

SUSD Budget Update

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SUSD Governing Board Meeting

Budget Cuts from Arizona 2009 Budget Fix

Various Reductions to M&O budget 2008-09

- \$ 740,239 Soft Capital
- \$ 2,700,000 2008-09 budget cuts

Total Legislative cuts to Scottsdale Schools **\$ 3,440,239**

2009/10 Cuts Independent of Legislature Amount

Prop 301 Decline	\$ 2,410,980
Increase in Health Insurance cost	\$ 500,000
M&O Contingency	\$ 1,000,000
Impact on Scottsdale Schools	<u>\$ 3,910,980</u>

2009/10 Proposed Legislative Actions

Continuation of FY2009 Cuts	\$	3,440,239
10% Reduction State Aid	\$	5,219,095
Phase out Career Ladder funding	\$	765,926
Eliminate State Funding for Kindergarten Students that are not 5 yrs old by 9/1	\$	700,000
Admin Costs above average	\$	850,975
All Day Kindergarten	\$	3,995,571
TEI Phase Out	\$	296,775
AGG Spending Limit Reduction	\$	2,329,615
Excess Utilities	\$	5,458,192
Impact on Scottsdale Schools	\$	<u>23,056,388</u>

2009/10 Proposed Legislative Actions

No 2% inflation factor for 2010	\$	2,499,369
No Building Renewal for 2010	\$	2,930,564
Soft Capital No Funding	\$	5,728,275

TOTAL IMPACT ON SCOTTSDALE SCHOOLS \$ 34,214,596

FY 10 Budget Projection

(No Increase to Base Level)

Excess
Utilities 0%

	2008-09 Rev.#2	2009-10 Projected	Difference
*ADM	25,209,000	25,459,000	250,000
Revenue Control Limit (0%to base level, TEI 1.0202)	\$129,562,746	\$130,606,772	\$1,044,026
CORL in M&O	\$6,646,691	\$6,704,598	\$57,907
M&O Override	\$12,900,000	\$13,060,677	\$160,677
K-3 Override	\$3,457,803	\$3,493,425	\$35,622
Tuition	\$166,784	\$166,784	\$0
Desegregation	\$7,178,169	\$7,321,732	\$143,563
Budget Balance Carryforward	\$3,543,212	\$2,500,000	-\$1,043,212
Drop Out Prevention	\$221,130	\$221,130	\$0
Excess Utilities	\$5,359,502	\$0	-\$5,359,502
Career Ladder Carryover	\$219,974	\$219,974	\$0
Total	\$169,256,011	\$164,295,092	-\$4,960,919
Increase in Budget Capacity from Revisions			\$0
Total Available			-\$4,960,919
Subtractions			
Additions to 2008-09 Budgeted Expenditures since Rev #2		\$1,305,860	
Salary and Benefits		\$0	
Health Insurance		\$500,000	
Special Education		\$0	
Contingency		\$1,000,000	
Department Requests		\$0	
Total		\$2,805,860	
Budget Balance/Deficit			-\$7,766,779

FY10 Budget with State Reductions

- Initial Budget Projection <\$7,766,779>
- State Legislative Reductions <\$17,598,196>
- Prop 301 Decline(Fund 011 & 013) <\$1,112,549>
- TOTAL M&O IMPACTS <\$26,477,524>**

2008-09 Budget Revision #2	\$169,256,011
2009-10 Budget with State Reductions	<u>\$145,584,347</u>
Budget Decrease	\$ 23,671,664

Recommended Budget Savings Administrator Administrator's (\$1,932,944)

General Admin Reductions (District Level not Site) ~ 20%	\$655,875
Group Term Life (Administrators')	\$22,069
Administrators Substitute Five (5) Days	\$75,000
Psychologist Re-Alignment from Efficiency Audit	\$290,000
Balance HS Assistant Principals & Share Secy's	\$350,000
Chaparral (1)	
Coronado (1)	
Desert Mountain (1)	
Saguaro (2)	
Districtwide A/Ps Elem and MS Staffing Efficiency	\$540,000
Aztec (1)	
Zuni (1)	
Cocopah (1)	
Mountainside (1)	
DCES (.5)	
Anasazi (.5)	
Cochise (.5)	
Pima (.5)	
Yavapai (.5)	
Cherokee (.5)	
Laguna (.5)	
Tavan (.5)	
Sequoia (.5)	
Tonalea (.5)	
Pueblo (.5)	
ANLC (.5)	
Navajo (.5)	

