



# **Transylvania County Schools**

**Budget Highlights for Fiscal  
Year 2021**

## Budget Preparation

In preparing the budget resolution, many complex factors must be considered. Some factors are known, such as:

- Certain personnel changes
- Certain service and supply contracts
- Certain policy goals requiring funding

Some factors that are heavy influencers are typically unknown, such as:

- Class sizes, especially kindergarten. It is not possible in NC to predict the exact number of students who will walk through the doors of a school on the first day. Increases in the cost of materials, services, and utilities
- State and federal budget action and statutory changes

Unknowns make preparation for each upcoming fiscal year extremely difficult, and underscore the need for an appropriate fund balance reserve to mitigate unforeseen changes.

The COVID-19 pandemic has also increased uncertainty about the FY21 budget. The effects of lower sales tax revenue and income taxes, business closings, and exploding unemployment claims have put a major strain on budgets. Federal and state assistance has softened much of this financial hardship.

## FY21 Budget Highlights

### State Public School Fund

The State Public School fund initial budget increased 5.0% over the FY20 initial budget. Of that increase, \$290,053 is COVID-19 relief funding for summer learning, school health support, nondigital resources, and technology. The remainder is attributed to salary and benefit increases and an ADM increase from 3,346 to 3,381.

### Local Current Expense Fund

Flat funding – The Board of Commissioners voted to keep our appropriation flat for FY21 except for an increase of \$54,182 for SRO contracted services. This increase is offset by a corresponding increase in the amount paid to the county for SROs.

Expenditure increases – Even though funding has remained the same as FY20, mandated salary and benefit increases totaling \$234,243 must be covered. Also, other increase totaling \$128,502 must be covered. In order to do this the Superintendent proposes the following –

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| 1. Cut local instructional supply budgets by roughly 1/3 | \$99,236  |
| 2. Transfer 2 Special Needs teacher salaries to Fund 3   | \$139,789 |
| 3. Appropriate fund balance                              | \$123,720 |

**Federal Grants Fund**

The initial Federal Grants Fund budget increased 35.5% over FY20’s initial budget. This is composed of an increase of \$904,698 in CARES Act funding. These funds will be used to pay for online academy and digital learning expenses, cleaning and PPE expense related to COVID-19, and planning and support salaries for school building administration.

The Federal Grants Fund budget also includes a significant cut of \$100,015 to Title One Low Income funding. This has been attributed to changes in poverty rates, but the administration is attempting to verify the data used to calculate the funding.

**Capital Outlay Fund**

We received \$1,561,886 in county appropriation for capital outlay for FY21. The appropriation was restricted by a combination of function (equipment and vehicles) and project. In addition, funding for projects over \$50,000 was withheld pending submittal of appropriate documentation.

Approved projects were outlined in the county budget ordinance and are reflected in the budget resolution. However, critical line items were not approved, and some line items were approved that were either already funded or not as high a priority. The Superintendent recommends requesting the Board of Commissioners to amend the appropriation to reflect the Board of Education’s priority projects.

**Child Nutrition Fund**

The FY21 Child Nutrition budget will be strained to the maximum with uncertainty about a full return to school. This will greatly affect meal sales. Also, the reduction in meetings, gatherings, etc., will reduce supplemental sales tremendously. A small amount of state funding will help to offset these reductions but will in no way make up for the entire amount.

**Restricted Grants Fund**

The Restricted Grants Fund consists of public and private grants, indirect costs charged to federal programs, Medicaid fee for service and administrative claims, before and after school care, and e-rate rebates.

Many grants that were received in past years have now expired and are no longer funded, leaving projected revenues at \$918,964. This is a decrease of \$54,339 (5.6%) from the FY20 budget.

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