

FWCS

2012 Budget

September 26, 2011

Budget Adoption Calendar

* Board Meetings

**August 29 and
September 5**

Budget and levy advertised

***September 26**

Public budget presentation

***October 10**

**Public hearings:
Budget
Bus Replacement Fund Plan
Capital Projects Fund Plan**

***October 24**

Adoption of budget and plans

By Feb. 2012:

**Budget order issued by Dept. of
Local Government Finance**

Board Approval Required

1. 2012 Appropriations (budget) & 2012 Maximum Levy (property tax)
2. Bus Replacement Fund Plan – 12 years
3. Capital Projects Fund Plan – 3 years
 - Closing of budgets for completed projects
4. 2012 Pension Bond tax neutrality
5. 2011 Budget Reductions

Budget Process

- Long-range financial projections for each fund
- Cash balance goal of no less than 5% of budget
- Revenue Projections
 - Economic conditions
 - Legislative impact
 - Enrollment projections
- Expenditure Projections
 - Historical data
 - Zero based budgets

Funds to Approve

- **Property Tax Supported:**

- Racial Balance
- Capital Projects
- Transportation
 - Operations
 - Bus Replacement
- Debt Service & Pension Bond
- Museum of Art



- **Other:**

- General

FWCS Budget Categories Align with State

Category	FWCS Established 2003	State Established 2007
1	In the classroom	Academic achievement
2	Touches classroom	Instructional support
1 & 2		= Instruction
3	Outside classroom, but touches academics	Overhead and operational
4	Outside the classroom	Non-operational

Instruction as a % of Expenditures FWCS Compared to State Average (using State Categories)

Instruction as a percent of total expenditures	FWCS	State
2009-10	71.00%	58.70%
2008-09	70.30%	57.70%

Instruction as a percent of total expenditures (excluding non-operational)	FWCS	State
2009-10	78.30%	72.60%
2008-09	78.40%	72.00%

Source: Indiana Dept. of Education

Property Tax Calculation Components

- **Assessed Value**
- **Deductions**
 - Homestead
 - Mortgage
 - 65 or Over Deduction
 - Disabled Veteran's Deduction
- **Property Tax Relief for homesteads**
- **Circuit Breaker**

Assessed Value FWCS Boundaries

		<u>Change</u>
2011	\$6,697,376,300	-5.2%
2010	\$7,062,973,390	-1.8%

- 2012 estimated the same as 2011
 - Auditor warns it may decrease 0% to 2%
- Impacts revenue of fix rated funds
 - Capital Projects Fund
 - Racial Balance Fund

Property Tax Calculation 2011

Examples – all units Wayne Township

	<u>Residential</u>		<u>Rental</u>	<u>Other</u>
Gross assessed value	\$100,000	\$110,000	\$100,000	\$100,000
<u>Deductions:</u>				
Homestead standard deduction	(45,000)	(45,000)		
Supplemental homestead deduction (new 2009)	(19,250)	(22,750)		
Mortgage deduction	(3,000)	(3,000)	(3,000)	(3,000)
Net assessed value (NAV)	32,750	39,250	97,000	97,000
NAV divided by \$100	328	393	970	970
Times Gross tax rate:				
All units Wayne Township \$ 3.1590	1,035	1,240	3,064	3,064
Credits:				
State property tax relief - ended 2010				
Local property tax relief 10.1121%	(105)	(125)		
Tax calculation	\$930	\$1,115	\$3,064	\$3,064
Circuit Breaker percent % of gross a.v.	1.0%	1.0%	2.0%	3.0%
Circuit Breaker (Tax cap)	\$1,000	\$1,100	\$2,000	\$3,000
Lesser of tax calculation or cap	\$930	\$1,100	\$2,000	\$3,000
Savings due to tax cap	\$0	\$15	\$1,064	\$64

Circuit Breaker (Tax Cap) Loss by Fund

	2009 <u>Actual</u>	2010 <u>Actual</u>	2011 <u>Estimate</u>	3-year <u>Total</u>
General Fund	19,670	-	-	19,670
Racial Balance	124,158	426,950	586,230	1,137,338
Capital Projects	375,265	1,349,450	1,848,928	3,573,644
Debt Service & Pension Debt	289,610	1,064,977	1,650,006	3,004,593
Museum of Art	4,325	8,155	18,443	30,923
Bus Replacement	23,297	41,256	318,803	383,357
Transportation	320,719	1,076,969	1,505,754	2,903,442
Total	1,157,045	3,967,757	5,928,164	11,052,966
Less State Aid		(1,275,363)		(1,275,363)
Property Tax Lost	1,157,045	2,692,394	5,928,164	9,777,603
Certified Levy	59,650,698	58,416,290	60,276,386	
Circuit Breaker as a % of Levy	1.9%	4.6%	9.8%	

