

Budget Reduction Plan

March 22, 2010

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Financial Challenges

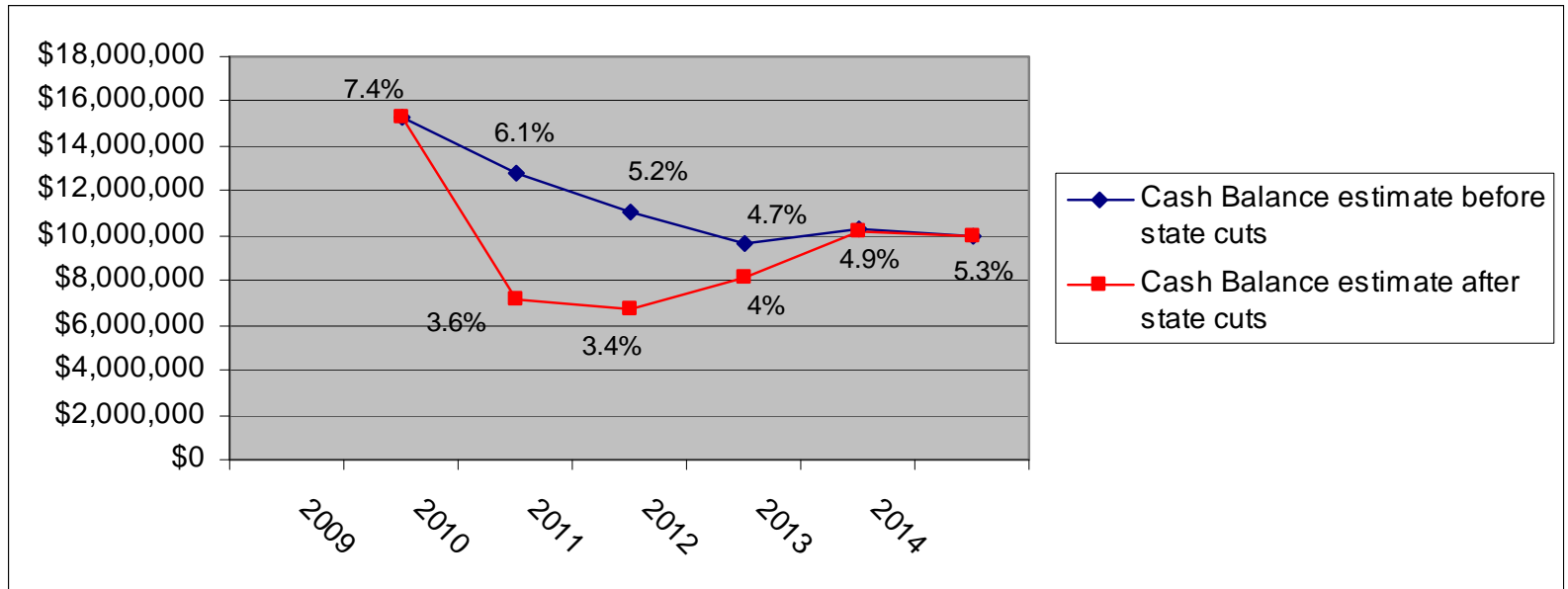
- Miscellaneous revenue declining – interest, state categorical grants
- Tax collections down at state and local level
- Property values decreasing – lower assessed value results in lower property tax dollars
- Circuit Breaker reduces property tax revenue

Budget Impact

- General Fund -

- **2010** - \$15 million reduction
 - Previously anticipated reductions during 2010. Necessary because state revenue not keeping up with expenses, estimated at \$6 million.
 - \$9.1 million from Governor’s \$300 million cut, related to lower income tax and sales tax collections. State cuts began in January.
- **2011- 2012** – estimated \$8 million
- **2012 – 2013** – estimated \$3 million

General Fund Cash Balance (with cuts)



