

Budget Methodology and Assumptions for Projected Gulf Shores City Schools

October 2, 2017

PARCA was contracted by the City of Gulf Shores to develop potential budgets for a possible Gulf Shores City School system. PARCA developed budgets based on projected enrollment, or Average Daily Membership (ADM), numbers.

ADM Scenarios: PARCA built a budget based on projected ADM numbers provided by the City of Gulf Shores Economic Development Office.

Scenario	Assumptions	ADM
1	2016-2017 zoning, plus projected growth	2,375
2	Only students living within the boundaries of Gulf Shores	1,725
3	Students living within the boundaries of Gulf Shores, plus Fort Morgan and unincorporated areas.	1,975
4	Students living within the boundaries of Gulf Shores, plus Fort Morgan and unincorporated areas and Orange Beach and Ono Island students in grades 9-12	2,232

Revenue:

Federal Funding:

Federal funding projections are based federal funds allocated to the three schools in Gulf Shores in FY2017. From these figures, a dollar per student figure was calculated and applied to the four ADM scenarios.

NOTE: The federal revenue projection presumes no material changes to the percentage of students qualifying free and reduced lunch.

State Funding:

State funding is a combination of the Foundation program and annual ETF appropriations. Both are calculated based on the number of units, or staff positions, a school earns.

Units were calculated using grade-level ADM scenarios and the FY18 unit divisors provided by the Alabama State Department of Education.

Foundation Program revenue was calculated using the FY18 formulas for each scenario.

ETF allocations were calculated with FY18 formulas when available and otherwise, FY17 formulas.

NOTE: State revenue projections do not include allocations for bus fleet or career instruction.

Chargeback Calculation:

The Foundation chargeback of \$5,434,000 was calculated by dividing the budgeted FY17 yield of Gulf Shores' 5 mill ad valorem tax (\$2,717,000) by 5 and multiplying by 10.

County Revenue

Both county millage and county sales tax revenue are calculated by multiplying the estimated yields of \$33,517,909 and \$72,392,157 respectively by the percentage of students in Baldwin County enrolled in a new Gulf Shores City School System.

NOTES:

County millage yield is based on 8 mills of the total 9 mills of countywide ad valorem currently levied for education. Revenue projections do not include any possible revenue from the 1 mill countywide special ad valorem tax set to expire in 2018 unless renewed by Baldwin County voters.

County sales tax yield is based on two one-cent countywide sales taxes. Baldwin County Public Schools currently receives an additional 0.40% share of a third one-cent countywide sales tax. Revenue projections do not include any possible revenue sharing from this one-cent countywide sales tax.

District millage revenue is projected by the budgeted FY17 yield of the Gulf Shores millage (\$2,717,000) divided by 5 and multiplied by 3.

Expenses

Instruction and Instructional Support:

PARCA calculated the per student amount budgeted in each of the three schools for instruction and instructional support in FY17. These per student figures were applied to the ADM numbers in the four scenarios.

Auxiliary Costs

Auxiliary costs include costs for transportation and food service. PARCA calculated the per student amount in the FY17 budget and applied this number to the ADM numbers in the four scenarios.

NOTE: Auxiliary costs are driven more by the amount of transportation services needed than by enrollment figures.

School-earned Revenue

The schools generate revenue by admissions, fundraisers, concessions, etc. While this number could vary somewhat based on ADM, it is believed that school-hosted tournaments account for the majority of this revenue. Thus, the figure remains constant for all four scenarios.

Current Debt

The Gulf Shores EDO provided current debt payments for each school as supplied by Baldwin County Public Schools in 2016.

Other Expenses

All other expenses are projected to remain constant regardless of ADM.

High- and Top-Performing Expenditures

PARCA also provided per student spending on instruction and instructional support in high-performing and top-performing elementary, middle, and high schools. These numbers were applied to the ADM numbers in the four scenarios.

To create the sets of high- and top-performing schools, PARCA analyzed academic data from the 2015-2016 school year, the most recent year for which data is available. PARCA eliminated county systems and magnet schools. PARCA ranked the remaining schools on student proficiency. Elementary and middle schools were ranked by percentage of students scoring at or above benchmark in all sections of the ACT Aspire. High schools were ranked on the percentage of students scoring at or above benchmark on all sections of the ACT exam.

Top-performing schools were the top ten elementary, middle, and high schools.

High-performing schools were the top ten schools with percentages of free-lunch students similar to the Gulf Shores.

High-Performing Elementary Schools	Top-Performing Elementary Schools
FE Burleson, Hartselle Hall Kent, Homewood Rocky Ridge, Hoover Trace Crossings, Hoover Challenger, Huntsville Jones Valley, Huntsville Memorial Park, Jasper Pelham Oaks, Pelham Robert E. Lee, Satsuma Arcadia Elementary School, Tuscaloosa	Shades Cahaba, Homewood Hampton Cove, Huntsville Columbia, Madison Cherokee Bend, Mountain Brook City Mtn. Brook, Elementary, Mountain Brook Rock Quarry, Tuscaloosa East, Vestavia Hills West Elementary, Vestavia Hills Liberty Park, Vestavia Hills Cahaba Heights, Vestavia Hills

High-Performing Middle Schools	Top-Performing Middle Schools
Challenger, Huntsville Riverchase, Pelham Oneonta, Oneonta Russellville, Russellville Arab Junior High, Arab Drake, Auburn Cullman, Cullman Dauphin, Enterprise Homewood, Homewood Thompson, Alabaster	Cullman, Cullman Homewood, Homewood Berry, Hoover Hampton Cove, Huntsville Discovery, Madison Liberty, Madison Mtn. Brook Junior High, Mountain Brook Pizitz, Vestavia Hills Liberty Park, Vestavia Hills Rock Quarry, Tuscaloosa



High-Performing High Schools	Top-Performing High Schools
Thompson, Alabaster Arab High, Arab Ramsay, Birmingham Cullman High, Cullman Enterprise High, Enterprise Homewood High, Homewood Virgil Grissom, Huntsville Muscle Shoals High, Muscle Shoals Pelham High, Pelham	Homewood High, Homewood Spain Park, Hoover Hoover High, Hoover Huntsville High, Huntsville Virgil Grissom, Huntsville Bob Jones, Madison James Clemens, Madison Mountain Brook High, Mountain Brook Oneonta High, Oneonta Vestavia Hills High, Vestavia Hills

Projected Budget for Scenario 2

ADM: 1725

Projected Revenues

PARCA estimates a Gulf Shores City School System with an ADM of 1725 students would generate **\$15,386,796** in revenues through existing revenue sources.

Federal Funds	\$1,648,093
State Funds	\$4,795,635
County Millage	\$1,891,747
County Sales Tax	\$4,085,805
District Millage	\$1,630,200
Other Existing Revenues	\$1,335,316
TOTAL REVENUES	\$15,386,796

Projected Expenses

PARCA estimates expenses for a Gulf Shores City School System with an ADM of 1725 students to be between **\$14.9 - \$17.4 million** depending upon the academic needs and desires of the community.

Current Expenses	High-Performance	Top-Performance
\$14,905,185	\$16,449,799	\$17,412,275

Projected Net Position

PARCA estimates a Gulf Shores City School System with an ADM of 1725 students could expect to require between **\$0 - \$2.1 million** in additional annual revenues depending upon the academic needs and desires of the community.