Major Budget Impacts

- Teacher allocations
- Stimulus Funds
- Self-Insured health insurance
- Pension bond tax neutrality
- Declining Capital Projects budget

Total Teachers – All Funds



	10-11	Budget 11-12	
	<u>FTE</u>	<u>FTE</u>	<u>Change</u>
Classroom Teachers K-12	1,279.40	1,280.40	1.00
Class Size Reduction Teachers (Title grants)	31.00	26.00	(5.00)
Media Teachers - Secondary	16.00	16.00	-
Preschool	30.00	30.00	-
Magnet Resource	21.60	21.60	-
ELL	51.00	52.00	1.00
Alternative Programs	25.50	25.50	-
Special Ed Services	261.40	260.40	(1.00)
District Instructional Coaches	16.00	16.00	-
Building Instructional Coaches	69.50	64.50	(5.00)
Student Intervention	121.50	121.50	-
Title I Support	20.00	24.00	4.00
Career Center	38.00	38.00	-
Continuing Ed	4.00	4.00	-
FWEA Representative	1.00	1.00	-
	1,985.90	1,980.90	(5.00)

Total Teachers – By Fund



	Budget		
	10-11	11-12	
	<u>FTE</u>	<u>FTE</u>	<u>Change</u>
General Fund	1,539.30	1,540.30	1.00
Racial Balance	67.10	67.10	-
Special Ed - Federal	98.00	98.00	-
Title I, II & III	146.50	145.50	(1.00)
Stimulus - IDEA	53.50	53.50	-
Stimulus - Title I	32.00	32.00	-
Other Grants	15.90	10.90	(5.00)
Career Center	33.60	33.60	-
	<u>1,985.90</u>	<u>1,980.90</u>	<u>(5.00)</u>

Federal Stimulus Funds

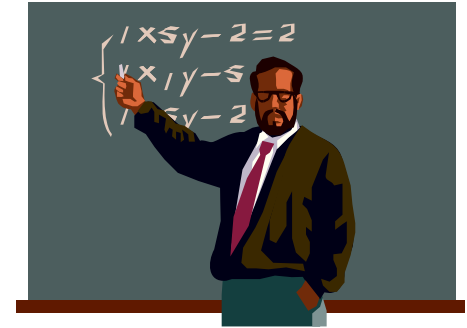
2009-2012

- **2009 & 2010** – **State** replaced a portion of tuition support with Federal stimulus
- **2010 & 2011** - **Federal Stimulus** provided at districts' discretion
 - **FWCS Allocation**
 - Special Ed \$9.2 million (\$800,000 to non-public)
 - Title I \$9.1 million (\$1.2 million to non-public)
 - **FWCS used its share** to support student instruction with teacher coaches & student interventionists, training, materials
- **Summer 2012** - **Jobs Bill** funding ends
 - Continue positions funded by stimulus
- **Fall 2012** - **Resources continue** by absorbing positions in General Fund

Health Insurance

- Plan is self-insured
- Existing plan is costly
 - FWCS budgets contribute 90% of cost (estimate \$45 million)
- New plan developed with a reduced cost
 - Effective January 1, 2012
 - Three new plan types including HDHP/HSA
 - Estimated savings to General Fund \$4 million

General Fund



- Revenue funded primarily by State taxes
- Expenditures:
 - Salaries & fringe benefits
 - Teachers, administrators, clerical
 - Operating costs
 - Custodial, utilities, insurance, legal
 - School materials & supplies

