



Budget Update

December 13, 2010



WE ARE YOUR SCHOOLS



Agenda

- Budget Process
 - 2010 BET
- Current Topics Impacting Budget
 - 2011 BET
- Federal Stimulus Funds
- General Fund
- Property Tax Supported Funds
- Next Steps



Budget Process



Budget Factors

- State regulations
- Revenue estimates
 - State budget
 - Assessed value
- Salary and benefit projections
- Required costs (examples: utilities, insurance, unfunded Special Education)
- School support systems (examples: testing, substitute teachers, health services, security, central office)
- 5-year forecasting
- Continuous process



Issues Causing 2010 BET

- Miscellaneous revenue declining – interest, state categorical grants
- Tax collections down at state and local level
- Property values decreasing – lower assessed value results in lower property tax dollars
- Circuit Breaker reduces property tax revenue



2010 BET Process

Budget Examination Team

- Members – Superintendent, Chiefs, Area Administrators, Assistant Financial Officer
- Six full-day budget sessions to review every line of every central office budgets



2010 BET Process

- Data Submitted and Reviewed
 - Revenue expectations
 - Zero-based budgeting
 - Staffing levels
 - Budget recommendations – keep, redesign, reduce, eliminated
 - First tier of budget cuts recommended
- Employee Suggestions



Summary of 2010 General Fund Cuts

Changes at Schools:

Reduce Teacher Allocations	\$	5,890,140
<u>School Closings:</u>		
Elmhurst		1,672,458
Pleasant Center		382,527
Reduce Summer School		1,584,760

Changes in Service Delivery:

Change Custodial Service Delivery		2,000,000
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Reductions to Central Office:

Health Insurance Efficiencies		605,400
Academic Division Reorganization		452,338
Change in Long-Term Sub Pay		350,000
Business Division		452,335
Nutrition Services Payment of Utilities		250,000
Change in Teacher Substitute Rate		240,000
Administrative Step Freeze		231,710
Continuing Education		217,662
Special Education		177,210
Federal Programs & Accountability		155,914
Technology		95,316
Media Services		74,611
Student Services		72,387
CAO and COO		41,000
Human Resources		21,600
Public Affairs		19,540
Professional Development		12,250
ELL		2,000

\$ 15,001,158



General Fund Positions Reduced

	<u>Teachers</u>	<u>Administrators</u>	<u>Custodians</u>	<u>Other</u>	<u>Total</u>
Teachers	91				91
School Closures		5		29	34
Custodians			217		217
Central Office		4		9	13
Total	91	9	217	38	355
% of Group	5.2%	4.8%	100.0%	6.5%	13.0%

*Custodians are outsourced and not FWCS employees



Cuts by State Expenditure Category

	2010 Original General Fund Budget		Cuts	% of Budget	Adjusted Budget	
1 Academic Achievement	\$174.7	80.5%	\$9.8	5.6%	\$164.9	81.6%
2 Instructional Support	15.8	7.3%	1.4	8.9%	14.4	7.1%
Subtotal - Instruction	190.5	87.7%	11.2	5.9%	179.3	88.7%
3 Overhead & Operational	26.2	12.1%	3.7	14.1%	\$22.5	11.1%
4 Non-Operational	0.4	0.2%	0.1	25.0%	0.3	0.1%
	\$217.1	100.0%	\$15.0	6.9%	\$202.1	100.0%



Current Topics Impacting Budget

- Governor's Legislative Agenda
- Upcoming Legislative Session and development of biennial budget
- Economic Factors



Indiana's Education Agenda

- Governor Daniels & Supt. Bennett

1. Identify and reward great teachers and principals: Give local leaders flexibility to promote excellence.
2. Real accountability and flexibility: Empower school leaders. Bring success to failing schools.
3. High quality options for families: Offer equal educational opportunities to all children. Give parents a voice.



