

# Superintendent's Proposed Operating Budget 2010-2011

February 8, 2010

# Schedule of Budget Meetings

- **2/8/10 - Regular Meeting**
  - Present Superintendent's Proposed FY 10/11 Operating Budget
- **2/11/10 - Special Work Session on Budget**
  - Revenue Update – City and State
  - Board Questions from Prior Meeting
  - Begin Review of Budget Document
- **2/22/10 - Regular Board Meeting with Public Hearing**
  - Revenue Update – City and State
  - Board Questions from Prior Meeting
  - Continue Review of Budget Document
- **3/08/10 - Regular Board Meeting with Public Hearing and Final Action**
  - Revenue Update – City and State
  - Board Questions from Prior Meeting
  - Continue Review of Budget Document
  - Board Adoption of Proposed FY 10/11 Operating Budget

# Projected Revenue 2010-2011

- 08-09 \$428,682,708

**(\$31,293,632)**

- 09-10 \$397,389,076

**(\$15,267,848)**

- 10-11 \$382,121,228

# Increased Costs - Major

- VRS and Group Life Insurance – rate increase = **+\$4,171,211**
- Medical Insurance – projected 6.4% increase = **+\$4,923,447**

# Total Reduction

- Revenue Reduction = \$15,267,848
- VRS & Group Life Increase = \$4,171,211
- Medical Insurance Increase = \$4,923,447

**Total = \$24,362,506**

# Projected Decrease in State Revenue

- Based on Former Governor Kaine's Proposed Budget
- \$7,691,885 - **Decrease**
- Based on \$4 Billion Statewide Shortfall – Biennium
- Reforecast and/or action by General Assembly or Governor – **Results???** - **Unknown**

# Prior to Economic Downturn

- Could expect a significant increase in state revenue at the beginning of each biennium due to rebenchmarking
- 2006      **+\$25.9 million**
- 2008      **+\$22.2 million**

# Projected State Revenue 2010-2012 Biennium

- Rather than an increase - expecting a significant decrease in state revenue
- Current economic conditions – three factors
  - Retention of the support cap
  - State utilization of federal stimulus money to pay part of its SOQ obligation
  - Decline in estimated sales tax receipts

# Projected Decrease in City Revenue

- Based on most recent forecasts from city
- \$7,526,683 - **Decrease**
- Reforecast – **Results???** - **Unknown**

# Conceptual Framework for Budget Planning

- **Belief** – No Single Approach – Must look at multiple sources
- **Two Guiding Principles**
  - Make cuts that will do as little harm as possible to the core mission of the school division
  - Reduce all possible expenses **BEFORE** reducing personnel or personnel-related expenses

# 88% of Budget = Personnel

- Progress we have made in meeting our strategic goals **will be hampered** by the revenue shortfalls
- Impossible to make cuts of the magnitude needed without making reductions in the personnel area
- Stay as far away from personnel as possible for reductions

# Systematic Process Followed

- **Step 1** – Cuts **NOT** involving personnel  
→ **\$4,310,459**
- **Step 2** – Increase revenue  
→ **\$106,720**
- **Step 3** – Transfer to other funding sources  
→ **\$13,433,783**
- **Step 4** – Reductions in personnel-related expenses  
→ **\$744,663**
- **Final Step** – Reductions in personnel  
→ **\$5,766,881**

# Attachment A

## Non-Personnel & Non-Personnel-Related Expenses

### Eliminate the Following:

**\$697,301**

- Debt for PeopleSoft \$402,335
- Site surveys \$124,500
- Chrysler Hall concert – grade 5 \$12,000
- Young Audiences \$6,160
- Registration – Model U.N. \$3,500
- Contemporary Art Center – grant match \$3,000
- Tuition and fees as follows except for those who have qualified for free or reduced meals
  - Dual Enrollment tuition \$38,000
  - AP Exam fees \$74,500
  - IB Exam fees \$33,306