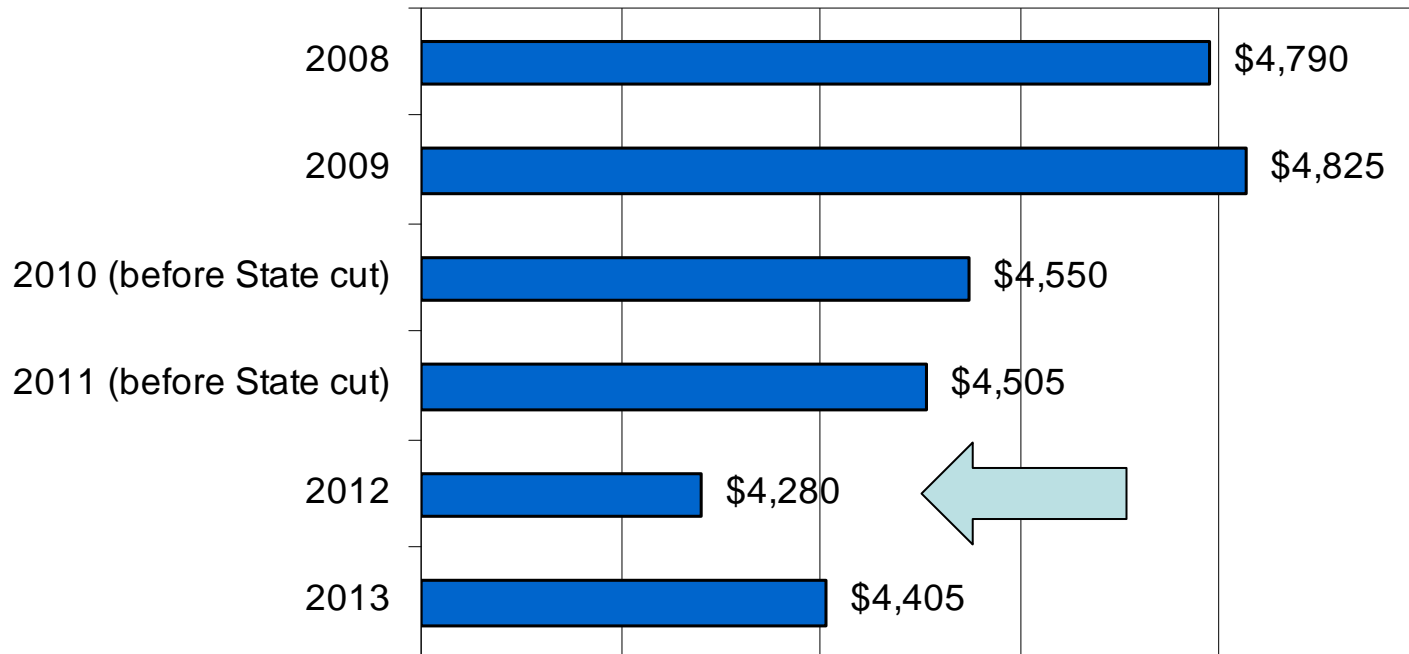
General Fund Revenue

<u>Funding</u>	<u>Calculation</u>	<u>Estimate 2011</u>	<u>Budget 2012</u>	
Tuition Support	formula	\$171,183,926	\$172,572,445	
Academic Honors Diploma	\$900 per diploma	424,800	384,300	
Special Education	based on exceptionality	15,039,493	15,069,568	
Vocational Education	based on course	2,282,675	2,287,176	
Prime Time	formula	2,944,386	3,165,215	
Total State Revenue per Formula		191,877,291	193,480,716	
Miscellaneous Revenue:				
Full-Day Kindergarten		2,920,542	2,920,542	
Indirect Costs		1,078,000	1,078,000	
Interest		600,000	600,000	
Other		2,109,825	1,736,847	
Total General Fund Revenue		\$198,585,658	\$199,816,105	0.6%

Tuition Support Factors

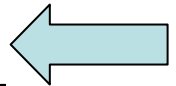
$$\begin{aligned} & \text{State Foundation Amount} \\ & \quad \times \\ & \quad \underline{\text{FWCS Complexity Index}} = \\ & \text{Normal Amount Per Pupil} \\ & \quad + \\ & \quad \underline{\text{State Adjustments}} = \\ & \text{Final Amount Per Pupil} \\ & \quad \times \\ & \underline{\text{ADM (Average Daily Membership)}} = \\ & \text{Tuition Support Revenue} \end{aligned}$$

