varnett's per pupil allotment amount by \$1,020.00 for a total annualized increase of \$1,435,140.00. This increase impacted the minimum salaries for classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time registered nurses. In the 2019-2020 school year, Varnett had to spend 30% of this funding increase on compensation increases to full-time district employees other than administration as listed below:

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- 75 percent of **new money** must be spent on classroom teachers, full-time librarians, full-time counselors, and full-time-school nurses, prioritizing differentiated compensation for classroom teachers with more than five (5) years of experience; and
- 25 percent of the **new funding** may be used as determined by a district to increase compensation paid to other full-time district employees who are not administrators.

Because of these guidelines, the Varnett Board passed the following HB3 salary increases that were implemented during the 2019-2020 school year. Teachers, Librarians, Counselors, and Nurses received an overall increase in salary ranging from 4% to 7%. These salary increases, as well as the HB3 increase have been included in the 2020-2021 proposed payroll budget.

HB3 - Option 1		
3% Salary Increase		
	Minimum	Maximum
	Salary	Salary
	\$50,500.00	\$71,500.00
	3%	3%
3% Salary Increase	\$1,515.00	\$2,145.00
6 Plus Years - and HB3 Increase		
3% Salary Increase	\$1,515.00	\$2,145.00
HB3 Increase	\$1,966.65	\$1,966.65
Total Increase	\$3,481.65	\$4,111.65
Percent of Change	7%	6%
5 Years of Less - and HB3 Increase		
3% Salary Increase	\$1,515.00	\$2,160.00
HB3 Increase	\$819.44	\$819.44
Total Increase	\$2,334.44	\$2,979.44
Percent of Change	5%	4%

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2020-2021 Budget Planning Methodology:

Budget planning is a year-long process, which requires the Business and Finance Office to review all major accounts. Below is an explanation of the 2020-2021 proposed revenue and expenditures. The proposed budget that must be adopted is required to be presented to the Board of Trustees in a format which presents revenues by fund and source – **page 13 of 14** and expenditures by fund and function – **page 13 of 14** and expenditures by object – **page 14 of 14**.

Revenues:

As we move forward in the 2020-2021 Proposed Budget process, the following factors were considered when building the Revenue:

- As of June 25, 2020, The Texas Education Agency (TEA) has not published the “Estimate of State Aid Calculation” Template for Charter Schools; therefore, the revenue projections are based on the current Summary of Finance calculations dated June 11, 2020. The local revenue is **\$1,486,778**.
- Local Revenue – Matched current school year projected revenue based on the 2019-2020 Proposed 2nd Budget Amendment that was approved at the June 22, 2020 board meeting.
- **State Revenue** – The current per pupil revenue from the Summary of Finance dated June 11, 2020 was used to determine the upcoming revenue per pupil. The revenue per cost was multiplied by the estimated Average Daily Attendance (ADA) (1,350 Projected Student Enrollment X ADA Rate of 95% =1,282.50) to calculate the estimated State Revenue. The Current Per Pupil Revenue of \$11,124.40 from the Estimated State Revenue is **\$14,267,038** (\$11,124.40 Per Pupil Revenue X 1,282.50 Estimated ADA).
- **Federal Food Service Revenue** – The current per pupil revenue based on the June 15, 2020 claims data was used to determine the estimated revenue. The revenue per pupil was multiplied by the estimated ADA to calculate the estimated Federal Food Service Revenue. The estimated Federal Food Service Revenue is **\$981,315.99** (\$756.16 Revenue Per Student X 1,282.50 Estimated ADA).
- **Federal Programs Revenue** –The estimated federal revenue is **\$1,041.033**. The estimated revenue was derived from TEA’s ESSA Consolidated Application dated May 13, 2020 for the 2020-2021 school year.