# Non-Personnel & Non-Personnel-Related Expenses

## Reduce the Following:

**\$3,613,158**

- Summer school – all items \$1,122,000
- Salary savings – greater than anticipated turnover \$1,344,495
- SECEP – reduce slots (18) \$592,591
- Non-classroom supplies \$131,710
- Reamortize and debt payoff \$88,000
- Summer curriculum workshops \$85,628
- Out-of-town travel (50%) \$74,878
- Local match for two VPI classes \$65,000
- Staff development \$45,517
- Local travel – reduction of usage \$20,775
- Reduction in testing costs – VGLA & VAAP \$11,000
- Adult Education – special interest classes \$7,464
- GED testing – proctors and examiners \$7,000
- Career Commitment – reduction in cost \$5,400
- Employment health exams \$3,000
- Refreshments – TOY and new teachers \$3,300
- Consultants – program evaluation & technology \$2,900
- Security for other activities – reduction in usage \$2,500

**Total \$4,310,459**

# Attachment B

## Proposed Increases in Revenue

**Increase Tuition** **\$106,720**

- Adult Education \$50,000\*
- Driver Education – behind the wheel \$56,720

**Total    \$106,720**

### **\*Three-Pronged Approach**

- Establish minimum class size (10)
- Increase tuition for special interest, computer, trade and industrial, and nurse assistant classes
- Change Gold Card Program – 4-year plan
  - **2010-2011 – Charge \$10 for Gold Card**
  - **2011-2012 – Charge \$10 for Gold Card and 25% of normal tuition**
  - **2012-2013 – Charge \$10 for Gold Card and 50% of normal tuition**
  - **2013-2014 – Charge \$10 for Gold Card and 75% of normal tuition**

# Attachment C

## Transfer Costs to Other Sources

• <b>Transfer to Stimulus</b>	<b>\$8,390,336</b>
– Positions (114)	\$6,278,023
– Info Tech equip – replacement & additional	\$1,117,105
– Non-computer equip – replacement	\$314,620
– Lease/purchase payoff	\$588,538
– Classroom furniture	\$63,300
– Equipment repair	\$28,750
• <b>Transfer to Medical Insurance Fund</b>	<b>\$5,043,447</b>
– Wellness activities	\$120,000
– Projected 6.4% increase in premiums	\$4,923,447

**Total    \$13,433,783**

# Attachment D

## Personnel-Related Expenses

### Reduce the Following:

**\$744,663**

- Substitute usage \$469,416
- Extended contracts – 5 days \$104,421
- Homebound instruction \$66,204
- Retiree health care credit \$60,683
- Clerical temporary assistance \$22,936
- Assistance for opening OSMS \$21,003

**Total \$744,663**

# Attachment E Personnel

**Eliminate Vacancies – 90 positions**

**\$5,766,881**

- Classified personnel (14)
- Teachers (45)
- School nurses (2)
- Clinic assistant (1)
- Teacher assistants (26)
- Administrative/Supervisory personnel (1)
- School psychologist (1)

**Total     \$5,766,881**

# Attachment F

## Proposed Cuts - Summary

• A – Non-Personnel	\$ 4,310,459
• B – Increase Revenue	\$ 106,720
• C – Transfer Costs	\$13,433,783
• D – Personnel-Related	\$ 744,663
• E – Personnel	\$ 5,766,881
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<b>Total</b>	<b>\$24,362,506</b>

# Proposed Budget Also Predicated Upon Following

- Continuing reductions in current budget – Over **\$31 million**
- Delaying for a second time the second year of salary study
- Eliminating for a second year an annual salary increase
- Having school division pay the total anticipated increase for medical insurance
- Continuing the practice of the school division paying the total cost for VRS

# Final Step in Identifying Reductions

## Personnel Reductions

- Eliminate 90 current vacant positions - **\$5,766,881** (83 positions eliminated in 09-10)
- Transfer 114 additional positions to stimulus funding - **\$6,278,023**  
(125 positions transferred in 09-10)
- **239 positions funded through stimulus funding, rather than the operating budget**

# Averting Layoffs??

- Based upon current revenue projections and availability of stimulus funding, at present time we do **NOT** anticipate layoffs will be necessary for 2010-2011
- If conditions change – Layoffs???

# Use of Stimulus Funding

- Proposed budget calls for a transfer of a significant level of recurring funding to stimulus funds - **\$22.9 million**
- Use of stimulus funds is a temporary measure – ends September 2011

# Length of the Economic Downturn?

- Every fiber of our organization has been—or will be—affected in some way.
- Rebuilding or regaining that which has been lost will take years.

The Human Factor

**Our Educational Family**