Tuition Support Factors State Foundation Amount

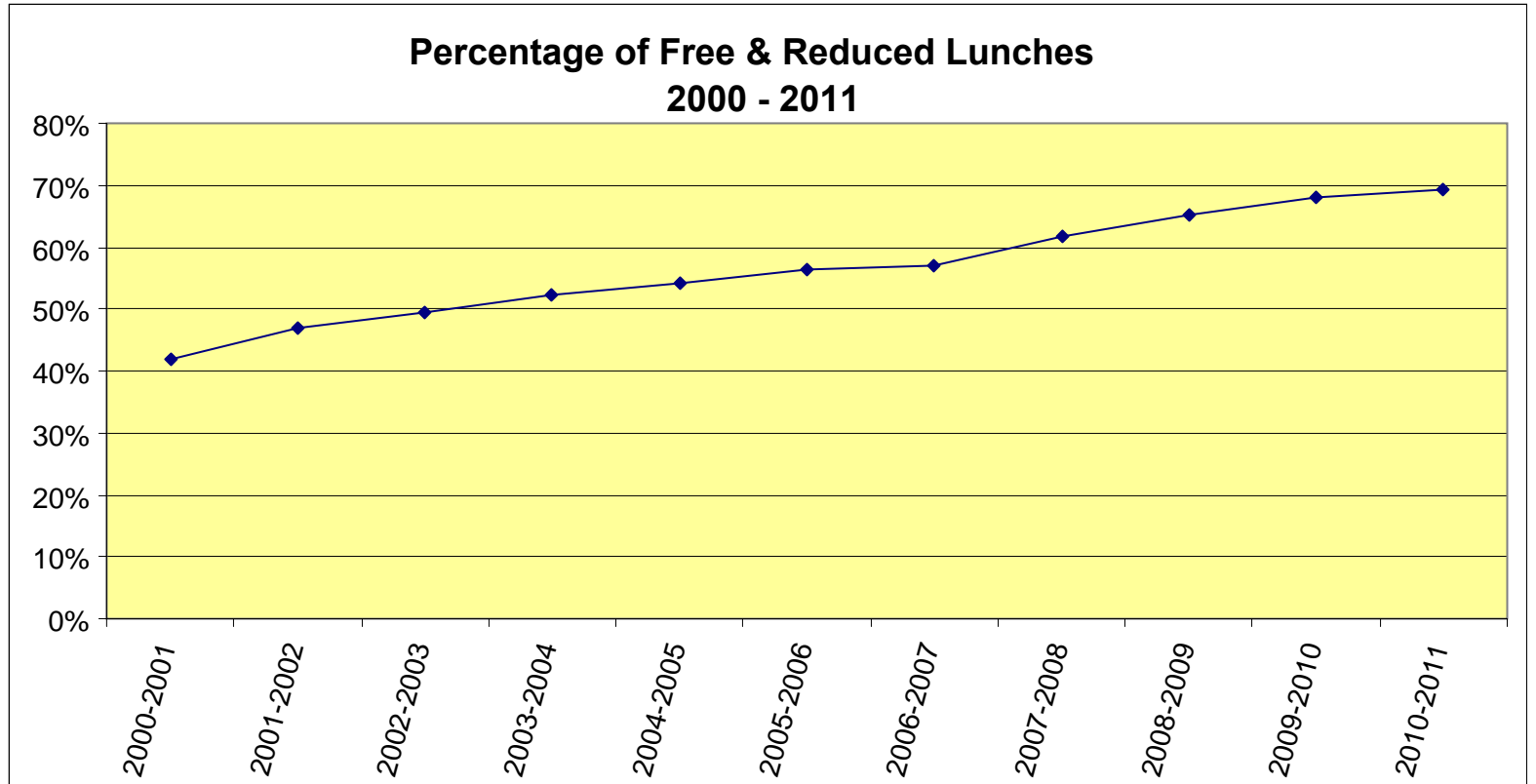


Tuition Support – 2012 Complexity Index & Normal Per Pupil

Free & reduced lunch rate (09-10)	68.30%	
Times State multiplier	0.4974	
	<hr/>	
	0.3397	
Add 1	1	
	<hr/>	
	1.3397	1.3397
Subtract State factor	-1.28	
	<hr/>	
Bonus for high complexity schools	0.0597	0.0597
Complexity index - FWCS		1.3994
Multiplied by per pupil foundation amount		\$4,280
Normal amount per pupil		<hr/> \$5,990



Complexity index increases foundation amount by 39.94%



Tuition Support State Adjustments

- Restoration & Small School Grants eliminated but replaced
- NEW
 - Districts 500-1,000 receive \$150 per pupil
 - Districts greater than 1,000 students receive flat amount of \$150,000 (**\$5.17/pupil for FWCS**)
 - **7-year transition down** - Additional funding provided if 2012 formula less than prior year
 - 65% of districts get \$148 million more than formula (**not FWCS**)
 - If allocated to all in formula, foundation would increase \$119/student (**\$3.4 million for FWCS**)

Tuition Support Enrollment

ADM = Average Daily Membership

	2011 <u>ADM</u>	2012 Budgeted <u>ADM</u>	2012 Actual* <u>ADM</u>
Enrollment	31,568		30,997
less 1/2 kindergarten	-1,221		-1,221
less preschool	-764		-745
less preschool SE	-285		-308
Adj	-36		133
ADM	29,262	28,788	28,856

*to be finalized by October 11

FWCS

Tuition Support Formula

	<u>Budgeted</u>	<u>Estimated</u>
Normal per pupil amount	\$5,990	\$5,990
State adjustments:		
Enrollments > 1,000 get \$150,000 divided by ADM	\$5	\$5
Final per pupil amount	\$5,995	\$5,995
Times Average Daily Membership (ADM)	28,788	28,856
Tuition Support Revenue	\$172,572,445	\$172,997,440

