

Status of 2018-19 & 2019-20 Budget Presentation

December 11, 2018

Challenges & Causes

\$5.2M+ Shortfall does not include potential future enrollment decline or K-3 Compliance.

Data included in presentation is preliminary and will change as estimates become more refined over time.

• Challenges

- Enrollment Decline
- K-3 Class Size Compliance
- Balancing Programs
- Fund Balance
- School Employees Benefit Board (SEBB) (Jan 2020)
- Operating with Reduced Levy Capacity (McCleary)
- Compliance with New Levy Spending Limitations (McCleary)
- Loss of 6% Regionalization Over Time (McCleary)
 - 1% reduction/year starting in 2020-21
- Impact of Future Legislative Changes to Funding Model

• Causes

- Reduction in Levy Capacity
- Continuing Enrollment Decline
- Salary & Benefit Increases Above State Allocations
- Staffing Levels Above State Allocations
- McCleary Decision

Total Local Uses & Net Impact on Fund Balance

* Spending in excess of State Apportionment Allocation.

** Total Local Expenditure Over State and Local Resources.

19-20 does not take into consideration Enrollment Decline, K-3 Funding challenges, SEBB Impact.

CPF = Capital Projects Fund

TVF= Transportation Vehicle Fund

	17-18 Preliminary	18-19 Estimated	19-20 Estimated
Total Local Resources	\$ 21,313,922	\$ 18,133,349	\$ 15,731,557
Certificated Instructional Staff	\$ (7,970,507)	\$ (6,874,132)	\$ (7,500,188)
Certificated Administrative Staff	\$ (2,900,387)	\$ (2,028,921)	\$ (2,067,470)
Classified Staff	\$ (8,252,658)	\$ (7,162,157)	\$ (7,298,238)
* Subtotal Prog 01 & 97 BEA	\$ (19,123,552)	\$ (16,065,210)	\$ (16,865,896)
MSOC Prog 01 & 97 BEA	\$ (800,410)	\$ (556,720)	\$ (567,298)
BEA Rev 3121 Shift to SpEd	\$ (1,318,888)	\$ (1,628,202)	\$ (1,659,138)
SpEd Program	\$ (1,139,927)	\$ 306,584	\$ (200,000)
Other Support	\$ (1,236,226)	\$ (1,364,828)	\$ (1,398,949)
Operating Transfers to CPF/TVF	\$ (864,500)	\$ (250,000)	\$ (250,000)
Total Uses of Local Resources	\$ (24,483,503)	\$ (19,558,376)	\$ (20,941,281)
** Net Impact on Fund Balance	\$ (3,169,581)	\$ (1,425,027)	\$ (5,209,724)

Enrollment Decline

* Alcoa plant closure.

School Year	K-12 AAFTE	Annual FTE (Loss)	Cumulative FTE (Loss) from 2015-16
2015-16	7,636.64		
*2016-17	7,431.81	(204.83)	
2017-18	7,362.93	(68.88)	
2018-19 Est.	7,295.00	(68.93)	(342.64)
2018-19 BEA Allocation per FTE			\$8,487.47
Loss of BEA Revenue Due to Enrollment Decline			(\$2,908,155)

School Year	Total Running Start FTE	Annual Regular FTE (Loss)	Cumulative FTE (Loss) from 2015-16
2015-16	155.46		
2016-17	204.25	(48.76)	
2017-18	268.62	(64.37)	
2018-19 Est.	270.03	(1.41)	(114.54)
2018-19 BEA Allocation per FTE			\$8,487.47
Loss of BEA Revenue Due to Running Start Increase			(\$972,155)

Estimated Funded BEA Staffing Units vs Estimated Actual FTE

Prog 01 & 97 Only

CIS – Cert Instructional Staff

CLS – Classified Staff

CAS – Cert Admin Staff

2018-19	Estimated State Allocation Staff Unit	Estimated Staff FTE	Under (Over) State Allocation
CIS	351.464	374.961	(23.497)
CLS	111.311	179.200	(67.886)
CAS	26.206	28.450	(2.244)

Estimated BEA Funding vs Estimated Cost

Based on October 2018 Enrollment
Projection.

Prog 01 & 97 Only

2018-19	Estimated State Allocation	Estimated Salary & Benefit Cost	Over (Under) State Allocation
CIS	\$33,929,290	\$40,803,422	(\$6,874,132)
CLS	\$8,117,505	\$15,279,662	(\$7,162,157)
CAS	\$3,590,751	\$5,619,672	(\$2,028,921)
Totals	\$45,637,546	\$61,702,756	(\$16,065,210)

Steps Taken

Reduction in Expenditures

- **Steps taken to reduce expenses:**
- **Reduction in Expenditures:** Reduction in expenditures, where reasonable and not categorically funded, in capital outlay, supplies and materials, contractual services, and travel in an effort to retain as much of the basic educational program as possible within the resources available.

Steps Taken

Attrition

- **Attrition:** In an effort to eliminate unnecessary non-renewals or involuntary terminations, every reasonable effort will be made to determine the number of certificated positions which will be open as a result of (a) voluntary or mandatory retirements; (b) normal resignations; (c) other transfers; and (d) leaves of absence.

Steps Taken

2018-19 & 2018 Reductions

- **2018-19**

- Budgeted Use of Fund Balance (\$3,000,000)
- Cuts to Date \$1,850,000
- Estimated Use of Fund Balance (\$1,150,000)

- **2019-20: Reduction of \$5,200,000**

- Budget reductions identified to date following Modified Education Plan steps above: \$3,000,000
- \$2,200,000 dollars still needs to be reduced for the 2019-2020 school year budget. This reduction will require that the school board identify savings through “layoff” or reduction in force by a modified education plan resolution.

2019-20 Budget Development Process

Slide #1

MEP = Modified Educational Program.

1) Agreement on Amount to be Cut

- a. \$5.2 million+
- b. Something Less
- c. 1 Year/2 Year

2) Potential Options

- a. Attrition/other reductions/involuntary transfers
 - Estimated \$ 3,000,000

(Difference - taken out of fund balance \$2,200,000)
- b. Full Cuts/Modified Educational Plan (MEP)
Estimated \$5,200,000

2019-20 Budget Development Process

Slide #2

MEP = Modified Educational
Program.

- 3) **Prioritization Process by Board**
 - a. Time sensitive if involves reduced staffing
 - b. Prototypical School Model
 - c. Board Resolution for Modified Educational Program

- 4) **If a MEP is Selected – a Feedback Process will be Identified**
 - a. Internal Stakeholders
 - * Certificated, Classified, Administration, Student(s)
 - b. External Stakeholders
 - * Parents, Community

Modified Education Plan

MEP

- Modified Education Plan (MEP)
- Draft Resolution

Next Steps

Board Budget Workshop

- **Budget Workshop - January 14, 2018**
 - Detail of \$3,000,000 reductions.
 - Detail of staff and programs supported by educational levy dollars.
 - Process the school board will use to solicit input from stakeholders on budget priorities and reductions.