



WINTER BUDGET UPDATE

Budget Revision/Quarterly Financial Report/Budget Guidelines

February 10, 2009



Purpose

To update the Board Of Education on

- FY 08-09 budget revisions
- FY 08-09 quarterly financial report

To secure the Board of Education's guidance for development of

- FY 09-10 Budget
- Superintendent's recommendation on budget reductions for FY 2009-2010.



Agenda

- Budget Revisions (FY 08-09 Budget)
- Quarterly Financial Report (FY 08-09 Budget)
- Budget Guidelines (FY 09-10)
 - Superintendent's Budget Reductions Recommendation Report

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Budget Revisions

Winter Revisions
FY 08-09 Budget

Budget Revisions - Revenue (FY 08-09)

REVENUE CHART

Revenue	Adopted Budget	Fall Revisions	Winter Revisions	Revised Budget
General Fund	\$473,965,378			\$473,965,378
General Fully-Financed	39,653,616	10,026,727	5,733,110	55,413,453
Food Service	20,750,000			20,750,000
Community Service	19,669,059		181,142	19,850,201
Community Service Fully-Financed	4,721,635	1,292,843	509,992	6,524,470
Building Construction	26,900,000			26,900,000
Debt Service	33,947,252			33,947,252
	\$619,606,940	\$11,319,570	\$6,424,244	\$637,350,754

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Budget Revisions (FY 08-09)

Revenue

Fund	Fully Financed Budgets	ABE Aid	Total Adjustment
General Fully Financed	\$5,733,110		\$5,733,110
Community Service Fully Financed	509,992		509,992
Community Service		181,142	181,142
Total	\$6,243,102	\$181,142	\$6,424,244

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Budget Revisions - Expenditures (FY 08-09)

EXPENDITURES CHART

<u>Expenditures</u>	Adopted Budget	Fall Revisions	Winter Revisions	Revised Budget
General Fund	\$476,410,378	\$6,883,108	-\$333,105	\$482,960,381
General				
Fully-Financed	39,653,616	10,026,727	5,733,110	55,413,453
Food Service	21,026,000			21,026,000
Community Service	20,989,584		181,142	21,170,726
Community Service				
Fully-Financed	4,721,635	1,292,843	509,992	6,524,470
Building Construction	30,200,000			30,200,000
Debt Service	35,133,375			35,133,375
	\$628,134,588	\$18,202,678	\$6,091,139	\$652,428,405

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Budget Revisions (FY 08-09)

Expenditure

Fund	Fully Financed Budgets	Enrollment	ABE Aid	Total
General		-\$333,105		-\$333,105
General Fully Financed	5,733,110			5,733,110
Community Service			181,142	181,142
Community Service Fully Financed	509,992			509,992
Total	\$6,243,102	-\$333,105	\$181,142	\$6,091,139

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Budget Revisions Resolution

Move approval of the revisions to the budget for fiscal year 2008-09 as detailed in Exhibit A.

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Questions on Budget Revisions?



Quarterly Financial Report

FY 08-09 Budget



Quarterly Financial Report General Observations

- Revenue
 - Revenue projected under budget by \$1.4 million

- Expenditures
 - Projected under budget by \$6.1 million



Quarterly Report Key Points General Fund (FY 08-09)

- Unreserved/Undesignated fund balance estimate = \$27.8 million
- Projected UFARS General Fund expenditures = \$527.6 million
- Fund balance = 5.2%

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Quarterly Financial Report Non-General Funds

- Some fluctuation in both revenue and expenditures from adopted budget
- No major change in financial position anticipated
- *No action required*

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Questions on Quarterly Financial Report?



Budget Guidelines

FY 09-10 Budget

Budget Guidelines

Agenda

- Budget Planning Timeline
- Financial Climate
- Budget Philosophy
- Guidance
- Budget Assessment Committee Charter
- Budget Assessment Committee methodology
- Recommendation as vetted through Budget Assessment Committee and SLT

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Budget Planning Timeline

- February 10: Budget guidelines discussion at COB
- February 11: All Admin meeting
- March: Training for principals and site councils
- March 2: Distribute building allocations to principals
- March 9: Distribute centrally funded budget allocations
- March - April: Community and staff input
- May 1: Due date for budget, staffing, Title I documents
- May 5: Funds discussion at COB
- June 9: Budget discussion at COB
- June 16, 2009: Budget Adopted

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Financial Climate

- District facing projected shortfall of \$25 million
- Structural deficit projected for at least the next four years
- Driven by:
 - Enrollment decline
 - Economic downturn
 - Rising costs

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Board of Education Budget Philosophy 2009-10

Administration prepares a formal budget document allocating available revenues and borrowed funds following specific Budget Guidelines adopted by the Board of Education for their consideration and final approval.

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Board of Education Budget Philosophy 2009-10

School Comprehensive Improvement Plans (SCIP) drives the school budget process incorporating long range Board adopted goals:

- High Achievement
- Meaningful Connections
- Respectful Environment

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General Guidelines

- | | |
|---|--|
| ■ Base Budget | ■ Pupil Funding Formula |
| ■ Budget Structure | ■ Fund Balance |
| ■ Presentation Format | ■ Budget Calendar |
| ■ Budget Reduction Recommendations | ■ Full Financed Programs |
| ■ Enrollments | ■ Intra-school Budgets |
| ■ Inflation | ■ Cost Reduction |
| ■ Average Salary and Benefit Calculation Data | ■ Other Resources Allocated to Schools |

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Board of Education Budget Revision

The Board can revise the budget at any time as they currently do in October and February of each year.

