



Board Workshop

Budget Reduction Suggestions

March 2, 2010

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Purpose of Work Session

- Respond to Board's challenge
- Board sets direction for planning based on our suggestions
- Televised to start informing public
- No public comment tonight, later opportunities will be provided
- Final decisions March 22

Financial Challenges

- Foundation amount per pupil reduced in state funding formula \$4,825 (2009) to \$4,550 (2010) to \$4,505 (2011)
- FWCS not funded equitably compared to other school districts – Restoration Grant (minimum guarantee to majority of school districts)

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

- Property Tax Shortfalls -

Funds impacted: Capital Projects, Transportation, Bus Replacement, Racial Balance

- **2009** – Total loss **\$3.1 million**
 - **\$1.1 million** Circuit Breaker loss
 - **\$2.0 million** loss due to lower assessed value & delinquencies
- **2010**
 - **\$2.5 million** Circuit Breaker loss
- **2011**
 - **\$4.1 million** Circuit Breaker loss

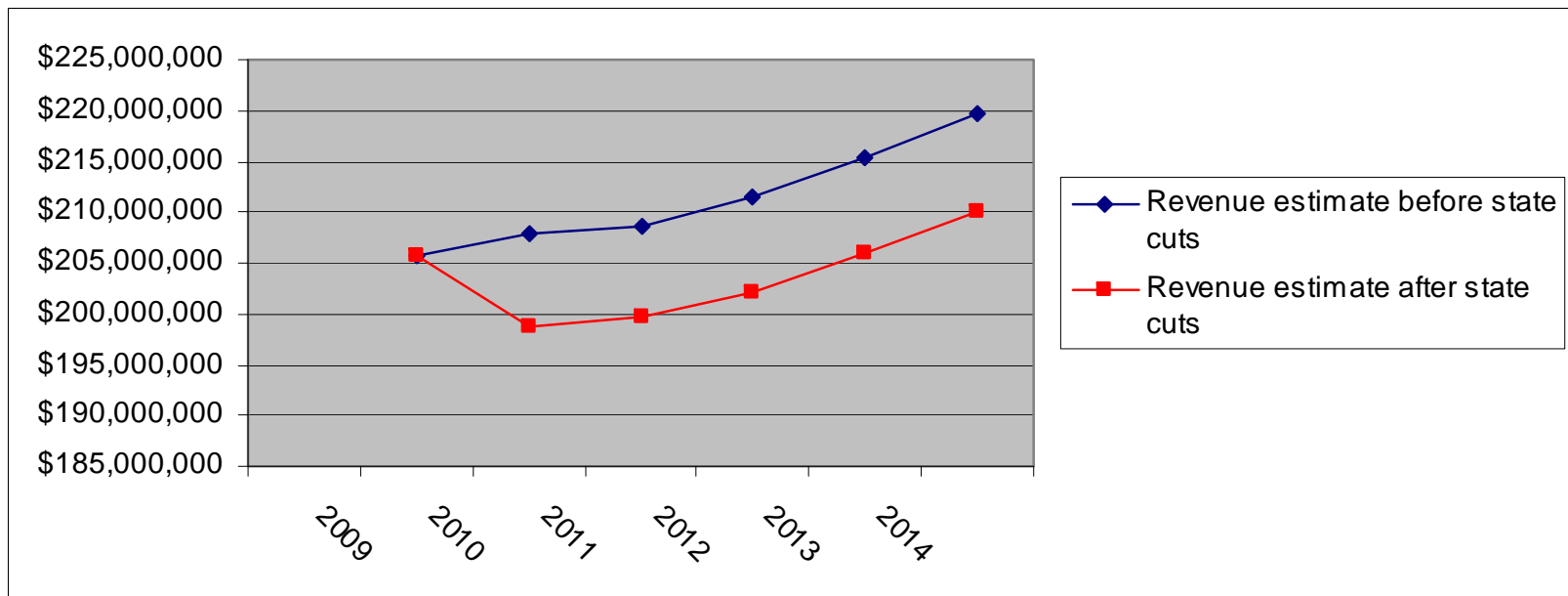
Financial Challenges

- September 2009: 2010 budget approved
 - School staff levels and programs set through June 2010
- December 2009: Governor announced \$297 million of cuts to school district General Funds in 2010. It is expected that the cuts are permanent.
- January 2010: State began revenue reductions to FWCS by \$760,000 per month, \$9.1 million annually
 - Majority of budget reductions can't start until next school year

