



FWCS 2010 Budget

September 14, 2009



WE ARE YOUR SCHOOLS

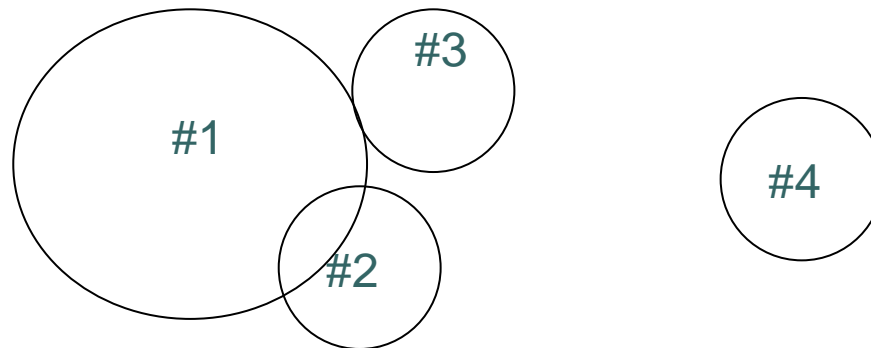


Introduction

- Budget Priorities
 - Board Goals
 - Four Circle Model
 - State Expenditure Categories
- Budget Process
 - Five-year financial projection of each fund
 - Impact of current economic situation
- Future Outlook
 - Additional reductions likely

Four Circle Model for Budget Priorities

1. In the classroom (Academic Achievement)
2. Touches classroom (Instructional Support)
3. Outside classroom, but touches academics (Overhead and Operational)
4. Outside the classroom (Non-operational)





School Expenditures – Category Percentages

	2007-08 <u>Actual</u>	2007-08 <u>Without Debt</u>
1 Academic Achievement	62.5%	65.6%
2 Instructional Support	7.8%	8.2%
Subtotal - Instruction	70.3%	73.8%
	<i>State 60.6%</i>	<i>State 68.6%</i>
3 Overhead & Operational	20.4%	21.4%
4 Non-Operational	9.3%	4.8%
	100.0%	100.0%

Includes budgeted funds
and grants.



Budgets to Approve

○ Property Tax Supported:

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

○ Other:

- **General**
 - **Special Ed Pre-School – now part of General Fund**





Budget Adoption Calendar

* Board Meetings

**August 31 and
September 7**

Budget and levy advertised

***September 14**

Public presentation

***September 28**

**Budget hearing
Bus Replacement Plan hearing
Capital Projects Plan hearing**

***October 12**

**Budget adoption
Bus Replacement Plan adoption
Capital Projects Plan adoption**

October 15

**Capital Projects Plan adoption
advertised**

By Feb. 2010:

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



Board Approval Required

1. 2010 Appropriations (budget) & 2010 Maximum Levy (property tax)
2. Excess Levy Appeal for 2008 property tax shortfalls
 - General Fund - \$597,350
 - Transportation - \$185,141
3. Bus Replacement Plan
4. Three Year Capital Projects Plan
 - Closing of budgets for completed projects
 - 1028 Hearing for projects > \$1 million
5. 2010 Pension Bond tax neutrality



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

- 2007 pay 2008 **\$8.2 billion**
- 2008 pay 2009 **\$7 billion**
 - Decrease almost **15%** due to changes in residential assessed value calculation
- **2009 pay 2010 estimated the same at \$7 billion**
- Impacts revenue of fix rated funds
 - Capital Projects Fund (lost \$2.6 million in '09)
 - Racial Balance (lost \$1 million in '09)



Assessed Value Reduction

Residential	<u>2008</u>	<u>2009</u>
Gross Assessed Value	\$100,000	\$100,000
Homestead Standard Deduction	-45,000	-45,000
Remainder \$100,000-\$45,000 = \$55,000		
35% Homestead Supplemental Deduction (NEW) = \$55,000 * 35%		-19,250
Mortgage Deduction	-3,000	-3,000
Taxable Assessed Value =	\$52,000	\$32,750



Historical Property Tax Levies & Rates

	FWCS		All Units Wayne Township	FWCS %
	<u>Levy</u>	<u>Tax Rate</u>		
2006	\$ 110,540,685	\$1.4743	\$3.4662	43%
2007	\$ 111,085,836	\$1.3812	\$3.2601	42%
2008	\$ 111,379,296	\$1.3540	\$3.2651	41%
2009*	\$ 59,650,698	\$0.8294	\$2.8565	29%

* State assumed General Fund & Special Ed Preschool levy

Property Tax Calculation 2009


Example – all units Wayne Township (before Circuit Breaker)