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Budget Reductions Recommendation

FY 09-10

Budget Reductions

Guidance

- Equitable access to resources
- Comply with all laws and regulations
- Resources to close achievement gap
- Allocate on direct student basis
- Target funds to meet student needs
- Flexibility at school level

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Budget Reductions

Areas for Consideration

Every expenditure on the table with special consideration for:

- Automate business practices
- Change site based policies for improved efficiencies
- Maximize facility savings
- Monitor integration expenditures
- Limit consultants
- Maximize savings to taxpayers
- Outsource transactional work
- Evaluate the use of Professional Development dollars
- Evaluate current School Choice System
- Explore Self-insuring for health insurance
- Evaluate use of textbook funds
- Maximize efficiencies in Transportation
- Evaluate Valley Branch partnership

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Budget Reductions

Budget Assessment Committee Charter

- Analyze all programs for effectiveness
- Review Key Elements
- Discuss viable program size
- Identify additional efficiencies
- Identify impact on schools if program ceases

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Budget Assessment Committee

Composition

- 2 Elementary Principals
- 5 Secondary Principals
- 12 Central Administration staff
 - 2 – Academics
 - 2 – Operations
 - 5 – Business and Financial Affairs
 - 1 – Accountability
 - 2 – HR

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Budget Assessment Committee Evaluation Criteria for Reductions

- Achievement gap
- Legitimate cut – not shift
- Forward investment
- Key Elements
- No law or regulations violated
- Preserve/increase enrollment
- Honor Referendum content
- Key Action Items
- Impact on Special Education
- Change sustainable

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Budget Reduction Proposed Reductions Breakdown

Program	Item	\$10 M Structural Reduction*	\$15 M	
			Economic Downturn Reduction#	Total
XXX	Cost of Living Freeze		5,018,736	5,018,736
XXX	Health Insurance Freeze		1,488,670	1,488,670
XXX	Central Administrative Reduction	1,000,000	400,000	1,400,000
XXX	Use of Fund Balance in Excess of 5%		1,000,000	1,000,000
XXX	Consultants	500,000	150,000	650,000
XXX	Food	100,000		100,000
XXX	Travel	60,000		60,000
610	Itinerant Instrumental Music Teachers	1,400,000		1,400,000
219	ELL Program	500,000	300,000	800,000
420	Special Education (net of revenue loss)@	510,000	290,000	800,000
760	Transportation	700,000		700,000
292	Athletics	500,000	150,000	650,000
XXX	Operations Programs	580,000		580,000
20	Leadership Transition		200,000	200,000
110	Use On-Line Payroll Advice	100,000		100,000
610	Behavior Management Implementation		100,000	100,000
160	Planning for Ideal Day	50,000		50,000
XXX	School Reductions	4,000,000	6,000,000	10,000,000
		10,000,000	15,097,406	25,097,406

* This \$10 Million represents reductions that are necessary to rightsize the budget due to the structural deficit caused by declining enrollment in place for at least next four years

This \$15 Million represents reductions that are necessary due to the economic downturn that is driving revenue down and preventing it from keeping pace with inflation

@ Actual reduction in expenditure is \$1.6 million which results in a \$.8 million reduction in revenue resulting in a net reduction in shortfall of \$.8 million

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Summary Chart

AREA	SAVINGS
Districtwide/Centrally Funded	\$15,097,406
Schools	\$10,000,000
Total	\$25,097,406


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Other Reduction Considerations


Program	Item	Projected Savings
XXX	Step & Lane Freeze	\$3,763,718
XXX	Two-day Closure - All Staff	\$2,700,000
760	4th Tier busing	\$2,250,000
610	District Funded Content Coaches	\$1,400,000
XXX	Additional Central Administrative Reductions	\$1,000,000
760	2 Mile Transportation, Secondary (per state law)	\$750,000
203-9606	Program Changes	\$500,000
XXX	Estimated Per School Closing	\$400,000
292	Additional Athletics Reduction	\$350,000
640-9030	Career in Education (Achievement of Tenure PD)	\$240,161
XXX	Early Retirement Incentive	\$200,000
420	Additional Special Education Reduction (net of revenue loss)	\$200,000
219	Additional ELL Program Reduction	\$200,000
640	Professional Dev.-Current Principals	\$50,000
TOTAL		\$14,003,879

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Future Impacts

FY 09-10



Potential Future Impacts on Budget Shortfall

- Federal Stimulus Package
- State Legislature
 - Direct cuts to Education funding
 - Cost shifting
- Change in economic condition
- Change in enrollment

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Federal Stimulus Package

- House Bill has significant funding for education
- Estimates have placed funding to SPPS at close to \$50 million over the next two years for Title I, IDEA and school construction
- House Bill also provided aid to states intended for education
- Senate Bill makes major cuts to education funding related elements of the House Bill– almost half
- Once the Senate Bill clears, it must go to a conference committee for reconciliation

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Federal Stimulus Package Next Steps

- Conference committee will meet to hammer out details over the next week
- House version is preferable to the Senate version – amounts and provisions
- Expressing support for House version is important
- Need to ensure that State Legislature does not reduce State funding if the Federal funding comes through

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Federal Stimulus Package Never count your chickens . . .

- Even though it looks like some significant funding may flow to SPPS, changes can occur in conference committee
- Any funding received by SPPS will be very targeted, under the programs ultimately funded
- Stimulus will not solve the \$25 million shortfall, especially the structural deficit
- Funds will not be spread equally
- Estimates that have been published are ballpark figures at best; final amounts will likely vary, possibly significantly
- This is one-time money for a two year period
- Must avoid creating permanent expenses that increase long-term shortfall projections

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Budget Guidelines Resolution

Move approval of the Budget guidelines for the development of the 2009-10 Budget.

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Questions on Budget Guidelines?