Financial Challenges

- Tonight's conversation is critical because decisions must be reached now on staffing levels and programs for 2010-2011 school year.
- FWCS Funds
 - **General Fund**
 - Racial Balance
 - Transportation & Bus Replacement
 - Capital Projects Fund
 - Debt Service

General Fund Revenue Reset



State revenue loss \$9.1 million

Cumulative loss \$45.5 million 2010-2014

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Budget Impact

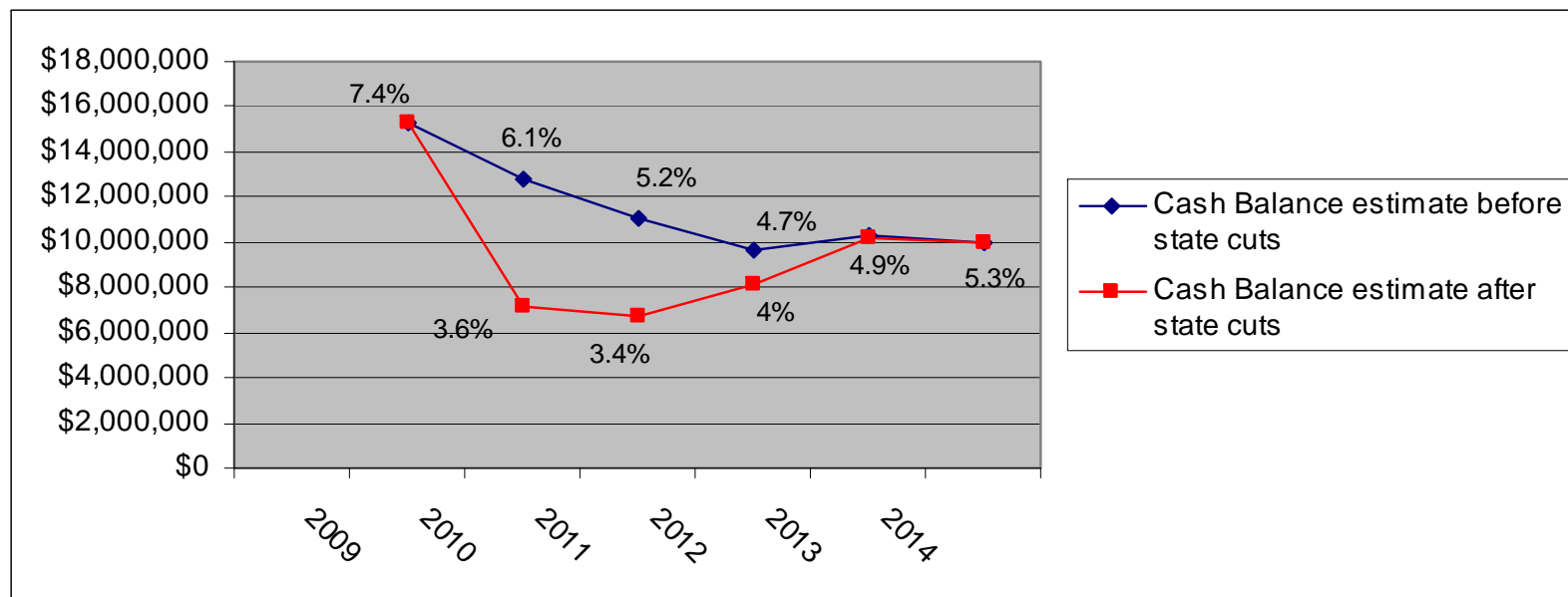
- General Fund -

- **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 \$297 million cut, related to lower income tax and sales tax collections. State cuts began in January.
- **2011- 2012**
 - Anticipate further reductions

5-Year Financial Plan

- Includes estimates of future revenue
- Includes analysis of future expenditure growth
- Maintain minimum 5% cash balance (about \$10 million)
 - For unknown expenditures or further revenue reductions
 - One 2-week payroll is about \$6.4 million

General Fund Cash Balance (with cuts)



Estimates

Cuts Required before state cuts
Cuts Required after state cuts

2010	2011	2012	Total
\$6,000,000	\$4,000,000	\$6,000,000	\$16,000,000
\$15,000,000	\$8,000,000	\$3,000,000	\$26,000,000