		<u>Residential</u>	<u>Rental</u>	<u>Business & Other</u>
Gross assessed value		\$100,000	\$100,000	\$100,000
<u>Deductions:</u>				
Homestead standard deduction		(45,000)		
Supplemental homestead deduction (new 2009)		(19,250)		
Mortgage deduction		(3,000)	(3,000)	(3,000)
Net assessed value		32,750	97,000	97,000
Gross tax - All units Wayne Township	\$ 2.8565	936	2,771	2,771
<u>Credits:</u>				
State property tax relief	6.9852%	(65)		
Local property tax relief	9.7282%	(91)		
Tax calculation		\$779	\$2,771	\$2,771



Circuit Breaker Impact

	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Circuit Breaker Rates: (percentage of gross assessed value)</u>			
Homesteads	1.5%	1.0%	1.0%
Rental	2.5%	2.0%	2.0%
Business and other	3.5%	3.0%	3.0%
Countywide estimated revenue loss	\$ 4,759,622	\$ 24,097,000	\$ 26,837,000
FWCS estimated revenue loss	\$ 1,128,209	\$ 4,075,200	\$ 4,155,100
<i>Statewide relief provided to schools</i>	<i>\$50 million</i>	<i>\$70 million</i>	<i>none</i>
less estimated FWCS portion of relief	FWCS not eligible	(1,500,000)	n/a
FWCS Net Circuit Breaker Loss	\$ 1,128,209	\$ 2,575,200	\$ 4,155,100



Circuit Breaker Impact 2009

Example – all units Wayne Township

		<u>Residential</u>	<u>Rental</u>	<u>Business & Other</u>
Gross assessed value		\$100,000	\$100,000	\$100,000
<u>Deductions:</u>				
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State property tax relief	6.9852%	(65)		
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Tax calculation		\$779	\$2,771	\$2,771
Circuit breaker percent % of gross a.v.		1.5%	2.5%	3.5%
Tax cap		\$1,500	\$2,500	\$3,500
Lesser of tax calculation or cap		\$779	\$2,500	\$2,771
Savings due to tax cap		\$0	\$271	\$0



Major Budget Impacts

- Teacher allocations
- Stimulus Funds
- Self-Insured health insurance
- Utilities and insurance
- Pension bond tax neutrality

Total Teachers – All Funds



	08-09 <u>FTE</u>	Budget 09-10 <u>FTE</u>	<u>Change</u>	09-10 <u>Updates</u>	09-10 <u>Final</u>	<u>Change Final</u>
Classroom Teachers K-12	1,406.90	1,356.60	(50.30)	10.33	1,366.93	(39.97)
Class Size Reduction Teac	45.00	27.00	(18.00)			
Media Teachers - Seconda	18.98	18.98	-			
Preschool	25.00	29.00	4.00			
Magnet Resource	21.27	21.77	0.50			
ELL	43.00	43.00	-			
Alternative Programs	27.00	26.50	(0.50)			
Special Ed Services	265.90	268.90	3.00			
District Instructional Coacl	18.00	28.00	10.00			
Building Instructional Coac	40.00	66.00	26.00			
Student Intervention	110.50	112.50	2.00			
Title I Support	-	19.00	19.00			
Career Center	39.00	38.00	(1.00)			
Continuing Ed	4.00	4.00	-			
Gifted & Talented	1.00	1.00	-			
FWEA Representative	1.00	1.00	-			
	2,066.55	2,061.25	(5.30)	10.33	2,071.58	5.03



Total Teachers – By Fund



	<u>08-09</u> <u>FTE</u>	Budget <u>09-10</u> <u>FTE</u>	<u>Change</u>	<u>09-10</u> <u>Updates</u>	<u>09-10</u> <u>Final</u>	<u>Change</u> <u>Final</u>
<u>By Funding Source</u>						
General Fund	1,668.78	1,610.48	(58.30)	10.33	1,620.81	(47.97)
Racial Balance	74.27	68.77	(5.50)			
Special Ed - Federal	125.00	129.00	4.00			
Title I	117.50	119.50	2.00			
Stimulus - IDEA	-	47.00	47.00			
Stimulus - Title I	-	22.00	22.00			
Other Grants	44.00	28.50	(15.50)			
Career Center	37.00	36.00	(1.00)			
	2,066.55	2,061.25	(5.30)	10.33	2,071.58	5.03



Stimulus Funds

- Total for 2 years – teacher coaches and student interventionists
 - Special Ed \$9.2 million
 - Preschool Special Ed \$340,000
 - Title I \$9.1 million
- Food Service Equipment \$38,500
- Transportation Equipment \$99,000