Projected revenues for the 2020–2021 General Fund are **\$14,267,038** (Estimated Enrollment 1,350 x Estimated ADA Rate 95% x Per Pupil revenue \$11,124.40) which is a \$1,390,683 decrease when compared to the current 2019-2020 Summary of Finance’s calculations dated June 11, 2020 projected revenue of **\$15,657,721**. The decrease is primarily attributed to the decrease in student enrollment and student attendance. The following chart provides a three-year comparison of student enrollment and attendance:

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Description	2017-18	2018-19	2019-20	2020-21
Enrollment	1,499.0	1,624.0	1,511.0	1,350.0
Average Attendance Rate	95%	95%	96%	95%
Average ADA	1,424.1	1,542.8	1,435.5	1,282.5

Expenditures:

- **61XX (Payroll)** – Payroll costs reflect annualized expenditures plus open positions.
- **62XX (Professional and Contracted Services)** – Expenditures were based on current year costs up to June 15, 2020, except for utilities and leases. The projected expenditures for utilities and leases were based on annualized costs.
- **63XX (Materials and Supplies)** – Expenditures were based on current year costs up to June 15, 2020.
- **64XX (Travel and Other)** – Expenditures were based on current year costs up to June 15, 2020.
- The impact of expenditures by the Southeast Campus has been either minimized, reallocated, or eliminated.

The 2020-2021 Proposed Budget – 1st Reading is a projected estimation of the 2020-2021 school year expenditures. Considering the instructional variances, there are still many undeterminable factors that can potentially affect opening the district for the 2020-2021 school year. Furthermore, there is on-going guidance from the Texas Education Agency (TEA) that can have financial implications to potentially affect opening the district for the 2020-2021 school year.

We have proposed the 2020-2021 expenditures based on the approved 2019-2020 2nd Budget Amendment and the anticipated 2020-2021 expenditures. Note that payroll expenditures are about 70% of the school’s budget which is why emphasis and focus are based on those object codes.

2019-2020 Expenditure Analysis – Fund 420

Fund 420				
Category of Expenditures		Expenditures Through 6/15/2020	Projected Expenditures Through 8/31/2020	Percentage
6100	Payroll	\$ 8,565,764	\$ 13,528,547	69.96%
6200	Contracted Services	\$ 3,163,165	\$ 3,881,151	20.07%
6300	Supplies	\$ 851,076	\$ 650,518	3.36%
6400	Travel and Other	\$ 257,606	\$ 1,007,272	5.21%
6500	Debt Service	\$ 51,048	\$ 61,200	0.32%
6600	Capital Outlay	\$ 42,874	\$ 145,678	0.75%
8900	Transfer to Other Funds	\$ -	\$ 64,500	0.33%
Total(s)		\$ 12,931,533	\$ 19,338,866	100.00%

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2019-2020 Expenditure Analysis – Fund 240

Fund 240				
Category of Expenditures		Expenditures Through 6/15/2020	Projected Expenditures Through 8/31/2020	Percentage
6100	Payroll	\$ 452,627	\$ 647,614	61.17%
6200	Contracted Services	\$ -	\$ 2,534	0.24%
6300	Supplies	\$ 296,330	\$ 392,491	37.38%
6400	Travel and Other	\$ 2,110	\$ 7,696	5.21%
8900	Transfer from Other Funds	\$ -	\$ -	0.00%
Total(s)		\$ 751,067	\$ 1,050,335	100.00%

Payroll Expenditures Comparisons

#	Description	2019-2020	2020-2021	Variance
(1)	Staff Positions	\$ 10,880,674	\$ 11,804,531	\$ 923,857
(2)	Employee Referral Program	\$ -	\$ 8,000	\$ 8,000
(3)	Employee Retention Program	\$ -	\$ 44,400	\$ 44,400
(4)	Insurance Contribution	\$ 1,092,960	\$ 1,271,057	\$ 178,097
(5)	TRS Contributions	\$ 539,017	\$ 530,444	(\$ 8,573)
Total(s)		\$ 12,512,651	\$ 13,658,432	\$ 1,145,781

The payroll number includes Southeast Campus payroll cost of approximately \$1,669,056. The above items are constant numbers used for the employee staff payroll options. Please refer to the footnote references for an explanation of each line item.

