FY17 General Fund Budget Update

Committee of the Board
June 14, 2016

Marie Schrul, Chief Financial Officer

Purpose

- Provide update on the FY 2016-2017 General Fund budget

Strong Schools, Strong Communities 2.0



Goal 1: Achievement for all students

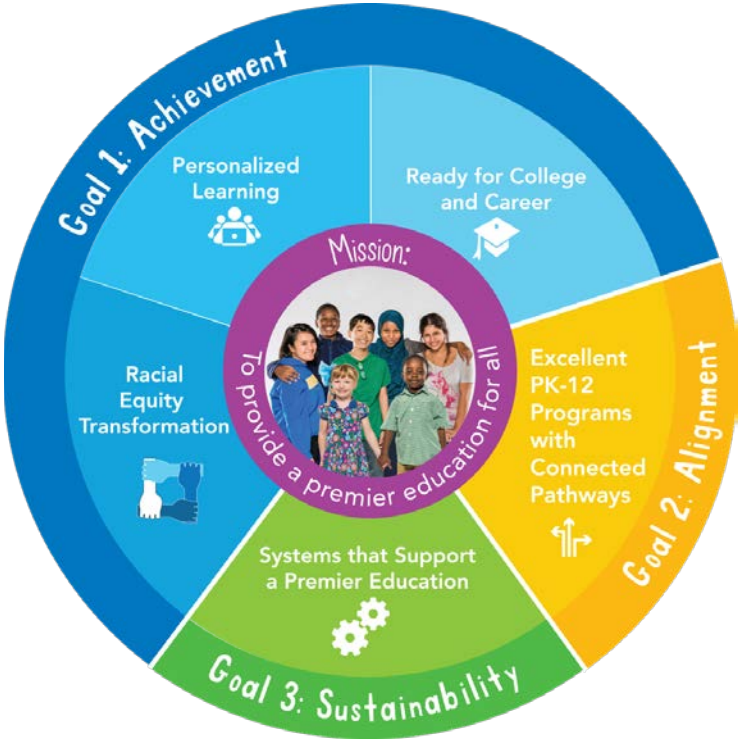


Goal 2: Alignment of school programs



Goal 3: Sustainability to optimize classroom resources and academics

SSSC 2.0 Focus Areas



Focus Areas

- Racial Equity Transformation
- Personalized Learning
- Ready for College and Career
- Excellent PK-12 Programs with Connected Pathways
- Systems that Support a Premier Education

FY 2016-17 Budget Guidelines

- SSSC 2.0 Plan is first consideration in funding.
- Class size ranges will determine teacher FTEs.
- Budget built on current laws.
- Blended Site-Based and Centralized funding method will be used for schools.
- A table detailing the average salary and benefits will be provided for budget preparations.
- **The budget should maintain an unassigned fund balance of at least five percent (5%) of the general fund expenditures in accordance with the BOE policy.**
- Non-School programs will be reported into three (3) categories: Central Administration, District-wide Support, and School Service Support.
- Fully Financed budgets with anticipated revenues and expenditures over $500,000 for the 2016-2017 school year will be included in the Adopted budget.
- The FY 2016-17 budget must be approved by the Board of Education by June 30, 2016.

The Adopted budget will be published on the Business Office website (businessoffice.spps.org/2016-17).

General Budget Information

- FY 2016-17 General Fund revenue is projected to decrease by 4.6m (Comp Ed, Enrollment & Other)
- The budget meets required contractual obligations
- All schools do not receive the same amount of money per pupil because:
  - Some school funding is categorical (it has specific criteria on its spending)
  - Funding for Comp Ed and Title I follow the students on a one year delay (previous year's Oct 1 count)
  - Higher poverty schools have greater access to categorical dollars than lower poverty sites
- School enrollment affects the dollars allocated

FY 2016-17 General Fund Preliminary Big Picture

	FY16 Adopted (in millions)	FY17 Preliminary (in millions)	Difference	% Change
Revenue	$522.8	$518.2	$ (4.6)	(0.88%)
Use of Fund Balance	2.5	0	(2.5)	(100.0%)
Expenditures	525.3	533.3	(8.0)	(1.50%)
Balance	$0	($15.1)		

FY 2016-17 General Fund
Factors Impacting Shortfall

Item	Amount $M
Projected Shortfall (as of 1/19/16)	($9.3)
Contractual commitments	(3.5)
Compensatory Revenue decrease	(1.1)
Gen Ed Revenue decrease (2/29 Projected enrollment)	(1.2)
Total Shortfall	**($15.1)**