Estimates

Cuts Required before state cuts
Cuts Required after state cuts

2010
\$6,000,000
\$15,000,000

2011
\$4,000,000
\$8,000,000

2012
\$6,000,000
\$3,000,000

Total
\$16,000,000
\$26,000,000



General Fund 2010 Budget

By State Expenditure Category

(in millions)

| | | |
|---|----------------|---------------|
| Total | \$217.1 | 100.0% |
| Category 1 - Academic Achievement Examples: Teachers, Remediation, Vocational Ed, Media Services, School Administrators | \$174.7 | 80.5% |
| Category 2 - Instructional Support Examples: Student Support Services, Guidance, Health Services, Curriculum, Assessment, Human Resources, Technology | 19.0 | 8.8% |
| | <hr/> | |
| | 193.7 | 89.2% |
| Category 3 - Overhead & Operational Examples: Business Office, School Board, Legal, Maintenance, Athletic Coaches, Utilities | 23.0 | 10.6% |
| Category 4- Non-operational Examples: Facilities Dept., Equipment Rental | 0.4 | 0.2% |

| | | |
|--------------------|---------------|-------------|
| Cuts Needed | \$15.0 | 6.9% |
|--------------------|---------------|-------------|

General Fund 2010 Budget & Recommended Cuts

By State Expenditure Category (in millions)

| | Original Budget | | Rec. Cuts | % of Budget | Adjusted Budget | |
|--|-----------------|---------------|---------------|--------------|-----------------|---------------|
| Total | \$217.1 | 100.0% | \$15.0 | 6.9% | \$202.1 | 100.0% |
| Category 1 - Academic Achievement | \$174.7 | 80.5% | \$9.8 | 5.6% | \$164.9 | 81.6% |
| Examples: Teachers, Remediation, Vocational Ed, Media Services, School Administrators | | | | | | |
| Category 2 - Instructional Support | 19.0 | 8.8% | 1.4 | 7.4% | 17.6 | 8.7% |
| Examples: Student Support Services, Guidance, Health Services, Curriculum, Assessment, Human Resources, Technology | | | | | | |
| | 193.7 | 89.2% | 11.2 | 5.8% | 182.5 | 90.3% |
| Category 3 - Overhead & Operational | 23.0 | 10.6% | 3.7 | 16.1% | 19.3 | 9.5% |
| Examples: Business Office, School Board, Legal, Maintenance, Athletic Coaches, Utilities | | | | | | |
| Category 4- Non-operational | 0.4 | 0.2% | 0.1 | 25.0% | 0.3 | 0.1% |
| Examples: Facilities Dept., Equipment Rental | | | | | | |
| | 23.4 | 10.8% | 3.8 | 16.2% | 19.6 | 9.7% |

General Fund 2010

Adjusted Budget

By State Expenditure Category

(in millions)

| | Original Budget | | Adjusted Budget | |
|--|-----------------|---------------|-----------------|---------------|
| Total | \$217.1 | 100.0% | \$202.1 | 100.0% |
| Category 1 - Academic Achievement | \$174.7 | 80.5% | \$164.9 | 81.6% |
| Examples: Teachers, Remediation, Vocational Ed, Media Services, School Administrators | | | | |
| Category 2 - Instructional Support | 19.0 | 8.8% | 17.6 | 8.7% |
| Examples: Student Support Services, Guidance, Health Services, Curriculum, Assessment, Human Resources, Technology | | | | |
| | 193.7 | 89.2% | 182.5 | 90.3% |
| Category 3 - Overhead & Operational | 23.0 | 10.6% | 19.3 | 9.5% |
| Examples: Business Office, School Board, Legal, Maintenance, Athletic Coaches, Utilities | | | | |
| Category 4- Non-operational | 0.4 | 0.2% | 0.3 | 0.1% |
| Examples: Facilities Dept., Equipment Rental | | | | |
| | 23.4 | 10.8% | 19.6 | 9.7% |

Transfer Option Approved by Legislature

Amount Allowed: (one time only)

- \$993,000 (benchmarked off of 5% of CPF levy) with no restrictions
- Another 5% allowed provided no teacher step increases greater than 2%, FWCS is not eligible for this portion

Funds Allowed for Transfer:

- Capital Projects Fund, Bus Replacement, Transportation

FWCS Recommended Use of Transfer:

- Not part of \$15 million cuts since not sustainable
- Use for teacher allocation adjustments at the start of school for 2010-11 school year only

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



Summary of Recommended 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 |
|-----------------------------------|--|-----------|

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

Changes at Schools

- Reduction in Teacher Allocations \$5.9 million
 - Elementary
 - Increase class size by average of 1
 - Middle School
 - Increase class size by average of 1
 - High School
 - Schedule change from Block Four to 7-period reduces number of teachers
- Elimination of Most Summer School