Footnote Variance Reference:

- (1) **2020-2021 Current Positions:** The salary number represents the salaries for all current positions including the Southeast Campus. The district is currently in the process of identifying positions to be eliminated.
- (2) **Employee Referral Program:** On June 22, 2020, the Board approved the implementation of an employee referral program that will pay to each eligible employee \$200. Depending on the number of employees that fulfill the requirements, this stipend will cost the district between \$4,000 - \$8,000 annually.
- (3) **Employee Retention Program:** On June 22, 2020, the Board approved the Employee Retention Program which will payout to teachers \$300 and other staff members \$200 if they return for the next school year. Currently, the district has identified 18 positions. The district will continue to pay for selected ancillary benefits, which are determined to be immaterial in costs.
- (4) **Increase in Insurance Contribution:** Represents the difference between 2019-2020 and 2020-2021 medical insurance supplemented by Varnett. In 2019-2020, Varnett paid \$378.00 a month per employee. In 2020-2021, the proposed payment is \$397.00 a month per employee. For both fiscal years, the state requirement is \$225.00 a month per employee.

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- (5) Additional TRS Fees:** Represents the increase in TRS percentages from 1.5% to 1.6% on the Public Education Employer rate.

Teacher Salary Increase:

On April 13, 2020, the Board approved the establishment of separate salary schedules and aligned salaries for Certified and Non-Certified Teachers for the 2020-2021 school year as indicated below by teacher classification:

Certified Teacher

- If the certified teacher's salary is **above** the range indicated for years of experience, **maintain** the salary for the 2020-2021 school year. The certified teacher **shall not** receive any pay increase until the teacher's years of service aligns with the corresponding years of service. Thereafter, the certified teacher shall be paid in accordance with the scale stipulated in the Certified Teacher Salary Schedule. Total number of teachers in this category is **10**. The net financial impact is **\$0.00**. (See **Exhibit A**)
- If the teacher's salary is **below** the range indicated for years of service, **increase** the certified teacher's salary by \$3,000.00 to begin a three (3) year strategic plan to ultimately align certified teacher's salary.

Category 1: Total number of teachers is **15**. The financial impact is **\$45,000.00**, (i.e., number of teacher's salary below range multiplied by \$3,000.00). (See **Exhibit B**)

Category 2: Total number of teachers is **34**. The financial impact is **\$62,357.69**, (i.e. the difference between teacher's salary and the range indicated on the salary schedule. (See **Exhibit A**)

Non-Certified Teacher

- If the non-certified teacher's salary is **above** the range indicated for years of experience, **maintain** the salary for the 2020-2021 school year. Total number of teachers in this category is **24**. The net financial impact is **\$0.00**. (See **Exhibit B**)
- If the non-certified teacher's salary is **below** the range indicated for years of experience, **increase** the non-certified teacher's salary. Total number of teachers in this category is **4**. The net financial impact is **\$7,584.71**. (See **Exhibit B**)

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Exhibit A – Certified Teacher Analysis

Certified Teacher Considerations:

Certified Teachers: 59 Positions

Current Salary Scale: \$50,500.00 - \$71,500.00

Proposed Salary Scale: \$53,000.00 - \$74,750.00

#	Staff Id	Staff Name	Year of Experience	Salary	Proposed Salary	Variance	Variance %
1			1	\$ 51,319.44	\$ 53,000.00	\$ (1,680.56)	-3.27%
2			1	\$ 51,319.68	\$ 53,000.00	\$ (1,680.32)	-3.27%
3			1	\$ 51,319.44	\$ 53,000.00	\$ (1,680.56)	-3.27%
4			2	\$ 51,819.43	\$ 53,750.00	\$ (1,930.57)	-3.73%
5			2	\$ 53,349.44	\$ 53,750.00	\$ (400.56)	-0.75%
6			2	\$ 51,819.43	\$ 53,750.00	\$ (1,930.57)	-3.73%
7			2	\$ 52,791.64	\$ 53,750.00	\$ (958.36)	-1.82%
8			2	\$ 53,349.44	\$ 53,750.00	\$ (400.56)	-0.75%
9			2	\$ 52,791.64	\$ 53,750.00	\$ (958.36)	-1.82%
10			2	\$ 52,456.21	\$ 53,750.00	\$ (1,293.79)	-2.47%
11			3	\$ 52,319.44	\$ 54,500.00	\$ (2,180.56)	-4.17%
12			3	\$ 52,319.42	\$ 54,500.00	\$ (2,180.58)	-4.17%
13			3	\$ 52,791.64	\$ 54,500.00	\$ (1,708.36)	-3.24%
14			3	\$ 52,316.66	\$ 54,500.00	\$ (2,183.34)	-4.17%
15			3	\$ 46,318.64	\$ 54,500.00	\$ (8,181.36)	-17.66%
16			3	\$ 53,864.44	\$ 54,500.00	\$ (635.56)	-1.18%
17			3	\$ 51,819.44	\$ 54,500.00	\$ (2,680.56)	-5.17%
18			3	\$ 55,455.79	\$ 54,500.00	\$ 955.79	1.72%
19			3	\$ 54,819.44	\$ 54,500.00	\$ 319.44	0.58%
20			3	\$ 51,804.44	\$ 54,500.00	\$ (2,695.56)	-5.20%
21			4	\$ 52,819.43	\$ 55,250.00	\$ (2,430.57)	-4.60%
22			4	\$ 52,822.36	\$ 55,250.00	\$ (2,427.64)	-4.60%
23			4	\$ 52,819.44	\$ 55,250.00	\$ (2,430.56)	-4.60%
24			5	\$ 53,333.99	\$ 56,000.00	\$ (2,666.01)	-5.00%
25			5	\$ 52,819.41	\$ 56,000.00	\$ (3,180.59)	-6.02%
26			5	\$ 54,925.34	\$ 56,000.00	\$ (1,074.66)	-1.96%
27			5	\$ 53,333.99	\$ 56,000.00	\$ (2,666.01)	-5.00%
28			5	\$ 52,817.24	\$ 56,000.00	\$ (3,182.76)	-6.03%
29			5	\$ 58,677.08	\$ 56,000.00	\$ 2,677.08	4.56%
30			5	\$ 52,834.44	\$ 56,000.00	\$ (3,165.56)	-5.99%
31			5	\$ 47,318.62	\$ 56,000.00	\$ (8,681.38)	-18.35%
32			5	\$ 53,864.44	\$ 56,000.00	\$ (2,135.56)	-3.96%
33			6	\$ 57,047.14	\$ 56,750.00	\$ 297.14	0.52%
34			6	\$ 53,333.99	\$ 56,750.00	\$ (3,416.01)	-6.40%
35			6	\$ 53,319.44	\$ 56,750.00	\$ (3,430.56)	-6.43%
36			6	\$ 53,333.99	\$ 56,750.00	\$ (3,416.01)	-6.40%
37			7	\$ 56,072.55	\$ 57,500.00	\$ (1,427.45)	-2.55%
38			7	\$ 55,539.70	\$ 57,500.00	\$ (1,960.30)	-3.53%

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Exhibit A – Certified Teacher Analysis (Continued)

