

Lincoln Parish School Board
410 South Farmerville Street
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Mike Milstead
Superintendent

Joe E. Mitcham, Jr.
President

MEMO

TO: Lincoln Parish School Board Members

FROM: Juanita Duke, Chief Financial Officer
Mike Milstead, Superintendent

DATE: October 1, 2020

RE: Salary Supplement Resolution

Background

On October 1, 2019, the Lincoln Parish School Board authorized an election for approval of a new one-half cent sales and use tax in Lincoln Parish. The voters of the parish approved the new sales tax on August 15, 2020. Now it is time to consider this resolution authorizing the disbursement of the monies generated specifically to Lincoln Parish School Board employees. Sales tax collections from this new revenue source began October 1, 2020. Since collections for this fiscal year will only be collected for seven months, we need to pay out those 7 months in a one-time disbursement at the end of June 2021 for a 7/12 of amount committed to be paid to certificated and non-certificated employees. This results in a 7/12 payment of \$3000 for certificated employees and a 7/12 payment of \$1500 for board-hired non-certificated employees. In succeeding years beginning with the 21-22 school year, amounts generated by the new 2020 sales tax for paying the increments will be 1/12 each month of \$3000 and \$1500 respectively disbursed in employees regular monthly pay.

Recommendation

That the Lincoln Parish School Board approve the resolution concerning the 2020 sales tax disbursement as outlined in the resolution.

Contact Person

Juanita Duke
Mike Milstead



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RESOLUTION

To Declare the “New” 2020 Sales and Use Tax Employee Salary Supplements, and to Establish Administrative Guidelines for Salary Supplement Distributions and Maintenance of a Fund Balance Reserve for Salary Supplements

WHEREAS, on October 1, 2019 the Lincoln Parish School Board authorized an election to be called to ask voters to approve a new one-half (1/2) cent sales and use tax in Lincoln Parish;

WHEREAS, on August 20, 2020 at a special meeting, the Lincoln Parish School Board approved the canvassing of returns from the special election held on Saturday, August 15, 2020, which resulted in the passage of the sales and use tax referendum by a majority of votes cast by the Lincoln Parish voters;

WHEREAS, the proposition calls for the proceeds of the tax, net of collection expenditures, be used for the purpose of giving additional support to the public elementary and secondary schools in Lincoln Parish which, in part, includes salaries and benefits of teachers and other public school employees;

WHEREAS, the collections from four existing one-half cent sales tax funds of the Lincoln Parish School Board was approximately \$4,407,480 each, net of collection expenditures, during the 2019-2020 fiscal year;

WHEREAS, collections of the new sales and use tax by Lincoln Parish vendors at point of sale began on October 1, 2020 as prescribed in the Sales Tax Ordinance adopted by the Lincoln Parish School Board on August 20, 2020;

WHEREAS, the first collections of the new one-half (1/2) cent sales and use tax will not be received by the Lincoln Parish School Board until the end of November 2020 and monthly thereafter.

THEREFORE BE IT RESOLVED, that the Lincoln Parish School Board declares the foregoing annual salary supplement of \$3,000 for certified employees and \$1,500 for support employees to be added to the salary schedules of full-time certified and support employees, respectively, and the cost of the annual salary supplement and related employee benefits be paid from the proceeds of the 2020 Sales and Use Tax accordingly, as follows:

A. One-Time Distribution of the 2020 Sales Tax Salary Supplement in Fiscal Year 2020-2021

1. In the first fiscal year of collections in 2020-2021, the salary supplement distribution (designated as “2020 SUPP”) shall be made in a single payment to salaried certified and support employees on June 24, 2021, at the same time as the regular June payroll.
2. Only seven (7) months of the new 2020 sales tax will be collected and paid to the Lincoln Parish School Board prior to the scheduled date of this one-time payment. Therefore, the amount of the one-time salary supplement for

1. Certified employees will be a maximum of \$1,750 (7/12 months x \$3,000)
2. Support employees will be a maximum of \$875 (7/12 months x \$1,500)
3. Only active salaried employees who are employed on or after November 2, 2020 are eligible to receive this one-time salary supplement payment from the 2020 Sales and Use Tax proceeds.
4. Employees hired, terminated or on leave without pay any time during the period November 2, 2020 through May 31, 2020 will be paid a prorated portion of the 2020-2021 maximum amount based on the number of actual contracted days of work performed during this period.
5. All required taxes and retirement withholdings shall be made from such payments in accordance with federal and state laws.

