



# Board of Education Budget Workshop

**February 28, 2012**

# Framework for Budget Development

- Align resources to support Strategic Plan 2014
- Keep strong academic focus coupled with data driven decision making
- Recognize and plan for the impact of the economic environment and employ sound fiscal management
- Acknowledge uncertainty regarding expected funding levels from all sources, but use best information available to prepare plan
- Identify efficiency savings as well as reductions and resource redirections to offset rising costs
- Request funding from County for cost of living increase, growth and new initiatives
- Establish flexibility in the budget to allow for various reduction levels



# Budget Development Process

## General Timeline

- Acknowledge that the budget process timeline is illogical
- CMS Budget Request must be submitted to the county by May 15
- County funding level not known until early June
- State funding level not known until ... (June - Sept)
- Uncertainty of funding levels and statutory deadlines require that we prepare a budget based on the best estimates we have at the time
- Strive to be transparent about our planning, vetting our position with other sources, and our priorities



# Budget Development Process

## November - December 2011

- Confirm Board of Education/Superintendent Goals and Priorities
- Cabinet members review Strategic Plan 2014 progress and identify priorities for funding in 2012-13
- Hold budget kick-off meetings with fund owners
- Department heads submit budget recommendations aligned to Strategic Plan 2014 to their executive staff member
- Executive staff members review and submit approved departmental budget recommendations to the budget team
- Professional Organizations submit budget request



# Budget Development Process

## January 2012

- Executive staff members review budget recommendations with budget team including funding needs and proposed reductions/redirections
- Budget team and executive staff review budget recommendations with CFO and the Superintendent
- Budget staff computes initial cost estimate for cost of living and benefit increases, sustaining operations, growth and new initiatives
- Budget work sessions with the BOE begin - Superintendent and staff present recommendations for needs identified to continue progress in achieving the goals and objectives in the Strategic Plan 2014
- Departmental budget recommendations finalized and aligned to Strategic Plan 2014



# Budget Development Process

## February - March 2012

- Enrollment growth estimates confirmed by grade level by school – key driver for staffing needs at each school
- Budget staff computes final cost estimates for cost of living and benefit increases, sustaining operations, growth and new initiatives
- Budget work sessions with the BOE continue - Superintendent and staff present budget recommendations including proposed reductions and redirections of resources
- State budget estimates verified with planning allotment
- Superintendent and executive staff finalize budget recommendation
- Budget recommendation document prepared
- Superintendent presents budget recommendation to Board of Education



# What Do We Know Now?

The 2<sup>nd</sup> year of the state biennial budget approved last year includes:

- More state cuts via an increase in the LEA discretionary reduction of \$6.9 million
- Health insurance premium increase (5.3%) from \$4,931 to \$5,192 for employer contribution
- Retirement rate increase from 13.12% to 14.31% for employer contribution

Federal EduJobs funding of \$25.5 million expires Sept. 30, 2012

County reports indicate revenue increases of approx. \$25 million - limited availability



# State Budget Outlook

## Highlights

- General Fund revenues through February are \$145 million above an \$11.1 billion revenue target
- Key revenue sources, sales tax collections and withholding income tax, continue to equal or surpass budget forecast
- Recent economic data indicate the recovery is slowly regaining the traction lost this past summer and fall
- The employment picture remains troublesome with very little growth being reported or expected for most of this year
- Global economic risks continue to threaten the recovery, particularly rising gas prices and the Eurozone's debt problems



Source: Fiscal Research Division, February 2012



# State Budget Outlook

## Forecast Risk and Conclusions

- Few if any economic forecasters envision our economy rising above moderate growth levels in 2012. Some are suggesting that employment growth is still a year or more away.
- This means that some of the assumptions made in the FY 2012-13 revenue forecast may not come to fruition. Fortunately, the biennium forecast adhered to a cautious philosophy, which could minimize the impact of recently downward revisions of economic forecasts.
- The State's economy is expected to continue following the national trend of slow, yet steady, economic growth.
- The greatest risk to General Fund revenue resulting from the fragile economic recovery and recent global events will be to next fiscal year's revenue projections (FY 2012-13). Those projections were predicated on an economy that was gaining strength with each quarter of the year.