#	Staff Id	Staff Name	Year of Experience	Salary	Proposed Salary	Variance	Variance %
39			7	\$ 62,037.53	\$ 57,500.00	\$ 4,537.53	7.31%
40			8	\$ 55,319.44	\$ 58,250.00	\$ (2,930.56)	-5.30%
41			9	\$ 55,011.65	\$ 59,000.00	\$ (3,988.35)	-7.25%
42			9	\$ 60,316.15	\$ 59,000.00	\$ 1,316.15	2.18%
43			9	\$ 56,319.44	\$ 59,000.00	\$ (2,680.56)	-4.76%
44			11	\$ 66,151.10	\$ 60,500.00	\$ 5,651.10	8.54%
45			12	\$ 59,319.44	\$ 61,250.00	\$ (1,930.56)	-3.25%
46			12	\$ 56,072.55	\$ 61,250.00	\$ (5,177.45)	-9.23%
47			13	\$ 60,319.43	\$ 62,000.00	\$ (1,680.57)	-2.79%
48			14	\$ 61,191.65	\$ 62,750.00	\$ (1,558.35)	-2.55%
49			15	\$ 59,278.44	\$ 63,500.00	\$ (4,221.56)	-7.12%
50			17	\$ 64,321.66	\$ 65,000.00	\$ (678.34)	-1.05%
51			17	\$ 56,417.05	\$ 65,000.00	\$ (8,582.95)	-15.21%
52			17	\$ 63,251.65	\$ 65,000.00	\$ (1,748.35)	-2.76%
53			18	\$ 60,316.15	\$ 63,750.00	\$ (3,433.85)	-5.69%
54			18	\$ 60,997.09	\$ 63,750.00	\$ (2,752.91)	-4.51%
55			18	\$ 65,319.44	\$ 63,750.00	\$ 1,569.44	2.40%
56			19	\$ 67,666.44	\$ 66,250.00	\$ 1,416.44	2.09%
57			21	\$ 68,401.65	\$ 68,000.00	\$ 401.65	0.59%
58			22	\$ 64,559.75	\$ 68,750.00	\$ (4,190.25)	-6.49%
59			24	\$ 56,072.55	\$ 70,250.00	\$ (14,177.45)	-25.28%
Subtotal				\$ 3,291,857.98	\$ 3,415,500.00	\$ (123,642.02)	-3.76%
Estimated Benefits at 15%				\$ 493,778.70	\$ 512,325.00	\$ (18,546.30)	
Total Estimated Expenses				\$ 3,785,636.68	\$ 3,927,825.00	\$ (142,188.32)	

Represents the teachers whose salaries are below the proposed salary by more than \$3,000.00.

Represents the teachers whose salaries are below the proposed salary by less than \$3,000.00.

Note: The unshaded variances represent teachers whose salaries exceed the proposed salary.

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Exhibit B – Non-Certified Teacher Analysis

Non-Certified Teacher Considerations

Non-Certified Teachers: 28 Positions
 Current Salary Scale: \$45,000.00 - \$66,000.00

#	Staff Id	Staff Name	Years of Experience	Salary	Current Salary	Variance	Variance %
1			0	\$ 45,820.89	\$ 45,000.00	\$ 820.89	1.79%
2			1	\$ 51,319.44	\$ 45,000.00	\$ 6,319.44	12.31%
3			1	\$ 51,319.44	\$ 45,000.00	\$ 6,319.44	12.31%
4			2	\$ 54,894.44	\$ 45,500.00	\$ 9,394.44	17.11%
5			2	\$ 48,199.44	\$ 45,500.00	\$ 2,699.44	5.60%
6			2	\$ 52,791.64	\$ 45,500.00	\$ 7,291.64	13.81%
7			2	\$ 53,864.44	\$ 45,500.00	\$ 8,364.44	15.53%
8			3	\$ 52,317.27	\$ 46,000.00	\$ 6,317.27	12.07%
9			3	\$ 53,333.99	\$ 46,000.00	\$ 7,333.99	13.75%
10			3	\$ 52,317.36	\$ 46,000.00	\$ 6,317.36	12.08%
11			4	\$ 47,319.48	\$ 46,500.00	\$ 819.48	1.73%
12			6	\$ 55,903.57	\$ 47,000.00	\$ 8,903.57	15.93%
13			6	\$ 57,047.14	\$ 47,000.00	\$ 10,047.14	17.61%
14			8	\$ 54,481.20	\$ 49,000.00	\$ 5,481.20	10.06%
15			9	\$ 48,199.44	\$ 50,000.00	\$ (1,800.56)	-3.74%
16			9	\$ 55,819.44	\$ 50,000.00	\$ 5,819.44	10.43%
17			10	\$ 56,072.55	\$ 51,000.00	\$ 5,072.55	9.05%
18			11	\$ 56,072.55	\$ 52,000.00	\$ 4,072.55	7.26%
19			12	\$ 56,072.55	\$ 53,000.00	\$ 3,072.55	5.48%
20			12	\$ 56,072.55	\$ 53,000.00	\$ 3,072.55	5.48%
21			13	\$ 60,131.33	\$ 54,000.00	\$ 6,131.33	10.20%
22			14	\$ 67,742.45	\$ 55,000.00	\$ 12,742.45	18.81%
23			14	\$ 56,072.55	\$ 55,000.00	\$ 1,072.55	1.91%
24			16	\$ 56,072.55	\$ 57,000.00	\$ (927.45)	-1.65%
25			16	\$ 61,483.14	\$ 57,000.00	\$ 4,483.14	7.29%
26			17	\$ 64,811.87	\$ 58,000.00	\$ 6,811.87	10.51%
27			18	\$ 58,646.65	\$ 59,000.00	\$ (353.35)	-0.60%
28			18	\$ 54,496.65	\$ 59,000.00	\$ (4,503.35)	-8.26%
Subtotal				\$ 1,538,696.01	\$ 1,407,500.00	\$ 131,196.01	8.53%
Estimated Benefits at 15%				\$ 230,804.40	\$ 211,125.00	\$ 19,679.40	
Total Estimated Expenses				\$ 1,769,500.41	\$ 1,618,625.00	\$ 150,875.41	