Classroom Allocation Changes

| | Current Allocation | Proposed Cuts | 10-11 Allocation |
|------------|-----------------------|------------------|---------------------|
| Elementary | 568.00 | 10.00 | 558.00 |
| Middle | 298.00 | 20.00 | 278.00 |
| High | 379.00 | 61.00 | 318.00 |
| | <hr/> | | |
| | 1,245.00 | 91.00 | 1,154.00 |

Changes at Schools

- **Close Elmhurst**
 - Non-teachers & utilities \$2.4 million
 - Reallocate Assistant Principal positions to Wayne & South Side
 - Reallocate Guidance Counselor positions to Wayne, South Side & North Side
 - Net savings \$1.6 million
- **Close Pleasant Center**
 - Net savings \$383,000
- Receiving schools will have adjusted teacher allocations to serve these students

Changes in Service Delivery

- Custodial – Goal Reduction \$2 million
 - Request for Proposals will be released to interested contractors for cleaning services after school day
 - Will compare to possible internal restructuring

Changes at Central Office \$3.5 million

| | Total | State Expenditure Category | | | |
|---|------------------|----------------------------|------------------|----------------|----------------|
| | | 1 | 2 | 3 | 4 |
| <u>Reductions to Central Office:</u> | | | | | |
| Health Insurance Efficiencies | 605,400 | 486,742 | 53,275 | 64,172 | 1,211 |
| Academic Division Reorganization | 452,338 | | 452,338 | | |
| Change in Long-Term Sub Pay | 350,000 | 350,000 | | | |
| Business Division | 452,335 | | | 353,015 | 99,320 |
| Nutrition Services Payment of Utilities | 250,000 | | | 250,000 | |
| Change in Teacher Substitute Rate | 240,000 | 240,000 | | | |
| Administrative Step Freeze | 231,710 | 141,697 | 86,909 | 3,104 | |
| Continuing Education | 217,662 | 217,662 | | | |
| Special Education | 177,210 | 101,200 | 76,010 | | |
| Federal Programs & Accountability | 155,914 | | 155,914 | | |
| Technology | 95,316 | | 95,316 | | |
| Media Services | 74,611 | 74,611 | | | |
| Student Services | 72,387 | | 72,387 | | |
| CAO and COO | 41,000 | | 41,000 | | |
| Human Resources | 21,600 | 16,100 | 5,500 | | |
| Public Affairs | 19,540 | | 18,540 | 1,000 | |
| Professional Development | 12,250 | | 12,250 | | |
| ELL | 2,000 | 2,000 | | | |
| | <u>3,471,273</u> | <u>1,630,012</u> | <u>1,069,439</u> | <u>671,291</u> | <u>100,531</u> |

Positions Reduced

| | <u>Teachers</u> | <u>Administrators</u> | <u>Other</u> | <u>Total</u> |
|-------------------|-----------------|-----------------------|--------------|--------------|
| Teachers | 91 | | | 91 |
| School Closures | | 5 | 29 | 34 |
| Custodial Change | | | ? | 0 |
| Central Office | | 4 | 9 | 13 |
| Total | 91 | 9 | 38 | 138 |
| % of Group | 5.2% | 4.8% | 6.5% | 5.5% |

Board Vote

RECOMMENDATION:

It is recommended that the Board approve a budget reduction plan that cuts \$15 million from the General Fund.

RELATED INFORMATION:

Due to insufficient state funding, the district must cut \$15 million from the General Fund budget during 2010 and expects further cuts in 2011. Major components of the plan include:

- Reduction of 91 teacher allocations
- Closure of Elmhurst High School
- Closure of Pleasant Center Elementary School
- Elimination of most Summer School
- Proceed with a Request for Proposal Process for Custodial Services
- Reduction of various district budgets

Next Steps

- Begin process for 2011-2012 cuts
- Teacher RIF process
- Request for Proposals for custodial services
- Next School to Attend Meetings:
 - Elmhurst students 3/23 a.m.
 - Elmhurst parents 3/23 6 p.m.
 - Pleasant Center parents at Miami Gym 3/25 6 p.m.
 - Portage & Kekionga parents at Miami Cafeteria (high school boundaries) 3/25 7 p.m.
- Lottery
 - Applications from Elmhurst & Pleasant Center due March 31
 - Lottery held April 12