FY17 Proposed General Fund Big Picture – Expenditures

Area	FY16 Adopted	FY17 Proposed	Change	Percent Change
Schools	$253,330,183	$249,112,890	($4,217,293)	(1.7%)
School Service Support	175,987,186	177,194,030	1,206,844	0.7%
District-wide Support	91,793,916	88,237,474	(3,556,442)	(3.9%)
Central Administration	4,154,590	3,636,045	(518,545)	(12.5%)
Total	**$525,265,875**	**$518,180,439**		

FY17 Proposed General Fund Budget Reductions of Central Administration Programs

Program Category	FY16 Adopted	FY17 Proposed	Reduction Amount	Reduction %	Inflation Amt Not Allocated	% Total Reduction
Central Administration	$4,154,590	$3,636,045	($518,545)	(12.5%)	($73,742)	(14.3%)

- Board of Education
- Superintendent's Office
- Chief Executive Officer
- Chief Academics Officer
- Chief of Operations
- General Counsel
- Office of Elementary and Secondary Education
- Chief of Engagement

Departments with a 20% or more reduction:

- Chief Executive Officer (26%)
- Chief of Operations (100%)
- Office of Elementary and Secondary Education (22%)

Departments with an increase:

- Board of Education 17%

FY17 Proposed General Fund Budget Reductions of District-wide Support Programs

Program Category	FY16 Adopted	FY17 Proposed	Difference Amount	% Change	Inflation Amt Not Allocated	% Total Change
District-wide Support	$91,793,916	$88,237,474	($3,556,442)	(3.9%)	($1,324,079)	(5.3%)

- Finance
- Enterprise Resource Planning
- Office of Equity
- Out for Equity
- Multicultural Resource Center
- Family & Community Engagement
- Communications
- MIS
- Human Resources
- Research & Evaluation
- Referendum Technology
- Technology Infrastructure
- Grounds
- Custodial
- Safety & Security
- Facility Planning/Leases/Health & Safety
- Employee Benefits
- Insurance
- Utilities
- Operations & Maintenance

Departments with a 9% or more reduction:

- Family & Community Engagement
- Communications
- Research & Evaluation
- Office of Equity

No departments received an increase

FY17 Proposed General Fund Budget Reductions of School Service Support Programs

Program Category	FY16 Adopted	FY17 Proposed	Amount of Increase	Increase %	Inflation Amt Not Allocated	% Total Reduction
School Svc Support	$175,987,186	$177,194,030	$1,206,844	0.7%	($2,678,066)	(0.9%)

- Student Placement
- Indian Education
- Valley Branch
- Am Indian Studies
- TDAS
- MLL
- Substitutes
- Referendum Family Ed
- School to Work
- Special Education
- Third Party Reimb.
- Instructional Services
- Staff Development
- Leadership Development
- Counseling/Guidance
- OCCR
- Student Wellness
- Alt to Suspension
- **Transportation***
- Referendum – PLTT
- Peer Assistance/Review
- Career in Education
- Pre-K Support
- Achievement Plus
- Athletics

Departments with an increase:

- Transportation 8%
- Indian Education/American Indian Studies 9%

All other departments were reduced between 1.3%-18.6%

FY17 General Fund Recommendations to Address Projected Shortfall of $15.1 million

Description	Amount ($M)	% of $15.1 m
Eliminating the proposed 2017 contribution to the Other Post Employment Benefits (OPEB) trust	1.0	7%
No annual inflationary increases for central administration & departments	4.1	27%
Targeted reductions for central administration & departments & programs	5.8	38%
Eliminating job-embedded PD at **non-Priority elementary, K-8 and 6-8 sites** (restored $3.1 m to sites on 4/25/16 to address funding challenges with specialized programs and class size, restored additional $2.0 m at the direction of the Committee of the Board at 5/31/16 meeting)	2.4	16%
Use of Fall Adjustment funding	1.8	12%
Offering an early retirement incentive (not offering as of 4/25/16)	0	
Total	**$15.1**	

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Funding the Schools

Funding for SSSC 2.0

Restoring Funding to Schools

Original Recommendation for Reduction:

- Eliminating job-embedded PD at **non-Priority elementary, K-8 and 6-8 sites = $7.5 m**