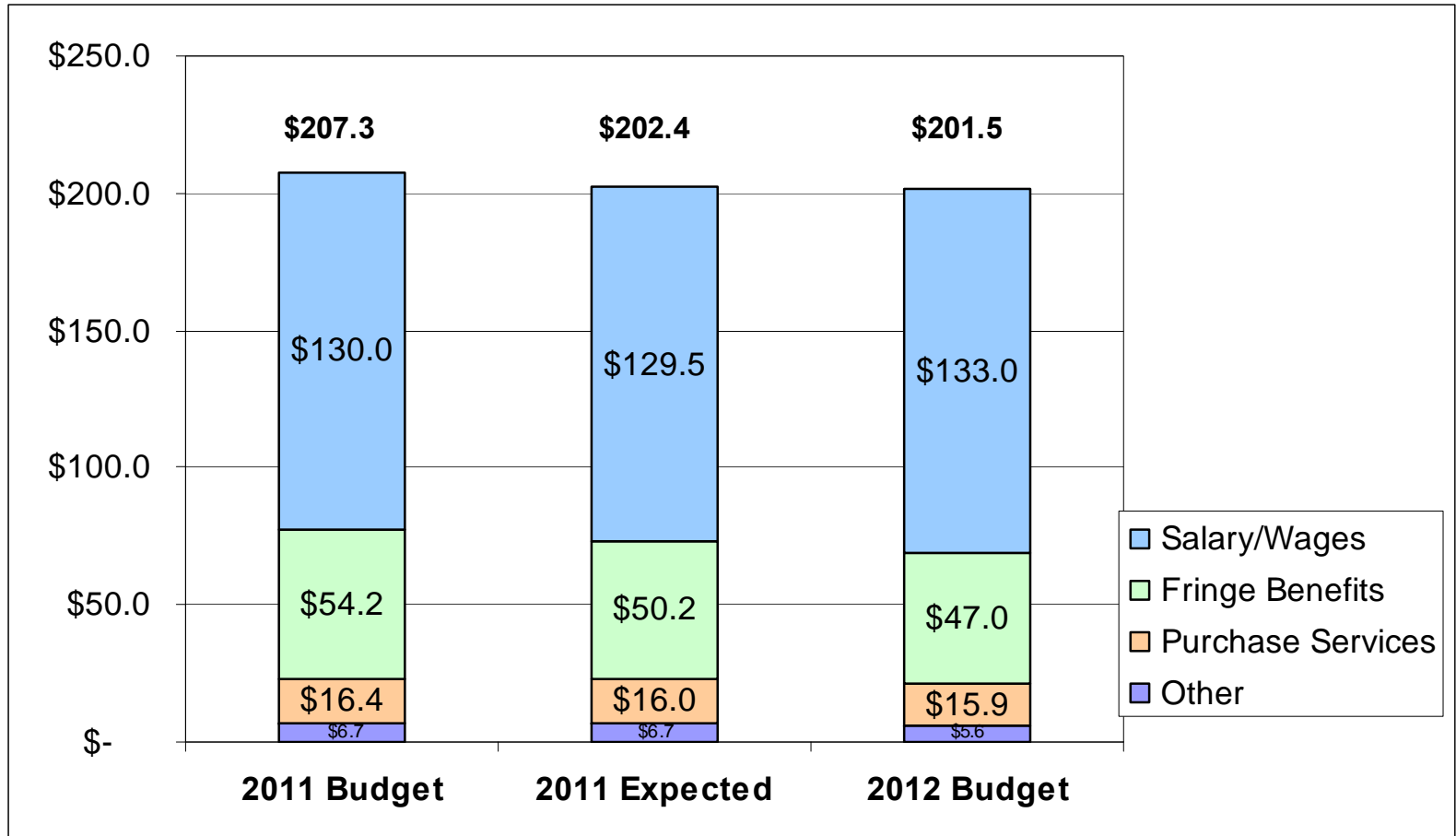
Special Education Revenue

<u>Exceptionality</u>	<u>Count</u>	2012 <u>Amount per Pupil</u>	<u>Revenue Total</u>
Severe	621	\$8,350	5,182,845
Mild & Moderate	3,446	\$2,265	7,805,190
Communication & Homebound	1,776	\$533	946,608
Preschool	413	\$2,750	1,134,925
	<u>6,255</u>		<u>15,069,568</u>

Full-Day Kindergarten

	State Funding Provided	If Fully Funded	Difference
FWCS per pupil funding (1st–12th grade)	<u>\$5,995</u>	\$5,995	
Kindergarten = 1/2 per pupil funding	\$2,998		
<u>Plus full-day kindergarten grant:</u>			
Statewide \$81.9 million (FWCS est. \$2.9)			
FWCS estimated share per pupil	<u>\$1,205</u>		
FWCS State funding for kindergarten	\$4,203	\$5,995	\$1,793
Times number of kindergarten students	<u>2,442</u>	<u>2,442</u>	<u>2,442</u>
Total (in millions)	\$10.3	\$14.6	\$4.4

General Fund Expenditures



Debt Funds

- Pension Bond Fund

- 2004 State requirement to actuarially fund retirement severance plans
- Severance plans were a \$1.7 million cost to FWCS General Fund
- Issued a \$40 million bond to actuarially fund
- Annual debt service levy about \$3.8 million, last payment 2021
- **Must reduce budgets of other funds in order for annual bond payment to be tax neutral**