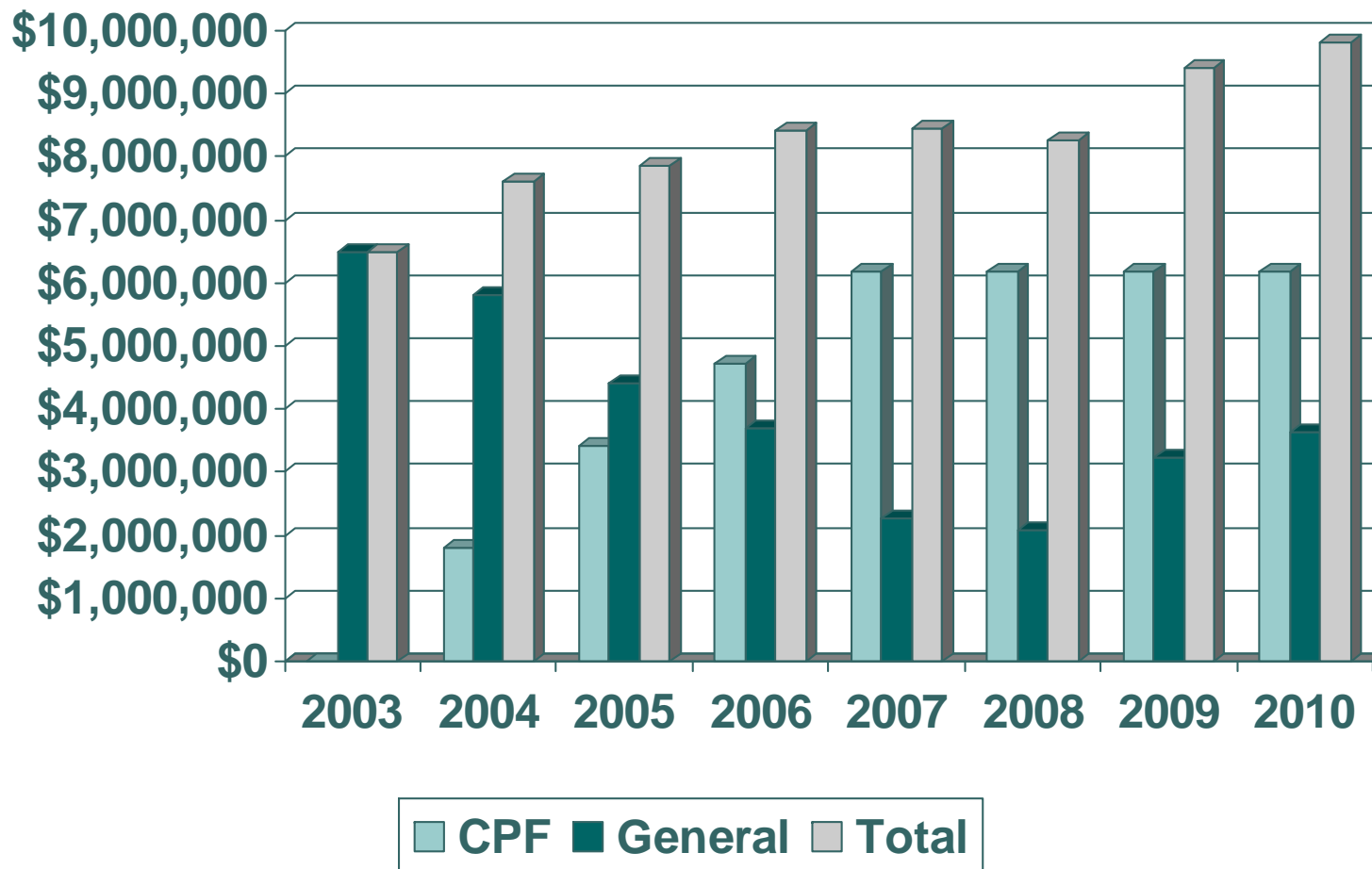


Health Insurance

- Plan is self-insured
 - FWCS budgets contribute 90% of est. cost
 - Employees contribute 10% of est. cost
- Estimated cost increasing 4%
 - Impact \$2 million to General Fund
- Strategic Plan for Health Insurance
 - Request for Proposals have been received



Utilities & Insurance (liability & property)



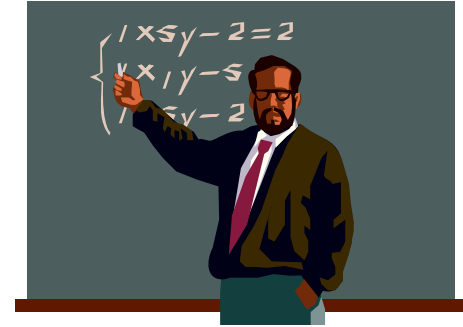


Pension Bond Tax Neutrality

- 2004 State requirement to actuarially fund retirement severance plans
- Severance plans were a \$1.7 million cost to General Fund
- Used a bond issue to actuarially fund
- Annual debt service levy about \$3.8 million
- Must reduce budgets of other funds in order for repayment to be tax neutral