On 4/25/16:

- **Restored** funding to sites to address challenges with specialized programs and class size **= $3.1 m**

Direction of COB at 5/31/16 meeting:

- **Restored** funding to sites based on a per pupil amount **= $2.0 m**

Final Reduction to Sites on job embedded PD = ($2.4 million)

FY17 Proposed General Fund School Allocations

Area	FY16 Adopted	FY17 Proposed	Change	Percent Change
Schools	$253,330,183	$249,112,890	($4,217,293)	(1.7%)

- An additional $2.3 million in Title I funds are being allocated among 53 of 56 Title I schools (not included in the totals above since Title I is in a separate fund)
- Since fiscal year 2011-2012, an additional $33.5 million of funding has been added to schools

SSSC 2.0 Class Size Ranges
Higher Poverty Sites

Grade	FY17 Target Ranges
Pre-K	20
KG	20 – 24
1 – 3	22 – 25
4 – 5	25 – 28
6 – 8	29 – 33
9 - 12	30 - 35

Higher Poverty threshold is the top 30 schools per the teacher's contract

SSSC 2.0 Class Size Ranges
Lower Poverty Sites

Grade	FY17 Target Ranges
Pre-K	20
KG	22 - 26
1 – 3	22 – 27
4 – 5	25 – 29
6 – 8	29 – 35
9 - 12	30 - 37

FY2016-17 Site Staffing Criteria

Site Configurations
PreK-5
K-8
Dual Campus
6-8
6-12
9-12

Staffing Categories	
Principal	Nurses
Assistant Principal	Social Workers
Administrative Intern	Psychologists
Teachers	MLL Teachers
Clerks	Library Support (EA or TA)
Counselors	SSSC 2.0 Site Staff for Program Articulation
Library Media Specialists	

School Funding Priorities: Elementary



Elementary (PreK-5)

- **Every elementary school has:**
  - Contractual class sizes
  - At least .5 Music and/or Art specialist
  - Counselor, Social Worker and other social emotional learning supports
  - Part- or Full-Time Nurses
  - Access to physical education by license staff

School Funding Priorities: Grades 6-8



Middle School (6-8)

- **All middle grade students have:**
  - Contractual class sizes
  - MDE required courses:
    - Language Arts, Math, Science, Social Studies
  - Elective Options:
    - Physical Education, Health, Fine Arts, World Languages
  - Counselor, Social Worker and other social emotional learning supports
  - Full-Time Nurses

School Funding Priorities: High Schools



High School (9-12)

- **All high school grade students have:**
  - Contractual class sizes
  - MDE required courses:
    - Language Arts, Math, Science, Social Studies
  - Elective Options:
    - Physical Education, Health, Fine Arts, World Languages, etc.
  - Counselor, Social Worker and other social emotional learning supports
  - Full-Time Nurses

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Department Budget Impacts

Central Administration

Projected FTE Reductions	3.00
Impact Summary	
● Significant reduction in capacity to support school principals ● Increased supervisory responsibilities ● Decreased visibility and marketing opportunities with regional and national organizations and foundations ● Fewer professional development opportunities for senior leadership	

District Wide Support

Projected FTE Reductions	33.50
Impact Summary	
• Longer response times to HR, REA, Communications, Student Placement, Technology Services and Facilities related requests from staff and families • Significant reduction in the number of families participating in Parent Academy and Seminars (64% reduction compared to FY 16) • Decreased family engagement logistical support for schools i.e. childcare, interpreters, transportation	

District Wide Support

Projected FTE Reductions	33.50
Impact Summary (continued)	
• Reduction in community based partnerships and elimination of community support behavior teams • Less direct support for culturally responsive teaching and programming (Innocent Classroom, MRC) • Over-reliance on digital communications to families	

School Service Support

Projected FTE Reductions	35.55
Impact Summary	
• Significant reduction in professional development opportunities and support for school staff • Special education supervisor caseloads will increase resulting in less support time at each school • Decreased oversight may risk state and federal compliance (SPED, MLL, Health and Wellness)	

School Service Support

Projected FTE Reductions	35.55
Impact Summary (continued)	

- Limited direct central office support for implementation of LEAPs Act for ML students
- Significant decrease in central office support for co-teaching (SPED and ML)
- Significant decrease in central office support for Early College, College in Schools, PSEO and Concurrent Enrollment
- Reduction in the number of athletic coaches and officials

Questions?