Source: Fiscal Research Division, February 2012

# CMS Budget Outlook

- Proactive planning and board support during the 2011-12 budget process resulted in our being positioned to cover the expected federal funding cliff (\$25.5 million) and the increase in the LEA discretionary reduction (\$6.9 million) without making additional cuts this year
- County funding is still uncertain at this time – greatest challenge will continue to be juggling competing needs for county, debt service, and education services
- Staff will continue to identify efficiency savings as well as budget cuts and redirections to help offset rising costs
- Plan for an increase in enrollment of 1,998 students



# Factors Increasing the Operating Budget

as of February 28, 2012 (in millions)

## SUSTAINING OPERATIONS

### A. Salaries and Benefits

1% Cost of Living Increase (funded from redirections)	\$ 7.5
Additional 2% Cost of Living Increase and Market Adjustment	18.6
Estimated Health Insurance Increase - 5.3% (\$4,931 to \$5,192)	0.7
Estimated Retirement Rate Increase - (13.12% to 14.31%)	2.1

### B. Program Continuation

CMPD School Resource Officer Contract Increase	\$ 2.1
Utilities Rate Increase	1.8
Charter School Rate Adjustment	1.1
Response to Intervention (RTI) - Universal Screening Tool	0.6
Communities in Schools - Cost Model Pricing Adjustment	0.1
Project Lift Support	0.2
Insurance Premium Increase	0.1

**Total Sustaining Operations** **\$ 34.9**

Note: Amounts subject to change as additional information becomes available



# Factors Increasing the Operating Budget

as of February 28, 2012 (in millions)

## III. STUDENT GROWTH

A. Enrollment Increases	
1. CMS Enrollment - Staffing and Non-Personnel (1,998 students)	\$ 2.1
2. Charter School Enrollment- per student passthrough (995 students)	2.2

**Total Student Growth** **\$ 4.3**

**TOTAL FOR SUSTAINING OPERATIONS AND GROWTH** **\$ 39.2**

## IV. NEW INITIATIVES

A. Attracting/Retaining High Performers	\$ 0.1
B. Truancy Court Expansion	0.1
C. High School Class Size Adjustment- 9th Grade	3.0
D. Instructional Technology Facilitator Positions for High Schools	1.3
E. Multimedia Support	0.2

**Total New Initiatives** **\$ 4.7**

**TOTAL FOR SUSTAINING OPERATIONS, GROWTH AND NEW INITIATIVES** **\$ 43.9**

Note: Amounts subject to change as additional information becomes available



# Historical Budget Reductions by Area

2011-12						
Area	State & Local Budget FY2010-2011	Total Reductions	% of Area Budget (State & Local)	State & Local Budgeted Positions* FY2010-2011	Total Positions Reduced	% of Area Budget (State & Local)
Central Office	85,662,147	(6,613,642)	(7.7%)	893	(60)	(6.7%)
Support	82,232,185	(10,161,756)	(12.4%)	1,573	(235)	(14.9%)
Schools	769,086,720	(31,084,995)	(4.0%)	11,809	(212)	(1.8%)
<b>Total</b>	<b>936,981,052</b>	<b>(47,860,393)</b>	<b>(5.1%)</b>	<b>14,275</b>	<b>(506)</b>	<b>(3.5%)</b>

2010-11						
Area	State & Local Budget FY2009-2010	Total Reductions	% of Area Budget (State & Local)	State & Local Budgeted Positions* FY2009-2010	Total Positions Reduced	% of Area Budget (State & Local)
Central Office	97,464,429	(9,405,886)	(9.7%)	920	(61)	(6.6%)
Support	99,080,367	(9,601,118)	(9.7%)	1,631	(80)	(4.9%)
Schools	756,478,796	(39,739,730)	(5.3%)	11,957	(675)	(5.6%)
<b>Total</b>	<b>953,023,592</b>	<b>(58,746,734)</b>	<b>(6.2%)</b>	<b>14,508</b>	<b>(816)</b>	<b>(5.6%)</b>

2009-10						
Area	State & Local Budget FY2008-2009	Total Reductions	% of Area Budget (State & Local)	State & Local Budgeted Positions* FY2008-2009	Total Positions Reduced	% of Area Budget (State & Local)
Central Office	103,776,661	(9,380,942)	(9.0%)	999	(98)	(9.8%)
Support	128,229,321	(11,217,486)	(8.7%)	2,206	(133)	(6.0%)
Schools	837,951,318	(66,304,143)	(7.9%)	13,367	(736)	(5.5%)
<b>Total</b>	<b>1,069,957,300</b>	<b>(86,902,571)</b>	<b>(8.1%)</b>	<b>16,572</b>	<b>(967)</b>	<b>(5.8%)</b>

