

2002 ½ Cent Sales Tax Budget

The 2002 Half-Cent Sales Tax Fund is used to account for the sales tax collections that were authorized by the parish voters in November 2001. These sales tax collections are dedicated to providing a raise for teachers as well as additional teachers. A reserve fund was also established to sustain the raises and staffing should tax collections decrease due to a poor economy.

2002 $\frac{1}{2}$ Cent Sales Tax Budget

▸ *Budget*

▸ *Half-Cent Sales Tax Increase Proposition and
Administrative Plan*

2002 ½ Cent Sales Tax Budget

Budget

LAFAYETTE PARISH SCHOOL SYSTEM

2002 1/2% Sales Tax Fund

HISTORICAL FROM FY 2002 (INCEPTION)
TO
FY 2005-2006

	Actual 2001/2002	Actual 2002/2003	Actual 2003/2004	Budget 2004/2005	Estimated 2004/2005	Adopted Budget 2005/2006	FTE #	FTE #
NET REVENUES	\$ 6,289,279	\$ 16,165,254	\$ 16,492,297	\$ 17,026,614	\$ 17,538,896	\$ 18,218,933		
DISTRIBUTION:								
TEACHER RAISES	\$ 4,524,100	\$ 10,179,722	\$ 10,375,698	\$ 10,651,307	\$ 10,565,816	\$ 10,745,000		
INSTRUCTIONAL COUNSELING		472,580	486,898	497,785	501,359	525,000	10	10
PROFESSIONAL DEVELOPMENT		838,992	389,851	395,642	334,335	400,000		
LOWER CLASS SIZE		481,412	4,153,680	4,332,798	4,456,360	4,600,000	101	101
TUTORING & EXTRA INSTRUCTION		2,559,048	795,299	786,287	756,651	800,000	13.5	13.5
TOTAL DISTRIBUTION	\$ 4,524,100	\$ 14,531,754	\$ 16,201,426	\$ 16,663,819	\$ 16,614,521	\$ 17,070,000		
NET EFFECT ON RESERVE FUND	\$ 1,765,179	\$ 1,633,500	\$ 290,871	\$ 362,795	\$ 924,375	\$ 1,148,933		
RESERVE CARRYFORWARD	\$ -	\$ 1,765,179	\$ 3,398,679	\$ 3,698,470	\$ 3,689,550	\$ 4,613,925		
OPERATIONAL RESERVE FUND BALANCE	\$ 1,765,179	\$ 3,398,679	\$ 3,689,550	\$ 4,061,265	\$ 4,613,925	\$ 5,762,858		
INTEREST RESERVE								
INTEREST RESERVE CARRYFORWARD	\$ -	\$ -	\$ 13,659	\$ 78,550	\$ 81,226	\$ 157,783		
INTEREST INCOME		13,659	67,567	70,000	(74,837)	200,000		
INTEREST RESERVE PAYMENT						(157,783)		
INTEREST RESERVE FUND BALANCE	\$ -	\$ 13,659	\$ 81,226	\$ 148,550	\$ 157,783	\$ 200,000		
TOTAL 2002 TAX RESERVE	\$ 1,765,179	\$ 3,412,338	\$ 3,770,776	\$ 4,209,815	\$ 4,771,708	\$ 5,962,858		

2002 ½ Cent Sales Tax Budget

*Half-Cent Sales Tax Increase Proposition and
Administrative Plan*

**Election of
November 17, 2001**

**½ Cent Sales Tax Increase Proposition
and Administrative Plan**

CLASSROOM TEACHER SALES TAX PROPOSITION

SUMMARY: AUTHORITY FOR THE LAFAYETTE PARISH SCHOOL BOARD TO LEVY AN ADDITIONAL 1/2% SALES AND USE TAX DEDICATED TO PAYING THE COSTS OF SALARIES AND RELATED BENEFITS OF CLASSROOM TEACHERS, AND THE ESTABLISHMENT OF A TEACHER SALARY RESERVE FUND.