General Fund



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



Funding Formula

	2009	2010
Tuition Support (formula)	\$173,694,901	\$177,889,316 2.4%
Academic Honors Diploma* (\$900/diploma)	539,100	544,500 1.0%
Special Education (based on exceptionality)	16,165,822	16,077,345 -.6%
Vocational Education* (based on course)	1,554,625	1,455,900 -6.4%
Prime Time (formula)	4,486,636	3,439,911 -23.3%
Total State Revenue	\$196,441,084	\$199,406,972 1.5%



Tuition Support - Factors

- Enrollment – past 3 years and next estimate (formerly 5 years)
- Complexity Index – uses rate of students on free & reduced lunch price only
- Prior year revenue



Tuition Support – Enrollment

	(ADM 9/08) For 2009 Funding
Total student count	31,400.00
Reduce kindergarten ½	-1,159.00
Deduct preschool	-927.00
ADM adjustment	11.05
Average Daily Membership (ADM)	29,325.05
State Adjusted ADM (average 3 years)	29,510.38



Tuition Support – Complexity Index

Free & reduced lunch rate	62.53%	
Times State multiplier	<u>.4974</u>	
	.3110	
Plus 1	<u>1.0000</u>	
Calculated index	1.3110	1.3110
	<u>-1.2500</u>	
Additional index provided for being over 1.25	.0610	.0610
Equals Complexity Index FWCS is 15 th highest in state		1.3720
Multiplied by per pupil State Foundation amount		\$4,550
Calculated Formula per pupil		\$6,243



Tuition Support – per pupil and total revenue

	2009	2010	2011
State Foundation Amount	\$4,825	\$4,550	\$4,505
% change		-5.7%	-1.0%
FWCS Calculated Formula	\$6,526	\$6,243	\$6,181
% change		-4.3%	-1.0%
Total Potential	\$192.6 million	\$183.1 million	\$180.6 million
FWCS Allowed	\$5,877	\$6,064	\$6,181
% change		3.2%	1.9%
Total	\$173.4 million	\$177.9 million	\$180.6 million
Amount below formula	\$649	\$179	\$0
Total	\$19.2 million	\$5.2 million	



Restoration Grant

- **Provided to school districts that would have lost more than 3% of revenue**
- **In addition to the regular formula**
- **In 2010 - 73% of school districts receive average of \$145/ADM (statewide \$81 million)**
 - Indianapolis \$360 per ADM (\$12.3 million)
 - Gary \$417 per ADM (\$4.9 million)
- **In 2011 – 81% of school districts receive an average of \$219/ADM (statewide \$157 million)**
- **FWCS does not benefit either year – if we did in 2010:**
 - \$360 per ADM (same as IPS), \$10.5 million
 - \$417 per ADM (same as Gary), \$12.2 million
 - \$145 per ADM (average), \$4.3 million