B. Annual Distribution of the 2020 Sales Tax Salary Supplement Starting in Fiscal Year 2021-2022

1. The following maximum supplemental pay amounts will be added to employee annual base salary schedules (designated as “2020 SUPP”) and paid equally over twelve (12) months in employee monthly payroll checks starting with the first month of annual work contracts beginning on or after July 1, 2021:
 1. Certified employees - \$3,000 (\$250 monthly)
 2. Support employees - \$1,500 (\$125 monthly)
2. The salary supplement for employees who are hired, terminated or on leave without pay during their work contract will be prorated based on the actual number of contract days of work completed, in the same manner in which regular base salary would be calculated.
3. All required taxes and retirement withholdings shall be made from such payments in accordance with federal and state laws.

BE IT FURTHER RESOLVED, that the Lincoln Parish School Board establishes the following fund balance reserve for salary supplements within the 2020 Sales Tax Fund to provide for the continued payment of the maximum amount of employee salary supplements in future years, and other related administrative procedures:

- A. The Chief Financial Officer of the Lincoln Parish School Board shall set aside sixty-percent (65%) of sales tax proceeds collected each month, net of collection expenditures, for the payment of current and future employee salary supplements for the maximum authorized amounts.
- B. Any portion of the set-asides remaining after annual salary supplements have been paid as of June 30th of each fiscal year, shall be restricted and held in reserve to support the continued payment of the maximum supplement amounts provided by this resolution in future years of declining sales and use tax collections or increases in related employee benefit costs.
- C. The Fund Balance Reserve for salary supplements shall be limited as follows:
 1. Upper limit – The reserve balance shall not exceed seventy-five-percent (75%) of the cost of the previous fiscal year’s salary supplements. Any funds exceeding this limit shall be transferred to the undesignated fund balance of the 2020 Sales Tax Fund and used for other “non-recurring”

unrestricted expenditures.

2. Lower limit – After the reserve balance reaches thirty-percent (30%) of the cost of the previous fiscal year's employee salary supplements, it shall not decreased below this limit. If the reserve balance falls below this limit and there were reductions to the reserve balance in the two preceding fiscal years, the maximum employee salary supplements shall be reduced by ten-percent (10%) the following fiscal year and then by an additional ten-percent (10%) each fiscal year thereafter, if needed, until the fund balance reserve is at least thirty-percent (30%) of the previous fiscal year's cost of employee salary supplements.
3. Restoration limit – Subsequent to a reduction in the maximum salary supplement amount paid to employees, if the reserve balance is restored to fifty-percent (50%) of the previous fiscal year's cost of employee salary supplements and excess annual set-aside funds have been added to the reserve balance in the previous two fiscal years, an amount up to the recurring portion of the annual excess set-aside funds may be used to increase employee salary supplements until the maximum supplement amounts have been restored. The determination of available recurring annual excess set-aside funds to be used for this purpose shall be reviewed annually and recommended by the Chief Financial Officer to the Superintendent.

BE IT FURTHER RESOLVED, that changes in the preceding salary supplement distribution and fund balance reserve guidelines shall be made by a subsequent resolution presented to the Lincoln Parish School Board for consideration and approval by a majority of its members.

This resolution having been submitted to a vote, and the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

ABSTAINED:

And the resolution was declared adopted on this, the _____ day of _____, 2020.

Mike Milstead, Secretary

Joe Mitcham, President