Horry County Board of Education

Horry County Schools

Finance Committee Meeting

Wednesday, May 27, 2020
Virtual Meeting

Board Members Present

Chris Hardwick, Board Member and Finance Committee Chair
Helen Smith, Board Member and Finance Committee Member
Shanda Allen, Board Member, District 11
Janice Morreale, Board Member, District 5
Kenneth Richardson, Board Chairman

Staff Present

Rick Maxey, Superintendent
Velna Allen, Chief Officer of Student Services
Mary Anderson, Chief Human Resources Officer
Daryl Brown, Chief Officer for Support Services
Edi Cox, Executive Director of Online Learning
John Gardner, Chief Financial Officer
Kenneth Generette, Staff Attorney
Boone Myrick, Chief Academic Officer
Heidi Oates, Executive Assistant to the Superintendent & Board of Education
Lucas Richardson, Broadcast Technician
Polly Dean, Administrative Assistant

1.WELCOME

Mr. Hardwick called the meeting to order at 2:00 pm and welcomed those in attendance.

2. INTRODUCTIONS

Mr. Hardwick asked the Superintendent, Mr. Kenneth Generette, Mr. John Gardner, Ms. Polly Dean, Ms. Heidi Oates, Ms. Janice Morreale, Ms. Helen Smith, Ms. Shanda Allen and Mr. Kenneth Richardson to introduce themselves.

3. ACKNOWLEDGE COMPLIANCE WITH FOIA

As required by SC Law 30-4-80, local news media were informed of the date, time, place, and agenda of this meeting. Copies of the agenda were posted at the District Office and distributed to the schools for posting.

4. REVIEW AND APPROVAL OF AGENDA

Moved by Ms. Smith and seconded by Mr. Hardwick, the agenda was unanimously approved.

5. REVIEW AND APPROVAL OF MINUTES

A motion was made by Ms. Smith and seconded by Mr. Hardwick to approve the May 6, 2020 minutes from the Finance Committee as presented. The motion carried unanimously.

6. NEW BUSINESS

a. Review of 2020-21 Superintendent's Comprehensive Budget

Mr. Gardner shared a document titled "Review of 2020-21 Superintendent's Comprehensive Budget". He pointed out that the 2019-20 Adopted General Fund Budget (which is our current year's budget) had revenues of $430.6 million and expenditures of $449.2 million. To balance the budget, the Board approved the utilization of fund balance in the amount of $18.6 million.

He also stated at the May 18, 2020 Board meeting, he shared the district's initial projections for 2019-20 and stated that at this point, our best estimates indicate that we will have a $10.3 million surplus at the end of the current fiscal year. He also mentioned at that meeting, that historically we have many unfilled vacancies. This along with additional revenue and the unanticipated savings from utilities and other operational costs due to the school closures played a major role in the surplus.

The 2020-21 proposed General Fund Budget that was given preliminary approval at the May 18, 2020 Board Meeting has revenues of $449.6 million and expenditures of $460.6 million. To balance the budget, the district is requesting the approval to utilize fund balance in the amount of $11 million.

He also mentioned that in a previous version of the 2020-21 General Fund Budget they **planned** a STEP increase for all employees, or a 2% salary increase. However, due to the continuing resolution **H.3411** that was passed on May 12, 2020, the teacher STEP increases were suspended until the 2020-21 State budget is enacted.

Mr. Gardner indicated the expenditure adjustments listed below reflect the information that was shared at the May 18th Board Meeting. As done in the past, they are separated into categories. He said **it is important to note that these items are ranked alphabetically. NOT by order of importance.**

The first category was titled "Mandatory Expenditure Adjustments". The items listed had either been previously approved by the Board or are items that are considered to be fixed costs.

Items previously approved by the Board include:

- Staffing for 841 Students
- Special Education Teacher, Related Service and Support Staff Positions
- ESOL Support (7.0 teachers)
- Principal Specialists.

Items that are considered to be fixed costs include:

- Property insurance
- Health insurance
- Workers' compensation insurance
- Charter school support.

Mr. Gardner noted the second category was titled "Cost Savings Adjustments". He said this item represents the difference between the salaries/benefits that were budgeted for vacant positions and the actual costs of employees who ultimately filled them.