Full-Day Kindergarten

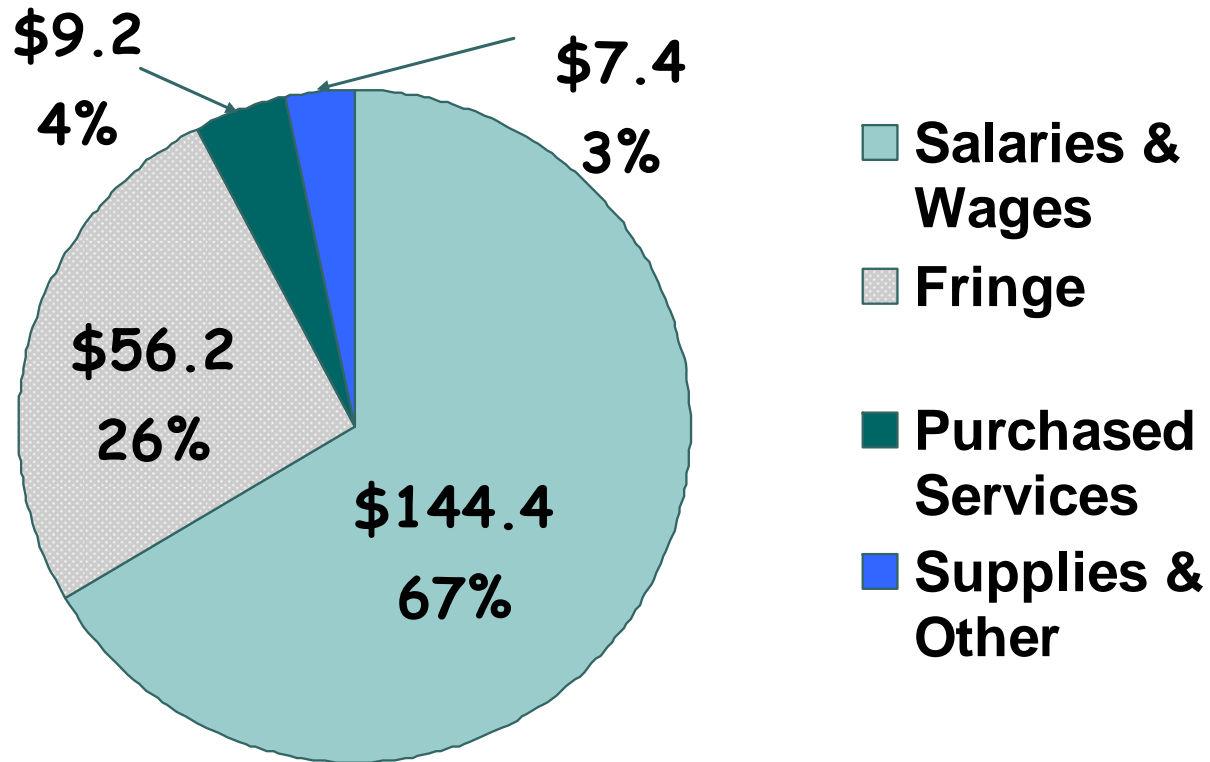


	2009	2010
FWCS Per pupil funding (1st – 12th grade)	\$5,877	\$6,064
<u>Kindergarten Funding:</u>		
One-half per pupil funding	½ = \$2,938	½ = \$3,032
State grant for kindergarten	<u>1,133</u>	<u>1,133</u>
Total kindergarten funding	\$4,071	\$4,165
Difference	\$1,806	\$1,899
*Kindergarten students	2,318	2,412
=Total not funded	\$4.2 million	\$4.6 million