- Debt Service Fund – all other debt

Pension Bond Tax Neutrality Recommendation

	<u>2011</u>	<u>2012</u>	Since Inception <u>2005</u>
Capital Projects Fund	\$2,069,489	\$2,300,000	\$22,381,351
Bus Replacement	803,685	890,000	6,494,443
Transportation	669,738	600,000	1,944,738
	\$3,542,912	\$3,790,000	\$30,820,532

*Reductions end 2021

Debt Service Fund

	<u>Final</u> <u>Payment</u>	<u>2011</u>	<u>2012</u>	<u>Change</u>
South Side	2012	\$ 3,757,732	\$ 1,877,288	\$ (1,880,444)
North Side	2017	3,735,000	7,495,000	3,760,000
Food Service Center	2017	1,280,000	1,279,600	(400)
New Tech - 2009	2025	171,705	168,578	(3,127)
New Tech - 2010	2022	61,830	106,500	44,670
State Technology Loans	2014	3,078,661	2,433,667	(644,994)
Interest on tax anticipation warrants (if needed)		39,764	50,000	10,236
Unfunded textbooks		272,127	310,097	37,970
		\$ 12,396,819	\$ 13,720,730	\$ 1,323,911

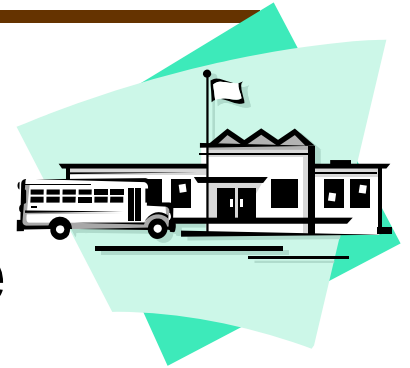
Racial Balance Fund

- Established in 1989
- Funding provided by a reduction in CPF
- Provides resources that encourage and sustain a diverse student environment
 - Magnet schools
 - Student Support
 - Teacher Coaches
- Circuit breaker & lower assessed value require cuts – 2012 budget \$1.7 million lower

Racial Balance Budget

	<u>Teachers</u>	<u>2011</u>	<u>2012</u>
Preschool	10	949,658	957,712
Elementary Coaches	32	2,521,028	2,477,445
Magnet Programs	22	2,421,113	2,440,567
Pyramid of Success		44,000	44,000
Materials & Supplies		267,940	267,940
Student Services		24,333	27,336
	<hr/> 64	<hr/> 6,228,072	<hr/> 6,215,000
Changes Fall 2011:			
Elementary Case Managers		1,229,032	Moved to GF
Elementary Alternative Ed.		358,187	Moved to GF
HS Conflict Mediators		213,317	Eliminated
Expected Budget		<hr/> 8,028,608	<hr/> 6,215,000
Estimated Circuit Breaker		445,000	590,000
Budget to Approve		<hr/> 8,473,608	<hr/> 6,805,000

Capital Projects Fund (CPF)



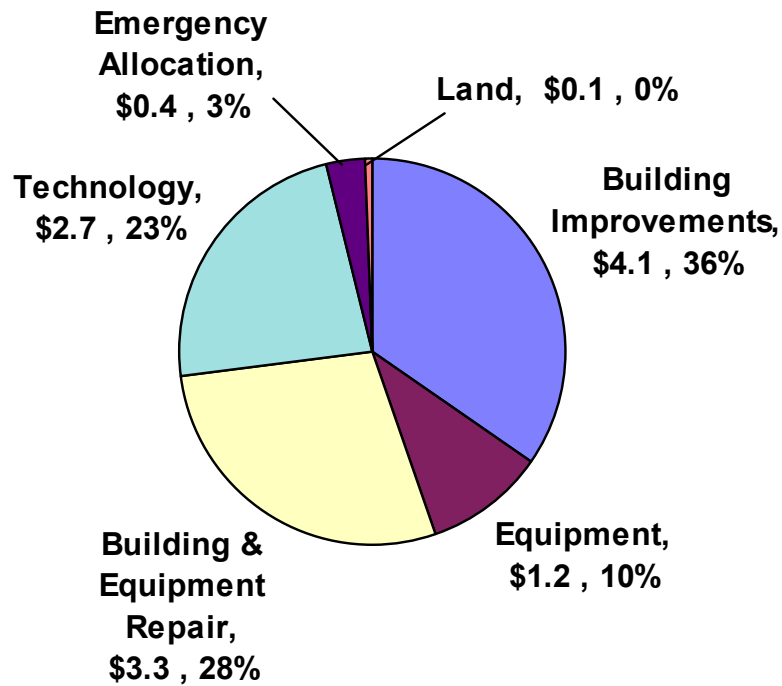
- 3-year plan required by State
- 62 buildings, average age 54 years
- Lower than other districts due to Racial Balance Fund

Capital Projects Fund Budget Overview

	<u>2011</u>	<u>2012</u>
Improvements & Replacements	\$ 13,075,518	\$ 11,789,274
Utilities & Insurance	6,179,026	6,179,026
Total expected budget	\$ 19,254,544	\$ 17,968,300
Difference		\$ (1,286,244)