Items to Consider for Restoration

- Class Size Decrease (1) 35 FTE \$ 1,382,500
 - Reduce Kindergarten (4) 11 FTE \$ 434,500
 - Elementary Band & Strings (50%) 9.5 FTE \$ 375,250
- Class Size Decrease (2) 64 FTE \$ 2,528,000
- Class Size Decrease (3) 99 FTE \$ 3,910,500
- Class Size Decrease (4) 120 FTE \$ 4,740,000
- School Resource Officers
 - High School SRO \$ 339,247
 - Middle School SRO \$ 534,935
- High School A/P's \$ 350,000
- Elementary A/P's \$ 400,000
- Scottsdale Library IGA \$ 99,895
- Capital Outlay Funding \$ 1,000,000
- Additional Contingency \$ 1,500,000

American Recovery and Reinvestment Act (ARRA)

Stabilization Fund for Arizona (Available through FY2011)

Education (K-12, Community Colleges, Universities)	\$832 million
General Purpose (Education and/or other)	<u>\$185 million</u>
TOTAL	\$1.017 Billion

Stabilization Funding

- ❖ Backfill education reductions
- ❖ Maintenance of effort at 2005-06 level
(Secretary of Education could waive)

Maintenance of Effort – FY2010

- ❖ Baseline state budget for FY2010 is \$792 million above 2005-06 level if Prop. 301 and SFB are not counted
- ❖ Counting Prop. 301 and SFB, baseline budget is \$470 million above 2005-06 level
- ❖ Universities/Community Colleges would be \$80 above 2005-06 level

State Baseline Budget Includes

- ❖ \$94.4 million – enrollment growth of 1.6% (16,552 ADM)
- ❖ \$8.2 million – 2% inflation for transportation only
- ❖ \$102.6 million - total

State Baseline Budget Includes

- ❖ [\$33.1] million – ADM savings FY2009
- ❖ [\$186.7] million – AV increase in FY2010 / QTR impact
- ❖ \$134.7 million – Truth in Taxation / Lower QTR
- ❖ [\$1.2 million] – Endowment earnings
- ❖ Rollover \$602.6 / increase of \$330.8 million
- ❖ Additional State Aid / increase of \$23.8 million

Use of Stabilization Fund

- ❖ Backfill existing and FY10 and FY11 reductions
- ❖ Could include building renewal

**Grants to Local Educational Agencies - ARIZONA
Allocations under the American Recovery and Reinvestment
Act (ARRA)**

STATE	LEACODE	LEA NAME	TITLE I-A	IDEA, PART B	TOTAL
Arizona	407570	SCOTTSDALE UNIFIED DISTRICT	\$ 2,254,000	\$ 5,636,000	\$ 7,891,000

HB 2630 Fails To Get Emergency Clause

- HB 2630 which would have allowed school districts until June 15, 2009 to give notices of intent not to offer contracts for the 2009-10 school year failed to get enough votes to become an emergency measure.
- Therefore, this bill would not be effective until long after this year's April 15th deadline to notify teachers who will not be guaranteed a contract for the 2009-10 school year.
- Without the emergency clause in HB 2630 districts are in a difficult position..... not having budget data for next year but facing the April 15th nonrenewal deadline

SUSD K-3 Override

Currently, the K-3 Override, which was passed by Scottsdale voters in 2005, reduces kindergarten class sizes to a District-wide target of 21 students-to-1 teacher.

These funds also allow us to reduce class sizes in grades 1-3 below normal staffing ratios. Additional funds are used for instructional assistants in kindergarten and first grades as needed.

The override raises about \$3.2 million per year. The override is in place for seven years and will be brought back to voters to be extended.

If the K-3 Override is not renewed by the voters in 2009, it will reduce by one-third each year and result in an approximate loss of \$3.5 million by 2011.

K-3 Override Impact

- Total Value of Full-day Kindergarten from State \$ 3,995,571
- Total Value of K-3 Override (Renew Nov 09) \$ 3,457,803
- Total of Title I Full-day K Districtwide \$ 1,283,420
- Total of Title I Full-day K (50% Free & Reduced) \$ 1,128,978
- Total of Title I Full-day K (60% Free & Reduced) \$ 942,706

M & O (Maintenance and Operations) Override

The existing M & O override was initially passed in 1989. It was renewed again by voters in 1993, 1997, 2003, and 2007.

Although its duration is seven years, state law requires it be phased out in years six and seven unless it is renewed. In these two final years of the override (years six and seven – the phase-out period) one-third of the approved funds are lost, which, in this case, amounts to more than \$4 million in each of those years. That means more than \$12 million overall.

This override funds existing teaching positions, elementary music programs, gifted programs, and P.E. and after-school programs.

Impact from Potential Loss of Existing M & O Override Funds:

The M&O Override provides funding for the following existing programs.

179 Teacher Positions	\$8,950,996.00
Elementary Music Reductions	\$1,224,373.00
Gifted Services Reductions at Elementary & Middle Schools	\$320,556.00
P.E. & After-School Program Reductions at Elementary & Middle Schools	\$2,412,287.00
	TOTAL \$12,907,216.00

DISCUSSION