Represents teachers whose salaries are below the current salary.

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2020-2021 Salary Option Proposals:

On June 22, 2020, the board passed several employee incentive programs that increased the payroll budget. On June 29, 2020 three (3) options were prepared for the Board’s consideration as guidance in determining the appropriate salary implementation for employees other than teachers. The options are outlined below:

- Option 1 – No Increase for Other Employees - \$0.00 Impact on the Budget;
- Option 2 – 1.5% Increase for Other Employees - \$157,672 Estimated Impact on the Budget; and
- Option 3 – \$1,000.00 Increase for Other Employees - \$218,656 Estimated Impact on the Budget.

On June 29, 2020, the board approved **Option 1** for the 2020-2021 school year. The following table captures the comparative salary components:

Option 1 – No Increase for Other Employees			
Description	2019-2020	2020-2021	Variance
Teacher Salaries and Benefits	\$ 5,599,442	\$ 6,692,989	\$ 1,093,547
Other Staff Salaries and Benefits	\$ 6,769,479	\$ 6,775,704	\$ 6,225
HB3	\$ 143,729	\$ 137,339	(\$ 6,390)
Employee Referral Program	\$ -	\$ 8,000	\$ 8,000
Employee Retention Program	\$ -	\$ 44,400	\$ 44,400
Total Salaries	\$ 12,512,650	\$ 13,658,432	\$ 1,145,781

Teacher Salaries and Benefits - The 2020-2021 variance represents open positions, increases given to teachers to align their salaries with the 2020-2021 Teacher Salary Schedule, and employee benefits. The variance also includes an offsetting savings in salaries resulting from position eliminations.

Other Staff Salaries and Benefits – The 2020-20201 variance represents open positions offset by savings in salaries resulting from positions eliminations.

HB3 - Denotes a projected amount, which will be reduced for the 2020-2021 school year. The total basic allotment amount is not expected to increase as much as last year and Varnett has fewer teachers. This is a conservative budget approach.

Employee Referral Program - This amount represents the potential \$200 paid to each eligible employee for referring a new staff member to Varnett.

Employee Retention Program - This amount represents the potential \$200 - \$300 paid to each eligible employee for returning to Varnett for two (2) consecutive years.

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Other Salary Components

The 2020-2021 recommended budget allocates fees for the 403(b) and 457(b) on behalf of the plan participant:

- ◆ 403b – \$18.50 a year for active contributions; and
- ◆ 457b – .77% and \$18.50 a year for administration.