Improvements & Replacements

\$11.8 million



Building Improvements

	<u>2011</u>	<u>2012</u>	<u>% of total</u>	<u>Change</u>
Roof Replacement	\$ 1,355,000	\$ 1,400,000	34.3%	\$ 45,000
HVAC Replacement	1,300,000	1,100,000	26.9%	(200,000)
Mechanical/Electrical	500,000	400,000	9.8%	(100,000)
Traffic/Safety	425,000	300,000	7.3%	(125,000)
General Building Systems	475,368	273,055	6.7%	(202,313)
Site Improvements	250,000	200,000	4.9%	(50,000)
Hazardous Materials	147,444	160,000	3.9%	12,556
School Sports Facilities	50,000	120,000	2.9%	70,000
Professional Services	100,000	75,000	1.8%	(25,000)
School Programmatic Needs	31,874	55,096	1.3%	23,222
Major Project	-	-	0.0%	-
	\$ 4,634,686	\$ 4,083,151	100.0%	\$ (551,535)

Capital Projects Fund Budget Overview

Improvements & Replacements	\$ 11,789,274
Utilities & Insurance	6,179,026
Expected Expenditures	<u>\$ 17,968,300</u>
 <u>Budgeted but required to reduce:</u>	
Pension Bond tax neutrality	2,300,000
 <u>Budgeted but likely unavailable:</u>	
Circuit breaker	1,850,000
Assessed value adjustment	3,000,000
Total Reductions	<u>7,150,000</u>
 Total for Board to Approve	 \$ 25,118,300

Transportation Funds



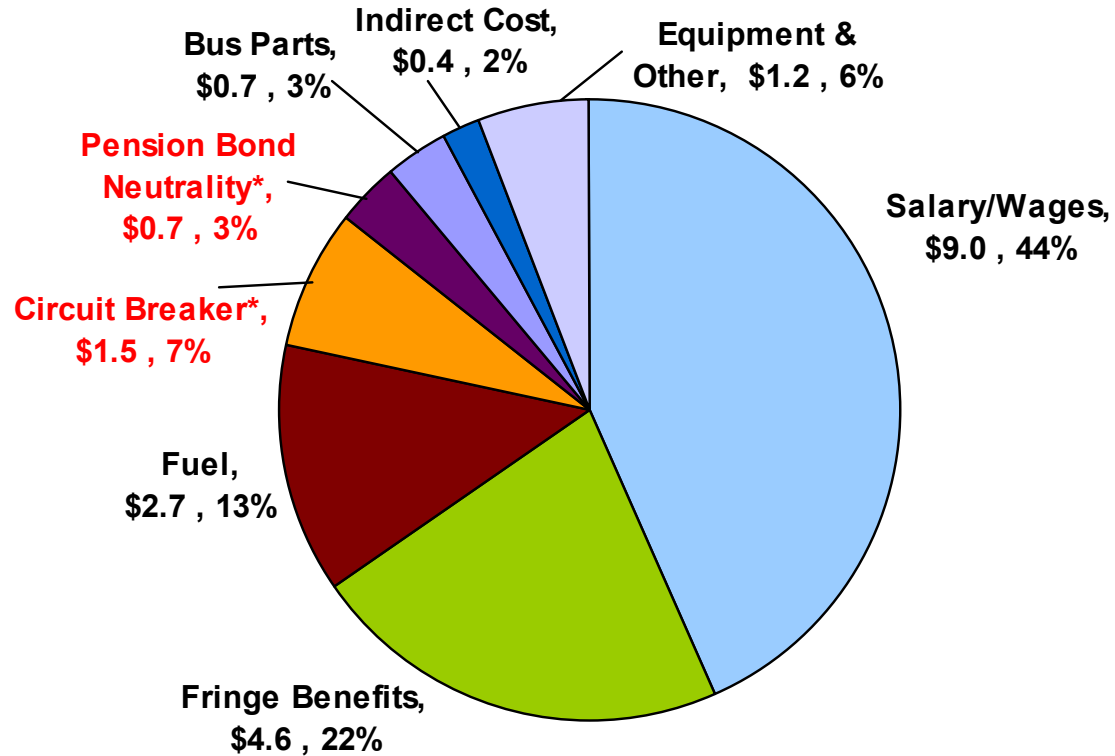
- Operations
 - Drivers, fuel, maintenance
 - Annual budget determined by state formula, supported by property taxes
- Bus Replacement
 - Annual budget determined by 12 year replacement plan
 - Pension bond tax neutrality further lengthens replacement plan

Service Provided

- 145.7 square miles covered, 1700 bus routes
- 3.6 million miles traveled by 350 buses each year
- Over 25,000 students transported

Transportation Operations

\$20.8 million



**\$2.2 million not available due to circuit breaker & pension bond neutrality*

12-Year Bus Replacement Plan

<u>Capacity</u>	<u>Type</u>	<u>2011 Inventory</u>	<u>Eligible for Replacement age ≥ 12 years</u>	<u>Reduced for Tax Neutrality & Circuit Breaker</u>	<u>2012 Plan</u>
15	MS & HS Mini bus	44	16	-4	12
24	With lifts	45	4	-4	0
48	Spec Ed	44	0	0	0
84	Regular	217	20	-5	15
		350	40	-13	27

The State is considering a new method that could further reduce this amount.