\*Totals do not include Federal, Other, Child Nutrition, or ASEP positions



# Proposed Budget Reductions and Redirections as of February 28, 2012 (in millions)

## County Reductions and Redirections

Adjust bell schedules	\$ 0.6
Reduce utilities consumption	1.1
Reduce Central Office - salary and benefits	0.9
Reduce Central Office - contracted services	0.2
Reduce Central Office - supplies	0.2
Reduce contracted legal fees	0.2
Eliminate leased space cost	0.5
Eliminate contracted staff for opening schools info lines	0.2
Reduce transportation - adjustment for efficiency rating	1.6
Adjust budgeted average salary	3.9
<b>SUBTOTAL</b>	<b>\$ 9.4</b>

Note: Amounts subject to change as additional information becomes available



# Proposed Budget Reductions and Redirections (cont) as of February 28, 2012 (in millions)

## County Reductions and Redirections (cont)

Reduce extended day allotment to schools	\$ 0.3
Eliminate DIBELS and utilize RTI universal screening tool	0.7
Eliminate TIF-LEAP local funding match	2.9
Reduce New Leaders for New Schools program contribution	1.0
Reduce funding for magnet expansion materials - p/y needs	0.1
Eliminate teachers for Zones - 25 teachers	1.2
Reduce local Exceptional Children funding	0.8
<b>TOTAL</b>	<b>\$16.4</b>

Note: Amounts subject to change as additional information becomes available



# Proposed Budget Reductions and Redirections

as of February 28, 2012 (in millions)

County Total	\$	16.4
State Total - increase in LEA Discretionary Reduction Eliminate 115 positions allocated to Zones		6.9
<b>TOTAL PROPOSED STATE AND COUNTY REDUCTIONS AND REDIRECTIONS</b>	<b>\$</b>	<b>23.3</b>

Note: Amounts subject to change as additional information becomes available





# 2012-13 Budget Reductions Summary

as of February 28, 2012 (in millions)

Area	2012-13					
	State & Local Budget FY2011-2012	Total Reductions	% of Area Budget (State & Local)	State & Local Budgeted Positions* FY2011-2012	Total Positions Reduced	% of Area Budget (State & Local)
Central Office	83.2	(2.3)	(2.4%)	854	(12)	(1.4%)
Support	91.4	(3.1)	(3.4%)	1,453	-	0.0%
Schools	816.0	(17.9)	(2.2%)	13,013	(148) **	(1.1%)
<b>Total</b>	<b>990.6</b>	<b>(23.3)</b>	<b>(2.3%)</b>	<b>15,320</b>	<b>(160)</b>	<b>(1.0%)</b>

Budget reductions/redirections spread fairly evenly across all areas as a percentage of available budget

\*Totals do not include Federal, Other, Child Nutrition, or ASEP positions

\*\*140 of these positions are teacher level positions intended to be for one year only in 2011-12

Note: Amounts subject to change as additional information becomes available

# 2012-13 County Budget Request as of February 28, 2012 (in millions)

<b>2011-2012 COUNTY ADOPTED BUDGET</b>	<b>\$ 328.3</b>
<b>I. REDIRECTIONS/REDUCTIONS</b>	<b>(16.4)</b>
<b>II. SUSTAINING OPERATIONS</b>	
A. Salaries and Benefits	28.9
B. Program Continuation	6.0
<b>III. STUDENT GROWTH</b>	
A. Enrollment Increases	4.3
<b>IV. NEW INITIATIVES</b>	<u>4.7</u>
<b>2012-2013 PROPOSED COUNTY APPROPRIATION</b>	<b><u>\$ 355.8</u></b>
<b>2012-2013 COUNTY ADDITIONAL FUNDING REQUEST</b>	<b><u>\$ 27.5</u></b>

Note: Amounts subject to change as additional information becomes available



# Key Dates

## Date/Time

## Activity

March 13	*	Superintendent's 2012-13 Budget Recommendation presented to Board of Education
March 19		<a href="#">Board of Education budget work session</a>
March 27	*	Public hearing on Superintendent's 2012-13 Budget Recommendation
March 28		Board of Education budget work session
April 10 @ 6pm	*	Board of Education's 2012-13 Proposed Budget including county request approved
May 15		County Manager's Recommended Operating and Capital Budgets presented to Board of County Commissioners
May 24		Public Hearing on Board of County Commissioners' 2012-13 Budget
May 29		Board of County Commissioners' 2012-13 Budget Workshop for CMS & CPCC
June 05		FY 2012-13 County Operating Budget and 3-year CIP adopted at regular meeting of Board of County Commissioners

\*Board meeting dates



- Superintendents closing remarks
- Q & A