The last category was titled "Optional Expenditure Adjustments". Due to the fact that all the optional expenditure adjustments were considered to be necessary, the Committee did not rank them in order of importance.

Mr. Hardwick made a motion to utilize $11,038,242 of Fund Balance for the 2020-21 General Fund Budget. Ms. Smith seconded the motion.

Dr. Maxey shared the following steps that the District is planning to minimize the potential financial impact of the COVID-19 pandemic during the 2020-21 fiscal year:

1st Quarter

- Monitor the status of the 2020-21 State budget.
- Delay the hiring of select non-classroom positions with the exception of essential support-related
- Positions such as food service, transportation, custodial, and technology.
- Limit overtime.
- Suspend all out-of-state travel.
- Schedule all professional development activities virtually or on-site.
- Develop a spending plan for the CARES (Coronavirus Aid, Relief, and Economic Security) Act with an emphasis on the continuance of operations and support of the e-learning community.

2nd Quarter

- Determine the fiscal impact of the approved 2020-21 State budget.
- Dependent on reduction funding, make additional spending adjustments including, but not limited to, and across the board budget reduction.
- Review Education Capital Improvement Sales and Use Tax collections and make recommendations to the Board concerning current and future capital improvement and technology projects.
- Based on updated financial information, revisit the delay in hiring non-classroom positions.
- Review previous expenditure suspensions.

3rd Quarter

- Continue to monitor the financial position of the District.
- Determine if any adjustments need to be made to the 2021-22 personnel allocation formulae to address any current or potential short falls in State or Local funding.
- Determine if any further expenditure adjustments are necessary to address funding reductions.
- Monitor the status of the 2021-22 State budget.
- Develop the 2021-22 Superintendent's Comprehensive Budget.

4th Quarter

- Continue to monitor the financial position of the District.
- Monitor the status of the 2021-22 State budget.
- Prepare the 2021-22 Superintendent's Comprehensive Budget.

b. CARES (Coronavirus Aid, Relief, and Economic Security) Act

Mr. Gardner shared information the District received regarding the allowable uses of the CARES Act funds from the State Department of Education and there are 12 allowable uses of the funds. He stated the most important one is indicated on item #12 of the handout he provided which states "Other activities that are necessary to maintain the operation of and continuity of services in local education agencies and continuing to employ existing staff of the local education agency".

He also mentioned the SCDE has provided maximum flexibility on the use of these funds. As Dr. Maxey had previously shared, the District will develop a plan that places an emphasis on the continuance of operations and support the e-learning community. He said at yesterday's Technology Committee Meeting, the committee made a recommendation to utilize $3,979,800 to expand the 1:1 PDL program in grades CD-4 to provide schools with greater flexibility for delivering personalized instruction to students in either a classroom or home environment.

Another item that Mr. Gardner wanted to bring to the attention of the committee is the requirement to provide equitable services in the same manner to students and teachers in non-public schools. He said we have recently been on several conference calls with Our State Superintendent, Molly Spearman. She indicated that the State is developing additional guidance on how this requirement can be met.

Finally, he shared that the preliminary projection for Horry County Schools is $14,010,483. He also cautioned that this amount may change due to final guidance on non-public schools.

c. Status Update on Taxable/Tax Exempt Refunding Opportunity

He shared that Mr. Brian Nurick (our Financial Advisor) said that there have been no changes since the last meeting and indicated that the interest rates have been stable.

He also shared that on May 20th, Ms. Frannie Heizer (our Bond Counsel) posted the RFP's for the advanced refunding and published notices of the sale on May 21st.

He said that the responses are due June 10th at 11:00 am. Once the bids are received, he will notify the Finance Committee of the results prior to awarding to the winning proposal.

d. Next Meeting

Mr. Hardwick recommended to the committee to wait to schedule the next meeting until after the bids come back to review the bids and to present to the full Board. Mr. Gardner stated there was not a need to schedule a meeting. The committee will be notified by phone of the results the afternoon of June 10th.

7. ADJOURNMENT

A motion was made by Ms. Smith and seconded by Mr. Hardwick to adjourn the meeting. The motion carried and Mr. Hardwick adjourned the meeting at 2:32 pm.

Respectfully Submitted,

Polly Dean

Polly Dean
Administrative Assistant, Fiscal Services

Approved:

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