Description	403(b)	457(b)
Total Employee Contributors*	6	49
Total Amount of Contributions	\$ 15,864.00	\$ 59,380.00
Fees paid by Varnett	\$ -	\$ 1,587.20
Fees paid by Employee	N/A	\$ 1,301.51

* Maximum number of contributors during this period. Contributors fluctuate.

Preliminary entitlements received from the Texas Education Agency (TEA):

Grants	2019-2020 Allotment*	2020-2021 Allotment**
Title I, Part A - Improving Basic Programs	\$ 946,912	\$ 829,543
IDEA B	\$ 247,450	\$ 242,303
IDEA B Preschool	\$ 12,505	\$ 6,391
Title II, Part A - Teacher and Principal Training and Recruiting	\$ 134,564	\$ 84,487
Title III, Part A - Immigrant	\$ -	\$ 9,890
Title III, Part A - Language Instruction for Limited English Proficient Students	\$ 75,334	\$ 62,318
Title IV, Part A - Student Support and Academic Enrichment	\$ 109,788	\$ 54,795
Title IV, Part F - Project SERV Hurricane Recovery Grant	\$ 9,027	\$ 9,027
CARES Act, Elementary and Secondary School Emergency Relief Fund (ESSERF)	\$ 301,566	\$ 301,566
Grant Total(s)	\$1,837,146	\$ 1,600,320

These amounts may decrease as result of the closure of the Southeast Campus.

*Includes roll-over ** Excludes roll-over

SUBJECT: CONSIDER APPROVAL OF 2020-2021 PROPOSED DISTRICT BUDGET – 2ND READING

The basis upon which the 2020-2021 projected expenditures were determined are listed below:

- Payroll (Object 61XX) – Aligned teachers’ salaries with the 2020-2021 Teacher Salary Schedules and eliminated positions based on projected student enrollment.
- Contracted Services (Object 62XX) – Reviewed contracted and professional services to determine whether such services were required for the 2020-2021 school year. If services were not considered required for the 2020-2021 school year, no related expenditures were included in the 2020-2021 projected expenditures. Also, remaining expenditures incurred through June 15, 2020 were reduced by 20%. Additionally, based on the Leadership Team’s needs assessment, additional expenditures primarily of a non-recurring nature were included.
- Supplies (Object 63XX) – Expenditures incurred through June 15, 2020 were reduced by 20%. Additionally, based on the Leadership Team’s needs assessment, additional expenditures primarily of a non-recurring nature were included.
- Travel and Other (Object 64XX) – Expenditures incurred through June 15, 2020 were reduced by 10%. Additionally, based on the Leadership Team’s needs assessment, additional expenditures primarily of a non-recurring nature were included.

Proposed District Budget also includes the following recommended appropriations:

Funding Source	2019-2020 Anticipated	2020-2021 Budget
National School Lunch Program - Local Funding	\$ 70,000	\$63,787
National School Lunch Program - State Funding	\$ 4,800	\$4,374
National School Lunch Program - Federal Funding	\$1,002,090	\$913,154
Total(s)	\$1,076,890	\$981,315

The Varnett Public School

2020-2021 Proposed District Budget

General State (Fund 199/420)