Shall the Parish School Board of the Parish of Lafayette, State of Louisiana (the "School Board"), under the provisions of Article VI, Section 29 of the 1974 Louisiana Constitution, La. R.S. 33:2721.6, and other constitutional and statutory authority supplemental thereto, be authorized to levy and collect an additional tax of one-half of one percent (1/2%) (the "Tax"), upon the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption of tangible personal property and on sales of services in the Parish of Lafayette, all as defined in La. R.S. 47:301 to 47:317, inclusive, except that as provided by Act 2 of the Regular Session of the Louisiana Legislature of 1982, the Tax shall not be collected on food and prescription drug items presently exempted from state sales and use taxes under La. R.S. 47:305, with the avails or proceeds of said Tax (after paying the reasonable and necessary costs and expenses of collecting and administering the Tax) as available, being dedicated to paying the costs of 1) providing for classroom teacher salaries and related benefits and equal percentage increases in same and 2) to establish a Teacher Salary Reserve Fund with the annual interest earnings to be paid to classroom teachers as a 13th check in each fiscal year?

Lafayette Parish School System

2001 Sales Tax Proposition
Administrative Plan

Revenues

A ½ cent sales tax, which exempts food and drugs, will currently generate approximately \$16 million annually. Because this tax is before the voters on November 17th, the earliest that we can begin collecting the tax is January 1, 2002. Therefore we shall only receive approximately \$8 million during our first fiscal year of collection (i.e. July 1, 2001 through June 30, 2002). Thereafter, our subsequent fiscal year collections will be approximately \$16 million provided that the local economy stays the same. Naturally, if the economy grows or shrinks then our collections will grow or dwindle proportionately.

Tax Dedications

The tax is dedicated to "...1) providing for classroom teacher salaries and related benefits and equal percentage increases in same, and 2) to establish a Teacher Salary Reserve Fund with the annual interest earnings to be paid to classroom teachers as a 13th check in each fiscal year."

Listed below is a description of each category of the tax dedications as well as the specific administrative plans to comply with the tax dedications:

1. "Classroom Teacher Salaries and Related Benefits"

This category is defined to include the following:

- a. Salaries of classroom teachers involved in providing lower class size instruction.
- b. Salaries of classroom teachers involved in providing extra instruction where needed.
- c. Incentive compensation for classroom teacher salaries for teaching students in high poverty schools.
- d. Providing additional professional development for all classroom teachers.
- e. Classroom salaries for targeted comprehensive instructional counseling.

The Administration endorses the concept of reactivating the Blue Ribbon Committee (BRC) and intends to work closely with the BRC to further develop

specific plans in each of the above categories. The BRC will consist of (but not be limited to) at least the following incorporators:

1. University of Louisiana, Lafayette
2. Greater Lafayette Chamber of Commerce
3. Diocese of Lafayette
4. Lafayette Economic Development Authority
5. The Black Ministerial Alliance
6. The Superintendent of the Lafayette Parish School System

2. **“Equal Percentage Increases in Same”**

(i.e. classroom teacher salaries) – This category is defined to include the following:

- a. Percentage increases (i.e. raises) for all classroom teachers as defined by the State Department of Education. These raises would include 2144 regular and special education teachers and would include any full-time employee of the parish school board who is engaged to provide instruction directly and regularly to students in any elementary, secondary, or special education school setting including a librarian, an assessment teacher, a speech therapist, and a counselor: one who is not an administrator; and who has successfully completed the Teacher Assistance and Assessment Program or who is not required to participate in the Teacher Assistance and Assessment Program.
- b. Equal Percentage Increases can be an equal number of step increases for all eligible teachers on the salary scale as well as an equal percentage salary increase for all eligible teachers, exclusive of the step increase(s). A combination of both step increase and an equal percentage increase(s) is permissible. Those eligible teachers, as defined above in 2(a) who are employed by the Lafayette Parish School System on or subsequent to January 1, 2002, shall participate in the proceeds of this proposition.
- c. The raise will include the salary increase and related benefits which will be limited to state and federal mandates which are state retirement tax, federal FICA tax, and Medicare tax.
- d. In order to enhance teacher retention and recruitment, the initial raise will be given in January 2002. A second raise will be given as part of establishing the Teacher Salary Schedule for the 2002-2003 school year. The raises will be as follows and are explained more fully in the schedules attached:

January 2002	5.65% on average, including step
September 2002*	5.65% on average, including step

* The first check for the 2002-2003 school year is paid on September 30, 2002.