Museum of Art Fund



- Pass through to Fort Wayne Museum of Art
- To provide ongoing programs for our students
- Budget same at \$185,500

2012 Expected Budget

	<u>2012 Budget to Approve</u>	Reductions			<u>2012 Budget Expected</u>
		<u>Assessed Value Allowance</u>	<u>Tax Neutrality</u>	<u>Est. Circuit Breaker</u>	
General	\$ 201,525,000				\$ 201,525,000
Racial Balance	6,805,000			590,000	6,215,000
Capital Projects	25,118,300	3,000,000	2,300,000	1,850,000	17,968,300
Pension Debt*	3,885,193				3,885,193
Debt Service*	13,720,730				13,720,730
Museum of Art	185,500			20,000	165,500
Bus Replacement	3,695,172		890,000	320,000	2,485,172
Transportation	20,756,000		600,000	1,500,000	18,656,000
	\$ 275,690,895	\$ 3,000,000	\$ 3,790,000	\$ 4,280,000	\$ 264,620,895

*Debt payments required. Circuit Breaker may be paid from cash balance or General Fund.

1,650,000
\$ 5,930,000

2011 & 2012 Budget Comparison

	<u>2011 Budget*</u>	<u>2012 Budget Expected</u>	<u>Change</u>
General	\$ 207,261,000	\$ 201,525,000	\$ (5,736,000)
Racial Balance	8,046,658	6,215,000	(1,831,658)
Capital Projects	19,254,544	17,968,300	(1,286,244)
Pension Debt	3,640,713	3,885,193	244,480
Debt Service	11,579,857	13,720,730	2,140,873
Museum of Art	130,972	165,500	34,528
Bus Replacement	3,562,554	2,485,172	(1,077,382)
Transportation	19,863,030	18,656,000	(1,207,030)
	\$ 273,339,328	\$ 264,620,895	\$ (8,718,433)
			-3.2%

* net of circuit breaker

2012 Budget & Levy by Fund

	<u>2012 Budget Expected</u>	<u>Expected Levy</u>	<u>Expected Tax Rate</u>
General	\$ 201,525,000	\$ -	\$ -
Racial Balance	6,215,000	5,960,665	0.0890
Capital Projects	17,968,300	17,671,576	0.2639
Pension Debt	3,885,193	3,922,072	0.0586
Debt Service	13,720,730	11,963,255	0.1786
Museum of Art	165,500	120,693	0.0018
Bus Replacement	2,485,172	2,620,065	0.0391
Transportation	18,656,000	16,145,360	0.2411
	\$ 264,620,895	\$ 58,403,686	\$ 0.8720
2011	\$ 273,339,328	\$ 60,276,386	\$ 0.9000
Change	\$ (8,718,433)	\$ (1,872,700)	\$ (0.0280)

FWCS

Percent of Total Tax Bill

	Certified Property Tax Levy	FWCS Tax Rate	All Units Wayne Township 100%	FWCS %
Est. 2012	\$58,403,686	\$0.8720		
2011	\$60,276,386	\$0.9000	\$3.16	28.5%
2010	\$58,417,853	\$0.8271	\$2.97	27.8%
(1) 2009	\$59,650,698	\$0.8294	\$2.86	29.0%
2008	\$111,379,296	\$1.3540	\$3.27	41.4%
2007	\$111,085,836	\$1.3812	\$3.26	42.4%

(1) Tax rate declined as General Fund & Special Ed Preschool Funds were assumed by State

Estimated Impact for \$100,000 home (FWCS portion only, before tax credits)

	<u>2011</u>		<u>2012</u>		<u>Change</u>
Gross assessed value		\$100,000		\$100,000	
Deductions:					
Homestead standard		-45,000		-45,000	
Supplemental homestead		-19,250		-19,250	
Mortgage		-3,000		-3,000	
Net assessed value		<u>32,750</u>		<u>32,750</u>	
Gross tax - FWCS	\$0.9000	\$295	\$0.8720	\$286	(\$9) -3.1%

Next Steps – 2012 Budget

October 10

Public hearings:

Budget

Bus Replacement Fund Plan

Capital Projects Fund Plan

October 24

Adoption of budget and plans



FWCS 2012 Budget

September 26, 2011

FORT WAYNE COMMUNITY SCHOOLS