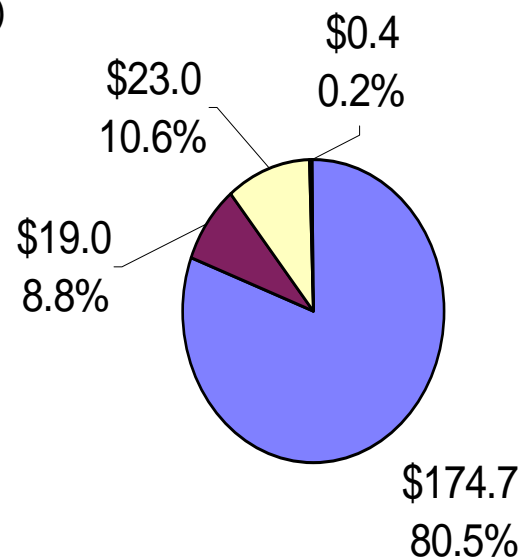
General Fund Compared to Other Districts

	Enrollment 08-09	Complexity Index	General Fund Budget 2010	Budget Per Pupil	Proposed Cuts	% of Gen. Fund Budget	After Cuts Budget Per Pupil	Restoration Grant 2010
<u>Allen County:</u>								
FWCS	31,419	1.3526	217,157,000	6,912	15,000,000	6.9%	6,434	-
EACS	10,209	1.1743	68,279,745	6,688	4,000,000	5.9%	6,296	-
NACS	6,310	1.0526	37,669,902	5,970	2,400,000	6.4%	5,590	766,751
SACS	6,811	1.0381	40,489,925	5,945	1,100,000	2.7%	5,783	992,173
	54,749	1.2457	363,596,572	6,641	22,500,000	6.2%	6,230	1,758,924
		average		average		average		
<u>Largest Districts:</u>								
FWCS	31,419	1.3526	217,157,000	6,912	15,000,000	6.9%	6,434	-
Evansville	22,274	1.2676	153,092,577	6,873	8,000,000	5.2%	6,514	-
Indianapolis	34,050	1.5536	303,835,000	8,923	26,000,000	8.6%	8,160	12,261,156
South Bend	21,570	1.4064	150,000,000	6,954	8,000,000	5.3%	6,583	-
	109,313	1.4085	824,084,577	7,539	57,000,000	6.9%	7,017	12,261,156
		average		average		average		

General Fund 2010 Budget

\$217,157,000

(in millions)



State Expenditure Categories

- 1-Academic Achievement
- 2-Instructional Support
- 3-Overhead & Operational
- 4-Non-operational

District-wide 1 & 2 = 70%
for all funds compared to
State at 60%



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%
	<hr/> 193.7	<hr/> 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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“Bold” Reduction Ideas

- External Suggestions
- Employee Suggestions
- Internal BET (Budget Examination Team)
- Outsourcing Options
- Transfer Options
- Teacher Allocations
- Salaries & Benefits
- Facilities

External Budget Cut Suggestions

- Indiana State Board of Education – Citizens' Checklist
 - Align spending with learning
 - Freeze, reduce salaries & benefits
 - Examine extracurricular offerings
 - School consolidation
 - Outsourcing
- Indiana State Teachers Association
 - Expend cash balances (done)
 - Transfer 1.5% (\$320,000) of CPF (no authority)
 - Transfer 5% of categories 3 & 4 to categories 1 & 2 (\$1.2 million)



Employee Suggestions

- Over 250 suggestions
- Examples:
 - Central Office
 - Benefits
 - Operations
 - Facilities
 - School Expenditures
 - Extracurricular
 - School Work Day/Calendar

Typical Outsourcing Options

- Custodial
- Human Resources
- Maintenance
- Print Shop
- Payroll
- Security
- Student Services
- Technology
- Warehouse

No General Fund Impact:

Nutrition Services

Transportation

Transfer Option?

- Capital Projects Fund
- Bus Replacement
- Transportation

Requires legislative action this week!

BET Process

Budget Examination Team

- Members – Superintendent, Chiefs, Area Administrators, Assistant Financial Officer
- Five full-day budget sessions to review every line of every non-school budget (in process)
- Suggestions to date approximately \$2.7 million

Non-School Budgets

- Anthis Career Center
- Business Office
- Cabinet
- Curriculum
- Facilities & Maintenance
- Federal Programs & Accountability
- Human Resources
- Media Services
- Natatorium
- Nutrition Services
- Professional Development
- Pyramid for Success
- Public Affairs
- Purchasing
- Security
- Special Education
- Student Services
- Technology
- Transportation