General Fund Expenditures

2010 Budget \$217,157,000





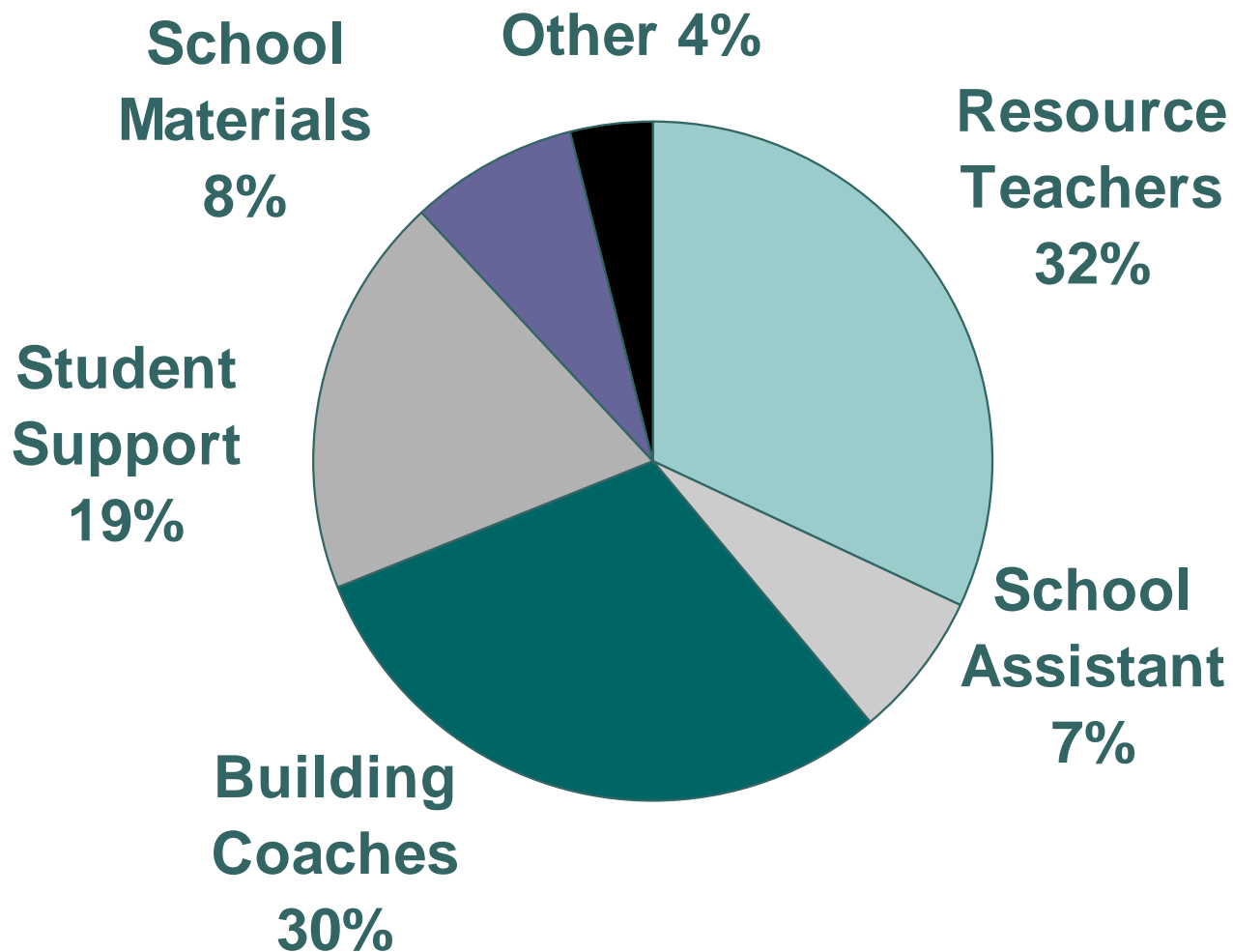
Racial Balance Fund

- Established in 1989
- Funding provided by a reduction in CPF
- Provides resources that encourage racial balance in a school
 - Magnet schools
 - Student Support
 - Teacher Coaches



Racial Balance Expenses

2010 Budget \$8,735,000





Capital Projects Fund (CPF)



- 3-year Plan Required
- Building construction, renovation, repair, maintenance
 - 63 buildings, average age 52 years
- Equipment & Technology purchases and repairs
- Lower than other districts due to Racial Balance Fund



Capital Projects Fund Budget Overview

	2010
Total to approve	\$27,278,172
<u>Required reduction:</u>	
Pension Bond tax neutrality	1,800,000
<u>Potential reductions:</u>	
Assessed value adjustment	3,000,000
Circuit breaker	<u>1,000,000</u>
	\$5,800,000
Proposed expenditures	\$21,478,172



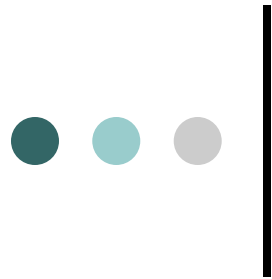
Capital Projects Fund Budget Overview

	2009	2010
Improvements & Replacements	\$14,546,274	\$15,299,146
Utilities & Insurance	6,179,026	6,179,026
Total expected budget	\$20,725,300	\$21,478,172
Difference		\$752,872



Capital Projects Detail

	2009	2010
Improvements & Replacements:		
Building Improvements	\$5,651,274	\$6,682,077
Equipment	1,605,000	1,605,000
Building & Equipment Repair	3,329,600	3,290,600
Technology	2,696,400	2,718,469
Energy Savings Contracts	514,000	253,000
Emergency Allocation	600,000	600,000
Land	150,000	150,000
	\$14,546,274	\$15,299,146



Building Improvements

	<u>2009</u>	<u>2010</u>	<u>% of total</u>	<u>Change</u>
Roof Replacement	\$ 1,500,000	\$ 2,542,077	38.0%	\$ 1,042,077
HVAC Replacement	1,410,000	1,400,000	21.0%	(10,000)
Mechanical/Electrical	600,000	600,000	9.0%	-
Traffic/Safety	511,274	525,000	7.9%	13,726
General Building Systems	400,000	420,000	6.3%	20,000
Site Improvements	250,000	300,000	4.5%	50,000
Hazardous Materials	280,000	270,000	4.0%	(10,000)
School Sports Facilities	310,000	245,000	3.7%	(65,000)
A.D.A. Projects	180,000	180,000	2.7%	-
Professional Services	100,000	100,000	1.5%	-
School Programmatic Needs	110,000	100,000	1.5%	(10,000)
Major Project	-	-	0.0%	-
	\$ 5,651,274	\$ 6,682,077	100.0%	\$ 1,030,803

Pension Debt – Tax Neutral

Other funds are reduced so that this payment has no impact on the tax rate.