3. **“Establish a Teacher Salary Reserve Fund with the annual interest earnings to be paid to classroom teachers as a 13th check in each fiscal year”**

This category will be as follows:

It is vital that we establish the reserve before we fully commit revenues to the other dedicated purposes. In the first two fiscal years a reserve fund will be established equal to \$5 million. The reserve fund will not be used unless the local economy declines and annual sales tax collections fall below the \$16 million mark. Thereupon we shall draw from the reserve fund to sustain the Tax dedications. Eventually, when the economy recovers we shall attempt to restore the reserve fund to the \$5 million level. If the economy grows and is strong for a series of years it is possible that we may increase the amount of the reserve fund beyond the initial level in order to prepare us for any severe long-term downturn in the economy. Additionally, if the reserve fund grows beyond \$5 million due to good economic times, then we may periodically draw the reserve fund down to a reasonable level by giving teachers a one-time supplemental paycheck from the excess in the reserve fund.

Use of the reserve fund shall be governed by the School Board's existing policy on General Fund Reserves (Policy File DM). The reserve fund shall earn interest. All interest earned on the reserve fund shall be paid annually to eligible classroom teachers as a 13th check*.

***Interest Earnings Distribution Check (i.e. 13th Check)**

Assuming a 3% interest earnings on the Reserve Fund. Therefore, the value of the annual Interest Earnings Distribution Check (i.e. 13th check) for individual teachers will be approximately as follows:

<u>Period</u>	<u>Interest Earnings</u>	<u>Approx. # of Staff</u>	<u>Individual Check</u>
FY 01-02	\$ 45,000	2144	\$ 20.99
FY 02-03	\$ 125,000	2144	\$ 58.30
FY 03-04	\$ 150,000	2144	\$ 69.96
Thereafter	\$ 150,000	2144	\$ 69.96

**TEACHER TAX INITIATIVE
CASH FLOW**

SUMMARY PLAN

	FY 01-02 (SIX MOS)	FY 02-03	FY 03-04	EXAMPLE SCENARIO	
				FY 04-05	FY 05-06
<u>REVENUES:</u>					
1/2 CENT SALES TAX	\$ 8,000,000	\$ 16,000,000	\$ 16,000,000	\$ 15,000,000	\$ 17,000,000
Interest on Reserve Fund	\$ 45,000	\$ 125,000	\$ 150,000	\$ 150,000	\$ 150,000
Total Revenues available	<u>\$ 8,045,000</u>	<u>\$ 16,125,000</u>	<u>\$ 16,150,000</u>	<u>\$ 15,150,000</u>	<u>\$ 17,150,000</u>
<u>EXPENDITURES:</u>					
TEACHER RAISES:					
Jan, '02 - 5.65%(with step)	\$ 2,441,038	\$ 4,882,076	\$ 4,882,076	\$ 4,882,076	\$ 4,882,076
Sept, '02 - 5.65%(with step)		\$ 4,882,076	\$ 4,882,076	\$ 4,882,076	\$ 4,882,076
sub-total	<u>\$ 2,441,038</u>	<u>\$ 9,764,152</u>	<u>\$ 9,764,152</u>	<u>\$ 9,764,152</u>	<u>\$ 9,764,152</u>
CLASSROOM SALARIES	\$ 1,656,962	\$ 5,137,848	\$ 6,235,848	\$ 6,235,848	\$ 6,235,848
RESERVE FUND	\$ 3,902,000	\$ 1,098,000	\$ -	\$ (1,000,000)	\$ 1,000,000
13th CHECK*	\$ 45,000	\$ 125,000	\$ 150,000	\$ 150,000	\$ 150,000
Total Expenditures	<u>\$ 8,045,000</u>	<u>\$ 16,125,000</u>	<u>\$ 16,150,000</u>	<u>\$ 15,150,000</u>	<u>\$ 17,150,000</u>

Note : The above projection assumes that the current number of teachers will stay the same or decrease.

***Interest Earnings Distribution Check (i.e. 13th check)**

Assuming a 3% interest earnings on the Reserve Fund. Therefore, the value of the annual Interest Earnings Distribution Check (i.e. 13th check) for individual teachers will be approximately as follows:

<u>Period</u>	<u>Interest Earnings</u>	<u>Approx. # of Staff</u>	<u>Individual Check</u>
FY 01-02	\$ 45,000	2144	\$ 20.99
FY 02-03	\$ 125,000	2144	\$ 58.30
FY 03-04	\$ 150,000	2144	\$ 69.96
Thereafter	\$ 150,000	2144	\$ 69.96