		2019-2020 Amended Budget	2020-2021 Proposed Budget
Revenues:			
5700	Local and Intermediate Sources	\$ 1,486,778	\$ 1,486,778
5800	State Program Revenues	\$ 15,808,562	\$ 14,267,038
5900	Food Service Federal Program Revenues	\$ 1,076,970	\$ 981,316
5900	Federal Program Revenues	\$ 1,282,011	\$ 1,041,033
Total Revenues		\$ 19,654,321	\$ 17,776,165
Expenditures:			
11	Instruction	\$ 8,914,351	\$ 8,307,608
12	Library and Media Services	\$ 219,739	\$ 113,450
13	Curriculum and Instruction Staff Development	\$ 665,727	\$ 307,091
21	Instructional Leadership	\$ 70,000	\$ -
23	School Leadership	\$ 1,956,582	\$ 1,397,563
31	Guidance, Counseling, and Evaluation Services	\$ 414,000	\$ 445,329
33	Health Services	\$ 231,805	\$ 208,288
34	Transportation	\$ 903,588	\$ 540,827
36	Cocurricular/Extracurricular Activities	\$ 17,320	\$ 5,400
41	General Administration	\$ 1,262,361	\$ 975,123
51	Plant Maintenance and Operations	\$ 2,939,591	\$ 3,095,262
52	Security and Monitoring Services	\$ 250,439	\$ 251,977
53	Data Processing Services	\$ 1,146,513	\$ 1,202,165
61	Community Services	\$ 161,150	\$ 131,590
71	Debt Service	\$ 61,200	\$ 61,200
99	Capital Outlay	\$ 60,000	\$ 60,000
Transfer to Other Funds		\$ 64,500	\$ -
Total Expenditures		\$ 19,338,866	\$ 17,102,873
Change in Net Assets		\$ 315,455	\$ 673,292

Note: State Revenue is based on 1,350 students enrolled @ 95% attendance, resulting in a Refined Average Daily Average of 1,283

Nutrition Services (Fund 240)

		2019-2020 Amended Budget	2020-2021 Proposed Budget
Revenues:			
5700	Local and Intermediate Sources	\$ 70,000	\$ 63,787
5800	State Program Revenues	\$ 4,800	\$ 4,374
5900	Food Service Federal Program Revenues	\$ 1,002,090	\$ 913,154
Total Revenues		\$ 1,076,890	\$ 981,316
Expenditures:			
35	Food Service	\$ 1,050,335	\$ 881,588
Total Expenditures		\$ 1,050,335	\$ 881,588
Change in Net Assets		\$ 26,555	\$ 99,728

The Varnett Public School

2020-2021 Proposed District Budget

General State (Fund 199/420)

		2019-2020 Amended Budget	2020-2021 Proposed Budget
Revenues:			
5700	Local and Intermediate Sources	\$ 1,486,778	\$ 1,486,778
5800	State Program Revenues	\$ 15,808,562	\$ 14,267,038
5900	Food Service Federal Programs Revenues	\$ 1,076,970	\$ 981,316
5900	Federal Program Revenues	\$ 1,282,011	\$ 1,041,033
Total Revenues		\$ 19,654,321	\$ 17,776,165
Expenditures:			
6100	Payroll	\$ 13,528,547	\$ 12,082,702
6200	Contracted Services	\$ 3,881,151	\$ 3,500,659
6300	Supplies	\$ 650,518	\$ 1,035,920
6400	Travel and Other	\$ 1,007,272	\$ 305,392
6500	Debt Service	\$ 61,200	\$ 61,200
6600	Capital Outlay	\$ 145,678	\$ 117,000
8900	Transfer to Other Funds	\$ 64,500	\$ -
Total Expenditures		\$ 19,338,866	\$ 17,102,873
Change in Net Assets		\$ 315,455	\$ 673,292

Note: State Revenue is based on 1,350 students enrolled @ 95% attendance, resulting in a Refined Average Daily Attendance of 1,283.

Nutrition Services (Fund 240)

		2019-2020 Amended Budget	2020-2021 Proposed Budget
Revenues:			
5700	Local and Intermediate Sources	\$ 70,000	\$ 63,787
5800	State Program Revenues	\$ 4,800	\$ 4,374
5900	Federal Program Revenues	\$ 1,002,090	\$ 913,154
Total Revenues		\$ 1,076,890	\$ 981,316
Expenditures:			
6100	Payroll	\$ 647,614	\$ 623,099
6200	Contracted Services	\$ 2,534	\$ 313
6300	Supplies	\$ 392,491	\$ 256,250
6400	Travel and Other	\$ 7,696	\$ 1,926
Total Expenditures		\$ 1,050,335	\$ 881,588
Change in Net Assets		\$ 26,555	\$ 99,728