

Budget Reduction Plan

March 22, 2010

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Financial Challenges

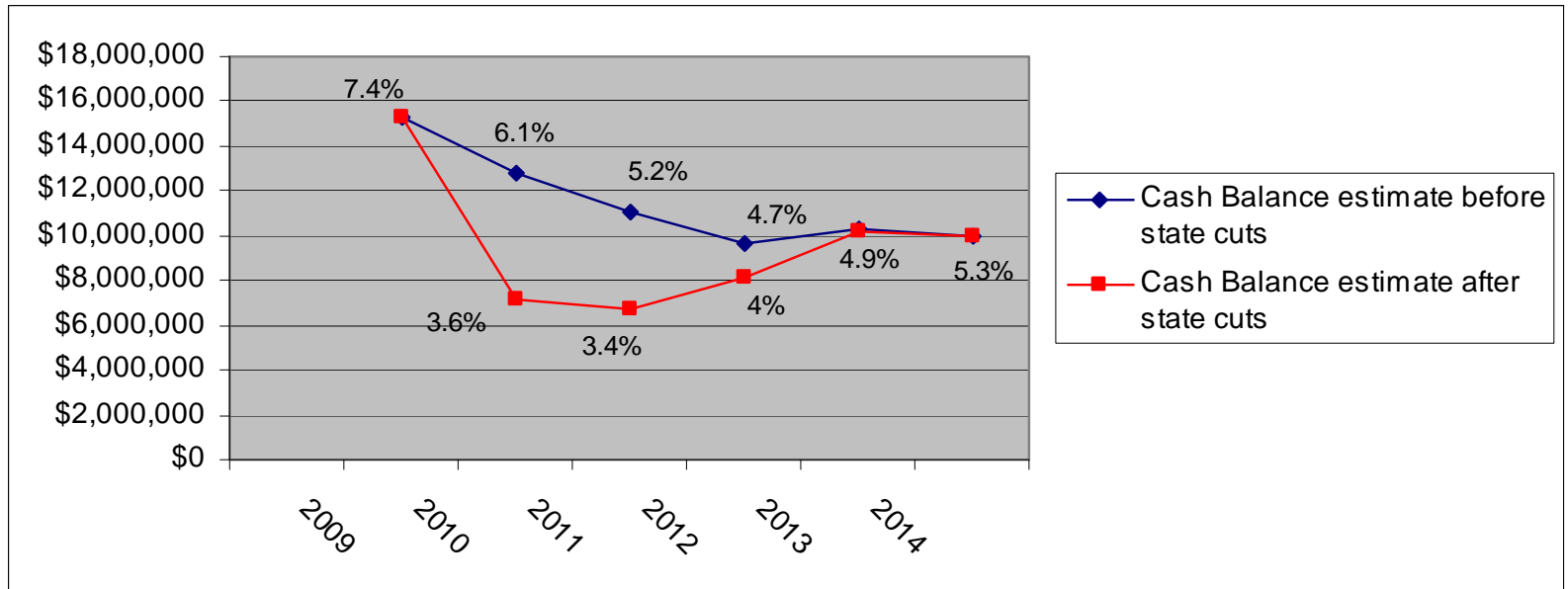
- Miscellaneous revenue declining – interest, state categorical grants
- Tax collections down at state and local level
- Property values decreasing – lower assessed value results in lower property tax dollars
- Circuit Breaker reduces property tax revenue

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	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Cuts Required before state cuts	\$6,000,000	\$4,000,000	\$6,000,000	\$16,000,000
Cuts Required after state cuts	\$15,000,000	\$8,000,000	\$3,000,000	\$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%
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	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%
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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 Examples: Teachers, Remediation, Vocational Ed, Media Services, School Administrators	\$174.7	80.5%	\$164.9	81.6%
Category 2 - Instructional Support Examples: Student Support Services, Guidance, Health Services, Curriculum, Assessment, Human Resources, Technology	19.0	8.8%	17.6	8.7%
Category 3 - Overhead & Operational Examples: Business Office, School Board, Legal, Maintenance, Athletic Coaches, Utilities	23.0	10.6%	19.3	9.5%
Category 4- Non-operational Examples: Facilities Dept., Equipment Rental	0.4	0.2%	0.3	0.1%
	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
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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

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
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	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