	Final Payment	<u>2009</u>	<u>2010</u>
Pension Debt Payment Due	2021	\$ 3,886,554	\$ 3,887,307
less: Miscellaneous Revenue		312,115	180,961
Tax Levy needed		\$ 3,574,439	\$ 3,706,346

<u>Tax Neutrality (reductions in other funds)</u>	<u>2009</u>	<u>2010</u>	<u>Since Inception 2005</u>
General Fund	\$ -	\$ -	\$ -
Racial Balance	-	-	-
Capital Projects Fund	2,684,439	1,800,000	17,511,862
Bus Replacement	890,000	906,346	4,806,346
Transportation	-	1,000,000	1,000,000
	\$ 3,574,439	\$ 3,706,346	\$ 23,318,208



Debt Service Fund

	<u>Final Payment</u>	<u>2009</u>	<u>2010</u>	<u>Change</u>
South Side	2012	\$ 3,768,038	\$ 3,757,050	\$ (10,988)
North Side	2018	3,740,000	3,735,000	(5,000)
Food Service Center	2018	1,283,600	1,281,700	(1,900)
New Tech - Project 1	2010	-	2,056,501	2,056,501
New Tech - Project 2 (estimate)	TBD	-	150,000	150,000
State Technology Loans	2011	3,221,449	2,585,365	(636,084)
Interest on tax anticipation warrants (if needed)		500,000	50,000	(450,000)
Unfunded textbooks		10,187	81,024	70,837
		<u>\$ 12,523,274</u>	<u>\$ 13,696,640</u>	<u>\$ 1,173,366</u>



Debt Service Rate Comparison (2008 rates)

FWCS Ranked 241 of 284 districts	\$.1390 Per \$100 of Assessed Value
State average	\$.3646
State mean	\$.3169
Highest in state – East Chicago	\$1.5078
FWCS (43rd lowest)	\$.1390
Lowest in state – Whiting	\$.0158



