

BUDGET SAVINGS ADVISORY COMMITTEE:

Budget and Finance

school personnel - Jamie Hornstein, Adam Horne, Susy Dressel, Matt Vannoy, Christine Krankota;

public - Janelle Agnew, Kurt Dennis, Ashlee Luke (secretary), Steve Nadar, Curly Schell (liaison), John O'Grady (chairman)





1. Current Budget Shortfall

22/23 Operating Deficit: \$2,887,537

Current Fund Balance: \$12,699,083

Approx 4-5 Years until \$0 fund balance



2. Consider staffing levels

If a Middle School was closed - After phased attrition, estimated annual savings of about \$1.5 million in staffing per year realized in year 4 or 5.

3. Understanding the fund balance

End of Year 2022/23 projected Fund Balance - \$12,699,083

There is an 8% unrestricted requirement on the Fund Balance

"Rainy Day" fund was established a few years ago which covers a five (5) year capital improvement plan

What is our ideal Fund Balance? Estimated between \$12-13 million

School	Amount	Timeframe	Total
CLE	\$309,000 per year	11 years	\$3,399,000
CVE	\$239,000 '''	13 years	\$3,107,000
CLMS	\$235,000 '''	10 years	\$2,350,000
CVMS	\$0	No longer receives reimbursement	

4. Assess PlanCon and ESSER funds

← PDE Reimbursement Lost if closed

- ESSER funds will be received into the 2023/24 school year, but unfortunately will not fill the void of our operating deficit
- Estimated \$1.6 million of stimulus remaining

5. Act 1 Index and Tax millage review

What is Act 1?

- Act 1 requires school districts to seek voter approval for tax increases greater than “the Act 1 Index.”
- Districts can get exceptions from this requirement if rate increases are needed to cover specific types of costs.
- Act 1 index - up to 3 mill

Current millage rate is 51.550

Tax millage continued...

Board Perceptive

Proposed millage rate +2 mills	53.550	23/24	24/25	25/26	26/27	27/28
Increased revenue		572,228	579,381	586,624	593,956	601,381

Constituent Perceptive

Avg assessed value	5,000	7,500	25,000	40,000	75,000	100,000
Current tax liability (@ 51.550 mil)	258	387	1,289	2,062	3,866	5,155
Est. Constituent Increase (\$)	10	15	50	80	150	200
Estimated tax liability (@ 53.550 mil)	268	402	1,339	2,142	4,016	5,355

6. Review hospitalization fund deficit

- Exit expense is possible if current hospitalization plan is no longer utilized
- Recommended for Board review as we only briefly touched upon this topic

7. Budget Savings Tracker

- Tracks savings initiatives, along with educational, community, and social/emotional impact

Recommended for Board review:

1. Electronic Student Handbook
2. Review of Bidding and Procurement

8. Evaluate facility configuration

CVMS

2009 Appraisal
\$21,807,898

Est. costs saved if
closed or sold:

Closed = \$104,900 saved

Sold = \$465,200 saved

CLMS

2009 Appraisal
\$21,410,056

Est. costs saved if
closed or sold:

Closed = \$90,500 saved

Sold = \$418,400 saved



9. Analyze transportation savings or costs

- State law requires school districts to provide transportation for school-age children
- The state reimburses a percentage of transportation costs
- “We run out of time before we run out of seats”
- Per the Transportation Committee though, no realizable savings



Putting the numbers together...