Teacher Allocations

Estimated Cost Savings \$6 million

- Elementary & Middle School
 - Increase class size by average of 1
- High School
 - Schedule change from Block Four to 7-period reduces number of teachers

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Salaries & Benefits

90% of General Fund

- Board to vote on freeze of automatic step increases for Administrators
- Teachers Bargaining Law – PL 217 (teacher salaries & benefits 59% of General Fund)
 - Status quo provision - prevents changes in pay or benefits without teacher agreement (includes automatic step increases)
- Health Insurance (about 15% of General Fund budget)
 - Strategic plan in process to reverse the upward trend

Step Increases

	Percent Eligible	Total	General Fund
Administrators	34.0%	250,000	230,000
Teachers	64.3%	1,900,000	1,440,000
Other	32.5%	236,000	180,000
Total		2,386,000	1,850,000

Facility Decision Matrix for High School

	School
Academic Offerings	limited or comprehensive
Enrollment fits in other buildings	yes or no
Investment in Infrastructure	latest investment and estimated needs
Economies of scale available	yes or no



High School Capacity

	10-11 Projected Enrollment	Building Capacity 90%	% Used	Maximum Available Space
Total High School Less 1/2 Anthis	9,362 -429 <hr/> 8,933			
Elmhurst	848	1,015	84%	167
North Side	1,567	1,755	89%	188
Northrop	2,075	2,238	93%	163
Snider	1,957	2,076	94%	119
South Side	1,488	1,809	82%	321
Wayne New Tech	200	200	100%	0
Wayne	798	1,609	50%	811
TOTALS	<hr/> 8,933	<hr/> 10,703	83%	<hr/> 1,770

High School Capacity Review Example

	10-11 Projected Enrollment	Building Capacity 90%	% Used	Maximum Available Space	Without Snider
Total High School	9,362				
Less 1/2 Anthis	-429				
	<hr/> 8,933				
Elmhurst	848	1,015	84%	167	167
North Side	1,567	1,755	89%	188	188
Northrop	2,075	2,238	93%	163	163
Snider	1,957	2,076	94%	119	0
South Side	1,488	1,809	82%	321	321
Wayne New Tech	200	200	100%	0	0
Wayne	798	1,609	50%	811	811
TOTALS	<hr/> 8,933	<hr/> 10,703	<hr/> 83%	<hr/> 1,770	<hr/> 1,651

High School Capacity Review Example

	10-11 Projected Enrollment	Building Capacity 90%	% Used	Maximum Available Space	Without South Side
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TOTALS	<u>8,933</u>	<u>10,703</u>	<u>83%</u>	<u>1,770</u>	<u>1,449</u>

High School Capacity

	10-11 Projected Enrollment	Building Capacity 90%	% Used	Maximum Available Space	Without Elmhurst
Total High School	9,362				
Less 1/2 Anthis	-429				
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TOTALS	<hr/> 8,933	<hr/> 10,703	83%	<hr/> 1,770	<hr/> 1,603

Facility Decision Matrix for High School

	School	Elmhurst
Academic Offerings	limited or comprehensive	limited AP offerings
Enrollment fits in other buildings	yes or no	yes
Investment in Infrastructure	latest investment and estimated needs	estimated needs \$25 million
Economies of scale available	yes or no	yes

Middle School Facility Decision Making

- Available space across all 9 (non-magnet) middle schools could absorb any of the other middle schools
 - Portage using 66% of space, rest 80 to 91%
 - Consider a rebalancing of schools
 - Range of enrollment 450 – 800
- Study needed on boundaries and feeder patterns based upon high school decisions

Elementary Facility Decision Making

- 2007 Facility Plan recommended consolidations but required new buildings
 - Available capacity at all schools 3,600
- Average elementary school capacity at 81%
 - Schools with most available space:
 - Abbett, Nebraska, Pleasant Center, South Wayne
 - Average capacity 65%

Elementary Facility Decision Making

- For consideration:
Close Pleasant Center
 - Capacity 421, Enrollment 276
 - Using 66% of space
 - Population can be reassigned to other elementaries

Facilities

- Budget savings if schools closed:
 - Elementary about \$400,000
 - Middle school about \$800,000
 - High School about \$1,500,000

Next Steps

- Potential cuts identified to date = \$9 million
- Decisions to be reached on:
 - Consider outsourcing options
 - Consider fund transfer if allowed by legislature
 - Determine school closings
- Community Meetings
- March 22 Board Meeting – budget presentation with \$15 million recommendation for cuts



Questions?

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