

Proposed Modification to Allocation Formulae

On June 24, 2013, the Board of Education approved the 2013-14 Comprehensive Budget with the inclusion of the Personal Digital Learning Initiative (PDL). The motion included the stipulation that the average class size would increase by two additional students to offset the operational costs associated with the PDL initiative. The increase in class size was to take place in the school year following ~~after~~ implementation of the PDL initiative at each specific grade level.

The PDL initiative is scheduled for a three year phase-in for grades 3-12. The 2013-14 budget includes \$2.2 million in General Fund operational expenditures for the first year of implementation in grades 6-8. The next two subsequent years are expected to increase by \$1.6 million annually to a full implementation cost of \$5.4 million by the 2015-16 school year when PDL is in place in grades 3-12.

The following table shows the impact of increasing class size at the middle school level:

	<i>2013-14 Original Allocation</i>	<i>+2 increase</i>	<i>+1 increase</i>
Aynor Middle	29.5	27.0	28.5
Black Water Middle	34.0	31.0	32.5
Conway Middle	31.0	28.5	29.5
Forestbrook Middle	51.0	47.0	49.0
Green Sea Floyds High (grades 6-8)	17.5	16.0	17.0
Loris Middle	35.0	32.5	34.0
Myrtle Beach Middle	51.0	47.5	49.5
North Myrtle Beach Middle	52.0	48.5	50.0
Ocean Bays Middle	57.0	52.5	54.5
St. James Middle	57.5	53.0	55.0
Whittemore Park Middle	30.0	28.0	29.0
Total Regular Teaching Positions	445.5	411.5	428.5

The increase of 2 additional students would result in a loss of 34 teaching positions. Although this would result in savings of over \$2.2 million, the middle school principals believe that these reductions would have a significant impact on the core academic areas.

For the past several years, the District has increased fund balance. Although additional revenues play a part in the increase, the District has incurred savings from vacant

positions. In 2012-13 the District averaged a 2% vacancy rate. The net impact of the vacancies (after payment of substitutes) was approximately \$3.6 million.

The administration would like for the Board to consider utilizing the net funds saved from vacant positions as a potential source of funds for maintaining the current allocation formulae. This amount would be a utilization of fund balance.