Budget Overview: Option 1

Current Operating Deficit (22/23)	2,887,537					
Current Fund Balance	12,699,063					
Option 1	One MS - Keep CLMS					
	Year 1	Year 2	Year 3	Year 4	Year 5	(Cumulative)
Facilities	\$ 104,900	\$ 251,600	\$ 251,600	\$ 251,600	\$ 465,200	Assumed sale in year 5, data from updated facilities doc
Education	\$ 240,000	\$ 480,000	\$ 720,000	\$ 960,000	\$ 1,200,000	10 Faculty via Attrition
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	No Assumed material change in Transportation
Other Changes		\$ 160,000	\$ 230,000	\$ 300,000	\$ 300,000	1 Principal, 2 Secretaries (via Attrition)
Tax Changes	\$ 572,200	\$ 572,200	\$ 572,200	\$ 572,200	\$ 572,200	Assumed 2 mil increase in 2023
Total	\$ 917,100	\$1,463,800	\$1,773,800	\$2,083,800	\$ 2,537,400	
New Construction One Time Expenses (Capital)						If not closing any schools, some planned repairs not included
Kitchen Additions @ CLES	\$ 125,000					Did not include athletic costs, unclear on needs and direction.
Kitchen Renovations @ CLES	\$ 214,600					
Ending Fund Balance (Option 1)	\$10,389,026	\$ 8,965,289	\$ 7,851,552	\$7,047,815	\$ 6,697,678	
Doing Nothing	9,811,526	6,923,989	4,036,452	1,148,915	-1,738,622	

In 5 years, projected operating deficit <\$351k

Putting the numbers together...

Budget Overview: Option 2

Current Operating Deficit (22/23)	2,887,537					
Current Fund Balance	12,699,063					
Option 2	One MS - Keep CVMS					
	Year 1	Year 2	Year 3	Year 4	Year 5	(Cumulative)
Facilities	\$ (144,500)	\$ (1,100)	\$ (1,100)	\$ (1,100)	\$ 183,400	Assumed sale in year 5, PlanCon loss included
Education	\$ 240,000	\$ 480,000	\$ 720,000	\$ 960,000	\$ 1,200,000	10 Faculty via Attrition
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	No Assumed material change in Transportation
Other Changes		\$ 160,000	\$ 230,000	\$ 300,000	\$ 300,000	1 Principal, 2 Secretaries (via Attrition)
Tax Changes	\$ 572,200	\$ 572,200	\$ 572,200	\$ 572,200	\$ 572,200	Assumed 2 mil increase in 2023
Total	\$ 667,700	\$1,211,100	\$1,521,100	\$1,831,100	\$ 2,255,600	
New Construction One Time Expenses (Capital)						If not closing any schools, some planned repairs not included
Kitchen Additions @ CVES	\$ 125,000					Did not include athletic costs, unclear on needs and direction.
Kitchen Renovations @ CVES	\$ 211,800					
AC for Life Skills @ CVMS	\$ 141,600					
Ending Fund Balance (Option 1)	\$10,000,826	\$ 8,324,389	\$ 6,957,952	\$5,901,515	\$ 5,269,578	
Doing Nothing	9,811,526	6,923,989	4,036,452	1,148,915	-1,738,622	

In 5 years, projected operating deficit <\$632k

Putting the numbers together...

Comparison of Option 1 vs Option 2

	Year 1	Year 2	Year 3	Year 4	Year 5	Cumulative 5 Year
Option 1 Savings	\$ 917,100	\$ 1,463,800	\$ 1,773,800	\$ 2,083,800	\$ 2,537,400	\$ 8,775,900
Option 2 Savings	\$ 667,700	\$ 1,211,100	\$ 1,521,100	\$ 1,831,100	\$ 2,255,600	\$ 7,486,600
Delta	\$ 249,400	\$ 252,700	\$ 252,700	\$ 252,700	\$ 281,800	\$ 1,289,300
CAPEX Option 1	\$ 339,600					
CAPEX Option 2	\$ 478,400					
Total 5 Year Delta	\$ 1,428,100					

Over 5 years, closing CVMS would save \$1.4M more over closing CLMS, mostly due to Plan Con Funding loss (\$1.17M)

In Summary

Our committee had unanimous consensus on the following:

- We did NOT see benefit in reducing offerings, elimination of programs, or making changes to Alice Shaffer

It was evident that yearly tax increases, along with NO other changes, was NOT effective in closing the operating deficit.

Closing a middle school, along with *only* one tax increase starting in 2023/24 will also NOT close the operating deficit when looking at a 5-year projection. More cost savings efforts are needed.