Indiana's Education Agenda

- Governor Daniels & Supt. Bennett

1. Identify and reward great teachers and principals: Give local leaders flexibility to promote excellence.

Impact:

- Contractual
- Support for teachers and a tool for measuring
- Budget



Indiana's Education Agenda

- Governor Daniels & Supt. Bennett

2. Real accountability and flexibility:
Empower school leaders. Bring success to failing schools.

Impact:

- LEAD
- Turnaround schools
- Budget



Indiana's Education Agenda

- Governor Daniels & Supt. Bennett

3. High quality options for families:
Offer equal educational opportunities to all children. Give parents a voice.

Impact:

- Statewide budget
- Districts budgets
- Communication to parents



Formula for Turnaround School Operators (TSO)

- Percent of students of students in turnaround schools compared to district
 - multiplied by state funding formula
 - multiplied by cash balances in General Fund, Capital Projects Fund, Rainy Day Fund, Transportation, Bus Replacement, Textbook Fund, School Lunch Fund



TSO Formula

	North Side	South Side	Total
Enrollment	1759	1637	3,396
% of Total FWCS Enrollment	6.00%	5.58%	11.58%

<u>Allocation of funds: (per DOE)</u>			
General Fund Formula	12,368,523	11,296,665	23,665,188
Form 9 District Cash Balances (6-30-10):			
General	103,706	96,587	
CPF	506,861	472,064	
Transportation	509,310	474,344	
Bus Replacement	-	-	
Rainy Day	-	-	
School Lunch	312,619	291,157	
Textbook Rental	400,087	372,620	
Other Revenue	1,832,584	1,706,771	3,539,354
Total	14,201,107	13,003,436	27,204,542



2011 BET Process

- Review second tier of budget reduction recommendations
- Consider impact of benefit study
- Estimated cuts: (Fall 2011)
 - General Fund \$4 million
 - CPF \$1 million + 2010 shortfalls
 - Racial Balance \$1.5 million + 2010 shortfalls
 - Other funds – 2010 shortfalls
- Adjust for any additional state impacts



Federal Stimulus Funds



Stimulus Funds

Ends June 2011

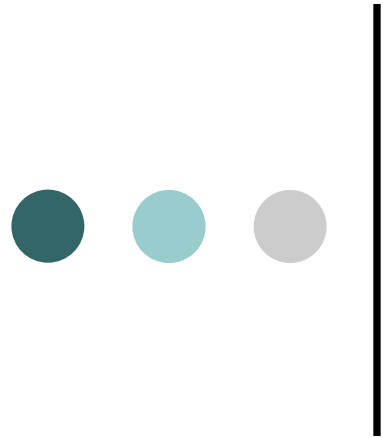
- Total for 2 years
 - Special Ed (IDEA) \$9.2 million
 - Preschool Special Ed \$340,000
 - Title I \$9.1 million
- Food Service Equipment \$38,500
- Transportation Equipment \$99,000



Stimulus Fund Expenditures After June 2011

Recommendation:

- Continue positions of Teacher Coaches & Student Interventionists
 - Annual cost \$5.8 million
 - Use Education Jobs Fund Program (New Stimulus), est. \$6.2 million (must be spent by summer 2012)
- Remainder of Stimulus expenditures to be evaluated compared to other General Fund priorities



General Fund



General Fund Revenue – State

- Recent State guidance:
 - 2011 total state revenue same as 2010 as reset
 - 4.6% reduction in 2010 continues in 2011
 - 2011 increase was .3% statewide, will now be zero
 - Formula will be rerun



General Fund Revenue Estimated FWCS Impact

	State (in billions)		FWCS
	<u>2010</u>	<u>2011</u>	<u>2011</u>
Original State Budget (in billions)	\$6,548.8	\$6,568.4	\$202,276,928
2010 Reset -4.6%	(301.2)	(302.1)	(9,304,739)
	<hr/> 6,247.6	<hr/> 6,266.3	<hr/> 192,972,189
Reduce State 2011 to 2010 level		<hr/> (6,247.6)	
Difference		\$18.7	
		0.3%	(575,710)
FWCS Adjusted for Current Information			<hr/> 192,396,479
FWCS Budgeted Funding Formula			<hr/> 193,052,334
Difference			<hr/> (655,855)