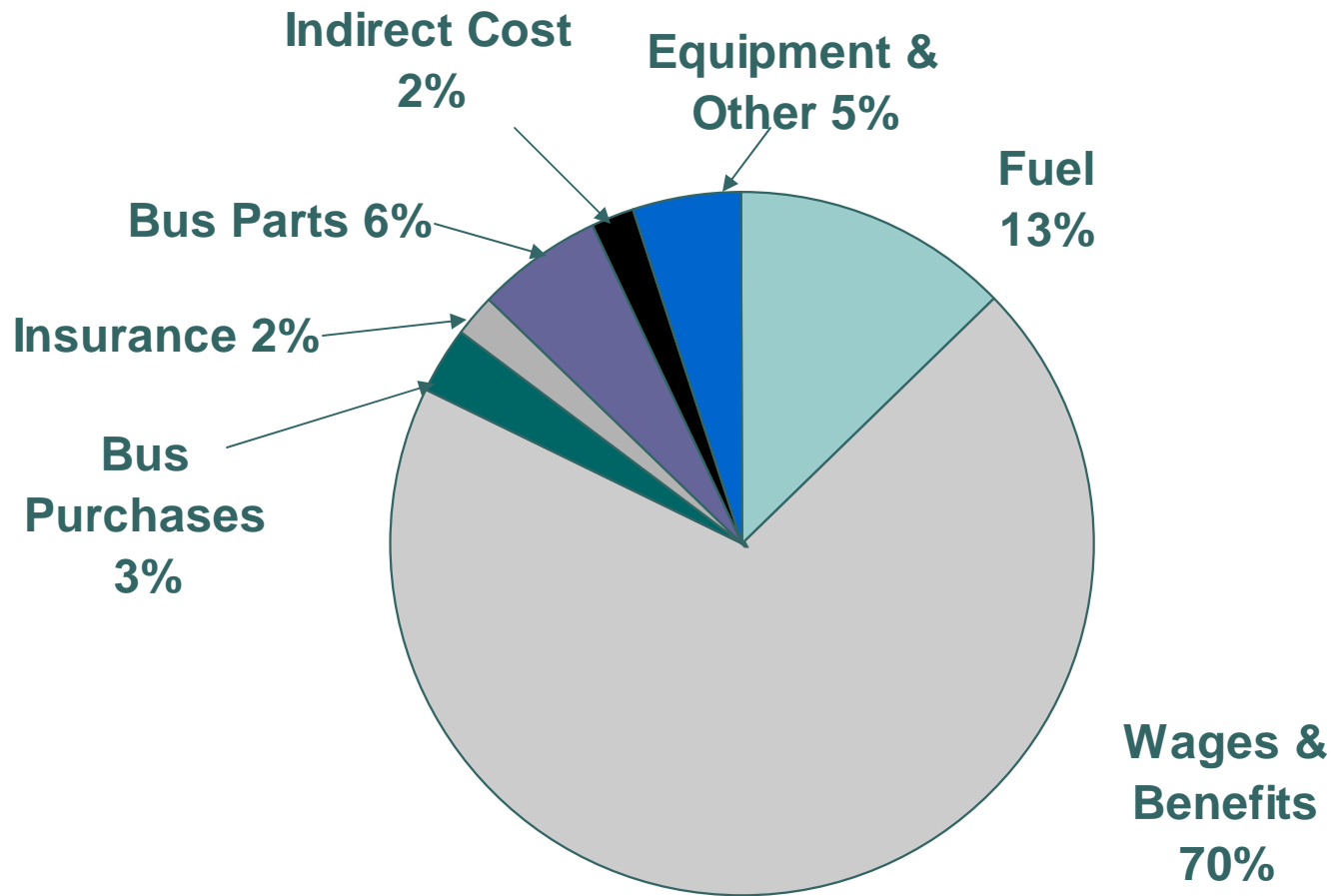
Transportation Fund



- Operations
 - 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



Transportation 2010 Budget \$19,570,165





Bus Replacement Plan

	Inventory 2009	Total Budget 2010
14 Passenger HS & MS	44	0
24 Passenger With lifts	45	Replace 3
48 Passenger Special Ed.	44	0
84 Passenger Regular Ed.	217	Replace 2
TOTAL	350	5



Museum of Art Fund



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



2010 Expected Budget

	2010 Budget to Approve	Reductions			2010 Budget Expected
		<u>Assessed Value Allowance</u>	<u>Tax Neutrality</u>	<u>Est. Circuit Breaker</u>	
General	\$ 217,157,000				\$ 217,157,000
Racial Balance	8,735,000			150,000	8,585,000
Capital Projects	27,278,172	3,000,000	1,800,000	1,000,000	21,478,172
Pension Debt	3,887,307				3,887,307
Debt Service	13,696,640				13,696,640
Museum of Art	185,500			5,000	180,500
Bus Replacement	1,563,994		906,356	143,474	514,164
Transportation	21,356,000		1,000,000	1,300,000	19,056,000
	\$ 293,859,613	\$ 3,000,000	\$ 3,706,356	\$ 2,598,474	\$ 284,554,783



2010 Budget & Levy by Fund

	2010 Budget <u>Expected</u>	Expected <u>Levy</u>
General	\$ 217,157,000	\$ 597,350
Racial Balance	8,585,000	6,400,907
Capital Projects	21,478,172	19,992,923
Pension Debt	3,887,307	3,706,346
Debt Service	13,696,640	12,439,007
Museum of Art	180,500	115,108
Bus Replacement	514,164	596,705
Transportation	19,056,000	17,003,998
	\$ 284,554,783	\$ 60,852,344



2009 & 2010 Budget Comparison

	<u>2009 Budget</u>	<u>2010 Budget Expected</u>	<u>Change</u>
General	\$ 218,250,000	\$ 217,157,000	
Special Ed PS	1,201,788	-	
	<hr/>	<hr/>	
	219,451,788	217,157,000	\$ (2,294,788)
Racial Balance	9,086,000	8,585,000	(501,000)
Capital Projects	22,044,990	21,478,172	(566,818)
Pension Debt	3,886,555	3,887,307	752
Debt Service	12,523,274	13,696,640	1,173,366
Museum of Art	185,500	180,500	(5,000)
Bus Replacement	1,294,271	514,164	(780,107)
Transportation	19,080,000	19,056,000	(24,000)
	<hr/>	<hr/>	
	\$ 287,552,378	\$ 284,554,783	\$ (2,997,595)
			-1.0%



2010 Estimated Tax Rates (per \$100 of assessed value)

<u>Fund</u>	<u>2010 Tax Rate</u>	<u>2009 Tax Rate</u>	
General	\$0.0083	\$0.0141	
Preschool Special Ed	-	-	
Racial Balance	0.0890	0.0890	
Capital Projects	0.2780	0.2690	
Pension Debt	0.0515	0.0497	
Debt Service	0.1730	0.1579	
Museum of Art	0.0016	0.0031	
Bus Replacement	0.0083	0.0167	
Transportation	0.2364	0.2299	
Total FWCS rate	\$0.8461	\$0.8294	2.0%
Estimated Tax Bill (FWCS portion)			
\$100,000 home before allowed credits	\$277	\$272	\$5



Considerations for Future Budget Process

- Review of all budgets
 - Unit questionnaire
 - Peer review
 - Community resources
- Recommend whether budget lines are kept, redesigned, reduced or eliminated
- Recommendations to board
- Board presentation March 22, 2010



Next Steps – 2010 Budget

September 28

Budget hearing

Bus Replacement Plan hearing

Capital Projects Plan Hearing

October 12

Budget adoption

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**Notice of adoption for Capital
Projects Plan**



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