Future General Fund Budget Cut Scenarios (in millions)

	2011 State Revenue also Reduced by 4.6% "Reset"	Some Stimulus Positions will be Maintained after Funding Ends	Will Receive \$6.2 Million in Federal Jobs Funding	Projected Cuts Required in the Fall				Total Cuts 4 Years
				2011	2012	2013	2014	
A	✓	✓		\$8.0	\$6.0	\$1.0		\$15.0
B	✓	✓	✓	\$4.0	\$8.0	\$3.0		\$15.0
C		✓				\$2.0	\$4.0	\$6.0
D		✓	✓				\$2.0	\$2.0

Revenue growth for each scenario 0.5% 1.3% 2.0% 2.0%



General Fund – Future Formula

- If no general increase, but current formula is allocated equitably:
 - FWCS could gain \$5 million



Property Tax Supported Funds



Assessed Value Update

- **For 2011 budget, estimated the same as 2009 pay 2010 - \$7 billion**
 - **Actual \$6.7 billion, 5.2% less**
- Impacts revenue of fix rated funds
 - Capital Projects Fund
 - Racial Balance

Reduced Levy Due to Lower Assessed Value

<u>Fund</u>	<u>Property Tax Levy Basis</u>	<u>Expected Levy</u>		<u>Difference</u>	<u>% of Budget</u>
		<u>Sept. 2011</u>	<u>Dec. 2011</u>		
General	No property tax levy	\$ -	\$ -	\$ -	
Racial Balance	Fixed tax rate	6,286,046	5,959,172	(326,874)	4.1%
Capital Projects	Fixed tax rate	18,363,182	17,408,297	(954,885)	4.8%
Pension Debt	Levy based on debt schedule	3,645,758	3,645,758	-	
Debt Service	Levy based on debt schedule	13,759,733	13,759,733	-	
Museum of Art	Maximum tax rate per statute	173,707	173,707	-	
Bus Replacement	Levy to support 12-year plan	3,417,004	3,417,004	-	
Transportation	Maximum levy per state formula	16,631,501	16,631,501	-	
		\$ 62,276,931	\$ 60,995,171	\$ (1,281,760)	



2010 Impact of Reduced AV

- Could see reduced revenue collections in 2010. Will know when end of year distribution is made by county.
- Would require further cuts to CPF and Racial Balance
- Could require cuts to Transportation, Bus Replacement



FWCS Comparison to Indianapolis Public Schools

<u>Fund</u>	FWCS		IPS		Difference	
	2011 Expected <u>Budget</u>	Per Student 31,568 <u>Students</u>	2011 Expected <u>Budget</u>	Per Student 33,081 <u>Students</u>	<u>Difference</u>	Per Student 1,513 <u>Students</u>
General Fund	\$207,261,000	\$6,566	\$285,835,000	\$8,640	\$78,574,000	\$2,075
Racial Balance, Capital Projects, Bus Replacement, Transportaion	50,404,753	1,597	74,060,000	2,239	23,655,247	642
	\$257,665,753	\$8,162	\$359,895,000	\$10,879	\$102,229,247	\$2,717
Other Funds: Rainy Day (IPS), Self-Ins. (IPS), Debt	16,459,047	521	92,577,000	2,798	76,117,953	2,277
	\$274,124,800	\$8,684	\$452,472,000	\$13,678	\$178,347,200	\$4,994

Estimated General Fund differences:

Student count	\$20.5 million
Complexity	29.0 million
Restoration grant	19.0 million



Next Steps

1. 12/31/10 Cash balances compared to projections and impact on 2011
2. 2011 BET process
3. Track state agenda for financial impact
4. Teacher negotiation process
5. Teacher allocations
6. Two-Year budget approved by legislature by April 29 or later if extended
7. September 2011 present 2012 budget



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